



*With the  
future in mind*

Annual and Sustainability Report 2023

  
THE NORDIC COMMUNITY BUILDER

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Sustainability appendix incl. GRI Index and sustainability data: [peab.inpublix.com/2023/en](https://peab.inpublix.com/2023/en)

Formal annual and Group financial reports which have been audited by company accountants, pages 62–152. Information on the statutory Sustainability Report is found on page 86–87.

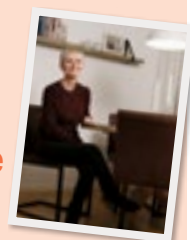
# Creating value together

WITH OUR CUSTOMERS

HAPPY WITH HER NEW HOME

## She finds peace at the kitchen table

P. 21



IN PARTNERSHIP WITH REAL ESTATE COMPANY NIAM

## Good collaboration for high class construction

P. 29



LOCAL INVESTMENTS IN KÄVLINGE

## A school for the future

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IN PARTNERSHIP WITH JÄRFÄLLA MUNICIPALITY

## Pioneer in completely electric project

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Peab AB is a public company, Company ID 556061-4330. Domicile Båstad, Sweden.

All values are expressed in Swedish krona. Krona is abbreviated to SEK, thousands of kronor to TSEK and millions of kronor to MSEK. Numbers presented in parentheses refer to 2022 unless otherwise specified.

Data regarding markets and the competition are Peab's own assessments, unless another source is specified. These assessments are based on the best and latest available facts from, among others, previously published material.

Cover picture: Samuel Unéus. The person in the picture is one of the trainees in Peab's first round of the women's trainee program The Construction Year, which is aimed at getting more women interested in the construction and civil engineering industry, thereby increasing gender equality in it.

Photographers: Peter Phillips, Mette Ottosson, Cecilia Hedström, Jonas Westling, Magnus Grubb, Martin Källqvist, Johanna Myllymäki

# Peab is the Nordic community builder



Peab works locally where our customers are and where people live their lives. Every day our 14,000 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.

## Our suppliers

Number, approximate figures

# 40,000

### Suppliers 2023

- 2,750 framework and call-off contracts
- 2,700 suppliers represent 80 percent of the Group's purchasing volume

# 250

### Purchase categories

- of which 6 are strategic input goods

## Our business areas



Construction



Civil Engineering



Industry



Project Development

## Highly processed business in collaboration

Our own products, expertise, input goods and services throughout the processing

Acquire

Develop

Groundwork

# 14,000

Employees

## Financial summary

The Group has different accounting principles in segment reporting compared to reporting according to IFRS for our own housing development projects and for IFRS 16 (previously operational leasing contracts). For more information on the new accounting principles and the differences between segment reporting and reporting according to IFRS, see the Board of Directors' Report and note 1 and note 4.

MSEK	Segment reporting		Reporting according to IFRS	
	2023	2022	2023	2022
Net sales	58,821	63,135	61,600	61,933
Operating profit	1,853	2,741	2,586	2,557
Operating margin, %	3.2	4.3	4.2	4.1
Pre-tax profit	1,895	2,670	2,586	2,440
Profit for the year	1,414	2,037	1,988	1,831
Earnings per share, SEK	4.92	6.98	6.92	6.27
Return on equity, %	9.5	14.0	14.1	13.7
Equity/assets ratio, %	34.0	34.7	29.4	27.0
Net debt	8,676	6,899	14,537	16,681
Net debt/equity ratio, multiple <sup>1)</sup>	0.6	0.5	1.0	1.2
Cash flow before financing	-1,317	-1,955	2,655	-3,159
Dividend per share, SEK <sup>2)</sup>	1.50	4.00	1.50	4.00
Average number of employees	13,808	14,211	13,808	14,211

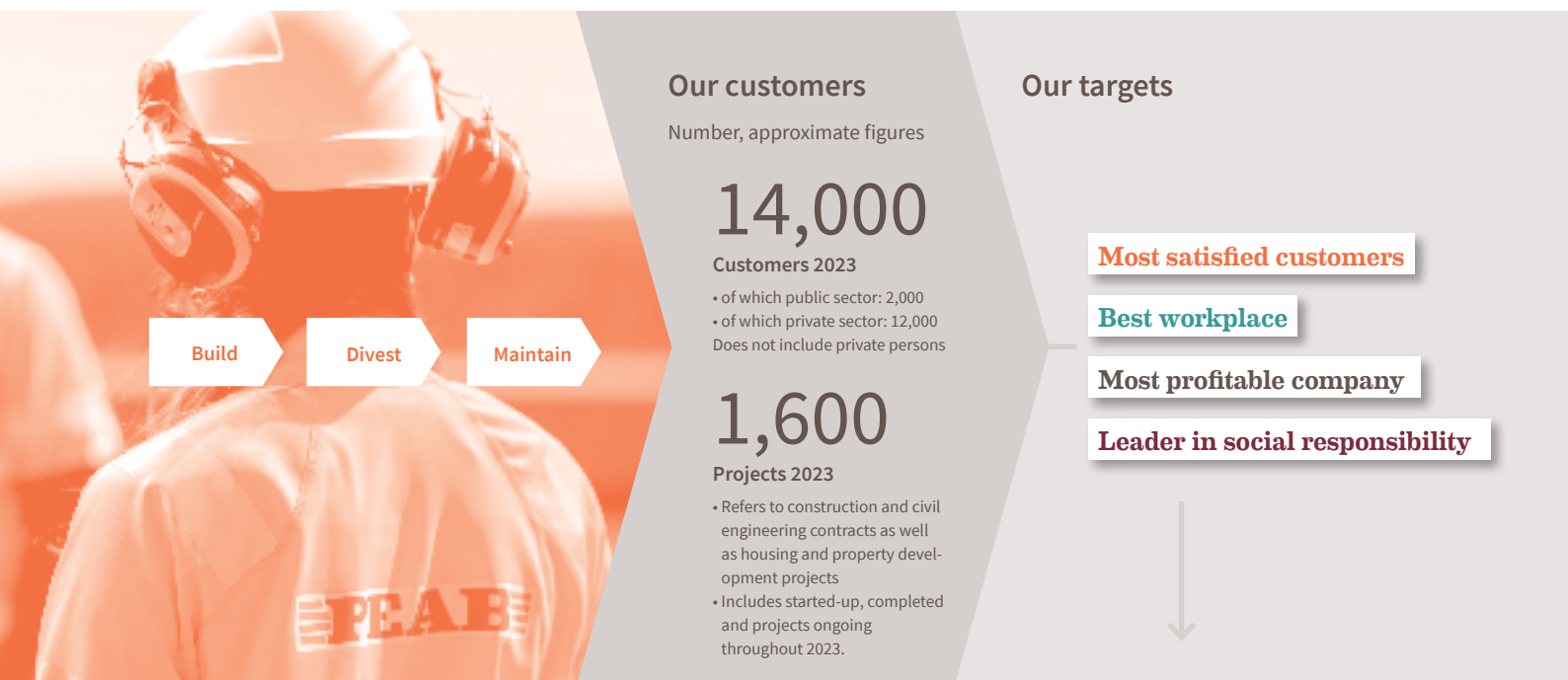
<sup>1)</sup> Net debt in relation to equity. <sup>2)</sup> For 2023, the Board's proposal to the AGM.



# 2023 in summary

- Split market with weak housing market but good public sector demand
- Lower net sales and profit due to lower demand on the housing market, above all in Construction and Project Development
- Good development in business areas Civil Engineering and Industry
- Decision handed down in Mall of Scandinavia arbitration
- Restructuring, provisions and write-downs have charged operating profit
- Cash flow before financing affected by more tied up working capital and investments
- Continued investments in ECO-products and greater production capacity in ECO-Prefab
- First building in the world built containing fossil free steel
- Long-term good conditions for growth in the segments and markets Peab operates in
- Board of Directors proposes a dividend of SEK 1.50 (4.00) per share

The outcome of our nine external targets, financial and non-financial, was varied and impacted by the rather challenging market conditions.



## Four strategic targets and nine external targets



### Most satisfied customers

We are close to our customers and meet their needs with sustainable offers. Quality permeates our work methods and end results. The right expertise in the right place is key to success.



### Best workplace

We are a safe, secure and inclusive workplace rooted in a strong company culture. Leadership takes responsibility and is close to operations. Employees have value-creating and developing work assignments that they complete together.



### Most profitable company

We take on the right projects and have the right business mix. Employees work according to quality-ensured work methods that are efficient in every aspect. Through our own resources and internal collaboration we maintain a high degree of value creation. We take advantage of our size and experience.



### Leader in social responsibility

As the Nordic Community Builder we drive developments in our industry in matters concerning the climate and environment, ethics, and equal opportunity and inclusion. We work well together with stakeholders in the world around us and stride every day towards a sustainable value chain. With our extensive local presence we are also an important actor in the local community.



# With the future in mind

**For more than 60 years** Peab's business has been based on local community building. In local communities all over the Nordic region we work to improve everyday life for people where they live it. In this year's Annual and Sustainability Report we describe our business and how it has developed over the last year 2023. At the same time we are targeting the future.

**We are in the midst of a transition.** We are talking about the climate transition the whole world is facing, about safe workplaces and equality in the construction and civil engineering industry. The choices we make to foster sustainable development of our business and communities today make a difference tomorrow.

**As a leading Nordic and local community builder** we have a big impact on the world around us – and thereby a big responsibility. We have a responsibility to push for positive development in the construction and civil engineering industry and safeguard the future of our own business and communities.

**We do a lot** and in the coming years we will do more. To truly succeed with the ongoing transition we need to work closely with our customers, suppliers and other partners. We need to go hand-in-hand with politicians and actors on the financial market. This is how we take on the future.







# Prepared for the future

The year 2023 was marked by a split market for Peab. While housing construction deteriorated civil engineering, paving and public building construction developed well. All in all, in the past year Peab has developed its business for the future and contributed to building our local Nordic communities.

**W**hen we summarize 2023 we can conclude that the dramatic decline in the Nordic housing market affected Peab primarily in business areas Project Development and Construction. This has resulted in an intensive effort in business area Construction to shift operations from housing projects to other kinds of construction projects. On the other hand Civil Engineering, paving and public building construction have been highly active and developed well. At the end of the year we streamlined operations in construction production, housing development, rental operations and central support functions in order to be well-equipped to handle both a continued weak housing market and meet a growing market.

Group net sales contracted by seven percent in 2023 and amounted to SEK 59 billion. Operating profit amounted to SEK 1.9 billion and the operating margin was 3.2 percent (4.3). At the same time the variety of commissions, project sizes and geographies in the Peab Group, as well as the division between private and public sector customers, continues to be good. All this contributes to spreading the risks in our business and increase stability. This is also proof positive that Peab's broad business model with four business areas and local roots close to customers enables us to meet fluctuating market conditions well.

#### **Varied target outcome**

The outcome of our nine external targets, financial and non-financial, was varied and impacted by the rather challenging market conditions. We achieved our targets regarding the Customer Satisfaction Index, recommend Peab as an employer (eNPS) and equal opportunity recruitment in jobs close to production. It is gratifying that our customers and employees continue to have such great confidence in Peab. We also reached our target concerning serious accidents in 2023, although the level is still too high. The reduction in carbon dioxide intensity is going according to plan for our 2030 targets. We are well on the road to converting the production we ourselves have control over. The challenge is greater when we are dependent on other parties for a reduction in our carbon footprint and we work intensively with other actors to reduce emissions from input goods and purchased services.

**At the same time the variety of commissions, project sizes and geographies in the Peab Group, as well as the division between private and public sector customers, continues to be good. All this contributes to spreading the risks in our business and increase stability.**

Regarding our financial targets, we fell short of our operating margin target to surpass 6 percent. In 2023 the operating margin was 3.2 percent. Our second financial target, the net debt/equity ratio, was 0.6 at the end of the year, which is inside the target interval 0.3-0.7. We are intensely focused on cash flow and net debt, and reported significant improvements in these at the end of 2023. The Board proposes Peab's Annual General Meeting decide on a dividend of SEK 1.50 per share. This is equivalent to 30 percent of profit for the year, which is lower than our financial target of 50 percent. The proposal is, however, considered balanced based on Peab's order situation, earning capacity and financial position.

#### **Clear sustainability priorities**

The non-financial targets are an expression of the responsibility we take and therefore define our material sustainability aspects as well. As a leading Nordic community builder we have a big impact – and thereby a big responsibility. This responsibility entails striving to choose the most sustainable way forward and driving sustainable development in our value chains and in the industry, and our targets are aimed at achieving this. In 2045 we will be climate neutral and along the way we have set two targets for carbon dioxide intensity by 2030. The matter of materials is key here and our own ECO-products are vital to achieving this target. We will also make use of all the competence society has to offer and ensure that our capable employees can work in safe and developing environments. We have therefore set targets for both equal recruitment and workplace accidents. In 2023 we started The Construction Year which is a trainee program for young women who want to try working for Peab in construction and civil engineering production. The first round was highly successful with thousands of applicants. The Construction Year is one of our activities to promote equality in the industry and there will be a new round of the program with new female trainees in 2024. With the same intention of making use of all the competence society has to offer we have been running independent high schools since 2006 through the Peab School.

We also strive to make our industry safe and sound, working for both healthy competition and governance throughout the supply chain. We actively work for our industry to be open, play fair and have humane working conditions. We have well-defined specifications, particularly concerning climate matters, and we collaborate with other actors in our industry. Working together and sharing solutions leads to finding the most long-lasting, sustainable ways forward.

Our work is based on the UN Global Compact which we support, and the 17 global goals for sustainable development as well as Peab's Code of Conduct, core values, business concept, mission and strategic targets. Business plans are important and guide employees in realizing our sustainability aspects and incorporating them into their roles and daily operations. We have adopted



# As a leading Nordic community builder we have a big impact – and thereby a big responsibility.

a new business plan for the period 2024-2026 that clearly stakes out this intention. In addition, we have continued with our educational programs in areas like ethics, the environment, purchasing, the work environment and equal treatment while also preparing for the incoming sustainability directives CSRD and CSDDD.

### With the future in mind

Market circumstances were challenging in 2023 and the prospects for the Nordic construction markets indicate a downturn in Sweden and Finland with unchanged levels in Norway in 2024. The housing market is expected to continue to decline while civil engineering markets are expected to be stable. Regarding housing, hardly any new projects are starting up on the market. Considering that there is still an underlying and growing need for housing in the Nordic region, the drastic reduction in housing construction is not good. It is vital to find a solution to the long-term management of supplying housing, particularly in Sweden. In the meantime, Peab has a well-dimensioned development rights portfolio in attractive locations and in anticipation of market recovery we are further developing and preparing projects for start-ups in the future.

I want to express a heartfelt thanks to all our employees, who continue to deliver quality to our customers day after day and thereby strengthen Peab and society. Every day they make local community building possible, no matter what the market circumstances are. Thank you so much!


I feel confident about the future. Peab's business model with four business areas and local roots has served us well in good and hard times alike. We take advantage of the opportunities the current market provides while we in various ways prepare for making the most of future business opportunities. We build tomorrow's sustainable communities aided by our broad expertise and in cooperation with the world around us.



Förelöv in April 2024

A handwritten signature in blue ink, which appears to be 'Jesper Göransson'.

**Jesper Göransson**  
President and CEO



**Uncertainty in the world around us has affected the macro economic circumstances in the Nordic region and contributed to a more challenging construction market. Housing construction dramatically declined while civil engineering, paving and public building construction developed well. All in all, prospects for the Nordic construction markets point downward in Sweden and Finland while remaining on the same level in Norway.**

#### **Inflation is beginning to deflate**

Growth in the global economy is slowing down but developments differ significantly in the major economies. The global economy is estimated to have grown by about three percent in 2023 and is expected to be marginally lower in 2024. It looks like the USA will make a soft landing with around 2.5 percent growth in 2023 and slightly more than one percent in 2024. Negative growth in Germany has an adverse effect on the eurozone, which is expected to have an average annual growth in 2023 and 2024 of 0.5 percent. China's growth is expected to land at just above 5.0 percent in 2023 and 4.5 percent in 2024. Inflation is the underlying factor in growth, interest rates and asset prices but geopolitical hazards in both Eastern Europe and the Middle East can hamper risk-taking. Volatile energy prices are another uncertainty that can have an effect on growth in the coming year. However, due to lower growth in OECD countries and supply chains functioning again, the trend is moving towards less pressure on prices. While the manufacturing industry anticipates lower prices, they continue to rise in the service sector. Most financial analysts appear to be in agreement that interest rates have reached their peak and central banks worldwide will begin to lower them in 2024. Most likely the American Fed and the European ECB will be the first start lowering interest rates some time during the first half-year. In Sweden the weak global economy combined with several domestic factors has weakened the Swedish currency, which has contributed to imported inflation. The shaky road to Nato membership, highly indebted households, interest rates driven to excessively low levels and concern for some of the commercial property sector's ability to handle higher interest rates have contributed to a low value of the Swedish krona.

#### **Climate transition drives the industry**

The construction and real estate industries have a vital part to play in climate transition if Sweden is going to achieve the goal established by the Swedish Riksdag of net zero greenhouse gas emissions by 2045. Every sector of the construction industry will have to play a part in the extensive investments required to convert the base industry and in the work to increase access to sustainable and stable energy and distribute it. There are a lot of opportunities to streamline energy consumption in the real estate sector, which is a boon for the tech intensive installation sector as well as a large part of the material industry and construction contract sector. At the same time the construction and real estate industries have to reduce their own environmental impact in both the construction and operational phases.

**Calculations show that both the construction and civil engineering industries can almost halve their climate impact by 2030 with existing technology.**

However, to achieve net zero a shift in technology and commercialization of innovations is necessary. This requires reviewing the entire value chain from extraction to recycling. The traditional linear model for manufacturing that starts with extraction of virgin material and ends in landfill via usage needs to be updated, and infused with reuse in production as well as a life cycle perspective in management. This transition is driven by legal requirements and customer demand as well as market initiatives but further stimulus in the form of political instruments, long-term regulations and good access to capital may well be needed. In addition to instruments, customers must be willing to pay for the transition and public sector procurement can be the motor and forerunner here. A sub-goal for attaining a climate neutral value chain in the construction and civil engineering industries by 2045 is to achieve halving greenhouse gas emissions by 2030, compared to 2015. The 28th Climate Change Conference COP28 was held in November last year. This time discussions focused on how the world should adapt to climate changes in order to reduce vulnerability. One conclusion was the necessity of a major global investment in nuclear power if the world is going to achieve net zero emissions by 2050.

# Macro outlook and the market

## Dramatic downturn for Swedish housing construction

The construction industry was one of the sectors hit hardest by the high price level of 2023. Housing construction fell by more than half, thereby creating the most dramatic development during the year. The high price level, rising interest rates, a cautious market and restrictive banks affected other parts of the construction market as well. This led to a broad and intense decline in building construction where the only exceptions were industrial and warehouse units. The continued weak financial situation, with high interest rates and growing unemployment, will probably result in building construction investments continuing to diminish in 2024 but far less than last year. Civil engineering investments are expected to have increased in 2023 due to private investments increasing in areas like energy, fiber and water and wastewater. In 2024 the forecast indicates more or less zero growth.



### The economy in Sweden

The Swedish economy struggled with the high level of both prices and the repo rate throughout 2023, which has diminished the purchasing power of households and led to dwindling consumption and investments. Nonetheless, unemployment only rose slightly during the year, although a sharp increase is expected in 2024. The Swedish Riksbank raised interest rates several times last year for a total of 1.5 percentage points. However, during the year inflation slowed significantly and therefore the repo rate was left unchanged at 4.0 percent at the November interest rate meeting. The market believes that interest rates have reached their peak and that the Swedish Riksbank will begin to lower them during the second half of 2024. After the Swedish economy contracted by nearly one percent in 2023, zero growth is expected in 2024.



### The economy in Norway

The Norwegian economy's development during 2023 was splintered and growth was driven primarily by oil-related business as well as the service sector. The construction industry was negatively affected by a drop in housing construction. Household consumption was dampened by rising interest rates, which had a negative effect on retail. However, the continued high rate of employment softened this situation. Going forward it appears Norges Bank will not continue to raise interest rates. A weaker labor market and less pressure from inflation is expected to lead to lower interest rates. On the whole Norway's economy is expected to grow slightly in 2024 due to a recovery in consumption and growing investments.

## Housing construction weighed down the Norwegian construction market

The total volume of started-up building construction investments in Norway was more or less the same as in 2023 compared to the previous year. However, development varied greatly and rising interest rates had a particularly negative effect on housing construction. While new production of single homes and apartment buildings declined industrial building construction volumes increased dramatically. There was also some growth in private premises while public sector investments went sideways. A broader drop in building construction investments is expected in 2024, with the exception of public sector building construction which might increase. Civil engineering construction is believed to have grown in 2023 and this positive development will most likely continue in 2024.





## Housing and private premises negatively affected the Finnish construction market

The total volume of started-up building construction investments in Finland contracted in 2023 for the second year in a row. First and foremost housing construction developed negatively as a result of the difficult financial situation for households due to rising unemployment and interest rates. Investments in offices, retail and other private premises declined as well. However, industrial building construction investments and investments in public premises turned out to be strong and grew during the year. With interest rates rising in 2024 the total volume of building construction investments is expected to continue to contract in 2024 and this negative development will most likely affect most sectors in the market. Civil engineering is expected to have developed horizontally in 2023 but in 2024 will likely turn up again.

### The economy in Finland

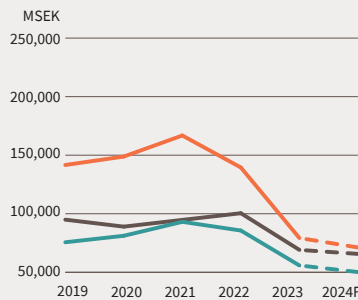
The Finnish economy contracted marginally in 2023. A contributing factor was lower household consumption caused by rising interest rates and higher prices. Another vital factor was diminishing gross investments where the drop in housing construction was key to the negative development. Inflation is believed to have peaked in 2023 and will begin to deflate in 2024 but it still looks like the Finnish economy will be constrained and unemployment will increase. On the whole Finland's economy is expected to be slightly on the positive side in 2024 due to expected positive developments in consumption, investments and exports.

### Investments 2019–2024F

— Sweden — Norway — Finland \*F=Forecast

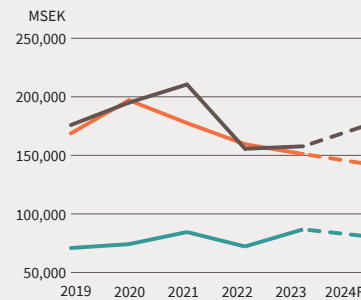
#### Housing investments

Initiated construction projects



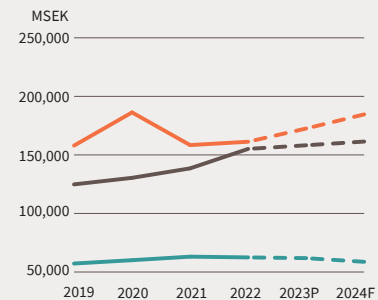
#### Other building construction investments

Initiated construction projects



#### Civil engineering

Ongoing investments



### Danish paving market will grow in 2024

The Danish paving market is expected to grow from the level in 2023, which turned out better than expected. The government will double paving maintenance compared to 2023 while the infrastructure plan IP 2035 has gotten off to a good start with the start-up of several civil engineering projects and new ones on the way in 2024. Municipalities are expected to maintain the same investment levels as in 2023. The private market is expected to slow down somewhat from a high rate, possibly a soft landing. Based on the above, the Danish paving market is expected to grow by 5 to 10 percent.

### Other major players

Although the Nordic construction market consists mainly of a large number of small companies operating under intense competition on local markets there are a few very large, national players in addition to Peab. Several of them also operate more or less on the entire Nordic market. Noteworthy companies in building construction are Skanska, NCC, Veidekke, AF Gruppen and Obos as well as Finnish Kesko, SRV and YIT.

Some of the major actors in road and railroad construction are Skanska, Veidekke, AF Gruppen, NCC, Svevia and Infranord.

Some examples of major Nordic companies in industrial construction are NCC, Skanska, Veidekke, Colas, Rudus, Betongindustri and Nor-Betong.

Four examples of major actors in project development are JM, Bonava, YIT and Besqab.

A man and a woman are looking out a large window from a balcony. The man is on the left, wearing glasses and a blue sweater. The woman is in the middle, also wearing glasses and a grey sweater. They are both looking towards the right. The window shows a snowy landscape with trees. The balcony has a black railing. The text "We improve everyday life where people live it" is overlaid in white on the bottom left of the image.

**We improve every-  
day life where  
people live it**





**Peab is a community builder with extensive presence in the Nordic region. We create value for our customers and stakeholders as well as the local community by using our strategic strengths and strive for sustainable and profitable growth. This is the foundation of our offer to customers and what makes us attractive to employees.**

Our business is founded on four business areas. Each of them is independent with its own customer base but the core of our business model is collaboration on the local market between the four business areas. This collaboration provides us with unique opportunities to with our strategic assets, own resources and good control over the entire value chain, meet customers' needs and external expectations. This allows us to utilize local resources in the form of our own input goods, our own skilled and engaged employees and local subcontractors. This naturally entails our sustainable offer in the form of our ECO-products, recycling and reuse as well as local social responsibility in the communities we operate in. With our four business areas we can offer customers a wide range and reliability while we increase our productivity and can take advantage of financial and operative synergies. This is how we create long-lasting and sustainable values. This is what we mean by locally produced community building.

## **Mission:**

We improve everyday life where it's lived.

## **Business concept:**

Peab is the Nordic Community Builder with a local presence. Focusing on our own resources and local partners we develop, do the groundwork and build everyday life where it's lived.

## **Positions:**

Locally produced community building and the Nordic Community Builder.

## **Core values:**

**Down-to-earth, Developing, Personal and Reliable** are Peab's fundamental values that our operations are built on.





# Peab's four collaborating business areas

Peab's business model consists of four collaborating and specialized business areas structured on the conditions in each of their markets, allocated geographically and by product segment. For developments and results in 2023 see the Board of Directors' Report.

## BUSINESS AREA CONSTRUCTION

### Builds sustainably close to customers

With local roots close to customers business area Construction does contract work for both external and internal customers. Construction projects include everything from new production of housing, public and commercial premises to renovations, extensions and rebuilding as well as construction maintenance. The business area's operations are run through some 150 local offices all over the Nordic region, organized in twelve regions in Sweden, three in Norway and two in Finland. There are specialized entities in housing production in Stockholm, Gothenburg and the Öresund region.

#### Trends and driving forces

- High material and energy prices and high interest rates have dampened demand on the construction market, particularly regarding housing projects.
- Demand for public premises continues to be strong.
- More and more construction projects strive for sustainable building and energy efficient buildings.
- From the drawing board to production the process is becoming increasingly digitalized.
- Access to the right talent is a key factor for construction projects.

#### Peab's position

One of the largest actors in construction in Sweden in terms of net sales and number of employees. Peab has considerable operations in Norway and Finland.

Net sales	Operating margin*
SEK <b>27.8</b> billion	<b>1.6 %</b>
Number of employees	Read more
<b>5,207</b>	<b>s. 67–69</b>

## BUSINESS AREA CIVIL ENGINEERING

### Ties people and communities together

Business area Civil Engineering builds and maintains infrastructure such as roads, railroads, bridges, ports as well as pedestrian and bicycle paths. Focused on the local market, operations do landscaping and pipelining, foundation work and diverse construction. The business area also operates and maintains national and municipal highways and street networks as well as tends parks and outdoor property. It is organized in geographic regions and specialized product areas.

#### Trends and driving forces

- Continued major investments in public infrastructure.
- Strong focus on the environment and sustainability, particularly by customers in the public sector.
- Significant investments in water and waste water plants.
- Several industrial projects that are important for the green transition.
- Continual need for operation and maintenance of roads and streets.
- Right talent is a prerequisite for complex projects.

#### Peab's position

Leading civil engineering actor in Sweden with operations in Norway.

Net sales	Operating margin
SEK <b>15.2</b> billion	<b>3.3 %</b>
No. of employees	Read more
<b>3,422</b>	<b>s. 70–72</b>

\*0.1% exclusive the effect of Mall of Scandinavia. For information see Other information and appropriation of profit page 89.



**BUSINESS AREA INDUSTRY**

## Total supplier focused on the climate

Business area Industry delivers products and services for a more sustainable and cost-efficient production of construction and civil engineering projects on the Nordic market. Its offer includes industrial construction, strategically placed quarries, asphalt and concrete, recycling of surplus from the construction and civil engineering industry, prefabricated concrete elements as well as rental of construction equipment and cranes. Industry is organized in product areas and consists of a number of brands such as Swerock, Peab Asphalt, Lambertsson, Smidmek and Byggelement with trademarked products like ECO-Asfalt, ECO-Betong (ECO-Concrete) and ECO-Prefab.

**Trends and driving forces**

- Market development is driven by national economies and public investments.
- Greater demand for climate-improved services and products in construction and civil engineering projects.
- Growing portion of electric vehicles and machines as well as setting up construction barracks more energy efficiently.

**Peab's position**

One of the leading actors in all segments in Sweden. Strong position in Finland and operations in Denmark and Norway.

Net sales	Operating margin
SEK <b>20.0</b> billion	<b>4.8 %</b>
No. of employees	Read more
<b>4,573</b>	<b>s. 73–75</b>

**BUSINESS AREA PROJECT DEVELOPMENT**

## Develops sustainable city environments, homes and commercial properties

Business area Project Development is responsible for the acquisition, development, management and divestment of housing, commercial property, community buildings and entire city boroughs. Project development takes place in wholly owned projects or with other partners in joint ventures. Housing Development develops homes for private homebuyers and investors while Property Development develops commercial property.

**Trends and driving forces**

- High Inflation and interest rates have contributed to a sharp decline on the housing market.
- The underlying need for housing is relatively constant over time.
- There is a significant need for community buildings but investments are affected by the financial state of the public sector.
- There continues to be a demand for modern, flexible and environmentally-adapted offices in good locations.
- Focus on sustainable city development and more environmentally certified properties.

**Peab's position**

One of the largest housing developers in Sweden with significant operations in both Norway and Finland. Peab is a growing actor in commercial property development in Sweden, Norway and Finland.

Net sales	Operating margin
SEK <b>5.7</b> billion	<b>5.3 %</b>
No. of employees	Read more
<b>211</b>	<b>s. 76–81</b>

# Advantages of Peab's business model

Internal collaboration between business areas in the processing chain and local presence are two of the cornerstones in our business model. They generate synergies in our operations and give us the tools to reduce our negative impact and promote positive social development. We achieve our targets across the board by having a highly processed collaborating business. Here is a list of the advantages of Peab's business model.

**Business model advantages:**

- Higher degree of processing
- Revenue diversification
- Investment opportunities and financing strength
- Risk minimization
- Local production (input goods and employees)
- Products and technical solutions
- Experience exchanges
- Scale advantages
- Lower environmental and climate impact
- Ethical business
- Work environment and safety
- Equal opportunity and diversity
- Jobs and local development

## Our suppliers

Number, approximate figures

**40,000**

Suppliers 2023

- 2,750 framework and call-off contracts
- 2,700 suppliers represent 80 percent of the Group's purchasing volume

**250**

Purchase categories

- of which 6 are strategic input goods

## Geographic allocation:

- Swedish: 69 %
- Norwegian: 15 %
- Finnish: 12 %
- Other countries: 4 %

## Our business areas



Construction



Civil Engineering



Industry



Project Development

## Highly processed business in collaboration

Our own products, expertise, input goods and services throughout the processing chain



**14,000**  
Employees





### Our customers

Number, approximate figures

**14,000**

Customers 2023

- of which public sector: 2,000
- of which private sector: 12,000

*Does not include private persons*

### Geographic allocation:

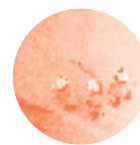
- Swedish: 71 %
- Norwegian: 14 %
- Finnish: 11 %
- Danish: 4 %

**1,600**

Projects 2023

- Refers to construction and civil engineering contracts as well as housing and property development projects
- Includes started-up, completed and projects ongoing throughout 2023.

### Our targets



Most satisfied customers



Best workplace



Most profitable company



Leader in social responsibility



# Working together to meet targets

The strength of the Peab business model – and thereby our ability to reach our targets – grows when our four business areas collaborate with each other and when we as a Group work together with customers, suppliers and other prioritized stakeholder groups.

As of 2021 Peab reports the performance of our business by monitoring nine external targets, of which three are financial and are based on segment reporting, and six are non-financial. The non-financial targets comprise our sustainable targets. We particularly want to highlight the external targets and they are subset of all our targets and action plans. Both the external and internal financial and non-financial targets are categorized under the strategic targets; most satisfied customers, best workplace, most profitable company and leader in social responsibility. All the targets are measured compared to the construction and civil engineering industry.



## Most satisfied customers

We are close to our customers and meet their needs with sustainable offers. Quality permeates our work methods and end results. The right expertise in the right place is key to success.



## Best workplace

We are a safe, secure and inclusive workplace rooted in a strong company culture. Leadership takes responsibility and is close to operations. Employees have value-creating and developing work assignments that they complete together.





### **Most profitable company**

We take on the right projects and have the right business mix. Employees work according to quality-ensured work methods that are efficient in every aspect. Through our own resources and internal collaboration we maintain a high degree of value creation. We take advantage of our size and experience.



### **Leader in social responsibility**

As the Nordic Community Builder we drive developments in our industry in matters concerning the climate and environment, ethics, and equal opportunity and inclusion. We work well together with stakeholders in the world around us and stride every day towards a sustainable value chain. With our extensive local presence we are also an important actor in the local community.



# How we achieve our targets

Through the work and efforts of our employees we create value for our customers, society and our other stakeholders. Our employees are thereby the premise for us to be able to achieve our targets. Together we focus on a number of Group strategic areas aimed at developing our business in line with our business plan and strategies – everything in order to reach all our targets.

The year 2023 was the last in the business plan period 2021-2023. Several global events had a significant impact on the period and our business, in particular the COVID pandemic, Russia’s invasion of Ukraine and breakdowns in supplier chains as well as rising inflation and higher interest rate levels. At the same time, for Peab these three years have entailed further collaboration between business areas, geographic cooperation and transitioning operations to be more sustainable – environmentally and socially. We have made significant progress in all four of our strategic targets during the period, even if not all targets have been met. We have more than achieved our target regarding satisfied customers along with employees’ satisfaction and their willingness to recommend us as employers. We have also reached our target of fewer serious accidents even though the level is still too high. The outcome of our financial targets was acceptable during the first half of the business plan period, but above all higher interest rates entailed drastically reduced demand on the housing market. There has been a great deal of uncertainty about the economy and the market situation cannot be considered normal. This has particularly affected business area Project Development and Construction which have not been able to continue their previous path to reaching their margin targets, and has even had some impact on our debt/equity target. As a result the Board proposes a dividend of SEK 1.50 per share, which corresponds to 30 percent of profit for the year. The target is at least 50 percent.

## New business plan period

While we have evaluated the past three years we have also made a thorough analysis of our targets and strategies for the new business plan period 2024-2026. We have concluded that all the targets and target levels continue to be relevant and have therefore decided to keep them for the next period as well. We still have a ways to go to reach, for example, our climate targets for 2030 and 2045 and the Group’s target of an operating margin of six percent. Nonetheless we are convinced that our business model and strategy are spot on and that we have the right foundation, when the market improves and is normalized, to advance towards the targets Peab has set. At the same time the challenging market situation has required that we both intensify efforts to streamline our business and position the company so that we are ready when the market turns.

Therefore the primary areas in the Peab Group’s business plan for 2024-2026 are customer focus, sustainability and sustainable offers and efficiency. Collaboration in our geographies is key to success in all these areas. We have also established two Group-wide development programs that aid these advances: “Climate Road Map and strategic inputs goods” intended to ensure we reach our climate and environmental targets and safeguard access to critical input goods and “Quality-ensured and traceable value chain” which both supports the first program and contributes to our structured work and Peab’s responsibility in our value chains.

	Target	2021	2022	2023
<b>Most satisfied customers</b>	CSI >75	81	80	80
<b>Best workplace</b>	Serious accidents <49	28	49	48
	eNPS >22	24	29	26
<b>Most profitable company<sup>1)</sup></b>	Operating margin <6%	5.2%	4.3%	3.2%
	Net debt/equity ratio 0.3-0.7	0.2	0.5	0.6
	Dividends >50%	59%	56%	30% <sup>2)</sup>
<b>Leader in social responsibility</b>	Carbon dioxide intensity for our own production -60%	-40%	-43%	-49%
	Carbon dioxide intensity for input goods and purchased services -50%	-3%	-2%	-9%
	Equal opportunity >5.0% (SW)	6.8%	7.9%	14.2%
	Equal opportunity >30.0% (WCW)	34.9%	45.3%	18.8%

<sup>1)</sup> Based on segment reporting.

<sup>2)</sup> Calculated on number of outstanding shares.



### Greater value creation

Collaboration between business areas increases value creation in our production. Business with a high level of value creation entails projects, services and products that generate revenue in several business areas. A high degree of our own talent and input goods improves steering, efficiency, quality and safety as well as other sustainability-related performance.

#### Examples of progress in 2023:

- High degree of internal collaboration in our local geographic markets.
- Gathered the operative steering of our civil engineering, paving and mineral aggregates operations under one business area manager to increase synergies between civil engineering projects and input goods like asphalt, gravel and concrete.

### Operational efficiency

Operational efficiency comprises experience, continuous improvement and development, for instance our best practice construction methods, construction technology solutions and other conceptual initiatives. We take advantage of our years of experience and extensive knowledge to promote efficiency in operations.

#### Examples of progress in 2023:

- Intensified the ongoing work to streamline various functions in the Group.
- Developed our service offer and continued work on NärBo, our pre-designed building type concept, and our concept for preschools.
- Continued work on digitalizing and harmonizing our Nordic processes.

### Knowledge exchange

Peab's size makes it possible to take advantage of local expertise and can have an impact from a Nordic perspective. For instance, we can maintain a reference library or take advantage of, and coordinate, specialist competence like when building swimming pool facilities. Digitalization enables efficient compilation of information and spreading knowledge.

#### Examples of progress in 2023:

- Intensified work in cross-functional teams for various product segments such as ports and water, infrastructure, wood buildings, swimming pool facilities and wind power.
- Developed our ability to analyze and distribute data and information from our enterprise data warehouse (EDW) that compiles data from our different source systems.
- Produced a cohesive climate road map with concrete, scheduled activities for the entire Group.

### Innovation and demands

Our ECO-products are examples of innovation. We have developed ECO-Betong (ECO-Concrete) by taking a byproduct from another industry, processing it and thereby reducing the cement in our concrete. We have converted most of our asphalt plants to fossil free fuel. We have created circular raw materials such as recycled mineral aggregates.

For further progress we have to make demands on suppliers, carriers, politicians, authorities and customers. We have to strive for regulations that augment recycling and procurements that promote innovative sustainable solutions.

#### Examples of progress in 2023:

- Greater use of ECO-Betong (ECO-Concrete) in business areas Construction and Civil Engineering.
- Invested in automated production of concrete elements (ECO-Prefab) and cut the use of cement in prefab operations in half.
- Produced a detailed climate road map with climate reduction strategies per input good to enable net zero emissions by 2045.
- Started cross-functional teams focused on our largest emission areas, such as concrete and binders, in order to reduce our climate impact through innovation and development – from input goods and prefab products to application and production choice.

### Investments in Project Development

Our financial position enables us to further develop our project development business. We have the range and develop the products that are currently in demand on the market. We have a development rights portfolio both on our own balance sheet and in joint ventures. These operations should therefore provide a stable flow of our own housing development projects. We work with development projects that can be divested on the investment market.

#### Examples of progress in 2023:

- Acquired property and development rights with exploitation possibilities.
- Sold and started new building projects.





## Most satisfied customers

We are close to our customers and meet their needs with sustainable offers. Quality permeates our work methods and end results. The right expertise in the right place is key to success.

### CSI

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

TARGET: >75

OUTCOME 2023: 80

# Quality in every aspect

Our customers can be found throughout the Nordic region – from a small village in the north and a coastal town in west to a big city in the south. Every customer project aims to improve everyday life where it's lived. Every project is also unique since the requirements of our customers differ vastly. Quality always comes first at Peab, in both project execution and the final result.



**A broad customer base**

Peab has a diversified customer base that stretches over our four business areas. Sometimes all four business areas deliver to a customer, sometimes only one business area has a relationship with the customer. The total number of customers is around 14,000.

Revenue in business areas Construction and Civil Engineering comes from construction contract work. Business area Construction builds and renovates everything from homes to schools, hospitals, offices and swimming pool facilities to both private and public customers. Business area Civil Engineering delivers everything from street work and landscaping, operation and maintenance to building roads and other infrastructure primarily to the public sector such as Nordic authorities that oversee roads, railroads and waterways as well as municipalities and local business.

Business area Industry, in turn, generates a large part of its revenue from selling products and transportation services along with machine rentals to construction and civil engineering projects. Customers are mainly Nordic construction and civil engineering companies.

Business area Project Development develops homes, commercial property and public buildings. Customers in housing development projects are private persons that choose to live in the buildings the business area develops while customers in the latter two categories are private and public actors.

The Peab Group’s revenue allotment between the Nordic countries gives an idea of what our customer base looks like. The corresponding division of public and private customers is presented in the adjacent pie chart.

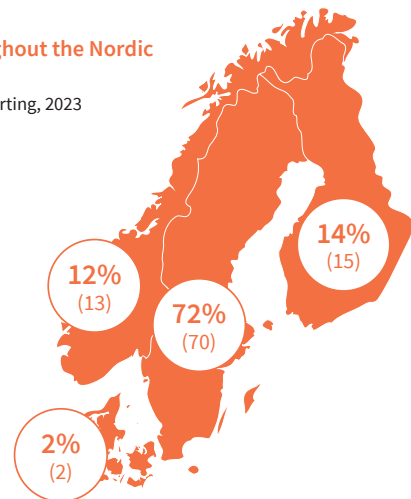
**From Peab’s perspective it is essential to collaborate with our customers throughout the entire project, and as early as possible.**

**From housing to park maintenance**

The character of our work varies greatly. Peab is a complete community builder that offers its customers comprehensive solutions, or partial solutions if they prefer. We build everything from housing in various ownership forms and public buildings to maintaining parks and delivering concrete and other input goods to our customers. Our construction contract work during 2023 included building hospitals and senior living, schools, prisons and swimming pool facilities, different kinds of infrastructure projects, operation contracts for road maintenance, and groundwork for both new housing tracts and treatment plants.

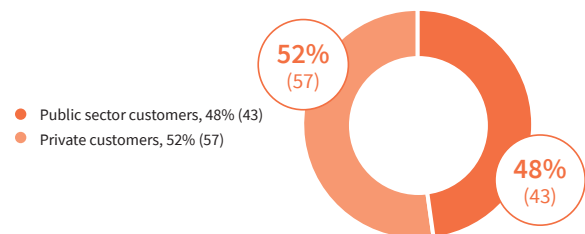
**Well spread throughout the Nordic region**

Net sales segment reporting, 2023



**Increasing share of public sector customers**

Net sales segment reporting, 2023



**Local roots close to customers**

It is imperative for a long-term, sustainable relationship that Peab deliver on its obligations to customers. A satisfied customer is a customer that comes back and is vital to our company. Therefore it is crucial that our work in every project is based on the needs of our customers and the local community. A prerequisite for this is our expert and engaged employees, along with good channels to a local supply of input goods, employees and local subcontractors.

Customers are making higher and higher demands on the projects they order. In particular they want a digitalized process from planning to production and that the project is permeated by climate and environment consideration. This can be everything from climate calculations and certifications to practical demands concerning emission reductions and material choices. Above all we see a greater emphasis on how we work to achieve project and sustainability targets, and often success is hinged on close collaboration from an early stage. We consider working together in partnership throughout the entire project a prerequisite for achieving goals and satisfied customers and this development is right in line with our wishes.

## 20 Most satisfied customers

Naturally our engaged employees are a vital part of close partnerships, working to build close collaboration at an early stage. Clearly defined processes are also important. For example, we have a function responsible for partnering and collaboration in business area Construction. Its purpose is to sell in Peab's expertise right from the start of a project and create the circumstances for structured partnership forms where the general contractor, consultants, subcontractors and other key actors ensure the project's success together. Collaboration is often the catalyst to new solutions and innovation in construction and civil engineering operations and it promotes environmental and climate work.

Before we begin working with a customer we do meticulous studies and investigations into all their requirements and our ability to meet them regarding materials and staffing as well as our capacity to fulfill the sustainability demands. We have a Procurement Council that aids in producing fair and thoroughly processed offers and reducing the level of risk for Peab and our customers.

To monitor our work and our customers' perception of us we continually measure customer satisfaction through our Customer Satisfaction Index, which is also one of our nine external targets. Find more about the result for 2023 below. In addition, we also monitor a variety of checkpoints such as guarantee and complaint costs.



**We choose to carry out construction contracts in partnership so that together we can achieve the right quality, efficient construction and long-term and sustainable management. With Peab we have made the most of each other's expertise and engagement and successfully completed the project.**

Catharina Brandén, Project Manager Specialfastigheter

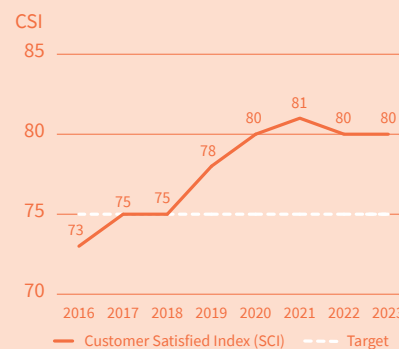
### Good rating from our customers

Our annual customer survey is an important measure of how well we are meeting our customers' expectations while also indicating where there is room for improvement. The latest Customer Satisfaction Index (CSI) in the autumn of 2023 had over 2,600 responses from customers and added up to 80 (80), which is a continued good result and higher than our target of 75.


The categories that got a higher score were primarily Peab's price worthiness and planning ability. Our employees had the highest score, a steady 85, which is of course particularly gratifying. Regarding our business areas, Construction and Civil Engineering increased their CSI scores compared to 2022. So now we will continue to collaborate with our customers – and strive for early and close dialogues – for the best possible customer benefit.

### 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.



HAPPY WITH HER NEW HOME

# She finds peace at the kitchen table

**“There was something about the apartment and the place that made us feel like we’d come home,” says Skellefteå resident Anita Johansson who, together with her husband, left their house outside the city, and all the care it took, to move into a newly built tenant-owner apartment closer to the city center. Once the decision to move was made the process from contract to options and final inspection went quickly, and their dialogue with Peab flowed without a hitch.**

Anita and her husband Tomas had lived for years in their home in Skellefteå Municipality but when the last kid moved out the pair was ready for a place that needed less maintenance. Through a rental they stumbled on Peab’s project Brf Älvshöjden and were immediately interested.

“We couldn’t believe we would get exactly the home we wanted but we sent in an inquiry anyway,” says Anita.

Soon thereafter the pair had signed a contract for a completely new home. Now they’ve been living there for over a year and remember how straight forward the process was and how well the dialogue with Peab went as they prepared to move into their two-bedroom apartment.

“I can’t think of a single time we had a problem. Our contact at Peab was always available and everything was in good order,” states Anita.

Anita and Tomas are happy with their new home and the area they live in as well as the fact that the apartment building is Swan eco-labeled and built with a sustainable perspective.

“You can see and feel the good quality in the building and almost everything we need is close by. We’re near to a lot of activities, nature and downtown Skellefteå where we can enjoy good restaurants, cozy coffee shops and everything else going on in this rapidly growing community,” she says.

There are a number of things Anita likes about the new home: the bathroom feels luxurious and fresh, the big balcony and the uniqueness of the building’s architecture with its facade and special windows. But her favorite place bar none is at the newly purchased kitchen table:

“From the kitchen window I can look out over the kitchen, living room and further on to the horizon. Every now and then I realize how quiet it is although we’re living in the middle of the city and not outside it anymore. I love that it can be truly quiet here too.”





## Best workplace

We are a safe, secure and inclusive workplace rooted in a strong company culture. Leadership takes responsibility and is close to operations. Employees have value-creating and developing work assignments that they complete together.

### Serious accidents

The target is measured as zero fatal accidents and contracting trend, rolling 12 months.

TARGET: <49

OUTCOME 2023: 48

### eNPS

Stands for employee Net Promoter Score and measures employee engagement.

TARGET: >22

OUTCOME 2023: 26

# Together we build the local community

Peab is located in large and small places throughout the Nordic region. At Peab our some 14,000 employees have the opportunity to make a difference by building the local community in the places where they live and work. Every employee has a big personal responsibility and will be part of safe and inclusive workplaces with good work conditions and opportunities to develop.

## Employees build Peab

Our employees, with their know-how and engagement, build Peab. Our foundation is our core values – down-to-earth, developing, personal and reliable which help us to form our culture and what we call the Peab Spirit.

Our broad range of operations entails a plethora of professional roles at Peab. At the latest count the number of professions amounted to 228, covering everything from geotechnicians and asphalt pavement layers to construction engineers, skilled workers in civil engineering and drivers. Our local focus and strategy for locally produced community building means that Peab has a large share of our own employees, especially compared to other companies in the construction and civil engineering industry. At the end of 2023 the proportion of skilled workers was 53 (54) percent, while the proportion of white-collar workers was 47 (46) percent. The proportion between women and men in the Peab Group is a challenge in our industry and something we work with actively. Read more about equal opportunity recruitment on page 35.

### In a down-to-earth spirit with personal responsibility

Peab has a flat and decentralized organization. Team spirit is strong and at the same time every employee is important and can have an effect on both their workday and how Peab functions as a company. Our size and extensive operations in the Nordic region means we can offer a lot of opportunities regardless of whether someone wants to grow in their existing role, try on new roles and tasks or develop their leadership skills or specialist expertise. Someone might even want to develop their career in some other place. In other words, development can take many different forms, depending on individual needs. To display all these opportunities we have produced a career map that employees can access, for example in annual developmental discussions.

By providing good work conditions and benefits we want all our employees to be healthy and happy. Peab offers market-level salaries and terms that promote a sustainable balance between work and leisure time. At Peab the nature, performance and skills level of an employee’s job decide their pay level. In accordance with Swedish law and collective bargaining agreements a salary survey is conducted every year in Swedish operations to ensure that all salaries are factually based. Salary processing in Norway, Denmark

and Finland is performed according to national laws and collective bargaining agreements there. Peab’s analysis of salaries paid in 2023 detected 20 (18) cases of subjectively set salaries between women and men for comparable professions, skills and positions. These salary differences were rectified.

### Inclusion is a cornerstone

It is a given that our employees are treated with respect for their differences and essential that we as employers take advantage of each employee’s unique skills and perspective. Everyone has the right to a safe and inclusive work environment hence our efforts in this field includes everyone at our workplaces. We can never accept any form of social exclusion at our workplaces. Inclusion is high on Peab’s agenda and we measure these issues in our personnel survey. We explore, for instance, the level of experienced inclusion, how inclusive our language is, psychological security and how strong our civil courage is. The results are encouraging, although there is still room for improvement.

Peab’s equal opportunity plan, with an action plan to counteract victimization and discrimination, has been updated for 2023. A more layered stance concerning zero tolerance and further clarification of what work on equal opportunity should achieve were included in the update.

Peab works actively with education and support for managers and co-workers to ensure no one is discriminated or victimized at our workplaces. In the past few years all our employees have been educated in diversity, equal opportunity and inclusion. During the past year more than 1,100 (200) employees took the course. All new employees have to take a mandatory course which is regularly updated. We also have an Ethical Council which ensures that reports of victimization and discrimination are investigated by impartial expertise. During 2023 we updated the course in our Code of Conduct for all employees. By the end of 2023, 73 (12) percent of employees had taken the course. We also now require all employees to annually confirm that they follow our Code of Conduct. In order to strengthen awareness we hold tailor-made courses on competition laws and anti-corruption for certain employee groups.

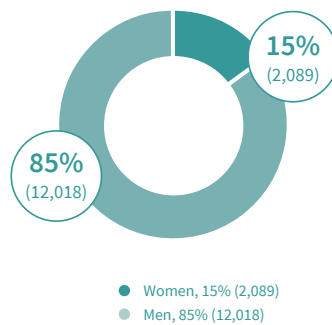
### Number of employees – business area

Per December 31, 2023

Business area	2023	2022
Construction	5,207	5,671
Civil engineering	3,422	3,405
Industry	4,573	4,931
Project Development	211	264
Group functions	694	769
<b>Total number</b>	<b>14,107</b>	<b>15,040</b>

### Number of employees – per gender

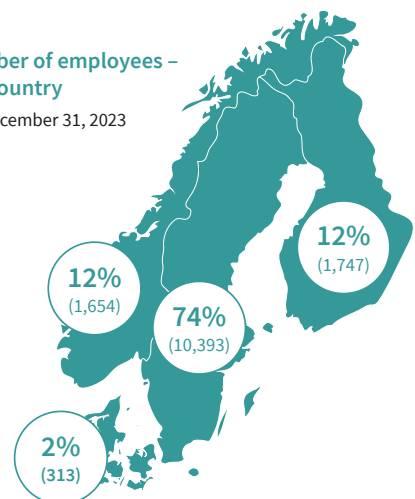
Per December 31, 2023



Number of employees in brackets

### Number of employees – per country

Per December 31, 2023







### Leadership is the foundation of our success

Secure and appreciated leaders are vital for our ability to achieve the targets we set and for our employees to flourish in their professions. Continually developing our management is therefore a prioritized area.

During 2023 we carried out Peab's ordinary leadership development program, which is offered to managers on four different levels. We also had a special program for supervisors to facilitate success in their roles. In total we trained 173 supervisors, from Tromsø in the north to Trelleborg in the south, and all in all we carried out developmental measures for some 2,000 (1,200) managers during the year. Additionally, we offered a wide range of seminars as well as coaching and mentorship. Very often our supervisors take a leadership role right after graduation and therefore this is an important group for us to recognize and support.

In recent years we have further developed our digital methodology for competence development and now digital learning is our everyday channel for training at work. We currently have a range of 859 (890) courses available for our employees to access on their cell phones, then apply to and, to a large extent, participate in online. In connection with annual goal and development discussions, employees and supervisors can plan for digital courses and add them to the employee's individual development plan. Within our support functions, and based on research insights in behavioral science, we have produced a new tool in goal and development discussions that reduces the risk of subjectivity in managers and promotes merit-based evaluations.

### What our employees think

In our annual work environment evaluation employees are given the opportunity to evaluate their work environment in the categories working hours, workload and equal opportunity. The result for 2023 continued to be stable and well in line with the benchmark. The area of workload has improved even if difficulties to relax after work are still reflected in the numbers. Equal opportunity has

also improved but the outcome is lower among skilled workers than white-collar workers. In August we once again held Peab's Nordic annual health and work environment week where employees paid particular attention to matters concerning preparation and planning at the start of the workday, which is vital to eliminating risks and preventing workplace accidents. A number of activities were carried out during the week such as training in risk assessments, introduction of new co-workers to the workplace, PPE and how to integrate Peab's core values into day-to-day work.

### Focus on tomorrow's talent

Our target of being an attractive employer is also vital for our ability to continually ensure future talent recruitment and keep the employees we already have. Because of the significant underlying demand for our services in different sections of society we need to continually recruit new employees with different skills that help us prepare our organization for the future. During the year we also worked with Group comprehensive succession planning.

As part of this work we prioritize collaboration with many different parts of the educational systems in the countries we operate in. This collaboration ranges from internships and research projects to lectures, mentorship and tutorial help with master theses. Since 2006 we also run independent upper-secondary schools through the Peab School. Read more about the Peab School in the section "Leader in social responsibility".

Some examples:

- In Norway we work with developing how to school interns as a way to ensure our own access to engaged, proficient skilled workers.
- Peab's operations in Norway have been a driving force in Sentralregisteret's launch of K-REG, a digital national competence register that compiles an employee's certificates, safety courses and education. A workplace can easily check that an employee has the right skills for their job. The system is now the industry standard in Norway.



- For several years now our Finnish business has participated in Metropolia University of Applied Sciences in Helsinki by contributing to the composition of education there and by leaders from Peab lecturing on leadership in the construction industry.
- We come into contact with a great number of elementary school students every year through our concept for the education and development of young people, Peab Life.
- Since 2020 we have our own construction teacher who assists in the national education of young skilled workers in schools all over Finland. Last year Peab launched a supervisor course led by our construction teacher in eight different places. These courses increase our ability to take on more interns at our workplaces.
- We work together with, and our management is involved in, various university applied sciences courses related to the construction and civil engineering industry.
- Peab's one year trainee program started with 19 Bachelors of Engineering from all over Sweden that began their journey in business area Civil Engineering. The trainees in 2023 were 13 women and 6 men that received basic knowledge about the industry focused on supervision and production planning during the program period. They will get leadership training, try different workplaces, projects and work teams along with various advanced courses and development opportunities.



**Peab's values unite. They are the cornerstones of our culture and create a safe environment where everyone can develop and feel meaningful. This is what attracts talented people to Peab.**

Anders Godø, HR Manager Peab Norge Bygg Vest

## Satisfied employees despite tougher market

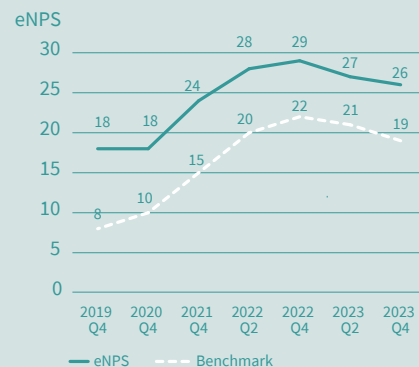
Within the strategic target Best workplace one of our goals is to be able to offer our employees the best workplace in the industry. We measure this through the eNPS (recommend Peab) value which should be above the benchmark for industry and manufacturing. In the autumn survey the eNPS value for the Group continued to be far above the benchmark. We fell by another point to 26 (27) while the benchmark fell by more than two points. This is clearly above the Nordic benchmark which is 19 (21). We still have a very high score despite a lot of external challenges. The eNPS value rose particularly for female skilled workers 23 (10).

Participation in the autumn survey was 87 (86) percent in the Group, accompanied by around 10,000 (8,000) suggestions for improvement, displaying the great interest our employees have in developing their teams and our business. We have sorted all the suggestions and compiled them into a complete picture which shows a fine result and gives each supervisor a good idea of which areas need improvement based on their unit's comments. We noted that overall, despite a difficult market situation, employees continue to thrive.

### eNPS

Target: > over benchmark (reported semiannually)

eNPS (employee Net Promoter Score) measures employees' willingness to recommend Peab as an employer on a scale of -100 and 100. The eNPS score should be above the benchmark in the industry (industry and manufacturing).





*Madeleine Sågefors is one of the trainees in Peab's first round of the women's trainee program The Construction Year. Madeleine works in business area Construction in Stockholm.*

## Safe work environment is fundamental

The construction and civil engineering industry suffers from injuries but we can never accept people are injured or get sick because of their job.

Therefore a safe work environment is crucial to our business. Everyone at our workplaces should be able to work under safe and secure conditions, despite the fact there are risks involved in the work we do. All our employees, hired staff and anyone at our workplaces have the explicit right to refuse to do a job if it cannot be done safely.

### Preventative measures

Accident prevention measures are the core of our work on the work environment because every remedied risk is one less potential accident. To prevent accidents and incidents at our workplaces Peab develops quality-ensured and systematic work methods along with continually educating employees and partners. We hold regular safety inspections at construction sites and remedy identified shortcomings afterwards. We also put great emphasis on educational work environment reports intended to make it easier for workplaces to do the right thing. At the end of the year we also developed a work method so that our employees produce work preparations together before they begin a job. Risk elimination, in other words identifying risks and measures, is emphasized in work preparations to increase the safety of our workplaces and reduce accidents and incidents.

We plan and make risk assessment in projects. Employees and partners report risk observations which we remedy as far as possible and we learn from these, as we do from actual incidents and accidents. Interest in reporting risk observations during the year continued to be high with around 55,000 (60,000) reported observations.

### Road safety

Peab has a large number of roadwork sites affected by passing traffic which entails a risk that requires special safety arrangements. On the other hand, the way we arrange roadwork sites also affects passing traffic. Our team of traffic engineers promotes and monitors issues regarding safe roadwork sites. For example, the team supports projects in the calculation and production phases, last year it inspected around 100 Peab roadwork sites and analyzed the some 160 inspections made by the Swedish Transport Administration. The team also helps to spread experiences and good examples in our organization through courses within "Roadwork" which is mandatory and often required by our customers.

We are involved in the Swedish Construction Federation's member association Maintain Zero and are part of a newly formed team that works with traffic safety. Through Maintain Zero we have collaborated with the Swedish Transport Administration in "Action plan for roadwork safety 2022-2025". We are also represented in Sweden's Trade Association for Safer Roadwork Sites. Through these forums we have provided the Swedish Transport Administration with ideas and information to aid them in producing an action plan for improved safety in roadwork sites that the government has tasked the agency with. We have also responded to the referral on restructuring the Swedish Work Environment Authori-

ty's work environment provisions where the responsibility of general contractors is clarified along with employers' responsibility for safety in roadwork. We have also provided material for research on what happens when heavy, energy absorbing collision protection (TMA) is used in roadwork.

Another development we have noted, through more reports from our employees and contacts in the industry, is an increase in hate, threats and in some cases violence towards our employees by drivers passing by or residents. We have therefore inserted a mandatory section about threats and violence in our "Roadwork" courses.

### When a crisis is at hand

Peab has had a crisis organization for many years that consists of around 100 employees in Sweden and Norway. Its purpose is, in the case of an accident or crisis, to step in and provide professional management to minimize unnecessary suffering and injury of the victims, both employees and third parties. Every local crisis coordinator is trained in crisis management in cooperation with the Swedish Civil Contingencies Agency and participates in regularly scheduled exercises within the crisis organization's operations. Every year the crisis organization receives around fifty crisis calls.

### Target of a contracting trend

During the year we continued to work on our safety culture and preventive work concerning the work environment. We work with in-depth investigations and take measures to prevent similar accidents from happening again. We also continue to provide our information series to all our employees where we share good examples, advice concerning the work environment and safety as well as information on the latest in the industry.

## The quarterly Nordic exchange of experiences contributes to strengthening competence among the countries.

We also monitor the number of workplace accidents with more than four days absence, excluding the day of injury (LTIF4), and workplace accidents according to the same definition per one million hours worked (LTIF4) for our own employees. At the end of 2023 there were 38 and the LTIF4 frequency rate for a rolling twelve month period was 5.9, which is a slight deterioration of the positive trend we have had for quite some time.

### Progress and collaboration in 2023:

- Peab held its annual Safety Day in April and this year's theme was the importance of preparation. This Group work environment activity is carried out in all our countries and in all Peab operations.
- Peab has implemented digital safety walks that are monitored digitally with goal cards. The purpose is to aid supervisors in assessing how well work environment work functions in practice and promote more assessments of safety at workplaces.





**In order to continue to reduce the number of accidents it's vital that employees actively consider the risks connected to their own jobs and focus on the work to be done.**

Marko Kilpeläinen, Head of Security Peab Finland

## Sharp focus on workplace accidents

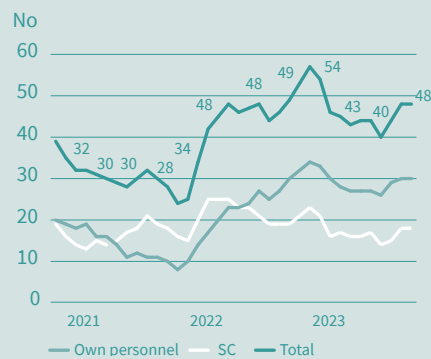
Zero vision for fatal accidents and our target of a contracting trend in serious accidents comprises all our own employees and everyone else at our workplaces.

In 2023 there were 48 (49) serious accidents. Of these, 30 referred to our own employees and 18 referred to subcontractors. The level of serious accidents is still too high and we continue to focus determinedly on these issues so that the trend will be contracting. Our preventive work concerning the work environment and measures to prevent accidents from reoccurring as well as continuous information are key to reducing the number of workplace accidents.

### Serious accidents

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

The target of a contracting trend for accidents comprises both our own employees and everyone at our workplaces. Refers to the period January 2020 – December 2023.



\*Classification 4 refers to events that have caused, or very likely could have caused, personal injury with serious consequences.



IN PARTNERSHIP WITH REAL ESTATE COMPANY NIAM

# Good collaboration for high class construction

**Finland's most important cluster of life science and tech companies is in Keilaniemi in Espoo. The real estate company Niam commissioned Peab to build the office building Life Science Center here with a clear sustainable profile. The project was completed in the spring of 2023 having been built in a good atmosphere and close collaboration – and without a single workplace accident.**

Today the life science cluster can boast a new seven story office building of almost 10,000 m<sup>2</sup>. The building is not only ultramodern and flexible with functional, healthy and safe premises, it's also lovely to look at with a plethora of details.

The project was completed on time, stayed within budget and achieved high quality goals.

There were a number of factors that combined to make the project so successful but close collaboration and dialogue in the project team were key. The project team held a kick-off at the start of the project where co-workers got to know each other and set five common goals: high class and sustainable operations, excellent workplace safety, good information channels, proactive and solution-oriented decision-making and collaboration worthy of confidence in each other. The projects progress, successes and areas of improvement were then discussed in workshops during the project. The open discussions contributed to confidence among co-workers and an atmosphere that made everyone want to do their very best for the common goals.

“When confidence is even stronger at the end of a project than in the beginning, it's a sign of

excellent collaboration. In many case cooperation can die out when partners don't know the basis for the decisions made. We had a really good dialogue throughout the entire project. The better you know each other, the more straight-forward you can be with each other and this further cements collaboration,” says Niam Associate Director, Isto Okonhovi.

The Life Science Center project is also a fine example of high workplace safety since there were no accidents at all. Co-workers uncompromisingly took responsibility for safety in their area of operations and made risk observations part of their daily work. Because of systematic measuring and workplace safety monitoring, safety risks that were revealed could be rectified ongoing.





## Most profitable company

We take on the right projects and have the right business mix. Employees work according to quality-ensured work methods that are efficient in every aspect. Through our own resources and internal collaboration we maintain a high degree of value creation. We take advantage of our size and experience.

### Operating margin

The target is measured according to segment reporting.

TARGET: >6%

OUTCOME 2023: 3.2%

### Net debt/equity ratio

Net debt in relation to equity. Measured according to segment reporting.

TARGET: 0.3-0.7

OUTCOME 2023: 0.6

### Dividends

The target is to surpass 50 percent of profit for the year. Measured according to segment reporting.

TARGET: >50%

OUTCOME 2023: 30%<sup>1)</sup>

<sup>1)</sup> Calculated on number of outstanding shares

# Sustainable profit through collaboration

With our engaged employees we ensure productivity, quality and continual improvement. Our local presence, size and mix of operations are the way to our target of becoming the most profitable company in our industry.





## Four collaborating business areas

Peab has a robust business model. With our four business areas we control a large part of the value chain which enables us to increase the level of processing within our own operations. We use our leverage in the vertical processing chain – from acquiring land to production and operation – through good internal collaboration, our own products, technical solutions and business concepts.

Geographic collaboration is essential to promoting the internal level of processing, as are discussions with existing and potential customers at an early stage. Our purchasing function and our Procurement Council are other examples of important functions that spur processing. Our profitability is also improved by our ability to deliver where there is growth, adapt our mix of operations to local conditions and take advantage of our size and experience.

Meanwhile, we have to continually strive to be more efficient in every aspect of our business. This is particularly important in the current market situation where inflation and higher interest rates have an impact on demand. We work continuously on streamlining our organization and during the year we intensified this endeavor due to developments in the economy. This includes implementing special measures for units that do not achieve the profitability targets set. Our efforts to increase digitalization is yet another component in driving our efficiency forward.

### Three financial targets

Within the framework of this strategic target most profitable company we measure our business through three financial targets based on segment reporting over a normal business cycle. They are that the operating margin will exceed six percent, the net debt/equity ratio will be in the interval 0.3-0.7 and that dividends will be at least 50 percent of profit for the year.

With our four business areas we control a large part of the value chain which enables us to increase the level of processing within our own operations.

The target for the operating margin is based on the prerequisites Peab had after the acquisition in business area Industry of Nordic paving and mineral aggregates operations and the distribution of the property portfolio in the form of Annehem Fastigheter – both during 2020 – as well as the successful work in the Group over several years to stabilize and strengthen the operating margin. The target entails various benchmarks for the operating margin per business area, with higher margin demands on the capital intensive business areas Industry and Project Development.



**Investing in community builders like Peab fits in well with AP3's strategy since sustainable community development is a prerequisite for being able to achieve high, long-term financial returns.**

Peter Lundkvist, owner representative for AP3

## More challenging market affects outcomes

The year 2023 was marked by a split market. The dramatically diminished housing market affected Peab's housing construction while public building construction, civil engineering and paving continued to develop well. This demonstrates the strength in our broad business model with its four business areas and local roots close to customers.

Regarding our financial targets, one of them is to have an operating margin that over time surpasses 6 percent. In 2023 the operating margin was 3.2 percent as a result of the deteriorated market situation.

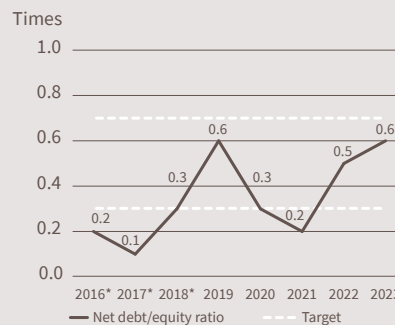
Our second financial target, the net debt/equity ratio, was 0.6 at the end of the year, which is inside the target interval 0.3-0.7. We are intensely focused on cash flow and net debt, and reported significant improvements of these at the end of 2023.

Based on Peab's third financial target of a dividend of at least 50 percent of profit for the year the Board has proposed the Annual General Meeting decide on a dividend of SEK 1.50 (4.00) per share for the financial year 2023. Calculated on the number of outstanding shares, this is equivalent to 30 percent of profit for the year according to segment reporting, which is lower than our financial target of 50 percent of profit for the year. This is considered a balanced dividend based on our order situation, earning capacity and financial position.

Peab's business model with four business areas and local roots has served us well in good and hard times alike. Our four collaborating business areas, extensive Nordic local presence and our skilled employees make Peab less vulnerable in the current market situation. In the long run the conditions for growth in the segments and markets where we are active are good.

### Net debt/equity ratio

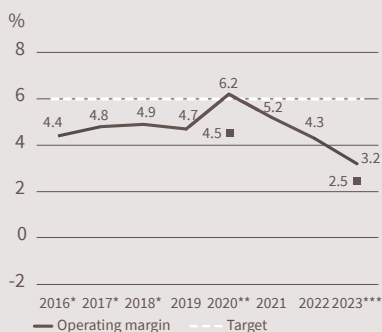
0.3-0.7 according to segment reporting



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

### Operating margin

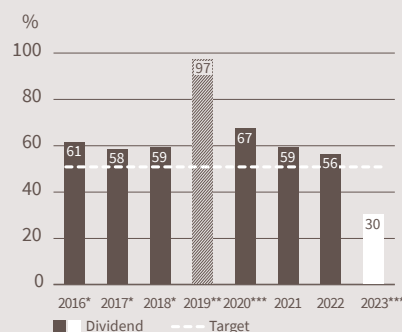
Target: >6% according to segment reporting



\* Years 2015-2018 not translated according to changed accounting principles for own housing development projects. \*\* Operating margin 4.5 percent exclusive the effect of the distribution of Annehem Fastigheter (SEK 952 million). \*\*\* Operating margin 2.5 percent exclusive the effect of Mall of Scandinavia (MSEK 400).

### Dividend

Target: >50% of profit for the year according to segment reporting



\* Years 2016-2018 not translated according to changed accounting principles. \*\* For 2019, no cash dividend has been paid. The value of the distribution of Annehem Fastigheter at the time of the distribution in December 2020 amounted to 97 percent of the profit for the year 2019. \*\*\* The proportion is calculated without the effect of SEK 952 million on profit due to the distribution of Annehem Fastigheter. \*\*\*\* Board of Directors' proposal to the AGM.





Tolvåke

## LOCAL INVESTMENTS IN KÄVLINGE

# A school for the future

**The newly built school – Tolvåker School – houses children and youths from pre-school up to the ninth grade with sports halls and other spaces that make it possible to hold other activities there. The whole idea of the project was that the entire Tolvåker area would develop so that the school would be available for other activities like the Arts School, club meetings and a rec center.**

The school building is both environmentally adapted and the result of dialogue early in the project and close collaboration between the general contractor and the construction contractor. Working together KKB, Kävlinge Municipality's real estate company, and Peab have figured out the best solutions and taken advantage of Peab's broad range of operations. This has included the expertise and offers from Peab's civil engineering operations, Swerock and several Lambertsson companies, resulting in an efficient and effective project.

“We've had a good and open dialogue with Peab throughout the project and were both focused on what was best for the project regarding sustainability, quality and economically,” says Mikael Elofsson, KKB's project leader for Kävlinge Municipality.

The early and tight collaboration has enabled developing long-term solutions for the school and a clear life cycle perspective. The school meets stringent environmental demands, is built from renewable material and its energy is largely supplied by a geothermal plant and extensive roof solar panels.

For students the school is a significant upgrade in their educational and general environment, which makes it an important fundament in young citizens' basic education.





## Leader in social responsibility

As the Nordic Community Builder we drive developments in our industry in matters concerning the climate and environment, ethics, and equal opportunity and inclusion. We work well together with stakeholders in the world around us and stride every day towards a sustainable value chain. With our extensive local presence we are also an important actor in the local community.

### Equal opportunity

The target is measured as: percentage of recruited women in production among skilled workers (SW, production and processing) and white-collar workers (WCW, production management and production support) > percentage of women who have graduated with, for us, relevant degrees on the education markets.

#### TARGET

>5.0% (SW)  
>30.0% (WCW)

#### OUTCOME 2023

14.2% (SW)  
18.8% (WCW)

### Carbon dioxide intensity for own production

The target refers to lower emissions of greenhouse gases Scope 1+2 (ton CO<sub>2</sub>e/MSEK).

TARGET 2030: -60%

OUTCOME 2023: -49%

### Carbon dioxide intensity for input goods and purchased services

The target refers to lower emissions of greenhouse gases Scope 3 (ton CO<sub>2</sub>e/MSEK).

TARGET 2030: -50%

OUTCOME 2023: -9%

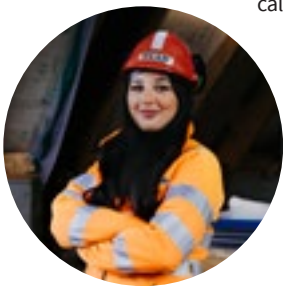
# We want to drive social development forward

As the Nordic Community Builder with extensive local presence we have a self-evident responsibility for our communities. This responsibility begins with our role as employers and business partners and stretches all the way through our production chain and out into the surrounding neighborhood. Naturally this responsibility also includes the environment and climate.

## Equal opportunity workplaces in focus

The construction and civil engineering industry has a major task in taking advantage of all the competence community has to offer. The number of women in the industry and in Peab is still far too low. As Sweden's largest community builder – and one of largest in the Nordic region – we want to be at the forefront of changing this. The greatest inequality is found in workers close to production. Only about five percent of job applicants to Peab with a relevant practical education are women. On the other hand, there is a good balance between women and men in all the other parts of our organization.

These challenges start in the education system where there are few female students which leads to a limited recruitment base for employers. We are willing to do our part and contribute to change but we cannot do it without help from communities and schools. Peab and the industry's equality challenge requires various measures, mainly in the educational system so that the supply of more possible female managers and skilled workers increases. We do our best to bring this matter up in various industry contexts, and in meetings with politicians and the media. We even have a Diversity & Inclusion Manager whose mission is to work strategically for greater equality, diversity and inclusion in the Peab Group. There is also a female network based in local operations.



**I've always liked building but when my all friends chose social science at high school I did the same. Then I saw the ad for The Construction Year and felt like I got a second chance.**

Seval Göker, trainee The Construction Year

### The Construction Year builds for the future

Last year we launched the program The Construction Year, which is a national, one-year paid internship for women that have just finished high school or have worked a few years and want to learn a new skill. Around 40 trainees from Kiruna in the north to Malmö in the south will work for a year as skilled workers while they also receive a theoretical education. Participants took an introduction course together and after that they are doing their internship at a local workplace.

The purpose of The Construction Year is to attract more women to the construction industry, have more of our own capable skilled workers and contribute to increasing interest in the profession. The goal is to achieve greater gender equality in Peab in general, and in production specifically.

We also have a number of business area specific initiatives. For example, business area Construction is acting on research about how the way ads are worded can have the effect of excluding women. Therefore efforts are now being made to use more inclusive language in recruitment processes. The business area has also worked with the industry initiative "Choose your words" to encourage more inclusive language in work teams.

## Fewer recruitments mirrored in the outcome

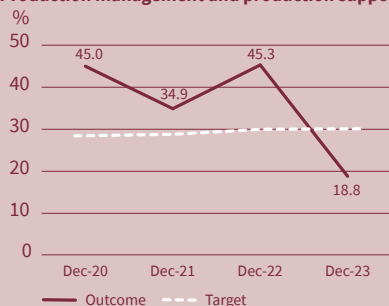
As one of the largest Nordic community builders we want to challenge ourselves and thereby create a shift in the entire industry. Our initial target therefore is to strive for the percentage of women recruited to Peab for our core skills to always be higher than the percentage of women who have graduated with, for us, relevant degrees on the education markets. We focus on core skills in production (skilled workers) and production management and production support (white-collar workers). At the end of 2023 the

percentage of women in new recruitments was 14.2 (7.9) percent in production and processing compared to our target of more than 5.0 percent and 18.8 (45.3) percent in production management and production support whereas our target was 30 percent. The reason behind the reduction was the few recruitments during the year because of the current market situation. In total the proportion of women in Peab is 14.8 percent (13.3).

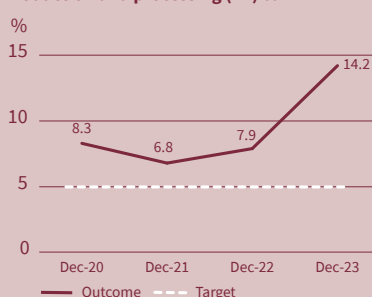
### Equal opportunity recruitment

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

Production management and production support (WCW), %



Production and processing (YA) %





## Ethics are fundamental to community building

We have a significant responsibility as community builders to run a business with high ethical standards and counteract corruption. This can be a challenge in an industry of generally decentralized operations and complex value chains since these factors have been known to increase the risk for ethical violations and corruption. Peab has made it abundantly clear that we have zero tolerance for any and all forms of corruption, ethical violations are not accepted and that every infringement has consequences. The fact that our operations and next to all our employees are in the Nordic region as well as most of our partners is positive for our ability to counteract all forms of ethical transgressions. In 2023 we updated our course in ethics and 10,352 (1,777) employees took it. The course included our policies and other regulations aimed at counteracting corruption. Relevant “cases” are also an important part of this education.

### Structured incident management

An ethically sustainable business is built on transparency. Peab works preventively through long-range and systematic measures, in particular by ensuring our employees’ knowledge concerning ethics, anti-corruption and competition law. We encourage all employees and partners to report any possible illegal acts, violations of our Code of Conduct or any other kind of infringement. We encourage open reporting but this is complemented by an external web-based whistleblower system that guarantees the anonymity of the reporter, whether or not the reporter is in Peab or external. No one making a report should worry about reprisals. Read more about our whistleblower function under Governance or in the GRI appendix.

When Peab is made aware of an incident the matter is sent to the Ethical Council which ensures that all incidents in the Group are dealt with consistently. During 2023 0 (0) incidents of anti-competitive activities, breaches of the competition law or monopolistic behavior leading to legal action were discovered. Peab has not been involved in any legal process during the year nor was there any ongoing legal process at the end of 2023.

In 2023 Peab discovered 8 (1) cases of suspected corruption and 0 (0) internal incidents of suspected financial irregularity. The responsible managers handled the matters with support from the Ethical Council and the incidents were reported to the police by Peab.

### Collaboration for a more sustainable industry

As the Nordic Community Builder Peab naturally wants to contribute to developing our industry, not only in collaboration with our customers but with our other stakeholders as well. Current national and global challenges require that actors in society work together, which is why collaboration was a prioritized part of our local community building in 2023 as well.

- We continued to engage in the industry’s work on a more secure ID06, the National Board of Housing, Building and Planning’s initiative for a safe project culture and healthy competition.
- In Sweden Peab is a partner in the Joint Initiative Against Bribes and Corruption which works to jointly counteract bribes and corruption in the publicly funded construction and real estate sector.
- In Finland Peab is a member of the construction industry’s interest group Rakennusteollisuus (RT), sits on its board and supports the organization’s ethical principles.

### Respect for human rights

Respect for human rights is a given in every aspect of Peab’s business and throughout the entire value chain. Our fundament is our compliance with the extensive Nordic legislation in this area. We also protect the right to organize, which is apparent in our respect for our employees’ rights to organize and bargain collectively. This right includes having several employee representatives on the Board, which is a well-functioning praxis we are proud of.

Our approach to human rights and the right to organize underlines Peab’s commitment to a work environment that is both safe and healthy, and inclusive and fair. By supporting these work environment principles and integrating them into our processes and culture we contribute to strengthening human rights and labor laws. We also link these matters to several of our material sustainable aspects. We work continuously on evaluating and remedying possible shortcomings in operations and ensuring that our suppliers respect human rights.





## Sustainable throughout the entire chain

The production chain in the construction and civil engineering industry is complex and consists of many different actors. Striving for a sustainable supply chain where business ethics, human rights and the environment are protected and respected is a cornerstone of our business. This is steered from executive management right through to individual workplaces and by specifying demands and monitoring every aspect of the production chain. This requires well-defined procedures to assess, prevent and manage risks as well as cooperation and transparency. Peab's Code of Conduct is the starting point and we also have a Suppliers Code of Conduct that explicitly defines our expectations of our partners.

To further strengthen work on our value chain we encourage the use of Peab's whistleblower system. It provides employees of our suppliers a way to report suspicions of illegal acts or violations of our Code of Conduct.

### Risk management in the supply chain

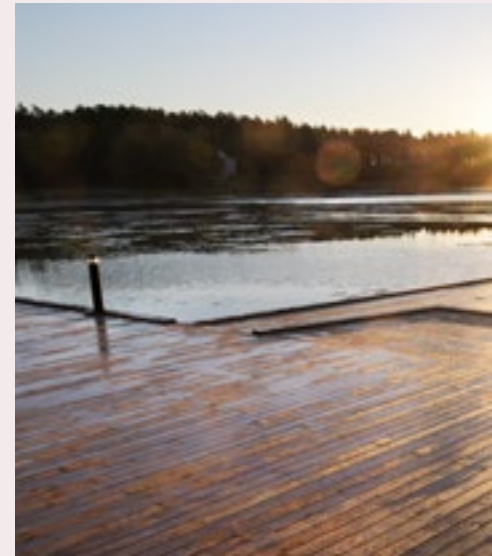
At Peab we manage some 40,000 external suppliers annually. Around 1,500 suppliers make up 80 percent of the Group's total purchase volume, of which 60 are internal suppliers. In other words, we are major buyers in the Nordic region which means we have a good platform for promoting secure and sustainable procurement along with supplier collaboration. This requires good purchasing governance, which Peab has prioritized for quite some time. The process begins when a supplier is first assessed and continues via risk analysis, requirements, controlling and monitoring. Because of the war in Ukraine we have emphasized the importance of supplier checks and updated our procedures to handle the work connected to sanctions.

Processes and procedures are important but they must also be complemented by reliable system support. We have digitalized checks in our supplier register, which provides us with a good overview and control of our suppliers. The system flags various risks which can then be handled based on the specific level of control required. We classify suppliers into three different levels depending on what their relationship to Peab is: safe workplace, secure payment and secure supplier.

We also monitor suppliers based on the measurement secure procurement. In short, the definition of a secure procurement is that it has been made from an approved supplier, is covered by a written agreement and is digitally traceable. A secure supplier meets both the requirements of the decision matrix and their social obligations such as regular payments of employer contributions. We also check that suppliers have collective bargaining agreements. Peab's purchasing behavior is systematically monitored and documented quarterly. Peab also takes advantage of the chance to exchange experiences over borders. There is a team in the purchasing function that assesses our suppliers from a Nordic perspective. We also have joint Nordic purchasing forums that work with category steering, process and system matters.

Peab's total purchasing volume is divided up into purchase categories. We currently have round 250 different purchase categories, of which frameworks and facades, installations and site transportation, and construction machine services are the largest. Each category has a contact person responsible for it. The point of a category-steered purchasing system is to gather Peab's total purchase volume into a specific category in order to sign contracts for the entire category with advantageous prices and the right specifications. This way we can steer our purchase volumes to certain framework contract suppliers making it easier for production, since only call-off orders from approved suppliers with predefined terms are made, instead of signing contracts for each project. At the same time this facilitates our ability to manage risks in the supply chain. We also continually follow a number of business critical categories like fuel, electricity, bitumen and steel based on parameters like availability and price.

One of the Group's two development initiatives for the business plan 2024-2026 concerns further quality-assuring the work on our value chain, in particular traceability. Within the framework of this initiative we are developing work processes, measurement methods, dialogues with, and controls of, our suppliers. Naturally this also includes issues regarding human rights and the environment.



**Supplier checks and audits**

Every year we conduct an analysis of our purchase categories and select several prioritized ones. We choose these categories based on a number of parameters, in particular issues related to human rights such as the work environment, child labor, discrimination and the environment. We then monitor our prioritized categories throughout the year and a cross-functional audit team consisting of category heads and QEW responsible supervisors conduct supplier audits. An example of a category-steered process is how we work with risk categories. A risk category is earmarked by a special or high level of risk concerning the work environment, labor conditions and other human rights. The risk categories Peab has identified are staffing, hole punching, demolition, cleaning, scaffolding construction, decontamination and security. As part of our continuous improvement work, several years ago we began increasing checks on our subcontractors and suppliers. As a result of this in Sweden more and more subcontractors apply the industry-wide requirements in “UE 2021 (Subcontractor 2021)”, which is a framework continually developing through cooperation in the industry, especially through tougher sustainability demands. This entails a responsibility for ensuring that all subcontractors in the supply chain have collective bargaining agreements and an F-tax certificate. The primary purpose is to rid the industry of unscrupulous actors, get control over the subcontractor chain and create safe workplaces. This aligns with Peab’s ambition to strive for a healthy construction industry that safeguards good business ethics, quality, the work environment and environmental consideration.

In 2023 Peab’s cross-functional audit team continued to conduct onsite audits at our prioritized suppliers which have been identified based on volumes and assessed risk level. Our Suppliers’ Code of Conduct is the basis of our requirements and follow-up,

and our method is always the learning dialogue. Our goal is to promote improvement and create a sustainable, secure production chain by working on it together. In 2023 we conducted 37 (6) supplier audits and broadened the scope of them through additional questions about quality. In 2024 we will continue to work on increasing the number of supplier audits. Among other things, we will review our audit program so that it becomes more efficient for us and suppliers as a part of the ongoing development initiative.

Our goal is to promote improvement and create a sustainable, secure production chain by working on it together.

**Order through third party checkpoints**

Workplace inspections are a well-established method in Peab to promote safe workplaces. In 2021 Peab introduced third party checkpoints in Swedish operations to ensure that no unauthorized persons could have access to, or be at, our workplaces. During the year 35 (21) workplaces were inspected and checks of 1,298 (421) individuals were made. Results from these workplace inspections confirmed that everything is in order and that through the electronic personnel ledger system we can verify both the employee’s information and where they are employed. We also have a link to our supplier register where the employer is checked based on the criteria for “safe workplace”. Every night the system retrieves information from open sources and credit check companies, which means the information is always current.



## Local community involvement

One of the areas our customers emphasize more and more is the importance of working together in shared social responsibility for the local community, particularly local community building to form the society of the future. For Peab, with our extensive Nordic presence, this is a positive development and a key part of our business model. Some examples of this are designing safe residential areas, promoting local clubs and the development and education of youths. It includes creating togetherness and contributing to planning green areas, meeting places and accessibility to service facilities. By participating in dialogues with relevant departments in municipalities where the local community contributes, Peab plays an important role in forming a sustainable, vibrant and inclusive society. We participate in processes to develop comprehensive plans together with municipalities and other general contractors. Our involvement in these dialogues underlines our part in establishing the foundation for future plan programs.

### Focus on youths

We want as many Nordic children and youths as possible to have equal access to leisure activities, education or a step up into the labor force. This is an important part of our strategic target to be a leader in social responsibility.

The Peab School is a concrete example. Since 2006 we run our own vocational high schools and currently there is a Peab School in Malmö, Gothenburg and Solna. Over 18 years a total of 1,834 students have received their high school education through Peab. We are the only major construction and civil engineering company that runs its own schools completely focused on a vocational education aimed at our core operations. In 2023 there were 214 (233) students in the construction and civil engineering program and 66 (65) in the introduction program for vocational training. In June 2023 84 (87) students graduated and became part of the labor force or continued their studies.

Peab Life is our concept for how we contribute to young people's development and education in the local community. By making it

possible for them to participate in local building projects we want to build away inequalities and contribute to greater diversity, inclusion and participation. We also continually visit schools to talk about Peab's operations and try to keep youths from getting the wrong idea about the community building industry. During the year we carried out 38 (34) projects with more than 2,000 (1,500) youths. Among them were pedagogical activities for preschool children and career information meetings at middle schools. We have participated in math classes all over Sweden to demonstrate practical math and in Uppsala we carried out a big project to inspire young people to choose practical and technical education. Peab staff participated in classes in Technique and Social Studies and 140 students came to us on field trips.

Our commitment to the young is woven into our core operations. When we build homes, schools, swimming facilities and hospitals or construct infrastructure and courtyards it's important for us to take into consideration the perspective of those who will spend time there. A large and significant target group is children and youths. Therefore, for instance, Project Development includes the child's perspective in its strategic work, in close collaboration with Peab Life and according to the UN Convention on the Rights of the Child which is also Swedish law.

### Sponsoring our local community

Peab's sponsoring is governed by guidelines specific to it. The Group's sponsoring is based locally and requires that all sponsored activities give back something to the community. The Group Sponsoring Council meets once a month to decide on sponsoring requests. Peab Life is part of Peab's extensive sponsoring program of local associations and clubs.

In line with Peab's target to be a leader in social responsibility during the year we supported the democracy project "Make Democracy Great Again" which is a documentary that spotlights the issue of democracy and its wellbeing. We use the film in our business and show it for our employees and in the community building school the Peab School.





### Focus on environmental targets

The construction and civil engineering industry has a significant environmental and climate impact. Peab affects the environment and climate through our own operations and the impact generated by suppliers and customers for example. Meanwhile our business is also affected by environmental and climate changes. In line with our targets we work to reduce our environmental and climate impact together with other actors in the value chain and maintain close collaboration with our partners in the value chain – both customers and suppliers.

#### Environmental targets – our North star

Taking responsibility for the environment is key to our strategic target to be the leader in social responsibility. Peab has three long-term environmental targets that identify our focus areas and help us implement practical measures that improve the environment. These both support and strengthen each other. The most

long-term target of Peab's three comprehensive environmental targets is to be climate neutral no later than 2045, which aligns with the scientifically-based 1.5 degree target in the Paris Agreement. Our targets up to 2030 are to reduce carbon dioxide intensity by at least 60 percent (cp. 2015) in our own operations – Scope 1 and 2 – and for input goods and purchased services – Scope 3 – by half (cp. 2015). Peab's second environmental target is to be completely resource efficient by 2040. We optimize material use, reduce waste and promote biodiversity so this target also contributes to our climate target. Peab's third environmental target is to phase out environmentally and health hazardous products no later than 2030. We want to protect people and the environment from toxic exposure in both production and usage.

2030

Year 2030 we will have phased out environmentally and health hazardous products

2040

Year 2040 our business will be 100 percent resource efficient

2045

Year 2045 we will be climate neutral



**Climate neutrality: Focus on reducing emissions**

According to the Swedish National Board of Housing, Building and Planning, developers and construction companies generate more than 20 percent of Sweden’s carbon emissions. This means we have to move quickly if we are going to reduce emissions at the rate required by the Paris agreement. We work systematically towards this goal and in Sweden we support the construction and civil engineering industry’s Road map for fossil free competitiveness. We can supply our contract construction operations and the projects we develop ourselves with input goods and raw material through business area Industry, which improves our ability to lower carbon emissions. We contribute to the ongoing climate transition through different kinds of investments such as electric machines and vehicles and energy efficiency in our factories. In 2023 transition investments were around SEK 530 (300) million. In 2023 we further concretized our work in a Group activity steered transition plan we call the Climate Road Map. Executive management adopted it as part of Peab’s two development programs in the business plan period 2024-2026.





**Sources of our emissions**

Peab’s operations primarily cause carbon emissions by using production materials like concrete, steel and asphalt. Two other major sources of carbon emissions in production are energy consumption and transportation. Therefore our emission reduction activities are centered on these areas. As community builders we also have a comprehensive perspective on our climate work and strive to contribute in the usage stage and to local community building in general. This can entail designing flexible structures and building solar power plants, wind farms and railroads or by building in such a way that people can live more sustainably. We have a life cycle perspective in our operations and take responsibility for both making and meeting demands in the value chain in relation to our customers and suppliers. The second development program in the business plan period 2024-2026 therefore concerns developing our work with suppliers on quality and traceability where striving to limit and measure carbon emissions in the supply chain is key.

**Emissions from materials**

Since material-related emissions are clearly the largest source of greenhouse gases in our operations we are laser focused on reducing emissions through the material we choose and use along with recycling and reuse. Our ECO-products are essential to this endeavor, and we continually develop them.

We produce our own slag-based binder Merit that, to a certain extent, replaces cement in concrete. Cement represents 90 percent of concrete’s environmental impact. When our subsidiary Swerock uses Merit in the manufacture of its climate-improved ECO-Betong (ECO-Concrete), it lowers carbon emissions by up to 50 percent compared to conventional concrete as well as reduces virgin limestone excavation. In 2023 Swerock opened a new concrete laboratory with state-of-the-art equipment for testing and analyzing in different kinds of environments. The laboratory improves our ability to further develop concrete with a lower climate impact while controlling the products’ quality and properties.

<p><b>Material</b></p>  <p>The three most important measures to reduce Peab’s climate impact:</p> <p>Choice of material</p> <ol style="list-style-type: none"> <li>1. Material efficient solutions and work methods</li> <li>2. Recycling/reuse</li> </ol>	<p><b>Energy</b></p>  <p>The three most important measures to reduce Peab’s climate impact:</p> <ol style="list-style-type: none"> <li>1. Energy efficiency improvements</li> <li>2. Electrifying with green electricity</li> <li>3. Renewable fuels</li> </ol>
<p><b>Transportation</b></p>  <p>The three most important measures to reduce Peab’s climate impact:</p> <ol style="list-style-type: none"> <li>1. Choice of transportation method (renewable fuel)</li> <li>2. Transportation and route optimization</li> <li>3. Optimized mass management</li> </ol>	<p><b>Community builder</b></p>  <p>The three most important measures to reduce Peab’s climate impact:</p> <ol style="list-style-type: none"> <li>1. Energy efficient, flexible constructions with long lifetimes</li> <li>2. Promoting sustainable living</li> <li>3. Contributing to sustainable energy and transportation infrastructure</li> </ol>

Our construction and civil engineering operations intend to increase the amount of climate-improved concrete in our projects to reduce our carbon footprint. Business area Civil Engineering in principle always uses climate-improved concrete where it is technically possible and available, and the goal of both business areas Construction and Civil Engineering is that at least 50 percent of precast concrete will be climate improved. In 2023 the proportion was 48.2 percent for Civil Engineering and 42.2 percent for Construction.

Our long-term goal is to for all concrete to be climate neutral, which means that we invest in R&D, particularly regarding alternative binders and carbon dioxide capture.

**New factories provide more ECO-Prefab**

In addition to Merit and ECO-Betong (ECO-Concrete) we work with several other ECO-products. In 2021 subsidiaries Byggelement and Smidmek introduced the concept ECO-Stomme (ECO-Frame) and ECO-Prefab, both built on the binder Merit. In 2023 Byggelement started on the considerable expansions of its plants in Ucklum and Hallsthammar. The new production facility in Ucklum has opened and production has begun. In Hallsthammar the new production facility began manufacturing in the beginning of 2024. With this investment of close to half a billion Swedish kronor the company doubles its production capacity in walls and joists while halving the need for cement by raising the portion of alternative binder up to at least 50 percent. During the year Byggelement also launched both a double wall and solid wall in ECO 50 where 50 percent of the cement is replaced by Merit and a half sandwich wall in ECO 60. Their climate impact is reported in EPDs, which certify that all these products surpass the industry’s lowest benchmark for a climate-improved product.

In 2023 Byggelement also carried out tests demonstrating that hollow core slabs made with recycled concrete have the same quality as in traditional production. In the successful test castings ten percent of mineral aggregates were replaced by crushed concrete which had been recycled from waste generated in manufacturing.



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- Swerock test cast outdoor ECO-Betong with 60 percent slag. The result was lower climate impact by raising the concrete's water to cement ratio and replacing almost 60 percent of the cement with Merit. The new formula has been tested in a lab environment with very good results and the goal is to use the concrete in actual constructions projects.

### Fossil free steel production

- In 2021 Peab was the first Swedish construction and civil engineering company to enter into a partnership with SSAB regarding fossil free steel, which means that as of 2026 Peab can start using fossil free steel in our construction and civil engineering projects.

However, already in 2023 Peab and SSAB took an important step in our partnership when, together with Ruukki Construction and real estate company Wihlborgs, we presented the first building in the world with steel produced fossil free. It is a more than 6,000 m<sup>2</sup> industrial building in Lund where sections of the facade panels are made from steel produced fossil free. Building the first building in the world with steel produced fossil free is a milestone for the construction and civil engineering industry and the project demonstrates how together with customers and material suppliers we can shift to sustainable construction.

Since 2022 we are also working together with SSAB in a research project with a grant from the Swedish Construction Industry's Development Fund (SBUF) where we investigate possible climate savings in the construction and civil engineering industry through the hydrogen gas based HYBRIT technology. Among other things, calculations show steel made by SSAB with HYBRIT technology has the potential to reduce the climate impact of built-in material in this kind of building by around 30 percent. In the calculation the steel in the frame, facade panels and roofing sheets is replaced with steel produced fossil free and the potential is calculated based on a standard scenario where 100 percent of these products are manufactured of newly produced iron ore based steel. A preliminary rough analysis shows that more than 90 percent of the steel in a conventional steel frame for an office building can be replaced by fossil free steel, which means a climate reduction of about 70 – 80 percent compared to conventionally produced steel. The research project will also make a detailed study of the climate impact from the fossil free steel as well as the effect this climate savings can have on the total climate impact of construction and civil engineering projects.

In addition Peab and SSAB have extended their collaboration to include SSAB Zero, which is steel based on recycled steel manufactured and transported fossil free. Last year Peab used the initial delivery volume of 300 tons for micro piles in groundwork and the other half in construction projects. Once again Peab was the first construction company in the world to use SSAB Zero.

### Energy on the agenda

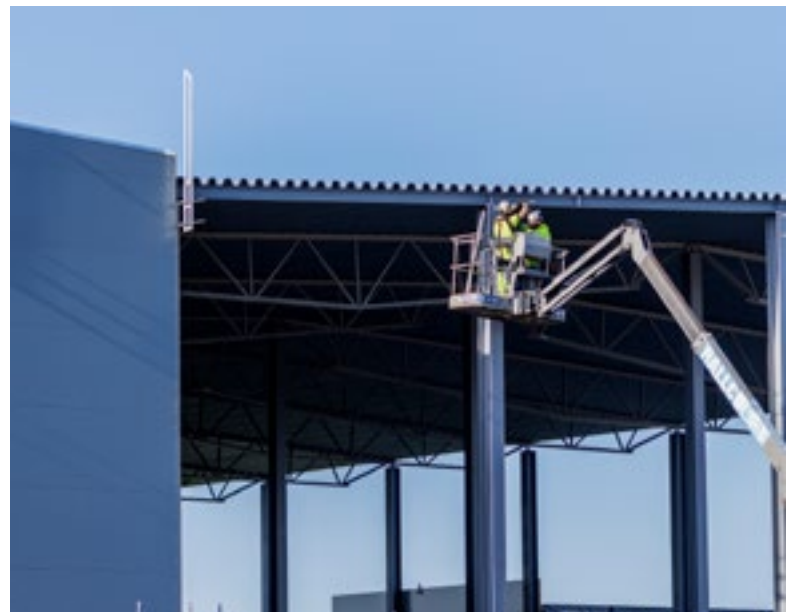
The work with ECO-Asfalt is an example of how we can save energy and use renewable energy sources in our production to lower climate impact. Our production of ECO-Asfalt is based on replacing fossil fuel oil with biofuel when drying and heating the

gravel material, which is the most energy consuming part of the manufacturing process. This halves climate impact without affecting the end product's properties. Our subsidiary Peab Asfalt currently has around 90 asphalt plants in the Nordic area. In Sweden 21 of them can offer ECO-Asfalt. For nine of them, we have received funding for conversion from the investment support "Climate Leap" (the Swedish Environment Protection Agency). In our other countries 11 asphalt plants offer ECO-Asfalt (4 Denmark, 5 Finland, 2 Norway).

In our paving operations we have also test paved asphalt with the natural binder in wood lignin, made from residual products from the forest industry, which can partially replace the oil-based binder bitumen. During the year we tested paving asphalt with lignin in Finnish Fredrikshamn in collaboration with Stora Enso. All in all we have test paved lignin on eight different stretches in the Nordic area. We are also doing R&D to find other alternative binders.

### Higher energy requirements

Energy requirements for the construction and civil engineering industry are rising and there is a bigger focus on the construction process itself. Peab led the initiative that established an industry standard for energy classification of construction barracks and getting them on site in 2022 and which is now used to reduce energy consumption on construction sites. There are around 60,000 construction barracks in Sweden alone. All the suppliers have had their own classification system, but they have now agreed on common criteria. Subsidiary Lambertsson has construction barracks with an energy value that is among the best on the market and they are increasingly used in Peab's operations.



*Peab has built the world's first building containing fossil free produced steel from SSAB. It is a more than 6,000 m<sup>2</sup> industrial building in Lund where sections of the facade panels are made from fossil free steel.*

Lambertsson also offers Lambertsson Control, which enables measuring and steering energy and water consumption in a project. Energy consumption can be reduced 30-40 percent by using the measurements to find energy thieves and cut off effect spikes. During 2023 we started a new round of energy mapping in our business aimed at further identifying energy efficiency improvements. We also carried out a campaign to call attention to how we can reduce our energy consumption that included everything from tips to simple instructions. As part of the ongoing project to develop management of environmental data we launched an energy application that makes it possible for our operations to follow their use of electricity and district heating on a monthly basis all the way down to per project in the form of kWh and CO<sub>2</sub>e emissions. Some operations can even analyze their fuel consumption. Apps help to see trends in consumption and then adjust operations to reduce both climate impact and costs.

In Norway the entire business decided that all electricity will be purchased with an origin guarantee that ensures that the electricity is produced through renewable production. Peab has a framework contract with Fjordkraft for electricity.

**Electrical vehicles and machines**

We have continued to work on replacing fossil fuels with renewable energy for our vehicles and machines during the year:

- Peab Asfalt was the first company in Sweden to only use electric machines to pave asphalt with. The totally electric project was carried out in Järfälla north of Stockholm with an electric asphalt paver, an electric roller and an electric vibratory plate compactor in combination with electric trucks. In addition to

lower CO<sub>2</sub> emissions this improves the work environment and reduces maintenance costs. Read more about the project on page 47.

- Swerock began excavating soil and rock with its first crawler excavator run by electric motors. This technological solution results in lower CO<sub>2</sub> emissions since a generator sends electricity to the electric motors that drive the machine.
- Lambertsson is successively replacing its machines run on diesel with hybrid or electric ones, even the really big machines like excavators, dump trucks and wheel loaders.
- We are making a rapid transition to hybrid or electric alternatives in company cars and light-duty trucks. Of the company cars we ordered in 2023, 97 (94) percent were hybrid or electric, and all in all more than every fifth car in the Group today is either a hybrid or electric car.

**Optimizing transportation**

When it comes to transportation we strive to use the right kind of transportation for the right place, optimize logistics and handle excavation soil efficiently. For example, Lambertsson offers a construction logistic solution that includes logistics personnel, a digital delivery planning tool, mixed loading and intermediate storage of construction material. Planned and mixed load transportation flows are both efficient and generate both efficiency and environmental gains.



*Sweden's Minister for Climate and the Environment, is screwing on the sign for the project together with Peab's Business Area Manager Construction, Stefan Danielsson. The project was commissioned by real estate company Wihlborgs and the building will be ready to move into in the spring of 2024.*





### Resource efficiency: Many roads to resource efficiency

Peab's second environmental target for completely resource efficient operations by 2040 saves valuable natural resources and also contributes to our climate target. We also include protecting biodiversity and ecosystem services in resource efficiency. We therefore strive for resource efficiency in production with effective use of material, responsible management of residual products and work methods that foster biodiversity. Our measures can entail designing resource lean constructions, purchasing circular products, minimizing waste, reusing construction material and making sure leftover material is recycled, using land respectfully, managing excavated soil efficiently as well as sorting material so that it can be recycled. We also maintain close collaboration with the other actors in the value chain to achieve circular flows. Three good examples from our business are using reclaimed asphalt pavement, ECO-Ballast (ECO-Mineral aggregates) and reuse in construction projects.

### Circular material on its way

Besides replacing fossil fuel oil with biofuel in the manufacture of ECO-Asphalt we are developing solutions for partially exchanging the binder bitumen with residual products from the forest industry. We also work to increase the use of reclaimed asphalt pavement in production. The portion of reclaimed asphalt pavement in Peab's Nordic asphalt production in 2023 amounted to 28 (27) percent (cf. 14 percent 2015).

### Potential med mineral aggregates

ECO-Ballast (ECO-Mineral aggregates) is another concept Peab offers through Swerock. ECO-Ballast is made of recycled raw material that can come from construction or civil engineering projects or byproducts from industrial processes and therefore makes a significant contribution to circular community building. The product has the equivalent properties of virgin mineral aggregates and is quality-ensured with an environmental and health declaration. ECO-Ballast can be used in the manufacture of asphalt or concrete or as a construction material.

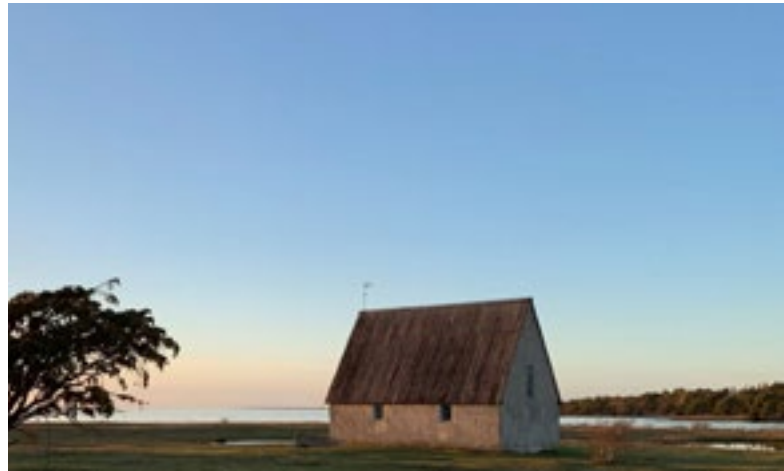
Mineral aggregates may also have a role to play in Carbon Capture

and Storage (CCS), i.e. capturing and permanently binding carbon dioxide to reduce the amount in the atmosphere. In a research project we are examining the possibility of binding and storing biogenic carbon from wood and other biomaterial in residual products from quarry and concrete operations to use as raw material in the manufacture of mineral aggregates. We have the right prerequisites for this considering our business comprises the whole circle from excavation to use and finally recycling mineral aggregates.

### From waste to circular material

Building creates waste. Every year vast amounts of building material is thrown away in construction projects. Peab has explicit guidelines on how to handle leftover material at construction sites aimed at enabling greater reuse and compliance with laws and our Code of Conduct. We also have a number of initiatives creating new ways to recycle and reuse this construction material. Particularly important is establishing a dialogue and collaboration with material suppliers and reuse actors early on so that we can manufacture and use more products that contain reused material. We have dialogues and action plans concerning retrieving surplus material and installation waste with material suppliers and contracts with reuse companies in around 70 different locations. There are several construction projects spotlighting reuse, for example Varvstaden in Malmö, where reused construction material is built into new structures. This provides important experience for more circular construction.

With so-called C&D Recycling Wash Plants Peab's subsidiary Swerock contributes to circular material flows by upgrading surplus excavation soil into new products. This reduces the amount of surplus excavation soil that becomes landfill by up to 80 percent. Peab's civil engineering operations work increasingly with so-called in situ remediation which entails remediating contaminated land and dredged soil on site instead of removing the soil. This also means transporting less replacement soil for filling. According to our life cycle calculations in situ remediation and stabilization of polluted soil can lower carbon emissions by 80 percent. During the year in situ remediation has been carried out in, for example,



Kristianstad where a college is being built on land that previously had a bus depo on it. Similar work has been performed in Stockholm.

**Protection and development of biodiversity**

Biodiversity means having variations within and between species as well as different types of life environments and is crucial to human welfare. Our environmental target for resource efficiency includes protecting, preserving and strengthening ecosystems and biodiversity when exploiting land and natural reserves. Peab’s operations encroach on nature and risk displacing species. This is why we are careful to take steps to protect life and species, and even add to the biodiversity in the environments where we operate. Peab fosters biodiversity by developing green and blue infrastructure like fish passes and fauna passageways. Biodiversity is also a factor considered in environmental certification of buildings, for example the Nordic Swan Ecolabel. Normally before Peab opens a quarry we make a natural value assessment in order to determine with the help of experts if the location is suitable and identify any possible protection measures. Sometimes Peab draws up biodiversity plans in connection with new

quarry permits in order to identify the best way to protect and even benefit various species. In 2023 we produced three biodiversity plans in Sweden and now have 15 in total. Quarries offer unique life environments for a number of threatened species and can therefore contain higher natural values than their surroundings. During the year we created an environmental council in Peab for, among other things, biodiversity.

**Collaboration in biodiversity:**

- We participated in two teams in an industry-wide project initiated by Ecogain aimed at producing a practical tool to evaluate the effects of measures taken to support biodiversity. The tool has now been launched.
- Swerock is a member of the network Business@Biodiversity Sweden focused on biodiversity and business benefits, in Aggregates Europe’s (UEPG) team on biodiversity and SBMI’s newly started team on biodiversity.

**Phasing out environmental and health hazardous products**

Peab’s third environmental target is to phase out environmentally and health hazardous products no later than 2030. We have a responsibility to protect people and the environment from toxic exposure in both production and usage. We also want to avoid mixing in toxic substances in material that will become part of the circular flow. Our ability to phase out environmentally and health hazardous products is largely dependent on making the right decision to begin with. Quite simply, hazardous products should never get into our operations..

**Methods that facilitate product choices**

To phase out environmentally and health hazardous products we use environmental assessment systems such as Byggvarubedömningen and Basta to help us choose products. We develop methods and systems to steer purchasing towards better product selection by, for instance, integrating information on environmental assessments and ecolabelling into our purchasing processes. Traceability helps us identify substances we do not currently consider hazardous but which may later prove to be so. Keeping a logbook on built-in material is a way of ensuring traceability.

In order to phase out hazardous products we work together with suppliers and producers to find new and better alternatives. We have implemented a substitution staircase and defined the criteria which inform the phasing out process, the so-called Peab criteria. We have implemented a digital chemical management system into most our operations to facilitate monitoring and steering chemical consumption as well as an app that visualizes where we are in phasing out hazardous products.

**Greater need for environmental data**

Demands to reduce climate and environmental impact in projects are growing. This is particularly apparent with the increasingly tough demands customers are making on thresholds for the climate impact of buildings and continuously reporting climate impact throughout the entire construction process. To prove that legal and contract requirements are being met we have to be able to measure our climate and environmental impact. Peab is therefore working intensively to develop structures for compiling,



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analyzing and reporting environmental data. In 2023 we completed the first stage of a project aimed at developing work methods and system support to aid us with this. This has produced apps that help us to visualize our environmental impact. They provide us with an overview of our energy consumption, how far we have come in phasing out environmentally and health hazardous chemical products and provide support in data compilation and reporting. The work to digitalize environmental data and make it accessible will continue within the framework of a Group-wise development program during the coming business plan period.

We are also working on increasing accessibility to environmental information on our ECO-products through, for instance, climate calculations and EPDs. We also produce more and more project specific EPDs.

We participated in the initiation of the project “Environmental Data NOW”, which is run together with a number of actors in the industry under the umbrella of the Swedish Construction Federation. The purpose was to produce an industry standard for the content and format of digital information on how data regarding delivered material should be reported. In addition, we have also been active in developing an industry standard for measuring waste, including definitions and calculations of key ratios, which was launched in 2023.



**Reducing emissions is a joint effort. Only through partnerskap can we attain really significant sustainability changes.**

Christina Friborg, Head of Sustainability SSAB

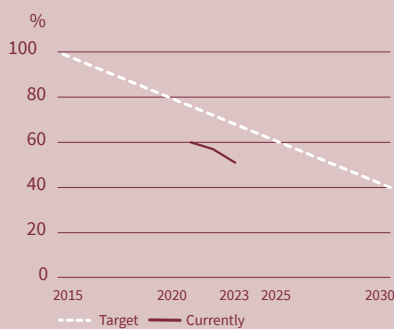
## Emission curves pointing in the right direction

Peab will be climate neutral by 2045. Our targets by 2030 are to reduce carbon dioxide intensity by at least 60 percent in our own operations (Scope 1 and 2) and by at least half (cf. 2015) for input goods and purchased services (Scope 3). The outcome after 2023 reveals that developments are going in the right direction although to different degrees. Carbon dioxide intensity in our own production has gone down by 49 percent since base year 2015 and by nine

percent for input goods and purchased services. This means that we are well on the way 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 on our suppliers and subcontractors as well as point out choices that are better for the climate in order to reduce emissions.

### Carbon dioxide intensity for own production

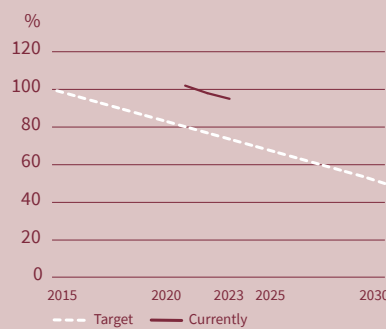
Target: Reduced emissions of GHG Scope 1+2\* (tons CO<sub>2</sub>e/MSEK) by 60% (reported annually)



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

### Carbon dioxide intensity 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 management services and business trips



IN PARTNERSHIP WITH JÄRFÄLLA MUNICIPALITY

# Pioneer in completely electric project

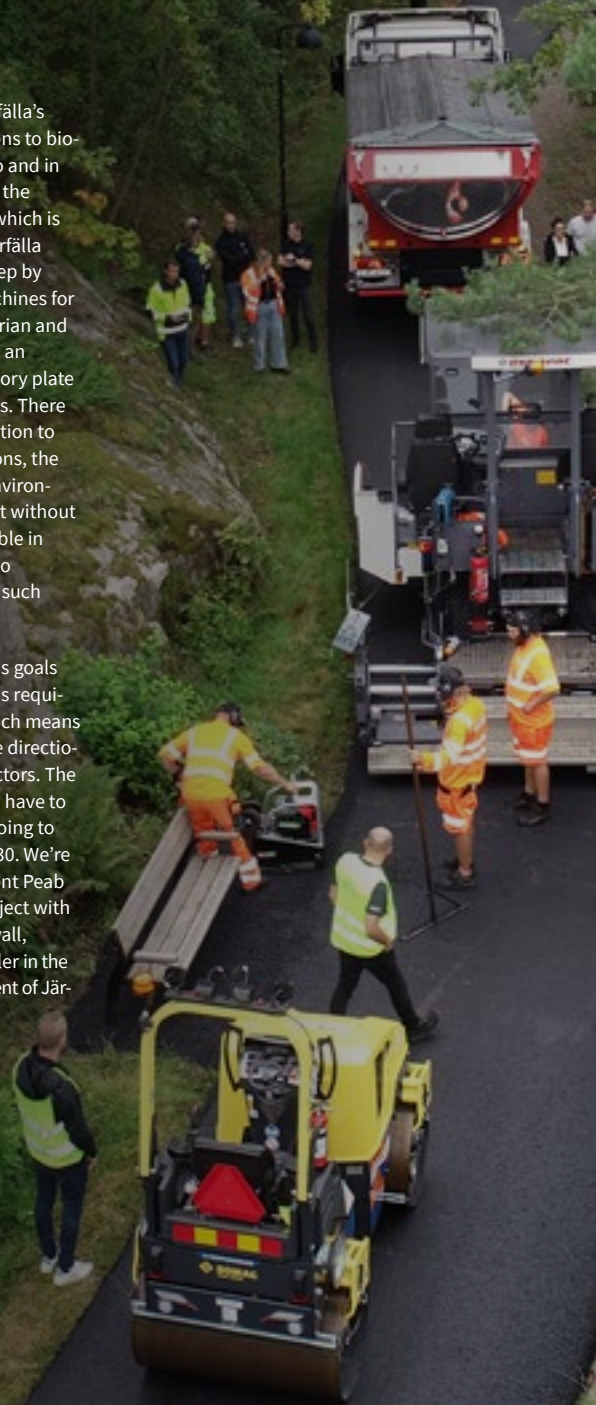


**Järfälla Municipality is one of the leading Swedish municipalities in climate transition. The municipality works actively to find ways to reduce its greenhouse gas emissions. Take paving for example. Last autumn for the first time Peab paved asphalt solely with electric machines.**

The environment and climate are highly prioritized matters in Järfälla Municipality. It was one of the first municipalities in Sweden to draw up a carbon dioxide budget back in 2017 and it intends to be carbon free by 2030. Last year it adopted a new ambitious environmental plan to ensure that greenhouse gas emissions decrease by at least 15 percent annually. Järfälla was also recognized for its environmental work when the municipality came in third in a ranking of Sweden's best environmental municipalities.

Even Peab has been challenged by Järfälla's ambitions. We shifted asphalt operations to bio-fuel in asphalt paving quite a while ago and in recent years Peab has tested replacing the oil-based binder bitumen with lignin, which is the natural binder in wood. Last fall Järfälla Municipality and Peab took the next step by paving asphalt solely with electric machines for the first time ever in Sweden. A pedestrian and bicycle path was paved in Järfälla with an electric asphalt paver, roller and vibratory plate compactor together with electric trucks. There are many advantages with this. In addition to completely eliminating carbon emissions, the reduced noise level makes the work environment better. Being able to pave asphalt without bothersome noise is particularly valuable in urban environments where proximity to schools, nursing homes, hospitals and such make keeping noise down imperative.

"Achieving the municipality's ambitious goals like reducing greenhouse gas emissions requires a broad spectrum of measures, which means that as a municipality we have to make directional and tough demands on our contractors. The requirements in our procurements will have to become even more stringent if we're going to reach 95 percent renewable fuel by 2030. We're therefore very positive to the investment Peab has made in order to carry out this project with electric asphalt paving," says Anna Edvall, environmental and operations controller in the construction and environment department of Järfälla Municipality.







## Community builder with clear priorities

**Peab works daily to improve everyday life for people where they live it in the Nordic region. We do this by building everything from homes, schools, retirement homes and hospitals to bridges, roads and other infrastructure in our communities.**

For Peab sustainability means running a business that takes responsibility for both its own impact and the impact of the entire value chain upstream and downstream, as well as working for the good community. Working sustainably is a strategic matter for us, completely integrated into our business model and operations. We make it clear that every employee should promote sustainable development in their role based on Peab's core values, business concept, mission, strategic targets and Code of Conduct.

We operate over a broad spectrum of community building which naturally has both positive and negative effects on the world around us. We provide our employees with secure employment and meaningful careers with development opportunities but at the same time the frequency of injuries in the construction and civil engineering industry is high and our employees are exposed to risks on construction sites that can lead to accidents. The industry is traditionally male dominated, which entails a lack of gender equality and diversity. Furthermore, there are risks for ethical transgressions in the complex value chains common for the community building sector. Therefore we have a responsibility to ensure that our suppliers follow good ethics and care about the environment and human rights.

Our operations impact the environment and climate in various ways. For example, materials we use, like concrete and steel, generate carbon emissions and other components are environmentally and health hazardous. We use the earth's finite resources and have to become better at working circularly and resource efficiently as well as caring about the impact we have on nature and fostering biodiversity. We put the same demands on our suppliers and their

suppliers and have an ongoing dialogue with our customers to help them achieve their environmental and climate goals. Collaboration is a prerequisite for positive change and transition.

As a major local player and Nordic employer it is important that through cooperation and dialogue we understand the needs and challenges society is facing, in particular those in our local communities. By comprehending this we can contribute to local development while reducing the negative impact of our business.

We want to take responsibility, either by contributing to a more climate-adapted use of material, healthy competition or safe and inclusive workplaces. As one of the largest Nordic community builders our target is to be the Best workplace and Leader in social responsibility in our industry. This is a commitment that comes with obligations, which is why we have set up and monitor targets for these areas, along with the Group's financial targets.

Our material sustainability aspects are processed within the framework of our four strategic targets, and in particular the two mentioned above: Best workplace and Leader in social responsibility. The targets also comprise our external and internal targets.

### **Locally produced community building**

Our four business areas that collaborate locally are the basis for how we work with our material sustainability aspects, which gives us good control over the value chain. Our employees should as far as possible use local resources in the form of our own employees, our own input goods and subcontractors. This, together with our integrated climate and environmental work and engagement in



people and the community, forms the foundation of what we call locally produced community building.

**Eight material sustainability aspects**

Peab's material sustainability aspects form a unit in which the various parts affect each other. During the year in preparation for the new business plan for 2024-2026 and the EU Corporate Sustainability Reporting Directive (CSRD) we have worked to produce a double materiality assessment to update Peab's material sustainability aspects. We have analyzed the various sustainability aspects that make up the European Sustainability Reporting Standards (ESRS) and the effect they have – or can have – as well as the actual or potential financial consequences. We have evaluated the sustainability aspects from a risks and opportunities perspective, severity level and probability as well as impact – short, medium and long term. The material sustainability aspects emanate from both the areas where our business has a negative effect on people and the environment and where our business makes or can make a positive difference. In the analysis we have also considered the actual or potential impact on Peab's main value chains. Ongoing dialogues with representatives from

our stakeholders contribute as well to the double materiality analysis. These stakeholder dialogues are held with customers, suppliers, shareholders/investors, non-governmental organizations and employees in various parts of our own organization. The stakeholder process has comprised meetings, interviews and different kinds of issues communicated to Peab by our stakeholders. Our assessment has also been based on studies, reports and relevant guidelines. We have determined threshold values based on all the contributions we have compiled and consider sustainability aspects higher than these threshold values to be material. We will continue to develop this materiality process and report the double materiality assessment in the Board of Directors' Report, including reporting according to CSRD as soon as the law enters into force. Until then we will continue to have eight material sustainability aspects which will be reported within the GRI framework.

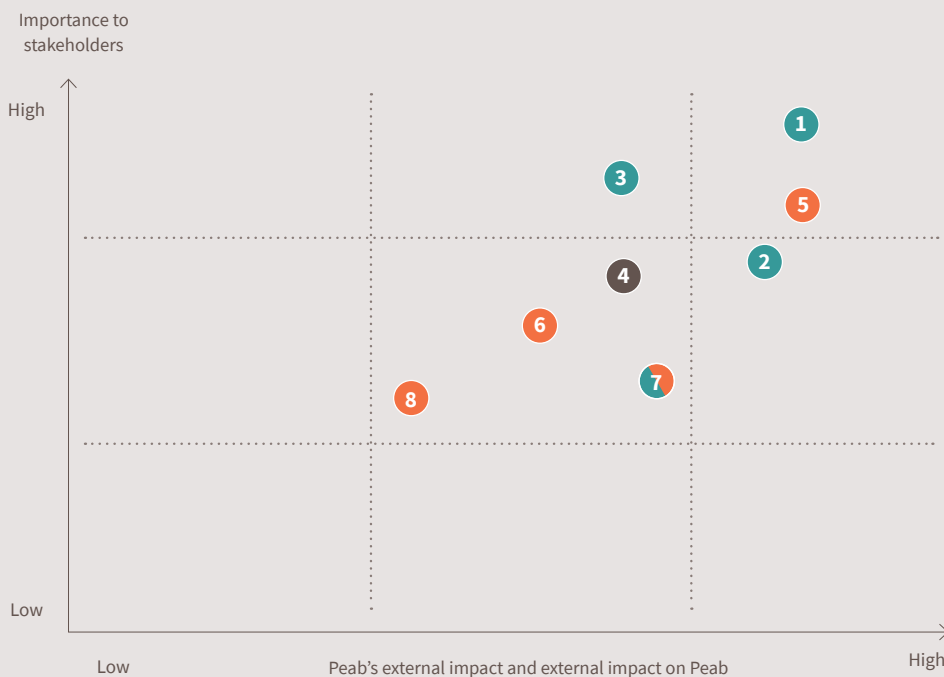
Our material sustainability aspects are categorized under the two strategic targets Best workplace and Leader in social responsibility and targets are set for them to ensure that they are integrated into our operations and governance.

**Our material sustainability aspects:**

- 1 Climate impact
- 5 Work environment and safety culture
- 2 Resource consumption
- 6 Equality, diversity and equal treatment
- 3 Environmentally and health hazardous products
- 7 Quality ensured supplier chain
- 4 Ethics and anti-corruption
- 8 Education and development for the young

- ESG**
- E** environment
  - S** social
  - G** governance

Read more about our take on sustainability priorities and how we govern these in the GRI appendix at [peab.com](http://peab.com).



# Stakeholders guide us

Peab's material sustainability aspects and actions are based on the actual and potential impact of our business on people and the environment by both our own operations and throughout our value chains. We have ongoing stakeholder dialogues with representatives from our stakeholder groups. This keeps us aware of the expectations and demands of our stakeholder groups and what issues are most important to them. These dialogues take place in both informal meetings with customers, suppliers, employees and other stakeholders and in more structured

contexts such as supplier audits, meetings with politicians and other decision-makers, owner and investor dialogues and seminars at colleges. The outcome from these dialogues partly forms our materiality analysis and sustainability work priorities. In the dialogues – independent of which stakeholder group – we inform about the progress being made in our operations, provide good examples and initiatives but also point out the challenges. In this way we can create and maintain constructive and transparent conversations and promote collaboration that leads to actual development.

Stakeholder	Expectations of Peab	Dialogue examples	Value creating
<b>Shareholders/ Investors</b>	Responsible ethical entrepreneurship, long-term financial value development that creates annual dividends, ongoing risk mapping and risk management, awareness and measures to reduce climate and environmental impact, responsibility throughout the value chain and community involvement, for example in the form of local development.	AGM, analyst meetings, surveys from investors and owners, investor meetings and conversations, national and international evaluations.	<ul style="list-style-type: none"> <li>• Investments that work towards sustainable development</li> <li>• Return on equity</li> <li>• Total return (exchange rate and proposed dividend)</li> </ul>
<b>Employees; existing and potential</b>	Responsible ethical entrepreneurship, good work environment and high degree of safety, skills development, good leadership, equal treatment, gender equality and diversity, good work and employment conditions, awareness and measures to reduce climate and environmental impact, community involvement, for example in the form of local development and responsibility throughout the value chain.	Daily dialogue, employee surveys, work environment evaluations, work environment dialogues, student surveys, workplace meetings, union collaboration, internal training, incident follow-ups, management meetings, goal and developmental discussions, external surveys concerning employer brand, collaboration with students and the education system.	<ul style="list-style-type: none"> <li>• Wages and remuneration</li> <li>• Meaningful employment as a community builder with an employer that takes comprehensive responsibility</li> <li>• Opportunities for development, challenges and togetherness</li> <li>• Initiative for health and wellbeing</li> </ul>
<b>Customers</b>	Responsible ethical entrepreneurship, professional businessmanship, competence, resource capacity, quality, availability, experience and expertise exchanges, good work and employment conditions, certifications, ongoing risk mapping and risk management, awareness and measures to reduce climate and environmental impact, community involvement, for example in the form of local development and responsibility throughout the value chain.	Meetings in person, daily contacts, networks, partnership projects, dialogue meetings, customer meetings, fairs, customer surveys, questionnaires from customers, procurements and audits.	<ul style="list-style-type: none"> <li>• Solutions and deliveries that improve the conditions for customers' operations, increase their productivity, reduce their costs and help them reach their sustainability targets</li> <li>• Facilitate customers' ability to take responsibility and drive sustainable development B2C (housing customers):</li> <li>• Facilitate people's everyday life</li> <li>• Facilitate people's ability to take responsibility and live sustainably</li> </ul>
<b>Suppliers</b>	Responsible ethical entrepreneurship, professional businessmanship, ongoing risk mapping and risk management, awareness and measures to reduce climate and environmental impact (preferably with the supplier), responsibility throughout the value chain.	Procurements, supplier evaluations, meetings in person, daily contacts, supplier meetings, supplier audits, sustainability dialogues and partnership projects.	<ul style="list-style-type: none"> <li>• Long-term relationships and business opportunities for around 30,000 suppliers</li> <li>• Jobs</li> <li>• Provides opportunities to take responsibility and drive sustainable de</li> </ul>
<b>Local community</b>	Contributions to local community development, cost-efficient construction and housing in different price categories, ongoing risk mapping and risk management, awareness and measures to reduce climate and environmental impact, care for the local environment, community involvement through, for example, integration programs and contributions to job experience for youths, sponsoring local youth activities, responsibility throughout the value chain.	Receiving visits, partnership projects, information meetings, networks, contacts with county boards/municipalities, consultation, environmental reports, vision work, mentoring, sponsored projects, citizen and resident dialogues.	<ul style="list-style-type: none"> <li>• Local jobs</li> <li>• Taxes and social fees</li> <li>• Contribution to long-term sustainability targets, including climate targets</li> <li>• Local purchasing and local supplying</li> <li>• Contribution to education and development of youths</li> <li>• Contribution to gender equality, diversity and equal treatment</li> <li>• Local sponsoring of civil society</li> </ul>



## Steering Peab's sustainability work

Peab steers sustainability work through identifying, assessing and managing risks and opportunities, working systematically with continual improvements and identified key activities and projects, and measuring progress through targets for the Group and targets specific for the business areas and subsidiaries within our material sustainability aspects. In 2023 we introduced an overriding Sustainability Council to further supplement existing governance and promote target steering. Among other things, the Sustainability Council coordinates sustainability matters and ensures that Peab's executive management is informed regarding important consequences, risks and opportunities linked to sustainability work. The Sustainability Council is led by the CSO and COO. In addition, in the business plan period 2024 to 2026 we have created two Group-wide development programs that work on our climate transition and responsibility in the value chain to further empower these important sustainability factors. As far as possible central regulations and management systems are steered on a local level, close to operations.

Peab's Board has given executive management the overriding responsibility for governing and monitoring of sustainable work in operations. Peab's four business area managers, who all report to the CEO, are responsible together with the COO, CSO and CCO for ensuring sustainability work is an integrated part of business. They have sustainability specialists on Group level and in the business areas as well the Sustainability Council to aid them.

**Executive management monitors sustainability work at every executive management meeting, reviews special events with a bearing on these issues and delves into a sustainability theme every meeting.**

Governance is based on the four strategic target areas with associated external and internal targets. Some of the targets are monitored quarterly by both the Board and executive management, while others are monitored every half-year or annually. Monitoring targets and their outcome enables executive management to steer operations and implement measures if necessary.

### Central regulations and management systems for governing

Central regulations and management systems for governing in Peab comply with international conventions and national laws. Peab's fundamental, internal governing document, the Peab's Code of Conduct, is based on the UN Global Compact principles including the precautionary principle, UN's human rights and ILO's core conventions. It is reviewed and updated as needed annually. Peab signed Global Compact 2012 and the Annual and Sustainability Report is the Group's Communication on Progress,

which is the annual report to Global Compact. As decided by Peab's President and CEO, the company will continue to follow UN Global Compact.

Peab follows UN's Guiding Principles on Business and Human Rights (UNGPR) and OECD's Guidelines for Multinational Enterprises, including the methods prescribed by the OECD guidelines.

The Board of Directors has ultimate responsibility for ensuring that our Code of Conduct is followed and communicated. This responsibility is delegated to the CEO and then down the chain of command through management which is responsible for ensuring that the Code of Conduct along with associated guidelines and rules are complied with by the various functions and departments. In the end every employee is responsible for taking in the information and following the Code of Conduct. The Group's purchasing function is responsible for monitoring that suppliers follow the as of 2023 special Suppliers Code of Conduct.

The Code of Conduct is complemented by four overriding policies; the Environmental Policy, Quality Policy, Information Security Policy and Work Environment Policy. These are then supplemented by a number of guidelines and supportive documents such as Guidelines Regarding whistleblowing, Sanctions, Corruption and Competition Law. All the policies compliance specific guidelines are taught in web-based courses that employees take at regular intervals. They are also communicated to customers and suppliers and are available on Peab's intranet and external websites. Last year all our employees took a required updated course in Peab's Code of Conduct.

### Parameters and guidelines

Respect for human rights is a given at Peab throughout the entire value chain and is clearly expressed in our Code of Conduct and the Supplier Code of Conduct. However, the risk that human rights might be violated exists in all areas of our operations, internally and externally, particularly in the supply chain. This is therefore a key issue for us and embraces several of our material sustainable aspects. Read more in the section on Risks and risk management on pages 82-85.

Peab has a whistleblower function for anyone, employees or external stakeholders, wishing to draw attention to serious deviations from the Code of Conduct or the Supplier Code of Conduct or other irregularities in the business. The function, which is available on our website and intranet, is handled by Peab's Ethical Council, which works in systematically according to specific procedures. Whistleblowers can always be anonymous. The Ethical Council reports the number of established and significant cases of breaches in compliance with the Code of Conduct or Suppliers Code of Conduct, laws and regulations to executive management semi-annually and to Peab's Board in conjunction with the half-year report in the third quarter. The Ethical Council also reports on the consequences meted out. Read more about the whistleblower function in the GRI appendix.

# Working with the global goals in mind

Peab's management regularly reviews the business based on the UN's 17 global goals and 169 targets for sustainable development. The most recent review was in 2023. For the period 2024-2026 eight of the goals were deemed extra prioritized since they are either areas that hold significant potential risk or areas where Peab has the best chance of promoting sustainable development.



**Goal 5** which concerns gender equality, is important to Peab since we, like the rest of the construction and civil engineering industry, still have a long way to go to achieve equal gender distribution. Since 2021 we have quantitative targets for equality. In 2023 we launched the trainee program for women The Construction Year in order to attract more female skilled workers to Peab.



**Goal 7** regarding sustainable energy is important because Peab, along with the rest of the construction and civil engineering industry, has to transition to renewable energy and increase its energy efficiency. We work with a number of measures to increase energy efficiency in both production processes and the finished products. For example, during the year we implemented an energy efficiency campaign.



**Goal 8** includes work conditions and comprises several of Peab's material sustainability aspects such as a safe work environment, good conditions in our supply chain and the path for youths into the labor force. There is also a great deal of risk associated with this area. One measure we took during the year was to further develop supply chain controls to ensure ethical and sustainable production conditions and we also produced a special Suppliers Code of Conduct. We also began working on the Group-wide development initiative quality ensured and traceable value chain.



**Goal 9** that concerns sustainable industry, innovations and infrastructure is relevant in part because of its connection to our industrial and civil engineering operations and our investments in sustainable innovation. During the year we continued to, for example, develop our ECO-products and have now launched ECO-Asphalt throughout the Nordic region. We have also several research partnerships with universities and colleges.



**Goal 11** which concerns building sustainable cities and communities that are safe and accessible to all in many ways sums up Peab's core operations. During the year, among other things, we continued to develop the sustainable housing concept NärBo and built roads, ports and other infrastructure such as hospitals, retirement homes and schools that contributes to sustainable cities and communities.



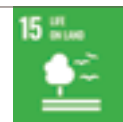
**Goal 12** concerning sustainable consumption and production has a clear connection to our environmental target for resource efficiency. In 2023 we continued to promote reuse and circular processes through projects and collaborations.



**Goal 13** about combatting climate change, is a crucial global issue and Peab, as a major Nordic community builder, has a big responsibility in this. During the year we took several important steps towards climate neutrality through innovation and investments as well as a new collaborations to reduce greenhouse gases. One such collaboration is with SSAB on fossil free steel, where we presented the world's first building constructed partially with fossil free steel. We also solidified our work on net zero emissions through a transition plan we call the Climate Road Map.



**Goal 14** about conserving and sustainably using the oceans, seas and marine resources is relevant for Peab considering the water we use in construction and our port and by-the-sea projects. During the year we have worked to develop our processes in monitoring water consumption at our production sites and started a research project concerning water conservation in buildings.



**Goal 15** concerning ecosystems and biodiversity is reflected in our environmental target for resource efficiency. We will protect, maintain and strengthen ecosystems and biodiversity when exploiting land and natural resources. Peab's operations intrude on nature risking the displacement of species. In 2023 we produced three biodiversity plans in our mineral aggregates operations because quarries in part intrude on nature and in part can offer unique environments for endangered species.





## Climate risks and opportunities according to TCFD

Peab works long lastingly and systematically to reduce our climate impact and to accelerate climate transition to a fossil free society. Climate neutrality is a highly prioritized issue for our stakeholders and Peab’s primary environmental target is to be climate neutral in 2045.

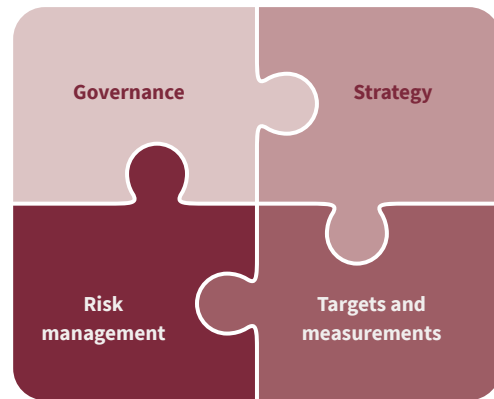
We have begun to implement Task Force on Climate-Related Financial Disclosures (TCFD’s) recommendations. We consider them a good tool for structurally reporting how we work with our climate-related risks and opportunities as well as in identifying improvement areas. Many of these are reported in more detail in our annual CDP Climate Report available on our website.

### Governance

Peab’s Board and executive management regularly work with issues associated with climate-related risks and opportunities. The Group’s environmental targets are adopted by executive management and approved of by the Board. The Board has given executive management the overriding responsibility for governing and monitoring climate work. The Group’s Head of Environment is responsible for strategically driving and coordinating Group climate work together with business area managers and specialists. Climate-related risks and opportunities are part of the strategic dialogue and the so-called Climate Road Map is one of two Group-wide development programs in the business plan period 2024 to 2026. Climate targets are two of our nine external targets and are monitored as a part of other results.

### Strategy

Peab has identified climate-related risks and opportunities. A scenario analysis is the basis for identification of these. Examples of transition risks are more stringent legal requirements and higher costs for emissions. Examples of physical risks are extreme weather and floods that affect Peab’s production and solution choices.



### Risk management

Peab works continuously to identify, assess and manage climate-related risks and opportunities – both physical and transition-related. We have begun the work to assess the financial effect these risks can have and to assess the company’s resilience in relationship to them. The result from the consolidated risk analysis is processed by both the Board and executive management. More about risk management in Peab can be found on pages 79-82 and in the CDP Report.

### Targets and measurements

Peab has three long-term environmental targets, of which one is climate neutrality 2045. Peab uses a number of measurements to monitor target achievement and climate impact, including Scope 1-2 and parts of Scope 3. These are presented in the Annual and Sustainability Report and in the CDP Report.



# Reporting according to the EU Taxonomy

The EU Taxonomy Regulation (EU) 2020/852 entered into force in July 2020 and is a classification system that is meant to help investors and other stakeholders assess how sustainable a business is and thus steer capital flows to environmentally better alternatives. The aim of the Taxonomy Regulation is EU achieving its climate targets and the objectives of the European Green Deal.

Peab has analyzed and classified its operations according to the EU Taxonomy for 2023. As of 2023 the two environmental objectives climate change mitigation (CCM) and climate change adaptation (CCA) are supplemented by the remaining four environmental objectives: sustainable use and protection of water and marine resources (WTR), transition to a circular economy (CE), pollution prevention and control (PPC) and protection and restoration of biodiversity and ecosystems (BIO). Thereby the Taxonomy Regulation now comprises all six environmental objectives. For 2023 it is obligatory to disclose to what extent Peab's operations are comprised by all six environmental objectives but it is only necessary to report environmental sustainability for the first two objectives which are climate related (CCM and CCA). The basis is the range of economic activities listed in the taxonomy. For an economic activity to be classified as environmentally sustainable it must substantially contribute to one or more of the established environmental objectives, do no significant harm to any of the other objectives as well as meet certain minimum social safeguards.

New for 2023 is also the obligatory disclosure regarding exposure to nuclear energy and fossil gas related operations. Peab does not have any activities in these areas as shown in the table below.

## Peab's conditions and disclosures 2023

Peab has complex and diversified operations in community building. We are active in four Nordic countries with an extensive geographic presence as well as customers in both the private and public sectors. Our four business areas Construction, Civil Engineering, Industry and Project Development are independent but ensure through collaboration that we utilize local resources as far as possible in the form of our own personnel and input goods. In other words, Peab's business comprises many different kinds of activities that come under the taxonomy. At the same time Peab's operations are characterized by further conditions that provide the framework for how our reporting according to the taxonomy should be understood. Our operations are primarily carried out as projects where every project is unique, which makes evaluating each project demanding. In our construction and civil engineering operations customers by and large formulate the specifications of the project. This reduces Peab's ability to influence the outcome, even if we work actively to guide customers through dialogues early on. In addition, lead times are long in the industry – from zoning to completed project – and therefore it takes years before new requirements are realized in operations and reporting.

We, like the entire industry, are at the beginning of a challenging transition that will require changing our work methods and closer monitoring. One example is that several certification systems are already being adapted to the taxonomy, which sets a new standard for the industry. Our disclosures for 2023 are based on our current interpretation of the rules and can alter as praxis develops and general knowledge about the taxonomy grows. Over the past year we have continued to work on building up our capacity to measure the relevant data we need to evaluate taxonomy criteria.

## Minimum Social Safeguards

According to the Taxonomy Regulation, in addition to the criteria substantial contribution and do no significant harm (DNSH), an economic activity must take certain minimum social safeguards into consideration to be classified as environmentally sustainable. This is to ensure companies cannot classify activities as sustainable when they, for example, run a business that does not meet regulations concerning human rights (including workers' rights), taxation, fair competition or corruption. According to EU's report published in October 2022 "Platform for sustainable finance" about reporting on minimum social safeguards it is our assessment that Peab meets these minimum social safeguards. Human rights, taxation, fair competition issues and corruption are all fundamental parts of Peab's Code of Conduct, which in turn is built on international covenants and national laws such as the UN Global Compact's principles which include the precautionary principle and the UN's Human Rights Declaration as well as ILO's core covenants. Peab also adheres to the UN Guiding Principles on Business and Human Rights (UNGPR) as well as OECD's Guidelines for Multinational Enterprises. We also continuously educate and inform our employees about Group procedures and processes regarding minimum social safeguards.

## Operations considered eligible according to the Taxonomy Regulation

We have evaluated activities included in the taxonomy and consider the following activities relevant and material for Peab:

### Manufacturing

- CCM 3.6 Manufacture of other low carbon technologies – Economic activity within the environmental objective "Climate change mitigation"

Includes net sales, operating expenses and capital expenditures in Peab's own developed ECO-products in business area Industry such as ECO-Asphalt which is manufactured with biofuel in our asphalt plants, ECO-Betong (ECO-Concrete) which is manufac-

tured with alternative binder that partially replaces cement and ECO-Prefab where climate-improved concrete is used and the reinforcement consists of recycled steel.

Supported by The Swedish Construction Federation's interpretation of the taxonomy criteria and our own assessment supported by external expertise, Peab's ECO-products are considered to meet the criteria for a substantial contribution to climate change mitigation since the climate impact of these products is substantially lower than the standard products available on the market.

Merit, a slag-based binder used to replace cement in concrete, has a substantially lower climate impact than traditional cement. The manufacture of one ton Merit generates the climate impact equal to 3-6 percent of that generated in the manufacture of one ton of cement. Merit, or an equivalent binder, is used in ECO-Betong and the product meets the requirements for climate-improved concrete according to Svensk Betong's (Swedish Concrete's) standard and has thereby a substantially lower climate impact than standard concrete. Climate-improved concrete means concrete with at least 10 percent lower carbon emissions compared to reference concrete with the same function. Climate-improved concrete is a component in producing ECO-Prefab and ECO-Stomme (ECO-Frame), which generates a substantially lower climate impact than prefab products produced with standard concrete. The products meet the requirements for climate-improved concrete according to Svensk Betong's standard for prefab products. Carbon neutral biofuel is used in the manufacture of ECO-Asfalt, which substantially lowers the climate impact of ECO-Asfalt compared to production in standard asphalt plants. According to The Swedish Transport Administration's calculation model, ECO-Asfalt reduces climate impact by more than 60 percent, compared to the benchmark for the asphalt industry. Life cycle analyses have been performed and EPDs are available for the ECO-products.

The criteria for DNSH have been evaluated and Peab's ECO-products are considered to meet them.

- **Climate change adaptation:** Considered met because we have performed climate risk and vulnerability analyses for all the manufacturing units of ECO-products and identified possible risk reducing measures.
- **The sustainable use and protection of water and marine resources:** Considered met because of compliance with valid laws since water activities and other situations that affect environment quality norms for water always require an Environmental Impact Assessment (EIA) and taking relevant safeguards.
- **The transition to a circular economy:** Considered met because Peab applies the industry's guidelines for waste management that steer towards sorting for possible material recycling. Peab also regularly evaluates the possibility of circular material flows concerning both input raw material for production and the recyclability of manufactured products. Examples of this are the binder Merit, based on slag which is a byproduct from the steel industry, our ECO-Ballast (ECO-Mineral aggregates) which is based on 100 percent reused raw material and is used in concrete and asphalt as well as reclaimed asphalt pavement as raw material in our paving production. There are EPDs for all our ECO-products.

- **Pollution prevention and control:** Considered met because of compliance with valid laws since substances that are forbidden or under strict restrictions are covered by existing legislation.
- **The protection and restoration of biodiversity and ecosystems:** Considered met because of compliance with valid laws since ECO-products cannot be manufactured freely in or close to areas with biodiversity and the permit processes in relevant cases include EIAs and requirements for any safeguards.

#### Transport

- CCM 6.14 Infrastructure for rail transport – Economic activity within environmental objective “Climate change mitigation”
- CCA 6.15 Infrastructure for road transport and public transport – Economic activity within environmental objective “Climate change adaptation”
- CCA 6.16 Infrastructure for water transport – Economic activity within environmental objective “Climate change adaptation”

Includes net sales and operating expenses from engineering contracts to external customers for rail transports, road transports and mass transit as well as port and water transports in business area Civil Engineering. Further includes net sales, operating expenses and capital expenditures from paving operations in business area Industry. For 2023 Peab's operations in the group Transport are not considered to sufficiently meet the technical screening criteria to be defined as environmentally sustainable according to the taxonomy.

#### Construction and real estate

- CCM 7.1 Construction of new buildings – Economic activity within environmental objective “Climate change mitigation”
- CCM 7.2 Renovation of existing buildings – Economic activity within environmental objective “Climate change mitigation”
- CCM 7.7 Acquisition and ownership of buildings – Economic activity within environmental objective “Climate change mitigation”
- CE 3.4 Maintenance of roads and motorways – Economic activity within environmental objective “Transition to a circular economy”

Includes net sales in new construction, renovation, rebuilding and extensions for external customers in business area Construction as well as sales of our own developed, newly built buildings in business area Project Development. Further, includes rental income from owned buildings and net sales from the divestiture of project and development property recognized as inventories in business area Project Development. In business area Project Development operating expenses and capital expenditures for leased assets in properties are included. Also includes net sales from construction contracts for operation and maintenance to external customers in the business area Civil Engineering.

For 2023 Peab's operations in the group Construction and real estate parts of operations in 7.1 *Construction of new buildings (CCM)* are considered to meet the technical screening criteria and the criteria for DNSH. Peab has defined minimum requirements for the certificates that must be presented to verify that the criteria have been met. Taxonomy-aligned construction projects will regularly secure such documentation during the project and after completion be able to provide all the certificates.



## Water supply, sewerage, waste management and remediation activities

- WTR 2.1 Water supply – Economic activity within environmental objective “Sustainable use and protection of water and marine resources”
- WTR 2.2 Urban waste water treatment – Economic activity within environmental objective “Sustainable use and protection of water and marine resources”
- CE 2.7 Sorting and material recovery of non-hazardous waste – Economic activity within environmental objective “Transition to a circular economy”

Includes net sales from construction contracts to external customers regarding water supply and waste water treatment in the business area Civil Engineering. Also includes direct sales (not used in own production), operating expenses and capital expenditures for Merit (recycled raw material) in business area Industry. For 2023 Peab’s operations in the group Water supply, sewerage, waste management and remediation activities are not considered to sufficiently meet the technical screening criteria to be defined as environmentally sustainable according to the taxonomy.

## Services

- CE 5.5 Product-as-a-service and other circular use- and result-oriented service models – Economic activity within environmental objective “Transition to a circular economy”

Includes net sales, operating expenses and capital expenditures for rental operations in business area Industry. For 2023 Peab’s operations in the group Services are not considered to sufficiently meet the technical screening criteria to be defined as environmentally sustainable according to the taxonomy.

All the operations in business area Construction and Project Development are completely taxonomy-eligible. Operations not classified in the taxonomy are in business area Civil Engineering’s other construction contracts and infrastructure projects not comprised by the group Transport, Water supply, Construction and real estate or Services. Operations in business area Industry not classified in the taxonomy are mineral aggregates operations, other prefab operations and product sales.

Double counting has been avoided since only external sales have been included in summation of the relevant activities. The use of our own ECO-products in construction and civil engineering contracts has been excluded in activity 3.6 and is included in the reporting in construction contracts for external customers in activity 7.1.

## Applied accounting principles

**Net sales:** Includes external net sales according to IFRS 15 Revenue from contracts with customers and IFRS 16 Leasing (rental income) in taxonomy-eligible activities. For business areas Construction and Civil Engineering this means the income from contracts with external customers. For business area Industry net sales refer to all external revenue from paving contracts, rental revenue from machine and crane services and sales of ECO-Betong, ECO-Prefab and ECO-Stomme. In business area Project Development net sales include external revenue from divestitures of various kinds of housing and commercial property as well as rental income from properties.

**Operating expenses:** Includes operational costs related to tangible assets in taxonomy-eligible activities, primarily in business area Industry. For the most part these consist of repairs and maintenance of factories, machines and equipment for ECO-products, paving operations and rental operations. Operating expenses also include R&D expenses related to business areas Industry, Civil Engineering and Construction.

**Capital expenditures:** Includes investments in buildings, machines and equipment as well as the acquisition of buildings and land classified as tangible assets. Capital expenditures are mainly related to business area Industry and manufacturing ECO-products, production of other paving operations and machines and cranes used in rental operations. Capital expenditures also include investments in property in business area Project Development classified as tangible assets.

Acquisitions regarding project and development property in business area Project Development have not been included in taxonomy-related capital expenditures since they are recognized as current assets in the Group.

**Net sales <sup>1)</sup>**

2023			Substantial Contribution Criteria							DNSH criteria ('Does Not Significantly Harm')							Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2023	Category enabling activity	Category transitional activity
	Code	Absolute net sales	Proportion of Turnover, year N	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Minimum Safeguards			
Economic activities		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Manufacture of other low carbon technologies	CCM 3.6	5,349	8.7	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	8.4	E	-	
Construction of new buildings	CCM 7.1	349	0.6	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	-	-	-	
<b>Net sales of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>5,698</b>	<b>9.3</b>	<b>9.3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>8.4</b>			
Of which Enabling		5,349	8.7	8.7	0	0	0	0	0	Y	Y	Y	Y	Y	Y	8.4	E		
Of which Transitional		0	0	0						Y	Y	Y	Y	Y	Y	0		T	
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Infrastructure for rail transport	CCM 6.14	686	1.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL							1.4			
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	-	-	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.3			
Infrastructure enabling low carbon water transport	CCM 6.16	-	-	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.4			
Construction of new buildings	CCM 7.1	20,574	33.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL							32.5			
Renovation of existing buildings	CCM 7.2	9,070	14.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL							13.1			
Acquisition and ownership of buildings	CCM 7.7	1,676	2.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL							3.9			
Infrastructure enabling low-carbon road transport and public transport	CCA 6.15	9,069	14.7	N/EL	EL	N/EL	N/EL	N/EL	N/EL							13.0			
Infrastructure enabling low carbon water transport	CCA 6.16	994	1.6	N/EL	EL	N/EL	N/EL	N/EL	N/EL							1.9			
Water supply	WTR 2.1	550	0.9	N/EL	N/EL	EL	N/EL	N/EL	N/EL							-			
Urban Waste Water Treatment	WTR 2.2	785	1.3	N/EL	N/EL	EL	N/EL	N/EL	N/EL							-			
Sorting and material recovery of non-hazardous waste	CE 2.7	147	0.2	N/EL	N/EL	N/EL	EL	N/EL	N/EL							-			
Maintenance of roads and motorways	CE 3.4	2,854	4.7	N/EL	N/EL	N/EL	EL	N/EL	N/EL							-			
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	854	1.4	N/EL	N/EL	N/EL	EL	N/EL	N/EL							-			
<b>Net sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>47,259</b>	<b>76.7</b>	<b>51.9</b>	<b>16.3</b>	<b>2.2</b>	<b>6.3</b>	<b>0</b>	<b>0</b>							<b>66.5</b>			
<b>A. Net sales of Taxonomy eligible activities (A.1+A.2)</b>		<b>52,957</b>	<b>86.0</b>	<b>61.2</b>	<b>16.3</b>	<b>2.2</b>	<b>6.3</b>	<b>0</b>	<b>0</b>							<b>74.9</b>			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>Net sales of Taxonomy-non-eligible activities</b>		<b>8,643</b>	<b>14.0</b>																
<b>TOTAL</b>		<b>61,600</b>	<b>100.0</b>																

<sup>1)</sup> Proportion of net sales from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023.

	Proportion of Net sales/Total Net sales	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	9.3%	61.2%
CCA	-	16.3%
WTR	-	2.2%
CE	-	6.3%
PPC	-	-
BIO	-	-

Operating expenses <sup>2)</sup>

2023	Substantial Contribution Criteria									DNSH criteria ("Does Not Significantly Harm")							Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2022	Category enabling activity	Category transitional activity
	Code	OpEx	Proportion of OpEx, year N	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Minimum Safeguards			
Economic activities		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Manufacture of other low carbon technologies	CCM 3.6	232	21.9	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	27.1	E	-
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>232</b>	<b>21.9</b>	<b>21.9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>27.1</b>		
Of which Enabling		232	21.9	21.9	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	27.1	E	
Of which Transitional		0	0	0						Y	Y	Y	Y	Y	Y	Y	0		-
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM 7.1	6	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.3		
Acquisition and ownership of buildings	CCM 7.7	5	0.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Infrastructure enabling low-carbon road transport and public transport	CCA 6.15	252	23.8	N/EL	EL	N/EL	N/EL	N/EL	N/EL								29.3		
Sorting and material recovery of non-hazardous waste	CE 2.7	22	2.0	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	213	20.1	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>498</b>	<b>47.0</b>	<b>1.1</b>	<b>23.8</b>	<b>0</b>	<b>22.1</b>	<b>0</b>	<b>0</b>								<b>30.6</b>		
<b>A. OpEx of Taxonomy eligible activities (A.1+A.2)</b>		<b>730</b>	<b>68.9</b>	<b>23.0</b>	<b>23.8</b>	<b>0</b>	<b>22.1</b>	<b>0</b>	<b>0</b>								<b>57.7</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>OpEx of Taxonomy-non-eligible activities</b>		<b>331</b>	<b>31.1</b>																
<b>TOTAL</b>		<b>1,061</b>	<b>100.0</b>																

<sup>2)</sup> Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023.

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	21.9%	23.0%
CCA	-	23.8%
WTR	-	-
CE	-	22.1%
PPC	-	-
BIO	-	-



**Capital expenditures <sup>3)</sup>**

2023				Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year 2022	Category enabling activity	Category transitional activity	
	Code	CapEx	Proportion of CapEx, year N	Climate change Mitigation	Climate change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity				Minimum Safeguards
Economic activities		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Manufacture of other low carbon technologies	CCM 3.6	520	28.5	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	14.1	E	-
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>520</b>	<b>28.5</b>	<b>28.5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>14.1</b>		
Of which Enabling		520	28.5	28.5	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	14.1	E	-
Of which Transitional		-	0	0						Y	Y	Y	Y	Y	Y	Y	0		-
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM 7.1	4	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.0		
Acquisition and ownership of buildings	CCM 7.7	98	5.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.5		
Infrastructure enabling low-carbon road transport and public transport	CCA 6.15	150	8.2	N/EL	EL	N/EL	N/EL	N/EL	N/EL								15.1		
Sorting and material recovery of non-hazardous waste	CE 2.7	46	2.5	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	260	14.2	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>558</b>	<b>30.5</b>	<b>5.6</b>	<b>8.2</b>	<b>0</b>	<b>16.7</b>	<b>0</b>	<b>0</b>								<b>18.6</b>		
<b>A. CapEx of Taxonomy eligible activities (A.1+A.2)</b>		<b>1,078</b>	<b>59.0</b>	<b>34.1</b>	<b>8.2</b>	<b>0</b>	<b>16.7</b>	<b>0</b>	<b>0</b>								<b>32.7</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>CapEx of Taxonomy-non-eligible activities</b>		<b>748</b>	<b>41.0</b>																
<b>TOTAL</b>		<b>1,826</b>	<b>100.0</b>																

<sup>3)</sup> Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023.

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	28.5%	34.1%
CCA	-	8.2%
WTR	-	-
CE	-	16.7%
PPC	-	-
BIO	-	-

Nuclear energy- and fossil gas related activities		
	Nuclear energy related activities	YES/NO
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

## Summary sustainability data

	Target	Target year	2023	2022	2021
<b>Most satisfied customers</b>					
SCI	always over 75		80	80	81
<b>Best workplace</b>					
eNPS (employee Net Promotor Score)	Surpass industry benchmark		26	29	24
Serious accidents	Contracting trend		48	49	28
<i>Own employees</i>			30	30	10
<i>Subcontractors</i>			18	19	18
LTI4	-		39	40	53
LTIF4	-		5.9	5.8	6.3
Number of risk observations	-		54,578	59,727	62,071
<b>Leader in social responsibility</b>					
Number of employees	-		14,107	15,040	14,895
<i>Permanent employees</i>	-		13,801	14,624	14,481
<i>Project/temporary employees</i>	-		306	416	414
<i>Full-time employees</i>	-		13,671	14,480	14,338
<i>Part-time employees</i>	-		130	144	143
<i>White-collar workers</i>	-		6,600	6,955	6,879
<i>Skilled workers</i>	-		7,507	8,085	8,016
Employee turnover %			21	14	17
<b>Equal opportunity</b>					
Women %	-		15.0	15.0	14.0
Women on the Board and in executive management %	-		38	38	38
Equal opportunity recruitment, production management and production support (WCW) %	>28.5		18.8	45.3	34.9
Equal opportunity recruitment, production and processing (SW) %	>5.0		14.2	7.9	6.8
Sick leave %			4.5	5.1	5.1
<i>White-collar workers %</i>	-		2.6	2.9	2.7
<i>Skilled workers %</i>	-		6.1	7.2	7.1
<b>Training</b>					
Average number education hrs, women	-		11.2	10.8	14.4
Average number education hrs, men	-		11.4	9.6	11.7
Number of persons educated in diversity and equal opportunity	-		1,133	2,900	1,641
<b>Energy</b>					
Total energy consumption MWh	-		1,022,000	1,156,000	1,195,000
Energy intensity %	-15	2023	-26	-23	-16
Renewable fuel %	-		29	23	20
<b>CO<sub>2</sub>e emissions, tons</b>					
Scope 1	-		173,000	216,000	215,000
Scope 2 location-based calculation method	-		6,000	7,000	8,000
Scope 2 market-based calculation method	-		15,000	16,000	17,000
Scope 3	-		950,000	1,100,000	1,100,000 <sup>1)</sup>
CO <sub>2</sub> intensity own production (Scope 1+2) %	-60	2030	-49	-43	-40
CO <sub>2</sub> intensity input goods and purchased services (Scope 3) %	-50	2030	-9	-2	2
<b>Waste</b>					
Total amount generated waste, tons	-		991,000	901,000 <sup>2)</sup>	1,130,000 <sup>3)</sup>
Non-hazardous waste %	-		93	97	95
<b>Treatment method for generated waste</b>					
Recycled %	-		74	82	74 <sup>3)</sup>
Directed to disposal %	-		26	18	26 <sup>3)</sup>
Total number certifications	-		56	35	22
<b>Ethics and anti-corruption</b>					
Number of persons educated in ethics and anti-corruption	-		10,352 <sup>4)</sup>	1,777	2,064
Number of corruption cases	0		8	1	1
<b>Suppliers</b>					
Number of supplier audits	-		37	6	15
Secure procurement %	-		79	75	71

<sup>1)</sup> In 2021 Scope 3 was expanded to include purchased products and services and upstream transportation and distribution.

<sup>2)</sup> Amount generated waste depends largely on Peab's contract-based commissions and can vary from year to year.

<sup>3)</sup> Correction of underreported amount of tons of waste for 2021.

<sup>4)</sup> An annual update of ethics and anti-corruption education was implemented in 2023.

**For complete GRI reporting, please see [peab.inpublix.com/2023](https://peab.inpublix.com/2023)**

## Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Peab AB (publ), corporate identity number 556061-4330

### Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2023 on pages 14-15, 22-29, 34-47, 82-85 and 157-167 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A statutory sustainability statement has been prepared.

Förlöv April 2, 2024

Ernst & Young AB

Jonas Svensson

Authorized Public Accountant





# Board of Directors' Report

The Board of Directors and the Chief Executive Officer of Peab AB (publ), Corporate ID Number: 556061-4330, hereby submit the following annual report and consolidated accounts for the 2023 financial year.

The Group has different accounting principles in segment accounting for our own housing development projects and IFRS 16 (previously operational leases) compared to accounting according to IFRS. For more information concerning accounting principles and the differences between segment accounting and accounting according to IFRS see note 1 and 4. For information concerning alternative performance measures, see the section Alternative performance measures and definitions.

## Net sales

Group net sales according to IFRS for 2023 amounted to SEK 61,600 million (61,933). Adjusted for acquired and divested units and exchange rate effects net sales decreased by two percent. Adjustment to the completion method for own housing development projects affected net sales by SEK 2,779 million (-1,202). During the year more homes have been completed and turned over than production started.

Group net sales according to segment reporting decreased by seven percent in 2023 and amounted to SEK 58,821 million (63,135). After adjustments for acquired and divested units and exchange rate effects net sales decreased by eight percent. Of the year's net sales SEK 16,740 million (18,892) were attributable to sales and production outside Sweden. The proportion of public sector customers has increased and was 48 percent (43) while private customers represented 52 percent (57) of total net sales.

Net sales in business area Construction decreased by four percent compared to the previous year. The lower demand for new production of housing could not be fully compensated for by other kinds of projects, which affected all the countries we operate in. Activity remained high in business area Civil Engineering and net sales increased slightly compared to last year. Net sales in business area Industry decreased by seven percent which was primarily due to lower net sales in paving and concrete. In business area Project Development net sales decreased by 34 percent in 2023. The decrease was due to the weak demand for housing throughout the Nordic region, which impacted net sales in Housing Development while net sales in Property Development were on par with last year.

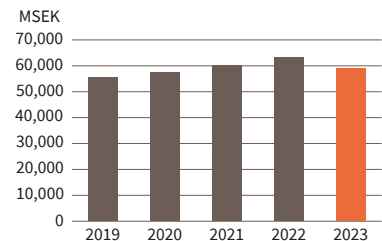
## Profit/loss

Operating profit for 2023 according to IFRS amounted to SEK 2,586 million (2,557) and the operating margin was 4.2 percent (4.1). Adjustment to the completion method for own housing development projects affected operating income by SEK 696 million (-219).

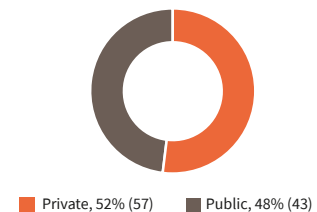
A decision in the case between Peab and Unibail Rodamco Westfield regarding the contract for Mall of Scandinavia (MoS) in Solna was handed down on June 30, 2023. The judgement entailed a positive effect on operating profit of SEK 400 million in the second quarter 2023. For more information on the judgement see the section Other information and appropriation of profit on page 89.

Operating profit for 2023 according to segment reporting amounted to SEK 1,853 million (2,741) and the operating margin was 3.2 percent (4.3). Excluding the effect of the judgement regarding MoS operating profit was SEK 1,453 million and the operating margin was 2.5 percent.

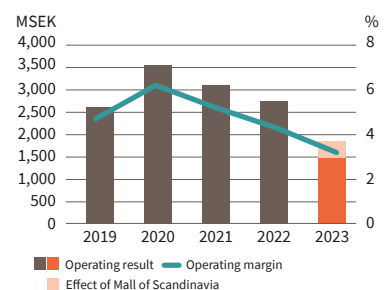
Net sales, segment reporting



Net sales per customer type, segment reporting 2023



Operating profit and operating margin, segment reporting



To counteract the diminished housing market operations in construction production, housing development, rental operations and central support functions are being streamlined which generates restructuring costs but also lower overhead going forward. In business area Construction housing projects received before the outbreak of war in Ukraine that have been affected by price hikes and are on the verge of completion, and some projects in Norway have been written down. All in all provisions, write-downs and restructuring costs amounted to SEK 525 million, of which SEK 125 million were write-downs of goodwill. Of the total sum of SEK 525 million, SEK 465 million have charged business area Construction and SEK 60 million charged Group functions. After taking these measures we are well-equipped to handle both a continued weak housing market and meet a growing market.

In business area Construction the operating margin excl. MoS was 0.1 percent (2.2). In business area Civil Engineering the operating margin was unchanged at 3.3 percent (3.3). Despite the impact of the high prices for material and energy on contracts received before the outbreak of war in Ukraine Civil Engineering reported a high and stable margin. All in all, the operating margin for construction contract operations amounted to 1.3 percent (2.6). The operating margin in business area Industry was higher during the year and amounted to 4.8 percent (3.5), which is mostly explained by increased earnings in paving. Operating profit in rentals declined during the year due to a weaker construction market. Operating profit in business area Project Development was considerably lower due to the weak demand for housing. There were fewer sold homes and production-started housing projects in Housing Development, which has affected operating profit negatively. The operating margin in Housing Development was 3.8 percent (11.5). In Property Development, profit contributions from partly owned companies were lower compared to the last year. The drop is mainly due to higher interest costs in the partly owned companies. Capital gains from real estate transactions were SEK 96 million (85).

Elimination and reversal of internal profit in our own projects have affected operating profit during the year net by SEK -56 million (-58).

Depreciation and write-downs according to IFRS were SEK -1,904 million (-1,713).

Depreciation and write-downs according to segment reporting were SEK -1,532 million (-1,349). Included in the amount were goodwill write-downs of SEK -125 million (-1).

Net financial items according to IFRS amounted to SEK 0 million (-117), of which net interest amounted to SEK -458 million (-340). A large part of the interest expenses refer to financing of own housing development projects, which are capitalized on the properties and therefore have a positive effect on net financial items.

Net financial items according to segment reporting amounted to SEK 42 million (-71) of which net interest was SEK -30 million (-120). A higher level of net debt and higher interest rates have had a negative effect on net interest during the year. Net financial items include a positive effect of SEK 390 million as a result of the arbitration decision in MoS.

Pre-tax profit according to IFRS was SEK 2,586 million (2,440). Tax for the year was SEK -598 million (-609) corresponding to a tax rate of 23 percent (25).

Pre-tax profit according to segment reporting was SEK 1,895 million (2,670). Tax for the year was SEK -481 million (-633) and corresponds to a tax of 25 percent (24). The high tax rate is primarily due to non-capitalized deficits.

Profit for the year according to IFRS was SEK 1,988 million (1,831).

Profit for the year according to segment reporting was SEK 1,414 million (2,037).

### Operating margin

Operating profit in percentage of net sales according to segment reporting.

TARGET: >6%

OUTCOME 2023: 3.2%<sup>1)</sup>

<sup>1)</sup> Exclusive the effect of Mall of Scandinavia 2.5 %

## Financial position

Total assets according to IFRS per December 31, 2023 were SEK 49,176 million (51,011). The adjustment of differences in accounting principles in relation to segment reporting has affected total assets according to IFRS by SEK 4,881 million (7,791) and most of it consists of adjustments for own housing development projects. Equity according to IFRS amounted to SEK 14,470 million (13,786) which means the equity/assets ratio was 29.4 percent (27.0). Interest-bearing net debt according to IFRS amounted to SEK 14,537 million (16,681).

Total assets according to segment reporting per December 31, 2023 were SEK 44,295 million (43,220). Equity amounted to SEK 15,082 million (14,978), which means the equity/assets ratio was 34.0 percent (34.7). Interest-bearing net debt amounted to SEK 8,676 million (6,899) on December 31, 2023. The increase in net debt refers to more tied up working capital mainly in business area Project Development. Net debt includes project financing of the unsold part of our own housing developments as long as they are in production. The unsold part was SEK 2,685 million (2,209). Interest-bearing receivables amounted to SEK 2,638 million (1,617). The increase is primarily due to a capital claim of SEK 1,067 million on Unibail Rodamco Westfield according to the arbitration decision announced on June 30, 2023. The average interest rate in the loan portfolio, including derivatives, was 5.7 percent (3.3) on December 31, 2023.

Group liquid funds according to IFRS, including unutilized credit facilities but excluding project financing, were SEK 6,410 million at the end of the year compared to SEK 7,640 million on December 31, 2022.

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, including joint and several liabilities in trading and limited partnerships, amounted to SEK 2,468 million at the end of the year compared to SEK 2,843 million on December 31, 2022. Surety for credit lines in tenant-owner associations regarding the unsold part after deconsolidation made up SEK 328 million of contingent liabilities compared to SEK 97 million on December 31, 2022.

## Net debt

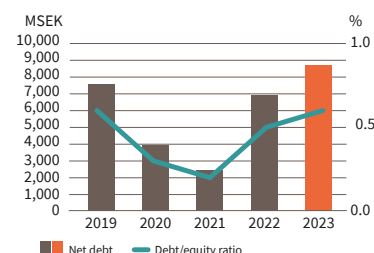
MSEK	Dec 31 2023	Dec 31 2022
Bank loans	5,380	4,075
Commercial papers	523	167
Bonds	3,047	2,747
Financial leasing liabilities	837	762
Project financing, unsold part of housing projects	2,685	2,209
Other interest-bearing liabilities	85	62
Interest-bearing receivables	-2,638	-1,617
Liquid funds	-1,243	-1,506
<b>Net debt, segment reporting</b>	<b>8,676</b>	<b>6,899</b>
Additional leasing liabilities according to IFRS 16	1,420	1,749
Project financing, sold part of housing projects	4,441	8,033
<b>Net debt, IFRS</b>	<b>14,537</b>	<b>16,681</b>

## Investments and divestments

Tangible and intangible fixed assets according to IFRS were net invested in 2023 for SEK 1,702 million (2,529).

In 2023 tangible and intangible fixed assets were net invested according to segment reporting for SEK 1,488 million (2,152). The investments mainly refer to investments in machines as well as construction of production facilities for concrete elements in business area Industry.

## Net debt and debt/equity ratio, segment reporting



## Net debt/equity ratio

Net debt in relation to equity according to segment reporting.

TARGET: 0.3–0.7

OUTCOME 2023: 0.6



Net divestments in project and development properties according to IFRS totaled SEK 1,096 million. Last year net investments in project and development properties totaled SEK 2,945 million.

Net investments in project and development properties were SEK 1,608 million (2,268) in 2023. The investments mainly refer to development rights, construction of rental apartment projects as well as a more capital tied up in unsold apartments in our own housing developments.

**Cash flow**

Cash flow from current operations according to IFRS amounted to SEK million 3,916 (-1,556), of which cash flow from changes in working capital was SEK 631 million (-4,920).

Cash flow from current operations according to segment reporting amounted to SEK -56 million (-352). Cash flow has been charged by higher interest costs. Dividends from partly owned companies had a positive effect of SEK 84 million (185). Cash flow from changes in working capital was SEK -2,357 million (-3,521). The negative cash flow from changes in working capital is primarily related to business area Project Development where higher investments in rental apartment projects and capital tied up in unsold homes in our own housing developments tie up a lot of working capital.

Cash flow from investment activities according to IFRS was SEK -1,261 million (-1,603).

Cash flow from investment activities according to segment reporting was SEK -1,261 million (-1,603). Investments during the year consisted mainly of machine investments and investments in production facilities in Construction System in business area Industry as well as greater engagement and loans to partly owned companies in Project Development. Last year cash flow included, in addition to machine investments and investments in production facilities in business area Industry, acquisitions in Civil Engineering and greater engagement and loans to partly owned companies in Project Development.

Cash flow before financing according to IFRS was SEK 2,655 million (-3,159).

Cash flow before financing according to segment reporting was SEK -1,317 million (-1,955).

Cash flow from financing operations according to IFRS amounted to SEK -2,921 million (1,687).

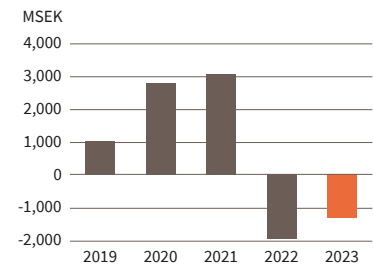
Cash flow from financing operations according to segment reporting amounted to SEK 1,051 million (483), of which paid dividends were SEK -1,150 million (-1,475) and SEK 2,201 million (2,458) in loans taken out. During 2022 own shares were repurchased for SEK -500 million.

**Order situation**

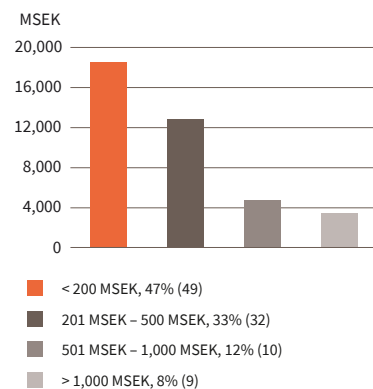
The level of orders received in 2023 contracted and amounted to SEK 45,108 million (53,259). The reduction is largely related to business areas Construction and Project Development where the weak demand for housing has had a negative effect on orders received. In business area Industry we have also been more selective about tenders submitted by paving in Norway. The level of orders received in business area Civil Engineering has increased somewhat during the year. There is a large portion of projects for the public sector in orders received for the Group.

Order backlog yet to be produced at the end of the year amounted to SEK 39,060 million compared to SEK 44,389 million at the end of last year. Of the total order backlog, 35 percent (35) will be produced after 2024 (2023). Swedish operations accounted for 82 percent (78) of order backlog.

**Cash flow before financing, segment reporting**



**Project allocation of order backlog, Dec 31, 2023**



## Orders received

MSEK	2023	2022
Construction	22,779	27,732
Civil Engineering	15,090	14,877
Industry	11,186	12,788
Project Development	136	6,019
Eliminations	-4,083	-8,157
<b>Group</b>	<b>45,108</b>	<b>53,259</b>

## Order backlog

MSEK	Dec 31, 2023	Dec 31, 2022
Construction	24,469	29,064
Civil Engineering	13,905	13,939
Industry	3,954	4,273
Project Development	1,620	5,447
Eliminations	-4,888	-8,334
<b>Group</b>	<b>39,060</b>	<b>44,389</b>

## Overview business areas and Group functions

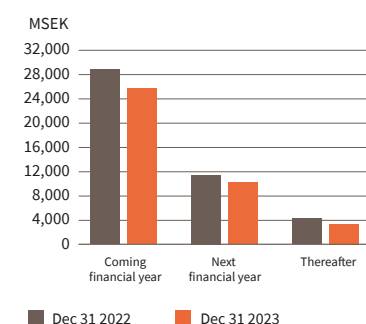
The Peab Group is presented in four different business areas: Construction, Civil Engineering, Industry and Project Development. The business areas are also operating segments.

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.

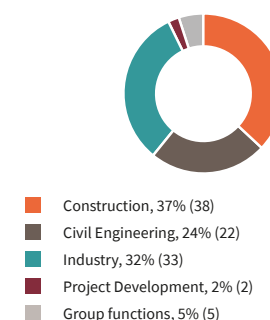
As of February 1, 2024 Peab's Swedish support functions are coordinated in Peab AB. The change will be implemented through a so-called business transition, which means that all the employees in Peab Support AB and Peab Utveckling AB are offered employment in Peab AB. The change is due to the current market and economy which requires organizational adjustments in both production operations and Group functions.

For more information regarding the differences between segment reporting and reporting according to IFRS, see note 1 and note 4.

## Order backlog allocated over time



## Employees per December 31, 2023



On December 31, 2023 the total number of employees in the Group amounted to 14,107 (15,040).

## Net sales and operating profit per business area

MSEK	Net sales		Operating profit		Operating margin	
	2023	2022	2023	2022	2023	2022
Construction	27,780	28,999	41	629	0.1%	2.2%
Civil Engineering	15,163	14,965	501	494	3.3%	3.3%
Industry	19,962	21,433	962	747	4.8%	3.5%
Project Development	5,722	8,661	304	1,127	5.3%	13.0%
- of which Property Development	534	494	107	187	20.0%	37.9%
- of which Housing Development	5,188	8,167	197	940	3.8%	11.5%
Group functions	1,487	1,532	-299	-198		
Eliminations	-11,294	-12,455	-56	-58		
<b>Group, segment reporting excl. MoS</b>	<b>58,821</b>	<b>63,135</b>	<b>1,453</b>	<b>2,741</b>	<b>2.5%</b>	<b>4.3%</b>
Construction – effect Mall of Scandinavia (MoS)			400			
<b>Group, segment reporting</b>	<b>58,821</b>	<b>63,135</b>	<b>1,853</b>	<b>2,741</b>	<b>3.2%</b>	<b>4.3%</b>
Adjustment housing to IFRS	2,779	-1,202	696	-219		
IFRS 16, additional leases	-	-	37	35		
<b>Group, IFRS</b>	<b>61,600</b>	<b>61,933</b>	<b>2,586</b>	<b>2,557</b>	<b>4.2%</b>	<b>4.1%</b>
<i>Of which construction contract businesses according to segment reporting (Construction and Civil Engineering)</i>	<i>42,944</i>	<i>43,964</i>	<i>542</i>	<i>1,123</i>	<i>1.3%</i>	<i>2.6%</i>

BUSINESS AREA CONSTRUCTION 2023

# Greater need for public sector 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.

## Key ratios

	2023	2022
Net sales, MSEK	27,280	28,999
Operating profit excl. MoS, MSEK	41	629
Operating margin excl. MoS, %	0.1	2.2
Operating profit, MSEK	441	629
Operating margin, %	1.6	2.2
Orders received, MSEK	22,779	27,732
Order backlog, MSEK	24,469	29,064
Operating cash flow, MSEK	146	-79
Average number of employees	5,067	5,227





Operations in business area Construction are run via some 150 local offices all over the Nordic region, organized in twelve regions in Sweden, three in Norway and two in Finland. There are specialized housing production units in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide organization in Sweden. Other regions run all kinds of construction projects in their geographic area.

### The Business 2023

For business area Construction the year 2023 has largely been characterized by a lull in demand for housing construction resulting from high inflation and higher interest rates.

## Demand for public premises has been good but it has not been able to compensate for the low demand in new production of housing and order backlog has therefore diminished during the year.

We have worked continuously to reduce costs and adapt operations to the current market situation. Meanwhile demands from customers for sustainable construction and energy efficient buildings continue to grow.

A positive decision for Peab in the case between Peab and Unibail Rodamco Westfield regarding the contract for Mall of Scandinavia in Solna was handed down on June 30, 2023. After that Unibail Rodamco Westfield petitioned the Swedish Court of Appeal to set aside the judgment in its entirety in a so-called protest action. During this process the judgement is suspended, which means it cannot be enforced and therefore payment has been deferred. After a thorough legal trial through arbitration lasting nearly seven years Peab cannot see any grounds for a protest action. Peab received the contract for Mall of Scandinavia in December 2010 and the mall was completed and ready for inauguration November 2015. Peab believed it was entitled to compensation for added expenses generated by extensive changes in the project made during the production phase. For details see Other information and appropriation of profit on page 89.

### Fewer production-starts in housing projects

Housing represents a large part of net sales in business area Construction, even though demand for housing projects has been considerably lower in 2023. Customers are increasingly aware of the need for sustainable construction and energy efficient buildings. Currently a majority of the buildings built are environmentally certified and provide tenants with better opportunities to live more sustainably, for example by being close to mass transit, having car pools and charging stations as well as safe and pleasant residential environments. For example, in Gothenburg 397 apartments were production-started at Högsbohöjd for Stena Fastigheter. The project has a clear environmental profile where the concrete elements are made of ECO-Betong (ECO-Concrete), some material is reused and the buildings will be Swan ecolabeled. In Verkkosaari in Helsinki Peab is building two apartment

buildings with 65 apartments, a commercial unit and 26 parking spaces. The buildings will be heated with geothermal energy which is energy efficient, economic and reduces carbon emissions.

### Public investments in community buildings

During the year the federal agency Specialfastigheter extended the framework agreement with Peab for major construction contracts for another three years. All Specialfastigheter properties are built to meet high security and classified information demands. New police stations in Gothenburg and Malmö as well as the new National Archives of Sweden were production-started under the framework contract.

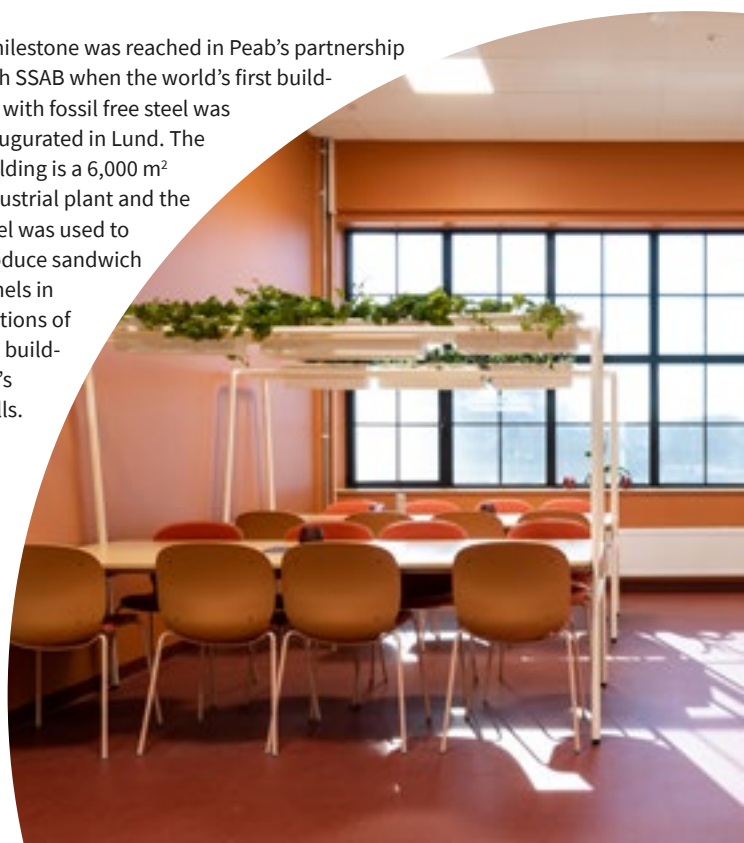
In Sweden Peab received contracts for fire and rescue stations in Norrköping and Hallstahammar. In Finland Peab will build a new fire and rescue station in Mellungsby in Helsinki. In recent years Peab has built several new swimming pool facilities all over Sweden and in 2023 we received contracts for new pools in Hässeholm, Haparanda and Nacka.

Peab is one of the foremost school builders in the Nordic region. In 2023 some of the orders we received were for construction of a new elementary school in Höllviken and in Lundby outside of Gothenburg as well as the renovation of Kumla School in Tyresö. In Finland Peab is building an extension to a school in Lempäälä and in Vasa Peab is renovating and extending university premises. In Norway, the second preschool in the country to be Swan ecolabeled was completed for Harstad Municipality.

### Collaboration early on is vital

Partnership projects where Peab gets involved at an early stage and participates in planning are increasingly common. Some examples of these in 2023 are the collaboration with Jernhusen on a new central station in Gothenburg, with Skellefteå Municipality on the competence center Artic Center of Energy (ACE) on Campus Skellefteå and with Regionfastigheter on the addition of the Infection, Women's and Neonatal Health Care Center at the Skåne University Hospital in Lund.

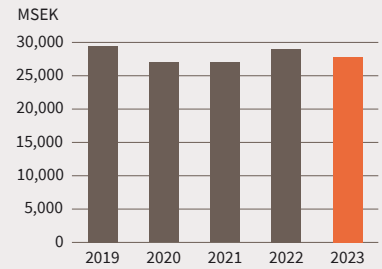
A milestone was reached in Peab's partnership with SSAB when the world's first building with fossil free steel was inaugurated in Lund. The building is a 6,000 m<sup>2</sup> industrial plant and the steel was used to produce sandwich panels in sections of the building's walls.



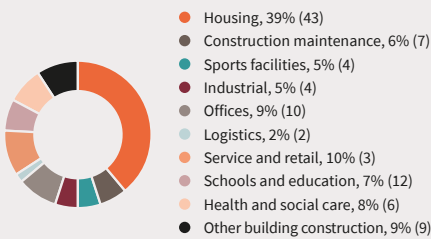
**Net sales**

Net sales for 2023 amounted to SEK 27,780 million (28,999). The lower demand for new housing production has not been fully compensated by other types of projects, which is apparent in all the countries we operate in. Housing generated the largest portion of net sales with 39 percent (43).

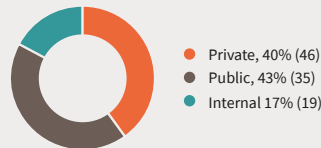
**Net sales**



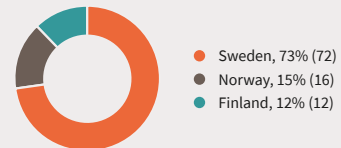
**Per product area, 2023**



**Per customer type, 2023**



**Per geographic market, 2023**

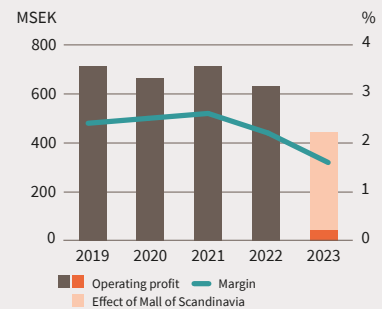


**Profit**

The decision in the case between Peab and Unibail Rodamco Westfield regarding the contract for Mall of Scandinavia in Solna (MoS) was handed down on June 30, 2023. The judgement had a positive effect on operating profit of SEK 400 million in the second quarter.

In order to handle the diminished housing market we are streamlining construction production and shifting to other kinds of projects. During the fourth quarter a review has resulted in provisions and write-downs in housing projects received before the outbreak of war in Ukraine that have been affected by price hikes and are almost completed as well as a number of projects in Norway. All in all this has charged business area Construction by SEK -465 million, of which write-downs of goodwill in Norwegian construction operations amounted to SEK -125 million. Operating profit excl. MoS was SEK 41 million (629) and the operating margin was 0.1 percent. (2.2). Operating profit was SEK 441 million and the operating margin was 1.6 percent

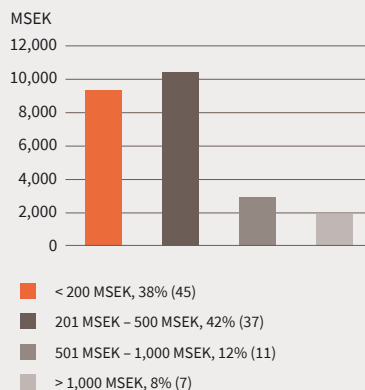
**Operating profit and margin**



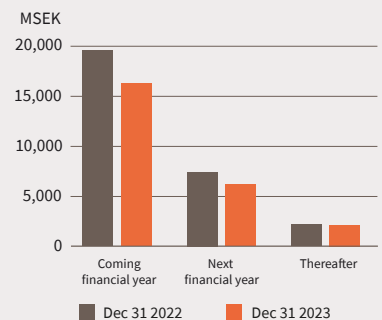
**Orders received and order backlog**

Orders received during 2023 were SEK 22,779 million (27,732). There is a greater portion of other building construction and a lower portion of housing projects in orders received. Order backlog on December 31, 2023 amounted to SEK 24,469 million (29,064). The portion of housing projects in order backlog has contracted and represented 32 percent (45).

**Project allocation of order backlog, Dec 31, 2023**



**Order backlog allocated over time**



BUSINESS AREA CIVIL ENGINEERING 2023

# Infrastructure investments positive for civil engineering

Business area Civil Engineering is a leading actor in Sweden and one of the larger players 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 seven geographic regions and two specialized nationwide regions in Sweden in operation and groundwork.

## Key ratios

	2023	2022
Net sales, MSEK	15,164	14,965
Operating profit, MSEK	501	494
Operating margin, %	3.3	3.3
Orders received, MSEK	15,090	14,877
Order backlog, MSEK	13,905	13,939
Operating cash flow, MSEK	698	-114
Average number of employees	3,356	3,296





Local market, which represents more than half of net sales in business area Civil Engineering, works with landscaping, streets, pipelines, foundation work as well as construction of different kinds of facilities and water and pipeline systems. Infrastructure and heavy construction builds roads, railroads, bridges, tunnels and ports. Operation and maintenance handles national and municipal highways and street networks, tends parks and outdoor property as well as operates water and wastewater networks.

### The Business 2023

The civil engineering markets in Sweden and Norway developed well during the year despite the weaker construction market. Public investments and the ongoing climate transition have contributed to a great deal of activity in both local market and infrastructure. There has been a high level of orders received in the business area with a substantial number of projects in varying sizes and many partnering and collaboration projects. At the same time customers are putting increasingly stringent climate and environmental demands into their projects.

**There has been a high level of orders received in the business area with a substantial number of projects in varying sizes.**

### Local market

Business area Civil Engineering has a strong position on the local market in Sweden. A large number of projects, big and small, are carried out every year in different municipalities.

Nordic water and sewer networks as well as wastewater treatment plants are in considerable need of renovation and expansion. Many networks are old and need to be updated and expanded to meet the growing demands in communities. During the year Peab signed several new contracts concerning water and wastewater. Among them are the extension of the water and sewer system in Torsboda Industrial Park in Timrå, extension of the new hydropower plant in Karlshamn, the drinking water pipeline in Skurup and the water and sewer system on Langs in Norwegian Nittedal. In Trollhättan Peab is working on an expansion of the city's wastewater treatment plant in stages. Within the framework of the collaboration project construction commenced during the year on the so-called Biosteget, a wastewater treatment plant in the mountainside. In future stages a new water treatment plant will also be built.

Two major city development projects are being carried out in Gothenburg, Masthugg Dock and Centralen in collaboration with the development department. Both projects comprise everything from street and water and sewer work to landscaping as well as district heating and electricity.

Peab completed a major city development project in Norwegian Lørensborg during the year comprising roads, parklands, a water and sewer network and a mass transit system.

### Roads and infrastructure

There is a substantial need for better infrastructure in the Nordic region, especially considering the ongoing sustainability transition in our communities. Public investments in Nordic infrastructure therefore continue to be high.

Peab was commissioned by the Swedish Transport Administration to rebuild, and build a new stretch of, Highway 27 between Backaryd and Hallabro which will improve the traffic situation, safety and the residential environment. Highway 27 is an important connection from Karlskrona to Växjö and further on to Borås and Gothenburg.

Peab received the commission from the Swedish Transport Administration to restore E6 in Stenungsund after it was destroyed by a landslide. The project is quite extensive and will take time. The completion date of the restoration has not yet been established but the work has the highest priority because the highway needs to be reopened for traffic as soon as possible.

In Malmö Styrman Bridge, a bridge in red cement, has been under construction during the year and will stand completed in 2024. It connects the city center with the new city borough Varvsstaden on Kockum's old historical shipyard.

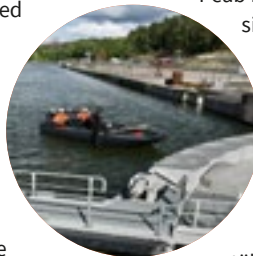
Peab has been commissioned to build a new bus terminal at Tromsø Airport which is Northern Norway's largest with 760 daily bus departures. The new bus terminal will contribute to more efficient mass transit and lower greenhouse gas emissions. It will include a new enter and exit driveway, bridges, a district heating plant, waiting room, bus shelters and sanitation buildings.

At Bodø Airport Peab is working together with Avinor in the development and planning stage of constructing new runways. When the partners have agreed on the solutions and target price the implementation phase will begin. At that time the order will be included in Peab's order backlog.

### Ports and seas

Part of the ongoing climate transition entails more environmentally-adapted freight carriage to and from ports. In recent years

Peab has developed an expertise in port and sea-side projects and has received several new contracts during the year. Among them are projects for extending the docks in Orrskär and at Marenplan in Stockholm and rebuilding Öland Dock in Kalmar and the docks in Vaxholm outside Stockholm.



Peab is rebuilding the lock canal in Södertälje. The project includes replacing Sluss Bridge with a new openable bridge, exchanging the current lock gates for new ones that allow for a broader, longer canal.

### Operation and maintenance

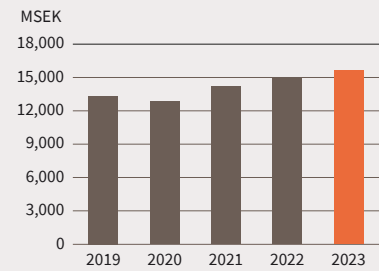
During the year Peab won operation contracts in Strömsund, Tingsryd and Södra Gotland for road maintenance from the Swedish Transport Administration for a total of about 3,500 kilometers of federal roads. These will be run by Peab for four years with an option for another two. This means a 24/7 response for snow plowing and anti-icing in the winter and in the bare ground road season repairing roads, fixing drainage and installing road signs and road barriers.

Peab also received several municipal operation and maintenance contracts during the year, among them for winter road maintenance and sand removal in Nacka Municipality and operation and maintenance of streets and parks in Österåker Municipality. The contracts are for seven respectively eight years, including options.

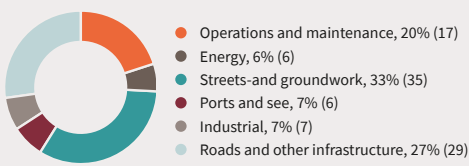
**Net sales**

Activity in business area Civil Engineering has continued to be high during the year. Net sales were slightly higher compared to the last year and amounted to SEK 15,164 million (14,965). Adjusted for acquired operations and exchange rate effects net sales decreased by one percent.

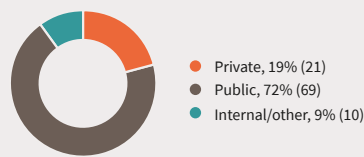
**Net sales**



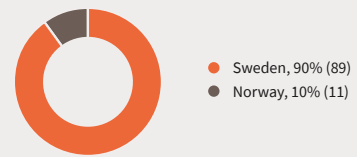
**Per product area, 2023**



**Per customer type, 2023**



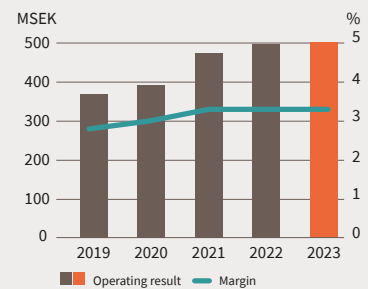
**Per geographic market, 2023**



**Profit**

Operating profit amounted to SEK 501 million (494) and the operating margin was 3.3 percent (3.3). Civil Engineering reported a high and stable operating margin despite the effects of high costs for material and energy on contracts received before the outbreak of war in Ukraine.

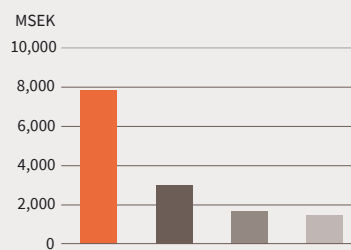
**Operating profit and margin**



**Orders received and order backlog**

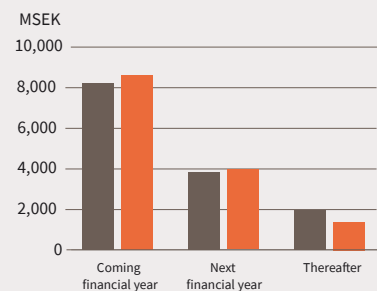
Orders received during the year amounted to SEK 15,090 million compared to SEK 14,877 for the last year. Order backlog on December 31, 2023 amounted to SEK 13,905 million (13,939). Roads and other infrastructure make up 28 percent (30).

**Project allocation of order backlog, Dec 31, 2023**



- < 200 MSEK, 56% (58)
- 201 MSEK – 500 MSEK, 21% (20)
- 501 MSEK – 1,000 MSEK, 12% (8)
- > 1,000 MSEK, 11% (14)

**Order backlog allocated over time**



BUSINESS AREA INDUSTRY 2023

# Nordic supplier focused on the environment

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

## Key ratios

	2023	2022
Net sales, MSEK	19,962	21,433
Operating profit, MSEK	962	747
Operating margin, %	4.8	3.5
Orders received, MSEK	11,186	12,788
Order backlog, MSEK	3,954	4,273
Capital employed at the end of the year, MSEK	10,699	10,807
Operating cash flow, MSEK	1,012	-518
Average number of employees	4,485	4,761
Concrete, thousands of m <sup>3</sup> <sup>1)</sup>	1,104	1,349
Paving, thousands of tons <sup>1)</sup>	5,511	7,185
Mineral Aggregates, thousands of tons <sup>1)</sup>	24,784	28,947

<sup>1)</sup> Refers to sold volume





Business area Industry offers everything from mineral aggregates, concrete, paving and temporary electricity to prefabricated concrete elements and frame assembly. Industry also assists with crane and machine rental, distribution of binder to the concrete industry, transportation as well as recycles excavated soil. The business area is run in six product areas: mineral aggregates, paving, concrete, transportation and machines, rentals and construction system.

## Business area Industry contains a number of brands such as Swerock, Peab Asphalt, Lambertsson, Swecem, Byggelement and Smidmek.

### The Business 2023

The Nordic construction market has been impacted by the weak housing market while demand on the civil engineering market has continued to be stable. As a supplier to the construction and civil engineering market, business area Industry has also seen less activity in 2023 in the form of lower volumes and fewer rentals. Peab's ECO-products are essential to our efforts to reduce greenhouse gases. ECO-Betong (ECO-Concrete), ECO-Prefab and ECO-Asfalt are examples of products that are gaining terrain on the market and in demand from customers throughout the Nordic region. The ongoing conversion to electric vehicles and machines is also a vital part of Peab's contribution to sustainable construction.

### Focus on climate-adapted paving

Peab has a strong position in paving on the Nordic markets. Asphalt volumes have contracted as a result of reduced public budgets for road maintenance while the price level has been higher due to continued high prices for raw material, energy and fuel.

A growing number of projects are using ECO-Asfalt which is now available throughout the Nordic region. Our Danish and Finnish operations are leading the way in production with reclaimed asphalt pavement, with Sweden close behind. In Denmark reclaimed asphalt pavement is at 35 (31) percent and in Finland 31 (23) percent. We carried out the first asphalt paving with only electric machines like electric pavers, roller and trucks in Järfälla, north of Stockholm.

### Greater access to circular material

We are always working to ensure access to raw material in Mineral Aggregates. We have our own quarries strategically placed throughout the Nordic region and C&D Recycling Wash Plants that recycle surplus material from construction and civil engineering projects. The C&D Recycling Wash Plants contribute to Peab's climate work and sustainable building by preventing waste creation and promoting circular flows. During the year we electrified the C&D Recycling Wash Plant in Sundsvall regarding sorting excavated soil to further climate-adapt the recycling process.

In ECO-Ballast (ECO-Mineral aggregates) we offer products with properties equivalent to virgin mineral aggregates. The raw materials can be byproducts from industrial processes or come from surpluses in construction or civil engineering projects such as excavated soil or blasted rock from tunnel blasting. ECO-Ballast has both an environmental and health declaration.

### ECO-Betong (ECO-Concrete) is gaining ground

Peab through Swerock is one of Sweden's largest concrete supplier and is also in Finland. As a result of the weaker construction market volumes contracted during the year.

Customers' demand for ECO-Betong continues to grow. In ECO-Betong part of the cement, which is negative for the climate, is replaced with slag which means up to 50 percent less carbon emissions. Peab produces slag under the brand Merit and manufactured more than 162 (141) thousand tons in 2023. Every ton Merit reduces carbon emissions by 600-800 kilos depending on the replaced cement. This makes us less dependent on cement which is good for both the environment and reliable deliveries.

Peab opened a new accredited concrete laboratory in order to continue to develop concrete with lower climate impact while maintaining the same quality. Together with business area Construction tests have been conducted with 60 percent of Merit in the concrete mix with good results.



### Increased production of prefab products

Construction System's climate improved ECO-Prefab and ECO-Stomme (ECO-Frame) are firmly rooted on the market. Progress has continued during the year on Peab's investment of around SEK 500 million to automate the manufacture of concrete elements and halve the need for

cement. The new plant in Ucklum was completed last fall and the one in Hallstahammar began operating at the beginning of 2024. This doubles Construction System's production capacity and the two plants are now complete suppliers of highly industrialized products with lower climate impact. The investment also enables production of large flat concrete bases, which makes production more efficient for the construction industry's actors.

### Rental operations in transition

Due to lower activity in construction rentals in Peab's rental operations have decreased. Transition is progressing by renting out more electric machines, and increasing fossil free transportation and digital services for more resource and energy efficiency.

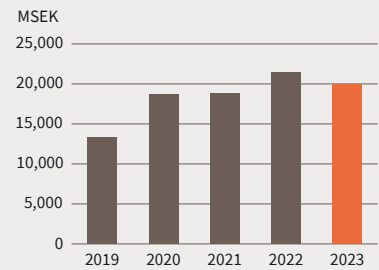
### More electric vehicles in transportation and machines

Part of our climate responsibility is to reduce carbon emissions generated by our vehicles and machines. During the year we continued to invest in electric vehicles in production as well as carry out tests in different hybrid and electric machines. In addition to lowering carbon emissions this improves the environment for both drivers and the surroundings.

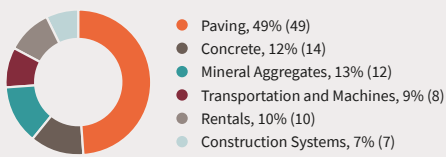
**Net sales**

Net sales for the year decreased by seven percent and amounted to SEK 19,962 million (21,433). The reduction is related to the product areas paving and concrete. Adjusted for acquired operations and exchange rate effects net sales contracted by eight percent.

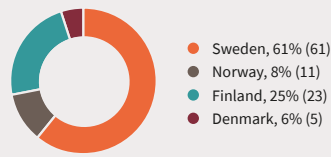
**Net sales**



**Per product area, 2023**



**Per geographic market, 2023**



**Share of net sales, 2023**

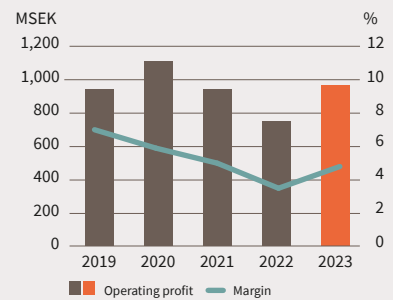


**Profit**

Operating profit improved to SEK 962 million (747) and the operating margin was 4.8 percent (3.5). The improved operating margin is mainly due to better earnings in paving. The continued high energy and fuel prices have been handled through higher prices to customers as well as adapting and streamlining operations. Operating profit for the year was lower in rentals due to a weaker construction market.

Capital employed at the end of the year was SEK 10,699 million compared to SEK 10,807 million at the end of last year.

**Operating profit and margin**



**Orders received and order backlog**

The level of orders contracted during the year and amounted to SEK 11,186 million (12,788). The reduction is primarily due to Peab being more selective about the tenders paving in Norway submits. Order backlog on December 31, 2023 was SEK 3,954 million (4,273).

# Housing market stymied

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

## Key ratios

	2023	2022
Net sales, MSEK	5,722	8,661
<i>of which Property Development</i>	534	494
<i>of which Housing Development</i>	5,188	8,167
Operating profit, MSEK	304	1,127
<i>of which Property Development</i>	107	187
<i>of which Housing Development</i>	197	940
Operating margin, %	5.3	13.0
<i>of which Property Development</i>	20.0	37.9
<i>of which Housing Development</i>	3.8	11.5
Capital employed at the end of the period, MSEK	18,093	15,632
Orders received, MSEK	136	6,019
Order backlog, MSEK	1,620	5,447
Operating cash flow, MSEK	-2,254	-690
Average number of employees	222	243





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

Peab's ambition is to be a forerunner in sustainable urban development which means striving to create safe neighborhoods that are alive with places for people to meet, climate and environmentally adapted buildings and sustainable communications, everything to improve and simplify everyday life where people live and work. Our new, own developed apartment buildings in Sweden are certified according to the Swan ecolabel. In Finland and Norway similar measures are being taken to increase energy efficiency and reduce climate impact. In addition, the Group is work-

ing on developments in energy, construction material and construction tech solutions so that we can offer products and services that reduce our climate impact.

Peab is one of the largest housing developers in Sweden and has a strong position on the market. Operations are spread throughout the country which provides good local and regional knowledge about the different market conditions in Sweden. In Finland Peab is represented in Helsinki and a number of other large regional cities. In Norway operations are located in the Oslo area, Tromsø and Ålesund.

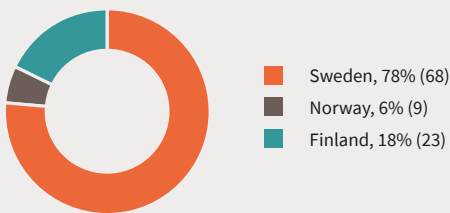
Property Development develops offices, premises and sometimes whole city boroughs in collaboration with municipalities and other partners. The business is primarily focused on the big city areas throughout the Nordic region.

### Net sales and profit

Net sales in Project Development contracted during the year by 34 percent and were SEK 5,722 million (8,661). The reduction was due to the weak demand for housing throughout the Nordic region, which affected net sales in Housing Development. Operating profit amounted to SEK 304 million (1,127) and operating margin amounted to 5.3 percent (13.0).

#### Net sales

Per geographic market, 2023



Capital employed in Project Development at the end of the year amounted to SEK 18,093 million (15,632). The increase primarily refers to higher investments in development rights, in rental apartment projects and in unsold homes in our own housing developments.

#### Capital employed

MSEK	Dec 31 2023	Dec 31 2022
Operations property	146	83
Investment property	36	36
Project and development property	14,603	12,943
<i>of which housing development rights</i>	7,981	7,246
<i>of which commercial development rights</i>	901	739
<i>of which unsold part of ongoing housing projects</i>	2,461	2,493
<i>of which ongoing rental projects</i>	1,712	1,422
<i>of which ongoing commercial projects</i>	489	462
<i>of which completed property</i>	165	173
<i>of which other</i>	894	408
Participation in joint ventures	2,820	2,573
Loans to joint ventures	1,498	1,494
Working capital and other	-1,010	-1,497
<b>Total</b>	<b>18,093</b>	<b>15,632</b>
<i>of which Property Development</i>	5,034	4,585
<i>of which Housing Development</i>	13,059	11,047



## Housing Development

Peab offers a broad range of housing forms including apartment buildings with tenant-owner apartments, condominiums and apartments for rent. Uncertainty due to inflation and higher interest rates is behind the dramatic drop in the housing market. High construction costs have also brought down demand on the market. Sales levels of homes to consumers and investors have been low during the year in every region and country.

There is still a substantial need for homes throughout the Nordic region but high interest rates and inflation make it harder to make calculations come out ahead. We see continued interest in our own housing developments but the high cost of construction, interest rate hikes and concern about the economy in general make it difficult to assess future developments, especially in projects with a long time before occupancy.

We have a well-dimensioned development rights portfolio in attractive locations. We start up several projects every year all around the Nordic region, even though the market practically came to standstill last year. While we wait for a more stable market we are further developing and preparing new projects.

A substantial portion of our large housing projects are part of urban development projects where collaboration between different partners is key to success and creates added value involving our other business areas. In Sweden one such housing development project is Varvstaden in Malmö that Peab owns together with Balder in the company Fastighets AB Centur. Around 2,500 new homes are under construction in close cooperation with Malmö City. This type of urban development gives Peab the opportunity to offer the market new homes in attractive areas over the course of several years. Projects in Varvstaden have a clear sustainability and climate profile and reusing material from the old shipyard is an important component.

In Järfälla we are developing Veddesta, a complex project with various housing forms and commercial space in a compact area at a location that will also be a mass transit hub.



During the year most production starts have been in the form of rental apartment projects where Peab is building on our own balance sheet. The homes are built with environmental and climate requirements and a clear focus on making it easier for residents to live sustainably. Peab is building a property in Bergahöjden in Österåker with 121 apartments which will be Swan ecolabeled and have roof solar panels, a bicycle pool with box bikes and a carpool with electric cars. In Umeå Peab is building a Swan ecolabeled property with 64 apartments. The whole project is focused on energy efficiency, environmentally labeled electricity, solar panels and sustainable material choices. The base plate will be cast in Peab's ECO-Betong (ECO-Concrete). Production started on 40 homes in Gothenburg that will be Swan ecolabeled. The buildings will be built with ECO-Prefab where the reinforcement is made from recycled steel and with green electricity.

An example of a production-start in Norway is the fifth stage of Tunkvartalet in Oslo that Peab owns together with USBL, launched with 72 apartments out of a total of 405 homes. In recent years we have started a number of our own housing developments with a high rate of production in Finland but none were started in 2023. In 2022 we established a joint venture in Finland with Slättö to develop and manage newly produced green housing properties. The first housing projects were completed and turned over in Vanda and Turku.

Peab Bostad continues to have a high level of customer satisfaction when the trade organization Prognoscentret asked homebuyers who have recently moved in about the developer, home and area. The survey for 2023 also showed that Peab Bostad is ranked above the industry benchmark of 73 with its 77 in the overall index.

In December Peab signed a contract to acquire Folksam's shares in Sicklaön Bygginvest AB that partly and wholly owns development rights in Kvarnholmen in Nacka. The acquisition was concluded in January 2024. Peab thereby increases its ownership from 50 to 100 percent. Peab has developed homes on Kvarnholmen since 2013. Sicklaön Bygginvest AB has more than 270 zoning approved, wholly owned development rights for a gross area of 26,000 m<sup>2</sup>. In addition, the company owns 50 percent of the shares in Kvarnholmen Utveckling AB that has an ongoing zoning process for more than 120,000 m<sup>2</sup> housing development rights. Half of them will be turned over to Peab.



**Net sales and profit**

The weak demand for homes in the entire Nordic region contributed to fewer sold homes and production starts of our own housing developments during the year. Net sales contracted and amounted to SEK 5,188 million (8,167). The decline stemmed from all our countries. Operating profit amounted to SEK 197 million (940) and the operating margin was 3.8 percent (11.5).

In total, the number of start-ups of our own developed homes amounted to 727 (2,336). Of the start-ups, 121 (1,810) were tenant-owner apartments/condominiums where 36 (1,607) were new production and 85 (203) were conversions from previously started-up rental apartments, and 606 (526) were homes in rental apartment projects on our own balance sheet. Total number of sold homes was 934 (1,709), of which 542 (1,643) were tenant-owner apartments/condominiums and 392 (66) were homes in rental apartment projects.

The total number of own developed homes in production at the end of the year was 3,694 (5,718), of which 2,392 (4,539) were tenant-owner apartments/condominiums and 1,302 (1,179) were homes in rental apartment projects. The portion of sold tenant-owner apartments/condominiums in ongoing production amounted to 68 percent (69). The number of repurchased homes per December 31, 2023 was 252 (105) and they were mainly in Finland.

Capital employed increased at the end of the year compared to 2022 and amounted to SEK 13,059 million (11,047). The increase primarily refers to higher investments in development rights, construction of more rental apartment projects as well as an in unsold homes in our own housing developments.

**Housing development rights**

Number, approx.	Dec 31 2023	Dec 31 2022
Development rights on our own balance sheet	22,000	21,800
Development rights via joint ventures	4,700	4,700
Development rights via options etc.	7,400	8,900
<b>Total</b>	<b>34,100</b>	<b>35,400</b>



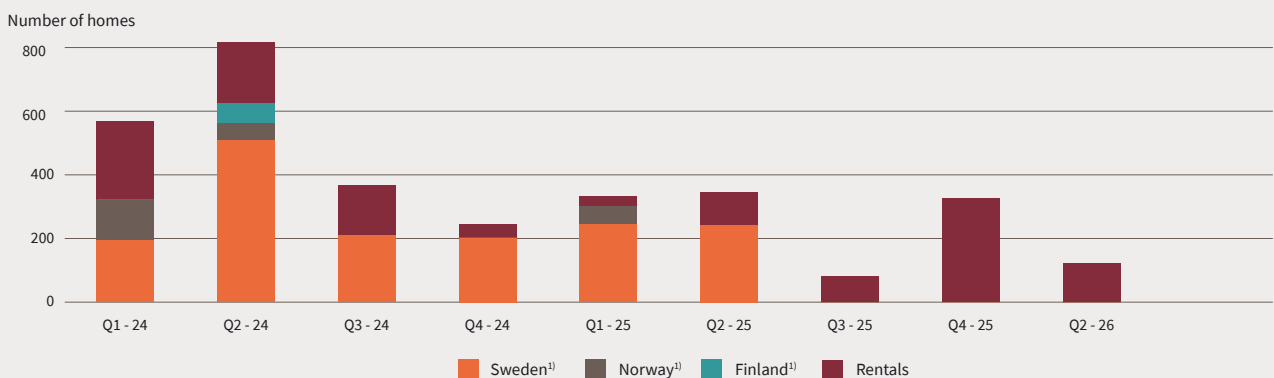
**Own housing development construction**

	Jan-Dec 2023	Jan-Dec 2022
<b>Tenant-owner associations, ownership and residential limited companies</b>		
Number of production-started homes during the year	121 <sup>1)</sup>	1,810 <sup>1)</sup>
Number of sold homes during the year	542	1,643
Total number of homes under production, at the end of the year	2,392	4,539
Portion of sold homes under production, at the end of the year	68%	69%
Number of repurchased homes on our balance sheet, at the end of the year	252	105
<b>Rentals</b>		
Number of production-started homes during the year	606	526
Number of sold homes during the year	392	66
Number converted to tenant-owner associations during the year	85	203
Total number of homes in production, at the end of the year	1,302 <sup>2)</sup>	1,179 <sup>2)</sup>

<sup>1)</sup> Includes 85 (203) homes which have been converted from rentals

<sup>2)</sup> Of which 365 (866), corresponding to 28 percent (73), are contracted to be sold upon completion

**Timepoint for completion of ongoing own housing development projects**



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



## Property Development

Property Development refines and develops locations and land for commercial building. It is primarily geared to run development projects based on development rights on our own balance sheet. Collaboration with partners via joint ventures may occur at different times during a project or encompass long-term development of an area. Property Development also develops various public buildings independent of whether the investor is public, private or an association (as in sports facilities for instance).

The rental market for office buildings in Nordic big city regions has been weak due to uncertainty on many markets and higher interest rates. Nonetheless there is still a demand for highly flexible office space that is a place where people meet, exchange ideas and work together.

During the year several property development projects were started up and concluded among them, The Corner in Malmö. The office building is slightly more than 7,400 m<sup>2</sup> and was sold to Annehem Fastigheter. Peab continued to develop the 13,000 m<sup>2</sup> office building Gamlestads Smedja in Gothenburg where contracts have already been signed with Nordic Wellness and Swedbank

among others. We project-started a nursing home with 80 apartments in Karlskoga that will be rented out to Karlskoga Municipality. Logistic facilities focused on “the last mile” continue to be a strong market and construction on a logistic unit in Almnäs, Södertälje was started in the segment. During the year logistic facilities were sold to the international logistic investor URBZ Capital.

Furthermore Peab continues to develop property in Swedish and Norwegian mountainside regions with SkiStar where we jointly own properties together with the company Skiab Invest AB. Construction on Sadelbyn 7 in Åre with 42 apartments and Timmerbyn in Sälen with 20 apartments was completed during the year.

In December Peab signed a contract to divest its 33.3 percent ownership in Tornet Bostadsproduktion to the other owners Folksam and Fastighets AB Balder. Peab has been a part owner in Tornet Bostadsproduktion since 2009. The company owns and manages around 2,200 rental apartments and has some 650 rental apartments in production in a number of cities in Sweden. The deal was closed in January 2024, entailing capital gains of SEK 220 million.

### Net sales and profit

During the year net sales were SEK 534 million (494) and operating profit was SEK 107 million (187). The operating margin was 20,0 percent (37.9). Net sales and operating profit were positively affected by the divestment of an office building in Malmö to Annehem Fastigheter during the fourth quarter. Capital gains from property divestitures in total amounted to SEK 96 million (85). Profit contributions from partly owned companies contracted and amounted to SEK 77 million compared to SEK 134 million last year. The reduction is mainly due to higher interest costs in the partly owned companies.

Capital employed in Property Development was SEK 5,034 million (4,585) at the end of 2023. A large part of the capital employed is shares in partly owned companies and loans to partly owned companies.

The table below presents the ongoing property projects in wholly owned companies per December 31, 2023. We started production during the third quarter on a 23,900 m<sup>2</sup> logistics facility in Södertälje. The property has been divested to an external party and will be turned over in the fourth quarter 2024.

### Property projects

Type of project	Location	Rentable area in m <sup>2</sup>	Degree rented, %	Recognized value, MSEK	Total investment at completion, MSEK	Timepoint of completion	Level of completion, %
Office building	Jönköping	3,200	100	104	106	Completed	98
Office building	Gothenburg	13,100	11	410	557	Q3-2024	74
Logistic facility	Södertälje	23,900	0	77	372	Q4-2024	21
<b>Total</b>				<b>591</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

**Geography:** Stockholm, the Mälardalen region, Gothenburg and the Öresund region

**Recognized value on properties December 31, 2023**<sup>1)</sup>: SEK 7,889 million (7,872)

**Peab's portion of unrecognized fair value exclusive tax**<sup>1)</sup>: SEK 519 million (653)

**Major ongoing projects:** Varvsstaden, Malmö, 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:** Wahlborgs

**Geography:** Lund

**Recognized value on properties December 31, 2023:** SEK 1,890 million (1,940)

**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

**Geography:** Hyllie, Malmö

**Recognized value on properties December 31, 2023:** SEK 1,379 million (1,403)

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

### Key ratios 2023 significant joint ventures<sup>1)</sup>

MSEK	Fastighets AB Centur	Fastighets AB ML4	Point Hyllie Holding AB	Skiab Invest AB	Tornet Bostadsproduktion AB
Net sales	495	189	105	180	268
Profit for the year	-93	32	-11	29	132
Total assets	7,956	2,186	1,398	2,302	6,643
– of which recognized value of properties	7,889	1,890	1,379	2,149	6,258
Peab's portion of unrecognized fair value exclusive tax	519			40	365

<sup>1)</sup> Refers to the recognized value of joint venture companies for January – December 2023 and per December 31, 2023. Since Fastighets AB Centur, Skiab Invest AB and Tornet Bostadsproduktion AB apply the market value of properties, the values in the table above differ from the values presented in the Peab Group for joint venture companies in note 19.



### Skiab Invest AB

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

**Peab's share:** 50 percent

**Partner:** SkiStar

**Geography:** Scandinavian mountains

**Recognized value on properties December 31, 2023**<sup>1)</sup>: SEK 2,149 million (2,526)

**Peab's portion of unrecognized fair value exclusive tax**<sup>1)</sup>: SEK 40 million (56)

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

### Tornet Bostadsproduktion AB

Develop, own and manage attractive and environmentally friendly rentals in larger cities in Sweden. In December Peab signed a contract to divest its 33.3 percent ownership in Tornet Bostadsproduktion to the other owners. The deal was closed in January 2024.

**Peab's share:** 33 percent

**Partner:** Folksam and Balder

**Geography:** Stockholm, the Mälardalen region, Gothenburg and the Öresund region

**Recognized value on properties December 31, 2023**<sup>1)</sup>: SEK 6,258 million (5,748)

**Peab's portion of unrecognized fair value exclusive tax**<sup>1)</sup>: SEK 365 million (350)

**Major ongoing projects:** Tamarinden, Örebro 11,000 m<sup>2</sup> rentable area, Rödängs Trädgårdar, Umeå 12,600 m<sup>2</sup> rentable area and other apartment building projects in Helsingborg and Lund

<sup>1)</sup> Valued at market price in joint venture companies. The time point when the market valuations take place can differ between the companies. The market prices on properties that affect the recognized values in the joint venture companies are not included in Peab's accounts.

# Risks and risk management

**Risk management is an important part of Peab's governance and control, operatively and strategically. The ability to systematically identify, evaluate and limit risks is crucial for Peab to achieve our targets and ensure a long-term sustainable business.**

Risk management is part of daily work in all Peab's operations, from individual projects to business area management, Group functions and executive management. Our business is steered by well-defined guidelines and systems to follow established processes in different areas, thereby considerably limiting risk-taking.

Risk management is both forward looking, in order to identify new or changed risks, as well as looking back to learn from past experience.

Peab's business is largely project-related and regulated by different contract forms where risk levels vary. Risk management in the bidding process is therefore particularly vital to controlling risk-taking. Peab has a well-developed process for this through our Procurement Council where the business areas and the Group's various support functions with their specialist expertise work together.

Some risks can be eliminated completely but usually it's a matter of reducing the probability of them occurring and lessening the consequences should they do so anyway. Peab's presence in four Nordic countries, operations in four business areas and customers in the private and public sectors is a good way to spread the risks.

Peab has an annual process established to monitor and compile risk management in business areas and Group functions. The work includes reviewing risk registers and monitoring implementation of risk reducing measures. The work is led by Group function Risk and Insurance made up of employees from several different Group functions so that together they can contribute to a nuanced risk analysis.

At the end of every year the Group's largest risks and the measures taken to eliminate or limit them are compiled into a report that is the basis for executive management's risk analysis which is presented to the Board.

## Risk category models

There are different kinds of risks in Peab's operations that we divide into four categories according to a conventional model:

**External and market risks** are events that are generally out of Peab's control but which affect the business environment. These are, for example, developments in the economy, customer behavior, climate changes and political decisions.

**Operative risks** are events Peab can affect and manage more directly. These are matters such as project steering, talent management and product and method choices.

**Compliance risks** concern following laws and regulations but also complying with policies, codes and guidelines.

**Financial risks** are associated with interest and credit risks and the company's need for capital, tied up capital and access to financing.

## Introductory comments on risks

### *Risk management in times of transition*

Recent years have been characterized by turbulence in the world such as the pandemic, war and price hikes on energy and material as well as inflation and higher interest rates. In addition to the terrible tragedy for the people war and conflict touches, the situation risks further hampering macroeconomic growth in the world. The construction industry is affected through greater uncertainty and cautiousness concerning investments and prices for material and energy.

The global situation was particularly affected by Russia's invasion of Ukraine in February 2022. Peab is not directly exposed to Russia, Ukraine or Belarus but are indirectly affected via material suppliers. We follow developments carefully to continually assess any effects on Peab.

Just like society in general, environmental and climate issues have high priority at Peab. We are working intensively to meet both legal and contractual demands as well as the targets we have set for the transition to climate neutral construction and civil engineering operations. We have produced new building material and construction methods and are investing in, for instance, electric vehicles. The transition entails both risks and opportunities that must be dealt with properly in risk analysis.

The risk management work carried out in 2023 has handled several risks comprised in the demands which will be made on our business in the coming EU directives CSRD and CSDDD. In 2024 Peab's risk management process will be further developed to aid in the company's ability to identify, handle and control risks connected to, among other things, corruption, human rights and environmental protection, in our own operations and in our supply chain.

### *Arbitration decision Mall of Scandinavia*

A decision in the case between Peab and Unibail Rodamco Westfield regarding the contract for Mall of Scandinavia in Solna was handed down in Peab's favor on June 30, 2023. In August Unibail Rodamco Westfield petitioned the Swedish Court of Appeal to set aside the judgment in its entirety in a so-called protest action. After a thorough legal trial through arbitration lasting nearly seven years Peab cannot see any grounds for a protest action. In the further process Peab will counter the protest action. During the process the arbitration judgement is suspended and thereby unenforceable, which defers the time of payment. For details see Other information and appropriation of profit on page 89.



Operative risks	Description	Action
<b>Information security</b>	Information is an important asset and access to information is crucial to Peab's ability to run its business. External developments have raised the risk of direct cyberattacks or attacks via digital supply chains that have consequences for operations.	Peab's information security work is risk-based and systematic, focused on preventative protection and security measures in step with company development. Our employees are trained for heightened awareness of risks that can affect our information resources while organizational risk minimizing guidelines are continually implemented and improved.
<b>Contract work</b>	Peab's business is largely project-related which means many risks are linked to carrying out projects. Erroneous calculations with, for example, mistakes in amount computations can lead to incorrect bids and losses in projects. Deficient analysis of requirements can lead to commitments we cannot deliver. Responsibility allocation and risk levels vary depending on the type of contract. Grey areas in the contract language can lead to discussions with counterparties and even disputes. Price risks can be unforeseen cost increases for, for example, material. Other risks can be linked to technical solutions and method choices.	Structured risk analysis is crucial to ensure that risks are identified and correctly priced in bids. The right resources in projects ensure that they will be carried out according to contract terms and our established processes and procedures. Our Procurement Council ensures that risks are identified and handled before the bid is presented. The composition of the Procurement Council varies depending on the project's size and complexity. Correct and well-crafted contract templates ensure that suppliers/SCs are procured properly, which also reduces risks. Peab also has access to technical specialists to ensure that projects are carried out according to tried and true methods and solutions.
<b>Suppliers and sub-contractors (SC)</b>	Flaws in control of the supply chain is a major risk. Choosing the wrong supplier/SC can lead to quality defects and delivery disruptions. Suppliers/SCs who defy laws, contracts and other regulations or show a neglect of ethics, entail unacceptable risks for Peab. There are also risks connected to dependence on one or a few suppliers. In the current economic downturn there is a higher risk for Suppliers/SCs going bankrupt.	Peab's Suppliers Code of Conduct and the ethics clause for suppliers are attached to all contracts Peab signs with suppliers/SCs. Peab has developed procedures to monitor the work environment, work conditions, reliable supplier chains and environmental demands. Peab uses a system that blocks rogue suppliers and SCs from being procured. In Sweden Peab also has third party checks of workplaces and works with audits of certain suppliers/SCs. Peab signs framework contracts with suppliers/SCs to minimize risks in projects. To further reduce vulnerability Peab works with strategic supply plans. Peab also takes various steps to note early signs of suppliers/SCs struggling to pay their bills and be prepared for a bankruptcy.
<b>Talent management and skills development</b>	Peab is dependent on attracting and keeping talent in order to reach our targets. There is competition for certain expertise on the labor market. There is a risk that the industry is not considered attractive, especially in the current economic situation or that the industry will fail in increasing gender equality and diversity. We are also facing challenges with new areas of expertise.	Peab works strategically with both talent management and developing our attraction as an employer. Positions in our company have clear career paths and we continually update our succession plans. Peab works with diversity and equal opportunity and we have set targets for gender equality recruitment. During 2023 we launched The Construction Year, a program to bring more women into the construction industry. As a community builder Peab strives constantly to create new talent supply channels together with schools and colleges, internal education and our own high school, the Peab School.
<b>Work environment</b>	Serious accidents at Peab's workplaces can lead to employees or suppliers/SCs being injured or, in the worst case, killed. These accidents can also lead to legal sanctions and damage confidence in the company. Another risk area is the organizational and social work environment, which includes unhealthy stress and victimization. This can result in mental illness and considerable costs if someone gets sick or is injured at work. The industry has experienced a rise in threats and violence against employees, particularly in roadwork situations.	Peab has a zero vision for workplace accidents and plays an active role in the industry's network for zero fatal accidents in the construction business. Accidents are prevented by planning and risk analysis observations early on. In addition, we continually monitor reported risk observations and investigate incidents and accidents. Risk observations are the basis for organizational learning about where, when and why risks occur. Peab also teaches employees about equal treatment and has procedures to prevent discrimination and victimization. To handle threats and violence against employees Peab works with training, collaboration in the industry, analysis and follow up.

External and market risks	Description	Action
<b>Macro factors</b>	Peab's profitability is affected by circumstantial factors such as the general economy, inflation, interest rates, unemployment and demographic developments that can influence customers' purchasing appetite, demand and other market conditions.	Peab's broad geographic presence and our operations in different business areas with customers in both the private and public sectors dampens the effect of declining economies and markets.
<b>Market</b>	Customer behavior and demands can change at such a rate that Peab cannot adapt to these changes quickly enough. Peab can also risk investing in the wrong markets or market segments. Peab can fail to handle different competitive situations.	Peab has a broad market offer for both the public and private sectors comprising the entire production chain from manufacturing construction material to producing complete buildings and roads. Peab always strives to offer customers a comprehensive solution through close collaboration between Group companies. By reallocating Group resources Peab can quickly adapt to market needs. We constantly work on developing our employees, construction methods and new climate smart construction material in order to supply the market of the future.
<b>Political factors</b>	Political decisions, decisions by authorities and changes in laws can have negative effects on Peab's business. Examples of this are higher demands on capital input when buying a home or authorities' zoning decisions that impact land development and land values. Public investments in community building have direct consequences for Peab's business. Political unrest, war and conflicts affect our business in different ways, e.g. regarding material supplies.	Peab's broad geographic presence and our operations in different business areas with customers in both the private and public sectors dampens the effect of political risks as well. Peab can often handle risks in a variety of ways. In the example of changes in market conditions we can work to shorten lead times from land acquisition to finished project in project development operations. Through strategic purchasing we avoid supplier dependency, which reduces vulnerability regarding material supplies. Peab is active in social debate and strives to highlight barriers to streamlining community building in the countries we operate in.
<b>Environment and climate</b>	Climate change with extreme weather can create both physical risks to our construction projects with storms and torrential rain and cause material, commodity and energy shortages. A lack of competence or adjusting too slowly by Peab or our suppliers/SCs can lead to Peab's products and services not meeting future demands and expectations. Laws and regulations are becoming more and more extensive regarding the environment and climate and require new systems and processes.	Risk prevention comes under the Group's three prioritized environmental areas which are also set targets; climate neutrality, resource efficiency and phasing out environmentally and health hazardous products. We have also solidified our transition plan in a development program we call the "Climate Road Map". Peab offers the market a broad range of ECO-products that have been created for construction and civil engineering production with a lower climate impact. Peab has identified climate risks with support of TCFD and works with climate calculations in projects. We also report according to EU Taxonomy. Peab has also begun the work to implement climate risk and vulnerability analyses for our production units as well as prepare for incoming new legislation. Reoccurring extreme weather requires adapting production methods and other measures to limit the risks of damages to, for example, construction projects and real estate.
<b>Commodities</b>	Access to certain commodities is crucial to our operations and in some cases there are only a few suppliers which entails risks for our business. Sanctions can quickly upturn established supply chains. Examples of critical commodities with few suppliers are cement and bitumen.	Peab has a policy for strategic input goods aimed at proactively working to secure access to these materials. We have been working our own alternative binders for quite a while as well as importing some cement to manage the risk. Peab has also chosen several alternative suppliers to guarantee access to critical commodities like bitumen.
<b>Energy</b>	Energy is important for our entire business. Producing asphalt is particularly energy intense but major construction projects also consume a great deal of electricity. Energy shortages or high costs entail risks for our business.	The price of electricity is expected to continue to vary in coming years. The differences between high and low prices are expected to be greater than before because of the expansion of renewable energy in the Nordic region, more cable connections with Europe and a generally higher price level in Europe after the energy crisis in 2022. Peab has long contracts in Sweden, which provides predictability and stability. Peab is always working on improving energy efficiency in both the production phase and during the life cycle of a building. Peab continually lifts the importance of increasing electricity production and the electric grid's capacity in its discussions with politicians.

Compliance risks	Description	Action
<b>Regulation compliance</b>	Peab faces regulation compliance risks that can affect our business. These entail risks such as non-compliance with contracts and our Code of Conduct and policies, involvement in corruption or improper competition as well as potential transgressions of human rights in our own company or our supply chain. The consequences of these risks include fines, legal sanctions, damaged credibility, failed projects and exclusion from public procurements.	Peab handles regulation compliance risks through a governance framework including a Code of Conduct, a Suppliers' Code of Conduct, policies and guidelines that describe how employees act sustainably, responsibly and effectively. This framework is the basis of Peab's proactive work with ethics and regulation compliance and includes regular education and set consequences for transgressions. Our management system is a central tool in supporting regulation compliance in the business. All issues concerning ethics and regulation compliance are centralized in the Group function Corporate governance and compliance, which is also part of Peab's Ethical Council. Peab's whistleblower system allows internal and external parties to report irregularities, supplemented by internal whistleblower contacts for further reporting and support. Peab's purchasing department has an important role in minimizing risks in the supply chain by ensuring responsibility and conducting risk assessments, supplier checks and audits.
<b>Governance</b>	Governing-related risks refer to both overriding Group governance and project steering. This includes everything from applying internal and external regulations, defining roles and collaboration to our ability to meet higher customer demands and more formalization. The consequences of these risks include fines, legal sanctions, damaged credibility, failed projects and exclusion from public procurements.	Peab manages governance-related risks by integrating clear targets and using management systems to strengthen Group and project steering. The strategy organization is focused on promoting effective governance and competence development is especially prioritized at strategic levels. Dialogue with, and advice to, our customers is customized to meet changes in project needs. In addition, sustainable targets are integrated in business strategies, bonus systems and project planning, which guarantees that environmental and social aspects will be taken into account in all our decisions.

Financial risks	Description	Action
<b>Financial risk-taking</b>	Financial risk-taking is connected to the business' capital and investment needs which are different for each of Peab's four business areas. Business areas Construction and Civil Engineering normally have a positive working capital that contributes to financing the other operations. Business area Industry binds capital in fixed assets with an ongoing need for investments. Business area Project Development binds capital through investments in land and development rights.	Peab's financial targets are the overriding means by which the Group governs financial risk-taking. Tied-up capital in business areas Construction and Civil Engineering is managed through payment balance requirements. For business areas Industry and Project Development tied-up capital is managed through set frameworks. All major investments in Peab go through an established investment procedure where decisions are made by a Group investment team.
<b>Financial risks</b>	The Group is exposed to financial risks such as interest rate risks, liquidity risks, refinancing risks, commodities risks, currency risks and credit risks.	Peab's Finance Policy is adopted by the Peab AB Board and creates a framework for risk mandates and limits within the Peab Group. The Treasury function is centrally organized. For further information on financial risks, see note 36.
<b>Financial reporting</b>	Since Peab applies recognition over time as a project is completed for most of our ongoing projects, erroneous project forecasts can entail that recognition and monitoring can be misleading. A number of balance items, including project and development property, are valued based on estimations and assessments. This value can be affected by, for example, the current market, interest rates and customers' preferences, which can lead to impairment.	A prerequisite for correct recognition over time is reliably forecasting the outcome. Well-developed procedures and system support for monitoring and forecasting each project is crucial to limiting the risk of erroneous revenue recognition. The recognized value of project and development property has been calculated as the lowest of the purchase price and the net sales price based on current price levels in the respective locations. Peab is continuously testing the values of project and development property through an internal model. As a complement to this valuation external market values are annually reviewed for some of the properties.

### Sensitivity analysis

Peab's operations are sensitive to changes in, among other things, volumes and margins. The sensitivity analysis below describes how pre-tax profit according to segment reporting is affected by changes in some of the important Group variables.

MSEK	Calculation basis	Change	Pre-tax profit effect
<b>Segment reporting</b>			
Volume (operating margin constant)	58,821	+/- 10%	+/- 188
Operating margin (volume constant)	3.2%	+/- 1 percentage point	+/- 588
Production costs	42,511	+/- 1%	+/- 425
<b>Financial</b>			
Average effective interest rate <sup>1)</sup>	5.7%	+/- 1 percentage point	+/- 84

<sup>1)</sup> The sensitivity analysis shows the effect of a change in interest on Group pre-tax profit based on an assumption of unchanged net debt. The calculated net debt of SEK 8,352 million is based on net debt according to IFRS reduced by liabilities for Swedish tenant-owner associations and additional leases according to IFRS 16. It is further assumed that a change in interest would directly affect the interest Peab pays respectively receives on liabilities and receivables with a floating interest rate. Activating interest is not taken into account in the sensitivity analysis. For more information about net debt, see note 36.



## Peab's sustainability work



For Peab sustainability entails running a business that takes responsibility for both its own impact and the impact of the entire value chain upstream and downstream, as well as working for the good community. Working sustainably is a strategic matter for us, completely integrated into our business model and operations. We make it clear that every employee should promote sustainable development in their role based on Peab's core values, business concept, mission, strategic targets and Code of Conduct.

Our material sustainability aspects are summarized in two of our four strategic targets: Best workplace and Leader in social responsibility. Our four business areas collaborating locally give us better control over the supply chain. Our employees ensure that we as far as possible use local resources in the form of our own employees, our own input goods and subcontractors. Together with our engagement in the community and integrated climate and environmental work this is the basis of our sustainability work and what we call locally produced community building.

Regarding Peab's climate impact our material use is a particularly important area where our operations generate carbon emissions. This is why we try to husband resources and to greater extent use our own and local material as well as develop more climate-improved material. Our investments in ECO-Betong (ECO-Concrete) and ECO-Asfalt are two practical examples where we both reuse material and mix in alternative binder to reduce our carbon

footprint. Peab is also a driving force in several development initiatives to optimize material and verify quality. In 2021 we became the first Swedish construction and civil engineering company to partner with SSAB in fossil free steel, which means that as of 2026 we will begin to use steel that has been produced fossil free in our construction and civil engineering projects. But already last year Peab and SSAB took an important first step in this collaboration when together with Ruuki Construction and real estate company Wihlborgs we presented the world's first building containing steel produced fossil free. The building is a 6,000 m<sup>2</sup> industrial plant in Lund and the steel was used to produce part of the facade panels. The project shows how we together with customers and material suppliers can transition to sustainable construction.

### Research and development

The purpose of Peab's R&D is to provide society, our customers and other stakeholders with added value. We do this by collaborating with universities, colleges and trade organizations and actively participating in many industry projects. We take part in strategic, innovative and tactical operative programs to be able to take responsibility in both the short and long term. Through new discoveries we can improve or develop new products, services and production processes. The function Research and Innovation is aimed at supporting our business in its transition to climate-adapted products and with investments in new technology.

During the year we started up new collaborations and identified new partnerships that include new circular processes where we also use more residual products from other industries as raw materials. For example, we have participated in several research projects, with financing from SBUF, where we study binding and storing carbon dioxide in old, crushed cement that is recycled into new cement. Some research projects also ended in 2023 such as safe formation of heavy machinery, biodiversity, recycled mineral aggregates, energy use and green facade material. We have also developed collaboration with the Swedish start-up CemVision that has begun to produce climate neutral cement. Last year we also launched an industry-wide program for a climate neutral concrete and cement industry through VINNOVA.

During the year Peab and Luleå University of Technology continued their long-term strategic partnership in sustainable construction, digitalization and resource efficiency which lets Peab take advantage of the latest research in our operations. At Chalmers in Gothenburg we participate in the research program "Future Transportation Infrastructure" and at The Faculty of Engineering, LTH, we are active in the "Center for construction robotics". Together with The KTH Royal Institute of Technology in Stockholm we collaborate on a project in road technology and geotechnical engi-

neering. We also participate in other forms of collaboration such as LFM30 (Local roadmap for a climate neutral construction and civil engineering sector in Malmö 2030), Infrasweden 2030 (promotes a competitive and climate neutral transport infrastructure sector by 2030), Smart Built Environment (innovation for the community building sector) and Mistra Carbon Exit (research for climate neutrality 2045).

Peab's investment in our ECO-products is important where, for instance, ECO-Betong (ECO-Concrete) has been developed to further reduce climate impact and dependence on cement.

In accordance with the Annual Reports Act chapter 6 paragraph 11 Peab has chosen to present the statutory Sustainability Report outside of the Board of Directors' Report. The parts required in a sustainability report can be found under sections Targets and strategies (pages 14–15), Best workplace (pages 22–29), Leader in social responsibility (pages 34–47), Our perspective on sustainable business (page 48–53), Reporting according to the EU Taxonomy (page 54–59), Summary sustainability data (page 60), Risks and risk management (page 82–85) and Corporate governance report (page 157–167).







## Other information and appropriation of profit

### Operations with permit and notification obligations

Operations required to have permits or to notify the authorities according to the Environmental Code are found in the Swedish sub-groups Swerock, Byggelement, Peab Asphalt, Peab Anläggning and Peab Bostad.

Operations with permits in Sweden are land remediation, intermediate storage and recycling of excavated soil, work in/next to protected areas/objects, water operations/management, extraction of mineral aggregates and production of polymer modified bitumen (PMB). These operations primarily affect the environment through the extraction of finite resources, future land use, impact on ecosystems, emissions and noise.

Operations required to notify authorities are concrete manufacturing, production of prefabricated concrete elements, permanent and mobile asphalt plants, actions taken in contaminated areas,

intermediate storage of excavated soil and waste, recycling of excavated soil, water operations/management and transportation of waste and hazardous waste.

Renewal and supplementation of permits as well as submitting notifications is ongoing.

### Important events during the year

*Peab has entered agreements for new credit facilities totaling SEK 7.4 billion*

Peab has entered agreements for new credit facilities divided into two contracts. One is a three year credit facility for a total of SEK 7.0 billion and the other is an 18 month credit facility of SEK 400 million. The credit facility for SEK 7.0 billion runs until June 15, 2026 with the possibility of an extension for one plus one year. Four banks participate in the transaction: Nordea, Swedbank, SEB and Handelsbanken. The transaction is coordinated by Nor-



Peab has also entered an agreement for a bilateral credit facility with Nordea for SEK 400 million. The contract runs for 18 months and matures on December 15, 2024 with the possibility of an extension for another year. The credit agreements refinance the company's existing credit facility and are prepared for sustainability linking. The loan contracts make up Peab's long-term financing foundation and are complemented by capital market financing, other types of short-term financing and project-related credit.

#### *Arbitration decision in the case of Mall of Scandinavia*

A decision in the case between Peab and Unibail Rodamco Westfield regarding the contract for Mall of Scandinavia in Solna was handed down in Peab's favor on June 30, 2023. The judgement entailed a positive effect on Peab's operating profit by SEK 400 million in the second quarter. The effect on pre-tax profit was SEK 790 million in the second quarter. Cash flow would have been positively affected by approximately SEK 1,400 million in the third quarter, which did not occur.

In August Unibail Rodamco Westfield petitioned the Swedish Court of Appeal to set aside the judgment in its entirety in a so-called protest action. During the process the judgement is suspended and cannot be enforced and therefore the time of payment has been deferred. Peab continues to have an outstanding receivable of about SEK 1,500 million on Unibail Rodamco Westfield per December 31, 2023.

Peab's assessment of the estimated effects on profit has not changed. After a thorough legal trial through arbitration lasting nearly seven years Peab cannot see any grounds for a protest action. Peab will counter the protest action in the further process.

Peab received the contract for Mall of Scandinavia in December 2010 and the mall was completed and ready for inauguration November 2015. Peab believed it was entitled to compensation for added expenses generated by extensive changes in the project made during the production phase. The parties could not agree on outstanding claims and transactions and arbitration commenced in 2017.

#### *Sustainability targets linked to existing credit facility*

Peab renewed its basic financing in June 2023 when the existing credit facility reached maturity. The three year credit facility of SEK 7.0 billion has thereafter been linked to Group climate sustainability targets, which further intensifies Peab's focus on sustainability work. The credit facility for SEK 7.0 billion runs until June 2026 with the possibility of an extension for one plus one year. Group targets are to by 2030 reduce greenhouse gas emissions from our own production by 60 percent (Scope 1+2, ton CO<sub>2</sub>e/MSEK) and from input goods and purchased services by 50 percent (Scope 3, ton CO<sub>2</sub>e/MSEK). The interest margin for the credit facility is linked to predetermined levels of annual reductions in emissions. The base year of the targets is 2015.

#### *Nomination Committee*

According to the "Principles for the Nomination Committee's appointment and instructions for the Nomination Committee", adopted by the Annual General Meeting on May 4, 2023, the Nomination Committee is appointed by the three largest shareholders in terms of votes per the final banking day in August

2022, i.e. August 31, 2023, that want to appoint a member of the Nomination Committee as well as the Chairman of the Board. If one or more of the three largest shareholders decline to appoint a member of the Nomination Committee the Chairman of the Board will offer the next largest shareholder in terms of votes the opportunity to appoint a member of the Nomination Committee and so on until the Nomination Committee consists of three members as well as the Chairman of the Board.

The two largest shareholders in Peab per August 31, 2023, Ekhaga Utveckling AB and AB Axel Granlund, have agreed to appoint a member to Peab's Nomination Committee. Mats Paulsson and Peab's Profit-Share Foundation, which were in terms of votes the third and fourth largest shareholders in Peab per August 31, 2023, have when asked replied that they do not wish to appoint a member to the Nomination Committee for the Annual General Meeting 2024. State Street Bank and Trust Co, W9 State, which at this same point in time was the fifth largest shareholder in Peab in terms of votes, has not replied to the request. The Kamprad Family Foundation, the sixth largest shareholder in Peab in terms of votes, replied that it does not wish to appoint a member to the Nomination Committee. Cicero Funds, which was the next largest shareholder, has agreed to participate in the Nomination Committee.

The Nomination Committee therefore consists of the following members:

- Anders Sundström, Ekhaga Utveckling AB
- Ulf Liljedahl, AB Axel Granlund
- Christer Sterndahlen, Cicero Funds
- Anders Runevad, Chairman of the Board of Peab AB
- The Nomination Committee has appointed Ulf Liljedahl to be Chairman of the Nomination Committee.

#### *Acquisition of development rights*

On December 22, 2023 Peab signed a contract to acquire Folksam's shares in Sicklaön Bygg Invest AB that partly and wholly owns development rights in Kvarnholmen in Nacka. Peab thereby increases its ownership from 50 to 100 percent. At the same time Peab also signed a contract to divest its 33.3 percent ownership in Tornet Bostadsproduktion to the other owners Folksam and Fastighets AB Balder. Both deals were concluded in January 2024, entailing in total unchanged net debt as well as capital gains of SEK 220 million. Through the two deals Peab divested finished properties that are currently being managed and used the freed capital to invest in development rights for future development.

Peab has developed homes on Kvarnholmen since 2013. Sicklaön Bygg Invest AB has more than 270 zoning approved, wholly owned development rights for a gross area of 26,000 m<sup>2</sup>. In addition, the company owns 50 percent of the shares in Kvarnholmen Utveckling AB that has an ongoing zoning process for more than 120,000 m<sup>2</sup> housing development rights. Half of them will be turned over to Peab.

Peab has been a part owner in Tornet Bostadsproduktion since 2009. The company owns and manages around 2,200 rental apartments and has some 650 rental apartments in production in a number of cities in Sweden. In its role as construction contractor

Peab has delivered several housing projects to Tornet over the years. Being an owner has been advantageous and value development has been positive, which is why the divestment generated capital gains.

## The Peab share

At the end of 2023 Peab's share capital amounted to SEK 1,583,866,056 divided among a total of 296,049,730 shares, resulting in a nominal value of SEK 5.35 per share. Of the shares, 34,319,957 are A shares with ten votes per share, and 261,729,773 are B shares with one vote per share. All shares carry equal rights to participation in the company's assets, profits and dividends. There are no restrictions in the articles of association concerning transferring shares or the disposal of votes at the AGM.

On December 31, 2023 there were approximately 68,000 shareholders in Peab. The Group is subject to considerable influence by Mats Paulsson and Fredrik Paulsson together with families, children and companies. Most of the Paulsson families' indirect holdings are gathered into the company Ekhaga Utveckling AB, which is controlled by Fredrik Paulsson. At the end of 2023 Ekhaga Utveckling AB had 21.6 percent of the capital and 49.0 percent of the votes. Mats and Fredrik Paulsson together with families had 5.5 percent of capital and 11.2 percent of the votes. In addition, the Mats Paulsson's foundations had 1.3 percent of the capital and 0.6 percent of the votes. The company has no knowledge of any agreements between shareholders that can result in a restriction of the right to transfer shares.

Peab's AGM decided on May 4, 2023 to authorize the Board to decide, during the period up to the next AGM, on new issues of B shares with rights for current shareholders to participate in the issue or without preferential rights for current shareholders to participate in the issue in connection with acquisitions. The authorization may be used on one or more occasions and correspond to, at the most, a total of 10 percent of the registered share capital at the time of the authorization. During the year the Board has not decided to issue any new shares.

In 2007 Peab established a profit-sharing foundation. According to the foundation's placement policy its capital should be placed primarily in Peab shares. On December 31, 2023 the foundation owned 13,628,300 B shares in Peab, corresponding to 4.7 percent of the total number of shares.

## Holdings of own shares

At the beginning of 2023 Peab's own B shareholding was 8,597,984 which corresponds to 2.9 percent of the total number of shares. On May 4, 2023 Peab's AGM decided to continue authorization of the Board of Directors, until the AGM 2023, to repurchase 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. During 2023, Peab has not repurchased or divested any of its own shares. Therefore at the end of the year Peab's holding of own shares amounted to 8,597,984 B shares.

## Corporate governance

For a detailed description of the work of the Board of Directors, corporate governance and systems for internal control see the Corporate governance report.

## Remuneration policy for executive management

For information on the latest adopted Remuneration Policy containing guidelines for determining salaries and other compensation to senior officers, see note 9.

The Board of Directors hereby proposes that the AGM decide to adopt the following changes in the Remuneration Policy regarding guidelines for remuneration to senior officers:

### Scope

The Remuneration Policy comprises the CEO and the other members of executive management. The Remuneration Policy does not comprise remuneration decided by the AGM.

This Remuneration Policy is applied to new contracts, or changes in existing contracts, with the CEO and the other members of executive management after Peab's AGM has adopted the policy.

### Short-term incentives (STI)

From time to time executive management may be offered STIs. A STI may not exceed for the CEO 70 percent of basic pay and for the other members of executive management 60 percent of basic pay. STIs are based primarily on the Peab Group's profitability and, at each time, other material Group targets. In the current program result measurements are connected to the company's strategy in the form of profitability, sustainability and the work environment.

STIs are determined for each fiscal year and are settled the year after being earned. They may either be paid out as salary or be invested as a pension savings in a financial instrument connected to the Peab share.

### Long-term incentive programs (LTI)

Every year the Board of Directors must consider whether or not to propose to the AGM a share-related incentive program for the CEO, other members of executive management and key personnel. Share-related incentive programs are performance-based and only deliver an outcome if predefined profit and sustainability targets are met. Share-related incentive programs are decided by the AGM and are therefore not comprised by this policy.

## Expectations concerning future development

### Sweden

Inflation continued to deflate during the autumn of 2023. Most financial analysts seem to agree that interest peaked when Riksbanken last raised the rate to 4.0 percent. Riksbanken forecasts that the repo rate will remain unchanged in 2024 while the market expects a reduction already in the first half of the year. The high level of prices has a negative effect on both consumption and investments and Sweden's GNP is believed to have contracted by 0.8 percent in 2023 and that there will be zero growth in 2024. There was a severe decline in housing construction in 2023 due

to high costs and interest rates and households' diminishing disposable income. This decline will most likely continue in 2024 although at a considerably slower rate. Private and public sector's premise construction will probably also be affected negatively by the higher costs and deteriorating economy but industry's building construction investments are expected to grow. Overall 2023 entailed a broad decline in other building construction investments. The negative trend is expected to continue in 2024, albeit to a lesser degree. Civil engineering construction is believed to have increased in 2023 through growing private investments in water and wastewater facilities and energy. Growth is expected to level out in 2024.

*Norway*

The Norwegian GNP has shown zero growth three quarters in a row. According to the forecast the Norwegian mainland economy is expected to grow by about one percent in 2023 and 2024, primarily driven by public consumption and investments and mainland exports. Inflation is on its way down and the interest rate mostly likely reached its peak in 2023. In housing construction new production of apartment buildings has drastically contracted and single home construction has declined as well. Regarding other building construction, there has been a strong positive development in industrial premises and office buildings and retail space appear to have grown as well in 2023. However, there is still a negative trend in public investments. The total volume in building construction investments indicates zero growth in 2023 and a slight reduction in 2024. Civil engineering construction is expected to grow in both 2023 and 2024.

*Finland*

The Finnish GNP is expected to land at about zero growth in 2023. Gross investments and private consumption have been negatively affected by the weak global economy, high prices and the rise in interest rates. Household's purchasing power has diminished and homeowners have seen their wealth shrink with the falling

price of homes. In 2024 GNP is expected to grow by around half a percent. Housing construction is believed to have contracted considerably in 2023 for both single homes and apartments. Developments in other building construction diverge. While industrial and public sector building construction investments appear to have grown in 2023, office buildings and retail space seem to be headed the other way. Total building construction investments are believed to have diminished in 2023 and will continue to diminish in 2024. Next year the decline in the building construction market will mostly likely be broad, negatively affected by high prices and rising unemployment. Civil engineering is believed to have developed sideways in 2023 while a slight downturn is expected in 2024.

**Parent company**

The parent company's business consists of executive management and Group functions. Net sales in 2023 were SEK 267 million (304) and consisted primarily of internal Group functions. Operating profit for the year was SEK -224 million (-215). Profit after net financial items amounted to SEK 3,109 million (769). Net financial items included dividends from subsidiaries of SEK 3,165 million (1,024). Of the appropriations, Group contributions were SEK 993 million (2,240). Profit for the year amounted to SEK 4,207 million (2,473).

**Dividend**

The target is surpass 50 percent of profit for the year. Measured according to segment reporting.

TARGET: >50%

OUTCOME 2023: 30%<sup>1)</sup>

<sup>1)</sup> Based on the number of outstanding shares.

**Proposed appropriation of profit**

**The following amounts in SEK are at the disposal of the Annual General Meeting;**

Share premium reserve	2,308,208,948
Profit brought forward	3,410,199,075
Profit for the year	4,206,169,437
<b>Total</b>	<b>9,924,577,460</b>

**The Board of Directors propose the following appropriation of disposable profit and non-restricted reserves;**

Dividend, 287,451,746 shares at SEK 1.50 per share <sup>1)</sup>	431,177,619
Carried forward <sup>2)</sup>	9,493,399,841
<b>Total</b>	<b>9,924,577,460</b>

<sup>1)</sup> In the parent company there are 296,049,730 registered shares on February 2, 2023, of which the number of shares entitled to dividend amounts to 287,451,746.

<sup>2)</sup> Of which to share premium reserve.

2,308,208,948



## Income statement – the Group

MSEK	Note	2023	2022
Net sales	3,4	61,600	61,933
Production costs	11	-56,183	-56,345
<b>Gross profit</b>		<b>5,417</b>	<b>5,588</b>
Sales and administrative expenses	11	-3,164	-3,286
Other operating income	6	357	279
Other operating costs	7	-24	-24
<b>Operating profit</b>	4,8,9,10,19,37	<b>2,586</b>	<b>2,557</b>
Financial income		584	103
Financial expenses		-584	-220
<b>Net finance</b>	12	<b>0</b>	<b>-117</b>
<b>Pre-tax profit</b>		<b>2,586</b>	<b>2,440</b>
Tax	14	-598	-609
<b>Profit for the year</b>		<b>1,988</b>	<b>1,831</b>
<b>Profit for the year attributable to:</b>			
Shareholders in parent company		1,988	1,832
Non-controlling interests		0	-1
<b>Profit for the year</b>		<b>1,988</b>	<b>1,831</b>
Profit per share before and after dilution, SEK	15	6.92	6.27

## Statement of comprehensive income – the Group

MSEK	Note	2023	2022
<b>Profit for the year</b>		<b>1,988</b>	<b>1,831</b>
<b>Other comprehensive income</b>			
<b>Items that have been reclassified or can be reclassified to profit for the year</b>			
Translation differences when translating foreign operations for the year		-145	210
Change for the year in fair value of cash flow hedges		18	2
Shares in joint ventures´ other comprehensive income		-4	19
Tax referring to items that have been reclassified or can be reclassified to profit for the year	14	-4	-1
<b>Other comprehensive income for the year</b>		<b>-135</b>	<b>230</b>
<b>Total comprehensive income for the year</b>		<b>1,853</b>	<b>2,061</b>
<b>Total comprehensive income for the year attributable to:</b>			
Shareholders in parent company		1,854	2,062
Non-controlling interests		-1	-1
<b>Total comprehensive income for the year</b>		<b>1,853</b>	<b>2,061</b>

## Balance sheet – the Group

MSEK	Note	Dec 31 2023	Dec 31 2022
<b>Assets</b>			
Intangible assets	16	3,789	3,976
Tangible assets	17, 37	8,333	8,310
Investment property	18, 37	61	57
Participation in joint ventures	19	2,784	2,474
Securities held as fixed assets	22,35,36	46	67
Interest-bearing long-term receivables	21,35,36	1,293	1,233
Deferred tax recoverables	14	97	180
Other long-term receivables	23	27	58
<b>Total fixed assets</b>		<b>16,430</b>	<b>16,355</b>
Project and development properties	24, 37	18,061	19,178
Inventories	25	1,705	1,541
Accounts receivable	26,35,36	6,854	8,454
Interest-bearing current receivables	21,35,36	1,345	384
Tax assets		38	37
Worked-up not invoiced income	27	2,062	2,301
Prepaid expenses and accrued income	28	899	479
Other current receivables	23	539	776
Liquid funds	35,36	1,243	1,506
<b>Total current assets</b>		<b>32,746</b>	<b>34,656</b>
<b>Total assets</b>		<b>49,176</b>	<b>51,011</b>
<b>Equity</b>			
Share capital	29	1,584	1,584
Other contributed capital		2,576	2,576
Reserves		52	205
Profit brought forward including profit for the year		10,241	9,403
<b>Equity attributable to shareholders in parent company</b>		<b>14,453</b>	<b>13,768</b>
Non-controlling interests		17	18
<b>Total equity</b>		<b>14,470</b>	<b>13,786</b>
<b>Liabilities</b>			
Interest-bearing long-term liabilities	30,35,36	7,046	7,665
Interest-bearing long-term liabilities, project financing	30,35,36	193	440
Other long-term liabilities	33,35	257	306
Deferred tax liabilities	14	623	487
Provisions	32	1,748	1,197
<b>Total long-term liabilities</b>		<b>9,867</b>	<b>10,095</b>
Interest-bearing current liabilities	30,35,36	4,246	1,897
Interest-bearing current liabilities, project financing	30,35,36	6,933	9,802
Accounts payable	35,36	4,897	5,131
Tax liabilities		118	166
Invoiced income not worked-up	27	3,500	4,033
Accrued expenses and deferred income	34	3,244	3,937
Other current liabilities	33,35	1,678	1,929
Provisions	32	223	235
<b>Total current liabilities</b>		<b>24,839</b>	<b>27,130</b>
<b>Total liabilities</b>		<b>34,706</b>	<b>37,225</b>
<b>Total equity and liabilities</b>		<b>49,176</b>	<b>51,011</b>

## Report on changes in equity – the Group

MSEK	Equity attributable to owners in parent company					Total	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Translation -reserve	Hedging -reserve	Profit brought forward including profit for the year			
<b>Opening balance equity 2022-01-01</b>	<b>1,584</b>	<b>2,576</b>	<b>-24</b>	<b>-1</b>	<b>9,546</b>	<b>13,681</b>	<b>1</b>	<b>13,682</b>
<b>Total comprehensive income for the year</b>								
Profit for the year					1,832	1,832	-1	1,831
Other comprehensive income for the year			210	20		230	0	230
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>210</b>	<b>20</b>	<b>1,832</b>	<b>2,062</b>	<b>-1</b>	<b>2,061</b>
<b>Contribution from, and value transferred to, owners</b>								
Cash dividend					-1,475	-1,475		-1,475
Repurchase of own shares					-500	-500		-500
Acquisition of partially owned companies, non-controlling interests as previously							18	18
<b>Total contribution from, and value transferred to, owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,975</b>	<b>-1,975</b>	<b>18</b>	<b>-1,957</b>
<b>Closing balance equity 2022-12-31</b>	<b>1,584</b>	<b>2,576</b>	<b>186</b>	<b>19</b>	<b>9,403</b>	<b>13,768</b>	<b>18</b>	<b>13,786</b>
<b>Opening balance equity 2023-01-01</b>	<b>1,584</b>	<b>2,576</b>	<b>186</b>	<b>19</b>	<b>9,403</b>	<b>13,768</b>	<b>18</b>	<b>13,786</b>
<b>Total comprehensive income for the year</b>								
Profit for the year					1,988	1,988	0	1,988
Other comprehensive income for the year			-144	10		-134	-1	-135
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-144</b>	<b>10</b>	<b>1,988</b>	<b>1,854</b>	<b>-1</b>	<b>1,853</b>
Cash flow hedge transferred to cost of inventory				-24		-24		-24
Tax on cash flow hedge				5		5		5
<b>Contribution from, and value transferred to, owners</b>								
Cash dividend					-1,150	-1,150		-1,150
<b>Total contribution from, and value transferred to, owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,150</b>	<b>-1,150</b>	<b>-</b>	<b>-1,150</b>
<b>Closing balance equity 2023-12-31</b>	<b>1,584</b>	<b>2,576</b>	<b>42</b>	<b>10</b>	<b>10,241</b>	<b>14,453</b>	<b>17</b>	<b>14,470</b>



**Cash flow statement – the Group**

<b>MSEK</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Current operations</b>	44		
Pre-tax profit		2,586	2,440
Adjustments for non-cash items		1,172	1,443
Income tax paid		-473	-519
<b>Cash flow from current operations before working capital changes</b>		<b>3,285</b>	<b>3,364</b>
<b>Cash flow from changes in working capital</b>			
Increase (-) /Decrease (+) project and development properties		862	-2,584
Increase (-) /Decrease (+) inventories		-152	-163
Increase (-) /Decrease (+) current receivables		1,269	-773
Increase (+) /Decrease (-) current liabilities		-1,348	-1,400
<b>Cash flow from changes in working capital</b>		<b>631</b>	<b>-4,920</b>
<b>Cash flow from current operations</b>		<b>3,916</b>	<b>-1,556</b>
<b>Investment operations</b>			
Acquisition of subsidiaries/businesses, net effect on liquid funds		-	-132
Sale of subsidiaries/businesses, net effect on liquid funds		50	46
Acquisition of intangible assets		-64	-67
Acquisition of tangible assets		-1,256	-1,380
Sale of tangible assets		254	215
Acquisition of investment property		-3	-
Acquisition of financial assets		-397	-623
Sale of financial assets		155	338
<b>Cash flow from investment operations</b>		<b>-1,261</b>	<b>-1,603</b>
<b>Cash flow before financing</b>		<b>2,655</b>	<b>-3,159</b>
<b>Financing operations</b>			
Raised loans		6,719	4,800
Loan amortization		-6,613	-1,884
Raised bonds		514	301
Bond amortization		-200	-300
Leasing liabilities amortization		-703	-650
Raised loans Swedish tenant-owner associations		2,962	5,071
Loan amortization Swedish tenant-owner associations		-4,806	-2,586
Change in issued commercial papers		356	-1,090
Dividend distributed to shareholders in parent company		-1,150	-1,475
Repurchase of own shares		-	-500
<b>Cash flow from financing operations</b>		<b>-2,921</b>	<b>1,687</b>
<b>Cash flow for the year</b>		<b>-266</b>	<b>-1,472</b>
Cash at the beginning of the year		1,506	2,951
Exchange rate differences in cash		3	27
<b>Cash at year-end</b>		<b>1,243</b>	<b>1,506</b>

## Income statement – the parent company

MSEK	Note	2023	2022
Net sales	4	267	304
Administrative expenses	9,10	-494	-520
Other operating income		3	1
<b>Operating profit</b>		<b>-224</b>	<b>-215</b>
<b>Profit/loss from financial investments</b>	12		
Profit/loss from participation in Group companies		3,310	1,024
Profit/loss from securities and receivables held as fixed assets		1	2
Other interest income and similar profit/loss items		51	-
Interest expenses and similar profit/loss items		-29	-42
<b>Profit/loss after financial items</b>		<b>3,109</b>	<b>769</b>
Appropriations	13	1,367	2,138
<b>Pre-tax profit</b>		<b>4,476</b>	<b>2,907</b>
Tax	14	-269	-434
<b>Profit for the year <sup>1)</sup></b>		<b>4,207</b>	<b>2,473</b>

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

**Balance sheet – the parent company**

MSEK	Note	Dec 31 2023	Dec 31 2022
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible assets	16	2	3
Tangible assets	17	2	2
<b>Financial assets</b>			
Participation in Group companies	42	10,433	11,749
Other securities held as fixed assets	35	0	0
Deferred tax recoverables	14	83	94
<b>Total financial assets</b>		<b>10,516</b>	<b>11,843</b>
<b>Total fixed assets</b>		<b>10,520</b>	<b>11,848</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable	26,35,36	0	1
Receivables from Group companies	35	4,940	2,274
Other current receivables	23	57	3
Prepaid expenses and accrued income	28	13	11
<b>Total current receivables</b>		<b>5,010</b>	<b>2,289</b>
Cash and bank	35	0	0
<b>Total current assets</b>		<b>5,010</b>	<b>2,289</b>
<b>Total assets</b>		<b>15,530</b>	<b>14,137</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	29		
<b>Restricted equity</b>			
Share capital		1,584	1,584
Statutory reserve		300	300
<b>Non-restricted equity</b>			
Share premium reserve		2,308	2,308
Profit brought forward		3,410	2,087
Profit for the year		4,207	2,473
<b>Total equity</b>		<b>11,809</b>	<b>8,752</b>
<b>Untaxed reserves</b>	43	<b>2,919</b>	<b>3,292</b>
<b>Provisions</b>			
Other provisions	32	43	43
<b>Total provisions</b>		<b>43</b>	<b>43</b>
<b>Long-term liabilities</b>			
Liabilities to Group companies	30,35	–	1,500
<b>Total long-term liabilities</b>		<b>–</b>	<b>1,500</b>
<b>Current liabilities</b>			
Accounts payable	35	19	20
Liabilities to Group companies	35	645	375
Current tax liabilities		21	81
Other current liabilities	33	8	8
Accrued expenses and deferred income	34	66	66
<b>Total current liabilities</b>		<b>759</b>	<b>550</b>
<b>Total liabilities</b>		<b>759</b>	<b>2,050</b>
<b>Total equity and liabilities</b>		<b>15,530</b>	<b>14,137</b>



## Report on changes in equity – the parent company

MSEK	Restricted equity		Non-restricted equity			Total equity
	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit for the year	
<b>Opening balance equity, 2022-01-01</b>	<b>1,584</b>	<b>300</b>	<b>2,308</b>	<b>2,819</b>	<b>1,243</b>	<b>8,254</b>
Profit and comprehensive income for the year					2,473	2,473
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,473</b>	<b>2,473</b>
Allocation of profit				1,243	-1,243	-
Cash dividends				-1,475		-1,475
Repurchase of own shares				-500		-500
<b>Closing balance equity, 2022-12-31</b>	<b>1,584</b>	<b>300</b>	<b>2,308</b>	<b>2,087</b>	<b>2,473</b>	<b>8,752</b>

<b>Opening balance equity, 2023-01-01</b>	<b>1,584</b>	<b>300</b>	<b>2,308</b>	<b>2,087</b>	<b>2,473</b>	<b>8,752</b>
Profit and comprehensive income for the year					4,207	4,207
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,207</b>	<b>4,207</b>
Allocation of profit				2,473	-2,473	-
Cash dividends				-1,150		-1,150
<b>Closing balance equity, 2023-12-31</b>	<b>1,584</b>	<b>300</b>	<b>2,308</b>	<b>3,410</b>	<b>4,207</b>	<b>11,809</b>

**Cash flow statement – the parent company**

<b>MSEK</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Current operations</b>	44		
Pre-tax profit		3,109	769
Adjustments for non-cash items		-144	-1
Income tax paid		-372	-294
<b>Cash flow from current operations before working capital changes</b>		<b>2,593</b>	<b>474</b>
<b>Cash flow from changes in working capital</b>			
Increase (-) /Decrease (+) current receivables		-4	2
Increase (+) /Decrease (-) current liabilities		-8	-26
<b>Cash flow from changes in working capital</b>		<b>-12</b>	<b>-24</b>
<b>Cash flow from current operations</b>		<b>2,581</b>	<b>450</b>
<b>Investment operations</b>			
Shareholder contributions		-21	-105
Acquisition of tangible assets		0	-1
Acquisition of financial assets		-3,358	-
Sale of financial assets		1,516	-
<b>Cash flow from investment operations</b>		<b>-1,863</b>	<b>-106</b>
<b>Cash flow before financing</b>		<b>718</b>	<b>344</b>
<b>Financing operations</b>			
Received Group contribution		2,274	2,265
Paid Group contribution		-34	-161
Loan amortization		-1,808	-473
Dividend distributed		-1,150	-1,475
Repurchase of own shares		-	-500
<b>Cash flow from financing operations</b>		<b>-718</b>	<b>-344</b>
<b>Cash flow for the year</b>		<b>0</b>	<b>0</b>
Cash at the beginning of the year		0	0
<b>Cash at year-end</b>		<b>0</b>	<b>0</b>

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## Note 1 Accounting principles

### Compliance with standards and legislation

The consolidated accounts have been drawn up in accordance with those International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) which have been adopted by EU. In addition, the Swedish Financial Reporting Board recommendation RFR 1 Supplementary accounting rules for groups has also been applied.

The parent company applies the same accounting principles as the Group except in the cases stated in the section below on Parent company accounting principles.

The Annual Report and the consolidated accounts have been approved of by the Board and CEO for publication on April 2, 2024. The Group consolidated income statement and balance sheet and parent company income statement and balance sheet will be presented for adoption by the AGM on May 6, 2024.

### Valuation basis

Assets and liabilities are recognized at historical acquisition values except for certain financial assets and liabilities which are assessed at fair value. Financial assets and liabilities valued at fair value consist of derivatives, contingent considerations and shares and holdings that are not subsidiaries or joint arrangements.

### Functional currency and reporting currency

The parent company's functional currency is the Swedish krona, which is also the currency in which the accounts of the parent company and the Group are reported. Unless otherwise indicated all amounts are rounded off to the nearest million.

### Amended accounting principles

#### Changed IFRSs applied as of 2023

In December 2021 OECD published a framework (Pillar Two): Inclusive Framework on BEPS. These rules are designed to ensure that large multinational groups that come under the framework for the rules pay a minimum tax on income arising during a certain period in each jurisdiction where they are active. An EU directive based on the model rules was adopted in December 2022 and has been implemented in Sweden. The rules for the additional tax enter into force for the financial year that begins after December 31, 2023. These new rules have entailed amendments in IAS 12 applicable already for the financial year that begins on January 1, 2023 or thereafter. Amendments in IAS 12 include a mandatory temporary exception to accounting and disclosures of deferred taxes and liabilities related to income taxes according to Pillar Two. The Group applies the temporary exception to accounting and disclosures of deferred taxes and liabilities related to income taxes according to Pillar Two.

#### Amendments in IAS 1 Presentation of Financial Statements (information on accounting principles)

The amendments entail that the requirement in IAS 1 regarding information on significant accounting principles is replaced with a requirement for information on material accounting principles. At the same time IASB's Practice Statement 2 Making Materiality Judgements has been updated with guidance and examples intended to illustrate the application of the materiality criteria for information on accounting principles. The objective is to achieve a significant change in application to attain better, more effective communication in financial statements. The changes in application have reduced the amount of text regarding information on accounting principles and that the information has become better suited to businesses.

Other amended IFRSs applied as of 2023 have not had any material effect on Group accounting.

### Coming changes in accounting principles

#### New IFRSs and interpretations that have not yet been applied

A number of new and amended accounting standards and interpretations have been published that come into effect in 2024 and later.

New and amended IFRSs together with interpretations that have been adopted by IASB are not expected to have any material effect on Group accounting.

### Operating segments and segment accounting

An operating segment is a section of the Group engaged in similar business activities that generates revenues and costs and the result of which is regularly reviewed by executive management. In operating segment reporting to a certain extent accounting principles other than IFRS are used. Under IFRS, revenue and costs for projects for Swedish tenant-owner associations and our own housing development in Sweden, Norwegian condominiums and share housing and Finnish residential limited companies are recognized when homebuyers take over their apartments. In segment reporting our own housing development is not consolidated and revenue and costs are instead recognized over time based on the degree of completion of the project.

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.

### Financial key ratios in segment reporting

Financial key ratios such as capital employed, balance sheet total, equity, equity/assets ratio, net debt, net debt/equity ratio, cash flow before financing and earnings per share are reported in segment reporting taking into consideration the above prerequisites. Net debt according to segment reporting includes the unsold portion of housing projects in ongoing production. This is because Peab has a guarantee obligation to acquire unsold homes six months after completion.

### Differences in segment reporting and reporting according to IFRS

The Group reports 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 concerning both internal steering and risk profile, and it is also how the Board and executive management monitors the business.

In Peab's construction contract operations Construction and Civil Engineering revenue and profit are recognized over time in both segment reporting and reporting according to IFRS. In business area Industry revenue and profit are both recognized over time and at one point in time and the accounting is the same in both segment reporting and reporting according to IFRS. In business area Project Development in the unit Housing Development revenue and profit are recognized as the housing projects are successively completed in segment reporting, regarding 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 at the point in time the final homebuyers take over their apartments. In business area Project Development in the unit Property Development revenue and profit are recognized at one point in time in both segment reporting and reporting according to IFRS.

In addition to the four business areas, central companies, some subsidiaries and other holdings are reported under Group functions. Central companies primarily consist of the parent company Peab AB, Peab Finans AB,

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1 Peab Support (Shared Service Center) and Peab Utveckling AB. In Group  
2 functions there is no difference in reporting between segment reporting  
3 and reporting according to IFRS.

#### 4 **Classification**

5 Fixed assets consist of amounts which are expected to be recovered or  
6 paid more than twelve months after the balance sheet date. Long-term  
7 liabilities consist of amounts which are due for payment more than twelve  
8 months after the balance sheet date as well as other amounts the company  
9 has an unconditional right to defer payment on until a point in time more  
10 than twelve months after the balance sheet date. Other assets and liabilities  
11 are recognized as current assets and current liabilities. Inventories in  
12 the form of project and development properties with a normal operating  
13 cycle that is longer than twelve months are also recognized as current  
14 assets. Liabilities attributable to our own developed property projects with  
15 a normal operating cycle that is longer than twelve months are recognized  
16 as current assets.

#### 13 **Consolidation principles**

##### 14 **Subsidiaries**

15 Subsidiaries are entities over which Peab AB exercises a direct or indirect  
16 controlling interest.

17 Subsidiary financial reports are recognized in the consolidated accounts  
18 from the day controlling interest occurs until it no longer exists.

19 Tenant-owner associations and our own housing development in Swe-  
20 den, Norwegian condominiums and share housing and Finnish residential  
21 limited companies are consolidated up to the time the final homebuyers  
22 take over their apartments. During this period the criteria above is met  
23 regarding controlling interest over the relevant activities in the projects.

##### 24 **Joint ventures**

25 For accounting purposes, joint ventures are entities where the Group  
26 through cooperation agreements with one or more parties exercises a joint  
27 controlling interest, where the Group has the indirect right to net assets.

28 Joint ventures are consolidated in accordance with the equity method.  
29 The Group's share of the hedge accounting used for cash flow hedges of  
30 interest rate risks that occur via interest rate swaps for joint venture's loans  
31 are recognized in other comprehensive income.

##### 32 **Joint operations**

33 Joint operations, usually run as a company, are joint arrangements where  
34 Peab and one or more partners have the right to all the financial advan-  
35 tages related to the assets of the operations. How the liabilities of the oper-  
36 ations are settled depends on the partners' purchases of output from them  
37 or capital infusions to them. Joint operations are recognized according to  
38 the proportional method which means each party in a joint operation rec-  
39 ognizes their respective share in assets, liabilities, income and expenses.

##### 40 **Business combinations**

41 Business combinations are recognized using the purchase accounting  
42 method. The method is applied from the point in time the Group has a  
43 controlling interest over the acquisition. The purchase accounting method  
44 means acquisitions are regarded as transactions through which the Group  
45 indirectly acquires the assets of the subsidiary and takes over its liabil-  
46 ities. The consolidated acquisition value is calculated in an acquisition  
analysis in conjunction with the acquisition. The analysis establishes the  
acquisition value of the participations or the business and the fair value on  
acquisition date of the acquired identifiable assets and the liabilities taken  
over. If ownership and controlling interest is successive a remeasuring of  
previous holdings to fair value at the point in time the company gets con-  
trolling interest over the acquisition is performed and this change in value  
is recognized in profit/loss.

Goodwill is calculated as the sum of payment for the participations or  
the business in step acquisitions together with the fair value of previously  
acquired shares less the fair value of the subsidiary's identifiable assets

and overtaken liabilities. When the difference is negative this is recognized  
directly in profit/loss for the year. Transaction costs for business combina-  
tions are charged upon acquisition.

Contingent considerations are measured at fair value at the time of  
acquisition and subsequent changes in fair value are recognized in profit/  
loss as they occur.

Net assets attributable to holdings of non-controlling interest (the  
minority) are recognized either as the fair value of all net assets excluding  
goodwill or the fair value of all assets including goodwill. The choice of  
principle is made for each acquisition individually.

Issued sales options referring to participations held by holdings of  
non-controlling interest are evaluated individually based on the terms of  
each contract. In some cases issued sales options are recognized according  
to the "Anticipated Acquisition Method". According to this method no  
holdings of non-controlling interest are recognized in the Group's total  
equity. Instead a financial liability is recognized that corresponds to the  
current estimated exercise price. The consequent changes in the value of  
the liability are recognized in profit/loss for the year, attributable to parent  
company owners. In other cases, depending on the terms of the contract,  
holdings of non-controlling interest are recognized until the option is used  
or has matured.

When controlling interest has been achieved the change in ownership  
is recognized as a transfer in equity between the parent company and the  
non-controlling interest, without remeasuring the subsidiary's net assets.

If partial disposal of a subsidiary results in the loss of controlling interest  
any residual holding is revalued to fair value and the amount of the change  
is recognized in profit/loss.

##### 42 **Asset acquisition**

A transaction where the fair value of the acquired assets in essence consists  
of one asset or a group of similar assets is recognized, through a simplified  
estimation, as an asset acquisition. When acquisitions of subsidiaries  
involve the acquisition of net assets without significant processes, the  
acquisition cost of each identifiable asset and liability is divided up based  
on its fair value at the time of acquisition. The fair value initially includes  
contingent consideration as well. Transaction costs are added to the pur-  
chase price of the acquired net assets when assets are acquired. Changes  
of the estimated value of contingent consideration after acquisition are  
added to the purchase price of the acquired assets. If the acquisition of  
a subsidiary is successive and is an asset acquisition no remeasuring of  
previous acquisitions is performed when controlling interest occurs. If the  
holding diminishes through partial divestiture of shares in subsidiaries  
and is an asset divestiture, unlike a transfer of operations, the remaining  
holdings are not remeasured if the remaining holdings constitute a joint  
venture or associated company. Holdings of non-controlling interest in  
subsidiaries recognized as asset acquisitions are recognized according to  
the same principles as for business combinations but without the inclusion  
of goodwill.

##### 44 **Foreign currency**

###### 45 **Transactions in foreign currency**

Transactions in foreign currency are converted to the functional currency  
at the exchange rate on the transaction date. Exchange rate differences  
referring to operations are net recognized in other operating income or  
other operating costs. Exchange rate differences referring to receivables  
and liabilities are net recognized as financial income or financial costs.

###### 46 **Foreign company financial reports**

Assets and liabilities in foreign entities including goodwill and other Group  
deficit and surplus values are converted from the foreign company's func-  
tional currency to the Group's reporting currency, Swedish krona, at the  
exchange rate on balance sheet day. Revenue and costs in a foreign entity  
are converted to Swedish krona at an average rate that approximates the  
rates on the respective transaction dates. Translation differences arising

when converting the currency of foreign companies are recognized in other comprehensive income and are accumulated in a separate component in equity as a translation reserve.

#### Net investment in a foreign company

Translation differences arising from the translation of a foreign net investment are recognized via other comprehensive income in the translation reserve in equity. Translation differences also comprise exchange rate differences from loans which form a part of the parent company's investment in foreign subsidiaries (so-called extended investment). When a foreign subsidiary is divested, the accumulated translation differences attributable to the company are reclassified from equity to profit/loss for the year.

#### Revenue

The Group recognizes revenue when the Group meets a performance obligation, which happens when a promised good or service is delivered to the customer and the customer takes control over the good or service. Control of a performance obligation can be transferred over time or at a certain point in time. The revenue consists of the amount the Group expects to receive as compensation for the transferred goods or services. The Group's revenue primarily consists of the following revenue flows: Construction contracts, Sales of goods, Sales of property projects, Transportation services, Rent revenue and Other revenue.

Revenue recognition requires assessing the facts and relationships in each contract at the same time legal aspects must be taken into account. These assessments primarily concern identification of one or more performance obligations, any variable compensation and whether or not the revenue is recognized over time or at one point in time and at what point in time the revenue is recognized.

The following principles are applied on each revenue flow.

#### Construction contracts

Revenue from construction contracts comes from business areas Construction, Civil Engineering and from parts of business area Industry and to a slighter extent from business area Project Development and the unit Property Development.

A contract exists when enforceable rights and obligations occur for the Group as well as the customer. These rights and obligations normally occur when both parties sign the contract. In the case of a framework agreement without guaranteed volumes a contract exists with a customer first when the customer places an order or makes a call-off based on the framework agreement's terms since it is at that point in time enforceable rights and obligations occur for the Group and the customer. In certain situations two or more contracts are combined into one contract if they are negotiated as a package with a single commercial purpose, if the price in one contract is dependent on the price or performance in the other contract or if the goods and services promised in the contracts constitute a single performance obligation.

Recognition of revenue due to contract changes related to changes or additional work, compensation for shortcomings in procurement conditions and such does not begin until enforceable rights and obligations occur between the Group and the customer. This normally occurs when both parties have agreed on a change in the contract and there is a legal right to payment. Contract changes are normally recognized as if they were a part of the existing contract.

A determination is made for every contract or combined contract on whether one or more performance obligations exist. This can vary from contract to contract. Normally a construction contract constitutes only one performance obligation.

In certain transactions two contracts are signed between Peab and the customer at the same time, a sale of land contract and a construction contract. Both these contracts are contingent on each other and treated in accounting as a single contract. The combined contract comprises a single performance obligation where land and construction are input in the process of delivering a completed new building.

The transaction price in each contract with the customer consists normally of fixed amounts, variable amounts or a combination thereof. To the extent that the transaction price includes variable compensation amounts the transaction price consists of an estimated anticipated value. Variable compensation is only recognized when it is very likely that a material reversal of accumulated income will not occur when uncertainty ceases and the compensation sum becomes definite.

Revenue from construction contracts is recognized over time since Peab performs the work on the customer's land or the asset or service does not create any alternative use for Peab and where Peab has the right to compensation including a margin for the performance reached at specific points in time. This means that control is transferred over time which is why the income is recognized over time. In addition to construction contracts some other contracts for services such as operation contracts exist. Control is also transferred over time in these contracts since the customer consumes the service at the same it is received. This revenue is primarily recognized through the input method based on the worked-up rate in each project. This means that expenses are recognized as costs when they occur and the worked-up rate is determined on the basis of project costs in relationship to the project's calculated total expenses, which mirrors how control is transferred to the buyer and how the Group's lowest right to compensation including a margin from customers is worked-up. This is the basis of revenue recognition. For some parts of business area Industry revenue from construction contracts is recognized according to the output method after units are delivered.

Recognition over time entails some uncertainty since unforeseen events can occur leaving the final level of profit/loss higher or lower than expected. The degree of uncertainty is higher at the start of a project, particularly in projects spanning over a long period of time. Reviews of a project's total estimated revenue and expenses are performed regularly during the entire production period.

Fearful losses are charged to income as soon as they become known, and these amounts charge profit/loss.

Construction contracts are recognized on the balance sheet project by project either as Worked-up not invoiced revenue under current assets or as Invoiced revenue not worked-up under current liabilities. Projects with higher worked-up revenue than invoiced are recognized as assets while projects which have been invoiced in excess of the worked-up revenue are recognized as liabilities. The not worked-up part of a feared loss is recognized as a provision.

#### Sales of goods

Revenue from the sales of goods comes primarily from business area Industry and is recognized at the point in time the good is transferred to the customer.

#### Sales of property projects

##### Own housing development projects

Own housing development projects are tenant-owner associations and our single homes in Sweden, Norwegian condominiums and share housing and Finnish residential limited companies that are consolidated in Group accounting until the construction contracts are completed, the final inspection conducted and the final homebuyers take over their apartments. Consolidation means that expenses in the housing projects are recognized as work-in-progress on the Group's balance sheet under Project and development property and loans to finance housing projects are recognized as interest-bearing liabilities (project financing). When consolidation ends revenue is recognized based on the sold, and by the final customer, taken over apartments. By gaining access to an apartment acquired from Peab the final customer takes control over it. Revenue is therefore recognized at the point in time each final customer takes over their apartment. Apartments not sold or repurchased by Peab according to contracted guarantees regarding repurchasing are recognized as Project and development property at the Group cost.

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**Sales of property**

In this revenue flow revenue is recognized from project and development property, operations property and investment property, primarily in business area Project Development. These sales are either direct sales of the asset or via the sale of shares. The underlying sales value of project and development property sold in the form of a company via shares is recognized as net sales. The net profit effect from the sales of operations property or investment property is recognized as Other operating income or Other operating costs.

Revenue from the sales of property is recognized at one point in time, normally on the takeover date when control is transferred to the customer. The transaction price is fixed although there can be instances of variable compensation such as rent guarantees in the case of unrented space and operation guarantees.

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**Transportation services**

Revenue from transportation services comes primarily from business area Industry and is recognized at the point in time the transportation/service is carried out.

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**Rent revenue**

Rent revenue from investment property as well as from cranes and machinery is recognized linearly over the contract period. Rent rebates are spread linearly as a reduction in rent over the contract period, except for rebates given because certain factors temporarily curtail a renter's ability to fully utilize an already rented premise (for example, delayed customization to a renter). These rebates are recognized during the period the curtailment exists.

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**Other revenue**

Other revenue refers to administrative revenue as well as various other revenue. This revenue is recognized both over time and at one point in time based on when control is transferred from Peab to the customer.

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**Financial income and expenses**

Financial income and expenses consist of interest income on cash in bank, receivables and interest-bearing securities, interest expenses on liabilities, dividend revenues, changes in fair value of financial investments and changes in fair value of derivatives used within the financial business.

Interest income on receivables and interest expenses on liabilities are calculated in accordance with the effective interest rate method. The effective interest rate is the exact discount rate for estimated future payments and disbursements during the expected life of the financial instrument at the recognized gross value of a financial asset or the accrued acquisition value of a financial liability. Interest income and interest expenses include accrued transaction costs as well as possible discounts or premiums.

Dividend income is recognized when the right to payment is established. The results of sales of financial investments are recognized on the trade date.

Interest costs are charged to profit/loss during the period to which they refer except to the extent that they are included in an asset's acquisition value. An asset for which interest is included in the acquisition price is an asset which must necessarily require considerable time to prepare for the intended use or sale.

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**Taxes**

Income tax consists of current tax and deferred tax. Income tax is recognized in profit/loss for the year except when the underlying transaction is recognized in other comprehensive income or equity, in which case the relevant tax is recognized in other comprehensive income respectively in equity.

Current tax is tax that will be paid or received during the current year. This also includes current tax attributable to earlier periods. Current and deferred tax is calculated applying the tax rates and tax rules valid on or in practice valid on the balance sheet day.

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Current tax liabilities are set off against tax recoverables and deferred tax recoverables are set off against deferred tax liabilities when the company has a legal right to offset these items against each other and also intends to do so.

Deferred tax is calculated according to the balance sheet method based on temporary differences between the reported and fiscal values of assets and liabilities. Valuation of deferred tax is based on how the underlying value of assets or liabilities is expected to be realized or regulated. Temporary differences for the difference generated by recognition of consolidated goodwill or the temporary difference from the acquisition of subsidiaries that are so-called asset acquisitions are not taken into account.

When shares in subsidiaries are acquired such acquisitions are either business combinations or an asset purchase. An asset purchase refers to, for example, acquiring a company that only owns one or more properties with tenancy agreements but the acquisition does not comprise the processes required to operate a business. In business combinations deferred tax is recognized at the nominally valid tax rate with no discount according to the principles presented above. When an asset is acquired deferred tax is not recognized at the time of acquisition. Instead the asset is recognized at a purchase value corresponding to the asset's fair value after deductions for a discount received in the transaction for the current value of the fiscal value of future fiscal deductions regarding the difference between recognized and fiscal value that do not materialize. After the acquisition only deferred tax on temporary differences that occur after the acquisition is recognized.

Deferred tax assets in the form of deductible temporary differences and tax loss carry-forwards are recognized only when use of them is probable. The value of deferred tax assets is reduced when use of them is deemed no longer probable.

**Financial instruments**

Financial instruments recognized on the balance sheet include on the assets side liquid funds, short-term investments, accounts receivable, securities holdings, loan receivables and derivatives. On the liabilities side, they include accounts payable, borrowing, contingent consideration and derivatives.

**Recognition on and removal from the balance sheet**

Financial assets and financial liabilities are recognized on the balance sheet when Peab becomes involved according to the instrument's contractual terms. Receivables are recognized when Peab has performed and the other party has a contractual responsibility to pay, even if the invoice has not yet been sent. Accounts receivables are recognized on the balance sheet when the invoice has been sent. Liabilities are recognized when the counterparty has performed the service and there is a contractual payment obligation even if the invoice has not been received. Accounts payable are recognized when the invoice is received.

Financial assets are removed from the balance sheet when the rights in the agreement have been realized, fall due or Peab loses control of them. The same applies to parts of financial assets. Financial liabilities are removed from the balance sheet when contractual obligations have been met or otherwise extinguished. The same applies to parts of financial liability. Profit and loss from derecognition or modification are recognized in profit/loss.

Financial assets and financial liabilities are offset and recognized at a net amount on the balance sheet only where there is a legal right to offset the amounts and the intention is to clear the items with a net amount or to at the same time capitalize the asset and settle the liability.

On-demand acquisitions and on-demand sales of financial assets are reported on the transaction date, which is the date Peab undertakes to acquire or sell the asset.

**Valuation at initial recognition**

Financial instruments are initially recognized at fair value with the addition/reduction of transaction costs except for instruments current recognized at fair value via profit/loss for which transaction costs are instead

expensed as they occur. Accounts receivables (without any material financing components) are initially valued at the transaction price determined according to IFRS 15.

#### Classification and following valuation of financial assets

Financial assets are initially classified as valued at accrued acquisition value, at fair value via other comprehensive income or at fair value via profit/loss. How the Group's various holdings of financial assets are classified is described below.

#### Holdings of unlisted funds

The Group has participations in unlisted funds. The funds are valued at fair value via profit/loss.

#### Holdings of shares and participations in unlisted companies

The Group's holdings of shares and participations in unlisted companies (that are not subsidiaries, associated companies or joint ventures) are valued at fair value via profit/loss.

#### Derivatives not used for hedge accounting

Derivatives that are not used for hedge accounting are valued at fair value via profit/loss. Derivatives that for Peab have a positive respectively negative fair value on the balance sheet day are recognized as assets respectively liabilities in the report on financial position.

#### Other financial assets

All other financial assets are recognized at accrued acquisition value. This is because they are held within the framework for a business model aimed at receiving the contractual cash flows at the same time that cash flows from the assets consist solely of payments of principal and interest.

#### Classification and following valuation of financial liabilities

Financial liabilities are classified as valued at accrued acquisition value or valued at fair value via profit/loss. The financial liabilities valued at fair value via profit/loss consist of contingent additional considerations for business combinations and derivatives that for Peab have a negative fair value and are not hedged. All other financial liabilities are recognized at accrued acquisition value by applying the effective interest rate method.

#### Hedge accounting

Peab holds interest, currency and raw materials derivatives utilized to hedge risks of changes in exchange rates, interest rate changes and changes in the price of raw materials.

#### Hedging interest risks (cash flow hedging)

Interest rate swaps and hedge accounting (cash flow hedging) are used to hedge against interest risks connected to Group loans. Interest rate swaps are valued at fair value in the balance sheet. The coupon rate part is recognized on a current basis as a correction of the interest expense in net financial items. The effective part of unrealized changes in the fair value of interest rate swaps are recognized in other comprehensive income and are part of the hedging provision until the hedged item (i.e. payment of interest on the hedged loan) affects profit/loss and as long as the criteria for hedge accounting is met.

#### Hedging raw materials price risks

The Group uses derivatives to hedge the price risk of purchasing bitumen as well as hedge the value of stored bitumen. All derivative instruments are recognized at fair value on the balance sheet. Peab applies hedge accounting for some of the bitumen hedges;

- For derivatives identified as cash flow hedging the effective part of unrealized value changes for the period are recognized in the hedging reserve via other comprehensive income. Thereafter the hedge income is included in the purchase price of the inventory and affects the income statement item production costs. Any ineffective part of the derivative's value change is recognized directly in profit/loss.

- For derivatives contracted after October 1, 2022 identified as fair value hedges, value changes for the period are recognized in profit/loss and the effective part of the hedge income adjusts the recognized value of the inventory and is recognized in profit/loss. The adjustment of the value of the inventory affects the income statement item production costs.

Peab has also had derivatives to hedge gas and has current contracts to hedge the purchase of various oils. Hedge accounting is not applied on these derivatives which means that changes in the fair value of the derivative are directly recognized in operating profit as production costs for the period they occur.

#### Hedging currency risks

From time to time the Group uses forward exchange contracts to hedge currency risks when purchasing foreign currency. The forward exchange contracts are valued at fair value on the balance sheet and value changes for the period are recognized in profit/loss as a financial item.

#### Hedging net investments

To a certain extent measures have been taken to reduce currency risks connected to investments in operations abroad. This has been done by taking out loans in the same currency as the net investments. At closing these loans are recognized at the translated rate on balance sheet day. The effective part of changes in the period's exchange rate in relation to hedge instruments that has been identified as hedge accounting is recognized in other comprehensive income and the accumulated changes in a separate component of equity (the translation reserve), in order to meet and partly match the translation differences that affect other comprehensive income concerning net assets in the hedged operations abroad. In cases where the hedge is not effective, the ineffective part is recognized directly in profit/loss as a financial item.

#### Liquid funds

Liquid funds consist of cash, immediately available balances at banks and equivalent institutes and current liquid investments that mature less than three months from the acquisition date and which are exposed to only insignificant value fluctuation risks.

#### Property

Group property holdings are recognized as follows:

- Operations property among fixed assets
- Investment property among fixed assets
- Project and development properties as inventory among current assets

#### Operations property

Properties used in the Group's own operations consisting of office buildings, production buildings and other operations properties are recognized as buildings and land among tangible assets. They are measured at cost minus accumulated depreciation and possible write-downs.

The accounting principles involved are described below under "Tangible assets".

#### Investment property

Like operations property, investment property is recognized at cost less accumulated depreciation and possible write-downs. Other accounting principles are presented under "Tangible assets".

Information is presented regarding the fair value of investment property. The valuation is based on an internal valuation model. As a complement to this valuation annual external market valuations are obtained for a number of objects. External valuation of properties is performed every third year.

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## Project and development property

Project and development property is recognized under current assets and consists of undeveloped land and redeveloped tracts for future development, developed investment properties for project development, improvement and subsequent sale, ongoing work attributable to our own housing development projects as well as indirect holdings. The property is expected to be realized during our normal operational cycle. Valuation is made in accordance with IAS 2, Inventories, at the lowest of either acquisition value or net sales value, see below under "Inventories".

## Tangible assets

Tangible assets are recognized in consolidated accounts at acquisition value minus accumulated depreciation and any write-downs. The acquisition value consists of the purchase price and costs directly attributable to putting the asset in place in the condition required for utilization in accordance with the purpose of the acquisition.

The value of a tangible asset is derecognized from the balance sheet upon scrapping or divestment or when no future financial benefits are expected. Any recognized values of exchanged components, or parts of components, that are not depreciated are scrapped and expensed in connection with the exchange.

Gains and losses arising from divestment or disposal of an asset consist of the difference between the sales price and the asset's recognized value less direct sales costs.

Write-downs are described in separate section below.

## Additional costs

Additional costs are only added to the acquisition value if it is likely that the future financial benefits associated with the asset will benefit the Group and the acquisition value can be reliably estimated. Additional costs include the cost of exchanging entire, or parts of, identifiable components as well as the cost of creating new components. Costs that do not meet asset criteria are recognized as costs as they occur.

## Borrowing costs

Borrowing costs which are directly attributable to the purchase, construction or production of an asset and which require considerable time to complete for the intended use or sale are included in the acquisition value of the asset. Borrowing costs are included in the purchase price of our own developed real estate.

## Depreciation principles

Depreciation is based on the original acquisition value minus the calculated residual value. Depreciation is linear over the assessed useful life of the asset.

Buildings (operations property and investment property)	25-100 years
Land improvements	25-50 years
Asphalt and concrete factories	10-15 years
Vehicles and construction machinery	5-10 years
Other equipment and inventories	3-10 years

The useful life and residual value of assets are assessed annually.

Gravel and rock quarries are written down based on substance depletion, i.e. the amount of gravel and rock removed in relation to the calculated total amount of substance deemed recoverable in the gravel and rock quarry.

## Intangible assets

### Goodwill

Goodwill is valued at acquisition value minus any accumulated write-downs. Goodwill is divided between cash-generating units and is tested at least once a year for write-down needs. Goodwill stemming from the acquisition of joint ventures and associated companies is included in the recognized value of participations in joint ventures and associated companies.

## Balanced development costs

Development costs are primarily derived from developing IT systems and are reported as an asset on the balance sheet, if the application is technically or commercially useful and the Group is believed to have adequate resources for completing development and then applying the intangible asset. The recognized value includes all directly attributable expenses, for example for software, purchased services, personnel and, in cases where projects run for more than twelve months, loan costs. Other development costs are reported in profit/loss for the year as costs as they arise. Balanced development costs are recognized on the balance sheet at cost less accumulated depreciation and possible write-downs.

## Other intangible assets

Other intangible assets refer to acquired assets recognized at acquisition value less accumulated depreciation and write-downs. These intangible assets consist of:

- Brands
- Customer relations and customer contracts
- Utilization rights, primarily gravel and rock quarries
- Others

## Depreciation policies

Depreciation is linearly recognized in profit/loss for the year over the estimated useful life of the intangible asset. Goodwill and other intangible assets with an indeterminate useful life is not depreciated but is tested for impairment annually or as soon as there are indications that the asset in question has declined in value. Depreciable intangible assets are depreciated from the date when the asset became available for use.

The estimated useful lives are:

Brands that refer to business area Industry when repurchased by Peab 2008	20 years
Brands, other	5-10 years
Customer relations	3-5 years
Customer contracts / order backlog	Remainder of contract period
Balanced development costs	5-10 years
Rights of use	Correspond to contract period

The useful life of assets are assessed annually.

## Leases

Peab's leases primarily refer to rent for vehicles, offices and other premises, leaseholds and land leases.

A right of use asset and a leasing liability are recognized on the commencement date of the leasing agreement, which is the date Peab acquires access to, and can begin to use, the underlying asset. The right of use is initially valued at acquisition cost, which consists of the leasing liability's initial value and the leasing fees paid before or on the commencement date plus any initial direct costs. The right of use is amortized linearly from the commencement date normally until the end of the leasing period. In cases where the acquisition cost for the right of use reflects that an option to buy the underlying asset will be used, the asset is amortized over the period the underlying asset is used.

Leasing liabilities – which are divided into long-term and current parts – are initially valued at the current value of remaining leasing fees during the assessed leasing period. The leasing period is made up of the period that cannot be terminated and additional periods under the agreement if, on the commencement date, it is probable these will be used. The calculations for leaseholds are based on a never ending leasing period, in cases where the lessee (Peab) cannot terminate the leasehold agreement.

The leasing fees are normally discounted with the Group's marginal borrowing interest rate, which in addition to the Group's credit risk reflects the respective agreement's leasing period, currency and the quality of



the underlying asset which is the intended collateral. In cases where the implicit interest rate of the leasing agreement is easily determined this interest rate is used instead, which is the case for parts of the Group's leases for vehicles.

The value of the liability increases with the interest rate cost for the respective period and is reduced by leasing payments. The interest rate cost is calculated as the value of the liability multiplied by the discount rate.

Variable leasing fees that are not index or interest rate based are expensed in the period they occur.

Leasing liabilities for premises or land with rent subject to indexation are calculated on the rent at the end of the respective report period. When the rent level has been raised according to the index the liability is adjusted, based on the new rent level, with a corresponding adjustment of the reported asset value of right of use. The value of the liability and asset is adjusted in the same way in connection with a reevaluation of the leasing period. This occurs when the final termination date within the previously assessed leasing period for a premise rental contract has passed or when significant events occur or circumstances change materially in a way that is under the control of the Peab Group and affects the existing assessment of the leasing period.

The Group recognizes right of use assets together with the same type of owned assets as the underlying leased asset on the balance sheet. The leased assets are specified per asset type in the note about leases.

Right of use assets and lease liabilities are not recognized for leases with a leasing period of 12 months or less or that have an underlying asset of low value. Leasing fees for these leases are expensed linearly over the leasing period.

#### Inventories

Inventories are comprised of raw materials and consumables, products in progress, finished products and goods for resale. Project and development properties are recognized according to the principles for inventories but are presented as a separate item on the balance sheet under current assets.

Inventories are valued at the lowest of acquisition value and net sale value. The acquisition value of stock is calculated using the first-in, first-out method and includes expenses connected to the acquisition of the stock assets and transportation to their current location and condition. For manufactured goods the acquisition value includes a reasonable share of the indirect costs based on a normal capacity.

The net sale value is the estimated sales price in the current business minus estimated costs for completion and bringing about the sale.

#### Impairment losses

The recognized value of Group assets is checked every balance sheet day to assess whether there is a write-down requirement.

#### Impairment tests of tangible/intangible assets, investment property and participation in subsidiaries, joint ventures and associated companies

If an impairment is indicated, the recovery value of the asset is estimated according to IAS 36. Moreover, the recovery value of goodwill, other intangible assets of indeterminate useful life and intangible development assets which are not yet ready for use is estimated each year. If it is not possible to establish materially independent cash flows for a certain asset, when testing for impairment the assets are grouped at the lowest level where it is possible to identify materially independent cash flows – a so-called cash-generating unit.

Write-downs are recognized when the recognized value of an asset or a cash-generating unit exceeds its recovery value. Write-downs are expensed in profit/loss for the year. Write-downs of assets attributable to a cash-generating unit, or a group of units, are first allocated to goodwill, followed by a proportional write-down of the other assets in the unit (or group of units).

The recovery value is the highest of fair value minus sales costs and useful value. When calculating useful value, future cash flows are discounted by a discount factor that takes into consideration the risk-free interest rate and the risks which are associated with the specific asset.

When calculating useful value leasing payments have been handled as cash flows in operations. This means that leasing liabilities do not affect the discount rate. The cash-generating unit's reported value includes right of use assets. Leasing liabilities are deducted from the cash-generating unit's reported value since the useful value is reduced by future leasing payments.

A write-down is reversed if there are both indications that impairments no longer exist and assumptions which the calculation of the recovery value were based on have changed. However, write-downs of goodwill are never reversed. Reversing is only performed to the extent that the recognized value after reversing of the asset does not exceed the recognized value which would have been recognized deducted for depreciation where applicable, if a write-down had not been made.

#### Write-downs of anticipated credit losses in financial assets

The Group recognizes loss reserves for anticipated credit losses on financial assets valued at accrued acquisition value. The loss reserve for receivables is valued at an amount that corresponds to the anticipated losses for the remaining time to maturity. For other receivables the loss reserve is valued at an amount that corresponds to 12 months anticipated credit losses, given that the credit loss has not significantly increased from when the receivable was originally recognized. If the credit loss has significantly increased from when the receivable was originally recognized the loss reserve is valued at an amount that corresponds to the anticipated losses for the remaining period time to maturity.

The loss reserve is calculated as the current value of all deficits in cash flows (i.e. the difference between cash flows according to a contract and the cash flows the Group anticipates receiving). Current receivables are, however, not discounted. Assets are recognized in the balance sheets net after any write-downs. Write-downs are recognized in profit/loss.

The reserve for anticipated credit losses regarding accounts receivables is calculated by for certain receivables an individual assessment is made in cases where impairment has been particularly identified. For other receivables a collective reserve is made for anticipated credit losses based on the Group's history of credit losses in the different business areas. The model is updated regularly to take into account changes in loss statistics over time.

The loss reserve for other receivables is calculated by the Group assessing the probability of default in the counterpart based on available statistics from rating institutes as well as the loss the Group would suffer in the eventuality of a loss given default.

The gross value of a financial asset is written off when the Group no longer has any feasible expectations of recovering part of or the entirety of a financial asset.

#### Impairment tests for other assets

The principles for write-downs of inventories and deferred tax recoverables are presented in the respective sections above.

#### Equity

##### Repurchase of own shares

Holdings of own shares and other equity instruments are recognized as a reduction in equity. Liquid funds from the divestment of such equity instruments are recognized as an increase in equity. Any transaction costs are charged directly to equity.

#### Employee benefits

##### Defined contribution pension plans

The Group's obligations concerning contributions to defined contribution plans are expensed in profit/loss for the year as they are earned by the employee performing work for the company during the period.

##### Defined benefit pension plans

Pension plans that are not defined contribution plans are defined benefit plans, which means the employer is obligated to pay pension fees on a certain benefit level. The Group's defined benefit plans consist of the Swedish ITP 2 Plan for Salaried Staff which is managed through insurance with Alecta. The ITP 2 pension plan, which is secured through insurance from

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1 Alecta, is recognized as a defined benefit plan that encompasses several  
2 employers. However, the plan is recognized as a defined contribution plan  
3 since Alecta cannot provide the necessary information required for each  
4 member company to report its proportional share of the plan obligations,  
5 assets and expenses. There are no other defined benefit pension plans.

#### 6 Pension plans with endowment insurance

7 There are pension plans where the Group has acquired endowment  
8 insurance which is hedged in favor of employees through pledges. The  
9 employees in question only have the right to compensation equal to the  
10 value of the endowment insurance at redemption. These pension plans are  
11 classified and recognized as defined contribution plans. Provisions for special  
12 payroll tax are reserved calculated on the fair value of the endowment  
13 insurance, except in cases where the contract stipulates that the endowment  
14 insurance covers special payroll tax.

#### 15 Remuneration upon dismissal

16 A provision for remuneration relating to the dismissal of staff is only estab-  
17 lished if the company is demonstrably subject to, without any realistic  
18 opportunity for avoidance, the termination of employment prior to the  
19 normal time and the affected groups of employees have been informed  
20 about the dismissal plan. Provisions are made for severance compensation  
21 which will be paid without requiring any service from the employee.

#### 22 Short-term remuneration

23 Short-term remuneration to employees is calculated without a discount  
24 and reported as an expense when the related services are received.

25 The expected costs of participations in profits and bonus payments are  
26 recognized as an accrued cost when the Group has a valid legal or informal  
27 obligation to make such payments for services rendered from employees  
28 and the obligations can be reliably estimated.

#### 29 Share-related remuneration

30 A share-related incentive program makes it possible for employees to  
31 receive shares in the company. The fair value of the allotted shares is  
32 reported as a personnel cost with a corresponding increase in equity. The  
33 fair value is calculated at the point in time the shares are allotted and is  
34 spread out over the earning period. The recognized cost corresponds to the  
35 fair value of an estimated number of shares expected to be earned, taking  
36 into consideration performance conditions that are not market conditions.  
37 This cost is adjusted in the following periods to ultimately reflect the actual  
38 number of shares earned.

39 Employers' contributions referring to share-related instruments for  
40 employees as remuneration for performed services are expensed over the  
41 periods the services are rendered. Provisions for employers' contributions  
42 are based on the fair value of the shares at the point in time they are  
43 reported.

#### 44 Provisions

45 Provisions are recognized on the balance sheet when the Group has a legal  
46 or informal obligation due to events that have occurred and it is likely that  
financial resources will be required to meet the obligation, and a reliable  
estimate of the amount can be made.

#### Contingent liabilities

Contingent liabilities are provided when there is a possible obligation  
attributable to events that have occurred, the occurrence of which can only  
be confirmed by one or more uncertain future events out of the control of  
the Group, or when there is an undertaking not recognized as a liability or  
provision because it is not likely that the use of resources will be required  
or the amount cannot be calculated with sufficient reliability.

#### Parent company accounting principles

The parent company has prepared its annual report in accordance with  
the Swedish Company Accounts Act (1995:1554) and the Swedish Financial  
Reporting Board recommendation RFR 2 Accounting rules for legal entities.  
RFR 2 requires that the parent company, in the annual report for the legal  
entity, use all EU adopted IFRSs and interpretations as far as possible  
within the framework of the Swedish Company Accounts Act, the Job Secu-  
rity Law and with due regard for the relationship between accounting and  
taxes. The recommendation states which exceptions and additions must be  
made to the IFRSs.

#### Changed accounting principles

The parent company's accounting principles are unchanged compared to  
the Annual Report 2022.

New or amended IFRSs including interpretations that have been adopted  
by IASB but not yet applicable are not expected to have any material effect  
on parent company accounting.

#### Differences between the Group's and parent company's accounting principles

##### Classification and presentation

The parent company's income statement and balance sheet are presented  
according to the structure in the Swedish Company Accounts Act. The  
departure from IAS 1 Presentation of financial statements, which is used  
in structuring the consolidated financial reports is primarily regarding pre-  
senting financial income and expenses, fixed assets, equity and provisions  
reported under a separate heading on the balance sheet.

##### Subsidiaries, joint ventures and associated companies

Participations in subsidiaries, joint ventures and associated companies  
are recognized in the parent company according to the acquisition value  
method. This means that acquisition costs are included in the reported  
value of the holding in the subsidiary. In Group accounting acquisition  
costs are recognized directly in profit/loss as they occur.

##### Financial guarantees

The parent company's financial guarantee agreements mainly consist  
of sureties for the benefit of subsidiaries and joint ventures. The parent  
company recognizes financial guarantee agreements as provisions on the  
balance sheet when the company has an obligation for which payment is  
likely to be required to settle the obligation.

##### Taxes

Untaxed reserves including deferred tax liabilities are recognized in the  
parent company. In the Group accounting however, untaxed reserves are  
divided into deferred tax liabilities and equity.

##### Shareholder contributions

Paid shareholder's contributions are activated in shares and participations  
in the provider after taking into consideration any impairments.

##### Group contributions

Group contributions are recognized as appropriations whether or not the  
Group contribution has been given or received.

##### Leases

The parent company does not apply IFRS 16 Leases in accordance with the  
exception in RFR2. As a lessee leasing fees are expensed linearly over the  
leasing period and therefore right of use assets and lease liabilities are not  
recognized on the balance sheet.

**Note 2 Important estimates and assessments**

Executive Management has together with the Board of Directors discussed developments, selections and information regarding the Group's important accounting principles and assessments, as well as the application of these principles.

Certain important accounting estimates made when applying the Group's accounting principles are described below.

The sources of uncertainty in the assessments given below refer to those that entail a risk that the value of assets or liabilities may have to be significantly adjusted in future financial years.

Peab's operative operations are sensitive to changes in, among other things, volumes and margins. The financial risks are associated with tied up capital, the need for capital, the interest rate risk and the currency risk in operations. Peab's business is also exposed to risks linked to the environment and climate. For more information see the section Risks and risk management in The Board of Directors' Report and Climate risks and opportunities according to TCFD on page 51.

For information on how changes in important variables affect the Group's result, see the sensitivity analysis in Risks and risk management in The Board of Directors' Report.

**Construction contracts recognized over time**

Profit/loss recognized for construction projects in progress is calculated over time based on the degree of completion of the project. This requires that project revenue and expenses can be calculated in a reliable manner. A prerequisite is a well functioning system for calculation, forecasting and project monitoring. Forecasts regarding the final outcome of the projects are critical estimates crucial to profit/loss recognition during the project. Project forecasts are evaluated on a regular basis as each project progresses and if necessary adjusted. There is a risk that the final profit/loss of a project may deviate from the profit/loss recognized over time.

**Impairment tests of goodwill**

Total Group goodwill amounts to SEK 3,162 million (3,309). Of the goodwill value SEK 2,772 million (2,776) refers to business area Industry of which SEK 1,397 million is connected to the acquisition of the Nordic paving and mineral aggregates operations in April 2020.

When calculating cash generating units' recoverable amount in order to assess the need to write-down goodwill several estimations and assessments about the future have been made. They are presented in note 16. As is apparent in the description in note 16, changes beyond what can reasonably be expected during 2024 in these estimations and assessments could have an effect on goodwill. An analysis has been made as to whether a negative adjustment of the estimations concerning the discount rate and operating profit would result in a material write-down of goodwill. Based on this analysis there is no apparent need for an impairment of goodwill.

Regarding the acquired paving and mineral aggregates operations in the business area Industry, the difference between recoverable values and booked values is less than in older acquisitions. The acquired operations have developed well since the acquisition in 2020 although in 2022 paving and mineral aggregates operations were affected by the high energy and fuel costs, which lowered profitability. In 2023 this has been compensated

by prices to customers along with streamlining operations. Peab does not believe there is any significant risk for a material write-down of goodwill in the coming fiscal year.

**Project and development property**

Project and development property amounts to SEK 18,061 million (19,178), of which SEK 17,892 million (18,846) refers to owned assets and SEK 169 million (332) refers to leased assets. The recognized value for owned assets has been calculated as the lowest of the purchase price and the net sales price based on current price levels in the respective locations. Changes in supply and demand may alter recognized values and write-downs may be required. Peab uses an internal model to test the value of project and development property. As a complement to this valuation external market values are annually reviewed for some of the properties. Peab does not believe there is any significant risk for a material write-down of property values in the coming fiscal year. For more information on project and development property, see note 24.

**Disputes**

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. The actual outcome in disputed amounts may deviate from those recognized according to the best estimate. For more information on disputes, see note 32.

A decision in the case between Peab and Unibail Rodamco Westfield regarding the contract for Mall of Scandinavia in Solna was handed down in Peab's favor on June 30, 2023. In August Unibail Rodamco Westfield petitioned the Swedish Court of Appeal to set aside the judgment in its entirety in a so-called protest action. During the process the judgement is suspended and cannot be enforced and therefore the time of payment has been deferred. Peab's previously communicated assessment of the estimated effects on profit has not changed. Peab continues to have an outstanding receivable of about SEK 1,500 million on Unibail Rodamco Westfield per December 31, 2023. After a thorough legal trial through arbitration lasting nearly seven years Peab cannot see any grounds for a protest action. Peab will counter the protest action in the further process. For more information, see Other information and appropriation of profit.

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## Note 3 Revenue

Group Jan-Dec 2023, MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
<b>Allocation per external/internal</b>									
External sales	23,195	13,786	16,086	5,695	59		58,821	2,779	61,600
Internal sales	4,585	1,378	3,876	27	1,428	-11,294	-		-
<b>Total</b>	<b>27,780</b>	<b>15,164</b>	<b>19,962</b>	<b>5,722</b>	<b>1,487</b>	<b>-11,294</b>	<b>58,821</b>	<b>2,779</b>	<b>61,600</b>
<b>Allocation per country</b>									
Sweden	20,250	13,692	12,272	4,331	1,169	-9,633	42,081	857	42,938
Norway	4,236	1,472	1,588	357	159	-749	7,063	261	7,324
Finland	3,294		4,934	1,034	158	-910	8,510	1,661	10,171
Denmark			1,145		1	-2	1,144		1,144
Other			23				23		23
<b>Total</b>	<b>27,780</b>	<b>15,164</b>	<b>19,962</b>	<b>5,722</b>	<b>1,487</b>	<b>-11,294</b>	<b>58,821</b>	<b>2,779</b>	<b>61,600</b>
<b>Allocation per type of customer</b>									
Public sector	12,047	10,847	5,475	47	47		28,463	-32	28,431
Private customers	11,148	2,939	10,611	5,648	12		30,358	2,811	33,169
Internal customers	4,585	1,378	3,876	27	1,428	-11,294	-		-
<b>Total</b>	<b>27,780</b>	<b>15,164</b>	<b>19,962</b>	<b>5,722</b>	<b>1,487</b>	<b>-11,294</b>	<b>58,821</b>	<b>2,779</b>	<b>61,600</b>
<b>Allocation per point in time</b>									
At one point in time	51	20	6,387	1,785	84	-1,129	7,198	6,807	14,005
Over time	27,717	15,131	11,392	3,820	1,193	-8,490	50,763	-4,028	46,735
Rent revenue <sup>2)</sup>	12	13	2,183	117	210	-1,675	860		860
<b>Total</b>	<b>27,780</b>	<b>15,164</b>	<b>19,962</b>	<b>5,722</b>	<b>1,487</b>	<b>-11,294</b>	<b>58,821</b>	<b>2,779</b>	<b>61,600</b>
<b>Allocation per type of revenue</b>									
Construction contracts	27,717	15,131	11,392	3,820	77	-7,374	50,763	-4,028	46,735
Sales of goods			5,036			-790	4,246		4,246
Sales of property projects				1,743			1,743	6,807	8,550
Transportation services			1,205			-273	932		932
Administrative services					1,116	-1,116	-		-
Rent revenue <sup>2)</sup>	12	13	2,183	117	210	-1,675	860		860
Other	51	20	146	42	84	-66	277		27
<b>Total</b>	<b>27,780</b>	<b>15,164</b>	<b>19,962</b>	<b>5,722</b>	<b>1,487</b>	<b>-11,294</b>	<b>58,821</b>	<b>2,779</b>	<b>61,600</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 2022, MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
<b>Allocation per external/internal</b>									
External sales	23,435	13,536	17,465	8,638	61		63,135	-1,202	61,933
Internal sales	5,564	1,429	3,968	23	1,471	-12,455	-		-
<b>Total</b>	<b>28,999</b>	<b>14,965</b>	<b>21,433</b>	<b>8,661</b>	<b>1,532</b>	<b>-12,455</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>
<b>Allocation per country</b>									
Sweden	20,846	13,309	13,099	5,924	1,204	-10,139	44,243	-1,297	42,946
Norway	4,545	1,656	2,262	739	173	-802	8,573	392	8,965
Finland	3,608		5,042	1,998	154	-1,512	9,290	-297	8,993
Denmark			1,015		1	-2	1,014		1,014
Other			15				15		15
<b>Total</b>	<b>28,999</b>	<b>14,965</b>	<b>21,433</b>	<b>8,661</b>	<b>1,532</b>	<b>-12,455</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>
<b>Allocation per type of customer</b>									
Public sector	10,102	10,363	6,377	17	46		26,905		26,905
Private customers	13,333	3,173	11,088	8,621	15		36,230	-1,202	35,028
Internal customers	5,564	1,429	3,968	23	1,471	-12,455	-		-
<b>Total</b>	<b>28,999</b>	<b>14,965</b>	<b>21,433</b>	<b>8,661</b>	<b>1,532</b>	<b>-12,455</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>
<b>Allocation per point in time</b>									
At one point in time	26	15	6,915	1,373	70	-1,221	7,178	5,566	12,744
Over time	28,957	14,940	12,338	7,195	1,277	-9,580	55,127	-6,768	48,359
Rent revenue <sup>2)</sup>	16	10	2,180	93	185	-1,654	830		830
<b>Total</b>	<b>28,999</b>	<b>14,965</b>	<b>21,433</b>	<b>8,661</b>	<b>1,532</b>	<b>-12,455</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>
<b>Allocation per type of revenue</b>									
Construction contracts	28,957	14,940	12,338	7,195	97	-8,400	55,127	-6,768	48,359
Sales of goods			5,393			-873	4,520		4,520
Sales of property projects	5			1,343			1,348	5,566	6,914
Transportation services			1,327			-281	1,046		1,046
Administrative services					1,180	-1,180	-		-
Rent revenue <sup>2)</sup>	16	10	2,180	93	185	-1,654	830		830
Other	21	15	195	30	70	-67	264		264
<b>Total</b>	<b>28,999</b>	<b>14,965</b>	<b>21,433</b>	<b>8,661</b>	<b>1,532</b>	<b>-12,455</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>

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

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

The Group recognizes revenue when the Group meets a performance obligation, which is when a promised good or service is delivered to the customer and the customer takes control over the product or service. Control of a performance obligation can be transferred over time or at a certain point in time. The Peab Group's revenue primarily consists of the following revenue flows: Construction contracts, Sales of goods, Sales of property projects, Transportation services, Administrative services, Rent revenue and Other revenue.

#### Recognition over time

Revenue from Construction contracts and some other revenue is recognized over time. The transaction price of contracts with customers usually consists of fixed amounts, variable amounts or a combination of the two. Revenue in ongoing construction projects is recognized over time based on the project's degree of completion. This requires being able to calculate project revenue and project costs in a reliable manner. Project forecasts are regularly evaluated as a project progresses and are adjusted as needed.

Some contracts include several different performance obligations such as construction sales and contracts for operation and maintenance. Since operation and maintenance are not dependent on the construction contract this part is recognized as a separate performance obligation. In cases where contracts contain several performance obligations the transaction price is divided into each separate performance obligation based on their stand-alone sales prices.

In fixed price contracts the customer pays the agreed price on an established payment schedule. A receivable from the customer is recognized if a promised good or service Peab has delivered exceeds the payment. A liability to the customer is recognized if the payment exceeds the delivered services.

No financing component is considered to exist at the time of invoicing since the credit period is normally short. Terms of payment are usually 30 days. The Group's obligations to fix errors and shortcomings concerning completed projects are recognized as provisions. Guarantee periods are usually two to five years.

**Recognition at one point in time**

Revenue from the sales of goods, property, transportation and certain other revenue is recognized at one point in time. Sales of goods is recognized as revenue when control of the goods is transferred to the customer, which normally occurs when the goods are delivered.

Revenue from the sales of property is recognized when control of the property is transferred to the customer, which normally coincides with the customer taking over the property.

Revenue is recognized based on the price in the contract, which is normally a fixed price. Variable components, such as rent guaranties, reduce the recognized revenue.

Normally invoicing takes place upon delivery and the credit period is usually short and therefore there is no financing component. Terms of payment are almost always 30 days. Credit periods exceeding 12 months are rare and in those cases the transaction price is adjusted for the effects of financing components.

The Group's obligations to fix errors and shortcomings connected to delivered goods are recognized as provisions. These are conventional guaranties and are not considered to be separate performance obligations.

The remaining performance obligations are presented in the tables below.

	Coming financial year	Next financial year	Thereafter	Total
<b>Group 2023-12-31, MSEK</b>				
Construction	16,186	6,181	2,102	24,469
Civil Engineering	8,575	3,938	1,392	13,905
Industry	3,191	763	-	3,954
Project Development	1,405	215	0	1,620
Eliminations	-3,791	-1,014	-83	-4,888
<b>Total, segment reporting</b>	<b>25,566</b>	<b>10,083</b>	<b>3,411</b>	<b>39,060</b>
Adjustment housing	2,002	980	-	2,982
<b>Total, IFRS</b>	<b>27,568</b>	<b>11,063</b>	<b>3,411</b>	<b>42,042</b>
<b>Group 2022-12-31, MSEK</b>				
Construction	19,501	7,430	2,133	29,064
Civil Engineering	8,182	3,836	1,921	13,939
Industry	3,241	956	76	4,273
Project Development	3,933	1,234	280	5,447
Eliminations	-6,068	-2,011	-255	-8,334
<b>Total, segment reporting</b>	<b>28,789</b>	<b>11,445</b>	<b>4,155</b>	<b>44,389</b>
Adjustment housing	2,266	2,148	231	4,645
<b>Total, IFRS</b>	<b>31,055</b>	<b>13,593</b>	<b>4,386</b>	<b>49,034</b>

**Note 4 Operating segments**

Group business is divided into operating segments based on how the company's highest decision makers, i.e. executive management and the Board of Directors, follow the business. Peab believes segment reporting best describes Peab's business regarding internal steering and risk profile for both the business areas and the Group as a whole. The Group is reported in the four business areas Construction, Civil Engineering, Industry and Project Development. The business areas correspond to operating segments.

Peab consolidates according to IFRS projects with Swedish tenant-owner associations until the time the final homebuyers take over their apartments. This means that projects are reported on the balance sheet as work-in-progress in the asset item project and development property and as interest-bearing liabilities (project financing). Revenue and costs for the projects are recognized as homebuyers take over their homes. As a result of the change Peab recognizes all own housing development projects in Sweden, Norway and Finland according to the completion method.

To create clarity and enable the market to follow Peab's development regarding our own housing development projects, in segment reporting revenue and expenses are recognized over time as the projects are successfully completed. This applies to the business area Project Development and the unit Housing Development and refers to Swedish tenant-owner associations and our own single homes, Norwegian condominiums and share housing as well as Finnish residential limited companies.

In segment reporting leasing fees for all business areas are recognized linearly over the leasing period for additional leasing contracts according to IFRS 16 (previously operational leasing contracts). IFRS 16, Leases is applied in the consolidated accounts according to IFRS only as a total for the Group.

Financial key ratios such as capital employed, balance sheet total, equity, equity/assets ratio, net debt, debt/equity ratio and cash flow before financing are reported in segment reporting taking into consideration the above prerequisites. Net debt according to segment reporting includes the unsold portion of housing projects in ongoing production. For more information regarding accounting principles and important estimates and assessments, see note 1 and note 2.

The Group's internal reporting is constructed so that executive management follows every business area up to and including operating profit and operating margin. For business area Industry and Project Development executive management also follows the development of capital employed and return on capital employed. The capital employed in the business areas consists of the business area's total assets 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.

Internal pricing between Group segments is based on the "arm's length principle", in other words, by well informed parties who are independent of each other and have an interest in the realization of the transactions.

Segments' operating profit includes directly attributable items and items that can be reasonably and reliably allocated to a segment. Non-allocated items consist of financial income and expenses, and taxes.



**Operating segments**

The Group consists of the following operating segments:

- **Construction:** Business area Construction comprises Group resources in construction related services. Construction works for both external and internal customers. Customers are in both the private and public sectors. Operations are run through twelve regions in Sweden, three in Norway and two in Finland. Specialized housing production units are located in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide organization in Sweden focused on the big city regions. The other regions perform all kinds of construction projects within their geographic area.
- **Civil Engineering:** Business area Civil Engineering works with the construction of large infrastructure and civil engineering projects, foundation works and smaller projects on the local market. Civil Engineering also operates and maintains roads and municipal facilities. The operations are run in geographical regions in Sweden and Norway. Customers are the Swedish Transport Administration, municipalities and local businesses.
- **Industry:** Business area Industry offers everything from mineral aggregates, concrete, paving and temporary electricity to prefabricated concrete elements. Industry also assists with crane and machine rental, distribution of binder to the concrete industry, transportation as well as recycles production waste and excavation soil. The business is run in six product areas; Mineral aggregates, Paving, Concrete, Transportation and

Machines, Rentals and Construction System. All of them operate on the Nordic construction and civil engineering markets. Customers are mainly Nordic construction and civil engineering companies.

- **Project Development:** Business area Project Development comprises Peab's development of housing as well as commercial property and public buildings in Sweden, Norway and Finland. The business is run in two units, Housing Development and Property Development. Housing Development develops all kinds of housing such as apartment buildings in tenancy ownership, ownership and rental form as well as single homes. Operations in Property Development revolve around the acquisition, development and divestiture of commercial properties. The business includes projects in wholly owned and partly owned companies. Included in partly owned companies are, among others, Peab's holdings in Fastighets AB Centur, Tornet Bostadsproduktion AB, Fastighets AB ML4, Skiab Invest AB and Point Hyllie Holding AB. Projects in wholly owned subsidiaries consist of a large number of holdings that include everything from land for development where zoning is being worked out to completed projects ready for divestiture. Net sales and operating profit from operations are derived from running our wholly owned property, shares in the profit from partly owned companies as well as capital gains from the divestiture of completed property and participations in partly owned companies.

Other operations are reported under Group functions and consist of central companies and Group functions.

Group 2023, MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Elimination	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
External sales	23,195	13,786	16,086	5,695	59		58,821	2,779	61,600
Internal sales	4,585	1,378	3,876	27	1,428	-11,294	-		-
<b>Total revenue</b>	<b>27,780</b>	<b>15,164</b>	<b>19,962</b>	<b>5,722</b>	<b>1,487</b>	<b>-11,294</b>	<b>58,821</b>	<b>2,779</b>	<b>61,600</b>
Operating costs	-27,347	-14,728	-19,223	-5,433	-1,808	11,238	-57,301	-2,046 <sup>2)</sup>	-59,347
Other operating income	11	76	250	17	24	-21	357		357
Other operating costs	-3	-11	-27	-2	-2	21	-24		-24
<b>Operating profit</b>	<b>441</b>	<b>501</b>	<b>962</b>	<b>304</b>	<b>-299</b>	<b>-56</b>	<b>1,853</b>	<b>733</b>	<b>2,586</b>
<b>Operating margin, %</b>	<b>1.6</b>	<b>3.3</b>	<b>4.8</b>	<b>5.3</b>			<b>3.2</b>		<b>4.2</b>
Financial income							584		584
Financial expenses							-542	-42 <sup>3)</sup>	-584
<b>Pre-tax profit</b>							<b>1,895</b>	<b>691</b>	<b>2,586</b>
Tax							-481	-117	-598
<b>Profit for the year</b>							<b>1,414</b>	<b>574</b>	<b>1,988</b>
Depreciation	-23	-72	-1,190	-5	-73	-2	-1,365	-372	-1,737
Write-downs in operating profit	-127	-	-21	-20	1	-	-167		-167
Capital gains/losses	7	60	176	17	0	-1	259		259
Other significant non-cash items	149	-13	-31	46	-60	304 <sup>4)</sup>	395	78	473
Capital employed (closing balance)	-985	-173	10,699	18,093		5 <sup>4)</sup>	27,639	5,249	32,888
Total assets							44,295	4,881 <sup>5)</sup>	49,176
Equity							15,082	-612	14,470
Equity/assets ratio, %							34.0		29.4
Net debt							8,676	5,861	14,537
Cashflow before financing	146 <sup>6)</sup>	698 <sup>6)</sup>	1,012 <sup>6)</sup>	-2,254 <sup>6)</sup>		-919 <sup>7)</sup>	-1,317	3,972	2,655

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 3 and the section Overview business areas and Group functions in Board of Directors' report.

<sup>2)</sup> Refers to IFRS 16, additional leases SEK 37 million and housing projects SEK -2 083 million.

<sup>3)</sup> Refers to IFRS 16, additional leases SEK -42 million.

<sup>4)</sup> Unallocated to group segment.

<sup>5)</sup> Divided between IFRS 16, additional leases SEK 1,386 million and housing projects SEK 3,495 million.

<sup>6)</sup> Refers to operational cash flow. For definition, see section Alternative key figures and definitions.

<sup>7)</sup> Unallocated cash flow.

Group 2022, MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Elimination	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
External sales	23,435	13,536	17,465	8,638	61		63,135	-1,202	61,933
Internal sales	5,564	1,429	3,968	23	1,471	-12,455	-		-
<b>Total revenue</b>	<b>28,999</b>	<b>14,965</b>	<b>21,433</b>	<b>8,661</b>	<b>1,532</b>	<b>-12,455</b>	<b>63,135</b>	<b>-1,202</b>	<b>61,933</b>
Operating costs	-28,398	-14,512	-20,866	-7,538	-1,732	12,397	-60,649	1,018 <sup>2)</sup>	-59,631
Other operating income	32	48	205	5	3	-14	279		279
Other operating costs	-4	-7	-25	-1	-1	14	-24		-24
<b>Operating profit</b>	<b>629</b>	<b>494</b>	<b>747</b>	<b>1,127</b>	<b>-198</b>	<b>-58</b>	<b>2,741</b>	<b>-184</b>	<b>2,557</b>
<b>Operating margin, %</b>	<b>2.2</b>	<b>3.3</b>	<b>3.5</b>	<b>13.0</b>			<b>4.3</b>		<b>4.1</b>
Financial income							103		103
Financial expenses							-174	-46 <sup>3)</sup>	-220
<b>Pre-tax profit</b>							<b>2,670</b>	<b>-230</b>	<b>2,440</b>
Tax							-633	24	-609
<b>Profit for the year</b>							<b>2,037</b>	<b>-206</b>	<b>1,831</b>
Depreciation	-24	-60	-1,132	-6	-69	-2	-1,293	-364	-1,657
Write-downs in operating profit	-2	-3	-31	-20	0	0	-56		-56
Capital gains/losses	7	24	146	8	0	-2	183		183
Other significant non-cash items	57	6	85	54	-30	-23 <sup>4)</sup>	149	-62	87
Capital employed (closing balance)	-1,746	54	10,807	15,632		253 <sup>4)</sup>	25,000	8,590	33,590
Total assets							43,220	7,791 <sup>5)</sup>	51,011
Equity							14,978	-1,192	13,786
Equity/assets ratio, %							34.7		27.0
Net debt							6,899	9,782	16,681
Cashflow before financing	-79 <sup>6)</sup>	-114 <sup>6)</sup>	-518 <sup>6)</sup>	-690 <sup>6)</sup>		-554 <sup>7)</sup>	-1,955	-1,204	-3,159

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 3 and the section Overview business areas and Group functions in Board of Directors' report.

<sup>2)</sup> Refers to IFRS 16, additional leases SEK 36 million and housing projects SEK 982 million.

<sup>3)</sup> Refers to IFRS 16, additional leases SEK -46 million.

<sup>4)</sup> Unallocated to group segment.

<sup>5)</sup> Divided between IFRS 16, additional leases SEK 1,719 million and housing projects SEK 6,072 million

<sup>6)</sup> Refers to operational cash flow. For definition, see section Alternative key figures and definitions.

<sup>7)</sup> Unallocated cash flow.

## Comments on the tables

Group net sales according to segment reporting decreased by seven percent in 2023 and amounted to SEK 58,821 million (63,135). After adjustments for acquired and divested units and exchange rate effects net sales decreased by eight percent. Of the year's net sales SEK 16,740 million (18,892) were attributable to sales and production outside Sweden. Operating profit for 2023 according to segment reporting amounted to SEK 1,853 million (2,741) and the operating margin was 3.2 percent (4.3). To counteract the diminished housing market operations in construction production, housing development, rental operations and central support functions are being streamlined. All in all provisions, write-downs and restructuring costs amount to SEK 525 million. A decision in the case between Peab and Unibail Rodamco Westfield regarding the contract for Mall of Scandinavia in Solna was handed down in 2023. The judgement entailed a positive effect on operating profit of SEK 400 million.

## Geographic areas

Income from external customers is related to the countries customers are located in. The information concerning intangible and tangible assets is divided into the countries the assets are located in. The table below shows the amounts allocated per geographic region according to IFRS.

Group, MSEK	Sweden		Norway		Finland		Denmark		Other markets		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External sales	42,938	42,946	7,324	8,965	10,171	8,993	1,144	1,014	23	15	61,600	61,933
Intangible and tangible assets, investment property and shares in joint ventures	10,075	9,515	1,677	1,926	2,922	3,061	293	315	0	0	14,967	14,817
<b>Parent company, MSEK</b>												
Net sales												
			Sweden	Norway	Finland	Denmark	Total <sup>1)</sup>					
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
		225	253	19	23	22	27	1	1	267	304	

<sup>1)</sup>Included in Group functions.

## Note 5 Business combinations

### 2023

There have been no business combinations in 2023.

During the year assets have been acquired through share acquisitions (asset acquisitions that are not business combinations) which resulted in a cash flow of SEK -106 million and primarily refer to project and development properties with development rights in Sweden and Norway.

### Acquisitions after the balance sheet date

No material business combinations have transpired in 2024 prior to the presentation of these financial reports.

On January 12, 2024 Peab took over 50 percent of the shares in Sicklaön Bygg Invest AB, which wholly and partly owns development rights in Kvarnholmen in Nacka (asset acquisition that does not include a business). For more information see section Other information and appropriation of profit.

### 2022

December 20, 2022 Peab acquired 90.4 percent of the shares in the civil engineering company Arne Olav Lund A/S based in Larvik. The company works throughout eastern Norway with production and improvement of roads, water and waste water as well as with groundwork and landscaping.

July 1, 2022 Peab also acquired 100 percent of the shares in Asfaltti-System Oy. Asfaltti-System Oy is a company in Kouvola in southern Finland that works with manufacturing components and maintenance in the asphalt and concrete industry.

The above acquisitions in 2022 individually had no material acquisition effects from the Group's perspective and information on acquisition effects is given collectively.

In the period after the acquisitions the above subsidiaries and operations contributed SEK 7 million to Group revenue and SEK -1 million to Group profit/loss in 2022. If the acquisitions had occurred on January 1, 2022, the combined effect of these acquisitions on Group revenue would have been SEK 410 million and SEK 13 million on Group profit/loss.

Total transferred compensation amounted to SEK 170 million.

During the year assets have also been acquired through share acquisitions (asset acquisitions that are not business combinations) which resulted in a cash flow of SEK -408 million and primarily refer to project and development properties with development rights in Sweden and Norway.

### The acquired companies' net assets at the time of acquisition:

MSEK	2022
Intangible assets	20
Tangible assets	137
Project and development properties and inventories	5
Accounts receivable and other receivables	94
Liquid funds	19
Interest-bearing liabilities	-21
Interest-bearing liabilities (leasing)	-67
Deferred tax liabilities	-30
Provisions	-4
Accounts payable and other current liabilities	-52
<b>Net identifiable assets and liabilities</b>	<b>101</b>
Non-controlling interests	-8
Group goodwill	77
<b>Consideration transferred</b>	<b>170</b>

### Settled consideration

MSEK	2022
Liquid funds	151
Contingent consideration	19
<b>Total settled consideration</b>	<b>170</b>

## Note 6 Other operating income

Group, MSEK	2023	2022
Capital gains from shares sold in businesses/joint ventures	60	33
Change in fair value of contingent purchase price	13	-
Insurance compensation	20	10
Profit from sales of fixed assets	209	173
Government grants	21	1
Profit from participation in joint ventures	5	9
Payment regarding Group sickness insurance (AGS) and surplus funds	-	45
Other	29	8
<b>Total</b>	<b>357</b>	<b>279</b>

## Note 7 Other operating costs

Group, MSEK	2023	2022
Capital loss from shares sold in businesses	-	-2
Loss from sales of fixed assets	-10	-4
Exchange loss from receivables/liabilities relating to operations	-6	-13
Other	-8	-5
<b>Total</b>	<b>-24</b>	<b>-24</b>

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## Note 8 Government grants

Government grants received in 2023 in the Group amounted to SEK 22 million (54). Of these, SEK 1 million (23) reduced costs and SEK 21 million (-) was reported as other operating income in the income statement, of which SEK 20 million is electricity subsidy. During 2022, state aid has reduced the reported values of the assets in the balance sheet by SEK 31 million.

## Note 9 Employees, personnel costs and remuneration to senior officers

### Costs for remuneration to employees

Group, MSEK	2023	2022
Salaries and remuneration etc.	8,578	8,510
Pension costs, defined contribution plans	939	989
Social security	2,206	2,148
<b>Total</b>	<b>11,723</b>	<b>11,647</b>

### Average number of employees

	No. of employees 2023	Of which were women percent 2023	No. of employees 2022	Of which were women percent 2022
<b>Parent company</b>				
Sweden	151	54	148	53
<b>Subsidiaries</b>				
Sweden	10,046	14	10,148	14
Norway	1,674	11	1,718	12
Finland	1,633	14	1,910	15
Denmark	301	8	284	7
Poland	3	100	3	100
<b>Total in subsidiaries</b>	<b>13,657</b>	<b>14</b>	<b>14,063</b>	<b>14</b>
<b>Group</b>	<b>13,808</b>	<b>14</b>	<b>14,211</b>	<b>14</b>

### Gender distribution in boards and other senior officers

	Percentage of women 2023	Percentage of women 2022
<b>Parent company</b>		
The Board of Directors	45	45
Other senior officers <sup>1)</sup>	20	20
<b>Group</b>		
Boards <sup>2)</sup>	43	43
Other senior officers <sup>3)</sup>	16	14

<sup>1)</sup> Refers to executive management.

<sup>2)</sup> Refers to the Board of Directors in the parent company and boards in subsidiaries.

<sup>3)</sup> Other senior officers in the Group refers to executive management along with business area management.

### Salaries and other remuneration as well as pension costs for senior officers

Group, MSEK	Board of Directors and senior officers (16 persons) 2023	Board of Directors and senior officers (16 persons) 2022
Salaries and other remuneration	41	39
– of which variable remuneration	1	1
Pension costs	20	17
– of which pension costs for variable remuneration	5	3

### Salaries and other remuneration divided among senior officers and other employees as well as social security costs

Parent company 2023, MSEK	Board of Directors and senior officers (13 persons) <sup>1)</sup>	Other employees	Total
Salaries and other remuneration	29	123	152
– of which variable remuneration	0	1	1
Social security costs	30	69	99
– of which pension costs	11	23	34
– of which pension costs for variable remuneration	5	–	5

<sup>1)</sup> The group senior officers refers to parts of executive management. During 2023 the group consisted of five persons in the parent company.

Parent company 2022, MSEK	Board of Directors and senior officers (13 persons) <sup>1)</sup>	Other employees	Total
Salaries and other remuneration	29	113	142
– of which variable remuneration	0	4	4
Social security costs	24	65	89
– of which pension costs	11	23	34
– of which pension costs for variable remuneration	2	5	7

<sup>1)</sup> The group senior officers refers to parts of executive management. During 2022 the group consisted of five persons in the parent company.

**Salaries and other remuneration for senior officers in 2023**

Thousands, SEK	Basic pay/ Board remuneration	Variable remuneration	LTI-program <sup>1)</sup>	Other benefits/ remunerations	Pension costs	Total
Chairman of the Board, Anders Runevad	1,360					1,360
<b>Other members of the Board</b>						
Karl-Axel Granlund	760					760
Lars Sköld	765					765
Fredrik Paulsson	760					760
Kerstin Lindell	680					680
Liselott Kilaas	680					680
Malin Persson	600					600
Magdalena Gerger	680					680
<b>Board of Directors fees, remuneration from the parent company</b>	<b>6,285</b>					<b>6,285</b>
CEO, Jesper Göransson	9,041	1,808	–	269	4,931 <sup>2)</sup>	16,049
Other senior officers, remuneration from the parent company	13,485	2,697	–	798	6,444 <sup>3)</sup>	23,424
Other senior officers, remuneration from subsidiaries	9,598	2,032	–	786	3,588 <sup>4)</sup>	16,004
<b>Total</b>	<b>38,409</b>	<b>6,537</b>	<b>–</b>	<b>1,853</b>	<b>14,963</b>	<b>61,762</b>
Remuneration from the parent company	28,811	4,505	–	1,067	11,375	45,758
Remuneration from subsidiaries	9,598	2,032	–	786	3,588	16,004

<sup>1)</sup> For more information see Long-term incentive program (LTI program).

<sup>2)</sup> Includes fees for endowment insurance of SEK 572 thousand.

<sup>3)</sup> Includes fees for endowment insurance of SEK 445 thousand.

<sup>4)</sup> Includes fees for endowment insurance of SEK 129 thousand.

**Salaries and other remuneration for senior officers in 2022**

Thousands, SEK	Basic pay/ Board remuneration	Variable remuneration	LTI-program <sup>1)</sup>	Other benefits/ remunerations	Pension costs	Total
Chairman of the Board, Anders Runevad	1,360					1,360
<b>Other members of the Board</b>						
Karl-Axel Granlund	760					760
Lars Sköld	765					765
Fredrik Paulsson	760					760
Kerstin Lindell	680					680
Liselott Kilaas	680					680
Malin Persson	600					600
Magdalena Gerger	680					680
<b>Board of Directors fees, remuneration from the parent company</b>	<b>6,285</b>					<b>6,285</b>
CEO, Jesper Göransson	8,760	876	–	558	4,691 <sup>2)</sup>	14,885
Other senior officers, remuneration from the parent company	13,008	1,300	–	989	6,029 <sup>3)</sup>	21,326
Other senior officers, remuneration from subsidiaries	9,000	900	–	707	3,445 <sup>4)</sup>	14,052
<b>Total</b>	<b>37,053</b>	<b>3,076</b>	<b>–</b>	<b>2,254</b>	<b>14,165</b>	<b>56,548</b>
Remuneration from the parent company	28,053	2,176	–	1,547	10,720	42,496
Remuneration from subsidiaries	9,000	900	–	707	3,445	14,052

<sup>1)</sup> For more information see Long-term incentive program (LTI program).

<sup>2)</sup> Includes fees for endowment insurance of SEK 471 thousand.

<sup>3)</sup> Includes fees for endowment insurance of SEK 349 thousand.

<sup>4)</sup> Includes fees for endowment insurance of SEK 153 thousand.

**Comments on the tables**

From time to time the CEO and other senior officers may be offered variable remuneration. Other benefits refer primarily to company cars and vacation pay. Pension costs refer to costs charged to the year. See note 31 for additional information about pensions.

In 2022 and 2023 the group senior officers consisted of eight persons, of which five were in the parent company.

**The Board of Directors**

The 2023 AGM decided on a remuneration to members of the Board of SEK 6,285 thousand (6,285), of which SEK 5,400 thousand (5,400) refers to Board work and SEK 885 thousand (885) refers to committee work. Compensation for work as Chairman of the Board was SEK 1,200 thousand (1,200) and SEK 4,200 thousand (4,200) was divided among the other Board members. Compensation for work on the Remuneration Committee was SEK 240 thousand (240), SEK 240 thousand (240) for work on the Finance Committee and SEK 405 thousand (405) for work on the Audit Committee.

Remuneration is not paid to members of the Board who are permanent employees of the Group. There are no agreements for future pension/leaving remuneration or other benefits either for the Chairman of the Board or for other members of the Board.

**Principles for remuneration to senior officers**

The group senior officers is comprised of the eight senior officers who are members of executive management. The principles for remuneration to senior officers were adopted by the 2023 AGM.

Remuneration to the CEO and other senior officers consists of basic pay, any short-term incentives, extra health insurance and those benefits otherwise enjoyed by other Peab employees as well as pension. All pension obligations are defined contribution pensions. The total remuneration paid to each senior officer is based on market terms and the responsibilities and qualifications of the senior officer.

From time to time, senior officers may be offered short-term incentives. Short-term incentives may not exceed 60 percent of their basic pay and are primarily based on the Peab Group's profitability and, from time to time, important Group targets. In 2023 Group targets were linked to Peab's external financial and non-financial targets. Short-term incentives are determined for each financial year. Short-term incentives for the financial year 2023 were maximized at SEK 5,424 thousand (5,256) for the CEO and a total of SEK 14,185 thousand (13,205) for the other senior officers.

Short-term incentives are settled the year after being earned and may either be paid out as salary or placed as pension in financial instruments connected to the Peab share. If they are paid out as a one-off defined pension contribution, adjustments are made so as to neutralize the total cost for Peab.

From time to time, senior officers may be offered to participate in a LTI program. For senior officers and the CEO the upper limit (excluding social security) is 40 percent of their annual basic pay. The result of the LTI program is placed in a pension savings in a financial instrument connected to the Peab share. Provisions for the LTI program for 2023 were maximized at SEK 3,616 thousand (excluding social security) for the CEO and a total of SEK 9,456 thousand (excluding social security) for the other senior officers.

The period of notice from Peab is, at the most, 24 months and the period of notice from senior officers is, at the most, 6 months. If severance pay is paid the total remuneration for salary during the period of notice and severance pay may not exceed 24 months wages.

**Chief Executive Officer**

The CEO of Peab AB, Jesper Göransson, has in 2023 received a salary and other remuneration, including benefits, totaling SEK 9,310 thousand (9,318). In addition, he has received short-term incentives for 2023 of SEK 1,808 thousand (876). No provisions were made for an LTI program for the years 2022 and 2023. Pension contributions including fees for endowment insurance for the year were SEK 4,931 thousand (4,691).

The CEO has the right to retire from the age of 62. Annual pension contributions of 47 percent of basic pay are paid to meet this pledge. These are defined contribution pensions.

Notice on the part of Peab is twelve months with a reduction for any salary from a new employer combined with a severance pay of twelve months salary. Notice on the part of the CEO is six months combined with severance pay consisting of six months salary.

**Other senior officers**

The term other senior officers refers to the seven other persons in addition to the CEO that make up Peab's executive management. Salary and other remuneration including benefits for other senior officers amounted to SEK 24,667 thousand (23,704). In addition, short-term incentives for 2023 were SEK 4,729 thousand (2,200) which were placed in pension savings in endowment insurance connected to the Peab share, alternatively paid in cash. No provisions were made for an LTI program for the years 2022 and 2023. Pension contributions including fees for endowment insurance during the year amounted to SEK 10,032 thousand (9,474).

The pension policy for senior officers means that pension contributions are defined contributions, entailing that the total contribution was 35-47 percent of basic pay. Certain senior officers have an agreement with Peab that their employment ends the month they turn 62 years old. The other senior officers have an agreement that their employment ends the month they turn 65 years old.

Notice on the part of Peab is twelve months with a reduction for any salary from a new employer combined with severance pay consisting of six-twelve months salary. Notice on the part of the other senior officers is six months combined with severance pay consisting of six months salary.

**Long-term incentive program (LTI program)**

From time to time, senior officers may be offered to participate in a LTI program. There was an LTI program for the business plan period 2021-2023 with annual reconciliations with operating margin targets for the Group. The program was open to approximately 600 of the Group's key employees. In order for an employee to receive their share of the result of the LTI program the employee had to still be working for Peab on December 31, 2023. For senior officers and the CEO the upper limit (excluding social security) was 40 percent of their basic pay. For other positions the upper limit (excluding social security) was 15-35 percent of their annual basic pay, depending on their position. The outcome of the LTI program was placed in a pension savings connected to the Peab share alternatively paid as cash salary. No provisions were made for an LTI program for the years 2022 and 2023.

For 2024 the Board of Directors proposes that the AGM decide on a long-term incentive program for members of executive management, other senior officers and key personnel in the Peab Group (LTI 2024). The purpose of the LTI 2024 is to link employees' remuneration to future profit and value development and thereby put a premium on shareholders and relevant employees. A long-term incentive program is also expected to facilitate recruiting and keeping key personnel. The LTI 2024 is proposed to comprise around 600 participants.

**Profit-sharing foundation**

In 2007, Peab founded a profit-sharing foundation. The object of the profit-sharing foundation is to create greater participation through employee co-ownership and to better employees' financial situation after retirement. Individual annual shares in profits are related to the employee's profit-sharing entitling work hours. Upon retirement shareholders can withdraw their share in the foundation. Under the foundation's investment policy, its assets must be mainly invested in shares in Peab. No provisions were made for the profit-sharing foundation for the years 2022 and 2023.

Senior officers and other employees with other short-term incentives are not entitled to benefits from the profit-sharing foundation.

## Note 10 Fees and cost remuneration to accountants

MSEK	Group		Parent company	
	2023	2022	2023	2022
<b>Ernst &amp; Young AB</b>				
Auditing assignments	21	19	4	5
Other additional audit-related work	1	1	1	1
<b>Total</b>	<b>22</b>	<b>20</b>	<b>5</b>	<b>6</b>

Audit assignments refer to the statutory examination of the annual report and accounting, the management by the Board of Directors and the CEO as well as reviews and other examinations executed by agreement or according to contracts. This includes other work normally performed by a company accountant, and advice and other assistance stemming from observations made in connection with the above examinations or the performance of other similar work.

## Note 11 Operating costs divided by type

Group, MSEK	2023	2022
Production costs <sup>1)</sup>	44,384	44,876
Personnel expenses	12,350	12,275
Depreciation	1,737	1,657
Write-downs	167	56
Other operating costs	709	767
<b>Total</b>	<b>59,347</b>	<b>59,631</b>

<sup>1)</sup> Included in production costs are purchased material, sub-contractors, expenses for property projects and other production costs.

## Note 12 Net financial income/expenses

Group, MSEK	2023	2022
Interest income <sup>1)</sup>	583	84
Dividends received related to financial assets valued at fair value via profit/loss	0	10
Change in value of financial assets valued at fair value via profit/loss:		
Change in value currency swaps	1	9
<b>Financial income</b>	<b>584</b>	<b>103</b>
Interest expenses <sup>2)</sup>	-518	-179
Net exchange rate fluctuation	-7	-6
Change in value currency swaps	-3	0
Increase during the year in discounted amounts of provisions for restoration costs	0	-1
Change in value of financial assets valued at fair value via profit/loss:		
Unlisted funds	-26	-8
Other items	-30	-26
<b>Financial expenses</b>	<b>-584</b>	<b>-220</b>
<b>Net financial income/expenses</b>	<b>0</b>	<b>-117</b>

<sup>1)</sup> Refers to items valued at accrued acquisition value. SEK 452 million related to the judgement in Mall of Scandinavia is included in 2023.

<sup>2)</sup> Refers to items valued at accrued acquisition value. Interest expenses include capitalized interest of SEK 523 million (246).

## Profit from participations in Group companies

Parent company, MSEK	2023	2022
Dividends	3,165	1,024
Liquidation/sales result of participations	145	-
<b>Total</b>	<b>3,310</b>	<b>1,024</b>

## Profit from other securities and receivables held as fixed assets

Parent company, MSEK	2023	2022
Interest income, external	1	-
Net exchange rate fluctuation	0	2
<b>Total</b>	<b>1</b>	<b>2</b>

## Other interest income and similar profit/loss items

Parent company, MSEK	2023	2022
Interest income, Group <sup>1)</sup>	51	-
<b>Total</b>	<b>51</b>	<b>-</b>

## Interest expenses and similar profit/loss items

Parent company, MSEK	2023	2022
Interest expenses, Group <sup>1)</sup>	-29	-42
<b>Total</b>	<b>-29</b>	<b>-42</b>

<sup>1)</sup> Refers to items valued at accrued acquisition value.

## Note 13 Appropriations

Parent company, MSEK	2023	2022
Change in additional depreciation, intangible assets	1	1
Change in additional depreciation, machinery and equipment	0	0
Transfer to tax allocation reserve	-415	-625
Reversal from tax allocation reserve	788	522
Received Group contribution	1,579	2,274
Paid Group contribution	-586	-34
<b>Total</b>	<b>1,367</b>	<b>2,138</b>



## Note 14 Taxes

### Recognized in the income statement

Group, MSEK	2023	2022
<b>Current tax expenses/income</b>		
Tax expenses for the year	-372	-478
Adjustment of tax attributable to previous years	-3	-5
	<b>-375</b>	<b>-483</b>
<b>Deferred tax expenses/income</b>		
Temporary differences	-180	-104
Capitalized tax value of loss carry-forwards during the year	1	19
Utilisation of capitalized tax value of loss carry-forwards	-7	-18
Revaluation of recognized deferred tax values	-37	-
Tax reduction investments in equipment	-	-23
	<b>-223</b>	<b>-126</b>
<b>Total recognized tax expenses in the Group</b>	<b>-598</b>	<b>-609</b>

### Tax attributable to other comprehensive income

Group, MSEK	2023		2022			
	Pre-tax	After tax	Pre-tax	After tax		
Translation difference for the year foreign operations	-145	-	-145	210	-	210
Joint ventures' other comprehensive income	-4	-	-4	19	-	19
Cash flow hedges	18	-4	14	2	-1	1
<b>Other comprehensive income</b>	<b>-131</b>	<b>-4</b>	<b>-135</b>	<b>231</b>	<b>-1</b>	<b>230</b>

### Reconciliation of effective tax

Group, MSEK	2023		2022	
	Pre-tax profit	%	Pre-tax profit	%
Pre-tax profit	2,586		2,440	
Tax in accordance with tax rate for the parent company	-533	20.6	-503	20.6
Effect of other tax rates for foreign subsidiaries	10	-0.4	6	-0.2
Non-deductible expenses	-71	2.8	-81	3.3
Tax exempt income	82	-3.2	87	-3.6
Deductible non profit-influencing items	-5	0.2	-56	2.3
Revaluation of recognized deferred tax values	-37	1.4	-	-
Utilized non-capitalized loss carry-forwards	3	-0.1	0	0.0
Tax attributable to previous years	-3	0.1	-5	0.2
Increase in loss carry-forwards without corresponding capitalization of deferred tax	-76	2.9	-82	3.4
Effect net profit of joint ventures	32	-1.2	25	-1.0
<b>Recognized effective tax</b>	<b>-598</b>	<b>23.1</b>	<b>-609</b>	<b>25.0</b>

### Reported on the balance sheet, deferred tax recoverables and tax liabilities

Group, MSEK	Deferred tax recoverables		Deferred tax liabilities		Net		Changes recognized in profit/loss for the year	
	2023	2022	2023	2022	2023	2022	2023	2022
Intangible assets			-91	-95	-91	-95	3	0
Tangible assets			-854	-833	-854	-833	-27	-15
Of which rights of use			-435	-389	-435	-389	-42	0
Investment property			-6	-5	-6	-5	-1	0
Of which rights of use			-4	-4	-4	-4	0	-
Financial fixed assets	4	2			4	2	2	0
Project and development properties			-1,265	-1,470	-1,265	-1,470	190	-253
Of which rights of use			-34	-67	-34	-67	33	-
Inventories	0	5			0	5	-5	6
Accounts receivable	27	18			27	18	9	-5
Worked-up not invoiced income	85	79			85	79	12	-81
Other receivables	9	18			9	18	-9	-55
Interest-bearing liabilities	1,714	2,083			1,714	2,083	-366	521
Of which rights of use	468	457			468	457	7	10
Provisions for pensions	193	207			193	207	-14	-67
Provisions	201	134			201	134	67	-17
Invoiced income not worked-up			-127	-178	-127	-178	51	-86
Other liabilities	110	302			110	302	-192	-43
Loss carry-forwards	118	159			118	159	-32	0
Tax allocation reserves			-644	-732	-644	-732	88	-8
Safety reserve			-	-1	-	-1	1	-
Tax reduction investments in equipment							-	-23
<b>Tax recoverables/tax liabilities</b>	<b>2,461</b>	<b>3,007</b>	<b>-2,987</b>	<b>-3,314</b>	<b>-526</b>	<b>-307</b>		
Offset	-2,364	-2,827	2,364	2,827	-	-		
<b>Net</b>	<b>97</b>	<b>180</b>	<b>-623</b>	<b>-487</b>	<b>-526</b>	<b>-307</b>	<b>-223</b>	<b>-126</b>

**Recognized in the income statement**

Parent company, MSEK	2023	2022
<b>Current tax expenses/income</b>		
Tax expenses for the year	-258	-388
	<b>-258</b>	<b>-388</b>
<b>Deferred tax expenses/income</b>		
Temporary differences	-11	-46
	<b>-11</b>	<b>-46</b>
<b>Total recognized tax expenses in the parent company</b>	<b>-269</b>	<b>-434</b>

**Reconciliation of effective tax**

Parent company, MSEK	2023		2022	
<b>Pre-tax profit</b>	<b>4,476</b>	%	<b>2,907</b>	%
Tax according to tax rate for the parent company	-922	20.6	-599	20.6
Non-deductible expenses	-24	0.5	-11	0.4
Tax exempt income	682	-15.2	210	-7.3
Deductible non profit-influencing items	-5	0.1	-34	1.2
<b>Recognized effective tax</b>	<b>-269</b>	<b>6.0</b>	<b>-434</b>	<b>14.9</b>

**Reported on the balance sheet, deferred tax recoverables and tax liabilities**

Parent company, MSEK	Deferred tax recoverables		Changes recognized in profit/loss for the year	
	2023	2022	2023	2022
Provisions for pensions	82	93	-11	-41
Other liabilities	1	1	0	-5
<b>Net</b>	<b>83</b>	<b>94</b>	<b>-11</b>	<b>-46</b>

**Unrecognized deferred tax recoverables regarding loss carry-forwards**

Ongoing correspondence with the Swedish Tax Authorities as well as assessments made together with external experts on the deductibility of individual deductions have been taken into consideration when evaluating deferred tax recoverables. The judgement per 2023-12-31 as well as 2022-12-31 is that there are no uncertainties regarding the deductibility of loss carry-forwards in Sweden and because of that tax recoverables of loss carry-forwards are recognized as assets without any adjustments.

In the Norwegian operations the ability to use loss carry-forwards of SEK 1 168 million (964) remains uncertain. They have not been capitalized. The fiscal value of the non-capitalized loss carry-forward is SEK 257 million (212).

In the Danish operations the ability to use loss carry-forwards of SEK 48 million (27) is uncertain. They have not been capitalized. The fiscal value of the non-capitalized loss carry-forward is SEK 10 million (6).

**Pillar Two**

OECD's Model Rules for Pillar Two apply to the Group. Pillar Two legislation has been adopted in Sweden where Peab AB is domiciled. Since the legislation came into force on January 1, 2024 the Group has no relevant tax exposure per balance sheet day December 31, 2023. The Group applies the temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, provided in the amendments to IAS 12 issued in May 2023. According to this legislation the Group is required to pay an additional tax for the difference between the effective tax rate calculated according to GloBE rules for each jurisdiction and the minimum tax rate of 15%.

Peab does not operate in low-tax countries and in all the countries where Peab does operate the tax rate is at least 19%. The Group is currently evaluating its exposure to Pillar Two but it would appear that Peab can apply the temporary relief rules in the regulations. The Group does not anticipate any, or very little, additional tax.

**Note 15 Earnings per share****Earnings per share**

	IFRS		Segment reporting	
	2023	2022	2023	2022
Profit for the year attributable to shareholders in parent company, MSEK	1,988	1,832	1,414	2,038
Average number of shares	287,451,746	292,152,397	287,451,746	292,152,397
Earnings per share before and after dilution, SEK	6.92	6.27	4.92	6.98

**Average number of outstanding shares**

Number of shares	2023	2022
Total number of outstanding shares, January 1	287,451,746	294,962,746
Own shares repurchased during the year	-	-7,511,000
<b>Total number of outstanding shares, December 31</b>	<b>287,451,746</b>	<b>287,451,746</b>
<b>Average number of outstanding shares during the year</b>	<b>287,451,746</b>	<b>292,152,397</b>

## Note 16 Intangible assets

Group 2023, MSEK	Intangible assets, external purchase					Intangible assets, internally developed		Total
	Goodwill	Brands	Customer relations and customer contracts	Tenancies gravel and rock quarries	Other intangible assets	Balanced development costs		
Opening acquisition value	3,334	240	166	335	318	209	4,602	
Purchases					15	49	64	
Sales/disposals	-12	-17	-147	-2			-178	
Reclassifications				21	-34	9	-4	
Exchange rate differences	-22	-8	3	-4	-1		-32	
<b>Closing accumulated acquisition value</b>	<b>3,300</b>	<b>215</b>	<b>22</b>	<b>350</b>	<b>298</b>	<b>267</b>	<b>4,452</b>	
Opening depreciation	-	-152	-160	-141	-103	-45	-601	
Sales/disposals		17	147				164	
Depreciation <sup>1)</sup>		-16	-3	-20	-30	-25	-94	
Reclassifications				-16	18		2	
Exchange rate differences		5	-3	1	1		4	
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>-146</b>	<b>-19</b>	<b>-176</b>	<b>-114</b>	<b>-70</b>	<b>-525</b>	
Opening write-downs	-25	-	-	-	-	-	-25	
Sales and disposals	12						12	
Write-downs <sup>2)</sup>	-125						-125	
<b>Closing accumulated write-downs</b>	<b>-138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-138</b>	
<b>Closing recognized value</b>	<b>3,162</b>	<b>69</b>	<b>3</b>	<b>174</b>	<b>184</b>	<b>197</b>	<b>3,789</b>	

Group 2022, MSEK	Intangible assets, external purchase					Intangible assets, internally developed		Total
	Goodwill	Brands	Customer relations and customer contracts	Tenancies gravel and rock quarries	Other intangible assets	Balanced development costs		
Opening acquisition value	3,156	222	159	328	309	150	4,324	
Purchases					8	59	67	
Purchases through acquired companies	77	19			1		97	
Sales/disposals	-20	-5	-5		-4		-34	
Reclassifications		1		-1	3		3	
Exchange rate differences	121	3	12	8	1		145	
<b>Closing accumulated acquisition value</b>	<b>3,334</b>	<b>240</b>	<b>166</b>	<b>335</b>	<b>318</b>	<b>209</b>	<b>4,602</b>	
Opening depreciation	-	-141	-149	-121	-73	-27	-511	
Sales/disposals		5	5		4		14	
Depreciation <sup>1)</sup>		-14	-4	-19	-32	-18	-87	
Exchange rate differences		-2	-12	-1	-2		-17	
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>-152</b>	<b>-160</b>	<b>-141</b>	<b>-103</b>	<b>-45</b>	<b>-601</b>	
Opening write-downs	-44	-	-	-	-	-	-44	
Sales and disposals	20						20	
Write-downs <sup>2)</sup>	-1						-1	
<b>Closing accumulated write-downs</b>	<b>-25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-25</b>	
<b>Closing recognized value</b>	<b>3,309</b>	<b>88</b>	<b>6</b>	<b>194</b>	<b>215</b>	<b>164</b>	<b>3,976</b>	

<sup>1)</sup> Depreciation is recognized in the following lines of the income statement:

MSEK	2023	2022
Production costs	-43	-41
Sales and administrative expenses	-51	-46
<b>Total</b>	<b>-94</b>	<b>-87</b>

<sup>2)</sup> Write-downs are recognized in the following line of the income statement:

MSEK	2023	2022
Production costs	-125	-1
<b>Total</b>	<b>-125</b>	<b>-1</b>

**Goodwill impairment testing in cash generating units**

The Peab Group balance sheet 2023-12-31 included total goodwill of SEK 3,162 million (3,309). The table below shows goodwill per group of cash generating units for which goodwill is tested for impairment.

MSEK	2023	2022
<b>Construction</b>		
Construction Sweden	76	76
Construction Finland	71	72
Construction Norway	31	160
<b>Civil Engineering</b>		
Civil Engineering Sweden	124	124
Civil Engineering Norway	74	80
<b>Industry</b>		
Industry Sweden	1,416	1,416
Industry Finland	1,320	1,324
Industry Norway	12	12
Industry Denmark	24	24
<b>Project Development</b>		
Housing Development Sweden	14	14
Housing Development Norway	-	7
<b>Total</b>	<b>3,162</b>	<b>3,309</b>

**Goodwill write-downs**

The Group has written down goodwill in 2023 by SEK 125 million (1). Write-downs for the year mainly refer to business area Construction and are due to low profitability in existing operations. For the cash generating units where a calculation of the recovery value was made and no write-down need was identified, it is executive management's assessment that there is no impending risk of a material write-down of goodwill in the coming financial year.

**Method for calculating recovery value**

The recovery value for all goodwill values has been derived by calculating the useful value for the cash generating units. The calculation model is based on a discount of forecasted future cash flows compared to the unit's reported values. These future cash flows are based on five year forecasts produced by the management of the respective group of cash generating units. Goodwill impairment tests have an infinite time horizon and extrapolation of cash flow for the years after the forecast was calculated based on a growth rate from year six onwards of approximately two percent.

**Important variables when calculating useful value**

The following variables are material and common to all cash generating units in calculation of useful value:

**Net sales:** The business' historical development, expected changes in the construction and civil engineering business cycle as well as the real estate sector, general socioeconomic developments, investment plans of public and municipal customers, interest rate levels and local market conditions.

**Operating margin:** Historic profitability levels and operative efficiency, access to key personnel and qualified manpower, access to internal resources and hikes in salary, material and subcontractor costs.

**Working capital requirements:** Individual case assessment of whether the working capital reflects the company's needs or whether it should be adjusted for the forecast period. A reasonable or cautious assumption for future development is that it parallels net sales growth. A high level of internally developed projects may entail a greater need for working capital.

**Investment needs:** The company's investment needs are assessed on the investments required to achieve the initially forecasted cash flow, i.e. not including expansion investments. When assessing replacement investments, conversion to a climate-improved operation has been taken into account.

**Tax burden:** The tax rate in forecasts is based on Peab's expected tax situation in Sweden, Norway, Finland and Denmark with regards to tax rates, loss carry-forwards etc.

**Discount rate:** Forecasted cash flows and residual values are discounted to current value applying a weighted average cost of capital (WACC). Interest rates on borrowed capital have been market adjusted to each country. The required return on equity is based on the Capital Asset Pricing Model. The weighted discount rate after tax has been used in calculating useful values. The discount rate after tax used on cash generating units in Sweden is on average 8.0 percent (8.6), in Norway 8.2 percent (8.4), in Finland 8.1 percent (8.6) and in Denmark 8.0 percent (8.3). The corresponding pre-tax discount in Sweden was on average 8.3 percent (8.7), in Norway 8.6 percent (8.5), in Finland 8.5 percent (8.7) and in Denmark 8.4 percent (8.4).

Parent company, MSEK	Intangible assets, external purchase	
	2023	2022
Opening acquisition value	6	6
<b>Closing accumulated acquisition value</b>	<b>6</b>	<b>6</b>
Opening depreciation	-3	-2
Depreciation <sup>1)</sup>	-1	-1
<b>Closing accumulated depreciation</b>	<b>-4</b>	<b>-3</b>
<b>Closing recognized value</b>	<b>2</b>	<b>3</b>

<sup>1)</sup> Depreciation is recognized in the following line of the income statement:

MSEK	2023	2022
Administration expenses	-1	-1
<b>Total</b>	<b>-1</b>	<b>-1</b>



## Note 17 Tangible assets

Tangible fixed assets consist of owned and leased assets.

Group, MSEK	Note	2023	2022
Tangible fixed assets – owned		6,211	6,096
Rights of use – leased with	37	2,122	2,214
<b>Total</b>		<b>8,333</b>	<b>8,310</b>

Group 2023, MSEK	Buildings and land	Machinery and equipment	Construction in progress	Total
Opening acquisition value	2,631	12,910	447	15,988
Purchases	175	697	384	1,256
Sales/disposals	-31	-681	-2	-714
Reclassifications	46	304	-341	9
Exchange rate differences	-11	-110		-121
<b>Closing accumulated acquisition value</b>	<b>2,810</b>	<b>13,120</b>	<b>488</b>	<b>16,418</b>
Opening depreciation	-1,249	-8,611	-	-9,860
Sales/disposals	12	602		614
Depreciation	-89	-887		-976
Reclassifications	10	-59		-49
Exchange rate differences	5	82		87
<b>Closing accumulated depreciation</b>	<b>-1,311</b>	<b>-8,873</b>	<b>-</b>	<b>-10,184</b>
Opening write-downs	-5	-27	-	-32
Sales/disposals		3		3
Reclassifications	2	3		5
Exchange rate differences		1		1
<b>Closing accumulated write-downs</b>	<b>-3</b>	<b>-20</b>	<b>-</b>	<b>-23</b>
<b>Closing recognized value</b>	<b>1,496</b>	<b>4,227</b>	<b>488</b>	<b>6,211</b>

Group 2022, MSEK	Buildings and land	Machinery and equipment	Construction in progress	Total
Opening acquisition value	2,542	11,672	368	14,582
Purchases	31	933	416	1,380
Purchases through acquired companies	33	53	1	87
Sales/disposals	-19	-580	-9	-608
Sales via sold company	-27	-57		-84
Reclassifications	12	615	-334	293
Exchange rate differences	59	274	5	338
<b>Closing accumulated acquisition value</b>	<b>2,631</b>	<b>12,910</b>	<b>447</b>	<b>15,988</b>
Opening depreciation	-1,161	-7,873	-	-9,034
Accumulated depreciation through acquired companies	-10	-18		-28
Sales/disposals	7	532		539
Sales via sold company	21	47		68
Depreciation	-84	-857		-941
Reclassifications		-257		-257
Exchange rate differences	-22	-185		-207
<b>Closing accumulated depreciation</b>	<b>-1,249</b>	<b>-8,611</b>	<b>-</b>	<b>-9,860</b>
Opening write-downs	0	-11	-	-11
Sales/disposals		5		5
Write-downs <sup>1)</sup>	-5	-21		-26
<b>Closing accumulated write-downs</b>	<b>-5</b>	<b>-27</b>	<b>-</b>	<b>-32</b>
<b>Closing recognized value</b>	<b>1,377</b>	<b>4,272</b>	<b>447</b>	<b>6,096</b>

<sup>1)</sup> Write-downs are recognized in the following line of the income statement:

Group, MSEK	2023	2022
Production costs	-	-26
<b>Total</b>	<b>-</b>	<b>-26</b>

Loan interest of SEK 2 million (0) has been activated during the year.

	Machinery and equipment	
Parent company, MSEK	2023	2022
Opening acquisition value	3	2
Purchases	0	1
<b>Closing accumulated acquisition value</b>	<b>3</b>	<b>3</b>
Opening depreciation	-1	-1
<b>Closing accumulated depreciation</b>	<b>-1</b>	<b>-1</b>
<b>Closing recognized value</b>	<b>2</b>	<b>2</b>

## Note 18 Investment property

Investment properties consist of owned and leased assets.

Group, MSEK	Note	2023	2022
Investment properties – owned		38	36
Rights of use – leased with	37	23	21
<b>Total</b>		<b>61</b>	<b>57</b>

Group, MSEK	2023	2022
Opening acquisition value	39	39
Purchases	3	-
<b>Closing accumulated acquisition value</b>	<b>42</b>	<b>39</b>
Opening depreciation	-3	-3
Depreciation	-1	-
<b>Closing accumulated depreciation</b>	<b>-4</b>	<b>-3</b>
<b>Closing recognized value</b>	<b>38</b>	<b>36</b>

### Accumulated fair value

At year-end fair value amounted to SEK 96 million compared to the recognized value of SEK 61 million including rights of use. At the end of 2022 fair value amounted to SEK 93 million compared to the recognized value of SEK 57 million. The fair value of the rights of use (leaseholds), in addition to the recognized value, is immaterial.

### Valuing technique, hierarchy and significant unobservable inputs

Fair value has been determined through a combination of applying the location/price method, based on recognized comparable purchases and the yield method. The valuation is built on an internal valuation model. As a complement to this valuation annual external market valuations are obtained for a number of objects. The valuation of the above fair values are classified on level 3 in the fair value hierarchy.

## Note 19 Participation in joint ventures

### Information regarding significant joint ventures in the Group

Fastighets AB Centur, 50 percent ownership. The company will own, manage and develop commercial property and homes.

Fastighets AB ML4, 50 percent ownership. The company will own and manage research facility Max IV in Lund. The facility is rented to Lund University.

Tornet Bostadsproduktion AB, 33.33 percent ownership. The company will develop, own and manage attractive and environmentally friendly rentals in larger cities in Sweden. In December Peab signed a contract to divest its 33.3 percent ownership in Tornet Bostadsproduktion AB to the other owners. The deal was closed in January 2024.

Point Hyllie Holding AB, 50 percent ownership. The company will develop, own and manage the office property The Point as well as own and manage the hotel property Vårdshuset 5.

Skiab Invest AB, 50 percent ownership. The company will develop, own and manage commercial property and housing in the Scandinavian mountains.

Group, MSEK	Significant joint ventures 2023-12-31					Significant joint ventures 2022-12-31				
	Fastighets AB Centur	Fastighets AB ML4	Tornet Bostadsproduktion AB	Point Hyllie Holding AB	Skiab Invest AB	Fastighets AB Centur	Fastighets AB ML4	Tornet Bostadsproduktion AB	Point Hyllie Holding AB	Skiab Invest AB
Net sales	495	189	268	105	180	428	134	232	85	119
Operating profit <sup>1)</sup>	406	134	156	44	109	370	79	134	26	45
Interest expenses and similar profit/loss items	-216	-88	-155	-46	-45	-123	-48	-44	-28	-9
Tax	-70	-14	-32	-3	-4	-60	-6	-21	-2	-16
<b>Profit for the year</b>	<b>120</b>	<b>32</b>	<b>-31</b>	<b>-5</b>	<b>60</b>	<b>187</b>	<b>25</b>	<b>69</b>	<b>-4</b>	<b>20</b>
Other comprehensive income				-4	-42				8	45
<b>Total comprehensive income for the year</b>	<b>120</b>	<b>32</b>	<b>-31</b>	<b>-9</b>	<b>18</b>	<b>187</b>	<b>25</b>	<b>69</b>	<b>4</b>	<b>65</b>
Less non-controlling interest	-3					-3				
<b>Total comprehensive income less non-controlling interest</b>	<b>117</b>	<b>32</b>	<b>-31</b>	<b>-9</b>	<b>18</b>	<b>184</b>	<b>25</b>	<b>69</b>	<b>4</b>	<b>65</b>
<sup>1)</sup> Depreciation amounts to		50	41	35	50		50	36	34	49
Fixed assets		245	4	5	29		225	10		38
Investment property	6,851	1,890	5,162	1,350	1,742	6,565	1,940	4,856	1,372	1,884
Short-term investments and liquid funds	36	36	112	7	134	139	21	138	10	23
Other current assets	31	15	268	6	318	25	28	175	15	575
<b>Total assets</b>	<b>6,918</b>	<b>2,186</b>	<b>5,546</b>	<b>1,368</b>	<b>2,223</b>	<b>6,729</b>	<b>2,214</b>	<b>5,179</b>	<b>1,397</b>	<b>2,520</b>
Long-term financial liabilities	4,783	1,828	3,531	952	935	4,774	1,893	3,496	965	1,208
Other long-term liabilities	401	79	1	7	6	349	67	2	4	11
Current financial liabilities		65		13	9		62		13	10
Other current liabilities	187	23	223	26	25	511	31	159	36	62
<b>Total liabilities</b>	<b>5,371</b>	<b>1,995</b>	<b>3,755</b>	<b>998</b>	<b>975</b>	<b>5,634</b>	<b>2,053</b>	<b>3,657</b>	<b>1,018</b>	<b>1,291</b>
<b>Net assets</b>	<b>1,547</b>	<b>191</b>	<b>1,791</b>	<b>370</b>	<b>1,248</b>	<b>1,095</b>	<b>161</b>	<b>1,522</b>	<b>379</b>	<b>1,229</b>
Less non-controlling interest	-28		-31			-25		-31		
<b>Net assets less non-controlling interest</b>	<b>1,519</b>	<b>191</b>	<b>1,760</b>	<b>370</b>	<b>1,248</b>	<b>1,070</b>	<b>161</b>	<b>1,491</b>	<b>379</b>	<b>1,229</b>
<b>Group share of net assets at the beginning of the year</b>	<b>535</b>	<b>80</b>	<b>497</b>	<b>189</b>	<b>615</b>	<b>603</b>	<b>68</b>	<b>425</b>	<b>187</b>	<b>582</b>
Share of total comprehensive income	58	16	-10	-4	9	92	12	22	2	33
Contribution / new issues	166		100					50		
Dividend received						-160				
<b>Group share of net assets at year-end</b>	<b>759</b>	<b>96</b>	<b>587</b>	<b>185</b>	<b>624</b>	<b>535</b>	<b>80</b>	<b>497</b>	<b>189</b>	<b>615</b>
<b>Group share of unrealized internal profit at the beginning of the year</b>	<b>-48</b>	<b>-56</b>	<b>-31</b>	<b>-121</b>	<b>-88</b>	<b>-47</b>	<b>-56</b>	<b>-27</b>	<b>-116</b>	<b>-89</b>
Elimination of unrealized profit		1	-5		1	-1		-4	-5	1
<b>Group share of unrealized internal profit at year-end</b>	<b>-48</b>	<b>-55</b>	<b>-36</b>	<b>-121</b>	<b>-87</b>	<b>-48</b>	<b>-56</b>	<b>-31</b>	<b>-121</b>	<b>-88</b>
<b>Recognized value at year-end</b>	<b>711</b>	<b>41</b>	<b>551</b>	<b>64</b>	<b>537</b>	<b>487</b>	<b>24</b>	<b>466</b>	<b>68</b>	<b>527</b>
<b>Total comprehensive income is reported in the following lines in the income statement:</b>										
Production costs	58	17	-15	-2	31	91	12	18	-7	11
Other comprehensive income				-2	-21				4	23
<b>Total</b>	<b>58</b>	<b>17</b>	<b>-15</b>	<b>-4</b>	<b>10</b>	<b>91</b>	<b>12</b>	<b>18</b>	<b>-3</b>	<b>34</b>
<b>Recognized amount is reported in the following line in the balance sheet:</b>										
Participation in joint ventures	711	41	551	64	537	487	24	466	68	527
<b>Total</b>	<b>711</b>	<b>41</b>	<b>551</b>	<b>64</b>	<b>537</b>	<b>487</b>	<b>24</b>	<b>466</b>	<b>68</b>	<b>527</b>

**Information on other joint venture's value in the Group**

Group, MSEK	2023	2022
<b>Share of comprehensive income in other joint ventures</b>	<b>63</b>	<b>-5</b>
<b>Other comprehensive income is divided among the following items in the income statement:</b>		
Productions costs	58	-14
Other operating income	5	9
<b>Total</b>	<b>63</b>	<b>-5</b>
<b>Recognized value of other joint ventures</b>	<b>753</b>	<b>785</b>
<b>Recognized amount is divided among the following items in the balance sheet:</b>		
Participation in joint ventures	880	902
Other provisions <sup>1)</sup>	-127	-100
Accrued expenses and deferred income <sup>2)</sup>	-	-17
<b>Total</b>	<b>753</b>	<b>785</b>

<sup>1)</sup> Refers to joint ventures where equity is negative.

<sup>2)</sup> Refers to joint ventures where the net sum of equity and internal profit elimination is negative.

Share of equity <sup>1)</sup>					Share of equity <sup>1)</sup>				
Company	Corp. ID no.	Registered Office	2023	2022	Company	Corp. ID no.	Registered Office	2023	2022
Blindheim Kran AS	918 329 293	Ålesund	45.0%	45.0%	Runö Fastigheter				
Bondistranda Utvikling AS	992 512 741	Lysaker	50.0%	50.0%	Handelsbolag	969723-2107	Stockholm	30.0%	30.0%
Byggutveckling Svenska AB	556627-2117	Linköping	50.0%	50.0%	Scandinavian Mountains AB	556973-5631	Malung-Sälen	15.9%	15.9%
Einerhagen Eiendom AS	915 167 241	Tromsø	50.0%	50.0%	Sicklaön Bygg Invest AB	556911-5479	Solna	50.0%	50.0%
Fastighets AB Centur	556813-6369	Stockholm	50.0%	50.0%	Skiab Invest AB	556848-5220	Malung-Sälen	50.0%	50.0%
Fastighets AB ML4	556786-2155	Malmö	50.0%	50.0%	SLP JV AB	559387-1063	Solna	50.0%	50.0%
Fastighets AB Tornet	559008-2912	Göteborg	50.0%	50.0%	Solligården Bolig DA	913 765 516	Baerum	50.0%	50.0%
Fjällvärme i Sälen AB	556536-1895	Malung-Sälen	50.0%	50.0%	Solligården Næring AS	913 764 862	Baerum	50.0%	50.0%
Fløifjellet Eiendom AS	915 467 407	Tromsø	50.0%	50.0%	Stadsliden Utveckling AB	556874-7413	Umeå	50.0%	50.0%
Fløtningen Park AS	992 212 330	Skien	50.0%	50.0%	Steindalen AS	914 738 091	Stjørdal	33.3%	33.3%
Frenvikrønningen AS	986 838 325	Skien	50.0%	50.0%	Storsvingen Vest AS	999 210 953	Hammerfest	50.0%	50.0%
Fri Sikt Voldsalsberga AS	990 529 396	Ulsteinvik	40.0%	40.0%	Strömbrytaren Holding AB	559116-6391	Stockholm	50.0%	50.0%
Forsøket Boliger AS	919 440 694	Tromsø	50.0%	50.0%	Sydpartner AB	556712-4952	Ängelholm	50.0%	50.0%
Galtungveien Eiendom AS	927 660 407	Halden	50.0%	50.0%	Tornet Bostadsproduksjon AB	556796-2682	Stockholm	33.3%	33.3%
Hans Haslums Vei Utvikling AS	914 498 937	Baerum	50.0%	50.0%	Tunveien Eiendom AS	916 321 007	Oslo	50.0%	50.0%
Hälsostaden Ängelholm Holding AB	556790-5723	Ängelholm	33.3%	33.3%	Umeå Mark & Exploatering AB	556660-7064	Umeå	50.0%	50.0%
ITolv AB	556513-2478	Eksjö	50.0%	42.0%	Vardenbakken 99 AS	998 347 211	Oslo	-	50.0%
JV Slättö Peab Finland AB	559363-1897	Stockholm	50.0%	50.0%	Visio Råsunda Garage AB	556952-9992	Solna	-	50.0%
Kaldsletneset AS	911 692 058	Tromsø	50.0%	50.0%					
KB Älvhögsborg	916899-2734	Trollhättan	50.0%	50.0%					
Kirkebakken Vest AS	988 796 174	Horten	-	50.0%					
Klosterfoss Utvikling AS	991 043 829	Skien	50.0%	50.0%					
Kungsörs Grusaktiebolag	556044-4134	Kungsör	50.0%	50.0%					
Lillegården Eiendom AS	886 804 512	Skien	50.0%	50.0%					
Majorbygg AS	912 077 020	Skien	50.0%	50.0%					
Medkila Nord AS	998 565 545	Harstad	50.0%	50.0%					
Myren Parkering AS	912 024 733	Skien	26.4%	26.4%					
Nedre Holte AS	985 911 495	Harstad	50.0%	50.0%					
Nordasfalt AS	950 501 480	Bodø	50.0%	50.0%					
Nyheim Bolig AS	928 032 582	Tromsø	50.0%	50.0%					
PEKO Fastighets AB	559220-8911	Solna	50.0%	50.0%					
PeKum AB	559041-7464	Kumla	50.0%	50.0%					
Point Hyllie Holding AB	559023-4034	Solna	50.0%	50.0%					
PPE Holding AB	559003-7304	Solna	50.0%	50.0%					
PPE Holding i Borgholm AB	559309-7768	Kalmar	50.0%	50.0%					

<sup>1)</sup> The share of capital corresponds to the share of votes

**Note 20 Joint operations**

Specification of Group holdings in joint arrangements that are classified as joint operations, which are recognized according to the proportional method.

Share of equity <sup>1)</sup>				
Company	Corp. ID no.	Registered Office	2023	2022
Dockan Exploatering AB	556594-2645	Malmö	33.3%	33.3%
Mälarstrandens Utvecklings AB	556695-5414	Västerås	44.0%	44.0%
Kronodalen Utveckling AB	559337-4019	Ängelholm	50.0%	-

<sup>1)</sup> The share of capital corresponds to the share of votes



## Note 21 Interest-bearing receivables

### Interest-bearing long-term receivables

Group, MSEK	2023	2022
Receivables in Group joint ventures	1,237	1,152
Other interest-bearing receivables	56	81
<b>Total</b>	<b>1,293</b>	<b>1,233</b>

### Interest-bearing current receivables

Group, MSEK	2023	2022
Receivables in Group joint ventures	258	338
Other interest-bearing receivables <sup>1)</sup>	1,087	46
<b>Total</b>	<b>1,345</b>	<b>384</b>

<sup>1)</sup> In 2023 SEK1,067 million is included as a claim on Unibail Rodamco Westfield related to the judgement in Mall of Scandinavia.

## Note 22 Securities holdings

### Securities held as fixed assets

Group, MSEK	2023	2022
Financial assets valued at fair value via profit/loss		
Unlisted funds	5	26
Unlisted shares and participations	41	41
<b>Total</b>	<b>46</b>	<b>67</b>

## Note 23 Other receivables

### Other long-term receivables

MSEK	Group		Parent company	
	2023	2022	2023	2022
Receivables in Group joint ventures	1	1		
Receivables sold properties	1	20		
Paid advances, down payments	24	28		
Derivate instruments held for hedging purposes	-	1		
Other long-term receivables	1	8		
<b>Total</b>	<b>27</b>	<b>58</b>	<b>-</b>	<b>-</b>

### Other current receivables

MSEK	Group		Parent company	
	2023	2022	2023	2022
Receivables in Group joint ventures	6	4		
Receivables sold properties	260	382		
Paid advances, down payments	25	76		
VAT, other taxes	216	218	54	
Derivate instruments held for hedging purposes	10	13		
Other current receivables	22	83	3	3
<b>Total</b>	<b>539</b>	<b>776</b>	<b>57</b>	<b>3</b>

## Note 24 Project and development properties

Project and development properties consist of owned and leased assets.

Group, MSEK	Note	2023	2022
Project and development properties – owned		17,892	18,846
Rights of use – leased with	37	169	332
<b>Total</b>		<b>18,061</b>	<b>19,178</b>

Group, MSEK	2023	2022
Housing development rights	7,900	7,209
Commercial development rights	901	738
On going housing projects	6,147	8,634
On going rental projects	1,544	1,265
On going commercial projects	435	421
Completed property	71	171
Other	894	408
<b>Total</b>	<b>17,892</b>	<b>18,846</b>

Project and development properties were written down during the year for a total of SEK 21 million (25). Loan interest of SEK 521 million (246) has been activated during the year. The interest rate on the activated loan costs is 5.00 percent (2.86).

Cost of goods sold during the year amounts to SEK 7,290 million (6,286).

### Recovery

Of the recognized value of project and development property of SEK 17,892 million (18,846) some SEK 11,300 million (approximately 10,200) is expected to be recovered through sales more than 12 months after the balance sheet day. The remaining part is expected to be recovered within 12 months after the balance sheet day.

## Note 25 Inventories

Group, MSEK	2023	2022
Raw materials and consumables	755	601
Products in progress	6	5
Finished products and goods for resale	944	935
<b>Total</b>	<b>1,705</b>	<b>1,541</b>

## Note 26 Accounts receivable

Total accounts receivables amounted to SEK 6,854 million (8,454). In business area Civil Engineering accounts receivables have increased while business area Construction, Industry and Project Development has decreased accounts receivables compared to 2022. For more information regarding accounts receivable see note 36.

Accounts receivables were written down in the income statement with actual and feared bad debts for a total of SEK 22 million (9). Actual bad debts amounted to SEK 40 million (8) in the Group, of which SEK 26 million were written down in 2022. The losses resulted from some of the company's customers going bankrupt. Most of the losses stemmed from business area Industry. The parent company had no bad debts.

**Note 27 Construction contracts****Worked-up not invoiced income**

Group, MSEK	2023	2022
Worked-up income on incomplete contracts	40,519	45,203
Invoiced sales on incomplete contracts	-38,457	-42,902
<b>Total</b>	<b>2,062</b>	<b>2,301</b>

**Invoiced income not worked-up**

Group, MSEK	2023	2022
Invoiced sales on incomplete contracts	47,555	50,092
Worked-up income on incomplete contracts	-44,055	-46,059
<b>Total</b>	<b>3,500</b>	<b>4,033</b>

**Change in contract balances**

Group, MSEK	2023		2022	
	Worked-up not invoiced income	Invoiced income not worked-up	Worked-up not invoiced income	Invoiced income not worked-up
Income recognized in the period included in invoiced income not worked-up at the beginning of the period		4,033		4,356
Invoiced during the year, reduced by amounts recognized as income during the year		-3,500		-4,033
Transferred from worked-up not invoiced income at the beginning of the period to accounts receivable	-2,301		-1,578	
Worked-up during the year, reduced by amounts invoiced during the year	2,062		2,301	
Exchange rate differences	-17	-30	40	-62

Income recognized during the report period from performance obligations met during previous periods was SEK -751 million (-230).

Worked-up income from ongoing contracts is recognized over time. The degree of recognition is calculated on the basis of the project costs incurred at the end of the period in relation to the project costs corresponding to the project income for the whole project.

Contract assignments are recognized in gross on the balance sheet project for project, either as Worked-up income not invoiced in current assets or as Invoiced income not worked-up in current liabilities. Projects that have higher worked-up income than the amounts invoiced are recognized as assets, while projects that have invoiced more than the income worked-up are recognized as liabilities.

**Note 28 Prepaid expenses and accrued income**

MSEK	Group		Parent company	
	2023	2022	2023	2023
Accrued operating income	109	98		
Accrued interest income <sup>1)</sup>	451	3		
Prepaid rents	66	53		
Prepaid expenses	140	162	13	11
Other	133	163		
<b>Total</b>	<b>899</b>	<b>479</b>	<b>13</b>	<b>11</b>

<sup>1)</sup> In 2023 SEK 448 million is included as a claim on Unibail Rodamco Westfield related to the judgement in Mall of Scandinavia.

## Note 29 Equity

### Shares and share capital

Group	A shares	B shares	Number of issued fully paid shares	Share capital, SEK
Issued shares per January 1, 2023	34,319,957	261,729,773	296,049,730	1,583,866,056
<b>Issued shares per December 31, 2023</b>	<b>34,319,957</b>	<b>261,729,773</b>	<b>296,049,730</b>	<b>1,583,866,056</b>

An A share entitles the holder to 10 votes and a B share to 1 vote. The par value of all shares is SEK 5.35. All the rights for the shares held by the company (see below) have been revoked until these shares are reissued.

### Repurchased own shares that have reduced the Equity item profit brought forward including profit for the year

	Number of share		Amount that affected equity, MSEK <sup>1)</sup>	
	2023	2022	2023	2022
Opening repurchased own shares	8,597,984	1,086,984	1,429	929
Repurchase of own shares	–	7,511,000	–	500
<b>Closing repurchased own shares</b>	<b>8,597,984</b>	<b>8,597,984</b>	<b>1,429</b>	<b>1,429</b>

<sup>1)</sup> Amount affecting equity refers to the accumulated net sum of acquired and divested own shares.

### Other contributed capital

Refers to equity contributed by the owners. Includes premiums paid in conjunction with new issues.

### Reserves

#### Translation reserve

The translation reserve comprises all exchange rate differences generated by translating the financial reports from foreign companies presented in another currency than the one used in Group financial statements. The parent company and the Group present their reports in Swedish krona (SEK). The translation reserve also consists of exchange rate differences that occur when revaluing liabilities recognized as hedge instruments of net investments in foreign operations.

#### Hedging reserve

The hedging reserve comprises the effective part of the accumulated net changes in fair value in a cash flow hedge instrument attributable to hedged transactions that have not as yet occurred.

### Profit brought forward including profit for the year

Profit brought forward including profit for the year consists of profit in the parent company, its subsidiaries and joint arrangements.

### Dividend

After the balance sheet day the Board of Directors proposed the following dividend; A cash dividend of SEK 1.50 (4.00) per share, totaling SEK 431,177,619 (1,149,806,984), calculated on the number of outstanding shares. Total dividends are calculated on outstanding shares at the time of distribution. The dividend will be proposed for adoption by the AGM on May 6, 2024.

During the year 2023, a cash dividend of SEK 4.00 per share (5.00) has been paid.

### Parent company

#### Restricted equity

Restricted equity may not be reduced by the distribution of dividends.

#### Statutory reserve

The purpose of the reserve fund is to retain a part of the net profit which is not allocated to cover balanced losses. Amounts transferred to the share premium reserve before January 1, 2006 have been transferred to, and are part of, the statutory reserve.

#### Non-restricted equity

Together with profit for the year the following funds make up non-restricted equity, i.e. the amount available for dividends to the shareholders.

#### Share premium reserve

When shares are issued at a premium, i.e. when more must be paid for the shares than their nominal price, an amount equivalent to the amount received in excess of the share's nominal value is transferred to the share premium reserve. The amount transferred to the share premium reserve starting January 1, 2006 is included in unrestricted capital.

#### Profit brought forward

Consists of the previous year's profit brought forward and profit less dividends paid out during the year.

**Note 30 Interest-bearing liabilities**

Group, MSEK	2023	2022
Interest-bearing long-term liabilities	7,046	7,665
Interest-bearing long-term liabilities, project financing	193	440
Interest-bearing short-term liabilities	4,246	1,897
Interest-bearing short-term liabilities, project financing	6,933	9,802
<b>Total</b>	<b>18,418</b>	<b>19,804</b>

**Long-term liabilities**

Group, MSEK	2023	2022
Bank loans <sup>1)</sup>	3,754	3,611
Bonds	1,747	2,547
Leasing liabilities	1,723	1,923
Other liabilities	15	24
<b>Total</b>	<b>7,239</b>	<b>8,105</b>

<sup>1)</sup> Of which SEK 193 million (440) consists of project financing.

**Current liabilities**

Group, MSEK	2023	2022
Bank loans <sup>1)</sup>	2,702	2,812
Commercial paper	523	167
Bonds	1,300	200
Leasing liabilities	534	588
Liabilities in Swedish tenant-owner associations <sup>2)</sup>	6,050	7,894
Other liabilities	70	38
<b>Total</b>	<b>11,179</b>	<b>11,699</b>

<sup>1)</sup> Of which SEK 883 million (1,908) consists of project financing.

<sup>2)</sup> Liabilities in Swedish tenant-owner associations consist entirely of project financing.

**Changes in liabilities**

Group, MSEK	2022-12-31	Cash flow	Items that do not effect cash flow			2023-12-31
			New leasing contracts	Other changes	Exchange rate difference	
Bank loans	6,423	82			-49	6,456
Commercial paper	167	356				523
Bonds	2,747	314			-14	3,047
Leasing liabilities	2,511	-703	541	-63 <sup>2)</sup>	-29	2,257
Liabilities in Swedish tenant-owner associations	7,894	-1,844				6,050
Other liabilities	62	24			-1	85
<b>Total</b>	<b>19,804</b>	<b>-1,771</b>	<b>541</b>	<b>-63</b>	<b>-93</b>	<b>18,418</b>

Group, MSEK	2021-12-31	Cash flow	Items that do not effect cash flow				2022-12-31
			New leasing contracts	Acquisitions <sup>1)</sup>	Other changes	Exchange rate difference	
Bank loans	3,225	2,865		21		312	6,423
Commercial paper	1,206	-1,090				51	167
Bonds	2,746	1					2,747
Leasing liabilities	2,419	-650	527	67	77 <sup>2)</sup>	71	2,511
Liabilities in Swedish tenant-owner associations	5,409	2,485					7,894
Other liabilities	11	51					62
<b>Total</b>	<b>15,016</b>	<b>3,662</b>	<b>527</b>	<b>88</b>	<b>77</b>	<b>434</b>	<b>19,804</b>

<sup>1)</sup> Acquired liabilities including liabilities taken over in business and assets combinations.

<sup>2)</sup> Refers to extensions, index changes and termination of contracts.

Parent company, MSEK	2022-12-31	Cash flow	2023-12-31
Liabilities to Group companies	1,808	-1,808	-
<b>Total</b>	<b>1,808</b>	<b>-1,808</b>	<b>-</b>

Parent company, MSEK	2021-12-31	Cash flow	2022-12-31
Liabilities to Group companies	2,281	-473	1,808
<b>Total</b>	<b>2,281</b>	<b>-473</b>	<b>1,808</b>



## Note 31 Pensions

### Defined benefit pension plans

Defined benefit plans consist of the Swedish ITP 2 Plan for white-collar workers which is managed through insurance with Alecta. Since Alecta cannot provide the information required to report the ITP 2 plan as a defined benefit plan it is recognized as a defined contribution plan (see below).

ITP 2 defined benefit plan obligations for old age pension and family pension obligations for white-collar workers in Sweden are managed through insurance from Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Reporting pension plan ITP 2 which is financed through insurance from Alecta, this is a defined benefit plan that encompasses several employers. For the financial year of 2023 the company did not have the necessary information required to recognize its proportional share of the plan's obligations, plan assets and expenses which has made it impossible to recognize this plan as a defined benefit plan. Therefore the ITP 2 pension plan which is secured through insurance from Alecta is recognized as a defined contribution plan. Premiums for the defined benefit old age and family plans are calculated individually taking into account salary, previously earned pension and anticipated remaining employment period. Anticipated premiums for the next report period for ITP 2 insurance that are covered by Alecta amount to SEK 122 million (111). The Group's share of total premiums for the plan and the Group's share of the total number of active members of the plan are 0.86 percent (0.79) respective 0.68 percent (0.66).

The collective consolidation level is made up of the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's insurance methods and adjustment assumptions, which are not in accordance with IAS 19. Normally the collective consolidation level is permitted to vary between 125 and 175 percent. If Alecta's collective consolidation level is less than 125 percent or exceeds 150 measures must be taken aimed at returning the consolidation level to the normal interval. If the consolidation level is low one measure may be raising the agreed price for new subscriptions and expanding existing benefits. If the consolidation level is high one measure may be implementing premium reductions. At the end of 2023, Alecta's surplus in the form of the collective consolidation level amounted to 158 percent (172).

### Defined contribution plans

The Group has defined contribution plans which are entirely paid for by the companies. Payments to these plans are made on a current basis according to the rules of each plan.

MSEK	Group		Parent company	
	2023	2022	2023	2022
Expenses for defined contribution plans	939	989	39	41
<i>Of which ITP 2 plans financed in Alecta</i>	155	171	7	8

## Note 32 Provisions

### Provisions which are long-term liabilities

Group, MSEK	2023	2022
Feared losses not worked-up	644	-
Guarantee risk reserve	523	591
Restoration costs	251	306
Special payroll tax on pensions	135	138
Disputes	37	7
Obligations in joint ventures	127	100
Other	31	55
<b>Total</b>	<b>1,748</b>	<b>1,197</b>

### Provisions which are current liabilities

Group, MSEK	2023	2022
Feared losses not worked-up	64	80
Guarantee risk reserve	59	81
Disputes	7	35
Other	93	39
<b>Total</b>	<b>223</b>	<b>235</b>

### Provisions

Parent company, MSEK	2023	2022
Special payroll tax on pensions	43	43
<b>Total</b>	<b>43</b>	<b>43</b>

	Feared losses not worked-up	Guarantee risk reserve	Restoration costs	Special payroll tax on pensions	Disputes	Obligations in joint ventures	Other	Total
<b>Group 2023, MSEK</b>								
Opening recognized value	80	672	306	138	42	100	94	1,432
Provisions set aside during the year	495	438	13	10	39	27	86	1,108
Amounts requisitioned during the year	-67	-397	-66	-13	-30		-50	-623
Reversed unutilized provisions during the year	7	-124	0	0	-5		-5	-127
Increase in discounted amounts during the year			0					0
Reclassification	194							194
Exchange rate differences	-1	-7	-2		-2	0	-1	-13
<b>Closing recognized value</b>	<b>708</b>	<b>582</b>	<b>251</b>	<b>135</b>	<b>44</b>	<b>127</b>	<b>124</b>	<b>1,971</b>
Of which are long-term provisions	644	523	251	135	37	127	31	1,748
Of which are current provisions	64	59			7		93	223

	Feared losses not worked-up	Guarantee risk reserve	Restoration costs	Special payroll tax on pensions	Disputes	Obligations in joint ventures	Other	Total
<b>Group 2022, MSEK</b>								
Opening recognized value	66	757	333	151	38	87	121	1,553
Provisions set aside during the year	63	454	16	25	32	15	34	639
Amounts requisitioned during the year	-49	-501	-18	-15	-26	-2	-34	-645
Provisions in acquired companies		4						4
Reversed unutilized provisions during the year		-57	-38	-23	-4		-31	-153
Increase in discounted amounts during the year		0	1					1
Exchange rate differences	0	15	12		2	0	4	33
<b>Closing recognized value</b>	<b>80</b>	<b>672</b>	<b>306</b>	<b>138</b>	<b>42</b>	<b>100</b>	<b>94</b>	<b>1,432</b>
Of which are long-term provisions		591	306	138	7	100	55	1,197
Of which are current provisions	80	81			35		39	235

Parent company, MSEK	2023	2022
Opening recognized value	43	45
Provisions set aside during the year	9	10
Amounts requisitioned during the year	-9	-12
<b>Closing recognized value</b>	<b>43</b>	<b>43</b>
Of which are long-term provisions	43	43

#### Feared losses not worked-up

Feared losses in contract work are expensed as soon as they are known. The part of a feared loss that has not been worked-up is recognized as a provision. Provisions for feared losses not worked-up have been made in all business areas, although most of them are related to business area Construction.

#### Guarantee risk reserve

Refers to the estimated cost of remedying faults and deficiencies in finished projects that arise while the project is under warranty as well as rental guarantees. Resources are consumed during the guarantee period of the project which is generally two to five years. As the effect of the point in time for payment is not material expected future disbursements are not valued at their current value. Provisions for guarantee risks have been made in all business areas.

#### Restoration costs

Refers to restoration costs in Industry operations for gravel pits and rock quarries after termination of operations. The provision grows in relation to the amount quarried and is reversed after restoration is complete. The reserved sum is expected to be used successively after operations are terminated. The estimated restoration time is 1 to 15 years. Our calculation

of reserved amounts is based on estimated future payments for restoration and reflects Peab's best assessment taking risks in cash flows into consideration.

#### Special payroll tax on pensions

There are pension plans where the Group has acquired endowment insurance which is hedged in favor of employees through pledges. Provisions for special payroll tax are reserved calculated on the fair value of the endowment insurance, except in cases where the contract stipulates that the endowment insurance covers special payroll tax.

#### Disputes

Refers to disputes in business areas Construction, Civil Engineering and Project Development.

#### Obligations in joint ventures

Refers to participations in joint ventures with a negative consolidated value in the business area Project Development.

#### Others

Refers to other minor provisions.

## Note 33 Other liabilities

### Other long-term liabilities

MSEK	Group		Parent company	
	2023	2022	2023	2022
Contingent consideration	-	19		
Liabilities acquired properties	149	127		
Other liabilities	108	160		
<b>Total</b>	<b>257</b>	<b>306</b>	<b>-</b>	<b>-</b>

### Other current liabilities

MSEK	Group		Parent company	
	2023	2022	2023	2022
Liabilities to joint ventures	2	0		
Contingent consideration	6	1		
Withholdings, social security costs	410	442	8	8
VAT	606	619	0	0
On account work-in-progress	299	515		
Derivate instruments held for hedging purposes	16	6		
Liabilities acquired properties	216	178		
Other liabilities	123	168		
<b>Total</b>	<b>1,678</b>	<b>1,929</b>	<b>8</b>	<b>8</b>

## Note 34 Accrued expenses and deferred income

MSEK	Group		Parent company	
	2023	2022	2023	2022
Payroll expenses	1,691	1,671	36	32
Social security expenses	474	523	26	28
Operating expenses	1,020	1,669	4	6
Negative value joint ventures <sup>1)</sup>	-	17		
Interest expenses	26	14		
Rent revenue	33	43		
<b>Total</b>	<b>3,244</b>	<b>3,937</b>	<b>66</b>	<b>66</b>

<sup>1)</sup> Refers to joint ventures where the net value of equity and internal profit elimination is negative

## Note 35 Classification and valuation of financial assets and liabilities

### Valuation of financial assets and liabilities at fair value

Group financial instruments are valued either at accrued acquisition value or fair value depending on how the instrument is classified according to IFRS 9. Items which have been the object of valuation at fair value are unlisted shareholdings and participations, different types of derivatives, unlisted funds and contingent consideration.

Group unlisted shareholdings are valued at fair value. The fair value of the Group's shares in unlisted funds is based on the valuation received from the managing institute. The valuation belongs to level 3 in the fair value hierarchy. However, the Group does not have access to the information about the input data used by the institute for the valuation and therefore no information about such data is given. The fair value of the Group's contingent considerations has been calculated as the current value of the amount expected to be paid according to each respective contract. At the end of 2023 Group contingent considerations were SEK 6 million (20).

When calculating the fair value of interest-bearing receivables and liabilities, future cash flows were discounted to the listed market interest rate for the remaining terms of maturity. Spot rates on the balance sheet date were used to calculate the fair value of currency derivatives and commodity derivatives. The recognized value of non-interest-bearing asset and liability items such as accounts receivable and accounts payable with a remaining maturity of less than six months is believed to reflect the fair value. The tables below show the recognized values compared to the estimated fair value per type of financial asset and liability.

#### Classification of financial instruments and fair value

Group, MSEK	Valued at fair value via the income statement		Derivatives used in hedge accounting		Accrued acquisition value		Total recognized value		Fair value <sup>1)</sup>	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Financial assets</b>										
Securities held as fixed assets	46	67					46	67	46	67
Interest-bearing long-term receivables					1,293	1,233	1,293	1,233	1,286	1,233
Other long-term receivables		1			3	22	3	23	3	23
Accounts receivable					6,854	8,454	6,854	8,454	6,854	8,454
Interest-bearing current receivables					1,345	384	1,345	384	1,345	384
Prepaid expenses and accrued income					451	3	451	3	451	3
Other current receivables	4	10	6	3	282	443	292	456	292	456
Cash and bank					1,243	1,506	1,243	1,506	1,243	1,506
<b>Total financial assets</b>	<b>50</b>	<b>78</b>	<b>6</b>	<b>3</b>	<b>11,471</b>	<b>12,045</b>	<b>11,527</b>	<b>12,126</b>	<b>11,520</b>	<b>12,126</b>
<b>Financial liabilities</b>										
Interest-bearing long-term liabilities					7,046	7,665	7,046	7,665	7,015	7,593
Interest-bearing long-term liabilities, project financing					193	440	193	440	193	440
Other long-term liabilities		19			204	197	204	216	204	216
Interest-bearing current liabilities					4,246	1,897	4,246	1,897	4,244	1,897
Interest-bearing current liabilities, project financing					6,933	9,802	6,933	9,802	6,933	9,802
Accounts payable					4,897	5,131	4,897	5,131	4,897	5,131
Accrued expenses and prepaid income					26	14	26	14	26	14
Other current liabilities	17	6	5	1	32	104	54	111	54	111
<b>Total financial liabilities</b>	<b>17</b>	<b>25</b>	<b>5</b>	<b>1</b>	<b>23,577</b>	<b>25,250</b>	<b>23,599</b>	<b>25,276</b>	<b>23,566</b>	<b>25,204</b>

<sup>1)</sup> In all cases where there is a difference between recognized value and fair value the valuation belongs to level 3 in the fair value hierarchy.

The effect of valuing currency derivatives at fair value was included in the Group's income statement for a total of SEK -2 million (9). The effects of valuing unlisted shares, participations and funds including received dividends amounted to SEK -26 million (2).

Parent company, MSEK	Valued at fair value via the income statement		Accrued acquisition value		Total recognized value		Fair value	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Financial assets</b>								
Securities held as fixed assets	0	0			0	0	0	0
Accounts receivable			0	1	0	1	0	1
Current receivables Group companies			4,940	2,274	4,940	2,274	4,940	2,274
Cash and bank			0	0	0	0	0	0
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>4,940</b>	<b>2,275</b>	<b>4,940</b>	<b>2,275</b>	<b>4,940</b>	<b>2,275</b>
<b>Financial liabilities</b>								
Long-term liabilities Group companies				1,500	-	1,500	-	1,500
Accounts payable			19	20	19	20	19	20
Current liabilities Group companies			645	375	645	375	645	375
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>664</b>	<b>1,895</b>	<b>664</b>	<b>1,895</b>	<b>664</b>	<b>1,895</b>



## Fair value

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 observable inputs not included in level 1

**Level 3:** based on inputs unobservable to the market

The table below shows the allocated level of financial assets and financial liabilities recognized at fair value in the Group balance sheet.

Group, MSEK	Level 2		Level 3		Total	
	2023	2022	2023	2022	2023	2022
<b>Financial assets</b>						
Securities held as fixed assets			46	67	46	67
<i>Of which unlisted shareholdings and participations</i>			41	41	41	41
<i>Of which unlisted funds</i>			5	26	5	26
Other long-term receivables		1			-	1
<i>Of which commodity hedging with futures</i>		1			-	1
Other current receivables	10	13			10	13
<i>Of which currency derivatives</i>	1	9			1	9
<i>Of which commodity hedging with futures</i>	9	4			9	4
<b>Total financial assets</b>	<b>10</b>	<b>14</b>	<b>46</b>	<b>67</b>	<b>56</b>	<b>81</b>
<b>Financial liabilities</b>						
Other long-term liabilities				19	-	19
<i>Of which contingent consideration</i>				19	-	19
Other current liabilities	16	6	6	1	22	7
<i>Of which currency derivatives</i>	3				3	-
<i>Of which commodity hedging with futures</i>	13	6			13	6
<i>Of which contingent consideration</i>			6	1	6	1
<b>Total financial liabilities</b>	<b>16</b>	<b>6</b>	<b>6</b>	<b>20</b>	<b>22</b>	<b>26</b>

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

Group, MSEK	Securities held as fixed assets			
	Unlisted funds		Unlisted shares and participations	
	2023	2022	2023	2022
<b>Opening balance</b>	<b>26</b>	<b>32</b>	<b>41</b>	<b>23</b>
Investments	5	2		18
Sales			-1	
Dividends received		-10		
Reported in profit/loss for the year				
Other operating costs (+) / other operating income (-)			1	
Net finance	-26	2		
<b>Closing balance</b>	<b>5</b>	<b>26</b>	<b>41</b>	<b>41</b>

Group, MSEK	Contingent consideration	
	2023	2022
<b>Opening balance</b>	<b>20</b>	<b>2</b>
Aquisitions during the year		19
Payments during the year		-1
Reported in profit/loss for the year		
Other operating costs (+) / other operating income (-)		-13
Reported in other comprehensive income		-1
<b>Closing balance</b>	<b>6</b>	<b>20</b>

Contingent consideration will be paid to the previous owner based on the a share of the profit as well as the outcome of certain specified projects. An agreement has been reached with the previous owner and amounts to SEK 6 million.

## Note 36 Financial risks and Finance policy

### Finance and treasury

The Group is exposed to various types of financial risks through its operations. The term financial risk refers to fluctuations in the company's profit/loss and cash flow resulting from changes in exchange rates, interest rates, raw materials prices, refinancing and credit risks as well as liquidity needs. Group finance and treasury is governed by the Finance Policy established by Peab's Board of Directors. The policy is a framework of guidelines and regulations in the form of a risk mandate and limitations in finance and treasury. The Board has appointed a Finance Committee which is chaired by the Chairman of the Board. It is authorized to make decisions that follow the Finance Policy in between meetings of the Board. The Finance Committee must report any such decisions at the next meeting of the Board. The Group function Finance and Treasury and the Group's internal bank Peab Finans AB manage coordination of Group finance and treasury. The overall target of the finance function is to provide cost-effective funding and to minimize the negative effects on Group profit/loss from financial risks.

### Liquidity risk

The liquidity risk refers to the risk of Peab having difficulties in meeting its payment obligations as a result of a lack of liquidity or problems in converting or receiving new external loans. To ensure access to liquid funds binding credit facilities are contracted. The Group has a rolling one-month liquidity plan for all the units in the Group. Plans are updated each week. Group forecasts also comprise liquidity planning in the medium term. Liquidity planning is used to handle the liquidity risk and the cost of Group financing.

The objective is for the Group to be able to meet its financial obligations in favorable and unfavorable market conditions without running into significant unforeseen costs. Liquidity risks are managed centrally for the entire Group by the central Finance and Treasury function and the liquidity available at year-end is presented below.

### Available liquid funds

Group, MSEK	2023-12-31	2022-12-31
Cash and bank holdings	1,243	1,506
Unutilized overdraft facilities	500	500
Other unused credit lines	5,289	6,415
Liquidity commitment for outstanding commercial papers and utilized overdraft facilities	-622	-781
<b>Total</b>	<b>6,410</b>	<b>7,640</b>

### Financing risk

Peab's Finance Policy contains guidelines and regulations for managing Group interest-bearing liabilities. The Finance Policy does not, however, comprise regulations concerning interest-bearing liabilities in Swedish tenant-owner associations or leasing liabilities that Peab recognizes for leases that by the lessor are classified as operational leasing (IFRS 16, Additional leasing). Liabilities in Swedish tenant-owner associations are approved in connection with handling start-up permission for tenant-owner association projects, which is decided by the Group's investment group for Housing Development. Utilization of operational leasing in Peab is managed according to Peab's regulations for entering rental agreements and is decided by the Group's investment group for Property Development. Mandates from the Board of Directors concerning investment groups are regulated in the Policy for Internal Control and Steering.

The Finance Policy dictates that Group net debt should mainly be covered by loan commitments that mature between 1 and 5 years. At the end of 2023, the average loan period for utilized credits was 30 months (62), for unutilized credits 25 months (20), and for all granted credits 28 months (44). In 2023 Peab refinanced its credit facility. Basic financing is a credit facility totaling SEK 7,000 million which matures in June 2026, with the possibility to extend the credit facility another two years with extension options. A credit facility is refinanced no later than one year before maturity. This loan facility is supplemented by capital market financing, other kinds of current operations financing, project-related credits, financial leasing and installment financing. At the end of the year SEK 2,854 million (2,485) of the loan facility was utilized. The loan facility contains financial covenants in the form of interest coverage ratios and equity/assets ratios that the Group must meet, which is standard for this kind of loan. Peab exceeded the key ratios by a broad margin at the end of 2023. The loan facility is linked to Peab's sustainability targets. These targets are to by 2030 reduce greenhouse gas emissions from our own production 60 percent (Scope 1+2, ton CO<sub>2</sub>e/MSEK) and from input goods and purchased services 50 percent (Scope 3, ton CO<sub>2</sub>e/MSEK). The interest margin for the credit facility is linked to predetermined levels of annual reductions in emissions. The first calculation year of the targets is 2024.

Peab set up a lending program for commercial papers in 2004. Under the program, Peab can issue commercial papers for a maximum of SEK 3.5 billion. The borrower is Peab Finans AB and the guarantor is Peab AB. At the end of the year, Peab had outstanding commercial papers nominally worth EUR 15 million (15) and SEK 360 million (0) corresponding to a total of SEK 526 million (167).

Peab set up a MTN program in 2012 with a loan limit of SEK 5 billion. At the end of the year 2023 Peab had outstanding bonds with a nominal value of EUR 45 million and SEK 2,550 million corresponding to a total of SEK 3,049 million (2,750). Per December 31, 2023 Peab had issued SEK 1,500 million in bonds within the framework of green financing. The framework has been audited by the independent company CICERO Shades of Green which has classified it at level "medium green". Funds from the green issue will be used to finance investments in green and energy efficient buildings, ECO-products and a more environmentally adapted production, green transportation and water and waste management.

Total credit commitments, excluding the unutilized part of the certificate program and the unutilized part of the MTN program, amounted to SEK 16,744 million (17,077) per December 31, 2023. Of the total credit commitments SEK 10,948 million (10,161) was utilized.

## Age analysis of financial liabilities, undiscounted cash flow including interest

Group 2023, MSEK	Currency	Average interest rate on balance sheet day, %	Nominal value, original currency	Amount SEK	Matures 2024 Jan-Mar	Matures 2024 Apr-Dec	Matures 2025	Matures 2026	Matures 2027	Matures 2028	Matures 2029-
Bank loans	SEK	5.6	2,274	2,274	1,107	494	322	193	124	34	
Bank loans	NOK	5.7	1,736	1,714	28	518	157	974	25	8	4
Bank loans	EUR	5.4	245	2,718	193	202	145	1,683	94	70	331
Bank loans	DKK	5.7	295	440	6	16	21	397			
Commercial papers	SEK	4.8	356	356	356						
Commercial papers	EUR	4.6	15	166	166						
Bonds	SEK	5.3	2,747	2,747	34	1,386	547	780			
Bonds	EUR	5.6	51	568	7	22	298	13	228		
Other liabilities	SEK	3.6	68	68	0	49	1	1	1	1	15
Other liabilities	NOK	4.7	23	23	21	2					
Leasing liabilities <sup>1)</sup>	SEK	5.7	515	515	49	158	172	131	2	2	1
Leasing liabilities <sup>1)</sup>	NOK	6.6	247	244	22	55	66	49	32	12	8
Leasing liabilities <sup>1)</sup>	EUR	5.2	11	119	11	14	45	28	19	2	
Leasing liabilities <sup>1)</sup>	DKK	5.0	14	21	2	6	4	2	2	2	3
<b>Total interest-bearing financial liabilities according to the Finance Policy</b>				<b>11,973</b>	<b>2,002</b>	<b>2,922</b>	<b>1,778</b>	<b>4,251</b>	<b>527</b>	<b>131</b>	<b>362</b>
Leasing liabilities <sup>2)</sup>	SEK	2.6	991	991	57	160	167	130	104	92	281
Leasing liabilities <sup>2)</sup>	NOK	3.6	285	281	19	53	60	44	32	21	52
Leasing liabilities <sup>2)</sup>	EUR	3.2	39	429	17	41	46	28	25	27	245
Leasing liabilities <sup>2)</sup>	DKK	2.1	4	7	1	2	2	1	1		
Bank loans in Swedish tenant-owner associations <sup>3)</sup>	SEK	5.7	6,314	6,314	868	3,515	1,931				
<b>Total interest-bearing financial liabilities, IFRS</b>				<b>19,995</b>	<b>2,964</b>	<b>6,693</b>	<b>3,984</b>	<b>4,454</b>	<b>689</b>	<b>271</b>	<b>940</b>
Accounts payable	SEK		3,760	3,760	3,760	0					
Accounts payable	NOK		677	669	669						
Accounts payable	EUR		32	353	353	0					
Accounts payable	DKK		68	101	101						
Accounts payable	Other			14	14						
Other liabilities	SEK		159	159	6	19	71			63	
Other liabilities	NOK		83	82	10	2	42	5	23		
Other liabilities	EUR		0	1	1						
Derivatives				16	4	11	1				
<b>Total non-interest bearing financial liabilities</b>				<b>5,155</b>	<b>4,918</b>	<b>32</b>	<b>114</b>	<b>5</b>	<b>23</b>	<b>63</b>	<b>-</b>
<b>Total financial liabilities</b>				<b>25,150</b>	<b>7,882</b>	<b>6,725</b>	<b>4,098</b>	<b>4,459</b>	<b>712</b>	<b>334</b>	<b>940</b>

<sup>1)</sup> Previously financial leasing.

<sup>2)</sup> Previously operational leasing. Payments for leasehold fees in coming periods are included in the table above for leasing liabilities regarding leaseholds. For periods before 2029 the payments are recognized without discounts but for the period 2029 and after, the discounted value of the remaining payments is recognized since the leasehold constitutes a never ending obligation to pay leasehold fees. Per December 31, 2023 Group leasing liabilities regarding leaseholds amounted to SEK 207 million (368), see note 37 Leasing for further details.

<sup>3)</sup> For bank loans in Swedish tenant-owner associations the age analysis shows the liabilities' contractual mature dates. However, the liabilities are derecognized when the final homebuyers take over their apartments, which in practice entails a shorter period of time than presented in the table above.

Group 2022, MSEK	Cur- rency	Average interest rate on bal- ance sheet day, %	Nominal value, original currency	Amount SEK	Matures	Matures	Matures	Matures	Matures	Matures	
					2023 Jan-Mar	2023 Apr-Dec	2024	2025	2026	2027	2028-
Bank loans	SEK	3.7	927	927	94	232	241	179	126	55	
Bank loans	NOK	4.5	1,332	1,408	263	1,021	41	27	25	25	6
Bank loans	EUR	2.0	351	3,900	366	1,767	34	83	122	126	1,402
Bank loans	DKK	2.9	261	391	2	389					
Commercial papers	EUR	2.4	15	167	167						
Bonds	SEK	3.7	2,992	2,992	25	276	1,385	534	772		
Other liabilities	SEK	2.7	61	61	15	22	24				
Other liabilities	NOK	5.7	2	2			2				
Leasing liabilities <sup>1)</sup>	SEK	3.5	443	443	52	87	140	151	5	4	4
Leasing liabilities <sup>1)</sup>	NOK	4.9	234	248	22	63	67	46	25	13	12
Leasing liabilities <sup>1)</sup>	EUR	4.1	9	103	8	26	31	22	16		
Leasing liabilities <sup>1)</sup>	DKK	3.0	7	10	1	5	4				
<b>Total interest-bearing financial liabilities according to the Finance Policy</b>				<b>10,652</b>	<b>1,015</b>	<b>3,888</b>	<b>1,969</b>	<b>1,042</b>	<b>1,091</b>	<b>223</b>	<b>1,424</b>
Leasing liabilities <sup>2)</sup>	SEK	2.1	1,052	1,052	58	159	171	126	97	91	350
Leasing liabilities <sup>2)</sup>	NOK	3.3	310	328	19	57	63	52	38	29	70
Leasing liabilities <sup>2)</sup>	EUR	3.2	83	920	25	67	63	54	39	34	638
Leasing liabilities <sup>2)</sup>	DKK	2.5	11	17	5	5	3	2	1	1	
Bank loans in Swedish tenant-owner associations <sup>3)</sup>	SEK	4.3	8,288	8,288	958	3,371	3,343	616			
<b>Total interest-bearing financial liabilities, IFRS</b>				<b>21,257</b>	<b>2,080</b>	<b>7,547</b>	<b>5,612</b>	<b>1,892</b>	<b>1,266</b>	<b>378</b>	<b>2,482</b>
Accounts payable	SEK		3,753	3,753	3,753						
Accounts payable	NOK		757	801	801						
Accounts payable	EUR		40	446	446						
Accounts payable	DKK		88	131	131						
Other liabilities	SEK		277	277	35	44	20	64	64	50	
Other liabilities	NOK		23	24		24					
Derivatives				6	1	5					
<b>Total non-interest bearing financial liabilities</b>				<b>5,438</b>	<b>5,167</b>	<b>73</b>	<b>20</b>	<b>64</b>	<b>64</b>	<b>50</b>	<b>-</b>
<b>Total financial liabilities</b>				<b>26,695</b>	<b>7,247</b>	<b>7,620</b>	<b>5,632</b>	<b>1,956</b>	<b>1,330</b>	<b>428</b>	<b>2,482</b>

<sup>1)</sup> Previously financial leasing.

<sup>2)</sup> Previously operational leasing. Payments for leasehold fees in coming periods are included in the table above for leasing liabilities regarding leaseholds. For periods before 2028 the payments are recognized without discounts but for the period 2028 and after, the discounted value of the remaining payments is recognized since the leasehold constitutes a never ending obligation to pay leasehold fees. Per December 31, 2022 Group leasing liabilities regarding leaseholds amounted to SEK 368 million (359), see note 37 Leasing for further details.

<sup>3)</sup> For bank loans in Swedish tenant-owner associations the age analysis shows the liabilities' contractual mature dates. However, the liabilities are derecognized when the final homebuyers take over their apartments, which in practice entails a shorter period of time than presented in the table above.



**Interest rate risk**

The interest rate risk is the risk that Peab's cash flow or the value of financial instruments may vary with changes in market interest rates. The interest rate risk can result in changes in fair values and cash flows. A crucial factor affecting interest rate risk is the fixed interest period.

The Finance Policy dictates that the average fixed interest period on total borrowing (excluding additional leasing and liabilities in Swedish tenant-owner associations) may not exceed 24 months. Peab has chosen short fixed interest periods for outstanding credits. Per December 31, 2023 there were no interest rate swaps.

Interest-bearing liabilities excluding liabilities in Swedish tenant-owner associations and additional leasing according to IFRS 16 were per December 31, 2023 SEK 10,948 million (10,161). The interest-bearing credit facilities with a maturity of more than twelve months were SEK 7,041 million (8,462) and with a maturity of less than twelve months were SEK 3,907 million (1,700).

As the table below shows, the fixed interest period for SEK 10,926 million (10,099) of the Group's utilized credit facilities is less than one year. Interest-bearing asset items including liquid funds were SEK 3,881 million (3,123), of which SEK 2,573 million (1,865) have short fixed interest periods. Net utilized credit lines and interest-bearing asset items with short fixed interest periods of less than one year were SEK 8,353 million (8,234). The net amount is therefore almost directly susceptible to changes in market interest rates. Since financial liabilities have a short maturity most of the interest rate risk is considered a cash flow risk. For further information regarding Peab's risk sensitivity see the Sensitivity Analysis in the Board of Directors' Report.

**Fixed interest rate period on utilized credits per 2023-12-31**

Fixed interest period	Amount, MSEK	Average effective interest rate, percent	Share, percent
2024	10,926	5.5	100
2025-	22	5.5	0
<b>Total</b>	<b>10,948</b>	<b>5.5</b>	<b>100</b>

**Interest rate risk in bank loans in Swedish tenant-owner associations**

Interest on bank loans taken out by Swedish tenant-owner associations is included in the cost of ongoing work-in-progress in project and development property. A change in the interest rate on these liabilities would therefore not affect Peab's net financial items.

**Currency risks**

The currency risk is the risk that fair values and cash flows of financial instruments may fluctuate with changes in the value of foreign currencies.

**Financial exposure**

Group borrowing is done in local currencies to reduce currency risks in operations. Assets and liabilities in foreign currency are translated at the rate on the balance sheet date. Borrowing in the interest-bearing liabilities per December 31, 2023, including leasing and liabilities in Swedish tenant-owner associations, was allocated as follows:

	2023-12-31		2022-12-31	
	Local currency in millions	MSEK	Local currency in millions	MSEK
SEK	12,527	12,527	12,900	12,900
EUR	310	3,442	413	4,593
NOK	2,063	2,037	1,794	1,896
DKK	277	412	277	415
<b>Total</b>		<b>18,418</b>		<b>19,804</b>

Internal loans from Peab Finans AB are used to handle temporary liquidity needs in Peab's foreign operations. Currency swaps are used to eliminate exchange risks. At the end of 2023 and 2022, there were no outstanding currency swaps relating to financial exposure. Exchange rate differences in net financials items from financial exposure were SEK -7 million (-6) in 2023. Exchange rate differences primarily refer to claims on subsidiaries in Norway and Finland and have no cash flow effect. Exchange rate differences in operating profit were SEK -6 million (-13).

**Exposure of net assets in foreign currency**

The translation exposure arising from investments in foreign net assets can be hedged through loans in foreign currency or forward exchange contracts. At the end of 2023 and 2022 there were no hedges in forward exchange contracts for foreign net assets.

**Foreign net assets**

Local currency in millions	2023	Of which hedged	2022	Of which hedged
NOK	1,750	-	1,841	-
EUR	143	-	140	-
DKK	-17	-	-9	-
PLN	4	-	4	-

A change in the euro exchange rate as of December 31, 2023 by ten percent would entail a translation effect on equity of SEK 159 million (156). A corresponding change in the exchange rate for the Norwegian krone and Danish krone, respectively, would entail a translation effect on equity of SEK 173 million (195) and 2 million (1).

Translation differences in equity (net assets in foreign subsidiaries) for the year amounted to SEK -145 million (210).

**Commercial exposure**

Although international purchases and sales of goods and services in foreign currency are currently limited, they are expected to increase as competition grows regarding purchasing goods and services. Contracted or forecasted currency flows can be hedged for 12 months from the date of the contract. At the end of 2023, there were exchange rate hedges related to forecasted currency flows of EUR 9 million (12) and of PLN 3 million (21). Peab did not apply hedge accounting on these hedges.

**Commodities risk****Electricity**

Peab's asphalt production is energy intense as are major construction projects. An energy shortage or high prices for it can entail a risk for our ability to operate. The energy risk is managed through fixed price contracts in Sweden, Norway and Finland.

**Oil and gas**

Peab purchases oil and gas for its operations. The price risk and access to oil and gas are in part hedged via long purchasing contracts and in part via derivative contracts with a maturity of up to 12 months. Peab did not apply hedge accounting on oil derivatives.

**Bitumen**

Bitumen is a binder in asphalt production and is the single highest cost in asphalt operations. Peab's asphalt operations are exposed to changes in the price of bitumen, which has a direct effect on earnings and margins. The price of bitumen generally follows the specific oil price index HSFO. Some contracts with customers have sales price clauses that regulate changes in the price of bitumen.

Peab has two different kinds of bitumen exposures.

1. In fixed price sales there is a risk that the price of bitumen will rise before delivery, which raises the purchase price. The fixed price sales cannot be adjusted to cover additional costs. Therefore the project's profit margin is not ensured. Peab handles the bitumen component price risk by hedging purchases through external derivatives.
2. Warehousing risk due to lead times. Peab stores bitumen in different depots during the off season. Peab handles the bitumen component price risk by hedging purchases through external derivatives.

The risk of fixed price sales and the warehousing risk are managed by Peab Finans via oil futures with HSFO as an underlying variable. As of October 2022 Peab applies hedge accounting to a greater degree on oil futures. Exposure is presented in the table below.

#### Derivatives and hedge accounting

Hedge accounting is applied according to IFRS 9 on oil futures that hedge the bitumen price risk in USD. A financial relationship is assumed to exist in the Group's hedging relationships since the hedge instruments' and the hedged items' terms correspond to each other and their values thereby are expected to develop in opposite directions when the underlying hedged risk changes. The hedged risk is the commodity price risk in USD, where the price is hedged in the respective subsidiary's functional currency. In the case of fixed price sales the anticipated cash flows for the purchase of bitumen are hedged and in the case of the warehouse risk the fair value of the bitumen stored is hedged. The effectiveness is for the most part estimated based on critical terms (nominal volumes, maturity times, oil price index and currency). The credit risk is not expected to materially contribute to ineffectiveness since the derivative has a limited maturity and is entered into with banks with high creditworthiness. Another possible source of ineffectiveness is surplus hedging but since the exposure is not fully hedged the estimated risk of surplus hedging is minimal. The hedge ratio is 1:1.

#### Bitumen derivatives with hedge accounting per December 31, 2023

<b>Fixed price contract – cash flow hedging</b>	<b>Total</b>	<b>&lt;3 mon</b>	<b>4 -12 mon</b>	<b>&gt;1 year</b>
Purchase of Bitumen/via HSFO hedging contract, ton	12,100	2,600	6,900	2,600
Fair value hedging contract, MSEK	-5	-2	-2	-1

<b>Warehouse contract – fair value</b>	<b>Total</b>	<b>&lt;3 mon</b>	<b>4 -12 mon</b>	<b>&gt;1 year</b>
Sale of Bitumen/via HSFO hedging contract, ton	6,000	500	5,500	-
Fair value hedging contract, MSEK	6	1	5	-

#### Bitumen derivatives without hedge accounting per December 31, 2023

<b>Fixed price contract – cash flow hedging</b>	<b>Total</b>	<b>&lt;3 mon</b>	<b>4 -12 mon</b>	<b>&gt;1 year</b>
Purchase of Bitumen/via HSFO hedging contract, ton	2,050	200	1,850	-
Fair value hedging contract, MSEK	-1	0	-1	-

<b>Warehouse contract – fair value</b>	<b>Total</b>	<b>&lt;3 mon</b>	<b>4 -12 mon</b>	<b>&gt;1 year</b>
Sale of Bitumen/via HSFO hedging contract, ton	5,540	1,250	4,290	-
Fair value hedging contract, MSEK	2	1	1	-

#### Bitumen derivatives with hedge accounting per December 31, 2022

<b>Fixed price contract – cash flow hedging</b>	<b>Total</b>	<b>&lt;3 mon</b>	<b>4 -12 mon</b>	<b>&gt;1 year</b>
Purchase of Bitumen/via HSFO hedging contract, ton	7,825	2,925	4,900	-
Fair value hedging contract, MSEK	0	-1	1	-

<b>Warehouse contract – fair value</b>	<b>Total</b>	<b>&lt;3 mon</b>	<b>4 -12 mon</b>	<b>&gt;1 year</b>
Sale of Bitumen/via HSFO hedging contract, ton	6,150	-	6,150	-
Fair value hedging contract, MSEK	2	-	2	-

#### Bitumen derivatives without hedge accounting per December 31, 2022

<b>Fixed price contract – cash flow hedging</b>	<b>Total</b>	<b>&lt;3 mon</b>	<b>4 -12 mon</b>	<b>&gt;1 year</b>
Purchase of Bitumen/via HSFO hedging contract, ton	4,447	225	3,272	950
Fair value hedging contract, MSEK	1	0	0	1

<b>Warehouse contract – fair value</b>	<b>Total</b>	<b>&lt;3 mon</b>	<b>4 -12 mon</b>	<b>&gt;1 year</b>
Sale of Bitumen/via HSFO hedging contract, ton	7,298	3,519	3,779	-
Fair value hedging contract, MSEK	-1	0	-1	-

#### Effect of hedge accounting

The effect of hedge accounting on Group profit/loss and financial position is shown below.

Group, MSEK	2023-12-31					January – December 2023		
	Nominal amount/ volume	Recognized value		Item in report on financial position that contains hedge instruments	Change in value of hedge instruments that adjust the value of inventories	Change in value of hedge instruments rec- ognized in other comprehensive income	Amount reclassified/ transferred from hedging reserve	Items in profit/ loss affected by reclassification
		Assets	Liabilities					
<b>Commodities risk <sup>1)</sup></b>								
Cash flow hedging – fixed price contract Bitumen	12,100	–	-5	Other receivables/ liabilities	–	18	-24	Production costs
Fair value hedging – warehouse contract Bitumen	6,000	6	–	Other receivables/ liabilities	4	–	–	Production costs via inventories

<sup>1)</sup> Any hedging ineffectiveness or commodity hedging is recognized as other income/other expense. Peab has not recognized any ineffectiveness in 2023.

Group, MSEK	2022-12-31					January – December 2022		
	Nominal amount/ volume	Recognized value		Item in report on financial position that contains hedge instruments	Change in value of hedge instruments that adjust the value of inventories	Change in value of hedge instruments rec- ognized in other comprehensive income	Amount reclassified/ transferred from hedging reserve	Items in profit/ loss affected by reclassification
		Assets	Liabilities					
<b>Commodities risk <sup>1)</sup></b>								
Cash flow hedging – fixed price contract Bitumen	7,825	1	-1	Other receivables/ liabilities	–	0	–	Production costs
Fair value hedging – warehouse contract Bitumen	6,150	2	–	Other receivables/ liabilities	2	–	–	Production costs via inventories
<b>Interest rate risk</b>								
Interest rate swaps – cash flow hedging	–	–	–	Other receivables/ liabilities	–	–	2	Financial costs

## Credit risk

Credit risk refers to the risk of losing money if a counterparty fails to meet its obligations.

### Credit risks in financial instruments

Credit risks in financial instruments are very limited since Peab only deals with counterparties with high credit ratings. Counterparty risks are primarily associated with receivables to banks and other counterparties involved in the purchase of derivatives. The Finance Policy contains special counterparty regulations which specify the maximum credit exposure for various counterparties. The framework agreement of the International Swaps and Derivatives Association (ISDA) is used with all counterparties in derivative transactions. According to the agreement when a counterparty cannot settle its obligations in all transactions the agreement is discontinued and all outstanding dealings are then settled for a net amount. ISDA agreements do not meet the criteria for offsetting on the balance sheet. The information in the table below shows the financial instruments covered by ISDA agreements.

Group, MSEK	2023		2022	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Recognized gross amount	10	16	14	6
Amount covered by netting agreement	-10	-10	-4	-4
<b>Net sum after netting agreement</b>	<b>0</b>	<b>6</b>	<b>10</b>	<b>2</b>

Peab did not suffer any financial instrument credit losses in 2023. Total counterparty exposure related to derivative trading calculated as a net receivable per counterparty amounted to SEK 0 million (10) at the end of 2023. The estimated gross exposure to counterparty risks related to liquid funds and current investments amounted to SEK 1,243 million (1,506). Most of the Group's liquid funds are placed in banks with the credit rating AA- from Standard & Poor's.

**Loss reserves for interest-bearing receivables**

Group, MSEK	2023	2022
Opening balance per January 1	10	9
Revaluating the loss reserve, net	10	1
<b>Closing balance per December 31</b>	<b>20</b>	<b>10</b>

**Credit risk in accounts receivable and other receivables**

The risk that Group customers cannot meet their obligations, i.e. payment is not received from customers, is a customer credit risk. Credit losses are relatively rare in the construction and civil engineering business since a great number of projects and customers are invoiced at regular intervals during production. The Group's customers undergo a credit rating control providing information on customers' financial positions from various credit rating companies before a project is undertaken. The Group has an established Credit Policy for handling customer credit. For instance, it specifies where decisions regarding credit limits of various sizes are taken and how uncertain receivables should be handled. Bank guarantees or other collateral are required for customers with low credit ratings or insufficient credit history. The maximum exposure to credit risk is the recognized value on the Group balance sheet. Total bad debts in 2023 amounted to SEK 14 million (8). The credit quality in accounts receivable that are not yet due is considered good. Accounts receivable that are more than 90 days overdue, excluding loss provisions, amounted to SEK 575 million (1,923). Overdue accounts receivable are for the most part unclarities regarding contract terms relating to the customer about the final contract amount. Risks in accounts receivable have been taken into account in project forecasts or been handled as provisions.

There is a credit risk in contract assets (Worked up not invoiced income) in Peab's construction contract business. The Group's assessment is that the risk of bad debts in contracts assets is very low since customers are invoiced at regular intervals during production and a large number of Peab's construction contract business customers are in the public sector with a low credit risk. Loss reserves for accrued income amounted to SEK 5 million (-).

The table below shows accounts receivable per customer category.

Group, MSEK	2023	2022
Private customers	2,860	4,887
Public customers	3,870	3,443
Joint ventures	151	171
<b>Accounts receivable, gross</b>	<b>6,881</b>	<b>8,501</b>
Loss reserves	-27	-47
<b>Accounts receivable, net</b>	<b>6,854</b>	<b>8,454</b>

**Accounts receivable written down**

Group, MSEK	2023	2022
<b>Opening balance per January 1</b>	<b>47</b>	<b>44</b>
Reversed write-downs	-34	-10
Write-downs	16	11
Reclassifications	-	1
Exchange rate differences	-2	1
<b>Closing balance</b>	<b>27</b>	<b>47</b>

**Capital management**

Peab strives to have a good capital structure and financial stability in order to provide a stable basis for continuing business activities, thereby enabling the company to keep existing owners and attract new ones. A good capital structure also promotes the development of good relations with the Group's creditors in a manner which benefits all parties.

Capital is defined as Equity and refers to equity attributable to shareholders in the parent company.

**Equity**

Group, MSEK	IFRS		Segment reporting	
	2023	2022	2023	2022
Equity attributable to shareholders in parent company	14,453	13,768	15,065	14,960

**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 and leader in social responsibility.

Our financial targets under the strategic target most profitable company are as follows and based on segment reporting:

- Operating margin > 6 %
- Net debt/equity ratio 0.3 – 0.7
- Dividend > 50 % of profit for the year

Peab's operating profit according to segment reporting in 2023 was SEK 1,853 million (2,741) and the operating margin was 3.2 percent (4.3). Excluding the effect of the decision on Mall of Scandinavia operating profit was SEK 1,453 and the operating margin was 2.5 percent.

To counteract the diminishing housing market operations in construction production, housing development, rental operations and central support functions are being streamlined which generates restructuring costs but also lower overhead going forward. In business area Construction housing projects received before the outbreak of war in Ukraine that have been affected by price hikes and are on the verge of completion, and some projects in Norway are being written down. All in all provisions, write-downs and restructuring costs amount to SEK 525 million, of which SEK 125 million are write-downs of goodwill. Of the total sum of SEK 525 million, SEK 465 million have charged business area Construction and SEK 60 million charged Group functions. After taking these measures we are well-equipped to handle both a continued weak housing market and meet a growing market.

As a result of a reduced cash flow the net debt/equity ratio at the end of 2023 was 0.6 (0.5) which was within the target interval 0.3 – 0.7. The negative cash flow from changes in working capital is primarily related to Project Development where higher investments in rental apartment projects and more capital tied up in unsold homes in our own housing developments binds a lot of working capital. Peab's target for dividends is to annually distribute at least 50 percent of profit for the year according to segment reporting to shareholders. The dividend must be in reasonable proportion to Peab's profit development and consolidation needs. In addition to ordinary dividends the Board can propose extra cash dividends if it finds that funds exist which are not considered to be requisite for the Group's development. Extra dividends may also be distributed in a form other than cash. In February 2024 Peab's Board proposed an ordinary dividend of SEK 1.5 (4.0) per share for the calendar year 2023. Excluding the 8,597,984 shares held by Peab AB as of December 31, 2023 which do not entitle to a dividend, the proposed dividend entails a total dividend amount of SEK 431 million (1,150). Calculated as a share of recognized Group profit after tax according to segment reporting the proposed dividend amounts to 30 percent (56).

**Holdings of own shares**

At the start of 2023 Peab's holding of own shares amounted to 8,597,984 B shares, corresponding to 2.9 percent of the total number of shares. On May 4, 2023 Peab's AGM authorized the Board of Directors to acquire shares in Peab AB up to an amount so that after acquisition Peab would hold a maximum of 10 percent of the registered shares in the company for the period until the next AGM. The purpose of the purchase of own shares is to improve the capital structure of the company. Peab has not repurchased any shares during 2023. Peab's holding of own shares is 8,597,984 B shares corresponding to 2.9 percent of the total number of shares at the end of 2023.



## Note 37 Leasing

### Leasing – lessees

Group, MSEK	Right-of-use assets				Total
	Buildings and land	Machinery and equipment	Investment property	Project and development properties	
Depreciations during 2023	-310	-356	-	-	-666
<b>Closing recognized value December 31, 2023</b>	<b>1,153</b>	<b>969</b>	<b>23</b>	<b>169</b>	<b>2,314</b>
Depreciations during 2022	-292	-337	-	-	-629
<b>Closing recognized value December 31, 2022</b>	<b>1,269</b>	<b>945</b>	<b>21</b>	<b>332</b>	<b>2,567</b>

Included in the Group's additional rights of use is the purchase price for newly acquired rights of use during the year as well as future amounts from reevaluations of leasing liabilities due to changed payments because the leasing period has changed. Additional rights of use in 2023 amounted to SEK 621 million (700), of which SEK 35 million (76) refer to leaseholds recognized as project and development properties. The comparable period includes additional rights of use that came from the acquisition of companies Arne Olav Lund AS and Asfaltti-System OY.

#### Other leasing information

Peab reported interest rate costs on leasing liabilities of SEK 80 million (61) in 2023. Total leasing payments amounted to SEK 2,284 million (2,259).

The cost of short-term leasing for the year was SEK 1,495 million (1,529). The cost of leasing for low values for the year was SEK 43 million (47). Variable fees not included in leasing liabilities were SEK 18 million (12).

Leasing income for subleased items was SEK 2 million (2).

Interest-bearing liabilities are presented in note 30 and the maturity analysis is presented in note 36.

- Buildings and land – mainly refers to rent for offices and other premises, leaseholds and land leases. Rent for offices and other premises normally matures between three and ten years. In cases where it is feasible that the extension option will be used it is included in the leasing period. Leaseholds that are non-cancellable are considered to have a never ending leasing period.
- Machinery and equipment – mainly refers to vehicles. Leasing contracts normally mature between four and five years including extension options.
- Investment properties – mainly refers to leaseholds. Leaseholds that are non-cancellable are considered to have a never ending leasing period.
- Project and development properties – mainly refers to leaseholds. Leaseholds that are non-cancellable are considered to have a never ending leasing period.

Parent company, MSEK	2023	2022
<i>Future minimum leasing fees for non-cancellable leases</i>		
Within one year	5	5
Between one and five years	18	11
Later than five years	9	8
<b>Total</b>	<b>32</b>	<b>24</b>

Financial year's expensed leasing fees

	19	18
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#### Leasing- lessor

*Leasing payments for the year recognized as income:*

Group, MSEK	2023	2022
Minimum lease payments	853	828
Variable fees	7	2
<b>Total leasing income</b>	<b>860</b>	<b>830</b>

*Non-cancellable leasing payments amount to:*

Group, MSEK	2023	2022
Within a year	54	55
Between one and five years	71	47
Later than five years	16	16
<b>Total</b>	<b>141</b>	<b>118</b>

## Note 38 Investment obligations

In 2023 the Group signed agreements to acquire tangible fixed assets amounting to SEK 267 million (1,158).

The Group had no obligations to invest in joint arrangements at the end of 2023 or 2022.

Companies classified as joint arrangements have obligations for investments of SEK 967 million (1,418). Most of the investments refer to construction of rental apartment buildings and other commercial property and are expected to be settled in the coming fiscal years.

The parent company has not signed any agreements to acquire tangible fixed assets.

## Note 39 Pledged assets, contingent liabilities and contingent assets

### Pledged assets

MSEK	Group		Parent company	
	2023	2022	2023	2022
<b>For own liabilities and provisions</b>				
Real estate mortgages <sup>1)</sup>	1,722	2,333		
Real estate mortgages in Swedish tenant-owner associations <sup>1)</sup>	1,596	2,179		
Assets with retention of title <sup>2)</sup>	1,727	1,699		
<b>Other pledged assets and guarantees</b>				
Pledged shares in joint arrangements	537	527		
<b>Total</b>	<b>5,582</b>	<b>6,738</b>	<b>-</b>	<b>-</b>

<sup>1)</sup> Pledged assets are recognized as current assets.

<sup>2)</sup> Includes leasing assets of SEK 896 million (828) with retention of title, primarily vehicles.

### Contingent liabilities

MSEK	Group		Parent company	
	2023	2022	2023	2022
Shared obligations as part owners in limited partnerships	40	42	-	-
Surety and contract guarantees for Group companies	-	-	19,530	17,701
Surety for the benefit of joint arrangements	2,082	2,655	2,117	2,689
Surety for construction loans to tenant-owner associations	328	97	5,961	6,182
Other surety	18	49	18	49
<b>Total</b>	<b>2,468</b>	<b>2,843</b>	<b>27,626</b>	<b>26,621</b>

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 for unsold homes. Peab has a guarantee obligation to acquire unsold homes six months after completion.

In most of the tenant-owner associations Peab develops, Peab AB signs guarantees as surety for paid advances and down payments. These guarantees ensure the tenant-owner's right to repayment of a down payment if the tenant-owner makes a cancellation because of a substantial rise in fees during the first year after the annual meeting where the final cost of the project is presented. After that the guarantee is null and void. Guarantees or equivalent insurance from an external insurer have never been used and Peab considers it highly unlikely that this will occur in the future. The guarantees are therefore not reported as contingent liabilities.

## Note 40 Appropriation of profit

### Proposed appropriation of profit

The following amounts in SEK are at the disposal of the Annual General Meeting:

Share premium reserve	2,308,208,948
Profit brought forward	3,410,199,075
Profit for the year	4,206,169,437
<b>Total</b>	<b>9,924,577,460</b>

The Board of Directors propose the following appropriation of disposable profit and non-restricted reserves;

Dividend, 287,451,746 shares at SEK 1.50 per share <sup>1)</sup>	431,177,619
Carried forward <sup>2)</sup>	9,493,399,841
<b>Total</b>	<b>9,924,577,460</b>

<sup>1)</sup> There were 296,049,730 registered shares on February 2, 2024 in the parent company, of which the shares entitled to dividends amounted to 287,451,746

<sup>2)</sup> of which to share premium reserve 2,308,208,948

## Note 41 Related parties

The Group is subject to considerable influence by Mats Paulsson and Fredrik Paulsson together with families, children and companies. Most of the Paulsson families indirect holdings are gathered in the company Ekhaga Utveckling AB which is controlled by Fredrik Paulsson. Ekhaga Utveckling AB has 21.6 percent of the capital and 49.0 percent of the votes. Mats and Fredrik Paulsson together with families have 5.5 percent of capital and 11.2 percent of the votes.

### SkiStar

The SkiStar Group is subject to considerable influence by Mats and Fredrik Paulsson with families, children and companies through their ownership of the company. Fredrik Paulsson is a member of the board of SkiStar.

### Ekhaga Utveckling AB

Ekhaga Utveckling is subject to considerable influence by Mats and Fredrik Paulsson with families, children and companies through their ownership of the company. Fredrik Paulsson is CEO of Ekhaga Utveckling.

### AB Axel Granlund/Volito

Karl-Axel Granlund is a member of the Board of Peab and Chairman of Volito AB which is part of the AB Axel Granlund Group.

### Annehem Fastigheter

The Annehem Group is subject to considerable influence by Ekhaga Utveckling, which is controlled by Fredrik Paulsson. Peab's President and CEO, Jesper Göransson, is a member of the board of Annehem Fastigheter.

### Joint arrangements

In addition to the related parties presented above the Group has a related party relation with its joint arrangements, see note 19 and 20.

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## Subsidiaries

In addition to the related parties relations given above for the Group, the parent company has a related party relation with its subsidiaries, see note 42.

## Summary of transactions with related parties

Group, MSEK	2023	2022
<b>Transactions with joint arrangements</b>		
Sales to joint arrangements	1,208	1,430
Purchases from joint arrangements	42	196
Interest revenue from joint arrangements	68	59
Receivables from joint arrangements	1,651	1,667
Liabilities to joint arrangements	9	11
Pledged guarantees/surety for joint arrangements	-	3
Dividends from joint arrangements	82	185
Capital contributions to joint arrangements	291	221
Guarantee liabilities for the benefit of joint arrangements	2,082	2,655
<b>Transactions with SkiStar</b>		
Sales to SkiStar	54	87
Purchases from SkiStar	1	1
Receivables from SkiStar	12	5
<b>Transactions with Ekhaga Utveckling AB</b>		
Sales to Ekhaga Utveckling AB	69	74
Purchases from Ekhaga Utveckling AB	91	84
Receivables from Ekhaga Utveckling AB	9	9
Liabilities to Ekhaga Utveckling AB	14	11
<b>Transactions with Annehem Fastigheter</b>		
Sales to Annehem Fastigheter	643	136
Purchases from Annehem Fastigheter	104	83
Receivables from Annehem Fastigheter	18	13
Liabilities to Annehem Fastigheter	7	25

## Summary of transactions with related parties

Parent company, MSEK	2023	2022
<b>Transactions with subsidiaries</b>		
Sales to subsidiaries	258	294
Purchases from subsidiaries	142	150
Interest income from subsidiaries	51	0
Interest costs to subsidiaries	29	42
Receivables from subsidiaries	4,940	2,274
Liabilities to subsidiaries	645	1,875
Capital contributions to subsidiaries	54	21
Dividends from subsidiaries	3,165	1,024
<b>Transactions with Ekhaga Utveckling AB</b>		
Purchases from Ekhaga Utveckling AB	1	1

## Executive management

For information on salaries and other remuneration to the Board of Directors, the CEO and senior officers along with information on costs relating to pensions and similar benefits and agreements on retirement remuneration, see note 9. During the years 2023 and 2022, the CEO and other senior officers in total hired companies within the Peab Group for private services of less than SEK 500 thousand. The services have been delivered at market prices.

## Transaction terms

Transactions with related parties were on market terms.

**Note 42 Group companies****Specification of the parent company's direct holdings of shares in subsidiaries**

Company	Corp.ID.nr	Registered office	Number of shares	Share of equity <sup>1)</sup>		Recognized value in parent company, MSEK	
				2023	2022	2023	2022
Peab Sverige AB	556099-9202	Båstad	1,000,000	100.0%	100.0%	3,622	3,622
Peab Industri AB	556594-9558	Ängelholm	82,521,948	100.0%	100.0%	2,588	2,588
Peab Finans AB	556552-1324	Båstad	1,000,000	100.0%	100.0%	1,616	1,616
Peab Försäkrings AB	556511-5408	Båstad	6,150,000	-	100.0%	-	1,370
Peab Anläggning AB	556568-6721	Båstad	2,900,000	100.0%	100.0%	942	942
Peab Norge Holding AS	920 003 672	Tromsø	1,000	100.0%	100.0%	861	861
Peab Oy	1509374-8	Helsinki	1,000	100.0%	100.0%	488	488
Peab Support AB	556061-1500	Stockholm	700,000	100.0%	100.0%	115	115
Peab Projektutveckling AB	556715-0254	Båstad	1,000	100.0%	100.0%	105	105
Peab Förslöv Holding AB	559283-3635	Båstad	1,000	100.0%	100.0%	96	42
<b>Total</b>						<b>10,433</b>	<b>11,749</b>

<sup>1)</sup> The share of capital corresponds to the share of votes

Parent company, MSEK	2023	2022
Opening acquisition value	11,860	11,839
Reduction of share capital	54	21
Sales/liquidation	-1,370	-
<b>Closing accumulated acquisition values</b>	<b>10,544</b>	<b>11,860</b>
Opening write-downs	-111	-111
<b>Closing accumulated write-downs</b>	<b>-111</b>	<b>-111</b>
<b>Closing balance</b>	<b>10,433</b>	<b>11,749</b>

During 2022 and 2023, no write-downs of shares in Group companies have taken place in the parent company.



## Specification of other Group companies

Company	Corp.ID.nr	Registered office	Share of equity <sup>1)2)</sup>	Company	Corp.ID.nr	Registered office	Share of equity <sup>1)2)</sup>
3F Eiendom AS	998 735 068	Tromsø	100.0%	Kehitysyhtiö Pyyrikki Oy	2214064-5	Helsinki	100.0%
AB M113	559291-7727	Solna	100.0%	Kiinteistö Oy Eventes II	1582860-1	Esbo	100.0%
Aktiebolaget Smidmek Eslöv	556232-3963	Eslöv	100.0%	Kiinteistö Oy Helsingin Karvaamokuja 1	2405933-0	Helsinki	100.0%
ANS Solligården	957524346	Bærum	100.0%	Kiinteistö Oy Mallanpuisto	1580499-2	Esbo	100.0%
Arne Olav Lund A/S	914 004 330	Larvik	90.4%	Kjølnes Eiendom AS	991085033	Skien	75.0%
Asfaltri-System Oy	0924008-6	Helsinki	100.0%	Kokpunkten Fastighets AB	556759-5094	Stockholm	100.0%
Asunto Oy City Garden, Tampere	2625235-3	Tammerfors	100.0%	Kranor AS	976313062	Bærum	100.0%
Asunto Oy Vantaan Riikintaaleri	3126718-9	Helsinki	100.0%	Krantorp KB	969623-0540	Mölnadal	100.0%
ATS Kraftservice AB	556467-5998	Båstad	100.0%	Kreaton AB	556644-5010	Göteborg	100.0%
ATS Tjänster AB	556501-1011	Helsingborg	100.0%	K-System AB	559308-9286	Malmö	100.0%
Barkåkra 56:1 AB	559328-6783	Solna	100.0%	Kvarnbacken Barkarö Fastighet AB	559316-6662	Stockholm	100.0%
Birsta Fastigheter AB	556190-3765	Helsingborg	100.0%	Kyrkbacken i Tavelsjö AB AB	559350-5927	Solna	100.0%
Bjurhovda Fastighets AB	559254-2384	Solna	100.0%	Lambertsson Kran AB	556543-5293	Båstad	100.0%
Bo i Norrviken AB	559136-6728	Solna	100.0%	Lambertsson Oy	0937993-4	Helsinki	100.0%
Bodenhuis AB	556279-8768	Boden	100.0%	Lambertsson Sverige AB	556190-1637	Båstad	100.0%
Boende Bankeryd AB	559247-1873	Solna	100.0%	Lommen 6 i Norrköping AB	559307-9386	Solna	100.0%
Bogsprötet Fastighets AB	559342-4517	Solna	100.0%	Loviselunds Fastighets AB	559254-2418	Solna	100.0%
Bogstrand AS	996043428	Harstad	100.0%	Mauritz Larsson Byggnads AB	556036-8242	Båstad	100.0%
Bojfastet Invest AB	556695-4169	Solna	100.0%	NOD01 Mobility AB	559422-9162	Solna	100.0%
Borås Kasernen 1 AB	559332-9971	Solna	100.0%	NOD01 Retail AB	559422-9196	Solna	100.0%
Bostadsrättsföreningen Primus Brygga	769634-4915	Stockholm	100.0%	Nordbyen Eiendom AS	995 300 400	Tromsø	100.0%
Bostadsrättsföreningen Primus Port	769634-4907	Stockholm	100.0%	Olof Mobjer Entreprenad AB	556445-1275	Båstad	100.0%
Bostadsrättsföreningen Primusterrassen	769634-4899	Stockholm	100.0%	Packhusallén Fastighets AB	559388-6491	Solna	100.0%
Brånsta Mark AB	559383-9136	Båstad	100.0%	Partille 11 Bostad BR 1 AB	559690-0330	Gothenburg	100.0%
Bröderna Paulsson Peab AB	556113-4114	Båstad	100.0%	Partille 11 Bostad BR 2 AB	556960-0348	Gothenburg	100.0%
Bukta Bay AS	912 778 355	Tromsø	100.0%	Partille 11 Bostad Holding AB	556958-4146	Gothenburg	100.0%
Båråmo i Värnamo AB	556713-7871	Båstad	100.0%	Partille Port Holding AB	556960-0264	Gothenburg	100.0%
Eldslundfastigheter Sverige AB	556750-2165	Linköping	100.0%	Peab Anlegg AS	913502566	Bærum	100.0%
Eventes II Ky	3139237-7	Helsinki	100.0%	Peab AS	990 040 729	Bærum	100.0%
Fastigheten 2:9 AB	559246-2104	Solna	100.0%	Peab Asfalt A/S	18 298 503	Silkeborg	100.0%
Fastighets AB Gamlestadens Smedja	559240-9345	Solna	100.0%	Peab Asfalt AB	556098-8122	Båstad	100.0%
Fastighets AB Isolatorn	556913-9644	Solna	100.0%	Peab Asfalt Norden AB	559342-4434	Båstad	100.0%
Fastighets AB Knallerian	559013-6916	Solna	100.0%	Peab Asfalt Norge AS	994628577	Oslo	100.0%
Fastighets AB Messingen 7	559332-9997	Solna	100.0%	Peab Bara AB	559388-6392	Solna	100.0%
Fastighets AB Partille 11	556518-4354	Gothenburg	100.0%	Peab Bemanning AB	556737-7683	Solna	100.0%
Fastighets AB Partille 11:70	559265-7992	Solna	100.0%	Peab Bemanning AS	991687971	Bærum	100.0%
Fastighets AB Spelhamnen	556795-0992	Solna	100.0%	Peab Bildrift Norden AB	556707-8380	Helsingborg	100.0%
Fastighetsaktiebolaget Teide	559265-8040	Solna	100.0%	Peab Bildrift Norge AS	892890692	Bærum	100.0%
Fastighetsbolaget Draggläddret 2 AB	559341-9871	Solna	100.0%	Peab Bildrift Sverige AB	556313-9608	Helsingborg	100.0%
Flygstaden Intressenter i Söderhamn AB	556438-9665	Båstad	100.0%	Peab Bivacken i Växjö AB	559043-4774	Solna	100.0%
Fredborg 1 AB	559332-5417	Solna	100.0%	Peab Bolig Borgundfjorden AS	916162898	Tromsø	100.0%
Furuspecialen i Nyköping Fastighets AB	556695-9986	Solna	100.0%	Peab Bolig Prosjekt AS	990892385	Bærum	100.0%
Fältjägaren 7 AB	556855-7176	Östersund	100.0%	Peab Borås Exploatering AB	556651-7727	Båstad	100.0%
Glacell Sverige AB	559351-2337	Båstad	100.0%	Peab Bostad AB	556237-5161	Stockholm	100.0%
Grunnarbeid Lysaker AS	996217981	Bærum	100.0%	Peab BU Drift AB	559076-5516	Solna	100.0%
Hanbjelken AB	556699-4306	Solna	100.0%	Peab BU Finland AB	559369-7245	Solna	100.0%
Haslum Industri AS	922331162	Bærum	100.0%	Peab BU Holding 1 AB	559019-1846	Solna	100.0%
Hasselnöten Fastighets 1 AB	559353-6591	Solna	100.0%	Peab BU Holding 10 AB	559283-3718	Solna	100.0%
Hasselnöten Fastighets 2 AB	559353-6609	Solna	100.0%	Peab BU Holding 11 AB	559283-3825	Solna	100.0%
HGT AS	947 563 580	Kokstad	100.0%	Peab BU Holding 12 Aktiebolag	559206-1088	Solna	100.0%
HälsingeBygg i Hudiksvall AB	556624-4025	Hudiksvall	100.0%	Peab BU Holding 13 AB	559325-0631	Solna	100.0%
Industribyn Ängelholm AB	556539-3641	Ängelholm	90.0%	Peab BU Holding 14 AB	559325-0680	Solna	100.0%
INSPI Sweden AB	556796-7970	Stockholm	100.0%	Peab BU Holding 15 AB	559342-4392	Solna	100.0%
JV Riikintaaleri Oy	3239691-9	Helsinki	100.0%	Peab BU Holding 16 AB	559342-4376	Solna	100.0%
K.Nordang AS	936 574 696	Stranda	100.0%	Peab BU Holding 17 AB	559342-4384	Solna	100.0%
KB Bråmregården 18:4	969638-3364	Kristianstad	100.0%	Peab BU Holding 18 AB	559342-4459	Solna	100.0%
KB Klagshamn Exploatering	916563-4412	Båstad	100.0%	Peab BU Holding 19 AB	559342-4467	Solna	100.0%
KB Messingen	916837-9817	Stockholm	100.0%	Peab BU Holding 2 AB	559036-7396	Solna	100.0%
KB MURAREN 105	916837-9544	Mölnadal	100.0%	Peab BU Holding 20 AB	559404-8968	Solna	100.0%
KB Muraren 135	916837-9841	Båstad	100.0%	Peab BU Holding 21 AB	559404-8950	Solna	100.0%
KB Möllevarvet	969639-7877	Båstad	100.0%	Peab BU Holding 22 AB	559404-8943	Solna	100.0%

Company	Corp.ID.nr	Registered office	Share of equity <sup>1) 2)</sup>	Company	Corp.ID.nr	Registered office	Share of equity <sup>1) 2)</sup>
Peab BU Holding 23 AB	559404-8935	Solna	100.0%	Peab Lokal AB	559025-6607	Solna	100.0%
Peab BU Holding 24 AB	559404-8976	Solna	100.0%	Peab Markutveckling AB	556949-4437	Solna	100.0%
Peab BU Holding 3 AB	559076-5466	Solna	100.0%	Peab Messingen Kv4 AB	559181-9494	Solna	100.0%
Peab BU Holding 4 AB	559118-0871	Solna	100.0%	Peab Norr 16:2 AB	556984-9713	Solna	100.0%
Peab BU Holding 5 AB	559091-5160	Solna	100.0%	Peab Origo AB	559428-8291	Solna	100.0%
Peab BU Holding 6 AB	559076-5524	Solna	100.0%	Peab Origo Fastighets AB	559428-8226	Solna	100.0%
Peab BU Holding 7 AB	559065-1427	Solna	100.0%	Peab PGS AB	556428-5905	Båstad	100.0%
Peab BU Holding 8 AB	559265-7901	Solna	100.0%	Peab Primus 1 AB	559345-4134	Solna	100.0%
Peab BU Holding 9 AB	559265-7893	Solna	100.0%	Peab Primus 2 AB	559345-4142	Solna	100.0%
Peab Bygg AS	943672520	Tromsø	100.0%	Peab Primus 3 AB	559345-4159	Solna	100.0%
Peab Byggservice AB	556066-3675	Båstad	100.0%	Peab Primus 4 AB	559345-4167	Solna	100.0%
Peab Byggsystem AB	559428-8283	Båstad	100.0%	Peab Primus 5 AB	559342-4483	Solna	100.0%
Peab Drivaarena AB	556741-8578	Solna	100.0%	Peab Primus 6 AB	559342-4418	Solna	100.0%
Peab Eiendomsutvikling AS	987099011	Lysaker	100.0%	Peab Primus 7 AB	559342-4426	Solna	100.0%
Peab Eiendomsutvikling Nord AS	982794528	Tromsø	100.0%	Peab Projektutveckling Väst AB	556092-9852	Gothenburg	100.0%
Peab Fastighet AB	559091-3538	Solna	100.0%	Peab Property Gardener II Oy	3136812-3	Helsinki	100.0%
Peab Fastighetsutveckling AB	556824-8453	Båstad	100.0%	Peab Riikintaalerig AB	559366-1696	Solna	100.0%
Peab FU Almnäs AB	556594-9160	Solna	100.0%	Peab Råsunda Holding AB	559030-7723	Solna	100.0%
Peab FU Boken AB	559448-8263	Solna	100.0%	Peab Sannegården AB	559065-9792	Solna	100.0%
Peab FU Finland AB	559246-2831	Solna	100.0%	Peab Sp.z.o.o	5260040111	Warszawa	100.0%
Peab FU Gardens AB	559351-2501	Solna	100.0%	Peab Sturefors AB	559065-7499	Solna	100.0%
Peab FU Holding 1 AB	556855-6954	Solna	100.0%	Peab Support AS	998 622 670	Bærum	100.0%
Peab FU Holding 10 AB	559328-6932	Solna	100.0%	Peab Support Oy	2586326-7	Helsinki	100.0%
Peab FU Holding 11 AB	559332-9955	Solna	100.0%	PEAB T113 AS	994535250	Bærum	100.0%
Peab FU Holding 12 AB	559342-4475	Solna	100.0%	Peab Teleterassen AB	559181-9478	Solna	100.0%
Peab FU Holding 13 AB	559388-6459	Solna	100.0%	Peab Trading Nord AB	556715-4827	Solna	100.0%
Peab FU Holding 2 AB	556864-4156	Solna	100.0%	Peab Trading Solna AB	556793-1554	Solna	100.0%
Peab FU Holding 3 AB	556866-8635	Solna	100.0%	Peab Trading Väst AB	556594-9590	Gothenburg	100.0%
Peab FU Holding 4 AB	556946-9058	Solna	100.0%	Peab Trading Öst AB	556778-8749	Stockholm	100.0%
Peab FU Holding 5 AB	556979-7698	Solna	100.0%	Peab Transport & Maskin AB	556097-9493	Örkelljunga	100.0%
Peab FU Holding 6 AB	556649-9116	Båstad	100.0%	Peab Tvärbanan AB	559241-1465	Solna	100.0%
Peab FU Holding 7 AB	559030-7301	Solna	100.0%	Peab Täljö Strandängar AB	559181-9379	Solna	100.0%
Peab FU Holding 8 AB	559230-5469	Solna	100.0%	Peab Utbygging AS	915464254	Tromsø	100.0%
Peab FU Holding 9 AB	559265-7885	Solna	100.0%	Peab Utveckling AB	559283-3726	Båstad	100.0%
Peab FU Husbacka AB	556946-9108	Solna	100.0%	Peab Vagnpark AB	556234-0371	Båstad	100.0%
Peab FU Jupiter 4 AB	556126-0745	Solna	100.0%	Peab Vallmovaallen AB	559369-7237	Solna	100.0%
Peab FU Logistik Almnäs AB	559369-7310	Solna	100.0%	Peab Veddesta AB	559276-9805	Solna	100.0%
Peab FU Logistik Hagalund AB	559369-7203	Solna	100.0%	Peab Åkerbåret AB	559311-5180	Solna	100.0%
Peab FU Logistik Rebbelberga AB	559387-6435	Solna	100.0%	Peab Åkermyntan 10 AB	556910-9290	Solna	100.0%
Peab FU Rebbelberga 147 AB	556470-0176	Solna	100.0%	Peab Ålvringen i Jönköping AB	559069-2058	Solna	100.0%
Peab FU Viking AB	559460-1626	Stockholm	100.0%	Peab Ångsviolen AB	559181-9403	Solna	100.0%
Peab FU Vintrie 1 AB	559034-8925	Solna	100.0%	Peab Österplan 2 i Örebro AB	559081-4611	Solna	100.0%
Peab FU Vintrie 5 AB	559241-1697	Solna	100.0%	Peab Österplan 3 i Örebro AB	559081-4603	Solna	100.0%
Peab FU Visby AB	556679-4862	Solna	100.0%	Peab Österplan 4 i Örebro AB	559081-4637	Solna	100.0%
Peab FU Visby Exploatering AB	556800-9335	Solna	100.0%	Peabskolan AB	556442-7432	Båstad	100.0%
Peab FU Ången AB	559448-8214	Solna	100.0%	Projektfastigheter Götaland AB	556259-3540	Båstad	100.0%
Peab Gamlestads Plaza AB	559221-0057	Solna	100.0%	Projektfastigheter Väst AB	556044-1866	Båstad	100.0%
Peab Grundläggning AB	556154-7364	Båstad	100.0%	Rankhus Tomtutveckling AB	559175-9187	Solna	100.0%
Peab Hermelin AB	556872-5633	Stockholm	100.0%	Riksten Friluftstad AB	556547-8764	Stockholm	100.0%
Peab Holding AB	556594-9533	Båstad	100.0%	Rådasand AB	556042-8699	Lidköping	100.0%
Peab Högsbo 34:6 AB	556898-8553	Stockholm	100.0%	Röda Hallonet AB	559418-5612	Solna	100.0%
Peab i Kungsbacka 8 AB	556789-7466	Gothenburg	100.0%	Sergeanten Borås AB	559443-4085	Solna	100.0%
Peab Industri Danmark A/S	40964460	Copenhagen	100.0%	Skandinaviska Byggelement AB	556034-2148	Helsingborg	100.0%
Peab Industri Finland AB	556687-9226	Helsinki	100.0%	Skånehus AB	556547-6958	Båstad	100.0%
Peab Industri Holding OY	3102070-9	Helsinki	100.0%	Solberg Maskin AS	999327869	Trondheim	100.0%
Peab Industri OY	2977551-2	Helsinki	100.0%	Spinnerskan Fastighets AB	559342-4525	Solna	100.0%
Peab Industribyggnad i Norr AB	556851-7121	Båstad	100.0%	Stockholms Kommersiella Fastighets AB	556105-6499	Stockholm	100.0%
Peab Infra Oy	2303725-2	Helsinki	100.0%	Stora Hammar Exploatering AB	556763-4216	Vellinge	100.0%
Peab Jockeyn AB	559175-8635	Solna	100.0%	Strandpromenaden Grunnan 1 AB	556924-8080	Solna	100.0%
Peab Kiinteistökehitys Oy	3136811-5	Helsinki	100.0%	Strandvegen NæringAS	921986017	Tromsø	100.0%
Peab Landskampen AB	559164-5907	Solna	100.0%	Strömgsodset Utvikling AS	925 193 372	Bærum	100.0%
Peab Lojbacken AB	556760-5091	Solna	100.0%	Strömstad Exploatering AB	559002-4518	Solna	100.0%

	Company	Corp.ID.nr	Registered office	Share of equity <sup>1)2)</sup>
1				
2				
3	Swecem AB	556919-5760	Helsingborg	100.0%
4	Swerock AB	556081-3031	Helsingborg	100.0%
5	Swerock AS	983 065 309	Oslo	100.0%
6	Swerock Norden AB	556594-9624	Ängelholm	100.0%
7	Swerock Oy	1509160-3	Helsinki	100.0%
8	Södra Änggården Kv 2 AB	559115-9040	Solna	100.0%
9	Telge Peab AB	556790-5889	Södertälje	100.0%
10	Tullholmsvikens Parkerings AB	559181-8769	Solna	75.0%
11	Ulriksdal Sopsug AB	559170-7715	Solna	100.0%
12	Ulriksdal Utveckling AB	556509-6392	Solna	100.0%
13	Ultimes III Holding Oy	3136774-5	Helsinki	100.0%
14	Ultimes III Ky	3139119-8	Helsinki	100.0%
15	Ultimes III PG Oy	3136775-3	Helsinki	100.0%
16	Ultimes IV Holding Oy	3136770-2	Helsinki	100.0%
17	Ultimes IV Ky	3139117-1	Helsinki	100.0%
18	Ultimes IV PG Oy	3136772-9	Helsinki	100.0%
19	Ultimes V Ky	3139121-9	Helsinki	100.0%
20	Vejby Transport & Miljö AB	556240-2742	Ängelholm	100.0%
21	Verkstaden 17 i Västerås AB	559114-5916	Solna	100.0%
22	Viken Centrum Fastighets AB	559311-5214	Solna	100.0%
23	Villa Strå Fastighets AB	559254-2376	Solna	100.0%
24	Visio Exploatering AB	556570-7030	Solna	100.0%
25	Värby Fastighets AB	556703-4771	Bästad	100.0%
26	Västra Vakten Fastighets AB	559351-2428	Solna	100.0%
27	Älvringen Kontoret 1 i Jönköping AB	559332-9948	Solna	100.0%
28	Överbys Holding AB	559103-6818	Solna	100.0%

<sup>1)</sup> The share of capital corresponds to the share of votes.

<sup>2)</sup> Except for the Group companies acquired in 2023 (see note 5), the share of capital in 2023 corresponds to the share of capital in 2022.

## Note 43 Untaxed reserves

Parent company, MSEK	2023	2022
Tax allocation reserve	2,916	3,289
Accumulated additional depreciation, intangible assets	3	3
Accumulated additional depreciation, machinery and equipment	0	0
<b>Total</b>	<b>2,919</b>	<b>3,292</b>

## Note 44 Cash flow statement

### Paid interest and dividends received

MSEK	Group		Parent company	
	2023	2022	2023	2022
Dividends received	84	194	3,165	1,024
Interest received	135	82	52	0
Interest paid	-1,028	-419	-29	-42

### Adjustments for items not included in cash flow

MSEK	Group		Parent company	
	2023	2022	2023	2022
Profit from participation in joint ventures	-152	-121		
Dividends received from joint ventures	84	185		
Depreciation and write-downs	1,918	1,713	1	1
Unrealised exchange rate differences	6	16		
Profit/loss on sales of fixed assets	-157	-145		
Profit/loss on sales of subsidiaries/businesses	-44	-28	-145	
Provisions	346	-185		-2
Change in fair value of financial instruments	25	8		
Profit arbitration Mall of Scandinavia	-854	-		
<b>Total</b>	<b>1,172</b>	<b>1,443</b>	<b>-144</b>	<b>-1</b>

### Transactions without payments

Group, MSEK	2023	2022
Aquisition of assets by leasing	541	527

**Acquisition of subsidiaries/businesses**

Group, MSEK	2023	2022
<i>Acquired assets and liabilities</i>		
Intangible assets		97
Tangible assets		137
Project and development properties and inventories		5
Accounts receivable and other receivables		94
Liquid funds		19
Interest-bearing liabilities		-21
Interest-bearing liabilities (leases)		-67
Deferred tax liabilities		-30
Provisions		-4
Accounts payable and other current liabilities		-52
<b>Acquired net assets</b>	<b>-</b>	<b>178</b>
<i>Paid purchase sum</i>		
Purchase prices		178
Contingent consideration		-19
Non-controlling interests		-8
<b>Paid purchase sum</b>	<b>-</b>	<b>151</b>
Less: Liquid funds in acquired companies		-19
<b>Effect on liquid funds</b>	<b>-</b>	<b>132</b>

**Disposal of subsidiaries/businesses**

Group, MSEK	2023	2022
<i>Disposed assets and liabilities</i>		
Tangible assets	-	16
Project and development properties and inventories	-	2
Accounts receivable and other receivables	9	-
Liquid funds	3	-
Accounts payable and other current liabilities	-4	-
<b>Disposed net assets</b>	<b>8</b>	<b>18</b>
<i>Sales price</i>		
Sales price	53	46
<i>Less: Liquid funds in disposed companies</i>		
Less: Liquid funds in disposed companies	-3	-
<b>Effect on liquid funds</b>	<b>50</b>	<b>46</b>

**Liquid funds**

The following components are included in liquid funds:

Group, MSEK	2023	2022
Cash and bank	1,243	1,506
<b>Total</b>	<b>1,243</b>	<b>1,506</b>

**Note 45 Information on parent company**

Peab AB is a Swedish registered limited company domiciled in Båstad. Peab AB's shares are listed on Nasdaq Stockholm. The address of the head office is Margretorpsvägen 84, SE-269 73 Förslöv, Sweden. The consolidated accounts for 2023 consist of the parent company and its subsidiaries, together referred to as the Group. The Group also includes shares of holdings in joint arrangements.

**Note 46 Significant events after the balance sheet date****Parent company**

As of February 1, 2024 Peab's Swedish support functions are run in Peab AB. The change has been implemented through a so-called business transition, which means that all employees in Peab Support AB and Peab Utveckling AB have been offered a transfer of employment to Peab AB.

The reason for this change is the current market and economic situation which requires making adjustments in Peab's organization in both production operations and Group support functions.

**ESEF information**

Company name:	Peab AB
Address:	Margretorpsvägen 84, 269 73 Förslöv
Country:	Sweden
Description of nature of entity's operations and principal activities:	Peab is the Nordic Community Builder



The Board and CEO assure that the Annual Report has been prepared in accordance with good accounting practices in Sweden and the consolidated accounts have been prepared in accordance with International Accounting Standards, stated in the regulation of the European Parliament and the Council of Ministers (EG) no 1606/2002 of July 19, 2002, concerning the application of international accounting standards. The Annual Report and the consolidated accounts give a true and fair view of the parent company as well as of the Group's position and result. The Board of Directors' report for the parent company and the Group gives a true and fair view of the parent company's and Group's business development, position and result. It also describes the major risks and uncertainty factors facing the parent company and Group companies.

The statutory Sustainability Report, which comprises the areas in Peab AB's Annual Report the content of which is denoted on page 87, has been approved for issuance by the Board of Directors.

Förslöv, April 2, 2024

**Anders Runevad**  
Chairman of the Board

**Fredrik Paulsson**  
Member of the Board

**Liselott Kilaas**  
Member of the Board

**Kim Thomsen**  
Member of the Board

**Karl-Axel Granlund**  
Member of the Board

**Malin Persson**  
Member of the Board

**Magdalena Gerger**  
Member of the Board

**Maria Doberck**  
Member of the Board

**Kerstin Lindell**  
Member of the Board

**Lars Sköld**  
Member of the Board

**Patrik Svensson**  
Member of the Board

**Jesper Göransson**  
Chief Executive Officer

The Annual Report and the consolidated accounts have been approved for publication by the Board of Directors and the Chief Executive Officer on April 2, 2024. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be presented for adoption by the AGM on May 6, 2024.

Our Auditor's report was submitted on April 2, 2024  
Ernst & Young AB

**Jonas Svensson**  
Authorized Public Accountant

# Auditor's report

To the general meeting of the shareholders of Peab AB (publ), corporate identity number 556061-4330

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Peab AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 62-152 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group. Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities* for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## Revenue recognition of construction projects

### Description

The Group recognises ongoing construction projects over time, which means that revenue and expenses are recognised gradually in line with the contract progress. Revenue and profits are recognised in relation to the progress of the project, based on expenses incurred as at the balance sheet date compared with estimated total expenses on completion of the project. Any forecast losses are recognised as expenses as soon as they are known. Revenue and profit recognition is based on estimates of the total project cost and project revenue. An effective control environment, with ongoing forecast monitoring of the project's final financial outcome, is therefore of great importance to the Group. Changes in assumptions during the implementation of a project may have a material impact on the Group's profit and financial position. Project forecasts are evaluated regularly by the Group during the course of the project and are adjusted as necessary. Modifications of the forecasts, additional works and requirements are considered when the Group considers it probable that the amount will be received from the client and when the amount can be measured reliably.

The estimates and assessments of revenue recognition of construction projects are described in Note 2 "Important estimates and assessments", Note 4 "Operating Segments" and Note 27 "Construction contracts".

In view of the above assumptions and assessments made in connection with the revenue recognition of construction projects, we believe that this area is to be considered a key audit matter in our audit.

### How our audit addressed this key audit matter

Our audit process includes, among other things, analytical review of the revenues and margins of projects as well as data-based transaction analysis. We have sampled revenues and costs in selected projects, which are of significant size or pose a material risk to the company. We have also held discussions together with the company's controllers and project managers including assessments, assumptions and estimates related to revenue recognition, income statement and allocation of costs.

We have also reviewed material agreements to identify possible risks to penalty payments in connection with delays in the projects, and we also have continuous reconciliation together with the company's internal legal representatives. We have reviewed provisions and other reserves related to construction projects based on underlying data and the company's assessments.

We have continuous meetings and discussions with the responsible auditors in each country to identify and cover country-specific risks.

We have assessed the accuracy of the company's assessments of the final outcome of the projects and also held discussions with the company's management regarding the outcome.

We have evaluated the accounting of revenue recognition of construction projects is in accordance with the company's accounting principles and that they correspond to IFRS Accounting Standards. We have reviewed the disclosures in the annual report.

## Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-61 and 157-176. The other information also includes the remuneration report and were obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern.

They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

## Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the

group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

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### Report on the audit of the administration and the proposed appropriations of the company's profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Peab AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

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#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial

situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

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#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.



## The auditor's examination of the ESEF report

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### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Peab AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

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### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the *Auditor's responsibility* section. We are independent of Peab AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

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### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Peab AB (publ) by the general meeting of the shareholders on the May 4, 2023 and has been the company's auditor since the May 6, 2021.

Förslov April 2, 2024

Ernst & Young AB

**Jonas Svensson**

Authorized Public Accountant



# Corporate governance report 2023

Peab is a Swedish public limited liability company listed on Nasdaq Stockholm, Large Cap. Peab's corporate governance is based on the Swedish Company Act, the Swedish Code of Corporate Governance ([www.bolagsstyrning.se](http://www.bolagsstyrning.se)), Nasdaq Stockholm's regulations for issuers as well as Peab's articles of association, Code of Conduct, policies and other internal rules that Peab's Board of Directors have adopted. This report is presented by the Board of Directors of Peab AB but it is not a part of the formal annual financial reports.

## 1. Corporate governance report

Peab AB, a Swedish public limited liability company, hereby presents its Corporate governance report for 2023. With its headquarters in Förlöv in Båstad Municipality and operations in Sweden, Norway, Finland and Denmark – Peab is a leading Nordic construction and civil engineering company. Peab is listed on Nasdaq Stockholm, Large Cap. This report is presented by the Board of Directors in Peab AB and provides a description of how Peab has been governed in a responsible, sustainable and efficient manner during the financial year 2023. This report is submitted in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance ("The Code").

The Corporate governance report is a separate enclosure not part of the Annual and Sustainability Report.

The Corporate governance report has been examined by Peab's auditor in accordance with the statement on page 168.

## Principles for corporate governance

Peab's corporate governance is based on the Swedish Companies Act, The Code, which describes the Swedish model for corporate governance ([www.bolagsstyrning.se](http://www.bolagsstyrning.se)), Nasdaq Stockholm's regulations for issuers as well as Peab's articles of association, Code of Conduct, policies and other internal rules and guidelines.

These regulations reflect our commitment to acting sustainably and responsibly, thereby maintaining and strengthening the trust of decision-makers, customers, employees and existing and potential investors.

## Deviations from The Swedish Code of Corporate Governance, point 1.3

The Chairman of the Board was absent at the Annual General Meeting on May 4, 2023, which is a deviation from rule 1.3 in The Code. The Chairman's absence was an isolated event which was due to a previously planned business trip for another assignment. The Nomination Committee proposed Göran Grosskopf as external chairman of the Annual General Meeting. The AGM decided according to the proposal.

All other requirements of the rule, including the Board's quorum, were met.

Peab is governed by external regulations and internal governance documents. Examples of these are:

### External regulations:

- The Annual Accounts Act
- The Swedish Companies Act
- The Swedish Code of Corporate Governance (The Code)
- Nasdaq Stockholm's regulations for issuers
- The Data Protection Regulation
- The Accounting Act
- EU Market Abuse Regulation (MAR)
- Global Reporting Initiative (GRI)
- UN Global Compact
- The UN Declaration on Human Rights,
- UN's global goals for sustainable development and ILO's core conventions on rights in working life.
- OECD Guidelines for Multinational Enterprises (regarding due diligence)
- The UN Guiding Principles for Business and Human Rights (UNGP),
- The OECD Anti-Bribery Convention and its recommendations

- International Financing Reporting Standards (IFRS) and other accounting rules.

### Internal regulations:

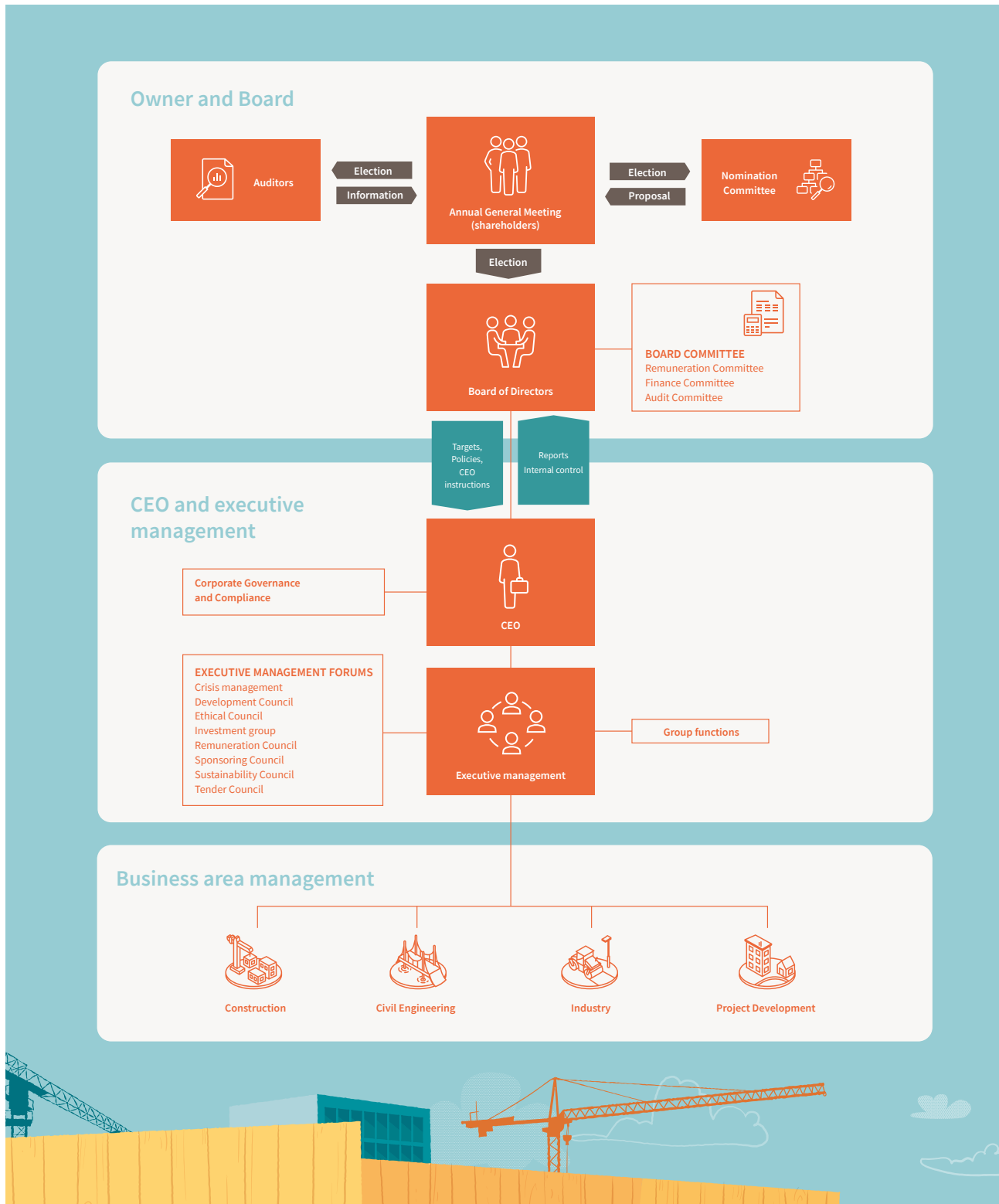
- Rules of procedure for the Board of Peab AB with instructions for the CEO
- Instructions for the committees
- Articles of association
- Core Values – Down-to-earth, Developing, Personal, Reliable
- Code of Conduct
- Policies – Environment, Work Environment, Quality, Information, Information Security, Finance, Intern governance and control, Related party transactions, Digitalization, Strategic input goods
- Other internal regulations and guidelines, for example guidelines regarding Sanctions, Whistleblowing, Competition Law, Anti-corruption, Data Protection, Sponsoring, Social Media, Equal Opportunity

*Please note that this is a selection of the governance documentation valid for the Peab Group.*

**2. Governance model**

Peab's governance model is presented below from the shareholders all the way to business area management. Connected to it is a description of the governance hierarchy as well as Peab's various committees and executive management forums. These units are key to Peab's governance and reporting. Their responsibility includes monitoring and managing risks and opportunities as well as the consequences of sustainability-related aspects in their respective areas.

These units are key to Peab's governance and reporting. Their responsibility includes monitoring and managing risks and opportunities as well as the consequences of sustainability-related aspects in their respective areas.







## Shareholders in Peab – an active owner function

Shareholders' influence is the fundament for governing Peab. Their holdings and voting rights affect how Peab is run and decisions are made.

Per December 31, 2023 Ekhaga Utveckling AB was the largest owner with a capital share of 21.6 percent and 49 percent of voting rights. Thereafter came AB Axel Granlund with a capital share of 6.8 percent and 5.5 percent of voting rights. Mats and Fredrik Paulsson with family follow, holding 5.5 percent of the capital and 11.2 percent of votes.

Thereafter in descending order are Peab's Profit-Sharing Foundation with 4.7 percent of the capital, Vanguard with 2.5 percent, Kamprad Family Foundation with 2.4 percent, Norges Bank with 1.7 percent, Dimensional Fund Advisors with 1.6 percent, Handelsbanken Funds with 1.6 percent and Avanza Pension with 1.5 percent of the capital.

## General Meeting of Shareholders

The General Meeting of Shareholders is Peab's highest decision-making body, which places it over the Board of Directors and the Chief Executive Officer. It is a forum where Peab shareholders exercise their decision-making right according to The Swedish Companies Act and the company's articles of association. At the General Meeting of Shareholders shareholders make important decisions, including matters concerning dividend distribution, changes in the Board of Directors and changes in the company's articles of association. Each shareholder has the right to, either personally or through representation, exercise their voting right based on the number of shares owned. The General Meeting of Shareholders is held no later than six months after the end of the financial year and the annual General Meeting of Shareholders is called the Annual General Meeting.

## Annual General Meeting

The Annual General Meeting was held on May 4, 2023 in Grevie, Båstad Municipality. Shareholders could vote in the Annual General Meeting either personally, through agents, or through postal voting in accordance with Peab's articles of association. A total of 336 shareholders, representing more than 75.3 percent of the total number of votes in the company, participated. Of these 144 participated in person and 188 via agents at the Annual General Meeting. Eleven (11) shareholders exercised their right to vote through postal voting at the Annual General Meeting, some of which represented other shareholders as agents.

Annual General Meeting:

- The Annual General Meeting decided to adopt an updated version of "Principles for the appointment and instruction for the Nomination Committee in Peab AB (publ)". The change was that shareholder information would be extracted from Euroclear's register on the final banking day in August, instead of September.
- Adopted an updated version of the Remuneration Policy with new pension benefits for executive management, defined contribution pensions and retirement age at 65.
- Approved the Board of Director's proposal for authorization to decide on a new issue of B shares and the acquisition and transfer the company's own shares.
- Decided on a dividend of SEK 4.00 per share be distributed for the financial year 2022.

For further details and decisions from the Annual General Meeting please see the official protocol from Peab AB's AGM 2023, <https://peab.se/om-peab/bolagsinformation/affarsledning-styrelse-bolagsstyrning/bolagsstyrning>.

## The Nomination Committee

The work of the Nomination Committee is governed by "Principles for the appointment and instruction for the Nomination Committee in Peab AB (publ)", which describes how the Nomination Committee should work and the criteria to be used when selecting Board candidates. The Nomination

Committee is mainly responsible for proposing members of the Board and remuneration to the Board of Directors and Board committees. The Nomination Committee also prepares proposals of auditors and remuneration to the auditors as well as proposes the Chairman of the Annual General Meeting. It should ensure a balanced composition of the Board of Directors regarding competence, experience and diversity.

The Nomination Committee should also promote openness and good Board principles in Peab. The Nomination Committee's motivation statement regarding nominations to the Board of Directors, including a report on the work of the Nomination Committee, is presented at the Annual General Meeting that also decides on the Nomination Committee's proposals.

## The Nomination Committee's preparation for the Annual General Meeting 2024

Peab AB's Nomination Committee consists of four members as well as the Chairman of the Board. The other three members are a representative for each of the three largest shareholders according to their order in ownership and interest in appointing a member. Shareholder information is based on Euroclear Sweden AB's shareholder register which is updated with ownership relations and ownership-groups on the final banking day in August every year.

The Chairman of the Board contacted the largest shareholders to find out if they wished to appoint a member of the Nomination Committee. If a shareholder declined, the next largest shareholder was offered the opportunity. Mats & Fredrik Paulsson with family, Peab's Profit-Sharing Foundation and the Kamprad Family Foundation have made it known that they do not wish to participate in the Nomination Committee for the Annual General Meeting 2024. State Street Bank and Trust Co, W9 that represent Vanguard, JP Morgan Chase Bank N.A, W9 have not replied to the request.]

The Nomination Committee for the Annual General Meeting 2024 has the following composition:

Member	Appointed by
Anders Sundström	Ekhaga Utveckling AB
Ulf Liljedahl	AB Axel Granlund
Christer Sterndalen	Cicero Fonder
Anders Runevad, Chairman of the Board in Peab AB	

The Nomination Committee chooses its chairman amongst themselves where the Chairman of the Board may not be chairman of the Nomination Committee. If there is a change in ownership a new major owner can replace an existing member. The composition of the Nomination Committee must meet the standards of The Code.

The Nomination Committee has appointed Ulf Liljedahl as Chairman of the Nomination Committee.

## Process for Board of Directors nominations

The Nomination Committee is responsible for proposing candidates for the Board of Directors. It establishes specific criteria for Board members, such as experience, knowledge about the industry and other expertise, along with diversity. After establishing the criteria the Nomination Committee begins the process of identifying Board member candidates. This can include both current Board members whose term is ending and new candidates. The candidates' qualifications and background are reviewed through processes such as interviews and checking references. When the evaluation is completed the Nomination Committee presents its proposals for Board member nominations. At the Annual General Meeting shareholders elect members of the Board of Directors and the Chairman of the Board.

## Diversity policy – goal and result

The goal of Peab's diversity policy is to ensure a diverse Board with breadth regarding experience, expertise and background. The policy is consistent with the Swedish Code of Corporate Governance, point 4.1.

The Nomination Committee realizes Peab's diversity policy when nominating Board members to the Annual General Meeting since this entails a thorough review of potential Board members' qualifications to ensure that they meet the specified criteria.

The result of this process is that the Board of Directors continues to meet the established requirements for diversity and breadth. Half of the members of the current Board of Directors are female and half are male, which demonstrates the commitment to gender balance. The Nomination Committee has thereby fulfilled its mission to create a Board of Directors that matches the directives of the policy.

**Peab's diversity policy**

*"The Board should have a composition appropriate for the company's operations, phase of development and other relevant circumstances. Board members elected by the shareholders' meeting should collectively exhibit diversity and breadth of qualifications, experience and background. The company should strive for gender balance on the Board."*

Swedish Code of Corporate Governance, point 4.1.



**Board of Directors**

Peab's Board of Directors is ultimately responsible for the company's operations and central to company management. According to Peab's articles of association the Board of Directors must be made up of no fewer than five and no more than nine members in addition to the statutory employee representatives. The members of the Board of Directors are elected annually by the Annual General Meeting.

It was decided at the 2023 Annual General Meeting that the Board of Directors would consist of eight members. The following persons were elected as members of the Board of Directors, all reelected:

- Karl-Axel Granlund
- Magdalena Gerger
- Liselott Kilaas
- Kerstin Lindell
- Fredrik Paulsson
- Malin Persson
- Anders Runevad
- Lars Sköld

Anders Runevad was appointed Chairman of the Board by the Annual General Meeting. In 2023 ten Board meetings were held, of which six were ordinary Board meetings (including the constitutional meeting). There were four additional Board meetings, two held per capsulam. Members of executive management have given reports at the Board meetings. The principle company auditor has been present at two ordinary Board meetings.

*Board meetings, attendance 2023*

AGM elected members	Independent in relation to the company and executive management	Independent in relation to the major shareholders	Attendance Board meetings	Audit Committee	Presence Audit Committee	Remuneration Committee	Presence Remuneration Committee	Finance Committee	Presence Finance Committee
Anders Runevad	Yes	Yes	8/10			C	5/5	C	19/19
Magdalena Gerger	Yes	Yes	10/10	M	4/4				
Karl-Axel Granlund	Yes	Yes	10/10			M	5/5	M	19/19
Kerstin Lindell	Yes	Yes	9/10	M	4/4				
Fredrik Paulsson	No	No	10/10			M	5/5	M	19/19
Malin Persson	Yes	Yes	10/10						
Lars Sköld	Yes	Yes	10/10	C	4/4				
Liselott Kilaas	Yes	Yes	10/10	M	4/4				

**Employee representatives**

Maria Doberck, ordinary	10/10
Patrik Svensson, ordinary	10/10
Kim Thomsen, ordinary	10/10
Peter Johansson, deputy	10/10
Cecilia Krusing, deputy	10/10

C – Chairman M – Member

The Board members elected by the shareholders receive remuneration for their work as Board member and, where applicable, as a committee member according to the decision made by the Annual General Meeting. Remuneration to the Board of Directors is presented in note 9 in the annual report.

The following employee representatives were appointed by the employee unions at the 2023 Annual General Meeting: Maria Doberck, Patrik Svensson and Kim Thomsen (members), Peter Johansson and Cecilia Krusing (deputies).

**The Board of Directors' work during the year**

The Board of Directors' work follows the work program adopted by the Board of Directors, The Work Program for the Board of Directors in Peab AB (publ). The program establishes that the Board of Directors' primary responsibility is to manage Peab's affairs in order to ensure a long-term good yield for its owners. This entails adopting overarching targets and strategies, evaluating, and when necessary, making changes in operative management, adopting governing documents and ensuring efficient control systems for the business and its risks. In addition, the Board of Directors is responsible for ensuring that Peab's external communication is open, correct and reliable. The Board of Directors annually adopts The Work Program for the Board of Directors and instructions for the CEO and the Board's committees, Peab's Code of Conduct, Suppliers Code of Conduct, Finance Policy, Information Policy, Policy for internal governance and control and Related Party Transactions Policy. The Board of Directors also decides on major acquisitions and investments within specified parameters. The Chairman of the Board is responsible for ensuring that the Board of Directors works efficiently and fulfills its obligations.

Important initiatives taken during the year include the work on the new business plan for 2024–2026 and development of the Group's transition plan for climate neutrality by 2045, the so-called Climate Road Map.

The Board of Directors has also evaluated the CEO's work during the year.

*Monitoring internal governance and control*

The Board of Directors regularly monitors and evaluates the efficiency in Peab's structure for internal governance and control through the information that executive management and Board committees provide. Peab's

financial situation and financial position are dealt with at each ordinary Board meeting and reconciled with Peab's financial targets. Peab's non-financial targets, including sustainability work, are dealt with and monitored at ordinary Board meetings according to a fixed timetable. Board members receive reports on Peab's development before Board meetings. A corresponding review is made by executive management and business area management. Governance and control of financial reporting is evaluated at the first ordinary Board meeting after the conclusion of the financial year.

The Board of Directors has for the financial year 2023 assessed the need for an internal auditing function and concluded the established control structure in Peab ensures sufficient management and control of the Group. At this time there is therefore no need for an internal auditing function in the company.

### Independent members

Fredrik Paulsson is not considered independent in relation to the company's major shareholders nor is considered independent in relation to the company and company management. The other seven members are all independent in relation to Peab AB, company management and the company's major shareholders. The Board of Directors' composition thereby meets the independency requirement of the Code.

### Board of Directors evaluation

The Board of Directors conducts a structured evaluation of its work on an annual basis to develop work forms and efficiency. The basis of the evaluation is a detailed inquiry produced by the Chairman of the Board which all the Board members and deputies answer. Regarding the evaluation of the Chairman of the Board, the Chairman of the Nomination Committee has approved the inquiry's contents and compiled it. Most of the questions in the inquiry are repeated each year to make it possible for a comparison from one year to another but the questions are also updated as necessary. The last evaluation contained an in-depth focus on sustainability. As a complement to the inquiry the Chairman of the Board also held individual oral interviews with each Board member/deputy for deeper comprehension and development.

The results showed that Board members are well aware of, and comprehend, the company's strategic targets, core values and governing documents. The value for Peab of the Board members' broad experience and knowledge about sustainability was emphasized.

The results and insights from the Board evaluation were reported and discussed at a Board meeting and presented to the Nomination Committee.

### Succession planning

Peab has a strategic and long-term succession plan where the Board of Directors has a key role in ensuring continuity and efficient succession of the CEO and executive management. This plan is an integrated part of Peab's HR strategy. The plan is updated annually to maintain its relevance. Proposals for the updated plan are presented to the Remuneration Committee and Board of Directors for adoption. This process vital to preserving talent in Peab and preparing operations for unforeseen events.

### Board Committees

The Board of Directors has established special Board committees to increase the efficiency and spotlight specific areas in Board work. To ensure order and structure in committee work every committee is governed by detailed instructions, "governing documents". Included in the committees' work is responsibility for overseeing sustainability-related consequences, risks and opportunities within their sphere of responsibility.

The Board of Directors has the following committees:



#### a. The Audit Committee

The Audit Committee is composed of members selected after the Annual General Meeting and constitutional Board meeting. The Committee for 2023 consisted of the following members:

- Lars Sköld, Chairman
- Magdalena Gerger
- Kerstin Lindell
- Liselott Kilaas

#### *The Audit Committee's responsibility*

The Audit Committee, which is chosen by the Board of Directors, has several important functions that ensure good corporate governance. Its primary responsibility is to monitor Peab's financial reporting, which entails providing recommendations and suggestions that contribute to the reliability of the reporting. The Committee also monitors the efficiency of the company's internal controls, internal audits and risk management with particular focus on financial reporting.

The Audit Committee also has an important role to play in keeping up to date on the audit of the annual and consolidated accounts as well as the result of the Board of Auditors' quality control. It is responsible for informing the Board of Directors about the result of the audit and its contribution to the reliability of financial reporting as well as describing the Committee's own function in this process.

Another function is to examine and monitor the auditor's impartiality and independence. This means being particularly vigilant regarding any other services besides auditing performed by the auditor, which can affect objectivity.

Finally, the Audit Committee also assists in preparing proposals to the Annual General Meeting for the election of the auditor and leads the selection process when electing the auditor. This ensures that the election of the auditor is done in a considered and responsible manner.

#### *The Audit Committee's work during the year*

Representatives of executive management give reports on relevant issues at Audit Committee meetings. The Audit Committee held four meetings in 2023. The principle auditor participated in the relevant sections of three of these meetings. The Audit Committee regularly reports to the Board of Directors.

During the year the Audit Committee meetings addressed, among other things, EU's CSRD Directive that will impact Peab's business as well as the Annual and Sustainability Report as of 2024.

#### b. The Finance Committee

The Finance Committee is composed of members selected after the Annual General Meeting and constitutional Board meeting. The Committee for 2023 consisted of the following members:

- Anders Runevad, Chairman
- Karl-Axel Granlund
- Fredrik Paulsson

#### *The Finance Committee's responsibility*

The Finance Committee has the mandate to make decisions between ordinary Board meetings on matters such as currency management, interest strategies and investment positions in accordance with the Finance Policy established by the Board. Within the framework established by the Board,

the Finance Committee is also responsible for making decisions regarding specific company acquisitions, individual investments in property and tenders. Representatives of executive management give reports on relevant issues at Finance Committee meetings.

#### *The Finance Committee's work during the year*

The Finance Committee held nineteen meetings during 2023. The Finance Committee regularly reports to the Board of Directors.

#### **c. The Remuneration Committee**

The Remuneration Committee is composed of members selected after the Annual General Meeting and constitutional Board meeting. The Committee for 2023 consisted of the following members:

- Anders Runevad, Chairman
- Karl-Axel Granlund
- Fredrik Paulsson

#### *The Remuneration Committee's responsibility*

The Remuneration Committee prepares decisions by the Board concerning remuneration principles, remuneration and other employment terms for senior officers. It monitors and evaluates ongoing, and during the year terminated, programs for variable remuneration for senior officers. The Remuneration Committee also evaluates application of the Remuneration Policy established annually by the Annual General Meeting as well as current remuneration structures and remuneration levels in the Group. In addition, the Remuneration Committee makes proposals to the Board of Directors regarding the CEO's salary and other terms, according to the Remuneration Policy. The Remuneration Committee also decides the salaries and other terms for other senior officers based on proposals from the CEO. Representatives of executive management give reports on relevant issues at Remuneration Committee meetings.

#### *The Remuneration Committee's work during the year*

The Remuneration Committee held five meetings in 2023. The Remuneration Committee regularly reports to the Board of Directors.

During the year Peab drew up new sustainability targets in the bonus program for 2024 and they make up a maximum of 34 percent of the total bonus target. This underlines our commitment to being a leader in social responsibility. The strategy includes promoting environmentally improved products and reuse as well as reducing the number of workplace accidents.

#### *Remuneration to executive management*

The 2023 Annual General Meeting approved the Remuneration Policy for executive management. The Remuneration Policy is available on Peab's website, [www.peab.com](http://www.peab.com). Information about salaries and other remuneration to the CEO and members of executive management can be found in note 9 in the Annual Report and on our website.

#### *Incentive program*

Peab has no outstanding share or share-related incentive programs for the Board of Directors or executive management.



#### **Auditors**

Under Peab's articles of association one or two auditors are elected by the Annual General Meeting. At the Annual General Meeting in 2023 Ernst & Young AB was reelected as the company auditor with the authorized public accountant Jonas Svensson as principle auditor until the end of the Annual General Meeting 2024.

In addition to auditing, the auditor has only provided services for Peab in the form of accounting consultation, certain analyses in connection with acquisitions and divestments as well as expertise in sustainability reporting.

#### **Some of the Board's governing documents**

The Board of Directors annually reviews and establishes the Code of Conduct, the Suppliers Code of Conduct and a number of central policies, which combined comprise a crucial part of our corporate governance structure. The process follows an annual calendar and ensures that these governing documents are updated based on identified risks and new legislation. Decisions regarding codes and policies are made by the Board of Directors, while specialist functions form the detailed guidelines that are reviewed through consultation.

Below central codes and policies are described from a corporate governance perspective.

#### **a. Code of Conduct and Suppliers Code of Conduct**

Peab's Code of Conduct is a concretization of Peab's core values: Down-to-earth, Developing, Personal and Reliable. The Code emphasizes the importance of good business ethics, transparency and long-term relations while contributing to sustainable societal development and social responsibility. The Code of Conduct provides guidance for employees to make the right decisions and it is linked to other governing documents such as Guidelines on Whistleblowing, Anti-corruption and Competition law. By following the Code and its references to other policies and guidelines, Peab ensures ethical and legal behavior.

Peab's Suppliers Code of Conduct, which is an extension of the Code of Conduct, is designed to ensure that suppliers respect human rights and the environment in their own business and value chains. The Code focuses on suppliers identifying, preventing, limiting and remedying any negative consequences on human rights and the environment in their value chain. Suppliers are expected to not only follow the Code but communicate and apply corresponding demands on their suppliers.

#### **b. Policy for Internal Governance and Control**

The purpose of the Policy for internal governance and control is to ensure an effective organization, reliable reporting and compliance with laws and regulations. The policy emphasizes the importance of transparent communication and continual risk analysis. Control activities and monitoring processes are part of meeting targets and risk management. The business is structured according to the principle of three defense lines, where responsibility is allocated from operative operations to external auditing. The Board of Directors is responsible for overriding governance and updating policies while management implements and monitors internal governance mechanisms. Decision forums and specific councils handle aspects such as investments, ethics and risk management.

#### **c. Information Policy**

The Information Policy guides employees on how to communicate in a uniform and transparent manner to ensure a correct image of Peab. It concerns all employees and Board members, and covers all communication including press releases, financial reports and digital channels. Its main principles stress openness, accessibility and ethics with the goal of keeping all stakeholders equally informed. Information that concerns the capital market is communicated from Group level, unless the President decides otherwise. The Board of Directors is responsible for financial reports. The policy also contains strict guidelines regarding managing and publicizing insider information and establishes restrictions for trade based on this information.

#### **d. Related Party Transactions Policy**

The purpose of the Related Party Transactions Policy is to minimize the risk that transactions are not based on market terms and to ensure compliance of valid laws and regulations. The Board of Directors has the ultimate responsibility for monitoring and ensuring correct implementation of related party transactions while executive management identifies such transactions, draws up a detailed register of them and ensures that they are on market terms. The definition of related parties includes both physical persons and legal entities according to the Annual Accounts Act. Material related party transactions require approval from the Annual Gen-



eral Meeting in advance and are defined as transactions that are worth at least one million Swedish krona or one percent of Peab's market value over the last twelve months. All transactions must be on market terms, which means that terms are equivalent to those which an independent company under the same circumstances would have agreed to. Such material transactions must be documented and followed up continuously to ensure correct handling.

Executive management annually adopts the other policies. The business areas and/or Group functions are responsible for other internal regulations such as guidelines, rules and instructions.

### Chief Executive Officer

The Board of Directors is responsible for appointing a chief executive officer as well as for instructions regarding their work.

The CEO is responsible for Peab's daily operations and thereby for ensuring that internal governance and control work is appropriately organized. This role entails managing investments in companies, personnel, finance and treasury issues as well as maintaining contact with Peab's stakeholders and the financial market.

An important part of the CEO's role is to supply information and present proposals to the Board of Directors. The CEO has appointed an executive management team that assists in daily management and strategic decision-making processes in Peab.

### Corporate Governance and Compliance Unit

The Corporate Governance and Compliance Unit reports directly to the CEO. Its primary mission is to ensure Peab's compliance with valid laws and regulations. This is accomplished by providing and carrying out courses on relevant regulations. In addition, the unit draws up governing documents and works in cross-functional teams to streamline and control compliance.



### Executive management

During 2023 executive management consisted of the President and CEO, the CFO, the COO, the CCO, the CSO and the Business Area Managers of Construction, Civil Engineering and Project Development, in total eight persons. Executive management meetings are held once a month and focus is on managing the business, monitoring the business plan and strategic matters. Peab's Board of Directors has also given executive management the overall responsibility for managing and monitoring the integration of sustainability work in the business. Heads of Group functions and other officers are called to attend meetings as needed.

Information about the President and CEO and other members of executive management is presented on page 167.

### Information and communication

Executive management is responsible for communicating, in a way that is relevant and clear to our organization, Peab's targets and risk levels as well as how internal governance and control works. This is done through different information and communication forums like Peab's intranet, business management system and documented reporting channels.

### Business governance

Executive management adopts comprehensive targets and strategies for the business in the Group's business plan. According to the business plan for 2023 Peab works with three financial targets and six non-financial targets. The non-financial targets comprise Peab's sustainability targets. The Group's business plan is broken down and processed in the various business areas, regions and companies that establish their own business plans.

An important part of corporate governance in Peab's decentralized organization is the Group's core values: Down-to-earth, Developing, Personal and Reliable. Peab's Code of Conduct and many of the Group's internal regulations and guidelines are built on these core values. Communication of, and education in, these core values is continuous and structured.



### Group functions

The Group functions support both executive management and operations in the business areas, strategically and in day-to-day operations.

### Business area management

Group operations are run in four business areas: Construction, Civil Engineering, Industry and Project Development. The business areas Construction, Civil Engineering and Project Development have a management team led by the Business Area Manager and otherwise consist of operational managers and managers of support functions in the business areas. The Business Area Managers are responsible for running operations in the line organization by delegating responsibility and authorizations. Business Area Managers are responsible for ensuring that their business units in the Group maintain good internal control and work according to established policies as well as other adopted documents, processes and tools. Operations in Business Area Industry are more diversified than the other business areas and are run by the Managing Directors for the five major companies in the business area who then report individually to an appointed member in executive management. Each Managing Director in the companies in Business Area Industry is responsible for ensuring their companies maintain good internal control and follow relevant policies as well as other adopted documents, processes and tools.

### Internal governance and control

The purpose of the governance and internal control process is to provide the Board, management and other stakeholders with a reasonable assurance that Peab's targets are met regarding business management concerning an appropriate and efficient organization and management of the organization. Reliable internal and external reporting as well as following applicable laws, regulations and other rules are intrinsic parts of the process.

Peab's Board of Directors is responsible for ensuring that there are efficient procedures and systems for Group governance and control of financial reporting. The principles of this process are established in the Policy for Internal Governance and Control and are based on COSO's (Committee of Sponsoring Organizations of the Treadway Commission) framework for internal control and are described below.

### Control environment

The control environment is founded on Peab's core values and comprises our organization's structure, internal regulations and governing documents, delegation and limitation of responsibility, talent recruitment and monitoring internal governance and control.

The Board of Directors is ultimately responsible for the general governance of Peab and control over the risks that accompany the business as well as its sustainability work. Executive management is responsible for developing and implementing Peab's internal governance and control structure in operations, including our organization's structure, responsibility delegation and mandates, talent recruitment and follow-up. The Board of Directors, executive management and other managers should in word, deed and decision be models of integrity and ethics, follow Peab's core values and, in general, walk the talk.

**Risk analysis**

Risk analyses are carried out based on the established targets in different sections and levels of Peab's business. Risk analysis on an operational and project level is performed according to the process described in Peab's business management system. An overriding risk analysis that includes risk management of every identified material risk is performed annually in each business area and thereafter by executive management, after which it is reported to the Board of Directors. A detailed description of risks and risk management in Peab is found in the section Risks and risk management.

**Control activities**

Control activities are an integrated part of daily work at Peab aimed at achieving targets, following executive management's intentions and handling risks efficiently. These activities are based on each individual employee's responsibility to follow the work methods, processes and governing documents found in Peab's business management system and Peab's intranet.

Special control mechanisms such as "the four eyes principle" for financial transactions and IT systems with authorization controls and attest functions are key to maintaining this control.

Further, executive management has established cross-functional forums to focus on specific areas in the Group. These forums, consisting of representatives for different group functions, adhere to defined procedures and governing documents to ensure efficiency and compliancy in their areas of responsibility. They also monitor consequences, risks and opportunities and report their observations to executive management. In addition, the work in the Ethical Council is reported to the Board of Directors.

Peab has the following cross-functional forums:

**Tender Council:** The council ensures carefully prepared tenders for both large and smaller, complex projects. By reviewing and approving tenders, the Tender Council ensures that projects are economically feasible and in line with Peab's strategies. They contribute to risk management by carefully considering potential risks associated with each tender, including corruption/ethics, environmental and supplier risks. The council is led by the COO.

**Remuneration Council:** Handles and decides on remuneration matters and possible deviations from principle rules as well as prepares material for the Board's Remuneration Committee. By deciding on remuneration matters and handling deviations, this council ensures that Peab's remuneration structures are fair, on market terms and in line with Peab's overarching strategy and policies. The council is led by the CFO.

**Ethical Council:** The council handles matters concerning business ethics, corruption and financial irregularities as well as ensures impartial investigations of cases concerning harassment and discrimination. The Ethical Council handles breaches of Peab's Code of Conduct, policies and some guidelines and makes sure cases are investigated impartially, which contributes to a healthy company culture. The whistleblower council is a sub-function of the Ethical Council and is responsible for the whistleblower instrument along with handling whistleblowing/complaints that come in. The Chairman of the Ethical Council annually reports to the Board of Directors on serious breaches of the Code of Conduct or other irregularities. The Council is led by the head lawyer for Corporate Governance and Compliance.

**Sustainability Council:** Functions as a cross-functional unit to monitor, coordinate and develop sustainability work at Peab. The council monitors Peab's sustainability work and ensures that it is in line with internal and external standards and laws. The council is led by the CSO.

**Investment group:** A decision-making forum for investments and divestments that controls Peab's use of capital by approving or denying investment and divestment proposals. The group ensures that investments are in line with Peab's long-term targets and current financial situation. The group is led by the CFO.

**Development Council:** Responsible for steering and making decisions on implementing development projects, both within the framework of the business plan and Peab's digital strategy. The Development Council has a mandate from executive management to make investment decisions and ensure that steering and coordination lead to cost efficiency within established cost frameworks. The council is led by the CSO.

**Sponsoring Council:** Responsible for ensuring that Peab's sponsoring guidelines are complied with and that sponsoring collaboration develops, is carried out and evaluated. The council ensures that sponsoring activities are in line with Peab's values and guidelines as well as generate added value for both Peab and society. The council is led by the CCO.

These forums form part of Peab's comprehensive control environment. The Board of Directors regularly monitors and evaluates the efficiency in Peab's internal governance and control structures. The evaluation is based on the information provided by executive management, its various forums and the Board's committees. Through this process efficient governance is ensured throughout the organization.

*Other mandatory information in accordance with chapter 6, section 6 of the Annual Accounts Act*

- Direct and indirect shareholdings in the company that represent at least a tenth of the number of votes of all the shares in the company are presented in the Board of Directors' report under The Peab share.
- There are no limits in articles of association regarding how many votes individual shareholders can have at the Annual General Meeting, which is also made clear in the Board of Directors' report under The Peab share.
- The articles of association stipulate that the appointment of Board members takes place at the company's Annual General Meeting. The articles of association do not contain any stipulations regarding the dismissal of Board members or changes in the articles of association.
- Authorization of the Board by the Annual General Meeting to decide on new issues of Peab shares is presented in the Board of Directors' report under The Peab share.
- Authorization of the Board by the Annual General Meeting to decide on the purchase of own shares is presented in the Board of Directors' report under Holdings of own shares.

# Board of Directors



**Anders Runevad**  
 Born 1960. Appointed 2020  
 MSc (engineering)  
 Chairman of the Board of Peab AB and chairman of the board of Vestas Wind Systems A/S and National Sweden  
 Member of the board of Schneider Electric SE and Copenhagen Infrastructure Partners  
 Holding: 27,500 B shares



**Karl-Axel Granlund**  
 Born 1955. Appointed 2000  
 MSc (economics), MSc (engineering)  
 Chariman of the board of Volito AB  
 Holding: 18,000 B shares



**Kerstin Lindell**  
 Born 1967. Appointed 2014  
 MSc (engineering), Ph D Polymer Chemistry, Msc (economics), Honorary Doctorate from LTH, Faculty of Engineering  
 Chairman of the board of Bona AB and the Chamber of Commerce and Industry of Southern Sweden  
 Member of the board of Hexpol AB, Inwido AB, Nord-Lock International AB, Indutrade AB and IPCO AB  
 Holding: 5,000 B shares



**Fredrik Paulsson**  
 Born 1972. Appointed 2009  
 Member of the board and CEO of Kranpunkten i Båstad AB and Ekhaga Utveckling AB  
 Chairman of the board of Bjäre Invest AB  
 Member of the board of SkiStar AB, Mats Paulsson's Foundation and Stefan Paulsson's Cancer Fund Foundation  
 Holding: 445,956 A shares, 823,750 B shares and via ownership of Ekhaga Utveckling AB 25,563,264 A shares, 36,407,059 B shares



**Malin Persson**  
 Born 1968. Appointed 2016  
 MSc (engineering)  
 CEO and owner of Accuracy AB  
 Member of the board of Getinge AB, Hexpol AB and OX2 among others  
 Holding: 5,000 B shares



**Lars Sköld**  
 Born 1950. Appointed 2007  
 B.SL  
 Chairman of the board of Dufweholms Herrgård AB  
 Holding: 25,000 B shares



**Liselott Kilaas**  
 Born 1959. Appointed 2018  
 MMS, MBA IMD Business School  
 CEO and President of Evidia GmbH  
 Chairman of the board of Impantica AB  
 Member of the board of Orkla ASA, Revover Nordic, Norska Folketrygdfondet, Avonova AB and IMD  
 Holding: None



**Magdalena Gerger**  
 Born 1964. Appointed 2021.  
 MSc (economics), M.B.A.  
 Chairman of the board of Nefab AB and Colart Ltd  
 Member of the board of Investor AB and Curry Ltd  
 Holding: 1,000 B shares



**Patrik Svensson**  
 Born 1969. Appointed 2007  
 Foreman Construction Sweden  
 Employee representative  
 Holding: None



**Kim Thomsen**  
 Born 1965. Appointed 2008  
 Carpenter Construction maintenance Sweden  
 Employee representative  
 Holding: None



**Maria Doberck**  
 Born 1972. Appointed 2021  
 Business management system manager, Peab  
 Employee representative  
 Holding: 10,230 B shares



**Peter Johansson**  
 Born 1965. Appointed 2022  
 Asphalt layer Industry Sweden  
 Employee representative (deputy)  
 Holding: None



**Cecilia Krusing**  
 Born 1971. Appointed 2019  
 Project manager Construction Sweden  
 Employee representative (deputy)  
 Holding: None

The holdings reported were those on December 31, 2023. Holdings include those of spouses, children who are minors and private company holdings.

# Executive management



**Jesper Göransson**  
 CEO and President  
 Born 1971  
 Various posts in Peab since 1996  
 MSc (Business and Economics)  
 Member of the board of Annehem Fastigheter AB  
 Holding: 438,800 B shares and 869,300 B shares via endowment insurance <sup>1)</sup>  
 Holding in Annehem Fastigheter AB 437,400 B shares and in Skistar AB 10,000 B shares



**Niclas Winkvist**  
 Chief Financial Officer (CFO)  
 Born 1966  
 Employed since 1995  
 MSc (economics)  
 Holding: 125,000 B shares and 375,000 B shares via endowment insurance <sup>1)</sup>



**Roger Linnér**  
 Production Manager (COO), part of business area Industry (Construction Systems)  
 Born 1970  
 Employed since 1996  
 MSc (engineering)  
 Holding: 6,825 B shares and 326,700 B shares via endowment insurance <sup>1)</sup>



**Camila Buzaglo**  
 Chief Communications Officer (CCO)  
 Born 1971  
 Employed since 2018  
 B.P.S.  
 Holding: 38,000 B shares via endowment insurance <sup>1)</sup>



**Stefan Danielsson**  
 Manager business area Construction  
 Born 1969  
 Employed since 2015  
 BSc (engineering)  
 Holding: 6,100 B shares and 136,500 B shares via endowment insurance <sup>1)</sup>



**Lotta Brändström**  
 Manager business area Civil Engineering, part of business area Industry (Swerock and Asphalt)  
 Born 1966  
 Employed since 2017  
 MSc (engineering)  
 Holding: 28,900 B shares via endowment insurance <sup>1)</sup>



**Johan Dagertun**  
 Chief Strategic Officer (CSO)  
 Born 1985  
 Employed since 2016  
 MSc (economics)  
 Holding: 6,000 B-shares and 10,500 B-shares via endowment insurance <sup>1)</sup>



**Göran Linder**  
 Manager business area Project Development  
 Born 1968  
 Employed since 2011  
 MSc (economics)  
 Holding: 120,300 B shares via endowment insurance <sup>1)</sup>

## Auditor

**Ernst & Young AB**

**Jonas Svensson**  
 Authorized public accountant

The holdings reported were those on December 31, 2023. Holdings include those of spouses, children who are minors and private company holdings.

<sup>1)</sup> According to employment contracts for senior officers, part of or the entire outcome from variable remuneration can be placed in an endowment insurance which primarily invests in Peab shares. The outcome of the LTI program must be placed in an endowment insurance which primarily invests in Peab shares. Information regarding variable remuneration and the LTI program, see note 9.



## Auditor's statement on the Corporate governance report to the Annual General Meeting of Peab AB company id nr. 556061-4330

### **Engagement and responsibility**

It is the Board of Directors that is responsible for the Corporate governance report for the year 2023 on pages 157-167 and that it has been prepared in accordance with the Annual Accounts Act.

### **The scope of the audit**

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the Corporate governance report. This means that our examination of the Corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### **Opinions**

Opinions A Corporate governance report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Förslöv, April 2, 2024  
Ernst & Young AB

**Jonas Svensson**

*Authorized Public Accountant*

# The Peab share

Peab's B share is listed on the Nasdaq Stockholm, Large Cap. At the end of 2023 the total market capital of Peab was SEK 16.9 billion (17.5).

## Trading in the Peab share

On December 30, 2023 the last trading day of the year the closing price of the Peab B share was SEK 57.10 (59.10), which was a 3 percent decrease during the year. The Swedish Stock Exchange, measured by the Affärsvärlden Index, increased in 2023 by 16 percent. In 2023, the Peab B share was quoted at a maximum of SEK 71.10 (115.40) and a minimum of SEK 38.26 (50.90). During 2023 about 142 million B shares (111) were traded, which was equivalent to 567,000 B shares per trading day (440,000) and a turnover rate of 55 percent (41).

## Total return

The total return on the Peab share in 2023 amounted to 3.38 percent, to be compared to the SIX Return index of 19.19 percent. In the five-year period January 1, 2019 to December 31, 2023 the annual total return<sup>1)</sup> on Peab's B share amounted to 4.34 percent, to be compared to the SIX Return Index of 98.78 percent during the same period.

## Shares and share capital

The total number of shares at the beginning of 2023 was 296,049,730 divided into 34,319,957 A shares with 10 voting rights per share and 261,729,773 B shares with one voting right per share.

At the end of 2023 the number of A shares was 34,319,957 representing 11.6 percent (11.6) of the capital and 56.7 percent (56.7) of the votes and the number of B shares was 261,729,773 representing 88.4 percent (88.4) of the capital and 43.3 percent (43.3) of the votes. The share capital amounted to SEK 1,583.9 million (1,583.9). More information on share capital development over time is available at [www.peab.com](http://www.peab.com).

## Holdings of own shares

At the beginning of 2023 Peab's own B shareholding was 8,597,984 which corresponds to 2.9 percent of the total number of shares. During 2023, Peab has not repurchased or divested any of its own shares.

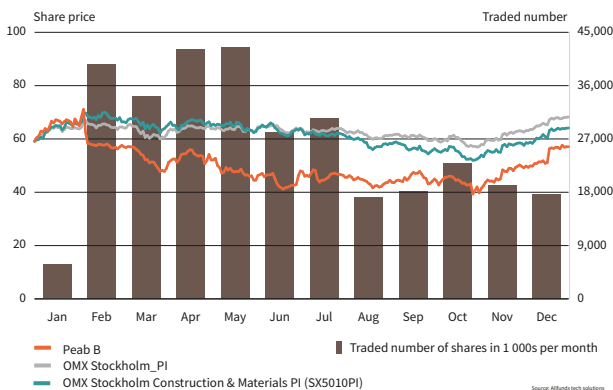
## Dividend

For 2023 a dividend of SEK 1.50 per share (4.00) is proposed. Excluding the 8,597,984 shares held by Peab AB per December 31, 2023 which do not entitle to a dividend, the proposed dividend entails a total dividend amount of SEK 431 million (1 150). Calculated as a share of recognized Group profit after tax according to segment reporting the proposed dividend amounts to 30 percent (56).

<sup>1)</sup> Distribution of Annehem Fastigheter for 2019 corresponded to SEK 7 per share. This distribution is included in the total return.

## Price trend of the Peab share

January 1 - December 31 2023



## Total return <sup>1)</sup>

December 31, 2018 - December 31, 2023



<sup>1)</sup> Distribution of Annehem Fastigheter for 2019 corresponded to SEK 7 per share. This distribution is included in the total return.



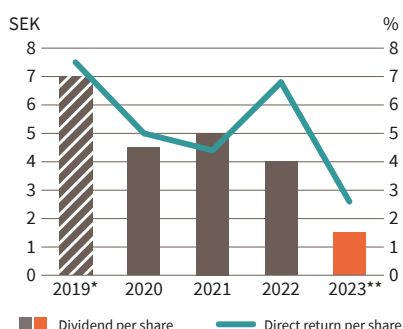
## Key ratios per share

	2023	2022
<b>Segment reporting</b>		
Earnings, SEK	4.92	6.98
Equity, SEK	52.41	52.05
Cash flow before financing, SEK	-4.58	-6.69
<b>Reporting according to IFRS</b>		
Earnings, SEK	6.92	6.27
Equity, SEK	50.28	47.90
Cash flow before financing, SEK	9.24	-10.81
Share price at year-end, SEK	57.10	59.10
Share price/equity, %	114	123
Dividend, SEK <sup>1)</sup>	1.50	4.00
Direct return, % <sup>2)</sup>	2.6	6.8
P/E-ratio <sup>2)</sup>	8	9

<sup>1)</sup> For 2023, Board of Directors' proposal to the AGM.

<sup>2)</sup> Based on closing price at year-end.

### Dividend and direct return

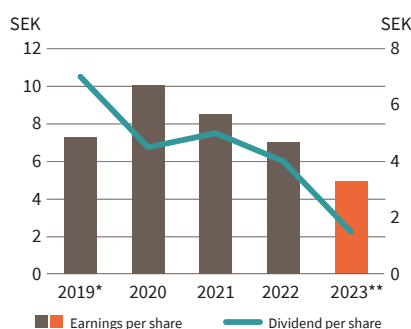


\* Distribution of Annhem Fastigheter corresponded to SEK 7 per share at the time of the distribution on December 11, 2020. Direct return of 7.5 percent is calculated on the final price 2019-12-31.

\*\* Board of Directors' proposal to the AGM.

### Earnings and dividend per share

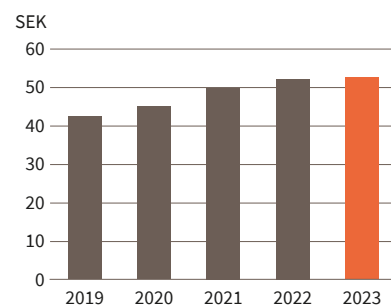
Segment reporting



\* No cash dividend was distributed for 2019. Distribution of Annhem Fastigheter corresponded to SEK 7 per share at the time of the distribution on December 11, 2020. \*\* Board of Directors' proposal to the AGM.

### Equity per share

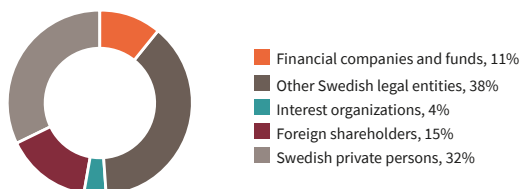
Segment reporting



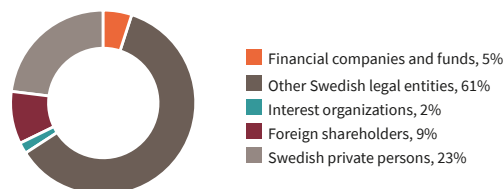
## List of shareholders per 2023-12-31

	A shares	B shares	Total number of shares	Proportion of capital, %	Proportion of votes, %
Ekhaga Utveckling AB	25,563,264	36,407,059	61,970,323	21.6%	49.0%
AB Axel Granlund	1,500,000	18,000,000	19,500,000	6.8%	5.5%
Mats & Fredrik Paulsson with families	5,680,429	10,250,459	15,930,888	5.5%	11.2%
Peab's Profit-Sharing Foundation		13,628,300	13,628,300	4.7%	2.3%
Vanguard		7,107,579	7,107,579	2.5%	1.2%
Kamprad Family Foundation		6,900,000	6,900,000	2.4%	1.2%
Norges Bank		4,863,686	4,863,686	1.7%	0.8%
Dimensional Fund Advisors		4,673,262	4,673,262	1.6%	0.8%
Handelsbanken Funds		4,660,139	4,660,139	1.6%	0.8%
Avanza Pension		4,317,394	4,317,394	1.5%	0.7%
Cicero Funds		4,235,073	4,235,073	1.5%	0.7%
Mats Paulsson Foundations		3,677,500	3,677,500	1.3%	0.6%
Pension, FUTUR		3,208,131	3,208,131	1.1%	0.5%
BlackRock		2,613,846	2,613,846	0.9%	0.4%
Unionen		1,964,463	1,964,463	0.7%	0.3%
Other shareholders	1,576,264	126,624,898	128,201,162	44.6%	24.0%
<b>Number of outstanding shares</b>	<b>34,319,957</b>	<b>253,131,789</b>	<b>287,451,746</b>	<b>100.0%</b>	<b>100.0%</b>
Peab AB		8,597,984	8,597,984		
<b>Number of registered shares</b>	<b>34,319,957</b>	<b>261,729,773</b>	<b>296,049,730</b>		

### Proportion of capital per 2023-12-31



### Proportion of votes per 2023-12-31



## Allocation of shareholdings per 2023-12-31

Number of shares	Number of shareholders	Proportion of capital, %	Proportion of votes, %
1- 500	46,835	2.3	1.1
501- 1,000	8,280	2.2	1.1
1,001- 5,000	10,052	7.9	3.9
5,001- 10,000	1,659	4.1	2.0
10,001- 15,000	485	2.0	1.0
15,001- 20,000	298	1.8	0.9
20,001-	661	79.7	90.0
	<b>68,270</b>	<b>100.0</b>	<b>100.0</b>

## Shares and votes per share class 2023-12-31

Share class	Number	Number of votes	Proportion of capital, %	Proportion of votes, %
A	34,319,957	10	11.6	56.7
B	261,729,773	1	88.4	43.3
<b>Total</b>	<b>296,049,730</b>		<b>100.0</b>	<b>100.0</b>



# Five-year overview

Group, MSEK	2023	2022	2021	2020	2019
<b>Income statement items, segment reporting</b>					
Net sales	58,821	63,135	60,026	57,417	55,349
Operating profit	1,853	2,741	3,098	3,541	2,610
Pre-tax profit	1,895	2,670	3,076	3,433	2,579
Profit for the year	1,414	2,037	2,507	2,948	2,138
<b>Income statement items, IFRS</b>					
Net sales	61,600	61,933	58,923	59,852	56,303
Operating profit	2,586	2,557	2,975	3,922	3,285
Pre-tax profit	2,586	2,440	2,902	3,745	3,227
Profit for the year	1,988	1,831	2,377	3,181	2,656
<b>Balance sheet items, segment reporting</b>					
Fixed assets, not interest-bearing	13,789	13,611	12,620	12,037	11,175
Fixed assets, interest-bearing	1,293	1,233	1,208	1,257	1,086
Current assets, not interest-bearing	26,625	26,486	23,209	22,257	25,584
Current assets, interest-bearing	2,588	1,890	3,293	1,053	517
<b>Total assets</b>	<b>44,295</b>	<b>43,220</b>	<b>40,330</b>	<b>36,604</b>	<b>38,362</b>
Equity	15,082	14,978	14,656	13,251	12,479
Long-term liabilities, not interest-bearing	2,688	2,038	1,950	1,794	1,162
Long-term liabilities, interest-bearing	6,082	6,236	3,865	2,754	3,266
Current liabilities, not interest-bearing	13,968	16,182	16,819	15,376	15,583
Current liabilities, interest-bearing	6,475	3,786	3,040	3,429	5,872
<b>Total equity and liabilities</b>	<b>44,295</b>	<b>43,220</b>	<b>40,330</b>	<b>36,604</b>	<b>38,362</b>
<b>Balance sheet items, IFRS</b>					
Fixed assets, not interest-bearing	15,137	15,122	14,163	13,560	12,001
Fixed assets, interest-bearing	1,293	1,233	1,208	1,257	1,086
Current assets, not interest-bearing	30,158	32,766	28,506	26,294	30,084
Current assets, interest-bearing	2,588	1,890	3,293	1,053	517
<b>Total assets</b>	<b>49,176</b>	<b>51,011</b>	<b>47,170</b>	<b>42,164</b>	<b>43,688</b>
Equity	14,470	13,786	13,682	12,443	11,559
Long-term liabilities, not interest-bearing	2,628	1,990	1,906	1,752	1,086
Long-term liabilities, interest-bearing	7,239	8,105	5,627	4,364	4,129
Current liabilities, not interest-bearing	13,660	15,431	16,566	15,977	16,266
Current liabilities, interest-bearing	11,179	11,699	9,389	7,628	10,648
<b>Total equity and liabilities</b>	<b>49,176</b>	<b>51,011</b>	<b>47,170</b>	<b>42,164</b>	<b>43,688</b>
<b>Key ratios, segment reporting</b>					
Operating margin, percent	3.2	4.3	5.2	6.2	4.7
Equity, average during the year	14,945	14,532	13,569	12,772	11,994
Equity attributable to shareholders in parent company, average during the year	14,927	14,524	13,568	12,771	11,942
Return on equity, percent	9.5	14.0	18.5	23.1	17.9
Capital employed, at year-end	27,639	25,000	21,561	19,434	21,617
Capital employed, average during the year	28,007	23,373	20,445	20,709	21,421
Return on capital employed, percent	8.7	12.2	15.6	17.6	12.8
Equity/assets ratio, percent	34.0	34.7	36.3	36.2	32.5
Net debt	8,676	6,899	2,404	3,873	7,535
Net debt/equity ratio, multiple	0.6	0.5	0.2	0.3	0.6
Interest coverage ratio, multiple	4.1	14.1	24.3	28.5	18.7

Group, MSEK	2023	2022	2021	2020	2019
<b>Key ratios, IFRS</b>					
Operating margin, percent	4.2	4.1	5.0	6.6	5.8
Equity, average during the year	14,077	13,391	12,598	12,230	10,940
Equity attributable to shareholders in parent company, average during the year	14,060	13,384	12,597	12,229	10,938
Return on equity, percent	14.1	13.7	18.9	26.0	24.3
Capital employed, at year-end	32,888	33,590	28,698	24,435	26,336
Capital employed, average during the year	34,742	31,704	26,602	26,706	25,905
Return on capital employed, percent	9.1	8.4	11.5	15.0	13.2
Equity/assets ratio, percent	29.4	27.0	29.0	29.5	26.5
Net debt	14,537	16,681	10,515	9,682	13,174
Net debt/equity ratio, multiple	1.0	1.2	0.8	0.8	1.1
Interest coverage ratio, multiple	3.5	6.7	11.9	20.2	19.6
<b>Capital expenditures, IFRS <sup>1)</sup></b>					
Goodwill	-22	198	64	-145	8
Other intangible assets	54	97	131	74	127
Investment property	5	2	-74	2	-70
Buildings and land	500	451	291	398	439
Machinery and equipment	1,165	1,781	1,353	780	1,172
Shares and participations	185	10	297	-293	435
Project and development properties	-1,096	2,945	2,202	-2,842	-444
Project and development properties, segment reporting	1,608	2,268	1,067	-1,917	-434
<b>Orders <sup>2)</sup></b>					
Orders received	45,108	53,259	55,848	49,735	44,130
Order backlog	39,060	44,389	45,318	42,709	42,494
<b>Personnel</b>					
Number of employees, at year-end	14,107	15,040	14,895	15,252	14,258
Average number of employees	13,808	14,211	14,907 <sup>3)</sup>	15,166 <sup>3)</sup>	14,309 <sup>3)</sup>
<b>Data per share, segment reporting</b>					
Earnings before and after dilution, SEK	4.92	6.98	8.50	10.00	7.25
Cash flow, SEK	-4.58	-6.69	10.31	9.42	3.47
Equity, SEK	52.41	52.05	49.68	44.92	42.30
<b>Data per share, IFRS</b>					
Earnings before and after dilution, SEK	6.92	6.27	8.06	10.79	9.00
Cash flow, SEK	9.24	-10.81	3.57	12.72	10.94
Equity, SEK	50.28	47.90	46.38	42.18	39.18
Share price at year-end, SEK	57.10	59.10	114.20	89.65	93.75
Dividend, SEK <sup>4)</sup>	1.50	4.00	5.00	4.50	-
Number of shares at year-end, millions	287.5	287.5	295.0	295.0	295.0
Average number of outstanding shares, millions	287.5	292.2	295.0	295.0	295.0

<sup>1)</sup> For 2020 the amounts are adjusted for the acquisition of paving and mineral aggregates operations and the distribution of Annehem Fastigheter.

<sup>2)</sup> The order situation is based on segment reporting, which means our own housing development projects, tenant-owner associations and housing companies are considered external customers.

<sup>3)</sup> Not recalculated taking into account the new definition for calculating averages. For more information, see Alternative performance measures and definitions.

<sup>4)</sup> For 2023, the Board of Director's proposal to the AGM.



## Alternative performance measures and definitions

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

The difference between segment reporting and reporting according to IFRS is described in more detail in note 1 and note 4. 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. Shows the Group's available liquidity.

### Capital employed for the business areas

Total assets in the business area at the end of the year 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 year less non-interest-bearing operating liabilities and provisions. The measurement is used to measure capital utilization and its effectiveness.

### Cash flow per share

Cash flow per share calculated as the total of the cash flow from current operations and cash flow from investment activities divided by the average number of outstanding shares during the year. Shows which cash flow before financing was generated per share.

### Direct return, shares

Dividend as a percentage of the share price at year-end. Measures the direct return of the proposed dividend in relation to the price at year-end.

### 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 year. 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.

### Interest coverage ratio

Pre-tax profit items plus interest expenses in relation to interest expenses. The measurement shows how well the interest costs can be covered.

### 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.

### Net debt/equity ratio

Interest-bearing net debt in relation to equity. Shows financial position.

### Net investments

The change in the period of the recognized value of current assets (CB-OB) plus depreciation and write-downs. Shows the size of net investments made.

### Operating margin/Operating margin excl. MoS

Operating profit as a percentage of net sales. Shows profitability in the business. Operating margin excl. MoS is calculated excluding the

effect of arbitration decision concerning Mall of Scandinavia. For details, see Other information and appropriation of profit.

### Operative cash flow

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

### Order backlog

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

### Orders received

The sum of orders received during the period. Measures how new orders replace produced work. Regarding our own housing development projects, tenant-owner associations and housing companies are considered external customers.

### P/E ratio

Share price at year-end divided by earnings per share. Shows market expectations on the company related to earnings generation.

### 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.

## Other non-financial definitions

### Average number of employees

The sum of the number of hours Peab has paid for, divided by the annual working time. The calculation of the average number of employees has changed from January 1, 2023 and is based on the sum of hours worked. Comparable figures for 2022 have been recalculated.

### Contract amount

The compensation stipulated in the contract for contract work excluding VAT.

### 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.

### Development rights

Estimated amount of construction possible on a piece of land. A development right is the maximum level of construction allowed on a property according to a zoning plan. The scope of the future zoning plan is estimated for up and coming

zoning plans. In order to have the right of disposition over a development right ownership of, or the option to own, the land is required. Development rights for commercial property are measured in square meters.

### eNPS

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

### Fixed price

Contract work carried out for a fixed price without the contractor being able to alter it, unless the client makes changes to in the contract work or makes supplementary orders.

### LT14 and LTIF4

LT14 refers to the number of workplace accidents resulting in more than four days absence of an employee, excluding the day of injury, and LTIF4 refers to the frequency per one million hours worked according to the same definition. LTI stands for Lost Time Injury.

### Partnering/Collaboration

A type of structured collaboration in the construction industry in which the developer, consultants, contractors and other key actors work together to achieve a construction goal. The collaboration is founded on trust where each person's professional skills supplement the others' throughout the construction process. The basic idea is that the developer gathers together all the expertise needed to realize the project early on. This is a way to avoid having actors involved in the process for only a limited period of time. In partnering/collaboration everyone's know-how comes to pass and everyone works together in a project from start to finish.

### 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.

### Project development

Finding project or development properties and developing these into complete projects.

### 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.

### Turnkey contract

Contract work where the contractor, in addition to building, is also responsible for designing and planning the project.



## Welcome to Peab's Annual General Meeting

### Time and place

The Annual General Meeting of Peab AB will be held on Monday, May 6, 2024 at 4:00 p.m. in Grevieparken in Grevie, Sweden.

### Notification

Shareholders who wish to personally or by proxy be present in the room where the Annual General Meeting will be held must:

- in part be entered in the share register kept by Euroclear Sweden AB with the conditions current on Thursday, April 25, 2024,
- in part give notice of their participation no later than on Monday, April 29, 2024.

Notification may be submitted via the company's website at [www.peab.com](http://www.peab.com), by telephone to +46 431 893 50 or by mail to Peab AB (publ), Annual General Meeting, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. When giving notice the shareholder must provide their name, address, personal or company ID number, telephone number and information concerning any assistants.

Shareholders who wish to participate by postal vote must:

- in part be entered in the share register kept by Euroclear Sweden AB with the conditions current on Thursday, April 25, 2024,
- in part give notice of their participation no later than on Monday, April 29, 2024 by having submitted their postal vote according to the instructions below.

The form for postal voting with instructions is available at the company website [peab.com/agm](http://peab.com/agm). The completed and signed form is sent by mail to Peab AB (publ), c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm or by email to [GeneralMeetingService@euroclear.com](mailto:GeneralMeetingService@euroclear.com). Shareholders who are physical persons can also postal vote electronically by verification through a Swedish BankID via Euroclear Sweden AB's website, [anmalan.vpc.se/euroclearproxy](http://anmalan.vpc.se/euroclearproxy). Euroclear must receive the completed form no later than Monday, April 29, 2024.

### Summons to attend and agenda items

The summons to attend the Annual General Meeting and the agenda will be published on Wednesday, April 3, 2024 on Peab's website [peab.com/agm](http://peab.com/agm) and on Thursday April 4, 2024 in Post- och Inrikes Tidningar.

## Financial information

At [www.peab.com](http://www.peab.com) we continually provide current information on the company, financial results and how our share is developing. Financial reports and publications can be downloaded there as well. They can also be ordered by contacting: Peab AB, Margretetorp svägen 84, SE-269 73 Förslöv or Tel +46 431-890 00.

### Follow Peab quarter by quarter

When Peab publishes our quarterly reports we also present the financial results for the previous quarter and a description of the current situation. The link to the presentations can be found at [www.peab.com/reports](http://www.peab.com/reports).

### Shareholder contact

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### Annual calendar 2024

First Quarter Report	May 6, 2024
Annual General Meeting	May 6, 2024
Second Quarter Report	July 16, 2024
Third Quarter Report	October 25, 2024
Year-end Report 2024	February 6, 2025
Annual and Sustainability Report 2024	April 2025

### Analysts who follow Peab

Company	Name	Email
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# More than 60 years of community building

## 1959

### “We can do it, we can use father’s tractor”

Mats and Erik Paulsson, 14 and 16 years old, take on a contract their father said no to – collecting garbage for summer residents on the Bjäre Peninsula.

## 1963

### Peab starts up in civil engineering

The brothers buy their first excavator and begin to develop civil engineering operations with it.

## 1965

### The brothers buy “Otto’s gravel pit”

and the farm that goes with it in Förslöv and turn “the gravel pit” into a real gravel quarry.

## 1970

### Building boom in Sweden – Peab launches construction operations

Construction operations begin when the workshop in Förslöv is built and the brothers buy the construction company building it.

## 1975

### Stenmark creates skiing fever

and the brothers wanted to find a vacation place for their employees. They buy into what will in a couple of years will be called Lindvallen in Sälen AB, better known today as Skistar. It was part of Peab until 1983.

## The 80s

### Establishment in Malmö

Establishment in Malmö with the renovation of the Börshus and construction of the Saab factory.

## The 90s

### Expansion during the banking and financial crisis

Peab initiates an acquisition offensive that leads to being listed on the stock market and nationwide coverage.

## 1993

### Peab buys Sweden’s largest construction company, BPA

With its 5,000 employees Peab buys trade union owned BPA that has three times the number of employees.

## 1994

### Norway

Oslo-based Fagbygg A/S (part of BPA) becomes part of Peab Norway and establishes Peab on the Norwegian market.

## 1999

### Finland

Finnish Rakennus OY Leo Heinänen is acquired which puts Peab in the Finnish market.

## 2006

### The Peab School launched

Labor force shortages in the industry and being an ambitious community builder are the factors behind starting the Peab School in 2006. Since its doors opened more than 1,300 students have graduated from it. Today there are schools in Malmö, Gothenburg and Stockholm.

## 2009

### Hyllie

Peab acquires Annehem and becomes part of the journey to develop the completely new borough Hyllie in Malmö.

## 2015

### Refugee crisis

Peab engages in the Swedish Public Employment Service’s program The 100 Club, an initiative that offered immigrants an internship or job. The Peab School starts a language introduction for immigrants.

## 2020

### Acquisition in paving and mineral aggregates

Peab acquires YIT’s Nordic operations in paving and mineral aggregates. Peab gains nearly 2,000 new employees and establishes operations in Denmark.

### Distribution of Annehem Fastigheter

Peab distributes and lists the previously wholly owned subsidiary Annehem Fastigheter.

## 2021

### New mission and strategic targets

Peab sets a new mission, revises its financial and non-financial targets and establishes the fourth target area “Leader in social responsibility”.



# 2024

Peab is the Nordic Community Builder with 14,000 employees and net sales of SEK 59 billion. With a local presence and focus on our own resources we develop, do the groundwork and build everyday life where it's lived. Company headquarters are in Förslöv on Bjäre Peninsula in southern Sweden. The Peab share is listed on Nasdaq Stockholm.

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