

# Half-year report

JANUARY – JUNE 2022



Highway 23  
Växjö



**PEAB**  
THE NORDIC COMMUNITY BUILDER

# Stable first half-year

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

### April – June 2022

- Net sales SEK 16,858 million (15,169)
- Operating profit SEK 885 million (824)
- Operating margin 5.2 percent (5.4)
- Pre-tax profit SEK 881 million (808)
- Earnings per share SEK 2.36 (2.18)
- Orders received SEK 14,334 million (13,094)
- Cash flow before financing SEK -1,540 million (-97)

### January – June 2022

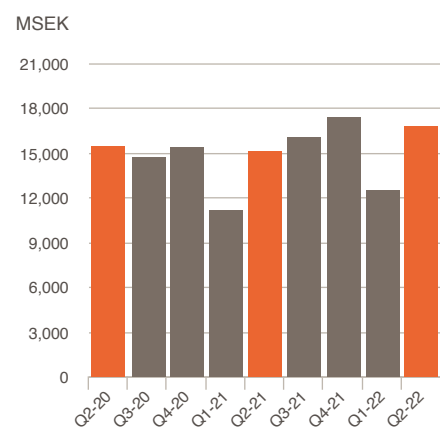
- Net sales SEK 29,402 million (26,385)
- Operating profit SEK 895 million (751)
- Operating margin 3.0 percent (2.8)
- Pre-tax profit SEK 889 million (741)
- Earnings per share SEK 2.40 (1.99)
- Orders received SEK 29,709 million (27,540)
- Order backlog SEK 49,899 million (46,684)
- Cash flow before financing SEK -1,863 million (-205)
- Net debt SEK 6,333 million (5,424)
- Net debt/equity ratio 0.5 (0.4)

## Group

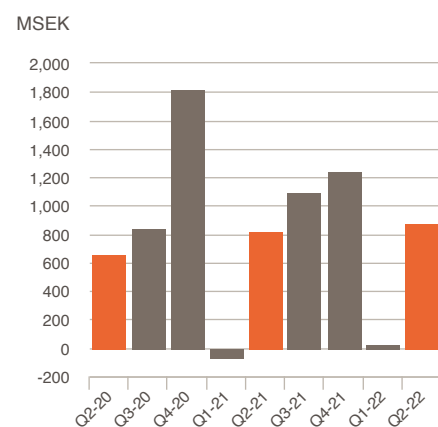
MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
<b>Segment reporting</b>						
Net sales	16,858	15,169	29,402	26,385	63,043	60,026
Operating profit	885	824	895	751	3,242	3,098
Operating margin, %	5.2	5.4	3.0	2.8	5.1	5.2
Pre-tax profit	881	808	889	741	3,224	3,076
Profit for the period	694	641	707	586	2,628	2,507
Earnings per share, SEK	2.36	2.18	2.40	1.99	8.91	8.50
Return on equity, % <sup>1)</sup>	18.5	22.4	18.5	22.4	18.5	18.5
Return on capital employed, % <sup>1)</sup>	15.3	17.5	15.3	17.5	15.3	15.6
Net debt	6,333	5,424	6,333	5,424	6,333	2,404
Net debt/equity ratio, multiple	0.5	0.4	0.5	0.4	0.5	0.2
Equity/assets ratio, %	32.8	33.6	32.8	33.6	32.8	36.3
Cash flow before financing	-1,540	-97	-1,863	-205	1,383	3,041
Number of employees <sup>1)</sup>	15,458	15,633	15,458	15,633	15,458	15,454
<b>Reporting according to IFRS</b>						
Net sales, IFRS	16,458	14,807	28,595	25,931	61,587	58,923
Operating profit, IFRS	775	755	755	641	3,089	2,975
Pre-tax profit, IFRS	761	727	726	605	3,023	2,902
Profit for the period, IFRS	590	575	562	476	2,463	2,377
Earnings per share, IFRS, SEK	2.01	1.95	1.91	1.61	8.36	8.06
Net debt, IFRS	15,869	12,366	15,869	12,366	15,869	10,515
Equity/assets ratio, IFRS, %	25.5	26.7	25.5	26.7	25.5	29.0
Cash flow before financing, IFRS	-2,398	-709	-3,175	-1,144	-979	1,052

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

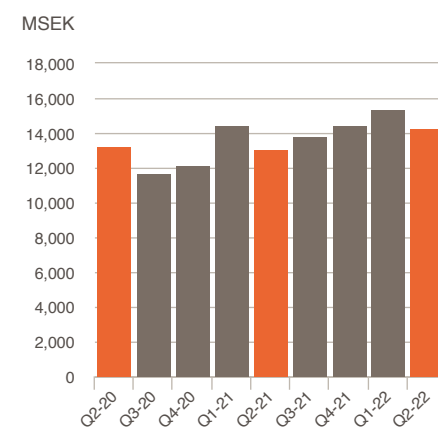
### Net sales



### Operating profit



### Orders received





# Comments from the CEO

Peab reports continued growth in net sales and improved profit after the first half-year 2022. We continue to handle increases in costs well, although we have seen some impact on the operating margin. Despite the shaky situation in the world around us our level of orders is high.

## Group development

Group net sales increased by eleven percent during the first half-year 2022 and amounted to SEK 29,402 million (26,385). Part of the increase was due to higher material and energy costs which have affected prices to customers. Operating profit for the first half-year was SEK 895 million (751) and the operating margin was 3.0 percent (2.8). We have noted some impact from the higher costs on the operating margin during the second quarter. Cash flow before financing amounted to SEK -1,863 million (-205) and the decrease refers to more tied-up working capital and investments.

## Business area development

Net sales in business area Construction increased by twelve percent during the first half-year, primarily related to Swedish and Norwegian operations. Housing and public construction contributed to the increase. The operating margin contracted to 2.3 percent (2.6). Net sales in business area Civil Engineering grew by two percent and the operating margin was unchanged at 2.9 percent (2.9). The combined operating margin for both construction contract businesses for the first half-year added up to 2.5 percent (2.7).

Net sales in business area Industry, where paving operations are now in full swing, increased by 16 percent for the first half-year. The operating margin was -0.6 percent (-0.8). Higher prices for bitumen in Paving and for input goods in other product areas have in general been regulated in pricing to customers but nonetheless had a negative effect on the operating margin. Operations in business area Industry are highly seasonal where the first quarter is characterized by substantial deficits since the season begins in the second quarter.

In Project Development net sales increased by 22 percent attributable to Housing Development where a higher number of ongoing housing developments benefits net sales. The operating margin in Housing Development was 11.2 percent (11.9). In Property Development our partially owned companies continued to provide higher profit contributions.

Start-ups of our own housing developments were somewhat fewer compared to the corresponding quarter last year, in part due to a more guarded market. The high sales rate of 75 percent (76) in ongoing projects meant fewer available objects for sale, which is the primary reason for the somewhat lower sales in the quarter.

## Order situation

The level of orders received continued to be high even in the second quarter, increasing to SEK 14.3 billion (13.1), and is well spread geographically and in product area. Order backlog yet to be produced at the end of the period increased and was SEK 49.9 billion (46.7). Of the total order backlog 57 percent (54) will be produced after 2022 (2021).



“We continue to handle increases in costs well, although we have seen some impact on the operating margin”

## Four targets updated

In this quarter we present the outcome for four of our nine external targets: serious accidents, recommend Peab as an employer, operating margin and net debt/equity ratio.

The trend in serious accidents has unfortunately continued upward in the second quarter and there were 48 per a rolling twelve month period (28 at the end of the year). We have further intensified our preventive work on the work environment to turn the tide and continue the work on our safety culture.



The score for eNPS (recommend Peab) in the spring survey rose to 28 (24), which is clearly over the Nordic industry benchmark of 20.

Our target is to over time have an operating margin that surpasses 6 percent and in the latest rolling 12 month period the operating margin was 5.1 percent. The net debt/equity ratio was 0.5, which is in the middle of the target interval 0.3-0.7.

## Market and prospects for the future

Uncertainty in the world around us continues and developments are marked by higher prices for energy and input goods essential to Peab. Long-term interest rates have risen and The Riksbank, Sweden's central bank, raised the policy interest rate twice during the quarter, most recently in June by 50 points.

Our market assessments are based on Navet's Nordic market forecasts that show Nordic market prospects in construction and civil engineering are in general unchanged for 2022. In Sweden housing investments have been adjusted down while investments in civil engineering have been adjusted up.

Peab continues to handle both the rise in prices and material shortages well, although the operating margin has been slightly diluted. We continually adjust and streamline our operations to curb rising construction costs. We deal with delivery problems and prices hikes within existing contracts and in new bids we tender systematically, based on operational and contractual circumstances in order to handle each unique project and situation. This requires a close dialogue with our subcontractors, suppliers and customers. However, towards the end of the second quarter we saw the rate of cost increases slow.

Regarding Cementa's permit process for Slite we are following developments closely. We continue to work on our own binder alternatives and securing the supply of cement by importing it ourselves. The continued uncertainty about long-term access to cement in Sweden can, however, create a bumpy market.

We continue to handle the current market situation well and we receive all kinds of new projects all over the Nordic area. Our solid business model with four collaborating business areas – and thereby our broad offer – makes us less vulnerable. Naturally our engaged employees and their extensive expertise is vital to our strength. We are well-equipped for the current times and the future.

*Jesper Göransson  
President and CEO*



# Net sales and profit

## April – June 2022

Group net sales during the second quarter 2022 increased by eleven percent and amounted to SEK 16,858 million (15,169). Some of the increase is explained by higher material and energy costs which have affected pricing to customers.

Net sales in business area Construction increased by 15 percent and the increase refers to Swedish and Norwegian operations. Net sales in business area Civil Engineering increased by four percent due to greater activity in Infrastructure and Operation and maintenance. Net sales in business area Industry increased by 16 percent. The increase is primarily related to Paving, Concrete and Construction System. Net sales in business area Project Development was on par with last year.

Operating profit for the second quarter 2022 amounted to SEK 885 million (824) and the operating margin was 5.2 percent (5.4). Higher construction costs and price hikes for energy and certain raw materials have had some negative impact on the operating margin.

In business area Construction the operating margin was 2.3 percent (2.8) and in business area Civil Engineering the operating margin was 3.8 percent (3.9). All in all the operating margin for construction contract operations amounted to 2.8 percent (3.2). Operating profit in business area Industry was on par with the corresponding quarter last year but the operating margin contracted to 5.6 percent (6.5). Operating profit improved slightly in Project Development and the operating margin amounted to 13.4 percent (13.1). In Housing Development the operating margin was 11.9 percent (11.8). Operating profit in Property Development was higher since profit contributions from partially owned companies were better. Property transactions had a positive effect of SEK 9 million (26) and included the divestiture of a logistics facility to Annehem Fastigheter.

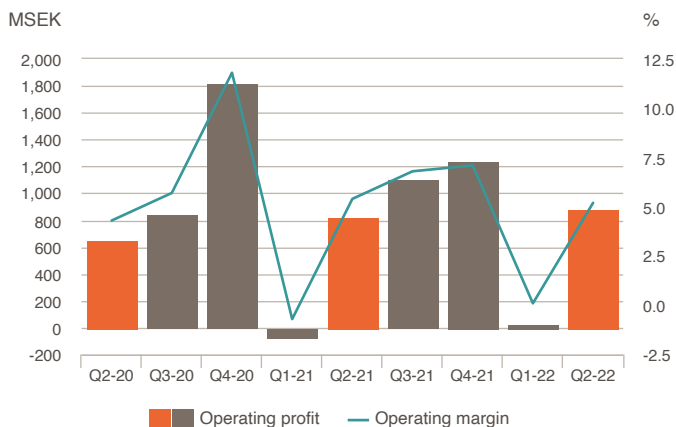
Depreciation and write-downs for the second quarter were SEK -328 million (-322).

Elimination and reversal of internal profit in our own projects have affected operating profit during the quarter net by SEK 2 million (-5).

Net financial items amounted to SEK -4 million (-16) of which net interest was SEK -21 million (-16).

Pre-tax profit was SEK 881 million (808). Profit for the period was SEK 694 million (641).

## Operating profit and operating margin, per quarter



Railway Högdalen  
Stockholm



## January – June 2022

Group net sales for the first half-year 2022 increased by eleven percent and amounted to SEK 29,402 million (26,385). After adjustments for acquired and divested units and exchange rate effects net sales increased by ten percent. Some of the increase is explained by higher material and energy costs which have affected pricing to customers. Of the period's net sales SEK 7,968 million (7,325) were attributable to sales and production outside Sweden. Net sales during the latest rolling 12 month period were SEK 63,043 million compared to SEK 60,026 million for the full year 2021. The proportion of public sector customers was 41 percent (43) while private customers represented 59 percent (57) of total net sales.

Net sales in business area Construction increased by twelve percent and the increase was related to the Swedish and Norwegian operations. Net sales in business area Civil Engineering increased by two percent with small variations among the product areas. Net sales in business area Industry increased by 16 percent with the increase primarily related to Paving, Concrete and Construction System. In business area Project Development net sales increased by 22 percent where the increase was mainly generated in Housing Development. More ongoing housing projects and a high level of sold homes has had a positive effect on net sales in Housing Development.

Operating profit for the first half-year 2022 amounted to SEK 895 million (751) and the operating margin was 3.0 percent (2.8). In the latest rolling 12 month period the operating margin amounted to 5.1 percent compared to 5.2 percent for the entire year of 2021. During 2021 and the beginning of 2022 prices for material and energy have risen dramatically. We have handled price hikes and delivery disruptions through adjustments and streamlining but there has been some negative impact on the operating margin.

In business area Construction the operating margin was 2.3 percent (2.6), lower in both Sweden and Finland. In business area Civil Engineering the operating margin was unchanged at 2.9 percent (2.9). All in all the operating margin for construction contract operations amounted to 2.5 percent (2.7). Operating profit in business area Industry was on par with the corresponding period last year. Operating profit in Mineral Aggregates and Rentals improved while it contracted in Paving and Transportation and Machines. The operating margin in Industry amounted to -0.6 percent (-0.8). Operations in Industry have a very clear seasonal pattern where the first quarter is characterized by substantial deficits since the season begins in the second quarter. In business area Project Development the operating profit improved in both Housing Development and Property Development. The fact that there are more ongoing housing projects in Housing Development has had a positive effect during the period.

The operating margin in Housing Development was 11.2 percent (11.9). Profit contributions from partially owned companies increased in Property Development. Capital gains from property sales had a positive effect of SEK 22 million (26).

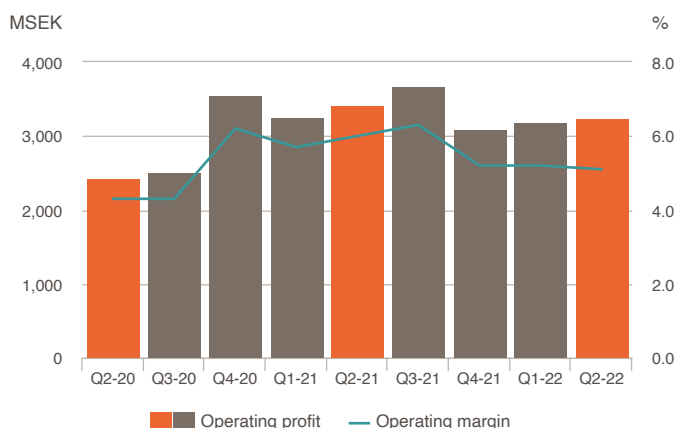
Depreciation and write-downs for the first half year were SEK -648 million (-640).

Elimination and reversal of internal profit in our own projects have affected operating profit during the period net by SEK -23 million (-15).

Net financial items amounted to SEK -6 million (-10) of which net interest was SEK -33 million (-28). In net financial items exchange rate differences had a positive effect of SEK 0 million (8).

Pre-tax profit was SEK 889 million (741). Profit for the period was SEK 707 million (586).

### 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 now 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 June 30, 2022 were SEK 42,260 million (37,685). Equity amounted to SEK 13,868 million (12,654) which means the equity/assets ratio was 32.8 percent compared to 33.6 percent at the end of the corresponding period last year.

Interest-bearing net debt at the end of June 2022 amounted to SEK 6,333 million (5,424). 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 1,705 million (968) and the increase is explained by more housing projects in production compared with the same period last year. During the second quarter SEK 1,475 million (1,327) in paid dividends increased net debt. The average interest rate in the loan portfolio, including derivatives, was 1.7 percent (1.4) on June 30, 2022.

Group liquid funds according to IFRS, including unutilized credit facilities but excluding project financing, were SEK 7,688 million at the end of the period compared to SEK 7,060 million on June 30, 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 2,800 million at the end of the period 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 65 million of contingent liabilities compared to SEK 19 million on December 31, 2021.

## Investments and divestments

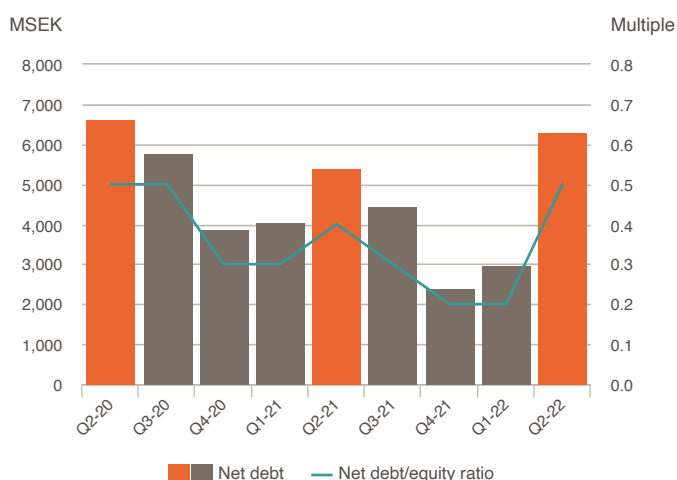
During the quarter tangible and intangible fixed assets were net invested for SEK 480 million (127). The investments refer primarily to investments in machines. During the period January-June 2022 tangible and intangible fixed assets were net invested for SEK 817 million (608). The investments refer primarily to investments in machines.

Net investments in project and development properties, which are recognized as inventory items, totaled SEK 422 million (16) during the quarter. Net investments in project and development properties totaled SEK 689 million (189) during the period January-June 2022. Project and development properties include the unsold part of our own ongoing housing development projects.

## Net debt

MSEK	Jun 30 2022	Jun 30 2021	Dec 31 2021
Bank loans	3,466	1,687	1,285
Commercial papers	309	1,697	1,206
Bonds	2,747	2,249	2,746
Financial leasing liabilities	699	612	699
Project financing, unsold part of housing projects	1,705	968	958
Other interest-bearing liabilities	34	-	11
Interest-bearing receivables	-1,308	-1,453	-1,550
Liquid funds	-1,319	-336	-2,951
<b>Net debt, segment reporting</b>	<b>6,333</b>	<b>5,424</b>	<b>2,404</b>
Additional leasing liabilities according to IFRS 16	1,618	1,796	1,720
Project financing, sold part of housing projects	7,918	5,146	6,391
<b>Net debt, IFRS</b>	<b>15,869</b>	<b>12,366</b>	<b>10,515</b>

## Net debt and net debt/equity ratio





## Cash flow

### April – June 2022

Cash flow from current operations was SEK -1,189 million (56), of which cash flow from changes in working capital was SEK -2,145 million (-839). The negative cash flow from changes in working capital refers primarily to business area Industry where the season started during the second quarter, which entails accumulating working capital. In addition, the level of tied up working capital has increased in construction contract operations Construction and Civil Engineering during the quarter.

Cash flow from investment activities was SEK -351 million (-153). Investments during the quarter consisted of machine investments in business area Industry.

Cash flow before financing was SEK -1,540 million (-97).

Cash flow from financing operations amounted to SEK -89 million (-398), of which paid dividends were SEK -1,475 million (-1,327) and repurchase of own shares of SEK -125 million (-).

### January – June 2022

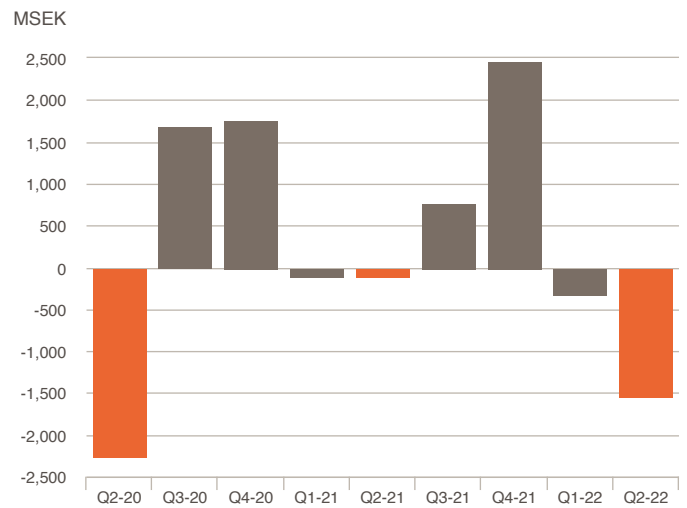
Cash flow from current operations amounted to SEK -1,519 million (240), of which cash flow from changes in working capital was SEK -2,435 million (-736). The negative cash flow from changes in working capital refers primarily to business area Industry where the season started during the second quarter, which entails accumulating working capital. In addition, the level of tied up working capital has increased in construction contract operations Construction and Civil Engineering during the period. Cash flow from current operations included dividends from partially owned companies of SEK 20 million (108).

Cash flow from investment activities was SEK -344 million (-445). Investments during the period consisted of machine investments in business area Industry and repayment of loans in Project Development.

Cash flow before financing was SEK -1,863 million (-205).

Cash flow from financing operations amounted to SEK 218 million (-441), of which paid dividends were SEK -1,475 million (-1,327) and repurchase of own shares of SEK -125 million (-).

## Cash flow before financing



# Order situation

## April – June 2022

The level of orders received in the second quarter 2022 amounted to SEK 14,334 million compared to SEK 13,094 million for the same quarter last year.

Orders received were higher in business areas Construction, Civil Engineering and Industry compared to the second quarter 2021. Included in business area Civil Engineering is the commission to rebuild the lock canal in Södertälje for The Swedish Transport Administration for SEK 1.5 billion. Orders received were lower in business area Project Development as a result of fewer production starts of our own housing developments.

## January – June 2022

The level of orders received in the first half-year 2022 increased and amounted to SEK 29,709 million compared to SEK 27,540 million for the same period last year.

Orders received in business area Civil Engineering and Industry increased while orders received in business area Project Development contracted. The level of orders received in business area Construction was relatively unchanged compared to the corresponding period in 2021.

Order backlog yet to be produced at the end of the period amounted to SEK 49,899 million compared to SEK 46,684 million at the end of the same period last year. Of the total order backlog, 57 percent (54) is expected to be produced after 2022 (2021). Swedish operations accounted for 76 percent (77) of the order backlog.

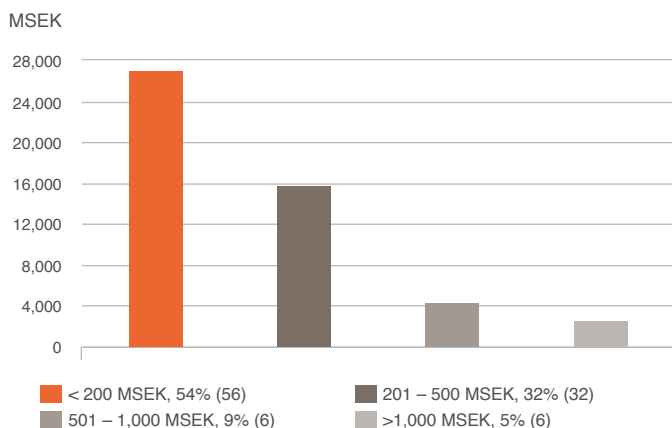
## Orders received

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
Construction	6,926	6,088	12,921	13,117	30,707	30,903
Civil Engineering	4,375	3,612	9,355	8,220	15,954	14,819
Industry	3,614	2,999	7,449	6,301	11,716	10,568
Project Development	1,530	2,496	4,025	5,003	9,003	9,981
Eliminations	-2,111	-2,101	-4,041	-5,101	-9,363	-10,423
<b>Group</b>	<b>14,334</b>	<b>13,094</b>	<b>29,709</b>	<b>27,540</b>	<b>58,017</b>	<b>55,848</b>

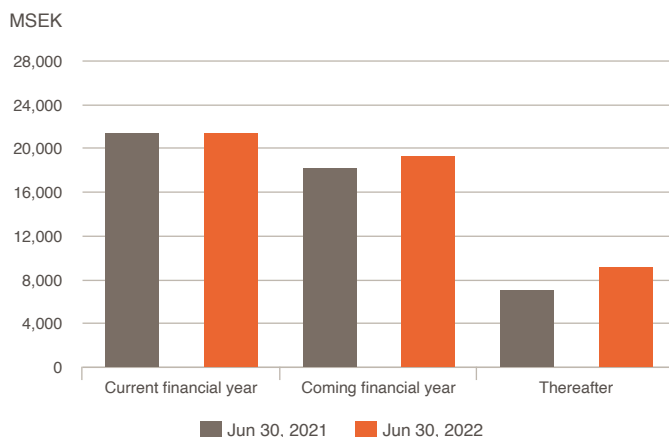
## Order backlog

MSEK	Jun 30 2022	Jun 30 2021	Dec 31 2021
Construction	28,839	26,427	30,142
Civil Engineering	16,408	14,689	13,955
Industry	6,973	6,509	3,886
Project Development	6,698	6,833	6,555
Eliminations	-9,019	-7,774	-9,220
<b>Group</b>	<b>49,899</b>	<b>46,684</b>	<b>45,318</b>

## Project size of order backlog, June 30, 2022



## Order backlog allocated over time





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

- 🇸🇪 Delivery and mounting frames for two new apartment blocks with 160 rental apartments in Upplands Väsby. The customer is Väsbyhem AB. The contract is worth SEK 101 million.
- 🇸🇪 Construction of a new bridge to the new city borough Varvsstaden in Malmö. The customer is Malmö City and the contract is worth SEK 206 million.
- 🇸🇪 Construction of the new block Gladan with 85 rental apartments, a parking garage and commercial space in central Gällivare. The customer is LKAB. The contract is worth SEK 349 million.
- 🇸🇪 Continuing to prepare for the blasting work necessary to make room for a 140 meter long basin hall where waste water is treated through a biological process in Trollhättan. The customer is Trollhättan Energi. The contract is worth SEK 125 million.
- 🇸🇪 Construction of 46 tenant-owner apartments in Inre Hamnen in Norrköping. The customer is Riksbyggen. The contract is worth SEK 103 million.
- + Renovation project of the A Building of the Women's Hospital at the Helsinki University Hospital (HUS) in Helsinki. The customer is HUS Kiinteistöt Oy. The contract is worth EUR 30 million.
- 🇸🇪 Construction of 94 tenant-owner apartments in Rosendal in Uppsala Municipality. The customer is OBOS Kärnhem Bostadsproduktion AB. The contract is worth SEK 162 million.
- 🇸🇪 Construction of a new tech building, new culverts and an energy storage room at Hudiksvall Hospital. The customer is Region Gävleborg. The contract is worth SEK 695 million.
- + Construction of three apartment buildings in Järvenpää in Finland. The customer is Avain Rakennuttaja Oy. The contract is worth EUR 14 million.
- 🇸🇪 Rebuilding E45/Highway 70 through Mora. The customer is the Swedish Transport Administration. The contract is worth SEK 143 million.
- 🇸🇪 Renovation of Rimnersvallen Stadium to meet standards for parasport, Swedish Championships in track and field and Superettan in soccer and also be completely accessibility adapted for athletes and the public. The customer is Uddevalla Municipality. The contract is worth SEK 211 million.
- 🇸🇪 Construction of 381 rental apartments on Sorgenfri in Malmö. The customer is Trianon. The contract is worth SEK 430 million.
- 🇸🇪 Rebuilding the lock canal in Södertälje. The customer is the Swedish Transport Administration and the contract is worth SEK 1.5 billion.
- 🇸🇪 Extension of Sörby Prison south of Umeå. The customer is Specialfastigheter. The contract is worth SEK 364 million.
- 🇸🇪 Construction of a new office building and test hall in Örnsköldsvik. The customer is BAE Hägglunds AB. The contract is worth SEK 358 million.
- 🇸🇪 Construction of 138 apartments in the project Trägården stage 2 in Askim in southern Gothenburg. The customer is Stena Fastigheter Göteborg AB. The contract is worth SEK 225 million.

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

- + Vaasan Laivuri comprising 70 apartments. The project is expected to be completed in September 2023.
- + Turun Kakolan Tori in Turku comprising 58 apartments. The project is expected to be completed in September 2023.
- 🇸🇪 Brf Bellevue in Örebro comprising 59 apartments. The project will be certified according to the Swan environmental certification and is expected to be completed in September 2024.
- 🇸🇪 Brf Blåbär in Umeå comprising 42 apartments. The project will be certified according to the Swan environmental certification and solar panels will be placed on the roofs. It is expected to be completed in October 2024.
- 🇸🇪 Brf Kajpromenaden in Karlstad comprising 64 apartments. The project will be certified according to the Swan environmental certification and is expected to be completed in June 2025.
- 🇸🇪 Brf Strandängen 3 in Österåker comprising 39 apartments. The project will be certified according to the Swan environmental certification and is expected to be completed in August 2024.
- 🇸🇪 Brf Framtiden in Skellefteå comprising 87 apartments. The project will be certified according to the Swan environmental certification and is expected to be completed in January 2025.
- + Oulun Sepänportti comprising 45 apartments. The project is expected to be completed in August 2023.

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

- 🇸🇪 Three-year municipal contract in Katrineholm, Flen and Vingåker worth SEK 30 million. The asphalt volume is in total 30,000 tons.
- 🇸🇪 One-year municipal contract in Landskrona worth SEK 30 million. The project involves a great deal of groundwork. The asphalt volume is in total 500 tons.
- 🇸🇪 Two-year federal contract in District Norra Skåne worth SEK 76 million. The asphalt volume is in total 76,000 tons.
- + One-year federal contract in southern Finland worth EUR 21.1 million. The asphalt volume is in total 302,000 tons.
- + One-year federal contract in northern Savonia worth EUR 6.6 million. The asphalt volume is in total 100,000 tons.
- 🇳🇴 One-year regional contract in Nordland worth NOK 59 million. The asphalt volume is in total 56,000 tons.
- 🇳🇴 One-year regional contract in Nærøysund worth NOK 50 million. The asphalt volume is in total 65,000 tons.
- 🇳🇴 One-year regional contract in Larvik and Sandefjord worth NOK 43 million. The asphalt volume is in total 38,000 tons.
- + One-year municipal contract in Porvoo worth EUR 1.6 million. The asphalt volume is in total 21,000 tons.
- 🇩🇰 One-year municipal contract in Syddjurs Municipality worth DKK 10 million. The asphalt volume is in total 11,000 tons.

# Overview business areas

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

In addition to the business areas central companies, certain subsidiaries and other holdings are presented as Group functions.

The central companies primarily consist of the parent company Peab AB, Peab Finans AB, Peab Support (Shared Service Center) and Peab Utveckling AB.

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

## Net sales and operating profit per business area

MSEK	Net sales						Operating profit					
	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
Construction	7,628	6,648	14,363	12,844	28,499	26,980	177	187	337	338	710	711
Civil Engineering	3,893	3,743	6,976	6,833	14,323	14,180	148	146	201	198	474	471
Industry	6,108	5,247	8,679	7,451	20,015	18,787	341	339	-55	-58	941	938
Project Development	1,977	1,929	4,441	3,639	10,299	9,497	264	252	553	465	1,325	1,237
– of which Property Development	120	33	179	63	637	521	43	29	77	39	269	231
– of which Housing Development	1,857	1,896	4,262	3,576	9,662	8,976	221	223	476	426	1,056	1,006
Group functions	385	327	743	628	1,429	1,314	-47	-95	-118	-177	-169	-228
Eliminations	-3,133	-2,725	-5,800	-5,010	-11,522	-10,732	2	-5	-23	-15	-39	-31
<b>Group, segment reporting</b>	<b>16,858</b>	<b>15,169</b>	<b>29,402</b>	<b>26,385</b>	<b>63,043</b>	<b>60,026</b>	<b>885</b>	<b>824</b>	<b>895</b>	<b>751</b>	<b>3,242</b>	<b>3,098</b>
Adjustment housing to IFRS	-400	-362	-807	-454	-1,456	-1,103	-119	-69	-158	-118	-192	-152
IFRS 16, additional leases	-	-	-	-	-	-	9	0	18	8	39	29
<b>Group, IFRS</b>	<b>16,458</b>	<b>14,807</b>	<b>28,595</b>	<b>25,931</b>	<b>61,587</b>	<b>58,923</b>	<b>775</b>	<b>755</b>	<b>755</b>	<b>641</b>	<b>3,089</b>	<b>2,975</b>
<i>Of which construction contract businesses according to segment reporting (Construction and Civil Engineering)</i>	<i>11,521</i>	<i>10,391</i>	<i>21,339</i>	<i>19,677</i>	<i>42,822</i>	<i>41,160</i>	<i>325</i>	<i>333</i>	<i>538</i>	<i>536</i>	<i>1,184</i>	<i>1,182</i>

Percent	Operating margin					
	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
Construction	2.3	2.8	2.3	2.6	2.5	2.6
Civil Engineering	3.8	3.9	2.9	2.9	3.3	3.3
Industry	5.6	6.5	-0.6	-0.8	4.7	5.0
Project Development	13.4	13.1	12.5	12.8	12.9	13.0
– of which Property Development	35.8	87.9	43.0	61.9	42.2	44.3
– of which Housing Development	11.9	11.8	11.2	11.9	10.9	11.2
Group functions						
Eliminations						
<b>Group, segment reporting</b>	<b>5.2</b>	<b>5.4</b>	<b>3.0</b>	<b>2.8</b>	<b>5.1</b>	<b>5.2</b>
Adjustment housing to IFRS						
IFRS 16, additional leases						
<b>Group, IFRS</b>	<b>4.7</b>	<b>5.1</b>	<b>2.6</b>	<b>2.5</b>	<b>5.0</b>	<b>5.0</b>
<i>Of which construction contract businesses according to segment reporting (Construction and Civil Engineering)</i>	<i>2.8</i>	<i>3.2</i>	<i>2.5</i>	<i>2.7</i>	<i>2.8</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 13 regions in Sweden, three in Norway and two in Finland. There are specialized housing production units in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide region in Sweden focused on the big city areas. Other regions are responsible for all types of construction projects in their geographic area.

## Net sales and profit

### April – June 2022

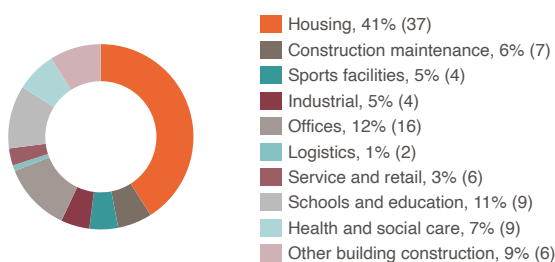
Net sales for the second quarter 2022 increased by 15 percent and amounted to SEK 7,628 million (6,648). The increase is attributable to Swedish and Norwegian operations. Net sales are well spread among different product areas. Operating profit for the second quarter amounted to SEK 177 million (187) and the operating margin was 2.3 percent (2.8). Higher construction costs and energy price hikes have in general been compensated by charging higher prices to customers but have still had a negative effect on the operating margin.

### January – June 2022

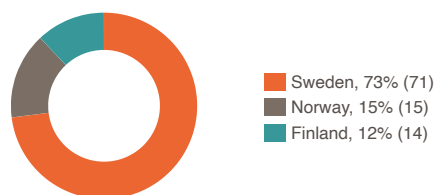
Net sales for the first half-year 2022 increased by twelve percent and amounted to SEK 14,363 million (12,844). The increase is attributable to Swedish and Norwegian operations. Net sales are well spread among different product areas. Housing generated the largest portion of net sales with 41 percent (37) calculated on a rolling 12 months.

## Net sales

### per product area, rolling 12 months

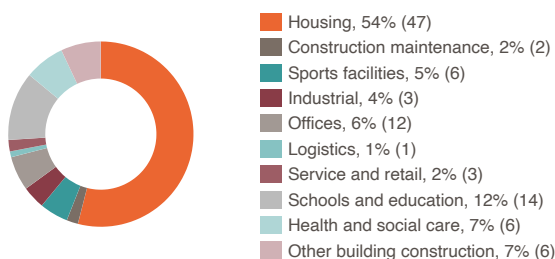


### per geographic market, rolling 12 months

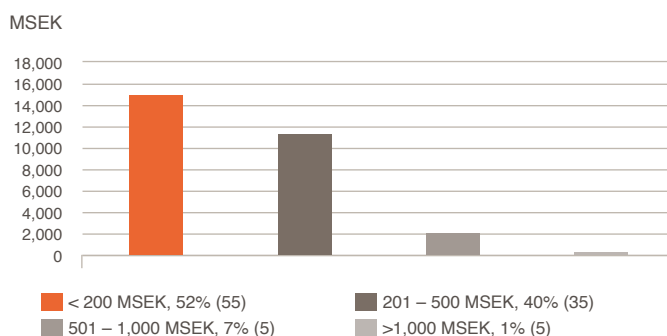


## Order backlog, June 30, 2022

### per product area



### per project size



## Key ratios

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
Net sales, MSEK	7,628	6,648	14,363	12,844	28,499	26,980
Operating profit, MSEK	177	187	337	338	710	711
Operating margin, %	2.3	2.8	2.3	2.6	2.5	2.6
Orders received, MSEK	6,926	6,088	12,921	13,117	30,707	30,903
Order backlog, MSEK	28,839	26,427	28,839	26,427	28,839	30,142
Operating cash flow, MSEK	-348	273	-167	801	686	1,654
Number of employees <sup>1)</sup>	5,820	5,894	5,820	5,894	5,820	5,796

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

Operating profit for the first-half year amounted to SEK 337 million (338) and the operating margin was 2.3 percent (2.6). The operating margin was down in both Sweden and Finland. For the latest rolling 12 month period the operating margin was 2.5 percent compared to 2.6 percent for the entire year of 2021. Prices for material and energy have risen considerably during 2021 and the first part of 2022. We have handled price hikes and delivery disruptions through adjustments and streamlining, but the operating margin has been affected negatively.

## Orders received and order backlog

### April – June 2022

Orders received during the second quarter increased and amounted to SEK 6,926 million (6,088).

### January – June 2022

Orders received during the first half-year were SEK 12,921 million (13,117). The orders received are well spread in both products and geographically. Order backlog on June 30, 2022 increased and amounted to SEK 28,839 million compared to SEK 26,427 million at the end of June 2021.

### Orders received after the report period

Peab has been commissioned to renovate and rebuild the southern part of Sperlingens Backe neighborhood at Stureplan in central Stockholm. The customer is Sturegallerian AB and the contract is worth around SEK 2 billion. The project is a partnership contract that comprises approximately 48,000 m<sup>2</sup> in total of the Sturekvarteret. Work will begin immediately and is expected to be completed in 2026. The project will be order registered in the third quarter of 2022.

# 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

### April – June 2022

Net sales for the second quarter 2022 increased by four percent to SEK 3,893 million (3,743). The increase is explained by greater activity in Infrastructure and Operation and maintenance. Operating profit for the second quarter 2022 amounted to SEK 148 million (146) and the operating margin was 3.8 percent (3.9). 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 – June 2022

Net sales during the first half-year 2022 increased by two percent and amounted to SEK 6,976 million (6,833).

After adjustments for acquired units and exchange rate effects net sales increased by one percent. Net sales are well spread among different product areas.

Operating profit for the first half-year 2022 was SEK 201 million (198) and the operating margin was unchanged at 2.9 percent compared to the same period last year. The operating margin for the latest 12 month period was 3.3 percent, which was unchanged for the full year 2021. During 2021 and the beginning of 2022 prices for material and energy rose considerably. We have handled the price hikes as well as delivery disturbances through adjusting and streamlining operations, but the operating margin has been affected negatively.

## Orders received and order backlog

### April – June 2022

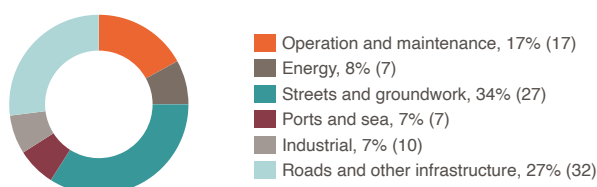
The level of orders received during the second quarter 2022 increased and amounted to SEK 4,375 million (3,612). Orders received included rebuilding the lock canal in Södertälje of SEK 1.5 billion for The Swedish Transport Administration.

### January – June 2022

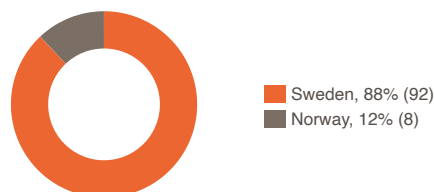
Orders received during the first half-year 2022 increased to SEK 9,355 million (8,220). Order backlog on June 30, 2022 amounted to SEK 16,408 million (14,689). Roads and other infrastructure generated the largest portion of order backlog with 42 percent (36).

## Net sales

### per product area, rolling 12 months

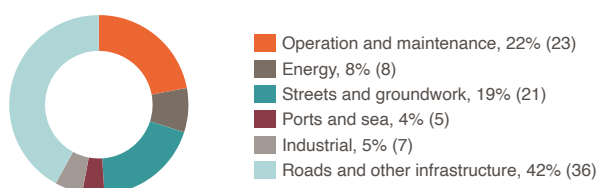


### per geographic market, rolling 12 months

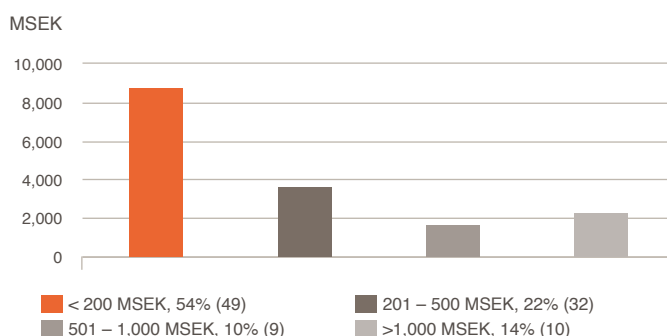


## Order backlog, June 30, 2022

### per product area



### per project size



## Key ratios

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
Net sales, MSEK	3,893	3,743	6,976	6,833	14,323	14,180
Operating profit, MSEK	148	146	201	198	474	471
Operating margin, %	3.8	3.9	2.9	2.9	3.3	3.3
Orders received, MSEK	4,375	3,612	9,355	8,220	15,954	14,819
Order backlog, MSEK	16,408	14,689	16,408	14,689	16,408	13,955
Operating cash flow, MSEK	-160	34	-144	412	365	921
Number of employees <sup>1)</sup>	3,583	3,673	3,583	3,673	3,583	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

Business area Industry has a very clear seasonal pattern where the first quarter is characterized by substantial deficits since the season begins in the second quarter.

### April – June 2022

Net sales for the second quarter 2022 increased by 16 percent and amounted to SEK 6,108 million (5,247). The increase was primarily related to Paving, Concrete and Construction system. Operating profit was SEK 341 million (339) and the operating margin amounted to 5.6 percent (6.5). Higher prices for bitumen in Paving and for input goods in other product areas have in general been regulated in pricing to customers but have had a negative effect on the operating margin.

### January – June 2022

Net sales for the first half-year 2022 increased by 16 percent and amounted to SEK 8,679 million (7,451). Adjusted for acquired operations and exchange rate effects, net sales increased by 15 percent. The increase was primarily related to Paving, Concrete and Construction system. Higher prices for bitumen in Paving and for input goods in other product areas have in general been regulated in pricing to customers but have had a negative effect on the operating margin.

Operating profit amounted to SEK -55 million (-58) and the operating margin was -0.6 percent (-0.8). Operating profit in Mineral Aggregates and Rentals improved while it contracted in Paving and Transportation and Machines. During the first quarter Paving had higher costs for maintenance and staff as a result of expanded operations. The operating margin in the latest rolling 12 month period was 4.7 percent compared to 5.0 percent for the entire year 2021.

Prices for material and energy have risen considerably during 2021 and the first part of 2022. We have handled the price hikes as well as delivery disturbances through adjusting and streamlining operations, but there has been a negative effect on the operating margin.

Capital employed at the end of the period was SEK 10,807 million compared to SEK 9,388 million at the end of the corresponding period last year. The increase is mainly explained by the increase in working capital and machine investments.

## Orders received and order backlog

### April – June 2022

Orders received during the second quarter 2022 increased and amounted to SEK 3,614 million (2,999).

### January – June 2022

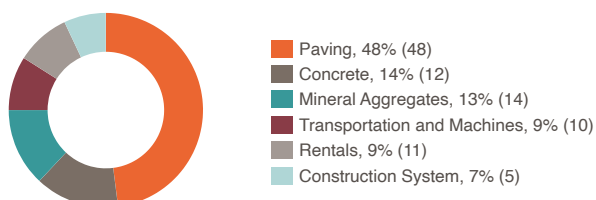
Orders received during the first half-year 2022 amounted to SEK 7,449 million (6,301). Order backlog on June 30, 2022 was SEK 6,973 million (6,509).

## Acquisition of Asfaltti-System Oy

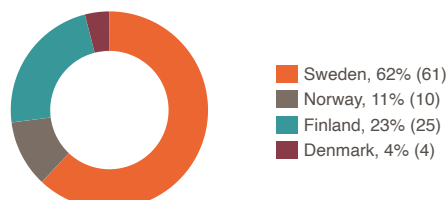
On July 1, 2022 Peab acquired Asfaltti-System Oy, a company in Kouvola in southern Finland that works with manufacturing components and maintenance in the asphalt and concrete industry. The acquisition strengthens Peab Industry's maintenance and service operations. Net sales in the acquired company were EUR 4.4 million in the fiscal 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.

## Net sales

### per product area, rolling 12 months



### per geographic market, rolling 12 months



## Key ratios

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
Net sales, MSEK	6,108	5,247	8,679	7,451	20,015	18,787
Operating profit, MSEK	341	339	-55	-58	941	938
Operating margin, %	5.6	6.5	-0.6	-0.8	4.7	5.0
Orders received, MSEK	3,614	2,999	7,449	6,301	11,716	10,568
Order backlog, MSEK	6,973	6,509	6,973	6,509	6,973	3,886
Capital employed at the end of the period, MSEK	10,807	9,388	10,807	9,388	10,807	9,266
Operating cash flow, MSEK	-1,026	-211	-1,468	-737	-224	507
Number of employees <sup>1)</sup>	5,089	5,190	5,089	5,190	5,089	5,110
Concrete, thousands of m <sup>3</sup> <sup>2)</sup>	347	377	623	643	1,359	1,379
Paving, thousands of tons <sup>2)</sup>	2,215	2,259	2,315	2,345	7,401	7,431
Mineral Aggregates, thousands of tons <sup>2)</sup>	8,962	9,199	14,036	14,595	31,203	31,762

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

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

# Business area Project Development

Business area Project Development, which comprises Housing Development and Property Development, creates sustainable and vibrant urban environments with 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

### April – June 2022

Net sales for the second quarter 2022 amounted to SEK 1,977 million (1,929). Operating profit improved to SEK 264 million (252).

### January – June 2022

Net sales for the first half-year 2022 increased by 22 percent to SEK 4,441 million (3,639). The increase is primarily attributable to Housing Development. Operating profit improved to SEK 553 million (465) and the operating margin was 12.5 percent (12.8).

Capital employed in Project Development at the end of the period amounted to SEK 13,911 million (13,258). The increase primarily refers to higher investments in project and development property.

## Key ratios

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
Net sales, MSEK	1,977	1,929	4,441	3,639	10,299	9,497
<i>of which Property Development</i>	120	33	179	63	637	521
<i>of which Housing Development</i>	1,857	1,896	4,262	3,576	9,662	8,976
Operating profit, MSEK	264	252	553	465	1,325	1,237
<i>of which Property Development</i>	43	29	77	39	269	231
<i>of which Housing Development</i>	221	223	476	426	1,056	1,006
Operating margin, %	13.4	13.1	12.5	12.8	12.9	13.0
<i>of which Property Development</i>	35.8	87.9	43.0	61.9	42.2	44.3
<i>of which Housing Development</i>	11.9	11.8	11.2	11.9	10.9	11.2
Capital employed at the end of the period, MSEK	13,911	13,258	13,911	13,258	13,911	13,523
Orders received, MSEK	1,530	2,496	4,025	5,003	9,003	9,981
Order backlog, MSEK	6,698	6,833	6,698	6,833	6,698	6,555
Operating cash flow, MSEK	0	-9	342	-277	868	249
Number of employees <sup>1)</sup>	247	245	247	245	247	242

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

## Capital employed

MSEK	Jun 30 2022	Jun 30 2021	Dec 31 2021
Operations property	53	73	52
Investment property	36	48	36
Project and development property	11,338	9,742	10,628
<i>of which housing development rights</i>	6,687	5,190	6,629
<i>of which commercial development rights</i>	590	669	613
<i>of which unsold part of ongoing housing projects</i>	1,840	2,226	1,549
<i>of which ongoing rental projects</i>	1,103	598	727
<i>of which ongoing commercial projects</i>	582	407	483
<i>of which completed property</i>	130	303	123
<i>of which other</i>	406	349	504
Participation in joint ventures	2,573	1,858	2,371
Loans to joint ventures	1,222	1,331	1,177
Working capital and other	-1,311	206	-741
<b>Total</b>	<b>13,911</b>	<b>13,258</b>	<b>13,523</b>
<i>of which Property Development</i>	4,367	3,811	4,265
<i>of which Housing Development</i>	9,544	9,447	9,258



## Housing Development

### April – June 2022

Net sales for the second quarter 2022 amounted to SEK 1,857 million (1,896). Net sales have increased in Sweden but decreased in Finland and Norway. Operating profit amounted to SEK 221 million (223) and the operating margin was relatively unchanged at 11.9 percent (11.8).

The number of start-ups of our own developed homes during the second quarter amounted to 528 units (785), located in Sweden and Finland. The number of start-ups was somewhat lower in the quarter in part due to a guarded market. The number of sold homes was 445 (797), most of which were in Sweden and Finland. The high sales rate of 75 percent (76) in ongoing projects meant fewer available objects for sale, which is the primary reason for the somewhat lower sales in the quarter. In the second quarter production started on 300 (135) homes in rental apartment projects, of which 294 are under contract to be sold upon completion.

### January – June 2022

Net sales increased to SEK 4,262 million (3,576) and the increase is related to Sweden. More ongoing housing projects and a high level of home sales has had a positive effect on net sales. Operating profit amounted to SEK 476 million (426) and the operating margin was 11.2 percent (11.9). In the latest rolling 12 month period the operating margin amounted to 10.9 percent compared to 11.2 percent for the entire year of 2021.

The number of start-ups of our own developed homes amounted to 1,252 units (1,447), of which 147 (262) have been converted from rentals. The number of sold homes was 1,245 (1,454). During the period sales have been good in all three countries although they have lagged in the second quarter. The number of own developed homes in production at the end of the period was 4,835 (4,132). The level of sold homes in production was 75 percent (76). The number of repurchased homes per June 30, 2022 was 126 (200) and most of them were in Finland. Production started on 300 homes (388) in rental apartment projects on our own balance sheet during the first half of the year. No homes in rental apartment projects have been sold and settled during the period (91). The number of homes in rental apartment projects in production was 1,075 (798) at the end of the period. Of these 932 are under contract to be sold upon completion.

The underlying need for housing is still considered good but higher construction costs and hikes in interest rates make it difficult to assess future developments.

Capital employed has increased slightly at the end of the period and amounted to SEK 9,544 million (9,447).

## Own housing development construction

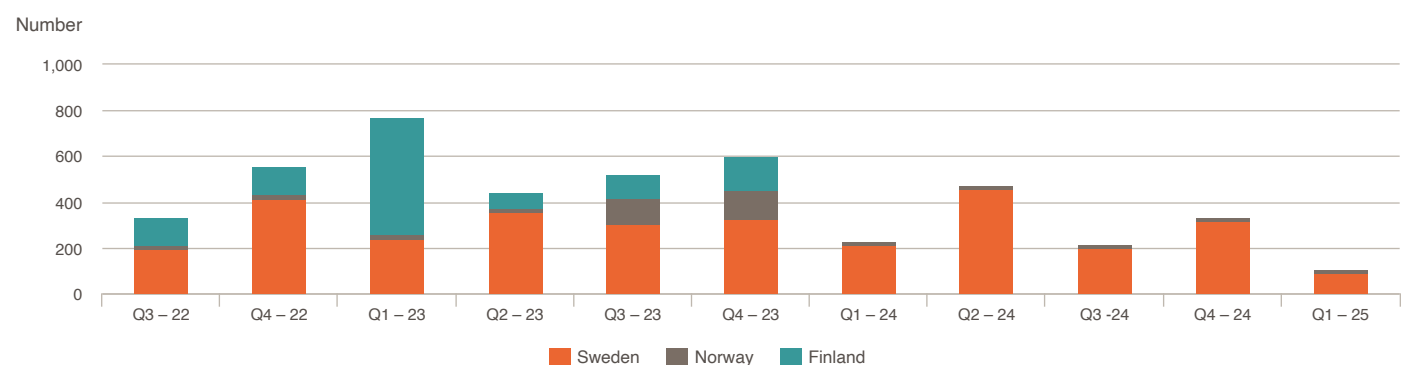
	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
<b>Tenant-owner associations, ownership and residential limited companies</b>						
Number of production-started homes during the period	528	785 <sup>1)</sup>	1,252 <sup>2)</sup>	1,447 <sup>2)</sup>	2,825	3,020
Number of sold homes during the period	445	797	1,245	1,454	2,838	3,047
Total number of homes under production, at the end of the period	4,835	4,132	4,835	4,132	4,835	4,702
Portion of sold homes under production, at the end of the period	75%	76%	75%	76%	75%	76%
Number of repurchased homes on our balance sheet, at the end of the period	126	200	126	200	126	144
<b>Rentals</b>						
Number of production-started homes during the period	300	135	300	388	588	676
Number of sold homes during the period	–	–	–	91	–	91
Number converted to tenant-owner associations during the period	–	56	147	262	311	426
Total number of homes in production, at the end of the period	1,075	798	1,075 <sup>3)</sup>	798 <sup>3)</sup>	1,075	922

<sup>1)</sup> Includes 56 homes that have been converted from rentals

<sup>2)</sup> Includes 147 (262) homes that have been converted from rentals

<sup>3)</sup> Of which 932 (528), respectively 87 percent (66), 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, rolling 12 months



## Development rights for housing

Number, approx.	Jun 30 2022	Jun 30 2021	Dec 31 2021
Development rights on our own balance sheet	20,800	18,200	19,500
Development rights via joint ventures	4,500	4,600	4,600
Development rights via options etc.	8,600	9,700	10,500
<b>Total</b>	<b>33,900</b>	<b>32,500</b>	<b>34,600</b>



Brf Scheelepromenad  
Lund

## 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.

### April – June 2022

During the second quarter 2022 net sales were SEK 120 million (33) and operating profit was SEK 43 million (29). Capital gains from property divestitures amounted to SEK 9 million (26). The amount included divestment of a logistic facility in Södertälje to Annehem Fastigheter. Profit contributions from partially owned companies amounted to SEK 38 million during the quarter compared to SEK 16 million in the same quarter last year.

### January – June 2022

During the first half-year 2022 net sales were SEK 179 million (63) and operating profit was SEK 77 million (39). Capital gains from property divestitures amounted to SEK 22 million (26). The period included, among others, divestment of a logistic facility in Södertälje to Annehem Fastigheter. Profit contributions from partially owned companies amounted to SEK 71 million compared to SEK 31 million in the same period last year.

Capital employed in Property Development was SEK 4,367 million (3,811) at the end of the second quarter 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 June 30, 2022. The sports arena in Sundsvall was sold to Balder on July 1, 2022 and will be recognized in revenue in the third quarter. The paddle hall in Trollhättan is under contract to be sold to external party during the fourth quarter 2022.

## 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, %
Sports hall	Sundsvall	14,700	100	220	225	Q3-2022	98
Padel hall	Trollhättan	3,900	100	39	52	Q4-2022	74
Office building	Malmö	7,100	42	153	310	Q1-2023	49
Office building	Gothenburg	13,100	0	154	530	Q3-2024	29
Other ongoing projects				16			
<b>Total</b>				<b>582</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 June 30, 2022** <sup>1)</sup>: SEK 7,747 million (7,324)

**Peab's portion of unrecognized fair value exclusive tax** <sup>1)</sup>: SEK 620 million (468)

**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 June 30, 2022:** SEK 1,968 million (1,981)

**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 June 30, 2022:** SEK 1,396 million (1,369)

**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 June 30, 2022** <sup>1)</sup>: SEK 2,231 million (41)

**Peab's portion of unrecognized fair value exclusive tax** <sup>1)</sup>: SEK 28 million (-)

**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 June 30, 2022** <sup>1)</sup>: SEK 6,057 million (5,212)

**Peab's portion of unrecognized fair value exclusive tax** <sup>1)</sup>: SEK 423 million (370)

**Major ongoing projects:** LP Parken, Gothenburg 15,000 m<sup>2</sup> rentable area, Tallbohov, Järfälla 10,500 m<sup>2</sup> rentable area, Tamarinden, Örebro 11,000 m<sup>2</sup> rentable area and other apartment building projects in Helsingborg, Lund and Umeå

<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

The market forecasts below have been prepared by Navet. Considering the particularly uncertain market and geopolitical situation the forecasts are based on the following assumptions:

- The war in Ukraine can be contained geographically but it affects the market through significantly higher prices for energy and construction material, weaker growth and a cooler investment climate, cautious households and housing prices leveling off.
- The supply of cement in Sweden will be manageable during the forecast period but the market may be guarded in 2023.
- Gradual increase in interest rates in Sweden, continued increases in Norway and unchanged interest rates in Finland.

## Sweden

The outlook for the Swedish economy has dimmed in the wake of rising inflation and interest rates as well as material and component shortages stemming from the war in Ukraine, along with the lingering effects of the pandemic. However, the underlying demand in business is strong and the unemployment rate is falling. Nonetheless, household consumption is getting squeezed by higher prices. The forecast for the GNP in 2022 has been adjusted down to 2.5 percent. Total building construction investments are expected to contract somewhat during the year due to declining apartment building investments and a negative turn in industrial investments. At the same time construction in private and public premises is keeping the downturn at bay and zero growth is expected in 2022. Both housing investments and other building construction are expected to decline in 2023. The forecast for civil engineering construction indicates an increase this year followed by a slight decline in 2023.

## Norway

The Norwegian economy has recovered from the pandemic and is now headed for a boom. The unemployment rate is the lowest it has been since before the 2008 financial crisis. Mainland GNP has not been adjusted downward despite the war in Ukraine and is expected to increase by 3.7 percent this year, primarily due to intense growth in household consumption. Growth is forecasted for gross investments, in large part because of the high price of oil. The total volume of building construction investments will probably grow at a good rate in 2022. Industrial developments will be the main motor and even construction of private and public premises are accelerating. However, single home construction is an exception and no growth is expected in total housing investments in 2022. In 2023 the total building construction volume is expected to level out since housing investments will contract while other building construction will increase. The forecast indicates that civil engineering construction will develop very well this year while zero growth is expected in 2023.

## Finland

Growth of the Finnish economy has been hampered by the Russian invasion of Ukraine. In 2022 the Finnish economy is expected to grow by about 1.8 percent in 2022, which is about half as much as in 2021. However, rapidly rising employment and continued negative interest rates provide some support for household consumption. Building construction investments, both housing and other building construction, are expected to fall dramatically this year after an upturn last year. The biggest drop can occur in new production of apartment buildings and industrial investments. Other building construction is expected to recover somewhat in 2023 while housing construction will continue to decline. It appears civil engineering construction will level out 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





# 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.

We monitor our business based on nine external targets – both financial and non-financial targets – 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. A satisfied customer is a customer that comes back and is fundamental to us. This is why our annual customer survey is a measure of how well we are meeting our customers' expectations while also indicating where there is room for improvement. Our latest Customer Satisfaction Index (CSI), carried out in 2021, added up to 81 (80), which is a continued good result and higher than our target of 75. Customers' perception of Peab as priceworthy has developed in a particularly positive direction and regarding our business areas Project Development stands out for its strong development. At the beginning of 2022 we received yet another accolade in Prognoscentret's customer survey which showed Peab Bostad had the most satisfied homebuyers in Sweden. Peab Bostad particularly raised its ranking in the areas personnel and reliability. At the same time it was announced that our project Hamnutsikten (View of the Harbor) on Hammarö had the most satisfied customers of any single project in Sweden in 2021. The next target update will be provided after the fourth quarter in connection with the presentation of the year-end report 2022.

## 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 as well as learning from reported risk observations, incidents and accidents.

Our target of a contracting trend in serious accidents\* comprises both our own employees and everyone at our workplaces. After a downward trend in 2021 the trend turned in March and serious accidents rose during the second quarter and amounted to 18. The increase in accidents was primarily in construction contract operations in Norway and Sweden. Calculated for a rolling twelve month period the number was 48 per June 30, 2022 (30 per June 30, 2021). Of these, 23 referred to our own employees and 25 referred to subcontractors.

It's regrettable that the trend in accidents is developing in the wrong direction, showing how important it is to continuously work on our safety culture so as not to lose focus on the risks in our work. In order to turn the tide we have intensified our preventive work concerning the work environment. We have identified regions in need of special support and operations managers and site managers on all our construction projects have together studied the work environment. In addition, we are convinced that the investment in the construction industry's safety park in Sweden will create long-term competence in, among other things, safety culture. We have also presented an information series to all our employees where we provide good examples, advice concerning the work environment and safety as well as information on the latest in the industry. This information series will stretch out into the autumn of 2022.

We also monitor the number of workplace accidents with more than four days absence, excluding the day of injury (LTI4), and workplace accidents according to the same definition per one million hours worked (LTIF4) for our own employees. In the second quarter of the year the number amounted to 39 (42 first quarter 2022) and the LTIF4 frequency rate for a rolling twelve month period was 6.5 (6.8 after the first quarter 2022).

Every remedied risk is one less potential accident, which is why we are highly focused on reporting and remedying risk observations\*. During the first half-year the organization reported 30,181 risk observations. Peab is working on implementing a new Group system for reporting and managing risk observations, incidents and accidents. The system has a number of advantages such as an even greater focus on seeing that planned measures are carried out.

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

## Attractive employers (eNPS)

We will be the obvious choice for anyone who wants to work in the industry. Everyone will be part of safe and including workplaces with good work conditions and opportunities to develop at Peab. Twice a year we hold our personnel survey The Handshake so that we can continuously develop and improve as co-workers and teams. The questions in The Handshake mainly concern productivity, the team's sustainability and if employees are willing to recommend Peab as an employer to friends and acquaintances (eNPS). The latter is also one of our nine external targets that we report twice a year.

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

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 spring survey by four points and was 28 compared to 24 in the previous survey. This is clearly above the Nordic benchmark which is 20 compared to 15 in the previous survey. In principle all areas are "pointing upwards" and our employees continue to be satisfied at work. Worth noting is that the eNPS score is on the rise among women in general at Peab, where the number of female Peab employees that are satisfied at work is increasing at a faster rate than the industry benchmark. The next update will take place after the fourth quarter in connection with the year-end report 2022.

## Leader in social responsibility

### Climate target for carbon dioxide intensity

In recent years Peab's climate and environmental work has increased in scope and we have honed our targets and metrics. 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's operations primarily cause emissions through production of the material we use, the use of fossil fuel in our machines and vehicles and the use of the products we deliver such as buildings. We are working on a number of initiatives for climate improvement that reduce emissions and get us closer to our climate targets. We 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 aim for 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 2021 reveals that carbon dioxide intensity is developing in the right direction although to different degrees. Carbon dioxide intensity in our own production has gone down by 40 percent compared to base year 2015 and by three 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. The next target update will be provided after the fourth quarter in connection with the presentation of the year-end report 2022.

### Equal opportunity

Only about five percent of those that apply to Peab for relevant, practical training 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 want to challenge ourselves and thereby 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). After the end of 2021 the percentage of women in new recruitments was 6.8 percent in production and processing compared to our target of more than 5.0 percent and 34.9 percent in production management and production support whereas our target was more than 28.5 percent. Our target for 2022 regarding equal opportunity in production and processing is continuing to surpass 5.0 percent while our target for production management and production support has been raised to surpass an outcome of 30.0 percent. The next target update will be provided after the fourth quarter in connection with the presentation of the year-end report 2022.

## Activities during the second quarter

- During the spring several hundred employees took courses and did workshops in diversity and equal treatment, which is a continuation of the e-education in diversity and equal treatment that all employees take. One objective of Peab's Equal Treatment Policy for 2022 is to clarify everyone's responsibility to actively promote zero tolerance and underline that offensive language is not allowed.
- In June Peab launched our new Group system in Sweden for reporting and managing risk observations, incidents and accidents. The system collates both environmental and work environment events, which further facilitates our ability to analyze and learn from them and makes it possible to follow an event from when it is reported to when it is remedied.
- Peab's subsidiary Swerock has invested in twelve electric concrete pumps. Two of the machines will be used in Finland and the rest will be allocated throughout Sweden. The hybrid pumps run on HVO to the worksite and from there run completely on electricity.
- In May the subsidiary Swerock also introduced four new concrete mixer electric trucks in Stockholm. This is the result of a comprehensive joint climate investment between Peab and Volvo Trucks. It will reduce carbon emissions by 80 tons annually per concrete mixer electric truck compared to trucks that run on diesel.
- Since the launch of ECO-Asfalt 2015 carbon emissions from asphalt production have gone down by 65 percent. The total reduction of 240,000 tons carbon dioxide corresponds to the annual emissions generated by Sweden's entire asphalt production. Peab Asphalt has also received several new commissions during the quarter for paving ECO-Asfalt, among them in Jönköping, Vetlanda, Fagersta, Katrineholm and Örnköldsvik.
- Peab and Luleå University of Technology initiated a collaboration in systematized and sustainable construction that lets Peab take advantage of the latest research in our field and Luleå University of Technology can test its research in real life.
- On the occasion of the annual International Safety Day on April 28 Peab held our own safety day in every country we operate in and in all the business areas. The theme was how attitudes and behaviors affect safety at work.
- During the first half-year around 800 youths participated in local community building projects through our concept for youths' development, Peab Life. Most of the projects were held in Sweden but we also reached youths in Finland and, to a lesser extent, in Norway.






# 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).

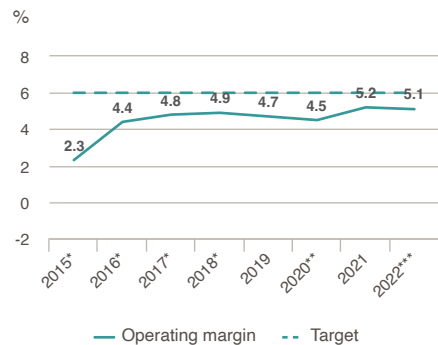
**EQUAL OPPORTUNITY RECRUITMENT**  
Share of women recruited always over the education market

# Target and target fulfilment

## Most profitable company

### Operating margin

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

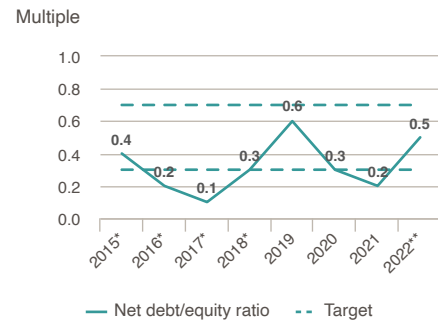


\* Years 2015-2018 not translated according to changed accounting principles for own housing development projects. \*\* Operating margin excluding the effect of the distribution of Annehem Fastigheter (SEK 952 million) \*\*\* Calculated on a rolling 12 months per June 30, 2022.

## Most profitable company

### Net debt/equity ratio

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

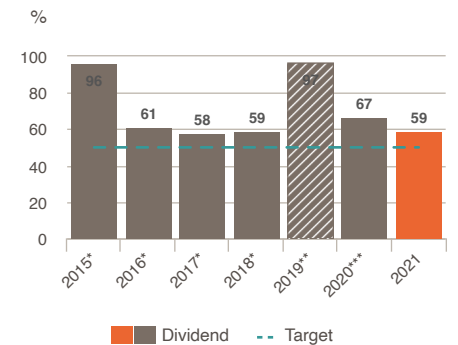


\* Years 2015-2018 not translated according to changed accounting principles for own housing development projects. \*\* Per June 30, 2022.

## Most profitable company

### Dividend

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

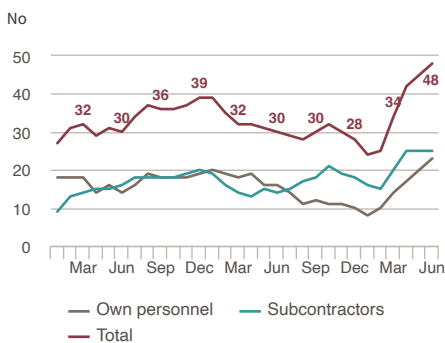


\* Years 2015-2018 not translated according to changed accounting principles. \*\* For 2019, no cash dividend has been paid. The value of the distribution of Annehem Fastigheter at the time of the distribution in December 2020 amounted to 97 percent of the profit for the year 2019. \*\*\* The proportion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

## Best workplace

### Serious accidents

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

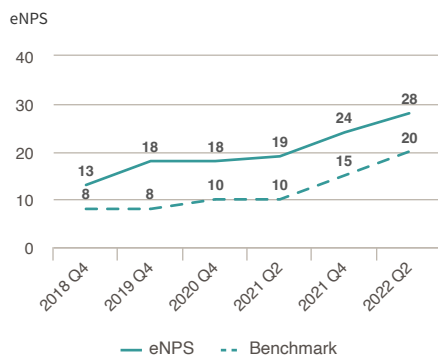


Refers to the period January 2020 – June 2022

## Best workplace

### eNPS

Target: > over benchmark (reported semiannually)

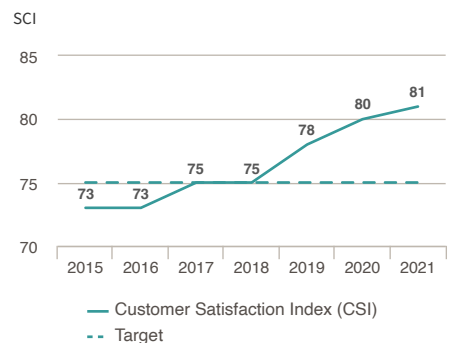


eNPS stands for employee Net Promoter Score and measures employee engagement. The score can vary between -100 and 100.

## Most satisfied customers

### Customer Satisfaction Index (CSI)

Target: > 75 (reported annually)

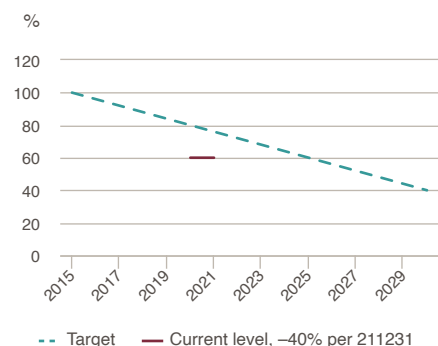


CSI stands for Customer Satisfaction Index and measures how satisfied Peab's customers are. CSI is a weighted measurement between 0 and 100.

## 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)



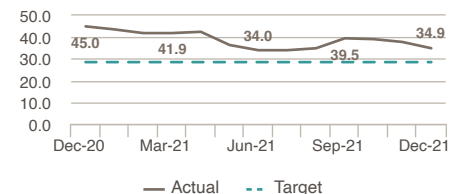
\* Includes concrete/cement, asphalt/bitumen, transportation and machine services, steel, waste and business trips.

## Leader in social responsibility

### Equal opportunity recruitment

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

Production management and production support (white-collar workers), %



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.

In the beginning of 2020 the coronavirus spread out over the world and the pandemic has raged ever since, although a stage was reached in the beginning of 2022 where countries and companies more or less opened up. During the pandemic governments and central banks introduced different forms of crisis packages to reduce its financial effects. The effects of the corona pandemic on Peab's operations have been limited but we continue to follow developments to assess any further effects.

An uncertainty that can still upset the market is access to cement. In 2021 the Supreme Land and Environment Court dismissed Cementa's application for a renewed permit to continue to quarry limestone in Slite on Gotland. The government granted Cementa a time-limited license until December 31, 2022 but this has been appealed to the Supreme Administrative Court and the issue of a long-term solution remains unresolved. On April 18, 2022 Cementa submitted a new application to quarry limestone for four more years in Slite. A substantial shortage of cement would impact the entire construction and civil engineering market in Sweden. As a significant actor Peab would therefore also be affected by the situation. Peab has already begun working with our own alternative binder and certain degree of cement importation to handle the risk of lower or no cement deliveries.

There has been a significant rise in the price of materials and energy during 2021 and the first part of 2022. We have handled the price hikes along with supply chain disturbances through adjusting and streamlining operations as well as in pricing to customers. 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.

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 June 30, 2022 1,700,000 shares were repurchased for a total of SEK 125 million. After the repurchase Peab holds 2,786,984 own B shares corresponding to 0.9 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 the first half year 2022.



Concrete mixer electric truck  
Stockholm



# Report on the Group income statement, IFRS

Group net sales according to IFRS increased by ten percent and amounted during January – June 2022 to SEK 28,595 million (25,931). Adjusted for acquired and divested units and exchange rate effects net sales increased by nine percent. The adjustment of our own housing development projects to the completion method affected net sales by SEK -807 million (-454).

Operating profit according to IFRS for the period January – June 2022 amounted to SEK 755 million (641) and the operating margin was 2.6 percent (2.5). The adjustment of our own housing development projects to the completion method affected operating profit by SEK -158 million (-118).

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
Net sales	16,458	14,807	28,595	25,931	61,587	58,923
Production costs	-14,845	-13,219	-26,149	-23,659	-55,512	-53,022
<b>Gross profit</b>	<b>1,613</b>	<b>1,588</b>	<b>2,446</b>	<b>2,272</b>	<b>6,075</b>	<b>5,901</b>
Sales and administrative expenses	-929	-884	-1,795	-1,704	-3,391	-3,300
Other operating income	94	51	126	89	428	391
Other operating costs	-3	0	-22	-16	-23	-17
<b>Operating profit</b>	<b>775</b>	<b>755</b>	<b>755</b>	<b>641</b>	<b>3,089</b>	<b>2,975</b>
Financial income	22	15	46	45	95	94
Financial expenses	-36	-43	-75	-81	-161	-167
<b>Net finance</b>	<b>-14</b>	<b>-28</b>	<b>-29</b>	<b>-36</b>	<b>-66</b>	<b>-73</b>
<b>Pre-tax profit</b>	<b>761</b>	<b>727</b>	<b>726</b>	<b>605</b>	<b>3,023</b>	<b>2,902</b>
Tax	-171	-152	-164	-129	-560	-525
<b>Profit for the period</b>	<b>590</b>	<b>575</b>	<b>562</b>	<b>476</b>	<b>2,463</b>	<b>2,377</b>
<b>Profit for the period, attributable to:</b>						
Shareholders in parent company	590	575	562	476	2,463	2,377
Non-controlling interests	0	0	0	0	0	0
<b>Profit for the period</b>	<b>590</b>	<b>575</b>	<b>562</b>	<b>476</b>	<b>2,463</b>	<b>2,377</b>
<b>Key ratios, IFRS</b>						
Earnings per share before and after dilution, SEK	2.01	1.95	1.91	1.61	8.36	8.06
Average number of outstanding shares, million	294.4	295.0	294.7	295.0	294.8	295.0
Return on capital employed, % <sup>1)</sup>	10.9	14.6	10.9	14.6	10.9	11.5
Return on equity, % <sup>1)</sup>	18.7	24.6	18.7	24.6	18.7	18.9

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

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

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
Profit for the period	590	575	562	476	2,463	2,377
<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	-46	-72	91	99	176	184
Changes in fair value of cash flow hedges for the period	-	1	2	4	4	6
Tax referring to items that can be reclassified or have been reclassified to profit for the period	-	0	-1	-1	-1	-1
<b>Other comprehensive income for the period</b>	<b>-46</b>	<b>-71</b>	<b>92</b>	<b>102</b>	<b>179</b>	<b>189</b>
<b>Total comprehensive income for the period</b>	<b>544</b>	<b>504</b>	<b>654</b>	<b>578</b>	<b>2,642</b>	<b>2,566</b>
<b>Total comprehensive income for the period, attributable to:</b>						
Shareholders in parent company	544	504	654	578	2,642	2,566
Non-controlling interests	0	0	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>544</b>	<b>504</b>	<b>654</b>	<b>578</b>	<b>2,642</b>	<b>2,566</b>



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

Total assets on June 30, 2022 was SEK 49,953 million (43,829). Equity amounted to SEK 12,736 million (11,694), which generated an equity/assets ratio of 25.5 percent (26.7). During the second quarter 2022, a dividend of SEK 1,475 million (1,327) was paid to shareholders and repurchases of own shares have been made by SEK 125 million (-).

MSEK	Jun 30 2022	Jun 30 2021	Dec 31 2021
<b>Assets</b>			
Intangible assets	3,820	3,707	3,769
Tangible assets	7,728	7,555	7,674
Investment property	56	67	55
Interest-bearing long-term receivables	1,230	1,337	1,208
Other financial fixed assets	2,657	1,945	2,491
Deferred tax recoverables	224	207	174
<b>Total fixed assets</b>	<b>15,715</b>	<b>14,818</b>	<b>15,371</b>
Project and development properties	17,690	14,901	16,258
Inventories	1,761	1,409	1,318
Interest-bearing current receivables	78	116	342
Other current receivables	13,390	12,249	10,930
Liquid funds	1,319	336	2,951
<b>Total current assets</b>	<b>34,238</b>	<b>29,011</b>	<b>31,799</b>
<b>Total assets</b>	<b>49,953</b>	<b>43,829</b>	<b>47,170</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>12,736</b>	<b>11,694</b>	<b>13,682</b>
<b>Liabilities</b>			
Interest-bearing long-term liabilities	5,930	4,186	5,281
Interest-bearing long-term liabilities, project financing	474	201	346
Deferred tax liabilities	282	112	321
Other long-term liabilities	1,558	1,510	1,585
<b>Total long-term liabilities</b>	<b>8,244</b>	<b>6,009</b>	<b>7,533</b>
Interest-bearing current liabilities	2,943	3,855	2,386
Interest-bearing current liabilities, project financing	9,149	5,913	7,003
Other current liabilities	16,881	16,358	16,566
<b>Total current liabilities</b>	<b>28,973</b>	<b>26,126</b>	<b>25,955</b>
<b>Total liabilities</b>	<b>37,217</b>	<b>32,135</b>	<b>33,488</b>
<b>Total equity and liabilities</b>	<b>49,953</b>	<b>43,829</b>	<b>47,170</b>
<b>Key ratios, IFRS</b>			
Capital employed	31,232	25,849	28,698
Equity/assets ratio, %	25.5	26.7	29.0
Net debt	15,869	12,366	10,515
Equity per share, SEK	43.43	39.64	46.38
Number of outstanding shares at the end of the period, million	293.3	295.0	295.0

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

MSEK	Jun 30 2022	Jun 30 2021	Dec 31 2021
<b>Equity attributable to shareholders in parent company</b>			
Opening equity on January 1	13,681	12,442	12,442
Profit for the period	562	476	2,377
Other comprehensive income for the period	92	102	189
<b>Total comprehensive income for the period</b>	<b>654</b>	<b>578</b>	<b>2,566</b>
Cash dividend	-1,475	-1,327	-1,327
Repurchase of own shares	-125	-	-
<b>Closing equity</b>	<b>12,735</b>	<b>11,693</b>	<b>13,681</b>
<b>Non-controlling interests</b>			
Opening equity on January 1	1	1	1
Comprehensive income for the period	0	0	0
<b>Closing equity</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total closing equity</b>	<b>12,736</b>	<b>11,694</b>	<b>13,682</b>

# Report on Group cash flow in summary, IFRS

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
<b>Cash flow from current operations before changes in working capital</b>	953	924	970	1,072	3,991	4,093
Increase (-) / Decrease (+) of project and development properties	-1,054	-557	-1,343	-738	-2,323	-1,718
Increase (-) / Decrease (+) of inventories	-42	46	-414	-126	-275	13
Increase (-) / Decrease (+) of current receivables / current liabilities	-1,904	-969	-2,044	-907	-707	430
<b>Cash flow from changes in working capital</b>	<b>-3,000</b>	<b>-1,480</b>	<b>-3,801</b>	<b>-1,771</b>	<b>-3,305</b>	<b>-1,275</b>
<b>Cash flow from current operations</b>	<b>-2,047</b>	<b>-556</b>	<b>-2,831</b>	<b>-699</b>	<b>686</b>	<b>2,818</b>
Acquisition of subsidiaries / businesses, net effect on liquid funds	-	-	-	-76	-126	-202
Sale of subsidiaries / businesses, net effect on liquid funds	43	-	43	-	43	-
Acquisition of fixed assets	-510	-395	-773	-670	-3,071	-2,968
Sale of fixed assets	116	242	386	301	1,489	1,404
<b>Cash flow from investment operations</b>	<b>-351</b>	<b>-153</b>	<b>-344</b>	<b>-445</b>	<b>-1,665</b>	<b>-1,766</b>
<b>Cash flow before financing</b>	<b>-2,398</b>	<b>-709</b>	<b>-3,175</b>	<b>-1,144</b>	<b>-979</b>	<b>1,052</b>
Increase (+) / Decrease (-) of interest-bearing liabilities	1,315	836	918	802	126	10
Increase (+) / Decrease (-) of interest-bearing liabilities, project financing	1,054	705	2,212	1,023	3,413	2,224
Cash dividend	-1,475	-1,327	-1,475	-1,327	-1,475	-1,327
Repurchase of own shares	-125	-	-125	-	-125	-
<b>Cash flow from financing operations</b>	<b>769</b>	<b>214</b>	<b>1,530</b>	<b>498</b>	<b>1,939</b>	<b>907</b>
<b>Cash flow for the period</b>	<b>-1,629</b>	<b>-495</b>	<b>-1,645</b>	<b>-646</b>	<b>960</b>	<b>1,959</b>
Cash at the beginning of the period	2,970	833	2,951	968	336	968
Exchange rate differences in cash	-22	-2	13	14	23	24
<b>Cash at the end of the period</b>	<b>1,319</b>	<b>336</b>	<b>1,319</b>	<b>336</b>	<b>1,319</b>	<b>2,951</b>



## Parent company

The parent company Peab AB's net sales for the first half year 2022 amounted to SEK 152 million (144) and mainly consisted of internal Group services. Profit for the period amounted to SEK 920 million (-7). Profit for the period included dividends from subsidiaries of SEK 1,024 million (-).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,728 million (11,623). The assets have been financed from equity of SEK 7,574 million (7,004) and long-term liabilities to Group companies amounting to SEK 1,500 million (2,072). During the second quarter 2022, a dividend of SEK 1,475 million (1,327) was paid to shareholders and repurchases of own shares have been made by SEK 125 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	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 2021/2022	Jan-Dec 2021
Net sales	77	70	152	144	301	293
Administrative expenses	-142	-107	-267	-211	-481	-425
Other operating income	0	-	1	1	1	1
<b>Operating profit</b>	<b>-65</b>	<b>-37</b>	<b>-114</b>	<b>-66</b>	<b>-179</b>	<b>-131</b>
<b>Result from financial investments</b>						
Profit from participation in Group companies	1,024	1	1,024	63	1,024	63
Other financial items	-7	-9	-16	-21	-43	-48
<b>Result after financial items</b>	<b>952</b>	<b>-45</b>	<b>894</b>	<b>-24</b>	<b>802</b>	<b>-116</b>
Appropriations	-	-	-	-	1,638	1,638
<b>Pre-tax profit</b>	<b>952</b>	<b>-45</b>	<b>894</b>	<b>-24</b>	<b>2,440</b>	<b>1,522</b>
Tax	14	8	26	17	-270	-279
<b>Profit for the period <sup>1)</sup></b>	<b>966</b>	<b>-37</b>	<b>920</b>	<b>-7</b>	<b>2,170</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	Jun 30 2022	Jun 30 2021	Dec 31 2021
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible assets	4	5	4
Tangible assets	1	1	1
<b>Financial assets</b>			
Participation in Group companies	11,728	11,623	11,728
Deferred tax recoverables	141	123	140
<b>Total financial assets</b>	<b>11,869</b>	<b>11,746</b>	<b>11,868</b>
<b>Total fixed assets</b>	<b>11,874</b>	<b>11,752</b>	<b>11,873</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivables	0	–	0
Receivables from Group companies	354	3	2,271
Current tax assets	190	178	12
Other receivables	1	0	2
Prepaid expenses and accrued income	9	11	9
<b>Total current receivables</b>	<b>554</b>	<b>192</b>	<b>2,294</b>
Cash and bank	0	0	0
<b>Total current assets</b>	<b>554</b>	<b>192</b>	<b>2,294</b>
<b>Total assets</b>	<b>12,428</b>	<b>11,944</b>	<b>14,167</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity	1,884	1,884	1,884
Non-restricted equity	5,690	5,120	6,370
<b>Total equity</b>	<b>7,574</b>	<b>7,004</b>	<b>8,254</b>
Untaxed reserves	3,190	2,724	3,190
<b>Provisions</b>			
Other provisions	47	45	45
<b>Total provisions</b>	<b>47</b>	<b>45</b>	<b>45</b>
<b>Long-term liabilities</b>			
Liabilities to Group companies	1,500	2,072	2,281
<b>Total long-term liabilities</b>	<b>1,500</b>	<b>2,072</b>	<b>2,281</b>
<b>Current liabilities</b>			
Accounts payable	15	13	20
Liabilities to Group companies	7	1	269
Other liabilities	13	14	9
Accrued expenses and deferred income	82	71	99
<b>Total current liabilities</b>	<b>117</b>	<b>99</b>	<b>397</b>
<b>Total liabilities</b>	<b>1,617</b>	<b>2,171</b>	<b>2,678</b>
<b>Total equity and liabilities</b>	<b>12,428</b>	<b>11,944</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-Jun 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	11,742	6,317	6,881	4,430	32		29,402	-807	28,595
Internal sales	2,621	659	1,798	11	711	-5,800	-		-
<b>Total</b>	<b>14,363</b>	<b>6,976</b>	<b>8,679</b>	<b>4,441</b>	<b>743</b>	<b>-5,800</b>	<b>29,402</b>	<b>-807</b>	<b>28,595</b>
<b>Allocation per country</b>									
Sweden	10,525	6,222	5,800	2,981	589	-4,683	21,434	-1,012	20,422
Norway	2,260	754	823	373	78	-387	3,901	476	4,377
Finland	1,578		1,644	1,087	75	-729	3,655	-271	3,384
Denmark			407		1	-1	407		407
Other			5				5		5
<b>Total</b>	<b>14,363</b>	<b>6,976</b>	<b>8,679</b>	<b>4,441</b>	<b>743</b>	<b>-5,800</b>	<b>29,402</b>	<b>-807</b>	<b>28,595</b>
<b>Allocation per type of customer</b>									
Public sector	4,854	4,730	1,818	3	22		11,427		11,427
Private customers	6,888	1,587	5,063	4,427	10		17,975	-807	17,168
Internal customers	2,621	659	1,798	11	711	-5,800	-		-
<b>Total</b>	<b>14,363</b>	<b>6,976</b>	<b>8,679</b>	<b>4,441</b>	<b>743</b>	<b>-5,800</b>	<b>29,402</b>	<b>-807</b>	<b>28,595</b>
<b>Allocation per point in time</b>									
At one point in time	15	7	3,177	509	28	-580	3,156	2,948	6,104
Over time	14,340	6,965	4,434	3,891	623	-4,422	25,831	-3,755	22,076
Rent revenue <sup>2)</sup>	8	4	1,068	41	92	-798	415		415
<b>Total</b>	<b>14,363</b>	<b>6,976</b>	<b>8,679</b>	<b>4,441</b>	<b>743</b>	<b>-5,800</b>	<b>29,402</b>	<b>-807</b>	<b>28,595</b>
<b>Allocation per type of revenue</b>									
Construction contracts	14,340	6,965	4,434	3,891	43	-3,843	25,830	-3,755	22,075
Sales of goods			2,444			-417	2,027		2,027
Sales of property projects				494			494	2,948	3,442
Transportation services			630			-135	495		495
Administrative services					580	-579	1		1
Rent revenue <sup>2)</sup>	8	4	1,068	41	92	-798	415		415
Other	15	7	103	15	28	-28	140		140
<b>Total</b>	<b>14,363</b>	<b>6,976</b>	<b>8,679</b>	<b>4,441</b>	<b>743</b>	<b>-5,800</b>	<b>29,402</b>	<b>-807</b>	<b>28,595</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-Jun 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	10,777	6,177	5,775	3,625	31		26,385	-454	25,931
Internal sales	2,067	656	1,676	14	597	-5,010	-		-
<b>Total</b>	<b>12,844</b>	<b>6,833</b>	<b>7,451</b>	<b>3,639</b>	<b>628</b>	<b>-5,010</b>	<b>26,385</b>	<b>-454</b>	<b>25,931</b>
<b>Allocation per country</b>									
Sweden	9,187	6,234	5,095	1,951	503	-3,910	19,060	-246	18,814
Norway	1,895	590	596	426	71	-442	3,136	-10	3,126
Finland	1,762	9	1,440	1,262	53	-657	3,869	-198	3,671
Denmark			312		1	-1	312		312
Other			8				8		8
<b>Total</b>	<b>12,844</b>	<b>6,833</b>	<b>7,451</b>	<b>3,639</b>	<b>628</b>	<b>-5,010</b>	<b>26,385</b>	<b>-454</b>	<b>25,931</b>
<b>Allocation per type of customer</b>									
Public sector	5,038	4,363	1,426	3	22		10,852		10,852
Private customers	5,739	1,814	4,349	3,622	9		15,533	-454	15,079
Internal customers	2,067	656	1,676	14	597	-5,010	-		-
<b>Total</b>	<b>12,844</b>	<b>6,833</b>	<b>7,451</b>	<b>3,639</b>	<b>628</b>	<b>-5,010</b>	<b>26,385</b>	<b>-454</b>	<b>25,931</b>
<b>Allocation per point in time</b>									
At one point in time	3	7	3,043	102	27	-616	2,566	2,425	4,991
Over time	12,836	6,822	3,454	3,492	512	-3,663	23,453	-2,879	20,574
Rent revenue <sup>2)</sup>	5	4	954	45	89	-731	366		366
<b>Total</b>	<b>12,844</b>	<b>6,833</b>	<b>7,451</b>	<b>3,639</b>	<b>628</b>	<b>-5,010</b>	<b>26,385</b>	<b>-454</b>	<b>25,931</b>
<b>Allocation per type of revenue</b>									
Construction contracts	12,836	6,822	3,454	3,492	22	-3,173	23,453	-2,879	20,574
Sales of goods			2,007			-357	1,650		1,650
Sales of property projects				96			96	2,425	2,521
Transportation services			946			-233	713		713
Administrative services					490	-490	-		-
Rent revenue <sup>2)</sup>	5	4	954	45	89	-731	366		366
Other	3	7	90	6	27	-26	107		107
<b>Total</b>	<b>12,844</b>	<b>6,833</b>	<b>7,451</b>	<b>3,639</b>	<b>628</b>	<b>-5,010</b>	<b>26,385</b>	<b>-454</b>	<b>25,931</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-Jun 2022 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
External sales	11,742	6,317	6,881	4,430	32		29,402	-807	28,595
Internal sales	2,621	659	1,798	11	711	-5,800	-		-
<b>Total revenue</b>	<b>14,363</b>	<b>6,976</b>	<b>8,679</b>	<b>4,441</b>	<b>743</b>	<b>-5,800</b>	<b>29,402</b>	<b>-807</b>	<b>28,595</b>
<b>Operating profit</b>	<b>337</b>	<b>201</b>	<b>-55</b>	<b>553</b>	<b>-118</b>	<b>-23</b>	<b>895</b>	<b>-140</b>	<b>755</b>
Operating margin, %	2.3	2.9	-0.6	12.5			3.0		2.6
Financial income							46		46
Financial expenses							-52	-23 <sup>2)</sup>	-75
<b>Net finance</b>							<b>-6</b>	<b>-23</b>	<b>-29</b>
<b>Pre-tax profit</b>							<b>889</b>	<b>-163</b>	<b>726</b>
Tax							-182	18	-164
<b>Profit for the period</b>							<b>707</b>	<b>-145</b>	<b>562</b>
Capital employed (closing balance)	-1,963	-299	10,807	13,911		372 <sup>3)</sup>	22,828	8,404	31,232
Total assets							42,260	7,693 <sup>4)</sup>	49,953
Equity							13,868	-1,132	12,736
Equity/assets ratio, %							32.8		25.5
Net debt							6,333	9,536	15,869
Cashflow before financing	-167 <sup>5)</sup>	-144 <sup>5)</sup>	-1,468 <sup>5)</sup>	342 <sup>5)</sup>		-426 <sup>6)</sup>	-1,863	-1,312	-3,175

<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 -23 million.

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

<sup>4)</sup> Divided between IFRS 16, additional leases SEK 1,591 million and housing projects SEK 6,102 million.

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

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

Group Jan-Jun 2021 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
External sales	10,777	6,177	5,775	3,625	31		26,385	-454	25,931
Internal sales	2,067	656	1,676	14	597	-5,010	-		-
<b>Total revenue</b>	<b>12,844</b>	<b>6,833</b>	<b>7,451</b>	<b>3,639</b>	<b>628</b>	<b>-5,010</b>	<b>26,385</b>	<b>-454</b>	<b>25,931</b>
<b>Operating profit</b>	<b>338</b>	<b>198</b>	<b>-58</b>	<b>465</b>	<b>-177</b>	<b>-15</b>	<b>751</b>	<b>-110</b>	<b>641</b>
Operating margin, %	2.6	2.9	-0.8	12.8			2.8		2.5
Financial income							45		45
Financial expenses							-55	-26 <sup>2)</sup>	-81
<b>Net finance</b>							<b>-10</b>	<b>-26</b>	<b>-36</b>
<b>Pre-tax profit</b>							<b>741</b>	<b>-136</b>	<b>605</b>
Tax							-155	26	-129
<b>Profit for the period</b>							<b>586</b>	<b>-110</b>	<b>476</b>
Capital employed (closing balance)	-1,918	-451	9,388	13,258		-410 <sup>3)</sup>	19,867	5,982	25,849
Total assets							37,685	6,144 <sup>4)</sup>	43,829
Equity							12,654	-960	11,694
Equity/assets ratio, %							33.6		26.7
Net debt							5,424	6,942	12,366
Cashflow before financing	801 <sup>5)</sup>	412 <sup>5)</sup>	-737 <sup>5)</sup>	-277 <sup>5)</sup>		-404 <sup>6)</sup>	-205	-939	-1,144

<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 -26 million.

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

<sup>4)</sup> Divided between IFRS 16, additional leases SEK 1,778 million and housing projects SEK 4,366 million.

<sup>5)</sup> Refers to operating cash flow. For definition, see section Alternative key figures 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 key figures 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	Jun 30, 2022			Jun 30, 2021			Dec 31, 2021		
	Level 2	Level 3	Total	Level 2	Level 3	Total	Level 2	Level 3	Total
<b>Financial assets</b>									
Securities held as fixed assets		75	75		60	60		55	55
<i>Of which unlisted funds</i>		36	36		37	37		32	32
<i>Of which unlisted shareholdings and participations</i>		39	39		23	23		23	23
Other long-term receivables	2		2						
<i>Of which commodity hedging with futures</i>	2		2						
Other current receivables	23		23	19		19	8		8
<i>Of which commodity hedging with futures</i>	18		18	18		18	7		7
<i>Of which currency swaps</i>	5		5	1		1	1		1
<b>Total financial assets</b>	<b>25</b>	<b>75</b>	<b>100</b>	<b>19</b>	<b>60</b>	<b>79</b>	<b>8</b>	<b>55</b>	<b>63</b>
<b>Financial liabilities</b>									
Other long-term liabilities			-	5		5			-
<i>Of which interest rate swaps</i>			-	5		5			-
Other current liabilities	5		5	13		13	6		6
<i>Of which interest rate swaps</i>			-			-	2		2
<i>Of which currency swaps</i>			-	1		1	1		1
<i>Of which commodity hedging with futures</i>	4		4	12		12	1		1
<i>Of which contingent consideration</i>	1		1			-	2		2
<b>Total financial liabilities</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>18</b>	<b>-</b>	<b>18</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		
	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
<b>MSEK</b>						
Opening balance	32	37	37	23	23	23
Investments	1	2	4	16		
Dividends received		-1	-12			
Reported in profit/loss for the period						
Net finance	3	-1	3			
<b>Closing balance</b>	<b>36</b>	<b>37</b>	<b>32</b>	<b>39</b>	<b>23</b>	<b>23</b>

Group	Contingent consideration		
	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
<b>MSEK</b>			
Opening balance	2	-	-
Aquisitions during the period			2
Payments during the period	-1		
<b>Closing balance</b>	<b>1</b>	<b>-</b>	<b>2</b>

The contingent consideration will amount from SEK 0 million to maximum of SEK 1 million.

# Future financial information

- Quarterly report January – September 2022 October 28, 2022
- Year-end report January – December 2022 February 3, 2023
- Annual and Sustainability report 2022 April, 2023

## Presentation of the quarterly report

This quarterly report will be presented digitally and on a phone conference Friday July 15, 2022 at 1:00 p.m. by the President and CEO Jesper Göransson and CFO Niclas Winkvist. The presentation will be held in Swedish and is available via <https://www.peab.com/financial-info/>.

Call one of the following telephone numbers to participate:

- From Sweden: +46 8 5055 83 52
- From Great Britain: +44 3333 00 90 35

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 July 15, 2022, 11:30 a.m. CET.*

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The Board of directors and the CEO pledge that the half-year report provides a fair and true overview of the parent company's and the Group's business, position and results as well as describes the significant risks and uncertainty factors faced by the parent company and the companies included in the Group.

Förlöv July 15, 2022

Anders Runevad  
Chairman

Karl-Axel Granlund  
Board member

Fredrik Paulsson  
Board member

Kerstin Lindell  
Board member

Lars Sköld  
Board member

Liselott Kilaas  
Board member

Malin Persson  
Board member

Magdalena Gerger  
Board member

Kim Thomsen  
Board member

Patrik Svensson  
Board member

Maria Doberck  
Board member

Jesper Göransson  
CEO and President

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



# Quarterly data

## Group, IFRS

MSEK	Apr-Jun 2022	Jan-Mar 2022	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020
Net sales	16,458	12,137	17,504	15,488	14,807	11,124	15,989	16,204	15,789
Production costs	-14,845	-11,304	-15,495	-13,868	-13,219	-10,440	-14,159	-14,463	-14,127
<b>Gross profit</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>	<b>1,741</b>	<b>1,662</b>
Sales and administrative expenses	-929	-866	-923	-673	-884	-820	-914	-717	-962
Distribution of Annehem Fastigheter	-	-	-	-	-	-	952	-	-
Other operating income	94	32	235	67	51	38	84	72	36
Other operating costs	-3	-19	-12	11	0	-16	-10	-9	-13
<b>Operating profit</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>1,087</b>	<b>723</b>
Financial income	22	24	20	29	15	30	23	18	15
Financial expenses	-36	-39	-38	-48	-43	-38	-55	-55	-34
<b>Net finance</b>	<b>-14</b>	<b>-15</b>	<b>-18</b>	<b>-19</b>	<b>-28</b>	<b>-8</b>	<b>-32</b>	<b>-37</b>	<b>-19</b>
<b>Pre-tax profit</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>	<b>1,050</b>	<b>704</b>
Tax	-171	7	-170	-226	-152	23	-181	-210	-160
<b>Profit for the period</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>840</b>	<b>544</b>
<b>Profit for the period, attributable to:</b>									
Shareholders in parent company	590	-28	1,121	780	575	-99	1,730	840	543
Non-controlling interests	0	0	0	0	0	0	-1	0	1
<b>Profit for the period</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>840</b>	<b>544</b>
<b>Key ratios, IFRS</b>									
Earnings per share, SEK	2.01	-0.10	3.80	2.65	1.95	-0.34	5.87	2.85	1.84
Average number of outstanding shares, million	294.4	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0
Capital employed (closing balance)	31,232	29,765	28,698	26,840	25,849	25,019	24,435	27,729	28,829
Equity (closing balance)	12,736	13,792	13,682	12,500	11,694	12,517	12,443	12,874	12,043

## Business areas

MSEK	Apr-Jun 2022	Jan-Mar 2022	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020
<b>Net sales</b>									
Construction	7,628	6,735	8,147	5,989	6,648	6,196	7,448	5,798	7,123
Civil Engineering	3,893	3,083	4,062	3,285	3,743	3,090	3,600	3,041	3,432
Industry	6,108	2,571	5,138	6,198	5,247	2,204	4,929	6,233	5,343
Project Development	1,977	2,464	3,117	2,741	1,929	1,710	1,804	1,750	1,977
– of which Property Development	120	59	425	33	33	30	71	71	111
– of which Housing Development	1,857	2,405	2,692	2,708	1,896	1,680	1,733	1,679	1,866
Group functions	385	358	368	318	327	301	317	298	308
Eliminations	-3,133	-2,667	-3,312	-2,410	-2,725	-2,285	-2,674	-2,283	-2,665
<b>Group, segment reporting</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>	<b>14,837</b>	<b>15,518</b>
Adjustment of housing to IFRS	-400	-407	-16	-633	-362	-92	560	1,384	295
IFRS 16, additional leases									
Annehem Fastigheter							36 <sup>1)</sup>	47	48
Eliminations							-31	-64	-72
<b>Group, IFRS</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>16,204</b>	<b>15,789</b>
<b>Operating profit</b>									
Construction	177	160	209	164	187	151	197	137	183
Civil Engineering	148	53	164	109	146	52	131	92	127
Industry	341	-396	420	576	339	-397	397	471	303
Project Development	264	289	446	326	252	213	1,195	162	138
– of which Property Development	43	34	122	70	29	10	961	13	-17
– of which Housing Development	221	255	324	256	223	203	234	149	155
Group functions	-47	-71	13	-64	-95	-82	-132	-14	-81
Eliminations	2	-25	-6	-10	-5	-10	37	-4	-9
<b>Group, segment reporting</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>	<b>844</b>	<b>661</b>
Adjustment of housing to IFRS	-119	-39	52	-86	-69	-49	95	226	57
IFRS 16, additional leases	9	9	11	10	0	8	12	12	6
Annehem Fastigheter							13 <sup>1)</sup>	5	6
Eliminations							-3	0	-7
<b>Group, IFRS</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>1,087</b>	<b>723</b>
<b>Operating margin, %</b>									
Construction	2.3	2.4	2.6	2.7	2.8	2.4	2.6	2.4	2.6
Civil Engineering	3.8	1.7	4.0	3.3	3.9	1.7	3.6	3.0	3.7
Industry	5.6	-15.4	8.2	9.3	6.5	-18.0	8.1	7.6	5.7
Project Development	13.4	11.7	14.3	11.9	13.1	12.5	66.2	9.3	7.0
– of which Property Development	35.8	57.6	28.7	212.1	87.9	33.3	1,353.5	18.3	-15.3
– of which Housing Development	11.9	10.6	12.0	9.5	11.8	12.1	13.5	8.9	8.3
Group functions									
Eliminations									
<b>Group, segment reporting</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>	<b>5.7</b>	<b>4.3</b>
Adjustment of housing to IFRS									
IFRS 16, additional leases									
Annehem Fastigheter							36.1 <sup>1)</sup>	10.6	12.5
Eliminations									
<b>Group, IFRS</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>6.7</b>	<b>4.6</b>
<b>Key ratios, segment reporting, MSEK</b>									
Earnings per share, SEK	2.36	0.04	3.62	2.89	2.18	-0.19	5.62	2.25	1.72
Capital employed (closing balance)	22,828	22,117	21,561	20,691	19,867	19,659	19,434	21,086	22,390
Equity (closing balance)	13,868	14,812	14,656	13,556	12,654	13,408	13,251	12,637	12,852
Orders received	14,334	15,375	14,443	13,865	13,094	14,446	12,189	11,718	13,220
Order backlog at the end of the period	49,899	49,968	45,318	46,280	46,684	47,286	42,709	44,722	46,123

<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.

## Other 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.

### 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.

### Operating margin

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

### Order backlog

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

### Orders received

The sum of orders received during the period. Measures how new orders replace produced work. 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 15,000 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.

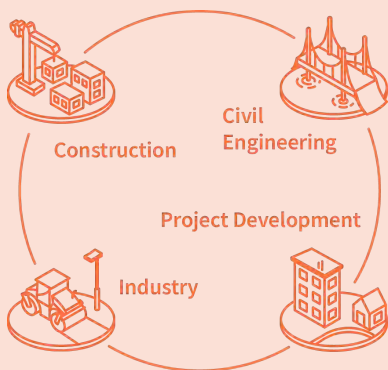
Peab has contributed to locally produced community building for more than 60 years. Now the journey continues. Long-lastingly and responsibly we are forging ahead, and improving everyday life where it's lived.

## Net sales, appr.

# SEK 63 billion

## Employees, appr.

# 15,000



## 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 15,000 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: Björn Forsberg, Henrik Nordell, Peter Steen, Ulf Celander 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.