

Quarterly report

JANUARY – SEPTEMBER 2021



M Talo
Seinäjoki, Finland



PEAB
THE NORDIC COMMUNITY BUILDER

Profitable growth and high level of orders received

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

July – September 2021

- Net sales SEK 16,121 million (14,837)
- Operating profit SEK 1,101 million (844)
- Operating margin 6.8 percent (5.7)
- Pre-tax profit SEK 1,095 million (824)
- Earnings per share SEK 2.89 (2.25)
- Orders received SEK 13,865 million (11,718)
- Cash flow before financing SEK 781 million (1,683)
- Repayment of AGS premiums will have a positive effect on operating profit of around SEK 150 million in the fourth quarter

January – September 2021

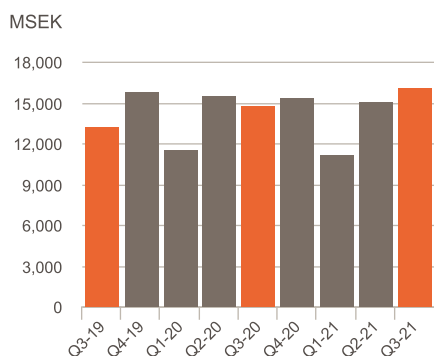
- Net sales SEK 42,506 million (41,993)
- Operating profit SEK 1,852 million (1,716)
- Operating margin 4.4 percent (4.1)
- Pre-tax profit SEK 1,836 million (1,626)
- Earnings per share SEK 4.88 (4.38)
- Orders received SEK 41,405 million (37,546)
- Order backlog SEK 46,280 million (44,722)
- Cash flow before financing SEK 576 million (1,016)
- Net debt SEK 4,461 million (5,780)
- Net debt/equity ratio 0.3 (0.5)

Group

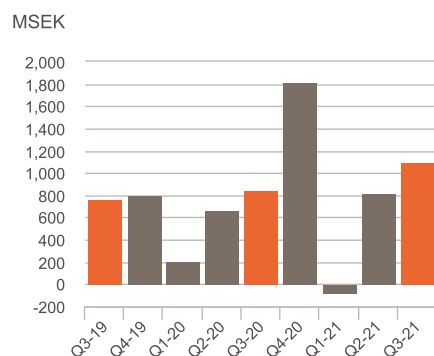
MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Segment reporting						
Net sales	16,121	14,837	42,506	41,993	57,930	57,417
Operating profit	1,101	844	1,852	1,716	3,677	3,541
Operating margin, %	6.8	5.7	4.4	4.1	6.3	6.2
Pre-tax profit	1,095	824	1,836	1,626	3,643	3,433
Profit for the period	854	664	1,440	1,293	3,095	2,948
Earnings per share, SEK	2.89	2.25	4.88	4.38	10.50	10.00
Return on equity, % ¹⁾	23.4	15.2	23.4	15.2	23.4	23.1
Return on capital employed, % ¹⁾	19.0	12.3	19.0	12.3	19.0	17.6
Net debt	4,461	5,780	4,461	5,780	4,461	3,873
Net debt/equity ratio, %	0.3	0.5	0.3	0.5	0.3	0.3
Equity/assets ratio, %	34.4	32.0	34.4	32.0	34.4	36.2
Cash flow before financing	781	1,683	576	1,016	2,339	2,779
Average number of employees ¹⁾	15,543	15,253	15,543	15,253	15,543	15,166
Reporting according to IFRS						
Net sales, IFRS	15,488	16,204	41,419	43,863	57,408	59,852
Operating profit, IFRS	1,025	1,087	1,666	1,980	3,608	3,922
Pre-tax profit, IFRS	1,006	1,050	1,611	1,835	3,521	3,745
Profit for the period, IFRS	780	840	1,256	1,452	2,985	3,181
Earnings per share, IFRS, SEK	2.65	2.85	4.26	4.92	10.13	10.79
Net debt, IFRS	11,666	12,125	11,666	12,125	11,666	9,682
Equity/assets ratio, IFRS, %	27.2	27.3	27.2	27.3	27.2	29.5
Cash flow before financing, IFRS	577	2,835	-567	1,795	1,391	3,753

¹⁾ Calculated on rolling 12 months

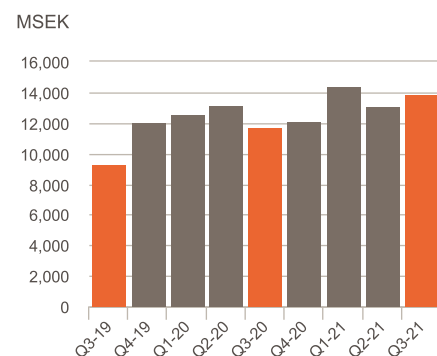
Net sales



Operating profit



Orders received



Comments from the CEO

Profitable growth and a high level of orders sums up this year's third quarter. Operating margins continue to improve in both the construction contract businesses and housing development, which is the result of several years of committed work. Despite the uncertainty around material and energy prices the market outlook remains good. Peab's diversified business regarding countries, products and customers continues to be a strength for us.

Group development

Group net sales were SEK 42,506 million (41,993) during the first nine months of the year. Operating profit during the period was SEK 1,852 million (1,716). The comparable period did not include the loss of around SEK -300 million for the first quarter from the acquisition of paving and mineral aggregates operations in business area Industry. The operating margin was 4.4 percent (4.1). Cash flow before financing was SEK 576 million (1,016).

Business area development

Net sales contracted by four percent in business area Construction during the first nine months but during the third quarter net sales increased by three percent. The operating margin improved to 2.7 percent (2.4) and the growth in earnings is attributable to both Sweden and Finland. Net sales increased in business area Civil Engineering by nine percent driven by Local market and Operation and maintenance. The operating margin improved to 3.0 percent (2.8). The combined operating margin for both construction contract businesses continued to improve and amounted to 2.8 percent (2.5) during the period. This development is a result of our committed work on choosing the right projects, continuous improvement and minimizing risks.

Business area Industry had a strong third quarter after two previous quarters that were negatively affected by a late start in the season due to a cold winter. Net sales increased in Mineral aggregates, Concrete and Construction System in January – September while they contracted in Rentals and Transportation and Machines. Operating profit in business area Industry was lower during the period compared to last year. This is primarily due to the fact that the loss from the first quarter of the acquired paving and mineral aggregates operations, which were taken over on April 1, 2020 when the season began, was not included in the comparable period. Integration of the acquired operations continues according to plan and the underlying profit is developing well. The operating margin for the period January – September was 3.8 percent (5.1).

Project Development also developed well and net sales increased by twelve percent. The increase refers to Housing Development in Sweden and Finland where the growing number of production-starts in housing construction has had a positive effect. Operating profit improved during the period. The operating margin increased in Housing Development to 10.9 percent (8.4) with a higher margin in all three countries. Operating profit was higher in Property Development which is largely explained by result of capital gains from property sales. Our partially owned companies continue to develop well.

Start-ups of our own housing developments were 2,125 units (1,612), of which 337 (187) were converted from rental apartments. The production start-ups are well spread geographically and sales have continued to be good in all three countries. During January – September production of 388 homes (199) in rental apartment projects started up on our own balance sheet. A substantial proportion has been sold to investors and will be recognized in revenue when they are turned over.

"Profitable growth and a high level of orders sums up this year's third quarter. Operating margins continue to improve in both the construction contract businesses and housing development."

Order situation

The level of orders received continues to be strong. In the third quarter 2021 it amounted to SEK 13,865 million (11,718) and the range of orders continues to be well spread in both product segment and geographically. Order backlog yet to be produced at the end of September 2021 was SEK 46,280 million (44,722). Of the total order backlog 74 percent (76) will be produced after 2021 (2020).

Market and outlook for the future

The outlook for our markets is expected to remain stable. Forecasts for started-up housing investments have improved in Sweden and Finland since the previous report and are pointing up. Housing construction in Norway is expected to remain the same in 2021. Other building construction is expected to grow in all three of our operational countries during 2021.



In 2022 the overall trend indicates continued growth in housing construction while development in other building construction is expected to be more cautious. Investments in civil engineering are expected to continue to grow during 2021 in Sweden and Norway but will contract in Finland. The forecast is slightly less optimistic for Sweden and Finland in 2022 but Norway is expected to see serious growth.

Uncertainty about material and energy prices continues. So far we have been able to handle the rise in prices well within our business and therefore the financial consequences for Peab have been limited. Naturally we monitor developments closely and will handle the situation as it develops. We continually work to streamline our production but have to calculate with progressively rising construction costs if the trend concerning material and energy prices continues. Another uncertain factor that would have an impact on Peab, as well as the entire construction and civil engineering industry and the country, is if access to cement from Cementa's quarry in Slite is shut off. We are closely monitoring this situation as well but more importantly we are working on our own binder alternatives and securing the supply of cement by importing it ourselves.

Work on ensuring a safe work environment

The number of serious accidents over a rolling twelve month period at our workplaces amounted to 30 per September 30, 2021 (30 per June 30, 2021). In the third quarter the number of workplace accidents with more than four days absence, excluding the day of injury (LT14), the number amounted to 36 (43 second quarter 2021) and the LTIF4 frequency rate remained at 6.6 (6.6 second quarter 2021).

Work on ensuring a safe work environment is always a priority and we continue our systematic work on the work environment to reduce the number of serious accidents. During the period one of our activities was holding Peab's annual work environment week. The theme this year was lift and load ergonomics.

Strategic investments

During the quarter Peab successfully issued green bonds for a total value of SEK 1.5 billion, of which SEK 1.0 billion mature in three years and SEK 500 million mature in five years. The purpose of the issue is to contribute to Peab's work on climate neutrality and resource efficiency. These funds will finance investments primarily in energy efficient buildings, ECO products and a more environmentally adapted production, green transportation and water and waste management. A number of vital measures are being taken in these areas throughout our operations.

As of September 1, 2021 HGT AS is part of Peab's business since we acquired 90 percent of the shares in the company, which is an general contractor in the civil engineering industry and domiciled in Bergen. This acquisition strengthens Peab's business in civil engineering in Norway.

Peab's strength lies in our local business model with four business areas in collaboration which we call locally produced community building. With profitable growth and a convincing order backlog we are well equipped to move forward with the work of building our Nordic communities.

*Jesper Göransson
President and CEO*

Net sales and profit

July – September 2021

Group net sales during the third quarter 2021 increased by nine percent and amounted to SEK 16,121 million (14,837). Of the quarter's net sales SEK 5,527 million (4,783) were attributable to sales and production outside Sweden.

Net sales in business area Construction increased by three percent and the increase refers to Swedish operations. Net sales in business area Civil Engineering increased by eight percent and the increase is related to Local market. Net sales in business area Industry were relatively unchanged. Mineral Aggregates, Concrete and Construction System increased during the quarter while Rentals and Transportation and Machines had lower net sales. Net sales were unchanged in Paving during the quarter. In business area Project Development net sales increased by 57 percent and the increase is attributable to Housing Development. A greater number of production-started housing projects and healthy sales in projects that have been converted from rental apartments to tenant-owner homes has had a positive effect on net sales in Housing Development.

Operating profit for the third quarter 2021 amounted to SEK 1,101 million (844) and the operating margin improved to 6.8 percent (5.7). In business area Construction the operating margin improved to 2.7 percent (2.4) and in business area Civil Engineering the operating margin improved to 3.3 percent (3.0). All in all the operating margin for construction contract operations amounted to 2.9 percent (2.6). Operating profit was higher in business area Industry compared to the corresponding quarter last year. Last year the business area was charged with higher depreciation of surplus values related to customer contracts in taken over order backlog in connection with the acquisition of YIT's Nordic paving and mineral aggregates operations. Operating profit improved in Project Development in both Housing Development and Property Development during the quarter. The operating margin increased in Housing Development to 9.5 percent (8.9) as a result of a good project portfolio and a continued good housing market in all our three countries. Operating profit rose in Property Development during the quarter due to the positive effect of property transactions and higher contributions from profits in partially owned companies.

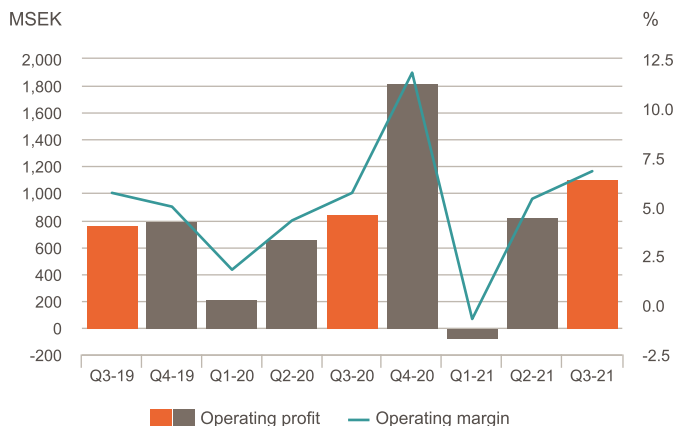
Depreciation and write-downs for the third quarter were SEK -360 million (-406). The reduction is primarily due to lower depreciation on surplus value on customer contracts related to the acquired paving and mineral aggregates operations in Industry.

Elimination and reversal of internal profit in our own projects have affected operating profit during the quarter net by SEK -10 million (-4).

Net financial items amounted to SEK -6 million (-20) of which net interest was SEK -16 million (-18).

Pre-tax profit was SEK 1,095 million (824). Profit for the period was SEK 854 million (664).

Operating profit and operating margin, per quarter



Stockholm Lighthouse
Nacka

January – September 2021

Group net sales for the period January-September 2021 amounted to SEK 42,506 million (41,993). Of the period's net sales SEK 12,852 million (11,899) were attributable to sales and production outside Sweden. Net sales during the latest rolling 12 month period were SEK 57,930 million compared to SEK 57,417 million for the full year 2020. The proportion of public sector customers has grown to 46 percent (36) while private customers represent 54 percent (64) of total net sales rolling 12 month period.

Net sales in business area Construction contracted by four percent and the decrease was related to the Swedish and Finnish operations. Net sales in business area Civil Engineering increased by nine percent and the increase is related to Local market and Operation and maintenance. Net sales in business area Industry were somewhat lower than in the corresponding period last year. Net sales increased in Mineral aggregates, Concrete and Construction System while they contracted in Rentals and Transportation and Machines. Net sales were unchanged in Paving during the period. In business area Project Development net sales increased by twelve percent. The increase is attributable to Housing Development in both Sweden and Finland. The greater number of production-started homes resulting from a continued good housing market in all three countries has had a positive effect on net sales.

Operating profit for the period January-September 2021 improved to SEK 1,852 million (1,716) and the operating margin improved to 4.4 percent (4.1). During the year prices for certain building materials and energy prices have gone up but so far the financial consequences for Peab have been limited. In the latest rolling 12 month period the operating margin amounted to 6.3 percent compared to 6.2 percent for the entire year of 2020.

In business area Construction the operating margin improved and was 2.7 percent (2.4) and in business area Civil Engineering the operating margin improved to 3.0 percent (2.8). All in all the operating margin for construction contract operations amounted to 2.8 percent (2.5). 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 period January-September 2021 by SEK -59 million (-159). The comparable period also included acquisition costs and transfer tax of SEK -55 million. In addition, the cold winter has had a negative effect on profit in operations in business area Industry since the season started up later than last year. In business area Project Development the operating profit improved during the period. In Housing Development the operating margin increased to 10.9 percent (8.4) with improvements in all three countries.

Operating profit rose in Property Development. Capital gains from property sales had a positive effect of SEK 67 million (43). Some operations connected to travel and tourism have been negatively affected by the corona pandemic which lowered operating profit by SEK -18 million (-59). The comparable period included SEK -44 million related to Ängelholm-Helsingborg Airport, of which SEK -20 million referred to the write-down of goodwill.

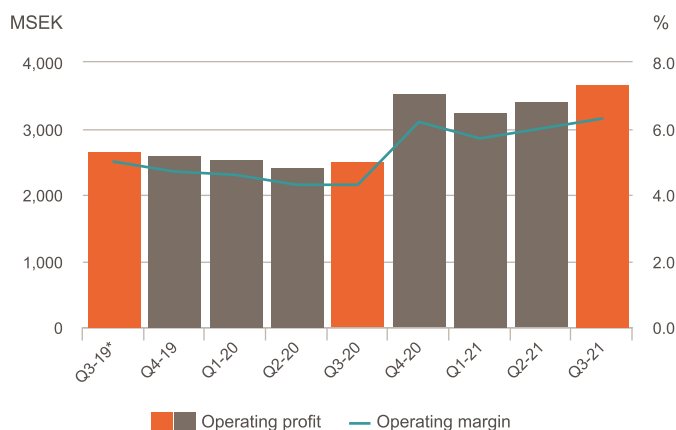
Depreciation and write-downs for the period were SEK -1,000 million (-1,064).

Elimination and reversal of internal profit in our own projects has affected operating profit during the period net by SEK -25 million (-14).

Net financial items amounted to SEK -16 million (-90) of which net interest was SEK -44 million (-43). In net financial items exchange rate differences had an effect of SEK 9 million (-81).

Pre-tax profit was SEK 1,836 million (1,626). Profit for the period was SEK 1,440 million (1,293).

Operating profit and operating margin, rolling 12 months



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

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 in April 2020 of the paving and mineral aggregates operations in business area Industry.



Road E45
Gothenburg

Financial position and cash flow

Financial position

Total assets per September 30, 2021 were SEK 39,358 million (39,473). Equity amounted to SEK 13,556 million (12,637) which means the equity/assets ratio was 34.4 percent compared to 32.0 percent at the end of the corresponding period last year.

Interest-bearing net debt at the end of September 2021 amounted to SEK 4,461 million (5,780). Net debt includes the unsold part of our own housing development projects as long as they are in production. The unsold part was SEK 947 million (1,404) and the reduction is due to a higher proportion of sold homes. The acquisition of paving and mineral aggregates operations in business area Industry on April 1, 2020 increased net debt by SEK 3,125 million at the time of the acquisition. After the acquisition positive cash flow effects have contributed to lower net debt. The average interest rate in the loan portfolio, including derivatives, was 1.4 percent (1.5) on September 30, 2021.

Group liquid funds according to IFRS, including unutilized credit facilities but excluding project financing, were SEK 8,203 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 3,256 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 15 million of contingent liabilities compared to SEK 238 million on December 31, 2020.

Investments and divestments

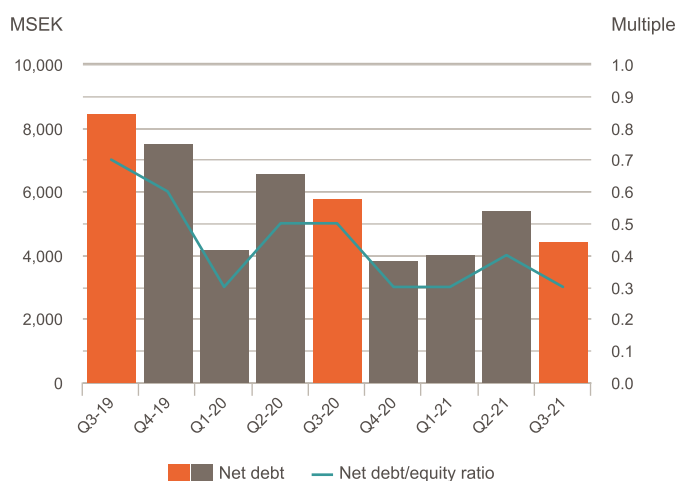
During the quarter tangible and intangible fixed assets and investment property were net invested for SEK 551 million (229). The investments refer primarily to investments in machines and business combinations. During the period January – September tangible and intangible fixed assets and investment property were net invested for SEK 1,159 million (608). The investments refer primarily to investments in machines.

Net divestitures in project and development properties, which are recognized as inventory items, totaled SEK 300 million (net divestitures SEK 150 million) during the quarter. Net divestitures in project and development properties totaled SEK 111 million (net divestitures SEK 1,574 million) during the period January – September. Project and development properties include the unsold part of our own ongoing housing development projects. In the comparable period more homes were sold and completed than production started.

Net debt

MSEK	Sep 30 2021	Sep 30 2020	Dec 31 2020
Bank loans	1,347	3,700	2,135
Commercial papers	1,403	–	110
Bonds	2,748	2,599	2,249
Financial leasing liabilities	690	623	634
Project financing, unsold part of housing projects	947	1,404	1,055
Other interest-bearing liabilities	–	123	–
Interest-bearing receivables	-1,873	-1,322	-1,342
Liquid funds	-801	-1,347	-968
Net debt, segment reporting	4,461	5,780	3,873
Additional leasing liabilities according to IFRS 16	1,774	1,206	1,808
Project financing, sold part of housing projects	5,431	4,333	4,001
Annehem Fastigheter	–	806	–
Net debt, IFRS	11,666	12,125	9,682

Net debt and net debt/equity ratio



Cash flow

July – September 2021

Cash flow from current operations was SEK 2,115 million (1,852), of which cash flow from changes in working capital was SEK 831 million (779). All the business areas contributed to the positive cash flow in the third quarter.

Cash flow from investment activities was SEK -1,334 million (-169). Investments during the quarter mainly consisted of machine investments in business area Industry, business combinations in business areas Civil Engineering and Industry and increased engagement in joint venture companies in business area Project Development.

Cash flow before financing was SEK 781 million (1,683).

Cash flow from financing operations was SEK -323 million (-1,204). During the third quarter a bond loan of SEK 1,000 million matured and has been repaid. Peab also issued green bonds during the quarter for a total value of SEK 1,500 million, of which SEK 1,000 million mature in three years and SEK 500 million mature in five years. The funds will be used to finance the conversion of Peab into a climate neutral business. For more information see the section Other information.

January – September 2021

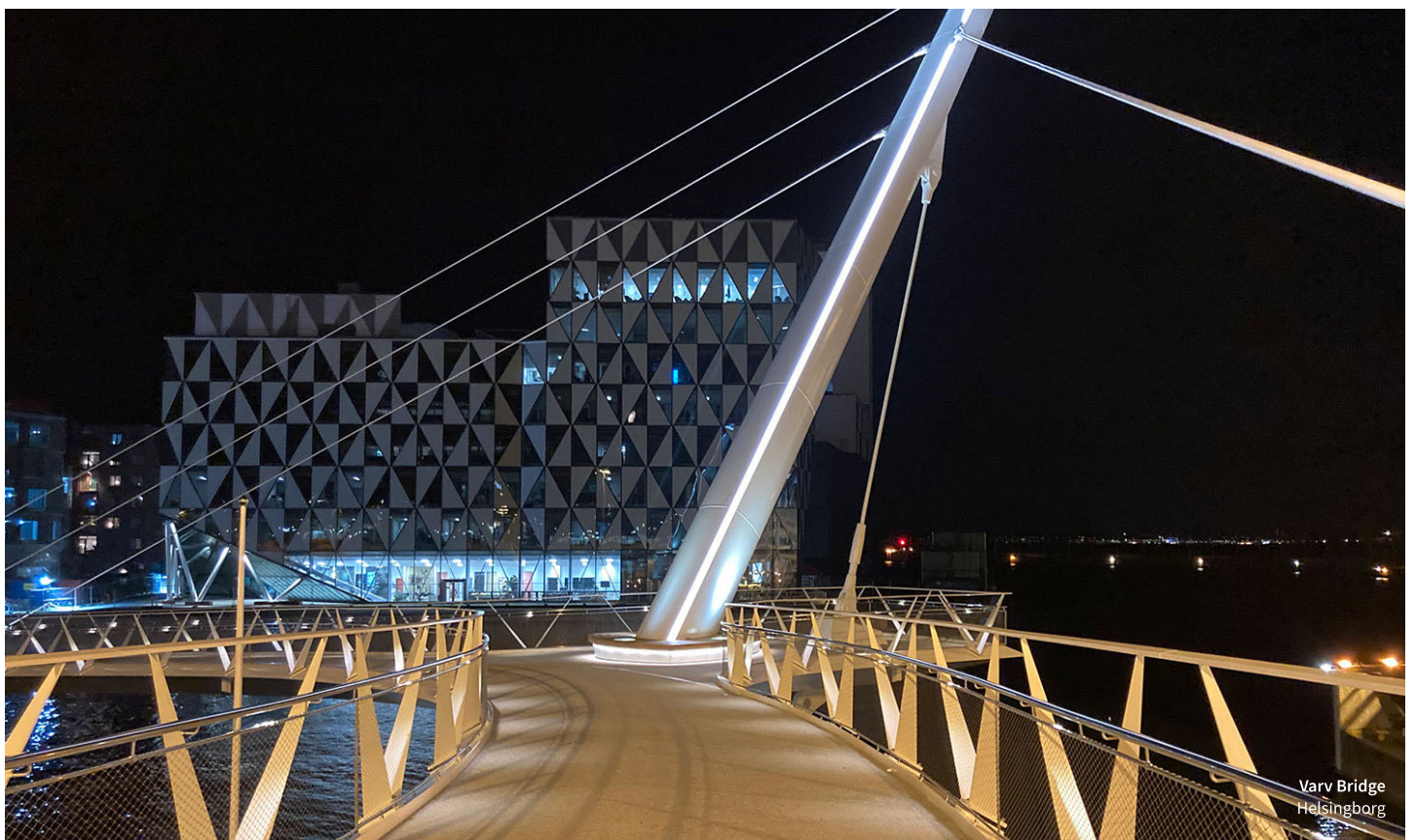
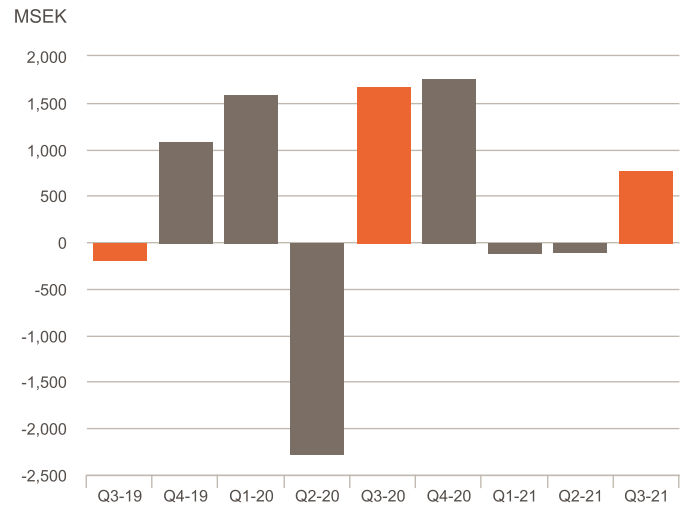
Cash flow from current operations amounted to SEK 2,355 million (4,739), of which cash flow from changes in working capital was SEK 95 million (2,021). After acquisition of the paving and mineral aggregates operations business area Industry has a stronger seasonal pattern which has affected cash flow negatively in the first half year 2021 but has had a positive effect in the third quarter. During the corresponding period last year a lot of working capital was released primarily in Housing Development due to the fact that more housing projects were sold and turned over than were production started. Cash flow from current operations included dividends of SEK 111 million (297) from partially owned companies.

Cash flow from investment activities was SEK -1,779 million (-3,723) and consisted mostly of machine investments as well as increased engagement in joint venture companies in business area Project Development. The purchase price of the paving and mineral aggregates operations in Industry was included in the comparable period by SEK -3,125 million.

Cash flow before financing amounted to SEK 576 million (1,016).

Cash flow from financing operations amounted to SEK -764 million (40), of which paid dividends were SEK -1,327 million (-).

Cash flow before financing



Order situation

July – September 2021

The level of orders received increased in the third quarter 2021 and amounted to SEK 13,865 million compared to SEK 11,718 million for the same quarter last year.

In business area Construction and Civil Engineering the level of orders received increased while the level of orders received in business area Industry contracted compared to the third quarter 2020. The level of orders received in business area Project Development increased due to more production starts of our own housing development projects.

January – September 2021

The level of orders received in the period January-September 2021 amounted to SEK 41,405 million compared to SEK 37,546 million for the same period last year. The level of orders received increased in all business areas compared to the same period last year.

The increase in business area Industry is primarily related to the paving and mineral aggregates operations that were taken over from YIT on April 1, 2020. Group orders received are well spread both in product segment and geographically.

Order backlog yet to be produced at the end of the period amounted to SEK 46,280 million compared to SEK 44,722 million at the end of the same period last year. Of the total order backlog, 74 percent (76) will be produced after 2021 (2020). Swedish operations accounted for 77 percent (76) of the order backlog.

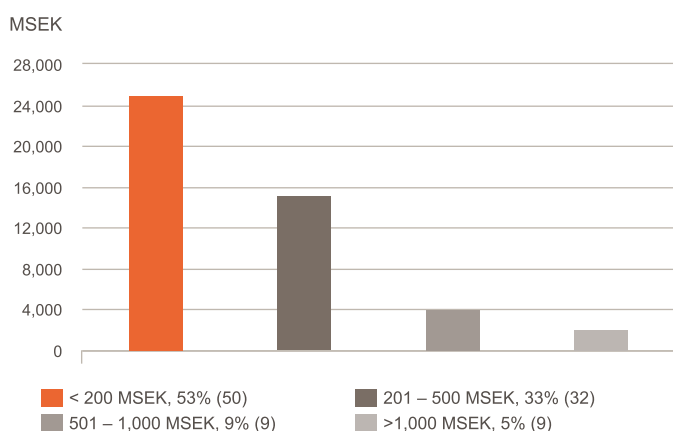
Orders received

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Construction	8,225	6,259	21,342	19,977	27,962	26,597
Civil Engineering	3,583	3,100	11,803	10,028	14,527	12,752
Industry	2,012	2,175	8,313	7,077	11,129	9,893
Project Development	1,893	1,639	6,896	4,729	9,107	6,940
Eliminations	-1,848	-1,455	-6,949	-4,265	-9,131	-6,447
Group	13,865	11,718	41,405	37,546	53,594	49,735

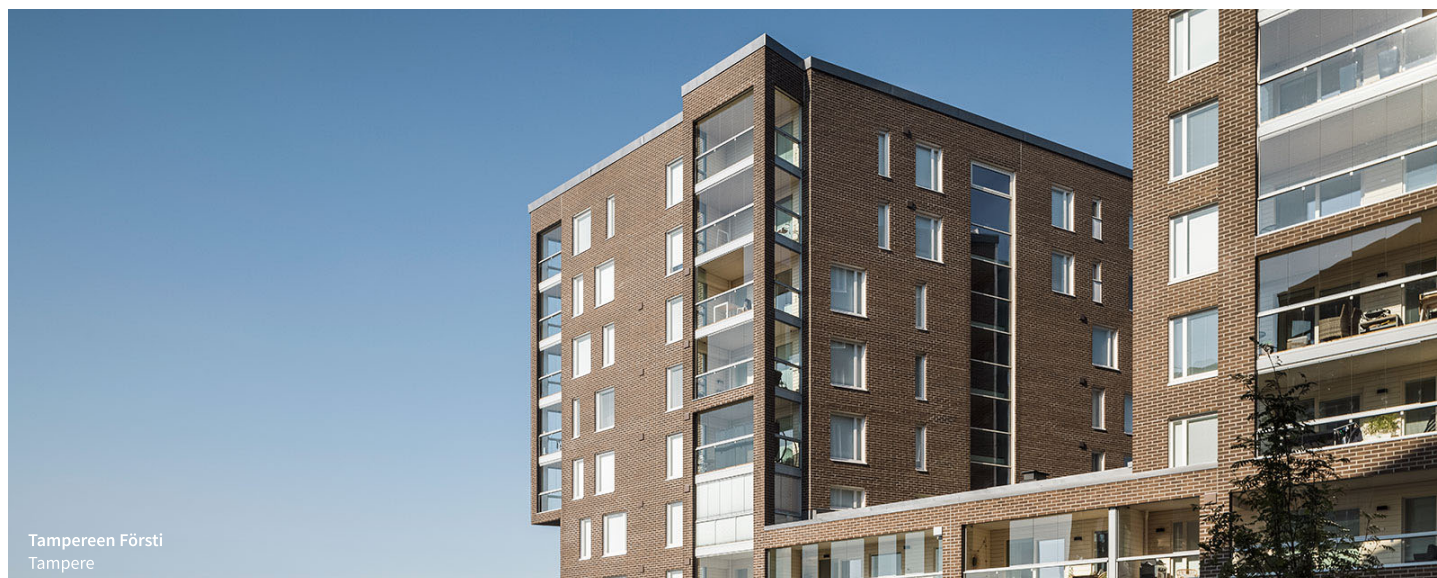
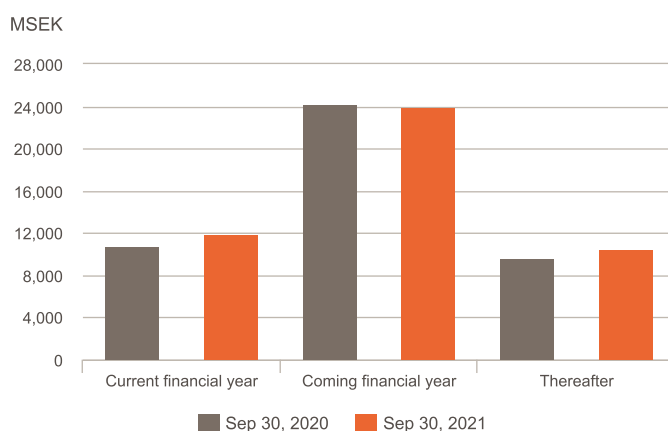
Order backlog

MSEK	30 Sep 2021	30 Sep 2020	Dec 31 2020
Construction	28,697	27,490	26,558
Civil Engineering	15,066	14,082	13,075
Industry	4,427	4,076	3,921
Project Development	6,045	4,673	5,151
Eliminations	-7,955	-5,599	-5,996
Group	46,280	44,722	42,709

Project size of order backlog, September 30, 2021



Order backlog allocated over time



Tampereen Försti
Tampere

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

- Construction of a concrete tunnel for the new subway in Bandhagen in southern Stockholm. The customer is Region Stockholm's administration. The contract is worth SEK 124 million.
- Commission to renovate and expand a school in Sørreisa. The customer is Sørreisa Municipality. The contract is worth NOK 146 million.
- Construction of Hindås' new waterworks in Härryda Municipality. The customer is Härryda Vatten och Avfall AB. The contract is worth SEK 154 million.
- Rebuilding four ferry berths in northern Nordland. The customer is Statens vegvesen. The contract is worth NOK 301 million.
- Expansion of the Varner's distribution center at Trestad in Vänersborg. The customer is real estate company M62 Holding. The contract is worth SEK 215 million.
- Rebuilding and renovation of the former prison in Härnösand. The customer is Intea Fastigheter. The contract is worth SEK 157 million.
- Construction of a hangar, warehouse, workshop and administration building at Evenes Airport. The general contractor is Forsvarsbygg. The contract is worth around NOK 646 million.
- Construction of Wilhelmsrögården Senior Assisted Living in Jönköping. The customer is Jönköping Municipality. The contract is worth SEK 203 million.
- Construction of a school and 22 rental apartments in central Eskilstuna. The customer ordering the school is Eskilstuna Municipality and the rental apartments customer is Eskilstuna kommunfastigheter. The contract is worth SEK 231 million.
- Construction of a parking garage and commercial space in Turku. The customer is Reale Rakennus Oy and Litu Oy. The contract is worth EUR 15 million.
- Construction of a new production plant for Atria Oy in Seinäjoki. The contract is worth EUR 24 million.
- Construction of apartments in Vantaa. The customer is Sato-Rakennuttajat Oy. The contract is worth EUR 15 million.
- Construction of a new swimming pool and fitness center in Kalmar. The customer is Kunskapsporten. The contract is worth SEK 500 million.
- Construction of a production facility for Koenigsegg's car manufacturing in Ängelholm. The customer is PEKO Fastighets AB. The contract is worth SEK 191 million.
- Construction of 40 new apartments in Skien. The customer is Klosterfoss Utvikling. The contract is worth NOK 119 million.
- Construction of a school in Stenungsund. The customer is Stenungsund Municipality. The contract is worth SEK 148 million.
- Construction of apartments in Järvenpää. The customer is Avain Rakennuttaja Oy. The contract is worth EUR 11 million.
- Construction and renovation of an elementary school in Helsinki. The customer is the city of Helsinki. The contract is worth EUR 14 million.
- Extension and renovation of a school in Turku. The customer is the city of Turku. The contract is worth EUR 13 million.
- Construction of 68 rental apartments and 50 assisted living apartments in Lund. The customer is Lunds Kommuns Fastighets AB. The contract is worth SEK 196 million.
- Electricity grid services to Eon Energidistribution AB in northern Sweden, the Stockholm region, Norrköping and Skåne. The contract runs for four years and is worth SEK 240 million.
- Electricity grid services to Vattenfall Eldistribution AB in northern Sweden and the Stockholm region. The contract runs for three years and is worth SEK 150 million.

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

- Haukan Helmi in Tampere comprising 46 apartments. The project is expected to be completed in January 2023.
- Jerikon Suutari i Seinäjoki comprising 47 apartments. The project is expected to be completed in January 2023.
- Hervantajärven Sara in Tampere comprising 39 apartments which will be heated with geothermal heat. The project is expected to be completed in February 2023.
- Inga Sparboes veg in Tromsø comprising 111 apartments. The project will be Swan eco-labeled and is expected to be completed in September 2023.
- Brf Alba in Lund comprising 85 apartments. The project will be Swan eco-labeled and is expected to be completed in May 2023.
- Brf Gamlestads Plaza in Gothenburg comprising 75 apartments. The project will be Swan eco-labeled and have a number of environmental components such as solar panels, a sedum roof, car and electrical bicycle pools with charging posts as well as planting boxes. The project is expected to be completed in February 2023.
- Brf Panorama in Hudiksvall comprising 63 apartments. The project will be Swan eco-labeled and is expected to be completed in August 2023.
- Brf Ekan in Karlstad comprising 62 apartments. The project will be Swan eco-labeled and is expected to be completed in October 2023.
- Brf Landeriet Stage 2 in Gothenburg comprising 40 apartments with three planting rings providing a cultivation area for residents. The project will be Swan eco-labeled and is expected to be completed in June 2023.

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

- Two-year federal contract in Pirkanmaa in Finland worth EUR 7 million. The asphalt volume is 70,000 tons.
- Two-year federal contract in Southwest Finland worth EUR 7 million. The asphalt volume is 70,000 tons.
- One-year federal contract in Norra Österbotten, Kajanaland worth EUR 3.4 million. The asphalt volume is 33,000 tons.
- One-year federal contract around Nyköping and Katrineholm worth SEK 50 million. The asphalt volume is 47,000 tons.
- One-year municipal contract in Vestland Municipality worth NOK 33 million. The asphalt volume is 43,000 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.

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

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

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

Net sales and operating profit per business area

MSEK	Net sales						Operating profit					
	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Construction	5,989	5,798	18,833	19,541	26,281	26,989	164	137	502	466	699	663
Civil Engineering	3,285	3,041	10,118	9,243	13,718	12,843	109	92	307	260	438	391
Industry	6,198	6,233	13,649	13,791	18,578	18,720	576	471	518	708	915	1,105
Project Development	2,741	1,750	6,380	5,696	8,184	7,500	326	162	791	474	1,986	1,669
– of which Property Development	33	71	96	304	167	375	70	13	109	21	1,070	982
– of which Housing Development	2,708	1,679	6,284	5,392	8,017	7,125	256	149	682	453	916	687
Group functions	318	298	946	889	1,263	1,206	-64	-14	-241	-178	-373	-310
Eliminations	-2,410	-2,283	-7,420	-7,167	-10,094	-9,841	-10	-4	-25	-14	12	23
Group, segment reporting	16,121	14,837	42,506	41,993	57,930	57,417	1,101	844	1,852	1,716	3,677	3,541
Adjustment housing to IFRS	-633	1,384	-1,087	1,931	-527	2,491	-86	226	-204	236	-109	331
IFRS 16, additional leases	–	–	–	–	–	–	10	12	18	22	30	34
Annhem Fastigheter	–	47	–	135	36	171 ¹⁾	–	5	–	17	13	30 ¹⁾
Eliminations	–	-64	–	-196	-31	-227	–	0	–	-11	-3	-14
Group, IFRS	15,488	16,204	41,419	43,863	57,408	59,852	1,025	1,087	1,666	1,980	3,608	3,922
<i>Of which construction contract operations according to segment reporting (Construction and Civil Engineering)</i>	9,274	8,839	28,951	28,784	39,999	39,832	273	229	809	726	1,137	1,054

Percent	Operating margin					
	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Construction	2.7	2.4	2.7	2.4	2.7	2.5
Civil Engineering	3.3	3.0	3.0	2.8	3.2	3.0
Industry	9.3	7.6	3.8	5.1	4.9	5.9
Project Development	11.9	9.3	12.4	8.3	24.3	22.3
– of which Property Development	212.1	18.3	113.5	6.9	640.7	261.9
– of which Housing Development	9.5	8.9	10.9	8.4	11.4	9.6
Group functions						
Eliminations						
Group, segment reporting	6.8	5.7	4.4	4.1	6.3	6.2
Adjustment housing to IFRS						
IFRS 16, additional leases						
Annhem Fastigheter	–	10.6	–	12.6	36.1	17.5 ¹⁾
Eliminations						
Group, IFRS	6.6	6.7	4.0	4.5	6.3	6.6
<i>Of which construction contract operations according to segment reporting (Construction and Civil Engineering)</i>	2.9	2.6	2.8	2.5	2.8	2.6

¹⁾ 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

July – September 2021

Net sales for the third quarter 2021 increased by three percent and amounted to SEK 5,989 million (5,798). The increase is attributable to Sweden.

Operating profit for the third quarter amounted to SEK 164 million (137) and the operating margin improved to 2.7 percent (2.4).

January – September 2021

Net sales for January-September 2021 decreased by four percent and amounted to SEK 18,833 million (19,541). The decrease is attributable to Sweden and Finland.

Operating profit for the period amounted to SEK 502 million (466) and the operating margin improved to 2.7 percent (2.4). The higher earnings are attributable to Sweden and Finland. The operating margin was 2.7 percent for the latest rolling 12 month period compared to 2.5 percent for the entire year of 2020.

Orders received and order backlog

July – September 2021

The level of orders received increased during the third quarter and amounted to SEK 8,225 million (6,259). A large portion of orders received are for housing and schools and other buildings to public customers.

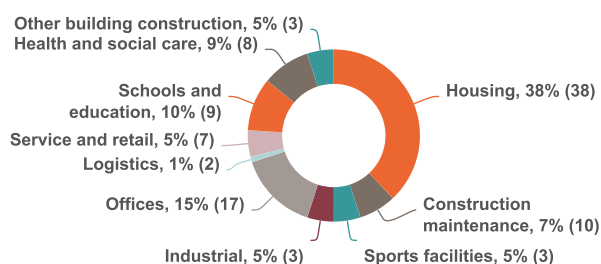
January – September 2021

The level of orders received increased during January-September 2021 and amounted to SEK 21,342 million (19,977). The orders received are well spread in both products and geographically.

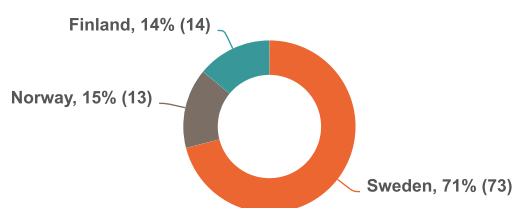
Order backlog on September 30, 2021 was SEK 28,697 million compared to SEK 27,490 million at the end of September 2020.

Net sales

per product area, rolling 12 months

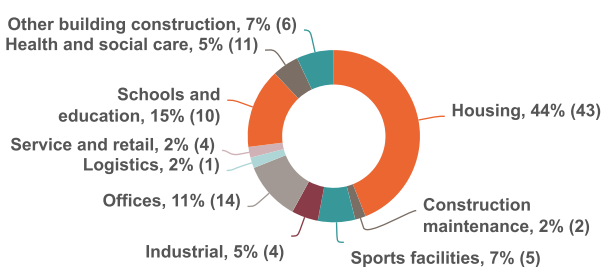


per geographic market, rolling 12 months

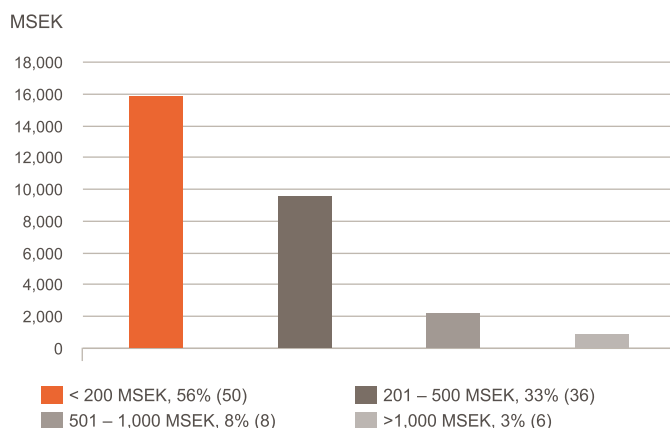


Order backlog, September 30, 2021

per product area



per project size



Key ratios

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Net sales, MSEK	5,989	5,798	18,833	19,541	26,281	26,989
Operating profit, MSEK	164	137	502	466	699	663
Operating margin, %	2.7	2.4	2.7	2.4	2.7	2.5
Orders received, MSEK	8,225	6,259	21,342	19,977	27,962	26,597
Order backlog, MSEK	28,697	27,490	28,697	27,490	28,697	26,558
Average number of employees ¹⁾	5,841	6,186	5,841	6,186	5,841	6,080

¹⁾ Calculated on rolling 12 months

Business area Civil Engineering

Business area Civil Engineering is a leading player in Sweden and has 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.

Local market works with landscaping and pipelines, does foundation work and builds different kinds of facilities. Infrastructure and heavy construction builds roads, railroads, bridges, tunnels and ports. Operation and maintenance maintains federal and municipal road and street networks, tends parks and outdoor property as well as maintains water and wastewater networks.

Net sales and profit

July – September 2021

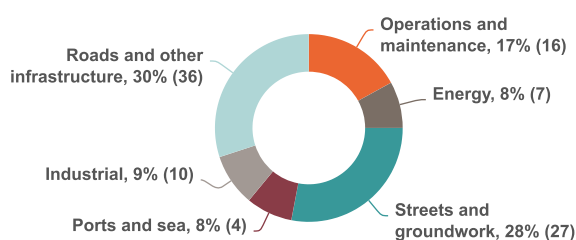
Net sales for the third quarter 2021 increased by eight percent to SEK 3,285 million (3,041). The growth is primarily attributable to Local market. Operating profit amounted to SEK 109 million (92) and the operating margin improved to 3.3 percent (3.0).

January- September 2021

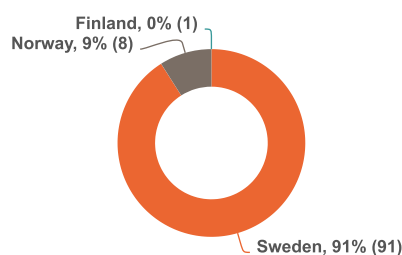
Net sales during January-September 2021 increased by nine percent and amounted to SEK 10,118 million (9,243). Even after adjustments for acquired units net sales increased by nine percent.

Net sales

per product area, rolling 12 months

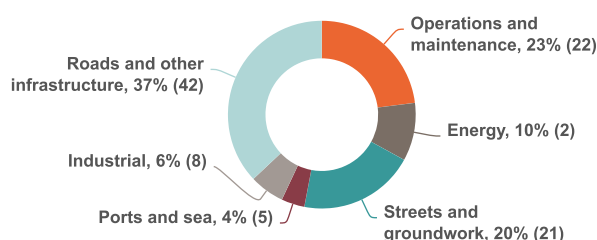


per geographic market, rolling 12 months

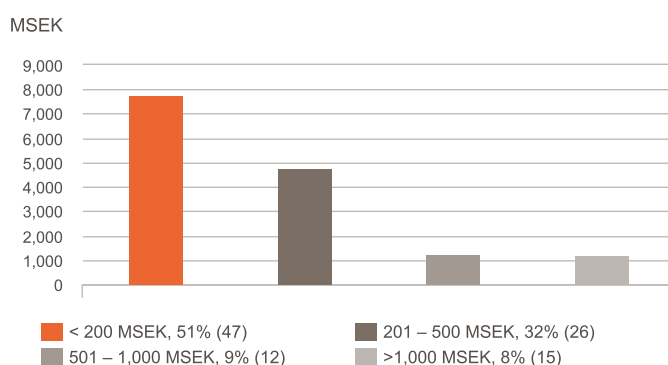


Order backlog, September 30, 2021

per product area



per project size



Key ratios

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Net sales, MSEK	3,285	3,041	10,118	9,243	13,718	12,843
Operating profit, MSEK	109	92	307	260	438	391
Operating margin, %	3.3	3.0	3.0	2.8	3.2	3.0
Orders received, MSEK	3,583	3,100	11,803	10,028	14,527	12,752
Order backlog, MSEK	15,066	14,082	15,066	14,082	15,066	13,075
Average number of employees ¹⁾	3,658	3,622	3,658	3,622	3,658	3,625

¹⁾ 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

July – September 2021

Net sales for the third quarter 2021 amounted to SEK 6,198 million (6,233). Net sales in Mineral Aggregates, Concrete and Construction System grew during the quarter while they contracted in Rentals and Transportation and Machines. Net sales in Paving were unchanged during the quarter.

Operating profit was SEK 576 million (471) and the operating margin improved to 9.3 percent (7.6). Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020, which was when the season started. Depreciation on surplus values related to customer contracts in taken over order backlog and tangible assets have charged operating profit by SEK -19 million (-96).

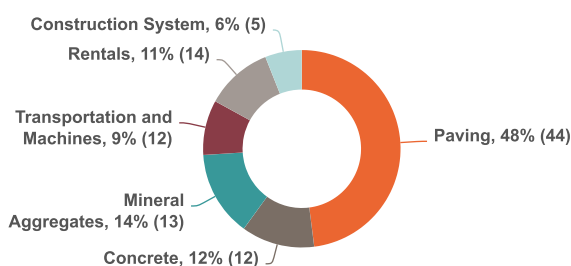
January – September 2021

Net sales for January – September 2021 decreased by one percent and amounted to SEK 13,649 million (13,791). Adjusted for acquired operations net sales contracted by three percent compared to the corresponding period last year. Net sales in Mineral Aggregates, Concrete and Construction System grew while they contracted in Rentals and Transportation and Machines. Net sales in Paving were unchanged during the period.

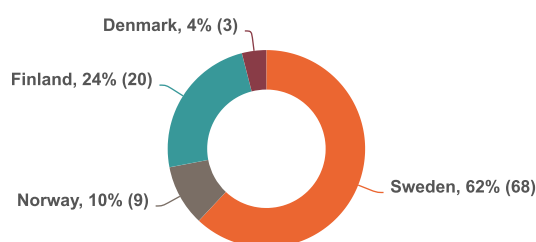
Operating profit amounted to SEK 518 million (708) and the operating margin was 3.8 percent (5.1). Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020. The acquired operations have a very clear seasonal pattern which means the first quarter carries considerable deficits since the season starts in the second quarter.

Net sales

per product area, rolling 12 months



per geographic market, rolling 12 months



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 operating profit by SEK -59 million (-159). The comparable period also included acquisition costs and transfer tax of SEK -55 million. In addition, the cold winter has had a negative effect on profit in operations in business area Industry since the season started up later than last year. The operating margin in the latest rolling 12 month period was 4.9 percent compared to 5.9 percent for the entire year of 2020.

Capital employed at the end of the period was SEK 9,764 million compared to SEK 9,529 million at the end of the corresponding period last year.

Orders received and order backlog

July – September 2021

The level of orders received during the third quarter 2021 amounted to SEK 2,012 million (2,175).

January- September 2021

The level of orders received during January-September 2021 increased to SEK 8,313 million (7,077). The comparable period included orders received from the acquired paving and mineral aggregates operations as of April 1, 2020.

Order backlog on September 30, 2021 was SEK 4,427 million (4,076).

Acquisition of Frøseth AS in Trøndelag

Peab strengthened its operations in the Trøndelag area in central Norway through acquisition of Frøseth AS, which works with mineral aggregates, paving, transportation and recycling. Included in the acquisition were 40 employees, nine quarries, an asphalt plant and modern machines and equipment. In 2020 the acquired business had net sales of around NOK 104 million. After approval by the competition authority, the acquisition was finalized on July 1, 2021.

Key ratios

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Net sales, MSEK	6,198	6,233	13,649	13,791	18,578	18,720
Operating profit, MSEK	576	471	518	708	915	1,105
Operating margin, %	9.3	7.6	3.8	5.1	4.9	5.9
Orders received, MSEK	2,012	2,175	8,313	7,077	11,129	9,893
Order backlog, MSEK	4,427	4,076	4,427	4,076	4,427	3,921
Capital employed at the end of the period, MSEK	9,764	9,529	9,764	9,529	9,764	8,822
Average number of employees ¹⁾	5,141	4,521	5,141	4,521	5,141	4,892
Concrete, thousands of m ³ ²⁾	351	351	994	1,020	1,346	1,372
Paving, thousands of tons ²⁾	3,039	3,366	5,384	5,898	7,882	8,396
Mineral Aggregates, thousands of tons ²⁾	8,877	9,624	23,472	22,739	32,962	32,229

¹⁾ Calculated on rolling 12 months

²⁾ 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 companies 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

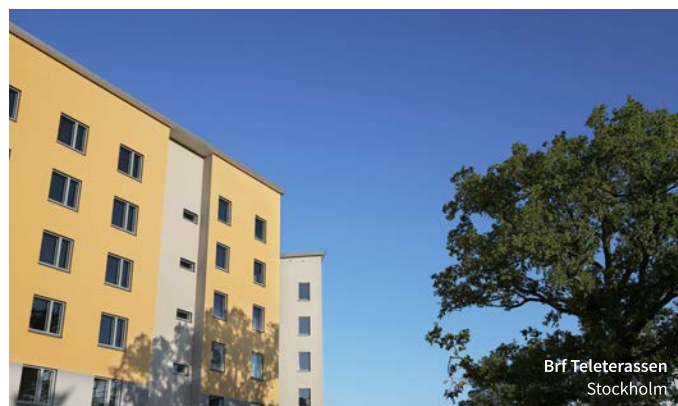
July – September 2021

Net sales for the third quarter 2021 increased and amounted to SEK 2,741 million (1,750). Operating profit improved to SEK 326 million (162).

January – September 2021

Net sales for the period January-September 2021 increased by twelve percent and amounted to SEK 6,380 million (5,696). The increase is attributable to Housing Development. Operating profit improved to SEK 791 million (474) and the operating margin was 12.4 percent (8.3).

Capital employed in Project Development at the end of the period amounted to SEK 13,685 million (13,174). The increase is primarily due to a higher value of the shares in joint venture companies.



Capital employed

MSEK	30 Sep 2021	30 Sep 2020	Dec 31 2020
Operations property	65	146	161
Investment property	48	113	112
Project and development property	9,513	9,428	9,060
<i>of which housing development rights</i>	5,251	5,172	4,819
<i>of which commercial development rights</i>	586	588	585
<i>of which unsold part of ongoing housing projects</i>	1,660	1,771	1,730
<i>of which ongoing rental projects in Sweden</i>	628	929	1,100
<i>of which ongoing commercial projects</i>	533	346	226
<i>of which completed property</i>	307	332	311
<i>of which other</i>	548	290	289
Participation in joint ventures	2,401	1,790	1,873
Loans to joint ventures	1,197	1,142	1,213
Working capital and other	461	555	-230
Total	13,685	13,174	12,189
<i>of which Property Development</i>	4,261	3,540	3,766
<i>of which Housing Development</i>	9,424	9,634	8,423

Key ratios

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Net sales, MSEK	2,741	1,750	6,380	5,696	8,184	7,500
<i>of which Property Development</i>	33	71	96	304	167	375
<i>of which Housing Development</i>	2,708	1,679	6,284	5,392	8,017	7,125
Operating profit, MSEK	326	162	791	474	1,986	1,669
<i>of which Property Development</i>	70	13	109	21	1,070	982
<i>of which Housing Development</i>	256	149	682	453	916	687
Operating margin, %	11.9	9.3	12.4	8.3	24.3	22.3
<i>of which Property Development</i>	212.1	18.3	113.5	6.9	640.7	261.9
<i>of which Housing Development</i>	9.5	8.9	10.9	8.4	11.4	9.6
Capital employed at the end of the period, MSEK	13,685	13,174	13,685	13,174	13,685	12,189
Orders received, MSEK	1,893	1,639	6,896	4,729	9,107	6,940
Order backlog, MSEK	6,045	4,673	6,045	4,673	6,045	5,151
Average number of employees ¹⁾	243	314	243	314	243	290

¹⁾ Calculated on rolling 12 months

Housing Development

July – September 2021

Net sales improved and amounted to SEK 2,708 million (1,679). Net sales have increased in both Sweden and Finland. An increase in the number of production-started housing projects and good sales in projects converted from rental apartments to tenant-owner homes has had a positive effect during the quarter. Operating profit increased to SEK 256 million (149) and the operating margin improved to 9.5 percent (8.9) as a result of a good project portfolio and the good housing market in all three countries.

The number of start-ups of our own developed homes during the third quarter amounted to 678 units (591), and are mainly in Sweden and Finland. There is a good geographic spread in production start-ups in both countries. The number of sold homes was 747 (730), most of which were in Sweden and Finland. No homes were production started in rental apartment projects in the third quarter (60).

January – September 2021

Net sales increased to SEK 6,284 million (5,392) and the increase is related to Sweden and Finland. Operating profit increased and amounted to SEK 682 million (453) and the operating margin improved to 10.9 percent (8.4). The operating margin improved in all the countries compared to the corresponding period last year. In the latest rolling 12 month period the operating margin amounted to 11.4 percent compared to 9.6 percent for the entire year of 2020.

The number of start-ups of our own developed homes amounted to 2,125 units (1,612), of which 337 (187) have been converted from rentals. There is a good geographic spread in production starts. The number of sold homes was 2,201 (2,018). During the period sales have been good in all three countries. Our own developed homes in production at the end of the period were 4,487 (4,056). The portion of sold homes in production was 77 percent (72). The number of repurchased homes per September 30, 2021 was 170 (195) and most of them were in Sweden. During the period January – September production started on 388 homes (199) in rental apartment projects on our own balance sheet and 91 homes (–) were sold. The number of homes in rental apartment projects in production was 723 (505) at the end of the period. Of these 528 have been sold to investors and will be recognized in revenue when they are turned over.

Own housing development construction

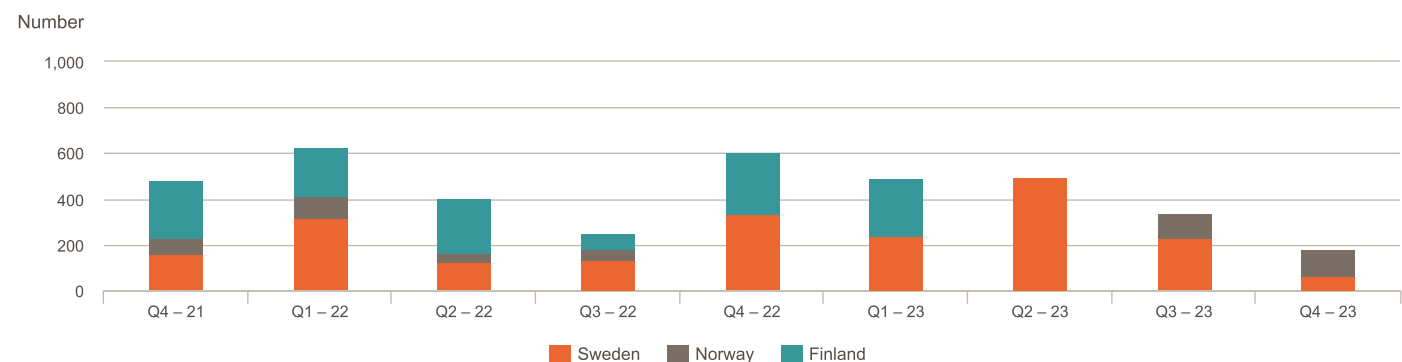
	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Tenant-owner associations, ownership and residential limited companies						
Number of production-started homes during the period	678 ¹⁾	591 ¹⁾	2,125 ²⁾	1,612 ²⁾	2,804	2,291
Number of sold homes during the period	747	730	2,201	2,018	2,865	2,682
Total number of homes under production, at the end of the period	4,487	4,056	4,487	4,056	4,487	4,014
Portion of sold homes under production, at the end of the period	77%	72%	77%	72%	77%	73%
Number of repurchased homes on our balance sheet, at the end of the period	170	195	170	195	170	222
Rentals						
Number of production-started homes during the period	–	60	388	199	691	502
Number of sold homes during the period	–	–	91	–	95	4
Number converted to tenant-owner associations during the period	75	–	337	187	378	228
Total number of homes in production, at the end of the period	723	505	723 ³⁾	505	723	763

¹⁾ Includes 75 (–) homes that have been converted from rentals

²⁾ Includes 337 (187) homes that have been converted from rentals

³⁾ Of which 528, respectively 73 percent, are under contract to be sold upon completion

Time of completion of our own ongoing housing developments ¹⁾

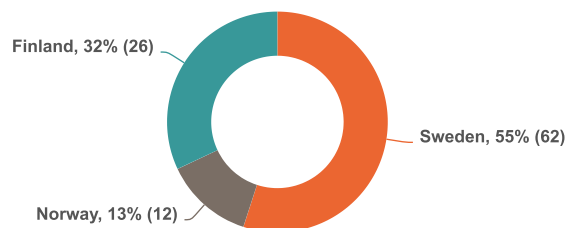


¹⁾ Refers to Swedish tenant-owner associations and single homes, Norwegian condominiums and share housing and Finnish residential limited companies

Capital employed decreased at the end of the period compared to the corresponding point in time in 2020 and amounted to SEK 9,424 million (9,634).

Net sales

per geographic market, rolling 12 months



Development rights for housing

Number, approx.	Sep 30 2021	Sep 30 2020	Dec 31 2020
Development rights on our own balance sheet	19,600	19,600	18,900
Development rights via joint ventures	4,800	4,600	4,400
Development rights via options etc.	9,800	9,700	9,700
Total	34,200	33,900	33,000

Property development

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

July – September 2021

During the third quarter 2021 net sales were SEK 33 million (71) and operating profit was SEK 70 million (13). Profit from property sales amounted to SEK 41 million (26). Contributions from profit in partially owned companies has improved compared to the corresponding quarter last year. Some operations connected to travel and tourism were negatively affected by the corona pandemic which lowered operating profit in the third quarter in Property Development by SEK -1 million (-21).

January – September 2021

During January – September 2021 net sales were SEK 96 million (304) and operating profit was SEK 109 million (21). Profit from property sales amounted to SEK 67 million (43) which included the divestiture of an office building in Helsingborg to Annehem Fastigheter. Some operations connected to travel and tourism have been negatively affected by the corona pandemic which lowered operating profit in Property Development by SEK -18 million (-59). The comparable period included SEK -44 million related to Ängelholm-Helsingborg Airport, of which SEK -20 million referred to the write-down of goodwill. Our partially owned companies continue to develop well and contributions from profit in partially owned companies is on par with the corresponding period last year.

Capital employed in Property Development was SEK 4,261 million (3,540) at the end of the third quarter 2021. A large part of the capital employed was shares in partially owned companies and loans to partially owned companies.

Skiab Invest AB, half-owned by Peab and SkiStar, signed contracts in May 2021 for the acquisition of three lodges with a property value of SEK 737 million and development rights worth SEK 305 million from SkiStar. Peab and SkiStar have owned and managed three lodges in Swedish and Norwegian mountainside locations through various jointly owned companies. These have now been gathered together in the half-owned company Skiab Invest AB. In addition, the company acquired three new lodges in Hemsedal in Norway, Lindvallen in Sälen and Hundfjället in Sälen (under construction) and development rights for around 60,000 GFA in Sälen, Vemdalen, Åre and Duved. In conjuncture with the transaction SkiStar signed new leases on both the newly acquired properties and the previously jointly owned properties. These are triple net leases that run between 12-25 years with an average longevity of 17 years. Revenue from the leases amounts to SEK 93 million. The contracts were pending approval of the divestiture and lease signing by a General Meeting in SkiStar as well as maintaining existing financing or arranging new financing latest by September 15th. After the above conditions were met, all the transactions were finalized per July 2021.

The table below presents the larger ongoing property projects per September 30, 2021. Last year contracts were signed for the sale of the office building in Solna to Annehem Fastigheter. During the period Peab has signed a contract for the sale of the logistic facility in Almnäs, Södertälje to Annehem Fastigheter and the underlying value of the property is SEK 96 million. The building will be environmentally certified according to Miljöbyggnad, level Silver. The divestiture of the completed construction is planned for the second quarter of 2022.

During the period Peab decided to build the office building The Corner in Hyllie, Malmö. The building will have 7,100 m² flexible office space spread out over seven floors with co-working and a restaurant on the ground floor. The building will be environmentally certified according to Miljöbyggnad and WELL to guarantee the best possible conditions for both people and the environment. During the period Peab also decided to build the office building Gamlestaden Smedjan in Gothenburg. The location of the property provides excellent communications and is in one of Gothenburg's development areas. The building will contain in total rentable space of about 13,100 m² divided into eight floors. The property will be certified according to Breeam Excellent and to further contribute to sustainable development it will be equipped with solar panels in combination with an energy storing system in the building.

Ongoing property projects

Type of project	Location	Rentable area in m ²	Degree rented, %	Recognized value, MSEK	Total investment at completion, MSEK	Timepoint of completion	Level of completion, %
Office building	Solna	4,300	100	170	194	Q4-2021	88
Sports hall	Sundsvall	14,700	100	167	223	Q2-2022	75
Logistic facility	Södertälje	2,200	100	21	67	Q2-2022	31
Office building	Malmö	7,100	28	66	296	Q1-2023	22
Office building	Gothenburg	13,100	0	62	516	Q1-2024	12
Other ongoing projects				47			
Total				533			

Significant joint ventures

Peab's significant joint venture companies Fastighets AB Centur, Fastighets AB ML4, Point Hyllie Holding AB, Skiab Invest AB and Tornet Bostadsproduktion 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. Regular 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 the joint venture companies are not included in Peab's accounts.

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 September 30, 2021 ¹⁾: SEK 7,343 million (6,894)

Peab's portion of unrecognized fair value exclusive tax ¹⁾: SEK 474 million (427)

Major ongoing projects: Gjuteriet Varvsstaden, Malmö, renovation of around 4,600 m² (tenant Oatly)

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 September 30, 2021: SEK 1,979 million (1,924)

Major ongoing projects: Research building 6,400 m²

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 September 30, 2021: SEK 1,369 million (1,355)

Major ongoing projects: No major ongoing projects

Skiab Invest AB

Develop, own and manage commercial property and housing in the Scandinavian mountains.

Peab's share: 50 percent

Partner: SkiStar

Location: Scandinavian mountains

Recognized value on properties September 30, 2021 ¹⁾: SEK 2,028 million (42)

Peab's portion of unrecognized fair value exclusive tax ¹⁾: SEK 12 million (-)

Major ongoing projects: Ski lodge Hundfjället with rentable space of about 19,000 m². The property is rented to SkiStar

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 September 30, 2021 ¹⁾: SEK 5,358 million (4,953)

Peab's portion of unrecognized fair value exclusive tax ¹⁾: SEK 375 million (332)

Major ongoing projects: LP Parken, Gothenburg 15,000 m² rentable area, Tallbohov, Järfälla 10,500 m² rentable area and other apartment building projects in Helsingborg, Lund and Umeå

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

Construction market

Sweden

The recovery of Sweden's economy, supported by vaccinations, financial stimuli and the withdrawal of restrictions has been surprisingly positive and a great deal of Swedish business appears to be flourishing. It seems GNP will grow by more than four percent in 2021, driven in part by domestic consumption and in part by growing commercial production and higher investments. At the same time a lack of capacity, rising material costs and the spread of the Delta variant risk putting a damper on the economic upturn. Collectively, production-started building construction investments may grow to somewhere in the vicinity of six percent in 2021. Growth is expected in most areas and basically only renovations in private premises are expected to take a negative turn. The forecast for production-started housing investments in 2021 has improved and they are expected to rise. The forecast for 2022 shows growth as well. Other building construction is expected to grow in 2021 but in 2022 production-started investments will slow due to subdued growth in premises. Civil engineering investments are expected to grow at a good rate this year followed by a slight downturn in 2022. Uncertainty concerning Cementa's ability to continue with limestone quarrying can entail forestalling some projects.

Norway

The Norwegian economy has recovered relatively well. In June mainland GNP was back to the same level as February 2020, i.e. before the pandemic. The forecast for 2021 in general indicates an increase of around 3.5 percent. Recovery is expected to be even stronger 2022 when household consumption will most likely grow substantially. The total volume of building construction investments reflects good growth in 2021 with an upturn in many different areas. Industrial building construction investments have developed particularly well so far this year. However, taking the forecast for the entire year into consideration, it seems public construction investments will develop best during 2021. All in all other building construction is expected to grow in 2021 and then decline in 2022. The forecast for production-started housing investments shows sideways development for 2021 and then growth in 2022. Apartment building construction has recovered but is still expected to decline slightly this year. The forecast for civil engineering investments is continued strong growth in 2021 to be followed by even greater growth in 2022.

Finland

The Finnish economy is expected to grow by more than three percent in 2021, which is slightly higher than the downturn in 2020. Growth will most likely be driven by household consumption while the upturn in gross investments for the year will probably be relatively mild. The total volume of building construction investments is expected to increase this year due to strong growth in construction of private premises and new apartment buildings. Even single home construction is expected to grow due to ebbing unemployment and a brighter economy. On the other hand, public building construction investments appear to decline slightly in 2021. The forecast for production-started housing construction and other building construction has improved for 2021 and indicates stable growth while development in 2022 is expected to be sideways. The forecast for civil engineering construction indicates a slight decline in 2021 followed by leveling 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



Flötningen Park
Skien

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.

Best workplace

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.

The number of serious accidents* at our workplaces over a rolling twelve month period amounted to 30 per September 30, 2021 (30 per June 30, 2021), of which 12 involved our own personnel and 18 involved subcontractors. During the period July to September 2021 the total number of serious accidents was 12. Peab employs a high portion of our own skilled workers compared to other actors in the construction and civil engineering industry, in addition to our many subcontractors. At the end of September 2021 Peab had 15,648 employees, of which 8,656 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 (LT14), and workplace accidents according to the same definition per one million hours worked (LTIF4) for our own employees. In the third quarter the number amounted to 36 (43 second quarter 2021) and the LTIF4 frequency rate was 6.6 (6.6 second quarter 2021).

Every remedied risk is one less potential accident, which is why we are highly focused on reporting and remedying risk observations*. During the third quarter 2021 the organization reported 15,500 risk observations, which brought the total number of reported risk observations for the first nine months of 2021 to 48,750.

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

Attractive employers (eNPS)

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. Twice a year we hold our personnel survey The Handshake so that we can continuously develop and improve as co-workers and teams. The questions in The Handshake mainly concern productivity, the team's sustainability and if employees are willing to recommend Peab as an employer to friends and acquaintances (eNPS). The latter is also one of our nine external targets that we report twice a year.

Participation in the spring survey was a record-breaking 85 percent in the Group, accompanied by many suggestions for improvement. This shows the great interest our employees have in contributing to developing our business.

Within the strategic target Best workplace the eNPS (recommend Peab) value should be above the benchmark. The eNPS value for the Group has gone up slightly (+1) since the previous evaluation and was at 19 in the spring survey. This is clearly above the Nordic benchmark for our industry (Industry) which is 10. There was a slight downturn in the response from white-collar workers in Sweden. On the other hand development is positive on the side of skilled workers in Sweden as well as skilled and white-collar workers in Norway and Finland. The next eNPS will be presented in the year-end report for 2021.

Leader in social responsibility

Activities during the third quarter

- Peab has continued to test lignin in several places in the Nordic region. Successful test stretches were paved with lignin in semi-warm soft asphalt on Road 205 at Loka Brunn in Bergslagen. Peab paved another test stretch in collaboration with Forshaga Municipality and yet another in Finnish Kajaani. Lignin is the natural binder in wood and helps reduce Peab's climate footprint as it partially replaces oil-based bitumen.
- Commissioned by Tingsryd Municipality Peab paved roads with asphalt containing 97.6 percent reclaimed asphalt pavement. Measurements showed that by using cold mix technology the environmental impact was reduced by 70 percent. In addition to saving natural resources reclaimed asphalt pavement cuts down on transportation since mobile asphalt plants can be used near to worksites.
- Peab participates in research to increase safety in roadwork. In order to systematically gather and spread cross-industry knowledge and experience regarding incidents and improvements, scientists from The Swedish Road and Transport Research Institute together with Peab and other actors have proposed a joint database that collects accident statistics from contractors and consultants that work with and on roads.
- Peab has decided that going forward all our own housing development projects in Finland will be developed according to energy class A.
- Peab has updated guidelines for managing surplus material in order to reuse more of it while preventing violations of laws and Peab's Code of Conduct.
- Peab is the first major construction and civil engineering company to sign a framework contract with the reuse actors Återbruket and Återbyggdepå for recycling in Gothenburg and Malmö. The purpose is to further reduce waste and increase circularity by recycling and reusing surplus material. Surplus material from construction sites such as doors, windows and kitchen furnishings can now be reused through these two partners.
- Together with Beijer Byggmaterial and Wihlborgs Peab has also started a pilot project for reuse of timber from construction sites. As part of the concept Genträ Peab collects timber which can no longer be used in projects from construction sites and turns it over to Beijer that ensures as much as possible becomes resalable instead of ending up in a dumpster.
- Peab's subsidiary Lambertsson is first in Sweden to offer its customers a completely electric mobile crane on caterpillar tracks. There are only three of them in the world.
- Peab issued green bonds for a total value of 1.5 billion Swedish kronor. These funds will primarily finance investments in energy efficient buildings, ECO products and more environmentally adapted production, green transportation and water and waste management. The purpose of the issue is to contribute to Peab's work on climate neutrality and resource efficiency.
- Peab has held our annual work environment week. The theme this year was lift and load ergonomics.

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 effects of the coronavirus on Peab's operations have been limited but we continue to follow developments closely so that we can assess any further effects. For more information see the section Coronavirus under Important events during the period.


On July 6, 2021 the Supreme Land and Environment Court dismissed Cementa's application for a renewed permit to quarry limestone in Slite on Gotland. The result of the decision is that a large part of Swedish production of cement can cease on November 1, 2021. Stopping Cementa's limestone mining in Slite will lead to a shortage of cement, which can have considerable consequences for the whole country. Taking into consideration a serious situation that can have a very negative impact on the building of homes and infrastructure, as well as lead to widespread redundancies, on September 21, 2021 the government proposed the Government Review of Limestone Quarries in Exceptional Cases Bill. The proposed changes in the law were adopted by the Swedish Parliament on September 29, 2021 and took effect on October 15, 2021. The changes in the law are intended to enable a quick government review of an application for a temporary license to mine the volumes that at the time of the license application were permitted according to a valid license but which had not been mined due to the time limit of the license. On September 21, 2021 Cementa submitted an application to the government for a three-year license to continue working the quarry at Slite on Gotland. The Ministry of the Environment has proclaimed Cementa's application and opinions must be received by October 18, 2021. On October 21, 2021 Cementa announced that it is uncertain the factory in Slite will have the necessary license and approval to continue with full production after the current mining license ceases to be valid on October 31, 2021. Cementa is now warning its customers that cement may be allocated by quotas based on available volumes starting in December. The quotas will be based on the cement volumes customers have ordered over the latest 36 months. A substantial shortage of cement would impact the entire construction and civil engineering market in Sweden. As a significant actor Peab would therefore also be affected by the situation. Peab has already begun working with our own alternative binder and certain degree of cement importation.



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 externally reports 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 strategic targets; Most satisfied customers, Best workplace, 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.



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)

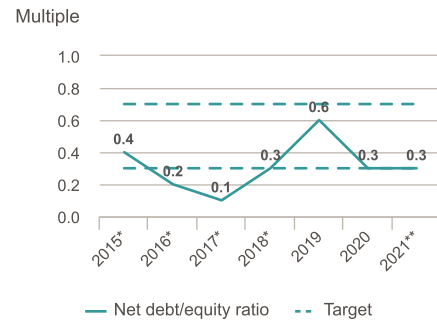


* Years 2015-2018 not translated according to changed accounting principles for own housing development projects. ** Operating margin excluding the effect of the distribution of Annhem Fastigheter. *** Calculated on a rolling 12 months per September 30, 2021. Exclusive of the effect of the distribution of Annhem Fastigheter (SEK 952 million).

Most profitable company

Net debt/equity ratio

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

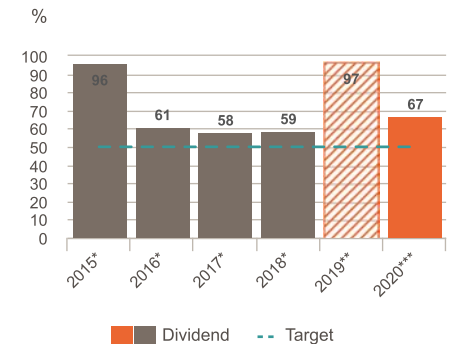


* Years 2015-2018 not translated according to changed accounting principles for own housing development projects. ** Per September 30, 2021.

Most profitable company

Dividend

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

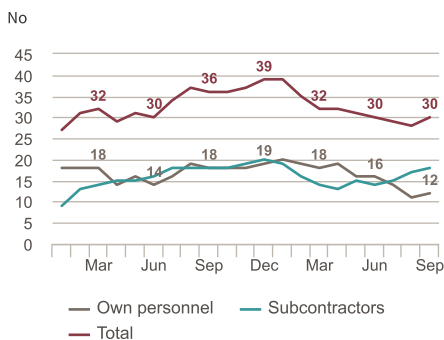


* Years 2015-2018 not translated according to changed accounting principles. ** For 2019, no cash dividend has been paid. The value of the distribution of Annhem Fastigheter at the time of the distribution in December 2020 amounted to 97 percent of the profit for the year 2019. *** The proportion is 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)

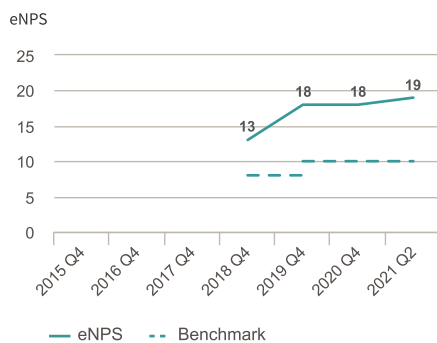


Refers to the period January 2020 - September 2021

Best workplace

eNPS

Target: > over benchmark (reported semiannually)

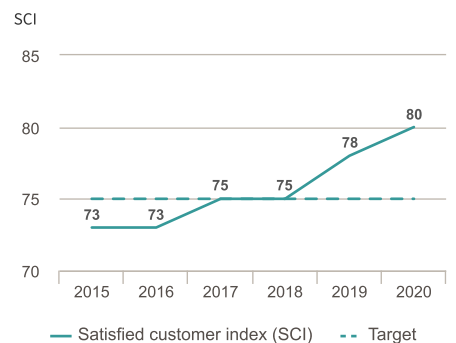


eNPS stands for employee Net Promoter Score and measures employee engagement. The result can vary between -100 and 100.

Most satisfied customers

Satisfied customer index (SCI)

Target: > 75 (reported annually)

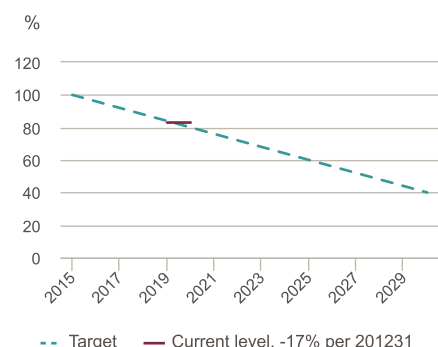


SCI stands for Satisfied Customer Index and measures how satisfied Peab's customers are. SCI is a weighted measurement between 0 and 100.

Leader in social responsibility

Carbon dioxide intensity: Climate targets for our own production

Target: Reduced emissions of GHG Scope 1+2* (tons CO₂e/MSEK) by 60% (reported annually)

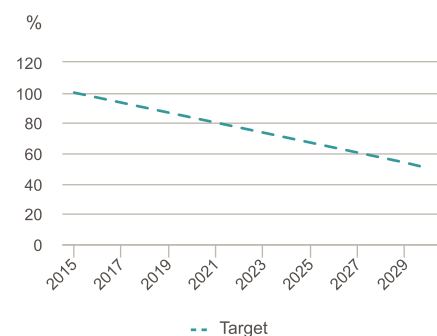


* Direct and indirect emissions as a result of using fuel and energy in our own production.

Leader in social responsibility

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

Target: Reduced emissions of GHG Scope 3* (tons CO₂e/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

After around a year and a half when the corona pandemic has had the world in its clutches the Nordic countries have now opened up again. As the majority of Nordic populations have gotten vaccinated people are once again going about their daily lives much as they did before the pandemic.

The effects of the coronavirus on Peab's operations have been limited but naturally we continue to follow developments in the pandemic so that we can closely assess any further possible effects. Peab will also continue to base our measures on The Public Health Agency of Sweden's guidelines and instructions as well as those that correspond in the other countries we work in.

Meanwhile the pandemic has shown us what a strength it is for Peab to be the local company with the big group resources. Peab has four business areas – Construction, Civil Engineering, Industry and Project Development – that collaborate locally and a large part of input goods and personnel are our own. This gives us good control over the construction process and makes us therefore less vulnerable to production disruptions.

The AGM's election of Board members

In accordance with the proposal of the Nomination Committee the AGM decided the Board would contract from nine to eight ordinary members elected by the AGM. The AGM reelected Karl-Axel Granlund, Liselott Kilaas, Kerstin Lindell, Fredrik Paulsson, Malin Persson, Lars Sköld and Anders Runevad and elected Magdalena Gerger as a new Board member. Anders Runevad was elected the new Chairman of the Board. The previous Chairman of the Board Göran Grosskopf and Board member Mats Paulsson declined reelection and therefore left the Board.

Peab has issued green bonds for SEK 1,500 million

On August 30, 2021 Peab issued bonds for a total value of SEK 1,500 million. The issue is divided as follows: SEK 1,000 million with a maturity of 3 years with a variable interest rate of 3 months Stibor (the Stockholm Interbank Offered Rate) plus 1.05 percentage points and SEK 500 million with a maturity of 5 years with a variable interest rate of 3 months Stibor plus 1.30 percentage points.

Funds from the issue will be used to finance investments in green and energy efficient buildings, ECO products and a more environmentally adapted production, green transportation and water and waste management. The green bonds were issued within the framework of Peab's Swedish MTN program and the newly instituted framework for green financing. The framework has been audited by the independent company CICERO Shades of Green which has classified it at level "medium green".

Payment regarding Group sickness insurance (AGS)

Afa Insurance has decided to pay out consolidation funds in AGS insurance. The payments are based on previous repayment of AGS premiums for the years 2004-2008. The payments will be made at the end of October and entail a positive effect on Peab's operating profit in the fourth quarter 2021 of around SEK 150 million. This amount will be recognized in the Group under Group functions.

Important events after the period

No significant events occurred after the end of the reporting period.

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 January – September 2021.

Related parties

The character and extent of transactions with related parties is presented in the Annual and Sustainable Report 2020, note 41. For more information about transactions with related parties during the period see business area Project Development, section Property Development. No other new significant transactions have occurred during January – September 2021.



Report on the Group income statement, IFRS

Group net sales according to IFRS decreased by six percent and amounted during January – September 2021 to SEK 41,419 million (43,863). The adjustment of our own housing development projects to the completion method affected net sales by SEK -1,087 million (1,931). During the period more homes have been production started than completed. In the comparable period more homes were completed than production started. Even adjusted for acquired and divested units net sales decreased by six percent.

Operating profit according to IFRS for January – September 2021 amounted to SEK 1,666 million (1,980) and the operating margin was 4.0 percent (4.5). The adjustment of our own housing development projects to the completion method affected operating profit by SEK -204 million (236). 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 operating profit in the first quarter would have been affected by SEK -297 million.

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Net sales	15,488	16,204	41,419	43,863	57,408	59,852
Production costs	-13,868	-14,463	-37,527	-39,552	-51,686	-53,711
Gross profit	1,620	1,741	3,892	4,311	5,722	6,141
Sales and administrative expenses	-673	-717	-2,377	-2,445	-3,291	-3,359
Distribution of Annehem Fastigheter	-	-	-	-	952	952
Other operating income	67	72	156	145	240	229
Other operating costs	11	-9	-5	-31	-15	-41
Operating profit	1,025	1,087	1,666	1,980	3,608	3,922
Financial income	29	18	74	73	97	96
Financial expenses	-48	-55	-129	-218	-184	-273
Net finance	-19	-37	-55	-145	-87	-177
Pre-tax profit	1,006	1,050	1,611	1,835	3,521	3,745
Tax	-226	-210	-355	-383	-536	-564
Profit for the period	780	840	1,256	1,452	2,985	3,181
Profit for the period, attributable to:						
Shareholders in parent company	780	840	1,256	1,452	2,986	3,182
Non-controlling interests	0	0	0	0	-1	-1
Profit for the period	780	840	1,256	1,452	2,985	3,181
Key ratios, IFRS						
Earnings per share before and after dilution, SEK	2.65	2.85	4.26	4.92	10.13	10.79
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0
Return on capital employed, % ¹⁾	14.5	10.7	14.5	10.7	14.5	15.0
Return on equity, % ¹⁾	24.3	17.5	24.3	17.5	24.3	26.0

¹⁾ Calculated on rolling 12 months

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

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Profit for the period	780	840	1,256	1,452	2,985	3,181
Other comprehensive income						
Items that can be reclassified or have been reclassified to profit for the period						
Translation differences for the period from translation of foreign operations	25	-9	124	-123	53	-194
Changes in fair value of cash flow hedges for the period	1	1	5	3	7	5
Shares in joint ventures' other comprehensive income	0	0	0	0	0	0
Tax referring to items that can be reclassified or have been reclassified to profit for the period	0	-1	-1	-17	-5	-21
Other comprehensive income for the period	26	-9	128	-137	55	-210
Total comprehensive income for the period	806	831	1,384	1,315	3,040	2,971
Total comprehensive income for the period, attributable to:						
Shareholders in parent company	806	831	1,384	1,315	3,041	2,972
Non-controlling interests	0	0	0	0	-1	-1
Total comprehensive income for the period	806	831	1,384	1,315	3,040	2,971

Report on financial position for the Group in summary, IFRS

Total assets on September 30, 2021 was SEK 45,919 million (47,150). 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. Equity amounted to SEK 12,500 million (12,874), which generated an equity/assets ratio of 27.2 per cent (27.3). During 2021, a dividend of SEK 1,327 million (-) was paid to shareholders.

MSEK	Sep 30 2021	Sep 30 2020	Dec 31 2020
Assets			
Intangible assets	3,768	3,795	3,679
Tangible assets	7,666	7,048	7,571
Investment property	67	132	130
Interest-bearing long-term receivables	1,221	1,183	1,257
Other financial fixed assets	2,473	1,937	2,016
Deferred tax recoverables	183	213	164
Total fixed assets	15,378	14,308	14,817
Project and development properties	14,941	15,106	14,074
Inventories	1,380	1,267	1,269
Interest-bearing current receivables	652	139	85
Other current receivables	12,767	12,856	10,951
Liquid funds	801	1,347	968
Assets held for value transfer to owners ¹⁾	-	2,127	-
Total current assets	30,541	32,842	27,347
Total assets	45,919	47,150	42,164
Equity and liabilities			
Equity	12,500	12,874	12,443
Liabilities			
Interest-bearing long-term liabilities	5,313	5,412	4,289
Interest-bearing long-term liabilities, project financing	183	232	75
Deferred tax liabilities	177	99	183
Other long-term liabilities	1,403	1,367	1,569
Total long-term liabilities	7,076	7,110	6,116
Interest-bearing current liabilities	2,649	2,716	2,647
Interest-bearing current liabilities, project financing	6,195	5,505	4,981
Other current liabilities	17,499	17,851	15,977
Liabilities referring to assets held for value transfer to owners ²⁾	-	1,094	-
Total current liabilities	26,343	27,166	23,605
Total liabilities	33,419	34,276	29,721
Total equity and liabilities	45,919	47,150	42,164
Key ratios, IFRS			
Capital employed	26,840	27,729	24,435
Equity/assets ratio, %	27.2	27.3	29.5
Net debt	11,666	12,125	9,682
Equity per share, SEK	42.37	43.64	42.18
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0

¹⁾ The item includes liquid funds of SEK 61 million as of September 30, 2020

²⁾ The item includes interest-bearing liabilities of SEK 990 million as of September 30, 2020

Report on changes in Group equity in summary, IFRS

MSEK	Sep 30 2021	Sep 30 2020	Dec 31 2020
Equity attributable to shareholders in parent company			
Opening equity on January 1	12,442	11,557	11,557
Profit for the period	1,256	1,452	3,182
Other comprehensive income for the period	128	-137	-210
Total comprehensive income for the period	1,384	1,315	2,972
Cash dividend	-1,327	-	-
Distribution of Annehem Fastigheter	-	-	-2,065
Distribution expenses	-	-	-22
Closing equity	12,499	12,872	12,442
Non-controlling interests			
Opening equity on January 1	1	2	2
Comprehensive income for the period	0	0	-1
Closing equity	1	2	1
Total closing equity	12,500	12,874	12,443

Report on Group cash flow in summary, IFRS

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Cash flow from current operations before changes in working capital	1,247	1,415	2,319	3,181	3,725	4,587
Increase (-) / Decrease (+) of project and development properties	32	957	-706	1,521	16	2,243
Increase (-) / Decrease (+) of inventories	71	88	-55	-114	-49	-108
Increase (-) / Decrease (+) of current receivables / current liabilities	561	527	-346	984	-359	971
Cash flow from changes in working capital	664	1,572	-1,107	2,391	-392	3,106
Cash flow from current operations	1,911	2,987	1,212	5,572	3,333	7,693
Acquisition of subsidiaries / businesses, net effect on liquid funds	-125	-	-201	-2,384	-201	-2,384
Redemption of loan to seller upon acquisition of business	-	-	-	-746	-	-746
Sale of subsidiaries / businesses, net effect on liquid funds	-	20	-	20	-	20
Acquisition of fixed assets	-1,680	-334	-2,350	-974	-2,675	-1,299
Sale of fixed assets	471	162	772	307	934	469
Cash flow from investment operations	-1,334	-152	-1,779	-3,777	-1,942	-3,940
Cash flow before financing	577	2,835	-567	1,795	1,391	3,753
Increase (+) / Decrease (-) of interest-bearing liabilities	-367	-1,039	435	1,441	-1,255	-249
Increase (+) / Decrease (-) of interest-bearing liabilities, project financing	248	-1,307	1,271	-2,160	656	-2,775
Distribution Annehem Fastigheter ¹⁾	-	-	-	-	-55	-55
Distribution expenses	-	-	-	-	-28	-28
Cash dividend	-	-	-1,327	-	-1,327	-
Cash flow from financing operations	-119	-2,346	379	-719	-2,009	-3,107
Cash flow for the period	458	489	-188	1,076	-618	646
Cash at the beginning of the period	336	923	968	373	1,408	373
Exchange rate differences in cash	7	-4	21	-41	11	-51
Cash at the end of the period	801	1,408	801	1,408	801	968

¹⁾ Refers to liquid funds in distributed operations

Parent company

The parent company Peab AB's net sales for the period January – September 2021 amounted to SEK 210 million (257) and mainly consisted of internal Group services. Profit for the period amounted to SEK -26 million (362).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,623 million (14,051). The assets have been financed from equity of SEK 6,985 million (9,419) and long-term liabilities to Group companies amounting to SEK 2,160 million (2,531). During 2021, a dividend of SEK 1,327 million (-) was paid to shareholders.

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	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/2021	Jan-Dec 2020
Net sales	66	87	210	257	299	346
Administrative expenses	-77	-109	-288	-390	-443	-545
Other operating income	0	-	1	-	1	0
Operating profit	-11	-22	-77	-133	-143	-199
Result from financial investments						
Profit from participation in Group companies	-	-	63	500	62	499
Other financial items	-14	-14	-35	-42	-50	-57
Result after financial items	-25	-36	-49	325	-131	243
Appropriations	-	-	-	-	1,266	1,266
Pre-tax profit	-25	-36	-49	325	1,135	1,509
Tax	6	7	23	37	-219	-205
Profit for the period ¹⁾	-19	-29	-26	362	916	1,304

¹⁾ 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	Sep 30 2021	Sep 30 2020	Dec 31 2020
Assets			
Fixed assets			
Intangible assets	5	45	43
Tangible assets	1	1	1
Financial assets			
Participation in Group companies	11,623	14,051	12,109
Deferred tax recoverables	117	117	125
Total financial assets	11,740	14,168	12,234
Total fixed assets	11,746	14,214	12,278
Current assets			
Current receivables			
Accounts receivable	0	2	0
Receivables from Group companies	0	11	1,655
Current tax assets	273	270	86
Other receivables	0	1	30
Prepaid expenses and accrued income	7	19	10
Total current receivables	280	303	1,781
Cash and bank	0	0	0
Total current assets	280	303	1,781
Total assets	12,026	14,517	14,059
Equity and liabilities			
Equity			
Restricted equity	1,884	1,899	1,898
Non-restricted equity	5,101	7,520	6,440
Total equity	6,985	9,419	8,338
Untaxed reserves	2,724	2,403	2,724
Provisions			
Other provisions	57	51	43
Total provisions	57	51	43
Long-term liabilities			
Liabilities to Group companies	2,160	2,531	2,697
Total long-term liabilities	2,160	2,531	2,697
Current liabilities			
Accounts payable	10	20	36
Liabilities to Group companies	1	2	129
Other liabilities	24	21	8
Accrued expenses and deferred income	65	70	84
Total current liabilities	100	113	257
Total liabilities	2,260	2,644	2,954
Total equity and liabilities	12,026	14,517	14,059

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 Group and parent company have applied the same accounting principles and conditions as 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 the construction contract and developer part of our own housing development projects. Recognized profit consists of the profit in the developer part over time. 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-Sep 2021 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles ¹⁾	Group IFRS
Allocation per external/internal									
External sales	15,767	9,226	11,107	6,360	46		42,506	-1,087	41,419
Internal sales	3,066	892	2,542	20	900	-7,420			-
Total	18,833	10,118	13,649	6,380	946	-7,420	42,506	-1,087	41,419
Allocation per country									
Sweden	13,471	9,082	8,298	3,830	758	-5,785	29,654	-703	28,951
Norway	2,774	1,022	1,379	712	108	-662	5,333	-62	5,271
Finland	2,588	14	3,387	1,838	79	-971	6,935	-322	6,613
Denmark			570		1	-2	569		569
Other			15				15		15
Total	18,833	10,118	13,649	6,380	946	-7,420	42,506	-1,087	41,419
Allocation per type of customer									
Public sector	7,469	6,610	3,846	4	33		17,962		17,962
Private customers	8,298	2,616	7,261	6,356	13		24,544	-1,087	23,457
Internal customers	3,066	892	2,542	20	900	-7,420			-
Total	18,833	10,118	13,649	6,380	946	-7,420	42,506	-1,087	41,419
Allocation per point in time									
At one point in time	11	6	4,645	140	38	-896	3,944	3,013	6,957
Over time	18,814	10,106	7,613	6,174	777	-5,459	38,025	-4,100	33,925
Rent revenue ²⁾	8	6	1,391	66	131	-1,065	537		537
Total	18,833	10,118	13,649	6,380	946	-7,420	42,506	-1,087	41,419
Allocation per type of revenue									
Construction contracts	18,814	10,106	7,613	6,174	45	-4,730	38,022	-4,100	33,922
Sales of goods			3,624			-648	2,976		2,976
Sales of property projects				130			130	3,013	3,143
Transportation services			885			-210	675		675
Administrative services					732	-729	3		3
Rent revenue ²⁾	8	6	1,391	66	131	-1,065	537		537
Other	11	6	136	10	38	-38	163		163
Total	18,833	10,118	13,649	6,380	946	-7,420	42,506	-1,087	41,419

¹⁾ 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.

²⁾ Rent revenue is recognized according to IFRS 16.

Group Jan-Sep 2020 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles and other ¹⁾	Group IFRS
Allocation per external/internal									
External sales	16,439	8,462	11,289	5,636	39		41,865	1,998	43,863
Internal sales	3,102	781	2,502	60	850	-7,167	128	-128	-
Total	19,541	9,243	13,791	5,696	889	-7,167	41,993	1,870	43,863
Allocation per country									
Sweden	14,132	8,323	8,285	3,572	737	-4,955	30,094	1,380	31,474
Norway	2,645	832	1,455	727	93	-619	5,133	-106	5,027
Finland	2,764	88	3,561	1,397	59	-1,593	6,276	596	6,872
Denmark			474				474		474
Other			16				16		16
Total	19,541	9,243	13,791	5,696	889	-7,167	41,993	1,870	43,863
Allocation per type of customer									
Public sector	6,566	6,250	3,594	20	31		16,461	12	16,473
Private customers	9,873	2,212	7,695	5,616	8		25,404	1,986	27,390
Internal customers	3,102	781	2,502	60	850	-7,167	128	-128	-
Total	19,541	9,243	13,791	5,696	889	-7,167	41,993	1,870	43,863
Allocation per point in time									
At one point in time	12	7	4,452	555	38	-938	4,126	5,516	9,642
Over time	19,516	9,229	8,023	5,071	716	-5,237	37,318	-3,715	33,603
Rent revenue ²⁾	13	7	1,316	70	135	-992	549	69	618
Total	19,541	9,243	13,791	5,696	889	-7,167	41,993	1,870	43,863
Allocation per type of revenue									
Construction contracts	19,516	9,229	8,023	5,063	23	-4,551	37,303	-3,708	33,595
Sales of goods			3,101			-456	2,645		2,645
Sales of property projects				480		-1	479	5,505	5,984
Transportation services			1,212			-405	807		807
Administrative services				8	693	-686	15	-7	8
Rent revenue ²⁾	13	7	1,316	70	135	-992	549	69	618
Other	12	7	139	75	38	-76	195	11	206
Total	19,541	9,243	13,791	5,696	889	-7,167	41,993	1,870	43,863

¹⁾ 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 135 million attributable to Annehem Fastigheter including internal revenue from other Peab Group companies.

²⁾ 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 ¹⁾	Group IFRS
Allocation per external/internal									
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	-
Total	26,989	12,843	18,720	7,500	1,206	-9,841	57,417	2,435	59,852
Allocation per country									
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
Total	26,989	12,843	18,720	7,500	1,206	-9,841	57,417	2,435	59,852
Allocation per type of customer									
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	-
Total	26,989	12,843	18,720	7,500	1,206	-9,841	57,417	2,435	59,852
Allocation per point in time									
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 ²⁾	23	9	1,824	108	184	-1,391	757	89	846
Total	26,989	12,843	18,720	7,500	1,206	-9,841	57,417	2,435	59,852
Allocation per type of revenue									
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 ²⁾	23	9	1,824	108	184	-1,391	757	89	846
Other	32	20	207	131	56	-137	309	14	323
Total	26,989	12,843	18,720	7,500	1,206	-9,841	57,417	2,435	59,852

¹⁾ 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.

²⁾ Rent revenue is recognized according to IFRS 16.

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

Group Jan-Sep 2021 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles ¹⁾	Group IFRS
External sales	15,767	9,226	11,107	6,360	46		42,506	-1,087	41,419
Internal sales	3,066	892	2,542	20	900	-7,420			
Total revenue	18,833	10,118	13,649	6,380	946	-7,420	42,506	-1,087	41,419
Operating profit	502	307	518	791	-241	-25	1,852	-186	1,666
Operating margin, %	2.7	3.0	3.8	12.4			4.4		4.0
Financial income							74		74
Financial expenses							-90	-39 ²⁾	-129
Net finance							-16	-39	-55
Pre-tax profit							1,836	-225	1,611
Tax							-396	41	-355
Profit for the period							1,440	-184	1,256
Capital employed (closing balance)	-1,948	-556	9,764	13,685		-254 ³⁾	20,691	6,149	26,840
Total assets							39,358	6,561 ⁴⁾	45,919
Equity							13,556	-1,056	12,500
Equity/assets ratio, %							34.4		27.2
Net debt							4,461	7,205	11,666
Cashflow before financing							576	-1,143	-567

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

²⁾ Refers to IFRS 16, additional leases SEK -39 million.

³⁾ Unallocated capital employed.

⁴⁾ Divided between IFRS 16, additional leases SEK 1,754 million and housing projects SEK 4,807 million.

Group Jan-Sep 2020 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles and other ¹⁾	Group IFRS
External sales	16,439	8,462	11,289	5,636	39		41,865	1,998	43,863
Internal sales	3,102	781	2,502	60	850	-7,167	128	-128	-
Total revenue	19,541	9,243	13,791	5,696	889	-7,167	41,993	1,870	43,863
Operating profit	466	260	708	474	-178	-14	1,716	264	1,980
Operating margin, %	2.4	2.8	5.1	8.3			4.1		4.5
Financial income							71	2 ²⁾	73
Financial expenses							-161	-57 ³⁾	-218
Net finance							-90	-55	-145
Pre-tax profit							1,626	209	1,835
Tax							-333	-50	-383
Profit for the period							1,293	159	1,452
Capital employed (closing balance)	-1,253	-317	9,529	13,174		-47 ⁴⁾	21,086	6,643	27,729
Total assets							39,473	7,677 ⁵⁾	47,150
Equity							12,637	237	12,874
Equity/assets ratio, %							32.0		27.3
Net debt							5,780	6,345	12,125
Cashflow before financing							1,016	779	1,795

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

²⁾ Refers to Annehem Fastigheter with SEK 2 million.

³⁾ Divided between Annehem Fastigheter SEK -34 million and IFRS 16, additional leases SEK -23 million.

⁴⁾ Unallocated capital employed.

⁵⁾ Divided between Annehem Fastigheter SEK 2,252 million, IFRS 16, additional leases SEK 1,202 million, housing projects SEK 4,346 million and internal items SEK -123 million.

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

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

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

³⁾ Unallocated capital employed.

⁴⁾ 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	Sep 30, 2021			Sep 30, 2020			Dec 31, 2020			
	MSEK	Level 2	Level 3	Total	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial assets										
Securities held as fixed assets			55	55		67	67		60	60
<i>Of which unlisted funds</i>			32	32		44	44		37	37
<i>Of which unlisted shareholdings and participations</i>			23	23		23	23		23	23
Other current receivables	10			10	6		6	5		5
<i>Of which commodity hedging with futures</i>	9			9	5		5	5		5
<i>Of which currency swaps</i>	1			1	1		1			-
Total financial assets	10	55	65	6	67	73	5	60	65	
Financial liabilities										
Other long-term liabilities	3			3	9		9	8		8
<i>Of which interest rate swaps</i>	3			3	9		9	8		8
Other current liabilities	4			4	5		5	4		4
<i>Of which currency swaps</i>	2			2	1		1	2		2
<i>Of which commodity hedging with futures</i>				-	4		4	2		2
<i>Of which contingent consideration</i>	2			2			-			-
Total financial liabilities	7	-	7	14	-	14	12	-	12	

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			
	MSEK	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Opening balance		37	58	58	23	24	24
Investments		4	3	4			
Sales						-1	-1
Dividends received		-12	-17	-21			
Reported in profit/loss for the period							
Net finance		3	0	-4			
Closing balance		32	44	37	23	23	23

Group	Contingent consideration			
	MSEK	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Opening balance		-	1	1
Aquisitions during the period		2		
Payments during the period			-1	-1
Closing balance		2	-	-

The contingent consideration will amount from SEK 0 million to maximum of SEK 6 million.

Future financial information

- | | |
|--|------------------|
| • Year-end Report January – December 2021 | February 4, 2022 |
| • Annual and Sustainability Report 2021 | April 2022 |
| • Quarterly Report January – March 2022 and Annual General Meeting | May 5, 2022 |
| • Quarterly Report January – June 2022 | July 15, 2022 |
| • Quarterly Report January – September 2022 | October 28, 2022 |

Förslöv, October 27, 2021

Jesper Göransson
CEO and President

Presentation of the quarterly report

This quarterly report will be presented digitally and on a phone conference Wednesday, October 27, 2021 at 09.00 a.m. by the President and CEO Jesper Göransson and CFO Niclas Winkvist. The presentation will be held in Swedish and is available via <https://www.peab.com/financial-info/>.

Call one of the following telephone numbers to participate:

- From Sweden: +46 8 5055 83 75
- From Great Britain: +44 3333 00 90 35

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 October 27, 2021, 08:00 a.m. CET.

Review report

We have reviewed the condensed interim financial information (interim report) for Peab AB (publ) as of September 30, 2021 and for the nine month period which ended on this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Förslöv, October 27, 2021
Ernst & Young AB

Jonas Svensson
Authorized Public Accountant

Quarterly data

Group, IFRS

MSEK	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019
Net sales	15,488	14,807	11,124	15,989	16,204	15,789	11,870	15,455	12,869
Production costs	-13,868	-13,219	-10,440	-14,159	-14,463	-14,127	-10,962	-13,869	-11,717
Gross profit	1,620	1,588	684	1,830	1,741	1,662	908	1,586	1,152
Sales and administrative expenses	-673	-884	-820	-914	-717	-962	-766	-751	-604
Distribution of Annehem Fastigheter	-	-	-	952	-	-	-	-	-
Other operating income	67	51	38	84	72	36	37	93	122
Other operating costs	11	0	-16	-10	-9	-13	-9	-95	-6
Operating profit	1,025	755	-114	1,942	1,087	723	170	833	664
Financial income	29	15	30	23	18	15	40	31	14
Financial expenses	-48	-43	-38	-55	-55	-34	-129	-62	-35
Net finance	-19	-28	-8	-32	-37	-19	-89	-31	-21
Pre-tax profit	1,006	727	-122	1,910	1,050	704	81	802	643
Tax	-226	-152	23	-181	-210	-160	-13	-149	-104
Profit for the period	780	575	-99	1,729	840	544	68	653	539
Profit for the period, attributable to:									
Shareholders in parent company	780	575	-99	1,730	840	543	69	653	539
Non-controlling interests	0	0	0	-1	0	1	-1	0	0
Profit for the period	780	575	-99	1,729	840	544	68	653	539
Key ratios, IFRS									
Earnings per share, SEK	2.65	1.95	-0.34	5.87	2.85	1.84	0.23	2.21	1.83
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)	26,840	25,849	25,019	24,435	27,729	28,829	25,830	26,336	26,371
Equity (closing balance)	12,500	11,694	12,517	12,443	12,874	12,043	11,560	11,559	10,966

Business areas

MSEK	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019
Net sales									
Construction	5,989	6,648	6,196	7,448	5,798	7,123	6,620	8,371	6,520
Civil Engineering	3,285	3,743	3,090	3,600	3,041	3,432	2,770	3,792	3,257
Industry	6,198	5,247	2,204	4,929	6,233	5,343	2,215	3,592	3,820
Project Development	2,741	1,929	1,710	1,804	1,750	1,977	1,969	2,684	2,015
– of which Property Development	33	33	30	71	71	111	122	179	180
– of which Housing Development	2,708	1,896	1,680	1,733	1,679	1,866	1,847	2,505	1,835
Group functions	318	327	301	317	298	308	283	325	289
Eliminations	-2,410	-2,725	-2,285	-2,674	-2,283	-2,665	-2,219	-2,906	-2,600
Group, segment reporting	16,121	15,169	11,216	15,424	14,837	15,518	11,638	15,858	13,301
Adjustment of housing to IFRS	-633	-362	-92	560	1,384	295	252	-403	-432
IFRS 16, additional leases									
Annehem Fastigheter				36 ¹⁾	47	48	40		
Eliminations				-31	-64	-72	-60		
Group, IFRS	15,488	14,807	11,124	15,989	16,204	15,789	11,870	15,455	12,869
Operating profit									
Construction	164	187	151	197	137	183	146	207	150
Civil Engineering	109	146	52	131	92	127	41	132	76
Industry	576	339	-397	397	471	303	-66	363	360
Project Development	326	252	213	1,195	162	138	174	278	221
– of which Property Development	70	29	10	961	13	-17	25	28	34
– of which Housing Development	256	223	203	234	149	155	149	250	187
Group functions	-64	-95	-82	-132	-14	-81	-83	-130	-10
Eliminations	-10	-5	-10	37	-4	-9	-1	-53	-34
Group, segment reporting	1,101	824	-73	1,825	844	661	211	797	763
Adjustment of housing to IFRS	-86	-69	-49	95	226	57	-47	30	-105
IFRS 16, additional leases	10	0	8	12	12	6	4	6	6
Annehem Fastigheter				13 ¹⁾	5	6	6		
Eliminations				-3	0	-7	-4		
Group, IFRS	1,025	755	-114	1,942	1,087	723	170	833	664
Operating margin, %									
Construction	2.7	2.8	2.4	2.6	2.4	2.6	2.2	2.5	2.3
Civil Engineering	3.3	3.9	1.7	3.6	3.0	3.7	1.5	3.5	2.3
Industry	9.3	6.5	-18.0	8.1	7.6	5.7	-3.0	10.1	9.4
Project Development	11.9	13.1	12.5	66.2	9.3	7.0	8.8	10.4	11.0
– of which Property Development	212.1	87.9	33.3	1,353.5	18.3	-15.3	20.5	15.6	18.9
– of which Housing Development	9.5	11.8	12.1	13.5	8.9	8.3	8.1	10.0	10.2
Group functions									
Eliminations									
Group, segment reporting	6.8	5.4	-0.7	11.8	5.7	4.3	1.8	5.0	5.7
Adjustment of housing to IFRS									
IFRS 16, additional leases									
Annehem Fastigheter				36.1 ¹⁾	10.6	12.5	15.0		
Eliminations									
Group, IFRS	6.6	5.1	-1.0	12.1	6.7	4.6	1.4	5.4	5.2
Key ratios, segment reporting, MSEK									
Earnings per share, SEK	2.89	2.18	-0.19	5.62	2.25	1.72	0.41	2.10	2.14
Capital employed (closing balance)	20,691	19,867	19,659	19,434	21,086	22,390	19,927	21,617	21,999
Equity (closing balance)	13,556	12,654	13,408	13,251	12,637	12,852	12,349	12,479	11,992
Orders received	13,865	13,094	14,446	12,189	11,718	13,220	12,608	12,096	9,349
Order backlog at the end of the period	46,280	46,684	47,286	42,709	44,722	46,123	44,151	42,494	43,821

¹⁾ 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.

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. Shows profit per share.

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. Shows equity per share.

Net debt

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

Net debt, segment reporting

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

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. Shows how large investments are.

Operating margin

Operating profit as a percentage of net sales. Shows profitability of the business.

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. Shows how much will be produced in the future.

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/loss in 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 58 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.