

Alternative performance measures and financial definitions

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

The difference between segment reporting and reporting according to IFRS is described in more detail in note 1, and note 4 in the Annual Report 2022. The difference primarily consists of differences in accounting principles for our own housing development projects where revenue and profit are recognized over time in segment reporting and at one point in time, when homebuyers take over their homes, in reporting according to IFRS. In segment reporting leasing fees for the lessee are recognized linearly over the leasing period for leases that are classified by the counterparty (the lessor) as operational leases. IFRS 16 Leases is applied in Group reporting according to IFRS, which entails that lessees recognize depreciation and interest attributable to leasing assets and liabilities. As a result the difference between segment reporting and reporting according to IFRS even affects the items on the balance sheet, including net debt. Nonetheless, in the key ratios below the method of calculation is the same for both segment reporting and reporting according to IFRS.

Definition and motivation of use	Calculation at quarterly report January-March 2023	
<p>Available liquidity Liquid funds and short-term investments along with unutilized credit facilities, excluding unutilized project financing. Shows the Group's available liquidity.</p>	<p>Reporting according to IFRS</p>	<p>MSEK</p>
	<p>Liquid funds 1,707 Unutilized credit facilities 5,702 Available liquidity 7,409</p>	<p></p>
<p>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.</p>	<p>Reporting according to IFRS</p>	<p>MSEK</p>
	<p>Equity, MSEK 13,652 Less equity attributable to non-controlling interests, MSEK -17 Equity attributable to shareholders in parent company, MSEK 13,635 Number of outstanding shares at the end of the period 287,451,746 Equity per share, SEK 47.43</p> <p>Segment reporting</p>	<p></p>
	<p>Equity, MSEK 14,687 Less equity attributable to non-controlling interests, MSEK -17 Equity attributable to shareholders in parent company, MSEK 14,670 Number of outstanding shares at the end of the period 287,451,746 Equity per share, SEK 51.03</p>	<p></p>
<p>Cash flow per share Cash flow per share calculated as the total of the cash flow from current operations and cash flow from investment operations divided by the average number of outstanding shares during the period. Shows cash flow per share.</p>	<p>Reporting according to IFRS</p>	<p>MSEK</p>
	<p>Cash flow from current operations, MSEK 28 Cash flow from investment operations, MSEK -207 Total cash flow before financing, MSEK -179 Average number of outstanding shares 287,451,746 Cash flow per share, SEK -0.62</p> <p>Segment reporting</p>	<p></p>
	<p>Cash flow from current operations, MSEK -701 Cash flow from investment operations, MSEK -207 Total cash flow before financing, MSEK -908 Average number of outstanding shares 287,451,746 Cash flow per share, SEK -3.16</p>	<p></p>

Definition and motivation of use
Calculation at quarterly report January-March 2023

<p>Net investments Change in the period of the reported value of current assets (CB-OB) plus depreciation and write-downs. Shows the size of net investments made.</p>																																																																						
<p>Net debt Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets. Shows financial position.</p>	<table> <tr> <td colspan="2">Reporting according to IFRS</td> <td>MSEK</td> </tr> <tr> <td>Interest-bearing long-term liabilities</td> <td></td> <td>7,505</td> </tr> <tr> <td>Interest-bearing long-term liabilities, project financing</td> <td></td> <td>27</td> </tr> <tr> <td>Interest-bearing current liabilities</td> <td></td> <td>2,696</td> </tr> <tr> <td>Interest-bearing current liabilities, project financing</td> <td></td> <td>9,951</td> </tr> <tr> <td>- Interest-bearing long-term receivables</td> <td></td> <td>-1,226</td> </tr> <tr> <td>- Interest-bearing current receivables</td> <td></td> <td>-306</td> </tr> <tr> <td>- Liquid funds</td> <td></td> <td>-1,707</td> </tr> <tr> <td>Net debt</td> <td></td> <td>16,940</td> </tr> <tr> <td colspan="2">Segment reporting</td> <td>MSEK</td> </tr> <tr> <td>Interest-bearing long-term liabilities</td> <td></td> <td>6,238</td> </tr> <tr> <td>Interest-bearing long-term liabilities, project financing</td> <td></td> <td>-</td> </tr> <tr> <td>Interest-bearing current liabilities</td> <td></td> <td>2,367</td> </tr> <tr> <td>Interest-bearing current liabilities, project financing</td> <td></td> <td>2,618</td> </tr> <tr> <td>- Interest-bearing long-term receivables</td> <td></td> <td>-1,226</td> </tr> <tr> <td>- Interest-bearing current receivables</td> <td></td> <td>-306</td> </tr> <tr> <td>- Liquid funds</td> <td></td> <td>-1,707</td> </tr> <tr> <td>Net debt</td> <td></td> <td>7,984</td> </tr> <tr> <td colspan="2">Reconciliation between IFRS and segment reporting</td> <td></td> </tr> <tr> <td>Net debt according to IFRS</td> <td></td> <td>16,940</td> </tr> <tr> <td>Additional IFRS 16 Leases</td> <td></td> <td>-1,590</td> </tr> <tr> <td>Project financing, sold part of housing projects</td> <td></td> <td>-7,366</td> </tr> <tr> <td>Net debt according to segment reporting</td> <td></td> <td>7,984</td> </tr> </table>	Reporting according to IFRS		MSEK	Interest-bearing long-term liabilities		7,505	Interest-bearing long-term liabilities, project financing		27	Interest-bearing current liabilities		2,696	Interest-bearing current liabilities, project financing		9,951	- Interest-bearing long-term receivables		-1,226	- Interest-bearing current receivables		-306	- Liquid funds		-1,707	Net debt		16,940	Segment reporting		MSEK	Interest-bearing long-term liabilities		6,238	Interest-bearing long-term liabilities, project financing		-	Interest-bearing current liabilities		2,367	Interest-bearing current liabilities, project financing		2,618	- Interest-bearing long-term receivables		-1,226	- Interest-bearing current receivables		-306	- Liquid funds		-1,707	Net debt		7,984	Reconciliation between IFRS and segment reporting			Net debt according to IFRS		16,940	Additional IFRS 16 Leases		-1,590	Project financing, sold part of housing projects		-7,366	Net debt according to segment reporting		7,984
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<p>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.</p>																																																																						
<p>Orders received The sum of orders received during the period. Measures how new orders replace produced work. In our own developed housing projects tenant-owned housing associations/residential limited companies are considered external customers.</p>																																																																						
<p>Order backlog The value at the end of the period of the remaining income in ongoing production plus orders received yet to be produced. Order backlog is based on segment reporting. Shows how much will be produced in the future.</p>																																																																						

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<p>Return on equity Profit of the rolling 12 month period attributable to shareholders in the parent company divided by the average (last four quarters) equity attributable to shareholders in the parent company. The measurement is used to create efficient business and a rational capital structure and shows how the Group has multiplied shareholder's equity.</p>	<p>Reporting according to IFRS</p> <table> <tr> <td>Profit for the period, MSEK</td> <td></td> <td>1,824</td> </tr> <tr> <td>Average equity, MSEK</td> <td></td> <td></td> </tr> <tr> <td>Q1 2023</td> <td>13,635</td> <td></td> </tr> <tr> <td>Q4 2022</td> <td>13,768</td> <td></td> </tr> <tr> <td>Q3 2022</td> <td>13,240</td> <td></td> </tr> <tr> <td>Q2 2022</td> <td>12,735</td> <td></td> </tr> <tr> <td></td> <td>53,378 / 4</td> <td>13,345</td> </tr> <tr> <td>Return on equity, %</td> <td></td> <td>13.7</td> </tr> </table> <p>Segment reporting</p> <table> <tr> <td>Profit for the period, MSEK</td> <td></td> <td>1,870</td> </tr> <tr> <td>Average equity, MSEK</td> <td></td> <td></td> </tr> <tr> <td>Q1 2023</td> <td>14,670</td> <td></td> </tr> <tr> <td>Q4 2022</td> <td>14,960</td> <td></td> </tr> <tr> <td>Q3 2022</td> <td>14,459</td> <td></td> </tr> <tr> <td>Q2 2022</td> <td>13,867</td> <td></td> </tr> <tr> <td></td> <td>57,956 / 4</td> <td>14,489</td> </tr> <tr> <td>Return on equity, %</td> <td></td> <td>12.9</td> </tr> </table>	Profit for the period, MSEK		1,824	Average equity, MSEK			Q1 2023	13,635		Q4 2022	13,768		Q3 2022	13,240		Q2 2022	12,735			53,378 / 4	13,345	Return on equity, %		13.7	Profit for the period, MSEK		1,870	Average equity, MSEK			Q1 2023	14,670		Q4 2022	14,960		Q3 2022	14,459		Q2 2022	13,867			57,956 / 4	14,489	Return on equity, %		12.9
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<p>Return on capital employed Pre-tax profit for the rolling 12 month period with the addition of financial expenses in percent of the average (last four quarters) capital employed. The measurement is used to measure capital efficiency and to allocate capital for new investments and shows the Group's earning capacity independent of financing.</p>	<p>Reporting according to IFRS</p> <table border="0"> <tr><td>Pre-tax profit, MSEK</td><td>2,430</td></tr> <tr><td>Financial expenses, MSEK</td><td>629</td></tr> <tr><td>Total profit, MSEK</td><td>2,699</td></tr> <tr><td>Average capital employed, MSEK</td><td></td></tr> <tr><td>Q1 2023</td><td>33,831</td></tr> <tr><td>Q4 2022</td><td>33,590</td></tr> <tr><td>Q3 2022</td><td>32,230</td></tr> <tr><td>Q2 2022</td><td>31,232</td></tr> <tr><td></td><td>130,883 / 4</td></tr> <tr><td>Return on capital employed, %</td><td>8.2</td></tr> </table> <p>Segment reporting</p> <table border="0"> <tr><td>Pre-tax profit, MSEK</td><td>2,466</td></tr> <tr><td>Financial expenses, MSEK</td><td>224</td></tr> <tr><td>Total profit, MSEK</td><td>2,690</td></tr> <tr><td>Average capital employed, MSEK</td><td></td></tr> <tr><td>Q1 2023</td><td>25,910</td></tr> <tr><td>Q4 2022</td><td>25,000</td></tr> <tr><td>Q3 2022</td><td>23,546</td></tr> <tr><td>Q2 2022</td><td>22,828</td></tr> <tr><td></td><td>97,284 / 4</td></tr> <tr><td>Return on capital employed, %</td><td>11.1</td></tr> </table>	Pre-tax profit, MSEK	2,430	Financial expenses, MSEK	629	Total profit, MSEK	2,699	Average capital employed, MSEK		Q1 2023	33,831	Q4 2022	33,590	Q3 2022	32,230	Q2 2022	31,232		130,883 / 4	Return on capital employed, %	8.2	Pre-tax profit, MSEK	2,466	Financial expenses, MSEK	224	Total profit, MSEK	2,690	Average capital employed, MSEK		Q1 2023	25,910	Q4 2022	25,000	Q3 2022	23,546	Q2 2022	22,828		97,284 / 4	Return on capital employed, %	11.1
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Housing projects, sold part	-6,362																												
Capital employed according to segment reporting	25,910																												
<p>Capital employed for the business areas Total assets in the business areas at the end of the period reduced by deferred tax recoverables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities, provisions and deferred tax liabilities. The measurement is used to measure capital utilization and its effectiveness for the business areas, and is only presented as a net amount per business area.</p>																													

All amounts, if not otherwise specified, have been rounded to the nearest SEK million. The numbers in the quarterly report are based on the Group's consolidation system which is in SEK thousands. By rounding numbers presented key ratios may differ slightly from calculated according to the definition.