

# Quarterly Report

JANUARY – MARCH 2021

Student Hall  
Linköping



**PEAB**  
THE NORDIC COMMUNITY BUILDER

# Continued good level of orders received and stable market prospects

In this report amounts and comments are based on segment reporting if not otherwise specified. The Group has different accounting principles in segment reporting compared to reporting according to IFRS for our own housing development projects and for IFRS 16 (previously operational leasing contracts). For more information on the accounting principles and the differences between segment reporting and reporting according to IFRS, see note 1 and 3.

## Summary according to segment reporting

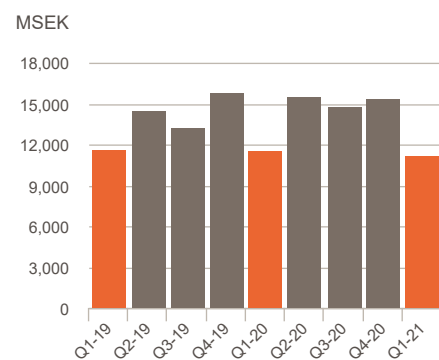
- Net sales SEK 11,216 million (11,638)
- Operating profit SEK -73 million (211)
- Operating margin -0.7 percent (1.8)
- Pre-tax profit SEK -67 million (141)
- Earnings per share SEK -0.19 kr (0.41)
- Orders received SEK 14,446 million (12,608)
- Order backlog SEK 47,286 million (44,151)
- Cash flow before financing SEK -108 million (1,597)
- Net debt SEK 4,045 million (4,186)
- Net debt/equity ratio 0.3 (0.3)

## Group

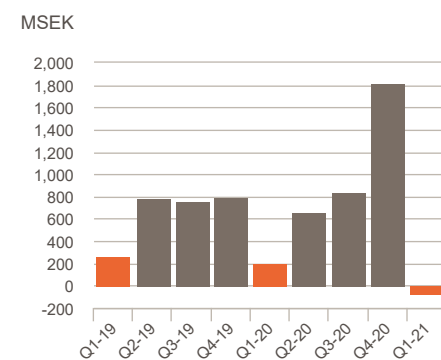
MSEK	Jan-Mar 2021	Jan-Mar 2020	Apr 2020- Mar 2021	Jan-Dec 2020
<b>Segment reporting</b>				
Net sales	11,216	11,638	56,995	57,417
Operating profit	-73	211	3,257	3,541
Operating margin, %	-0.7	1.8	5.7	6.2
Pre-tax profit	-67	141	3,225	3,433
Profit for the period	-55	121	2,772	2,948
Earnings per share, SEK	-0.19	0.41	9.40	10.00
Return on equity, % <sup>1)</sup>	21.3	16.9	21.3	23.1
Return on capital employed, % <sup>1)</sup>	16.2	12.5	16.2	17.6
Net debt	4,045	4,186	4,045	3,873
Net debt/equity ratio, %	0.3	0.3	0.3	0.3
Equity/assets ratio, %	37.0	33.8	37.0	36.2
Cash flow before financing	-108	1,597	1,074	2,779
Average number of employees <sup>1)</sup>	15,761	14,421	15,761	15,166
<b>Reporting according to IFRS</b>				
Net sales, IFRS	11,124	11,870	59,106	59,852
Operating profit, IFRS	-114	170	3,638	3,922
Pre-tax profit, IFRS	-122	81	3,542	3,745
Profit for the period, IFRS	-99	68	3,014	3,181
Earnings per share, IFRS, SEK	-0.34	0.23	10.22	10.79
Net debt, IFRS	10,296	11,990	10,296	9,682
Equity/assets ratio, IFRS, %	29.9	27.0	29.9	29.5
Cash flow before financing, IFRS	-435	1,264	2,054	3,753

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

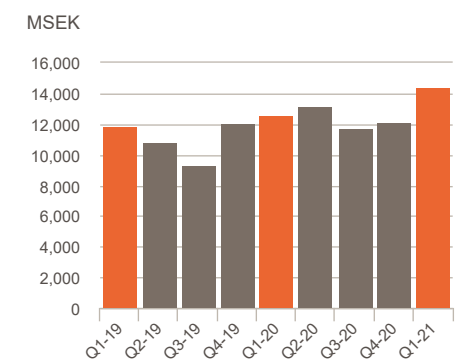
### Net sales



### Operating profit



### Orders received



# Comments from the CEO

The first quarter always entails lower activity as a result of the season and weather. Since our acquisition of operations in mineral aggregates and paving, this pattern has become even more distinct. At the same time Peab's overall business has become more diversified in terms of countries, products and customers. The first quarter presented improved margins in construction contract operations and housing developments, a good level of orders received and a strong financial position.

## Group development

Net sales for the first quarter of the year were SEK 11,216 million (11,638). Operating profit was SEK -73 million (211), of which around SEK -300 million refers to seasonal variations related to the acquisition of paving and mineral aggregates operations. The operating margin was SEK -0.7 percent (1.8). Cash flow before financing was SEK -108 million (1,597) and was affected by the seasonal variations in business area Industry.

## Business area development

As of this quarter we report net sales and order backlog allocated into more product areas than previously in the business areas Construction and Civil Engineering. In Construction housing represents a considerable share of both net sales and order backlog while there is a lot of product variation in the business area. Net sales contracted by six percent in business area Construction, primarily related to Swedish operations, but the operating margin improved to 2.4 percent (2.2). Operation and maintenance and Roads and other infrastructure are growing in business area Civil Engineering. Net sales increased in business area Civil Engineering by twelve percent and the operating margin improved to 1.7 percent (1.5). All in all the operating margin for construction contract operations amounted to 2.2 percent (2.0).

Net sales in business area Industry were on par with the corresponding period last year, but adjusted for the acquired units net sales decreased by 12 percent. The acquired operations have a distinct seasonal pattern which means there are substantial deficits in the first quarter since the paving season does not begin until the second quarter. The operating margin for the first quarter 2021 was -18.0 percent (-3.0). The cold winter has also had a negative effect on profit in business area operations.

Net sales in Project Development contracted by 13 percent, primarily due to lower net sales in Housing Development. The operating margin increased in Housing Development to 12.1 percent while operating profit decreased in Property Development. As previously stated, the relatively limited impact of the corona pandemic has primarily affected Property Development in operations connected to travel and tourism.

Start-ups of our own housing developments during the first quarter were 662 (503), of which more than 200 were converted from rental apartments. The production starts are well spread geographically and home sales have been good in all three countries during the period.

## Order situation

The level of orders received continues to be high. It amounted to SEK 14,446 million during the first quarter of the year, which is 15 percent higher than the same period last year. The increase largely refers to business area Industry and the acquired paving and mineral aggregates operations but the number of orders received has grown in business areas Civil Engineering and Property Development as well. The greater number of production-started homes contributed to the level of orders received in Property Development. Order backlog increased by seven percent to SEK 47,286 million, of which 38 percent will be produced after 2021.

We have previously established that orders are well spread in both place and product, but I also want to emphasize that it is just as important to maintain a good balance between commissions from our public and private customers. Recently we have noticed an upswing in orders from the public sector.

## Market and outlook for the future

The outlook for our markets remains stable and in general has not changed compared to previous forecasts. Housing construction is expected to develop more or less horizontally in Sweden, Norway and Finland during the period 2021-2022. Other housing construction is expected to grow in Sweden, decline in Norway and be constant in Finland in 2021. Public investments continue to contribute to market developments in all the countries. This is true for civil engineering as well where investments in 2021 are expected to grow in Sweden and Norway but contract in Finland.



” The first quarter presented improved margins in construction contract operations and housing developments, a good level of orders received and a strong financial position.”

## Financial and non-financial targets

As of 2021 we have a new mission and business concept and updated strategic targets with concrete financial and non-financial targets that we will monitor quarterly, semiannually or annually. All this owing to the fact that now we are fully a Nordic community builder with extensive local presence and four collaborating business areas.

Although the pandemic and its consequences continue to permeate our daily lives, our well functioning project organization is handling disruptions as they come along. This is why we haven't experienced any significant effects so far of, for instance, material shortages. Instead I see a fantastic engagement in our employees in these exceptional times. Long-term external forces also point in our favor. With our decisive and strong business model I have therefore every confidence in Peab's ability to create value in the future from a helicopter perspective. We have everything we need to achieve our strategic targets to have within our industry the most satisfied customers, be the best workplace and the most profitable company – and now also lead in social responsibility.

Jesper Göransson  
President and CEO

# Net sales and profit

## January – March 2021

Group net sales during the first quarter 2021 decreased by four percent and amounted to SEK 11,216 million (11,638). Adjusted for acquired and divested units, net sales decreased by five percent. Of the quarter's net sales SEK 2,689 million (2,651) were attributable to sales and production outside Sweden. Net sales during the latest rolling 12 month period were SEK 56,995 million compared to SEK 57,417 million for the full year 2020. The proportion of public sector customers has grown to 43 percent (33) while private customers represent 57 percent (67) of total net sales.

Net sales in business area Construction decreased by six percent and the reduction refers to Swedish operations. Net sales in business area Civil Engineering increased by twelve percent and the increase is largely due to Operation and maintenance. Net sales in business area Industry were on par with the corresponding period last year. Mineral Aggregates, Paving and Concrete increased while Rentals and Transportation and Machines had lower net sales. In business area Project Development net sales decreased by 13 percent. The decrease is attributable to both Housing Development and Property Development.

Operating profit for the first quarter 2021 amounted to SEK -73 million (211) and the operating margin was -0.7 percent (1.8). In business area Construction the operating margin improved and was 2.4 percent (2.2) and in business area Civil Engineering the operating margin improved to 1.7 percent (1.5). All in all the operating margin for construction contract operations amounted to 2.2 percent (2.0). Operating profit was lower in business area Industry compared to the corresponding period last year. Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020. The acquired operations have a very clear seasonal pattern which means the first quarter carries 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. Depreciation on surplus values related to customer contracts in taken over order backlog and tangible assets have charged the first quarter 2021 by SEK -20 million. In addition, the cold winter has had a negative effect on result on operations in business area Industry. In business area Project Development the operating margin in Housing Development increased to 12.1 percent (8.1) while the operating profit in Property Development decreased. During the quarter some operations connected to traveling and tourism were negatively affected by the corona pandemic, which led to lower profit in Property Development by around SEK -20 million compared to the first quarter 2020.

Depreciation and write-downs for the first quarter were SEK -318 million (-266). Depreciation on surplus values for, among other things, taken over order backlog and tangible assets related to acquired paving and mineral aggregates operations in business area Industry were SEK -20 million.

Elimination and reversal of internal profit in our own projects have affected operating profit during the quarter net by SEK -10 million (-1).

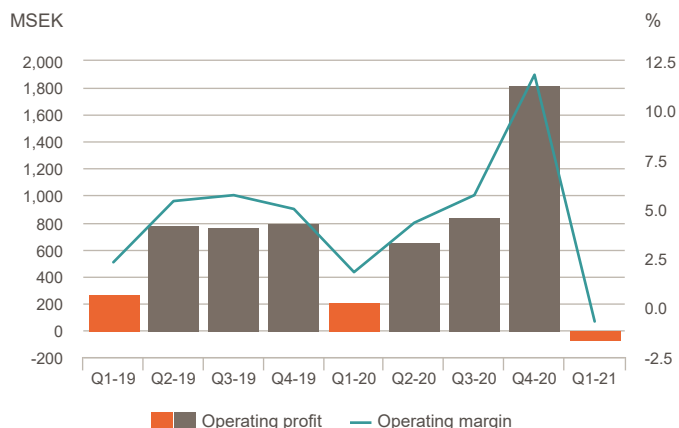
Net financial items amounted to SEK 6 million (-70) of which net interest was SEK -12 million (-3). In net financial items exchange rate differences had a positive effect of SEK 12 million (-81).

Pre-tax profit was SEK -67 million (141). Profit for the period was SEK -55 million (121).

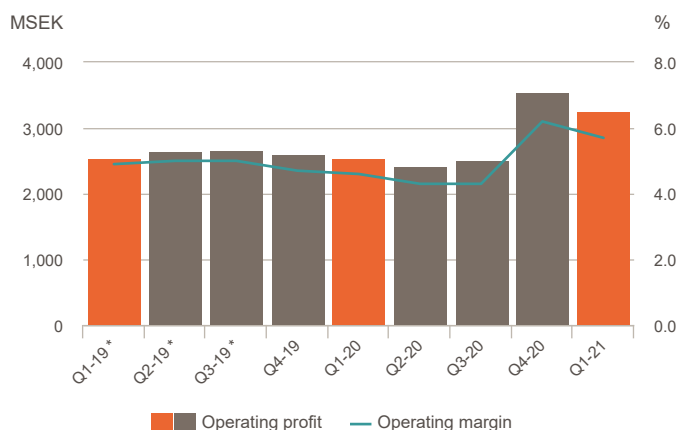
## Seasonal variations

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 has now become even stronger due to the acquisition of the paving and mineral aggregates operations in business area Industry.

## Operating profit and operating margin, per quarter



## Operating profit and operating margin, rolling 12 months



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



# Financial position and cash flow

## Financial position

Total assets per March 31, 2021 were SEK 36,227 million (36,589). Equity amounted to SEK 13,408 million (12,349) which means the equity/assets ratio was 37.0 percent compared to 33.8 percent at the end of the corresponding period last year. Interest-bearing net debt at the end of March 2021 amounted to SEK 4,045 million (4,186). During last year interest-bearing receivables of SEK 1,150 million from Annehem Fastigheter were included, which reduced net debt in segment reporting. Net debt includes the unsold part of our own housing development projects as long as they are in production. The unsold part was SEK 968 million (2,383) and the reduction is due to fewer homes in ongoing production and a higher proportion of sold homes. The average interest rate in the loan portfolio, including derivatives, was 1.5 percent (1.6) on March 31, 2021.

Group liquid funds according to IFRS, including unutilized credit facilities but excluding project financing, were SEK 8,569 million at the end of the period compared to SEK 8,822 million on December 31, 2020.

As a consequence of Peab consolidating Swedish tenant-owner associations per January 1, 2020 according to IFRS, surety for tenant-owner associations under production is not reported. When homebuyers take possession of their apartments and the tenant-owner association is no longer consolidated in Peab's accounts, Peab then reports the part of surety that covers unsold homes. Peab has a guarantee obligation to acquire unsold homes six months after completion. Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 3,336 million at the end of the period compared to SEK 3,439 million on December 31, 2020. Surety for credit lines in tenant-owner associations regarding the unsold part after deconsolidation made up SEK 70 million of contingent liabilities compared to SEK 238 million on December 31, 2020.

## Investments and divestments

During the quarter tangible and intangible fixed assets and investment property were net invested for SEK 481 million (191). The investments refer primarily to investments in machines.

Net investments in project and development properties, which are recognized as inventory items, totaled SEK 173 million (net divestitures SEK 517 million) during the period.

## Cash flow

Cash flow from current operations amounted to SEK 184 million (1,797), of which cash flow from changes in working capital was SEK 103 million (1,140). After acquisition of the paving and mineral aggregates operations business area Industry has a stronger seasonal pattern which has affected cash flow negatively in the first quarter 2021. During the first quarter last year working capital became available in primarily Housing Development as a result of fewer housing projects in production. Cash flow from current operations included dividends of SEK 97 million (272) from partially owned companies.

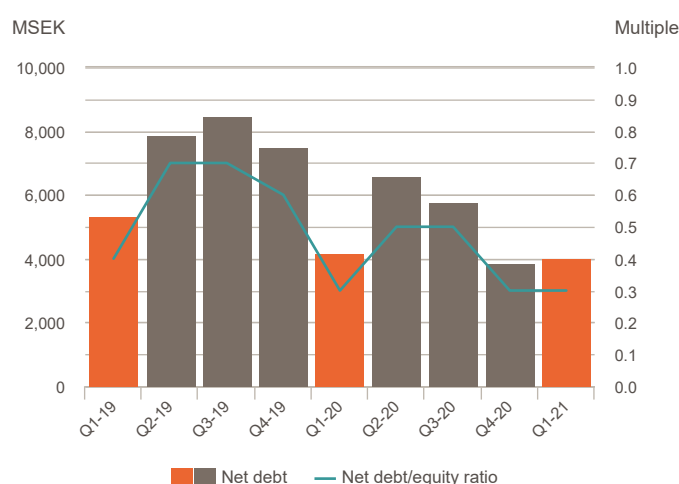
Cash flow from investment activities was SEK -292 million (-200) and consisted mostly of machine investments.

Cash flow before financing was SEK -108 million (1,597).

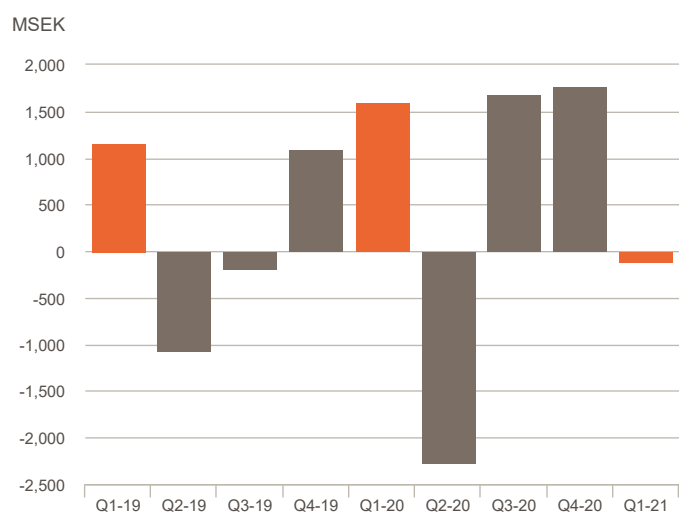
## Net debt

MSEK	Mar 31 2021	Mar 31 2020	Dec 31 2020
Bank loans	1,660	1,077	2,135
Commercial papers	742	579	110
Bonds	2,248	2,998	2,249
Financial leasing liabilities	633	541	634
Project financing, unsold part of housing projects	968	2,383	1,055
Interest-bearing receivables	-1,373	-2,415	-1,342
Liquid funds	-833	-977	-968
<b>Net debt, segment reporting</b>	<b>4,045</b>	<b>4,186</b>	<b>3,873</b>
Interest-bearing receivables	-	24	-
Additional leasing liabilities according to IFRS 16	1,771	638	1,808
Project financing, sold part of housing projects	4,480	5,223	4,001
Annehem Fastigheter	-	1,919	-
<b>Net debt, IFRS</b>	<b>10,296</b>	<b>11,990</b>	<b>9,682</b>

## Net debt and net debt/equity ratio



## Cash flow before financing



# Order situation

Orders received in the first quarter 2021 amounted to SEK 14,446 million compared to SEK 12,608 million for the same quarter last year. The increase for the most part refers to business area Industry and is related to orders received in the paving and mineral aggregates operations acquired from YIT that were taken over on April 1, 2020.

The level of orders received in the first quarter in business area Civil Engineering increased while the level of orders received in business area Construction has been somewhat lower. The level of orders received in the first quarter in business area Project Development increased due to more production-started homes.

Order backlog yet to be produced at the end of the period was SEK 47,286 million compared to SEK 44,151 million at the corresponding period last year. The increase in order backlog for the most part is related to the order backlog in the acquired paving and mineral aggregates operations in business area Industry. Of the total order backlog, 38 percent (42) is expected to be produced after 2021 (2020). Swedish operations accounted for 76 percent (79) of the order backlog.

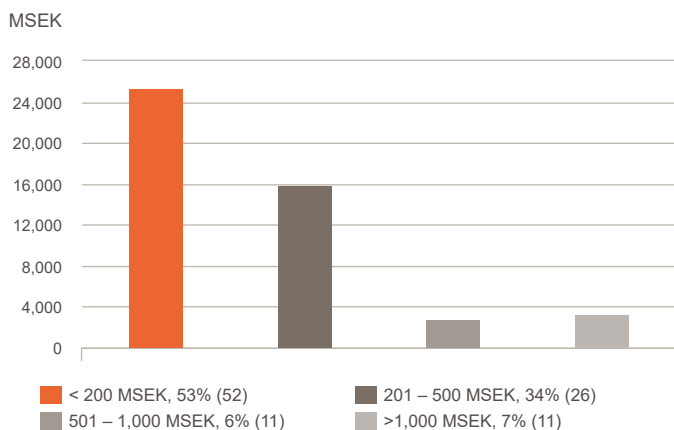
## Orders received

MSEK	Jan-Mar 2021	Jan-Mar 2020	Apr 2020- Mar 2021	Jan-Dec 2020
Construction	7,029	7,449	26,177	26,597
Civil Engineering	4,608	3,435	13,925	12,752
Industry	3,302	1,399	11,796	9,893
Project Development	2,507	1,670	7,777	6,940
Eliminations	-3,000	-1,345	-8,102	-6,447
<b>Group</b>	<b>14,446</b>	<b>12,608</b>	<b>51,573</b>	<b>49,735</b>

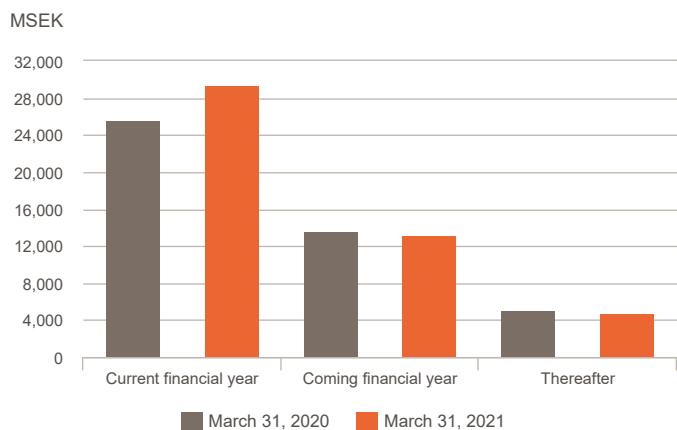
## Order backlog

MSEK	Mar 31 2021	Mar 31 2020	Dec 31 2020
Construction	27,385	27,832	26,558
Civil Engineering	14,822	14,146	13,075
Industry	6,497	3,409	3,921
Project Development	6,149	4,885	5,151
Eliminations	-7,567	-6,121	-5,996
<b>Group</b>	<b>47,286</b>	<b>44,151</b>	<b>42,709</b>

## Project size of order backlog, March 31, 2021



## Order backlog allocated over time



Södra School  
Grums

## We received a number of major construction projects and contracts in the first quarter, including:

- + Construction of three high-rises in Tikkurila in Vantaa City. The customer is the state tenancy apartment procurer A-Kruunu Oy. The contract is worth EUR 17 million.
- + Construction of 60 apartments and two stores in Visby on Gotland. The customer is Brf Ordboken. The contract is worth SEK 106 million.
- + Construction of 162 rental apartments in Kalmar. The customer is PPE Fastigheter i Kalmar AB. The contract is worth SEK 187 million.
- + Construction of an office building in Hyllie, Malmö. The customer is Wihlborgs Pulpeten 5 AB. The contract is worth SEK 365 million.
- + Construction of 182 student apartments in Lappskärsberget close to the University of Stockholm. The customer is Stockholms Studentbostäder. The contract is worth SEK 225 million.
- + Renewed commission as primary contractor for electric grid services for Öresundskraft in Helsingborg and Ängelholm. The contract is for four years and worth approximately SEK 100 million annually.
- + Construction of 149 rental apartments, ground floor commercial space and a garage in Skeppsbron in Jönköping. The customer is HSB Göta. The contract is worth SEK 221 million.
- + Construction of new prison buildings in Skänninge, just outside Mjölby. The customer is Specialfastigheter Sverige AB and The Prison and Probation Service will be the tenant. The contract is worth SEK 212 million.
- + Construction of an office building for Niam Oy on the Life Science Center block in Keilaniemi in Espoo. The contract is worth EUR 20 million.
- + Construction of a new horse racing track facility in Trøndelag. The customer is Leangentravets Eiendom. The contract is worth NOK 100 million.
- + Rebuilding of a wastewater treatment plant in Henriksdal, Stockholm. The customer is Stockholm Vatten och Avfall. The contract is worth SEK 254 million.
- + Construction of the new Westerlundska High School in Enköping. The customer is Enköping Municipality. The contract is worth SEK 405 million.
- + Rebuilding of Highway 35 south of Linköping. The customer is the Swedish Transport Administration. The contract is worth SEK 122 million.
- + Construction of the third and final stage in the apartment project Fri Sikt in Ålesund. The customer is Fri Sikt Volsdalsberga. The contract is worth NOK 120 million.
- + Construction of a new car dealership in Ålesund for Waagan Eiendom. The contract is worth NOK 113 million.

## A number of our own housing development projects were production-started in the first quarter, including:

- + Brf Varvporten in Malmö comprising 116 homes. The project is expected to be completed in August 2023 and will be environmentally certified according to the Swan.
- + Helsingin Maaherra in Helsinki comprising 69 homes with solar panels on the roof. The project is expected to be completed in August 2022.
- + Brf Treudden in Västerås comprising 30 homes. The project is expected to be completed in September 2022 and will be environmentally certified according to the Swan.
- + Hervantajärven Kaisla in Tampere comprising 56 homes. The project is expected to be completed in October 2022.
- + Brf Esplanaden in Örebro comprising 60 homes. The project is expected to be completed in November 2022 and will be environmentally certified according to the Swan.
- + Brf Å-promenaden in Nyköping comprising 47 homes. The project is expected to be completed in December 2022 and will be environmentally certified according to the Swan.

## We received a number of federal and municipal paving contracts in the first quarter, including:

- + One-year contract in Kainuu in North Ostrobothnia worth EUR 7.6 million. The asphalt volume is about 92,000 tons.
- + One-year contract in South Ostrobothnia worth EUR 5 million. The asphalt volume is about 91,000 tons.
- + Three-year contract in Southwest Finland worth a total of EUR 9.9 million. The asphalt volume is about 35,000 tons annually.
- + One-year contract in the Stockholm region worth SEK 86 million. The asphalt volume is about 74,000 tons.
- + One-year contract in the Umeå region worth SEK 72 million. The asphalt volume is about 77,000 tons.
- + Three-year contract in Gävleborg worth a total of SEK 63 million for chip sealing. The paving surface is slightly more than a million square meters annually.
- + One-year contract in Herning Municipality worth slightly more than DKK 18 million. The asphalt volume is about 47,000 tons.

# 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.

For more information regarding the differences between segment reporting and reporting according to IFRS, see note 1 and note 3.

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).

Annehem Fastigheter, which was distributed to Peab's shareholders in December 2020, has as of 2020 been reported as a separate unit outside of segment reporting.

## Net sales and operating profit per business area

MSEK	Net sales				Operating profit			
	Jan-Mar 2021	Jan-Mar 2020	Apr 2020-Mar 2021	Jan-Dec 2020	Jan-Mar 2021	Jan-Mar 2020	Apr 2020-Mar 2021	Jan-Dec 2020
Construction	6,196	6,620	26,565	26,989	151	146	668	663
Civil Engineering	3,090	2,770	13,163	12,843	52	41	402	391
Industry	2,204	2,215	18,709	18,720	-397	-66	774	1,105
Project Development	1,710	1,969	7,241	7,500	213	174	1,708	1,669
– of which Property Development	30	122	283	375	10	25	967	982
– of which Housing Development	1,680	1,847	6,958	7,125	203	149	741	687
Group functions	301	283	1,224	1,206	-82	-83	-309	-310
Eliminations	-2,285	-2,219	-9,907	-9,841	-10	-1	14	23
<b>Group, segment reporting</b>	<b>11,216</b>	<b>11,638</b>	<b>56,995</b>	<b>57,417</b>	<b>-73</b>	<b>211</b>	<b>3,257</b>	<b>3,541</b>
Adjustment housing to IFRS	-92	252	2,147	2,491	-49	-47	329	331
IFRS 16, additional leases	-	-	-	-	8	4	38	34
Annehem Fastigheter	-	40	131	171 <sup>1)</sup>	-	6	24	30 <sup>1)</sup>
Eliminations	-	-60	-167	-227	-	-4	-10	-14
<b>Group, IFRS</b>	<b>11,124</b>	<b>11,870</b>	<b>59,106</b>	<b>59,852</b>	<b>-114</b>	<b>170</b>	<b>3,638</b>	<b>3,922</b>

Percent	Operating margin			
	Jan-Mar 2021	Jan-Mar 2020	Apr 2020-Mar 2021	Jan-Dec 2020
Construction	2.4	2.2	2.5	2.5
Civil Engineering	1.7	1.5	3.1	3.0
Industry	-18.0	-3.0	4.1	5.9
Project Development	12.5	8.8	23.6	22.3
– of which Property Development	33.3	20.5	341.7	261.9
– of which Housing Development	12.1	8.1	10.6	9.6
Group functions				
Eliminations				
<b>Group, segment reporting</b>	<b>-0.7</b>	<b>1.8</b>	<b>5.7</b>	<b>6.2</b>
Adjustment housing to IFRS				
IFRS 16, additional leases				
Annehem Fastigheter	-	15.0	18.3	17.5 <sup>1)</sup>
Eliminations				
<b>Group, IFRS</b>	<b>-1.0</b>	<b>1.4</b>	<b>6.1</b>	<b>6.6</b>

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



# Business area Construction

With local roots close to customers business area Construction does 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 13 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 focused on the big city areas. Other regions are responsible for all types of construction projects in their geographic area.

## Net sales and profit

Net sales for the first quarter 2021 decreased by six percent and amounted to SEK 6,196 million (6,620). The decrease is attributable to Swedish operations. Net sales are well spread among different product areas. Housing generated the largest portion of net sales with 37 percent (38) calculated on a rolling 12 months.

Operating profit for the first quarter amounted to SEK 151 million (146). The operating margin improved and was 2.4 percent (2.2). The operating margin for the latest rolling 12 month period was 2.5 percent which was unchanged compared to full year 2020.

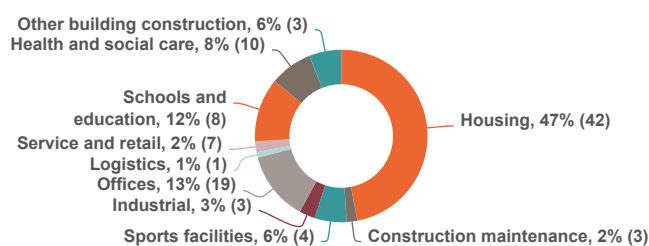
## Orders received and order backlog

The level of orders received was slightly lower during the first quarter and amounted to SEK 7,029 million (7,449). The orders received are well spread among different product areas.

Order backlog on March 31, 2021 was SEK 27,385 million compared to SEK 27,832 million at the end of corresponding period last year. Housing generates the largest portion of order backlog and at the end of March, 2021 was 47 percent.

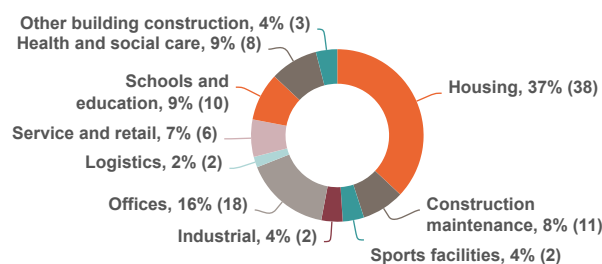
## Order backlog, March 31, 2021

### per product area

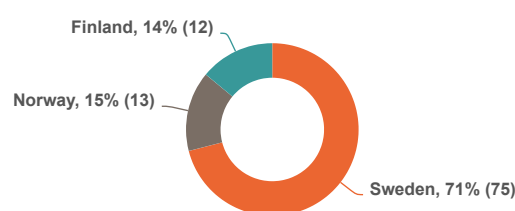


## Net sales

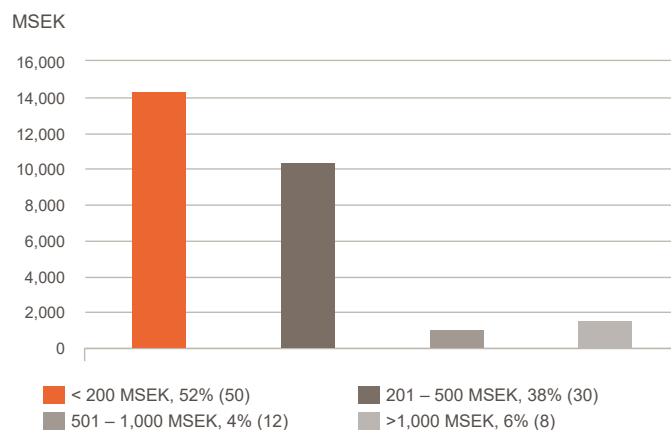
### per product area, rolling 12 months



### per geographic market, rolling 12 months



### per project size



## Key ratios

	Jan-Mar 2021	Jan-Mar 2020	Apr 2020-Mar 2021	Jan-Dec 2020
Net sales, MSEK	6,196	6,620	26,565	26,989
Operating profit, MSEK	151	146	668	663
Operating margin, %	2.4	2.2	2.5	2.5
Orders received, MSEK	7,029	7,449	26,177	26,597
Order backlog, MSEK	27,385	27,832	27,385	26,558
Average number of employees <sup>1)</sup>	5,990	6,314	5,990	6,080

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

# Business area Civil Engineering

Business area Civil Engineering is a leading player in Sweden and with operations in Norway. Civil Engineering's operations in Finland became part of business area Industry in the autumn of 2020. Civil Engineering works with landscaping and pipelines, builds and maintains roads, railroads, bridges and other infrastructure as well as does foundation work. Operations are organized in geographic regions and the specialized product areas Local market, Infrastructure and heavy construction and Operation and maintenance.

In Local market the business area works with landscaping and pipelines, does foundation work and builds different kinds of facilities.

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

Operation and maintenance run federal and municipal road and street networks, tends parks and outdoor property as well as runs water and water waste networks.

## Net sales and profit

Net sales for the first quarter 2021 increased by 12 percent and amounted to SEK 3,090 million (2,770). The increase is primarily related to Operations and maintenance. Net sales are well spread among different product areas. Roads and other infrastructure generated the largest portion of net sales by 33 percent (30) calculated on a rolling 12 months.

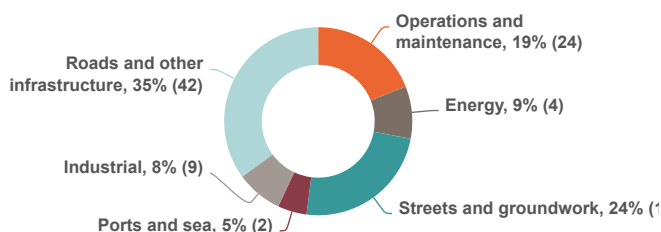
Operating profit for the first quarter 2021 amounted to SEK 52 million (41) and the operating margin improved to 1.7 percent (1.5). The operating margin for the latest 12 month period was 3.1 percent compared to 3.0 for full year of 2020.

## Orders received and order backlog

Orders received during the first quarter 2021 was SEK 4,608 million (3,435). Order backlog on March 31, 2021 amounted to SEK 14,822 million (14,146). Roads and other infrastructure generated the largest portion of order backlog by 35 percent.

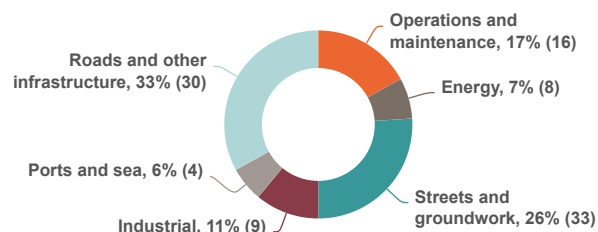
## Order backlog, March 31, 2021

### per product area

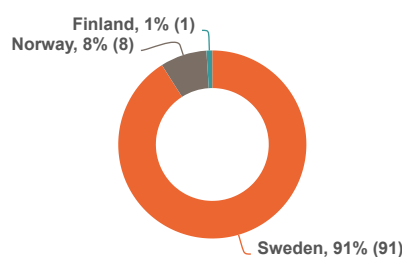


## Net sales

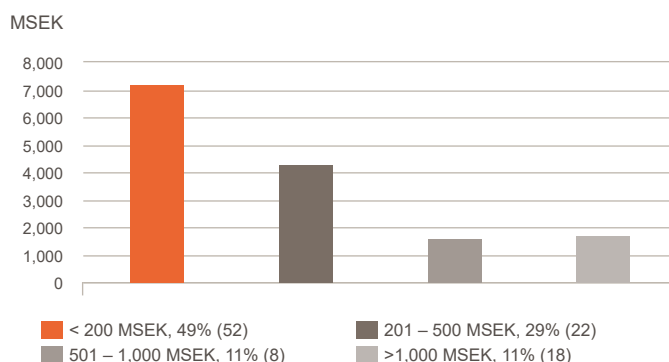
### per product area, rolling 12 months



### per geographic market, rolling 12 months



### per project size



## Key ratios

	Jan-Mar 2021	Jan-Mar 2020	Apr 2020-Mar 2021	Jan-Dec 2020
Net sales, MSEK	3,090	2,770	13,163	12,843
Operating profit, MSEK	52	41	402	391
Operating margin, %	1.7	1.5	3.1	3.0
Orders received, MSEK	4,608	3,435	13,925	12,752
Order backlog, MSEK	14,822	14,146	14,822	13,075
Average number of employees <sup>1)</sup>	3,654	3,612	3,654	3,625

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

# Business area Industry

Business area Industry has the products and services needed to carry out sustainable and cost-efficient construction and civil engineering projects on the Nordic market. With local roots our companies take on jobs big and small.

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 excavated soil. The business area is run in six product areas: Mineral Aggregates, Paving, Concrete, Transportation and Machines, Rentals and Construction System.

## Net sales and profit

Net sales for the first quarter 2021 amounted to SEK 2,204 million (2,215). Adjusted for acquired and divested operations net sales contracted by 12 percent compared to corresponding period last year. The Swedish operations' portion of net sales has decreased due to the acquisition of the paving and mineral aggregates operations in 2020.

Operating profit for the first quarter 2021 amounted to SEK -397 million (-66) and the operating margin was -18.0 percent (-3.0). Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020. The acquired operations have a very clear seasonal pattern which means the first quarter carries 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. Depreciation on surplus values related to customer contracts in taken over order backlog and tangible assets have charged the first quarter 2021 by SEK -20 million. In addition, the cold winter has had a negative effect on operations in business area Industry. The operating margin in the latest rolling 12 month period was 4.1 percent compared to 5.9 percent for the full year 2020.

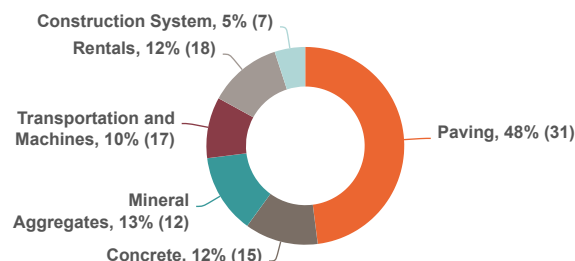
Capital employed in Industry was at the end of the period SEK 8,871 million compared to SEK 6,399 million at the end of corresponding period last year. The increase is due to the acquired operations.

## Orders received and order backlog

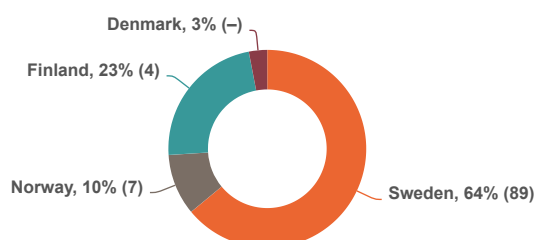
Orders received during the first quarter 2021 amounted to SEK 3,302 million (1,399). The increase is due to orders received in the acquired operations. The order backlog on March 31, 2021 amounted to SEK 6,497 million (3,409).

## Net sales

### per product area, rolling 12 months



### per geographic market, rolling 12 months



## Key ratios

	Jan-Mar 2021	Jan-Mar 2020	Apr 2020-Mar 2021	Jan-Dec 2020
Net sales, MSEK	2,204	2,215	18,709	18,720
Operating profit, MSEK	-397	-66	774	1,105
Operating margin, %	-18.0	-3.0	4.1	5.9
Orders received, MSEK	3,302	1,399	11,796	9,893
Order backlog, MSEK	6,497	3,409	6,497	3,921
Capital employed at the end of the period, MSEK	8,871	6,399	8,871	8,822
Average number of employees <sup>1)</sup>	5,238	3,527	5,238	4,892
Concrete, thousands of m <sup>3</sup> <sup>2)</sup>	266	288	1,350	1,372
Paving, thousands of tons <sup>2)</sup>	86	38	8,444	8,396
Mineral Aggregates, thousands of tons <sup>2)</sup>	5,396	2,885	34,740	32,229

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

<sup>2)</sup> Refers to sold volume

# Business area Project Development

Project Development, which comprises Housing Development and Property Development, creates sustainable and vibrant urban environments with residential, commercial and public property. Project Development 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 homes on the Nordic market such as apartment buildings in tenancy ownership, ownership and rental form as well as single homes. Property Development develops offices, premises and sometimes entire city boroughs in collaboration with municipalities and other partners. Operations are focused on the big city areas throughout the Nordic region.

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 boost the business and thereby profitability.

## Net sales and profit

Net sales for the first quarter 2021 in business area Project Development decreased to SEK 1,710 million (1,969). The decrease is primarily due to lower net sales in Housing Development. Operating profit was SEK 213 million (174) and the operating margin was 12.5 percent (8.8). Capital employed in Project Development at the end of the period amounted to SEK 12,853 million (13,898).

## Key ratios

	Jan-Mar 2021	Jan-Mar 2020	Apr-Mar 2020/2021	Jan-Dec 2020
Net sales, MSEK	1,710	1,969	7,241	7,500
<i>of which Property Development</i>	30	122	283	375
<i>of which Housing Development</i>	1,680	1,847	6,958	7,125
Operating profit, MSEK	213	174	1,708	1,669
<i>of which Property Development</i>	10	25	967	982
<i>of which Housing Development</i>	203	149	741	687
Operating margin, %	12.5	8.8	23.6	22.3
<i>of which Property Development</i>	33.3	20.5	341.7	261.9
<i>of which Housing Development</i>	12.1	8.1	10.6	9.6
Capital employed at the end of the period, MSEK	12,853	13,898	12,853	12,189
Orders received, MSEK	2,507	1,670	7,777	6,940
Order backlog, MSEK	6,149	4,885	6,149	5,151
Average number of employees <sup>1)</sup>	264	341	264	290

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

## Housing Development

Net sales decreased by nine percent to SEK 1,680 million (1,847). All countries have slightly lower net sales compared to the first quarter 2020. Operating profit increased to SEK 203 million (149) and the operating margin improved to 12.1 percent (8.1). The operating margin for the latest 12 month period was 10.6 percent compared to 9.6 percent for the full year 2020.

The number of start-ups of our own housing developments during the first quarter amounted to 662 units (503), of which 206 have been converted from rentals. The start-ups have been well spread geographically. The number of sold homes was 657 (787). During the quarter sales were good in all three countries. Our own housing developments in production at the end of the period decreased to 3,821 (4,538). The level of sold homes in production was 74 percent (72). The number of repurchased homes per March 31, 2021 was 222 (245).

Production started on 253 homes (75) in rental apartment projects on our own balance sheet during the first quarter and 91 homes (-) were sold. The number of homes in rental apartment projects in production was 719 (568) at the end of the period. Of these 419 have been sold to investors and will be recognized in profit/loss when they are turned over.

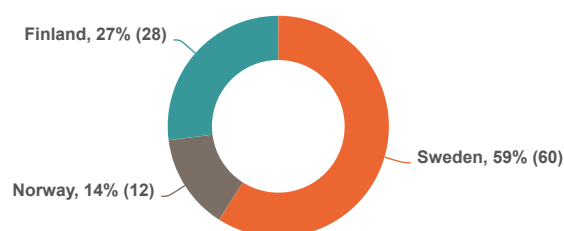
Capital employed has decreased at the end of the period and amounted to SEK 9,058 million (10,250). Fewer ongoing homes in production have entailed less capital employed compared to the end of the corresponding period last year.

## Capital employed

MSEK	Mar 31 2021	Mar 31 2020	Dec 31 2020
Operations property	176	118	161
Investment property	112	114	112
Project and development property	9,656	10,932	9,060
<i>of which housing development rights</i>	5,303	5,144	4,819
<i>of which commercial development rights</i>	601	584	585
<i>of which unsold part of ongoing housing projects</i>	2,214	3,042	1,730
<i>of which ongoing rental projects in Sweden</i>	597	946	1,100
<i>of which ongoing commercial projects</i>	293	524	226
<i>of which completed property</i>	304	218	311
<i>of which other</i>	344	474	289
Participation in joint ventures	1,830	1,585	1,873
Loans to joint ventures	1,240	1,119	1,213
Working capital and other	-161	30	-230
<b>Total</b>	<b>12,853</b>	<b>13,898</b>	<b>12,189</b>
<i>of which Property Development</i>	3,795	3,648	3,766
<i>of which Housing Development</i>	9,058	10,250	8,423

## Net sales

per geographic market, rolling 12 months



## Own housing development construction

	Jan-Mar 2021	Jan-Mar 2020	Apr 2020- Mar 2021	Jan-Dec 2020
<b>Tenant-owner associations, share housing and residential limited companies</b>				
Number of production-started homes during the period	662 <sup>1)</sup>	503	2,450	2,291
Number of sold homes during the period	657	787	2,552	2,682
Total number of homes under production, at the end of the period	3,821	4,538	3,821	4,014
Portion of sold homes under production, at the end of the period	74%	72%	74%	73%
Number of repurchased homes on our balance sheet, at the end of the period	222	245	222	222
<b>Rentals</b>				
Number of production-started homes during the period	253	75	680	502
Number of sold homes during the period	91	-	95	4
Number converted to tenant-owner associations during the period	206	-	434	228
Total number of homes in production, at the end of the period	719 <sup>2)</sup>	568	719	763

<sup>1)</sup> Includes 206 homes that have been converted from rentals

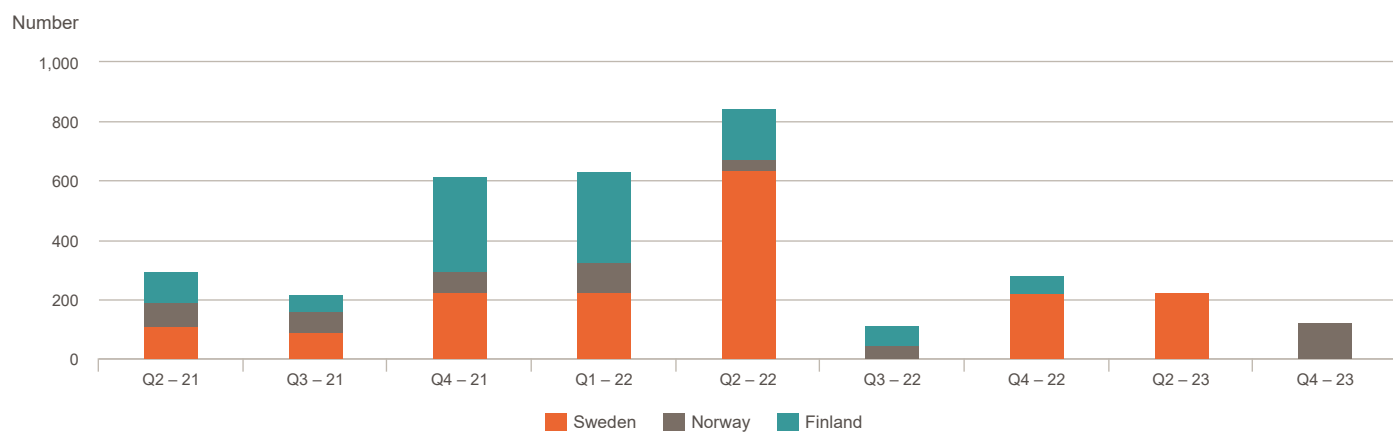
<sup>2)</sup> Of which 419, respectively 58 percent, are under contract to be sold upon completion

## Development rights for housing

Number, approx.	Mar 31 2021	Mar 31 2020	Dec 31 2020
Development rights on our own balance sheet	18,800	20,000	18,900
Development rights via joint ventures	4,400	4,600	4,400
Development rights via options etc.	9,800	9,700	9,700
<b>Total</b>	<b>33,000</b>	<b>34,300</b>	<b>33,000</b>



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



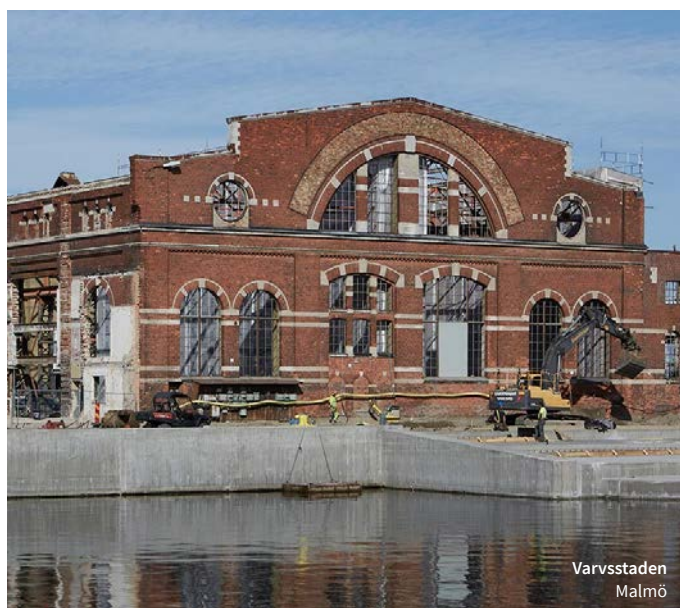
<sup>1)</sup> Refers to Swedish tenant-owner associations and own housing developments, Norwegian condominiums and share housing and Finnish residential limited companies

## Property Development

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

During the first quarter 2021 net sales were SEK 30 million (122) and operating profit was SEK 10 million (25). During the quarter some operations connected to air travel and tourism have been negatively affected by the corona pandemic which lowered operating profit by around SEK 20 million compared to the first quarter 2020.

Capital employed in Property Development was SEK 3,795 million (3,648) at the end of the first quarter 2021. A large part of the capital employed consists of shares in partially owned companies as well as loans to partially owned companies. The table below presents the larger ongoing property projects per March 31, 2021. Last year contracts were signed for the sales of the office buildings in Helsingborg and Solna to Annhem Fastigheter.



## Ongoing property projects

Type of project	Location	Rentable 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	104	106	Q2-2021	98
Office building	Solna	4,300	100	135	194	Q3-2021	70
Sports hall	Sundsvall	14,700	100	116	223	Q2-2022	52
<b>Total</b>				<b>355</b>			
<i>of which operations property</i>				104			
<i>of which project and development property</i>				251			

## Significant joint ventures

Peab's significant joint venture companies Tornet Bostadsproduktion AB, Fastighets AB Centur, 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 affect booked values in joint venture companies are not included in Peab's accounts.

### Tornet Bostadsproduktion AB

Develop, 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 March 31, 2021 <sup>1)</sup>:** SEK 5,103 million (4,560)

**Peab's portion of unrecognized fair value exclusive tax <sup>1)</sup>:** SEK 360 million (262)

**Major ongoing projects:** LP Parken, Gothenburg 15,000 m<sup>2</sup> rentable area, Tallbohov, Järfälla 10,500 m<sup>2</sup> rentable area 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 March 31, 2021:** SEK 1,970 million (1,893)

**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 March 31, 2021 <sup>1)</sup>:** SEK 7,197 million (6,708)

**Peab's portion of unrecognized fair value exclusive tax <sup>1)</sup>:** SEK 435 million (426)

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

### 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 on properties March 31, 2021:** SEK 1,354 million (1,309)

**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.

# Construction market

## Sweden

The recovery in Sweden's economy proceeded throughout the second half of 2020. The positive development was primarily driven by the recovery in industry, predominantly in exports. The overall decline in the Swedish economy for 2020 is calculated at 2.8 percent. GNP growth is expected to land at around three percent this year and accelerate in 2022. The increase in both housing and premises construction was estimated at nearly five percent in 2020. Growing public spending and construction of more apartment buildings are the main factors behind this growth. The forecast for housing construction over the next two years indicates a downturn in 2021 followed by an upswing in 2022. Expectations for other building construction are just the opposite, with an upturn in 2021 and then a downward adjustment in 2022. Civil engineering investments increased in 2020 driven by investments in energy and transportation. It appears this growth will continue under 2021 and then level out in 2022.

## Norway

The Norwegian economy recovered well at the end of 2020 and there are strong indications that growth will further accelerate this year. Recovery is primarily driven by private consumption. Growth in other building construction investments was good last year due to a positive development in premises. Investments in public premises are expected to increase another year while a downturn is expected in private premise construction. All in all other building construction declined in 2021 and is expected to develop sideways in 2022. The forecast for housing construction has been adjusted positively from falling in 2021 to leveling out. Housing investments are expected to show growth again in 2022. Regarding civil engineering investments the policy continues to be expansive and the forecast indicates good growth during 2021 and 2022.

## Finland

The downturn in the Finnish economy in 2020 is believed to have been limited to around three percent. Recovery for the Finnish economy relies to a large extent on global recovery and its impact on export industries. Growth is therefore expected to spurt in 2022. The total volume of production-started building construction volumes increased in 2020. The upswing referred to both homes and premises. A horizontal development is expected in 2021 followed by an increase in volumes in 2022. Housing construction will probably weigh down development in 2021 only to become a driving force for growth in 2022. Civil engineering construction increased in 2020 which will most likely be followed by a slight decline in 2021 to then level out in 2022.

## Housing

	2021	2022	2023
Sweden	↘	↗	↗
Norway	→	↗	↗
Finland	↘	↗	↗

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

Source: Navet Analytics

## Other building construction

	2021	2022	2023
Sweden	↗	↘	→
Norway	↘	→	↘
Finland	→	→	→

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

Source: Navet Analytics

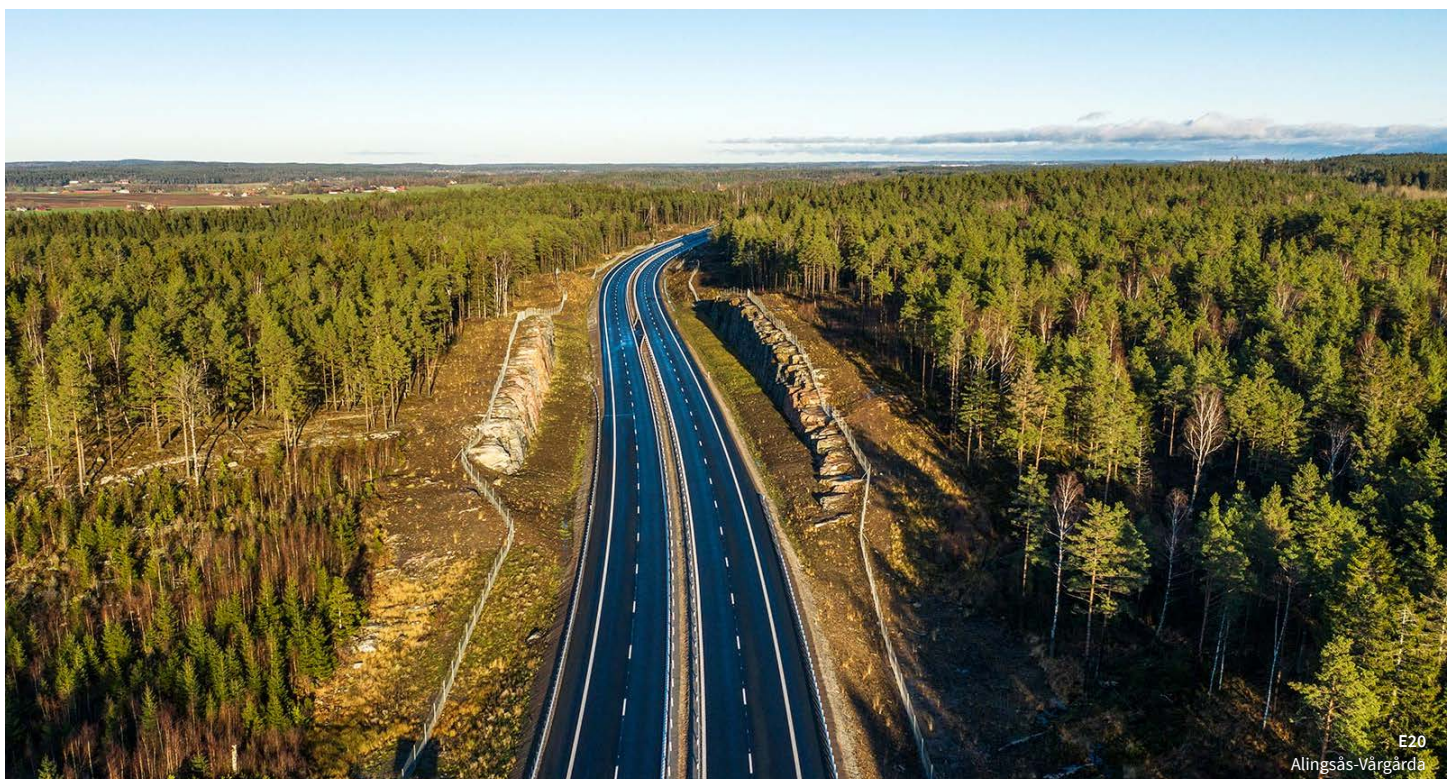
## Civil engineering

	2021	2022	2023
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



# Sustainability and risk management

## Sustainability

For more than 60 years Peab has contributed to sustainable social development and worked to improve everyday life for people in the local community. We do this by building everything from homes, schools and hospitals to bridges, roads and other infrastructure. Working sustainably is a strategic matter for Peab that in practice always takes place locally, connected to everyday life based on our core values, business concept, mission, strategic targets and Code of Conduct.

As of 2021 we monitor our business based on nine external targets – both financial and non-financial targets – that also identify our prioritized sustainable aspects. We monitor our targets quarterly, semiannually or annually. In addition to our financial targets we quarterly monitor workplace accidents and our target of zero fatal accidents and a contracting trend of serious accidents.

### Serious accidents

A safe work environment is the foundation of our business. Everyone at our workplaces should be able to be there under safe and secure conditions, despite the fact that there are risks involved in the work we do. In order to prevent accidents and incidents at our workplaces we develop quality-ensured work methods and train our employees. Focus is on planning and risk assessment in projects as well as learning from the reported risk observations, incidents and accidents.

There is a downward trend in serious accidents\* after the first quarter and over a rolling twelve month period the number of serious accidents at our workplaces amounted to 32 (39 per December 31, 2020), of which 18 involved our own personnel and 14 involved subcontractors. During the period January to March 2021 there were seven serious accidents in total. Peab employs a high portion of own skilled workers compared to other actors in the construction and civil engineering industry in addition to our many subcontractors. At the end of March 2021 Peab had 15,129 employees, of which 8,130 were skilled workers. As of 2021 we also monitor the number of workplace accidents with more than four days absence, excluding the day of injury (LTI4), and workplace accidents according to the same definition per one million hours worked (LTIF4) for our own employees. In the first quarter of the year there were 34 and the LTIF4 frequency rate was 6.6.

Every remedied risk is one less potential accident, which is why we are highly focused on reporting and remedying risk observations\*. During the first quarter 2021 the organization reported 16,500 risk observations.

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

### Other

- Peab launched the new concept NärBo for predesigned apartment buildings. In NärBo Peab has compiled and packaged years of experience and knowledge with its best practice construction methods and a clear environmental profile. The result is an almost finished construction solution where all the steps up to construction start are already prepared and the process of producing turnkey housing has been streamlined. Installations, material and interiors are chosen with care to ensure quality and long-term environmental friendliness. This includes ECO-Betong (concrete), using local resources and focus on energy and resource efficiency. The apartment buildings are also built to be Swan ecolabeled.
- Peab's subsidiary Swerock launched the product ECO-Ballast (mineral aggregates) in Sweden which is produced with at least 50 percent recycled raw material making it an important contribution to circular community building. The goal is to progressively increase the range of products and volumes.

- The subsidiary Peab Asphalt continues its investment in sustainable development by becoming a main partner to the European Green Capital Lahti 2021. Peab Asphalt is organizing events in Lahti throughout 2021 to spotlight climate issues related to building infrastructure, which has a central role in emissions in cities.
- Starting in Lahti Peab Asphalt launched ECO-Asfalt (asphalt) in Finland. This development will halve climate emissions from Finnish asphalt production, where the company already has a high percentage of reclaimed asphalt in operations and has gone over to renewable electricity. In ECO-Asfalt Peab replaces fossil fuel with bio fuel in drying and warming the gravel material, which is the most energy consuming part of the manufacturing process.
- Peab's team for traffic arrangement was one of the three finalists for Maintain Zero's Work Environment Prize 2021. The prize is awarded annually and spotlights initiatives that promote safety in the construction and property industry. Peab's team supports operations with expertise and know-how concerning traffic arrangements as well as makes unannounced controls of Peab's workplaces to monitor compliance with legal and contract requirements.
- Peab is working on implementing the digital safety course Safe Construction Training for anyone working on construction and civil engineering sites where we are the employers or coordinate the work environment and that require wearing an ID06 card. The Swedish Construction Federation has produced the course which will be standard for the industry in Sweden and a requirement for working on construction and civil engineering sites. This education contributes to achieving our work environment target of zero fatal accidents and fewer serious accidents at workplaces.

## Risks and uncertainty factors

Peab's business is exposed both to operative and financial risks as well as compliance risks and external and market risks. How much risks affect Peab's profits and position depends on how well the company handles daily operations. External and market risks are events that are out of Peab's control but which affect the business environment. These are, for example, developments in the economy, customer behavior, climate impact and political decisions.

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.

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 2020.

In the beginning of 2020 the coronavirus spread over a large part of the world. Governments and central banks have implemented 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 coronavirus 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.






# Financial and non-financial targets

In order to further promote value creation we have updated everything from our mission, business concept and strategic target areas to internal and external financial and non-financial targets. As of 2021 Peab will externally report the performance of our business by monitoring nine targets, of which three are financial and based on segment reporting and six are non-financial targets. We consider the external targets particularly important and they are a subset of our internal targets and action plans.


Both the internal and external financial and non-financial targets are categorized under the previous strategic targets; Most satisfied customers, Best workplace and Most profitable company as well as the new, fourth strategic target, Leader in social responsibility. All targets relate to the industry. For a more detailed description of each target please see [www.peab.com/targets](http://www.peab.com/targets).



### Most satisfied customers

We will be a complete community builder that offers total solutions. We create value for our customers through expert and engaged employees.

**>75**  
SCI always over 75




### Best workplace

We will be the obvious choice for anyone who wants to work in the industry. Everyone will be part of safe and including workplaces with good work conditions and opportunities to develop at Peab.

**eNPS**  
always over benchmark

**ZERO VISION**  
serious accidents  
Through a contracting trend



### Most profitable company

With our engaged employees we ensure productivity and quality. Through our local presence, and the advantage of our size and mix of operations, we will become the most profitable company.

**>6%**  
Operating margin

**0.3–0.7**  
Net debt/equity ratio

**>50 % of profit for the year**  
Dividend



### Leader in social responsibility

As the Nordic Community Builder with a local presence we take responsibility through innovations and making demands concerning the climate and environment, order and correctness in the industry and equal opportunity. Active social engagement in the community and focus on young people's education are part of our fundamental values.

**-60%**  
Carbon dioxide intensity  
Reduction of emissions from our own production by 2030 (Scope 1+2).

**-50%**  
Carbon dioxide intensity  
Reduction of emissions from input goods and purchased services by 2030 (Scope 3).

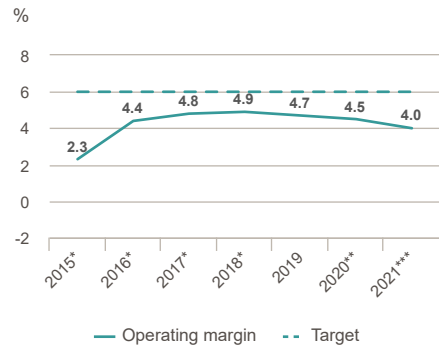
**EQUAL OPPORTUNITY RECRUITMENT**  
Share of women recruited always over the education market

# Target and target fulfilment

## Most profitable company

### Operating margin

Target: >6% according to segment reporting (reported quarterly)

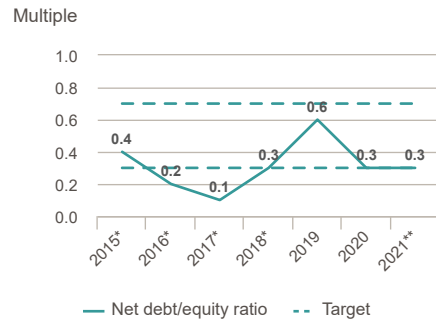


\* Years 2015-2018 not translated according to changed accounting principles for own housing development projects. \*\* Operating margin excluding the effect of the distribution of Annhem Fastigheter. \*\*\* Calculated on a rolling 12 months per March 31, 2021. Exclusive the effect of the distribution of Annhem Fastigheter (SEK 952 million).

## Most profitable company

### Net debt/equity ratio

Target: 0.3-0.7 according to segment reporting (reported quarterly)

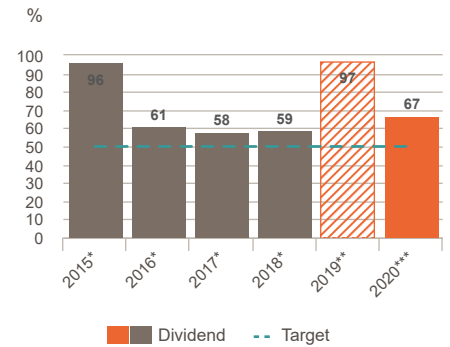


\* Years 2015-2018 not translated according to changed accounting principles for own housing development projects. \*\* Per March 31, 2021.

## Most profitable company

### Dividend

Target: >50% of profit for the year according to segment reporting (reported annually)

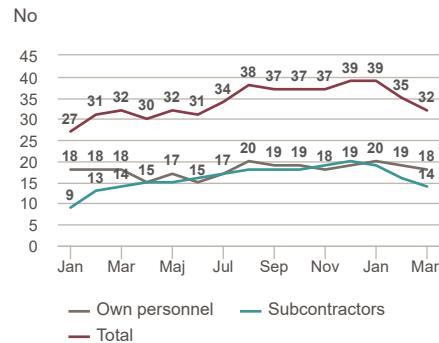


\* Years 2015-2018 not translated according to changed accounting principles. \*\* For 2019, no cash dividend has been paid. The value of the distribution of Annhem Fastigheter at the time of the distribution in December 2020 amounted to 97 percent of the profit for the year 2019. \*\*\* Board of Director's proposal for 2020 to the AGM. The proportion is calculated without the effect of SEK 952 million on profit due to the distribution of Annhem Fastigheter.

## Best workplace

### Serious accidents

Target: Zero fatal accidents and contracting trend, rolling 12 months, serious accidents classification 4 (reported quarterly)

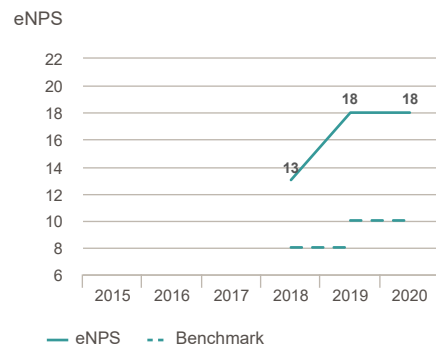


Refers to the period January 2020 - March 2021

## Best workplace

### eNPS

Target: > over benchmark (reported semiannually)

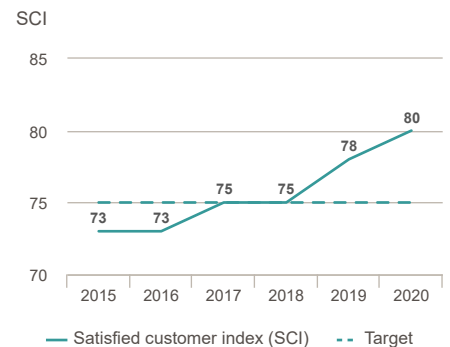


eNPS stands for employee Net Promoter Score and measures employee engagement. The result can vary between -100 and 100.

## Most satisfied customers

### Satisfied customer index (SCI)

Target: > 75 (reported annually)

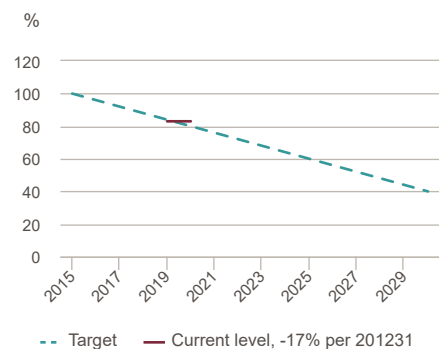


SCI stands for Satisfied Customer Index and measures how satisfied Peab's customers are. SCI is a weighted measurement between 0 and 100.

## Leader in social responsibility

### Carbon dioxide intensity: Climate targets for our own production

Target: Reduced emissions of GHG Scope 1+2\* (CO<sub>2</sub>e/MSEK) by 60% (reported annually)

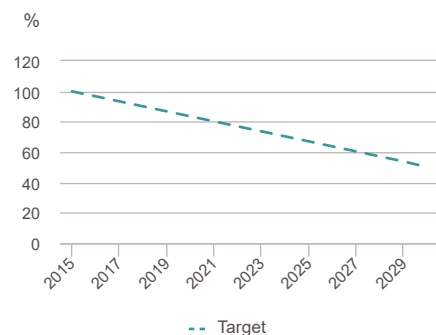


\* Direct and indirect emissions as a result of using fuel and energy in our own production.

## Leader in social responsibility

### Carbon dioxide intensity: Climate targets for input goods and purchased services

Target: Reduced emissions of GHG Scope 3\* (CO<sub>2</sub>e/MSEK) by 50% (reported annually)



\* Includes concrete/cement, asphalt/bitumen, transportation/fuel, steel, waste and business trips.

## Leader in social responsibility

### Equal opportunity recruitment

Target: Share of women recruited > the education market (reported annually)

#### Production and processing (SW) 2020

Share of women in Peab: 1.5%  
of which 24 years old or younger: 4.7%  
Target for 2021: >5.0%  
Share of women who have graduated with relevant degrees: 5.0%

#### Production management and production support 2020

Share of women in Peab: 12.9%  
of which 26 years old or younger: 32.2%  
Target for 2021: >28.5%  
Share of women who have graduated with relevant degrees: 28.5%

# Other information

## Important events during the period

### Coronavirus

In the beginning of 2020 the coronavirus spread to a large part of the world. Countries have implemented different measures to limit the spread of the infection such as entry and quarantine regulations. Governments and central banks have introduced different forms of crisis packages to reduce the financial effects. The entire global economy is affected but how deeply and for how long is difficult to say.

Peab is a major employer with many employees and many people at our workplaces. As an employer we care about our employees but naturally we also care about our customers, subcontractors, suppliers and other partners. For Peab it's important from a social 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 adapt 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 affects 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 re-

sources. 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.

### 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 2021 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 first quarter 2021.

### Related parties

The character and extent of transactions with related parties is presented in the Annual and Sustainable Report 2020, note 41. No new significant transactions have occurred during the first quarter 2021.



## Report on the Group income statement, IFRS

Group net sales according to IFRS decreased by six percent and amounted during January-March 2021 to SEK 11,124 million (11,870). The adjustment of own housing development projects to the completion method affected net sales by SEK -92 million (252). Adjusted for acquired and divested units net sales decreased by eight percent.

Operating profit according to IFRS for the period January-March 2021 amounted to SEK -114 million (170) and the operating margin was -1.0 percent (1.4). The adjustment of own housing development projects to the completion method affected operating profit by SEK -49 million (-47). Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020. The acquired operations have a very clear seasonal pattern which means the first quarter carries 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.

MSEK	Jan-Mar 2021	Jan-Mar 2020	Apr 2020- Mar 2021	Jan-Dec 2020
Net sales	11,124	11,870	59,106	59,852
Production costs	-10,440	-10,962	-53,189	-53,711
<b>Gross profit</b>	<b>684</b>	<b>908</b>	<b>5,917</b>	<b>6,141</b>
Sales and administrative expenses	-820	-766	-3,413	-3,359
Distribution of Annehem Fastigheter	-	-	952	952
Other operating income	38	37	230	229
Other operating costs	-16	-9	-48	-41
<b>Operating profit</b>	<b>-114</b>	<b>170</b>	<b>3,638</b>	<b>3,922</b>
Financial income	30	40	86	96
Financial expenses	-38	-129	-182	-273
<b>Net finance</b>	<b>-8</b>	<b>-89</b>	<b>-96</b>	<b>-177</b>
<b>Pre-tax profit</b>	<b>-122</b>	<b>81</b>	<b>3,542</b>	<b>3,745</b>
Tax	23	-13	-528	-564
<b>Profit for the period</b>	<b>-99</b>	<b>68</b>	<b>3,014</b>	<b>3,181</b>
<b>Profit for the period, attributable to:</b>				
Shareholders in parent company	-99	69	3,014	3,182
Non-controlling interests	0	-1	0	-1
<b>Profit for the period</b>	<b>-99</b>	<b>68</b>	<b>3,014</b>	<b>3,181</b>
<b>Key ratios, IFRS</b>				
Earnings per share before and after dilution, SEK	-0.34	0.23	10.22	10.79
Average number of outstanding shares, million	295.0	295.0	295.0	295.0
Return on capital employed, %	14.1 <sup>1)</sup>	10.6 <sup>1)</sup>	14.1	15.0
Return on equity, %	24.2 <sup>1)</sup>	18.8 <sup>1)</sup>	24.2	26.0

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

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

MSEK	Jan-Mar 2021	Jan-Mar 2020	Apr 2020- Mar 2021	Jan-Dec 2020
<b>Profit for the period</b>	<b>-99</b>	<b>68</b>	<b>3,014</b>	<b>3,181</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	171	-48	25	-194
Changes in fair value of cash flow hedges for the period	3	-7	15	5
Shares in joint ventures' other comprehensive income	0	-1	1	0
Tax referring to items that can be reclassified or have been reclassified to profit for the period	-1	-11	-11	-21
<b>Other comprehensive income for the period</b>	<b>173</b>	<b>-67</b>	<b>30</b>	<b>-210</b>
<b>Total comprehensive income for the period</b>	<b>74</b>	<b>1</b>	<b>3,044</b>	<b>2,971</b>
<b>Total comprehensive income for the period, attributable to:</b>				
Shareholders in parent company	74	2	3,044	2,972
Non-controlling interests	0	-1	0	-1
<b>Total comprehensive income for the period</b>	<b>74</b>	<b>1</b>	<b>3,044</b>	<b>2,971</b>

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

Total assets on March 31, 2021 was SEK 41,852 million (42,781). Last year balance items referring to Annehem Fastigheter were included under the item Assets held for value transfer to owners until its distribution in December 2020. The acquisition of the paving and mineral aggregates operations in business area Industry in April 2020 affected total assets at the end of the period by around SEK 3,800 million. The item Project and development properties contracted compared to March 31, 2020 as a result of fewer own housing developments in ongoing production. Equity amounted to SEK 12,517 million (11,560), which generated an equity/assets ratio of 29.9 percent (27.0).

MSEK	Mar 31 2021	Mar 31 2020	Dec 31 2020
<b>Assets</b>			
Intangible assets	3,730	2,326	3,679
Tangible assets	7,641	5,594	7,571
Investment property	131	130	130
Interest-bearing long-term receivables	1,283	1,118	1,257
Other financial fixed assets	1,946	1,654	2,016
Deferred tax recoverables	204	175	164
<b>Total fixed assets</b>	<b>14,935</b>	<b>10,997</b>	<b>14,817</b>
Project and development properties	14,440	16,453	14,074
Inventories	1,468	598	1,269
Interest-bearing current receivables	90	122	85
Other current receivables	10,086	11,635	10,951
Liquid funds	833	977	968
Assets held for value transfer to owners <sup>1)</sup>	–	1,999	–
<b>Total current assets</b>	<b>26,917</b>	<b>31,784</b>	<b>27,347</b>
<b>Total assets</b>	<b>41,852</b>	<b>42,781</b>	<b>42,164</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>12,517</b>	<b>11,560</b>	<b>12,443</b>
<b>Liabilities</b>			
Interest-bearing long-term liabilities	4,248	3,341	4,289
Interest-bearing long-term liabilities, project financing	175	415	75
Deferred tax liabilities	85	156	183
Other long-term liabilities	1,597	902	1,569
<b>Total long-term liabilities</b>	<b>6,105</b>	<b>4,814</b>	<b>6,116</b>
Interest-bearing current liabilities	2,806	2,493	2,647
Interest-bearing current liabilities, project financing	5,273	7,191	4,981
Other current liabilities	15,151	15,833	15,977
Liabilities referring to assets held for value transfer to owners <sup>2)</sup>	–	890	–
<b>Total current liabilities</b>	<b>23,230</b>	<b>26,407</b>	<b>23,605</b>
<b>Total liabilities</b>	<b>29,335</b>	<b>31,221</b>	<b>29,721</b>
<b>Total equity and liabilities</b>	<b>41,852</b>	<b>42,781</b>	<b>42,164</b>
<b>Key ratios, IFRS</b>			
Capital employed	25,019	25,830	24,435
Equity/assets ratio, %	29.9	27.0	29.5
Net debt	10,296	11,990	9,682
Equity per share, SEK	42.43	39.19	42.18
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0

<sup>1)</sup> The item includes interest-bearing receivables of SEK 12 million and liquid funds of SEK 51 million as of March 31, 2020

<sup>2)</sup> The item includes interest-bearing liabilities of SEK 830 million as of March 31, 2020

## Report on changes in Group equity in summary, IFRS

MSEK	Mar 31 2021	Mar 31 2020	Dec 31 2020
<b>Equity attributable to shareholders in parent company</b>			
Opening equity on January 1	12,442	11,557	11,557
Profit for the period	-99	69	3,182
Other comprehensive income for the period	173	-67	-210
<b>Total comprehensive income for the period</b>	<b>74</b>	<b>2</b>	<b>2,972</b>
Distribution of Annehem Fastigheter	-	-	-2,065
Distribution expenses	-	-	-22
<b>Closing equity</b>	<b>12,516</b>	<b>11,559</b>	<b>12,442</b>
<b>Non-controlling interests</b>			
Opening equity on January 1	1	2	2
Comprehensive income for the period	0	-1	-1
<b>Closing equity</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total closing equity</b>	<b>12,517</b>	<b>11,560</b>	<b>12,443</b>

# Report on Group cash flow in summary, IFRS

MSEK	Jan-Mar 2021	Jan-Mar 2020	Apr 2020- Mar 2021	Jan-Dec 2020
<b>Cash flow from current operations before changes in working capital</b>	148	665	4,070	4,587
Increase (-) / Decrease (+) of project and development properties	-181	330	1,732	2,243
Increase (-) / Decrease (+) of inventories	-172	-69	-211	-108
Increase (-) / Decrease (+) of current receivables / current liabilities	62	555	478	971
<b>Cash flow from changes in working capital</b>	<b>-291</b>	<b>816</b>	<b>1,999</b>	<b>3,106</b>
<b>Cash flow from current operations</b>	<b>-143</b>	<b>1,481</b>	<b>6,069</b>	<b>7,693</b>
Acquisition of subsidiaries / businesses, net effect on liquid funds	-76	-	-2,460	-2,384
Redemption of loan to seller upon acquisition of business	-	-	-746	-746
Sale of subsidiaries / businesses, net effect on liquid funds	-	-	20	20
Acquisition of fixed assets	-275	-275	-1,299	-1,299
Sale of fixed assets	59	58	470	469
<b>Cash flow from investment operations</b>	<b>-292</b>	<b>-217</b>	<b>-4,015</b>	<b>-3,940</b>
<b>Cash flow before financing</b>	<b>-435</b>	<b>1,264</b>	<b>2,054</b>	<b>3,753</b>
Increase (+) / Decrease (-) of interest-bearing liabilities	-34	-241	-42	-249
Increase (+) / Decrease (-) of interest-bearing liabilities, project financing	318	-359	-2,098	-2,775
Distribution Annehem Fastigheter <sup>1)</sup>	-	-	-55	-55
Distribution expenses	-	-	-28	-28
<b>Cash flow from financing operations</b>	<b>284</b>	<b>-600</b>	<b>-2,223</b>	<b>-3,107</b>
<b>Cash flow for the period</b>	<b>-151</b>	<b>664</b>	<b>-169</b>	<b>646</b>
Cash at the beginning of the period	968	373	1,028	373
Exchange rate differences in cash	16	-9	-26	-51
<b>Cash at the end of the period</b>	<b>833</b>	<b>1,028</b>	<b>833</b>	<b>968</b>

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

## Parent company

The parent company Peab AB's net sales for the first quarter 2021 amounted to SEK 74 million (76) and mainly consisted of internal Group services. Profit for the period amounted to SEK 30 million (-58).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,650 million (12,750). The assets have been financed from equity of SEK 8,368 million (8,999) and long-term liabilities to Group companies amounting to SEK 779 million (951).

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	Jan-Mar 2021	Jan-Mar 2020	Apr 2020- Mar 2021	Jan-Dec 2020
Net sales	74	76	344	346
Administrative expenses	-104	-133	-516	-545
Other operating income	1	-	1	0
<b>Operating profit</b>	<b>-29</b>	<b>-57</b>	<b>-171</b>	<b>-199</b>
<b>Result from financial investments</b>				
Profit from participation in Group companies	62	-	561	499
Other financial items	-12	-17	-52	-57
<b>Result after financial items</b>	<b>21</b>	<b>-74</b>	<b>338</b>	<b>243</b>
Appropriations	-	-	1,266	1,266
<b>Pre-tax profit</b>	<b>21</b>	<b>-74</b>	<b>1,604</b>	<b>1,509</b>
Tax	9	16	-212	-205
<b>Profit for the period <sup>1)</sup></b>	<b>30</b>	<b>-58</b>	<b>1,392</b>	<b>1,304</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	Mar 31 2021	Mar 31 2020	Dec 31 2020
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible assets	5	49	43
Tangible assets	1	1	1
<b>Financial assets</b>			
Participation in Group companies	11,650	12,750	12,109
Deferred tax recoverables	124	118	125
<b>Total financial assets</b>	<b>11,774</b>	<b>12,868</b>	<b>12,234</b>
<b>Total fixed assets</b>	<b>11,780</b>	<b>12,918</b>	<b>12,278</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies	9	61	1,655
Current tax assets	176	96	86
Other receivables	45	103	30
Prepaid expenses and accrued income	9	21	10
<b>Total current receivables</b>	<b>239</b>	<b>281</b>	<b>1,781</b>
Cash and bank	0	0	0
<b>Total current assets</b>	<b>239</b>	<b>281</b>	<b>1,781</b>
<b>Total assets</b>	<b>12,019</b>	<b>13,199</b>	<b>14,059</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity	1,884	1,901	1,898
Non-restricted equity	6,484	7,098	6,440
<b>Total equity</b>	<b>8,368</b>	<b>8,999</b>	<b>8,338</b>
Untaxed reserves	2,724	2,403	2,724
<b>Provisions</b>			
Other provisions	44	41	43
<b>Total provisions</b>	<b>44</b>	<b>41</b>	<b>43</b>
<b>Long-term liabilities</b>			
Liabilities to Group companies	779	951	2,697
<b>Total long-term liabilities</b>	<b>779</b>	<b>951</b>	<b>2,697</b>
<b>Current liabilities</b>			
Accounts payable	12	29	36
Liabilities to Group companies	2	702	129
Other liabilities	11	7	8
Accrued expenses and deferred income	79	67	84
<b>Total current liabilities</b>	<b>104</b>	<b>805</b>	<b>257</b>
<b>Total liabilities</b>	<b>883</b>	<b>1,756</b>	<b>2,954</b>
<b>Total equity and liabilities</b>	<b>12,019</b>	<b>13,199</b>	<b>14,059</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.

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.

### 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-owner associations and own single homes, Norwegian condominiums 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.

In segment reporting leasing fees for the lessee are recognized linearly over the leasing period for leasing contracts that by the counterparty (lessor) are classified as operational leasing contracts. IFRS 16 Leases is applied in the consolidated accounts according to IFRS which entails that the lessee recognizes depreciation and interest attributable to leasing assets respectively leasing liabilities. Leasing contracts that by the counterparty (lessor) are classified as financial leasing contracts are recognized in Peab's segment accounting according to the principles that correspond with those for the lessee according to IFRS 16.

### 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 development projects but the recognized profit consists of the profit in the developer part. Internal net sales between business area Construction and business area Project Development regarding the construction cost of our own housing development projects are eliminated in consolidated reporting. Internal profit is returned when the project is divested.

### 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.

### Financial key ratios in segment reporting

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

## Note 2 – Revenue allocation

Group Jan-Mar 2021 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	5,205	2,807	1,485	1,707	12		11,216	-92	11,124
Internal sales	991	283	719	3	289	-2,285	-		-
<b>Total</b>	<b>6,196</b>	<b>3,090</b>	<b>2,204</b>	<b>1,710</b>	<b>301</b>	<b>-2,285</b>	<b>11,216</b>	<b>-92</b>	<b>11,124</b>
<b>Allocation per country</b>									
Sweden	4,411	2,833	1,816	982	241	-1,756	8,527	-61	8,466
Norway	950	252	99	200	34	-212	1,323	-192	1,131
Finland	835	5	232	528	26	-317	1,309	161	1,470
Denmark			53				53		53
Other			4				4		4
<b>Total</b>	<b>6,196</b>	<b>3,090</b>	<b>2,204</b>	<b>1,710</b>	<b>301</b>	<b>-2,285</b>	<b>11,216</b>	<b>-92</b>	<b>11,124</b>
<b>Allocation per type of customer</b>									
Public sector	2,157	2,026	158	46	10		4,397		4,397
Private customers	3,048	781	1,327	1,661	2		6,819	-92	6,727
Internal customers	991	283	719	3	289	-2,285	-		-
<b>Total</b>	<b>6,196</b>	<b>3,090</b>	<b>2,204</b>	<b>1,710</b>	<b>301</b>	<b>-2,285</b>	<b>11,216</b>	<b>-92</b>	<b>11,124</b>
<b>Allocation per point in time</b>									
At one point in time	3	3	1,210	46	12	-258	1,016	1,297	2,313
Over time	6,190	3,085	517	1,641	245	-1,670	10,008	-1,389	8,619
Rent revenue <sup>2)</sup>	3	2	477	23	44	-357	192		192
<b>Total</b>	<b>6,196</b>	<b>3,090</b>	<b>2,204</b>	<b>1,710</b>	<b>301</b>	<b>-2,285</b>	<b>11,216</b>	<b>-92</b>	<b>11,124</b>
<b>Allocation per type of revenue</b>									
Construction contracts	6,190	3,085	517	1,641	9	-1,434	10,008	-1,389	8,619
Sales of goods			892			-169	723		723
Sales of property projects				44			44	1,297	1,341
Transportation services			270			-75	195		195
Administrative services					236	-236	-		-
Rent revenue <sup>2)</sup>	3	2	477	23	44	-357	192		192
Other	3	3	48	2	12	-14	54		54
<b>Total</b>	<b>6,196</b>	<b>3,090</b>	<b>2,204</b>	<b>1,710</b>	<b>301</b>	<b>-2,285</b>	<b>11,216</b>	<b>-92</b>	<b>11,124</b>

<sup>1)</sup> Refers to differences in accounting principles regarding our own housing development 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.

Group Jan-Mar 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	5,565	2,597	1,472	1,951	12		11,597	273	11,870
Internal sales	1,055	173	743	18	271	-2,219	41	-41	-
<b>Total</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</b>
<b>Allocation per country</b>									
Sweden	4,893	2,505	1,957	1,168	238	-1,774	8,987	312	9,299
Norway	853	223	101	256	27	-141	1,319	-253	1,066
Finland	874	42	153	545	18	-304	1,328	173	1,501
Other			4				4		4
<b>Total</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</b>
<b>Allocation per type of customer</b>									
Public sector	2,525	1,867	206	7	10		4,615	7	4,622
Private customers	3,040	730	1,266	1,944	2		6,982	266	7,248
Internal customers	1,055	173	743	18	271	-2,219	41	-41	-
<b>Total</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</b>
<b>Allocation per point in time</b>									
At one point in time	1	2	1,158	136		-273	1,024	1,713	2,737
Over time	6,617	2,766	582	1,811	238	-1,596	10,418	-1,505	8,913
Rent revenue <sup>2)</sup>	2	2	475	22	45	-350	196	24	220
<b>Total</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</b>
<b>Allocation per type of revenue</b>									
Construction contracts	6,617	2,766	582	1,808	5	-1,374	10,404	-1,505	8,899
Sales of goods			741			-156	585		585
Sales of property projects				100			100	1,712	1,812
Transportation services			355			-104	251		251
Administrative services				3	233	-222	14		14
Rent revenue <sup>2)</sup>	2	2	475	22	45	-350	196	24	220
Other	1	2	62	36		-13	88	1	89
<b>Total</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</b>

<sup>1)</sup> Refers to differences in accounting principles regarding our own housing development 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 40 million 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 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 housing development 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.

## Note 3 – Operating segment and reconciliation between segment reporting and reporting according to IFRS

Group Jan-Mar 2021 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
External sales	5,205	2,807	1,485	1,707	12		11,216	-92	11,124
Internal sales	991	283	719	3	289	-2,285			-
<b>Total revenue</b>	<b>6,196</b>	<b>3,090</b>	<b>2,204</b>	<b>1,710</b>	<b>301</b>	<b>-2,285</b>	<b>11,216</b>	<b>-92</b>	<b>11,124</b>
<b>Operating profit</b>	<b>151</b>	<b>52</b>	<b>-397</b>	<b>213</b>	<b>-82</b>	<b>-10</b>	<b>-73</b>	<b>-41</b>	<b>-114</b>
Operating margin, %	2.4	1.7	-18.0	12.5			-0.7		-1.0
Financial income							30		30
Financial expenses							-24	-14 <sup>2)</sup>	-38
<b>Net finance</b>							<b>6</b>	<b>-14</b>	<b>-8</b>
<b>Pre-tax profit</b>							<b>-67</b>	<b>-55</b>	<b>-122</b>
Tax							12	11	23
<b>Profit for the period</b>							<b>-55</b>	<b>-44</b>	<b>-99</b>
Capital employed (closing balance)	-1,115	-562	8,871	12,853		-388 <sup>3)</sup>	19,659	5,360	25,019
Total assets							36,227	5,625 <sup>4)</sup>	41,852
Equity							13,408	-891	12,517
Equity/assets ratio, %							37.0		29.9
Net debt							4,045	6,251	10,296
Cashflow before financing							-108	-327	-435

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 2 and the section Overview business areas.

<sup>2)</sup> Refers to IFRS 16, additional leases SEK -14 million.

<sup>3)</sup> Unallocated capital employed.

<sup>4)</sup> Divided between IFRS 16, additional leases SEK 1,764 million and housing projects SEK 3,861 million.

Group Jan-Mar 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	5,565	2,597	1,472	1,951	12		11,597	273	11,870
Internal sales	1,055	173	743	18	271	-2,219	41	-41	-
<b>Total revenue</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</b>
<b>Operating profit</b>	<b>146</b>	<b>41</b>	<b>-66</b>	<b>174</b>	<b>-83</b>	<b>-1</b>	<b>211</b>	<b>-41</b>	<b>170</b>
Operating margin, %	2.2	1.5	-3.0	8.8			1.8		1.4
Financial income							40	0	40
Financial expenses							-110	-19 <sup>2)</sup>	-129
<b>Net finance</b>							<b>-70</b>	<b>-19 <sup>2)</sup></b>	<b>-89</b>
<b>Pre-tax profit</b>							<b>141</b>	<b>-60</b>	<b>81</b>
Tax							-20	7	-13
<b>Profit for the period</b>							<b>121</b>	<b>-53</b>	<b>68</b>
Capital employed (closing balance)	-1,570	-18	6,399	13,898		1,218 <sup>3)</sup>	19,927	5,903	25,830
Total assets							36,589	6,192 <sup>4)</sup>	42,781
Equity							12,349	-789	11,560
Equity/assets ratio, %							33.8		27.0
Net debt							4,186	7,804	11,990
Cashflow before financing							1,597	-333	1,264

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 2 and the section Overview business areas.

<sup>2)</sup> Divided between Annehem Fastigheter SEK -12 million and IFRS 16, additional leases SEK -7 million.

<sup>3)</sup> Unallocated capital employed.

<sup>4)</sup> Divided between Annehem Fastigheter SEK 2,015 million, IFRS 16, additional leases SEK 631 million, housing projects SEK 4,697 million and internal items SEK -1,151 million.

Group Jan-Dec 2020 MSEK							Differences in accounting principles and other <sup>1)</sup>		Group IFRS
	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment		
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>
Operating margin, %	2.5	3.0	5.9	22.3			6.2		6.6
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 <sup>3)</sup>	19,434	5,001	24,435
Total assets							36,604	5,560 <sup>4)</sup>	42,164
Equity							13,251	-808	12,443
Equity/assets ratio, %							36.2		29.5
Net debt							3,873	5,809	9,682
Cashflow before financing							2,779	974	3,753

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 2 and the section Overview business areas.

<sup>2)</sup> Divided between Annehem Fastigheter January-November 2020 of SEK -35 million and IFRS 16, additional leases SEK -34 million.

<sup>3)</sup> Unallocated capital employed.

<sup>4)</sup> Divided between IFRS 16, additional leases SEK 1,805 million and housing projects SEK 3,755 million.

## Note 4 – 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 2020, note 35. 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	Mar 31, 2021			Mar 31, 2020			Dec 31, 2020		
	Level 2	Level 3	Total	Level 2	Level 3	Total	Level 2	Level 3	Total
<b>MSEK</b>									
<b>Financial assets</b>									
Securities held as fixed assets		62	62		68	68		60	60
<i>Of which unlisted funds</i>		39	39		46	46		37	37
<i>Of which unlisted shareholdings and participations</i>		23	23		22	22		23	23
Other current receivables	17		17	2		2	5		5
<i>Of which commodity hedging with futures</i>	17		17	2		2	5		5
<b>Total financial assets</b>	<b>17</b>	<b>62</b>	<b>79</b>	<b>2</b>	<b>68</b>	<b>70</b>	<b>5</b>	<b>60</b>	<b>65</b>
<b>Financial liabilities</b>									
Other long-term liabilities	6		6	12		12	8		8
<i>Of which interest rate swaps</i>	6		6	11		11	8		8
<i>Of which commodity hedging with futures</i>			-	1		1			-
Other current liabilities	27		27	8	1	9	4		4
<i>Of which currency swaps</i>	1		1	3		3	2		2
<i>Of which commodity hedging with futures</i>	26		26	5		5	2		2
<i>Of which contingent consideration</i>			-		1	1			-
<b>Total financial liabilities</b>	<b>33</b>	<b>-</b>	<b>33</b>	<b>20</b>	<b>1</b>	<b>21</b>	<b>12</b>	<b>-</b>	<b>12</b>

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

Group	Securities held as fixed asset					
	Unlisted funds			Unlisted shares and participations		
	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
<b>MSEK</b>						
<b>Opening balance</b>	<b>37</b>	<b>58</b>	<b>58</b>	<b>23</b>	<b>24</b>	<b>24</b>
Investments	2			4		
Sales					-1	-1
Dividends received	-1	-16	-21			
Reported in profit/loss for the period						
Net finance	1	4	-4			
Reported in other comprehensive income				0	-1	0
<b>Closing balance</b>	<b>39</b>	<b>46</b>	<b>37</b>	<b>23</b>	<b>22</b>	<b>23</b>

Group	Contingent consideration		
	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
<b>MSEK</b>			
<b>Opening balance</b>	<b>-</b>	<b>1</b>	<b>1</b>
Payments during the period	-	-	-1
<b>Closing balance</b>	<b>-</b>	<b>1</b>	<b>-</b>



# Future financial information

- 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
- Annual and Sustainability Report 2021 April 2022

*Förslöv, May 6, 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, May 6, 2021 at 15.00 p.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 8 5055 83 52
- From Great Britain: +44 3333 00 92 68

*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 May 6, 2021, 13:00 p.m. CET.*

# Quarterly data

## Group, IFRS

MSEK	Jan-Mar 2021	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	11,124	15,989	16,204	15,789	11,870	15,455	12,869	15,140	12,839
Production costs	-10,440	-14,159	-14,463	-14,127	-10,962	-13,869	-11,717	-13,405	-11,321
<b>Gross profit</b>	<b>684</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	-820	-914	-717	-962	-766	-751	-604	-773	-751
Distribution of Annehem Fastigheter	-	952	-	-	-	-	-	-	-
Other operating income	38	84	72	36	37	93	122	38	27
Other operating costs	-16	-10	-9	-13	-9	-95	-6	-3	-3
<b>Operating profit</b>	<b>-114</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	30	23	18	15	40	31	14	31	54
Financial expenses	-38	-55	-55	-34	-129	-62	-35	-41	-50
<b>Net finance</b>	<b>-8</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>-122</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	23	-181	-210	-160	-13	-149	-104	-161	-157
<b>Profit for the period</b>	<b>-99</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	-99	1,730	840	543	69	653	539	826	638
Non-controlling interests	0	-1	0	1	-1	0	0	0	0
<b>Profit for the period</b>	<b>-99</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	-0.34	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	295.0
Capital employed (closing balance)	25,019	24,435	27,729	28,829	25,830	26,336	26,371	26,025	24,888
Equity (closing balance)	12,517	12,443	12,874	12,043	11,560	11,559	10,966	10,425	10,808

**Business areas**

MSEK	Jan-Mar 2021	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	6,196	7,448	5,798	7,123	6,620	8,371	6,520	7,782	6,743
Civil Engineering	3,090	3,600	3,041	3,432	2,770	3,792	3,257	3,374	2,916
Industry	2,204	4,929	6,233	5,343	2,215	3,592	3,820	3,697	2,230
Project Development	1,710	1,804	1,750	1,977	1,969	2,684	2,015	2,259	2,167
– of which Property Development	30	71	71	111	122	179	180	254	173
– of which Housing Development	1,680	1,733	1,679	1,866	1,847	2,505	1,835	2,005	1,994
Group functions	301	317	298	308	283	325	289	287	275
Eliminations	-2,285	-2,674	-2,283	-2,665	-2,219	-2,906	-2,600	-2,872	-2,668
<b>Group, segment reporting</b>	<b>11,216</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	-92	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>11,124</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	151	197	137	183	146	207	150	199	155
Civil Engineering	52	131	92	127	41	132	76	123	36
Industry	-397	397	471	303	-66	363	360	258	-44
Project Development	213	1,195	162	138	174	278	221	336	180
– of which Property Development	10	961	13	-17	25	28	34	192	46
– of which Housing Development	203	234	149	155	149	250	187	144	134
Group functions	-82	-132	-14	-81	-83	-130	-10	-90	-48
Eliminations	-10	37	-4	-9	-1	-53	-34	-42	-13
<b>Group, segment reporting</b>	<b>-73</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	-49	95	226	57	-47	30	-105	207	520
IFRS 16, additional leases	8	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>-114</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	2.4	2.6	2.4	2.6	2.2	2.5	2.3	2.6	2.3
Civil Engineering	1.7	3.6	3.0	3.7	1.5	3.5	2.3	3.6	1.2
Industry	-18.0	8.1	7.6	5.7	-3.0	10.1	9.4	7.0	-2.0
Project Development	12.5	66.2	9.3	7.0	8.8	10.4	11.0	14.9	8.3
– of which Property Development	33.3	1,353.5	18.3	-15.3	20.5	15.6	18.9	75.6	26.6
– of which Housing Development	12.1	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>-0.7</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>-1.0</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	-0.19	5.62	2.25	1.72	0.41	2.10	2.14	2.24	0.77
Capital employed (closing balance)	19,659	19,434	21,086	22,390	19,927	21,617	21,999	21,961	20,106
Equity (closing balance)	13,408	13,251	12,637	12,852	12,349	12,479	11,992	11,386	11,920
Orders received	14,446	12,189	11,718	13,220	12,608	12,096	9,349	10,817	11,868
Order backlog at the end of the period	47,286	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 more detail in note 1. The difference primarily consists of differences in accounting principles for our own housing development projects where revenue and profit are recognized over time in segment reporting and at one point in time, when homebuyers take over their homes, in reporting according to IFRS. In segment reporting leasing fees for the lessee are recognized linearly over the leasing period for leases that are classified by the counterparty (the lessor) as operational leases. IFRS 16 Leases is applied in Group reporting according to IFRS, which entails that lessees recognize depreciation and interest attributable to leasing assets and liabilities. As a result the difference between segment reporting and reporting according to IFRS even affects the items on the balance sheet, including net debt. Nonetheless, in the key ratios below the method of calculation is the same for both segment reporting and reporting according to IFRS. For more information and calculations, see Peab's website [www.peab.com/alternative-keyratios](http://www.peab.com/alternative-keyratios).

## Financial definitions

### 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, segment reporting

Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets. As of 2019 the unsold part of our own ongoing housing developments is included in net debt.

## Other non-financial definitions

### eNPS

eNPS stands for employee Net Promoter Score and measures employee engagement. The result can vary between -100 and 100 and is based on the question to employees: "How probable is it that you would recommend your employer to a friend or acquaintance?"

### LTI4 and LTIF4

LTI4 refers to the number of workplace accidents with more than four days absence, excluding the day of injury, and LTIF4 refers to the frequency rate per one million hours worked according to the same definition. LTI stands for Lost Time Injury.

### Risk observations

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

### 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 housing development projects tenant-owner associations and residential limited companies are considered external customers.

### Return on capital employed

The pre-tax profit of a rolling 12 month 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 a rolling 12 month 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.

### SCI

SCI stands for Satisfied Customer Index and measures how satisfied Peab's customers are. SCI is a weighted measurement between 0 and 100 and is based on three questions: 1) Total satisfaction, 2) In relation to expectations 3) In relation to ideal supplier.

### Serious accidents

Peab defines a serious accident (category 4) as a workplace accident that results in serious personal injury. This 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.

# Peab is the Nordic community builder

## About Peab

Peab works locally where our customers are and where people live their daily lives. Every day our four collaborating business areas contribute in different ways to community building in the Nordic region. Together we build homes, schools, senior living, hospitals, pool facilities, museums, offices, airports and ports. We build and maintain roads, railroads, bridges and parks – and much more.

Peab has contributed to locally produced community building for more than 60 years. Now the journey continues. Long lasting, responsible, local and sustainable we are ready to move on and improve everyday life where it's lived.

## Net sales, appr.

**SEK 57 billion**

## Employees, appr.

**16,000**



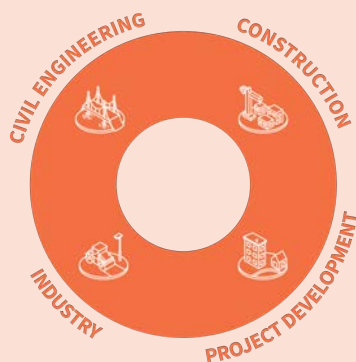
## Employees

Peab is a long-term and reliable employer that prioritizes health and a safe work environment. We offer opportunities for personal development in a company culture built on respect for everyone's equal value and which is characterized by our core values **Down-to-earth, Developing, Personal and Reliable**.

## Strategic targets

**Most satisfied customers**  
**Best workplace**  
**Most profitable company**  
**Leader in social responsibility**

Each of these four targets are important on their own but they are linked together as a unit too. "Leader in social responsibility" is new as of 2021. All the targets refer to our industry.



## Business model

**Four collaborating business areas create added value**

Our business is built on our four business areas. Each one of them is independent and has its own customers. But the strength in our business model – and thereby our capacity to achieve our targets – is greater when they work together in the processing chain. This is the core of our model and what makes us unique. This is locally produced community building throughout the Nordic region.

Photographers: Carbonwhite AB, Daniel Ström, Johnér Bildbyrå AB, Kasper Dudzik, Klas Andersson, Mattias Bardå, Micael Carlsson, Peter Steen and Petra Bindel.

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.