

Press release

February 19, 2020

Peab changes accounting principles regarding projects with Swedish tenant-owned housing associations

As previously communicated Peab has received notices and reconciliation letters from Finansinspektionen on the issue of whether or not Swedish tenant-owned housing associations should be consolidated into Peab's consolidated financial statements. On January 28, 2020 Peab received another letter maintaining that it is Finansinspektionen's opinion that consolidation must be implemented. Peab has the right to respond before Finansinspektionen makes its final decision.

Peab continues to be of the opinion that Peab does not have a controlling interest in tenant-owned housing associations from the time land transfer and turnkey contracts are signed and therefore they should not be consolidated according to the stipulations in IFRS 10 Consolidated financial statements. Peab's auditors concur with this conclusion. These principles have been used for several years by a number of actors and there has obviously been room during this period for different applications among listed companies.

Peab has come to the conclusion that the prospects of changing the opinion of Finansinspektionen are null and has therefore decided to change accounting principles as of January 1, 2020, without waiting for the decision from Finansinspektionen. This means that projects with Swedish tenant-owned housing associations will be consolidated into Peab's financial statements from 2020 and translation numbers for 2019 will be published.

Peab's risk situation and financial position are not altered by the change in accounting, nor does it affect Peab's financing agreements.

To create clarity and enable the market to follow Peab's development regarding our own housing developments, Peab will also present operative statements where these projects in Sweden, Norway and Finland are reported as revenue recognized over time as the projects are successively completed. Even financial key ratios such as net debt will be presented with consideration taken to these prerequisites. This is also the model Peab currently uses and will continue to use in the future for its internal steering.

Peab will present translated income and balance sheets as well as key ratios for 2019 in good time before the first quarterly report is presented. Even translated operative reports will be published.

For further information please contact:

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Peab is a leading Nordic construction and civil engineering company with about 14,000 employees and SEK 54 billion in net sales. The Group has strategically placed offices in Sweden, Norway and Finland. Company headquarters are in Förslöv on Bjäre Peninsula in southern Sweden. The Peab share is listed on NASDAQ Stockholm.

