

Alternative performance measures and financial 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, and note 4 in the Annual Report 2021. 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.

Definition and motivation of use	Calculation at quarterly report January-March 2022	
Available liquidity Liquid funds and short-term investments along with unutilized credit facilities, not including unutilized project financing. Shows the Group's available liquidity.	Reporting according to IFRS Liquid funds Unutilized credit facilities Available liquidity	MSEK 2,970 7,838 <hr/> 10,808
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.	Reporting according to IFRS Equity, MSEK Less equity attributable to non-controlling interests, MSEK Equity attributable to shareholders in parent company, MSEK Number of outstanding shares at the end of the period Equity per share, SEK Segment reporting Equity, MSEK Less equity attributable to non-controlling interests, MSEK Equity attributable to shareholders in parent company, MSEK Number of outstanding shares at the end of the period Equity per share, SEK	13,792 -1 13,791 294,962,746 46.76 14,812 -1 14,811 294,962,746 50.21
Cash flow per share Cash flow per share calculated as the total of the cash flow from current operations and cash flow from investment operations divided by the average number of outstanding shares during the period. Shows cash flow per share.	Reporting according to IFRS Cash flow from current operations, MSEK Cash flow from investment operations, MSEK Total cash flow before financing, MSEK Average number of outstanding shares Cash flow per share, SEK Segment reporting Cash flow from current operations, MSEK Cash flow from investment operations, MSEK Total cash flow before financing, MSEK Average number of outstanding shares Cash flow per share, SEK	-784 7 -777 294,962,746 -2.63 -330 7 -323 294,962,746 -1.10

Definition and motivation of use
Calculation at quarterly report January-March 2022

<p>Net investments Change in the period of the reported value of current assets (CB-OB) plus depreciation and write-downs. Shows the size of net investments made.</p>																																																																						
<p>Net debt Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets. Shows financial position.</p>	<table> <tr> <td colspan="2">Reporting according to IFRS</td> <td style="text-align: right;">MSEK</td> </tr> <tr> <td>Interest-bearing long-term liabilities</td> <td></td> <td style="text-align: right;">4,968</td> </tr> <tr> <td>Interest-bearing long-term liabilities, project financing</td> <td></td> <td style="text-align: right;">469</td> </tr> <tr> <td>Interest-bearing current liabilities</td> <td></td> <td style="text-align: right;">2,451</td> </tr> <tr> <td>Interest-bearing current liabilities, project financing</td> <td></td> <td style="text-align: right;">8,085</td> </tr> <tr> <td>- Interest-bearing long-term receivables</td> <td></td> <td style="text-align: right;">-1,213</td> </tr> <tr> <td>- Interest-bearing current receivables</td> <td></td> <td style="text-align: right;">-131</td> </tr> <tr> <td>- Liquid funds</td> <td></td> <td style="text-align: right;">-2,970</td> </tr> <tr> <td>Net debt</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">11,659</td> </tr> <tr> <td colspan="2">Segment reporting</td> <td style="text-align: right;">MSEK</td> </tr> <tr> <td>Interest-bearing long-term liabilities</td> <td></td> <td style="text-align: right;">3,590</td> </tr> <tr> <td>Interest-bearing long-term liabilities, project financing</td> <td></td> <td style="text-align: right;">-</td> </tr> <tr> <td>Interest-bearing current liabilities</td> <td></td> <td style="text-align: right;">2,126</td> </tr> <tr> <td>Interest-bearing current liabilities, project financing</td> <td></td> <td style="text-align: right;">1,589</td> </tr> <tr> <td>- Interest-bearing long-term receivables</td> <td></td> <td style="text-align: right;">-1,213</td> </tr> <tr> <td>- Interest-bearing current receivables</td> <td></td> <td style="text-align: right;">-131</td> </tr> <tr> <td>- Liquid funds</td> <td></td> <td style="text-align: right;">-2,970</td> </tr> <tr> <td>Net debt</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">2,991</td> </tr> <tr> <td colspan="2">Reconciliation between IFRS and segment reporting</td> <td></td> </tr> <tr> <td>Net debt according to IFRS</td> <td></td> <td style="text-align: right;">11,659</td> </tr> <tr> <td>Additional IFRS 16 Leases</td> <td></td> <td style="text-align: right;">-1,687</td> </tr> <tr> <td>Project financing, sold part of housing projects</td> <td></td> <td style="text-align: right;">-6,981</td> </tr> <tr> <td>Net debt according to segment reporting</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">2,991</td> </tr> </table>	Reporting according to IFRS		MSEK	Interest-bearing long-term liabilities		4,968	Interest-bearing long-term liabilities, project financing		469	Interest-bearing current liabilities		2,451	Interest-bearing current liabilities, project financing		8,085	- Interest-bearing long-term receivables		-1,213	- Interest-bearing current receivables		-131	- Liquid funds		-2,970	Net debt		11,659	Segment reporting		MSEK	Interest-bearing long-term liabilities		3,590	Interest-bearing long-term liabilities, project financing		-	Interest-bearing current liabilities		2,126	Interest-bearing current liabilities, project financing		1,589	- Interest-bearing long-term receivables		-1,213	- Interest-bearing current receivables		-131	- Liquid funds		-2,970	Net debt		2,991	Reconciliation between IFRS and segment reporting			Net debt according to IFRS		11,659	Additional IFRS 16 Leases		-1,687	Project financing, sold part of housing projects		-6,981	Net debt according to segment reporting		2,991
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<p>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.</p>																																																																						
<p>Operating 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. Operating cash flow is only calculated for the business areas. Shows the cash flow generated per business area.</p>																																																																						

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Calculation at quarterly report January-March 2022

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<p>Return on equity Profit of 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 shareholder's equity.</p>	<p>Reporting according to IFRS</p> <table border="0"> <tr> <td>Profit for the period, MSEK</td> <td></td> <td>2,448</td> </tr> <tr> <td>Average equity, MSEK</td> <td></td> <td></td> </tr> <tr> <td>Q1 2022</td> <td>13,791</td> <td></td> </tr> <tr> <td>Q4 2021</td> <td>13,681</td> <td></td> </tr> <tr> <td>Q3 2021</td> <td>12,499</td> <td></td> </tr> <tr> <td>Q2 2021</td> <td>11,693</td> <td></td> </tr> <tr> <td></td> <td>51,664 / 4</td> <td>12,916</td> </tr> <tr> <td>Return on equity, %</td> <td></td> <td>18.9</td> </tr> </table> <p>Segment reporting</p> <table border="0"> <tr> <td>Profit for the period, MSEK</td> <td></td> <td>2,575</td> </tr> <tr> <td>Average equity, MSEK</td> <td></td> <td></td> </tr> <tr> <td>Q1 2022</td> <td>14,811</td> <td></td> </tr> <tr> <td>Q4 2021</td> <td>14,655</td> <td></td> </tr> <tr> <td>Q3 2021</td> <td>13,555</td> <td></td> </tr> <tr> <td>Q2 2021</td> <td>12,653</td> <td></td> </tr> <tr> <td></td> <td>55,674 / 4</td> <td>13,919</td> </tr> <tr> <td>Return on equity, %</td> <td></td> <td>18.5</td> </tr> </table>	Profit for the period, MSEK		2,448	Average equity, MSEK			Q1 2022	13,791		Q4 2021	13,681		Q3 2021	12,499		Q2 2021	11,693			51,664 / 4	12,916	Return on equity, %		18.9	Profit for the period, MSEK		2,575	Average equity, MSEK			Q1 2022	14,811		Q4 2021	14,655		Q3 2021	13,555		Q2 2021	12,653			55,674 / 4	13,919	Return on equity, %		18.5
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Definition and motivation of use
Calculation at quarterly report January-March 2022

<p>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.</p>	<p>Reporting according to IFRS</p> <table> <tr><td>Pre-tax profit, MSEK</td><td>2,989</td></tr> <tr><td>Financial expenses, MSEK</td><td>168</td></tr> <tr><td>Total profit, MSEK</td><td>3,157</td></tr> <tr><td>Average capital employed, MSEK</td><td></td></tr> <tr><td>Q1 2022</td><td>29,765</td></tr> <tr><td>Q4 2021</td><td>28,698</td></tr> <tr><td>Q3 2021</td><td>26,840</td></tr> <tr><td>Q2 2021</td><td>25,849</td></tr> <tr><td></td><td>111,152 / 4</td></tr> <tr><td>Return on capital employed, %</td><td>27,788</td></tr> <tr><td></td><td>11.4</td></tr> </table> <p>Segment reporting</p> <table> <tr><td>Pre-tax profit, MSEK</td><td>3,151</td></tr> <tr><td>Financial expenses, MSEK</td><td>118</td></tr> <tr><td>Total profit, MSEK</td><td>3,269</td></tr> <tr><td>Average capital employed, MSEK</td><td></td></tr> <tr><td>Q1 2022</td><td>22,117</td></tr> <tr><td>Q4 2021</td><td>21,561</td></tr> <tr><td>Q3 2021</td><td>20,691</td></tr> <tr><td>Q2 2021</td><td>19,867</td></tr> <tr><td></td><td>84,236 / 4</td></tr> <tr><td>Return on capital employed, %</td><td>21,059</td></tr> <tr><td></td><td>15.5</td></tr> </table>	Pre-tax profit, MSEK	2,989	Financial expenses, MSEK	168	Total profit, MSEK	3,157	Average capital employed, MSEK		Q1 2022	29,765	Q4 2021	28,698	Q3 2021	26,840	Q2 2021	25,849		111,152 / 4	Return on capital employed, %	27,788		11.4	Pre-tax profit, MSEK	3,151	Financial expenses, MSEK	118	Total profit, MSEK	3,269	Average capital employed, MSEK		Q1 2022	22,117	Q4 2021	21,561	Q3 2021	20,691	Q2 2021	19,867		84,236 / 4	Return on capital employed, %	21,059		15.5
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- Deferred tax liabilities	-282																												
- Other long-term liabilities	-1,575																												
- Other current liabilities	-16,335																												
Capital employed	22,117																												
Capital employed according to IFRS	29,765																												
IFRS 16, additional leases	-1,662																												
Housing projects, sold part	-5,986																												
Capital employed according to segment reporting	22,117																												
<p>Capital employed for the business areas Total assets in the business areas at the end of the period reduced by deferred tax recoverables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities, provisions 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.</p>																													
<p>All amounts, if not otherwise specified, have been rounded to the nearest million. The numbers in the report are based on the Group's consolidation system which is in SEK thousands. By rounding numbers key ratios may not correspond to calculations according to definitions.</p>																													