

# Year-end report

JANUARY – DECEMBER 2022



Swing Plus  
Esbo, Finland



**PEAB**  
THE NORDIC COMMUNITY BUILDER

# Stable profit in challenging times

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 our accounting principles and the differences between segment reporting and reporting according to IFRS, see note 1 and 3. For information on alternative performance measures, see the section Alternative performance measures and definitions.

## Summary according to segment reporting

### October – December 2022

- Net sales SEK 17,048 million (17,520)
- Operating profit SEK 853 million (1,246). The comparable quarter included repayment of AGS premiums of SEK 179 million
- Operating margin 5.0 percent (7.1)
- Pre-tax profit SEK 818 million (1,240)
- Earnings per share SEK 1.89 (3.62)
- Orders received SEK 10,455 million (14,443)
- Cash flow before financing SEK -897 million (2,465)

### January – December 2022

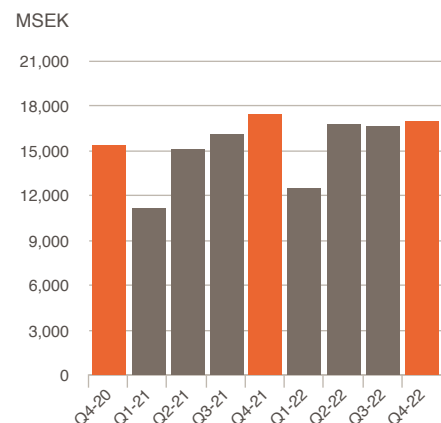
- Net sales SEK 63,135 million (60,026)
- Operating profit SEK 2,741 million (3,098)
- Operating margin 4.3 percent (5.2)
- Pre-tax profit SEK 2,670 million (3,076)
- Earnings per share SEK 6.98 (8.50)
- Orders received SEK 53,259 million (55,848)
- Order backlog SEK 44,389 million (45,318)
- Cash flow before financing SEK -1,955 million (3,041)
- Net debt SEK 6,899 million (2,404)
- Net debt/equity ratio 0.5 (0.2)
- The Board proposes a dividend of SEK 4.00 (5.00) per share

## Group

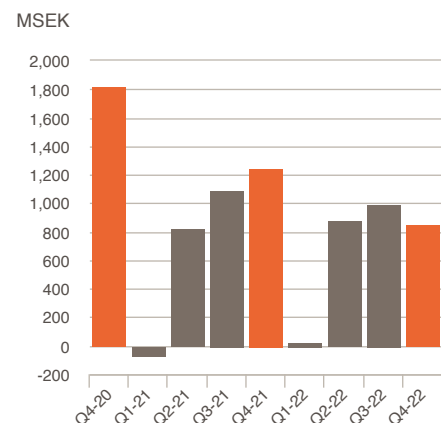
MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>Segment reporting</b>				
Net sales	17,048	17,520	63,135	60,026
Operating profit	853	1,246	2,741	3,098
Operating margin, %	5.0	7.1	4.3	5.2
Pre-tax profit	818	1,240	2,670	3,076
Profit for the period	542	1,067	2,037	2,507
Earnings per share, SEK	1.89	3.62	6.98	8.50
Return on equity, % <sup>1)</sup>	14.0	18.5	14.0	18.5
Return on capital employed, % <sup>1)</sup>	12.2	15.6	12.2	15.6
Net debt	6,899	2,404	6,899	2,404
Net debt/equity ratio, multiple	0.5	0.2	0.5	0.2
Equity/assets ratio, %	34.7	36.3	34.7	36.3
Cash flow before financing	-897	2,465	-1,955	3,041
Number of employees <sup>1)</sup>	15,555	15,454	15,555	15,454
<b>Reporting according to IFRS</b>				
Net sales, IFRS	17,141	17,504	61,933	58,923
Operating profit, IFRS	886	1,309	2,557	2,975
Pre-tax profit, IFRS	840	1,291	2,440	2,902
Profit for the period, IFRS	558	1,121	1,831	2,377
Earnings per share, IFRS, SEK	1.93	3.80	6.27	8.06
Net debt, IFRS	16,681	10,515	16,681	10,515
Equity/assets ratio, IFRS, %	27.0	29.0	27.0	29.0
Cash flow before financing, IFRS	-504	1,619	-3,159	1,052

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

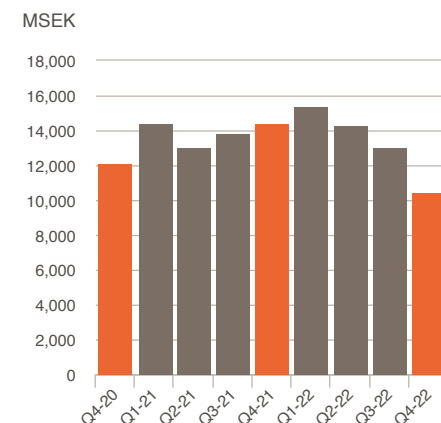
### Net sales



### Operating profit



### Orders received



# Comments from the CEO

For 2022 Peab reported a stable profit in challenging times. With our high order backlog and strong financial position, combined with our broad business model, we can handle a multitude of circumstances in different segments and geographies.

## Group development

Group net sales increased by five percent in 2022 and amounted to SEK 63,135 million (60,026). Continued high material and energy costs are behind most of the increase in net sales. Operating profit was SEK 2,741 million (3,098) and the operating margin, which was impacted by the higher costs, was 4.3 percent (5.2). During the year we have continued to invest in our operations which, together with more tied-up working capital, charged cash flow before financing that amounted to SEK -1,955 million (3,041).

## Business area development

Net sales in business area Construction increased by seven percent in 2022, with increases in all our three countries. The operating margin contracted to 2.2 percent (2.6) and we feel the impact of cost increases in all the countries. Net sales in business area Civil Engineering grew by six percent and the increase stems from Infrastructure and Operations and maintenance. The operating margin was unchanged at 3.3 percent (3.3). The combined operating margin for both construction contract businesses amounted to 2.6 percent (2.9).

Net sales in business area Industry increased by 14 percent during the year. The operating margin was 3.5 percent (5.0). Higher costs for energy and fuel had a negative effect primarily on paving and mineral aggregates operations while the other segments of the business area reported improved profitability.

In business area Project Development net sales contracted and amounted to SEK 8,661 million (9,497), the reduction being greatest in Housing Development. Demand for housing has gone down in all countries, mostly in the second half of the year, which has led to a lower rate of home sales and fewer production starts. The market is undeniably cautious concerning any kind of home due to rising interest rates and uncertainty about the economy. The operating margin in Housing Development was 11.5 percent (11.2). The dwindling rate of home sales has a negative impact on the conditions for production-starts going forward. The sales degree per December 31, 2022 was 69 percent (76) in ongoing projects.



**“With our high order backlog and strong financial position, combined with our broad business model, we can handle a multitude of circumstances in different segments and geographies.”**

## Order situation

The level of orders received in the last quarter of the year amounted to SEK 10.5 billion (14.4). The level of orders received in business area Industry was higher than in the comparable quarter 2021 while it was lower in business areas Construction and Project Development. Order backlog yet to be produced at the end of the period was SEK 44.4 billion (45.3), which thereby continues to be on a high level. Of the total order backlog 35 percent (34) will be produced after 2023 (2022).

## Target outcome

For the second year in a row we present the status of all our nine external targets. How well we have achieved our targets varies and has been affected by the rather challenging market circumstances. We have surpassed our targets regarding the Customer Satisfaction Index, recommend Peab as an employer (eNPS) and our target for equal opportunity recruitment. However, the trend for serious accidents has gone in the wrong direction during the year and we have not met our target of a contracting number of serious accidents in 2022. In order to augment our safety culture and turn the tide, we have intensified our efforts in taking preventative work environment measures. Carbon dioxide intensity is developing in the right direction for our two climate-related targets, although the reduction in input goods and purchased services is smaller than in our own production.

When it comes to our financial targets our first target is to over time have an operating margin that surpasses 6 percent. In 2022 it fell from 5.2 to 4.3 percent due to cost inflation and the worsening market situation.



Our second financial target, the net debt/equity ratio, was 0.5 at the end of the year which is within the target interval 0.3-0.7. During the year we have continued to invest in, above all, our capital intense operations. In addition, we carried out a program for repurchasing our own shares.

## Market and prospects for the future

In the past few years we have handled the pandemic, the energy crisis and cost inflation resulting from the war in Ukraine, and now we are also adjusting to higher interest rates. Market developments during the year have been weaker than most analysts had expected. Our market assessments are based on Navet's forecasts that show Nordic market prospects in construction and civil engineering have been dropped further down for 2023, mainly due to a declining housing market. Higher interest rates and high inflation make it harder to calculate what comes out ahead, and therefore fewer housing projects of all kind are starting up. Demand is expected to be more stable in other areas such as public building construction, civil engineering and investments associated with green transition.

Construction material prices in Sweden have gone up by around 14 percent in 2022 which is a historically high level. However, in the last quarter of the year a slight decline in prices was noted.

We concentrate on continuing to adjust and streamline our operations to keep step with demand on the market in different segments and geographies. We redirect and trim our organization by, among other things, examining our overhead and remedying units where profitability is too low. At the same time our financial clout provides Peab with the ability to take advantage of opportunities that can arise on the weaker market.

Regarding Cementa's permit process for Slite, a decision was handed down by the Supreme Land and Environment Court in December giving Cementa a four year permit to continue quarrying limestone. This secures Swedish deliveries of cement during the period while the company works on an application for a longer period, around 30 years, to ensure long-lasting limestone quarrying in Sweden.

## Fine work by our employees

Market conditions in 2022 have been challenging. We continue to demonstrate how our solid business model with four collaborating Nordic business areas – which creates a broad offer and customer base – makes us less vulnerable in the current market situation. I'm proud of how our employees have thus far handled this difficult market. It's thanks to our some 16,000 employees and their efforts that we continue to stand strong. I therefore want to express a heartfelt thanks to each and every one of my colleagues who, in our rapidly changing world, day after day continue to deliver excellent projects to our customers and strengthen Peab.

## Dividend proposal

Based on Peab's third financial target of distributing dividends of over 50 percent of profit for the year, the Board proposes a dividend of SEK 4.00 (5.00) per share for the financial year 2022. This corresponds to 58 percent of profit for the year according to segment reporting and means we will achieve our financial target regarding dividends while maintaining our financial flexibility.

*Jesper Göransson  
President and CEO*

# Net sales and profit

## October – December 2022

Group net sales decreased by three percent and amounted to SEK 17,048 million (17,520).

Net sales in business area Construction increased by two percent and the increase refers to Finland and Norway. Net sales in business area Civil Engineering increased by eight percent due to greater activity in Infrastructure and Operation and maintenance. Net sales in business area Industry increased by ten percent with increases in all the product areas but most of all in Paving. Net sales in business area Project Development were lower and the drop was primarily in Housing Development, where net sales contracted due to fewer production starts and a low rate of homes sold.

Operating profit for the fourth quarter 2022 amounted to SEK 853 million (1,246) and the operating margin contracted to 5.0 percent (7.1). Higher construction costs and price hikes for energy and certain raw materials have had a negative impact on the operating margin. Included in the comparable quarter was a repayment of SEK 179 million for AGS premiums reported in Group functions.

In business area Construction the operating margin decreased to 2.0 percent (2.6) while business area Civil Engineering had an unchanged operating margin of 4.0 percent (4.0). All in all the operating margin for construction contract operations amounted to 2.7 percent (3.1). Business area Industry reported a lower operating margin of 5.0 percent (8.2) which was largely related to Paving where hikes in energy and fuel prices had a negative effect. The operating profit in Project Development decreased to SEK 309 million (446) while the operating margin increased to 15.6 percent (14.3). In Housing Development the operating margin improved to 14.7 percent (12.0) which was primarily due to capital gains from property sales in the quarter. No major property transactions have taken place in Property Development during the quarter. Last year in the fourth quarter, among other things, an office building in Solna was divested to Annehem Fastigheter.

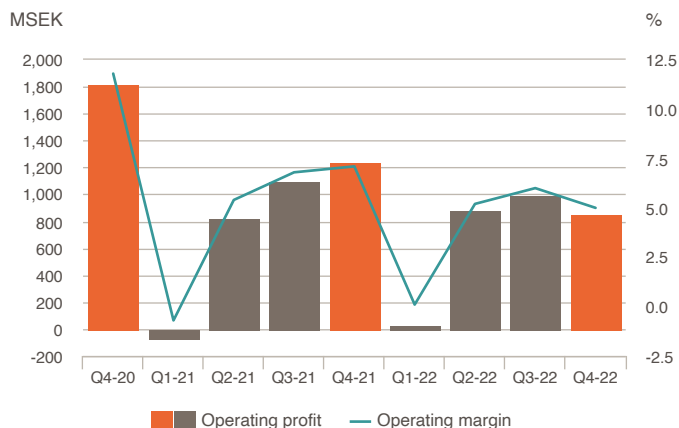
Depreciation and write-downs for the fourth quarter were SEK -365 million (-341).

Elimination and reversal of internal profit in our own projects have affected operating profit during the quarter net by SEK -27 million (-6).

Net financial items amounted to SEK -35 million (-6) of which net interest was SEK -54 million (-15).

Pre-tax profit was SEK 818 million (1,240). Profit for the fourth quarter was SEK 542 million (1,067).

## Operating profit and operating margin, per quarter



Varvsstaden  
Malmö

## January – December 2022

Group net sales increased by five percent and amounted to SEK 63,135 million (60,026). After adjustments for acquired and divested units and exchange rate effects net sales increased by four percent. A large part of the increase is explained by higher material and energy costs which have affected pricing to customers. Of the year's net sales SEK 18,892 million (17,298) were attributable to sales and production outside Sweden. The proportion of public sector customers was 43 percent (42) while private customers represented 57 percent (58) of total net sales.

Net sales in business area Construction increased by seven percent and the increase was related to all countries. Net sales in business area Civil Engineering increased by six percent with increases in Infrastructure and Operation and maintenance. Net sales in business area Industry increased by 14 percent with the increase primarily related to Paving, Concrete and Construction System. In business area Project Development net sales decreased by nine percent where the decrease was mainly generated in Housing Development. Demand for housing has dropped in all the countries, particularly in the second half of the year, which has contributed to a lower sales rate and fewer production starts of homes.

Operating profit for 2022 amounted to SEK 2,741 million (3,098) and the operating margin contracted to 4.3 percent (5.2). During 2021 and 2022 prices for material and energy rose dramatically. We have for the most part handled price hikes and delivery disruptions through adjustments and streamlining but since we have not been able to fully compensate for cost increases they have had negative impact on the operating margin. Last year included a repayment of SEK 179 million for AGS premiums reported in Group functions.

In business area Construction the operating margin contracted to 2.2 percent (2.6) where the effect of rising costs was apparent in all countries. In business area Civil Engineering the operating margin was unchanged at 3.3 percent (3.3). All in all the operating margin for construction contract operations amounted to 2.6 percent (2.9). The operating margin in business area Industry was 3.5 percent (5.0). The operating profit in Paving was lower as a result of higher energy and fuel costs that have not been fully recompensed through higher prices to customers, particularly in Norway, Finland and Denmark. Profitability was also lower in Mineral Aggregates compared to last year, while profitability improved in the other product areas in business area Industry. In business area Project Development the operating margin was unchanged at 13.0 percent compared to last year. In Housing Development the operating margin was 11.5 percent (11.2).

In Property Development profit contributions from partially owned companies were higher during the year. Capital gains from property transactions amounted to SEK 85 million (218) and included the divestiture of a logistics facility in Södertälje to Annehem Fastigheter and a sports arena in Sundsvall to Balder. Last year included the divestiture of office buildings in Helsingborg and Solna to Annehem Fastigheter.

Depreciation and write-downs for the year were SEK -1,349 million (-1,341).

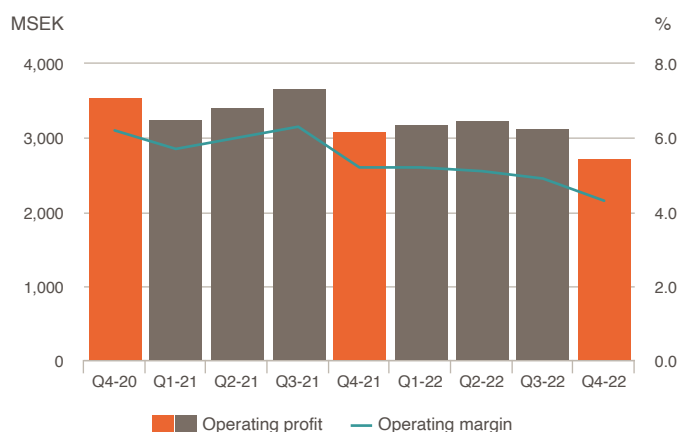
Elimination and reversal of internal profit in our own projects have affected operating profit during the year net by SEK -58 million (-31).

Net financial items amounted to SEK -71 million (-22) of which net interest was SEK -120 million (-59) and exchange rate differences were SEK -6 million (7). Dividends and capitalized interest have had a positive effect on net financial items.

Pre-tax profit was SEK 2,670 million (3,076). Tax for the year was SEK -633 million (-569) corresponding to a tax rate of 24 percent (18). The high tax rate is primarily due to deficits that have not been capitalized and non-deductible pension costs.

Profit for the year was SEK 2,037 million (2,507).

### Operating profit and operating margin, rolling 12 months



### 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 become even stronger due to the acquisition in April 2020 of the paving and mineral aggregates operations in business area Industry.



# Financial position and cash flow

## Financial position

Total assets per December 31, 2022 were SEK 43,220 million (40,330). Equity amounted to SEK 14,978 million (14,656) which means the equity/assets ratio was 34.7 percent compared to 36.3 percent at the end of last year.

Interest-bearing net debt at the end of December 2022 amounted to SEK 6,899 million (2,404). Net debt includes project financing for the unsold part of our own housing development projects as long as they are in production. The unsold part was SEK 2,209 million (958) and the increase is due to a high production rate but a lower level of sales in ongoing production compared to the same time last year. Net debt has also been affected by repurchasing own shares for SEK 500 million (-). The average interest rate in the loan portfolio, including derivatives, was 3.3 percent (1.4) on December 31, 2022.

Group liquid funds according to IFRS, including unutilized credit facilities but excluding project financing, were SEK 7,640 million at the end of the year compared to SEK 10,590 million on December 31, 2021.

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 2,801 million at the end of the year compared to SEK 3,229 million on December 31, 2021. Surety for credit lines in tenant-owner associations regarding the unsold part after deconsolidation made up SEK 97 million of contingent liabilities compared to SEK 19 million on December 31, 2021.

## Investments and divestments

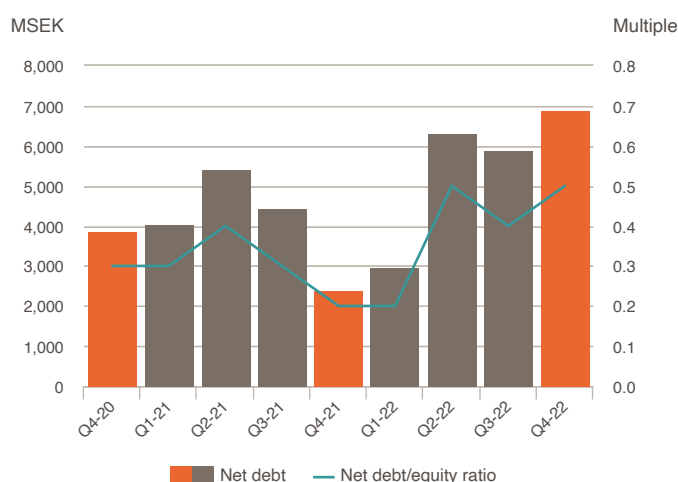
During the quarter tangible and intangible fixed assets were net invested for SEK 830 million (294). The investments refer primarily to investments in machines. During 2022 tangible and intangible fixed assets were net invested for SEK 2,152 million (1,453). The investments refer primarily to investments in machines.

Net investments in project and development properties, which are recognized as inventory items, totaled SEK 1,423 million (1,178) during the quarter. Net investments in project and development properties totaled SEK 2,268 million (1,067) during 2022. Project and development properties include the unsold part of our own ongoing housing development projects.

## Net debt

MSEK	Dec 31 2022	Dec 31 2021
Bank loans	4,075	1,285
Commercial papers	167	1,206
Bonds	2,747	2,746
Financial leasing liabilities	762	699
Project financing, unsold part of housing projects	2,209	958
Other interest-bearing liabilities	62	11
Interest-bearing receivables	-1,617	-1,550
Liquid funds	-1,506	-2,951
<b>Net debt, segment reporting</b>	<b>6,899</b>	<b>2,404</b>
Additional leasing liabilities according to IFRS 16	1,749	1,720
Project financing, sold part of housing projects	8,033	6,391
<b>Net debt, IFRS</b>	<b>16,681</b>	<b>10,515</b>

## Net debt and net debt/equity ratio



## Cash flow

### October – December 2022

Cash flow from current operations was SEK -21 million (2,452), of which cash flow from changes in working capital was SEK -1,226 million (779). The negative change in working capital derives from all the business areas although a large part is related to business area Project Development through investments in project and development property. Dividends of SEK 165 million (196) from partially owned companies were included in cash flow from current operations.

Cash flow from investment activities was SEK -876 million (13). Investments mainly consisted of machines and vehicles in business area Industry as well as business combinations in business area Civil Engineering. In addition, business area Project Development increased its exposure and lending to joint ventures. Besides machine investments in Industry, last year included business combinations in business area Civil Engineering and increased exposure to joint ventures in Project Development.

Cash flow before financing was SEK -897 million (2,465).

Cash flow from financing operations amounted to SEK 603 million (-318), of which repurchasing own shares was SEK -82 million (-).

### January – December 2022

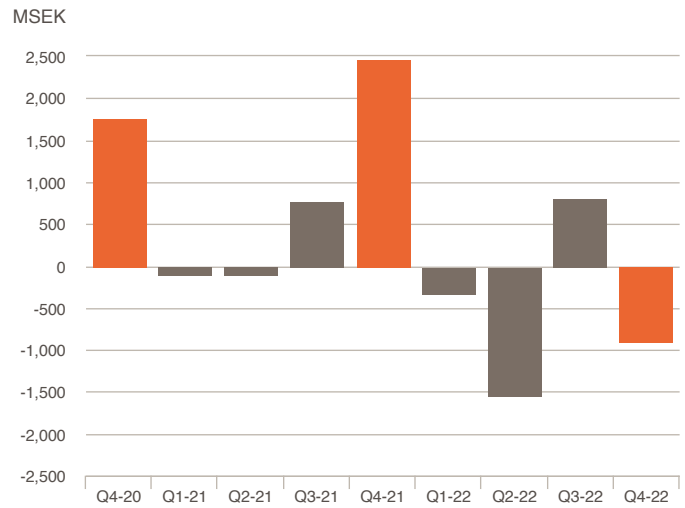
Cash flow from current operations amounted to SEK -352 million (4,807), of which cash flow from changes in working capital was SEK -3,521 million (874). The negative cash flow from changes in working capital derives from all business areas. Cash flow from current operations included dividends from partially owned companies of SEK 185 million (307).

Cash flow from investment activities was SEK -1,603 million (-1,766). Investments during the year mainly consisted of machines and vehicles in business area Industry as well as business combinations in business area Civil Engineering. In addition, business area Project Development increased its exposure and lending to joint ventures. Besides machine investments in Industry, last year included business combinations in business area Civil Engineering and increased exposure to joint ventures in Project Development.

Cash flow before financing was SEK -1,955 million (3,041).

Cash flow from financing operations amounted to SEK 483 million (-1,082), of which paid dividends were SEK -1,475 million (-1,327) and repurchasing of own shares was SEK -500 million (-).

## Cash flow before financing



# Order situation

## October – December 2022

Orders received in the fourth quarter 2022 contracted and amounted to SEK 10,455 million compared to SEK 14,443 million for the same quarter last year. Included in orders received is a large portion of other building construction for the public sector while last year housing projects made up a large part.

Orders received contracted in business area Construction during the quarter while they were relatively unchanged in business area Civil Engineering. Orders received in business area Industry increased compared to the fourth quarter 2021. Orders received contracted in business area Project Development as a result of fewer production starts of our own housing developments.

## January – December 2022

Orders received in 2022 amounted to SEK 53,259 million compared to SEK 55,848 million last year.

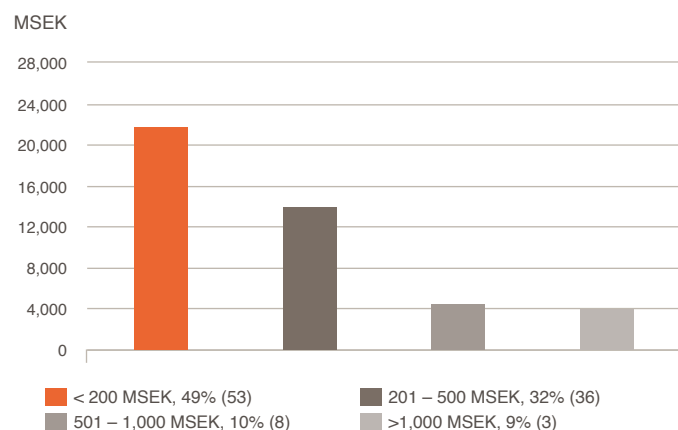
### Orders received

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Construction	6,321	9,561	27,732	30,903
Civil Engineering	2,904	3,016	14,877	14,819
Industry	3,127	2,255	12,788	10,568
Project Development	453	3,085	6,019	9,981
Eliminations	-2,350	-3,474	-8,157	-10,423
<b>Group</b>	<b>10,455</b>	<b>14,443</b>	<b>53,259</b>	<b>55,848</b>

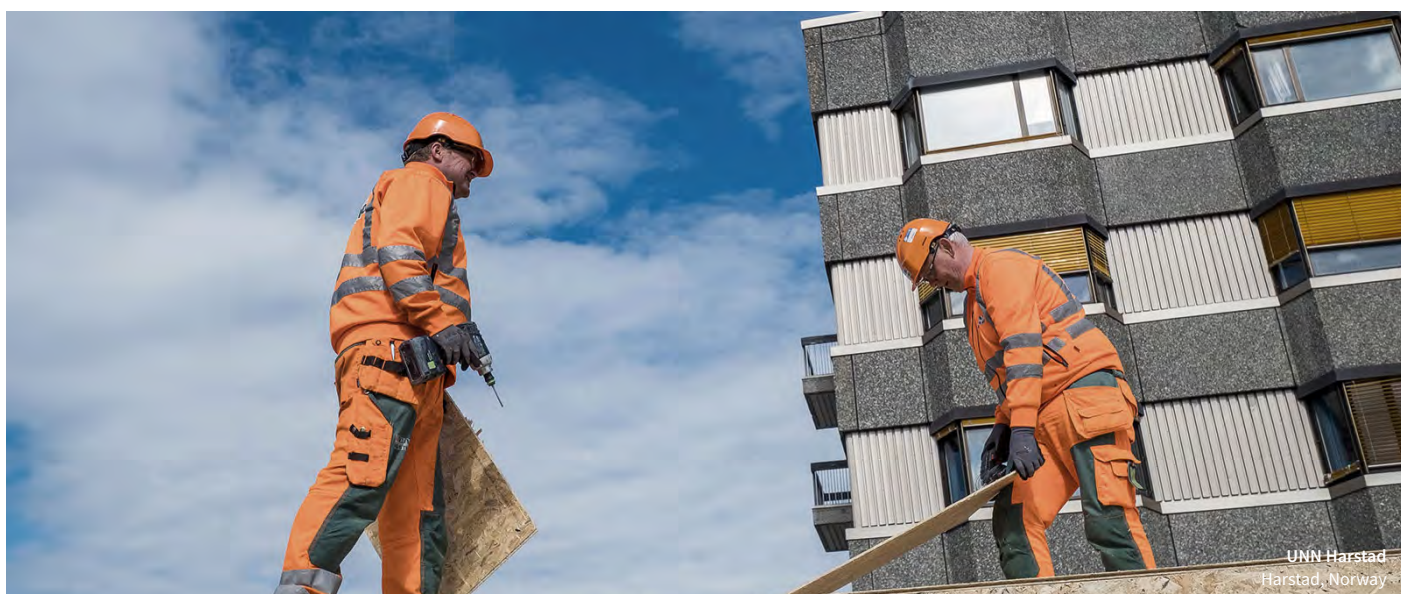
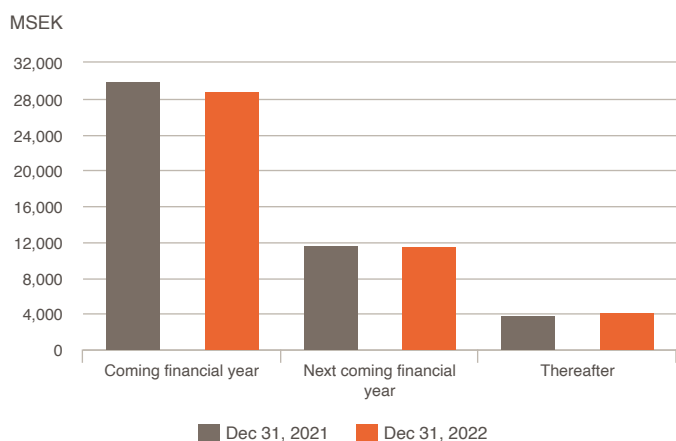
### Order backlog

MSEK	Dec 31 2022	Dec 31 2021
Construction	29,604	30,142
Civil Engineering	13,939	13,955
Industry	4,273	3,886
Project Development	5,447	6,555
Eliminations	-8,334	-9,220
<b>Group</b>	<b>44,389</b>	<b>45,318</b>

### Project size of order backlog, December 31, 2022



### Order backlog allocated over time



UNN Harstad  
Harstad, Norway



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

- Construction of 84 homes in central Kungälv. The customer is Aranäs fastigheter. The contract is worth SEK 182 million.
- Construction of a new combustion plant in Norwegian Finnsnes. The customer is Senja Avfall. The contract is worth NOK 118 million.
- Rebuilding of Högländ Hospital in Eksjö. The customer is regional properties, Region Jönköping County. The contract is worth SEK 300 million.
- Construction of a parking garage in Jyväskylä. The customer is Jyvä-Parkki Oy. The contract is worth EUR 19 million.
- Construction of a new school in Ålesund. The customer is Ålesund Municipality. The contract is worth NOK 177 million.
- Rebuilding of Kungsgatan in Stockholm. The customer is the city of Stockholm. The contract is worth SEK 136 million.
- Construction of a new school in Ørsta. The customer is Ørsta Municipality. The contract is worth NOK 117 million.
- Construction of an ice skating rink in Landskrona. The customer is Landskrona City. The contract is worth SEK 161 million.
- Rebuilding of Spiralen Köpcentrum in Norrköping. The customer is Fastighets AB L E Lundberg. The contract is worth SEK 109 million.
- Construction of new ice skating rink in Alingsås. The customer is Alingsåshem. The contract is worth SEK 218 million.
- Construction of offices and examination halls at Umeå University. The customer is Akademiska Hus. The contract is worth SEK 280 million.
- Rebuilding of Highway 27 between Backaryd and Hallabro. The customer is the Swedish Transport Administration. The contract is worth SEK 354 million.
- Construction of 397 apartments in the project Ekebäckshöjd in Högsbohöjd. The customer is Stena Fastigheter Göteborg AB. The contract is worth SEK 565 million.

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

- Brf Havsbrisen in Helsingborg comprising 57 apartments. The property is highly focused on sustainability including eco-labeled electricity, solar panels and sedum roofs. It will be built with ECO-Betong (ECO-Concrete) and certified according to the Swan environmental certification. In addition, the apartments will have a sorting waste water system which reduces both water consumption and greenhouse gas emissions. The project is expected to be completed in the fourth quarter 2024.
- Borgundfjorden Panorama in Ålesund comprising 57 apartments. The property will have a well-thought out management and maintenance program and will be highly energy efficient. The project is expected to be completed in March 2025.
- Kjellemo BRL in Skien comprising 16 apartments. Peab has already built 126 apartments in the area. The apartment buildings are constructed of wood with Norwegian material and built by Peab's local employees. The project is expected to be completed in the first quarter 2024.

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

- One-year municipal contract in Linköping worth SEK 42 million.
- One-year municipal contract in Eskilstuna worth SEK 17 million.
- Two-year municipal contract in Marks Municipality worth SEK 10 million.
- Three-year regional contract in Örebro, Laxå, Ramsberg and Hallsberg worth SEK 36 million.
- Three-year regional contract in Katrineholm, Flen, Gnesta and Eskilstuna worth SEK 31 million.
- Two-year municipal contract in Kuopio worth EUR 6.4 million.
- One-year municipal contract in Helsinki worth EUR 1.7 million.

# Overview business areas

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

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

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

## Net sales and operating profit per business area

MSEK	Net sales				Operating profit			
	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Construction	8,330	8,147	28,999	26,980	166	209	629	711
Civil Engineering	4,405	4,062	14,965	14,180	175	164	494	471
Industry	5,658	5,138	21,433	18,787	283	420	747	938
Project Development	1,986	3,117	8,661	9,497	309	446	1,127	1,237
– of which Property Development	11	425	494	521	19	122	187	231
– of which Housing Development	1,975	2,692	8,167	8,976	290	324	940	1,006
Group functions	409	368	1,532	1,314	-53	13	-198	-228
Eliminations	-3,740	-3,312	-12,455	-10,732	-27	-6	-58	-31
<b>Group, segment reporting</b>	<b>17,048</b>	<b>17,520</b>	<b>63,135</b>	<b>60,026</b>	<b>853</b>	<b>1,246</b>	<b>2,741</b>	<b>3,098</b>
Adjustment housing to IFRS	93	-16	-1,202	-1,103	25	52	-219	-152
IFRS 16, additional leases	-	-	-	-	8	11	35	29
<b>Group, IFRS</b>	<b>17,141</b>	<b>17,504</b>	<b>61,933</b>	<b>58,923</b>	<b>886</b>	<b>1,309</b>	<b>2,557</b>	<b>2,975</b>
<i>Of which construction contract businesses according to segment reporting (Construction and Civil Engineering)</i>	<i>12,735</i>	<i>12,209</i>	<i>43,964</i>	<i>41,160</i>	<i>341</i>	<i>373</i>	<i>1,123</i>	<i>1,182</i>

Percent	Operating margin			
	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Construction	2.0	2.6	2.2	2.6
Civil Engineering	4.0	4.0	3.3	3.3
Industry	5.0	8.2	3.5	5.0
Project Development	15.6	14.3	13.0	13.0
– of which Property Development	172.7	28.7	37.9	44.3
– of which Housing Development	14.7	12.0	11.5	11.2
Group functions				
Eliminations				
<b>Group, segment reporting</b>	<b>5.0</b>	<b>7.1</b>	<b>4.3</b>	<b>5.2</b>
Adjustment housing to IFRS				
IFRS 16, additional leases				
<b>Group, IFRS</b>	<b>5.2</b>	<b>7.5</b>	<b>4.1</b>	<b>5.0</b>
<i>Of which construction contract businesses according to segment reporting (Construction and Civil Engineering)</i>	<i>2.7</i>	<i>3.1</i>	<i>2.6</i>	<i>2.9</i>

# 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 twelve 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

### October – December 2022

Net sales for the fourth quarter 2022 increased by two percent and amounted to SEK 8,330 million (8,147). The increase was generated in Finland and Norway. Net sales have been affected by higher costs for material and energy, which has increased prices to customers.

Operating profit decreased to SEK 166 million (209) and the operating margin contracted to 2.0 percent (2.6). Higher costs for material and energy have for the most part been managed by raising customer prices as well as making adjustments and streamlining, but since we have not been able to completely compensate cost increases they have had a negative impact on the operating margin.

### January – December 2022

Net sales increased by seven percent and amounted to SEK 28,999 million (26,980). The increase is attributable to all countries and is mainly explained by higher costs for material and energy, which has affected prices to customers.

Operating profit for the year amounted to SEK 629 million (711) and the operating margin was 2.2 percent (2.6). The operating margin declined in all countries. During 2021 and 2022 there have been significant price hikes for material and energy as well as delivery disturbances. They have for the most part been managed by raising customer prices as well as making adjustments and streamlining but since we have not been able to completely compensate cost increases they have had a negative impact on the operating margin.

## Orders received and order backlog

### October – December 2022

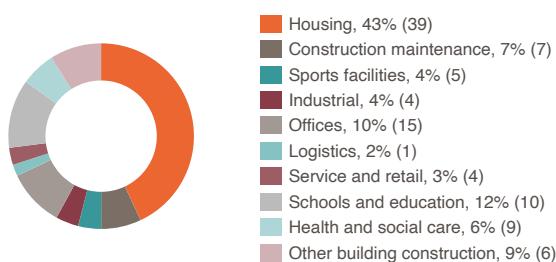
Orders received amounted to SEK 6,321 million (9,561). Included in orders received is a higher portion of other building construction compared to the fourth quarter last year when housing projects made up a large part. Orders received are well spread geographically.

### January – December 2022

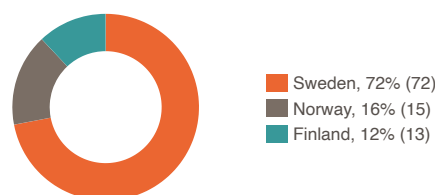
Orders received during 2022 were SEK 27,732 million (30,903). Orders received are well spread among products and geographically although the proportion of housing was lower in 2022 compared to last year. Orders received included around SEK 2 billion for the project to renovate and build up the southern section of the Sperlingens Backe block at Stureplan in downtown Stockholm for Sturegalierian AB. Order backlog on December 31, 2022 decreased and amounted to SEK 29,064 million compared to SEK 30,142 million at the end of 2021.

## Net sales

### per product area, 2022

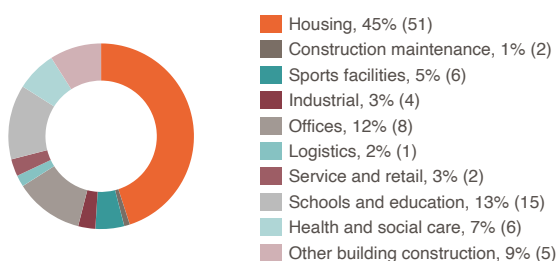


### per geographic market, 2022

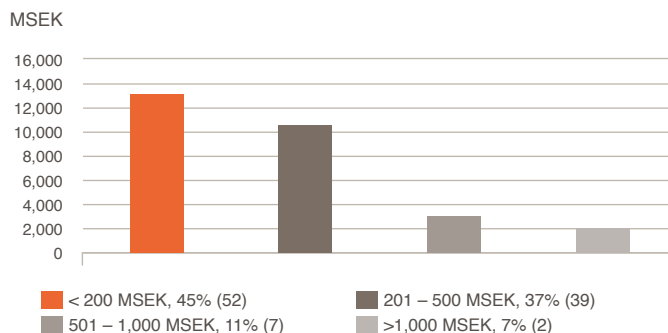


## Order backlog, December 31, 2022

### per product area



### per project size



## Key ratios

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales, MSEK	8,330	8,147	28,999	26,980
Operating profit, MSEK	166	209	629	711
Operating margin, %	2.0	2.6	2.2	2.6
Orders received, MSEK	6,321	9,561	27,732	30,903
Order backlog, MSEK	29,064	30,142	29,064	30,142
Operating cash flow, MSEK	-14	669	-79	1,654
Number of employees <sup>1)</sup>	5,852	5,796	5,852	5,796

<sup>1)</sup> 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 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 as well as offers services in power and electricity distribution. 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

### October – December 2022

Net sales for the fourth quarter 2022 increased by eight percent to SEK 4,405 million (4,062). The increase is explained by greater activity in Infrastructure and Operation and maintenance. Operating profit amounted to SEK 175 million (164) and the operating margin was unchanged at 4.0 percent (4.0). Higher construction and energy costs have in general been compensated by charging higher prices to customers but have had a negative effect on the operating margin.

### January – December 2022

Net sales during 2022 increased by six percent and amounted to SEK 14,965 million (14,180). The increase is mainly related to Infrastructure and Operating and maintenance. Adjusted for acquisitions and exchange rate effects net sales increased by five percent. Net sales are well spread among different product areas.

Operating profit for year was SEK 494 million (471) and the operating margin was 3.3 percent (3.3). Prices for material and energy rose considerably during 2021 and 2022. We have handled the price hikes as well as delivery disturbances through adjusting and streamlining operations, but since we have not been able to completely compensate cost increases they have had a negative impact on the operating margin.

## Orders received and order backlog

### October – December 2022

Orders received during the fourth quarter 2022 amounted to SEK 2,904 million (3,016). Orders received are well spread in product areas and geographically.

### January – December 2022

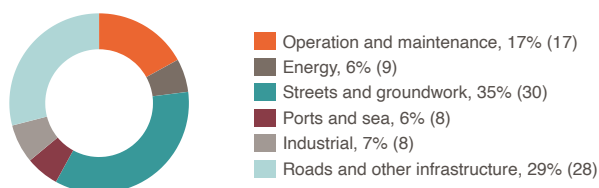
Orders received during 2022 increased to SEK 14,877 million (14,819). Orders received included rebuilding the lock canal in Södertälje for SEK 1.5 billion for The Swedish Transport Administration. Order backlog on December 31, 2022 amounted to SEK 13,939 million (13,955). Roads and other infrastructure generated the largest portion of order backlog at 40 percent (36).

## Acquisition of civil engineering company in Larvik

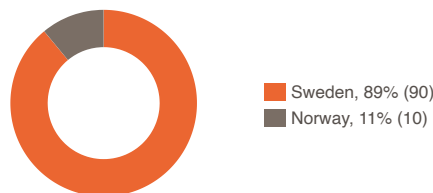
Peab has acquired 90.4 percent of the shares in civil engineering company Arne Olav Lund A/S (AOL) based in Larvik. This acquisition reinforces Peab's civil engineering business in Norway. The company is domiciled in Larvik and in 2021 had net sales of around NOK 315 million. AOL works throughout eastern Norway with production and improvement of roads, water lines and waste water as well as with groundwork and landscaping. The transaction was conditional on approval from the competition authority. Takeover took place in December 2022.

## Net sales

### per product area, 2022

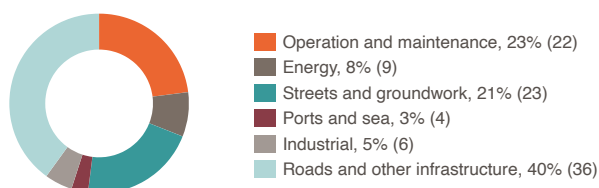


### per geographic market, 2022

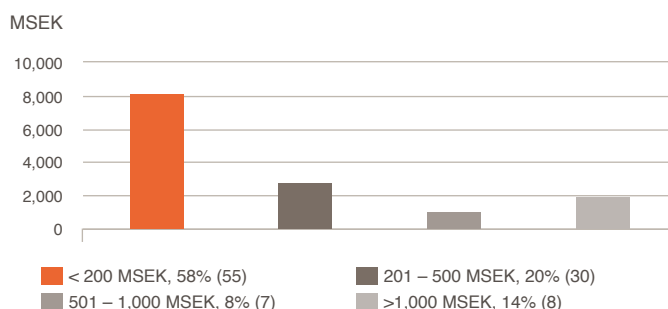


## Order backlog, December 31, 2022

### per product area



### per project size



## Key ratios

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales, MSEK	4,405	4,062	14,965	14,180
Operating profit, MSEK	175	164	494	471
Operating margin, %	4.0	4.0	3.3	3.3
Orders received, MSEK	2,904	3,016	14,877	14,819
Order backlog, MSEK	13,939	13,955	13,939	13,955
Operating cash flow, MSEK	-211	220	-114	921
Number of employees <sup>1)</sup>	3,568	3,634	3,568	3,634

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

# Business area Industry

Business area Industry provides the products and services needed to carry out sustainable and cost-efficient construction and civil engineering projects on the Nordic market. With local roots we 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

### October – December 2022

Net sales for the fourth quarter 2022 increased by ten percent and amounted to SEK 5,658 million (5,138). The increase is related to all product areas but, above all, Paving. The higher price for bitumen in Paving as well as higher material and energy costs in other product areas have affected prices to customers. Operating profit was SEK 283 million (420) and the operating margin amounted to 5.0 percent (8.2). The lower operating margin is largely due to Paving where higher energy and fuel costs have had a negative effect.

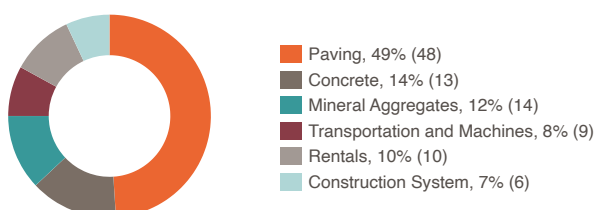
### January – December 2022

Net sales for the year increased by 14 percent and amounted to SEK 21,433 million (18,787). Adjusted for acquired and divested units and exchange rate effects, net sales increased by 12 percent. The increase was primarily related to Paving, Concrete and Construction System. The higher price for bitumen in Paving as well as higher material and energy costs in other product areas have affected prices to customers.

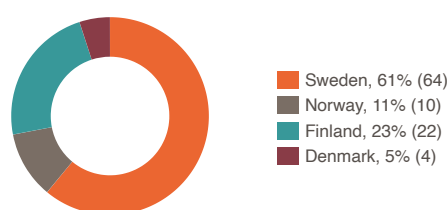
Operating profit amounted to SEK 747 million (938) and the operating margin was 3.5 percent (5.0). The operating profit in Paving was lower as a result of higher energy and fuel costs that have not been fully recompensed through higher prices to customers, particularly in Norway, Finland and Denmark. Profitability was also lower in Mineral Aggregates compared to last year, while profitability improved in the other product areas in business area Industry.

## Net sales

### per product area, 2022



### per geographic market, 2022



## Key ratios

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales, MSEK	5,658	5,138	21,433	18,787
Operating profit, MSEK	283	420	747	938
Operating margin, %	5.0	8.2	3.5	5.0
Orders received, MSEK	3,127	2,255	12,788	10,568
Order backlog, MSEK	4,273	3,886	4,273	3,886
Capital employed at the end of the period, MSEK	10,807	9,266	10,807	9,266
Operating cash flow, MSEK	498	945	-518	507
Number of employees <sup>1)</sup>	5,124	5,110	5,124	5,110
Concrete, thousands of m <sup>3</sup> <sup>2)</sup>	341	385	1,349	1,379
Paving, thousands of tons <sup>2)</sup>	1,587	2,047	7,185	7,431
Mineral Aggregates, thousands of tons <sup>2)</sup>	7,495	8,290	28,947	31,762

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

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

Capital employed at the end of the year was SEK 10,807 million compared to SEK 9,266 million at the end of the last year. The increase is mainly explained by the increase in working capital and machine investments as well as the expansion of two production plants for concrete elements.

## Orders received and order backlog

### October – December 2022

Orders received during the fourth quarter 2022 amounted to SEK 3,127 million (2,255).

### January – December 2022

Orders received during the year amounted to SEK 12,788 million (10,568). Order backlog on December 31, 2022 was SEK 4,273 million (3,886).

## Acquisition of Asfaltti-System Oy

On July 1, 2022 Peab acquired Asfaltti-System Oy, a company in Kouvola in southern Finland that works with manufacturing components and maintenance in the asphalt and concrete industry. The acquisition strengthens Peab Industry's maintenance and service operations. Net sales in the acquired company were EUR 4.4 million for the financial year 2021/2022 and the company has 35 employees. Asfaltti-System Oy will provide services to Peab's Nordic operations in both asphalt and factory concrete.

## Byggelement doubles production capacity of concrete elements

Byggelement, one of Sweden's leading suppliers of complete frame systems in concrete and prefab concrete elements, invests almost a half billion Swedish kronas to increase production in its plants in Ucklum and Hallstahammar. The factories will thereby become complete suppliers of highly industrialized products and will be able to produce concrete elements containing at least 50 percent alternative binder as standard. The expansion in Ucklum is expected to be finished in the fall of 2023 and in Hallstahammar at the end of 2023 – beginning of 2024.

# Business area Project Development

Business area Project Development, which comprises Housing Development and Property Development, creates sustainable and vibrant urban environments with residential, commercial and public property.

The business area is responsible for the Group's property acquisitions and divestitures as well as project development which generates contract work for the other business areas. Project Development works through wholly owned companies or in collaboration with other partners in joint ventures. 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.

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 processes and develops office buildings, premises and sometimes entire city boroughs in collaboration with municipalities and other partners. Operations are primarily concentrated to the big city areas throughout the Nordic region.

## Net sales and profit

### October – December 2022

Net sales for the fourth quarter 2022 in Project Development decreased and amounted to SEK 1,986 million (3,117). The decrease is related to both Housing Development and Property Development. Operating profit amounted to SEK 309 million (446).

### January – December 2022

Net sales for 2022 in Project Development decreased and amounted to SEK 8,661 million (9,497). The decrease is attributable to Housing Development. Operating profit amounted to SEK 1,127 million (1,237) and the operating margin was 13.0 percent (13.0).

Capital employed in Project Development at the end of the year amounted to SEK 15,632 million (13,523). The increase is primarily due to higher investments in project and development property.

## Key ratios

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales, MSEK	1,986	3,117	8,661	9,497
<i>of which Property Development</i>	11	425	494	521
<i>of which Housing Development</i>	1,975	2,692	8,167	8,976
Operating profit, MSEK	309	446	1,127	1,237
<i>of which Property Development</i>	19	122	187	231
<i>of which Housing Development</i>	290	324	940	1,006
Operating margin, %	15.6	14.3	13.0	13.0
<i>of which Property Development</i>	172.7	28.7	37.9	44.3
<i>of which Housing Development</i>	14.7	12.0	11.5	11.2
Capital employed at the end of the period, MSEK	15,632	13,523	15,632	13,523
Orders received, MSEK	453	3,085	6,019	9,981
Order backlog, MSEK	5,447	6,555	5,447	6,555
Operating cash flow, MSEK	-1,087	728	-690	249
Number of employees <sup>1)</sup>	255	242	255	242

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

## Capital employed

MSEK	Dec 31 2022	Dec 31 2021
Operations property	83	52
Investment property	36	36
Project and development property	12,943	10,628
<i>of which housing development rights</i>	7,246	6,629
<i>of which commercial development rights</i>	739	613
<i>of which unsold part of ongoing housing projects</i>	2,493	1,549
<i>of which ongoing rental projects</i>	1,422	727
<i>of which ongoing commercial projects</i>	462	483
<i>of which completed property</i>	173	123
<i>of which other</i>	408	504
Participation in joint ventures	2,573	2,371
Loans to joint ventures	1,494	1,177
Working capital and other	-1,497	-741
<b>Total</b>	<b>15,632</b>	<b>13,523</b>
<i>of which Property Development</i>	4,585	4,265
<i>of which Housing Development</i>	11,047	9,258

## Housing Development

### October – December 2022

Net sales for the fourth quarter 2022 amounted to SEK 1,975 million (2,692). Net sales have decreased in all countries. Operating profit amounted to SEK 290 million (324). The operating margin improved to 14.7 percent (12.0), which primarily stems from capital gains from property sales.

Demand for housing has declined in all countries as a result of higher interest rates and the uncertain economy, which has contributed to lower sales levels and fewer production starts. The number of start-ups of our own developed homes amounted to 130 units (895). The number of sold homes was 141 (846). In the fourth quarter production started on 184 (288) homes in rental apartment projects in Sweden and 66 (–) were sold.

### January – December 2022

Net sales amounted to SEK 8,167 million (8,976). Net sales decreased in all countries. Operating profit amounted to SEK 940 million (1,006) and the operating margin was 11.5 percent (11.2).

The number of start-ups of our own developed homes during the year amounted to 1,810 units (3,020), of which 203 (426) have been converted from rentals. The number of sold homes was 1,643 (3,047). At the beginning of the year sales were relatively good in all three countries but in the second half of the year demand for housing has diminished. The number of own developed homes in production at the end of the year was 4,539 (4,702). The portion of sold homes in production was 69 percent (76). The number of repurchased homes per December 31, 2022 was 105 (144) and most of them are in Finland. Production started on 526 homes (676) in rental apartment projects on our own balance sheet during the year. The number of homes in rental apartment projects that have been sold and settled during the year amounted to 66 (91). The number of homes in rental apartment projects in production was 1,179 (922) at the end of the year. Of these 866 are under contract to be sold upon completion.

There is still a substantial underlying need for homes but rising interest rates and the uncertain economy reduce demand on the housing market for all kinds of homes. A slow rate of home sales has a negative effect on the conditions for production starts going forward.

Capital employed has increased at the end of the year and amounted to SEK 11,047 million (9,258). The increase is mainly explained by acquisitions of development rights, several ongoing apartments for rent projects and the unsold part of ongoing tenant-owner apartment projects.

## Own housing development construction

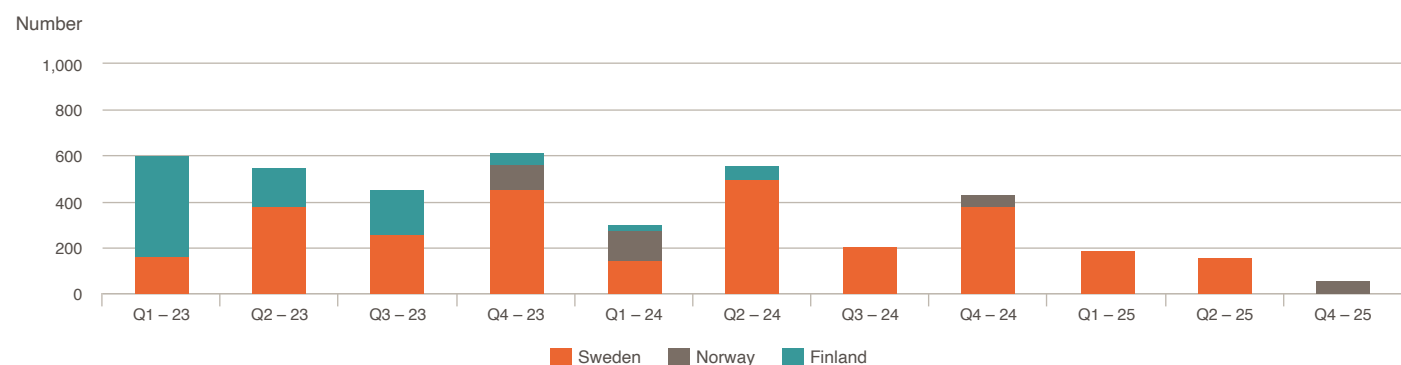
	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>Tenant-owner associations, ownership and residential limited companies</b>				
Number of production-started homes during the period	130	895 <sup>1)</sup>	1,810 <sup>2)</sup>	3,020 <sup>2)</sup>
Number of sold homes during the period	141	846	1,643	3,047
Total number of homes under production, at the end of the period	4,539	4,702	4,539	4,702
Portion of sold homes under production, at the end of the period	69%	76%	69%	76%
Number of repurchased homes on our balance sheet, at the end of the period	105	144	105	144
<b>Rentals</b>				
Number of production-started homes during the period	184	288	526	676
Number of sold homes during the period	66	–	66	91
Number converted to tenant-owner associations during the period	–	89	203	426
Total number of homes in production, at the end of the period	1,179	922	1,179 <sup>3)</sup>	922 <sup>3)</sup>

<sup>1)</sup> Includes 89 homes that have been converted from rentals

<sup>2)</sup> Includes 203 (426) homes that have been converted from rentals

<sup>3)</sup> Of which 866 (638), respectively 73 percent (69), are under contract to be sold upon completion

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



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

## Joint venture established for housing properties in Finland

Peab has established a joint venture with Slättö to develop and manage newly produced green housing developments in Finland. The partners share an ambition to develop the portfolio focusing on big cities in Finland. The initial acquisition consists of two housing projects in Vantaa and Turku with a total of 178 apartments and 705 m<sup>2</sup> commercial space in locations with good communications. All the properties will be environmentally certified. Peab will build the properties on its own balance sheet until completion at the end of 2023 when they will be divested to the joint venture.

## Net sales

### per geographic market, 2022



## Development rights for housing

	Dec 31 2022	Dec 31 2021
<b>Number, approx.</b>		
Development rights on our own balance sheet	21,800	19,500
Development rights via joint ventures	4,700	4,600
Development rights via options etc.	8,900	10,500
<b>Total</b>	<b>35,400</b>	<b>34,600</b>



## Property development

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

### October – December 2022

Net sales were SEK 11 million (425) and operating profit was SEK 19 million (122). During the quarter there have been no major real estate transactions. The previous year included the divestiture of an office building in Solna to Annhem Fastigheter. Capital gains from property divestitures amounted to SEK 2 million (151). Profit contributions from partially owned companies amounted to SEK 25 million (31).

### January – December 2022

During 2022 net sales were SEK 494 million (521) and operating profit was SEK 187 million (231). Capital gains from property divestitures amounted to SEK 85 million (218). The year included divestment of a logistic facility in Södertälje to Annhem Fastigheter and a sports arena in Sundsvall was sold to Balder. The previous year included the divestiture of office buildings in Helsingborg and Solna to Annhem Fastigheter. Profit contributions from partially owned companies increased and amounted to SEK 134 million compare to SEK 92 million last year.

Capital employed was SEK 4,585 million (4,265) at the end of 2022. A large part of the capital employed is shares in partially owned companies and loans to partially owned companies.

The table below presents the ongoing property projects per December 31, 2022. During the year Peab made the decision to invest SEK 101 million in a new office building in Jönköping. The project is expected to be completed during the fourth quarter 2023.

## Ongoing property projects

Type of project	Location	Rentable area in m <sup>2</sup>	Degree rented, %	Recognized value, MSEK	Total investment at completion, MSEK	Timepoint of completion	Level of completion, %
Office building	Malmö	7,400	55	223	331	Q1-2023	67
Office building	Jönköping	3,200	100	27	101	Q4-2023	26
Office building	Gothenburg	13,100	0	239	535	Q3-2024	45
<b>Total</b>				<b>489</b>			



## 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 December 31, 2022** <sup>1)</sup>: SEK 7,872 million (7,497)

**Peab's portion of unrecognized fair value exclusive tax** <sup>1)</sup>: SEK 653 million (573)

**Major ongoing projects:** Varvsstaden, Malmö, renovation of Gjuteriet of around 4,600 m<sup>2</sup> (tenant Oatly) and renovation of Snickeriet of around 2,500 m<sup>2</sup> (tenant Lindahls)

### Fastighets AB ML4

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

**Peab's share:** 50 percent

**Partner:** Wihlborgs

**Location:** Lund

**Recognized value on properties December 31, 2022:** SEK 1,940 million (1,991)

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

### 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 December 31, 2022:** SEK 1,403 million (1,385)

**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 December 31, 2022** <sup>1)</sup>: SEK 2,526 million (2,093)

**Peab's portion of unrecognized fair value exclusive tax** <sup>1)</sup>: SEK 56 million (16)

**Major ongoing projects:** Sadelbyn 7 with 42 tenant-owner apartments in Åre and 20 tenant-owner apartments in Timmerbyn, Lindvallen in Sälen

### 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 December 31, 2022** <sup>1)</sup>: SEK 5,748 million (5,649)

**Peab's portion of unrecognized fair value exclusive tax** <sup>1)</sup>: SEK 350 million (417)

**Major ongoing projects:** LP Parken, Gothenburg 11,200 m<sup>2</sup> rentable area, Tallbohov, Järfälla 5,700 m<sup>2</sup> rentable area, Tamarinden, Örebro 11,000 m<sup>2</sup> rentable area, Rödängs Trädgårdar, Umeå 12,600 m<sup>2</sup> rentable area and other apartment building projects in Helsingborg and Lund

<sup>1)</sup> 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

It appears Sweden's economic growth in 2022 will turn out to have been better than expected. The forecast for GNP growth in 2022 points to an increase of 2.7 percent. However, the forecast for 2023 is considerably worse and indicates a reduction in GNP by close to one percent. The total volume of production-started building construction investments is expected to have contracted by nine percent in 2022 and diminish just as much in 2023. The downturn will probably be across the board but most likely housing construction will be hit the hardest and contract significantly. For other building construction private industrial and premise construction is expected to decline while construction for the public sector is expected to remain on the same level as in 2022. At the same time industry investments related to the green transition are in the works where several projects have already been launched. In time these will generate the need for homes, premises and infrastructure. Civil engineering investments continue to be on a high level and are believed to have grown in 2022 but are predicted to drop back down in 2023.

## Norway

The Norwegian economy slowed at the end of 2022 but GNP is still expected to have grown by three percent thanks to strong private consumption. In 2023 GNP will probably only increase marginally due to diminishing household consumption. Norwegian building construction investments appear to have decreased by three percent in 2022 and the negative trend can grow stronger in 2023. A general slowdown in construction is not expected but housing investments and private construction are most likely to be affected by the downturn in the economy. Investments in public sector construction are expected to remain on the same level as in 2022. Investments in civil engineering are believed to have grown substantially in 2022 and are expected to remain on the same high level in 2023.

## Finland

Growth of the Finnish economy developed surprisingly well during the first half-year of 2022 despite the breakdown in trade with important commercial partners due to the war in Ukraine. However, growth slowed during the autumn and all told, GNP is estimated to have grown by 2.3 percent in 2022. In 2023 GNP is expected to contract by 0.2 percent. The total volume of building construction was probably down around ten percent in 2022 and will most likely diminish by same amount in 2023. A downturn in 2023 is expected in all sectors but particularly in housing and private premise construction. Zero growth is forecast for civil engineering in both 2022 and 2023.

## Housing

	2022	2023	2024
Sweden	↓	↓	↗
Norway	↓	↓	↗
Finland	↓	↓	→

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

Source: Navet

## Other building construction

	2022	2023	2024
Sweden	↓	↓	↗
Norway	↓	↓	↗
Finland	↓	↓	↗

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

Source: Navet

## Civil engineering

	2022	2023	2024
Sweden	↗	↓	→
Norway	↑	→	→
Finland	→	→	→

Forecast for civil engineering investments

Source: Navet

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



Dock Väsjön  
Sollentuna

# Non-financial targets and 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 always takes place locally, connected to everyday life based on our core values, business concept, mission, strategic targets and Code of Conduct.

Since 2021 we monitor our business based on nine external targets – both financial and non-financial – that also identify our prioritized sustainable aspects (Best workplace and Leader in social responsibility). We monitor our targets quarterly, semiannually or annually. In connection with the year-end report we present the outcome of all nine targets.

## Most satisfied customers

It is imperative for a long-term, sustainable relationship that Peab deliver on its obligations to customers. A satisfied customer is a customer that comes back and is vital to marketing our company. This is why our annual customer survey is an important measure of how well we are meeting our customers' expectations while also indicating where there is room for improvement. This year's Customer Satisfaction Index (CSI) added up to 80 (81), which is a continued good result and higher than our target of 75. Customers' perception of Peab's employees, offer and ethics are three areas that have developed substantially in this year's index and regarding our business areas, Construction is notable for how its CSI has improved compared to last year.

## 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 incidents and accidents at our workplaces we develop quality-ensured work methods and train our employees. Our focus is on planning and risk assessment in projects, taking safety measures and learning from reported risk observations, incidents and accidents.

Our target of a contracting trend in serious accidents\* comprises everyone at our workplaces. After contracting in 2021 the trend turned in March 2022 and the number of serious accidents rose. During the fourth quarter there were six and for the entire year of 2022 there were 49 (28) serious accidents. Of these, 30 referred to our own employees and 19 referred to subcontractors. The accidents occurred primarily in construction contract operations in Sweden and were mostly accidents from falling or connected to handling machines. Sadly a colleague borrowed from another construction company died from a fall at one of our projects in Sweden.

It's regrettable that the trend in accidents is developing in the wrong direction, and that one accident was even fatal. This proves how important it is to continuously work on our safety culture. In order to turn the tide we have intensified our preventive work concerning the work environment and we work with in-depth investigations and take measures to prevent similar accidents from happening again. We also continue to provide our information series to all our employees where we share good examples, advice concerning the work environment and safety as well as information on the latest in the industry.

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 fourth quarter this year there were 40 (28 third quarter 2022) and the LTIF4 frequency rate for a rolling twelve month period was 5.8 (6.2 after the third quarter 2022), which is a positive trend.

Every remedied risk is one less potential accident, which is why we are highly focused on reporting and remedying risk observations\*. During the year the organization reported around 60,000 risk observations. Peab has implemented a new system for reporting and managing risk observations, incidents and accidents in Swedish operations. The system has a number of advantages such as an even greater focus on seeing that planned measures are carried out. Operations in our other countries will implement the system during 2023.

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

### Attractive employers (eNPS)

We should be the obvious choice for anyone who wants to work in the industry. Everyone should 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 productivi-

ty, 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.

The response frequency in the autumn survey was 86 percent (84) in the Group, accompanied by many suggestions for improvement. This shows the great interest our employees have in contributing to developing their own teams and all operations.

Within the strategic target Best workplace the eNPS (recommend Peab) score should be above the benchmark for the industry (industry and manufacturing). The eNPS score for the Group rose in the autumn survey by one point to 29 compared to 28 in the spring survey. This is clearly above the Nordic benchmark which is currently 22 compared to 20 in the previous survey. In principle all areas are developing well and our employees continue to be satisfied at work, despite the tougher market situation. Worth noting is that the eNPS score is on the rise among skilled workers in almost all of the organization, and the most positive changes can be seen in Norway. Parameters like change and well-being have developed better than previously. Right now we are working on following the areas safety culture and equal treatment more closely in the Handshake.

## Leader in social responsibility

### Climate target for carbon dioxide intensity

In recent years Peab's climate and environmental work has increased in scope and our targets and metrics more stringent. As the Nordic Community Builder we have a big responsibility for reducing the considerable climate impact of the construction and civil engineering industry at the rate required by the Paris Agreement.

Peab impacts the environment and the climate through our own operations and the impact created by partners such as suppliers and customers. Our operations primarily cause emissions of greenhouse gases by using various materials in production like concrete, steel and asphalt. Two other major sources of carbon emissions in production are energy consumption and transportation. Therefore our prioritized, emission reduction activities can be found within the framework of these areas. As community builders we also have a comprehensive perspective on our climate work and strive to contribute to a sustainable society on the whole by building, for example, solar power plants, wind farms and railroads or by building in such a way that people can live more sustainably. We have a life cycle perspective in our operations and take responsibility for both making and meeting demands in the value chain in relation to our customers and suppliers. We also have an advantage in that we can supply our construction contract operations and the projects we develop ourselves with input goods and raw material through business area Industry, which augments our ability to actively steer towards lower carbon emissions.

In 2045 Peab will be climate neutral. Our targets by 2030 are to reduce carbon dioxide intensity by at least 60 percent in our own operations (Scope 1 and 2) and for input goods and purchased services (Scope 3) by at least 50 percent compared to base year 2015. The outcome after 2022 reveals that developments are going in the right direction although to different degrees. Carbon dioxide intensity in our own production has gone down by 43 percent compared to base year 2015 and by two percent for input goods and purchased services. This means that we are well on the road to converting the production we ourselves have control over but the greater challenge is when we are dependent on other parties for a reduction in our carbon footprint. It is therefore vital that we continue to make explicit and stringent demands as well as point out choices that are better for the climate in order to reduce emissions. We work actively to increase the completeness in our measurements of carbon dioxide intensity, which is particularly demanding in Scope 3 reporting.

### Equal opportunity

Only about five percent of those that graduate with, for Peab, degrees in relevant, practical education are women. This means that the construction and civil engineering industry has a major role to play in taking advantage of all the competence society has to offer. As one of the largest Nordic community builders we have a responsibility to nudge the entire industry forward. Our target initially is therefore to strive for the percentage of women recruited to Peab for our core skills to always be higher than the percentage of women who have graduated with, for us, relevant degrees on the education markets. We are focused on core skills in production (skilled workers) as well as in production management and production support (white-collar workers). At the end of 2022 the percentage of women in new recruitments was 7.9 percent in production and processing compared to our target of more than 5.0 percent and 45.3 percent in production management and production support whereas our target was more than 30 percent. In 2023 we are going to implement a new internship program for women. Our target for 2023 regarding equal opportunity in production and processing will continue to be surpassing 5.0 percent and our target for production management and production support surpassing 30.0 percent.

## Activities during the fourth quarter


- We launched the communication platform The Climate Clover with its four clover leaves; material, energy, transportation and community building. These are the four areas where we emit the most greenhouse gases and thereby also the areas where we invest in reducing emissions. The Climate Clover is aimed at more clearly describing, for our own organization and externally, our climate work and how we step-by-step strive to achieve our climate targets.
- In addition to generating lower carbon emissions than concrete elements with traditional concrete mix, Byggelement's ECO-Prefab is also good for the indoor environment. New tests show that their low radon level meets the requirements for the industry's highest environmental classification – Miljöbyggnad Gold. The tests were carried out by independent research institute RISE on ECO-Prefab elements where cement has been replaced by 30 respectively 50 percent alternative binder.
- As the first Nordic company Peab Asphalt tried out a 2.5 ton electric vibrating tandem roller which reduces emissions by ten kilos carbon dioxide per hour. Other advantages of the electric roller is that it creates a better work environment and costs less to maintain. Because the roller is quiet it is well suited for work in inner-city environments along with close to places like schools and hospitals.
- Peab joined Gothenburg's platform for climate neutral construction together with around 30 other companies in the industry. The platform's purpose is to generate collaborations that enable the transition to a climate neutral construction industry.
- We took a new step in developing a safer environment for everyone on our roads – our own employees and everyone else. As the first construction contract company in Sweden we installed radar reflectors on all of the collision protection we use in roadwork. The system alerts other vehicles' radar systems to protection devices mounted on vehicles in time.
- In our work on increasing digitalization and accessibility to environmental data to improve monitoring, steering and reporting operations we have, through our environmental data project, launched three apps that help us visualize our environmental impact. They give us an overview of our energy consumption, how far we have come in phasing out environmentally and health hazardous chemical products and support data compilation and reporting. The project will continue in 2023.



# Summary external 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](http://www.peab.com/targets).




## Most satisfied customers

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

# >75

CSI 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

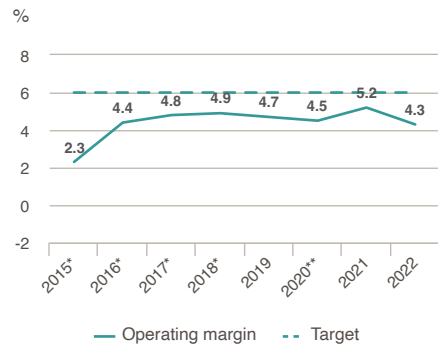
Share of women recruited always over the education market

# Target and target fulfilment

Most profitable company

## Operating margin

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

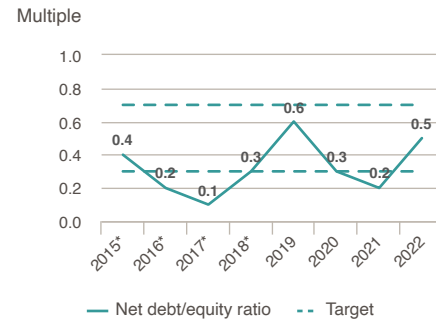


\* Years 2015-2018 not translated according to changed accounting principles for own housing development projects. \*\* Operating margin excluding the effect of the distribution of Annehem Fastigheter (SEK 952 million)

Most profitable company

## Net debt/equity ratio

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

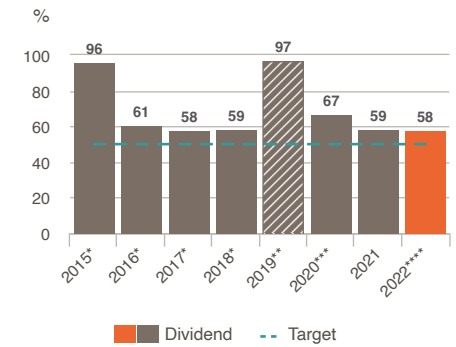


\* Years 2015-2018 not translated according to changed accounting principles for own housing development projects.

Most profitable company

## Dividend

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

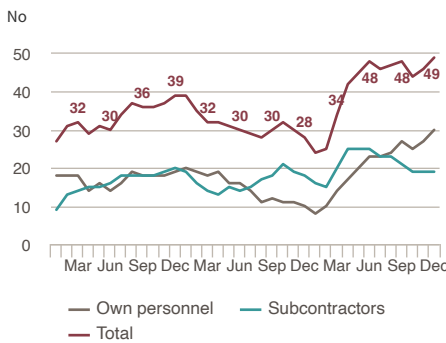


\* Years 2015-2018 not translated according to changed accounting principles. \*\* For 2019, no cash dividend has been paid. The value of the distribution of Annehem Fastigheter at the time of the distribution in December 2020 amounted to 97 percent of the profit for the year 2019. \*\*\* The proportion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

Best workplace

## Serious accidents

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

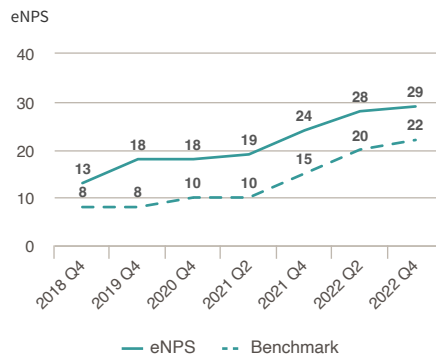


Refers to the period January 2020 - December 2022

Best workplace

## eNPS

Target: > over benchmark (reported semiannually)



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

Most satisfied customers

## Customer Satisfaction Index (CSI)

Target: > 75 (reported annually)

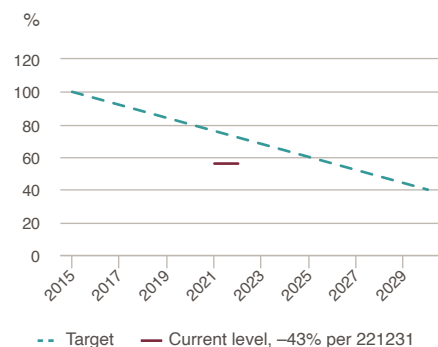


CSI stands for Customer Satisfaction Index and measures how satisfied Peab's customers are. CSI is a weighted measurement between 0 and 100.

Leader in social responsibility

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

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

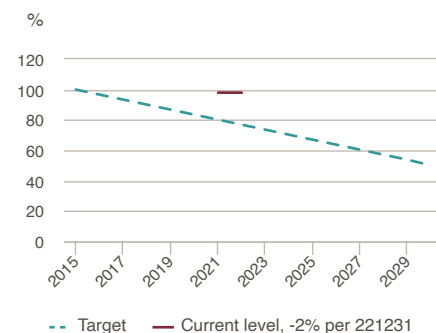


\* Direct and indirect emissions as a result of using fuel and energy in our own production.

Leader in social responsibility

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

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

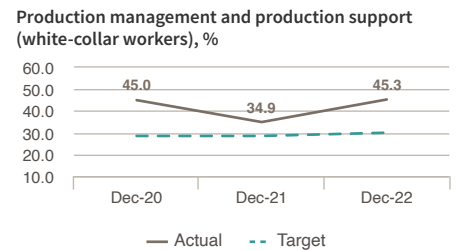


\* Includes concrete/cement, asphalt/bitumen, transportation and machine services, steel, waste and business trips.

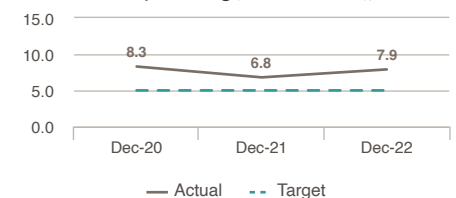
Leader in social responsibility

## Equal opportunity recruitment

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



Production and processing (skilled workers), %



# 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 2021.

Access to cement is vital to the construction and civil engineering industry. On December 13, 2022 Cementa was granted permission to quarry limestone for four more years in Slite. In 2023 Cementa will submit an application for a longer permit to ensure long-term conditions for a reliable supply of cement.

There has been a significant rise in the price of materials and energy during 2021 and 2022. We have handled cost increases along with supply chain disturbances through adjusting and streamlining operations as well as in pricing to customers although the cost increases have not been fully compensated, which has affected the operating margin. We continually work to streamline production all the while expecting a gradual increase in construction costs if the trend in material and energy prices does not turn.

Long-term interest rates have continued to rise and in Sweden The Riksbank raised the policy interest rate several times during 2022 and further interest rate increases are expected. Inflation has tightened its grip on the global economy and several central banks indicate further hikes in interest rates. Higher interest rates are expected to stymie investment appetite and diminish demand.

The recent dramatic developments in Ukraine have a key impact on the world around us. In addition to the terrible tragedy for the people the war touches, the situation risks hampering macroeconomic growth in the world. For Peab this can affect the construction industry through greater uncertainty and cautiousness concerning investments, continued high material and energy prices and material shortages and delivery problems. We are not ourselves directly exposed to Russia, Ukraine or Belarus but may be indirectly affected through material suppliers. We follow developments carefully to continually assess any effects on Peab.



# Other information

## Important events during the period

The recent dramatic developments in Ukraine have a key impact on the world around us. In addition to the terrible tragedy for the people the war touches, the situation risks hampering macroeconomic growth in the world. In Sweden this can affect the construction industry through greater uncertainty and cautiousness concerning investments, continued high material and energy prices and material shortages and delivery problems. We follow developments carefully to continually assess any effects on Peab.

## Important events after the period

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

## Holdings and repurchase of own shares

At the beginning of 2022 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. The Board of Directors of Peab AB has, through the authorization given by the Annual General Meeting on May 5, 2022, decided to repurchase its own shares. The shares will be repurchased, on several occasions, until the AGM 2023. The aim of the repurchasing is to improve the company's capital structure. The shares will be repurchased on Nasdaq Stockholm according to the Nordic Main Market Rulebook for Issuers of Shares – Nasdaq Stockholm (Supplement D) and EU Parliament's and Council's EU regulation nr. 596/2014 on market abuse (MAR). According to the Board's decision shares may be repurchased during the period for a maximum of SEK 500 million and a number of shares so that the company's holding of its own shares after the repurchasing does not exceed one tenth of all shares in the company. The shares may only be repurchased at a price per share within the price interval registered at any given time on Nasdaq Stockholm, meaning the interval between the current highest buy price and the lowest sell price published by Nasdaq Stockholm. During the period up to December 31, 2022 7,511,000 shares were repurchased for a total of SEK 500 million. After the repurchase Peab holds 8,597,984 own B shares corresponding to 2.9 percent of the total shares.

## Related parties

The character and extent of transactions with related parties is presented in the Annual and Sustainable Report 2021, note 40. 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 2022.

## Proposed dividend

The Board has proposed a dividend of SEK 4.00 (5.00) per share for 2022. Excluding the 8,597,984 shares owned by Peab AB per February 3, 2023, which are not entitled to dividends, the proposed dividend is equivalent to a total dividend distribution of SEK 1,150 million (1,475). Calculated as a share of the Group's reported profit for the year after tax according to segment reporting, the proposed dividend amounts to 56 percent (59). The proposed dividend is equivalent to a direct return of 5.6 percent based on the closing price on February 2, 2023.

## Annual General Meeting

The AGM of Peab will be held on May 4, 2023. The form of the AGM will be decided by the Board at the latest in connection with the notice to attend the AGM.

## Nomination Committee

According to the "Principles for the Nomination Committee's appointment and instructions for the Nomination Committee", adopted by the Annual General Meeting on May 5, 2022, the Nomination Committee is appointed by the three largest shareholders in terms of votes per the final banking day in September 2022, i.e. September 30, 2022, that want to appoint a member of the Nomination Committee as well as the Chairman of the Board. If one or more of the three largest shareholders decline to appoint a member of the Nomination Committee the Chairman of the Board will offer the next largest shareholder in terms of votes the opportunity to appoint a member of the Nomination Committee and so on until the Nomination Committee consists of three members as well as the Chairman of the Board.

Mats Paulsson, Peabs Vinständelsstiftelse and Familjen Kamprads stiftelse, which were per September 30, 2022 in terms of votes the third to fifth largest shareholders in Peab, have when asked replied that they do not wish to participate in the Nomination Committee for the Annual General Meeting 2023. State Street Bank and Trust Co, W9, which at this same point in time was the sixth largest shareholder in Peab in terms of votes has not replied to the request. The seventh largest shareholder in Peab in terms of votes, Handelsbanken Fonder, has agreed to participate in the Nomination Committee.

The Nomination Committee therefore consists of the following members:

- Anders Sundström, Ekhaga Utveckling AB
- Ulf Liljedahl, AB Axel Granlund
- Suzanne Sandler, Handelsbanken Fonder
- Anders Runevad, Chairman of the Board of Peab AB

The Nomination Committee has appointed Ulf Liljedahl to be Chairman of the Nomination Committee.





# Report on the Group income statement, IFRS

Group net sales according to IFRS increased by five percent and amounted during 2022 to SEK 61,933 million (58,923). After adjustments for acquired and divested units and exchange rate effects net sales increased by three percent. The adjustment of our own housing development projects to the completion method affected net sales by SEK -1,202 million (-1,103).

Operating profit according to IFRS for 2022 amounted to SEK 2,557 million (2,975) and the operating margin was 4.1 percent (5.0). The adjustment of our own housing development projects to the completion method affected operating profit by SEK -219 million (-152).

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	17,141	17,504	61,933	58,923
Production costs	-15,466	-15,495	-56,345	-53,022
<b>Gross profit</b>	<b>1,675</b>	<b>2,009</b>	<b>5,588</b>	<b>5,901</b>
Sales and administrative expenses	-851	-923	-3,286	-3,300
Other operating income	72	235	279	391
Other operating costs	-10	-12	-24	-17
<b>Operating profit</b>	<b>886</b>	<b>1,309</b>	<b>2,557</b>	<b>2,975</b>
Financial income	39	20	103	94
Financial expenses	-85	-38	-220	-167
<b>Net finance</b>	<b>-46</b>	<b>-18</b>	<b>-117</b>	<b>-73</b>
<b>Pre-tax profit</b>	<b>840</b>	<b>1,291</b>	<b>2,440</b>	<b>2,902</b>
Tax	-282	-170	-609	-525
<b>Profit for the period</b>	<b>558</b>	<b>1,121</b>	<b>1,831</b>	<b>2,377</b>
<b>Profit for the period, attributable to:</b>				
Shareholders in parent company	559	1,121	1,832	2,377
Non-controlling interests	-1	0	-1	0
<b>Profit for the period</b>	<b>558</b>	<b>1,121</b>	<b>1,831</b>	<b>2,377</b>
<b>Key ratios, IFRS</b>				
Earnings per share before and after dilution, SEK	1.93	3.80	6.27	8.06
Average number of outstanding shares, million	288.0	295.0	292.2	295.0
Return on capital employed, % <sup>1)</sup>	8.4	11.5	8.4	11.5
Return on equity, % <sup>1)</sup>	13.7	18.9	13.7	18.9

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

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

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>Profit for the period</b>	<b>558</b>	<b>1,121</b>	<b>1,831</b>	<b>2,377</b>
<b>Other comprehensive income</b>				
<b>Items that can be reclassified or have been reclassified to profit for the period</b>				
Translation differences for the period from translation of foreign operations	50	60	210	184
Changes in fair value of cash flow hedges for the period	-	1	2	6
Shares in joint ventures' other comprehensive income	1	-	19	-
Tax referring to items that can be reclassified or have been reclassified to profit for the period	-	0	-1	-1
<b>Other comprehensive income for the period</b>	<b>51</b>	<b>61</b>	<b>230</b>	<b>189</b>
<b>Total comprehensive income for the period</b>	<b>609</b>	<b>1,182</b>	<b>2,061</b>	<b>2,566</b>
<b>Total comprehensive income for the period, attributable to:</b>				
Shareholders in parent company	610	1,182	2,062	2,566
Non-controlling interests	-1	0	-1	0
<b>Total comprehensive income for the period</b>	<b>609</b>	<b>1,182</b>	<b>2,061</b>	<b>2,566</b>

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

Total assets on December 31, 2022 were SEK 51,011 million (47,170). Equity amounted to SEK 13,786 million (13,682), which generated an equity/assets ratio of 27.0 per cent (29.0). During 2022, a dividend of SEK 1,475 million (1,327) was paid to shareholders and own shares have been repurchased for SEK 500 million (-).

MSEK	Dec 31 2022	Dec 31 2021
<b>Assets</b>		
Intangible assets	3,976	3,769
Tangible assets	8,310	7,674
Investment property	57	55
Interest-bearing long-term receivables	1,233	1,208
Other financial fixed assets	2,599	2,491
Deferred tax recoverables	180	174
<b>Total fixed assets</b>	<b>16,355</b>	<b>15,371</b>
Project and development properties	19,178	16,258
Inventories	1,541	1,318
Interest-bearing current receivables	384	342
Other current receivables	12,047	10,930
Liquid funds	1,506	2,951
<b>Total current assets</b>	<b>34,656</b>	<b>31,799</b>
<b>Total assets</b>	<b>51,011</b>	<b>47,170</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>13,786</b>	<b>13,682</b>
<b>Liabilities</b>		
Interest-bearing long-term liabilities	7,665	5,281
Interest-bearing long-term liabilities, project financing	440	346
Deferred tax liabilities	487	321
Other long-term liabilities	1,503	1,585
<b>Total long-term liabilities</b>	<b>10,095</b>	<b>7,533</b>
Interest-bearing current liabilities	1,897	2,386
Interest-bearing current liabilities, project financing	9,802	7,003
Other current liabilities	15,431	16,566
<b>Total current liabilities</b>	<b>27,130</b>	<b>25,955</b>
<b>Total liabilities</b>	<b>37,225</b>	<b>33,488</b>
<b>Total equity and liabilities</b>	<b>51,011</b>	<b>47,170</b>
<b>Key ratios, IFRS</b>		
Capital employed	33,590	28,698
Equity/assets ratio, %	27.0	29.0
Net debt	16,681	10,515
Equity per share, SEK	47.90	46.38
Number of outstanding shares at the end of the period, million	287.5	295.0

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

MSEK	Dec 31 2022	Dec 31 2021
<b>Equity attributable to shareholders in parent company</b>		
Opening equity on January 1	13,681	12,442
Profit for the period	1,832	2,377
Other comprehensive income for the period	230	189
<b>Total comprehensive income for the period</b>	<b>2,062</b>	<b>2,566</b>
Cash dividend	-1,475	-1,327
Repurchase of own shares	-500	-
<b>Closing equity</b>	<b>13,768</b>	<b>13,681</b>
<b>Non-controlling interests</b>		
Opening equity on January 1	1	1
Comprehensive income for the period	-1	0
Acquisition of partially owned companies, non-controlling interests as previously	18	-
<b>Closing equity</b>	<b>18</b>	<b>1</b>
<b>Total closing equity</b>	<b>13,786</b>	<b>13,682</b>

# Report on Group cash flow in summary, IFRS

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>Cash flow from current operations before changes in working capital</b>	<b>1,329</b>	<b>1,774</b>	<b>3,364</b>	<b>4,093</b>
Increase (-) / Decrease (+) of project and development properties	-867	-1,012	-2,584	-1,718
Increase (-) / Decrease (+) of inventories	63	68	-163	13
Increase (-) / Decrease (+) of current receivables / current liabilities	-153	776	-2,173	430
<b>Cash flow from changes in working capital</b>	<b>-957</b>	<b>-168</b>	<b>-4,920</b>	<b>-1,275</b>
<b>Cash flow from current operations</b>	<b>372</b>	<b>1,606</b>	<b>-1,556</b>	<b>2,818</b>
Acquisition of subsidiaries / businesses, net effect on liquid funds	-102	-1	-132	-202
Sale of subsidiaries / businesses, net effect on liquid funds	3	-	46	-
Acquisition of fixed assets	-856	-618	-2,070	-2,968
Sale of fixed assets	79	632	553	1,404
<b>Cash flow from investment operations</b>	<b>-876</b>	<b>13</b>	<b>-1,603</b>	<b>-1,766</b>
<b>Cash flow before financing</b>	<b>-504</b>	<b>1,619</b>	<b>-3,159</b>	<b>1,052</b>
Increase (+) / Decrease (-) of interest-bearing liabilities	175	-425	915	10
Increase (+) / Decrease (-) of interest-bearing liabilities, project financing	117	953	2,747	2,224
Cash dividend	-	-	-1,475	-1,327
Repurchase of own shares	-82	-	-500	-
<b>Cash flow from financing operations</b>	<b>210</b>	<b>528</b>	<b>1,687</b>	<b>907</b>
<b>Cash flow for the period</b>	<b>-294</b>	<b>2,147</b>	<b>-1,472</b>	<b>1,959</b>
Cash at the beginning of the period	1,784	801	2,951	968
Exchange rate differences in cash	16	3	27	24
<b>Cash at the end of the period</b>	<b>1,506</b>	<b>2,951</b>	<b>1,506</b>	<b>2,951</b>

## Parent company

The parent company Peab AB's net sales for 2022 amounted to SEK 304 million (293) and mainly consisted of internal Group services. Profit for the year amounted to SEK 2,473 million (1,243). Profit for the year included dividends from subsidiaries of SEK 1,024 million (-).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,749 million (11,728). The assets have been financed from equity of SEK 8,752 million (8,254) and long-term liabilities to Group companies amounting to SEK 1,500 million (2,281). During 2022, a dividend of SEK 1,475 million (1,327) was paid to shareholders and own shares have been repurchased for SEK 500 million (-).

The parent company is indirectly affected by the risks described in the section Risks and uncertainty factors.

## Report on the parent company income statement in summary

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	77	83	304	293
Administrative expenses	-149	-137	-520	-425
Other operating income	0	0	1	1
<b>Operating profit</b>	<b>-72</b>	<b>-54</b>	<b>-215</b>	<b>-131</b>
<b>Result from financial investments</b>				
Profit from participation in Group companies	-	-	1,024	63
Other financial items	-15	-13	-40	-48
<b>Result after financial items</b>	<b>-87</b>	<b>-67</b>	<b>769</b>	<b>-116</b>
Appropriations	2,138	1,638	2,138	1,638
<b>Pre-tax profit</b>	<b>2,051</b>	<b>1,571</b>	<b>2,907</b>	<b>1,522</b>
Tax	-468	-302	-434	-279
<b>Profit for the period <sup>1)</sup></b>	<b>1,583</b>	<b>1,269</b>	<b>2,473</b>	<b>1,243</b>

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

# Report on financial position for the parent company in summary

MSEK	Dec 31 2022	Dec 31 2021
<b>Assets</b>		
<b>Fixed assets</b>		
Intangible assets	3	4
Tangible assets	2	1
<b>Financial assets</b>		
Participation in Group companies	11,749	11,728
Deferred tax recoverables	94	140
<b>Total financial assets</b>	<b>11,843</b>	<b>11,868</b>
<b>Total fixed assets</b>	<b>11,848</b>	<b>11,873</b>
<b>Current assets</b>		
<b>Current receivables</b>		
Accounts receivables	1	0
Receivables from Group companies	2,274	2,271
Current tax assets	–	12
Other receivables	3	2
Prepaid expenses and accrued income	11	9
<b>Total current receivables</b>	<b>2,289</b>	<b>2,294</b>
Cash and bank	0	0
<b>Total current assets</b>	<b>2,289</b>	<b>2,294</b>
<b>Total assets</b>	<b>14,137</b>	<b>14,167</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Restricted equity	1,884	1,884
Non-restricted equity	6,868	6,370
<b>Total equity</b>	<b>8,752</b>	<b>8,254</b>
Untaxed reserves	3,292	3,190
<b>Provisions</b>		
Other provisions	43	45
<b>Total provisions</b>	<b>43</b>	<b>45</b>
<b>Long-term liabilities</b>		
Liabilities to Group companies	1,500	2,281
<b>Total long-term liabilities</b>	<b>1,500</b>	<b>2,281</b>
<b>Current liabilities</b>		
Accounts payable	20	20
Liabilities to Group companies	375	269
Current tax liabilities	81	–
Other liabilities	8	9
Accrued expenses and deferred income	66	99
<b>Total current liabilities</b>	<b>550</b>	<b>397</b>
<b>Total liabilities</b>	<b>2,050</b>	<b>2,678</b>
<b>Total equity and liabilities</b>	<b>14,137</b>	<b>14,167</b>

## Note 1 – Accounting principles

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

As of January 1, 2022 changes in IAS 37 Provisions, contingent liabilities, and contingent assets are applied regarding valuation of loss contracts. The changes are described in the Annual and Sustainability Report 2021 and have not had any material impact on the Group.

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, Peab Support (Shared Service Center) and Peab Utveckling AB. 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, net debt/equity ratio, cashflow before financing and earnings per share are presented in segment reporting with consideration taken to the above prerequisites. Net debt in segment reporting includes project financing for the unsold portion of ongoing own housing development projects. This is because Peab has an obligation to acquire unsold homes six months after completion.



## Note 2 – Revenue allocation

Group Jan-Dec 2022 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
<b>Allocation per external/internal</b>									
External sales	23,435	13,536	17,465	8,638	61		63,135	-1,202	61,933
Internal sales	5,564	1,430	3,969	23	1,470	-12,456	-		-
<b>Total</b>	<b>28,999</b>	<b>14,966</b>	<b>21,434</b>	<b>8,661</b>	<b>1,531</b>	<b>-12,456</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>
<b>Allocation per country</b>									
Sweden	20,846	13,310	13,100	5,924	1,203	-10,140	44,243	-1,297	42,946
Norway	4,545	1,656	2,262	739	173	-802	8,573	392	8,965
Finland	3,608		5,042	1,998	154	-1,512	9,290	-297	8,993
Denmark			1,015		1	-2	1,014		1,014
Other			15				15		15
<b>Total</b>	<b>28,999</b>	<b>14,966</b>	<b>21,434</b>	<b>8,661</b>	<b>1,531</b>	<b>-12,456</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>
<b>Allocation per type of customer</b>									
Public sector	10,102	10,363	6,377	17	46		26,905		26,905
Private customers	13,333	3,173	11,088	8,621	15		36,230	-1,202	35,028
Internal customers	5,564	1,430	3,969	23	1,470	-12,456	-		-
<b>Total</b>	<b>28,999</b>	<b>14,966</b>	<b>21,434</b>	<b>8,661</b>	<b>1,531</b>	<b>-12,456</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>
<b>Allocation per point in time</b>									
At one point in time	26	15	6,915	1,373	70	-1,221	7,178	5,566	12,744
Over time	28,957	14,941	12,339	7,195	1,276	-9,581	55,127	-6,768	48,359
Rent revenue <sup>2)</sup>	16	10	2,180	93	185	-1,654	830		830
<b>Total</b>	<b>28,999</b>	<b>14,966</b>	<b>21,434</b>	<b>8,661</b>	<b>1,531</b>	<b>-12,456</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>
<b>Allocation per type of revenue</b>									
Construction contracts	28,957	14,941	12,339	7,195	96	-8,401	55,127	-6,768	48,359
Sales of goods			5,393			-873	4,520		4,520
Sales of property projects	5			1,343			1,348	5,566	6,914
Transportation services			1,327			-281	1,046		1,046
Administrative services					1,180	-1,180	-		-
Rent revenue <sup>2)</sup>	16	10	2,180	93	185	-1,654	830		830
Other	21	15	195	30	70	-67	264		264
<b>Total</b>	<b>28,999</b>	<b>14,966</b>	<b>21,434</b>	<b>8,661</b>	<b>1,531</b>	<b>-12,456</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>

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

<sup>2)</sup> Rent revenue is recognized according to IFRS 16.

Group Jan-Dec 2021 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
<b>Allocation per external/internal</b>									
External sales	22,555	12,866	15,075	9,471	59		60,026	-1,103	58,923
Internal sales	4,425	1,314	3,712	26	1,255	-10,732	-		-
<b>Total</b>	<b>26,980</b>	<b>14,180</b>	<b>18,787</b>	<b>9,497</b>	<b>1,314</b>	<b>-10,732</b>	<b>60,026</b>	<b>-1,103</b>	<b>58,923</b>
<b>Allocation per country</b>									
Sweden	19,513	12,664	11,704	6,262	1,070	-8,485	42,728	-1,270	41,458
Norway	3,963	1,501	1,905	913	142	-926	7,498	100	7,598
Finland	3,504	15	4,364	2,322	101	-1,318	8,988	67	9,055
Denmark			792		1	-3	790		790
Other			22				22		22
<b>Total</b>	<b>26,980</b>	<b>14,180</b>	<b>18,787</b>	<b>9,497</b>	<b>1,314</b>	<b>-10,732</b>	<b>60,026</b>	<b>-1,103</b>	<b>58,923</b>
<b>Allocation per type of customer</b>									
Public sector	10,480	9,604	5,123	8	45		25,260		25,260
Private customers	12,075	3,262	9,952	9,463	14		34,766	-1,103	33,663
Internal customers	4,425	1,314	3,712	26	1,255	-10,732	-		-
<b>Total</b>	<b>26,980</b>	<b>14,180</b>	<b>18,787</b>	<b>9,497</b>	<b>1,314</b>	<b>-10,732</b>	<b>60,026</b>	<b>-1,103</b>	<b>58,923</b>
<b>Allocation per point in time</b>									
At one point in time	11	6	6,404	1,814	56	-1,319	6,972	5,759	12,731
Over time	26,959	14,166	10,448	7,602	1,083	-7,930	52,328	-6,862	45,466
Rent revenue <sup>2)</sup>	10	8	1,935	81	175	-1,483	726		726
<b>Total</b>	<b>26,980</b>	<b>14,180</b>	<b>18,787</b>	<b>9,497</b>	<b>1,314</b>	<b>-10,732</b>	<b>60,026</b>	<b>-1,103</b>	<b>58,923</b>
<b>Allocation per type of revenue</b>									
Construction contracts	26,959	14,166	10,448	7,602	68	-6,919	52,324	-6,862	45,462
Sales of goods		1	4,975			-902	4,074		4,074
Sales of property projects				1,750		-16	1,734	5,759	7,493
Transportation services			1,241			-308	933		933
Administrative services					1,015	-1,011	4		4
Rent revenue <sup>2)</sup>	10	8	1,935	81	175	-1,483	726		726
Other	11	5	188	64	56	-93	231		231
<b>Total</b>	<b>26,980</b>	<b>14,180</b>	<b>18,787</b>	<b>9,497</b>	<b>1,314</b>	<b>-10,732</b>	<b>60,026</b>	<b>-1,103</b>	<b>58,923</b>

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

<sup>2)</sup> Rent revenue is recognized according to IFRS 16.

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

Group Jan-Dec 2022 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
External sales	23,435	13,536	17,465	8,638	61		63,135	-1,202	61,933
Internal sales	5,564	1,430	3,969	23	1,470	-12,456	-		-
<b>Total revenue</b>	<b>28,999</b>	<b>14,966</b>	<b>21,434</b>	<b>8,661</b>	<b>1,531</b>	<b>-12,456</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>
<b>Operating profit</b>	<b>629</b>	<b>494</b>	<b>747</b>	<b>1,127</b>	<b>-198</b>	<b>-58</b>	<b>2,741</b>	<b>-184</b>	<b>2,557</b>
Operating margin, %	2.2	3.3	3.5	13.0			4.3		4.1
Financial income							103		103
Financial expenses							-174	-46 <sup>2)</sup>	-220
<b>Net finance</b>							<b>-71</b>	<b>-46</b>	<b>-117</b>
<b>Pre-tax profit</b>							<b>2,670</b>	<b>-230</b>	<b>2,440</b>
Tax							-633	24	-609
<b>Profit for the year</b>							<b>2,037</b>	<b>-206</b>	<b>1,831</b>
Capital employed (closing balance)	-1,746	54	10,807	15,632		253 <sup>3)</sup>	25,000	8,590	33,590
Total assets							43,220	7,791 <sup>4)</sup>	51,011
Equity							14,978	-1,192	13,786
Equity/assets ratio, %							34.7		27.0
Net debt							6,899	9,782	16,681
Cash flow before financing	-79 <sup>5)</sup>	-114 <sup>5)</sup>	-518 <sup>5)</sup>	-690 <sup>5)</sup>		-554 <sup>6)</sup>	-1,955	-1,204	-3,159

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

<sup>2)</sup> Refers to IFRS 16, additional leases SEK -46 million.

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

<sup>4)</sup> Divided between IFRS 16, additional leases SEK 1,719 million and housing projects SEK 6,072 million.

<sup>5)</sup> Refers to operating cash flow. For definition, see section Alternative performance measures and definitions.

<sup>6)</sup> Unallocated cash flow.

Group Jan-Dec 2021 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
External sales	22,555	12,866	15,075	9,471	59		60,026	-1,103	58,923
Internal sales	4,425	1,314	3,712	26	1,255	-10,732	-		-
<b>Total revenue</b>	<b>26,980</b>	<b>14,180</b>	<b>18,787</b>	<b>9,497</b>	<b>1,314</b>	<b>-10,732</b>	<b>60,026</b>	<b>-1,103</b>	<b>58,923</b>
<b>Operating profit</b>	<b>711</b>	<b>471</b>	<b>938</b>	<b>1,237</b>	<b>-228</b>	<b>-31</b>	<b>3,098</b>	<b>-123</b>	<b>2,975</b>
Operating margin, %	2.6	3.3	5.0	13.0			5.2		5.0
Financial income							94		94
Financial expenses							-116	-51 <sup>2)</sup>	-167
<b>Net finance</b>							<b>-22</b>	<b>-51</b>	<b>-73</b>
<b>Pre-tax profit</b>							<b>3,076</b>	<b>-174</b>	<b>2,902</b>
Tax							-569	44	-525
<b>Profit for the year</b>							<b>2,507</b>	<b>-130</b>	<b>2,377</b>
Capital employed (closing balance)	-2,463	-615	9,266	13,523		1,850 <sup>3)</sup>	21,561	7,137	28,698
Total assets							40,330	6,840 <sup>4)</sup>	47,170
Equity							14,656	-974	13,682
Equity/assets ratio, %							36.3		29.0
Net debt							2,404	8,111	10,515
Cashflow before financing	1,654 <sup>5)</sup>	921 <sup>5)</sup>	507 <sup>5)</sup>	249 <sup>5)</sup>		-290 <sup>6)</sup>	3,041	-1,989	1,052

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

<sup>2)</sup> Refers to IFRS 16, additional leases SEK -51 million.

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

<sup>4)</sup> Divided between IFRS 16, additional leases SEK 1,699 million and housing projects SEK 5,141 million.

<sup>5)</sup> Refers to operating cash flow. For definition, see section Alternative performance measures and definitions.

<sup>6)</sup> Unallocated cash flow.

## 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 and Sustainability Report 2021, note 34. The fair value of financial assets and liabilities recognized as their amortized cost is estimated to be, in principle, the same as their recognized values.

Group	Dec 31, 2022			Dec 31, 2021		
	Level 2	Level 3	Total	Level 2	Level 3	Total
<b>MSEK</b>						
<b>Financial assets</b>						
Securities held as fixed assets		67	67	55	55	
<i>Of which unlisted funds</i>		26	26	32	32	
<i>Of which unlisted shareholdings and participations</i>		41	41	23	23	
Other long-term receivables	1		1			–
<i>Of which commodity hedging with futures</i>	1		1			–
Other current receivables	13		13	8		8
<i>Of which commodity hedging with futures</i>	4		4	7		7
<i>Of which currency swaps</i>	9		9	1		1
<b>Total financial assets</b>	<b>14</b>	<b>67</b>	<b>81</b>	<b>8</b>	<b>55</b>	<b>63</b>
<b>Financial liabilities</b>						
Other long-term liabilities	19		19			–
<i>Of which contingent consideration</i>	19		19			–
Other current liabilities	6		6	6		6
<i>Of which interest rate swaps</i>			–	2		2
<i>Of which currency swaps</i>			–	1		1
<i>Of which commodity hedging with futures</i>	6		6	1		1
<i>Of which contingent consideration</i>	1		1	2		2
<b>Total financial liabilities</b>	<b>25</b>	<b>–</b>	<b>25</b>	<b>6</b>	<b>–</b>	<b>6</b>

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

Group	Securities held as fixed asset			
	Unlisted funds		Unlisted shares and participations	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
<b>MSEK</b>				
<b>Opening balance</b>	32	37	23	23
Investments	2	4	18	
Dividends received	-10	-12		
Reported in profit/loss for the period				
Net finance	2	3		
<b>Closing balance</b>	<b>26</b>	<b>32</b>	<b>41</b>	<b>23</b>

Group	Contingent consideration	
	Dec 31, 2022	Dec 31, 2021
<b>MSEK</b>		
<b>Opening balance</b>	2	–
Aquisitions during the period	19	2
Payments during the period	-1	
<b>Closing balance</b>	<b>20</b>	<b>2</b>

Contingent consideration will be paid to the previous owner based on the a share of the profit as well as the outcome of certain specified projects. The contingent consideration is estimated at around SEK 20 million.

# Future financial information

- |  |                  |
|--|------------------|
| • Annual and Sustainability report 2022                            | April, 2023      |
| • Quarterly report January – March 2023 and Annual General Meeting | May 4, 2023      |
| • Quarterly report January – June 2023                             | July 14, 2023    |
| • Quarterly report January – September 2023                        | October 27, 2023 |
| • Year-end report January – December 2023                          | February 2, 2024 |

*Förslöv, February 3, 2023*

*Jesper Göransson  
CEO and President*

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

## Presentation of the quarterly report

This quarterly report will be presented digitally and on a phone conference Friday February 3, 2023 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/>.

Click on one of the links to participate in the presentation.

Participate in the web broadcast:

<https://ir.financialhearings.com/peab-q4-2022>

Participate via telephone conference:

<https://conference.financialhearings.com/teleconference/?id=500843>

For further information, please contact:

Jesper Göransson, President and CEO of Peab, is reached through Juha Hartomaa, Head of Investor Relations Peab, +46 725 33 31 45

*This information is information that Peab AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at February 3, 2023, 08:00 a.m. CET.*

# Quarterly data

Group, IFRS

MSEK	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020
Net sales	17,141	16,197	16,458	12,137	17,504	15,488	14,807	11,124	15,989
Production costs	-15,466	-14,730	-14,845	-11,304	-15,495	-13,868	-13,219	-10,440	-14,159
<b>Gross profit</b>	<b>1,675</b>	<b>1,467</b>	<b>1,613</b>	<b>833</b>	<b>2,009</b>	<b>1,620</b>	<b>1,588</b>	<b>684</b>	<b>1,830</b>
Sales and administrative expenses	-851	-640	-929	-866	-923	-673	-884	-820	-914
Distribution of Annehem Fastigheter	-	-	-	-	-	-	-	-	952
Other operating income	72	81	94	32	235	67	51	38	84
Other operating costs	-10	8	-3	-19	-12	11	0	-16	-10
<b>Operating profit</b>	<b>886</b>	<b>916</b>	<b>775</b>	<b>-20</b>	<b>1,309</b>	<b>1,025</b>	<b>755</b>	<b>-114</b>	<b>1,942</b>
Financial income	39	18	22	24	20	29	15	30	23
Financial expenses	-85	-60	-36	-39	-38	-48	-43	-38	-55
<b>Net finance</b>	<b>-46</b>	<b>-42</b>	<b>-14</b>	<b>-15</b>	<b>-18</b>	<b>-19</b>	<b>-28</b>	<b>-8</b>	<b>-32</b>
<b>Pre-tax profit</b>	<b>840</b>	<b>874</b>	<b>761</b>	<b>-35</b>	<b>1,291</b>	<b>1,006</b>	<b>727</b>	<b>-122</b>	<b>1,910</b>
Tax	-282	-163	-171	7	-170	-226	-152	23	-181
<b>Profit for the period</b>	<b>558</b>	<b>711</b>	<b>590</b>	<b>-28</b>	<b>1,121</b>	<b>780</b>	<b>575</b>	<b>-99</b>	<b>1,729</b>
<b>Profit for the period, attributable to:</b>									
Shareholders in parent company	559	711	590	-28	1,121	780	575	-99	1,730
Non-controlling interests	-1	0	0	0	0	0	0	0	-1
<b>Profit for the period</b>	<b>558</b>	<b>711</b>	<b>590</b>	<b>-28</b>	<b>1,121</b>	<b>780</b>	<b>575</b>	<b>-99</b>	<b>1,729</b>
<b>Key ratios, IFRS</b>									
Earnings per share, SEK	1.93	2.43	2.01	-0.10	3.80	2.65	1.95	-0.34	5.87
Average number of outstanding shares, million	288.0	291.3	294.4	295.0	295.0	295.0	295.0	295.0	295.0
Capital employed (closing balance)	33,590	32,230	31,232	29,765	28,698	26,840	25,849	25,019	24,435
Equity (closing balance)	13,786	13,250	12,736	13,792	13,682	12,500	11,694	12,517	12,443

**Business areas**

	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020
<b>MSEK</b>									
<b>Net sales</b>									
Construction	8,330	6,306	7,628	6,735	8,147	5,989	6,648	6,196	7,448
Civil Engineering	4,405	3,584	3,893	3,083	4,062	3,285	3,743	3,090	3,600
Industry	5,658	7,096	6,108	2,571	5,138	6,198	5,247	2,204	4,929
Project Development	1,986	2,234	1,977	2,464	3,117	2,741	1,929	1,710	1,804
– of which Property Development	11	304	120	59	425	33	33	30	71
– of which Housing Development	1,975	1,930	1,857	2,405	2,692	2,708	1,896	1,680	1,733
Group functions	409	380	385	358	368	318	327	301	317
Eliminations	-3,740	-2,915	-3,133	-2,667	-3,312	-2,410	-2,725	-2,285	-2,674
<b>Group, segment reporting</b>	<b>17,048</b>	<b>16,685</b>	<b>16,858</b>	<b>12,544</b>	<b>17,520</b>	<b>16,121</b>	<b>15,169</b>	<b>11,216</b>	<b>15,424</b>
Adjustment of housing to IFRS	93	-488	-400	-407	-16	-633	-362	-92	560
IFRS 16, additional leases									
Annehem Fastigheter									36 <sup>1)</sup>
Eliminations									-31
<b>Group, IFRS</b>	<b>17,141</b>	<b>16,197</b>	<b>16,458</b>	<b>12,137</b>	<b>17,504</b>	<b>15,488</b>	<b>14,807</b>	<b>11,124</b>	<b>15,989</b>
<b>Operating profit</b>									
Construction	166	126	177	160	209	164	187	151	197
Civil Engineering	175	118	148	53	164	109	146	52	131
Industry	283	519	341	-396	420	576	339	-397	397
Project Development	309	265	264	289	446	326	252	213	1,195
– of which Property Development	19	91	43	34	122	70	29	10	961
– of which Housing Development	290	174	221	255	324	256	223	203	234
Group functions	-53	-27	-47	-71	13	-64	-95	-82	-132
Eliminations	-27	-8	2	-25	-6	-10	-5	-10	37
<b>Group, segment reporting</b>	<b>853</b>	<b>993</b>	<b>885</b>	<b>10</b>	<b>1,246</b>	<b>1,101</b>	<b>824</b>	<b>-73</b>	<b>1,825</b>
Adjustment of housing to IFRS	25	-86	-119	-39	52	-86	-69	-49	95
IFRS 16, additional leases	8	9	9	9	11	10	0	8	12
Annehem Fastigheter									13 <sup>1)</sup>
Eliminations									-3
<b>Group, IFRS</b>	<b>886</b>	<b>916</b>	<b>775</b>	<b>-20</b>	<b>1,309</b>	<b>1,025</b>	<b>755</b>	<b>-114</b>	<b>1,942</b>
<b>Operating margin, %</b>									
Construction	2.0	2.0	2.3	2.4	2.6	2.7	2.8	2.4	2.6
Civil Engineering	4.0	3.3	3.8	1.7	4.0	3.3	3.9	1.7	3.6
Industry	5.0	7.3	5.6	-15.4	8.2	9.3	6.5	-18.0	8.1
Project Development	15.6	11.9	13.4	11.7	14.3	11.9	13.1	12.5	66.2
– of which Property Development	172.7	29.9	35.8	57.6	28.7	212.1	87.9	33.3	1,353.5
– of which Housing Development	14.7	9.0	11.9	10.6	12.0	9.5	11.8	12.1	13.5
Group functions									
Eliminations									
<b>Group, segment reporting</b>	<b>5.0</b>	<b>6.0</b>	<b>5.2</b>	<b>0.1</b>	<b>7.1</b>	<b>6.8</b>	<b>5.4</b>	<b>-0.7</b>	<b>11.8</b>
Adjustment of housing to IFRS									
IFRS 16, additional leases									
Annehem Fastigheter									36.1 <sup>1)</sup>
Eliminations									
<b>Group, IFRS</b>	<b>5.2</b>	<b>5.7</b>	<b>4.7</b>	<b>-0.2</b>	<b>7.5</b>	<b>6.6</b>	<b>5.1</b>	<b>-1.0</b>	<b>12.1</b>
<b>Key ratios, segment reporting, MSEK</b>									
Earnings per share, SEK	1.89	2.69	2.36	0.04	3.62	2.89	2.18	-0.19	5.62
Capital employed (closing balance)	25,000	23,546	22,828	22,117	21,561	20,691	19,867	19,659	19,434
Equity (closing balance)	14,978	14,469	13,868	14,812	14,656	13,556	12,654	13,408	13,251
Orders received	10,455	13,095	14,334	15,375	14,443	13,865	13,094	14,446	12,189
Order backlog at the end of the period	44,389	48,762	49,899	49,968	45,318	46,280	46,684	47,286	42,709

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

# Alternative performance measures and definitions

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

The difference between segment reporting and reporting according to IFRS is described in more detail in note 1. The difference primarily consists of differences in accounting principles for our own housing development projects where revenue and profit are recognized over time in segment reporting and at one point in

time, when homebuyers take over their homes, in reporting according to IFRS. In segment reporting leasing fees for the lessee are recognized linearly over the leasing period for leases that are classified by the counterparty (the lessor) as operational leases. IFRS 16 Leases is applied in Group reporting according to IFRS, which entails that lessees recognize depreciation and interest attributable to leasing assets and liabilities. As a result the difference between segment reporting and reporting according to IFRS even affects the items on the balance sheet, including net debt. Nonetheless, in the key ratios below the method of calculation is the same for both segment reporting and reporting according to IFRS. For more information and calculations, see Peab's website

[www.peab.com/alternative-keyratios](http://www.peab.com/alternative-keyratios).

## Financial definitions

### Available liquidity

Liquid funds and short-term investments along with unutilized credit facilities, excluding unutilized credit facilities for project financing. Shows the Group's available liquidity.

### Capital employed for the business areas

Total assets in the business area 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 earnings 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 January 1, 2019 unsold part of ongoing own housing development projects is included in net debt. Shows financial position for segment.

## Non-financial definitions

### CSI

CSI stands for Customer Satisfaction Index and measures how satisfied Peab's customers are. CSI 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.

### eNPS

eNPS stands for employee Net Promoter Score and measures employee engagement. The score 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?"

### LT14 and LTIF4

LT14 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.

### 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 the size of net investments made.

### Operating margin

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

### Operative cash flow

Cash flow before financing according to segment reporting. The cash flow does not include received internal Group interest, paid interest and paid tax that is not allocated to the business areas but only reported for the Group. Investments via leasing charge cash flow from investment operations in the business areas. Operative cash flow is only calculated for the business areas. Shows the cash flow generated per business area.

### 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. Regarding our own housing development projects, tenant-owner associations and housing companies are considered external customers.

### Return on capital employed

Pre-tax profit for the 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 shows the Group's earning capacity independent of financing.

### Return on equity

Profit for the rolling 12 month period attributable to shareholders in the parent company divided by the average (last four quarters) equity attributable to shareholders in the parent company. The measurement is used to create efficient business and a rational capital structure and show how the Group has multiplied shareholders' equity.

### Project and development property

Holdings of undeveloped land and decontamination property for future development, property with buildings for project development, processing and thereafter divestiture within Peab's normal business cycle.

### Risk observations

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

### Serious accidents

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





# Peab is The Nordic Community Builder

## About Peab

Peab works locally where our customers are and where people live their lives. Every day our 16,000 employees contribute through four collaborating business areas to community building in Sweden, Norway, Finland and Denmark. Together we build homes, schools, retirement homes, hospitals, swimming pool facilities, museums, offices, airports and ports. We build and maintain roads, railroads, bridges, parks and much, much more.

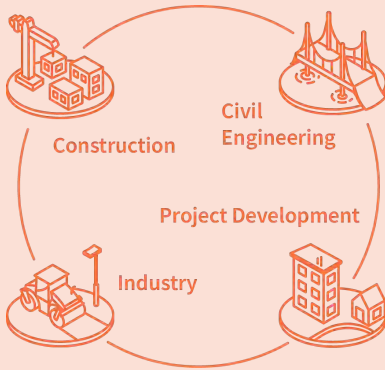
Peab has contributed to locally produced community building for more than 60 years. Now the journey continues. Long-lastingly and responsibly we are forging ahead, and improving everyday life where it's lived.

## Net sales, appr.

# SEK 63 billion

## Employees, appr.

# 16,000



## Business model

### Value through collaborating business areas

Our business is founded on four business areas Construction, Civil Engineering, Industry and Project Development. Each of them is independent with its own customer base. But the strength in our business model – and thereby our ability to achieve our targets – is multiplied when they work together in the processing chain. This is the core of our business model and what makes us unique. This is locally produced community building throughout the entire Nordic region.

## 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.



## Local and close to our customers

Our 16,000 employees work close to our customers in the community and use wherever possible local resources in the form of our own personnel, input goods and subcontractors. Together with our social engagement in the community and integrated climate and environmental work this forms the foundation of what we call locally produced community building.

Photographers: Anders Portman, Adam Afzeilus, Henrik Nordell, Mamad Hormatipor, Peter Steen, Petra Bindel, Robert Andersson, Samuel Unéus, Therese Pettersson and Ørjan Marakatt Bertelsen.

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