

Year-end report

JANUARY – DECEMBER 2021



Arena Billingen
Skövde



PEAB
THE NORDIC COMMUNITY BUILDER

Strong end of the year and broadly met targets

In this report amounts and comments are based on segment reporting if not otherwise specified. The Group has different accounting principles in segment reporting compared to reporting according to IFRS for our own housing development projects and for IFRS 16 (previously operational leasing contracts). For more information on the accounting principles and the differences between segment reporting and reporting according to IFRS, see note 1 and 3. For information on alternative performance measures, see section Alternative performance measures and definitions.

Summary according to segment reporting

October – December 2021

- Net sales SEK 17,520 million (15,424)
- Operating profit SEK 1,246 million (1,825), the effect of the distribution of Annehem Fastigheter of SEK 952 million was included in the comparable period
- Operating profit included repayment of AGS premiums of SEK 179 million
- Operating margin 7.1 percent (11.8), excluding the distribution of Annehem Fastigheter the operating margin was 5.7 percent in the comparable period
- Pre-tax profit SEK 1,240 million (1,807)
- Earnings per share SEK 3.62 (5.62)
- Orders received SEK 14,443 million (12,189)
- Cash flow before financing SEK 2,465 million (1,763)

January – December 2021

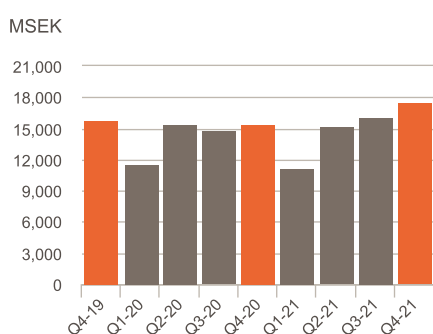
- Net sales SEK 60,026 million (57,417)
- Operating profit SEK 3,098 million (3,541), the effect of the distribution of Annehem Fastigheter of SEK 952 million was included in the comparable period
- Operating margin 5.2 percent (6.2), excluding the distribution of Annehem Fastigheter the operating margin was 4.5 percent in the comparable period
- Pre-tax profit SEK 3,076 million (3,433)
- Earnings per share SEK 8.50 (10.00)
- Orders received SEK 55,848 million (49,735)
- Order backlog SEK 45,318 million (42,709)
- Cash flow before financing SEK 3,041 million (2,779)
- Net debt SEK 2,404 million (3,873)
- Net debt/equity ratio 0.2 (0.3)
- Equity/asset ratio 36.3 percent (36.2)
- The Board proposes a dividend of SEK 5.00 (4.50) per share

Group

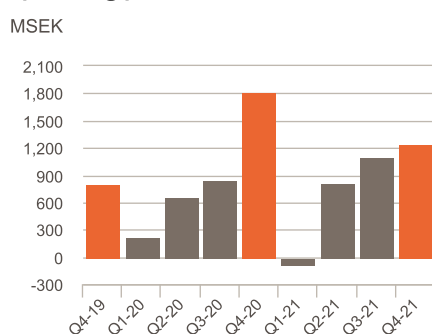
MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Segment reporting				
Net sales	17,520	15,424	60,026	57,417
Operating profit	1,246	1,825	3,098	3,541
Operating margin, %	7.1	11.8	5.2	6.2
Pre-tax profit	1,240	1,807	3,076	3,433
Profit for the period	1,067	1,655	2,507	2,948
Earnings per share, SEK	3.62	5.62	8.50	10.00
Return on equity, % ¹⁾	18.5	23.1	18.5	23.1
Return on capital employed, % ¹⁾	15.6	17.6	15.6	17.6
Net debt	2,404	3,873	2,404	3,873
Net debt/equity ratio, %	0.2	0.3	0.2	0.3
Equity/assets ratio, %	36.3	36.2	36.3	36.2
Cash flow before financing	2,465	1,763	3,041	2,779
Average number of employees ¹⁾	15,454	15,166	15,454	15,166
Reporting according to IFRS				
Net sales, IFRS	17,504	15,989	58,923	59,852
Operating profit, IFRS	1,309	1,942	2,975	3,922
Pre-tax profit, IFRS	1,291	1,910	2,902	3,745
Profit for the period, IFRS	1,121	1,729	2,377	3,181
Earnings per share, IFRS, SEK	3.80	5.87	8.06	10.79
Net debt, IFRS	10,515	9,682	10,515	9,682
Equity/assets ratio, IFRS, %	29.0	29.5	29.0	29.5
Cash flow before financing, IFRS	1,619	1,958	1,052	3,753

¹⁾ Calculated on rolling 12 months

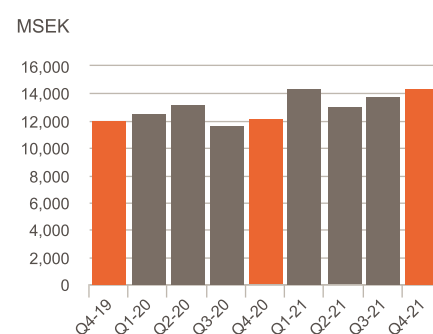
Net sales



Operating profit



Orders received



Comments from the CEO

We ended the year with continued profitable growth, a strong cash flow and a high level of orders received. Our work on improving operating margins continues to bear fruit in both the construction contract businesses and housing developments. When we for the first time present the outcome of all our nine external targets it's clear that they have been broadly met.

Group development

Group net sales increased by five percent during 2021 and amounted to SEK 60,026 million (57,417). Operating profit was SEK 3,098 million (3,541). The comparable period included the effect of the distribution of Annehem Fastigheter of SEK 952 million. The operating margin was 5.2 percent (6.2) and if we exclude the effect of the distribution the margin was 4.5 percent in 2020. Cash flow before financing continued to develop well and contributed to a reduction in net debt.

Business area development

Net sales in 2021 in business area Construction were unchanged and amounted to SEK 26,980 million (26,989). The operating margin improved to 2.6 percent (2.5) as a result of higher earnings in Sweden and Finland. Net sales increased in business area Civil Engineering by more than ten percent driven by product areas Local market and Operation and maintenance. The operating margin improved to 3.3 percent (3.0). The combined operating margin for both construction contract businesses continued to improve and amounted to 2.9 percent (2.6) for 2021.

Net sales in Business area Industry amounted to SEK 18,787 million (18,720) in 2021 and the operating margin was 5.0 percent (5.9). The lower operating margin is primarily due to the fact that the loss of around SEK -300 million from the first quarter from the acquired paving and mineral aggregates operations, which were taken over on April 1, 2020 when the season began, was not included in the comparable period.

Project Development developed well during the year and net sales increased by 27 percent to SEK 9,497 million (7,500). The increase mainly refers to Housing Development that has started production in more and more homes. The operating margin in Housing Development improved to 11.2 percent (9.6) with a higher margin in all three countries. Start-ups of our own housing developments amounted to 3,020 units (2,291), of which 426 (228) were converted from rental apartments. The production start-ups are well spread geographically and sales have continued to be good in all three countries. During the year we also started up production of 676 homes (502) in rental apartment projects on our own balance sheet. A substantial proportion of them have been sold and will be recognized in revenue when they are turned over. In Property Development a number of real estate transactions during the year have contributed to operating profit.

Order situation

The level of orders received continued to be strong even during the year's final quarter. For the entire year 2021 it increased in all the business areas and amounted to SEK 55,848 million (49,735), a growth of twelve percent. The range of orders continues to be well spread in both product segment and geographically, although housing makes up a larger proportion. Order backlog yet to be produced at the end of 2021 was SEK 45,318 million (42,709). Of the total order backlog 34 percent (32) will be produced after 2022 (2021).

"In this report we are presenting the status of all our nine external targets for the first time, and we are pleased to say that they have been broadly met."

First year with updated targets

Because Peab is today a Nordic community builder with considerable local presence and four collaborating business areas, executive management and the Board adopted nine external financial and non-financial targets at the beginning of 2021. In this report we are presenting the status of all our nine external targets for the first time, and we are pleased to say that they have been broadly met. For instance, we have surpassed our targets regarding Satisfied Customer Index, recommend Peab as an employer (eNPS) and equal opportunity in recruitment. Likewise we have a contracting trend in serious accidents and regarding our two climate-related targets, carbon dioxide intensity is developing in the right direction although the reduction for input goods and purchased services is less than in our own production. Regarding our three financial targets, development of the operating margin is headed in the right direction.



Our target is an operating margin that over time surpasses 6 percent and during the year we have gone from 4.5 percent to 5.2 percent. As a result of a strong cash flow net debt/equity ratio at the end of year was 0.2 which is lower than the target interval 0.3-0.7. This despite the fact that we continue to invest in above all business areas Industry and Project Development. For example, at the end of the year we made a billion krona investment when we acquired part of a property on Lilla Essingen in Stockholm with development rights for more than 40,000 m² gross area.

Market and prospects for the future

The outlook for Nordic markets continues to be good in general, although there are some regional differences. Both housing investments and other building construction in Sweden is expected to remain on the same high level. Housing investments in Norway are expected to turn upward in 2022 while the forecast for other building construction now indicates a downturn. The prospects in Finland point to a slight decline in both housing investments and other building construction after the rise in 2021. Regarding investments in civil engineering the forecast indicates a downturn in Sweden, sideways movement in Finland and a definite upturn in Norway.

Uncertainty about material and energy prices, and with them rising inflation, continues. So far we have been able to handle the rise in prices in our operations well. We continually work to adjust and streamline our operations to do what we can to curb the rising construction costs. Another uncertain factor that still can create a bumpy market is the persevering uncertainty about long-term access to cement. In addition to following developments regarding Cementa's permit process for Slite, we are first and foremost working on our own binder alternatives and securing the supply of cement by importing it ourselves.

Vital work by employees

The fine profit we deliver and how well we meet our targets is naturally thanks to our some 15,000 engaged employees. Therefore I want to take this opportunity to express a heartfelt thanks to each and every one of my colleagues that day-by-day do their best to deliver quality to our customers, build communities and improve everyday life where people live it, and do this despite the stress and strain caused by the pandemic during the year.

Dividend proposal

Based on Peab's stable profitability, strong financial position and high level of orders received the Board proposes a dividend of SEK 5.00 (4.50) per share for the financial year 2021. This corresponds to 59 percent of profit for the year according to segment reporting, which means we will even achieve our third financial target of dividends of over 50 percent of profit for the year.

*Jesper Göransson
President and CEO*

Net sales and profit

October – December 2021

Group net sales during the fourth quarter 2021 increased by 14 percent and amounted to SEK 17,520 million (15,424). Of the quarter's net sales SEK 4,446 million (5,106) were attributable to sales and production outside Sweden.

Net sales in business area Construction increased by nine percent and the increase refers to Swedish operations. Net sales in business area Civil Engineering increased by 13 percent and the increase is related to Local market and Operations and maintenance. Net sales in business area Industry increased by four percent. Mineral Aggregates, Paving, Concrete and Construction System increased during the quarter while Rentals and Transportation and Machines had lower net sales. In business area Project Development net sales increased by 73 percent and the increase is attributable to both Housing Development and Property Development. The greater number of production-started housing projects and a high level of home sales has had a positive effect on net sales in Housing Development. In Property Development a number of real estate transactions during the year have contributed to an increase in net sales.

Operating profit for the fourth quarter 2021 amounted to SEK 1,246 million (1,825). The comparable period included the effect of the distribution of Annhem Fastigheter by SEK 952 million. Operating profit for the quarter includes the repayment of AGS premiums of SEK 179 million recognized in Group functions. The operating margin was 7.1 percent (11.8). Excluding the effect of the distribution of Annhem Fastigheter the operating margin in the comparable period was 5.7 percent. In business area Construction the operating margin was unchanged and was 2.6 percent compared to fourth quarter 2020. In business area Civil Engineering the operating margin improved to 4.0 percent (3.6). All in all the operating margin for construction contract businesses amounted to 3.1 percent (3.0) for the fourth quarter. Operating profit was higher in business area Industry and the operating margin was 8.2 percent (8.1). Last year the business area was charged with higher depreciation of surplus values related to customer contracts in taken over order backlog in connection with the acquisition of YIT's Nordic paving and mineral aggregates operations. Operating profit in Project Development was lower because last year included the effect of the distribution of Annhem Fastigheter by SEK 896 million in Property Development. Capital gains from real estate transactions affected Property Development positively by SEK 151 million (8). During the quarter, among other things, an office building in Solna was sold to Annhem Fastigheter. Operating profit in Housing Development improved during the fourth quarter as a result of a greater number of production-starts and the operating margin amounted to 12.0 percent (13.5).

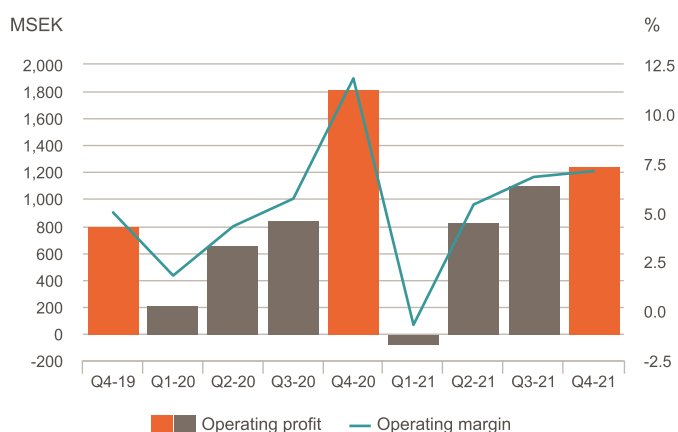
Depreciation and write-downs for the fourth quarter were SEK -341 million (-348). The reduction is primarily due to lower depreciation on surplus value on customer contracts related to the acquired paving and mineral aggregates operations in Industry.

Elimination and reversal of internal profit in our own projects have affected operating profit during the quarter net by SEK -6 million (37). The comparable period included resolution of construction gains in connection with the distribution of Annhem Fastigheter of SEK 56 million.

Net financial items amounted to SEK -6 million (-18) of which net interest was SEK -15 million (-13).

Pre-tax profit was SEK 1,240 million (1,807). Profit for the fourth quarter was SEK 1,067 million (1,655).

Operating profit and operating margin, per quarter



Housing project Skir
Tromsø, Norway

January – December 2021

Group net sales for 2021 increased by five percent and amounted to SEK 60,026 million (57,417). Of the period's net sales SEK 17,298 million (17,005) were attributable to sales and production outside Sweden. The proportion of public sector customers represent 42 percent (43) while private customers represent 58 percent (57) of total net sales.

Net sales in business area Construction were unchanged compared to last year. In both Sweden and Norway net sales increased while contracted in Finland. The proportion of housing projects has increased compared to last year. Net sales in business area Civil Engineering increased by ten percent and the increase is related to Local market and Operation and maintenance. Net sales in business area Industry were largely unchanged compared to last year. Net sales increased in Mineral aggregates, Concrete and Construction System while they contracted in Rentals and Transportation and Machines. Paving had lower volumes during the year but as a result of higher prices for bitumen net sales were on the same level as last year. In business area Project Development net sales increased by 27 percent, the increase primarily due to Housing Development where there has been more activity in both Sweden and Finland. The greater number of production-started homes resulting from a continued good housing market in all countries has had a positive effect on net sales.

Operating profit for 2021 amounted to SEK 3,098 million (3,541). Last year included the effect of the distribution of Annehem Fastigheter by SEK 952 million. Operating profit for 2021 includes the repayment of AGS premiums of SEK 179 million recognized in Group functions. The operating margin was 5.2 percent (6.2). Excluding the effect of the distribution of Annehem Fastigheter the operating margin in 2020 was 4.5 percent. During the year the cost of certain construction materials as well as energy prices have gone up but so far the financial consequences for Peab have been limited.

In business area Construction the operating margin improved and was 2.6 percent (2.5) and in business area Civil Engineering the operating margin improved to 3.3 percent (3.0). All in all the operating margin for construction contract businesses amounted to 2.9 percent (2.6). Operating profit was lower in business area Industry compared to the last year and the operating margin was 5.0 percent (5.9). Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020. The acquired operations have a very clear seasonal pattern which means the first quarter carries considerable deficits since the season starts in the second quarter. If the acquisition had taken place on January 1, 2020 profit in the first quarter would have been affected by SEK -297 million. Depreciation on surplus values related to customer contracts in taken over order backlog and tangible assets have charged profit by SEK -80 million (-189). The comparable period also included acquisition costs and transfer tax of SEK -55 million. The beginning of 2021 with a long, cold winter has had a negative effect on profit in operations in business area Industry since the season started up later than last year. Operating profit in Project Development was lower compared to 2020 but excluding the effect of the distribution of Annehem Fastigheter by SEK 896 million in Property Development in 2020 operating profit improved. A strong housing market in all three countries contributed to a higher operating profit in Housing Development and the operating margin improved to 11.2 percent (9.6).

Excluding the effect of the distribution of Annehem Fastigheter last year operating profit was higher in Property Development in 2021 where capital gains from real estate transactions had a positive effect of SEK 218 million (51). During the year, among other things, office buildings in Helsingborg and Solna were sold to Annehem Fastigheter. Profit contributions from partially owned companies have been somewhat lower compared to 2020. Some operations connected to travel and tourism have been negatively affected by the corona pandemic which lowered operating profit by SEK -20 million (-64). The comparable period included SEK -44 million related to Ängelholm-Helsingborg Airport, of which SEK -20 million referred to the write-down of goodwill.

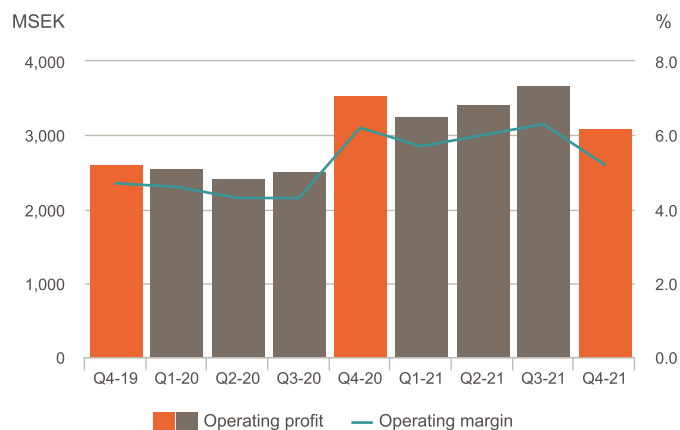
Depreciation and write-downs for the year were SEK -1,341 million (-1,412).

Elimination and reversal of internal profit in our own projects have affected operating profit during the year net by SEK -31 million (23). Last year included the resolution of construction gains in connection with the distribution of Annehem Fastigheter of SEK 56 million.

Net financial items amounted to SEK -22 million (-108) of which net interest was SEK -59 million (-56). In net financial items exchange rate differences had an effect of SEK 7 million (-88).

Pre-tax profit was SEK 3,076 million (3,433). Tax for the year was SEK -569 million (-485) corresponding to a tax rate of 18 percent (14). Profit for the year was SEK 2,507 million (2,948).

Operating profit and operating margin, rolling 12 months



Seasonal variations

Group operations, particularly in Industry and Civil Engineering, are affected by fluctuations that come with the cold weather during the winter half of the year. Normally the first quarter is weaker than the rest of the year. The seasonal pattern has now become even stronger due to the acquisition in April 2020 of the paving and mineral aggregates operations in business area Industry.



Liljevalchs Art Museum
Stockholm

Financial position and cash flow

Financial position

Total assets according to segment reporting, per December 31, 2021 were SEK 40,330 million (36,604). Equity amounted to SEK 14,656 million (13,251) which means the equity/assets ratio was 36.3 percent (36.2).

Interest-bearing net debt decreased during the year and amounted to SEK 2,404 million (3,873) at the end of December 2021. Net debt includes the unsold part of our own housing development projects as long as they are in production. The unsold part was SEK 958 million (1,055) and the reduction is due to a higher proportion of sold homes. The acquisition of paving and mineral aggregates operations in business area Industry on April 1, 2020 increased net debt by SEK 3,125 million at the time of the acquisition. After the acquisition positive cash flow effects have contributed to lower net debt. The average interest rate in the loan portfolio, including derivatives, was 1.4 percent (1.4) on December 31, 2021.

Group liquid funds according to IFRS, including unutilized credit facilities but excluding project financing, were SEK 10,590 million at the end of the year compared to SEK 8,822 million on December 31, 2020.

As a consequence of Peab consolidating Swedish tenant-owner associations per January 1, 2020 according to IFRS, surety for tenant-owner associations under production is not reported. When homebuyers take possession of their apartments and the tenant-owner association is no longer consolidated in Peab's accounts, Peab then reports the part of surety that covers unsold homes. Peab has a guarantee obligation to acquire unsold homes six months after completion. Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 3,506 million at the end of the year compared to SEK 3,439 million on December 31, 2020. Surety for credit lines in tenant-owner associations regarding the unsold part after deconsolidation made up SEK 19 million of contingent liabilities compared to SEK 238 million on December 31, 2020.

Investments and divestments

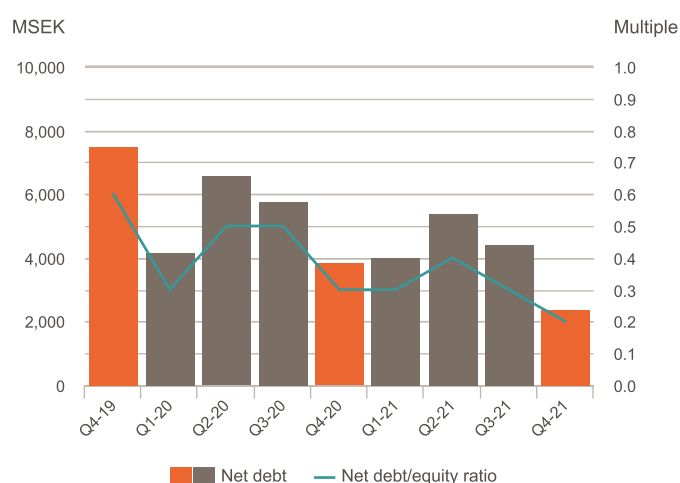
During the quarter tangible and intangible fixed assets and investment property were net invested for SEK 294 million (124). The investments refer primarily to investments in machines. During the year tangible and intangible fixed assets and investment property were net invested for SEK 1,453 million (732). The investments refer primarily to investments in machines and business combinations.

Net investments in project and development properties, which are recognized as inventory items, totaled SEK 1,178 million (net divestitures SEK 343 million) during the quarter. In December part of the property Stockholm Primus 1 on Lilla Essingen in Stockholm with development rights for more than 40,000 m² GFA (gross area) and an underlying property value of SEK 1,167 million was acquired. Net investments in project and development properties totaled SEK 1,067 million (net divestitures SEK 1,917 million) during the year. Project and development properties include the unsold part of our own ongoing housing development projects. During the year the number of production-started housing projects increased while last year more homes were sold and completed than production-started.

Net debt

MSEK	Dec 31 2021	Dec 31 2020
Bank loans	1,285	2,135
Commercial papers	1,206	110
Bonds	2,746	2,249
Financial leasing liabilities	699	634
Project financing, unsold part of housing projects	958	1,055
Other interest-bearing liabilities	11	-
Interest-bearing receivables	-1,550	-1,342
Liquid funds	-2,951	-968
Net debt, segment reporting	2,404	3,873
Additional leasing liabilities according to IFRS 16	1,720	1,808
Project financing, sold part of housing projects	6,391	4,001
Net debt, IFRS	10,515	9,682

Net debt and net debt/equity ratio



Cash flow

October – December 2021

Cash flow from current operations was SEK 2,452 million (2,010), of which cash flow from changes in working capital was SEK 779 million (865). In December part of the property Stockholm Primus 1 on Lilla Essingen in Stockholm with an underlying property value of SEK 1,167 million was acquired which had a negative effect on cash flow from working capital, while lower receivables had a positive effect. All the business areas contributed to the positive cash flow in the fourth quarter.

Cash flow from investment activities was SEK 13 million (-247). Investments during the quarter mainly consisted of machine investments in business area Industry along with repayment of loans in business area Project Development.

Cash flow before financing improved during the year and was SEK 2,465 million (1,763).

Cash flow from financing operations was SEK -318 million (-2,132).

January – December 2021

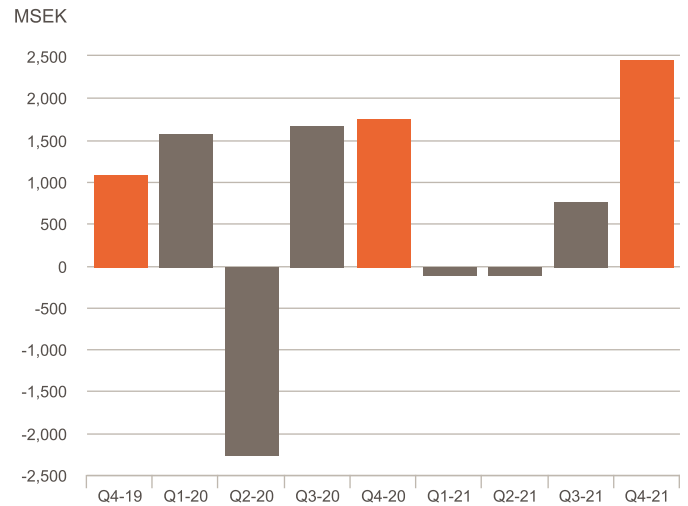
Cash flow from current operations amounted to SEK 4,807 million (6,749), of which cash flow from changes in working capital was SEK 874 million (2,886). After acquisition of the paving and mineral aggregates operations business area Industry has a stronger seasonal pattern which has affected cash flow negatively in the first half year 2021 but has had a positive effect during the second half of the year. During last year a lot of working capital was released primarily in Housing Development due to the fact that more housing projects were sold and turned over than were production started. The number of production starts of our own housing developments increased in 2021. In December part of the property Stockholm Primus 1 on Lilla Essingen in Stockholm with an underlying property value of SEK 1,167 million was acquired which had a negative effect on cash flow from working capital. Cash flow from current operations included dividends of SEK 307 million (306) from partially owned companies.

Cash flow from investment activities was SEK -1,766 million (-3,970) and consisted mostly of machine investments, business combinations as well as increased engagement in joint venture companies in business area Project Development. The purchase price of the paving and mineral aggregates operations in Industry was included in the comparable period by SEK -3,125 million.

Cash flow before financing amounted to SEK 3,041 million (2,779).

Cash flow from financing operations amounted to SEK -1,082 million (-2,092), of which paid dividends were SEK -1,327 million (-).

Cash flow before financing



Order situation

October – December 2021

The level of orders received increased in the fourth quarter 2021 and amounted to SEK 14,443 million compared to SEK 12,189 million for the same quarter last year. In orders received there is a large portion of housing projects.

In business areas Construction, Civil Engineering and Project Development orders received increased compared to the fourth quarter of 2020. Business area Project Development has increased orders received due to higher number of start-ups of own housing development projects. Business area Industry had lower orders received compared to the same quarter 2020.

January – December 2021

The level of orders received increased by twelve percent in 2021 and amounted to SEK 55,848 million compared to SEK 49,735 million for the last year. The level of orders received increased in all business areas compared to the last year.

The increase in business area Industry is primarily related to the paving and mineral aggregates operations that were taken over from YIT on April 1, 2020. Group orders received for the year are well spread both in product segment and geographically.

Order backlog yet to be produced at the end of the year amounted to SEK 45,318 million compared to SEK 42,709 million at the end of last year. Of the total order backlog, 34 percent (32) will be produced after 2022 (2021). Swedish operations accounted for 75 percent (78) of the order backlog.

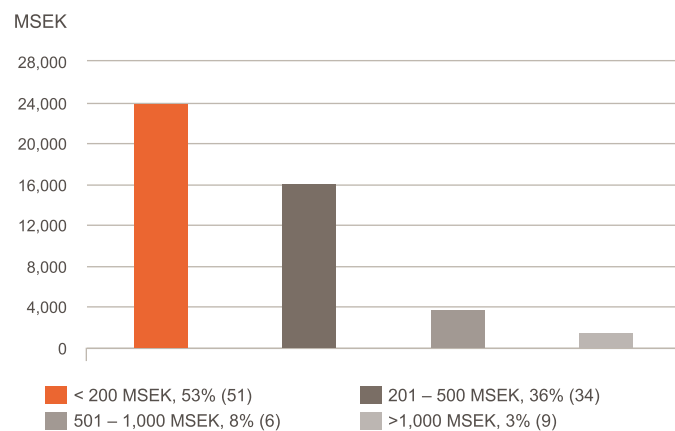
Orders received

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Construction	9,561	6,620	30,903	26,597
Civil Engineering	3,016	2,724	14,819	12,752
Industry	2,255	2,816	10,568	9,893
Project Development	3,085	2,211	9,981	6,940
Eliminations	-3,474	-2,182	-10,423	-6,447
Group	14,443	12,189	55,848	49,735

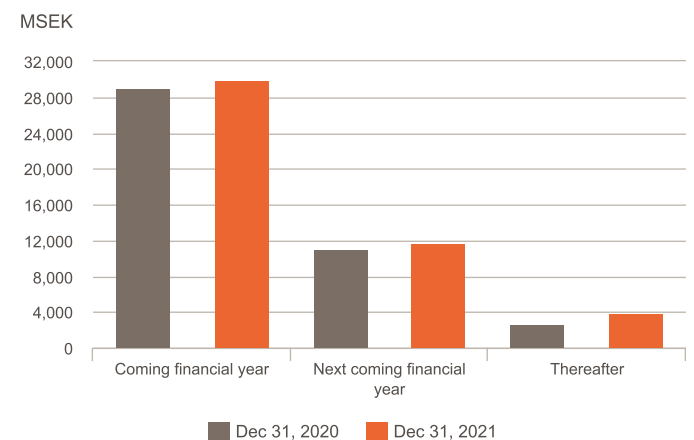
Order backlog

MSEK	Dec 31 2021	Dec 31 2020
Construction	30,142	26,558
Civil Engineering	13,955	13,075
Industry	3,886	3,921
Project Development	6,555	5,151
Eliminations	-9,220	-5,996
Group	45,318	42,709

Project size of order backlog, December 31, 2021



Order backlog allocated over time



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

- Construction of a high school and vocational school in Tromsø. The customer is Troms og Finnmark County Municipality. The contract is worth NOK 418 million.
- Renovation of Tingstad Tunnel that connects Hisingen to the Gothenburg mainland. The customer is the Swedish Transport Administration. The contract is worth SEK 365 million.
- Construction of three apartment buildings with a total of 46 apartments in Porsgrunn. The customer is Majorbygg. The contract is worth NOK 188 million.
- Construction of 93 tenant-owner apartments in Uppsala Municipality. The customer is HSB Produktion i Uppsala HB. The contract is worth SEK 190 million.
- Construction of apartments in the housing project Smietangen in Langesund. The customer is Smietangen Utbygging. The contract is worth NOK 119 million.
- Construction of a new swimming pool facility in Årjäng. The customer is Årjäng Municipality. The contract is worth SEK 155 million.
- Construction of the new nursing home Tåsenhjemmet in Oslo. The customer is Oslobygg KF. The contract is worth NOK 446 million.
- Construction of an apartment building with 61 apartments in Bandhagen, Stockholm. The customer is Aktiebolaget Familjebostäder. The contract is worth SEK 150 million.
- Construction of the housing project Bankløkka in Horten. The developer and general contractor is Conceptor Bolig AS. The contract is worth NOK 180 million.
- Construction of homes and a parking garage in Tampere. The customer is X-Group Asunnot Oy. The contract is worth over EUR 10 million.
- Supplemental order regarding the project at the prison and jail in Skänninge in Östergötland. The customer is Specialfastigheter. The contract is worth SEK 103 million.
- Construction of 226 rental apartments in Umeå. The customer is Tornet Bygg and Projekt AB. The contract is worth SEK 306 million.
- Construction of a nine kilometer drinking water pipeline between the Vomb Plant and Björnstorp in Lund Municipality. The customer is Sydvatten AB. The contract is worth SEK 190 million.
- Construction of 139 rental apartments and a garage in Kvarngärdet in Uppsala Municipality. The customer is Rikshem AB. The contract is worth SEK 230 million.
- Construction of two high-rises buildings with 80 apartments in Turku. The customer is As Oy Turun Oskarinpuisto. The contract is worth EUR 11 million.
- Construction of 130 new rental apartments in Örebro for ÖrebroBostäder AB. The contract is worth SEK 224 million.
- Construction 73 rental apartments in Hyllie, Malmö. The customer is Trianon. The contract is worth SEK 108 million.
- Construction of two apartment buildings with 50 homes of stage two and three of the Grand Quarter in Larvik. The customer is Grandkvartalet Eiendom AS. The contract is worth NOK 167 million.
- Construction of Tullgarn Bridge over Fyris River in Uppsala. The customer is Uppsala Municipality. The contract is worth SEK 157 million.

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

- Brf Makaronen in Nacka comprising 101 apartments. The project will be built according to the guidelines for the Swan environmental certification and is expected to be completed in October 2024.
- Brf Lojobacken in Lidingö comprising 102 apartments. The project will be built according to the guidelines for the Swan environmental certification and all the roofs will be equipped with solar panels. Construction is expected to be completed in June 2024.
- Brf Cubo in Lund comprising 113 apartments. The building will make use of surplus energy from the surrounding area and its location promotes sustainable traveling methods like bicycling and car pools. The project, which is expected to be completed in June 2024, will be certified according to the Swan environmental certification.
- Brf Celsius in Gothenburg comprising 91 apartments. An electrical carpool will be linked to the complex. The project will be certified according to the Swan environmental certification and is expected to be completed in March 2024.
- Brf Vélo in Malmö comprising 63 apartments. The project has been developed with a focus on bicycling and will be certified according to the Swan environmental certification. The project is expected to be completed in June 2023.
- Brf Stormlyktan in Upplands Väsby comprising 67 apartments. The project will be certified according to the Swan environmental certification and is expected to be completed in August 2023.
- Espoon Edith in Espoo comprising 51 apartments. The project is expected to be completed in October 2023.
- Turun Kirstinpuiston Tammi in Turku comprising 55 apartments. The project is expected to be completed in February 2023.
- Kuopion Kenttävahti in Kuopio comprising 40 apartments. The project is expected to be completed in February 2023.

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

- One-year contract in Gothenburg worth SEK 17 million. The asphalt volume is 20,000 tons.
- One-year contract in Ludvika worth SEK 20 million. The asphalt volume is 12,000 tons.
- Two-year contract in Smedjebacken Municipality worth SEK 20 million. The asphalt volume is 10,000 tons.
- One-year option on an existing contract in Birkaland worth EUR 7 million. The asphalt volume is 15,000 tons.
- One-year contract for stone paving streets, squares and terminals in Espoo worth EUR 4.5 million.
- One-year contract paving a tunnel in Kvitsøy, Rogaland worth NOK 13 million. The asphalt volume is 19,000 tons.
- One-year contract in Karmøy, Rogaland worth NOK 11 million. The asphalt volume is 17,000 tons.
- One-year contract at Augustenborg on Als worth DKK 7 million. The asphalt volume is 7,000 tons.

Overview business areas

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

In addition to the business areas central companies, certain subsidiaries and other holdings are presented as Group functions. The central companies primarily consist of the parent company Peab AB, Peab Finans AB and Peab Support (Shared Service Center).

Annhem Fastigheter, which was distributed to Peab's shareholders in December 2020, has as of 2020 been reported as a separate unit outside of segment reporting.

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

Net sales and operating profit per business area

MSEK	Net sales				Operating profit			
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Construction	8,147	7,448	26,980	26,989	209	197	711	663
Civil Engineering	4,062	3,600	14,180	12,843	164	131	471	391
Industry	5,138	4,929	18,787	18,720	420	397	938	1,105
Project Development	3,117	1,804	9,497	7,500	446	1,195	1,237	1,669
– of which Property Development	425	71	521	375	122	961	231	982
– of which Housing Development	2,692	1,733	8,976	7,125	324	234	1,006	687
Group functions	368	317	1,314	1,206	13	-132	-228	-310
Eliminations	-3,312	-2,674	-10,732	-9,841	-6	37	-31	23
Group, segment reporting	17,520	15,424	60,026	57,417	1,246	1,825	3,098	3,541
Adjustment housing to IFRS	-16	560	-1,103	2,491	52	95	-152	331
IFRS 16, additional leases	-	-	-	-	11	12	29	34
Annhem Fastigheter	-	36 ¹⁾	-	171 ²⁾	-	13 ¹⁾	-	30 ²⁾
Eliminations	-	-31	-	-227	-	-3	-	-14
Group, IFRS	17,504	15,989	58,923	59,852	1,309	1,942	2,975	3,922
<i>Of which construction contract businesses according to segment reporting (Construction and Civil Engineering)</i>	<i>12,209</i>	<i>11,048</i>	<i>41,160</i>	<i>39,832</i>	<i>373</i>	<i>328</i>	<i>1,182</i>	<i>1,054</i>

Percent	Operating margin			
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Construction	2.6	2.6	2.6	2.5
Civil Engineering	4.0	3.6	3.3	3.0
Industry	8.2	8.1	5.0	5.9
Project Development	14.3	66.2	13.0	22.3
– of which Property Development	28.7	1,353.5	44.3	261.9
– of which Housing Development	12.0	13.5	11.2	9.6
Group functions				
Eliminations				
Group, segment reporting	7.1	11.8	5.2	6.2
Adjustment housing to IFRS				
IFRS 16, additional leases				
Annhem Fastigheter		36.1 ¹⁾		17.5 ²⁾
Eliminations				
Group, IFRS	7.5	12.1	5.0	6.6
<i>Of which construction contract businesses according to segment reporting (Construction and Civil Engineering)</i>	<i>3.1</i>	<i>3.0</i>	<i>2.9</i>	<i>2.6</i>

¹⁾ Refers to October-November 2020

²⁾ Refers to January-November 2020

Business area Construction

With local roots close to customers business area Construction does construction work for both external and internal customers. Construction projects include everything from new production of housing, public and commercial premises to renovations and extensions as well as construction maintenance.

Operations in business area Construction are run via some 150 local offices around the Nordic area, organized in 13 regions in Sweden, three in Norway and two in Finland. There are specialized housing production units in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide region in Sweden focused on the big city areas. Other regions are responsible for all types of construction projects in their geographic area.

Net sales and profit

October – December 2021

Net sales for the fourth quarter 2021 increased by nine percent and amounted to SEK 8,147 million (7,448). The increase is attributable to Swedish operations.

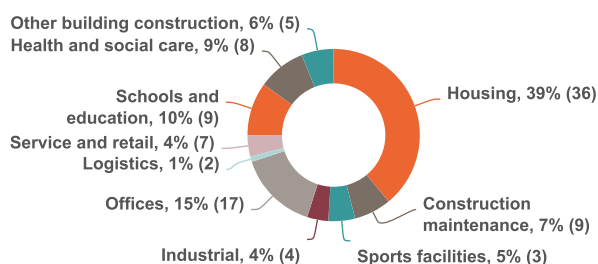
Operating profit for the fourth quarter amounted to SEK 209 million (197) and the operating margin was unchanged with 2.6 percent (2.6).

January – December 2021

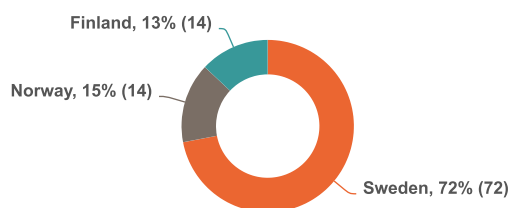
Net sales for 2021 were unchanged and amounted to SEK 26,980 million (26,989). Net sales increased in both Sweden and Norway but contracted in Finland.

Net sales

per product area, rolling 12 months

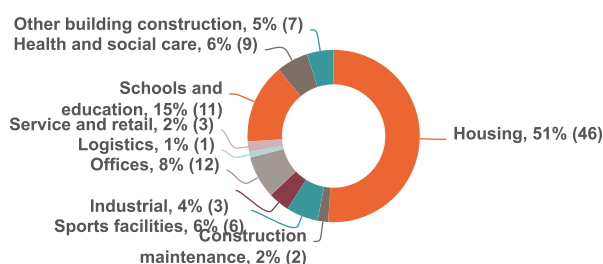


per geographic market, rolling 12 months

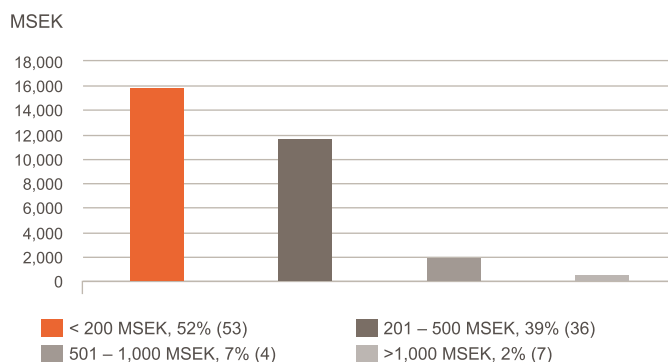


Order backlog, December 31, 2021

per product area



per project size



Key ratios

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales, MSEK	8,147	7,448	26,980	26,989
Operating profit, MSEK	209	197	711	663
Operating margin, %	2.6	2.6	2.6	2.5
Orders received, MSEK	9,561	6,620	30,903	26,597
Order backlog, MSEK	30,142	26,558	30,142	26,558
Average number of employees ¹⁾	5,796	6,080	5,796	6,080

¹⁾ Calculated on rolling 12 months

Business area Civil Engineering

Business area Civil Engineering is a leading player in Sweden and has operations in Norway. Civil Engineering's operations in Finland became part of business area Industry in the autumn of 2020. Civil Engineering works with landscaping and pipelines, builds and maintains roads, railroads, bridges and other infrastructure as well as does foundation work. Operations are organized in geographic regions and the specialized product areas Local market, Infrastructure and heavy construction and Operation and maintenance.

Local market works with landscaping and pipelines, does foundation work and builds different kinds of facilities. Infrastructure and heavy construction builds roads, railroads, bridges, tunnels and ports. Operation and maintenance maintains federal and municipal road and street networks, tends parks and outdoor property as well as maintains water and wastewater networks.

Net sales and profit

October – December 2021

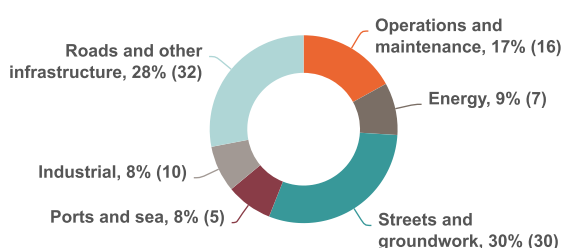
Net sales for the fourth quarter 2021 increased by 13 percent to SEK 4,062 million (3,600). The growth is primarily attributable to Local market in both Sweden and Norway. Operating profit increased to SEK 164 million (131) and the operating margin improved to 4.0 percent (3.6).

January- December 2021

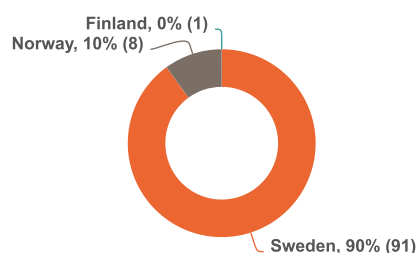
Net sales during 2021 increased by ten percent and amounted to SEK 14,180 million (12,843). Even after adjustments for acquired units net sales increased by ten percent.

Net sales

per product area, rolling 12 months

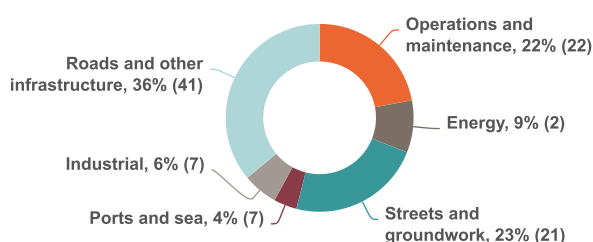


per geographic market, rolling 12 months

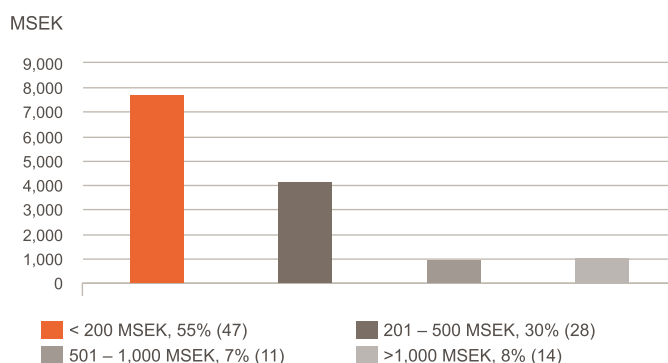


Order backlog, December 31, 2021

per product area



per project size



Key ratios

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales, MSEK	4,062	3,600	14,180	12,843
Operating profit, MSEK	164	131	471	391
Operating margin, %	4.0	3.6	3.3	3.0
Orders received, MSEK	3,016	2,724	14,819	12,752
Order backlog, MSEK	13,955	13,075	13,955	13,075
Average number of employees ¹⁾	3,634	3,625	3,634	3,625

¹⁾ Calculated on rolling 12 months

The increase in net sales is related to Local market and Operation and maintenance. Infrastructure and heavy construction had fewer major ongoing road projects during 2021 compared to 2020. Operating profit for 2021 was SEK 471 million (391) and the operating margin improved to 3.3 percent (3.0). Earnings have increased in all product areas during the year.

Orders received and order backlog

October – December 2021

The level of orders received increased during the fourth quarter 2021 and amounted to SEK 3,016 million (2,724).

January- December 2021

The level of orders received increased by 16 percent during the year to SEK 14,819 million (12,752). Order backlog on December 31, 2021 amounted to SEK 13,955 million (13,075).

Acquisition of HGT AS in Bergen

In July 2021 Peab signed a contract to acquire 90 percent of the shares in HGT AS. HGT is a general contractor in civil engineering and is domiciled in Bergen. In 2020 the company had net sales of NOK 150 million. Peab strengthens its business in civil engineering in Norway with the acquisition. After approval from competition authorities, the acquisition was completed on September 1, 2021.

Business area Industry

Business area Industry provides the products and services needed to carry out sustainable and cost-efficient construction and civil engineering projects on the Nordic market. With local roots our companies take on jobs big and small.

Industry offers everything from mineral aggregates, concrete, paving and temporary electricity to prefabricated concrete elements. Business area Industry also assists with crane and machine rental, distribution of binder to the concrete industry, transportation as well as recycles production waste and excavated soil. The business area is run in six product areas: Mineral Aggregates, Paving, Concrete, Transportation and Machines, Rentals and Construction System.

Net sales and profit

October – December 2021

Net sales for the fourth quarter 2021 increased by four percent and amounted to SEK 5,138 million (4,929). Net sales in Mineral Aggregates, Paving, Concrete and Construction System grew during the quarter while they contracted in Rentals and Transportation and Machines.

Operating profit was SEK 420 million (397) and the operating margin improved to 8.2 percent (8.1). Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020, which was when the season started. Depreciation on surplus values related to customer contracts in taken over order backlog and tangible assets have charged operating profit by SEK -21 million (-30).

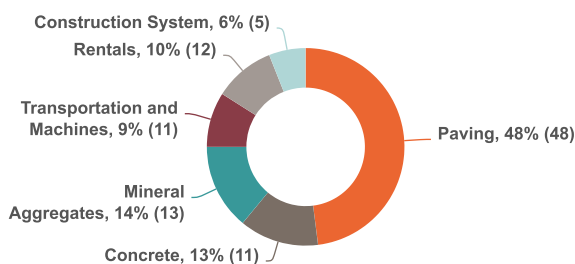
January – December 2021

Net sales for 2021 amounted to SEK 18,787 million (18,720). Adjusted for acquired operations net sales contracted by one percent compared to the last year. Net sales in Mineral Aggregates, Concrete and Construction System grew while it contracted in Rentals and Transportation and Machines. Paving had lower volumes during the year but as a result of higher prices for bitumen net sales were on the same level as last year.

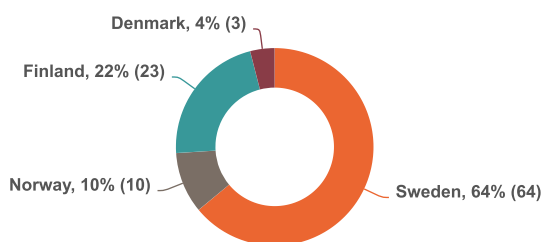
Operating profit amounted to SEK 938 million (1,105) and the operating margin was 5.0 percent (5.9). Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020. The acquired operations have a very clear seasonal pattern which means the first quarter carries considerable deficits since the season starts in the second quarter.

Net sales

per product area, rolling 12 months



per geographic market, rolling 12 months



If the acquisition had taken place on January 1, 2020 profit in the first quarter would have been affected by SEK -297 million. Depreciation on surplus values related to customer contracts in taken over order backlog and tangible assets have charged operating profit by SEK -80 million (-189). The comparable period also included acquisition costs and transfer tax of SEK -55 million. The beginning of 2021 with a long, cold winter has had a negative effect on profit in operations in business area Industry since the season started up later than last year.

Capital employed at the end of the year was SEK 9,266 million compared to SEK 8,822 million at the end of the last year. The increase is due to investments in machines and business combinations.

Orders received and order backlog

October – December 2021

The level of orders received during the fourth quarter 2021 amounted to SEK 2,255 million (2,816).

January- December 2021

The level of orders received during 2021 increased to SEK 10,568 million (9,893). The comparable period included orders received from the acquired paving and mineral aggregates operations as of April 1, 2020.

Order backlog on December 31, 2021 was SEK 3,886 million (3,921).

Acquisition of Frøseth AS in Trøndelag

Peab strengthened its operations in the Trøndelag area in central Norway through acquisition of Frøseth AS, which works with mineral aggregates, paving, transportation and recycling. Included in the acquisition were 40 employees, nine quarries, an asphalt plant and modern machines and equipment. In 2020 the acquired business had net sales of around NOK 104 million. After approval by the competition authority, the acquisition was finalized on July 1, 2021.

Key ratios

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales, MSEK	5,138	4,929	18,787	18,720
Operating profit, MSEK	420	397	938	1,105
Operating margin, %	8.2	8.1	5.0	5.9
Orders received, MSEK	2,255	2,816	10,568	9,893
Order backlog, MSEK	3,886	3,921	3,886	3,921
Capital employed at the end of the period, MSEK	9,266	8,822	9,266	8,822
Average number of employees ¹⁾	5,110	4,892	5,110	4,892
Concrete, thousands of m ³ ²⁾	385	352	1,379	1,372
Paving, thousands of tons ²⁾	2,047	2,498	7,431	8,396
Mineral Aggregates, thousands of tons ²⁾	8,290	9,490	31,762	32,229

¹⁾ Calculated on rolling 12 months

²⁾ Refers to sold volume



Bridge casting Highway 23
Huseby-Marklanda

Business area Project Development

Project Development, which comprises Housing Development and Property Development, creates sustainable and vibrant urban environments with residential, commercial and public property. 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 companies or in collaboration with other partners in joint ventures.

Housing Development develops all kinds of homes on the Nordic market such as apartment buildings in tenancy ownership, ownership and rental form as well as single homes. Property Development develops offices, premises and sometimes entire city boroughs in collaboration with municipalities and other partners. Operations are focused on the big city areas throughout the Nordic region.

Peab's primary ambition is to work with development projects on our own balance sheet. Collaboration with other partners via joint ventures may take place from time to time during a project. The goal is to create capital efficient developments with partners that boost the business and thereby profitability.

Net sales and profit

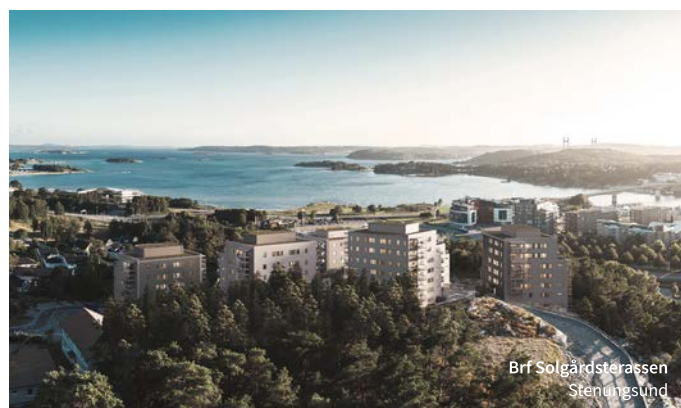
October – December 2021

Net sales for the fourth quarter 2021 increased by 73 percent and amounted to SEK 3,117 million (1,804). Operating profit was SEK 446 million (1,195). In 2020 operating profit included the effect of the distribution of Annehem Fastigheter by SEK 896 million.

January – December 2021

Net sales for 2021 increased by 27 percent and amounted to SEK 9,497 million (7,500). The increase is primarily attributable to Housing Development. Operating profit was SEK 1,237 million (1,669). Operating profit in 2020 included the effect of the distribution of Annehem Fastigheter by SEK 896 million. The operating margin was 13.0 percent (22.3). Excluding the effect of Annehem Fastigheter the operating margin in 2020 was 10.3 percent.

Capital employed in Project Development at the end of the year amounted to SEK 13,523 million (12,189). The increase is primarily due to investments in project and development property and an increase in the value of the shares in joint venture companies.



Capital employed

MSEK	Dec 31 2021	Dec 31 2020
Operations property	52	161
Investment property	36	112
Project and development property	10,628	9,060
<i>of which housing development rights</i>	6,629	4,819
<i>of which commercial development rights</i>	613	585
<i>of which unsold part of ongoing housing projects</i>	1,549	1,730
<i>of which ongoing rental projects in Sweden</i>	727	1,100
<i>of which ongoing commercial projects</i>	483	226
<i>of which completed property</i>	123	311
<i>of which other</i>	504	289
Participation in joint ventures	2,371	1,873
Loans to joint ventures	1,177	1,213
Working capital and other	-741	-230
Total	13,523	12,189
<i>of which Property Development</i>	4,265	3,766
<i>of which Housing Development</i>	9,258	8,423

Key ratios

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales, MSEK	3,117	1,804	9,497	7,500
<i>of which Property Development</i>	425	71	521	375
<i>of which Housing Development</i>	2,692	1,733	8,976	7,125
Operating profit, MSEK	446	1,195	1,237	1,669
<i>of which Property Development</i>	122	961	231	982
<i>of which Housing Development</i>	324	234	1,006	687
Operating margin, %	14.3	66.2	13.0	22.3
<i>of which Property Development</i>	28.7	1,353.5	44.3	261.9
<i>of which Housing Development</i>	12.0	13.5	11.2	9.6
Capital employed at the end of the period, MSEK	13,523	12,189	13,523	12,189
Orders received, MSEK	3,085	2,211	9,981	6,940
Order backlog, MSEK	6,555	5,151	6,555	5,151
Average number of employees ¹⁾	242	290	242	290

¹⁾ Calculated on rolling 12 months

Housing Development

October – December 2021

Net sales increased by 55 percent and amounted to SEK 2,692 million (1,733). An increase in the number of production-started housing projects and good sales of homes have had a positive effect during the quarter. Operating profit increased to SEK 324 million (234) and the operating margin was 12.0 percent (13.5).

The number of start-ups of our own developed homes during the fourth quarter amounted to 895 units (679) and are mainly located in Sweden and Finland. Of these production-starts 89 (41) have been converted from rental projects. There is a good geographic spread in production start-ups in both countries. The number of sold homes was 846 (664), most of which were in Sweden and Finland. During the fourth quarter production started on 288 homes (303) in rental projects on our own balance sheet in Sweden.

January – December 2021

Net sales increased by 26 percent to SEK 8,976 million (7,125) and the increase is related to Sweden and Finland. Operating profit increased and amounted to SEK 1,006 million (687) and the operating margin improved to 11.2 percent (9.6). The operating margin improved in all the countries compared to the last year.

The number of start-ups of our own developed homes amounted to 3,020 units (2,291), of which 426 (228) have been converted from rentals. There is a good geographic spread in production starts. The number of sold homes was 3,047 (2,682). During the year sales have been good in all three countries. Our own developed homes in production at the end of the year were 4,702 (4,014). The portion of sold homes in production was 76 percent (73). The number of repurchased homes per December 31, 2021 decreased during the year and was 144 (222) and most of them were in Sweden. During the year production started on 676 homes (502) in rental projects on our own balance sheet and 91 homes (4) were sold. The number of homes in rental projects in production was 922 (763) at the end of the year. Of these 638 have been sold to investors and will be recognized in revenue when they are turned over.

Own housing development construction

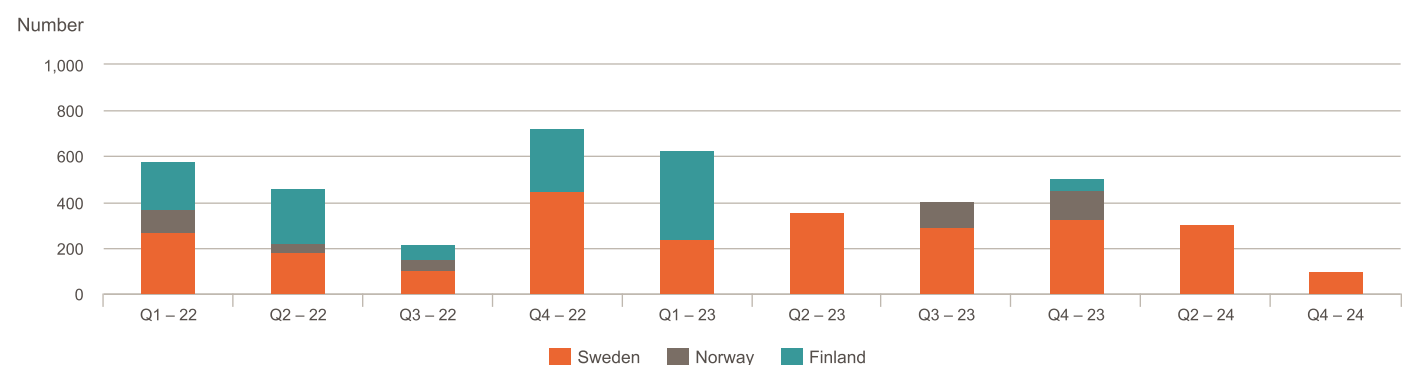
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Tenant-owner associations, ownership and residential limited companies				
Number of production-started homes during the period	895 ¹⁾	679 ¹⁾	3,020 ²⁾	2,291 ²⁾
Number of sold homes during the period	846	664	3,047	2,682
Total number of homes under production, at the end of the period	4,702	4,014	4,702	4,014
Portion of sold homes under production, at the end of the period	76%	73%	76%	73%
Number of repurchased homes on our balance sheet, at the end of the period	144	222	144	222
Rentals				
Number of production-started homes during the period	288	303	676	502
Number of sold homes during the period	–	4	91	4
Number converted to tenant-owner associations during the period	89	41	426	228
Total number of homes in production, at the end of the period	922	763	922 ³⁾	763

¹⁾ Includes 89 (41) homes that have been converted from rentals

²⁾ Includes 426 (228) homes that have been converted from rentals

³⁾ Of which 638, respectively 69 percent, are under contract to be sold upon completion

Time of completion of our own ongoing housing developments¹⁾

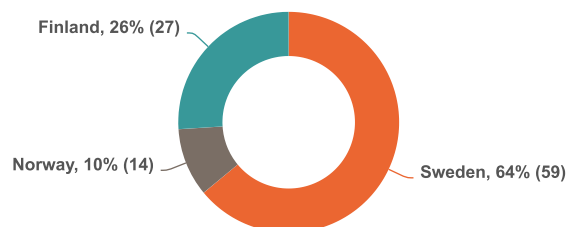


¹⁾ Refers to Swedish tenant-owner associations and single homes, Norwegian condominiums and share housing and Finnish residential limited companies

Capital employed increased at the end of the year and amounted to SEK 9,258 million (8,423). The increase is primarily due to investments in housing development rights. In December 2021 part of the property Stockholm Primus 1 on Lilla Essingen in Stockholm with development rights for over 40,000 m² GFA (gross area) and an underlying property value of SEK 1,167 million was acquired.

Net sales

per geographic market, rolling 12 months



Development rights for housing

Number, approx.	Dec 31 2021	Dec 31 2020
Development rights on our own balance sheet	19,500	18,900
Development rights via joint ventures	4,600	4,400
Development rights via options etc.	10,500	9,700
Total	34,600	33,000

Property development

Net sales and operating profit from operations are derived from acquisitions, development, running and managing wholly owned property, shares in profit/loss from partially owned companies as well as capital gains/losses from the divestiture of completed property and shares in partially owned companies.

October – December 2021

During the fourth quarter 2021 net sales increased to SEK 425 million (71) and operating profit was SEK 122 million (961). Last year the effect of the distribution of Annehem Fastigheter by SEK 896 million was included in operating profit. Capital gains from property sales amounted to SEK 151 million (8). During the quarter, among other things, an office building in Solna was sold to Annehem Fastigheter. Profit contributions from partially owned companies were lower in the fourth quarter compared to the corresponding quarter last year.

January – December 2021

During 2021 net sales increased to SEK 521 million (375) and operating profit was SEK 231 million (982). Last year the effect of the distribution of Annehem Fastigheter by SEK 896 million was included in operating profit. Capital gains from property sales amounted to SEK 218 million (51) which included, among other things, the divestment of office buildings in Helsingborg and Solna to Annehem Fastigheter. Profit contributions from partially owned companies have been somewhat lower compared to 2020. Some operations connected to travel and tourism have been negatively affected by the corona pandemic which lowered operating profit in Property Development by SEK -20 million (-64). The comparable period included SEK -44 million related to Ängelholm-Helsingborg Airport, of which SEK -20 million referred to the write-down of goodwill.

Capital employed in Property Development was SEK 4,265 million (3,766) at the end of the 2021. A large part of the capital employed was shares in partially owned companies and loans to partially owned companies.

Skiab Invest AB, half-owned by Peab and SkiStar, signed contracts in May 2021 for the acquisition of three lodges with a property value of SEK 737 million and development rights worth SEK 305 million from SkiStar. Peab and SkiStar have owned and managed three lodges in Swedish and Norwegian mountainside locations through various jointly owned companies. These have now been gathered together in the half-owned company Skiab Invest AB.

In addition, the company acquired three new lodges in Hemsedal in Norway, Lindvallen in Sälen and Hundfjället in Sälen and development rights for around 60,000 GFA in Sälen, Vemdalen, Åre and Duved. In conjunction with the transaction SkiStar signed new leases on both the newly acquired properties and the previously jointly owned properties. These are triple net leases that run between 12-25 years with an average longevity of 17 years. Revenue from the leases amounts to SEK 93 million. The contracts were pending approval of the divestiture and lease signing by a General Meeting in SkiStar as well as maintaining existing financing or arranging new financing latest by September 15th. After the above conditions were met, all the transactions were finalized per July 2021.

The table below presents the larger ongoing property projects per December 31, 2021. During the year Peab has signed a contract for the sale of the logistic facility in Almnäs, Södertälje to Annehem Fastigheter and the underlying value of the property is SEK 96 million. The building will be environmentally certified according to Miljöbyggnad, level Silver. The divestiture of the completed construction is planned for the second quarter of 2022.

During the year Peab decided to build the office building The Corner in Hyllie, Malmö. The building will have 7,100 m² flexible office space spread out over seven floors with co-working and a restaurant on the ground floor. The building will be environmentally certified according to Miljöbyggnad and WELL to guarantee the best possible conditions for both people and the environment. During the year Peab also decided to build the office building Gamlestaden Smedjan in Gothenburg. The location of the property provides excellent communications and is in one of Gothenburg's development areas. The building will contain in total rentable space of about 13,100 m² divided into eight floors. The property will be certified according to Breeam Excellent and to further contribute to sustainable development it will be equipped with solar panels in combination with an energy storing system in the building.

A contract was signed in December 2021 with Corem to acquire the mall Knallerian with four properties and a total area of 15,165 m² in the commercial area Knalleland in Borås for an underlying property value of SEK 110 million. The leasable space is close to 23,000 m² and currently has around 40 tenants. Peab will continue to run the mall parallel with developing the area. Takeover and payment took place on February 1, 2022.

Ongoing property projects

Type of project	Location	Rentable area in m ²	Degree rented, %	Recognized value, MSEK	Total investment at completion, MSEK	Timepoint of completion	Level of completion, %
Sports hall	Sundsvall	14,700	100	195	223	Q2-2022	88
Logistic facility	Södertälje	2,200	100	60	67	Q2-2022	90
Padel hall	Trollhättan	3,900	100	16	52	Q4-2022	31
Office building	Malmö	7,100	28	98	296	Q1-2023	33
Office building	Gothenburg	13,100	25	101	516	Q1-2024	20
Other ongoing projects				13			
Total				483			

Significant joint ventures

Peab's significant joint venture companies Fastighets AB Centur, Fastighets AB ML4, Point Hyllie Holding AB, Skiab Invest AB and Tornet Bostadsproduktion AB are developing well and via them Peab has built up considerable indirect holdings in investment property and development property for both commercial and residential purposes. Regular returns are in the form of shares in the profit from joint ventures recognized in operating profit and interest income on lending. Changes in market values that affect booked values in the joint venture companies are not included in Peab's accounts.

Fastighets AB Centur

Own, manage and develop commercial property and housing.

Peab's share: 50 percent

Partner: Balder

Location: Stockholm, the Mälardalen region, Gothenburg and the Öresund region

Recognized value on properties December 31, 2021 ¹⁾: SEK 7,497 million (7,103)

Peab's portion of unrecognized fair value exclusive tax ¹⁾: SEK 573 million (427)

Major ongoing projects: Gjuteriet Varvsstaden, Malmö, renovation of around 4,600 m² (tenant Oatly)

Fastighets AB ML4

Own and manage the research facility Max IV. The facility is rented to Lund University.

Peab's share: 50 percent

Partner: Wihlborgs

Location: Lund

Recognized value on properties December 31, 2021: SEK 1,991 million (1,956)

Major ongoing projects: No major ongoing projects

Point Hyllie Holding AB

Develop, own and manage the office property The Point as well as own and manage the hotel property Vårdshuset 5 (Operator Quality Hotel View).

Peab's share: 50 percent

Partner: Volito

Location: Hyllie, Malmö

Recognized value on properties December 31, 2021: SEK 1,385 million (1,356)

Major ongoing projects: No major ongoing projects

Skiab Invest AB

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

Peab's share: 50 percent

Partner: SkiStar

Location: Scandinavian mountains

Recognized value on properties December 31, 2021 ¹⁾: SEK 2,093 million (41)

Peab's portion of unrecognized fair value exclusive tax ¹⁾: SEK 16 million (-)

Major ongoing projects: Sadelbyn 7 with 42 tenant-owner apartments in Åre, Concept Store with 2,500 m² in Lindvallen, Sälen which is rented out to Skistar.

Tornet Bostadsproduktion AB

Develop, own and manage attractive and environmentally friendly rentals in larger cities in Sweden.

Peab's share: 33 percent

Partner: Folksam and Balder

Location: Stockholm, the Mälardalen region, Gothenburg and the Öresund region

Recognized value on properties December 31, 2021 ¹⁾: SEK 5,649 million (5,019)

Peab's portion of unrecognized fair value exclusive tax ¹⁾: SEK 417 million (357)

Major ongoing projects: LP Parken, Gothenburg 15,000 m² rentable area, Tallbohov, Järfälla 10,500 m² rentable area and other apartment building projects in Helsingborg, Lund and Umeå

¹⁾ Valued at market price in joint venture companies. The market prices on properties that affect the recognized values in the joint venture companies are not included in Peab's accounts.

Construction market

Sweden

The financial situation in Sweden continued to develop positively during the end of 2021, although material shortages, the continued spread of COVID-19 and rising inflation held back development and contributed to uncertainty. According to current forecasts the GNP will have grown by about 4.4 percent in 2021. This upturn is expected to be followed by weaker growth in 2022. Consumption as well as investments are driving the economy where higher employment and a continued zero interest rate provide a good platform. Total building construction investments in 2021 rose on a broad front with the exception of horizontal development in public building construction. This is expected to level off in 2022 since both housing investments and other building construction are expected to remain on the same level as in 2021. The ongoing uncertainty concerning the supply of cement can create a bumpy market. Civil engineering investments are expected to suffer a slight downturn in 2022 after having grown at a good rate in 2021.

Norway

The Norwegian economy continued to recover in the latter part of 2021. The forecast for its GNP was adjusted in a positive direction and the strong financial growth will probably continue in 2022, since even the unemployment rate is expected to decrease. Consumption is driving growth, particularly in 2022 when household consumption is expected to accelerate. It appears the total volume of building construction investments will decline in 2022 after a broad upturn in 2021. The exception is new construction of apartment buildings where development was negative last year. All in all housing investments are expected to rise in 2022 while other building construction is expected to decline. The need for civil engineering investments continues to be strong and they grew in 2021. In 2022, however, civil engineering investments are expected to show significant growth.

Finland

A quick recovery in employment, which stimulates household consumption, together with the upturn in investments was behind the growth in the Finnish economy in 2021, and this is expected to drive growth in 2022. The GNP forecast was adjusted in a positive direction and now indicates an increase by about 3.5 percent for last year and 3.0 percent for 2022. The increase in total building construction in 2021 was considerable due to industrial investments and growing housing construction. However, a downturn in 2022 may be on the horizon since both housing investments and other building construction is expected to contract. As in 2021 the forecast for 2022 indicates horizontal development in civil engineering construction.

Housing

	2021	2022	2023
Sweden	↗	→	↗
Norway	↘	↗	↘
Finland	↕	↘	→

Forecast for production-started housing investments, new production and renovations

Source: Navet Analytics

Other building construction

	2021	2022	2023
Sweden	↗	→	→
Norway	↗	↘	→
Finland	↕	↘	→

Forecast for production-started other building construction investments, new production and renovations (Industry, office/retail etc. and public premises)

Source: Navet Analytics

Civil engineering

	2021	2022	2023
Sweden	↗	↘	-
Norway	↗	↕	-
Finland	↕	→	-

Forecast for civil engineering investments

Source: Navet Analytics

- ↘ Worse forecast compared to the previous quarterly report
- ↕ Better forecast compared to the previous quarterly report
- Same forecast compared to the previous quarterly report



Non-financial targets and sustainability

For more than 60 years Peab has contributed to sustainable social development and worked to improve everyday life for people in the local community. We do this by building everything from homes, schools and hospitals to bridges, roads and other infrastructure. Working sustainably is a strategic matter for Peab that in practice always takes place locally, connected to everyday life based on our core values, business concept, mission, strategic targets and Code of Conduct.

As of 2021 we monitor our business based on nine external targets – both financial and non-financial targets – that also identify our prioritized sustainable aspects (Best workplace and Leader in social responsibility). We monitor our targets quarterly, semiannually or annually. In connection with the year-end report we present the outcome of all nine targets.

Most satisfied customers

It is imperative for a long-term, sustainable relationship that Peab deliver on its obligations. A satisfied customer is a customer that comes back and is fundamental to our marketing. This is why our annual customer survey is a measure of how well we are meeting our customers' expectations while also indicating where there is room for improvement. This year's Satisfied Customer Index (SCI) added up to 81 (80), which is a continued good result and higher than our target of 75. Customers' perception of Peab as priceworthy has developed in a particularly positive direction and regarding our business areas Project Development is notable for its strong development.

Best workplace

Serious accidents

A safe work environment is the foundation of our business. Everyone at our workplaces should be able to be there under safe and secure conditions, despite the fact that there are risks involved in the work we do. Part of our work environment preventative work is to continue training our employees with a focus on planning and risk assessment in projects as well as learning from the reported risk observations, incidents and accidents. Peab employs a high portion of our own skilled workers compared to other actors in the construction and civil engineering industry, in addition to our many subcontractors. At the end of December 2021 Peab had 14,895 employees, of which 8,016 were skilled workers.

Our target of a continuously contracting trend of serious accidents comprises both our own employees and everyone at our workplaces. The number of serious accidents* at our workplaces decreased and amounted to 28 per December 31, 2021 (39 per December 31, 2020), of which 10 involved our own personnel and 18 involved subcontractors. During the period October to December 2021 the total number of serious accidents was 5. As of 2021 we also monitor the number of workplace accidents with more than four days absence, excluding the day of injury (LT14), and workplace accidents according to the same definition per one million hours worked (LTIF4) for our own employees. In the fourth quarter the number amounted to 53 (36 third quarter 2021) and the LTIF4 frequency rate was 6.3 (6.6 after the third quarter 2021).

Every remedied risk is one less potential accident, which is why we are highly focused on reporting and remedying risk observations*. During the fourth quarter 2021 the organization reported 13,300 risk observations, which brought the total number of reported risk observations for 2021 to 62,100.

During 2022 we will continue to strive for a contracting trend in serious accidents and incidents, above all by thorough investigations and taking measures to keep similar accidents from happening again. To achieve our target of a contracting trend in 2022 the number of serious accidents must be under 28.

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

Attractive employers (eNPS)

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

Participation in the autumn survey was 84 percent in the Group, accompanied by many suggestions for improvement. This shows the great interest our employees have in contributing to developing their teams and our business.

Within the strategic target Best workplace the eNPS (recommend Peab) value should be above the benchmark for the industry (industry and manufacturing). The eNPS value for the Group rose in the autumn survey by five points compared to the previous evaluation and was 24 compared to 19 in the spring survey. This is clearly above the Nordic benchmark which is 15 compared to 10 in the previous evaluation. The increase is primarily in Swedish operations while the value in Norway dipped slightly from a high level. The eNPS value rose particularly for female employees but was also slightly higher for skilled workers.

Leader in social responsibility

Climate target for carbon dioxide intensity

In recent years Peab's climate and environmental work has increased in scope and we have honed our targets and metrics. As the Nordic Community Builder we have a big responsibility for reducing the considerable climate impact of the construction and civil engineering industry at the rate required by the Paris Agreement.

Peab's operations primarily cause emissions through production of the material we use, the use of the products we deliver – such as buildings – and the use of fossil fuel in our machines and vehicles. We are working on a number of initiatives to improve the climate that reduce emissions and get us closer to our climate targets. We have an advantage in that we can supply our construction contract businesses and the projects we develop ourselves with input goods and raw material through business area Industry, which augments our ability to aim for lower carbon emissions.

In 2045 Peab will be climate neutral. Our targets by 2030 are to reduce carbon dioxide intensity by 60 percent in our own operations (Scope 1 and 2) and for input goods and purchased services (Scope 3) by at least 50 percent compared to base year 2015. The outcome for 2021 reveals that carbon dioxide intensity is developing in the right direction although to different degrees. Carbon dioxide intensity in our own production has gone down by 40 percent compared to base year 2015 and by three percent for input goods and purchased services. This means that we are well on the road to converting the production we ourselves have control over but the greater challenge is when we are dependent on other parties for a reduction in our carbon footprint. It is therefore vital that we continue to make explicit and stringent demands as well as point out choices that are better for the climate in order to reduce emissions.

Equal opportunity

Only five percent of those that apply to Peab for relevant, practical training are women. This means that the construction and civil engineering industry has a major role to play in taking advantage of all the competence society has to offer. As one of the largest Nordic community builders we want to challenge ourselves and thereby nudge the entire industry forward. Our target initially is therefore to strive for the percentage of women recruited to Peab for our core skills to always be higher than the percentage of women who have graduated with, for us, relevant degrees on the education markets. We are focused on core skills in production (skilled workers) as well as in production management and production support (white-collar workers). At the end of 2021 the percentage of women in new recruitments was 6.8 percent in production and processing compared to our target of 5.0 percent and 34.9 percent in production management and production support whereas our target was 28.5 percent. Our target for 2022 regarding equal opportunity in production and processing will continue to surpass 5.0 percent while our target for production management and production support has been raised to surpass 30.0 percent.

Activities during the fourth quarter


- Peab and SSAB entered into a new partnership that ensures Peab's future access to fossil free steel. In short the partnership means that as of 2026 Peab will have access to the fossil free steel that SSAB is in the process of developing in its HYBRIT initiative, the world's first fossil free steel making technology. Up to 2026 the companies will together also analyze various ways to help the construction industry reduce its climate footprint.
- Together with Volvo Trucks Peab's subsidiary Swerock has produced an electric truck for transporting rental lifts. The model is the first mass-produced FE Electric Truck in Sweden. With zero emissions and lower noise levels this electric truck will primarily transport electric rental lifts to customers within environment zone 1 in Gothenburg's inner city.
- As of November 1, assignments concerning the environment in Swedish operations will be delegated according to a new procedure and with new education requirements. The purpose of this is to ensure that important assignments do not fall through the cracks and that we follow valid laws and other demands as well as achieve our targets. The procedure will also ensure that whoever is given an assignment will have the right conditions to perform it, such as the right knowledge and resources.
- At the end of October Peab made extra checks on workplaces focused on good ergonomics that reduce the risk of injuries and illness. The initiative was in connection with the European Week for Safety and Health at Work and the Byggnads union's annual work environment week.
- In order to provide customers, employees and other stakeholders with a reliable offer which clearly shows that Peab's core values, Code of Conduct and other agreed upon ways of working, along with laws and regulations, apply to the entire Group we formed the new Group function Corporate governance and regulation compliance. The function deals with matters regarding corporate governance, security and ethics, i.e. managing cases of various violations, education in ethics and anti-corruption, risk analyses and measures to counteract corruption. The new function will even handle steering and regulation compliance from a Nordic perspective to ensure that we achieve our strategic targets.
- The annual work environment evaluation was carried out in the fourth quarter. Questions are categorized into three areas: working hours, workload and equal opportunity. The result is the basis for developing and improving the situation for all our employees. This year's work environment evaluation showed a stable Group result with the highest rating going to equal opportunity, informing that almost all employees feel the workplace is free from discrimination and victimization.
- Peab won a land allocation competition in Stockholm with a clear focus on social sustainability. Peab Bostad is going to develop some hundred new tenant-owner apartments in Vårberg within the framework of Peab Life and – together with White arkitekter and the city of Stockholm's city development project Focus Skärholmen – contribute to higher employment of youths and young adults in the area. Peab will be offering trainee positions and mentorship.
- Peab's subsidiary Lambertsson launched its platform Lambertsson Control which is a system for monitoring, measuring and steering the operating environment on construction sites. The tools give customers control over their operating environment, reduce climate impact and ensure sustainable profitability.
- At the end of November Swerock's new concrete factory in Malmö surpassed 100,000 m³ produced and delivered concrete of which 33 percent is ECO-Betong.
- In connection with rebuilding Highway 23 between Husby and Marklanda, together with the Swedish Transport Administration Peab will replace cement with up to 50 percent slag. This means just about halving carbon emissions. According to the standard the permitted amount of slag in concrete mix is currently around 30 percent but in this pioneering project the Swedish Transport Administration has deviated from the standard.
- Peab's subsidiary Byggelement has begun to manufacture the main products in its ECO-Prefab range with an even higher percentage of alternative binder which reduces carbon emissions by up to 50 percent. The binder used is Merit from sister company Swecem's facility in Oxelösund.



Summary external targets

In order to further promote value creation we have updated everything from our mission, business concept and strategic target areas to internal and external financial and non-financial targets. As of 2021 Peab externally reports the performance of our business by monitoring nine targets, of which three are financial and based on segment reporting and six are non-financial targets. We consider the external targets particularly important and they are a subset of our internal targets and action plans.

Both the internal and external financial and non-financial targets are categorized under the strategic targets; Most satisfied customers, Best workplace, Most profitable company as well as the new, fourth strategic target, Leader in social responsibility. All targets relate to the industry. For a more detailed description of each target please see www.peab.com/targets.



Most satisfied customers

We will be a complete community builder that offers total solutions. We create value for our customers through expert and engaged employees.

>75
SCI always over 75




Best workplace

We will be the obvious choice for anyone who wants to work in the industry. Everyone will be part of safe and including workplaces with good work conditions and opportunities to develop at Peab.

eNPS
always over benchmark

ZERO VISION
serious accidents
Through a contracting trend




Most profitable company

With our engaged employees we ensure productivity and quality. Through our local presence, and the advantage of our size and mix of operations, we will become the most profitable company.

>6%
Operating margin

0.3–0.7
Net debt/equity ratio

>50 % of profit for the year
Dividend



Leader in social responsibility

As the Nordic Community Builder with a local presence we take responsibility through innovations and making demands concerning the climate and environment, order and correctness in the industry and equal opportunity. Active social engagement in the community and focus on young people's education are part of our fundamental values.

-60%
Carbon dioxide intensity
Reduction of emissions from our own production by 2030 (Scope 1+2).

-50%
Carbon dioxide intensity
Reduction of emissions from input goods and purchased services by 2030 (Scope 3).

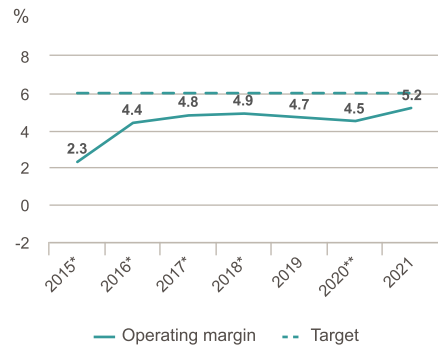
EQUAL OPPORTUNITY RECRUITMENT
Share of women recruited always over the education market

Target and target fulfilment

Most profitable company

Operating margin

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

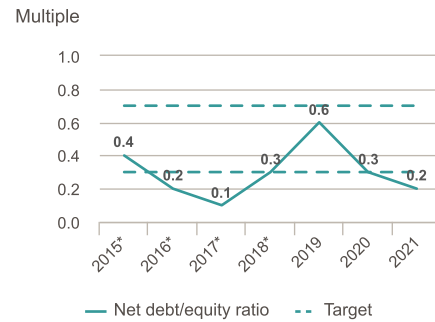


* Years 2015-2018 not translated according to changed accounting principles for own housing development projects. ** Operating margin excluding the effect of the distribution of Annhem Fastigheter (SEK 952 million)

Most profitable company

Net debt/equity ratio

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

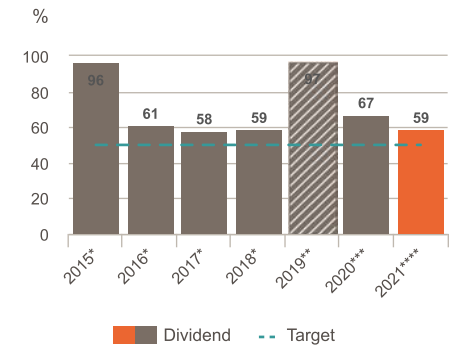


* Years 2015-2018 not translated according to changed accounting principles for own housing development projects.

Most profitable company

Dividend

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

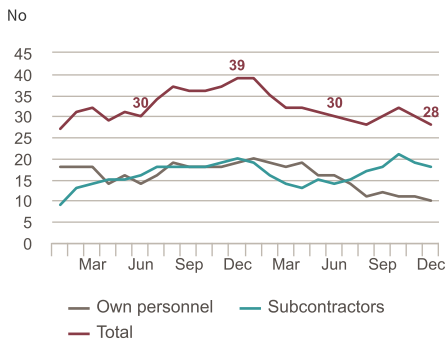


* Years 2015-2018 not translated according to changed accounting principles. ** For 2019, no cash dividend has been paid. The value of the distribution of Annhem Fastigheter at the time of the distribution in December 2020 amounted to 97 percent of the profit for the year 2019. *** The proportion is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

Best workplace

Serious accidents

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

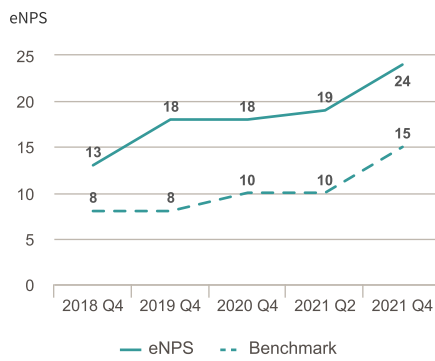


Refers to the period January 2020 – December 2021

Best workplace

eNPS

Target: > over benchmark (reported semiannually)



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

Most satisfied customers

Satisfied customer index (SCI)

Target: > 75 (reported annually)

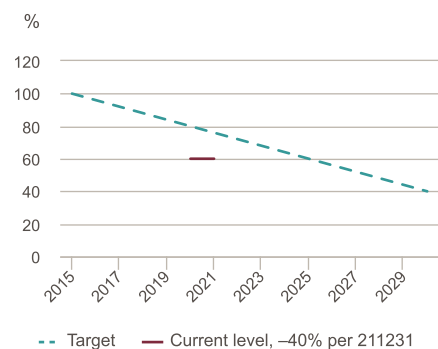


SCI stands for Satisfied Customer Index and measures how satisfied Peab's customers are. SCI is a weighted measurement between 0 and 100.

Leader in social responsibility

Carbon dioxide intensity: Climate targets for our own production

Target: Reduced emissions of GHG Scope 1+2* (tons CO₂e/MSEK) by 60% (reported annually)

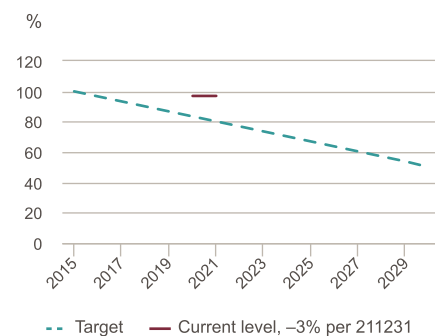


* Direct and indirect emissions as a result of using fuel and energy in our own production.

Leader in social responsibility

Carbon dioxide intensity: Climate targets for input goods and purchased services

Target: Reduced emissions of GHG Scope 3* (tons CO₂e/MSEK) by 50% (reported annually)

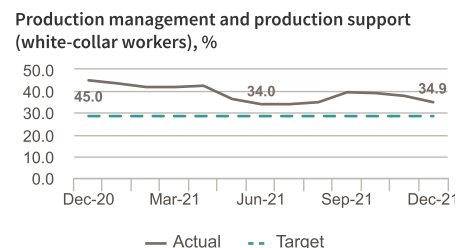


* Includes concrete/cement, asphalt/bitumen, transportation and machine services, steel, waste and business trips.

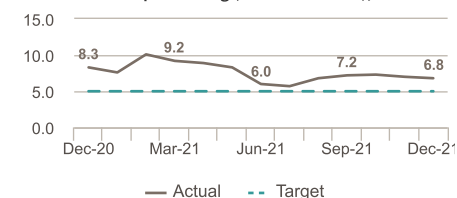
Leader in social responsibility

Equal opportunity recruitment

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



Production and processing (skilled workers), %



Risks and uncertainty factors

Peab's business is exposed both to operative and financial risks as well as compliance risks and external and market risks. How much risks affect Peab's profits and position depends on how well the company handles daily operations. External and market risks are events that are out of Peab's control but which affect the business environment. These are, for example, developments in the economy, customer behavior, climate impact and political decisions.

Managing operative risks is a continuous process considering the large number of projects the Group is always starting up, carrying out and completing. Operative risks are managed in the line organization in the business areas through established procedures, processes and control systems. Peab's business is largely project-related. There are a number of different contract forms where risk levels vary depending on the type of contract. However, with any type of contract ambiguities can arise concerning the terms, which can lead to delimitation issues that create a dispute with the customer.

Financial risks are primarily associated with the company's need for capital, tied up capital and access to financing. Financial risks are managed on Group level. For further information about risks and uncertainty factors, see the Annual and Sustainability Report 2020.

In the beginning of 2020 the coronavirus spread over a large part of the world. Governments and central banks have implemented different forms of crisis packages to reduce the negative financial effects. The effects of the coronavirus on Peab's operations have been limited but we continue to follow developments closely so that we can assess any further effects. For more information see the section Coronavirus under Important events during the period.

On July 6, 2021 the Supreme Land and Environment Court dismissed Cementa's application for a renewed permit to quarry limestone in Slite on Gotland. Stopping Cementa's limestone mining in Slite will lead to a shortage of cement, which can have considerable consequences for the whole country. Taking into consideration a serious situation that can have a very negative impact on the building of homes and infrastructure, as well as lead to widespread redundancies, a temporary law has been passed regarding the government's review of limestone quarries in exceptional cases. Thereafter the government granted Cementa a time-limited license until December 31, 2022 to mine the volumes that at the time of Cementa's license application were permitted according to a valid license but which had not been mined due to the time limit of the license. In addition to this, Cementa is expected to receive limestone deliveries from Nordkalk for its cement production during the period the time-limited permit is in force. However, the government's decision has been appealed to the Supreme Administrative Court. If the Supreme Administrative Court invokes an inhibition during the trial process quarry operation at Slite site would be stopped until the matter is decided. Cementa has also started a process for a shorter permit of three to four years but it is unclear when a decision on this matter will be announced.

A shortage of cement may still occur depending on what happens going forward. A substantial shortage of cement would impact the entire construction and civil engineering market in Sweden. As a significant actor Peab would therefore also be affected by the situation. Peab has already begun working with our own alternative binder and certain degree of cement importation.



Varv Bridge
Helsingborg

Other information

Important events during the period

Coronavirus

After around a year and a half when the corona pandemic had the world in its clutches the Nordic countries could once again open up during the autumn. As the majority of Nordic populations have been vaccinated people could once again go about their daily lives much as they did before the pandemic. However, at the end of 2021 the virus spread again and the Nordic countries reinstated restrictions on traveling and meetings.

The effects of the coronavirus on Peab's operations have been limited but naturally we continue to follow developments in the pandemic so that we can closely assess any further possible effects. Peab will also continue to base our measures on The Public Health Agency of Sweden's guidelines and instructions as well as those that correspond in the other countries we work in.

Meanwhile the pandemic has shown us what a strength it is for Peab to be the local company with the big group resources. Peab has four business areas; Construction, Civil Engineering, Industry and Project Development that collaborate locally and a large part of input goods and personnel are our own. This gives us good control over the construction process and makes us therefore less vulnerable to production disruptions.

The AGM's election of Board members

In accordance with the proposal of the Nomination Committee the AGM decided the Board would contract from nine to eight ordinary members elected by the AGM. The AGM reelected Karl-Axel Granlund, Liselott Kilaas, Kerstin Lindell, Fredrik Paulsson, Malin Persson, Lars Sköld and Anders Runevad and elected Magdalena Gerger as a new Board member. Anders Runevad was elected the new Chairman of the Board. The previous Chairman of the Board Göran Grosskopf and Board member Mats Paulsson declined reelection and therefore left the Board.

Peab has issued green bonds for SEK 1,500 million

On August 30, 2021 Peab issued bonds for a total value of SEK 1,500 million. The issue is allocated as follows: SEK 1,000 million with a maturity of 3 years with a variable interest rate of 3 months Stibor (the Stockholm Interbank Offered Rate) plus 1.05 percentage points and SEK 500 million with a maturity of 5 years with a variable interest rate of 3 months Stibor plus 1.30 percentage points.

Funds from the 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. The green bonds were issued within the framework of Peab's Swedish MTN program and the newly instituted framework for green financing. The framework has been audited by the independent company CICERO Shades of Green which has classified it at level "medium green".

Payment regarding Group sickness insurance (AGS)

Afa Insurance decided to pay out consolidation funds in AGS insurance in 2021. The payments are based on previous repayment of AGS premiums for the years 2004-2008. The payments were made during October-November and entailed a positive effect on Peab's operating profit in the fourth quarter 2021 of SEK 179 million. This amount was recognized in the Group under Group functions.

Important events after the period

No significant events occurred after the end of the reporting period.

Holdings of own shares

At the beginning of 2021 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. No changes have taken place during 2021.

Related parties

The character and extent of transactions with related parties is presented in the Annual and Sustainable Report 2020, note 41. For more information about transactions with related parties during the period see business area Project Development, section Property Development. No other new significant transactions have occurred during 2021.

Proposed dividend

The Board has proposed a dividend of SEK 5.00 (4.50) per share for 2021. Excluding the 1,086,984 shares owned by Peab AB per February 3, 2022, which are not entitled to dividends, the proposed dividend is equivalent to a total dividend distribution of SEK 1,475 million (1,327). Calculated as a share of the Group's reported profit for the year after tax according to segment reporting, the proposed dividend amounts to 59 percent (66). The proposed dividend is equivalent to a direct return of 4.7 percent based on the closing price on February 3, 2022.

Annual General Meeting

The AGM of Peab will be held on May 5, 2022. The form of the AGM will be decided by the Board at the latest in connection with the notice to attend the AGM.

Nomination Committee

According to the AGM's decision in 2021 Peab's Nomination Committee consists of a representative for each of the three shareholders holding the largest number of votes according to the share register per September 30 as well as the Chairman of the Board. The three shareholders holding the largest number of votes according to the share register per September 30 were: Ekhaga Utveckling which has appointed Anders Sundström, AB Axel Granlund which has appointed Ulf Liljedahl and Mats Paulsson with family which has also appointed Anders Sundström. Anders Runevad is a member of Peab's Nomination Committee in his role as Chairman of the Board of Peab. The Nomination Committee has appointed Ulf Liljedahl as Chairman of the Nomination Committee.



Report on the Group income statement, IFRS

Group net sales according to IFRS decreased by two percent during 2021 and amounted to SEK 58,923 million (59,852). Even adjusted for acquired and divested units net sales decreased by two percent. The adjustment of our own housing development projects to the completion method affected net sales by SEK -1,103 million (2,491). During the year more homes have been production started than completed. In the comparable period more homes were completed than production started.

Operating profit according to IFRS for 2021 amounted to SEK 2,975 million (3,922). Last year included the effect of the distribution of Annehem Fastigheter by SEK 952 million. The operating margin was 5.0 percent (6.6). The adjustment of our own housing development projects to the completion method affected operating profit by SEK -152 million (331). Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020. The acquired operations have a very clear seasonal pattern which means the first quarter carries considerable deficits since the season starts in the second quarter. If the acquisition had taken place on January 1, 2020 operating profit in the first quarter would have been affected by SEK -297 million. Other operating income for 2021 includes the repayment of AGS premiums of SEK 179 million.

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	17,504	15,989	58,923	59,852
Production costs	-15,495	-14,159	-53,022	-53,711
Gross profit	2,009	1,830	5,901	6,141
Sales and administrative expenses	-923	-914	-3,300	-3,359
Distribution of Annehem Fastigheter	-	952	-	952
Other operating income	235	84	391	229
Other operating costs	-12	-10	-17	-41
Operating profit	1,309	1,942	2,975	3,922
Financial income	20	23	94	96
Financial expenses	-38	-55	-167	-273
Net finance	-18	-32	-73	-177
Pre-tax profit	1,291	1,910	2,902	3,745
Tax	-170	-181	-525	-564
Profit for the period	1,121	1,729	2,377	3,181
Profit for the period, attributable to:				
Shareholders in parent company	1,121	1,730	2,377	3,182
Non-controlling interests	0	-1	0	-1
Profit for the period	1,121	1,729	2,377	3,181
Key ratios, IFRS				
Earnings per share before and after dilution, SEK	3.80	5.87	8.06	10.79
Average number of outstanding shares, million	295.0	295.0	295.0	295.0
Return on capital employed, %			11.5	15.0
Return on equity, %			18.9	26.0

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

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Profit for the period	1,121	1,729	2,377	3,181
Other comprehensive income				
Items that can be reclassified or have been reclassified to profit for the period				
Translation differences for the period from translation of foreign operations	60	-71	184	-194
Changes in fair value of cash flow hedges for the period	1	2	6	5
Tax referring to items that can be reclassified or have been reclassified to profit for the period	0	-4	-1	-21
Other comprehensive income for the period	61	-73	189	-210
Total comprehensive income for the period	1,182	1,656	2,566	2,971
Total comprehensive income for the period, attributable to:				
Shareholders in parent company	1,182	1,657	2,566	2,972
Non-controlling interests	0	-1	0	-1
Total comprehensive income for the period	1,182	1,656	2,566	2,971

Report on financial position for the Group in summary, IFRS

Total assets on December 31, 2021 was SEK 47,170 million (42,164). Equity amounted to SEK 13,682 million (12,443), which generated an equity/assets ratio of 29.0 per cent (29.5). During 2021, a dividend of SEK 1,327 million (-) was paid to shareholders.

MSEK	Dec 31 2021	Dec 31 2020
Assets		
Intangible assets	3,769	3,679
Tangible assets	7,674	7,571
Investment property	55	130
Interest-bearing long-term receivables	1,208	1,257
Other financial fixed assets	2,491	2,016
Deferred tax recoverables	174	164
Total fixed assets	15,371	14,817
Project and development properties	16,258	14,074
Inventories	1,318	1,269
Interest-bearing current receivables	342	85
Other current receivables	10,930	10,951
Liquid funds	2,951	968
Total current assets	31,799	27,347
Total assets	47,170	42,164
Equity and liabilities		
Equity	13,682	12,443
Liabilities		
Interest-bearing long-term liabilities	5,281	4,289
Interest-bearing long-term liabilities, project financing	346	75
Deferred tax liabilities	321	183
Other long-term liabilities	1,585	1,569
Total long-term liabilities	7,533	6,116
Interest-bearing current liabilities	2,386	2,647
Interest-bearing current liabilities, project financing	7,003	4,981
Other current liabilities	16,566	15,977
Total current liabilities	25,955	23,605
Total liabilities	33,488	29,721
Total equity and liabilities	47,170	42,164
Key ratios, IFRS		
Capital employed	28,698	24,435
Equity/assets ratio, %	29.0	29.5
Net debt	10,515	9,682
Equity per share, SEK	46.38	42.18
Number of outstanding shares at the end of the period, million	295.0	295.0

Report on changes in Group equity in summary, IFRS

MSEK	Dec 31 2021	Dec 31 2020
Equity attributable to shareholders in parent company		
Opening equity on January 1	12,442	11,557
Profit for the period	2,377	3,182
Other comprehensive income for the period	189	-210
Total comprehensive income for the period	2,566	2,972
Cash dividend	-1,327	-
Distribution of Annehem Fastigheter	-	-2,065
Distribution expenses	-	-22
Closing equity	13,681	12,442
Non-controlling interests		
Opening equity on January 1	1	2
Comprehensive income for the period	0	-1
Closing equity	1	1
Total closing equity	13,682	12,443

Report on Group cash flow in summary, IFRS

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Cash flow from current operations before changes in working capital	1,774	1,406	4,093	4,587
Increase (-) / Decrease (+) of project and development properties	-1,012	722	-1,718	2,243
Increase (-) / Decrease (+) of inventories	68	6	13	-108
Increase (-) / Decrease (+) of current receivables / current liabilities	776	-13	430	971
Cash flow from changes in working capital	-168	715	-1,275	3,106
Cash flow from current operations	1,606	2,121	2,818	7,693
Acquisition of subsidiaries / businesses, net effect on liquid funds	-1	-	-202	-2,384
Redemption of loan to seller upon acquisition of business	-	-	-	-746
Sale of subsidiaries / businesses, net effect on liquid funds	-	-	-	20
Acquisition of fixed assets	-618	-325	-2,968	-1,299
Sale of fixed assets	632	162	1,404	469
Cash flow from investment operations	13	-163	-1,766	-3,940
Cash flow before financing	1,619	1,958	1,052	3,753
Increase (+) / Decrease (-) of interest-bearing liabilities	-425	-1,690	10	-249
Increase (+) / Decrease (-) of interest-bearing liabilities, project financing	953	-615	2,224	-2,775
Distribution Annehem Fastigheter ¹⁾	-	-55	-	-55
Distribution expenses	-	-28	-	-28
Cash dividend	-	-	-1,327	-
Cash flow from financing operations	528	-2,388	907	-3,107
Cash flow for the period	2,147	-430	1,959	646
Cash at the beginning of the period	801	1,408	968	373
Exchange rate differences in cash	3	-10	24	-51
Cash at the end of the period	2,951	968	2,951	968

¹⁾ Refers to liquid funds in distributed operations

Parent company

The parent company Peab AB's net sales for 2021 amounted to SEK 293 million (346) and mainly consisted of internal Group services. Profit for the year amounted to SEK 1,243 million (1,304).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,728 million (12,109). The assets have been financed from equity of SEK 8,254 million (8,338) and long-term liabilities to Group companies amounting to SEK 2,281 million (2,697). During 2021, a dividend of SEK 1,327 million (-) was paid to shareholders.

The parent company is indirectly affected by the risks described in the section Risks and Uncertainty Factors.

Report on the parent company income statement in summary

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	83	89	293	346
Administrative expenses	-137	-155	-425	-545
Other operating income	0	0	1	0
Operating profit	-54	-66	-131	-199
Result from financial investments				
Profit from participation in Group companies	-	-1	63	499
Other financial items	-13	-15	-48	-57
Result after financial items	-67	-82	-116	243
Appropriations	1,638	1,266	1,638	1,266
Pre-tax profit	1,571	1,184	1,522	1,509
Tax	-302	-242	-279	-205
Profit for the period ¹⁾	1,269	942	1,243	1,304

¹⁾ Profit/loss for the period corresponds to comprehensive profit/loss for the period and therefore only one income statement is presented without a separate one for comprehensive profit/loss

Report on financial position for the parent company in summary

MSEK	Dec 31 2021	Dec 31 2020
Assets		
Fixed assets		
Intangible assets	4	43
Tangible assets	1	1
Financial assets		
Participation in Group companies	11,728	12,109
Deferred tax recoverables	140	125
Total financial assets	11,868	12,234
Total fixed assets	11,873	12,278
Current assets		
Current receivables		
Receivables from Group companies	2,271	1,655
Current tax assets	12	86
Other receivables	2	30
Prepaid expenses and accrued income	9	10
Total current receivables	2,294	1,781
Cash and bank	0	0
Total current assets	2,294	1,781
Total assets	14,167	14,059
Equity and liabilities		
Equity		
Restricted equity	1,884	1,898
Non-restricted equity	6,370	6,440
Total equity	8,254	8,338
Untaxed reserves	3,190	2,724
Provisions		
Other provisions	45	43
Total provisions	45	43
Long-term liabilities		
Liabilities to Group companies	2,281	2,697
Total long-term liabilities	2,281	2,697
Current liabilities		
Accounts payable	20	36
Liabilities to Group companies	269	129
Other liabilities	9	8
Accrued expenses and deferred income	99	84
Total current liabilities	397	257
Total liabilities	2,678	2,954
Total equity and liabilities	14,167	14,059

Note 1 – Accounting principles

The quarterly report has been prepared according to the IFRS standards that have been adopted by EU as well as the interpretations of the valid standards adopted by EU, IFRICs. This report for the Group has been prepared according to IAS 34, Interim financial reporting as well as applicable regulations in the Annual Accounts Act. The parent company quarterly report has been prepared according to chapter 9 in the Annual Accounts Act, Quarterly reports and RFR 2, Accounting rules for legal entities. The Group and parent company have applied the same accounting principles and conditions as in the latest Annual Report.

In addition to the financial reports and their accompanying notes further information according to IAS 34.16A can be found in other sections of the quarterly report.

Differences in segment reporting and reporting according to IFRS

The Group is reported in the four business areas Construction, Civil Engineering, Industry and Project Development. The business areas are also operating segments. Segment reporting is the model Peab believes best describes Peab's business regarding both internal steering and risk profile, and it is also how the Board and executive management follow operations.

For Peab's construction contract businesses, Construction and Civil Engineering, revenue and profit are recognized over time in both segment reporting and reporting according to IFRS. For business area Industry revenue and profit are recognized both over time and at a certain point in time, and reporting is the same in both segment reporting and reporting according to IFRS. For business area Project Development in segment reporting within the unit Housing Development revenue and expenses are recognized over time as the projects are successively completed. This applies to Swedish tenant-owner associations and own single homes, Norwegian condominiums and share housing and Finnish residential limited companies. In reporting according to IFRS, housing projects are recognized when the final homebuyers take possession of their apartments. In business area Project Development and the unit Property Development revenue and profit are recognized at a certain point in time in both segment reporting and reporting according to IFRS.

Group functions are reported in addition to the business areas and consist of central companies, certain subsidiaries and other holdings. Central companies consist primarily of the parent company Peab AB, Peab Finans AB and Peab Support (Shared Service Center). There is no difference in segment reporting and reporting according to IFRS regarding Group functions.

In segment reporting leasing fees for the lessee are recognized linearly over the leasing period for leasing contracts that by the counterparty (lessor) are classified as operational leasing contracts. IFRS 16 Leases is applied in the consolidated accounts according to IFRS which entails that the lessee recognizes depreciation and interest attributable to leasing assets respectively leasing liabilities. Leasing contracts that by the counterparty (lessor) are classified as financial leasing contracts are recognized in Peab's segment accounting according to the principles that correspond with those for the lessee according to IFRS 16.

Reporting on internal projects between business areas Construction and Project Development

Business area Construction recognizes revenue and profit referring to the construction contract part of our own housing developments, rental project developments and other property development projects for business area Project Development. Recognition takes place over time as the projects are completed. Business area Project Development recognizes revenue for both the construction contract and developer part of our own housing development projects. Recognized profit consists of the profit in the developer part over time. Internal net sales between business area Construction and business area Project Development regarding the construction cost of our own housing development projects are eliminated in consolidated reporting. Internal profit is returned when the project is divested.

Reporting on property projects on our own balance sheet

The underlying sales value of property projects on our own balance sheet, recognized as project and development property, that are sold in the form of a company via shares, is recognized as revenue and the book value on the balance sheet is recognized as an expense. When property projects recognized as operations property or investment property are divested the net effect on profit is recognized as other operating income or other operating cost. Recognition of property projects is the same in both segment reporting and reporting according to IFRS.

Financial key ratios in segment reporting

Financial key ratios such as capital employed, total assets, equity, equity/assets ratio, net debt and cashflow before financing are presented in segment reporting with consideration taken to the above prerequisites. Net debt in segment reporting includes the unsold portion of ongoing own housing development projects.

Note 2 – Revenue allocation

Group Jan-Dec 2021 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles ¹⁾	Group IFRS
Allocation per external/internal									
External sales	22,555	12,866	15,075	9,471	59		60,026	-1,103	58,923
Internal sales	4,425	1,314	3,712	26	1,255	-10,732			-
Total	26,980	14,180	18,787	9,497	1,314	-10,732	60,026	-1,103	58,923
Allocation per country									
Sweden	19,513	12,664	11,704	6,262	1,070	-8,485	42,728	-1,270	41,458
Norway	3,963	1,501	1,905	913	142	-926	7,498	100	7,598
Finland	3,504	15	4,364	2,322	101	-1,318	8,988	67	9,055
Denmark			792		1	-3	790		790
Other			22				22		22
Total	26,980	14,180	18,787	9,497	1,314	-10,732	60,026	-1,103	58,923
Allocation per type of customer									
Public sector	10,480	9,604	5,123	8	45		25,260		25,260
Private customers	12,075	3,262	9,952	9,463	14		34,766	-1,103	33,663
Internal customers	4,425	1,314	3,712	26	1,255	-10,732			-
Total	26,980	14,180	18,787	9,497	1,314	-10,732	60,026	-1,103	58,923
Allocation per point in time									
At one point in time	11	6	6,404	1,814	56	-1,319	6,972	5,759	12,731
Over time	26,959	14,166	10,448	7,602	1,083	-7,930	52,328	-6,862	45,466
Rent revenue ²⁾	10	8	1,935	81	175	-1,483	726		726
Total	26,980	14,180	18,787	9,497	1,314	-10,732	60,026	-1,103	58,923
Allocation per type of revenue									
Construction contracts	26,959	14,166	10,448	7,602	68	-6,919	52,324	-6,862	45,462
Sales of goods		1	4,975			-902	4,074		4,074
Sales of property projects				1,750		-16	1,734	5,759	7,493
Transportation services			1,241			-308	933		933
Administrative services					1,015	-1,011	4		4
Rent revenue ²⁾	10	8	1,935	81	175	-1,483	726		726
Other	11	5	188	64	56	-93	231		231
Total	26,980	14,180	18,787	9,497	1,314	-10,732	60,026	-1,103	58,923

¹⁾ 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.

²⁾ Rent revenue is recognized according to IFRS 16.

Group Jan-Dec 2020 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles and other ¹⁾	Group IFRS
Allocation per external/internal									
External sales	22,898	11,742	15,151	7,436	51		57,278	2,574	59,852
Internal sales	4,091	1,101	3,569	64	1,155	-9,841	139	-139	-
Total	26,989	12,843	18,720	7,500	1,206	-9,841	57,417	2,435	59,852
Allocation per country									
Sweden	19,417	11,637	11,484	4,543	997	-7,666	40,412	2,408	42,820
Norway	3,766	1,101	1,868	1,031	131	-893	7,004	-288	6,716
Finland	3,806	105	4,630	1,926	78	-1,277	9,268	315	9,583
Denmark			720			-5	715		715
Other			18				18		18
Total	26,989	12,843	18,720	7,500	1,206	-9,841	57,417	2,435	59,852
Allocation per type of customer									
Public sector	10,619	8,991	5,214	26	43		24,893	12	24,905
Private customers	12,279	2,751	9,937	7,410	8		32,385	2,562	34,947
Internal customers	4,091	1,101	3,569	64	1,155	-9,841	139	-139	-
Total	26,989	12,843	18,720	7,500	1,206	-9,841	57,417	2,435	59,852
Allocation per point in time									
At one point in time	32	20	5,983	625	56	-1,315	5,401	6,885	12,286
Over time	26,934	12,814	10,913	6,767	966	-7,135	51,259	-4,539	46,720
Rent revenue ²⁾	23	9	1,824	108	184	-1,391	757	89	846
Total	26,989	12,843	18,720	7,500	1,206	-9,841	57,417	2,435	59,852
Allocation per type of revenue									
Construction contracts	26,934	12,814	10,913	6,766	41	-6,218	51,250	-4,532	46,718
Sales of goods			4,203			-640	3,563		3,563
Sales of property projects				494		-1	493	6,871	7,364
Transportation services			1,573			-537	1,036		1,036
Administrative services				1	925	-917	9	-7	2
Rent revenue ²⁾	23	9	1,824	108	184	-1,391	757	89	846
Other	32	20	207	131	56	-137	309	14	323
Total	26,989	12,843	18,720	7,500	1,206	-9,841	57,417	2,435	59,852

¹⁾ 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. The item also includes revenue of SEK 171 million during January-November 2020 attributable to Annhem Fastigheter including internal revenue from other Peab Group companies.

²⁾ Rent revenue is recognized according to IFRS 16.

Note 3 – Operating segment and reconciliation between segment reporting and reporting according to IFRS

Group Jan-Dec 2021 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles ¹⁾	Group IFRS
External sales	22,555	12,866	15,075	9,471	59		60,026	-1,103	58,923
Internal sales	4,425	1,314	3,712	26	1,255	-10,732			-
Total revenue	26,980	14,180	18,787	9,497	1,314	-10,732	60,026	-1,103	58,923
Operating profit	711	471	938	1,237	-228	-31	3,098	-123	2,975
Operating margin, %	2.6	3.3	5.0	13.0			5.2		5.0
Financial income							94		94
Financial expenses							-116	-51 ²⁾	-167
Net finance							-22	-51	-73
Pre-tax profit							3,076	-174	2,902
Tax							-569	44	-525
Profit for the year							2,507	-130	2,377
Capital employed (closing balance)	-2,463	-615	9,266	13,523		1,850 ³⁾	21,561	7,137	28,698
Total assets							40,330	6,840 ⁴⁾	47,170
Equity							14,656	-974	13,682
Equity/assets ratio, %							36.3		29.0
Net debt							2,404	8,111	10,515
Cashflow before financing							3,041	-1,989	1,052

¹⁾ For more information about the allocation of revenue and profit items see note 2 and the section Overview business areas.

²⁾ Refers to IFRS 16, additional leases SEK -51 million.

³⁾ Unallocated capital employed.

⁴⁾ Divided between IFRS 16, additional leases SEK 1,699 million and housing projects SEK 5,141 million.

Group Jan-Dec 2020 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles and other ¹⁾	Group IFRS
External sales	22,898	11,742	15,151	7,436	51		57,278	2,574	59,852
Internal sales	4,091	1,101	3,569	64	1,155	-9,841	139	-139	-
Total revenue	26,989	12,843	18,720	7,500	1,206	-9,841	57,417	2,435	59,852
Operating profit	663	391	1,105	1,669	-310	23	3,541	381	3,922
Operating margin, %	2.5	3.0	5.9	22.3			6.2		6.6
Financial income							96	0	96
Financial expenses							-204	-69 ²⁾	-273
Net finance							-108	-69	-177
Pre-tax profit							3,433	312	3,745
Tax							-485	-79	-564
Profit for the year							2,948	233	3,181
Capital employed (closing balance)	-767	-408	8,822	12,189		-402 ³⁾	19,434	5,001	24,435
Total assets							36,604	5,560 ⁴⁾	42,164
Equity							13,251	-808	12,443
Equity/assets ratio, %							36.2		29.5
Net debt							3,873	5,809	9,682
Cashflow before financing							2,779	974	3,753

¹⁾ For more information about the allocation of revenue and profit items see note 2 and the section Overview business areas.

²⁾ Divided between Annehem Fastigheter January-November 2020 of SEK -35 million and IFRS 16, additional leases SEK -34 million.

³⁾ Unallocated capital employed.

⁴⁾ Divided between IFRS 16, additional leases SEK 1,805 million and housing projects SEK 3,755 million.

Note 4 – Financial assets and liabilities valued at fair value

The table below shows the allocated level for financial assets and financial liabilities recognized at fair value in the Group's balance sheet. Measurement of fair value is based on a three level hierarchy;

Level 1: prices that reflect quoted prices on an active market for identical assets.

Level 2: based on direct or indirect inputs observable to the market not included in level 1.

Level 3: based on inputs unobservable to the market.

For a description of how fair value has been calculated see the Annual Report 2020, note 35. The fair value of financial assets and liabilities recognized as their amortized cost is estimated to be, in principle, the same as their recognized values.

Group	Dec 31, 2021			Dec 31, 2020		
	Level 2	Level 3	Total	Level 2	Level 3	Total
MSEK						
Financial assets						
Securities held as fixed assets		55	55		60	60
<i>Of which unlisted funds</i>		32	32		37	37
<i>Of which unlisted shareholdings and participations</i>		23	23		23	23
Other current receivables	8		8	5		5
<i>Of which commodity hedging with futures</i>	7		7	5		5
<i>Of which currency swaps</i>	1		1			-
Total financial assets	8	55	63	5	60	65
Financial liabilities						
Other long-term liabilities			-	8		8
<i>Of which interest rate swaps</i>			-	8		8
Other current liabilities	6		6	4		4
<i>Of which interest rate swaps</i>	2		2			-
<i>Of which currency swaps</i>	1		1	2		2
<i>Of which commodity hedging with futures</i>	1		1	2		2
<i>Of which contingent consideration</i>	2		2			-
Total financial liabilities	6	-	6	12	-	12

The tables below are a reconciliation between the opening and closing balance for assets and liabilities included in level 3.

Group	Securities held as fixed asset			
	Unlisted funds		Unlisted shares and participations	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
MSEK				
Opening balance	37	58	23	24
Investments	4	4		
Sales				-1
Dividends received	-12	-21		
Reported in profit/loss for the period				
Net finance	3	-4		
Closing balance	32	37	23	23

Group	Contingent consideration	
	Dec 31, 2021	Dec 31, 2020
MSEK		
Opening balance	-	1
Aquisitions during the period	2	
Payments during the period	-	-1
Closing balance	2	-

The contingent consideration will amount from SEK 0 million to maximum of SEK 6 million.

Future financial information

- | | |
|--|------------------|
| • Annual and Sustainability Report 2021 | April 2022 |
| • Quarterly Report January – March 2022 and Annual General Meeting | May 5, 2022 |
| • Quarterly Report January – June 2022 | July 15, 2022 |
| • Quarterly Report January – September 2022 | October 28, 2022 |
| • Year-end Report January – December 2022 | February 3, 2023 |

Förslöv, February 4, 2022

*Jesper Göransson
CEO and President*

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

Presentation of the quarterly report

This quarterly report will be presented digitally and on a phone conference Friday, February 4, 2022 at 09.00 a.m. by the President and CEO Jesper Göransson and CFO Niclas Winkvist. The presentation will be held in Swedish and is available via <https://www.peab.com/financial-info/>.

Call one of the following telephone numbers to participate:

- From Sweden: +46 8 5055 83 75
- From Great Britain: +44 3333 00 90 35

This information is information that Peab AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at February 4, 2022, 08:00 a.m. CET.

Quarterly data

Group, IFRS

MSEK	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019
Net sales	17,504	15,488	14,807	11,124	15,989	16,204	15,789	11,870	15,455
Production costs	-15,495	-13,868	-13,219	-10,440	-14,159	-14,463	-14,127	-10,962	-13,869
Gross profit	2,009	1,620	1,588	684	1,830	1,741	1,662	908	1,586
Sales and administrative expenses	-923	-673	-884	-820	-914	-717	-962	-766	-751
Distribution of Annehem Fastigheter	-	-	-	-	952	-	-	-	-
Other operating income	235	67	51	38	84	72	36	37	93
Other operating costs	-12	11	0	-16	-10	-9	-13	-9	-95
Operating profit	1,309	1,025	755	-114	1,942	1,087	723	170	833
Financial income	20	29	15	30	23	18	15	40	31
Financial expenses	-38	-48	-43	-38	-55	-55	-34	-129	-62
Net finance	-18	-19	-28	-8	-32	-37	-19	-89	-31
Pre-tax profit	1,291	1,006	727	-122	1,910	1,050	704	81	802
Tax	-170	-226	-152	23	-181	-210	-160	-13	-149
Profit for the period	1,121	780	575	-99	1,729	840	544	68	653
Profit for the period, attributable to:									
Shareholders in parent company	1,121	780	575	-99	1,730	840	543	69	653
Non-controlling interests	0	0	0	0	-1	0	1	-1	0
Profit for the period	1,121	780	575	-99	1,729	840	544	68	653
Key ratios, IFRS									
Earnings per share, SEK	3.80	2.65	1.95	-0.34	5.87	2.85	1.84	0.23	2.21
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0
Capital employed (closing balance)	28,698	26,840	25,849	25,019	24,435	27,729	28,829	25,830	26,336
Equity (closing balance)	13,682	12,500	11,694	12,517	12,443	12,874	12,043	11,560	11,559

Business areas

MSEK	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019
Net sales									
Construction	8,147	5,989	6,648	6,196	7,448	5,798	7,123	6,620	8,371
Civil Engineering	4,062	3,285	3,743	3,090	3,600	3,041	3,432	2,770	3,792
Industry	5,138	6,198	5,247	2,204	4,929	6,233	5,343	2,215	3,592
Project Development	3,117	2,741	1,929	1,710	1,804	1,750	1,977	1,969	2,684
– of which Property Development	425	33	33	30	71	71	111	122	179
– of which Housing Development	2,692	2,708	1,896	1,680	1,733	1,679	1,866	1,847	2,505
Group functions	368	318	327	301	317	298	308	283	325
Eliminations	-3,312	-2,410	-2,725	-2,285	-2,674	-2,283	-2,665	-2,219	-2,906
Group, segment reporting	17,520	16,121	15,169	11,216	15,424	14,837	15,518	11,638	15,858
Adjustment of housing to IFRS	-16	-633	-362	-92	560	1,384	295	252	-403
IFRS 16, additional leases									
Annehem Fastigheter					36 ¹⁾	47	48	40	
Eliminations					-31	-64	-72	-60	
Group, IFRS	17,504	15,488	14,807	11,124	15,989	16,204	15,789	11,870	15,455
Operating profit									
Construction	209	164	187	151	197	137	183	146	207
Civil Engineering	164	109	146	52	131	92	127	41	132
Industry	420	576	339	-397	397	471	303	-66	363
Project Development	446	326	252	213	1,195	162	138	174	278
– of which Property Development	122	70	29	10	961	13	-17	25	28
– of which Housing Development	324	256	223	203	234	149	155	149	250
Group functions	13	-64	-95	-82	-132	-14	-81	-83	-130
Eliminations	-6	-10	-5	-10	37	-4	-9	-1	-53
Group, segment reporting	1,246	1,101	824	-73	1,825	844	661	211	797
Adjustment of housing to IFRS	52	-86	-69	-49	95	226	57	-47	30
IFRS 16, additional leases	11	10	0	8	12	12	6	4	6
Annehem Fastigheter					13 ¹⁾	5	6	6	
Eliminations					-3	0	-7	-4	
Group, IFRS	1,309	1,025	755	-114	1,942	1,087	723	170	833
Operating margin, %									
Construction	2.6	2.7	2.8	2.4	2.6	2.4	2.6	2.2	2.5
Civil Engineering	4.0	3.3	3.9	1.7	3.6	3.0	3.7	1.5	3.5
Industry	8.2	9.3	6.5	-18.0	8.1	7.6	5.7	-3.0	10.1
Project Development	14.3	11.9	13.1	12.5	66.2	9.3	7.0	8.8	10.4
– of which Property Development	28.7	212.1	87.9	33.3	1,353.5	18.3	-15.3	20.5	15.6
– of which Housing Development	12.0	9.5	11.8	12.1	13.5	8.9	8.3	8.1	10.0
Group functions									
Eliminations									
Group, segment reporting	7.1	6.8	5.4	-0.7	11.8	5.7	4.3	1.8	5.0
Adjustment of housing to IFRS									
IFRS 16, additional leases									
Annehem Fastigheter					36.1 ¹⁾	10.6	12.5	15.0	
Eliminations									
Group, IFRS	7.5	6.6	5.1	-1.0	12.1	6.7	4.6	1.4	5.4
Key ratios, segment reporting, MSEK									
Earnings per share, SEK	3.62	2.89	2.18	-0.19	5.62	2.25	1.72	0.41	2.10
Capital employed (closing balance)	21,561	20,691	19,867	19,659	19,434	21,086	22,390	19,927	21,617
Equity (closing balance)	14,656	13,556	12,654	13,408	13,251	12,637	12,852	12,349	12,479
Orders received	14,443	13,865	13,094	14,446	12,189	11,718	13,220	12,608	12,096
Order backlog at the end of the period	45,318	46,280	46,684	47,286	42,709	44,722	46,123	44,151	42,494

¹⁾ Refers to October-November 2020

Alternative performance measures and definitions

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

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

Financial definitions

Available liquidity

Liquid funds and short-term investments along with unused credit facilities, not including unused project financing. Shows the Group's available liquidity.

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 and deferred tax liabilities. The measurement is used to measure capital utilization and its effectiveness for the business areas, and is only presented as a net amount per business area.

Capital employed for the Group

Total assets at the end of the period less non-interest-bearing operating liabilities and provisions. The measurement is used to measure capital utilization and its effectiveness.

Earnings per share

Profit for the period attributable to shareholders in parent company divided by the average number of outstanding shares during the period. Shows profit per share.

Equity/assets ratio

Equity as a percentage of total assets at the end of the period. Shows financial position.

Equity per share

Equity attributable to shareholders in parent company divided by the number of outstanding shares at the end of the period. Shows equity per share.

Net debt

Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets. Shows financial position.

Net debt, segment reporting

Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets. As of 2019 liabilities concerning the unsold part of our own ongoing housing developments are included in net debt. Shows financial position for segments.

Other non-financial definitions

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?"

LTI4 and LTIF4

LTI4 refers to the number of workplace accidents with more than four days absence, excluding the day of injury, and LTIF4 refers to the frequency rate per one million hours worked according to the same definition. LTI stands for Lost Time Injury.

Risk observations

A risk observation means noticing at a workplace behavior, risks or shortcomings that can lead to an incident or accident.

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 how large investments are.

Operating margin

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

Order backlog

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

Orders received

The sum of orders received during the period. Measures how new orders replace produced work. In our own housing development projects tenant-owner associations and residential limited companies are considered external customers.

Return on capital employed

The pre-tax profit of a 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 show the Group's earning capacity independent of financing.

Return on equity

The profit/loss in a rolling 12 month period attributable to shareholders in parent company divided by the average (last four quarters) equity attributable to shareholders of shares in the parent company. The measurement is used to create efficient business and a rational capital structure and to show the yield on the shareholders' equity.

SCI

SCI stands for Satisfied Customer Index and measures how satisfied Peab's customers are. SCI 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.

Serious accidents

Peab defines a serious accident (category 4) as a workplace accident that results in serious personal injury. This 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.

Peab is the Nordic community builder

About Peab

Peab works locally where our customers are and where people live their daily lives. Every day our four collaborating business areas contribute in different ways to community building in the Nordic region. Together we build homes, schools, senior living, hospitals, pool facilities, museums, offices, airports and ports. We build and maintain roads, railroads, bridges and parks – and much more.

Peab has contributed to locally produced community building for more than 60 years. Now the journey continues. Long lasting, responsible, local and sustainable we are ready to move on and improve everyday life where it's lived.

Net sales, appr.

SEK 60 billion

Employees, appr.

15,000



Employees

Peab is a long-term and reliable employer that prioritizes health and a safe work environment. We offer opportunities for personal development in a company culture built on respect for everyone's equal value and which is characterized by our core values **Down-to-earth, Developing, Personal and Reliable**.

Strategic targets

Most satisfied customers
Best workplace
Most profitable company
Leader in social responsibility

Each of these four targets are important on their own but they are linked together as a unit too. "Leader in social responsibility" is new as of 2021. All the targets refer to our industry.



Business model

Four collaborating business areas create added value

Our business is built on our four business areas. Each one of them is independent and has its own customers. But the strength in our business model – and thereby our capacity to achieve our targets – is greater when they work together in the processing chain. This is the core of our model and what makes us unique. This is locally produced community building throughout the Nordic region.

Photographers: Carbon White, Fredrik Rege, FotoEtcetera, Klas Andersson, Mattias Bardå, Per Eriksson, Peter Steen, Studio Kuvio, Tobias Andersson and Ørjan Marakatt Bertelsen.

Peab takes work environment matters very seriously and works systematically to create safe workplaces. The kind of safety equipment used varies depending on national regulations and the type of operations. A risk analysis is always performed for each workplace before any exception is made. The people pictured in this publication are wearing personal safety equipment required by regulations valid for the operations and country they are in.