

Creating value together

ANNUAL AND SUSTAINABILITY REPORT 2022



Content

Comments from the CEO	2–4
External circumstances and the market	5–7
We improve everyday life where people live it	8
Overview Peab's business areas	9–11
Business model	12–13
Targets and strategy	14–15
Most satisfied customers	16–19
Best workplace	20–27
Most profitable company	28–31
Leader in social responsibility	32–45
Our take on sustainable business	46–51
Reporting according to the EU taxonomy	52–55
Summary sustainability data	56
Memberships	58–59
Auditor's report on the statutory sustainability statement	60
Board of Directors' Report	61–152
The Group	61–65
Business area Construction	66–68
Business area Civil Engineering	69–71
Business area Industry	72–74
Business area Project Development	75–80
Risks and risk management	81–84
Peab's sustainability work	85
Other information and appropriation of profit	86–88
Financial reports and notes	89–152
Auditor's report	153–156
Corporate governance	157–161
Board of Directors & Executive management	162–163
Auditor's statement on the Corporate governance report	164
The Peab share	165–167
Five-year overview	168–169
Alternative performance measures	170–171
Annual General Meeting and Shareholder information	172

Sustainability appendix incl. GRI Index and sustainability data: peab.inpublix.com/2022/en

Formal annual and Group financial reports which have been audited by company accountants, pages 61–152.
Information on the statutory Sustainability Report is found on page 85.

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

All values are expressed in Swedish krona. Krona is abbreviated to SEK, thousands of kronor to TSEK and millions of kronor to MSEK. Numbers presented in parentheses refer to 2021 unless otherwise specified.

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

Cover picture: Samuel Unéus.

Photographers: Samuel Unéus, Markus Esselmark, Mattias Bardå, Annika Persson, Peter Steen, Stefan Ed, Sebastian Lamotte, Annika Persson, Anders Ebefeldt och Peter Kroon.

Collaboration in Peab: The people on the cover work in the Peab Group. They illustrate the core of Peab's business model which is internal collaboration between the Group's four business areas.

Creating value together with our customers



The Nordic Community Builder



Peab works locally where our customers are and where people live their lives. Every day our 15,000 employees contribute through four collaborating business areas to community building in Sweden, Norway, Finland and Denmark. Together we build homes, schools, retirement homes, hospitals, swimming pool facilities, museums, offices, airports and

ports. We build and maintain roads, railroads, bridges, parks and much, much more.

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

Our suppliers

Approximate information

40,000

Suppliers 2022

250

Purchase categories

• of which 6 critical categories

Our business areas



Construction



Civil Engineering



Industry



Project Development

Highly processed business in collaboration

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

Acquire

Develop

Groundwork

Financial summary

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

	Segment reporting		Reporting according to IFRS	
	2022	2021	2022	2021
MSEK				
Net sales	63,135	60,026	61,933	58,923
Operating profit	2,741	3,098	2,557	2,975
Operating margin, %	4.3	5.2	4.1	5.0
Pre-tax profit	2,670	3,076	2,440	2,902
Profit for the year	2,037	2,507	1,831	2,377
Earnings per share, SEK	6.98	8.50	6.27	8.06
Return on equity, %	14.0	18.5	13.7	18.9
Equity/assets ratio, %	34.7	36.3	27.0	29.0
Net debt	6,899	2,404	16,681	10,515
Net debt/equity ratio, multiple ¹⁾	0.5	0.2	1.2	0.8
Cash flow before financing	-1,955	3,041	-3,159	1,052
Dividend per share, SEK ²⁾	4.00	5.00	4.00	5.00
Average number of employees	15,045	14,907	15,045	14,907

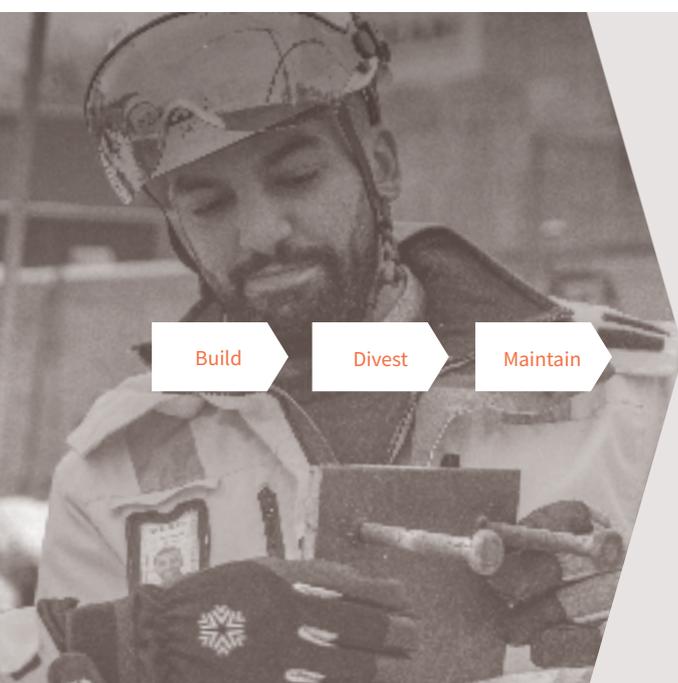
¹⁾ Net debt in relation to equity. ²⁾ For 2022, The Board's proposal to the AGM.

2022 in summary

- Stable profit in challenging times
- Profit and margin affected by the increase in material and energy costs
- Weaker housing market entailed fewer sales and production starts
- Cash flow before financing charged with higher tied-up working capital and investments
- High order backlog with a larger portion of public construction and civil engineering projects
- Strong financial position, repurchasing program carried out during the year
- Continued investments in ECO-products, among them launch of ECO-Betong (ECO-Concrete) in Finland and increased production for ECO-Prefab
- Supplemental acquisitions accomplished in Norway and Finland
- Board proposes a cash dividend of SEK 4.00 (5.00) per share.



“Summarizing 2022 we can conclude that Peab, despite a challenging time, can report a stable profit. We are starting out 2023 with a high order backlog and strong financial position.”



Our customers

Approximate information

18,000

Customers 2022

1,700

Projects 2022

Our targets



Most satisfied customers



Best workplace



Most profitable company



Leader in social responsibility

Four strategic targets and nine external targets*

Customer Satisfied Index (CSI)

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

TARGET: >75 **OUTCOME: 80**

Serious accidents

The target is measured as zero fatal accidents and a contracting trend, rolling 12 months. Serious accidents are defined according to classification 4.

TARGET: <28 **OUTCOME: 49**

eNPS

eNPS stands for employee Net Promoter Score and measures employee engagement.

TARGET: >22 **OUTCOME: 29**

Operating margin

The target is measured according to segment reporting.

TARGET: >6% **OUTCOME: 4.3%**

Net debt/equity ratio

Net debt in relation to equity. The target is measured according to segment reporting.

TARGET: 0.3-0.7 **OUTCOME: 0.5**

Dividends

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

TARGET: >50% **OUTCOME: 56%¹⁾**

¹⁾ Based on the number of outstanding shares.

Carbon dioxide intensity

Climate target for our own production

The target refers to lower emissions of greenhouse gases Scope 1+2 (ton CO₂e/MSEK).

TARGET 2030: -60% **OUTCOME: -43%**

Climate target for input goods and purchased services

The target refers to lower emissions of greenhouse gases Scope 3 (ton CO₂e/MSEK).

TARGET 2030: -50% **OUTCOME: -2%**

Equal opportunity

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

TARGET, SW: >5% **OUTCOME: 7.9%**
TARGET, WCW: >28.5% **OUTCOME: 45.3%**

* All the outcomes refer to 2022.



Transitioning together

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

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

As a leading Nordic and local community builder we have a big impact on the world around us – and thereby a big responsibility. We have a responsibility to drive a positive development in the construction and civil engineering industry.

We do a lot. But we cannot make the entire transition on our own. We have to collaborate with our customers, suppliers and other partners. We need to go hand-in-hand with politicians and actors on the financial market. This is how we carry out the ongoing transition. Together.



Together

for sustainable community development

The year 2022 held many challenges but Peab continued to stand stably rooted in community building throughout the Nordic region. While we managed the uncertainties in the world around us we contributed in many ways to improving everyday life where people live it.

Summarizing 2022 we can conclude that Peab, despite a challenging time, can report a stable profit. We are starting out 2023 with a high order backlog and strong financial position. Above all, our broad business model with four collaborating Nordic business areas has once again demonstrated that we can handle fluctuating market conditions in different segments and geographies. Group net sales increased by five percent in 2022 and amounted to SEK 63 billion. The high material and energy costs that marked the year are behind most of the increase in net sales. Operating profit was SEK 2.7 billion and the operating margin was 4.3 percent (5.2). During the year we have continued to invest according to plan in our operations in business areas Industry and Project Development, which together with more tied up working capital has charged cash flow.



Wide-ranging business

Variations in projects, their size and geographic spread continues to be good in the Peab Group as does the allocation of orders between the public and private sector. All this contributes to spreading the risks in the business and creating greater stability. We have seen the impact of cost inflation in business area Construction in all our Nordic countries. For the most part it has been counteracted by higher prices to our customers and by adjustments and streamlining our operations, although we have not been able to fully compensate for it. Activity has been high in business area Civil Engineering, especially in the public sector but even here cost increases have had a negative effect on the operating margin. In our industrial business higher costs for energy and fuel had a negative effect primarily on paving and mineral aggregates operations, particularly in Norway, Finland and Denmark where we did not achieve full compensation from our customers. The other segments of business area Industry reported improved profitability in 2022. In business area Project Development demand for housing has gone down in all countries, mostly in the second half of the year, which has led to a lower rate of home sales and fewer production starts. The market is cautious concerning any kind of home due to higher interest rates, inflation and uncertainty about the economy, which makes it harder to make ends meet in calculations. At the same time we made long-term investments in the business area during the first half-year, among them starting a joint venture in Finland together with Slättö to develop and manage green housing properties.

Varying target outcome

The degree to which we have achieved our nine external, financial and non-financial, targets varies and has been affected by the rather challenging market circumstances. We have surpassed our targets regarding the Customer Satisfaction Index, recommend Peab as an employer (eNPS) and our target for equal opportunity recruitment. However, the trend for serious accidents has gone in the wrong direction during the year and we have not met our target of a contracting number of serious accidents in 2022. In order to augment our safety culture and turn the tide, we have intensified our efforts in taking preventative work environment measures. Carbon dioxide intensity is developing in the right direction for our two climate-related targets, although the reduction in input goods and purchased services is smaller than in our own production. If we are going to achieve the difficult climate challenge we are facing everyone has to bring their A-game and work together.

When it comes to our financial targets our first target is to over time and a normal business cycle have an operating margin that surpasses 6 percent. In 2022 it fell from 5.2 to 4.3 percent due to cost inflation and the worsening market situation. Our second financial target, the net debt/equity ratio, was 0.5 which is in the middle of the target interval 0.3-0.7. Based on Peab's third financial target of distributing dividends of at least 50 percent of profit for the year, the Board proposes a dividend of SEK 4.00 (5.00) per share for 2022. Excluding the number of shares held by Peab AB, this corresponds to 56 percent of profit for the year and means we have achieved our target while maintaining our financial flexibility. During the year we also carried out a program for repurchasing our own shares.

Clear sustainability priorities

The non-financial targets are an expression of our sense of responsibility and therefore also define our sustainability priorities. As a leading Nordic community builder we have a big impact – and thereby a big responsibility. This responsibility means that in our own operations we strive to choose the most sustainable way forward as well as drive sustainable development in our industry, and our targets are aimed at this. We should be climate neutral by 2045 and we have set up two targets concerning carbon dioxide intensity for 2030 along the way. The matter of materials is key here and our own ECO-products are vital to achieving this target. We should also take advantage of all the competence in society and ensure that our capable employees can work in safe and developing environments. We have therefore set targets regarding equal opportunity recruitment and workplace accidents. In 2023 we will launch an internship for young women that want to try out working for us as community builders. It's one of our activities to promote gender equality in our industry.



While we managed the uncertainties in the world around us we contributed in many ways to improving everyday life where people live it.

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

Our work is founded on the UN Global Compact that we continue to support and the 17 global goals for sustainable development along with Peab's Code of Conduct, core values, business concept, mission and the strategic targets. Business plans are important and guide employees in realizing our sustainability aspects and integrating them into their roles and daily operations. On top of that we have continued with educational programs in the areas of ethics, the environment, purchasing, the work environment and equal treatment.

Collaboration

In the past few years we have handled the effects of the pandemic, the war in Ukraine with the resulting energy crisis and cost inflation, and now we are also adjusting to higher interest rates. During 2022 we also faced the risk of losing our supply of cement but in December Cementa received a four year permit to continue quarrying limestone. Now the company is working on an application for a longer period, around 30 years, to ensure long-lasting limestone quarrying in Sweden.

Market conditions were challenging in 2022 and the market development was weaker than most analysts had expected. Market prospects in construction and civil engineering in the Nordic region have been notched down further for 2023, mainly due to a declining housing market. However, demand is expected to be more stable in public building construction, civil engineering and investments associated with green transition.

Naturally we have been affected by this development but we remain stable. This is completely thanks to our solid business model and our 15,000 engaged employees who, in their local markets all over the Nordic region, handle the difficult market situation well and make local community building possible. The collaboration between our four business models with local resources in the form of our own input goods like our ECO-products, our own employees and local subcontractors definitely reduces our vulnerability. I therefore want to express a heartfelt thanks to each and every one of my colleagues who day after day continue to deliver quality to our customers and thereby strengthen Peab and society. Thank you so much!

This is also how we handle the current market and external challenges. We continue to streamline and adjust our operations to meet the demand on the market in different segments and geographies. We redirect and trim our organization to be strong for the future. At the same time our financial clout provides Peab with the ability to take advantage of opportunities that can arise on the weaker market. We know that over time the long-term driving forces in the world work in Peab's favor and there is still a great need for our products and services.

I am confident about the future, Peab's way forward in our role as a local community builder and our ability in collaboration with others to build tomorrow's sustainable communities.



Förlöv in March 2023

Jesper Göransson
President and CEO



Market outlook affected by inflation, interest rates and climate transition

In 2022 the global economy was dominated by the financial effects of the war in Ukraine in the form of rising energy and food prices, and general cautiousness.

However, the global economy has been relatively resilient due to the fact that industry's order books were well-filled at the beginning of the year and this is a period of ramping up and climate transition. Nonetheless, escalating prices for material, components and energy cut into profitability and with external demand down there is less appetite for investments right now.

Primarily households have been negatively affected this time as a result of the escalating cost of heating, interest rates and broad inflation. It is mostly due to the diminishing demand from households that Europe and the USA in particular are entering a two-year period with weak or negative growth. A relatively large part of Swedish households have mortgages, which makes the Swedish economy particularly susceptible to interest rate hikes. This has negative consequences for both housing construction and price development for existing homes.

Even the commercial real estate market suffers from rising interest rates in combination with weaker demand for services and goods, since farther down the line this can lead to more vacancies and lower construction investments.

In total, the global economy is estimated to have grown by about 3.2 percent in 2022. The forecast for growth in 2023 indicates an increase by about 2.3 percent. Europe's GNP growth in 2022 was aligned with the rest of the world but it is not expected to keep up with other areas' growth in 2023. Instead it is believed that Europe's GNP will contract by around half a percentage point.

Important sustainability issues

The Nordic countries still have a long way to go to achieve carbon neutrality despite targets and plans for net zero emissions of greenhouse gases. The construction and real estate industries have a vital part to play in climate transition and are therefore

driving various initiatives to reduce carbon emissions in line with the Paris Agreement, particularly through the Road map for fossil free competitiveness that Peab has also signed onto. The construction and civil engineering industry, together with seven other trade organizations, work within the road map to achieve a climate neutral construction sector. This work comprises the entire value chain from planning and implementation to demolition and reuse.

Creating sustainable cities includes energy efficient buildings and a construction process that uses material and processes in a climate-adapted manner. Looking at it from a broader perspective, cities' sustainability relies on energy-smart community planning with, for example, circular flows that lower climate impact. Development is driven by government agencies and customers as well as the construction industry itself. For the contractors it's a matter of transitioning to being fossil free, electrification, input goods with lower climate impact and environmental waste management and reuse. For the authorities, requirements like climate declarations when erecting buildings from the Swedish National Board of Housing, Building and Planning as of 2022, have led to competence development and new experiences. The 27th Climate Change Conference COP27, which was held in November last year, focused on how the world should adapt to climate changes in order to reduce vulnerability and held negotiations regarding a draft of the work program for the reduction of emissions that was adopted at the previous meeting.

The concept sustainable cities includes financial and social aspects, in addition to climate and environmental ones. Planning for cities based on financial sustainability entails making wise and well thought out investments that withstand the test of time and are flexible enough for future changes. It might also include, for instance, facilitating the ability of residents to make sustainably financial decisions in their everyday life. Regarding the social aspect, the construction industry can remove barriers and isolation, in and between city boroughs, to increase safety and create a city for everyone. At the same time the escalating prices for homes in recent years and the risk of diminishing housing construction could very well strengthen exclusion and social inequality.



The economy in Sweden



Already before Russia's attack against Ukraine in February 2022, the Swedish economy was struggling with raw material shortages and rising material prices. The war has driven up costs and broadened inflation through price hikes for energy, fuel and food. The Swedish Riksbank has therefore raised interest rates substantially several times to curb these developments and bring down inflation expectations. However, towards the end of the year inflation rose dramatically to record levels. Demand weakened in the second half of 2022 as a result of the declining global economy and less spending money in households. The forecast for 2023 indicates that the Swedish economy is contracting. The conditions for investments and consumption alike are worsening due to higher interest rates, weakening demand, rising unemployment and the high cost of living for both companies and households.

The economy in Norge



The Norwegian economy's recovery after the pandemic continued into the first half of 2022, but the impact of the war in Ukraine led to a slowdown in the latter part of the year. Private consumption of both services and goods declined due to rising prices for energy, food and other products. In addition, Norges Bank has raised the policy rate several times, which has led to higher interest rates for both households and companies. However, the situation in industry has been somewhat more positive. The outlook for 2023 indicates that the economy may grow slightly, primarily due to growing investments and increasing public consumption.

The economy in Finland



Finnish financial growth developed surprisingly well during the first half-year of 2022, despite the breakdown in trade with important commercial partners like Germany and Russia. Escalating inflation pressed down household consumption, while at the same time lower unemployment stimulated household consumption. Rising gross investments and public spending has also contributed to growth in the Finnish economy. However, in late autumn conditions worsened and forecasts for 2023 indicate that growth will likely stagnate due to less activity and demand from both business and private persons. Unemployment, on the other hand, is not expected to grow and the relatively limited inflation in the country will probably keep large interest increases at bay.

Building private premises softened downturn in Sweden

The total volume of started-up building construction investments diminished in 2022 as a result of the quickly declining economy, rising interest rates and high prices for material. The downturn, which affected several sectors including housing and premises was, however, softened by public sector building and to a certain extent investments in office buildings, commercial property and hotels. The decrease in housing was particularly noticeable regarding new apartment building production. After several years of positive development, building construction investments in industry, storage and logistics also declined, which was an effect of the slowdown in the economy and negative development in e-commerce. The drop in investments in 2022 will most likely be followed by an even greater decline in 2023, which will probably hit the entire construction industry. Civil engineering investments are expected to have increased in 2022 but will probably contract in 2023 as a result of lower public investments.

Splintered development on the Norwegian construction market

The total volume of started-up building construction investments in Norway all in all developed positively in 2022 but varied among the different sectors. New production of single homes and renovating

apartment buildings declined while the other sectors grew, particularly in industrial building which flourished. Growth in private and public premises was on the other hand more modest. Development for total building construction in 2023 is expected to be negative but office building construction and apartment building renovations will probably lift, which will soften the total downturn. Civil engineering investments are expected to have dramatically increased in 2022 but will probably level out in 2023.

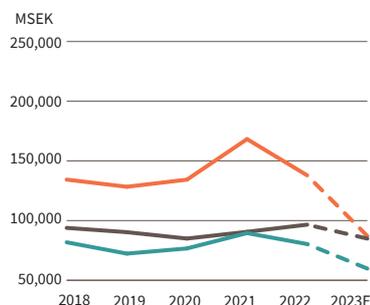
Housing and industry weighed down the Finnish construction market

The total volume of started-up building construction investments in Finland contracted in 2022, after an upturn the year before. However, the decline did not hit every sector as both apartment building renovations and investments in offices, commercial space and hotels stood firm and increased. In the housing sector new production of single homes and, in particular, apartment buildings were hit hard by weakening demand on the market. The negative trend is expected to continue during 2023 but will probably not be as apparent as in 2022, although the drop in industrial construction is expected to be significant. By all accounts there was zero growth in civil engineering in 2022 and this trend is expected to continue in 2023.

Investments 2018–2023F

Housing investments

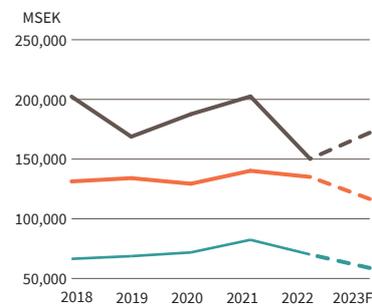
Initiated construction projects



— Sweden — Norway — Finland *F=Forecast

Other building construction investments

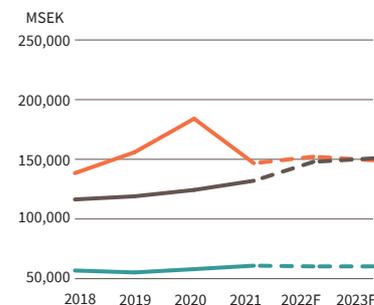
Initiated construction projects



— Sweden — Norway — Finland *F=Forecast

Civil engineering investments

Ongoing investments



— Sweden — Norway — Finland *F=Forecast

Danish paving market will contract in 2023

The Danish paving market is expected to contract more than previously predicted. Current assessments are that government maintenance will contract by 25 percent. Municipalities are being squeezed by the need to save and the municipal market is expected to decline by around ten percent. The infrastructure plan IP35 already affects the construction industry but the asphalt market will not really feel it until 2024-25. The private construction market is slowing down as a result of the economic crisis and is expected to drop by 10-15 percent. All in all, the Danish paving market is expected to contract by 10-15 percent.

Other major players

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

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

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

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



We improve everyday life where people live it

Peab is a community builder with extensive presence in the Nordic region. We create value for the local community and our stakeholders through responsible business and striving for sustainable and profitable growth. This is the foundation of our offer to customers and what makes us attractive to employees.

Our business is founded on four business areas. Each of them is independent with its own customer base but the core of our business model is collaboration on the local market between the four business areas. This collaboration provides us with unique opportunities to, with our own resources and control over the entire value chain, meet customers' needs and external expectations. This allows us to utilize local resources in the form of our own input goods, our own skilled and engaged employees and local subcontractors. This naturally entails our ECO-products, recycling and reuse in projects as well as local social responsibility, especially through our investments in young people. With our four business areas we can offer customers a wide range and reliability.

This work method increases our efficiency and provides both financial and operative synergies. It's how we create long lasting and sustainable values. This is what we mean by locally produced community building.

Mission:

We improve everyday life where it's lived.

Business concept:

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

Positions:

Locally produced community building and the Nordic Community Builder.

Core values:

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



Peab's four collaborating business areas

Peab's business model consists of four collaborating and specialized business areas structured on the conditions in each of their markets, allocated geographically and by product segment. For developments and results in 2022 please see the Board of Directors' Report.



BUSINESS AREA CONSTRUCTION

Builds sustainably close to customers



BUSINESS AREA INDUSTRY

Total supplier focused on the climate



BUSINESS AREA CIVIL ENGINEERING

Ties people and communities together



BUSINESS AREA PROJECT DEVELOPMENT

Develops sustainable city environments, homes and properties

Business area Construction

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

Trends and driving forces

- High material and energy prices and high interest rates dampen demand on the construction market.
- Population growth drives the need for community buildings.
- More construction projects are permeated by focus on the environment and climate as well as certifying buildings.
- From the drawing board to production the process is becoming increasingly digitalized.
- Access to the right talent is a key factor for construction projects.

Peab's position

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

[Read more about business area Construction on pages 66–68.](#)

Net sales	Operating margin	No. of employees
SEK 29.0 billion	2.2 %	5,671



Business area Civil Engineering

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

Trends and driving forces

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

Peab's position

Leading civil engineering actor in Sweden with operations in Norway.

[Read more about business area Civil Engineering on pages 69–71.](#)

Net sales	Operating margin	No. of employees
SEK 15.0 billion	3.3 %	3,405





Business area Industry

Business area Industry delivers products and services needed for construction and civil engineering projects. Its offer includes industrial construction, strategically placed quarries, asphalt and concrete, recycling of production waste, prefabricated concrete elements as well as rental of construction equipment and cranes. Industry is organized in six product areas complemented by a number of strong brands such as Swerock, Peab Asphalt, Lambertsson and Byggelement.

Trends and driving forces

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

Peab's position

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

[Read more about business area Industry on pages 72–74.](#)

Net sales	Operating margin	No. of employees
SEK 21.4 billion	3.5 %	4,931



Business area Project Development

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

Trends and driving forces

- Weak demand on the housing market in the Nordic region but the underlying need for housing is relatively constant over time.
- There is a significant need for community buildings but investments are affected by the public sector's financial state.
- The demand for modern, flexible and environmentally-adapted offices in good locations continues to be strong.
- Focus on sustainable city development and more environmentally certified properties.

Peab's position

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

[Read more about business area Project Development on pages 75–80.](#)

Net sales	Operating margin	No. of employees
SEK 8.7 billion	13.0 %	264

Advantages of Peab's business model

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

Business model: Financial advantages

- Degree of processing
- Revenue diversification
- Investment opportunities and financing strength
- Risk minimization

Operative advantages:

- Local resources (input goods and employees)
- Products and technical solutions
- Experience exchanges
- Scale advantages
- Environmental and climate impact
- Ethical business
- Work environment and safety
- Equal opportunity and diversity
- Education and development of youths
- Jobs and local development

Our suppliers

Approximate information

40,000

Suppliers 2022

- 2,000 framework and call-off contract suppliers
- 1,500 represent 80 percent of the Group's purchasing volume

250

Purchase categories

- of which 6 critical categories

Geographic allocation:

- Swedish: 67 %
- Norwegian: 15 %
- Finnish: 15 %
- Danish: 3 %

Our business areas



Construction



Civil Engineering



Industry



Project Development

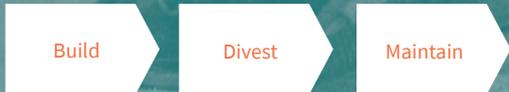
Highly processed business in collaboration

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

Acquire

Develop

Groundwork



Our customers

Approximate information

18,000

Customers 2022

- of which public sector: 2,000
 - of which private sector: 16,000
- Does not include private persons*

Geographic allocation:

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

1,700

Projects 2022

- Refers to construction and civil engineering contracts as well as housing and property development projects
- Includes started-up, completed and during all of 2022 ongoing projects.

Our targets



Most satisfied customers



Best workplace



Most profitable company



Leader in social responsibility





Working together to meet targets

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

In order to further promote value creation after the changes in 2020, when we made a major Nordic acquisition in paving and mineral aggregates and distributed Annehem Fastigheter to shareholders, Peab revised its strategic targets for the business plan 2021-2023. As of 2021 Peab reports the performance of our business by monitoring nine external targets, of which three are financial and six are non-financial. We particularly want to highlight the external targets and they are subset of all our targets and action plans.

Both the internal and external financial and non-financial targets are categorized under the strategic targets; most satisfied customers, best workplace, most profitable company and leader in social responsibility. The non-financial targets comprise our sustainable targets. All the targets are measured compared to the construction and civil engineering industry.



Most satisfied customers

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



Best workplace

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



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 become the most profitable company.



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.

How we achieve our targets

Ultimately it's our 15,000 employees that create value for our customers, society and our other stakeholders and thereby create the conditions we need to achieve our targets. Together we focus on a number of overarching Group strategic areas to develop our business in line with our business plan and strategies – this so that we achieve our financial and non-financial targets.

Higher processing ratio

Collaboration between business areas raises the level of processing in our production. Highly processed business is where projects and products generate revenue in several business areas. Having a high level of our own talent and input goods improves steering, efficiency, quality and safety along with environmental and other sustainability related performance.

Examples of progress in 2022:

- High level of collaboration in our local geographic markets.
- Complementary acquisitions in Norway and Finland in business areas Industry and Civil Engineering.

Operational efficiency

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

Examples of progress in 2022:

- Intensified the ongoing work to streamline various functions in the Group.
- Further development on our service offer and continued work on our predesigned Building Type Concept, NärBo, as well as concepts for schools.
- Continued work on digitalizing and harmonizing our Nordic processes.

Knowledge exchange

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

Examples of progress in 2022:

- Furthered work in cross-functional teams for various product segments such as ports and water, infrastructure, wooden houses, swimming pool facilities and wind power.
- Development of our Group platform (common data warehouse) for efficient knowledge exchange.
- Implementation of new digitalization strategy in construction contract operations for know-how about production.
- Active measures for knowledge exchanges regarding emission reduction activities.

Innovation and demands

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

In order to progress we also have to work with making demands on suppliers, carriers, politicians, authorities and customers. We have to strive for regulations that augment recycling and procurements that promote innovative sustainable solutions.

Examples of progress in 2022:

- Greater use of ECO-Betong (ECO-Concrete) in business areas Construction and Civil Engineering.
- Launched ECO-Betong in Finland.
- Invested in automated production of concrete elements and halved the use of cement in prefab operations.
- Started two new externally financed research projects (SBUF) where we study the possibility of binding and storing carbon dioxide in old crushed concrete and newly produced mineral aggregates.

Investments within Project Development

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

Examples of progress in 2022:

- Acquired property and development rights with exploitation possibilities.
- Founded joint venture for housing projects in Finland.
- Sold and started new building projects.



MOST SATISFIED CUSTOMERS

Customer benefits and quality – our North Star

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

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

TARGET: >75

OUTCOME 2022: 80

A broad customer base

Peab has a diversified customer base that stretches over our four business areas. Sometimes all four business areas deliver to a customer, sometimes only one business area has a relationship with the customer. The total number of customers is around 18,000.

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

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

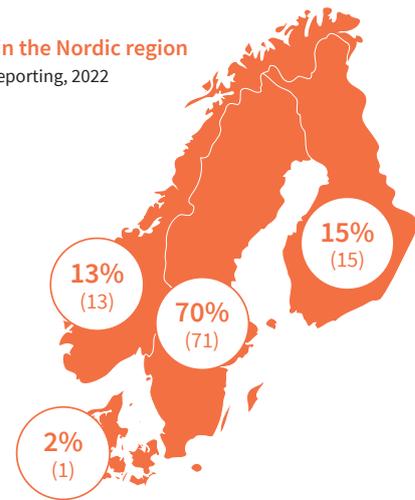
Business area Project Development develops homes, commercial property and public buildings. While customers in housing development projects are private persons that choose to live in the buildings the business area develops, customers in the latter two categories are private respectively public actors.

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



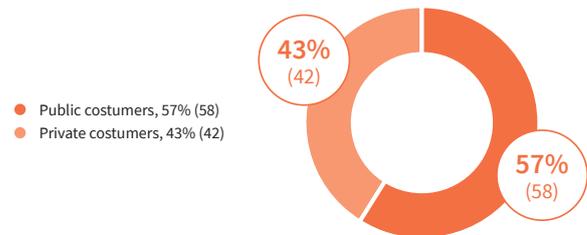
Large presence in the Nordic region

Net sales segment reporting, 2022



Large share of public customers

Net sales segment reporting, 2022



From housing to park maintenance

The character of our work varies wildly. Peab is a complete community builder that offers its customers comprehensive solutions, or partial solutions if they prefer. We build everything from housing in various ownership forms and public buildings to maintaining parks and delivering concrete and other input goods to our customers. Our construction contract work during 2022 included a number of projects based on our NärBo concept for nearly ready-made solutions for apartment buildings, preschools, schools and swimming pool facilities for municipalities, operation contracts for road maintenance, and groundwork for both new housing tracts and treatment plants.

Local roots close to customers

It is imperative for a long-term, sustainable relationship that Peab deliver on its obligations to customers. A satisfied customer is a customer that comes back and is vital to our company. When we, for example, build homes, schools, hospitals, roads and other infrastructure we do it based on the needs of the local community. A prerequisite for this is our expert and engaged employees, along with good channels to a local supply of input goods, employees and local subcontractors.

Customers are making higher and higher demands on the projects they order. They want the process from planning to production to become more digitalized and that the construction project is permeated by focus on the climate and environment (for example climate calculations and certifications). Above all we see a greater emphasis on how we work to achieve project and sustainability targets.

From Peab's perspective it is essential to have a dialogue with our customers throughout the entire project, particularly in the early stages. Naturally our engaged employees are a vital part of close partnerships from the very beginning. To ensure this work method early on we have created a new function responsible for partnering and collaboration in business area Construction. Its purpose is to sell in Peab's expertise right from the start of a project and create the prerequisites for structured partnership forms where the general contractor, consultants, subcontractors and other key actors ensure the project's success together. Collaboration is often the catalyst to new solutions and innovation in construction and civil engineering operations.

Before we begin working with a customer we do meticulous studies and investigations into all their requirements and our ability to meet them both in material and staffing as well as

process all the relevant sustainable aspects. For example, we have a Procurement Council that is tasked with producing a fair offer that has been thoroughly vetted and which reduces the level of risk for Peab and our customer.



From Peab's perspective it is essential to have a dialogue with our customers throughout the entire project, particularly in the early stages.

In order to ensure the quality of our delivery we continually measure customer satisfaction through our Customer Satisfaction Index, which is also one of our nine external targets. Find more about the result for 2022 below. In addition, we also monitor a variety of checkpoints such as guarantee and complaint costs.



Our annual customer survey is an important measure of how well we are meeting our customers' expectations while also indicating where there is room for improvement. The latest Customer Satisfaction Index (CSI) in the autumn of 2022 had close to 2,400 responses from customers and added up to 80 (81), which is a continued good result and higher than our target of 75.

Almost all the categories we survey, like if customers think Peab is priceworthy and reliable and how they view our work method and employees, are on the same level as last year. So now we'll continue to collaborate with our customers – and strive for early and close dialogues – for the best possible customer benefit.

Lotta Brändström, Business Area Manager Civil Engineering

Customer Satisfaction Index (CSI)

Target: > 75 (reported annually)



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



Rickard Berlin
Project Manager at Wihlborgs



Brf. Kvar tetten, Malmö



TOGETHER WITH WIHLBORGS

Close collaboration for the best result

–Since there is no manual on how to build a building that has the least possible climate impact and contributes to wellbeing, close collaboration in the project is vital, says Rickard Berlin, Project Manager at Wihlborgs for the office building Kvar tetten in Malmö.

Peab and Wihlborgs have had many partnerships over the years. The latest project is in Hyllie in Malmö where Peab is building the office building Kvar tetten for Wihlborgs with a decided focus on people and the environment. This is a project where the end result will be the

first Net Zero Carbon Building and it will also be certified according to Miljöbyggnad Gold and health and wellbeing certification WELL Building Standard.

–This is an ambitious and well thought-out project where we work actively to lower the property’s environmental impact, both during construction and when the building is finished, says Rickard Berlin.

Some examples of this are materials with low emissions such as ECO-Betong (ECO-Concrete), a frame made of climate-improved concrete in the hollow core slabs, cellular plastic which is over 90 percent recycled material and solar panels. The project has even worked with an initiative that reuses planks,

plywood and other wooden material, which includes building roof sideboards of boards that were previously guard rails.

–We share a deep mutual trust in each other’s expertise and we’re proud that we can build more sustainably and climate-adapted in this project. We can really make a positive difference with these input values, and that of course feels great, says Rickard Berlin.

Office building Kvar tetten will be ready in the spring of 2023.



BEST WORKPLACE

Together we build the local community

Peab is located in large and small places throughout the Nordic region. At Peab our some 15,000 employees have the opportunity to make a difference by building the local community in the places where they live and work. Every employee has a big personal responsibility, and they should be met by both good work conditions and opportunities to develop as well as safe and inclusive workplaces.

Serious accidents

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

TARGET: <28

OUTCOME 2022: 49

eNPS

Stands for employee Net Promoter Score and measures employee engagement.

TARGET: >22

OUTCOME 2022: 29

Employees are our greatest resource

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

Our broad range of operations entails a broad range of professional roles in Peab. In recent review the number of professions summed up to 228, covering everything from geotechnicians and asphalt pavement layers to construction engineers, skilled workers in civil engineering and drivers. Our local focus and strategy for locally produced community building means that Peab has a large share of our own employees, especially compared to other companies in the construction and civil engineering industry. At the end of 2022 the proportion of skilled workers was 54 (54) percent, while the proportion of white-collar workers was 46 (46) percent. The proportion between women and men in the Peab Group is a challenge in our industry and something we work with actively. Read more about equal opportunity recruitment on page 33.

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

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

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

Salary processing in Norway, Denmark and Finland is performed according to national laws and collective bargaining agreements. Peab's analysis of salaries paid in 2022 detected 18 (19) cases of subjectively set salaries between women and men for comparable professions, skills and positions. These salary differences were rectified.



Team spirit is strong and at the same time every employee is important and can have an effect on both their workday and how Peab functions as a company.

Inclusion is a cornerstone

It is fundamental for Peab that our employees are not only treated with respect for their differences, as employers we have to take advantage of each employee's unique skills and perspective. Everyone has the right to a safe, secure and inclusive work environment hence our efforts in this field includes everyone at our workplaces. We can never accept any form of social exclusion at our workplaces. Inclusion is also high on Peab's agenda and we have begun to measure these issues to a greater extent in our personnel survey. We are now exploring the level of experienced inclusion, how inclusive our language is, psychological security and how strong our civil courage is. The results are encouraging, although there is still room for improvement.

Peab works actively with education and support for managers and co-workers to ensure no one is discriminated or victimized at our workplaces. In recent years more than 12,000 employees have been educated in diversity and equal opportunity, now once again in a classroom. During the past year more than 200 employees signed up for the course. All new employees have to take part in a mandatory course which is updated regularly. We have an Ethical Council which ensures that reports of victimization and discrimination are

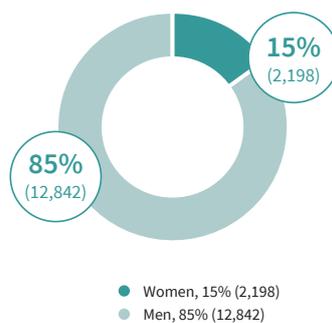
Number of employees – business area

Per December 31, 2022

Business area	2022	2021
Construction	5,671	5,696
Civil Engineering	3,405	3,426
Industry	4,931	4,841
Project Development	264	242
Group functions	769	690
Total	15,040	14,895

Number of employees – per gender

Per December 31, 2022



Number of employees in brackets

Number of employees – per country

Per December 31, 2022





investigated by impartial expertise. We have also decided all employees will annually confirm that they follow our Code of Conduct. In order to strengthen awareness we hold tailor-made courses on competition laws and anti-corruption for particularly exposed groups.

Leadership is the foundation of our success

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

Developing and educating our leaders continued in 2022. We held regional leader conferences at six different places in the Nordic region to follow-up Peab’s business plan 2021-2023 and discuss matters like values, collaboration and the future.



We held regional leader conferences at six different places in the Nordic region to follow-up Peab’s business plan 2021-2023 and discuss matters like values, collaboration and the future.

In addition to the ordinary leadership development program, which is offered to managers on four different levels, during the year we arranged leadership seminars on leading after the pandemic. We also had a special program for supervisors to facilitate success in their roles. In total we trained 650 supervisors, from Tromsø in the north to Trelleborg in the south, and all in all we carried out developmental measures for some 1,200 managers in 2022. Additional we offered a wide range of seminars as well as

coaching and mentorship. Very often our supervisors take a leadership role after finalising their degree. This group is therefore an important group for us to support them in their transition.

We have further developed our digital methodology for competence development in recent years and digital learning at work for competence development is our main channel for training. We currently have a range of about 890 (650) courses available for our employees to access on their cell phones, then apply to and, to a large extent, participate in online. In connection with annual goal and development discussions, employees and supervisors can plan for digital courses and add them to the employee’s individual development plan. Within our support functions, and based on research insights in behavioral science, we have produced a new tool goal and development discussions that reduces the risk of subjectivity in our supervisors and promotes merit-based evaluations.

Our construction business in Norway has worked with a new competence register. It provides an overview of competencies and certificates that professionals in the industry possess, which is sorely needed.

What our employees think

Within the strategic target Best workplace one of our goals is to be able to offer our employees the best workplace in the industry. We measure this through the eNPS (recommend Peab) value which should be above the benchmark for the industry and manufacturing industry. The eNPS value for the Group continued to be high in the autumn survey and rose by one point to 29 (28) compared to the spring evaluation where the increase was all of five points. This is clearly above the Nordic benchmark which is 22 (20). In the spring evaluation the increase was primarily in Swedish operations while in the autumn evaluation the values for operations in Norway and Denmark rose. The eNPS value rose particularly for female employees but was also slightly higher for skilled workers.

Participation in the autumn survey was 86 percent in the Group, accompanied by around 8,000 suggestions for improvement. This

shows the great interest our employees have in contributing to developing their teams and our business. We have sorted all the suggestions and compiled them into a complete picture which shows a representative result and gives each supervisor a clear idea of which areas need improvement based on the comments from their unit. We noted that overall, despite a difficult market situation with price hikes and material shortages, employees seem to feel better. Clarity and being able to meet their colleagues again were two of the reasons given.

In our annual work environment evaluation employees are given the opportunity to evaluate their work environment in the categories working hours, workload and equal opportunity. The result for 2022 continues to be stable and well in line with the benchmark. The area of workload has improved even if difficulties to relax after work are still reflected in the numbers. Equal opportunity has also improved but the outcome is lower among skilled workers than white-collar workers. In August we once again held Peab's Nordic annual health and work environment week with optional activities based on the needs of the specific operations to inspire, engage and increase the awareness of employees regarding health and safety at our workplaces. This year's theme focused on organizational and social factors like attitudes, behaviors and stress.

Focus on tomorrow's talent

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

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

Some examples:

- In Norway we work with developing how to school interns as a way to ensure our own access to engaged, proficient skilled workers.
- For several years now our Finnish business has participated in Metropolia University of Applied Sciences in Helsinki by contributing to the composition of education there and by leaders from Peab lecturing on leadership in the construction industry.
- Through our own concept for the education and development of young people, Peab Life, we get in dialogue with a great number of primary and secondary students every year.
- Since 2020 we have our own construction teacher who assists in the national education of young skilled workers in schools all over Finland. Last year Peab launched a supervisor course led by our construction teacher in eight different places. These courses increase our ability to take on more interns at our workplaces.
- We work together with, and our management is involved in, various university applied sciences courses related to the construction and civil engineering industry.



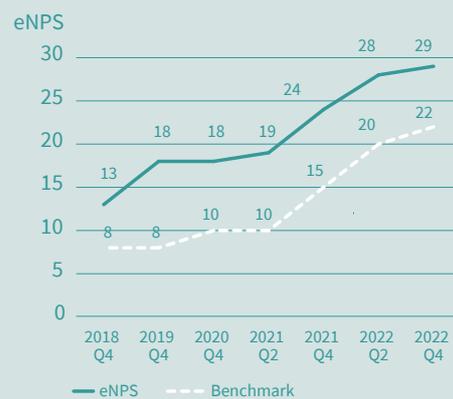
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It's good to see that overall, despite a difficult market situation with price hikes and material shortages, employees feel a little better now. Clarity and being able to meet their colleagues again were two of the reasons given.

Camila Buzaglo, CCO

eNPS

Target: > over benchmark (reported semiannually)



eNPS stands for employee Net Promoter Score and measures employee engagement. The score can vary between -100 and 100. The eNPS score should be above the benchmark in the industry (industry and manufacturing).



Safe work environment is fundamental

The construction and civil engineering industry has some of the highest numbers of injuries of any industry. Therefore a safe work environment is crucial to our business. Everyone at our workplaces should be able to work under safe and secure conditions, despite the fact there are risks involved in the work we do.

We can never accept people are injured or get sick because of their job. All our employees, hired staff and anyone at our workplaces have the explicit right to refuse to do a job if it cannot be done safely.

Preventative measures

Accident prevention measures are the core of our work on the work environment because every remedied risk is considered one less potential accident. To prevent accidents and incidents at our workplaces Peab develops quality-ensured and systematic work methods along with continually educating employees and partners. We hold regular safety inspections at construction sites and remedy identified shortcomings afterwards. We also put great emphasis on learning work environment reports which should facilitate for workplaces to do right.

We plan and make risk assessment in projects. Employees and partners report risk observations which we remedy as far as possible and we learn from these, as we do from actual incidents and accidents. Interest in reporting risk observations during the year continued to be high with around 60,000 (62,000) reported observations.

In business area Industry's Nordic operations management groups have held workshops during the year to increase understanding of how to build a safety culture. A study of its safety culture was conducted to find strengths and areas that need improving and the subsidiary Byggelement has reviewed its manufacturing plants from a safety perspective.



We can never accept people are injured or get sick because of their job.

Road safety

Peab has a large number of construction sites affected by passing traffic which entails a risk that requires special safety arrangements. On the other hand, the way we arrange roadway workplaces also affects passing traffic. Our team of traffic engineers promotes safe roadway workplaces with various measures. We have supported projects, inspected around 70 Peab workplaces and analyzed the some 150 inspections made by the Swedish Transport Administration. As the first construction contract company in Sweden we installed radar reflectors on all of the collision protection we use in roadwork. The system alerts other vehicles' radar systems to protection devices mounted on vehicles



Maintain Zero

As the Nordic Community Builder it is self-evident to contribute to the industry's development, not only in collaboration with our customers but also with our other stakeholders. During 2022 we continued to be involved in the work being done by our industry under Maintain Zero and The Swedish Construction Federation's work environment committee.

in time, which means a safer environment for everyone on our roads – our own employees and everyone else.

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

When a crisis is at hand

Peab has had a crisis organization for many years that consists of around 100 employees in Sweden and Norway. Its purpose is, in the case of an accident or crisis, to step in and provide professional management to minimize unnecessary suffering and injury of the



Work environment award in Denmark

Last year Peab Asfalt in Denmark was named Danish Master in the work environment for the second year in a row by the trade union 3F and Asfaltindustrien. The company received the award for having the least number of accidents in the industry.

victims, both employees and third parties. Every local crisis coordinator is trained in crisis management in cooperation with the Swedish Civil Contingencies Agency and participates in regularly scheduled exercises within the crisis organization's operations. Every year the crisis organization receives around fifty crisis calls.

Target – a contracting trend

Since 2021 zero vision for fatal accidents and our target of a contracting trend in serious accidents is one of our nine external goals. The target comprises all our own employees and everyone else at our workplaces.

After contracting in 2021 the trend turned in March 2022 and the number of serious accidents rose. In 2022 there were 49 (28) serious accidents. Of these, 30 referred to our own employees and 19 referred to subcontractors. The accidents occurred primarily in construction contract operations in Sweden and were mostly accidents from falling or connected to handling machines. Sadly a colleague borrowed from another construction company died from a fall at one of our projects in Sweden.

It is regrettable that the trend in accidents is developing in the wrong direction, and that one accident was even fatal. This proves





how important it is to continuously work on our safety culture. In order to turn the tide we have intensified our preventive work concerning the work environment and we work with in-depth investigations and take measures to prevent similar accidents from happening again. We also continue to provide our information series to all our employees where we share good examples, advice concerning the work environment and safety as well as information on the latest in the industry. The quarterly Nordic exchange of experiences contributes to strengthening competence among the countries.

We also monitor the number of workplace accidents with more than four days absence, excluding the day of injury (LT14), and workplace accidents according to the same definition per one million hours worked (LTIF4) for our own employees. In the fourth quarter this year there were 40 (28 third quarter 2022) and the LTIF4 frequency rate for a rolling twelve month period was 5.8 (6.2 after the third quarter 2022), which is a positive trend.

Progress and collaboration in 2022:

- Peab has implemented a new system for reporting and managing risk observations, incidents and accidents in Swedish operations. The system has a number of advantages such as an even greater focus on seeing that planned measures are carried out. Operations in our other countries will implement the system during 2023.
- Peab’s Nordic annual work environment week was focused on organizational and social factors like attitudes, behaviors and stress.



” The number of serious accidents at our workplaces rose to 49 serious accidents. Of these, 30 referred to our own employees and 19 referred to subcontractors. It is regrettable that the trend in accidents is developing in the wrong direction and proves how important it is to continuously work on our safety culture so as not to lose focus on the risks in our work. In order to turn the tide we therefore intensified our preventive work concerning the work environment last year. Our highest priority is to once again have a contracting trend.

Roger Linnér, COO

Serious accidents

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



Our target of a contracting trend in serious accidents comprises all our own employees and everyone else at our workplaces. Refers to the period January 2020 – December 2022.



Mats Ek, Assistant Project Manager for Olskroken grade separation at the Swedish Transport Administration



TOGETHER WITH THE SWEDISH TRANSPORT ADMINISTRATION

Safety above all

Every day 660 trains pass through, which makes Olskroken one of the most trafficked junctions in the Swedish railroad system. Peab is working on separating freight trains from passenger trains on behalf of the Swedish Transport Administration. We do it with the highest level of safety and the least possible climate footprint.

Rebuilding Olskroken in central Gothenburg is necessary to increase capacity, accessibility and operational safety for all railroad traffic in the West Sweden railroad system. The work comprises ten kilometers of new tracks, six new railroad overpasses and a footbridge to separate freight trains from passenger trains.

The project is unique in many ways. Olskroken is one of the Swedish Transport Administration's first

projects procured with so-called Early Contractor Involvement (ECI). This means that the contractor comes into the project early on and plans and designs it together with the customer. This allows Peab to affect, for example, climate impact at an early stage. One result of this is that almost all the concrete used in Olskroken is the climate-improved ECO-Betong (ECO-Concrete) from Swerock. This makes the project the first of its kind where the Swedish Transport Administration approves the use of climate-improved concrete in a major civil engineering undertaking.

Higher safety is another benefit of the collaboration between the Swedish Transport Administration and Peab. The project team works systematically to make the construction site safe and contributes to good safety culture. Theme days about safety where the contractor, customer and trade unions participate is an example of this. The team has also produced a work environment survey to find out

what people at the site think about the work environment there. Information programs for skilled workers to raise safety awareness and experience exchanges to better employees' capability are two such activities. Internal investigations into serious accidents and incidents to prevent future accidents are of course also part of the systematic work on the work environment. The project has been awarded the Swedish Transport Administration's work environment award twice, which pays tribute to measures that promote collaboration and work on the work environment.

–Safety is everything in our projects. The Olskroken project is a role model for how we want everyone to actively work with safety. Openness and dialogue between partners in projects is essential to being able to utilize all available know-how for safe operations, says Mats Ek, Assistant Project Manager for Olskroken grade separation at the Swedish Transport Administration.



MOST PROFITABLE COMPANY

Internal collaboration is the road to profitability

With our engaged employees we ensure productivity and quality. Our local presence and the advantage of our size and mix of operations help us become the most profitable company in our industry.

Operating margin

The target is measured according to segment reporting.

TARGET: >6%

OUTCOME 2022: 4.3%

Net debt/equity ratio

Net debt in relation to equity. The target is measured according to segment reporting.

TARGET: 0.3-0.7

OUTCOME 2022: 0.5

Dividends

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

TARGET: >50

OUTCOME 2022: 56%

Four collaborating business areas

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

Our purchasing function and our Procurement Council are two important functions for promoting the internal level of processing, as are discussions with existing and potential customers at an early stage. Our extensive local presence throughout the Nordic region sets the stage for higher internal processing and strengthens our ability to deliver where there is growth. To achieve this we can adapt our mix of operations, based on our four business areas, to local conditions and take advantage of our size and experience. We are continually making supplemental acquisitions to develop our business in this direction. In 2022 this included acquisitions in Finland and Norway in business area Civil Engineering and in business area Industry as well as establishing joint ventures in business area Project Development in Finland. In addition to taking total responsibility for projects, we also work on parts of larger projects where, in that case, every business area operates on its own.

Meanwhile, we have to continually strive to be more efficient in every aspect of our business. Our efforts to increase digitalization is a vital component in driving our efficiency forward. We work continuously on streamlining our organization and during the year we intensified this endeavor due to the developments in the economy.

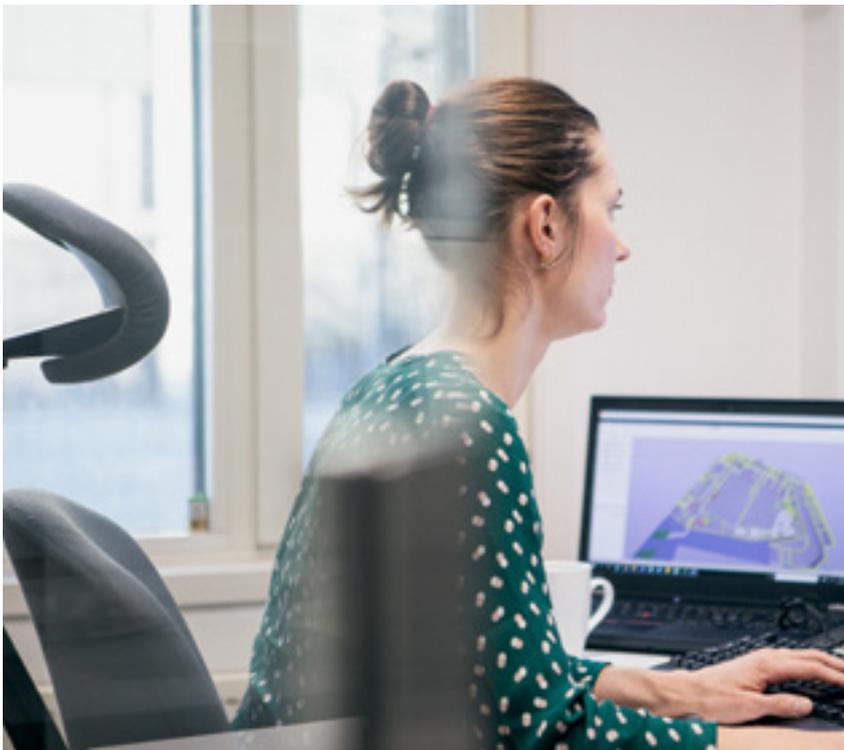
Three financial targets

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



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

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





” When it comes to our financial targets, the first one is to over time, and during a normal business cycle, have an operating margin that exceeds six percent. In 2022 it contracted from 5.2 to 4.3 percent as a result of cost inflation and the faltering market situation.

Our second financial target, the net debt/equity ratio, was 0.5 at the end of the year which is within the target interval 0.3-0.7. During the year we have continued to invest in, above all, our capital intense operations. In addition, we carried out a program for repurchasing our own shares. The net debt/equity ratio is at a level that maintains our financial strength.

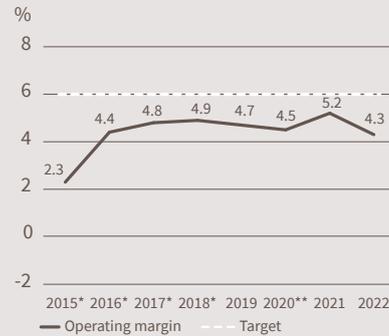
Based on Peab's third financial target of distributing dividends of over 50 percent of profit for the year, the Board has proposed a dividend of SEK 4.00 (5.00) per share for the financial year 2022. Excluding the shares held by Peab AB, this corresponds to 56 percent of profit for the year according to segment reporting. This means we will achieve our financial target regarding dividends.

Despite the weaker market conditions Peab remains stable. We continue to streamline and adjust our operations to meet the demand on the market in different segments and geographies. We redirect and trim our organization to be strong for the future. At the same time our financial clout provides Peab with the ability to take advantage of opportunities that can arise on the weaker market.

Niclas Winkvist, CFO

Operating margin

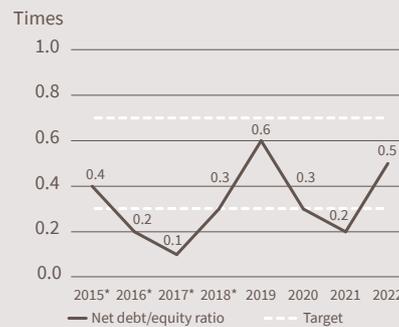
Target: >6% according to segment reporting



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

Net debt/equity ratio

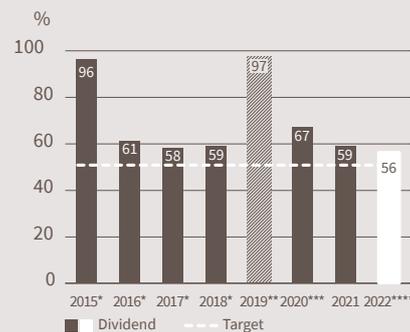
Target: 0.3-0.7 according to segment reporting



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

Dividends

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



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



Jari Miettinen, Project Director from the city of Helsinki



TOGETHER WITH THE CITY OF HELSINKI

Careful renovation

Last year Peab completed an extensive renovation of Etu-Töölö High School in central Helsinki. This was a delicate project carried out in close consultation with the city of Helsinki and the city's urban planning office. Today 750 high school students can fully focus on learning in classrooms that have both been refurbished to their former glory and updated to meet current needs.

It took over a year in Etu-Töölö to complete the renovation from the ground up of this historically important building from 1930 that houses Etu-Töölö

High School. The school was clearly showing its age and needed a thorough facelift of both the interior and roof, the facade and schoolyard. The project also included updating and streamlining the heating system to geothermal heating and improving air quality in the school.

Doors and windows, window trim and skirting boards as well as ceilings were some of the things Peab restored to bring the building back to its original state and preserve it. With the help of a conservator and color studies, original paint and color nuances on walls and ceilings were revealed and reinstated. The cafeteria and school aula were altered to take on a new appearance and become more appropriate for school activities.

–Our collaboration with Peab has been really good during the entire project. Peab has taken a great responsibility in this demanding renovation project. A cooperative and professional team has dealt with a host of challenges in a very practical manner. This has facilitated quick decisions and made it possible for us to stay on schedule, says Jari Miettinen, Project Director from the city of Helsinki.

This dialogue included a visit to the city museum in Helsinki to ensure that restoration work was carried out according to plan.



LEADER IN SOCIAL RESPONSIBILITY

We want to drive social development forward

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

Carbon dioxide intensity for own production

The target refers to lower emissions of greenhouse gases Scope 1+2 (ton CO₂e/MSEK).

TARGET 2030: -60%

OUTCOME 2022: -43%

Carbon dioxide intensity for input goods and purchased services

The target refers to lower emissions of greenhouse gases Scope 3 (ton CO₂e/MSEK).

TARGET 2030: -50%

OUTCOME 2022: -2%

Equal opportunity

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

TARGET

>5,0% (SW)

>30,0% (WCW)

OUTCOME 2022

7.9% (SW)

45.3% (WCW)

Equal opportunity workplaces in focus

A lot of work remains before the construction and civil engineering industry has gender equal workplaces. This is a challenge for our industry, but as Sweden's largest community builder – and one of the largest in the Nordic region – we want to be at the forefront of changing this. The inequality is found in workers close to production. Only about five percent of job applicants to Peab with a relevant practical education are women. This means that the construction and civil engineering industry has a major role to play in taking advantage of all the competence community has to offer.

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



” The construction and civil engineering industry has a major role to play in taking advantage of all the competence society has to offer. The proportion of women in production at Peab is still way too low. The big inequality is in professions close to production while there is a good balance between women and men in all the other parts of our organization.

As one of the largest Nordic community builders we want to challenge ourselves and thereby create a shift in the entire industry. Our initial target therefore is to strive for the percentage of women recruited to Peab for our core skills to always be higher than the percentage of women who have graduated with, for us, relevant degrees on the education markets. We focus on core skills in production (skilled workers) and production management and production support (white-collar workers). At the end of 2022 the percentage of women in new recruitments was 7.9 (6.8) percent in production and processing compared to our target of more than 5.0 percent and 45.3 (34.9) percent in production management and production support whereas our target was 30 percent. In total the proportion of women in Peab is 14 percent (13.3). We have a lot left to do.

Stefan Danielsson, Business Area Manager Construction

The Construction Year builds for the future

Over the past year we have invested a great deal of energy in what we are calling The Construction Year. In 2023 Peab will launch a national, one-year internship for women that have just finished high school or have worked a few years and want to learn a new skill. Participants take an introduction course and after that do their internship at a local workplace. The program does not require prior knowledge about construction and civil engineering. What it does require is curiosity about the industry and the will and engagement to learn.

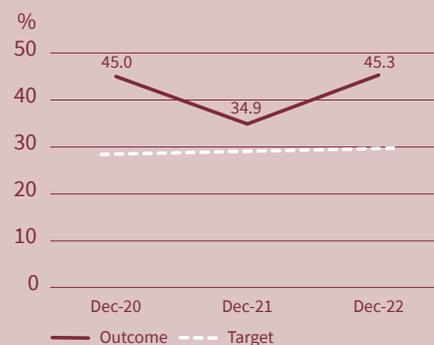
The purpose of The Construction Year is to attract more women to the construction industry, have more of our own capable skilled workers and contribute to increasing interest in the profession. The goal is to achieve greater gender equality in Peab in general, and in production specifically.

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

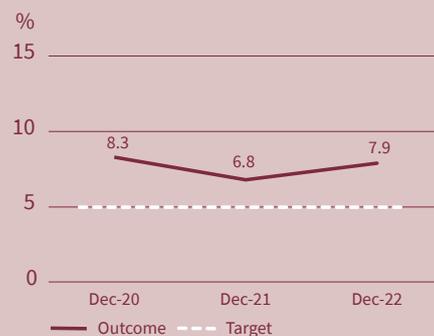
Equal opportunity recruitment

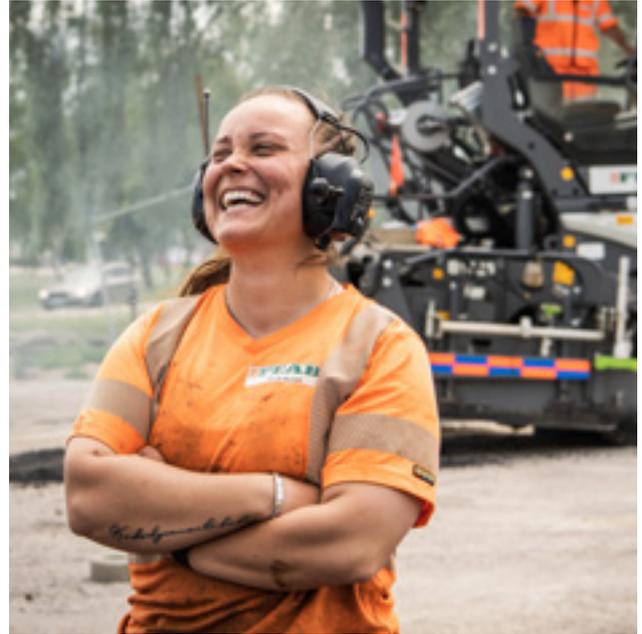
Target: Share of women recruited > the education market (reported annually)

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



Production and processing (skilled workers), %





Ethics are fundamental to community building

We have a significant responsibility as community builders to work with ethics and counteract corruption. This can be a challenge in an industry of generally decentralized operations and complex value chains since these factors have been known to increase the risk for ethical violations and corruption. The fact that our operations and next to all our employees are in the Nordic region as well as most of our partners is positive for our ability to educate and support them. Peab has made it abundantly clear that we have zero tolerance for any and all forms of corruption, ethical violations are not accepted and that every infringement has consequences.

In 2022 we taught 1,777 (2,064) employees about ethics, which included our policies and procedures, in order to counteract corruption. Relevant “cases” are also an important part of this education.

Structured incident management

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

When Peab is made aware of an incident the matter is sent to the Ethical Council which ensures that all incidents in the Group are dealt with consistently. During 2022 0 (0) incidents of anti-competi-

tive activities, breaches of the competition law or monopolistic behavior leading to legal action were discovered. Peab has not been involved in any legal process during the year nor was there any ongoing legal process at the end of 2022.

In 2022 Peab discovered 1 (1) case of suspected corruption and 0 (0) internal incidents of suspected financial irregularity. The responsible manager handled the matter with support from the Ethical Council and the incident was reported to the police by Peab.

During the year we have implemented the regulations and reporting requirements that we updated in 2021 regarding employees’ side occupations.

Collaboration for a more sustainable industry

As the Nordic Community Builder Peab naturally wants to contribute developing our industry, not only in collaboration with our customers but with our other stakeholders as well. Current national and global challenges require that actors in society work together, which is why collaboration was a prioritized part of our local community building in 2022 as well.



Peab’s Code of Conduct

Peab’s Code of Conduct applies to everyone who works for and with us – our employees, suppliers, interns, subcontractors and other partners. The code makes explicit demands on compliance and respect in a number of areas like child labor, forced labor and the right to organize, climate responsibility, non-discrimination and anti-corruption. In the beginning of 2023 Peab adopted a Suppliers Code of Conduct to further clarify our expectations of suppliers and subcontractors, particularly regarding respect for human rights and the environment. The Suppliers Code of Conduct, which is built on our Code of Conduct, will be implemented in 2023.

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

Respect for human rights

Respect for human rights is a given in every aspect of Peab's business and throughout the entire value chain. This commitment is explicitly expressed in our Code of Conduct. The risk of violating human rights exists in all our areas of operation, internally and externally. Read more in the section on risks. These risks are particularly prominent in the various parts of the supply chain, which is why we now have a Suppliers Code of Conduct. This matter is vital for us and embraces several of our prioritized sustainability aspects. We work with risk analysis and rectifying faults in our own operations, and we quality-ensure our supply chain to reduce the risk of disrespect for human rights.

Sustainable throughout the entire chain

The production chain in the construction and civil engineering industry is complex and consists of many different actors. When it comes to the supply chain specifically, the basis for a sustainable business is a supply chain where business ethics, human rights and the environment are fostered and respected. This requires governance from executive management right through to individual workplaces as well as specifying demands and monitoring every aspect of the production chain. This requires procedures to assess, prevent and manage risks along with cooperation and transparency. Once again Peab's Code of Conduct is the foundation and during the year we have launched a Suppliers Code of Conduct that explicitly defines our expectations of our partners.

Risk management in the supply chain

At Peab we manage 41,000 external suppliers annually. Around 1,500 suppliers make up 80 percent of the Group's total purchase volume, of which 60 are internal suppliers. In other words, we are major buyers in the Nordic region which means we have a good platform for promoting secure and sustainable procurement along with supplier collaboration. This requires good purchasing governance, which Peab has prioritized for quite some time. The process begins when a supplier is first assessed and then continues via risk analysis, requirements, checks and follow-up. Because of the war in Ukraine we have emphasized the important of supplier checks and successively updated our procedures to include handle the work connected to sanctions.

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

We also monitor suppliers based on the measurement secure procurement. In short, the definition of a secure procurement is that it has been made from an approved supplier, is covered by a

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



The basis for a sustainable business is a supply chain where business ethics, human rights and the environment are fostered and respected.

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

Supplier checks and audits

Every year we conduct an analysis of our purchase categories and select several prioritized ones. We choose these categories based on a number of parameters, in particular issues related to human rights such as the work environment, child labor, discrimination and the environment. We then monitor our prioritized categories throughout the year and a cross-functional audit team consisting of category heads and QEW responsible supervisors conduct supplier audits. An example of a category-steered process is how we work with risk categories. A risk category is earmarked by a special or high level of risk concerning the work environment, labor conditions and other human rights. The risk categories Peab has identified are staffing, hole punching, demolition, cleaning, scaffolding construction, decontamination and security. As part of our continuous improvement work, several years ago we began increasing checks on our subcontractors and suppliers. As a result of this in Sweden more and more subcontractors apply the industry-wide requirements in "UE 2021 (Subcontractor 2021)", which is a framework continually developing through cooperation in the industry, especially through tougher sustainability demands. This entails a responsibility for ensuring that all subcontractors in the supply chain have collective bargaining agreements and an F-tax certificate, and that they are not involved in disputes regarding back wages or other remuneration to employees. The primary purpose is to rid the industry of unscrupulous actors, get control over the subcontractor chain and create safe workplaces. This aligns with Peab's ambition to strive for a healthy construction industry that safeguards good business ethics, quality, the work environment and environmental consideration.

In 2022 Peab's cross-functional audit team continued to conduct onsite audits at our prioritized suppliers which have been identified based on volumes and assessed risk level. Our Code of

Conduct is the basis of our requirements and follow-up and our method is always the learning dialogue. Our goal is to promote improvement and create a sustainable, secure production chain by working on it together. In 2022 we conducted 6 (15) supplier audits and broadened the scope of them through additional questions about quality. In 2023 we plan to increase the number of supplier audits. Among other things, we will review our audit program so that it becomes more efficient for us and suppliers.



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

Order through third party checkpoints

Workplace inspections are a well-established method in Peab to promote safe workplaces. In 2021 Peab introduced third party checkpoints in Swedish operations to ensure that no unauthorized persons could have access to, or be at, our workplaces. During the year 21 (68) workplaces were inspected and checks of 421 (2,241) individuals were made. Results from these workplace inspections confirmed that everything is in order and that through the electronic personnel ledger system we can verify both the employee's information and where they are employed. We also have a link to our supplier register where the employer is checked based on the criteria for "safe workplace". Every night the system retrieves information from open sources and credit check companies, which means the information is always current.





Commitment to youths

One of the areas our customers emphasize more and more is the importance of working together in shared social responsibility for the local community. For Peab, with our extensive local presence all over the Nordic region, this is a positive development and key to our business model. Some examples are providing internships and jobs for newly arrived immigrants or for people with disabilities, creating safe residential areas or aiding youths in their development and education. The education and development of youths is a particularly prioritized matter for us. We want as many Nordic children and youths as possible to have equal access to leisure activities, education or a step up into the labor force. This is an important part of our strategic target to be a leader in social responsibility.

The Peab School is a concrete example. It consists of Peab's three independent upper secondary schools. The Peab School has concluded its sixteenth school year and in June 87 (77) students graduated. In 2022 there were 233 (219) students in the construction and civil engineering program and 65 (73) in the introduction program for vocational training. This means that since its start in 2006, 1,500 youths have received their upper secondary education through us.

Umbrella for youth programs

Peab Life is our concept for how we contribute to young people's development and education in the local community. By making it possible for them to participate in local building projects we want to build away inequalities and contribute to greater diversity, inclusion and participation amongst Nordic youths. During the year we carried out 34 (9) projects with more than 1,500 (1,000) youths. Examples of them are when we designed secure schools with the Friends Foundation, built a schoolyard together with The Rescue Mission, trained 200 youths in Biskopsgården in community building together with Vasakronan and Gothenburg City and helped ten high school youths get a summer job.

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



One of the areas our customers emphasize more and more is the importance of working together in shared social responsibility for the local community.

Within the framework of Peab Life we also continually visit schools to talk about Peab's operations and try to keep them from getting the wrong idea about the community building industry. During the year with our Diversity & Inclusion Manager we met several middle school classes from Järva School for a discussion about choices for the future, the construction industry and equal opportunity.

Sponsoring our local community

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



Focus on environmental targets

The construction and civil engineering industry has a significant environmental and climate impact. Peab affects the environment and climate through our own operations and through the impact generated by, for example, suppliers and customers. At the same time conditions for our business are affected by environmental and climate changes. Together with other actors in the value chain we therefore work step-by-step to reduce our environmental and climate impact, in line with our set targets.

In recent years Peab's climate and environmental work has become increasingly comprehensive and our targets and measurements more stringent. High ambitions and a rapid tempo is necessary since as the Nordic Community Builder we have a significant responsibility for reducing the construction and civil engineering industry's environmental impact.

Environmental targets – our North star

Taking responsibility for the environment is key to our strategic target to be the leader in social responsibility. Peab has three

long-term environmental targets that identify our focus areas and help us implement practical measures that improve the environment. These both support and strengthen each other. The most long-term target of Peab's three comprehensive environmental targets is to be climate neutral no later than 2045, which aligns with the scientifically-based 1.5 degree target in the Paris Agreement. Our targets up to 2030 are to reduce carbon dioxide intensity by at least 60 percent (baseline 2015) in our own operations – Scope 1 and 2 – and for input goods and purchased services – Scope 3 – by half (baseline 2015). Peab's second environmental target is to be completely resource efficient by 2040. This target also contributes to our climate target since resource consumption and producing material have a substantial climate impact. Within the framework of resource efficiency we also work actively to promote biodiversity. Peab's third environmental target is to phase out environmentally and health hazardous products no later than 2030. We want to protect people and the environment from toxic exposure in both production and usage.

2030

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

2040

Year 2040 our business will be 100 percent resource efficient

2045

Year 2045 we will be climate neutral

2030

2040

2045

Climate neutrality: Focus on reducing emissions

According to the Swedish National Board of Housing, Building and Planning, developers and construction companies generate around 20 percent of Sweden's carbon emissions. This means we have to move quickly if we are going to reduce emissions at the rate required by the Paris agreement. We work systematically towards this goal and in Sweden we support the construction and civil engineering industry's "Road map for fossil free competitiveness". We have an advantage in that we can supply our contract construction operations and the projects we develop ourselves with input goods and raw material through our business area Industry, which enhances our ability to steer towards lower carbon emissions. We contribute to the ongoing climate transition through different kinds of investments, for example in our production and in electric machines and vehicles. In 2022 transition investments were around SEK 300 million.

Sources of our emissions

Peab's operations primarily cause emissions of greenhouse gases by using various materials in production like concrete, steel and asphalt. Two other major sources of carbon emissions in production are energy consumption and transportation. Therefore our prioritized, emission reduction activities are centered on these areas. As community builders we also have a comprehensive perspective on our climate work and strive to contribute in the usage stage and to local community building on the whole. This can entail designing flexible constructions, investing in solar power plants, wind farms and railroads or by building in such a way that people can live more sustainably. We have a life cycle perspective in our operations and take responsibility for both making and meeting demands in the value chain in relation to our customers and suppliers.

The crucial issue of material

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



The steel solution

In 2021 Peab was the first Swedish construction and civil engineering company to enter into a partnership with SSAB regarding fossil free steel, which means that as of 2026 Peab will start using fossil free steel in our construction and civil engineering projects. In 2022 we were given a grant for a research project with SSAB via the Swedish Construction Industry's Development Fund (SBUF) to investigate possible climate savings in the construction and civil engineering industry through the hydrogen gas based HYBRIT technology. A rough preliminary analysis shows that 90 percent of the steel in a conventional steel frame for an office building can be replaced by fossil free steel, which means a climate reduction of about 70 percent compared to conventionally produced steel. The research project will also make a detailed study of the climate impact from the fossil free steel as well as the effect this climate savings can have on the total climate footprint of construction and civil engineering projects.

Material



The three most important measures to reduce Peab's climate impact:

1. Choice of material
2. Material efficient solutions and work methods
3. Recycling/reuse

Energy



The three most important measures to reduce Peab's climate impact:

1. Energy efficiency improvements
2. Electrifying with green electricity
3. Renewable fuels

Transportation



The three most important measures to reduce Peab's climate impact:

1. Choice of transportation method (renewable fuel)
2. Transportation and route optimization
3. Optimized mass management

Community builder



The three most important measures to reduce Peab's climate impact:

1. Energy efficient, flexible constructions with long lifetimes
2. Promoting sustainable living
3. Contributing to sustainable energy and transportation infrastructure

We produce our own slag-based binder Merit that, to a certain extent, replaces cement in concrete. Cement represents 90 percent of concrete's environmental impact. Our subsidiary Swerock uses Merit in the manufacture of its climate-improved ECO-Betong (ECO-Concrete) thereby lowering carbon emissions by up to 50 percent and reducing excavation of virgin limestone. Our construction and civil engineering operations intend to increase the amount of climate-improved concrete in our projects to reduce our carbon footprint. Business area Civil Engineering always uses climate-improved concrete where it is technically possible and available, and business area Construction's goal is that at least 50 percent of precast concrete will be ECO-Betong no later than 2023. Our long-term goal is to make all concrete climate neutral, which entails investing resources in R&D, particularly regarding alternative binders and carbon dioxide capture.

Progress and collaboration in 2022:

- We prepared our first climate declaration according to the new law regarding climate declarations that became effective in 2022. The legal requirement entailed a major shift in the importance of climate issues in the construction industry.
- Our subsidiary Swerock launched climate-improved concrete (ECO-Betong) on the Finnish market.
- For the first time we cast an overpass in Småland for The Swedish Transport Administration with concrete where the cement was replaced by 50 percent by Merit. Our comprehensive tests in the laboratory and onsite at the overpass demonstrated good durability and better strength than traditional concrete. Carbon savings amounted to more than 37 tons.
- We signed a partnership contract and became one of the owners of the Swedish start-up CemVision which works with producing a new climate neutral cement. Subsequently even Bill Gates has invested in the company through his mentorship program "Breakthrough Energy Fellowship Program" which supports the most promising innovations for the climate worldwide.
- Together with Wihlborgs our customer, we preliminarily certified our first construction project according to Net Zero Carbon Building. Read more about the project Kwartetten in Malmö on page 19.

Expanding ECO-family

In addition to Merit and ECO-Betong (ECO-Concrete) we work with several other ECO-products. In 2021 subsidiaries Byggelement and Smidmek introduced the concept ECO-Stomme (ECO-Frame) and ECO-Prefab that are both built on the binder Merit. During the year Byggelement decided to develop this further in its most sweeping program so far. With an investment of close to half a billion Swedish kronor the company will double its production capacity in walls and joists while halving the need for cement by raising the portion of alternative binder up to at least 50 percent. During the year Byggelement also launched the product solid wall with 50 percent alternative binder, which reduces climate impact significantly compared to solid walls without the climate-improved concrete.

Energy on the agenda

The basis of our product of ECO-Asfalt is that biofuels replace fossil fuel oil when fringing and heating the gravel material which is the most energy consuming part of the manufacturing process. This halves climate impact without affecting the end product's properties. Subsidiary Peab Asfalt currently has around 90 asphalt plants in the Nordic area. Twenty of them in Sweden can offer ECO-Asfalt. For nine of them, we have received funding for conversion from the investment support "Climate Leap" (the Swedish Environment Protection Agency). During the year the transition process has spread to our other countries with the conversion of four asphalt plants in Denmark, three in Finland and two in Norway. Peab's operation in Finland increased its energy efficiency in asphalt production by lowering the manufacturing temperature by 15 degrees. This was done through education, changes in local planning and weekly follow-ups.



In addition to Merit and ECO-Betong (ECO-Concrete) we work with several other ECO-products.

The work with ECO-Asfalt is an example of how we can save energy and use renewable energy sources in our production to lower climate impact. We continued to test pave and develop asphalt with the natural binder in wood lignin, made from residual products from the forest industry, which can partially replace the oil-based binder bitumen. During the year we tested paving asphalt with lignin in Finnish Kotka in collaboration with Stora Enso. All in all we have test paved lignin on seven different stretches in the Nordic area. We are also doing R&D to find other alternative binders.



Research and innovation on the agenda

In the beginning of 2022 we created the new function Research and Innovation aimed at supporting our business in its transition to climate-adapted products and with investments in new technology. Circular material and new energy services are examples of areas the function deals with. During the year the function has started up new collaborations and identified new partnerships that, among other things, comprise new circular processes which include using more and more residual products from other industries.

Higher energy requirements

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

Lambertsson has also launched Lambertsson Control, which enables measuring and steering energy and water consumption in a project. Energy consumption can be reduced 30-40 percent by using the measurements to find energy thieves and cut off effect spikes.

Electrical vehicles and machines

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

- Swerock invested in twelve concrete hybrid pumps that will be used in Sweden and Finland. Through them Swerock lowers its climate impact across the board, from production of ECO-Betong (ECO-Concrete) and delivery with electrical concrete mixer trucks to pumping it out with the new hybrid pumps.
- Four electric concrete mixer trucks are operating in Stockholm. This reduces carbon emissions annually by more than 80 tons per cement mixer compared to a diesel vehicle.
- As the first Nordic company Peab Asfalt tried out a 2.5 ton electric vibrating tandem roller which reduces emissions by ten kilos carbon dioxide per hour.
- Lambertsson is successively replacing its machines run on diesel with hybrid or electric ones, even the really big machines like excavators, dump trucks and wheel loaders.
- We are making a rapid transition to hybrid or electric alternatives in company cars and pickups. Of the company cars we ordered in 2022, 94 percent were hybrid or electric, and all in all more than every fifth car in the Group today is either a hybrid or electric car.

Optimizing transportation:

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



The Haga Initiative

For the third year in a row The Haga Initiative has examined which of the stock market's 128 large companies set targets to halve their emissions by 2030 in line with the 1.5 degree goal. Peab got a green light for its entire value chain (Scope 1, 2 and 3) in the 2022 review.



2030

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2045

Resource efficiency:

Many roads to resource efficiency

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

Circular material on its way

Besides replacing fossil fuel oil with biofuel in the manufacture of ECO-Asfalt we are developing solutions for partially exchanging the binder bitumen with residual products from the forest industry. We also work to increase the use of reclaimed asphalt pavement in production. The portion of reclaimed asphalt pavement in Peab's Nordic asphalt production in 2022 amounted to 27 percent (compared to 14 percent 2015).



Peab's biodiversity under the microscope

Every year Ecogain Biodiversity Index (EBI) measures how the largest companies in Europe report on biodiversity. It is an indicator on how well biodiversity has been integrated into the companies' business. Of 100 companies on the list Peab came in 18th.

Potential med mineral aggregates

ECO-Ballast (ECO-Mineral aggregates) is another concept Peab launched through Swerock in 2021. It can be used in the manufacture of, for instance, asphalt or concrete or as a construction material. ECO-Ballast is made of recycled raw materials that can come from construction or civil engineering projects or by-products from industrial processes and therefore makes a significant contribution to circular community building. The product has the equivalent properties of virgin mineral aggregates and is quality-ensured with an environmental and health declaration.

Mineral aggregates may also have a role to play in Carbon Capture and Storage (CCS), in other words capturing and permanently binding carbon dioxide to reduce the amount in the atmosphere. We are running a research project until the spring of 2023 with financing from The Swedish Construction Industry's Development Fund (SBUF) that examines the possibility of manufacturing new mineral aggregates as construction material by storing biogenic carbon from wood and other biomaterial in residual products from quarry and concrete operations. We have the right prerequisites for this considering our business comprises the whole circle from excavation to use and finally recycling mineral aggregates.

From waste to circular material

Building creates waste. Every year vast amounts of building material is thrown away in construction projects. Peab has explicit guidelines on how to handle leftover material at construction sites aimed at enabling greater reuse and compliance with laws and our Code of Conduct. We also have a number of initiatives creating new ways to recycle and reuse this construction material. Particularly important is establishing a dialogue and collaboration with material suppliers and reuse actors early on so that we can manufacture and use more products that contain reused material. For instance, we have continued to collaborate with reuse companies regarding insulation, windows and plastic.

With so-called C&D Recycling Wash Plants Peab's subsidiary Swerock contributes to circular material flows by reducing the amount of surplus excavation soil that becomes landfill by up to 80 percent.

Peab's civil engineering operations work increasingly with so-called in situ remediation which entails remediating contaminated land and dredged soil on site instead of removing the soil. This also means transporting less replacement soil for filling. According to our life cycle calculations in situ remediation and stabilization of polluted soil can lower carbon emissions by 80 percent.

Progress and collaboration in 2022:

- One of our largest projects, Platinan in Gothenburg, delivered more than five tons of leftover material for reuse and reused material in the building's ceilings.
- We ran pilot projects for the reuse of wood, which is our largest waste fraction, and continued construction on Varvsstaden in Malmö where reuse is key to the development of the new city borough.
- We paved a test stretch with 50 percent reclaimed asphalt pavement in Drammen Municipality in Norway.
- We were the first construction and civil engineering company in Sweden to sign a contract with a supplier of circular salt in order to contribute to more climate-adapted summer and winter road maintenance on Swedish roads. By using circular salt we lower carbon emissions by 10,000 tons annually, which is the equivalent of a 90 percent reduction compared to traditionally produced salt.
- We were commissioned by the Danish Road Directorate to pave more than 50,000 tons of a climate-adapted wearing course, which lowers rolling resistance and cuts the fuel consumption of the vehicles on this stretch of the road.

Protection and development of biodiversity

Biodiversity means having variations within and between species

as well as different types of life environments and is crucial to human welfare. Our environmental target for resource efficiency includes the issue of protecting, preserving and strengthening ecosystems and biodiversity when exploiting land and natural reserves. Peab's operations encroach on nature and risk displacing species. This is why we are careful to take steps to protect life and species, and even add to the biodiversity in the environments where we operate. Peab fosters biodiversity by developing green and blue infrastructure like fish passes and fauna passageways. Biodiversity is also a factor considered in environmental certification of buildings, for example the Nordic Swan Ecolabel. Normally before Peab opens a quarry we make a natural value assessment in order to determine with the help of experts if the location is suitable and identify any possible protection measures. Sometimes Peab draws up biodiversity plans in connection with new quarry permits in order to identify the best way to protect and even benefit various species. In 2022 we prepared nine biodiversity plans in Sweden. Quarries offer unique life environments for a number of threatened species and can therefore contain higher natural values than their surroundings. Last year we made a biodiversity plan in one quarry when we discovered that the red-listed moor frog had found a cozy environment in one of the manmade dams. Peregrine falcons can now nest in a different quarry through measures taken there and in yet another, sand martins have made nests in stone flour piles.

Progress and collaboration in 2022:

- Together with companies in the industry and authorities we have run and participated in several developmental projects concerning combatting and managing invasive species that threaten biodiversity.
- We participated in two teams in an industry-wide project initiated by Ecogain aimed at producing a practical tool to evaluate the effects of measures taken to support biodiversity.
- Swerock is a member of the network Business@Biodiversity Sweden focused on biodiversity and business benefits.





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Phasing out environmental and health hazardous products

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

Methods that facilitate product choices

To phase out environmentally and health hazardous products we use environmental assessment systems such as Byggvarubedömningen and Basta to help us choose products. We develop methods and systems to steer purchasing towards better product selection by, for instance, integrating information on environmental assess-

ments and ecolabelling into our purchasing processes. Traceability helps us identify substances we do not currently consider hazardous but which may later prove to be so. Keeping a logbook on built-in material is a way of ensuring traceability.

In order to phase out hazardous products we work together with suppliers and producers to find new and better alternatives. We have implemented a substitution staircase and defined the criteria which inform the phasing out process, the so-called Peab criteria. We have continued to implement a digital chemical management system into a growing portion of our operations to facilitate monitoring and steering chemical consumption. Last year we also began to apply a system with traffic lights, a color code that signals whether or not a product is an approved choice at Peab. This is an aid that visualizes how to choose chemical products to achieve our third target.



Certification of buildings: Well-defined framework for sustainable projects

Buildings affect our environment during their entire lifecycle, from construction and operation to dismantling and demolition. Environmental certification systems provide a well-defined framework to work with in planning and production to assess how environmentally sustainable a building is, and support us in our efforts to reduce our environmental impact.

All Peab's own developed tenant-owner apartment buildings produced in Sweden with more than two stories are Swan ecolabelled. Our own developed rental apartment buildings in Sweden are Swan ecolabelled or certified according to Miljöbyggnad. In Finland we certify apartment buildings according to the Swan ecolabel or BREEAM. Since 2021 all our own developed housing projects in Finland are built with energy class A. Our own developed commercial buildings in Sweden are certified according to BREEAM or Miljöbyggnad. In Finland Peab's property development business uses the environmental certification system LEED.



Collaboration with universities

Collaboration is vital to developing and puzzling out new ways to create a sustainable society. During the year Peab and Luleå University of Technology (LTU) entered into a long-term strategic partnership in sustainable construction, digitalization and resource efficiency which lets Peab take advantage of the latest research and LTU can test its research in practice. At Chalmers University of Technology in Gothenburg we participate in the research program for "Future Transportation Infrastructure" and at Lund's The Faculty of Engineering, (LTH) we are active in the "Center for construction robotics". For years we have worked together with The Royal Institute of Technology (KTH) in Stockholm within road technology and geotechnical engineering.



Peab’s need to compile, analyze and report reliable environmental data from suppliers increases as our own and external demands and expectations grow.

Measurable environmental footprint: Greater need for environmental data

Peab’s need to compile, analyze and report reliable environmental data from suppliers increases as our own and external demands and expectations grow. Therefore the Group now has a project to develop environmental data management in order to measure, analyze, govern and report the business’ environmental impact. The purpose of the project is to create work methods and system support to aid us with this. During the year we launched three apps that help us to visualize our environmental impact. They

provide us with an overview of our energy consumption, how far we have come in phasing out environmentally and health hazardous chemical products and they support data compilation and reporting. The project will continue during 2023.

We are also working on increasing accessibility to environmental information on our ECO-products through, for instance, climate calculations and third party verified Environmental Product Declarations (EPDs). We also produce more and more project specific EPDs.

We have participated in the initiation of the project “Environmental Data NOW”, which is run together with a number of actors in the industry under the umbrella of the Swedish Construction Federation. The purpose is to arrive at a common standard for the content and format of information in data reporting. In addition, we are part of developing the construction industry’s resource and waste guidelines aimed at creating an industry standard for measuring waste as well as a definition and calculation of key ratios.



Peab should be climate neutral by 2045. Our targets by 2030 are to reduce carbon dioxide intensity by at least 60 percent in our own operations (Scope 1 and 2) and for input goods and purchased services (Scope 3) by at least 50 percent compared to base year 2015. The outcome after 2022 reveals that developments are going in the right direction although to different degrees. Carbon dioxide intensity in our own production has gone down by 43 percent compared to base year 2015 and by two percent for input goods and purchased services. This means that we are well on the way to converting the production we ourselves have control over but the greater challenge is when we are dependent on other parties for a reduction in our carbon footprint. It is therefore vital that we continue to make explicit and stringent demands as well as point out choices that are better for the climate in order to reduce emissions.

Elisabet Stadler, Head of Environment

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.

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.



Ingrid Karlsen, Project Manager
at Oslobygg KF.



TOGETHER WITH OSLOBYGG KF

Specifications down to the minutest environmental detail

Customers that make explicit environmental and climate demands drive development towards a greener construction industry. The municipal general contractor Oslobygg KF is one such customer. Together with Peab the company is building the new retirement home Tåsenhjemmet in the capital – with specifications on everything from a fossil free workplace to several environmental standards.

Some of these demands are concrete with a lower carbon footprint, reused concrete, fossil free machines and equipment, and drilling energy wells. The project is a FutureBuilt project and will be built according to Nearly Zero Energy Buildings (NZEB) and BREEAM certified according to level Excellent.

When Peab builds the new retirement home in Oslo the environmental aspects have been thoroughly considered and specified.

–We're constantly trying to find the best way forward for the environment, even though sometimes it isn't easy to get a clear-cut answer on what best meets environmental and climate demands. We have a lot of discussions in the project and Peab daily deliberates: Which product purchase generates the least carbon impact? How do we best manage waste? How do we get recycled steel in time to the construction site? However, we never waver from the goal and Peab is thoroughly engaged, says Ingrid Karlsen, Project Manager at Oslobygg KF.

Often a decision on one environmental matter has consequences for others. One example is drilling energy wells in the ground to reduce the need for electrical heating. To make sure the wells do not

hurt the root systems of the many surrounding trees, an arborist is onsite to watch over the trees' wellbeing. In addition, the city of Oslo requires that Peab replants a red listed plant previously found in the area. The city's botanical garden will supply the right seeds. These are measures that contribute to improving the property's ecologic value.

For Peab, building the retirement home Tåsenhjemmet is a good example of how customers that prioritize climate and environmental aspects challenge and provide us with new experiences, which can then be used for other customers and in other construction projects. This project shows how pioneers that lead the way can drive development forward and help other actors achieve their climate goals.

The new retirement home will be completed by the end of 2023.

Community builder with clear priorities

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

Working sustainably is a strategic matter for Peab that should be completely integrated into our operations. Each and every employee should work sustainably in their role based on our core values, business concept, mission, strategic targets and Code of Conduct. For Peab sustainability entails running a business that both takes a long-term responsibility for its own impact and works for a good community.

We operate over a broad spectrum of community building which naturally has both positive and negative effects on the world around us. The frequency of injuries in the construction and civil engineering industry is high and our employees are exposed to risks on construction sites that can lead to accidents. The industry is also traditionally male dominated, which entails a lack of gender equality and diversity. Furthermore, the complex value chains create risks for ethical transgressions. In addition, we have a responsibility to ensure that our suppliers follow good ethics and care about the environment and human rights. At the same time our business contributes many things that are positive. Besides daily building local communities, we provide our employees with secure employment and meaningful careers with development opportunities. In the local community, we work especially for the development and education of our young people and we contribute to local development in general.

Our operations impact the environment and climate in various ways. For example, materials we use, like concrete and steel, generate carbon emissions and other components are environmentally and health hazardous. We use the earth's finite resources and have to become better at working circularly and resource efficiently as well as caring about the impact we have on nature and fostering biodiversity. We put the same demands on our suppliers and their suppliers and have an ongoing dialogue with our customers to help them achieve their environmental and climate goals. Collaboration is a prerequisite for positive change.

As a major local actor and employer in the Nordic region it is important that through cooperation and dialogue we understand

the challenges society is facing, and in particular the needs in our local communities. By comprehending this we can reduce the negative impact of our business and increase its benefit. We want to take responsibility, either by contributing to a more climate-adapted use of material, healthy competition or safe and inclusive workplaces. As one of the largest Nordic community builders we have decided to be the Best workplace and Leader in social responsibility in our industry. It is a commitment that comes with obligations.

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



We take responsibility, whether by contributing to more climate-adapted material use, healthy competition or safe and inclusive workplaces.

Stakeholders guide us

Peab's prioritized sustainability aspects and actions in the area of sustainability are based on the actual and potential impact on humans and the environment of our business as well as ongoing stakeholder dialogues. This keeps us aware of the expectations and demands of our stakeholders and what issues are most important to them. These dialogues take place in both informal meetings with customers, suppliers, employees and other stakeholders and in more structured contexts such as supplier audits, meetings with politicians and other decision-makers, owner and

investor dialogues and seminars at colleges. The accumulated result from these dialogues forms the basis of our materiality analysis and sustainability work priorities. They are established by Peab's Board and executive management, most recently for the business plan period 2021-2023, integrated into Group and business area business plans and support our work in product development and technical solutions. In the dialogues – independent of which stakeholder group – we inform about the progress being made in our operations, provide good examples and initiatives but also point out the challenges. In this way we can create and maintain constructive and transparent dialogues that lead to actual positive development.

Eight sustainability priorities

Peab's prioritized sustainability areas form a unit where the parts affect each other. With the adoption of the new business plan for 2021-2023 at the beginning of the year we revised the prioritized sustainability aspects we identified as the most relevant to manage, monitor and report. We categorize these under the two strategic targets Best workplace and Leader in social responsibility and set targets for them to ensure that they are integrated into our operations and governance. They are based on areas where our business has a negative effect on social, environment and economic aspects and in areas where our business can make a positive difference. Our prioritized areas have not changed since we presented them in the 2021 Annual and Sustainability Report. However, we have assessed them based on a discussion about the impact of our operations on the world around us and how it affects us in return. The result is presented below.

Our sustainability priorities:

- E Climate impact
- E Resource consumption
- E Environmentally and health hazardous products
- G Ethics and anti-corruption
- S Work environment and safety culture
- S Equality, diversity and equal treatment
- E S Quality ensured supplier chain
- S Education and development for the young

Read more about our take on sustainability priorities and how we govern these in the GRI appendix at peab.com.

Locally produced community building

The way we operate is built on our four business areas that collaborate locally which gives us good control over the processing chain. Our 15,000 employees ensure that we as far as possible use local resources in the form of our own employees, our own input goods and subcontractors. This, together with our engagement in the community and integrated climate and environmental work, forms the foundation of what we call locally produced community building.

Importance to stakeholders



Sustainable aspects

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

ESG

E=environment, S=social, G=governance





Peab's stakeholders

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

Governing Peab's sustainability work

Peab governs sustainability work through identifying, assessing and managing risks and opportunities, working systematically with continual improvements and identified key activities and projects, and measuring progress through specific targets for the Group, business areas and subsidiaries in our prioritized sustainability aspects. Parallel to central rules and management systems governing is done as far as possible locally. In 2021 we clarified the integrated responsibility for our sustainability work in our four business areas to further strengthen our local engagement.

Peab's Board has given executive management the overriding responsibility for governing and monitoring integration of a sustainable work method into operations. Business area managers, who all report to the CEO, are responsible together with the COO, CSO and CCO for ensuring sustainability work is an integrated part of business. They have a sustainability group with expertise in sustainability and many specialists to aid them, both in the central functions and in the business areas. Executive management monitors sustainability work at every executive management meeting, reviews special events with a bearing on these issues and delves into a sustainability theme every meeting. Governance is based on the four target areas with associated external and internal targets. Some of the targets are monitored quarterly by both the Board and executive management, while others are monitored every half-year or annually. Monitoring targets and their outcome enables executive management to implement measures if necessary and then further monitor them.

Peab works to raise competence levels in our organization in our prioritized sustainable areas such as the environment, work environment, equal opportunity, diversity, ethics, anti-corruption and young people's education and development.

Central regulations and management system for governing

Central rules and management systems for governing in Peab comply with international conventions and national laws. Peab's fundamental, internal governing document, the Code of Conduct, is based on the UN Global Compact principles including the precautionary principle, UN's human rights and ILO's core conventions. It is reviewed and updated as needed annually. Peab signed Global Compact 2012. As decided by Peab's President and CEO the company will continue to follow Global Compact. Peab follows UN's Guiding Principles on Business and Human Rights (UNGPR)

and OECD's Guidelines for Multinational Enterprises. We follow the methods prescribed by the OECD guidelines.

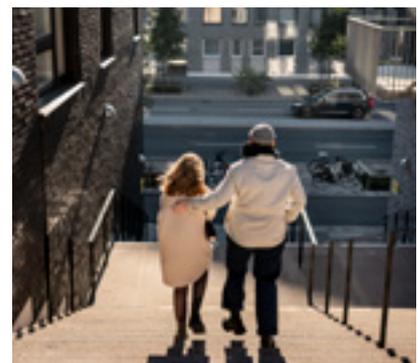
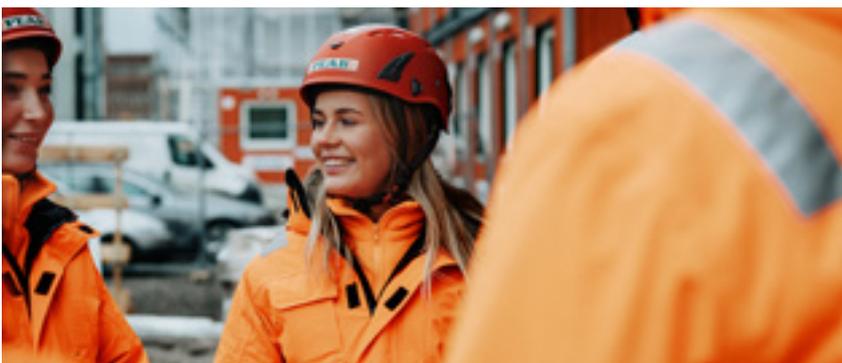
The Board of Directors has ultimate responsibility for ensuring that our Code of Conduct is followed and communicated. This responsibility is delegated to the CEO and then down the chain of command through management to every level responsible for ensuring that the Code of Conduct along with associated guidelines and rules are complied with. Every employee is in turn responsible for absorbing the information and following the Code of Conduct. The Group's purchasing function is responsible for checking that suppliers follow as of 2023 a special Suppliers Code of Conduct, previously the Code of Conduct.

Parameters and guidelines

Respect for human rights is a given at Peab and throughout the entire value chain and is clearly expressed in our Code of Conduct. However, the risk that human rights might be violated exists in all areas of our operations, internally and externally, particularly in the supply chain. This is therefore vital to us and embraces several of our prioritized sustainable aspects. Read more in the section on Risks and risk management on pages 81–84.

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

The Code of Conduct is complemented by four policies; the Environmental Policy, Quality Policy, Information Security Policy and Work Environment Policy. These are then supplemented by a number of guidelines and supportive documents. All the policies are taught in web-based courses that employees take at regular intervals. They are also communicated to customers and suppliers and are available on Peab's intranet and external websites.

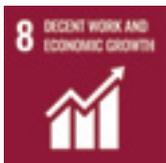


More measures to achieve the global goals

Peab's management regularly reviews the business based on the UN's 17 global goals and 169 targets. The most recent review was in 2020. For the period 2021-2023 six of the goals were deemed extra prioritized since they are either areas that hold significant potential risk or areas where Peab has the best chance of promoting sustainable development.



Goal 5 which concerns gender equality, is important to Peab since we, like the rest of the construction and civil engineering industry, still have a long way to go to achieve equal gender distribution. In 2021 executive management carried out a comprehensive equality analysis and set up quantitative targets for equality to boost progress in this area. In 2022 we worked on preparing the program The Construction Year, which we launched in the beginning of 2023 in order to attract more female skilled workers to Peab.



Goal 8 includes work conditions and is highly topical since it comprises several of Peab's prioritized sustainability aspects such as a safe work environment, good conditions in our supply chain and the path for youths into the labor force. There is also a great deal of risk associated with this area. One measure we took during the year was to further develop supply chain checks to ensure ethical and sustainable production conditions and we also produced a special Suppliers Code of Conduct.



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



Goal 11 which concerns building sustainable cities and communities that are safe and accessible to all in many ways sums up the core of Peab. During the year we, among other things, reinforced our position as Sweden's largest school builder, launched our preschool concept and continued to develop the sustainable housing concept NärBo. We have also continued to work on our concept for youth's development, Peab Life.



Goal 12 concerning sustainable consumption and production is prioritized particularly because of its connection to our environmental target on resource efficiency. During 2022 we initiated several new projects and collaborations to increase reuse to include wood, windows and plaster.



Goal 13, fighting climate change, is a crucial global issue and Peab, as a major Nordic community builder, has a big responsibility in this. During the year we took several important steps towards climate neutrality through innovation and investments as well as a new collaborations to reduce greenhouse gases.



Climate risks and opportunities according to TCFD

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

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

Governance

Peab’s Board and executive management regularly work with issues associated with climate-related risks and opportunities. The Group’s environmental targets are adopted by executive management and approved of by the Board. The Board has given executive management the overriding responsibility for governing and monitoring climate work. The Group’s Head of Environment is responsible for strategically driving and coordinating Group climate work together with Business Area Managers and specialists. Climate-related risks and opportunities are part of the strategic dialogue. Achievement of climate targets is monitored as a part of other results.

Strategy

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



Risk management

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

Targets and measurements

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



Reporting according to the EU Taxonomy

The EU Taxonomy Regulation (EU) 2020/852 entered into force in July 2020 and is a classification system that is meant to help investors and other stakeholders assess how sustainable a business is and thus steer capital flows to environmentally better alternatives.

The Taxonomy Regulation requires a large number of European companies to report on how much of their business is eligible according to the Taxonomy. As of 2022 reporting will be completed with to what extent that business meets the criteria for being defined as sustainable according to the EU taxonomy. The basis is the range of economic activities listed in the EU taxonomy. For an economic activity to be classified as environmentally sustainable it must substantially contribute to one or more of the established environmental objectives, do no significant harm to any of the other objectives as well as meet certain minimum social safeguards. There are two environmental objectives defined for 2022: Climate change mitigation and climate change adaptation.

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

Work done during 2022

We, like the entire industry, are at the beginning of a challenging transition that will require changing our work methods and closer monitoring. One example is that several certification systems are already being adapted to the EU taxonomy, which sets a new standard for the industry. Our disclosures for 2022 are based on our current interpretation of the rules and can alter as praxis develops and general knowledge about the EU taxonomy grows. Over the past year, together with our industry, we have put a great deal of energy into comprehending and interpreting the criteria. We have also worked on building up our capacity to measure the relevant data we need to evaluate taxonomy criteria and on producing a support tool to use in projects where meeting the criteria is a prerequisite. Our focus has been on crucial activities and climate and vulnerability analyses, and going forward our ambition is to completely integrate this into our ordinary way of working.

Minimum Social Safeguards

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

Operations considered eligible according to the Taxonomy Regulation

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

Manufacturing

- 3.6 Manufacture of other low carbon technologies

Includes net sales, operating expenses and capital expenditures in Peab's own developed ECO-products in business area Industry such as ECO-Asphalt which is manufactured with biofuel in our asphalt plants, ECO-Betong (ECO-Concrete) which is manufactured with alternative binder that partially replaces cement and ECO-Prefab where climate-improved concrete is used and the reinforcement consists of recycled steel.

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

Merit, a slag-based binder used to replace cement in concrete, has a substantially lower climate impact than traditional cement. The manufacture of one ton Merit generates the climate impact equal to 3-6 percent of that generated in the manufacture of one ton of cement. Merit, or an equivalent binder, is used in ECO-Betong (ECO-Concrete) and the product meets the requirements for climate-improved concrete according to Svensk Betong's (Swedish

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

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

- **Climate change adaptation:** Considered met because we have performed climate risk and vulnerability analyses for all the manufacturing units of ECO-products and identified possible risk reducing measures.
- **The sustainable use and protection of water and marine resources:** Considered met because of compliance with valid laws since water activities and other situations that affect environment quality norms for water always require an Environmental Impact Assessment (EIA) and taking relevant safeguards.
- **The transition to a circular economy:** Considered met because Peab applies the industry's guidelines for waste management that steer towards sorting for possible material recycling. Peab also regularly evaluates the possibility of circular material flows concerning both input raw material for production and the recyclability of manufactured products. Examples of this are the binder Merit, based on slag which is a byproduct from the steel industry, our ECO-Ballast (ECO-Mineral aggregates) which is based on 100 percent reused raw material and is used in concrete and asphalt as well as reclaimed asphalt pavement as raw material in our paving production. There are EPDs for all our ECO-products.
- **Pollution prevention and control:** Considered met because of compliance with valid laws since substances that are forbidden or under strict restrictions are covered by existing legislation.
- **The protection and restoration of biodiversity and ecosystems:** Considered met because of compliance with valid laws since ECO-products cannot be manufactured freely in or close to areas with biodiversity and the permit processes in relevant cases include EIAs and requirements for any safeguards.

Transport

- 6.14 Infrastructure for rail transport
- 6.15 Infrastructure enabling low-carbon road transport and public transport (objective climate change mitigation)

- 6.15 Infrastructure for road transport and public transport (objective climate change adaptation)
- 6.16 Infrastructure enabling low carbon water transport (objective climate change mitigation)
- 6.16 Infrastructure for water transport (objective climate change adaptation)

Includes net sales and operating expenses from engineering contracts to external customers for rail transports, road transports and mass transit as well as port and water transports in business area Civil Engineering. Further includes net sales, operating expenses and capital expenditures from paving operations in business area Industry. We have come to the conclusion in 2022 that 6.15 Infrastructure for road transport and public transport is applicable in both business area Civil Engineering and paving operations in business area Industry. This was not included in the Annual Report 2021.

For 2022 Peab's operations in the group Transport are not considered to sufficiently meet the technical screening criteria to be defined as environmentally sustainable according to the EU taxonomy.

Construction and real estate

- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings
- 7.7 Acquisition and ownership of buildings

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

For 2022 Peab's operations in the group Construction and real estate are not considered to sufficiently meet the technical screening criteria to be defined as environmentally sustainable according to the EU taxonomy.

All the operations in business area Construction and Project Development are completely taxonomy-eligible. Operations not classified in the EU taxonomy are in business area Civil Engineering's other contracts and infrastructure projects not comprised by the group Transport, and operation and maintenance work. Operations in business area Industry not classified in the EU taxonomy are mineral aggregates operations, rental operations, other prefabricated operations and product sales.

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

Applied accounting principles

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

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

Capital expenditures: Capital expenditures refer to investments in buildings, machines and equipment as well as the acquisition of land classified as tangible assets. Capital expenditures are mainly related to business area Industry and manufacturing ECO-products, production of other paving operations along with leased assets regarding buildings.

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

Net sales ¹⁾				Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)							Taxonomy-aligned proportion of net sales, year 2022	Category (enabling activity)	Category (transitional activity)
Economic activities	Code(s)	Absolute net sales	Proportion of net sales	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards				
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of other low carbon technologies	3.6	5,173	8.4	100.0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	8.4	-	-	
Net sales of environmentally sustainable activities (Taxonomy-aligned) (A.1)		5,173	8.4	100.0																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Infrastructure for rail transport	6.14	884	1.4																	
Infrastructure for road transport and public transport	6.15	8,217	13.3																	
Infrastructure for water transport	6.16	1,428	2.3																	
Construction of new buildings	7.1	20,139	32.5																	
Renovation of existing buildings	7.2	8,090	13.1																	
Acquisition and ownership of buildings	7.7	2,439	3.9																	
Net sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		41,197	66.5																	
Total (A.1 + A.2)		46,370	74.9																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Net sales of Taxonomy-non-eligible activities (B)		15,563	25.1																	
Total (A + B)		61,933	100.0																	

¹⁾ Proportion of net sales from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022.

Operating expenses ²⁾				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Taxonomy-aligned proportion of Operating expenses, year 2022	Category (enabling activity)	Category (transitional activity)	
Economic activities	Code(s)	Absolute Operating expenses	Proportion of Operating expenses	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				Minimum safeguards
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	3.6	195.0	27.1	100.0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	27.1	-	-
Operating expenses of environmentally sustainable activities (Taxonomy-aligned) (A.1)		195.0	27.1																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Infrastructure for road transport and public transport	6.15	210.7	29.3																
Construction of new buildings	7.1	9.0	1.3																
Operating expenses of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		219.7	30.6																
Total (A.1 + A.2)		414.7	57.7																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Operating expenses of Taxonomy-Non-eligible activities (B)		30.1	42.3																
Total (A+B)		718.8	100.0																

²⁾ Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022.

Capital expenditures ³⁾				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Taxonomy-aligned proportion of Capital expenditures, year 2022	Category (enabling activity)	Category (transitional activity)	
Economic activities	Code(s)	Absolute Capital expenditures	Proportion of mitigation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				Minimum safeguards
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	3.6	231	14.1	100.0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	14.1	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		231	14.1																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Infrastructure for road transport and public transport	6.15	246	15.1																
Construction of new buildings	7.1	17	1.0																
Acquisition and ownership of buildings	7.7	40	2.5																
Capital expenditures of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		303	18.6																
Total (A.1 + A.2)		534	32.7																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capital expenditures of Taxonomy-Non-eligible activities (B)		1,097	67.3																
Total (A + B)		1,631	100.0																

³⁾ Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022.

Summary sustainability data

	Target	Target year	2022	2021	2020
Most satisfied customers					
SCI	always over 75		80	81	80
Best workplace					
eNPS (employee Net Promotor Score)	Surpass industry benchmark 15 (2021)		29	24	18
Serious accidents	Contracting trend		49	28	39
<i>Own employees</i>			30	10	19
<i>Subcontractors</i>			19	18	20
Leader in social responsibility					
Number of employees	-		15,040	14,895	15,252
Number of white-collar workers	-		6,955	6,879	7,028
Number of skilled workers	-		8,085	8,016	8,224
Women %	-		15.0	14.0	13.3
Women on the Board and in executive management %	-		38	38	27
Employment form					
<i>Permanent employees</i>	-		14,624	14,481	14,685
<i>Project/temporary employees</i>	-		416	414	567
Employment type for permanent employees					
<i>Full-time employees</i>	-		14,480	14,338	14,495
<i>Part-time employees</i>	-		144	143	190
Sick leave %	-		5.1	5.1	3.7
<i>White-collar workers</i>	-		2.9	2.7	2.1
<i>Skilled workers</i>	-		7.2	7.1	5.0
Equal opportunity recruitment, production management and production support (WCW) %	>28.5		45.3	34.9	-
Equal opportunity recruitment, production and processing (SW) %	>5.0		7.9	6.8	-
Employee turnover %	-		14 %	17 %	-
Average number education hrs, women	-		10.8	14.4	12.7
Average number education hrs, men	-		9.6	11.7	9.5
Number of persons educated in diversity and equal opportunity	-		2,900	1,641	1,052
Number of risk observations	-		59,727	62,071	61,238
Environmental					
Total energy consumption MWh	-		1,156,000	1,195,000	1,220,000 ¹⁾
Energy intensity	-15%	2023	-23%	-16%	-
Renewable fuel %	-		23	20	18
Total amount generated waste, tons	-		901,000 ²⁾	1,130,000 ³⁾	935,000
Non-hazardous waste %	-		97	95	-
Treatment method for generated waste					
<i>Recycled %</i>	-		82	74 ³⁾	-
<i>Directed to disposal %</i>	-		18	26 ³⁾	-
CO₂e emissions, tons					
<i>Scope 1</i>	-		216,000	215,000	243,000
<i>Scope 2 location-based calculation method</i>	-		7,000	8,000	10,000
<i>Scope 2 market-based calculation method</i>	-		16,000	17,000	19,000
<i>Scope 3</i>	-		1,100,000	1,100,000 ⁴⁾	83,000
CO ₂ intensity own production (Scope 1+2)	-60%	2030	-43%	-40%	-
CO ₂ intensity input goods and purchased services (Scope 3)	-50%	2030	-2%	-3%	-
Total number certifications	-		35	22	30
Other					
Number of persons educated in ethics and anti-corruption	-		1,777	2,064	4,434
Number of corruption cases	0		1	1	2
Number of supplier audits	-		6	15	6
Secure procurement %	-		75	71	-

¹ 2020 Peab acquired YIT's Nordic paving and mineral aggregates operations.

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

³ Correction of underreported amount of tons of waste for 2021.

⁴ In 2021 Scope 3 was expanded to include purchased products and services and upstream transportation and distribution.

For complete GRI reporting, please see peab.inpublix.com/2022



A selection of Peab's memberships 2022

It is crucial to cooperate with other players in society in order for us to take on challenges we find there, to achieve sustainable development and work for good and healthy terms within the community builder society.

Almega

Employer organization in the service sector. The Peab School is a member.

Asfaltindustrien (AI)

Asfaltindustrien is a trade and employer organization.

Avfall Sverige

Trade organization primarily for municipal waste companies. Mainly research and development and it also represents the industry in common interests.

BASTA

BASTA is an industry-wide system that aims to phase out hazardous substances. Peab participates in BASTA's science and market councils.

BIM Alliance

BIM Alliance is a non-profit organization that works for improved community building through digitally structured information management. The members consist of a number of different actors within the community building sector, including Peab.

Building Smart Finland

Building Smart Finland is a forum aimed at spreading information about BIM and supporting the work of member companies in implementing BIM based processes. Peab is a member.

Business@Biodiversity

Through our subsidiary Swerock, Peab is a member in Business@Biodiversity Sweden which is an environmental network for companies that drive developments and work with biodiversity consideration as part of their business practices.

Byggföretagen

Byggföretagen is the trade and employer organization for the industry. Peab is represented in the Board of Directors and also in several of the councils and committees of Byggföretagen. Peab is a member and has representatives in the local boards, committees and development groups in the Finnish counterpart RT (Rakennusteollisuus).

Byggvarubedömningen (BVB)

BVB makes assessments and provides information and documents concerning sustainability-assessed building products. Peab is one of the owners and sits on the board as a member representative and participates in the criteria and system committee.

Confederation of Finnish Construction Industries RT

Confederation of Finnish Construction Industries RT (CFCI) is a trade organization for construction companies, special companies and the building material trade. Peab is a member.

Dansk Industri (DI)

DI is Denmark's largest business organization and employer confederation.

European Aggregates Association (UEPG)

Peab's subsidiary Swerock via SBMI is a member of UEPG, European Aggregates Association, which represents the European mineral aggregates industry's common interests, primarily in the EU. Swerock is represented through a member on the board, in committees and a working group.

Finnsafe Associaton of Finnish Safety Managers

The association for Finnish work environment managers is a professional organization with contributing members from key companies in the work safety sector. Peab is a member.

Fossil free Sweden

Fossil free Sweden is a platform for dialogue and cooperation between companies, municipalities and other interested parties aimed at making Sweden one of the first fossil free welfare states in the world. Peab joined the initiative in 2018.

Industriarbetsgivarna

The Swedish Association of Industrial Employers is an employers' association for industry companies in pulp, paper, sawmills, steel, metal, mining, building elements, bottle glass and welding mechanics.

LFM30

Local roadmap for a climate neutral construction and civil engineering sector in Malmö 2030 (LFM30) is a initiative by the industry aimed at developing shared knowledge, goals and work methods to achieve climate neutrality in the construction sector in Malmö already in 2030. Peab is one of the 41 developers affiliated with the initiative.



Maintain Zero

The association behind Maintain Zero is called Cooperation for zero accidents in the construction industry. Peab is a member of the board and one of the 13 actors that started Maintain Zero.

Nordic Road Association (NVF)

NVF is an industry forum with members from the private and public sectors in the Nordic region that promotes developments in roads, and road traffic and transportation. Peab is a board member.

Norsk Asfaltforening

The Norwegian asphalt association provides information on paving methods, regulations and research concerning asphalt. Its purpose is to contribute to a better and increased use of bitumen-based road pavements. Peab is a member.

Norwegian Green Building Alliance and BREEAM-NOR

The Green Building Alliance is a non-profit member association for organizations in all aspects of the construction and real estate sector. BREEAM-NOR is a Norwegian form of BREEAM. Peab is a paying member.

Norwegian Mineral Industry

Norwegian Mineral Industry is the trade association for companies that search for, mine, manage or enrich mineral resources in Norway, or have some other connection to the mineral industry. Peab is a member.

Sveby

Sveby is a Swedish acronym for Standardize and Verify Energy Performance in Buildings, and is a cross-industry program that develops tools for agreements on energy utilization. Peab is a financier and member of the governing body.

Swedish Standards Institute (SIS)

SIS is a non-profit organization that manages and coordinates standardization in Sweden. Peab is a member in several technical committees.

Swedish concrete federation

The Swedish Concrete Federation is a trade association for those who manufacture and build with concrete. Peab is chair of the board and represented in committees through its subsidiary Swerock.

Sweden's Rock Material Industry (SBMI)

SBMI is a trade association for producers and suppliers of mineral aggregates. Peab is represented on the board and committees through its subsidiary Swerock.

Sweden's trade association for safer roadwork sites (SBSV)

SBSV is a trade association with around 60 members from private companies and organizations that promotes safer roadwork sites for both workers and traffic. Peab is represented on the board and in committees.

Sweden Green Building Council (SGBC)

SGBC is a non-profit organization owned by its members, open to all companies and organizations in the Swedish construction and real estate sector. Peab is a member and participates in SGBC's councils. Peab is also a member of the Norwegian (NGBC) and Finnish (FIGBC) Green Building Councils.

Swedish Installation Federation

The Swedish Installation Federation is a trade and employers' association.

Veiteknisk Instituttt

Veiteknisk Instituttt is a competence center for R&D, quality control and documentation of asphalt. Peab is a member and sits on the board.

Vision Zero Forum

Finland's national network for workplaces that share a true desire to achieve continual improvement of the work environment. Peab is a member.

Återvinningsindustrierna (ÅI)

Trade organization for privately owned companies in waste collection and management. It has a policy that members agree to follow to promote serious waste management.



Auditor's report on the statutory sustainability statement

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

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2022 on pages 14-15, 20-27, 32-56, 81-84 and 157-161 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

A statutory sustainability statement has been prepared.

Förlöv March 31, 2023

Ernst & Young AB

Jonas Svensson
Authorized Public Accountant



Board of Directors' Report

The Board of Directors and the Chief Executive Officer of Peab AB (publ), Corporate ID Number: 556061-4330, hereby submit the following annual report and consolidated accounts for the 2022 financial year.

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

Net sales

Group net sales according to IFRS for 2022 increased by five percent to SEK 61,933 million (58,923). Adjusted for acquired and divested units net sales increased by three percent. Adjustment to the completion method for own housing development projects affected net sales by SEK -1,202 million (-1,103).

Group net sales according to segment reporting increased by five percent in 2022 and amounted to SEK 63,135 million (60,026). After adjustments for acquired and divested units and exchange rate effects net sales increased by four percent. A large part of the increase is explained by higher material and energy costs which have affected pricing to customers. Of the year's net sales SEK 18,892 million (17,298) were attributable to sales and production outside Sweden. The proportion of public sector customers was 43 percent (42) while private customers represented 57 percent (58) of total net sales.

Net sales in business area Construction increased by seven percent and the increase was related to all countries. Net sales in business area Civil Engineering increased by six percent with increases in Infrastructure and Operation and maintenance. Net sales in business area Industry increased by 14 percent with the increase primarily related to Paving, Concrete and Construction System. In business area Project Development net sales decreased by nine percent where the decrease was mainly generated in Housing Development. Demand for housing has dropped in all the countries, particularly in the second half of the year, which has contributed to a lower sales rate and fewer production starts of homes.

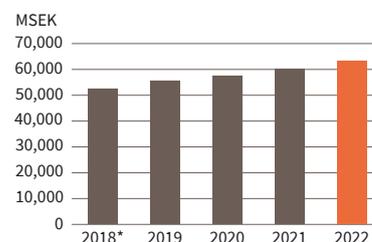
Profit/loss

Operating profit for 2022 according to IFRS declined to SEK 2,557 million (2,975) and the operating margin decreased to 4.1 percent (5.0). Adjustment to the completion method for own housing development projects affected operating income by SEK -219 million (-152).

Operating profit for 2022 according to segment reporting amounted to SEK 2,741 million (3,098) and the operating margin contracted to 4.3 percent (5.2). During 2021 and 2022 prices for material and energy rose dramatically. We have for the most part handled price hikes and delivery disruptions through adjustments and streamlining but since we have not been able to fully compensate for cost increases they have had negative impact on the operating margin. Last year operating profit was positively affected by a repayment of SEK 179 million for AGS premiums reported in Group functions.

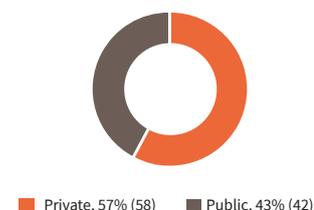
In business area Construction the operating margin contracted to 2.2 percent (2.6) where the effect of rising costs was apparent in all countries. In business area Civil Engineering the operating margin was unchanged at 3.3 percent (3.3). All in all the operating margin for construction contract operations amounted to 2.6 percent (2.9).

Net sales, segment reporting

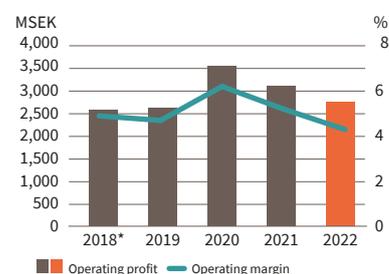


* Not translated according to changed accounting principles for own housing development projects.

Net sales per customer type, segment reporting 2022



Operating profit and margin, segment reporting



* Not translated according to changed accounting principles for own housing development projects.

The operating margin in business area Industry was 3.5 percent (5.0). The operating profit in Paving was lower as a result of higher energy and fuel costs that have not been fully recompensed through higher prices to customers, particularly in Norway, Finland and Denmark. Profitability was also lower in Mineral Aggregates compared to last year, while profitability improved in the other product areas in business area Industry.

In business area Project Development the operating margin was unchanged at 13.0 percent compared to last year. In Housing Development the operating margin was 11.5 percent (11.2). In Property Development profit contributions from partially owned companies were higher during the year. Capital gains from property transactions amounted to SEK 85 million (218) and included the divestiture of a logistics facility in Södertälje to Annehem Fastigheter and a sports arena in Sundsvall to Balder. Last year included the divestiture of office buildings in Helsingborg and Solna to Annehem Fastigheter.

Elimination and reversal of internal profit in our own projects have affected operating profit during the year net by SEK -58 million (-31).

Depreciation and write-downs according to IFRS were SEK -1,713 million (-1,707). Depreciation and write-downs according to segment reporting were SEK -1,349 million (-1,341).

Net financial items according to IFRS amounted to SEK -117 million (-73), of which net interest amounted to SEK -340 million (-194). A large part of the interest expenses refer to financing of own housing development projects, which are capitalized on the properties.

Net financial items according to segment reporting amounted to SEK -71 million (-22) of which net interest was SEK -120 million (-59) and exchange rate differences were SEK -6 million (7). Dividends and capitalized interest have had a positive effect on net financial items.

Pre-tax profit according to IFRS was SEK 2,440 million (2,902). Tax for the year was SEK -609 million (-525) corresponding to a tax rate of 25 percent (18).

Pre-tax profit according to segment reporting was SEK 2,670 million (3,076). Tax for the year was SEK -633 million (-569) corresponding to a tax rate of 24 percent (18). The high tax rate is primarily due to deficits that have not been capitalized and non-deductible pension costs.

Profit for the year according to IFRS was SEK 1,831 million (2,377).

Profit for the year according to segment reporting was SEK 2,037 million (2,507).

Financial position

Total assets according to IFRS per December 31, 2022 were SEK 51,011 million (47,170). The adjustment of differences in accounting principles in relation to segment reporting has affected total assets according to IFRS by SEK 7,791 million (6,840) and most of it consists of adjustments for own housing development projects, which have increased during the year. Equity according to IFRS amounted to SEK 13,786 million (13,682) which means the equity/assets ratio was 27.0 percent (29.0). Net debt according to IFRS amounted to SEK 16,681 million (10,515).

Total assets according to segment reporting per December 31, 2022 were SEK 43,220 million (40,330). Equity amounted to SEK 14,978 million (14,656) which means the equity/assets ratio was 34.7 percent (36.3). Interest-bearing net debt at the end of December 2022 amounted to SEK 6,899 million (2,404). Net debt includes project financing for the unsold part of our own housing development projects as long as they are in production. The unsold part was SEK 2,209 million (958) and the increase is due to a high production rate but a lower level of sales in ongoing production compared to the same time last year. Net debt has also been affected by repurchasing own shares for SEK 500 million (-). The average interest rate in the loan portfolio, including derivatives, was 3.3 percent (1.4) on December 31, 2022.

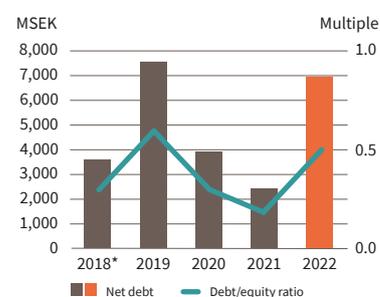
Operating margin

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

TARGET: >6%

OUTCOME 2022: 4.3%

Net debt and debt/equity ratio, segment reporting



* Not translated according to changed accounting principles for own housing development projects.

Group liquid funds according to IFRS, including unutilized credit facilities but excluding project financing, were SEK 7,640 million at the end of the year compared to SEK 10,590 million on December 31, 2021.

As a consequence of Peab consolidating Swedish tenant-owner associations per January 1, 2020 according to IFRS, surety for tenant-owner associations under production is not reported. When homebuyers take possession of their apartments and the tenant-owner association is no longer consolidated in Peab's accounts, Peab then reports the part of surety that covers unsold homes. Peab has a guarantee obligation to acquire unsold homes six months after completion. Group contingent liabilities, including joint and several liabilities in trading and limited partnerships, amounted to SEK 2,843 million at the end of the year compared to SEK 3,263 million on December 31, 2021. Surety for credit lines in tenant-owner associations regarding the unsold part after deconsolidation made up SEK 97 million of contingent liabilities compared to SEK 19 million on December 31, 2021.

Net debt

MSEK	Dec 31 2022	Dec 31 2021
Bank loans	4,075	1,285
Commercial papers	167	1,206
Bonds	2,747	2,746
Financial leasing liabilities	762	699
Project financing, unsold part of housing projects	2,209	958
Other interest-bearing liabilities	62	11
Interest-bearing receivables	-1,617	-1,550
Liquid funds	-1,506	-2,951
Net debt, segment reporting	6,899	2,404
Additional leasing liabilities according to IFRS 16	1,749	1,720
Project financing, sold part of housing projects	8,033	6,391
Net debt, IFRS	16,681	10,515

Investments and divestments

During 2022 tangible and intangible fixed assets according to IFRS were net invested for SEK 2,529 million (1,765).

During 2022 tangible and intangible fixed assets according to segment reporting were net invested for SEK 2,152 million (1,453). The investments refer primarily to investments in machines.

Net investments in project and development properties according to IFRS totaled SEK 2,945 million (2,202) during 2022.

Net investments in project and development properties according to segment reporting totaled SEK 2,268 million (1,067) during 2022. Project and development properties include the unsold part of our own ongoing housing development projects, which has increased during the year. In addition, we have invested in development rights and in several rental projects in our own balance sheet. During last year, among others, 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.

Cash flow

Cash flow from current operations according to IFRS amounted to SEK -1,556 million (2,818), of which cash flow from changes in working capital was SEK -4,920 million (-1,275).

Cash flow from current operations according to segment reporting amounted to SEK -352 million (4,807), of which cash flow from changes in working capital was SEK -3,521 million (874). The negative cash flow from changes in working capital derives from all business areas, even if a large part is related to business area Project Development through acquisitions of project and development properties. Cash flow from current operations included dividends from partially owned companies of SEK 185 million (307).

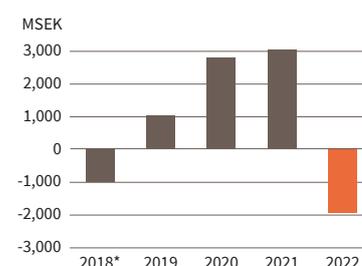
Net debt/equity ratio

Net debt in relation to equity according to segment reporting.

TARGET: 0.3-0.7

OUTCOME 2022: 0.5

Cash flow before financing, segment reporting



* Not translated according to changed accounting principles for own housing development projects.

Cash flow from investment activities according to IFRS was SEK -1,603 million (-1,766).

Cash flow from investment activities according to segment reporting was SEK -1,603 million (-1,766). Investments mainly consisted of machines and vehicles in business area Industry as well as business combinations in business area Civil Engineering. In addition, business area Project Development increased its exposure and lending to joint ventures. Besides machine investments in business area Industry, last year included business combinations in business area Civil Engineering and increased exposure to joint ventures in business area Project Development.

Cash flow before financing according to IFRS was SEK -3,159 million (1,052).

Cash flow before financing according to segment reporting was SEK -1,955 million (3,041).

Cash flow from financing operations according to IFRS amounted to SEK 1,687 million (907).

Cash flow from financing operations according to segment reporting amounted to SEK 483 million (-1,082), of which paid dividends were SEK -1,475 million (-1,327) and repurchasing of own shares was SEK -500 million (-).

Order situation

Orders received in 2022 amounted to SEK 53,259 million compared to SEK 55,848 million last year.

Orders received contracted in business area Construction during the year but were relatively unchanged in business area Civil Engineering compared to 2021. Orders received in business area Industry increased but declined in business area Project Development as a result of fewer production starts of our own housing developments due to a drop in demand in the housing market during the year.

Order backlog yet to be produced at the end of the year amounted to SEK 44,389 million compared to SEK 45,318 million at the end of last year. Of the total order backlog, 35 percent (34) is expected to be produced after 2023 (2022). Swedish operations accounted for 78 percent (75) of the order backlog.

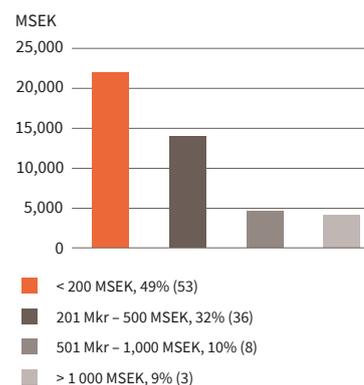
Orders received

MSEK	2022	2021
Construction	27,732	30,903
Civil Engineering	14,877	14,819
Industry	12,788	10,568
Project Development	6,019	9,981
Eliminations	-8,157	-10,423
Group	53,259	55,848

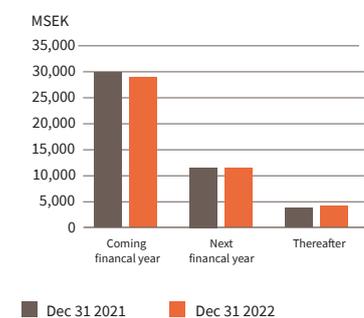
Order backlog

MSEK	Dec 31, 2022	Dec 31, 2021
Construction	29,064	30,142
Civil Engineering	13,939	13,955
Industry	4,273	3,886
Project Development	5,447	6,555
Eliminations	-8,334	-9,220
Group	44,389	45,318

Project allocation of order backlog, Dec 31, 2022



Order backlog allocated over time



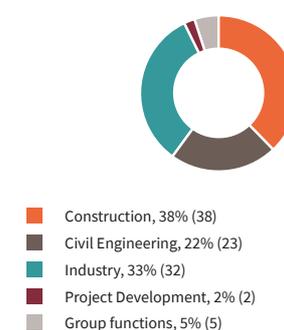
Overview business areas and Group functions

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

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

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

Employees per December 31, 2022



On December 31, 2022 the total number of employees in the Group amounted to 15,040 (14,895).

Net sales and operating profit per business area

MSEK	Net sales		Operating profit		Operating margin	
	2022	2021	2022	2021	2022	2021
Construction	28,999	26,980	629	711	2.2%	2.6%
Civil Engineering	14,965	14,180	494	471	3.3%	3.3%
Industry	21,433	18,787	747	938	3.5%	5.0%
Project Development	8,661	9,497	1,127	1,237	13.0%	13.0%
– of which Property Development	494	521	187	231	37.9%	44.3%
– of which Housing Development	8,167	8,976	940	1,006	11.5%	11.2%
Group functions	1,532	1,314	-198	-228		
Eliminations	-12,455	-10,732	-58	-31		
Group, segment reporting	63,135	60,026	2,741	3,098	4.3%	5.2%
Adjustment housing to IFRS	-1,202	-1,103	-219	-152		
IFRS 16, additional leases	-	-	35	29		
Group, IFRS	61,933	58,923	2,557	2,975	4.1%	5.0%
<i>Of which construction contract businesses according to segment reporting (Construction and Civil Engineering)</i>	43,964	41,160	1,123	1,182	2.6%	2.9%

BUSINESS AREA CONSTRUCTION 2022

Public construction compensates when housing slows down

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

Key ratios

	2022	2021
Net sales, MSEK	28,999	26,980
Operating profit, MSEK	629	711
Operating margin, %	2.2	2.6
Orders received, MSEK	27,732	30,903
Order backlog, MSEK	29,064	30,142
Operating cash flow, MSEK	-79	1,654
Number of employees ¹⁾	5,852	5,796

¹⁾ Calculated on rolling 12 months

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

The Business 2022

The production rate in construction has been high throughout 2022, although the year was marked by disturbances in the supply chain and price hikes in energy and crucial input goods due to the war in Ukraine. At the beginning of the year the demand for housing was high but it slowed during the second half-year. Demand for public buildings has been good the whole year. The business area had a substantial level of orders received that are well spread across the Nordic region. More and more customers are asking for sustainable construction and buildings that are environmentally and climate certified. We are also transitioning production methods to protect the environment through energy efficient construction sites and more climate adapted transportation and machines.



The production rate in construction has been high throughout 2022, although the year was characterized by disturbances in the supply chain as well as price hikes in energy and crucial input goods.

Major housing shortage but the housing market is slowing

Housing still represents a large part of net sales in the business area. Together with our customers we work to choose more sustainable materials, energy efficient solutions and making production processes more sustainable.

In 2022 Construction received many housing projects all over the Nordic region. Among others, in Enköping Peab is building 160 rental apartments for Genova Property Group. The apartments will be designed according to the NärBo concept, which is Peab's Swan ecolabeled modifiable, cost-efficient and sustainable Building Type Concept. In Norrköping Peab is building 46 apartments for Brf Kronomagasiniet in terraced house style. The building is focused on sustainability with electricity from renewable sources, a wooden frame and a varied brick facade so it meshes with the port environment there. In Gothenburg 138 apartments are being built for Stena Fastigheter in the project Trägården stage 2. The project's sustainability is profiled in the buildings' frames constructed in a combination of concrete and glulam and facades that will be clad in wood paneling. ECO-Betong (ECO-Concrete) will be used in the situ concrete constructions, the buildings will be heated with district heating generated by return heating from the neighborhood and they will be Swan ecolabeled. Peab is also active in northern Sweden where an industrial transition to a more climate adapted society is underway. For example, we have been commissioned to build the block Gladan with 85 apartments and connected garage along with commercial space in Gällivare for LKAB.

In Tromsø, Norway Peab is building the housing project Norheim Terrasse with 80 apartments that share an underground garage, roof garden and district heating. Concrete with low carbon impact is used in 50 percent of the Swan ecolabeled building's foundation. Greenhouse gases are monitored in the project and experiences from it will be used in other Peab projects. In Oslo Peab is building the retirement home Tåsenhjemmet. The construction is made of solid wood and climate-improved concrete. Its energy supply will be a combination of solar panels, geothermal heating and heat pump and it will be certified according to BREEAM: Excellent, FutureBuild and NZEB.

In Helsinki seven high-rises with a total of 376 apartments are being renovated in Pihlajisto and Jakomäki for HEKA. Part of the renovation is making the buildings more energy efficient and installing solar panels. In Espoo Peab is building an apartment building with 400 apartments for NREP. The project is permeated with environmental and climate measures and the building will be heated with geoenergy that makes use of surplus heat and solar panels. In addition, parking spaces will be equipped with charging stations for electric cars and the building will be LEED certified.

Government investments in public buildings

Our order books have been filled with all kinds of community buildings in 2022. Peab has reinforced our position as one of Sweden's largest school builders but we build schools in Norway and Finland as well. Some examples are the new Haganäs School in Åstorp and elementary school in Balsfjord in Norway, and the rebuilding of Särila School in Borås.

During the year Peab was commissioned to build several security classed facilities, among them Berga Jail in Helsingborg and Sörbyn Prison outside Umeå. Peab also completed work on three module buildings with 48 cells at the prison in Borås. All of the projects are for Specialfastigheter, which we have had a framework agreement with since 2019.

Peab is renovating the A Building of the Women's Hospital at the Helsinki University Hospital. This renovation is part of a renovation program consisting of several stages aimed at modernizing the Women's Hospital to meet future demands for patient-orientated and cost-effective operations.

Other major projects

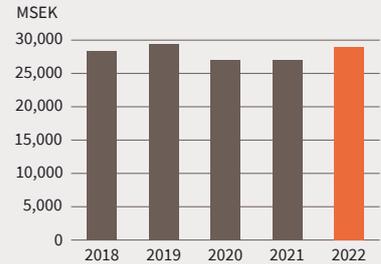
Peab has been commissioned to renovate and rebuild the southern part of Sperlingens Backe at Stureplan in central Stockholm. The project is a partnership contract together with the customer Sturegallerian AB that comprises approximately 48,000 m² of the Sturekvarteret. The plan includes renovating and recreating old buildings, new offices and apartments and creating more open space as well as a new entrance to the Östermalmstorg metro station. The entire project will have the highest sustainability certification LEED Platinum.

In Norwegian Senja Peab built and turned over a new, land-based fish farming facility. This includes building service areas and a separate floor on top of the hatchery with diverse functions.

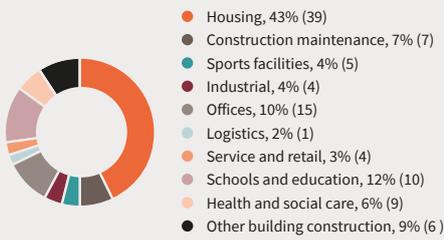
Net sales

Net sales increased by seven percent and amounted to SEK 28,999 million (26,980). The increase is attributable to all countries and is mainly explained by higher costs for material and energy, which has affected prices to customers.

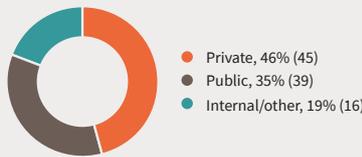
Net sales



Per product area, 2022



Per customer type, 2022



Per geographic market, 2022



Profit

Operating profit for the year amounted to SEK 629 million (711) and the operating margin was 2.2 percent (2.6). The operating margin declined in all countries. During 2021 and 2022 there have been significant price hikes for material and energy as well as delivery disturbances. They have for the most part been managed by raising customer prices as well as making adjustments and streamlining but since we have not been able to completely compensate cost increases they have had a negative impact on the operating margin.

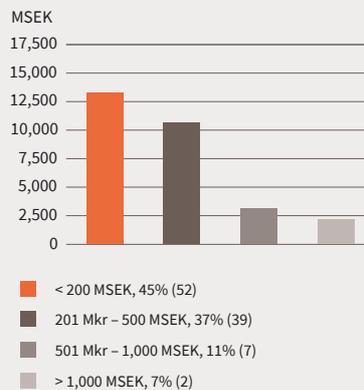
Operating profit and margin



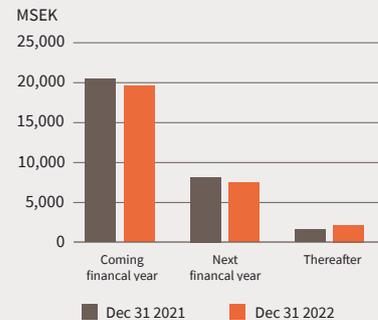
Orders received and order backlog

Orders received during 2022 were SEK 27,732 million (30,903). Orders received are well spread among products and geographically although the proportion of housing was lower in 2022 compared to last year. Orders received included around SEK 2 billion for the project to renovate and build up the southern section of the Sperlingens Backe block at Stureplan in downtown Stockholm for Sturegallerian AB. Order backlog on December 31, 2022 decreased and amounted to SEK 29,064 million compared to SEK 30,142 million at the end of 2021.

Project allocation of order backlog, Dec 31, 2022



Order backlog allocated over time



BUSINESS AREA CIVIL ENGINEERING 2022

Infrastructure investments positive for civil engineering

Business area Civil Engineering is a leading actor in Sweden and one of the larger players in Norway. Civil Engineering works with landscaping and pipelines, builds and maintains roads, railroads, bridges and other infrastructure as well as does foundation work. Operations are organized in geographic regions and three specialized product areas: Local market, Infrastructure and heavy construction and Operation and maintenance.

Key ratios

	2022	2021
Net sales, MSEK	14,965	14,180
Operating profit, MSEK	494	471
Operating margin, %	3.3	3.3
Orders received, MSEK	14,877	14,819
Order backlog, MSEK	13,939	13,955
Operating cash flow, MSEK	-114	921
Number of employees ¹⁾	3,568	3,634

¹⁾ Calculated on rolling 12 months

Local market, which represents more than half of net sales in business area Civil Engineering, works with landscaping and pipelines, foundation work and builds different kinds of facilities as well as offers services in power and electricity distribution. Infrastructure and heavy construction builds roads, railroads, bridges, tunnels and ports. Operation and maintenance handles national and municipal highways and street networks, tends parks and outdoor property as well as operates water and wastewater networks. The business area collaborates over regional and national borders to share in the development of core skills and to create scale advantages in larger and more complex projects.

The Business 2022

The markets in Sweden and Norway developed well in both Infrastructure and Local market in 2022. The level of orders received has been high with many projects of varying sizes. Public infrastructure investments were good in both Sweden and Norway and we received a number of new projects in Operation and maintenance but the global situation with price hikes for energy and vital input goods has affected operations. Peab continues to strengthen its position in civil engineering in Norway. In 2022 Peab acquired 90.4 percent of the shares in Arne Olav Lund AS based in Larvik. It had net sales of around NOK 300 million in 2021 and works in eastern Norway with production and improvement of roads, water and waste water along with groundwork and landscaping.



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

Roads and infrastructure

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

In 2022 Peab signed several contracts with the Swedish Transport Administration, among them rebuilding E45/Road 70 through Mora to augment passability for all road users and increase the roads' capacity. Outside Karlskrona Peab is rebuilding E22 between Lösen and Jämjö into a freeway. The project includes lining the entire stretch with game fence and 23 bridges, of which several have fauna passages for animals and some are to promote leisure activities in the area.

Peab is rebuilding the lock canal in Södertälje for the Swedish Transport Administration. The lock canal is the largest Nordic commercial lock canal and rebuilding it is part of Mälarpjektet that will improve the maritime safety and accessibility of public shipping lanes through Södertälje Canal. The project includes replacing Sluss Bridge with a new openable bridge, exchanging the current lock gates for new ones that allow for a broader, longer canal. The project also includes building new premises for operating the locks and new roads alongside the canal.

Peab is rebuilding Kungsgatan in central Stockholm for the city of Stockholm. The street will be fortified so that it can handle future traffic while also making it more enjoyable and accessible. Peab is building a new main street in Skärersletta in Lørenskog Municipality. The new street will have broad sidewalks, new bicycle lanes and safer street crossings. Trees will be planted on each side of the street to separate pedestrians from car and bicycle lanes.

Local market

Civil Engineering has a strong position on the local market in Sweden. A whole new city borough is being built in Forsåker in Mölndal. Peab is working on culverting the river and building a visible river watercourse, with the associated bridges, through the area. In Linköping Peab is building the infrastructure for a new housing tract at Näsby. The project entails work on streets, rainwater, parks/nature, water and waste water, district heating, electricity, optical fiber and lighting. In Trollhättan Peab is preparing the way for an extension of a new wastewater treatment plant. Peab is responsible for the blasting to make room for a 140 meter basin hall with biological treatment of wastewater.

Operation and maintenance

During the year Peab won eight operation contracts for road maintenance from the Swedish Transport Administration for a total of about 8,500 kilometers of federal roads. The operation contracts run for four years with an option for another two in, among other places, Öland, Borlänge, Hedemora and Västbo. This means a 24/7 response for snow plowing and anti-icing in the winter and in the bare ground road season repairing roads, fixing drainage and installing road signs and road barriers.

Ports and seas

Part of the ongoing climate transition entails more environmentally-adapted freight carriage to and from ports. In recent years Peab has developed an expertise in port and seaside projects. Peab is building a new dock in Hargs Hamn for Östhammar Municipality. The port is a logistic hub that ties boat, truck and train transportation together and is the closest general port for bulk traffic north of Stockholm. Peab is building a 182 meter long embankment dock, making it possible for much larger ships to dock at the port.

Energy

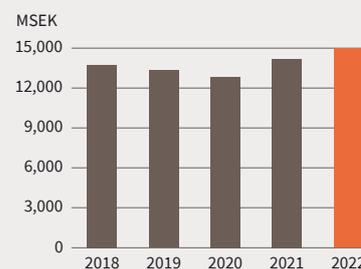
Energy-related contracts are part of Civil Engineering's operations, particularly wind power production where Peab is working with several installations. Peab's subsidiary ATS Kraftservice won a number of framework contracts in 2022 for service and maintenance, construction and local electricity grid services for mainly Vattenfall, Eon and Öresundskraft in Skåne, the Stockholm region and northern Norrland.

In 2022 Peab turned over two newly constructed windfarms, one to RES with 35 wind turbines at Björnberget in Ånge Municipality and one in Hån, close to the Norwegian border, where Peab built five wind turbines for Cloudberry Wind (Hån Vindpark AB). Both the customer and Peab have been strived for minimal impact on nature in challenging topography.

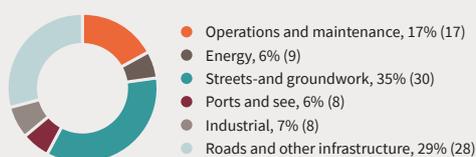
Net sales

Net sales during 2022 increased by six percent and amounted to SEK 14,965 million (14,180). The increase is mainly related to Infrastructure and Operating and maintenance. Adjusted for acquisitions and exchange rate effects net sales increased by five percent. Net sales are well spread among different product areas.

Net sales



Per product area, 2022



Per customer type, 2022



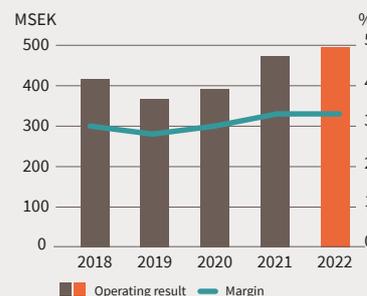
Per geographic market, 2022



Profit

Operating profit for year was SEK 494 million (471) and the operating margin was 3.3 percent (3.3). Prices for material and energy rose considerably during 2021 and 2022. We have handled the price hikes as well as delivery disturbances through adjusting and streamlining operations, but since we have not been able to completely compensate cost increases they have had a negative impact on the operating margin.

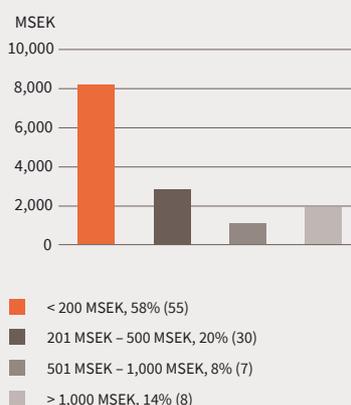
Operating profit and margin



Orders received and order backlog

Orders received during 2022 increased to SEK 14,877 million (14,819). Orders received included rebuilding the lock canal in Södertälje for SEK 1.5 billion for The Swedish Transport Administration. Order backlog on December 31, 2022 amounted to SEK 13,939 million (13,955). Roads and other infrastructure generated the largest portion of order backlog at 40 percent (36).

Project allocation of order backlog, Dec 31, 2022



Order backlog allocated over time





BUSINESS AREA INDUSTRY 2022

Nordic supplier focused on the environment

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

Key ratios

	2022	2021
Net sales, MSEK	21,433	18,787
Operating profit, MSEK	747	938
Operating margin, %	3.5	5.0
Orders received, MSEK	12,788	10,568
Order backlog, MSEK	4,273	3,886
Capital employed at the end of the period, MSEK	10,807	9,266
Operating cash flow, MSEK	-518	507
Number of employees ¹⁾	5,124	5,110
Concrete, thousands of m ³ ²⁾	1,349	1,379
Paving, thousands of tons ²⁾	7,185	7,431
Mineral Aggregates, thousands of tons ²⁾	28,947	31,762

¹⁾ Calculated on rolling 12 months

²⁾ Refers to sold volume

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

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

The business 2022

The high rate of production in the construction and civil engineering industry has had a positive effect on business area Industry during the year. However, the business has been impacted by the dramatic rise in prices for energy and fuel, particularly in Paving and Mineral Aggregates. We continue to strive for greater use of our ECO-products in construction and civil engineering market. There is a growing demand for ECO-Betong (ECO-Concrete) in Sweden and during the year it was launched in Finland. Construction to increase the production capacity of concrete elements in Construction System has begun after a decision to invest close to a half billion Swedish krona. As a consequence of this investment more ECO-Betong (ECO-Concrete) will be used in the future.

Climate adapted paving operations are gaining ground

Peab has a strong position in paving on the Nordic markets and asphalt volumes continued on a high level although they were somewhat lower than in 2021. However, the higher prices for energy, transportation and raw materials had a negative effect on business last year.

A growing number of projects are using ECO-Asfalt. In Sweden all asphalt plants have been converted to ECO-Asfalt and we are in the process of converting the plants in our other Nordic countries as well. Since launching ECO-Asfalt in 2015 carbon emissions from manufacturing asphalt have contracted by around 290,000 tons. Reclaimed asphalt pavement is also being used to a greater extent and has a positive impact on the environment. Our Finnish operations are leading the way in Peab where 33 (30) percent of all asphalt production in 2022 contained reclaimed asphalt pavement, followed closely by Denmark at 31 (28) percent. We established a new asphalt plant in Copenhagen during the year. It is both strategically located for asphalt production and is a hub for raw material freighting between Norway, Sweden and Denmark. All the asphalt plants in Denmark can now use reclaimed asphalt pavement in their production.

In Finland Peab acquired Asfaltti-System Oy, a company that works with manufacturing components and maintenance in the asphalt and concrete industry. The acquisition, with headquarters in Kouvola in southern Finland, strengthens business area Industry's maintenance and service operations. Asfaltti-System Oy will provide services to Peab's Nordic operations in both asphalt and factory concrete.

Greater access to circular material

The high rate of production in the construction and civil engineering industry has been positive for mineral aggregates operations, although volumes contracted in the second half of the year.

We are always working to ensure access to raw material in Mineral Aggregates. With C&D Recycling Wash Plants we can recycle surplus material from construction and civil engineering projects and the synergies in establishing concrete and asphalt plants and recycling operations close to mineral aggregates are significant.

In ECO-Ballast (ECO-Mineral aggregates) we offer safe products with properties equivalent to virgin mineral aggregates. The raw materials can be byproducts from industrial processes or come from surpluses in construction or civil engineering projects such as excavated soil or blasted rock from tunnel blasting. ECO-Ballast is made of 100 percent recycled raw material and has both an environmental and health declaration.

Investments in concrete

Peab through Swerock is a major Nordic concrete supplier. Concrete production continued to be high in 2022, although volumes were somewhat lower in Sweden but higher in Finland. During the year we opened a new concrete plant in Oskarshamn, Sweden in order to offer greater access on the geographical market. Concrete operations in Norway were divested in 2022.

In ECO-Betong (ECO-Concrete) part of the cement, which is negative for the environment, is replaced with slag which means up to 50 percent less carbon emissions. Peab produces slag through Swecem under the brand Merit and manufactured more than 140,000 tons in 2022 for concrete suppliers in Sweden. Every ton Merit reduces carbon emissions by 600-800 kilos depending on the replaced cement. This makes us less dependent on cement which is good for both the environment and reliable deliveries. For more information on Cementa's long-term limestone mining on Gotland see section Risks and risk management.

Climate improved products and efficient logistic solutions

Construction System's climate improved ECO-Prefab and ECO-Stomme (ECO-Frame) are firmly rooted on the market. It is apparent that the demand for prefabricated concrete elements and frames with less climate impact continues to grow. Therefore during the year Peab decided to make our largest investment ever to automate the manufacture of concrete elements and halve the need for cement. The investment of SEK 450 million doubles Construction System's production capacity by expanding two plants. During the year Construction System also signed a five year contract with JM for the delivery of prefabricated concrete elements starting in 2023.

Green transition and digitalization in Rentals

Crane operations in Sweden, Norway and Finland developed well in 2022 with high activity on the market. We are working on sustainability in all every aspect of all other rental operations – everything from facilitating renting out electric machines and increasing fossil free transportation to digital services for more resource and energy efficiency. A major achievement during the year was developing a concept for construction barracks that are highly energy efficient and which has led to greater demand for them.

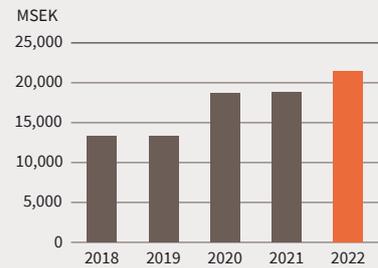
More electric vehicles in Transportation and Machines

Part of our climate responsibility is to reduce carbon emissions generated by our vehicles and machines. Therefore during the year we have continued to increase the number of electric vehicles in production, among them electric trucks, concrete mixer trucks and concrete pumps.

Net sales

Net sales increased by 14 percent and amounted to SEK 21,433 million (18,787). Adjusted for acquired and divested units and exchange rate effects, net sales increased by 12 percent. The increase was primarily related to Paving, Concrete and Construction System. The higher price for bitumen in Paving as well as higher material and energy costs in other product areas have affected prices to customers.

Net sales



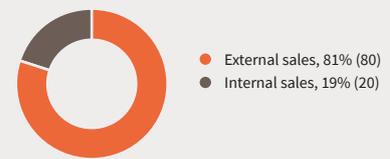
Per product area, 2022



Per geographic market, 2022



Share of net sales, 2022



Profit

Operating profit decreased to SEK 747 million (938) and the operating margin was 3.5 percent (5.0).

The operating profit in Paving was lower as a result of higher energy and fuel costs that have not been fully recompensed through higher prices to customers, particularly in Norway, Finland and Denmark. Profitability was also lower in Mineral Aggregates compared to last year, while profitability improved in the other product areas in business area.

Capital employed at the end of the year was SEK 10,807 million compared to SEK 9,266 million at the end of 2021. The increase is mainly explained by the increase in working capital and machine investments as well as the expansion of two production plants for concrete elements.

Operating profit and margin



Orders received and order backlog

Orders received during the year amounted to SEK 12,788 million (10,568). Order backlog on December 31, 2022 was SEK 4,273 million (3,886).

BUSINESS AREA PROJECT DEVELOPMENT

Slowdown in the housing market

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

Key ratios

	2022	2021
Net sales, MSEK	8,661	9,497
<i>of which Property Development</i>	494	521
<i>of which Housing Development</i>	8,167	8,976
Operating profit, MSEK	1,127	1,237
<i>of which Property Development</i>	187	231
<i>of which Housing Development</i>	940	1,006
Operating margin, %	13.0	13.0
<i>of which Property Development</i>	37.9	44.3
<i>of which Housing Development</i>	11.5	11.2
Capital employed at the end of the period, MSEK	15,632	13,523
Orders received, MSEK	6,019	9,981
Order backlog, MSEK	5,447	6,555
Operating cash flow, MSEK	-690	249
Number of employees ¹⁾	255	242

¹⁾ Calculated on rolling 12 months

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

Peab's ambition is to be a forerunner in sustainable urban development which entails investing in safe neighborhoods that are alive with places for people to meet, climate and environmentally adapted buildings and sustainable communications, everything to improve and simplify everyday life where people live and work. Our new, own developed apartment buildings in Sweden and Norway are certified according to the Swan ecolabel. In Finland similar measures are being taken to increase energy efficiency and reduce climate impact. In addition, the Group is working on developments in energy, construction material and construction tech solutions so that we can offer products and services that reduce our climate impact.

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

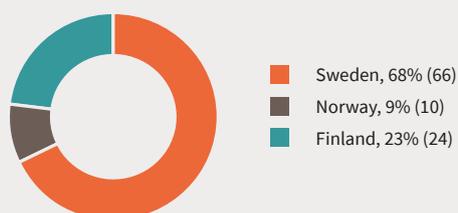
Property Development develops offices, premises and sometimes whole city boroughs in collaboration with municipalities and other partners. The business is primarily focused on the big city areas throughout the Nordic region.

Net sales and profit

Net sales for 2022 in Project Development decreased and amounted to SEK 8,661 million (9,497). The decrease is attributable to Housing Development. Operating profit amounted to SEK 1,127 million (1,237) and the operating margin was 13.0 percent (13.0).

Net sales

Per geographic market, 2022



Capital employed in Project Development at the end of the year amounted to SEK 15,632 million (13,523). The increase is primarily due to higher investments in project and development property.

Capital employed

MSEK	Dec 31 2022	Dec 31 2021
Operations property	83	52
Investment property	36	36
Project and development property	12,943	10,628
<i>of which housing development rights</i>	7,246	6,629
<i>of which commercial development rights</i>	739	613
<i>of which unsold part of ongoing housing projects</i>	2,493	1,549
<i>of which ongoing rental projects</i>	1,422	727
<i>of which ongoing commercial projects</i>	462	483
<i>of which completed property</i>	173	123
<i>of which other</i>	408	504
Participation in joint ventures	2,573	2,371
Loans to joint ventures	1,494	1,177
Working capital and other	-1,497	-741
Total	15,632	13,523
<i>of which Property Development</i>	4,585	4,265
<i>of which Housing Development</i>	11,047	9,258

Housing Development

Peab offers a broad range of housing forms including apartment buildings with tenant-owner apartments, condominiums and apartments for rent. Demand in all three Nordic countries during the first half-year was good but it declined during the second. The measures taken by the central banks to curb inflation by raising interest rates contributed to slowing demand on housing and property markets. Rising construction costs also brought down demand on the markets.

Peab's development rights portfolio is well spread geographically and every year Peab starts new projects all over the Nordic region. A substantial portion of our large housing projects are part of urban development projects where collaboration between different partners is key to success and creates added value where our other business areas are involved.

In Sweden one such housing development project is Varvstaden in Malmö that Peab owns together with Balder in the company Fastighets AB Centur. Around 2,500 new homes are under construction in close cooperation with Malmö City. This type of urban development gives Peab the opportunity to offer the market new homes in attractive areas over the course of several years. Projects in Varvstaden have a clear sustainability and climate profile and reusing material from the old shipyard is an important component. During the year the first block of homes, Varvskajen with 128 apartments, was completed.

Peab has housing developments in most of Sweden. In Skellefteå, where there is a huge housing shortage due to extensive industrial investments, Peab started Brf Framtiden with 87 tenant-owner apartments. There is an urban development project at Öster Mälarstrand in Västerås where Peab together with other actors is developing a completely new city borough. During the year two projects with a total of 65 new apartments were launched. Housing Development purchased land on Tjörn with a unique shoreline location where we will develop some 50 new tenant-owner apartments in a 14 story high rise. In Karlstad Peab launched a project with 133 new tenant-owner apartments at Tullholmsviken on the shore of the Klar River. Two centrally located development rights were acquired in Vellinge Municipality where Peab will build 170 new

apartments, 100 rental apartments and 70 tenant-owner apartments. Land was also acquired in Sandbyhov in Norrköping for 75 new apartments.

In the past year Housing Development has developed several of our property acquisitions in the Stockholm region. In Järfälla we are developing Veddesta, a complex project with many different components in a limited area with various housing forms and commercial space in a location that will also be a mass transit hub. On Lilla Essingen in Stockholm we are developing a new city borough of over 40,000 m² GFA.

We started a number of new housing projects on the Finnish housing market around the country, among them 122 apartments in Turku, 101 apartments in Vasa and 71 apartments in Jyväskylä. All the projects are being built with energy class A. We established a joint venture in Finland with Slättö to develop and manage newly produced green housing properties. The partners have a shared ambition to expand the portfolio focusing on major cities in Finland. The initial acquisition consists of two housing projects in Vanda respectively Turku for a total of 178 apartments and 705 m² commercial space in locations with good communications. All the properties will be environmentally certified. Peab will build the properties on its own balance sheet until completion at the end of 2023 and then recognize them in revenue upon divestment.

The housing market in Norway has not been affected to the same extent by the slowdown in demand although sales declined in the latter part of 2022. In Moss, just south of Oslo, Peab has started production of 52 apartments. In Ålesund we started production of 57 apartments focusing on energy efficiency in central locations close to nature. The fourth stage of Tunkvartalet in Oslo was launched with 52 apartments making a total of 405 homes that Peab owns together with USBL.

Strategic land acquisitions are vital to Peab's continuous development in housing development. In Finland we acquired development rights in Espoo in the Helsinki region right next to the Ainoa Mall and Hagalund subway station. Peab will build around 120 new apartments in the area.



According to the trade organization Prognoscentret, Swedish homebuyers awarded Peab the highest level of customer satisfaction after two years of living in their homes, known in the trade as the warranty phase. The survey for 2022 also showed that Peab Bostad is ranked far above the industry benchmark in the quality factor reliability and at the top in the quality factors home, environmental adaptation and price worthiness during the warranty phase.

Net sales and profit

Net sales amounted to SEK 8,167 million (8,976). Net sales decreased in all countries due to the market has become more wary, which meant fewer production starts and dwindling rate of homes sold. Operating profit amounted to SEK 940 million (1,006) and the operating margin was 11.5 percent (11.2).

The number of start-ups of our own developed homes during the year amounted to 1,810 units (3,020), of which 203 (426) have been converted from rentals. The number of sold homes was 1,643 (3,047). At the beginning of the year sales were relatively good in all three countries but in the second half of the year demand for housing has diminished. The number of own developed homes in production at the end of the year was 4,539 (4,702). The portion of sold homes in production was 69 percent (76). The number of repurchased homes per December 31, 2022 was 105 (144) and most of them are in Finland. Production started on 526 homes (676) in rental apartment projects on our own balance sheet during the year. The number of homes in rental apartment projects that have been sold and settled during the year amounted to 66 (91). The number of homes in rental apartment projects in production was 1,179 (922) at the end of the year. Of these 866 are under contract to be sold upon completion.

There is still a substantial underlying need for homes but rising interest rates and the uncertain economy reduce demand on the housing market for all kinds of homes. A slow rate of home sales has a negative effect on the conditions for production starts going forward.

Capital employed has increased at the end of the year and amounted to SEK 11,047 million (9,258). The increase is mainly explained by acquisitions of development rights, several ongoing apartments for rent projects and the unsold part of ongoing tenant-owner apartment projects.



Housing development rights

	Dec 31 2022	Dec 31 2021
Number, approx.		
Development rights on our own balance sheet	21,800	19,500
Development rights via joint ventures	4,700	4,600
Development rights via options etc.	8,900	10,500
Total	35,400	34,600

Own housing development construction

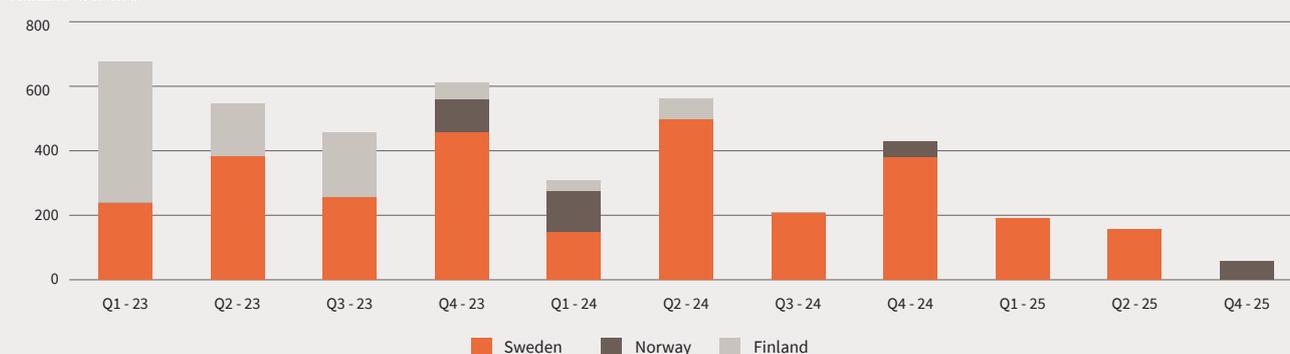
	Jan-Dec 2022	Jan-Dec 2021
Tenant-owner associations, ownership and residential limited companies		
Number of production-started homes during the period	1,810 ¹⁾	3,020 ¹⁾
Number of sold homes during the period	1,643	3,047
Total number of homes under production, at the end of the period	4,539	4,702
Portion of sold homes under production, at the end of the period	69%	76%
Number of repurchased homes on our balance sheet, at the end of the period	105	144
Rentals		
Number of production-started homes during the period	526	676
Number of sold homes during the period	66	91
Number converted to tenant-owner associations during the period	203	426
Total number of homes in production, at the end of the period	1,179 ²⁾	922 ²⁾

¹⁾ Includes 203 (426) homes which have been converted from rentals

²⁾ Of which 866 (638), corresponding to 73 percent (69), are contracted to be sold upon completion

Timepoint for completion of ongoing own housing development projects ¹⁾

Number of homes



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

Property Development

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

During the first half of the year the leasing market for office buildings in Nordic big city regions was relatively stable but it weakened due to uncertainty on the market during the second half of the year. The trend continues to head towards more flexible offices that are a place where people meet and exchange ideas. At the same time part of the market continues to want more traditional office space. Rent levels have more or less remained on the same level as in 2020.

During the year several property development projects were started up and concluded. Among them, Baldershallen in Sundsvall was completed and 14,000 m² new and renovated sports areas

were turned over to Fastighets AB Balder. In central Bankeryd Peab is developing a Group Home for the Disabled of 420 m² for Humana. Peab and Annehem Fastigheter signed a contract with Sundsvall Logistics Park to acquire about 58,000 m² of land in Sundsvall Logistics Park. Work on developing the property is permeated with an environmental and sustainability perspective and follows the sustainability program CEEQUAL. Peab and Annehem Fastigheter plan to further develop the area and will maintain a high environmental profile and environmentally certify their projects. In Lund we acquired land to build a 9,000 m² office building on and in Malmö we acquired 20,000 m² for logistics purposes.

Furthermore Peab continues to develop property in Swedish and Norwegian mountainside regions with SkiStar where we jointly own properties together with the company Skiab Invest AB. Work on Sadelbyn 7 in Åre with 42 apartments has continued over the year and in Lindvallen 20 apartments have been started on in Timmerbyn.

Net sales and profit

During 2022 net sales were SEK 494 million (521) and operating profit was SEK 187 million (231). Capital gains from property divestitures amounted to SEK 85 million (218). The year included divestment of a logistic facility in Södertälje to Annehem Fastigheter and a sports arena in Sundsvall was sold to Balder. The previous year included the divestiture of office buildings in Helsingborg and Solna to Annehem Fastigheter. Our partially owned companies continue to develop well and profit contributions from partially owned companies increased and amounted to SEK 134 million compare to SEK 92 million last year.

Capital employed was SEK 4,585 million (4,265) at the end of 2022. A large part of the capital employed is shares in partially owned companies and loans to partially owned companies.

The table below presents the ongoing property projects per December 31, 2022. During the year Peab made the decision to invest SEK 101 million in a new office building in Jönköping. The project is expected to be completed during the fourth quarter 2023.

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, %
Office building	Malmö	7,400	55	223	331	Q1-2023	67
Office building	Jönköping	3,200	100	27	101	Q4-2023	26
Office building	Gothenburg	13,100	0	239	535	Q3-2024	45
Total				489			

Significant joint ventures

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

Fastighets AB Centur

Own, manage and develop commercial property and housing.

Peab's share: 50 percent

Partner: Balder

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

Recognized value on properties December 31, 2022¹⁾: SEK 7,872 million (7,497)

Peab's portion of unrecognized fair value exclusive tax¹⁾: SEK 653 million (573)

Major ongoing projects: Gjuteriet Varvsstaden, Malmö, renovation of around 4,600 m² (tenant Oatly) and renovation of Snickeriet of around 2,500 m² (tenant Lindahls)

Fastighets AB ML4

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

Peab's share: 50 percent

Partner: Wihlborgs

Geography: Lund

Recognized value on properties December 31, 2022: SEK 1,940 million (1,991)

Major ongoing projects: No major ongoing projects

Point Hyllie Holding AB

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

Peab's share: 50 percent

Partner: Volito

Geography: Hyllie, Malmö

Recognized value on properties December 31, 2022: SEK 1,403 million (1,385)

Major ongoing projects: No major ongoing projects

Key ratios 2022 significant joint ventures¹⁾

MSEK	Fastighets AB Centur	Fastighets AB ML4	Point Hyllie Holding AB	Skiab Invest AB	Tornet Bostadsproduktion AB
Net sales	428	134	85	119	232
Profit for the year	315	25	4	114	-107
Total assets	8,036	2,214	1,428	2,632	6,070
– of which recognized value of properties	7,872	1,940	1,403	2,526	5,748
Peab's portion of unrecognized fair value exclusive tax	653			56	350

¹⁾ Refers to the recognized value of joint venture companies for January – December 2022 and per December 31, 2022. Since Fastighets AB Centur, Skiab Invest AB and Tornet Bostadsproduktion AB apply the market value of properties, the values in the table above differ from the values presented in the Peab Group for joint venture companies in note 19.



Skiab Invest AB

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

Peab's share: 50 percent

Partner: SkiStar

Geography: Scandinavian mountains

Recognized value on properties December 31, 2022¹⁾: SEK 2,526 million (2,093)

Peab's portion of unrecognized fair value exclusive tax¹⁾: SEK 56 million (16)

Major ongoing projects: Sadelbyn 7 with 42 tenant-owner apartments in Åre and 20 tenant-owner apartments in Timmerbyn, Lindvallen in Sälen

Tornet Bostadsproduktion AB

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

Peab's share: 33 percent

Partner: Folksam and Balder

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

Recognized value on properties December 31, 2022¹⁾: SEK 5,748 million (5,649)

Peab's portion of unrecognized fair value exclusive tax¹⁾: SEK 350 million (417)

Major ongoing projects: LP Parken, Gothenburg 11,200 m² rentable area, Tallbohov, Järfälla 5,700 m² rentable area, Tamarinden, Örebro 11,000 m² rentable area, Rödängs Trädgårdar, Umeå 12,600 m² rentable area and other apartment building projects in Helsingborg and Lund

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.

Risks and risk management

The ability to systematically identify, analyze and manage risks is crucial for Peab's business to be sustainable long-term and good risk management can also provide opportunities for value creation.

Risk and risk management is an important part of Peab's governance. Peab's presence in four Nordic countries, operations in four business areas and customers in the private and public sectors provide the foundation for spreading risks well.

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 profit and position depends on how well the company handles daily operations. These four risk categories can also have a direct impact on confidence in Peab and our brand and thereby our ability to run our business.

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. Peab can, on the other hand, affect and manage operative risks. These are matters such as project steering, talent management and product and method choices. Compliance risks concern following laws and regulations such as complying with policies and ethical principles. Financial risks are primarily associated with interest and credit risks and the company's need for capital, tied up capital and access to financing.

The recent year's dramatic developments in Ukraine have a key impact on the world around us. In addition to the terrible tragedy for the people the war touches, the situation risks hampering macroeconomic growth in the world. The construction industry is affected through greater uncertainty and cautiousness concerning investments, high material and energy prices and delivery problems. We are not ourselves directly exposed to Russia, Ukraine or Belarus but are indirectly affected via material suppliers. We follow developments carefully to continually assess any effects on Peab.

There has been a significant rise in the price of materials and energy during 2022. We have handled cost increases along with supply chain disturbances through adjusting and streamlining operations as well as in pricing to customers although the cost increases have not been fully compensated. We continually work to streamline production all the while expecting a gradual increase in construction costs if the trend in material and energy prices does not turn. Rising interest rates have diminished demand on the market.

An uncertainty which marked most of the year was access to cement. In 2021 the Supreme Land and Environment Court dismissed Cementa's application for a renewed permit to continue to quarry limestone in Slite on Gotland. However, in December 2022 the Supreme Land and Environment Court granted Cementa permission to quarry limestone for four more years on Gotland. In the meantime Cementa prepares to apply in 2023 for a longer permit. Peab has already begun working with our own alternative binder and certain degree of cement importation to handle the risk of lower or no cement deliveries.

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. Regarding risks concerning the Mall of Scandinavia contract, see note 2.

The parent company is indirectly affected by the risks described in the section below.

Risk management

Managing the identified risks is an ongoing process. Many of the risks are managed in our line organization and its various projects in each business area as well as in Group functions. Risk management is based on established procedures, processes and steering systems such as Peab Spirit and the company's core values. In daily operations our strategic targets and prioritized activities are also important for risk management.

Peab conducts an annual Group review of the risks in every section of our business – in both the business areas and the supporting functions – to determine the relevance and probability of each identified risk. The work is led by a team from Group functions and the result is processed by executive management and the Board. Work on risks and risk management is an integrated part of the business areas' business planning process.

Operative risks	Description	Action
<p>Information security</p>	<p>Peab's digitalization raises demands for access to information. Dependence on IT systems increases vulnerability to cyberattacks and shutdowns that can be extensive and have considerable financial consequences. Information can also be manipulated, erased or end up in the wrong hands.</p>	<p>Together with external experts in IT security Peab's IT function works systematically to map out IT risks based on accumulated information and routine follow-ups according to an audit plan and continuity planning. Focus is on preventative actions to ensure access to information and IT tools from internal and external sources. Peab follows explicit procedures concerning IT and digitalization as well as works to increase awareness and knowledge in our employees regarding information security risks.</p>
<p>Contract work</p>	<p>Peab's business is largely project related. Erroneous calculations can lead to incorrect tenders and losses in projects. There are a number of contract types and the risk level varies accordingly. Grey areas in the terms can lead to disputes with customers about where responsibility lies and thereby make it hard to assess the result of projects. Price risks can be unforeseen cost increases for materials or subcontractors. Other risks can be linked to technical solutions, method choices and amount calculations.</p>	<p>Structured risk analysis is crucial to ensure that risks are identified and correctly priced in bids in the underlying calculations. The right resources in projects ensure that they will be carried out according to contract terms and established processes and procedures. Several years ago Peab established a Procurement Council in order to produce thoroughly processed calculations and tenders for projects over a certain size. The Council can also be consulted for smaller projects where needed. Price risks are handled through purchasing processes with the right suppliers which are mostly procured via central purchasing contracts.</p>
<p>Suppliers and subcontractors (SC)</p>	<p>Flaws or vulnerabilities in the supply chain or how the SCs are handled are one of Peab's greatest risks. Choosing the wrong supplier/SC can lead to quality defects, delivery delays or no deliveries at all. Suppliers/SCs who do not conform to existing laws, conventions and Peab's contracts and regulations can have a negative effect on the environment, ethics, human rights, equal opportunity and the work environment. There are also risks connected to dependence on one or a few suppliers. Failure to ensure that information about Peab's regulations is received by every individual at a Peab workplace can also entail a risk. Insufficient monitoring of suppliers and SCs or shortcomings in audits and analyses before a contract is signed are other risk factors.</p>	<p>Peab's Code of Conduct and the ethics clause for suppliers are attached to all contracts Peab signs with suppliers/SCs. Peab has developed procedures in the work environment, work conditions, reliable supplier chains and the environment. These include using a blocking system that makes it possible to stop rogue suppliers and SCs in Sweden, Norway and Finland. In Sweden Peab has initiated third party checks of workplaces. Peab also works with audits of certain suppliers. Peab signs framework contracts to minimize risks in projects, particularly quality deficiencies and delivery delays. To further reduce vulnerability Peab works with strategic supply plans and to broaden our base for the number of supplier and alternative materials.</p>
<p>Talent management and skills development</p>	<p>Peab is dependent on attracting and keeping competent employees in order to fulfill customers' expectations. There is a risk that Peab will not have qualified personnel in sufficient numbers due to strong competition or because so few youths are interested in the industry or because the industry will fail in increasing gender equality and diversity. There is also a risk that employees do not possess the right competence to deliver on customers' demands.</p>	<p>Peab works strategically with short and long term talent management and our attraction as an employer through practical measures like establishing new supply channels in cooperation with the education system, active integration work, extensive internal training and running our own high school, the Peab School. We believe being a social actor and displaying our important role as a community builder is crucial to attracting the right skills. Peab's goal-oriented work with diversity and equal opportunity is also important and we have set targets for gender equality recruitment. We have a recruitment system and career map aimed at clarifying development paths for our employees. Employees' skills development is planned and documented with the aid of a competence platform.</p>
<p>Work environment</p>	<p>Work related accidents at Peab's workplaces can lead to employees or suppliers/SCs being injured or, in the worst case, killed. In addition to injuries to individuals, this can lead to fines, legal sanctions and damage confidence in the company. Another risk area is the organizational and social work environment, which includes risks concerning stress and victimization.</p>	<p>Focus is on planning and risk analysis observations early on as well as monitoring and learning from reported risk observations, incidents and accidents. Efforts to increase the number of risk observations have been very effective and observations have redoubled. This generates organizational learning about where, when and why risks occur. Peab also teaches employees about equal treatment to prevent discrimination and victimization and to promote equal opportunity.</p>

External and market risks	Description	Action
Macro factors	Peab's profitability is affected by circumstantial factors such as the general economy, inflation and interest rates, unemployment and demographic developments that can influence customers' investment appetite, demand and other market conditions.	Peab's broad geographic presence and our mix of operations and products dampens the effect of declining economies and markets, as does our financial strength. We work continually to augment flexibility in our overhead to better handle external and market risks. In business area Project Development, for example, we reduce sales risks through set requirements for advance sales before production starts in housing projects. The corresponding risk management for commercial property developments is a required level of rented space before production starts.
Market	Customer behavior and demands can change creating the risk of Peab not being able to follow these changes. Peab can also risk investing in the wrong markets, market segments or not being able to handle the competition.	Peab's broad geographic presence and our mix of operations and products dampens the effect of declining economies and markets. Peab also continues to develop our dialogue with customers, we work with so-called market navigators that map ongoing projects in sub-markets. The functions "Products and Technology" and "Research and Innovation" work to help Peab meet incoming demands and needs on the market.
Political factors	Political decisions and currents influence Peab's business. This is true for politics in the Nordic region as well as international politics. Public investments in community building have direct consequences for Peab's business. For example, laws and regulations concerning buying homes, like requiring a capital investment from private persons, affect Peab's project development operations. There are also zoning risks in development operations for exploitation land where decisions by authorities can impact land values and thereby the project's future profitability. There are also a number of laws and regulations coming into effect regarding the environment and climate that will affect Peab's operations.	Peab's broad geographic presence and our mix of operations and products contributes to dampening political risks as well. Project development's operations, for example, work to shorten lead times from land acquisition to finished project in view of the risk for changed market prerequisites. Peab works intensively to review and adapt operations and take advantage of the changes due to environment and climate laws and regulations.
Environment and climate	Peab is exposed to environmental and climate related risks, which can lead to injuring people and damaging the environment and our business. A lack of competence and adjusting too slowly can lead to Peab's products and services not meeting the demands and expectations of customers and other stakeholders. Global warming can create physical risks such as extreme weather, floods and material and energy shortages, which can affect ongoing projects and our own property and facilities. Climate change also leads to transition risks such as shifts in demand, higher raw material prices and new laws. Access to renewable energy is also becoming a critical matter. Other identified risks are, for example, suppliers/SCs that do not hold a sufficiently high environmental standard, the use of prohibited or unsuitable material and products as well as the improper use of material. This can be hazardous to people's health and the environment as well as give rise to compensation demands and damage Peab's brand.	Risk prevention comes under the Group's three prioritized environmental aspects which also have set targets; climate neutrality, resource efficiency and phasing out environmentally and health hazardous products. We also do climate calculations and analyses according to TCFD and report according to EU Taxonomy. For more information see the section Leader in social responsibility. Our environmental and climate work starts locally and is run systematically based on a business management system that is for the most part environmentally certified. These procedures comprise, for example, how monitoring laws and compliance is conducted, enable practical support of environmental steering in a project and regulate environmental delegation in order to ensure responsibility. We often have dialogues with customers early on in order to create more environmentally and climate adapted solutions. Employees continuously receive education and training to ensure the right environmental competence. Preventively we perform operation specific in-depth analyses. We have also taken measures to adjust operations to climate changes, for example by developing new products with a lower climate footprint.
Raw materials	Access to certain raw material is crucial to our operations and at the same time there are only a few suppliers. This entails risks for our business. An example is the supply of cement from Cementa, which has been threatened in the past due to an environmental permit that was not approved. Another example is the considerable dependency on bitumen in paving operations, there are also only a few suppliers.	We have been working our own alternative binders as well as importing some cement to manage the risk of diminished or no cement deliveries. To guarantee bitumen deliveries Peab has chosen to bring in other suppliers so as not be dependent on one large supplier.
Energy	Energy is important, particularly in producing asphalt. Construction of major projects also requires a great deal of electricity. Energy shortages or high costs can entail risks for our ability to keep our business going.	The electricity market is expected to continue to vary in coming years. Peab has long contracts in Sweden. Opportunities to enter into long contracts are analyzed when and if they are offered.

Compliance risks	Description	Action
Ethics	Ethical risks can entail Peab employees not following our Code of Conduct and involving themselves in irregularities, bribes or corruption. Ethical risks can also be connected to transgressions of human rights in our own company or the supply chain. This can lead to fines, legal sanctions, brand damage and Peab's exclusion from public procurements. There are even ethical aspects concerning discrimination and victimization.	Peab conducts systematic ethical and preventive work focused on education and strict consequences for transgressions. Peab has gathered all issues concerning ethics, regulation compliance and governance in the Group function Corporate governance and regulation compliance. Supplier checks and audits prevent risks in the supply chain. A whistleblower system ensures the right to anonymously point out ethical risks, internally and externally. Peab's Ethical Council ensures that infractions of the Code of Conduct and laws, as well as matters concerning discrimination and victimization are investigated and dealt with consistently and impartially.

Governance	Governing-related risks refer to both overriding Group governance and project steering. This includes everything from applying internal regulations, defining roles and collaboration to our ability to meet higher customer demands and more formalization.	Peab works to clarify governance through targets. We also have a strategy organization tasked with working for effective governance. In addition, Peab works with skills development, particularly in strategic positions and dialogue with, and advice to, our customers, where the latter can require a different project organization than previously at Peab.
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Financial risks	Description	Action
Financial risk-taking	Financial risk-taking is connected to the business' capital and investment needs which are different for each of Peab's four business areas. Contract construction in Construction and Civil Engineering normally have a positive working capital that contributes to financing the other operations. Industry binds capital in fixed assets with an ongoing need for investments. Project Development binds capital through investments in land and development rights.	Peab's financial targets are the overriding means by which the Group governs financial risk-taking. For business areas Industry and Project Development tied-up capital is managed through set frameworks. Investments in Peab follow a set investment procedure in which an investment group decides on all investments. Tied-up capital in business areas Construction and Civil Engineering is managed through payment balance requirements.

Financial risks	The Group is exposed to financial risks such as interest rate risks, liquidity risks, refinancing risks, raw material risks, currency risks and credit risks.	Peab's Finance Policy is adopted by the Peab AB Board and creates a framework for risk mandates and limits within the Peab Group. The Treasury function is centrally organized. For further information on financial risks, see note 36.
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Financial reporting	Since Peab applies recognition over time as a project is completed for most of our ongoing projects, erroneous project forecasts can entail that recognition and monitoring can be misleading. A number of balance items, including project and development property, are valued based on estimations and assessments. This value can be affected by, for example, the current market, interest rates and customers' preferences, which can lead to impairment.	A prerequisite for correct recognition over time is reliably forecasting the outcome. Well-developed procedures and system support for monitoring and forecasting each project is crucial to limiting the risk of erroneous revenue recognition. The recognized value of project and development property has been calculated as the lowest of the purchase price and the net sales price based on current price levels in the respective locations. Peab is continuously testing the values of project and development property through an internal model. As a complement to this valuation external market values are annually reviewed for some of the properties.
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Sensitivity analysis

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

MSEK	Calculation basis	Change	Pre-tax profit effect
Segment reporting			
Volume (operating margin constant)	63,135	+/- 10%	+/- 271
Operating margin (volume constant)	4.3%	+/- 1 percentage point	+/- 631
Production costs	46,075	+/- 1%	+/- 461
Financial			
Average effective interest rate ¹⁾	3.3%	+/- 1%	+/- 82

¹⁾ The sensitivity analysis shows the effect of a change in interest on Group pre-tax profit based on an assumption of unchanged net debt. The calculated net debt of SEK 8,173 million is based on net debt according to IFRS reduced by liabilities for Swedish tenant-owner associations and additional leases according to IFRS 16. It is further assumed that a change in interest would directly affect the interest Peab pays respectively receives on liabilities and receivables with a floating interest rate. Activating interest is not taken into account in the sensitivity analysis. For more information about net debt, see note 36.

Peab's sustainability work

As the Nordic Community Builder with extensive local presence we have a self-evident responsibility for our communities. This responsibility begins with our role as employers and business partners and stretches all through our production chain and into the community. Naturally this responsibility also includes the environment and climate. Working sustainably is strategic for Peab and should be completely integrated into our operations. Every employee should work sustainably based on our core values, business concept, mission, strategic targets and Code of Conduct. Our business has a life cycle perspective and we take responsibility for both making and meeting demands in the value chain regarding suppliers and customers.

Our material sustainability aspects are summarized in two of our four strategic targets: Best workplace and Leader in social responsibility. Our four business areas collaborating locally give us better control over the supply chain. Our 15,000 employees ensure that we as far as possible use local resources in the form of our own employees, our own input goods and subcontractors. With our engagement in the community and integrated climate and environmental work this is the basis of our sustainability work and what we call locally produced community building.

Regarding Peab's climate impact our material use is a particularly important area where our operations generate carbon emissions. This is why we try to husband resources, use more local material and develop more climate-improved material. Our investments in ECO-Betong (ECO-Concrete) and ECO-Asfalt are two practical examples where we both reuse material and mix in alternative binder to reduce our carbon footprint. Peab is also a driving force in several development initiatives to optimize material and verify quality. In 2021 we became the first Swedish construction and civil engineering company to partner with SSAB in fossil free steel, which means that as of 2026 we will begin to use steel that has been fossil free manufactured in our projects. In 2022 The Swedish Construction Industry's Development Fund (SBUF) granted funds for a research project where together with SSAB we are investigating possible climate savings in the construction and civil engineering industry through the hydrogen gas based HYBRIT technology. A preliminary rough analysis shows that over 90 percent of the steel in a conventional steel frame for an office building can be replaced by steel via HYBRIT technology. This equals a climate reduction of about 70 percent compared to conventionally produced steel. The research project will also perform a detailed study of the fossil free steel's climate impact and the effect this climate savings can have on the total climate footprint of construction and civil engineering projects.

Research and development

The purpose of Peab's R&D is to provide society, our customers and other stakeholders with added value. Through new discoveries we can improve or develop new products, services and production processes. In 2022 we created the new function Research and Innovation aimed at supporting our business in its transition to climate-adapted products and with investments in new technology. Circular material and new energy services are examples of areas the function deals with. In 2022 the function started up new collaborations and identified new partnerships that include new circular processes where we use more and more residual products from other industries as

raw materials. For example, we are running a research project until the spring of 2023 with financing from SBUF that studies manufacturing construction material in the form of new mineral aggregates by storing biogenic carbon from wood and other biomaterial in residual products from quarry and concrete operations. This would give mineral aggregates a role in Carbon Capture and Storage (CCS), i.e. capturing and permanently binding carbon dioxide to reduce the amount in the atmosphere. Peab has the right prerequisites for this considering our operations comprise the whole circle from excavation to use and finally recycling of mineral aggregates material.

Peab also collaborates with universities, colleges and trade organizations and is an active participant in many industry projects. We participate in strategic, innovative and tactical operative programs to take responsibility with a long-term perspective and for current needs. In 2022 Peab and Luleå University of Technology entered into a long-term strategic partnership in sustainable construction, digitalization and resource efficiency which lets Peab take advantage of the latest research. At Chalmers in Gothenburg we participate in the research program "Future Transportation Infrastructure" and at The Faculty of Engineering, LTH we are active in the "Center for construction robotics". For years we have worked together with The KTH Royal Institute of Technology in Stockholm in road technology and geotechnical engineering. We also participate in other forms of collaboration such as LFM30 (Local roadmap for a climate neutral construction and civil engineering sector in Malmö 2030), Infrasweden 2030 (promotes a competitive and climate neutral transport infrastructure sector by 2030), Smart Built Environment (innovation for the community building sector) and Mistra Carbon Exit (research for climate neutrality 2045).

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

Greater focus on construction sites

Construction sites are receiving greater attention and Peab energy classifies construction barracks in order to reduce energy consumption through a new energy classification system that promotes energy efficient barracks and barrack establishment. The project is a collaboration with other actors in the industry like contractors, barrack renters, barrack-makers and general contractors. Peab also has well thought out conceptual measures on how to best establish a construction site to meet future climate requirements and drive development aligned with both national guidelines and customers' demands.

In accordance with the Annual Reports Act chapter 6 paragraph 11 Peab has chosen to present the statutory Sustainability Report outside of the Board of Directors' Report. The parts required in a sustainability report can be found under sections Targets and strategies (page 14–15), Best workplace (page 20–27), Leader in social responsibility (page 32–45), Our take on sustainable business (page 46–51), Reporting according to the EU Taxonomy (page 52–55), Summary sustainability data (page 56), Risks and risk management (page 81–84) and Corporate governance report (page 157–161).



Other information and appropriation of profit

Operations with permit and notification obligations

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

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

Operations required to notify authorities are concrete manufacturing, production of prefabricated concrete elements, permanent and mobile asphalt plants, mobile C&DW crushing plants, actions taken in contaminated areas, intermediate storage of excavated soil and waste, recycling of excavated soil, water operations/management and transportation of waste and hazardous waste.

There are also operations in the other Nordic countries with an environmental impact that must be approved by authorities. They are production of asphalt in Finland, Norway and Denmark as well as extraction of mineral aggregates and concrete manufacturing in Finland and Norway.

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

Important events during the year

War in Ukraine

The recent year's dramatic developments in Ukraine have a key impact on the world around us. In addition to the terrible tragedy for the people the war touches, the situation risks hampering macroeconomic growth in the world. In Sweden this can affect the construction industry through greater uncertainty and cautiousness concerning investments, continued high material and energy prices and material shortages and delivery problems. We follow developments carefully to continually assess any effects on Peab.

Nomination Committee

According to the "Principles for the Nomination Committee's appointment and instructions for the Nomination Committee", adopted by the Annual General Meeting on May 5, 2022, the Nomination Committee is appointed by the three largest shareholders in terms of votes per the final banking day in September 2022, i.e. September 30, 2022, that want to appoint a member of the Nomination Committee as well as the Chairman of the Board. If one or more of the three largest shareholders decline to appoint a member of the Nomination Committee the Chairman of the Board will offer the next largest shareholder in terms of votes the opportunity to appoint a member of the Nomination Committee and so on until the Nomination Committee consists of three members as well as the Chairman of the Board.

Mats Paulsson, Peabs Vinstandelsstiftelse and Familjen Kamprads stiftelse, which were per September 30, 2022 in terms of votes the third to fifth largest shareholders in Peab, have when asked replied that they do not wish to participate in the Nomination Committee for the Annual General Meeting 2023. State Street Bank and Trust Co, W9, which at this same point in time was the sixth largest shareholder in Peab in terms of votes has not replied to the request. The seventh largest shareholder in Peab in terms of votes, Handelsbanken Fonder, has agreed to participate in the Nomination Committee.

The Nomination Committee therefore consists of the following members:

- Anders Sundström, Ekhaga Utveckling AB
- Ulf Liljedahl, AB Axel Granlund
- Suzanne Sandler, Handelsbanken Fonder
- Anders Runevad, Chairman of the Board of Peab AB

The Nomination Committee has appointed Ulf Liljedahl to be Chairman of the Nomination Committee.

The Peab share

At the end of 2022 Peab's share capital amounted to SEK 1,583,866,056 divided among a total of 296,049,730 shares, resulting in a nominal value of SEK 5.35 per share. Of the shares, 34,319,957 are A shares with ten votes per share, and 261,729,773 are B shares with one vote per share. All shares carry equal rights

to participation in the company's assets, profits and dividends. There are no restrictions in the articles of association concerning transferring shares or the disposal of votes at the AGM.

On December 31, 2022 there were approximately 64,000 shareholders in Peab. The Group is subject to considerable influence by Mats Paulsson and Fredrik Paulsson together with families, children and companies. In 2017 the Paulsson families merged the majority of their indirect holdings into a holding company, Ekhaga Utveckling AB, which is controlled by Mats Paulsson's son Fredrik Paulsson. Ekhaga Utveckling AB has 20.9 percent of the capital and 48.3 percent of the votes. Mats and Fredrik Paulsson together with families have 5.2 percent of capital and 11.0 percent of the votes. In addition, the Mats Paulsson's foundations have 1.2 percent of the capital and 0.6 percent of the votes at the end of 2022. The company has no knowledge of any agreements between shareholders that can result in restriction of the right to transfer shares.

Peab's AGM decided on May 5, 2022 to authorize the Board to decide, during the period up to the next AGM, on new issues of B shares with rights for current shareholders to participate in the issue or without preferential rights for current shareholders to participate in the issue in connection with acquisitions. The authorization may be used on one or more occasions and correspond to, at the most, a total of 10 percent of the registered share capital at the time of the authorization. During the year the Board has not decided to issue any new shares.

In 2007 Peab established a profit-sharing foundation. According to the foundation's placement policy its capital should be placed primarily in Peab shares. On December 31, 2022 the foundation owned 13,628,300 B shares in Peab, corresponding to 4.6 percent of the total number of shares.

Holdings of own shares

At the beginning of 2022 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. The Board of Directors of Peab AB has, through the authorization given by the Annual General Meeting on May 5, 2022, decided to repurchase its own shares. The shares can be repurchased, on several occasions, until the AGM 2023. The aim of the repurchasing is to improve the company's capital structure. The shares are repurchased on Nasdaq Stockholm according to the Nordic Main Market Rulebook for Issuers of Shares – Nasdaq Stockholm (Supplement D) and EU Parliament's and Council's EU regulation nr. 596/2014 on market abuse (MAR). The shares may only be repurchased at a price per share within the price interval registered at any given time on Nasdaq Stockholm, meaning the interval between the current highest buy price and the lowest sell price published by Nasdaq Stockholm. According to the Board's decision shares may be repurchased during the period for a maximum of SEK 500 million and a number of shares so that the company's holding of its own shares after the repurchasing does not exceed one tenth of all shares in the company. During the period up to December 31, 2022 7,511,000 shares were repurchased for a total of SEK 500 million. After the repurchase Peab holds 8,597,984 own B shares corresponding to 2.9 percent of the total shares.

Corporate governance

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

Remuneration policy for executive management

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

Expectations concerning future development

Sweden

It appears Sweden's economic growth in 2022 will turn out to have been better than expected. The forecast for GNP growth in 2022 points to an increase of 2.7 percent. However, the forecast for 2023 is considerably worse and indicates a reduction in GNP by close to one percent. The total volume of production-started building construction investments is expected to have contracted by nine percent in 2022 and diminish just as much in 2023. The downturn will probably be across the board but most likely housing construction will be hit the hardest and contract significantly. For other building construction private industrial and premise construction is expected to decline while construction for the public sector is expected to remain on the same level as in 2022. At the same time industry investments related to the green transition are in the works where several projects have already been launched. In time these will generate the need for homes, premises and infrastructure. Civil engineering investments continue to be on a high level and are believed to have grown in 2022 but are predicted to drop back down in 2023.

Norway

The Norwegian economy slowed at the end of 2022 but GNP is still expected to have grown by three percent thanks to strong private consumption. In 2023 GNP will probably only increase marginally due to diminishing household consumption. Norwegian building construction investments appear to have decreased by three percent in 2022 and the negative trend can grow stronger in 2023. A general slowdown in construction is not expected but housing investments and private construction are most likely to be

affected by the downturn in the economy. Investments in public sector construction are expected to remain on the same level as in 2022. Investments in civil engineering are believed to have grown substantially in 2022 and are expected to remain on the same high level in 2023.

Finland

Growth of the Finnish economy developed surprisingly well during the first half-year of 2022 despite the breakdown in trade with important commercial partners due to the war in Ukraine. However, growth slowed during the autumn and all told, GNP is estimated to have grown by 2.3 percent in 2022. In 2023 GNP is expected to contract by 0.2 percent. The total volume of building construction was probably down around ten percent in 2022 and will most likely diminish by same amount in 2023. A downturn in 2023 is expected in all sectors but particularly in housing and private premise construction. Zero growth is forecast for civil engineering in both 2022 and 2023.

Parent company

The parent company's business consists of executive management and Group functions. Net sales in 2022 were SEK 304 million (293) and consisted primarily of internal Group services. Operating profit for the year was SEK -215 million (-131). Profit after net financial items amounted to SEK 769 million (-116). Net financial items included dividends from subsidiaries of SEK 1,024 million (-). Of the appropriations, Group contributions were SEK 2,240 million (2,104). Profit for the year amounted to SEK 2,473 million (1,243).

Dividend

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

TARGET: >50%

OUTCOME 2022: 56 %¹⁾

¹⁾ Based on the number of outstanding shares.

Proposed appropriation of profit

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

Share premium reserve	2,308,208,948
Profit brought forward	2,086,114,462
Profit for the year	2,473,891,537
Total	6,868,214,947

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

Dividend, 287,451,746 shares at SEK 4.00 per share ¹⁾	1,149,806,984
Carried forward ²⁾	5,718,407,963
Total	6,868,214,947

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

²⁾ Of which to share premium reserve.

2,308,208,948

Income statement – the Group

MSEK	Note	2022	2021
Net sales	3,4	61,933	58,923
Production costs	11	-56,345	-53,022
Gross profit		5,588	5,901
Sales and administrative expenses	11	-3,286	-3,300
Other operating income	6	279	391
Other operating costs	7	-24	-17
Operating profit	4,8,9,10,19,37	2,557	2,975
Financial income		103	94
Financial expenses		-220	-167
Net finance	12	-117	-73
Pre-tax profit		2,440	2,902
Tax	14	-609	-525
Profit for the year		1,831	2,377
Profit for the year attributable to:			
Shareholders in parent company		1,832	2,377
Non-controlling interests		-1	0
Profit for the year		1,831	2,377
Profit per share before and after dilution, SEK	15	6.27	8.06

Statement of comprehensive income – the Group

MSEK	Note	2022	2021
Profit for the year		1,831	2,377
Other comprehensive income			
Items that have been reclassified or can be reclassified to profit for the year			
Translation differences when translating foreign operations for the year		210	184
Change for the year in fair value of cash flow hedges		2	8
Shares in joint ventures' other comprehensive income		19	-
Change in fair value of cash flow hedges carried over to profit for the year		-	-2
Tax referring to items that have been reclassified or can be reclassified to profit for the year	14	-1	-1
Other comprehensive income for the year		230	189
Total comprehensive income for the year		2,061	2,566
Total comprehensive income for the year attributable to:			
Shareholders in parent company		2,062	2,566
Non-controlling interests		-1	0
Total comprehensive income for the year		2,061	2,566

Balance sheet – the Group

MSEK	Note	Dec 31 2022	Dec 31 2021
Assets			
Intangible assets	16	3,976	3,769
Tangible assets	17, 37	8,310	7,674
Investment property	18, 37	57	55
Participation in joint ventures	19	2,474	2,327
Securities held as fixed assets	22,35,36	67	55
Interest-bearing long-term receivables	21,35,36	1,233	1,208
Deferred tax recoverables	14	180	174
Other long-term receivables	23	58	109
Total fixed assets		16,355	15,371
Project and development properties	24, 37	19,178	16,258
Inventories	25	1,541	1,318
Accounts receivable	26,35,36	8,454	7,802
Interest-bearing current receivables	21,35,36	384	342
Tax assets		37	15
Worked-up not invoiced income	27	2,301	1,578
Prepaid expenses and accrued income	28	479	483
Other current receivables	23	776	1,052
Liquid funds	35,36	1,506	2,951
Total current assets		34,656	31,799
Total assets		51,011	47,170
Equity			
	29		
Share capital		1,584	1,584
Other contributed capital		2,576	2,576
Reserves		205	-25
Profit brought forward including profit for the year		9,403	9,546
Equity attributable to shareholders in parent company		13,768	13,681
Non-controlling interests		18	1
Total equity		13,786	13,682
Liabilities			
Interest-bearing long-term liabilities	30,35,36	7,665	5,281
Interest-bearing long-term liabilities, project financing	30,35,36	440	346
Other long-term liabilities	33,35	306	272
Deferred tax liabilities	14	487	321
Provisions	32	1,197	1,313
Total long-term liabilities		10,095	7,533
Interest-bearing current liabilities	30,35,36	1,897	2,386
Interest-bearing current liabilities, project financing	30,35,36	9,802	7,003
Accounts payable	35,36	5,131	4,992
Tax liabilities		166	178
Invoiced income not worked-up	27	4,033	4,356
Accrued expenses and deferred income	34	3,937	4,258
Other current liabilities	33,35	1,929	2,542
Provisions	32	235	240
Total current liabilities		27,130	25,955
Total liabilities		37,225	33,488
Total equity and liabilities		51,011	47,170

Report on changes in equity – the Group

MSEK	Equity attributable to owners in parent company					Total	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Translation –reserve	Hedging –reserve	Profit brought forward including profit for the year			
Opening balance equity 2021-01-01	1,584	2,576	-208	-6	8,496	12,442	1	12,443
Total comprehensive income for the year								
Profit for the year					2,377	2,377	0	2,377
Other comprehensive income for the year			184	5		189		189
Total comprehensive income for the year	-	-	184	5	2,377	2,566	0	2,566
Contribution from, and value transferred to, owners								
Cash dividend					-1,327	-1,327		-1,327
Total contribution from, and value transferred to, owners	-	-	-	-	-1,327	-1,327	-	-1,327
Closing balance equity 2021-12-31	1,584	2,576	-24	-1	9,546	13,681	1	13,682
Opening balance equity 2022-01-01	1,584	2,576	-24	-1	9,546	13,681	1	13,682
Total comprehensive income for the year								
Profit for the year					1,832	1,832	-1	1,831
Other comprehensive income for the year			210	20		230	0	230
Total comprehensive income for the year			210	20	1,832	2,062	-1	2,061
Contribution from, and value transferred to, owners								
Cash dividend					-1,475	-1,475		-1,475
Repurchase of own shares					-500	-500		-500
Acquisition of partially owned companies, non-controlling interests as previously						-	18	18
Total contribution from, and value transferred to, owners	-	-	-	-	-1,975	-1,975	18	-1,957
Closing balance equity 2022-12-31	1,584	2,576	186	19	9,403	13,768	18	13,786

Cash flow statement – the Group

MSEK	Note	2022	2021
Current operations	44		
Pre-tax profit		2,440	2,902
Adjustments for non-cash items		1,443	1,549
Income tax paid		-519	-358
Cash flow from current operations before working capital changes		3,364	4,093
Cash flow from changes in working capital			
Increase (-) /Decrease (+) project and development properties		-2,584	-1,718
Increase (-) /Decrease (+) inventories		-163	13
Increase (-) /Decrease (+) current receivables		-773	190
Increase (+) /Decrease (-) current liabilities		-1,400	240
Cash flow from changes in working capital		-4,920	-1,275
Cash flow from current operations		-1,556	2,818
Investment operations			
Acquisition of subsidiaries/businesses, net effect on liquid funds		-132	-202
Sale of subsidiaries/businesses, net effect on liquid funds		46	-
Acquisition of intangible assets		-67	-53
Acquisition of tangible assets		-1,380	-1,028
Sale of tangible assets		215	372
Sale of investment property		-	78
Acquisition of financial assets		-623	-1,887
Sale of financial assets		338	954
Cash flow from investment operations		-1,603	-1,766
Cash flow before financing		-3,159	1,052
Financing operations			
Raised loans		4,800	3,142
Loan amortization		-1,884	-4,253
Raised bonds		301	2,247
Bond amortization		-300	-1,750
Leasing liabilities amortization		-650	-622
Raised loans Swedish tenant-owner associations		5,071	4,177
Loan amortization Swedish tenant-owner associations		-2,586	-1,795
Change in issued commercial papers		-1,090	1,088
Dividend distributed to shareholders in parent company		-1,475	-1,327
Repurchase of own shares		-500	-
Cash flow from financing operations		1,687	907
Cash flow for the year		-1,472	1,959
Cash at the beginning of the year		2,951	968
Exchange rate differences in cash		27	24
Cash at year-end		1,506	2,951

Income statement – the parent company

MSEK	Note	2022	2021
Net sales	4	304	293
Administrative expenses	9,10	-520	-425
Other operating income		1	1
Operating profit		-215	-131
Profit/loss from financial investments	12		
Profit/loss from participation in Group companies		1,024	63
Profit/loss from securities and receivables held as fixed assets		2	1
Interest expenses and similar profit/loss items		-42	-49
Profit/loss after financial items		769	-116
Appropriations	13	2,138	1,638
Pre-tax profit		2,907	1,522
Tax	14	-434	-279
Profit for the year ¹⁾		2,473	1,243

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

Balance sheet – the parent company

MSEK	Note	Dec 31 2022	Dec 31 2021
Assets			
Fixed assets			
Intangible assets	16	3	4
Tangible assets	17	2	1
Financial assets			
Participation in Group companies	42	11,749	11,728
Other securities held as fixed assets	35	0	0
Deferred tax recoverables	14	94	140
Total financial assets		11,843	11,868
Total fixed assets		11,848	11,873
Current assets			
Current receivables			
Accounts receivable	26,35,36	1	0
Receivables from Group companies	35	2,274	2,271
Current tax assets		–	12
Other current receivables	23	3	2
Prepaid expenses and accrued income	28	11	9
Total current receivables		2,289	2,294
Cash and bank	35	0	0
Total current assets		2,289	2,294
Total assets		14,137	14,167
Equity and liabilities			
Equity	29		
Restricted equity			
Share capital		1,584	1,584
Statutory reserve		300	300
Non-restricted equity			
Share premium reserve		2,308	2,308
Profit brought forward		2,087	2,819
Profit for the year		2,473	1,243
Total equity		8,752	8,254
Untaxed reserves	43	3,292	3,190
Provisions			
Other provisions	32	43	45
Total provisions		43	45
Long-term liabilities			
Liabilities to Group companies	30,35	1,500	2,281
Total long-term liabilities		1,500	2,281
Current liabilities			
Accounts payable	35	20	20
Liabilities to Group companies	35	375	269
Current tax liabilities		81	–
Other current liabilities	33	8	9
Accrued expenses and deferred income	34	66	99
Total current liabilities		550	397
Total liabilities		2,050	2,678
Total equity and liabilities		14,137	14,167

Report on changes in equity – the parent company

MSEK	Restricted equity			Non-restricted equity			Total equity
	Share capital	Statutory reserve	Fund for development costs	Share premium reserve	Profit brought forward	Profit for the year	
Opening balance equity, 2021-01-01	1,584	300	14	2,308	2,828	1,304	8,338
Profit and comprehensive income for the year						1,243	1,243
Total comprehensive income for the year	-	-	-	-	-	1,243	1,243
Allocation of profit					1,304	-1,304	-
Change in fund for development costs			-14		14		-
Cash dividends					-1,327		-1,327
Closing balance equity, 2021-12-31	1,584	300	-	2,308	2,819	1,243	8,254
Opening balance equity, 2022-01-01	1,584	300	-	2,308	2,819	1,243	8,254
Profit and comprehensive income for the year						2,473	2,473
Total comprehensive income for the year	-	-	-	-	-	2,473	2,473
Allocation of profit					1,243	-1,243	-
Cash dividends					-1,475		-1,475
Repurchase of own shares					-500		-500
Closing balance equity, 2022-12-31	1,584	300	-	2,308	2,087	2,473	8,752

Cash flow statement – the parent company

MSEK	Note	2022	2021
Current operations	44		
Pre-tax profit		769	-116
Adjustments for non-cash items		-1	-60
Income tax paid		-294	-221
Cash flow from current operations before working capital changes		474	-397
Cash flow from changes in working capital			
Increase (-) /Decrease (+) current receivables		2	30
Increase (+) /Decrease (-) current liabilities		-26	-3
Cash flow from changes in working capital		-24	27
Cash flow from current operations		450	-370
Investment operations			
Shareholder contributions		-105	-62
Acquisition of tangible assets		-1	0
Sale of intangible assets		-	38
Sale of financial assets		-	550
Cash flow from investment operations		-106	526
Cash flow before financing		344	156
Financing operations			
Received Group contribution		2,265	1,649
Paid Group contribution		-161	-62
Loan amortization		-473	-416
Dividend distributed		-1,475	-1,327
Repurchase of own shares		-500	-
Cash flow from financing operations		-344	-156
Cash flow for the year		0	0
Cash at the beginning of the year		0	0
Cash at year-end		0	0

Notes

Note 1	Accounting principles	98
Note 2	Important estimates and assessments	107
Note 3	Revenue	108
Note 4	Operating segments	110
Note 5	Business combinations	113
Note 6	Other operating income	113
Note 7	Other operating costs	113
Note 8	Government grants	114
Note 9	Employees, personnel costs and remuneration to senior officers	114
Note 10	Fees and cost remunerations to accountants	117
Note 11	Operating costs divided by type	117
Note 12	Net financial income/expenses	117
Note 13	Appropriations	118
Note 14	Taxes	118
Note 15	Earnings per share	119
Note 16	Intangible assets	120
Note 17	Tangible assets	123
Note 18	Investment property	125
Note 19	Participation in joint ventures	125
Note 20	Joint operations	127
Note 21	Interest-bearing receivables	128
Note 22	Securities holdings	128
Note 23	Other receivables	128
Note 24	Project and development properties	128
Note 25	Inventories	128
Note 26	Accounts receivable	128
Note 27	Construction contracts	129
Note 28	Prepaid expenses and accrued income	129
Note 29	Equity	130
Note 30	Interest-bearing liabilities	131
Note 31	Pensions	132
Note 32	Provisions	132
Note 33	Other liabilities	134
Note 34	Accrued expenses and deferred income	134
Note 35	Classification and valuation of financial assets and liabilities at fair value	134
Note 36	Financial risks and Finance policy	137
Note 37	Leasing	144
Note 38	Investment obligations	144
Note 39	Pledged assets, contingent liabilities and contingent assets	145
Note 40	Appropriation of profit	145
Note 41	Related parties	145
Note 42	Group companies	147
Note 43	Untaxed reserves	150
Note 44	Cash flow statement	150
Note 45	Information on parent company	151
Note 46	Significant events after the balance sheet date	151

1 Note 1 Accounting principles

2 Compliance with standards and legislation

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

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

11 The Annual Report and the consolidated accounts have been approved
12 of by the Board and CEO for publication on March 31, 2023. The Group
13 consolidated income statement and balance sheet and parent company
14 income statement and balance sheet will be presented for adoption by the
15 AGM on May 4, 2023.

16 Valuation basis

17 Assets and liabilities are recognized at historical acquisition values except
18 for certain financial assets and liabilities which are assessed at fair value.
19 Financial assets and liabilities valued at fair value consist of derivatives,
20 contingent considerations and shares and holdings that are not subsidia-
21 ries, joint arrangements or associated companies.

22 Functional currency and reporting currency

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

27 Assessments and estimates in the financial reports

28 Preparing the financial reports requires on the one hand making assess-
29 ments concerning the application of accounting principles and on the
30 other hand estimating the value of assets, liabilities, revenues and costs.
31 Estimates and assumptions are based on historical experience and other
32 factors considered relevant. Estimates and assumptions are regularly
33 reviewed and compared to the actual outcome. Important assessments
34 and estimates are described in more detail in note 2.

35 Amended accounting principles

36 Changed IFRSs applied as of 2022

37 Changes in IAS 37 Provisions, contingent liabilities, and contingent assets
38 entails an adjustment of the costs to be included in the valuation of loss
39 contracts, i.e. specific costs and an allocation of directly referable costs.
40 The changes have been applied as of January 1, 2022 without translation
41 of comparable periods but with translation of open contracts per January
42 1, 2022. This change has not led to any translations of open contracts per
43 January 1, 2022 and has not had any material effect on open contracts in
44 the Peab Group.

45 Other amended IFRSs applied as of 2022 have not had any material
46 effect on Group accounting.

Coming changes in accounting principles

New IFRSs and interpretations that have not yet been applied

A number of new and amended accounting standards and interpretations
have been published that come into effect in 2023 and later.

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

The amendments entail that the requirement in IAS 1 regarding informa-
tion on significant accounting principles is replaced with a requirement
for information on material accounting principles. At the same time IASB's
Practice Statement 2 Making Materiality Judgements has been updated
with guidance and examples intended to illustrate the application of the
materiality criteria for information on accounting principles. The objective
is to achieve a significant change in application to attain better, more effec-

tive communication in financial statements. The changes in application are
not only expected to increase the usefulness of information on accounting
principles but also reduce the amount of text in future Annual Reports. The
amendments will be applied for the fiscal year that begins on January 1,
2023 or later. Earlier application is permitted. The amendments have been
approved by EU.

As a result of the amendments Peab will review presented accounting
principles based on the changes.

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

Operating segments and segment accounting

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

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

Financial key ratios in segment reporting

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

Differences in segment reporting and reporting according to IFRS

The Group reports in the four business areas Construction, Civil Engi-
neering, Industry and Project Development. The business areas are also
operating segments. Segment reporting is the model Peab believes best
describes Peab's business concerning both internal steering and risk pro-
file, and it is also how the Board and executive management monitors the
business.

In Peab's construction contract operations Construction and Civil
Engineering revenue and profit are recognized over time in both segment
reporting and reporting according to IFRS. In business area Industry
revenue and profit are both recognized over time and at one point in time
and the accounting is the same in both segment reporting and reporting
according to IFRS. In business area Project Development in the unit
Housing Development revenue and profit are recognized as the housing
projects are successively completed in segment reporting, regarding
Swedish tenant-owner associations and own single homes, Norwegian
condominiums and share housing and Finnish residential limited compa-
nies. In reporting according to IFRS housing projects are recognized at the
point in time the final homebuyers take over their apartments. In business
area Project Development in the unit Property Development revenue and
profit are recognized at one point in time in both segment reporting and
reporting according to IFRS.

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

Classification

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

Consolidation principles

Subsidiaries

Subsidiaries are entities over which Peab AB exercises a direct or indirect controlling interest. Controlling interest exists if the parent company has direct or indirect influence over an investment object, is exposed to or has the right to variable yields from its interest in an investment object and can use its influence over an investment object to affect the size of its yield.

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

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

Joint ventures

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

Joint ventures are consolidated in accordance with the equity method. The equity method means that the recognized value of shares corresponds to the Group's share of the company's equity as well as Group goodwill and any other Group deficit and surplus values. The Group's share of the profit/loss in companies after tax, adjusted for depreciation, write-downs or dispersal of acquired deficit and surplus values are recognized in consolidated profit/loss. Received dividends reduce the recognized value of the investment. The Group's share of the hedge accounting used for cash flow hedges of interest rate risks that occur via interest rate swaps for joint venture's loans are recognized in other comprehensive income.

The equity method is applied until the time the joint controlling interest ceases.

Joint operations

Joint operations, usually run as a company, are joint arrangements where Peab and one or more partners have the right to all the financial advantages related to the assets of the operations. How the liabilities of the operations are settled depends on the partners' purchases of output from them or capital infusions to them. Joint operations are recognized according to the proportional method which means each party in a joint operation recognizes their respective share in assets, liabilities, income and expenses.

Associated companies

Associated companies are those companies in which the Group has a significant but not controlling interest over operating and financial governance usually through shareholdings of between 20 and 50 percent. Associated companies are recognized according to the equity method.

The equity method is applied up to the time controlling interest ceases to exist.

Business combinations

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

Goodwill is calculated as the sum of payment for the participations or the business in step acquisitions together with the fair value of previously acquired shares less the fair value of the subsidiary's identifiable assets and overtaken liabilities. When the difference is negative this is recognized directly in profit/loss for the year. Transaction costs for business combinations are charged upon acquisition.

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

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

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

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

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

Asset acquisition

A transaction where the fair value of the acquired assets in essence consists of one asset or a group of similar assets is recognized, through a simplified estimation, as an asset acquisition. When acquisitions of subsidiaries involve the acquisition of net assets without significant processes, the acquisition cost of each identifiable asset and liability is divided up based on its fair value at the time of acquisition. The fair value initially includes contingent consideration as well. Transaction costs are added to the purchase price of the acquired net assets when assets are acquired. Changes of the estimated value of contingent consideration after acquisition are added to the purchase price of the acquired assets. If the acquisition of a subsidiary is successive and is an asset acquisition no remeasuring of previous acquisitions is performed when controlling interest occurs. If the holding diminishes through partial divestiture of shares in subsidiaries

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and is an asset divestiture, unlike a transfer of operations, the remaining holdings are not remeasured if the remaining holdings constitute a joint venture or associated company. Holdings of non-controlling interest in subsidiaries recognized as asset acquisitions are recognized according to the same principles as for business combinations but without the inclusion of goodwill.

Transactions eliminated upon consolidation

Internal Group receivables and liabilities, revenues or costs or unrealized gains or losses stemming from internal Group transactions are eliminated completely when preparing the consolidated accounts.

Unrealized gains arising from transactions with joint ventures, joint operations and associated companies are eliminated to the extent these refer to the Group's ownership in the company. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent there is no impairment requirement. When subsidiaries considered to be operational become joint ventures or associated companies the residue holding is remeasured to fair value according to the principles above about recognition when controlling interest ceases.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are converted to the functional currency at the exchange rate on the transaction date. The functional currency is the currency of the primary financial bases the company operates in. Monetary assets and liabilities in foreign currency are converted to the functional currency at the exchange rate applying on the balance sheet day. Exchange rate differences arising during translation are recognized in profit/loss for the year. Non-monetary assets and liabilities which are recognized at their historical acquisition value are converted to the exchange rate at the time of the transaction. Non-monetary assets recognized at fair value are recalculated to the functional currency at the exchange rate at the time of valuation at fair value.

Foreign company financial reports

Assets and liabilities in foreign entities including goodwill and other Group deficit and surplus values are converted from the foreign company's functional currency to the Group's reporting currency, Swedish krona, at the exchange rate on balance sheet day. Revenue and costs in a foreign entity are converted to Swedish krona at an average rate that approximates the rates on the respective transaction dates. Translation differences arising when converting the currency of foreign companies are recognized in other comprehensive income and are accumulated in a separate component in equity as a translation reserve.

Net investment in a foreign company

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

Revenue

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

Revenue recognition requires assessing the facts and relationships in each contract at the same time legal aspects must be taken into account. These assessments primarily concern identification of one or more per-

formance obligations, any variable compensation and whether or not the revenue is recognized over time or at one point in time and at what point in time the revenue is recognized.

The following principles are applied on each revenue flow.

Construction contracts

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

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

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

A determination is made for every contract or combined contract on whether one or more performance obligations exist. This can vary from contract to contract.

Normally a construction contract constitutes only one performance obligation.

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

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

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

Recognition over time entails some uncertainty since unforeseen events can occur leaving the final level of profit/loss higher or lower than expected. The degree of uncertainty is higher at the start of a project, particularly

in projects spanning over a long period of time. Reviews of a project's total estimated revenue and expenses are performed regularly during the entire production period.

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

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

Sales of goods

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

Sales of property projects

Own housing development projects

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

Sales of property

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

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

Transportation services

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

Rent revenue

Rent revenue from investment property as well as from cranes and machinery is recognized linearly according to IFRS 16 Leases. Rent rebates are spread linearly as a reduction in rent over the contract period, except for rebates given because certain factors temporarily curtail a renter's ability to fully utilize an already rented premise (for example, delayed customization to a renter). These rebates are recognized during the period the curtailment exists.

Other revenue

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

Financial income and expenses

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

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

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

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

Taxes

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

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

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

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

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

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

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Financial instruments

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

Recognition on and removal from the balance sheet

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

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

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

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

Valuation at initial recognition

Financial instruments are initially recognized at fair value with the addition/reduction of transaction costs except for instruments current recognized at fair value via profit/loss for which transaction costs are instead expensed as they occur. Accounts receivables (without any material financing components) are initially valued at the transaction price determined according to IFRS 15.

Classification and following valuation of financial assets

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

Holdings of unlisted funds

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

Holdings of shares and participations in unlisted companies

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

Derivatives not used for hedge accounting

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

Other financial assets

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

Classification and following valuation of financial liabilities

Financial liabilities are classified as valued at accrued acquisition value or valued at fair value via profit/loss. The financial liabilities valued at fair value via profit/loss consist of contingent additional considerations for business combinations and derivatives that for Peab have a negative fair value and are not hedged.

All other financial liabilities are recognized at accrued acquisition value by applying the effective interest rate method.

Hedge accounting

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

Hedging interest risks (cash flow hedging)

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

Hedging raw materials price risks (cash flow hedging)

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

- For derivatives identified as cash flow hedging the effective part of unrealized value changes for the period are recognized in the hedging reserve via other comprehensive income. Thereafter the hedge income is included in the purchase price of the inventory and affects the income statement item production costs. Any ineffective part of the derivative's value change is recognized directly in profit/loss.
- For derivatives contracted after October 1, 2022 identified as fair value hedges, value changes for the period are recognized in profit/loss and the effective part of the hedge income adjusts the recognized value of the inventory and is recognized in profit/loss. The adjustment of the value of the inventory affects the income statement item production costs.

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

Hedging currency risks

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

Hedging net investments

To a certain extent measures have been taken to reduce currency risks connected to investments in operations abroad. This has been done by taking out loans in the same currency as the net investments. At closing these loans are recognized at the translated rate on balance sheet day. The effective part of changes in the period's exchange rate in relation to hedge instruments that has been identified as hedge accounting is recognized in other comprehensive income and the accumulated changes in a separate component of equity (the translation reserve), in order to meet and partly match the translation differences that affect other comprehensive income

concerning net assets in the hedged operations abroad. In cases where the hedge is not effective, the ineffective part is recognized directly in profit/loss as a financial item.

Liquid funds

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

Property

Group property holdings are recognized as follows:

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

Operations property

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

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

Investment property

Investment properties are property classified as fixed assets held to earn rentals or for capital appreciation or a combination of both. Even properties under development and redevelopment which are intended to be used as investment property when completed are classified as investment property. Like operations property, investment property is recognized at cost less accumulated depreciation and possible write-downs. Other accounting principles are presented under "Tangible assets".

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

Project and development property

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

Tangible assets

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

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

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

Write-downs are described in separate section below.

Additional costs

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

Borrowing costs

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

Depreciation principles

Depreciation is based on the original acquisition value minus the calculated residual value. Depreciation is linear over the assessed useful life of the asset.

Buildings (operations property and investment property)	25-100 years
Land improvements	25-50 years
Asphalt and concrete factories	10-15 years
Vehicles and construction machinery	5-10 years
Other equipment and inventories	3-10 years

The useful life and residual value of assets are assessed annually.

Gravel and rock quarries are written down based on substance depletion, i.e. the amount of gravel and rock removed in relation to the calculated total amount of substance deemed recoverable in the gravel and rock quarry.

Intangible assets

Goodwill

Goodwill is valued at acquisition value minus any accumulated write-downs. Goodwill is divided between cash-generating units and is tested at least once a year for write-down needs. Goodwill stemming from the acquisition of joint ventures and associated companies is included in the recognized value of participations in joint ventures and associated companies.

Balanced development costs

Development costs are primarily derived from developing IT systems and are reported as an asset on the balance sheet, if the application is technically or commercially useful and the Group is believed to have adequate resources for completing development and then applying the intangible asset. The recognized value includes all directly attributable expenses, for example for software, purchased services, personnel and, in cases where projects run for more than twelve months, loan costs. Other development costs are reported in profit/loss for the year as costs as they arise. Balanced development costs are recognized on the balance sheet at cost less accumulated depreciation and possible write-downs.

Other intangible assets

Other intangible assets refer to acquired assets recognized at acquisition value less accumulated depreciation and write-downs. These intangible assets consist of:

- Brands
- Customer relations and customer contracts
- Utilization rights, primarily gravel and rock quarries
- Others

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1 Depreciation policies

2 Depreciation is linearly recognized in profit/loss for the year over the
3 estimated useful life of the intangible asset. Goodwill and other intangible
4 assets with an indeterminate useful life is not depreciated but is tested for
5 impairment annually or as soon as there are indications that the asset in
6 question has declined in value. Depreciable intangible assets are depreciated
7 from the date when the asset became available for use.

8 The estimated useful lives are:

9 Brands that refer to business area Industry 10 when repurchased by Peab 2008	20 years
11 Brands, other	5-10 years
12 Customer relations	3-5 years
13 Customer contracts / order backlog	Remainder of contract period
14 Balanced development costs	5-10 years
15 Rights of use	Correspond to contract period

16 The useful life of assets are assessed annually.

17 Leases

18 The below describes Peab's principles for recognizing lease agreements as
19 the lessee.

20 An agreement is, or contains, a leasing agreement if the agreement
21 transfers during a period the right to decide over the use of an identified
22 asset in exchange for compensation. Peab's leases primarily refer to rent
23 for vehicles, offices and other premises, leaseholds and land leases.

24 A right of use asset and a leasing liability are recognized on the commence-
25 ment date of the leasing agreement, which is the date Peab acquires access
26 to, and can begin to use, the underlying asset. The right of use is initially
27 valued at acquisition cost, which consists of the leasing liability's initial value
28 and the leasing fees paid before or on the commencement date plus any
29 initial direct costs. The right of use is amortized linearly from the commence-
30 ment date normally until the end of the leasing period. In cases where the
31 acquisition cost for the right of use reflects that an option to buy the underly-
32 ing asset will be used, the asset is amortized over the period the underlying
33 asset is used.

34 Leasing liabilities – which are divided into long-term and current parts
35 – are initially valued at the remaining leasing fees during the assessed
36 leasing period. The leasing period is made up of the period that cannot
37 be terminated and additional periods under the agreement if, on the
38 commencement date, it is probable these will be used. The calculations for
39 leaseholds are based on a never ending leasing period, in cases where the
40 lessee (Peab) cannot terminate the leasehold agreement.

41 The leasing fees are normally discounted with the Group's marginal
42 borrowing interest rate, which in addition to the Group's credit risk reflects
43 the respective agreement's leasing period, currency and the quality of the
44 underlying asset which is the intended collateral. In cases where the implic-
45 it interest rate of the leasing agreement is easily determined this interest
46 rate is used instead, which is the case for parts of the Group's leases for
vehicles.

The value of the liability increases with the interest rate cost for the res-
pective period and is reduced by leasing payments. The interest rate cost is
calculated as the value of the liability multiplied by the discount rate.

Variable leasing fees that are not index or interest rate based are expen-
sed in the period they occur.

Leasing liabilities for premises or land with rent subject to indexation
are calculated on the rent at the end of the respective report period. When
the rent level has been raised according to the index the liability is adju-
sted, based on the new rent level, with a corresponding adjustment of the
reported asset value of right of use. The value of the liability and asset is
adjusted in the same way in connection with a reevaluation of the leasing
period. This occurs when the final termination date within the previously
assessed leasing period for a premise rental contract has passed or when
significant events occur or circumstances change materially in a way that is
under the control of the Peab Group and affects the existing assessment of
the leasing period.

The Group recognizes right of use assets together with the same type of
owned assets as the underlying leased asset on the balance sheet. The lea-
sed assets are specified per asset type in the note about leases.

Right of use assets and lease liabilities are not recognized for leases with a
leasing period of 12 months or less or that have an underlying asset of low
value. Leasing fees for these leases are expensed linearly over the leasing
period.

Principles for revenue recognition are applied to determine if a sale and
leaseback transaction should be recognized as a sales. If the transaction
meets the criteria for being considered a sales the right of use stemming
from the leaseback transaction is valued at the portion of the previously
recognized value of the asset that remains in the Group. Thereby only the
profit or loss that refers to the rights transferred to the buyer/lessor are
recognized.

Inventories

Inventories are comprised of raw materials and consumables, products
in progress, finished products and goods for resale. Project and develop-
ment properties are recognized according to the principles for inventories
but are presented as a separate item on the balance sheet under current
assets.

Inventories are valued at the lowest of acquisition value and net sale
value. The acquisition value of stock is calculated using the first-in, first-out
method and includes expenses connected to the acquisition of the stock
assets and transportation to their current location and condition. For
manufactured goods the acquisition value includes a reasonable share of
the indirect costs based on a normal capacity.

The net sale value is the estimated sales price in the current business
minus estimated costs for completion and bringing about the sale.

Impairment losses

The recognized value of Group assets is checked every balance sheet day
to assess whether there is a write-down requirement.

Impairment tests of tangible/intangible assets, investment property and participation in subsidiaries, joint ventures and associated companies

If an impairment is indicated, the recovery value of the asset is estimated
according to IAS 36. Moreover, the recovery value of goodwill, other intan-
gible assets of indeterminate useful life and intangible development assets
which are not yet ready for use is estimated each year. If it is not possible
to establish materially independent cash flows for a certain asset, when
testing for impairment the assets are grouped at the lowest level where
it is possible to identify materially independent cash flows – a so-called
cash-generating unit.

Write-downs are recognized when the recognized value of an asset or a
cash-generating unit exceeds its recovery value. Write-downs are expensed
in profit/loss for the year. Write-downs of assets attributable to a cash-
generating unit, or a group of units, are first allocated to goodwill, followed
by a proportional write-down of the other assets in the unit (or group of
units).

The recovery value is the highest of fair value minus sales costs and use-
ful value. When calculating useful value, future cash flows are discounted
by a discount factor that takes into consideration the risk-free interest rate
and the risks which are associated with the specific asset.

When calculating useful value leasing payments have been handled as
cash flows in operations. This means that leasing liabilities do not affect
the discount rate. The cash-generating unit's reported value includes right
of use assets. Leasing liabilities are deducted from the cash-generating
unit's reported value since the useful value is reduced by future leasing
payments.

A write-down is reversed if there are both indications that impairments
no longer exist and assumptions which the calculation of the recovery
value were based on have changed. However, write-downs of goodwill are
never reversed. Reversing is only performed to the extent that the recog-
nized value after reversing of the asset does not exceed the recognized
value which would have been recognized deducted for depreciation where
applicable, if a write-down had not been made.

Write-downs of anticipated credit losses in financial assets

The Group recognizes loss reserves for anticipated credit losses on financial assets valued at accrued acquisition value. The loss reserve for receivables is valued at an amount that corresponds to the anticipated losses for the remaining time to maturity. For other receivables the loss reserve is valued at an amount that corresponds to 12 months anticipated credit losses, given that the credit loss has not significantly increased from when the receivable was originally recognized. If the credit loss has significantly increased from when the receivable was originally recognized the loss reserve is valued at an amount that corresponds to the anticipated losses for the remaining period time to maturity.

The loss reserve is calculated as the current value of all deficits in cash flows (i.e. the difference between cash flows according to a contract and the cash flows the Group anticipates receiving). Current receivables are, however, not discounted. Assets are recognized in the balance sheets net after any write-downs. Write-downs are recognized in profit/loss.

The reserve for anticipated credit losses regarding accounts receivables is calculated by for certain receivables an individual assessment is made in cases where impairment has been particularly identified. For other receivables a collective reserve is made for anticipated credit losses based on the Group's history of credit losses in the different business areas. The model is updated regularly to take into account changes in loss statistics over time.

The loss reserve for other receivables is calculated by the Group assessing the probability of default in the counterpart based on available statistics from rating institutes as well as the loss the Group would suffer in the eventuality of a loss given default.

The gross value of a financial asset is written off when the Group no longer has any feasible expectations of recovering part of or the entirety of a financial asset.

Impairment tests for other assets

The principles for write-downs of inventories and deferred tax recoverables are presented in the respective sections above.

Equity

Repurchase of own shares

Holdings of own shares and other equity instruments are recognized as a reduction in equity. Liquid funds from the divestment of such equity instruments are recognized as an increase in equity. Any transaction costs are charged directly to equity.

Dividends

Dividends are recognized as liabilities after they have been approved by the AGM.

When value transfers of non-cash assets occur through dividends to owners a liability is recognized in the consolidated accounts corresponding to the fair value of the net assets subject to distribution at the point in time the AGM approves of the value transfer. The reported amount of the dividend liability corresponds to an equally sized reduction of Group equity. During the time between approval and distribution of the dividend the dividend liability is revalued to the current fair value with a corresponding revaluation recognized in equity. At the point in time the dividend is distributed to the owners the dividend liability is derecognized while a revaluation profit (loss) is recognized in consolidated profit/loss corresponding to the realized difference between the fair value distributed to the owners and the recognized value of distributed net assets.

The purpose of this accounting application is to equate distribution in kind with cash dividends by reporting as if the net assets were first sold at fair value and then the received purchase price was distributed in cash to the owners.

Transaction fees directly due to distribution are recognized directly in Group equity after any tax. Transaction fees primarily comprise costs for producing preparation documents to support shareholders in the decision on dividends and for information in general to the market concerning the distribution.

Earnings per share

The calculation of earnings per share is based on consolidated profit/loss for the year attributable to the shareholders of the parent company and on the weighted average number of outstanding shares during the year. There have been no effects from diluting potential shares since 2012.

Employee benefits

Defined contribution pension plans

Pension plans are only classified as defined contribution pension plans when the Group's obligations are limited to the contributions the Group has undertaken to pay to an insurance Group or to another independent legal entity. In such cases the size of an employee's pension depends on the size of the contributions the company pays to this legal entity and the yield it generates on the capital. The Group's obligations concerning contributions to defined contribution plans are expensed in profit/loss for the year as they are earned by the employee performing work for the company during the period.

Defined benefit pension plans

Pension plans that are not defined contribution plans are defined benefit plans, which means the employer is obligated to pay pension fees on a certain benefit level. The Group's defined benefit plans consist of the Swedish ITP 2 Plan for Salaried Staff which is managed through insurance with Alecta. The ITP 2 pension plan, which is secured through insurance from Alecta, is recognized as a defined benefit plan that encompasses several employers. However, the plan is recognized as a defined contribution plan since Alecta cannot provide the necessary information required for each member company to report its proportional share of the plan obligations, assets and expenses. There are no other defined benefit pension plans.

Pension plans with endowment insurance

There are pension plans where the Group has acquired endowment insurance which is hedged in favor of employees through pledges. The employees in question only have the right to compensation equal to the value of the endowment insurance at redemption. These pension plans are classified and recognized as defined contribution plans. Provisions for special payroll tax are reserved calculated on the fair value of the endowment insurance, except in cases where the contract stipulates that the endowment insurance covers special payroll tax.

Remuneration upon dismissal

A provision for remuneration relating to the dismissal of staff is only established if the company is demonstrably subject to, without any realistic opportunity for avoidance, the termination of employment prior to the normal time and the affected groups of employees have been informed about the dismissal plan. Provisions are made for severance compensation which will be paid without requiring any service from the employee.

Short-term remuneration

Short-term remuneration to employees is calculated without a discount and reported as an expense when the related services are received.

The expected costs of participations in profits and bonus payments are recognized as an accrued cost when the Group has a valid legal or informal obligation to make such payments for services rendered from employees and the obligations can be reliably estimated.

Provisions

Provisions are recognized on the balance sheet when the Group has a legal or informal obligation due to events that have occurred and it is likely that financial resources will be required to meet the obligation, and a reliable estimate of the amount can be made.

Contingent liabilities

Contingent liabilities are provided when there is a possible obligation attributable to events that have occurred, the occurrence of which can only be confirmed by one or more uncertain future events out of the control of

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the Group, or when there is an undertaking not recognized as a liability or provision because it is not likely that the use of resources will be required or the amount cannot be calculated with sufficient reliability.

Parent company accounting principles

The parent company has prepared its annual report in accordance with the Swedish Company Accounts Act (1995:1554) and the Swedish Financial Reporting Board recommendation RFR 2 Accounting rules for legal entities. RFR 2 requires that the parent company, in the annual report for the legal entity, use all EU adopted IFRSs and interpretations as far as possible within the framework of the Swedish Company Accounts Act, the Job Security Law and with due regard for the relationship between accounting and taxes. The recommendation states which exceptions and additions must be made to the IFRSs.

Changed accounting principles

The parent company's accounting principles are unchanged compared to the Annual Report 2021.

New or amended IFRSs including interpretations that have been adopted by IASB but not yet applicable are not expected to have any material effect on parent company accounting.

Differences between the Group's and parent company's accounting principles

Classification and presentation

The parent company's income statement and balance sheet are presented according to the structure in the Swedish Company Accounts Act. The departure from IAS 1 Presentation of financial statements, which is used in structuring the consolidated financial reports is primarily regarding presenting financial income and expenses, fixed assets, equity and provisions reported under a separate heading on the balance sheet.

Subsidiaries, joint ventures and associated companies

Participations in subsidiaries, joint ventures and associated companies are recognized in the parent company according to the acquisition value method. This means that acquisition costs are included in the reported value of the holding in the subsidiary. In Group accounting acquisition costs are recognized directly in profit/loss as they occur.

Financial guarantees

The parent company's financial guarantee agreements mainly consist of sureties for the benefit of subsidiaries and joint ventures. The parent company recognizes financial guarantee agreements as provisions on the balance sheet when the company has an obligation for which payment is likely to be required to settle the obligation.

Taxes

Untaxed reserves including deferred tax liabilities are recognized in the parent company. In the Group accounting however, untaxed reserves are divided into deferred tax liabilities and equity.

Shareholder contributions

Paid shareholder's contributions are activated in shares and participations in the provider after taking into consideration any impairments.

Group contributions

Group contributions are recognized as appropriations whether or not the Group contribution has been given or received.

Leases

The parent company does not apply IFRS Leases in accordance with the exception in RFR2. As a lessee leasing fees are expensed linearly over the leasing period and therefore right of use assets and lease liabilities are not recognized on the balance sheet.

Fund for development costs

Amounts that are activated through internally generated development costs among intangible assets are transferred from non-restricted equity to the fund for development costs in restricted equity. The fund contracts as the activated costs are depreciated or written down.

Note 2 Important estimates and assessments

Executive Management has together with the Board of Directors discussed developments, selections and information regarding the Group's important accounting principles and assessments, as well as the application of these principles.

Certain important accounting estimates made when applying the Group's accounting principles are described below.

The sources of uncertainty in the assessments given below refer to those that entail a risk that the value of assets or liabilities may have to be significantly adjusted in future financial years.

Peab's operative operations are sensitive to changes in, among other things, volumes and margins. The financial risks are associated with tied up capital, the need for capital, the interest rate risk and the currency risk in operations. Peab's business is also exposed to risks linked to the environment and climate. For more information see the section Risks and risk management in The Board of Directors' Report and Climate risks and opportunities according to TCFD on page 51.

For information on how changes in important variables affect the Group's result, see the sensitivity analysis in Risks and risk management in The Board of Directors' Report.

Construction contracts recognized over time

Profit/loss recognized for construction projects in progress is calculated over time based on the degree of completion of the project. This requires that project revenue and expenses can be calculated in a reliable manner. A prerequisite is a well functioning system for calculation, forecasting and project monitoring. Forecasts regarding the final outcome of the projects are critical estimates crucial to profit/loss recognition during the project. Project forecasts are evaluated on a regular basis as each project progresses and if necessary adjusted. There is a risk that the final profit/loss of a project may deviate from the profit/loss recognized over time.

Impairment tests of goodwill

Total Group goodwill amounts to SEK 3,309 million (3,112). Of the goodwill value SEK 2,776 million (2 640) refers to business area Industry of which SEK 1,397 million is connected to the acquisition of the Nordic paving and mineral aggregates operations in April 2020.

When calculating cash generating units' recoverable amount in order to assess the need to write-down goodwill several estimations and assessments about the future have been made. They are presented in note 16. As is apparent in the description in note 16, changes beyond what can reasonably be expected during 2023 in these estimations and assessments could have an effect on goodwill. Regarding the acquired paving and mineral aggregates operations in the business area Industry, the difference between recoverable values and booked values is less than in older acquisitions. It is, however, common that differences between recoverable values and booked values are lower in new acquisitions. The acquired operations have developed well since the acquisition in 2020 although paving and mineral aggregates operations have been affected by the high energy

and fuel costs in 2022, which have not been fully compensated by prices to customers. Peab does not believe there is any significant risk for a material write-down of goodwill in the coming fiscal year. The risk for write-downs of other goodwill values is very low since the recoverable values to a large extent exceed the booked values in cases where the goodwill values are significant amounts.

Project and development property

Project and development property amounts to SEK 19,178 million (16,258), of which SEK 18,846 million (15,932) refers to owned assets and SEK 332 million (326) refers to leased assets. The recognized value for owned assets has been calculated as the lowest of the purchase price and the net sales price based on current price levels in the respective locations. Changes in supply and demand may alter recognized values and write-downs may be required. Peab is using an internal model to test the value of project and development property. As a complement to this valuation external market values are annually reviewed for some of the properties. Peab does not believe there is any significant risk for a material write-down of property values in the coming fiscal year. For more information on project and development property, see note 24.

Disputes

Peab's business is largely project-related. There are a number of different contract forms where risk levels vary depending on the type of contract. However, with any type of contract ambiguities can arise concerning the terms, which can lead to delimitation issues that create a dispute with the customer.

The construction contract for the production of the Mall of Scandinavia in Solna was signed at the end of 2011. Major changes in the project during production together with insufficient dialogue with our customer led to significantly higher costs. The original contract was SEK 3.5 billion. The project was reviewed after the mall was inaugurated in November 2015 and then written down by SEK -800 million in the fourth quarter 2015. Negotiations with the customer have not yet reached a final agreement. Peab's assessment of the financial situation is the same as what has previously been communicated.

The actual outcome in disputed amounts may deviate from those recognized according to the best estimate. For more information on disputes, see note 32.

Taxes

Changes in tax legislation and changed practice in the interpretation of tax laws can have a considerable impact on the size of recognized deferred taxes. For more information on taxes, see note 14.

Accounting principles

New or changed accounting standards and interpretations of other existing standards can lead to changes that may entail handling certain transactions in the future differently from current practice.

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Note 3 Revenue

Group Jan-Dec 2022, 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	23,435	13,536	17,465	8,638	61		63,135	-1,202	61,933
Internal sales	5,564	1,429	3,968	23	1,471	-12,455	-		-
Total	28,999	14,965	21,433	8,661	1,532	-12,455	63,135	-1,202	61,933
Allocation per country									
Sweden	20,846	13,309	13,099	5,924	1,204	-10,139	44,243	-1,297	42,946
Norway	4,545	1,656	2,262	739	173	-802	8,573	392	8,965
Finland	3,608		5,042	1,998	154	-1,512	9,290	-297	8,993
Denmark			1,015		1	-2	1,014		1,014
Other			15				15		15
Total	28,999	14,965	21,433	8,661	1,532	-12,455	63,135	-1,202	61,933
Allocation per type of customer									
Public sector	10,102	10,363	6,377	17	46		26,905		26,905
Private customers	13,333	3,173	11,088	8,621	15		36,230	-1,202	35,028
Internal customers	5,564	1,429	3,968	23	1,471	-12,455	-		-
Total	28,999	14,965	21,433	8,661	1,532	-12,455	63,135	-1,202	61,933
Allocation per point in time									
At one point in time	26	15	6,915	1,373	70	-1,221	7,178	5,566	12,744
Over time	28,957	14,940	12,338	7,195	1,277	-9,580	55,127	-6,768	48,359
Rent revenue ²⁾	16	10	2,180	93	185	-1,654	830		830
Total	28,999	14,965	21,433	8,661	1,532	-12,455	63,135	-1,202	61,933
Allocation per type of revenue									
Construction contracts	28,957	14,940	12,338	7,195	97	-8,400	55,127	-6,768	48,359
Sales of goods			5,393			-873	4,520		4,520
Sales of property projects	5			1,343			1,348	5,566	6,914
Transportation services			1,327			-281	1,046		1,046
Administrative services					1,180	-1,180	-		-
Rent revenue ²⁾	16	10	2,180	93	185	-1,654	830		830
Other	21	15	195	30	70	-67	264		264
Total	28,999	14,965	21,433	8,661	1,532	-12,455	63,135	-1,202	61,933

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 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.

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

Recognition over time

Revenue from Construction contracts and some other revenue is recognized over time. The transaction price of contracts with customers usually consists of fixed amounts, variable amounts or a combination of the two.

Revenue in ongoing construction projects is recognized over time based on the project's degree of completion. This requires being able to calculate project revenue and project costs in a reliable manner. Project forecasts are regularly evaluated as a project progresses and are adjusted as needed.

Some contracts include several different performance obligations such as construction sales and contracts for operation and maintenance. Since operation and maintenance are not dependent on the construction contract this part is recognized as a separate performance obligation. In cases where contracts contain several performance obligations the transaction price is divided into each separate performance obligation based on their stand-alone sales prices.

In fixed price contracts the customer pays the agreed price on an established payment schedule. A receivable from the customer is recognized if a promised good or service Peab has delivered exceeds the payment. A liability to the customer is recognized if the payment exceeds the delivered services.

No financing component is considered to exist at the time of invoicing since the credit period is normally short. Terms of payment are usually 30 days. The Group's obligations to fix errors and shortcomings concerning completed projects are recognized as provisions. Guarantee periods are usually two to five years.

Recognition at one point in time

Revenue from the sales of goods, property, transportation and certain other revenue is recognized at one point in time. Sales of goods is recognized as revenue when control of the goods is transferred to the customer, which normally occurs when the goods are delivered.

Revenue from the sales of property is recognized when control of the property is transferred to the customer, which normally coincides with the customer taking over the property.

Revenue is recognized based on the price in the contract, which is normally a fixed price. Variable components, such as rent guaranties, reduce the recognized revenue.

Normally invoicing takes place upon delivery and the credit period is usually short and therefore there is no financing component. Terms of payment are almost always 30 days. Credit periods exceeding 12 months are rare and in those cases the transaction price is adjusted for the effects of financing components.

The Group's obligations to fix errors and shortcomings connected to delivered goods are recognized as provisions. These are conventional guarantees and are not considered to be separate performance obligations.

The remaining performance obligations are presented in the tables below.

Group 2022-12-31, MSEK	Coming financial year	Next financial year	Thereafter	Total
Construction	19,501	7,430	2,133	29,064
Civil Engineering	8,182	3,836	1,921	13,939
Industry	3,241	956	76	4,273
Project Development	3,933	1,234	280	5,447
Eliminations	-6,068	-2,011	-255	-8,334
Total, segment reporting	28,789	11,445	4,155	44,389
Adjustment housing	2,266	2,148	231	4,645
Total, IFRS	31,055	13,593	4,386	49,034

Group 2021-12-31, MSEK	Coming financial year	Next financial year	Thereafter	Total
Construction	20,435	8,155	1,552	30,142
Civil Engineering	8,806	3,466	1,683	13,955
Industry	3,057	829	-	3,886
Project Development	3,766	1,740	1,049	6,555
Eliminations	-6,181	-2,572	-467	-9,220
Total, segment reporting	29,883	11,618	3,817	45,318
Adjustment housing	3,274	796	-328	3,742
Total, IFRS	33,157	12,414	3,489	49,060

Note 4 Operating segments

Group business is divided into operating segments based on how the company's highest decision makers, i.e. executive management and the Board of Directors, follow the business. Peab believes segment reporting best describes Peab's business regarding internal steering and risk profile for both the business areas and the Group as a whole. The Group is reported in the four business areas Construction, Civil Engineering, Industry and Project Development. The business areas correspond to operating segments.

As of the financial year 2020 Peab consolidates according to IFRS projects with Swedish tenant-owner associations until the time the final homebuyers take over their apartments. This means that projects are reported on the balance sheet as work-in-progress in the asset item project and development property and as interest-bearing liabilities (project financing). Revenue and costs for the projects are recognized as homebuyers take over their homes. As a result of the change Peab recognizes all own housing development projects in Sweden, Norway and Finland according to the completion method.

To create clarity and enable the market to follow Peab's development regarding our own housing development projects, in segment reporting revenue and expenses are recognized over time as the projects are successively completed. This applies to the business area Project Development and the unit Housing Development and refers to Swedish tenant-owner associations and our own single homes, Norwegian condominiums and share housing as well as Finnish residential limited companies. Revenue and expenses for our own housing development projects in Norway and Finland along with our own single homes in Sweden were previously recognized at one point in time in segment reporting as well.

As of the January 1, 2020 in segment reporting leasing fees for all business areas are recognized linearly over the leasing period for additional leasing contracts according to IFRS 16 (previously operational leasing contracts). IFRS 16, Leases is applied in the consolidated accounts according to IFRS only as a total for the Group.

Financial key ratios such as capital employed, balance sheet total, equity, equity/assets ratio, net debt, debt/equity ratio and cash flow before financing are reported in segment reporting taking into consideration the above prerequisites. Net debt according to segment reporting includes the unsold portion of housing projects in ongoing production. For more information regarding accounting principles and important estimates and assessments, see note 1 and note 2.

The Group's internal reporting is constructed so that executive management follows every business area up to and including operating profit and operating margin. For business area Industry and Project Development executive management also follows the development of capital employed and return on capital employed. The capital employed in the business areas consists of the business area's total assets reduced by deferred tax recoverables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities and deferred tax liabilities.

Internal pricing between Group segments is based on the "arm's length principle", in other words, by well informed parties who are independent of each other and have an interest in the realization of the transactions.

Segments' operating profit includes directly attributable items and items that can be reasonably and reliably allocated to a segment. Non-allocated items consist of financial income and expenses, and taxes.

Operating segments

The Group consists of the following operating segments:

- Construction:** Business area Construction comprises Group resources in construction related services. Construction works for both external and internal customers. Customers are in both the private and public sectors. Operations are run through twelve regions in Sweden, three in Norway and two in Finland. Specialized housing production units are located in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide organization in Sweden focused on the big city regions. The other regions perform all kinds of construction projects within their geographic area.
- Civil Engineering:** Business area Civil Engineering works with the construction of large infrastructure and civil engineering projects, foundation works and smaller projects on the local market. Civil Engineering also operates and maintains roads and municipal facilities. The operations are run in geographical regions in Sweden and Norway. Customers are the Swedish Transport Administration, municipalities and local businesses.
- Industry:** Business area Industry offers everything from mineral aggregates, concrete, paving and temporary electricity to prefabricated concrete elements. Industry also assists with crane and machine rental, distribution of binder to the concrete industry, transportation as well as recycles production waste and excavation soil. The business is run in six product areas; Mineral aggregates, Paving, Concrete, Transportation and Machines, Rentals and Construction System. All of them operate on the Nordic construction and civil engineering markets. Customers are mainly Nordic construction and civil engineering companies.
- Project Development:** Business area Project Development comprises Peab's development of housing as well as commercial property and public buildings in Sweden, Norway and Finland. The business is run in two units, Housing Development and Property Development. Housing Development develops all kinds of housing such as apartment buildings in tenancy ownership, ownership and rental form as well as single homes. Operations in Property Development revolve around the acquisition, development and divestiture of commercial properties. The business includes projects in wholly owned and partly owned companies. Included in partly owned companies are, among others, Peab's holdings in Fastighets AB Centur (development, ownership and management of commercial property and homes), Tornet Bostadsproduktion AB (development, construction and ownership of rentals), Fastighets AB ML4 (ownership and management of the research facility Max IV in Lund), Skiab Invest AB (development, own and manage property in the Scandinavian mountains) and Point Hyllie Holding AB (ownership and management of the office building The Point and hotel property Vårdshuset 5). Projects in wholly owned subsidiaries consist of a large number of holdings that include everything from land for development where zoning is being worked out to completed projects ready for divestiture. Net sales and operating profit from operations are derived from running our wholly owned property, shares in the profit from partly owned companies as well as capital gains from the divestiture of completed property and participations in partly owned companies.

Other operations are reported under Group functions and consist of central companies and Group functions.

Group 2022, MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Elimination	Group Segment	Differences in accounting principles ¹⁾	Group IFRS
External sales	23,435	13,536	17,465	8,638	61		63,135	-1,202	61,933
Internal sales	5,564	1,429	3,968	23	1,471	-12,455	-		-
Total revenue	28,999	14,965	21,433	8,661	1,532	-12,455	63,135	-1,202	61,933
Operating costs	-28,398	-14,512	-20,866	-7,538	-1,732	12,397	-60,649	1,018 ²⁾	-59,631
Other operating income	32	48	205	5	3	-14	279		279
Other operating costs	-4	-7	-25	-1	-1	14	-24		-24
Operating profit	629	494	747	1,127	-198	-58	2,741	-184	2,557
Operating margin, %	2.2	3.3	3.5	13.0			4.3		4.1
Financial income							103		103
Financial expenses							-174	-46 ³⁾	-220
Pre-tax profit							2,670	-230	2,440
Tax							-633	24	-609
Profit for the year							2,037	-206	1,831
Depreciation	-24	-60	-1,132	-6	-69	-2	-1,293	-364	-1,657
Write-downs in operating profit	-2	-3	-31	-20	0	0	-56		-56
Capital gains/losses	7	24	146	8	0	-2	183		183
Other significant non-cash items	57	6	85	54	-30	-23	149	-62	87
Capital employed (closing balance)	-1,746	54	10,807	15,632		253 ⁴⁾	25,000	8,590	33,590
Total assets							43,220	7,791 ⁵⁾	51,011
Equity							14,978	-1,192	13,786
Equity/assets ratio, %							34.7		27.0
Net debt							6,899	9,782	16,681
Cashflow before financing	-79 ⁶⁾	-114 ⁶⁾	-518 ⁶⁾	-690 ⁶⁾		-554 ⁷⁾	-1,955	-1,204	-3,159

¹⁾ For more information about the allocation of revenue and profit items see note 3 and the section Overview business areas and Group functions in Board of Directors' report.

²⁾ Refers to IFRS 16, additional leases SEK 36 million and housing projects SEK 982 million.

³⁾ Refers to IFRS 16, additional leases SEK -46 million.

⁴⁾ Unallocated capital employed.

⁵⁾ Divided between IFRS 16, additional leases SEK 1,719 million and housing projects SEK 6,072 million

⁶⁾ Refers to operational cash flow. For definition, see section Alternative key figures and definitions.

⁷⁾ Unallocated cash flow.

Group 2021, MSEK	Construction	Civil		Industry	Project Development	Group functions	Elimination	Group Segment	Differences in accounting principles ¹⁾		Group IFRS
		Engineering									
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 costs	-26,269	-13,739		-17,981	-8,302	-1,726	10,715	-57,302	980 ²⁾		-56,322
Other operating income	4	36		138	51	185	-23	391			391
Other operating costs	-4	-6		-6	-9	-1	9	-17			-17
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 ³⁾		-167
Pre-tax profit								3,076	-174		2,902
Tax								-569	44		-525
Profit for the year								2,507	-130		2,377
Depreciation	-23	-60		-1,110	-7	-56	-3	-1,259	-366		-1,625
Write-downs in operating profit	-2	-22		-19	-39	0		-82			-82
Capital gains/losses	0	14		84	50	0		148			148
Other significant non-cash items	46	3		122	-158	-21	-23	-31	41		10
Capital employed (closing balance)	-2,463	-615		9,266	13,523		1,850 ⁴⁾	21,561	7,137		28,698
Total assets								40,330	6,840 ⁵⁾		47,170
Equity								14,656	-974		13,682
Equity/assets ratio, %								36.3			29.0
Net debt								2,404	8,111		10,515
Cashflow before financing	1,654 ⁶⁾	921 ⁶⁾		507 ⁶⁾	249 ⁶⁾		-290 ⁷⁾	3,041	-1,989		1,052

¹⁾ For more information about the allocation of revenue and profit items see note 3 and the section Overview business areas and Group functions in Board of Directors' report.

²⁾ Refers to IFRS 16, additional leases SEK 28 million and housing projects SEK 952 million.

³⁾ Refers to IFRS 16, additional leases SEK -51 million.

⁴⁾ Unallocated capital employed.

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

⁶⁾ Refers to operational cash flow. For definition, see section Alternative key figures and definitions.

⁷⁾ Unallocated cash flow.

Comments on the tables

Group net sales according to segment reporting increased by five percent during 2022 and amounted to SEK 63,135 million (60,026). After adjustments for acquired and divested units and exchange rate effects net sales increased by four percent. Of the year's net sales SEK 18,892 million (17,298) were attributable to sales and production outside Sweden. Operating profit for 2022 according to segment reporting amounted to SEK 2,741 million (3,098) and the operating margin contracted to 4.3 percent (5.2). During 2021 and 2022 prices for material and energy rose dramatically. We have for the most part handled price hikes and delivery disruptions through adjustments and streamlining but since we have not been able to fully compensate for cost increases they have had negative impact on the operating margin. Last year included a repayment of SEK 179 million for AGS premiums reported in Group functions.

Net sales in business area Construction increased by seven percent and amounted to SEK 28,999 million (26,980). Operating profit amounted to SEK 629 million (711) and the operating margin was to 2.2 percent (2.6). Net sales in business area Civil Engineering increased by six percent and amounted to SEK 14,965 million (14,180) and the operating margin was 3.3 percent (3.3). Net sales in business area Industry increased by 14 percent and amounted to SEK 21,433 million (18,787). Operating profit amounted to SEK 747 million (938) and the operating margin was 3.5 percent (5.0). The operating profit in Paving was lower as a result of higher energy and fuel costs that have not been fully compensated through higher prices to customers, particularly in Norway, Finland and Denmark. Profitability was also lower in Mineral Aggregates compared to last year, while profitability improved in the other product areas. In business area Project Development net sales decreased and amounted to SEK 8,661 million (9,497). Operating profit amounted to SEK 1,127 million (1,237) and the operating margin was 13.0 percent (13.0).

Geographic areas

Income from external customers is related to the countries customers are located in. The information concerning intangible and tangible assets is divided into the countries the assets are located in. The table below shows the amounts allocated per geographic region according to IFRS.

Group, MSEK	Sweden		Norway		Finland		Denmark		Other markets		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External sales	42,946	41,458	8,965	7,598	8,993	9,055	1,014	790	15	22	61,933	58,923
Intangible and tangible assets, investment property and shares in joint ventures	9,515	9,129	1,926	1,573	3,061	2,839	315	284	0	0	14,817	13,825
Parent company, MSEK												
Net sales			253	243	23	23	27	26	1	1	304	293

¹⁾Included in Group functions.

Note 5 Business combinations

2022

December 20, 2022 Peab acquired 90.4 percent of the shares in the civil engineering company Arne Olav Lund A/S based in Larvik. The company works throughout eastern Norway with production and improvement of roads, water and waste water as well as with groundwork and landscaping.

July 1, 2022 Peab also acquired 100 percent of the shares in Asfaltti-System Oy. Asfaltti-System Oy is a company in Kouvola in southern Finland that works with manufacturing components and maintenance in the asphalt and concrete industry.

The above acquisitions in 2022 individually had no material acquisition effects from the Group's perspective and information on acquisition effects is given collectively.

In the period after the acquisitions the above subsidiaries and operations contributed by SEK 7 million to Group revenue and SEK -1 million to Group profit/loss in 2022. If the acquisitions had occurred on January 1, 2022, the combined effect of these acquisitions on Group revenue would have been SEK 410 million and SEK 13 million on Group profit/loss.

Effects of acquisitions in 2022

The acquisitions' effects on Group assets and liabilities are shown below. Acquisition analyses may be adjusted during a twelve month period.

Goodwill primarily consists of human resources and future synergy effects regarding common systems and shared resources which do not meet the criteria for recognition as intangible assets at the time of acquisition.

Total transferred compensation amounted to SEK 170 million.

During the year assets have also been acquired through share acquisitions (asset acquisitions that are not business combinations) which resulted in a cash flow of SEK -408 million and primarily refer to project and development properties with development rights in Sweden and Norway.

The acquired companies' net assets at the time of acquisition:

MSEK	2022	2021
Intangible assets	20	59
Tangible assets	137	189
Project and development properties and inventories	5	39
Accounts receivable and other receivables	94	62
Liquid funds	19	28
Interest-bearing liabilities	-21	-36
Interest-bearing liabilities (leasing)	-67	-55
Deferred tax liabilities	-30	-29
Provisions	-4	-5
Accounts payable and other current liabilities	-52	-41
Net identifiable assets and liabilities	101	211
Non-controlling interests	-8	-
Group goodwill	77	28
Consideration transferred	170	239

Settled consideration

MSEK	2022	2021
Liquid funds	151	230
Contingent consideration	19	-
Option liabilities/Promissory note	-	9
Total settled consideration	170	239

Acquisitions after the balance sheet date

No substantial acquisitions have been made during 2023 as of the presentation of these financial reports.

2021

September 1, 2021 Peab acquired 90 percent of the shares in HGT AS. HGT is a general contractor in civil engineering and is domiciled in Bergen. The company has been 100 percent consolidated through application of the anticipated acquisition method since there is a put/call option for the acquisition of the rest of the shares.

July 1, 2021 Peab also acquired 100 percent of the shares in Frøseth AS. Frøseth operates in mineral aggregates, paving, transportation and recycling in the Trøndelag area in the middle of Norway. During the year the assets and liabilities of Snells Entreprenad AB, which has concrete and mineral aggregates operations in the Luleå area, were acquired.

The above acquisitions in 2021 individually had no material acquisition effects from the Group's perspective and information on acquisition effects is given collectively.

In the period after the acquisitions the above subsidiaries and operations contributed by SEK 155 million to Group revenue and SEK -5 million to Group profit/loss in 2021. If the acquisitions had occurred on January 1, 2021, the combined effect of these acquisitions on Group revenue would have been SEK 276 million and SEK -9 million on Group profit/loss.

Total transferred compensation amounted to SEK 239 million.

During the year assets have also been acquired through share acquisitions (asset acquisitions that are not business combinations) which resulted in a cash flow of SEK -240 million and primarily refer to project and development properties with development rights in Sweden and Norway.

Note 6 Other operating income

Group, MSEK	2022	2021
Capital gains from shares sold in businesses/joint ventures	33	47
Insurance compensation	10	19
Profit from sales of fixed assets	173	128
Government grants	1	-
Profit from participation in joint ventures	9	6
Payment regarding Group sickness insurance (AGS) and surplus funds	45	179
Other	8	12
Total	279	391

Note 7 Other operating costs

Group, MSEK	2022	2021
Capital loss from shares sold in businesses	-2	-
Loss from sales of fixed assets	-4	-4
Exchange loss from receivables/liabilities relating to operations	-13	-1
Costs for completed and uncompleted acquisitions	-	-8
Other	-5	-4
Total	-24	-17

Note 8 Government grants

Government grants related to assets amounted in the Group to SEK 31 million (2) in 2022. The grants have reduced the recognized values of the assets on the balance sheet.

Government grants received as compensation for operating costs amounted to SEK 23 million (27) in 2022, and have reduced costs in the income statement. Of these SEK 21 million (25) are compensation as a result of the corona pandemic.

Note 9 Employees, personnel costs and remuneration to senior officers

Costs for remuneration to employees

Group, MSEK	2022	2021
Salaries and remuneration etc.	8,510	8,340
Pension costs, defined contribution plans	989	996
Social security	2,148	2,173
Total	11,647	11,509

Average number of employees

	No. of employees 2022	Of which were women 2022 percent	No. of employees 2021	Of which were women 2021 percent
Parent company				
Sweden	160	53	160	52
Subsidiaries				
Sweden	10,720	14	10,689	13
Norway	1,906	12	1,849	11
Finland	1,972	15	1,926	14
Denmark	284	7	280	8
Poland	3	100	3	67
Total in subsidiaries	14,885	14	14,747	13
Group	15,045	14	14,907	13

Gender distribution in boards and other senior officers

	2022 Percentage of women	2021 Percentage of women
Parent company		
The Board of Directors	45	45
Other senior officers ¹⁾	20	20
Group		
Boards ²⁾	43	44
Other senior officers ³⁾	14	16

¹⁾ Refers to executive management.

²⁾ Refers to the Board of Directors in the parent company and boards in subsidiaries.

³⁾ Other senior officers in the Group refers to executive management along with business area management.

Salaries and other remuneration as well as pension costs for senior officers

Group 2022, MSEK	Board of Directors and senior officers (16 persons) ¹⁾
Salaries and other remuneration	39
– of which variable remuneration	1
Pension costs	17
– of which pension costs for variable remuneration	3

¹⁾ The group senior officers refers to executive management. During 2022 the group consisted of eight persons, five of which were in the parent company and three persons in other subsidiaries.

Group 2021, MSEK	Board of Directors and senior officers (16 persons) ¹⁾
Salaries and other remuneration	38
– of which variable remuneration	2
Pension costs	36
– of which pension costs for variable remuneration	23

¹⁾ The group senior officers refers to executive management. During 2021 the group consisted of eight persons, five of which were in the parent company and three persons in other subsidiaries.

Salaries and other remuneration divided among senior officers and other employees as well as social security costs

Parent company 2022, MSEK	Board of Directors and senior officers (13 persons) ¹⁾	Other employees	Total
Salaries and other remuneration	29	113	142
– of which variable remuneration	0	4	4
Social security costs	24	65	89
– of which pension costs	11	23	34
– of which pension costs for variable remuneration	2	5	7

¹⁾ The group senior officers refers to parts of executive management. During 2022 the group consisted of five persons in the parent company.

Parent company 2021, MSEK	Board of Directors and senior officers (13 persons) ¹⁾	Other employees	Total
Salaries and other remuneration	27	122	149
– of which variable remuneration	–	2	2
Social security costs	43	74	117
– of which pension costs	10	25	35
– of which pension costs for variable remuneration	17	2	19

¹⁾ The group senior officers refers to parts of executive management. During 2021 the group consisted of five persons in the parent company.

Salaries and other remuneration for senior officers in 2022

Thousands, SEK	Basic pay/ Board remuneration	Variable remuneration	LTI-program ¹⁾	Other benefits/ remunerations	Pension costs	Total
Chairman of the Board, Anders Runevad	1,360					1,360
Other members of the Board						
Karl-Axel Granlund	760					760
Lars Sköld	765					765
Fredrik Paulsson	760					760
Kerstin Lindell	680					680
Liselott Kilaas	680					680
Malin Persson	600					600
Magdalena Gerger	680					680
Board of Directors fees, remuneration from the parent company						
	6,285					6,285
CEO, Jesper Göransson	8,760	876	–	558	4,691 ²⁾	14,885
Other senior officers, remuneration from the parent company	13,008	1,300	–	989	6,029 ³⁾	21,326
Other senior officers, remuneration from subsidiaries	9,000	900	–	707	3,445 ⁴⁾	14,052
Total	37,053	3,076	–	2,254	14,165	56,548
Remuneration from the parent company	28,053	2,176	–	1,547	10,720	42,496
Remuneration from subsidiaries	9,000	900	–	707	3,445	14,052

¹⁾ For more information see Long-term incentive program (LTI program).

²⁾ Includes fees for endowment insurance of SEK 471 thousand.

³⁾ Includes fees for endowment insurance of SEK 349 thousand.

⁴⁾ Includes fees for endowment insurance of SEK 153 thousand.

Salaries and other remuneration for senior officers in 2021

Thousands, SEK	Basic pay/ Board remuneration	Variable remuneration	LTI-program ¹⁾	Other benefits/ remunerations	Pension costs	Total
Chairman of the Board, Anders Runevad	1,250					1,250
Other members of the Board						
Karl-Axel Granlund	700					700
Lars Sköld	700					700
Fredrik Paulsson	700					700
Kerstin Lindell	625					625
Liselott Kilaas	625					625
Malin Persson	550					550
Magdalena Gerger	625					625
Board of Directors fees, remuneration from the parent company						
	5,775					5,775
CEO, Jesper Göransson	7,968	4,781	2,435	485	4,240 ²⁾	19,909
Other senior officers, remuneration from the parent company	12,060	5,804	3,897	880	6,002 ³⁾	28,643
Other senior officers, remuneration from subsidiaries	8,543	5,127	2,611	566	3,248 ⁴⁾	20,095
Total	34,346	15,712	8,943	1,931	13,490	74,422
Remuneration from the parent company	25,803	10,585	6,332	1,365	10,242	54,327
Remuneration from subsidiaries	8,543	5,127	2,611	566	3,248	20,095

¹⁾ For more information see Long-term incentive program (LTI program).

²⁾ Includes fees for endowment insurance of SEK 398 thousand.

³⁾ Includes fees for endowment insurance of SEK 290 thousand.

⁴⁾ Includes fees for endowment insurance of SEK 124 thousand.

Comments on the tables

From time to time the CEO and other senior officers may be offered variable remuneration. Other benefits refer primarily to company cars and vacation pay. Pension costs refer to costs charged to the year. See note 31 for additional information about pensions. In 2021 and 2022 the group senior officers consisted of eight persons, of which five were in the parent company.

The Board of Directors

The 2022 AGM decided on a remuneration to members of the Board of SEK 6,285 thousand (5,775), of which SEK 5,400 thousand (4,950) refers to Board work and SEK 885 thousand (825) refers to committee work. Compensation for work as Chairman of the Board was SEK 1,200 thousand (1,100) and SEK 4,200 thousand (3,850) was divided among the other Board members. Compensation for work on the Remuneration Committee was SEK 240 thousand (225), SEK 240 thousand (225) for work on the Finance Committee and SEK 405 thousand (375) for work on the Audit Committee.

Remuneration is not paid to members of the Board who are permanent employees of the Group. There are no agreements for future pension/leaving remuneration or other benefits either for the Chairman of the Board or for other members of the Board.

Principles for remuneration to senior officers

The group senior officers is comprised of the eight senior officers who are members of executive management. The principles for remuneration to senior officers were adopted by the 2022 AGM.

Remuneration to the CEO and other senior officers consists of basic pay, any short-term incentives, extra health insurance and those benefits otherwise enjoyed by other Peab employees as well as pension. All pension obligations are defined contribution pensions. The total remuneration paid to each senior officer is based on market terms and the responsibilities and qualifications of the senior officer.

From time to time, senior officers may be offered short-term incentives. Short-term incentives may not exceed 60 percent of their basic pay and are primarily based on the Peab Group's profitability and, from time to time, important Group goals. In 2021 Group goals were linked to Peab's external financial and non-financial targets.

Short-term incentives are determined for each financial year. Short-term incentives for the financial year 2022 were maximized at SEK 5,256 thousand (4,781) for the CEO and a total of SEK 13,205 thousand (10,931) for the other senior officers.

Short-term incentives are settled the year after being earned and may either be paid out as salary or placed as pension in financial instruments connected to the Peab share. If they are paid out as a one-off defined pension contribution, adjustments are made so as to neutralize the total cost for Peab.

From time to time, senior officers may be offered to participate in a LTI program. For senior officers and the CEO the upper limit (excluding social security) is 40 percent of their annual basic pay. The result of the LTI program is placed in a pension savings in a financial instrument connected to the Peab share. Provisions for the LTI program for 2022 were maximized at SEK 3,504 thousand (excluding social security) for the CEO and a total of SEK 8,803 thousand (excluding social security) for the other senior officers.

The period of notice from Peab is, at the most, 24 months and the period of notice from senior officers is, at the most, 6 months. If severance pay is paid the total remuneration for salary during the period of notice and severance pay may not exceed 24 months wages.

The CEO

The CEO of Peab AB, Jesper Göransson, has in 2022 received a salary and other remuneration, including benefits, totaling SEK 9,318 thousand (8,453). In addition, he has received short-term incentives for 2022 of SEK 876 thousand (4,781). For the year 2022 no provision has been made for the LTI program, for the year 2021 a provision was made with SEK 2,435 thousand, which was placed in pension savings in endowment insurance connected to the Peab share. Pension contributions including fees for endowment insurance for the year were SEK 4,691 thousand (4,240).

The CEO has the right to retire from the age of 62. Annual pension contributions of 47 percent of basic pay are paid to meet this pledge. These are defined contribution pensions.

Notice on the part of Peab is twelve months with a reduction for any salary from a new employer combined with a severance pay of twelve months salary. Notice on the part of the CEO is six months combined with severance pay consisting of six months salary.

Other senior officers

The term other senior officers refers to the seven other persons in addition to the CEO that make up Peab's executive management. Salary and other remuneration including benefits for other senior officers amounted to SEK 23,704 thousand (22,049). In addition, short-term incentives for 2022 amounted to SEK 2,200 thousand (10,931) which was placed in pension savings in endowment insurance connected to the Peab share, alternatively paid in cash. For the year 2022 no provisions have been made for the LTI program. For the year 2021 provisions were made for the LTI program with SEK 6,508 thousand, which was placed in pension savings in endowment insurance connected to the Peab share. Pension contributions including fees for endowment insurance during the year amounted to SEK 9,474 thousand (9,250).

The pension policy for senior officers means that pension contributions are based on a contribution ladder within, alternatively ITP or defined contributions entailing that the total contribution amounts to 35-47 percent of fixed salaries. Certain senior officers have an agreement with Peab that their employment ends the month they turn 62 years old. The other senior officers have an agreement that their employment ends the month they turn 65 years old.

Notice on the part of Peab is twelve months with a reduction for any salary from a new employer combined with severance pay consisting of six months salary. Notice on the part of the other senior officers is six months combined with severance pay consisting of six months salary.

Long-term incentive program (LTI program)

From time to time, senior officers may be offered to participate in a LTI program. The ongoing LTI program follows the business plan period 2021-2023 with annual reconciliation with operating margin targets for the Group. The program is open to approximately 600 of the Group's key employees. In order for an employee to receive their share of the result of the LTI program the employee must still be working for Peab on December 31, 2023. For senior officers and the CEO the upper limit (excluding social security) is 40 percent of their annual basic pay. For other positions the upper limit (excluding social security) is 15-35 percent of their annual basic pay, depending on their position. The outcome of the LTI program will be placed in a pension savings connected to the Peab share alternatively paid as cash salary. For the year 2022 no provisions have been made for the LTI program. In 2021 the cost of the LTI program amounted to SEK 109 million including social security.

Profit-sharing foundation

In 2007, Peab founded a profit-sharing foundation. The object of the profit-sharing foundation is to create greater participation through employee co-ownership and to better employees' financial situation after retirement. Individual annual shares in profits are related to the employee's profit-sharing entitling work hours. Upon retirement shareholders can withdraw their share in the foundation. Under the foundation's investment policy, its assets must be mainly invested in shares in Peab. In 2022 no provision has been made for the profit-sharing foundation. In 2021 Peab allocated SEK 91 million including payroll tax.

Senior officers and other employees with other short-term incentives are not entitled to benefits from the profit-sharing foundation.

Note 10 Fees and cost remuneration to accountants

MSEK	Group		Parent company	
	2022	2021	2022	2021
Ernst & Young AB				
Auditing assignments	19	13	5	2
Other additional audit-related work	1	1	1	1
KPMG AB				
Auditing assignments	-	5	-	3
Other services	-	4	-	2
Total	20	23	6	8

Audit assignments refer to the statutory examination of the annual report and accounting, the management by the Board of Directors and the CEO as well as reviews and other examinations executed by agreement or according to contracts. This includes other work normally performed by a company accountant, and advice and other assistance stemming from observations made in connection with the above examinations or the performance of other similar work. Other services are mainly consultations in connection with acquisitions or other assignments.

Note 11 Operating costs divided by type

Group, MSEK	2022	2021
Production costs ¹⁾	44,876	41,807
Personnel expenses	12,275	12,039
Depreciation	1,657	1,625
Write-downs	56	82
Other operating costs	767	769
Total	59,631	56,322

¹⁾ Included in production costs are purchased material, sub-contractors, expenses for property projects and other production costs.

Note 12 Net financial income/expenses

Group, MSEK	2022	2021
Interest income ¹⁾	84	73
Net exchange rate fluctuation	-	7
Dividends received related to financial assets valued at fair value via profit/loss	10	12
Change in value of financial assets valued at fair value via profit/loss:		
Unlisted shares and participations	-	1
Change in value currency swaps	9	1
Financial income	103	94
Interest expenses ^{2) 3)}	-179	-128
Net exchange rate fluctuation	-6	-
Change in value currency swaps	0	-1
Increase during the year in discounted amounts of provisions for restoration costs	-1	0
Change in value of financial assets valued at fair value via profit/loss:		
Unlisted funds	-8	-9
Other items	-26	-29
Financial expenses	-220	-167
Net financial income/expenses	-117	-73

¹⁾ Refers to items valued at accrued acquisition value.

²⁾ Refers to items valued at accrued acquisition value except current net interest from the interest coupon portion of interest swaps totaling SEK 0 million (-6).

³⁾ Interest expenses include capitalized interest with SEK 246 million (139).

Profit from participations in Group companies

Parent company, MSEK	2022	2021
Dividends	1,024	-
Liquidation/sales result of participations	-	63
Total	1,024	63

Profit from other securities and receivables held as fixed assets

Parent company, MSEK	2022	2021
Interest income, external	0	1
Net exchange rate fluctuation	2	0
Total	2	1

Interest expenses and similar profit/loss items

Parent company, MSEK	2022	2021
Interest expenses, Group ¹⁾	-42	-49
Total	-42	-49

¹⁾ Interest expenses refer to interest from items valued at accrued acquisition value.

Note 13 Appropriations

Parent company, MSEK	2022	2021
Change in additional depreciation, intangible assets	1	9
Change in additional depreciation, machinery and equipment	0	0
Transfer to tax allocation reserve	-625	-475
Reversal from tax allocation reserve	522	-
Received Group contribution	2,274	2,265
Paid Group contribution	-34	-161
Total	2,138	1,638

Note 14 Taxes

Recognized in the income statement

Group, MSEK	2022	2021
Current tax expenses/income		
Tax expenses for the year	-478	-423
Adjustment of tax attributable to previous years	-5	0
	-483	-423
Deferred tax expenses/income		
Temporary differences	-104	19
Capitalized tax value of loss carry-forwards during the year	19	15
Utilisation of capitalized tax value of loss carry-forwards	-18	-159
Tax reduction investments in equipment	-23	23
	-126	-102
Total recognized tax expenses in the Group	-609	-525

Parent company, MSEK	2022	2021
Current tax expenses/income		
Tax expenses for the year	-388	-294
	-388	-294
Deferred tax expenses/income		
Temporary differences	-46	15
	-46	15
Total recognized tax expenses in the parent company	-434	-279

Reconciliation of effective tax

Group, MSEK	2022	2022 (%)	2021	2021 (%)
Pre-tax profit	2,440		2,902	
Tax in accordance with tax rate for the parent company	-503	20.6	-598	20.6
Effect of other tax rates for foreign subsidiaries	6	-0.2	2	-0.1
Non-deductible expenses	-81	3.3	-82	2.8
Tax exempt income	87	-3.6	65	-2.2
Deductible non profit-influencing items	-56	2.3	27	-0.9
Utilized non-capitalized loss carry-forwards	0	0.0	1	0.0
Tax attributable to previous years	-5	0.2	0	0.0
Increase in loss carry-forwards without corresponding capitalization of deferred tax	-82	3.4	-5	0.2
Effect net profit of joint ventures	25	-1.0	42	-1.5
Tax reduction investments in equipment	-	-	23	-0.8
Recognized effective tax	-609	25.0	-525	18.1

Parent company, MSEK	2022	2022 (%)	2021	2021 (%)
Pre-tax profit	2,907		1,522	
Tax according to tax rate for the parent company	-599	20.6	-313	20.6
Non-deductible expenses	-11	0.4	-4	0.3
Tax exempt income	210	-7.3	13	-0.9
Deductible non profit-influencing items	-34	1.2	25	-1.7
Recognized effective tax	-434	14.9	-279	18.3

Tax attributable to other comprehensive income

Group, MSEK	2022		2021		2020	
	Pre-tax	After tax	Pre-tax	After tax	Pre-tax	After tax
Translation difference for the year	210	-	210	184	-	184
Joint ventures' other comprehensive income	19	-	19	-	-	-
Cash flow hedges	2	-1	1	6	-1	5
Other comprehensive income	231	-1	230	190	-1	189

Reported on the balance sheet**Deferred tax recoverables and tax liabilities**

Group, MSEK	Deferred tax recoverables		Deferred tax liabilities		Net		Changes recognized in profit/loss for the year	
	2022	2021	2022	2021	2022	2021	2022	2021
Intangible assets			-95	-90	-95	-90	0	-5
Tangible assets			-833	-794	-833	-794	-15	26
Investment property			-5	-5	-5	-5	0	0
Financial fixed assets	2	2			2	2	0	0
Project and development properties			-1,470	-1,205	-1,470	-1,205	-253	-193
Inventories	5			-1	5	-1	6	3
Accounts receivable	18	23			18	23	-5	-10
Worked-up not invoiced income	79	172			79	172	-81	-45
Other receivables	18	74			18	74	-55	-16
Interest-bearing liabilities	2,083	1,553			2,083	1,553	521	448
Provisions for pensions	207	274			207	274	-67	22
Provisions	134	146			134	146	-17	-30
Invoiced income not worked-up			-178	-92	-178	-92	-86	-26
Other liabilities	302	345			302	345	-43	-54
Loss carry-forwards	159	153			159	153	0	-144
Tax allocation reserves			-732	-724	-732	-724	-8	-102
Safety reserve			-1	-1	-1	-1	-	1
Tax reduction investments in equipment		23			-	23	-23	23
Tax recoverables/tax liabilities	3,007	2,765	-3,314	-2,912	-307	-147		
Offset	-2,827	-2,591	2,827	2,591	-	-		
Net	180	174	-487	-321	-307	-147	-126	-102

Parent company, MSEK	Deferred tax recoverables		Changes recognized in profit/loss for the year	
	2022	2021	2022	2021
Provisions for pensions	93	134	-41	11
Other liabilities	1	6	-5	4
Net	94	140	-46	15

Unrecognized deferred tax recoverables regarding loss carry-forwards

Ongoing correspondence with the Swedish Tax Authorities as well as assessments made together with external experts on the deductibility of individual deductions have been taken into consideration when evaluating deferred tax recoverables. The judgement per 2022-12-31 as well as 2021-12-31 is that there are no uncertainties regarding the deductibility of loss carry-forwards in Sweden and because of that tax recoverables of loss carry-forwards are recognized as assets without any adjustments.

In the Norwegian operations the ability to use loss carry-forwards of SEK 964 million (608) remains uncertain. They have not been capitalized. The fiscal value of the non-capitalized loss carry-forward is SEK 212 million (134).

In the Danish operations the ability to use loss carry-forwards of SEK 27 million (-) is uncertain. They have not been capitalized. The fiscal value of the non-capitalized loss carry-forward is SEK 6 million (-).

Changed tax rates

As of 2021 the tax rate in Sweden has changed to 20.6 percent.

The fiscal temporary differences are valued at the tax rate valid at the time the temporary differences are expected to cease to exist.

Note 15 Earnings per share**Earnings per share**

	IFRS		Segment reporting	
	2022	2021	2022	2021
Profit for the year attributable to shareholders in parent company, MSEK	1,832	2,377	2,038	2,507
Average number of shares	292,152,397	294,962,746	292,152,397	294,962,746
Earnings per share before and after dilution, SEK	6.27	8.06	6.98	8.50

Average number of outstanding shares

Number of shares	2022	2021
Total number of outstanding shares, January 1	294,962,746	294,962,746
Own shares repurchased during the year	-7,511,000	-
Total number of outstanding shares, December 31	287,451,746	294,962,746
Average number of outstanding shares during the year	292,152,397	294,962,746

Note 16 Intangible assets

	Intangible assets, external purchase					Intangible assets, internally developed	
	Goodwill	Brands	Customer relations and customer contracts	Tenancies gravel and rock quarries	Other intangible assets	Balanced development costs	Total
Group 2022, MSEK							
Opening acquisition value	3,156	222	159	328	309	150	4,324
Purchases					8	59	67
Purchases through acquired companies	77	19			1		97
Sales/disposals	-20	-5	-5		-4		-34
Reclassifications		1		-1	3		3
Exchange rate differences	121	3	12	8	1		145
Closing accumulated acquisition value	3,334	240	166	335	318	209	4,602
Opening depreciation	-	-141	-149	-121	-73	-27	-511
Sales/disposals		5	5		4		14
Depreciation ¹⁾		-14	-4	-19	-32	-18	-87
Exchange rate differences		-2	-12	-1	-2		-17
Closing accumulated depreciation	-	-152	-160	-141	-103	-45	-601
Opening write-downs	-44	-	-	-	-	-	-44
Sales and disposals	20						20
Write-downs ²⁾	-1						-1
Closing accumulated write-downs	-25	-	-	-	-	-	-25
Closing recognized value	3,309	88	6	194	215	164	3,976
	Intangible assets, external purchase					Intangible assets, internally developed	
	Goodwill	Brands	Customer relations and customer contracts	Tenancies gravel and rock quarries	Other intangible assets	Balanced development costs	Total
Group 2021, MSEK							
Opening acquisition value	3,092	280	145	271	289	147	4,224
Purchases					26	27	53
Purchases through acquired companies	28	7	10	44			89
Sales/disposals		-72			-11	-22	-105
Reclassifications				10	3	-2	11
Exchange rate differences	36	7	4	3	2		52
Closing accumulated acquisition value	3,156	222	159	328	309	150	4,324
Opening depreciation	-	-192	-131	-102	-59	-31	-515
Depreciation through acquired companies				-2			-2
Sales/disposals		70			11	16	97
Depreciation ¹⁾		-15	-15	-17	-23	-13	-83
Reclassifications					-1	1	-
Exchange rate differences		-4	-3		-1		-8
Closing accumulated depreciation	-	-141	-149	-121	-73	-27	-511
Opening write-downs	-24	-	-	-	-	-6	-30
Sales and disposals		2				6	8
Write-downs ²⁾	-20	-2					-22
Closing accumulated write-downs	-44	-	-	-	-	-	-44
Closing recognized value	3,112	81	10	207	236	123	3,769

¹⁾ Depreciation is recognized in the following lines of the income statement:

MSEK	2022	2021
Production costs	-41	-49
Sales and administrative expenses	-46	-34
Total	-87	-83

²⁾ Write-downs are recognized in the following line of the income statement:

MSEK	2022	2021
Production costs	-1	-22
Total	-1	-22

Goodwill impairment testing in cash generating units

The Peab Group balance sheet 2022-12-31 included total goodwill of SEK 3,309 million (3,112). The table below shows goodwill per group of cash generating units for which goodwill is tested for impairment.

MSEK	2022	2021
Construction		
Construction Sweden	76	76
Construction Finland	72	66
Construction Norway	160	155
Civil Engineering		
Civil Engineering Sweden	124	125
Civil Engineering Norway	80	18
Industry		
Industry Sweden	1,416	1,416
Industry Finland	1,324	1,201
Industry Norway	12	12
Industry Denmark	24	22
Project Development		
Housing Development Sweden	14	14
Housing Development Norway	7	7
Total	3,309	3,112

Goodwill write-downs

The Group has written down goodwill in 2022 by SEK 1 million (20). Write-downs for the year refer to business area Civil Engineering and are due to low profitability in existing operations. For the cash generating units where a calculation of the recovery value was made and no write-down need was identified, it is executive management's assessment that there is no impending risk of a material write-down of goodwill in the coming financial year.

Method for calculating recovery value

The recovery value for all goodwill values has been derived by calculating the useful value for the cash generating units. The calculation model is based on a discount of forecasted future cash flows compared to the unit's reported values. These future cash flows are based on five year forecasts produced by the management of the respective group of cash generating units. Goodwill impairment tests have an infinite time horizon and extrapolation of cash flow for the years after the forecast was calculated based on a growth rate from year six onwards of approximately two percent.

Important variables when calculating useful value

The following variables are material and common to all cash generating units in calculation of useful value:

Net sales: The business' historical development, expected changes in the construction and civil engineering business cycle as well as the real estate sector, general socioeconomic developments, investment plans of public and municipal customers, interest rate levels and local market conditions.

Operating margin: Historic profitability levels and operative efficiency, access to key personnel and qualified manpower, access to internal resources and hikes in salary, material and subcontractor costs.

Working capital requirements: Individual case assessment of whether the working capital reflects the company's needs or whether it should be adjusted for the forecast period. A reasonable or cautious assumption for future development is that it parallels net sales growth. A high level of internally developed projects may entail a greater need for working capital.

Investment needs: The company's investment needs are assessed on the investments required to achieve the initially forecasted cash flow, i.e. not including expansion investments.

Tax burden: The tax rate in forecasts is based on Peab's expected tax situation in Sweden, Norway, Finland and Denmark with regards to tax rates, loss carry-forwards etc.

Discount rate: Forecasted cash flows and residual values are discounted to current value applying a weighted average cost of capital (WACC). Interest rates on borrowed capital have been market adjusted to each country. The required return on equity is based on the Capital Asset Pricing Model. A weighted discount rate after tax has been used in calculating useful values. The discount rate after tax used on cash generating units in Sweden is on average 8.6 percent (7.8), in Norway 8.4 percent (7.8), in Finland 8.6 percent (7.8) and in Denmark 8.3 percent (7.8). The corresponding pre-tax discount in Sweden was on average 8.7 percent (7.9), in Norway 8.5 percent (7.9), in Finland 8.7 percent (7.8) and in Denmark 8.4 percent (7.8).

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	Intangible assets, external purchase
Parent company 2022, MSEK	Other intangible assets
Opening acquisition value	6
Closing accumulated acquisition value	6
Opening depreciation	-2
Depreciation ¹⁾	-1
Closing accumulated depreciation	-3
Closing recognized value	3

	Intangible assets, external purchase	Intangible assets, internally developed	
	Other intangible assets	Balanced development costs	Total
Parent company 2021, MSEK			
Opening acquisition value	34	25	59
Sales	-28	-25	-53
Closing accumulated acquisition value	6	-	6
Opening depreciation	-5	-11	-16
Sales	4	11	15
Depreciation ¹⁾	-1	-	-1
Closing accumulated depreciation	-2	-	-2
Closing recognized value	4	-	4

¹⁾ Depreciation is recognized in the following line of the income statement:

MSEK	2022	2021
Administration expenses	-1	-1
Total	-1	-1

Note 17 Tangible assets

Tangible fixed assets consist of owned and leased assets.

Group, MSEK	Note	2022	2021
Tangible fixed assets – owned		6,096	5,537
Rights of use – leased with	37	2,214	2,137
Total		8,310	7,674

Group 2022, MSEK	Buildings and land	Machinery and equipment	Construction in progress	Total
Opening acquisition value	2,542	11,672	368	14,582
Purchases	31	933	416	1,380
Purchases through acquired companies	33	53	1	87
Sales/disposals	-19	-580	-9	-608
Sales via sold company	-27	-57		-84
Reclassifications	12	615	-334	293
Exchange rate differences	59	274	5	338
Closing accumulated acquisition value	2,631	12,910	447	15,988
Opening depreciation	-1,161	-7,873	-	-9,034
Accumulated depreciation through acquired companies	-10	-18		-28
Sales/disposals	7	532		539
Sales via sold company	21	47		68
Depreciation	-84	-857		-941
Reclassifications		-257		-257
Exchange rate differences	-22	-185		-207
Closing accumulated depreciation	-1,249	-8,611	-	-9,860
Opening write-downs	0	-11	-	-11
Sales/disposals		5		5
Write-downs ¹⁾	-5	-21		-26
Closing accumulated write-downs	-5	-27	-	-32
Closing recognized value	1,377	4,272	447	6,096

		Machinery and equipment	Construction in progress	Total
1	Group 2021, MSEK			
2		Buildings and land		
3	Opening acquisition value	2,461	10,850	283
4	Purchases	80	698	250
5	Purchases through acquired companies	36	140	176
6	Sales/disposals	-56	-346	-91
7	Reclassifications	1	193	-76
8	Exchange rate differences	20	137	2
9	Closing accumulated acquisition value	2,542	11,672	368
10	Opening depreciation	-1,080	-7,087	-
11	Accumulated depreciation through acquired companies	-3	-54	-57
12	Sales/disposals	11	321	332
13	Depreciation	-84	-839	-923
14	Reclassifications	2	-119	-117
15	Exchange rate differences	-7	-95	-102
16	Closing accumulated depreciation	-1,161	-7,873	-
17	Opening write-downs	-2	-6	-
18	Sales/disposals	2		2
19	Write-downs ¹⁾		-5	-5
20	Closing accumulated write-downs	0	-11	-
21	Closing recognized value	1,381	3,788	368
22				5,537

¹⁾ Write-downs are recognized in the following line of the income statement:

Group, MSEK	2022	2021
Production costs	-26	-5
Total	-26	-5

Loan interest of SEK 0 million (1) has been activated during the year.

	Machinery and equipment	
Parent company, MSEK	2022	2021
Opening acquisition value	2	2
Purchases	1	0
Closing accumulated acquisition value	3	2
Opening depreciation	-1	-1
Closing accumulated depreciation	-1	-1
Closing recognized value	2	1

Note 18 Investment property

Investment properties consist of owned and leased assets.

Group, MSEK	Note	2022	2021
Investment properties – owned		36	36
Rights of use – leased with	37	21	19
Total		57	55

Group, MSEK	2022	2021
Opening acquisition value	39	138
Sales	–	-99
Closing accumulated acquisition value	39	39
Opening depreciation	-3	-17
Sales	–	15
Depreciation	–	-1
Closing accumulated depreciation	-3	-3
Opening write-downs	–	-10
Sales	–	10
Closing accumulated write-downs	–	–
Closing recognized value	36	36

Accumulated fair value

At year-end fair value amounted to SEK 93 million compared to the recognized value of SEK 57 million including rights of use. At the end of 2021 fair value amounted to SEK 56 million compared to the recognized value of SEK 55 million. The fair value of the rights of use (leaseholds), in addition to the recognized value, is immaterial.

Valuing technique, hierarchy and significant unobservable inputs

Fair value has been determined through a combination of applying the location/price method, based on recognized comparable purchases and the yield method. The valuation is built on an internal valuation model. As a complement to this valuation annual external market valuations are obtained for a number of objects. The valuation of the above fair values are classified on level 3 in the fair value hierarchy.

Effect on profit/loss for the year

Group, MSEK	2022	2021
Rental revenue	5	6
Direct costs for investment property that generated rent during the year (operational and maintenance costs, property tax and ground rent)	-2	-2
Direct costs for investment property that did not generate rent during the year (operational and maintenance costs, property tax and ground rent)	0	0

Note 19 Participation in joint ventures

Information regarding significant joint ventures in the Group

Fastighets AB Centur, 50 percent ownership. The company will own, manage and develop commercial property and homes.

Fastighets AB ML4, 50 percent ownership. The company will own and manage research facility Max IV in Lund. The facility is rented to Lund University.

Tornet Bostadsproduktion AB, 33.33 percent ownership. The company will develop, own and manage attractive and environmentally friendly rentals in larger cities in Sweden.

Point Hyllie Holding AB, 50 percent ownership. The company will develop, own and manage the office property The Point as well as own and manage the hotel property Vårdshuset 5.

Skiab Invest AB, 50 percent ownership. The company will develop, own and manage commercial property and housing in the Scandinavian mountains. 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. The transactions were finalized per July 2021.

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	Significant joint ventures 2022-12-31					Significant joint ventures 2021-12-31				
Group, MSEK	Fastighets AB Centur	Fastighets AB ML4	Tornet Bostadspro- duktion AB	Point Hyllie Holding AB	Skiab Invest AB	Fastighets AB Centur	Fastighets AB ML4	Tornet Bostadspro- duktion AB	Point Hyllie Holding AB	Skiab Invest AB
Net sales	428	134	232	85	119	406	97	220	59	42
Operating profit ¹⁾	370	79	134	26	45	318	53	125	8	31
Interest expenses and similar profit/loss items	-123	-48	-44	-28	-9	-120	-35	-41	-19	-2
Tax	-60	-6	-21	-2	-16	-35	-6	-18	1	5
Profit for the year	187	25	69	-4	20	163	12	66	-10	34
Other comprehensive income				8	45					
Total comprehensive income for the year	187	25	69	4	65	163	12	66	-10	34
Less non-controlling interest	-3					-5				
Total comprehensive income less non-controlling interest	184	25	69	4	65	158	12	66	-10	34
¹⁾ Depreciation amounts to		50	36	34	49		43	35	32	12
Fixed assets		225	10		38		204			51
Investment property	6,565	1,940	4,856	1,372	1,884	6,355	1,991	4,536	1,354	1,723
Short-term investments and liquid funds	139	21	138	10	23	201	79	199	41	148
Other current assets	25	28	175	15	575	20	2	11	6	401
Total assets	6,729	2,214	5,179	1,397	2,520	6,576	2,276	4,746	1,401	2,323
Long-term financial liabilities	4,774	1,893	3,496	965	1,208	4,825	1,959	3,310	990	1,104
Other long-term liabilities	349	67	2	4	11	310	62	12		1
Current financial liabilities		62		13	10		85			10
Other current liabilities	511	31	159	36	62	213	34	121	36	44
Total liabilities	5,634	2,053	3,657	1,018	1,291	5,348	2,140	3,443	1,026	1,159
Net assets	1,095	161	1,522	379	1,229	1,228	136	1,303	375	1,164
Less non-controlling interest	-25		-31			-22		-31		
Net assets less non-controlling interest	1,070	161	1,491	379	1,229	1,206	136	1,272	375	1,164
Group share of net assets at the beginning of the year	603	68	425	187	582	524	62	402	192	55
Share of total comprehensive income	92	12	22	2	33	79	6	21	-5	17
Acquisitions								2		
Contribution / new issues			50			150				510
Dividend received	-160					-150				
Group share of net assets at year-end	535	80	497	189	615	603	68	425	187	582
Group share of unrealized internal profit at the beginning of the year	-47	-56	-27	-116	-89	-44	-57	-23	-108	-
Reclassification of internal profit when restructuring partially owned company										-89
Elimination of unrealized profit	-1		-4	-5	1	-3	1	-4	-8	
Group share of unrealized internal profit at year-end	-48	-56	-31	-121	-88	-47	-56	-27	-116	-89
Recognized value at year-end	487	24	466	68	527	556	12	398	71	493
Total comprehensive income is reported in the following lines in the income statement:										
Production costs	91	12	18	-7	11	76	7	17	-13	17
Other comprehensive income				4	23					
Total	91	12	18	-3	34	76	7	17	-13	17
Recognized amount is reported in the following line in the balance sheet:										
Participation in joint ventures	487	24	466	68	527	556	12	398	71	493
Total	487	24	466	68	527	556	12	398	71	493

Information on other joint venture's value in the Group

Group, MSEK	2022	2021
Share of comprehensive income in other joint ventures	-5	105
Other comprehensive income is divided among the following items in the income statement:		
Productions costs	-14	99
Other operating income	9	6
Total	-5	105
Recognized value of other joint ventures	785	693
Recognized amount is divided among the following items in the balance sheet:		
Participation in joint ventures	902	797
Other provisions ¹⁾	-100	-87
Accrued expenses and deferred income ²⁾	-17	-17
Total	785	693

¹⁾ Refers to joint ventures where equity is negative.

²⁾ Refers to joint ventures where the net sum of equity and internal profit elimination is negative.

Share of equity ¹⁾					Share of equity ¹⁾				
Company	Corp. ID no.	Registered Office	2022	2021	Company	Corp. ID no.	Registered Office	2022	2021
Blindheim Kran AS	918 329 293	Ålesund	45.0%	45.0%	Runö Fastigheter				
Bondistranda Utvikling AS	992 512 741	Lysaker	50.0%	50.0%	Handelsbolag	969723-2107	Stockholm	30.0%	30.0%
Brekkeveien 5 Bolig AS	991 935 177	Lysaker	-	50.0%	Scandinavian Mountains AB	556973-5631	Malung-Sälen	15.9%	24.4%
Byggutveckling Svenska AB	556627-2117	Linköping	50.0%	50.0%	Sicklaön Bygg Invest AB	556911-5479	Solna	50.0%	50.0%
Einerhagen Eiendom AS	915 167 241	Tromsø	50.0%	-	Skiab Invest AB	556848-5220	Malung-Sälen	50.0%	50.0%
Fastighets AB Centur	556813-6369	Stockholm	50.0%	50.0%	SLP JV AB	559387-1063	Solna	50.0%	-
Fastighets AB ML4	556786-2155	Malmö	50.0%	50.0%	Solligården Bolig DA	913 765 516	Lysaker	50.0%	50.0%
Fastighets AB Tornet	559008-2912	Gothenburg	50.0%	50.0%	Solligården Næring AS	913 764 862	Lysaker	50.0%	50.0%
Fjällvärme i Sälen AB	556536-1895	Malung-Sälen	50.0%	50.0%	Stadsliden Utveckling AB	556874-7413	Umeå	50.0%	50.0%
Fløifjellet Eiendom AS	915 467 407	Tromsø	50.0%	50.0%	Steindalen AS	914 738 091	Stjørdal	33.3%	33.3%
Fløtningen Park AS	992 212 330	Skien	50.0%	50.0%	Storsvingen Vest AS	999 210 953	Hammerfest	50.0%	50.0%
Frenvikrøningen AS	986 838 325	Skien	50.0%	50.0%	Strömbrytaren Holding AB	559116-6391	Stockholm	50.0%	50.0%
Fri Sikt Volsdalsberga AS	990 529 396	Ulsteinvik	40.0%	40.0%	Sydpartner AB	556712-4952	Ängelholm	50.0%	50.0%
Forsøket Boliger AS	919 440 694	Tromsø	50.0%	50.0%	Tornet Bostadsproduksjon AB	556796-2682	Stockholm	33.3%	33.3%
Galtungveien Eiendom AS	927 660 407	Halden	50.0%	50.0%	Tunveien Eiendom AS	916 321 007	Oslo	50.0%	50.0%
Hans Haslums Vei Utvikling AS	914 498 937	Lysaker	50.0%	50.0%	Umeå Mark & Exploatering AB	556660-7064	Umeå	50.0%	50.0%
Hälsostaden Ängelholm Holding AB	556790-5723	Ängelholm	33.3%	33.3%	Vardenbakken 99 AS	998 347 211	Oslo	50.0%	50.0%
ITolv AB	556513-2478	Eksjö	42.0%	43.8%	Visio Råsunda Garage AB	556952-9992	Solna	50.0%	50.0%
JV Slättö Peab Finland AB	559363-1897	Stockholm	50.0%	-					
Kaldsletneset AS	911 692 058	Tromsø	50.0%	50.0%					
KB Älvhögsborg	916899-2734	Trollhättan	50.0%	50.0%					
Kirkebakken Vest AS	988 796 174	Horten	50.0%	50.0%					
Klosterfoss Utvikling AS	991 043 829	Skien	50.0%	50.0%					
Kungsörs Grusaktiebolag	556044-4134	Kungsör	50.0%	50.0%					
Lillegården Eiendom AS	886 804 512	Skien	50.0%	50.0%					
Majorbygg AS	912 077 020	Skien	50.0%	50.0%					
Medkila Nord AS	998 565 545	Harstad	50.0%	50.0%					
Myren Parkering AS	912 024 733	Skien	26.4%	26.4%					
Nedre Holte AS	985 911 495	Harstad	50.0%	50.0%					
Nordasfalt AS	950 501 480	Bodø	50.0%	50.0%					
Nyheim Bolig AS	928 032 582	Tromsø	50.0%	50.0%					
PEKO Fastighets AB	559220-8911	Solna	50.0%	50.0%					
PeKum AB	559041-7464	Kumla	50.0%	50.0%					
Point Hyllie Holding AB	559023-4034	Solna	50.0%	50.0%					
PPE Holding AB	559003-7304	Solna	50.0%	50.0%					
PPE Holding i Borgholm AB	559309-7768	Kalmar	50.0%	50.0%					

¹⁾ The share of capital corresponds to the share of votes

Note 20 Joint operations

Specification of Group holdings in joint arrangements that are classified as joint operations, which are recognized according to the proportional method.

Share of equity ¹⁾				
Company	Corp. ID no.	Registered Office	2022	2021
Dockan Exploatering AB	556594-2645	Malmö	33.3%	33.3%
Mälarstrandens Utvecklings AB	556695-5414	Västerås	44.0%	44.0%

¹⁾ The share of capital corresponds to the share of votes

Note 21 Interest-bearing receivables

Interest-bearing long-term receivables

Group, MSEK	2022	2021
Receivables in Group joint ventures	1,152	1,112
Other interest-bearing receivables	81	96
Total	1,233	1,208

Interest-bearing current receivables

Group, MSEK	2022	2021
Receivables in Group joint ventures	338	72
Other interest-bearing receivables	46	270
Total	384	342

Note 22 Securities holdings

Securities held as fixed assets

Group, MSEK	2022	2021
Financial assets valued at fair value via profit/loss		
Unlisted funds	26	32
Unlisted shares and participations	41	23
Total	67	55

Note 23 Other receivables

Other long-term receivables

MSEK	Group		Parent company	
	2022	2021	2022	2021
Receivables in Group joint ventures	1	1		
Receivables sold properties	20	49		
Paid advances, down payments	28	19		
Derivate instruments held for hedging purposes	1	-		
Other long-term receivables	8	40		
Total	58	109	-	-

Other current receivables

MSEK	Group		Parent company	
	2022	2021	2022	2021
Receivables in Group joint ventures	4	93		
Receivables sold properties	382	633		
Paid advances, down payments	76	71		
VAT, other taxes	218	170		0
Derivate instruments held for hedging purposes	13	8		
Other current receivables	83	77	3	2
Total	776	1,052	3	2

Note 24 Project and development properties

Project and development properties consist of owned and leased assets.

Group, MSEK	Note	2022	2021
Project and development properties – owned		18,846	15,932
Rights of use – leased with	37	332	326
Total		19,178	16,258

Group, MSEK	2022	2021
Housing development rights	7,209	6,609
Commercial development rights	738	604
On going housing projects	8,634	7,018
On going rental projects	1,265	616
On going commercial projects	421	457
Completed property	171	123
Other	408	505
Total	18,846	15,932

Project and development properties were written down during the year for a total of SEK 25 million (18). Loan interest of SEK 246 million (139) has been activated during the year. The interest rate on the activated loan costs is 2.9 percent (2.2).

Recovery

Of the recognized value of project and development property of SEK 18,846 million (15,932) some SEK 10,200 million (approximately 5,600) is expected to be recovered through sales more than 12 months after the balance sheet day. The remaining part is expected to be recovered within 12 months after the balance sheet day.

Note 25 Inventories

Group, MSEK	2022	2021
Raw materials and consumables	601	495
Products in progress	5	4
Finished products and goods for resale	935	819
Total	1,541	1,318

Note 26 Accounts receivable

Total accounts receivables amounted to SEK 8,454 million (7,802). In business area Construction, Industry and Project Development accounts receivables have increased while business area Civil Engineering has decreased accounts receivables compared to 2021. For more information regarding accounts receivable see note 36.

Accounts receivables were written down in the income statement with actual and feared bad debts for a total of SEK 9 million (14). Actual bad debts amounted to SEK 8 million (13) in the Group, of which SEK 5 million were written down in 2021. The losses resulted from some of the company's customers going bankrupt. Most of the losses stemmed from business area Industry. The parent company had no bad debts.

Note 27 Construction contracts

Worked-up not invoiced income

Group, MSEK	2022	2021
Worked-up income on incomplete contracts	45,203	39,416
Invoiced sales on incomplete contracts	-42,902	-37,838
Total	2,301	1,578

Invoiced income not worked-up

Group, MSEK	2022	2021
Invoiced sales on incomplete contracts	50,092	53,717
Worked-up income on incomplete contracts	-46,059	-49,361
Total	4,033	4,356

Change in contract balances

Group, MSEK	2022		2021	
	Worked-up not invoiced income	Invoiced income not worked-up	Worked-up not invoiced income	Invoiced income not worked-up
Income recognized in the period included in invoiced income not worked-up at the beginning of the period		4,356		3,954
Invoiced during the year, reduced by amounts recognized as income during the year		-4,033		-4,356
Transferred from worked-up not invoiced income at the beginning of the period to accounts receivable	-1,578		-2,038	
Worked-up during the year, reduced by amounts invoiced during the year	2,301		1,578	
Exchange rate differences	40	-62	19	-47

Income recognized during the report period from performance obligations met during previous periods was SEK -230 million (-249).

Worked-up income from ongoing contracts is recognized over time. The degree of recognition is calculated on the basis of the project costs incurred at the end of the period in relation to the project costs corresponding to the project income for the whole project.

Contract assignments are recognized in gross on the balance sheet project for project, either as Worked-up income not invoiced in current assets or as Invoiced income not worked-up in current liabilities. Projects that have higher worked-up income than the amounts invoiced are recognized as assets, while projects that have invoiced more than the income worked-up are recognized as liabilities.

Note 28 Prepaid expenses and accrued income

MSEK	Group		Parent company	
	2022	2021	2022	2021
Accrued operating income	98	137		
Accrued interest income	3	0		
Prepaid rents	53	55		
Prepaid expenses	162	149	11	9
Other	163	142		
Total	479	483	11	9

Note 29 Equity

Shares and share capital

Group	A shares	B shares	Number of issued fully paid shares	Share capital, SEK
Issued shares per January 1, 2022	34,319,957	261,729,773	296,049,730	1,583,866,056
Issued shares per December 31, 2022	34,319,957	261,729,773	296,049,730	1,583,866,056

An A share entitles the holder to 10 votes and a B share to 1 vote. The par value of all shares is SEK 5.35. All the rights for the shares held by the company (see below) have been revoked until these shares are reissued.

Repurchased own shares that have reduced the Equity item profit brought forward including profit for the year

	Number of shares ¹⁾		Amount that affected equity, MSEK ²⁾	
	2022	2021	2022	2021
Opening repurchased own shares	1,086,984	1,086,984	929	929
Repurchase of own shares	7,511,000	–	500	–
Closing repurchased own shares	8,597,984	1,086,984	1,429	929

¹⁾ A withdrawal of 5,500,000 shares was made in 2007.

²⁾ Amount affecting equity refers to the accumulated net sum of acquired and divested own shares.

Other contributed capital

Refers to equity contributed by the owners. Includes premiums paid in conjunction with new issues.

Reserves

Translation reserve

The translation reserve comprises all exchange rate differences generated by translating the financial reports from foreign companies presented in another currency than the one used in Group financial statements. The parent company and the Group present their reports in Swedish krona (SEK). The translation reserve also consists of exchange rate differences that occur when revaluing liabilities recognized as hedge instruments of net investments in foreign operations.

Hedging reserve

The hedging reserve comprises the effective part of the accumulated net changes in fair value in a cash flow hedge instrument attributable to hedged transactions that have not as yet occurred.

Profit brought forward including profit for the year

Profit brought forward including profit for the year consists of profit in the parent company, its subsidiaries and joint arrangements.

Dividend

After the balance sheet day the Board of Directors proposed the following dividend; A cash dividend of SEK 4.00 (5.00) per share, totaling SEK 1,149,806,984 (1,474,813,730), calculated on the number of outstanding shares. Total dividends are calculated on outstanding shares at the time of distribution. The dividend will be proposed for adoption by the AGM on May 4, 2023.

During the year 2022, a cash dividend of SEK 5.00 per share (4.50) has been paid.

Parent company

Restricted equity

Restricted equity may not be reduced by the distribution of dividends.

Statutory reserve

The purpose of the reserve fund is to retain a part of the net profit which is not allocated to cover balanced losses. Amounts transferred to the share premium reserve before January 1, 2006 have been transferred to, and are part of, the statutory reserve.

Fund for development costs

The amount activated by internally generated development costs is transferred from non-restricted equity to a fund for development costs in restricted equity. The fund will contract as the activated costs are depreciated or written down.

Non-restricted equity

Together with profit for the year the following funds make up non-restricted equity, i.e. the amount available for dividends to the shareholders.

Share premium reserve

When shares are issued at a premium, i.e. when more must be paid for the shares than their nominal price, an amount equivalent to the amount received in excess of the share's nominal value is transferred to the share premium reserve. The amount transferred to the share premium reserve starting January 1, 2006 is included in unrestricted capital.

Profit brought forward

Consists of the previous year's profit brought forward and profit less dividends paid out during the year.

Note 30 Interest-bearing liabilities

Group, MSEK	2022	2021
Interest-bearing long-term liabilities	7,665	5,281
Interest-bearing long-term liabilities, project financing	440	346
Interest-bearing short-term liabilities	1,897	2,386
Interest-bearing short-term liabilities, project financing	9,802	7,003
Total	19,804	15,016

Long-term liabilities

Group, MSEK	2022	2021
Bank loans ¹⁾	3,611	1,289
Bonds	2,547	2,447
Leasing liabilities	1,923	1,891
Other liabilities	24	-
Total	8,105	5,627

¹⁾ Of which SEK 440 million (346) consists of project financing.

Current liabilities

Group, MSEK	2022	2021
Bank loans ¹⁾	2,812	1,936
Commercial paper	167	1,206
Bonds	200	299
Leasing liabilities	588	528
Liabilities in Swedish tenant-owner associations ²⁾	7,894	5,409
Other liabilities	38	11
Total	11,699	9,389

¹⁾ Of which SEK 1,908 million (1,594) consists of project financing.

²⁾ Liabilities in Swedish tenant-owner associations consist entirely of project financing.

Changes in liabilities

Group, MSEK	2021-12-31	Cash flow	Items that do not effect cash flow				2022-12-31
			New leasing contracts	Acquisitions ¹⁾	Other changes	Exchange rate difference	
Bank loans	3,225	2,865		21		312	6,423
Commercial paper	1,206	-1,090				51	167
Bonds	2,746	1					2,747
Leasing liabilities	2,419	-650	527	67	77 ²⁾	71	2,511
Liabilities in Swedish tenant-owner associations	5,409	2,485					7,894
Other liabilities	11	51					62
Total	15,016	3,662	527	88	77	434	19,804

Group, MSEK	2020-12-31	Cash flow	Items that do not effect cash flow				2021-12-31
			New leasing contracts	Acquisitions ¹⁾	Other changes	Exchange rate difference	
Bank loans	4,164	-1,112		68		105	3,225
Commercial paper	110	1,088				8	1,206
Bonds	2,249	497					2,746
Leasing liabilities	2,442	-622	653	55	-148 ²⁾	39	2,419
Liabilities in Swedish tenant-owner associations	3,027	2,382					5,409
Other liabilities	-	1		10			11
Total	11,992	2,234	653	133	-148	152	15,016

¹⁾ Acquired liabilities including liabilities taken over in business and assets combinations.

²⁾ Refers to extensions, index changes and termination of contracts.

Parent company, MSEK	2021-12-31	Cash flow	2022-12-31
Liabilities to Group companies	2,281	-473	1,808
Total	2,281	-473	1,808

Parent company, MSEK	2020-12-31	Cash flow	2021-12-31
Liabilities to Group companies	2,697	-416	2,281
Total	2,697	-416	2,281

Note 31 Pensions

Defined benefit pension plans

Defined benefit plans consist of the Swedish ITP 2 Plan for white-collar workers which is managed through insurance with Alecta. Since Alecta cannot provide the information required to report the ITP 2 plan as a defined benefit plan it is recognized as a defined contribution plan (see below).

ITP 2 defined benefit plan obligations for old age pension and family pension obligations for white-collar workers in Sweden are managed through insurance from Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Reporting pension plan ITP 2 which is financed through insurance from Alecta, this is a defined benefit plan that encompasses several employers. For the financial year of 2022 the company did not have the necessary information required to recognize its proportional share of the plan's obligations, plan assets and expenses which has made it impossible to recognize this plan as a defined benefit plan. Therefore the ITP 2 pension plan which is secured through insurance from Alecta is recognized as a defined contribution plan. Premiums for the defined benefit old age and family plans are calculated individually taking into account salary, previously earned pension and anticipated remaining employment period. Anticipated premiums for the next report period for ITP 2 insurance that are covered by Alecta amount to SEK 111 million (149). The Group's share of total premiums for the plan and the Group's share of the total number of active members of the plan are 0.79 percent (0.71) respective 0.66 percent (0.66).

The collective consolidation level is made up of the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's insurance methods and adjustment assumptions, which are not in accordance with IAS 19. Normally the collective consolidation level is permitted to vary between 125 and 175 percent. If Alecta's collective consolidation level is less than 125 percent or exceeds 150 measures must be taken aimed at returning the consolidation level to the normal interval. If the consolidation level is low one measure may be raising the agreed price for new subscriptions and expanding existing benefits. If the consolidation level is high one measure may be implementing premium reductions. At the end of 2022, Alecta's surplus in the form of the collective consolidation level amounted to 172 percent (172).

Defined contribution plans

The Group has defined contribution plans which are entirely paid for by the companies. Payments to these plans are made on a current basis according to the rules of each plan.

	Group		Parent company	
	2022	2021	2022	2021
MSEK				
Expenses for defined contribution plans	989	996	41	54
<i>Of which ITP 2 plans financed in Alecta</i>	171	187	8	9

Note 32 Provisions

Provisions which are long-term liabilities

Group, MSEK	2022	2021
Guarantee risk reserve	591	650
Restoration costs	306	333
Special payroll tax on pensions	138	151
Disputes	7	13
Obligations in joint ventures	100	87
Other	55	79
Total	1,197	1,313

Provisions which are current liabilities

Group, MSEK	2022	2021
Fearred losses not worked-up	80	66
Guarantee risk reserve	81	107
Disputes	35	25
Other	39	42
Total	235	240

Provisions

Parent company, MSEK	2022	2021
Special payroll tax on pensions	43	45
Total	43	45

	Feared losses not worked-up	Guarantee risk reserve	Restoration costs	Special payroll tax on pensions	Disputes	Obligations in joint ventures	Other	Total
Group 2022, MSEK								
Opening recognized value	66	757	333	151	38	87	121	1,553
Provisions set aside during the year	63	454	16	25	32	15	34	639
Amounts requisitioned during the year	-49	-501	-18	-15	-26	-2	-34	-645
Provisions in acquired companies		4						4
Reversed unutilized provisions during the year		-57	-38	-23	-4		-31	-153
Increase in discounted amounts during the year		0	1					1
Exchange rate differences	0	15	12		2	0	4	33
Closing recognized value	80	672	306	138	42	100	94	1,432
Of which are long-term provisions		591	306	138	7	100	55	1,197
Of which are current provisions	80	81			35		39	235

	Feared losses not worked-up	Guarantee risk reserve	Restoration costs	Special payroll tax on pensions	Disputes	Obligations in joint ventures	Other	Total
Group 2021, MSEK								
Opening recognized value	23	850	366	148	27	108	148	1,670
Provisions set aside during the year	46	516	24	52	19	21	32	710
Amounts requisitioned during the year	-3	-595	-27	-19	-9	-44	-59	-756
Provisions in acquired companies		1	4					5
Reversed unutilized provisions during the year		-23	-41	-30			-2	-96
Exchange rate differences		8	7		1	2	2	20
Closing recognized value	66	757	333	151	38	87	121	1,553
Of which are long-term provisions		650	333	151	13	87	79	1,313
Of which are current provisions	66	107			25		42	240

Parent company, MSEK	2022	2021
Opening recognized value	45	43
Provisions set aside during the year	10	20
Amounts requisitioned during the year	-12	-15
Reversed unutilized provisions during the year		-3
Closing recognized value	43	45
Of which are long-term provisions	43	45

Feared losses not worked-up

Feared losses in contract work are expensed as soon as they are known. According to IFRS 15 the part of a feared loss that has not been worked-up is recognized as a provision. Provisions for feared losses not worked-up have been made in all business areas.

Guarantee risk reserve

Refers to the estimated cost of remedying faults and deficiencies in finished projects that arise while the project is under warranty as well as rental guarantees. Resources are consumed during the guarantee period of the project which is generally two to five years. As the effect of the point in time for payment is not material expected future disbursements are not valued at their current value. Provisions for guarantee risks have been made in all business areas.

Restoration costs

Refers to restoration costs in Industry operations for gravel pits and rock quarries after termination of operations. The provision grows in relation to the amount quarried and is reversed after restoration is complete. The reserved sum is expected to be used successively after operations are terminated. The estimated restoration time is 1 to 15 years. Our calculation

of reserved amounts is based on estimated future payments for restoration and reflects Peab's best assessment taking risks in cash flows into consideration.

Special payroll tax on pensions

There are pension plans where the Group has acquired endowment insurance which is hedged in favor of employees through pledges. Provisions for special payroll tax are reserved calculated on the fair value of the endowment insurance, except in cases where the contract stipulates that the endowment insurance covers special payroll tax.

Disputes

Refers to disputes in business areas Construction, Civil Engineering, Industry and Project Development.

Obligations in joint ventures

Refers to participations in joint ventures with a negative consolidated value in the business area Project Development.

Others

Refers to other minor provisions.

Note 33 Other liabilities

Other long-term liabilities

MSEK	Group		Parent company	
	2022	2021	2022	2021
Contingent consideration	19	-		
Liabilities acquired properties	127	153		
Other liabilities	160	119		
Total	306	272	-	-

Other current liabilities

MSEK	Group		Parent company	
	2022	2021	2022	2021
Liabilities to joint ventures	0	41		
Contingent consideration	1	2		
Withholdings, social security costs	442	406	8	8
VAT	619	727	0	1
On account work-in-progress	515	852		
Derivate instruments held for hedging purposes	6	4		
Liabilities acquired properties	178	375		
Other liabilities	168	135		
Total	1,929	2,542	8	9

Note 34 Accrued expenses and deferred income

MSEK	Group		Parent company	
	2022	2021	2022	2021
Payroll expenses	1,671	1,912	32	58
Social security expenses	523	547	28	37
Operating expenses	1,669	1,730	6	4
Negative value joint ventures ¹⁾	17	17		
Interest expenses	14	7		
Rent revenue	43	45		
Total	3,937	4,258	66	99

¹⁾ Refers to joint ventures where the net value of equity and internal profit elimination is negative

Note 35 Classification and valuation of financial assets and liabilities

Valuation of financial assets and liabilities at fair value

Group financial instruments are valued either at accrued acquisition value or fair value depending on how the instrument is classified according to IFRS 9. Items which have been the object of valuation at fair value are unlisted shareholdings and participations, different types of derivatives, unlisted funds and contingent consideration.

Group unlisted shareholdings are valued at fair value. The fair value of the Group's shares in unlisted funds is based on the valuation received from the managing institute. The valuation belongs to level 3 in the fair value hierarchy. However, the Group does not have access to the information about the input data used by the institute for the valuation and therefore no information about such data is given. The fair value of the Group's contingent considerations has been calculated as the current value of the amount expected to be paid according to each respective contract. At the end of 2022 Group contingent considerations were SEK 20 million (2).

When calculating the fair value of interest-bearing receivables and liabilities and interest rate swaps, future cash flows were discounted to the listed market interest rate for the remaining terms of maturity. Spot rates on the balance sheet date were used to calculate the fair value of currency swaps and commodity derivatives. The recognized value of non-interest-bearing asset and liability items such as accounts receivable and accounts payable with a remaining maturity of less than six months is believed to reflect the fair value. The tables below show the recognized values compared to the estimated fair value per type of financial asset and liability.

Classification of financial instruments and fair value

Group, MSEK	Valued at fair value via the income statement		Derivatives used in hedge accounting		Accrued acquisition value		Total recognized value		Fair value	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Financial assets										
Securities held as fixed assets	67	55					67	55	67	55
Interest-bearing long-term receivables					1,233	1,208	1,233	1,208	1,233	1,211
Other long-term receivables	1	0			22	69	23	69	23	69
Accounts receivable					8,454	7,802	8,454	7,802	8,454	7,802
Interest-bearing current receivables					384	342	384	342	384	342
Prepaid expenses and accrued income					3	0	3	0	3	0
Other current receivables	10	8	3		443	748	456	756	456	756
Cash and bank					1,506	2,951	1,506	2,951	1,506	2,951
Total financial assets	78	63	3	-	12,045	13,120	12,126	13,183	12,126	13,186
Financial liabilities										
Interest-bearing long-term liabilities					7,665	5,281	7,665	5,281	7,737	5,281
Interest-bearing long-term liabilities, project financing					440	346	440	346	440	346
Other long-term liabilities	19	0			197	188	216	188	216	188
Interest-bearing current liabilities					1,897	2,386	1,897	2,386	1,897	2,386
Interest-bearing current liabilities, project financing					9,802	7,003	9,802	7,003	9,802	7,003
Accounts payable					5,131	4,992	5,131	4,992	5,131	4,992
Accrued expenses and prepaid income					14	7	14	7	14	7
Other current liabilities	6	4	1	2	104	287	111	293	111	293
Total financial liabilities	25	4	1	2	25,250	20,490	25,276	20,496	25,348	20,496
Unrecognized profit/loss ¹⁾									-72	3

¹⁾ In all cases where there is a difference between recognized value and fair value the valuation belongs to level 3 in the fair value hierarchy.

The effect of valuing currency swaps at fair value was included in the Group's income statement for a total of SEK 9 million (0). The effects of valuing unlisted shares and funds including received dividends amounted to SEK 2 million (4).

Parent company, MSEK	Valued at fair value via the income statement		Accrued acquisition value		Total recognized value		Fair value	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial assets								
Securities held as fixed assets	0	0			0	0	0	0
Accounts receivable			1	0	1	0	1	0
Current receivables Group companies			2,274	2,271	2,274	2,271	2,274	2,271
Other current receivables				1		1		1
Cash and bank			0	0	0	0	0	0
Total financial assets	0	0	2,275	2,272	2,275	2,272	2,275	2,272
Financial liabilities								
Long-term liabilities Group companies			1,500	2,281	1,500	2,281	1,500	2,281
Accounts payable			20	20	20	20	20	20
Current liabilities Group companies			375	269	375	269	375	269
Total financial liabilities	-	-	1,895	2,570	1,895	2,570	1,895	2,570

Fair value

Measurement of fair value is based on a three-level hierarchy;

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

Level 2: based on direct or indirect observable inputs not included in level 1

Level 3: based on inputs unobservable to the market

The table below shows the allocated level of financial assets and financial liabilities recognized at fair value in the Group balance sheet.

Group, MSEK	Level 2		Level 3		Total	
	2022	2021	2022	2021	2022	2021
Financial assets						
Securities held as fixed assets			67	55	67	55
<i>Of which unlisted shareholdings and participations</i>			41	23	41	23
<i>Of which unlisted funds</i>			26	32	26	32
Other long-term receivables	1				1	-
<i>Of which commodity hedging with futures</i>	1				1	-
Other current receivables	13	8			13	8
<i>Of which currency derivatives</i>	9	1			9	1
<i>Of which commodity hedging with futures</i>	4	7			4	7
Total financial assets	14	8	67	55	81	63
Financial liabilities						
Other long-term liabilities			19		19	-
<i>Of which contingent consideration</i>			19		19	-
Other current liabilities	6	4	1	2	7	6
<i>Of which interest rate swaps</i>		2			-	2
<i>Of which currency derivatives</i>		1			-	1
<i>Of which commodity hedging with futures</i>	6	1			6	1
<i>Of which contingent consideration</i>			1	2	1	2
Total financial liabilities	6	4	20	2	26	6

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

Securities held as fixed assets

Group, MSEK	Unlisted funds		Unlisted shares and participations	
	2022	2021	2022	2021
Opening balance	32	37	23	23
Investments	2	4	18	
Dividends received	-10	-12		
Reported in profit/loss for the year				
Net finance	2	3		
Closing balance	26	32	41	23

Contingent consideration

Group, MSEK	2022	2021
Opening balance	2	-
Acquisitions during the year	19	2
Payments during the year	-1	-
Closing balance	20	2

Contingent consideration will be paid to the previous owner based on the a share of the profit as well as the outcome of certain specified projects. The contingent consideration is estimated at around SEK 20 million. No highest or lowest outcome is specified in the acquisition contract.

Note 36 Financial risks and Finance policy

Finance and treasury

The Group is exposed to various types of financial risks through its operations. The term financial risk refers to fluctuations in the company's profit/loss and cash flow resulting from changes in exchange rates, interest rates, raw materials prices, refinancing and credit risks as well as liquidity needs. Group finance and treasury is governed by the Finance Policy established by Peab's Board of Directors. The policy is a framework of guidelines and regulations in the form of a risk mandate and limitations in finance and treasury. The Board has appointed a Finance Committee which is chaired by the Chairman of the Board. It is authorized to make decisions that follow the Finance Policy in between meetings of the Board. The Finance Committee must report any such decisions at the next meeting of the Board. The Group function Finance and Treasury and the Group's internal bank Peab Finans AB manage coordination of Group finance and treasury. The overall target of the finance function is to provide cost-effective funding and to minimize the negative effects on Group profit/loss from financial risks.

Liquidity risk

The liquidity risk refers to the risk of Peab having difficulties in meeting its payment obligations as a result of a lack of liquidity or problems in converting or receiving new external loans. To ensure access to liquid funds binding credit facilities are contracted. The Group has a rolling one-month liquidity plan for all the units in the Group. Plans are updated each week. Group forecasts also comprise liquidity planning in the medium term. Liquidity planning is used to handle the liquidity risk and the cost of Group financing.

The objective is for the Group to be able to meet its financial obligations in favorable and unfavorable market conditions without running into significant unforeseen costs. Liquidity risks are managed centrally for the entire Group by the central Finance and Treasury function and the liquidity available at year-end is presented below.

Available liquid funds

Group, MSEK	2022-12-31	2021-12-31
Cash and bank holdings	1,506	2,951
Unutilized overdraft facilities	500	500
Other unused credit lines	6,415	8,445
Liquidity commitment for outstanding commercial papers and utilized overdraft facilities	-781	-1,306
Total	7,640	10,590

Financing risk

Peab's Finance Policy contains guidelines and regulations for managing Group interest-bearing liabilities. The Finance Policy does not, however, comprise regulations concerning interest-bearing liabilities in Swedish tenant-owner associations or leasing liabilities that Peab recognizes for leases that by the lessor are classified as operational leasing (IFRS 16, Additional leasing). Liabilities in Swedish tenant-owner associations are approved in connection with handling start-up permission for tenant-owner association projects, which is decided by the Group's investment group for Housing Development. Utilization of operational leasing in Peab is managed according to Peab's regulations for entering rental agreements and is decided by the Group's investment group for Property Development. Mandates from the Board of Directors concerning investment groups are regulated in the Policy for Internal Control and Steering.

The Finance Policy dictates that Group net debt should mainly be covered by loan commitments that mature between 1 and 5 years. At the end of 2022, the average loan period for utilized credits was 62 months (58), for unutilized credits 20 months (32), and for all granted credits 44 months (45). Basic financing is a credit facility totaling SEK 7,400 million which matures in September 2024, after extension options have been utilized. A credit facility is refinanced no later than 1 year before maturity. This loan facility is supplemented by capital market financing, other kinds of current operations financing, project-related credits, financial leasing and installment financing. At the end of the year SEK 2,485 million (455) of the loan facility was utilized. The loan facility contains financial covenants in the form of interest coverage ratios and equity/assets ratios that the Group must meet, which is standard for this kind of loan. Peab exceeded the key ratios by a broad margin at the end of 2022.

Peab set up a lending program for commercial papers in 2004. Under the program, Peab can issue commercial papers for a maximum of SEK 3.5 billion. The borrower is Peab Finans AB and the guarantor is Peab AB. At the end of the year, Peab had outstanding commercial papers nominally worth EUR 15 million (118) corresponding to SEK 167 million (1,207).

Peab set up a MTN program in 2012 with a loan limit of SEK 5 billion. In 2022 new bond loans were issued with a nominal value of SEK 300 million (2,250) under the MTN program while bonds nominally worth SEK 300 million (1,750) matured during the year. At the end of the year 2022 Peab had outstanding bonds with a nominal value of SEK 2,750 million (2,750). Per December 31, 2022 Peab had issued SEK 1,500 million in bonds within the framework of green financing. The framework has been audited by the independent company CICERO Shades of Green which has classified it at level "medium green". Funds from the green issue will be used to finance investments in green and energy efficient buildings, ECO-products and a more environmentally adapted production, green transportation and water and waste management.

Total credit commitments, excluding the unutilized part of the certificate program and the unutilized part of the MTN program, amounted to SEK 17,077 million (16,732) per December 31, 2022. Of the total credit commitments SEK 10,161 million (7,887) was utilized.

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Age analysis of financial liabilities, undiscounted cash flow including interest

Group 2022, MSEK	Currency	Average interest rate on balance sheet day, %	Nominal value, original currency	Amount SEK	Matures 2023	Matures 2024	Matures 2025	Matures 2026	Matures 2027	Matures 2028-
Bank loans	SEK	3.7	927	927	326	241	179	126	55	
Bank loans	NOK	4.5	1,332	1,408	1,284	41	27	25	25	6
Bank loans	EUR	2.0	351	3,900	2,133	34	83	122	126	1,402
Bank loans	DKK	2.9	261	391	391					
Commercial papers	EUR	2.4	15	167	167					
Bonds	SEK	3.7	2,992	2,992	301	1,385	534	772		
Other liabilities	SEK	2.7	61	61	37	24				
Other liabilities	NOK	5.7	2	2		2				
Leasing liabilities ¹⁾	SEK	3.5	443	443	139	140	151	5	4	4
Leasing liabilities ¹⁾	NOK	4.9	234	248	85	67	46	25	13	12
Leasing liabilities ¹⁾	EUR	4.1	9	103	34	31	22	16		
Leasing liabilities ¹⁾	DKK	3.0	7	10	6	4				
Total interest-bearing financial liabilities according to the Finance Policy				10,652	4,903	1,969	1,042	1,091	223	1,424
Leasing liabilities ²⁾	SEK	2.1	1,052	1,052	217	171	126	97	91	350
Leasing liabilities ²⁾	NOK	3.3	310	328	76	63	52	38	29	70
Leasing liabilities ²⁾	EUR	3.2	83	920	92	63	54	39	34	638
Leasing liabilities ²⁾	DKK	2.5	11	17	10	3	2	1	1	
Bank loans in Swedish tenant-owner associations ³⁾	SEK	4.3	8,288	8,288	4,329	3,343	616			
Total interest-bearing financial liabilities, IFRS				21,257	9,627	5,612	1,892	1,266	378	2,482
Accounts payable	SEK		3,753	3,753	3,753					
Accounts payable	NOK		757	801	801					
Accounts payable	EUR		40	446	446					
Accounts payable	DKK		88	131	131					
Other liabilities	SEK		277	277	79	20	64	64	50	
Other liabilities	NOK		23	24	24					
Derivatives				6	6					
Total non-interest bearing financial liabilities				5,438	5,240	20	64	64	50	-
Total financial liabilities				26,695	14,867	5,632	1,956	1,330	428	2,482

¹⁾ Previously financial leasing.

²⁾ Previously operational leasing. Payments for leasehold fees in coming periods are included in the table above for leasing liabilities regarding leaseholds. For periods before 2028 the payments are recognized without discounts but for the period 2028 and after, the discounted value of the remaining payments is recognized since the leasehold constitutes a never ending obligation to pay leasehold fees. Per December 31, 2022 Group leasing liabilities regarding leaseholds amounted to SEK 368 million (359), see note 37 Leasing for further details.

³⁾ For bank loans in Swedish tenant-owner associations the age analysis shows the liabilities' contractual mature dates. However, the liabilities are derecognized when the final homebuyers take over their apartments, which in practice entails a shorter period of time than presented in the table above.

Group 2021, MSEK	Cur- rency	Average interest rate on balance sheet day, %	Nominal value, original currency	Amount Matures						
				SEK	2022	2023	2024	2025	2026	2027-
Bank loans	SEK	1.3	683	683	244	207	130	75	27	
Bank loans	NOK	2.3	992	1,017	611	157	19	17	21	192
Bank loans	EUR	0.6	127	1,301	16	12	28	86	119	1,040
Bank loans	DKK	1.0	224	308	308					
Commercial papers	EUR	0.1	118	1,207	1,207					
Bonds	SEK	1.1	2,853	2,852	331	227	1,023	514	757	
Other liabilities	NOK	1.2	11	11	5	6				
Leasing liabilities ¹⁾	SEK	1.6	441	441	120	162	131	20	5	3
Leasing liabilities ¹⁾	NOK	2.5	171	175	60	47	31	21	8	8
Leasing liabilities ¹⁾	EUR	2.8	11	112	18	28	23	18	14	11
Leasing liabilities ¹⁾	DKK	1.1	10	13	4	4	4	1		
Total interest-bearing financial liabilities according to the Finance Policy				8,120	2,924	850	1,389	752	951	1,254
Leasing liabilities ²⁾	SEK	2.3	964	964	199	163	125	88	79	310
Leasing liabilities ²⁾	NOK	3.7	240	246	60	48	34	26	21	57
Leasing liabilities ²⁾	EUR	3.5	107	1,098	102	86	61	53	38	758
Leasing liabilities ²⁾	DKK	2.0	11	15	7	4	2	1	1	0
Bank loans in Swedish tenant-owner associations ³⁾	SEK	1.9	5,538	5,538	2,256	2,510	772			
Total interest-bearing financial liabilities, IFRS				15,981	5,548	3,661	2,383	920	1,090	2,379
Accounts payable	SEK		3,780	3,780	3,780					
Accounts payable	NOK		764	783	783					
Accounts payable	EUR		32	326	326					
Accounts payable	DKK		75	103	103					
Other liabilities	SEK		444	444	256	48	13	64	63	
Other liabilities	NOK		30	31	31					
Derivatives				4	4		0			
Total non-interest bearing financial liabilities				5,471	5,283	48	13	64	63	-
Total financial liabilities				21,452	10,831	3,709	2,396	984	1,153	2,379

¹⁾ Previously financial leasing.

²⁾ Previously operational leasing. Payments for leasehold fees in coming periods are included in the table above for leasing liabilities regarding leaseholds. For periods before 2027 the payments are recognized without discounts but for the period 2027 and after, the discounted value of the remaining payments is recognized since the leasehold constitutes a never ending obligation to pay leasehold fees. Per December 31, 2021 Group leasing liabilities regarding leaseholds amounted to SEK 359 million (442), see note 37 Leasing for further details.

³⁾ For bank loans in Swedish tenant-owner associations the age analysis shows the liabilities' contractual mature dates. However, the liabilities are derecognized when the final homebuyers take over their apartments, which in practice entails a shorter period of time than presented in the table above.

Interest rate risk

The interest rate risk is the risk that Peab's cash flow or the value of financial instruments may vary with changes in market interest rates. The interest rate risk can result in changes in fair values and cash flows. A crucial factor affecting interest rate risk is the fixed interest period.

The Finance Policy dictates that the average fixed interest period on total borrowing (excluding additional leasing and liabilities in Swedish tenant-owner associations) may not exceed 24 months. Peab has chosen short fixed interest periods for outstanding credits. Per December 31, 2022 there were no interest rate swaps (250). In previous interest rate swaps Peab paid a fixed annual interest rate and received floating rates (Stibor 3 months). Swap agreements are recognized at fair value on balance sheet dates. Per December 31, 2022 the fair value for interest rate swaps was SEK - million (-2).

Interest rate derivatives

MSEK	Currency	Effective rate %	Amount SEK	Matures 2022
Interest rate swaps 2022-12-31	SEK	-	-	
Interest rate swaps 2021-12-31	SEK	2.5	250	250

Interest-bearing liabilities excluding liabilities in Swedish tenant-owner associations and additional leasing according to IFRS 16 were per December 31, 2022 SEK 10,161 million (7,887). The interest-bearing credit facilities with a maturity of more than twelve months were SEK 8,462 million (4,230) and with a maturity of less than twelve months were SEK 1,700 million (3,657).

As the table below shows, the fixed interest period for SEK 10,099 million (7,545) of the Group's utilized credit facilities is less than 1 year. Interest-bearing asset items including liquid funds were SEK 3,123 million (4,501), of which SEK 1,865 million (3,055) have short fixed interest periods. Net utilized credit lines and interest-bearing asset items with short fixed interest periods of less than 1 year were SEK 8,234 million (4,490). The net amount is therefore almost directly susceptible to changes in market interest rates. Since financial liabilities have a short maturity most of the interest rate risk is considered a cash flow risk. For further information regarding Peab's risk sensitivity see the Sensitivity Analysis in the Board of Directors' Report.

Fixed interest rate period on utilized credits per 2022-12-31

Fixed interest period	Amount, MSEK	Average effective interest rate, percent	Share, percent
2023	10,099	3.3	99
2024-	62	3.5	1
Total	10,161	3.3	100

Interest rate risk in bank loans in Swedish tenant-owner associations

Interest on bank loans taken out by Swedish tenant-owner associations is included in the cost of ongoing work-in-progress in project and development property. A change in the interest rate on these liabilities would therefore not affect Peab's net financial items.

Currency risks

The currency risk is the risk that fair values and cash flows of financial instruments may fluctuate with changes in the value of foreign currencies.

Financial exposure

Group borrowing is done in local currencies to reduce currency risks in operations. Assets and liabilities in foreign currency are translated at the rate on the balance sheet date. Borrowing in the interest-bearing liabilities per December 31, 2022, including leasing and liabilities in Swedish tenant-owner associations was allocated as follows:

	2022-12-31		2021-12-31	
	Local currency in millions	MSEK	Local currency in millions	MSEK
SEK	12,900	12,900	10,104	10,104
EUR	413	4,593	312	3,190
NOK	1,794	1,896	1,353	1,388
DKK	277	415	243	334
Total		19,804		15,016

Internal loans from Peab Finans AB are used to handle temporary liquidity needs in Peab's foreign operations. Currency swaps are used to eliminate exchange risks. At the end of the year, there were no outstanding currency swaps relating to financial exposure. Exchange rate differences in net financials items from financial exposure were SEK -6 million (7) in 2022. Exchange rate differences primarily refer to claims on subsidiaries in Norway and Finland and have no cash flow effect. Exchange rate differences in operating profit were SEK -13 million (-1).

Exposure of net assets in foreign currency

The translation exposure arising from investments in foreign net assets can be hedged through loans in foreign currency or forward exchange contracts. At the end of 2022 and 2021 there were no hedges in forward exchange contracts for foreign net assets.

Foreign net assets

Local currency in millions	2022	Of which hedged	2021	Of which hedged
NOK	1,841	-	2,239	-
EUR	140	-	166	-
DKK	-9	-	2	-
PLN	4	-	0	-

A change in the euro exchange rate as of December 31, 2022 by ten percent would entail a translation effect on equity of SEK 156 million (170). A corresponding change in the exchange rate for the Norwegian krone and Danish krone, respectively, would entail a translation effect on equity of SEK 195 million (230) and 1 million (0).

Translation differences in equity (net assets in foreign subsidiaries) for the year amounted to SEK 210 million (184).

Commercial exposure

Although international purchases and sales of goods and services in foreign currency are currently limited, they are expected to increase as the competition grows regarding purchasing goods and services. Contracted or forecasted currency flows can be hedged for 12 months from the date of the contract. At the end of 2022, there were exchange rate hedges related to forecasted currency flows of EUR 12 million (15) and of PLN 21 million (25). Peab did not apply hedge accounting on these hedges.

Raw materials risk**Electricity**

Peab's asphalt production is energy intense as are major construction projects. An energy shortage or high prices for it can entail a risk for our ability to operate. The energy risk is managed through fixed price contracts in Sweden, Norway and Finland.

Oil and gas

Peab purchases oil and gas for its operations. The price risk and availability of oil and gas are in part hedged via longer purchasing contracts and in part via derivative contracts with a maturity of up to 12 months. Peab did not apply hedge accounting on oil derivatives.

Bitumen

Bitumen is a binder in asphalt production and is the single highest cost in asphalt operations. Peab's asphalt operations are exposed to changes in the price of bitumen, which has a direct effect on earnings and margins. The price of bitumen generally follows the specific oil price index HSFO. Some contracts with customers have sales price clauses that regulate changes in the price of bitumen.

Peab has two different kinds of bitumen exposures.

1. In fixed price sales there is a risk that the price of bitumen will rise before delivery, which raises the purchase price. The fixed price sales cannot be adjusted to cover additional costs. Therefore the project's profit margin is not ensured. Peab handles the bitumen component price risk by hedging purchases through external derivatives.

2. Warehousing risk due to lead times. Peab stores bitumen in different depositions during the off season. Peab handles the bitumen component price risk by hedging purchases through external derivatives.

The risk of fixed price sales and the warehousing risk are managed by Peab Finans via oil futures with HSFO as an underlying variable. As of October 2022 Peab is to a greater degree applying hedge accounting for oil futures. Exposure is presented in the table below.

Derivatives and hedge accounting

Hedge accounting is applied according to IFRS 9 on oil futures that hedge the bitumen price risk in USD. A financial relationship is assumed to exist in the Group's hedging relationships since the hedge instruments' and the hedged items' terms correspond to each other and their values thereby are expected to develop in opposite directions when the underlying hedged risk changes. The hedged risk is the raw materials price risk in USD, where the price is hedged in the respective subsidiary's functional currency. In the case of fixed price sales the anticipated cash flows for the purchase of bitumen are hedged and in the case of the warehousing risk the fair value of the bitumen stored is hedged. The effectiveness is firstly estimated according to critical terms (nominal volumes, maturity times, oil price index and currency). The credit risk is not expected to materially contribute to ineffectiveness since the derivative has a limited maturity and is entered into with banks with high creditworthiness. Another possible source of ineffectiveness is surplus hedging but since the exposure is not fully hedged the estimated risk of surplus hedging is minimal. The hedge ratio is 1:1.

Bitumen derivatives with hedge accounting per December 31, 2022

	Total	<3 mon	3 mon-1 year	>1 year
Fixed price contract – cash flow hedging				
Purchase of Bitumen/via HSFO hedging contract, ton	7,825	2,925	4,900	-
Fair value hedging contract, MSEK	0	-1	1	-
Warehouse contract – fair value				
Sale of Bitumen/via HSFO hedging contract, ton	6,150	-	6,150	-
Fair value hedging contract, MSEK	2	-	2	-

Bitumen derivatives without hedge accounting per December 31, 2022

	Total	<3 mon	3 mon-1 year	>1 year
Fixed price contract – cash flow hedging				
Purchase of Bitumen/via HSFO hedging contract, ton	4,447	225	3,272	950
Fair value hedging contract, MSEK	1	0	0	1
Warehouse contract – fair value				
Sale of Bitumen/via HSFO hedging contract, ton	7,298	3,519	3,779	-
Fair value hedging contract, MSEK	-1	0	-1	-

Bitumen derivatives without hedge accounting per December 31, 2021

	Total	<3 mon	3 mon-1 year	>1 year
Fixed price contract – cash flow hedging				
Purchase of Bitumen/via HSFO contract, ton	12,851	3,644	6,985	2,222
Fair value hedging contract, MSEK	6	1	4	1
Warehouse contract – fair value				
Sale of Bitumen/via HSFO contract, ton	23,110	4,301	18,809	-
Fair value hedging contract, MSEK	0	0	0	-

Effect of hedge accounting

The effect of hedge accounting on Group profit/loss and financial position is shown below.

Group, MSEK	2022-12-31				January – December 2022			
	Nominal amount/volume	Recognized value		Item in report on financial position that contains hedge instruments	Change in value of hedge instruments that adjust the value of inventories	Change in value of hedge instruments recognized in other comprehensive income	Amount reclassified from hedging reserve to profit/loss	Items in profit/loss affected by reclassification
		Assets	Liabilities					
Raw materials risk ¹⁾								
Cash flow hedging – fixed price contract Bitumen	7,825	1	-1	Other long-term liabilities	-	0	-	Production costs
Fair value hedging – warehouse contract Bitumen	6,150	2	-	Other short term/long term receivables	2	-	-	Production costs via inventories
Interest rate risk								
Interest rate swaps – cash flow hedging	-	-	-	Other short-term liabilities	-	-	2	Financial costs

¹⁾ Any hedging ineffectiveness or raw material hedging is recognized as other income/other expense. Peab has not recognized any ineffectiveness in 2022.

Group, MSEK	2021-12-31				January – December 2021			
	Nominal amount/volume	Recognized value		Item in report on financial position that contains hedge instruments	Change in value of hedge instruments recognized in other comprehensive income	Amount reclassified from hedging reserve to profit/loss	Items in profit/loss affected by reclassification	
		Assets	Liabilities					
Raw materials risk								
Commodity hedging with futures, thousand tons	-	-	-	Other long-term liabilities	-	2	-2	Production costs
Interest rate risk								
Interest rate swaps – cash flow hedging	250	-	2	Other short-term liabilities	-	12	-6	Financial costs

Credit risk

Credit risk refers to the risk of losing money if a counterparty fails to meet its obligations.

Credit risks in financial instruments

Credit risks in financial instruments are very limited since Peab only deals with counterparties with high credit ratings. Counterparty risks are primarily associated with receivables to banks and other counterparties involved in the purchase of derivatives. The Finance Policy contains special counterparty regulations which specify the maximum credit exposure for various counterparties. The framework agreement of the International Swaps and Derivatives Association (ISDA) is used with all counterparties in derivative transactions. According to the agreement when a counterparty cannot settle its obligations in all transactions the agreement is discontinued and all outstanding dealings are then settled for a net amount. ISDA agreements do not meet the criteria for offsetting on the balance sheet. The information in the table below shows the financial instruments covered by ISDA agreements.

Group, MSEK	2022		2021	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Recognized gross amount	14	6	8	4
Amount covered by netting agreement	-4	-4	-3	-3
Net sum after netting agreement	10	2	5	1

Peab did not suffer any financial instrument credit losses in 2022. Total counterparty exposure related to derivative trading calculated as a net receivable per counterparty amounted to SEK 10 million (5) at the end of 2022. The estimated gross exposure to counterparty risks related to liquid funds and current investments amounted to SEK 1,506 million (2,951). Most of the Group's liquid funds are placed in banks with the credit rating AA- from Standard & Poor's.

Loss reserves for interest-bearing receivables

Group, MSEK	2022	2021
Opening balance per January 1	9	9
Revaluating the loss reserve, net	1	0
Closing balance per December 31	10	9

Credit risk in accounts receivable

The risk that Group customers cannot meet their obligations, i.e. payment is not received from customers, is a customer credit risk. Credit losses are relatively rare in the construction and civil engineering business since there are a great number of projects and customers that are invoiced at regular intervals during production. The Group's customers undergo a credit rating control providing information on customers' financial positions from various credit rating companies before a project is undertaken. The Group has an established Credit Policy for handling customer credit. For instance, it specifies where decisions regarding credit limits of various sizes are taken and how uncertain receivables should be handled. Bank guarantees or other collateral are required for customers with low credit ratings or insufficient credit history. The maximum exposure to credit risk is the recognized value on the Group balance sheet. Total bad debts in 2022 amounted to SEK 8 million (13). The credit quality in accounts receivable that are not yet due is considered good. Accounts receivable that are more than 90 days overdue, excluding loss provisions, amounted to SEK 1,923 million (1,554). Overdue accounts receivable are for the most part unclarity regarding contract terms relating to the customer about the final contract amount. Risks in accounts receivable have been taken into account in project forecasts or been handled as provisions.

The table below shows accounts receivable per customer category.

Group, MSEK	2022	2021
Private customers	4,887	4,510
Public customers	3,443	3,126
Joint ventures	171	210
Accounts receivable, gross	8,501	7,846
Loss reserves	-47	-44
Accounts receivable, net	8,454	7,802

Accounts receivable written down

Group, MSEK	2022	2021
Opening balance per January 1	44	38
Write-downs acquired companies	-	1
Reversed write-downs	-10	-13
Write-downs	11	14
Reclassifications	1	2
Exchange rate differences	1	2
Closing balance	47	44

There are no mature receivables of significant amounts for other receivables.

Capital management

Peab strives to have a good capital structure and financial stability in order to provide a stable basis for continuing business activities, thereby enabling the company to keep existing owners and attract new ones. A good capital structure also promotes the development of good relations with the Group's creditors in a manner which benefits all parties.

Capital is defined as Equity and refers to equity attributable to shareholders in the parent company.

Equity

Group, MSEK	IFRS		Segment reporting	
	2022	2021	2022	2021
Equity attributable to shareholders in parent company	13,768	13,681	14,960	14,655

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.

Our financial targets under the strategic target most profitable company are as follows and based on segment reporting:

- Operating margin > 6 %
- Net debt/equity ratio 0.3 – 0.7
- Dividend > 50 % of profit for the year

The target for the operating margin is that it will over time exceed six percent. Peab's operating margin in 2022 was 4.3 percent (5.2). The lower operating margin is due to inflation and the weakened market. As a result of a reduced cash flow the net debt/equity ratio at the end of 2022 landed at 0.5 (0.2) which was in the middle of the target interval 0.3 – 0.7. During the year we continued to invest mainly in our capital intensive operations in Industry and Project Development. We also carried out a repurchasing program of our own shares for SEK 500 million. Peab's target for dividends is to annually distribute at least 50 percent of profit for the year according to segment reporting to shareholders. The dividend must be in reasonable proportion to Peab's profit development and consolidation needs. In addition to ordinary dividends the Board can propose extra cash dividends if it finds that funds exist which are not considered to be requisite for the Group's development. Extra dividends may also be distributed in a form other than cash. In February 2023 Peab's Board proposed an ordinary dividend of SEK 4.0 (5.0) per share for the calendar year 2022. Excluding the 8,597,984 shares held by Peab AB as of December 31, 2022 which do not entitle to a dividend, the proposed dividend entails a total dividend amount of SEK 1,150 million (1,475). Calculated as a share of recognized Group profit after tax the proposed dividend amounts to 56 percent (59).

Holdings of own shares

At the start of 2022 Peab's holding of own shares amounted to 1,086,984 B shares, corresponding to 0.4 percent of the total number of shares. On May 5, 2022 Peab's AGM authorized the Board of Directors to acquire shares in Peab AB up to an amount so that after acquisition Peab would hold a maximum of 10 percent of the registered shares in the company for the period until the next AGM. The purpose of the purchase of own shares is to improve the capital structure of the company. The shares were repurchased on Nasdaq Stockholm according to the Nordic Main Market Rulebook for Issuers of Shares – Nasdaq Stockholm (Supplement D) and EU Parliament's and Council's EU regulation no. 596/2014 on market abuse (MAR). According to the Board's decision shares could be repurchased during the period for a maximum of SEK 500 million and a number of shares so that the company's holding of its own shares after the repurchasing does not exceed one tenth of all shares in the company. The shares could only be repurchased at a price per share within the price interval registered at any given time on Nasdaq Stockholm, meaning the interval between the current highest buy price and the lowest sell price published by Nasdaq Stockholm. During the period up to December 31, 2022 a total of 7,511,000 B shares have been repurchased for a total of SEK 500 million. After this repurchasing Peab's holding of own shares is 8,597,984 B shares corresponding to 2.9 percent of the total number of shares.

Note 37 Leasing

Leasing – lessees

Group, MSEK	Right-of-use assets				Total
	Buildings and land	Machinery and equipment	Investment property	Project and development properties	
Depreciations during 2022	-292	-337	-	-	-629
Closing recognized value December 31, 2022	1,269	945	21	332	2,567
Depreciations during 2021	-278	-335	-	-	-613
Closing recognized value December 31, 2021	1,256	881	19	326	2,482

Included in the Group's additional rights of use is the purchase price for newly acquired rights of use in 2022 as well as future amounts from reevaluations of leasing liabilities due to changed payments because the leasing period has changed. Additional rights of use in 2022 amounted to SEK 700 million (748), of which SEK 76 million (100) refer to leaseholds recognized as project and development properties. Additional rights of use in 2022 included rights of use that come from the acquisition of companies Arne Olav Lund AS and Asfaltti-System OY. The comparable period includes additional rights of use that come from the acquisition of companies HGT AS and Frøseth AS.

Other leasing information

Peab reported interest rate costs on leasing liabilities of SEK 61 million (66) in 2022. Total leasing payments amounted to SEK 2,259 million (2,216).

The cost of current leasing for the year was SEK 1,529 million (1,502). The cost of leasing for smaller values for the year was SEK 47 million (45). Variable fees not included in leasing liabilities were SEK 12 million (5).

Leasing income for subleased items was SEK 2 million (3).

Interest-bearing liabilities are presented in note 30 and the maturity analysis is presented in note 36.

- Buildings and land – mainly refers to rent for offices and other premises, leaseholds and land leases. Rent for offices and other premises normally matures between three and ten years. In cases where it is feasible that the extension option will be used it is included in the leasing period. Leaseholds that are non-cancellable are considered to have a never ending leasing period.
- Machinery and equipment – mainly refers to vehicles. Leasing contracts normally mature between four and five years including extension options.
- Investment properties – mainly refers to leaseholds. Leaseholds that are non-cancellable are considered to have a never ending leasing period.
- Project and development properties – mainly refers to leaseholds. Leaseholds that are non-cancellable are considered to have a never ending leasing period.

Parent company, MSEK	2022	2021
<i>Future minimum leasing fees for non-cancellable leases</i>		
Within one year	5	5
Between one and five years	11	11
Later than five years	8	11
Total	24	27
Financial year's expensed leasing fees	18	18

Leasing- lessor

Leasing payments for the year recognized as income:

Group, MSEK	2022	2021
Minimum lease payments	64	45
Variable fees	2	3
Total leasing income	66	48

Non-cancellable leasing payments amount to:

Group, MSEK	2022	2021
Within a year	55	32
Between one and five years	47	22
Later than five years	16	34
Total	118	88

Note 38 Investment obligations

In 2022 the Group signed agreements to acquire tangible fixed assets amounting to SEK 1 158 million (500).

The Group had no obligations to invest in joint arrangements at the end of 2022 or 2021.

Companies classified as joint arrangements have obligations for investments of SEK 1,418 million (1,313). Most of the investments refer to construction of rental apartment buildings and other commercial property and are expected to be settled in the coming fiscal years.

The parent company has not signed any agreements to acquire tangible fixed assets.

Note 39 Pledged assets, contingent liabilities and contingent assets

Pledged assets

MSEK	Group		Parent company	
	2022	2021	2022	2021
For own liabilities and provisions				
Real estate mortgages ¹⁾	2,333	1,779		
Real estate mortgages in Swedish tenant-owner associations ¹⁾	2,179	1,589		
Assets with retention of title ²⁾	1,699	1,511		
Other pledged assets and guarantees				
Pledged shares in joint arrangements	527	493		
Total	6,738	5,372	-	-

¹⁾ Pledged assets are recognized as current assets.

²⁾ Includes leasing assets of SEK 828 million (763) with retention of title, primarily vehicles.

Contingent liabilities

MSEK	Group		Parent company	
	2022	2021	2022	2021
Shared obligations as partial owners in limited partnerships	42	34	-	-
Surety and contract guarantees for Group companies	-	-	17,701	14,729
Surety for the benefit of joint arrangements	2,655	3,080	2,689	3,114
Surety for construction loans to tenant-owner associations	97	19	6,182	5,437
Other surety	49	130	49	407
Total	2,843	3,263	26,621	23,687

As a consequence of Peab consolidating Swedish tenant-owner associations per January 1, 2020 according to IFRS, surety for tenant-owner associations under production is not reported. When homebuyers take possession of their apartments and the tenant-owner association is no longer consolidated in Peab's accounts, Peab then reports the part of surety for unsold homes. Peab has a guarantee obligation to acquire unsold homes six months after completion.

In most of the tenant-owner associations Peab develops, Peab AB signs guarantees as surety for paid advances and down payments. These guarantees ensure the tenant-owner's right to repayment of a down payment if the tenant-owner makes a cancellation because of a substantial rise in fees during the first year after the annual meeting where the final cost of the project is presented. After that the guarantee is null and void. Guarantees or equivalent insurance from an external insurer have never been used and Peab considers it highly unlikely that this will occur in the future. The guarantees are therefore not reported as contingent liabilities.

Note 40 Appropriation of profit

Proposed appropriation of profit

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

Share premium reserve	2,308,208,948
Profit brought forward	2,086,114,462
Profit for the year	2,473,891,537
Total	6,868,214,947

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

Dividend, 287,451,746 shares at SEK 4.00 per share ¹⁾	1,149,806,984
Carried forward ²⁾	5,718,407,963
Total	6,868,214,947

¹⁾ There were 296,049,730 registered shares on February 2, 2023 in the parent company, of which the shares entitled to dividends amounted to 287,451,746

²⁾ of which to share premium reserve 2,308,208,948

Note 41 Related parties

The Group is subject to considerable influence by Mats Paulsson and Fredrik Paulsson together with families, children and companies. In 2017 the Paulsson families merged the majority of their indirect holdings into a holding company, Ekhaga Utveckling AB, which is controlled by Mats Paulsson's son Fredrik Paulsson. Ekhaga Utveckling AB has 20.9 percent of the capital and 48.3 percent of the votes. Mats and Fredrik Paulsson together with families have 5.2 percent of capital and 11.0 percent of the votes.

SkiStar

The SkiStar Group is subject to considerable influence by Mats and Fredrik Paulsson with families, children and companies through their ownership of the company. Fredrik Paulsson is a member of the board of SkiStar.

Ekhaga Utveckling AB

Ekhaga Utveckling is subject to considerable influence by Mats and Fredrik Paulsson with families, children and companies through their ownership of the company. Fredrik Paulsson is CEO of Ekhaga Utveckling.

AB Axel Granlund/Volito

Karl-Axel Granlund is a member of the Board of Peab and Chairman of Volito AB which is part of the AB Axel Granlund Group.

Annehem Fastigheter

The Annehem Group is subject to considerable influence by Mats Paulsson with family, children and companies through their ownership in the company. Peab's President and CEO, Jesper Göransson, is a member of the board of Annehem Fastigheter.

Joint arrangements

In addition to the related parties presented above the Group has a related party relation with its joint arrangements, see note 19 and 20.

Subsidiaries

In addition to the related parties relations given above for the Group, the parent company has a related party relation with its subsidiaries, see note 42.

Summary of transactions with related parties

Group, MSEK	2022	2021
Transactions with joint arrangements		
Sales to joint arrangements	1,430	1,530
Purchases from joint arrangements	196	213
Interest revenue from joint arrangements	59	55
Receivables from joint arrangements	1,667	1,492
Liabilities to joint arrangements	11	42
Pledged guarantees/surety for joint arrangements	3	-
Dividends from joint arrangements	185	384
Capital contributions to joint arrangements	221	739
Guarantee liabilities for the benefit of joint arrangements	2,655	3,080
Transactions with SkiStar		
Sales to SkiStar	87	198
Purchases from SkiStar	1	1
Receivables from SkiStar	5	15
Transactions with Ekhaga Utveckling AB		
Sales to Ekhaga Utveckling AB	74	51
Purchases from Ekhaga Utveckling AB	84	65
Receivables from Ekhaga Utveckling AB	9	6
Liabilities to Ekhaga Utveckling AB	11	10
Cash dividends to Ekhaga Utveckling AB	310	277
Transactions with AB Axel Granlund/Volito		
Cash dividends to AB Axel Granlund/Volito	97	88
Transactions with Annehem Fastigheter		
Sales to Annehem Fastigheter	136	433
Purchases from Annehem Fastigheter	83	66
Receivables from Annehem Fastigheter	13	3
Liabilities to Annehem Fastigheter	25	3

Summary of transactions with related parties

Parent company, MSEK	2022	2021
Transactions with subsidiaries		
Sales to subsidiaries	294	326
Purchases from subsidiaries	150	50
Interest costs to subsidiaries	42	48
Receivables from subsidiaries	2,274	2,271
Liabilities to subsidiaries	1,875	2,550
Capital contributions to subsidiaries	21	105
Dividends from subsidiaries	1,024	-
Transactions with Ekhaga Utveckling AB		
Purchases from Ekhaga Utveckling AB	1	0
Cash dividends to Ekhaga Utveckling AB	310	277
Transactions with AB Axel Granlund/Volito		
Cash dividends to AB Axel Granlund/Volito	97	88

Executive management

For information on salaries and other remuneration to the Board of Directors, the CEO and senior officers along with information on costs relating to pensions and similar benefits and agreements on retirement remuneration, see note 9. During 2022 other senior officers hired companies within the Peab Group for private services of less than SEK 1 million. In 2021 other senior officers hired companies within the Peab Group for private services of SEK 18 million. The services have been delivered at market prices.

Transaction terms

Transactions with related parties were on market terms.

Note 42 Group companies

Specification of the parent company's direct holdings of shares in subsidiaries

Company	Corp.ID.nr	Registered office	Number of shares	Share of equity ¹⁾		Recognized value in parent company, MSEK	
				2022	2021	2022	2021
Peab Sverige AB	556099-9202	Båstad	1,000,000	100.0%	100.0%	3,622	3,622
Peab Industri AB	556594-9558	Ängelholm	82,521,948	100.0%	100.0%	2,588	2,588
Peab Finans AB	556552-1324	Båstad	1,000,000	100.0%	100.0%	1,616	1,616
Peab Försäkrings AB	556511-5408	Båstad	6,150,000	100.0%	100.0%	1,370	1,370
Peab Anläggning AB	556568-6721	Båstad	2,900,000	100.0%	100.0%	942	942
Peab Bygg Norge AS	920 003 672	Tromsø	1,000	100.0%	100.0%	861	861
Peab Oy	1509374-8	Helsinki	1,000	100.0%	100.0%	488	488
Peab Support AB	556061-1500	Stockholm	700,000	100.0%	100.0%	115	115
Peab Projektutveckling AB	556715-0254	Båstad	1,000	100.0%	100.0%	105	105
Peab Förslöv Holding AB	559283-3635	Båstad	1,000	100.0%	100.0%	42	21
Total						11,749	11,728

¹⁾ The share of capital corresponds to the share of votes

Parent company, MSEK	2022	2021
Opening acquisition value	11,839	13,587
Reduction of share capital	21	105
Sales/liquidation	-	-1,853
Closing accumulated acquisition values	11,860	11,839
Opening revaluations	-	100
Sales/liquidation	-	-100
Closing accumulated revaluations	-	-
Opening write-downs	-111	-1,578
Sales/liquidation	-	1,467
Closing accumulated write-downs	-111	-111
Closing balance	11,749	11,728

During 2021 and 2022, no write-downs of shares in Group companies have taken place in the parent company.

Specification of other Group companies

Company	Corp.ID.nr	Registered office	Share of equity ^(1,2)	Company	Corp.ID.nr	Registered office	Share of equity ^(1,2)
3F Eiendom AS	998 735 068	Tromsø	100.0%	Husgruppen i Alingsås KB	969728-7887	Gothenburg	100.0%
AB M113	559291-7727	Solna	100.0%	HälsingeBygg i Hudiksvall AB	556624-4025	Hudiksvall	100.0%
Aktiebolaget Smidmek Eslöv	556232-3963	Eslöv	100.0%	Industribyn Ängelholm AB	556539-3641	Ängelholm	90.0%
Ale Exploatering AB	556426-2730	Gothenburg	100.0%	INSPI Sweden AB	556796-7970	Stockholm	100.0%
ANS Solligården	957 524 346	Bærum	100.0%	JV Kirstinpuisto 3 Oy	3243452-4	Helsinki	100.0%
Arne Olav Lund A/S	914 004 330	Larvik	90.4%	JV Kirstinpuisto 4 Oy	3253058-3	Helsinki	100.0%
Asfaltti-System Oy	0924008-6	Helsinki	100.0%	JV Riikintaaleri Oy	3239691-9	Helsinki	100.0%
Asunto Oy Turun Kirstinpuiston Koivu	3240850-2	Helsinki	100.0%	JV Tikkurilan Plootu Oy	3235057-5	Helsinki	100.0%
Asunto Oy Turun Kirstinpuiston Pihlaja	3240853-7	Helsinki	100.0%	K.Nordang AS	936 574 696	Stranda	100.0%
Asunto Oy Vantaan Plootu	3126722-6	Helsinki	100.0%	KB Brämaregården 18:4	969638-3364	Kristianstad	100.0%
Asunto Oy Vantaan Riikintaaleri	3126718-9	Helsinki	100.0%	KB Klagshamn Exploatering	916563-4412	Båstad	100.0%
ATS Kraftservice AB	556467-5998	Båstad	100.0%	KB Messingen	916837-9817	Solna	100.0%
ATS Tjänster AB	556501-1011	Helsingborg	100.0%	KB MURAREN 105	916837-9544	Mölnadal	100.0%
Barkåkra 56:1 AB	559328-6783	Solna	100.0%	KB Muraren 135	916837-9841	Båstad	100.0%
Birsta Fastigheter AB	556190-3765	Helsingborg	100.0%	KB Möllevarvet	969639-7877	Båstad	100.0%
Bivacken HR 1 AB	559321-8505	Solna	100.0%	Kehitysyhtiö Pyynikki Oy	2214064-5	Helsinki	100.0%
Bivacken HR 2 AB	559321-8513	Solna	100.0%	Kiinteistö Oy City Garden	2625235-3	Tammerfors	100.0%
Bivacken HR 3 AB	559321-8521	Solna	100.0%	Kiinteistö Oy Eventes II	1582860-1	Esbo	100.0%
Bjurrhovda Fastighets AB	559254-2384	Solna	100.0%	Kiinteistö Oy Helsingin Karvaamokuja 1	2405933-0	Helsinki	100.0%
Bjørn Bygg AS	943 672 520	Tromsø	100.0%	Kiinteistö Oy Mallanpuisto	1580499-2	Esbo	100.0%
Bo i Norrviken AB	559136-6728	Solna	100.0%	Kjølnes Eiendom AS	991 085 033	Skien	75.0%
Bodenhus AB	556279-8768	Boden	100.0%	Kokpunkten Fastighets AB	556759-5094	Stockholm	100.0%
Boende Bankeryd AB	559247-1873	Solna	100.0%	Kranor AS	976 313 062	Bærum	100.0%
Bogsprötet Fastighets AB	559342-4517	Solna	100.0%	Krantorp KB	969623-0540	Mölnadal	100.0%
Bogstrand AS	996 043 428	Harstad	100.0%	Kreaton AB	556644-5010	Gothenburg	100.0%
Bojfastet Invest AB	556695-4169	Solna	100.0%	K-System AB	559308-9286	Malmö	100.0%
Borås Kasernen 1 AB	559332-9971	Solna	100.0%	Kvarnbacken Barkarö Fastighet AB	559316-6662	Stockholm	100.0%
Bostadsrättsföreningen Primus Brygga	769634-4915	Stockholm	100.0%	Kyrkbacken i Tavelsjö AB	559350-5927	Solna	100.0%
Bostadsrättsföreningen Primus Port	769634-4907	Stockholm	100.0%	Lambertsson Kran AB	556543-5293	Båstad	100.0%
Bostadsrättsföreningen Primusterrassen	769634-4899	Stockholm	100.0%	Lambertsson Oy	0937993-4	Helsinki	100.0%
Bröderna Paulsson Peab AB	556113-4114	Båstad	100.0%	Lambertsson Sverige AB	556190-1637	Båstad	100.0%
Bukta Bay AS	912 778 355	Tromsø	100.0%	Lommen 6 i Norrköping AB	559307-9386	Solna	100.0%
Båråmo i Värnamo AB	556713-7871	Båstad	100.0%	Loviselunds Fastighets AB	559254-2418	Solna	100.0%
Eldslundfastigheter Sverige AB	556750-2165	Linköping	100.0%	Mauritz Larsson Byggnads AB	556036-8242	Båstad	100.0%
Erik Foss AS	916 162 898	Tromsø	100.0%	Nesveien 15 AS	919 202 173	Lysaker	100.0%
Eventes II Ky	3139237-7	Helsinki	100.0%	Nordbyen Eiendom AS	995 300 400	Tromsø	100.0%
Fastighets AB Gamlestadens Smedja	559240-9345	Solna	100.0%	Norrberga Exploaterings AB	556809-1846	Solna	100.0%
Fastighets AB Isolatorn	556913-9644	Solna	100.0%	Nye Egne Hjem AS	913 624 149	Lysaker	100.0%
Fastighets AB Knallerian	559013-6916	Solna	100.0%	Olof Mobjer Entreprenad AB	556445-1275	Båstad	100.0%
Fastighets AB Messingen 7	559332-9997	Solna	100.0%	Packhusallén Fastighets AB	559388-6491	Solna	100.0%
Fastighets AB Partille 11	556518-4354	Gothenburg	100.0%	Partille 11 Bostad BR 1 AB	556960-0330	Gothenburg	100.0%
Fastighets AB Partille 11:70	559265-7992	Solna	100.0%	Partille 11 Bostad BR 2 AB	556960-0348	Gothenburg	100.0%
Fastighets AB Spelhagen	556795-0992	Solna	100.0%	Partille 11 Bostad Holding AB	556958-4146	Gothenburg	100.0%
Fastighetsaktiebolaget Ekudden	556628-0326	Alingsås	100.0%	Partille Port Holding AB	556960-0264	Gothenburg	100.0%
Fastighetsaktiebolaget Kronos	559265-7950	Solna	100.0%	Peab Anlegg AS	913 502 566	Bærum	100.0%
Fastighetsaktiebolaget Teide	559265-8040	Solna	100.0%	Peab AS	990 040 729	Bærum	100.0%
Flygstaden Intressenter i Söderhamn AB	556438-9665	Båstad	100.0%	Peab Asfalt A/S	18 298 503	Silkeborg	100.0%
Fredborg 1 AB	559332-5417	Solna	100.0%	Peab Asfalt AB	556098-8122	Båstad	100.0%
Frøseth AS	953 323 141	Verdal	100.0%	Peab Asfalt Norden AB	559342-4434	Båstad	100.0%
Frøseth Grus och Sten AB	559128-2818	Åre	100.0%	Peab Asfalt Norge AS	994 628 577	Oslo	100.0%
Furuspecialen i Nyköping Fastighets AB	556695-9986	Solna	100.0%	Peab Bara AB	559388-6392	Solna	100.0%
Fyrskepsstationen 1 Fastighets AB	559291-7784	Solna	100.0%	Peab Bemanning AB	556737-7683	Solna	100.0%
Fältjägaren 7 AB	556855-7176	Östersund	100.0%	Peab Bemanning AS	991 687 971	Bærum	100.0%
G Nilsson Last & Planering i Ranseröd AB	556236-0908	Båstad	100.0%	Peab Bildrift Norden AB	556707-8380	Helsingborg	100.0%
Glacell Sverige AB	559351-2337	Båstad	100.0%	Peab Bildrift Norge AS	892 890 692	Bærum	100.0%
Grunnarbeid Lysaker AS	996 217 981	Bærum	100.0%	Peab Bildrift Sverige AB	556313-9608	Helsingborg	100.0%
Hagström i Nås AB	556377-1376	Vansbro	100.0%	Peab Bivacken i Växjö AB	559043-4774	Solna	100.0%
Hanbjelken AB	556699-4306	Solna	100.0%	Peab Bolig Prosjekt AS	990 892 385	Bærum	100.0%
Hasselnöten Fastighets 1 AB	559353-6591	Solna	100.0%	Peab Borås Exploatering AB	556651-7727	Båstad	100.0%
Hasselnöten Fastighets 2 AB	559353-6609	Solna	100.0%	Peab Bostad AB	556237-5161	Stockholm	100.0%
HGT AS ³⁾	947 563 580	Kokstad	90.1%	Peab BU Drift AB	559076-5516	Solna	100.0%

Company	Corp.ID.nr	Registered office	Share of equity ^(1,2)	Company	Corp.ID.nr	Registered office	Share of equity ^(1,2)
Peab BU Finland AB	559369-7245	Solna	100.0%	Peab Hem AB	556077-8499	Båstad	100.0%
Peab BU Holding 1 AB	559019-1846	Solna	100.0%	Peab Hermelinen AB	556872-5633	Stockholm	100.0%
Peab BU Holding 10 AB	559283-3718	Solna	100.0%	Peab Holding AB	556594-9533	Båstad	100.0%
Peab BU Holding 11 AB	559283-3825	Solna	100.0%	Peab Högsbo 34:6 AB	556898-8553	Stockholm	100.0%
Peab BU Holding 12 Aktiefbolag	559206-1088	Solna	100.0%	Peab i Kungsbacka 8 AB	556789-7466	Gothenburg	100.0%
PEAB BU Holding 13 AB	559325-0631	Solna	100.0%	Peab Industri Danmark A/S	40 964 460	Copenhagen	100.0%
PEAB BU Holding 14 AB	559325-0680	Solna	100.0%	Peab Industri Finland AB	556687-9226	Helsingborg	100.0%
Peab BU Holding 15 AB	559342-4392	Solna	100.0%	Peab Industri Holding OY	312070-9	Helsinki	100.0%
Peab BU Holding 16 AB	559342-4376	Solna	100.0%	Peab Industri Norge AS	990 609 527	Bærum	100.0%
Peab BU Holding 17 AB	559342-4384	Solna	100.0%	Peab Industri OY	2977551-2	Helsinki	100.0%
Peab BU Holding 18 AB	559342-4459	Solna	100.0%	Peab Industribyggnad i Norr AB	556851-7121	Båstad	100.0%
Peab BU Holding 19 AB	559342-4467	Solna	100.0%	Peab Inflygningen 1 AB	559311-5230	Solna	100.0%
Peab BU Holding 2 AB	559036-7396	Solna	100.0%	Peab Infra Oy	2303725-2	Helsinki	100.0%
Peab BU Holding 20 AB	559404-8968	Solna	100.0%	Peab Jockeyn AB	559175-8635	Solna	100.0%
Peab BU Holding 21 AB	559404-8950	Solna	100.0%	Peab Johanneslust AB	559175-9773	Solna	100.0%
Peab BU Holding 22 AB	559404-8943	Solna	100.0%	Peab Kiinteistökehitys Oy	3136811-5	Helsinki	100.0%
Peab BU Holding 23 AB	559404-8935	Solna	100.0%	Peab Kirstinpuisto 3 AB	559369-7260	Solna	100.0%
Peab BU Holding 24 AB	559404-8976	Solna	100.0%	Peab Kirstinpuisto 4 AB	559369-7252	Solna	100.0%
Peab BU Holding 3 AB	559076-5466	Solna	100.0%	Peab Landskampen AB	559164-5907	Solna	100.0%
Peab BU Holding 4 AB	559118-0871	Solna	100.0%	Peab Lojobacken AB	556760-5091	Solna	100.0%
Peab BU Holding 5 AB	559091-5160	Solna	100.0%	Peab Lokal AB	559025-6607	Solna	100.0%
Peab BU Holding 6 AB	559076-5524	Solna	100.0%	Peab Markutveckling AB	556949-4437	Solna	100.0%
Peab BU Holding 7 AB	559065-1427	Solna	100.0%	Peab Messingen Kv4 AB	559181-9494	Solna	100.0%
Peab BU Holding 8 AB	559265-7901	Solna	100.0%	Peab Norr 16:2 AB	556984-9713	Solna	100.0%
Peab BU Holding 9 AB	559265-7893	Solna	100.0%	Peab PGS AB	556428-5905	Båstad	100.0%
Peab Byggservice AB	556066-3675	Båstad	100.0%	Peab Plootu 4 AB	559366-1704	Solna	100.0%
Peab Drivaarena AB	556741-8578	Solna	100.0%	Peab Primus 1 AB	559345-4134	Solna	100.0%
Peab Drotten 10 AB	559032-4686	Solna	100.0%	Peab Primus 2 AB	559345-4142	Solna	100.0%
Peab Eiendomsutvikling AS	987 099 011	Lysaker	100.0%	Peab Primus 3 AB	559345-4159	Solna	100.0%
Peab Eiendomsutvikling Nord AS	982 794 528	Tromsø	100.0%	Peab Primus 4 AB	559345-4167	Solna	100.0%
Peab Fastighet AB	559091-3538	Solna	100.0%	Peab Primus 5 AB	559342-4483	Solna	100.0%
Peab Fastighetsutveckling AB	556824-8453	Båstad	100.0%	Peab Primus 6 AB	559342-4418	Solna	100.0%
Peab Flottiljen 26 AB	559265-7935	Solna	100.0%	Peab Primus 7 AB	559342-4426	Solna	100.0%
Peab FU Almnäs AB	556594-9160	Solna	100.0%	Peab Projektutveckling Väst AB	556092-9852	Gothenburg	100.0%
PEAB FU Finland AB	559246-2831	Solna	100.0%	Peab Property Gardner II Oy	3136812-3	Helsinki	100.0%
Peab FU Gardens AB	559351-2501	Solna	100.0%	Peab Riikintaalerig AB	559366-1696	Solna	100.0%
Peab FU Holding 1 AB	556855-6954	Solna	100.0%	Peab Råsunda Holding AB	559030-7723	Solna	100.0%
Peab FU Holding 10 AB	559328-6932	Solna	100.0%	Peab Sannegården AB	559065-9792	Solna	100.0%
Peab FU Holding 11 AB	559332-9955	Solna	100.0%	Peab Skandinavien AB	556568-8784	Båstad	100.0%
Peab FU Holding 12 AB	559342-4475	Solna	100.0%	Peab Sp.z.o.o	40624	Warszawa	100.0%
Peab FU Holding 13 AB	559388-6459	Solna	100.0%	Peab Sturefors AB	559065-7499	Solna	100.0%
Peab FU Holding 2 AB	556864-4156	Solna	100.0%	Peab Support AS	998 622 670	Bærum	100.0%
Peab FU Holding 3 AB	556866-8635	Solna	100.0%	Peab Support Oy	2586326-7	Helsinki	100.0%
Peab FU Holding 4 AB	556946-9058	Solna	100.0%	Peab Teleterassen AB	559181-9478	Solna	100.0%
Peab FU Holding 5 AB	556979-7698	Solna	100.0%	Peab Trading Nord AB	556715-4827	Solna	100.0%
Peab FU Holding 6 AB	556649-9116	Båstad	100.0%	Peab Trading Solna AB	556793-1554	Solna	100.0%
Peab FU Holding 7 AB	559030-7301	Solna	100.0%	Peab Trading Väst AB	556594-9590	Gothenburg	100.0%
Peab FU Holding 8 AB	559230-5469	Solna	100.0%	Peab Trading Öst AB	556778-8749	Stockholm	100.0%
Peab FU Holding 9 AB	559265-7885	Solna	100.0%	Peab Transport & Maskin AB	556097-9493	Örkelljunga	100.0%
Peab FU Husbacka AB	556946-9108	Solna	100.0%	Peab Tvärbanan AB	559241-1465	Solna	100.0%
Peab FU Jupiter 4 AB	556126-0745	Solna	100.0%	Peab Täljö Strandängar AB	559181-9379	Solna	100.0%
Peab FU Lager 2 AB	559076-5508	Solna	100.0%	Peab Utbygging AS	915 464 254	Tromsø	100.0%
Peab FU Logistik Almnäs AB	559369-7310	Solna	100.0%	Peab Utveckling AB	559283-3726	Båstad	100.0%
Peab FU Logistik Hagalund AB	559369-7203	Solna	100.0%	Peab Vagnpark AB	556234-0371	Båstad	100.0%
Peab FU Logistik Rebbelberga AB	559387-6435	Solna	100.0%	Peab Vallimovallen AB	559369-7237	Solna	100.0%
Peab FU Rebbelberga 147 AB	556470-0176	Solna	100.0%	Peab Veddesta AB	559276-9805	Solna	100.0%
Peab FU Vintrie 1 AB	559034-8925	Solna	100.0%	Peab Åkerbåret AB	559311-5180	Solna	100.0%
Peab FU Vintrie 5 AB	559241-1697	Solna	100.0%	Peab Åkemyntan 10 AB	556910-9290	Solna	100.0%
Peab FU Visby AB	556679-4862	Solna	100.0%	Peab Älvringen i Jönköping AB	559069-2058	Solna	100.0%
Peab FU Visby Exploatering AB	556800-9335	Solna	100.0%	Peab Ångsviolen AB	559181-9403	Solna	100.0%
Peab Förskolan AB	556707-9719	Sigtuna	100.0%	Peab Österplan 2 i Örebro AB	559081-4611	Solna	100.0%
Peab Gamlestads Plaza AB	559221-0057	Solna	100.0%	Peab Österplan 3 i Örebro AB	559081-4603	Solna	100.0%
Peab Grundläggning AB	556154-7364	Båstad	100.0%	Peab Österplan 4 i Örebro AB	559081-4637	Solna	100.0%

1	Company	Corp.ID.nr	Registered office	Share of equity ¹⁾²⁾
2	Peabskolan AB	556442-7432	Båstad	100.0%
3	Projektfastigheter Götaland AB	556259-3540	Båstad	100.0%
4	Projektfastigheter Väst AB	556044-1866	Båstad	100.0%
5	Rankhus Tomtutveckling AB	559175-9187	Solna	100.0%
6	Riksten Friluftstad AB	556547-8764	Stockholm	100.0%
7	Rådasand AB	556042-8699	Lidköping	100.0%
8	Skandinaviska Byggelement AB	556034-2148	Helsingborg	100.0%
9	Skåne Projektfastigheter AB	556471-9143	Båstad	100.0%
10	Skånehus AB	556547-6958	Båstad	100.0%
11	Solberg Maskin AS	999 327 869	Trondheim	100.0%
12	Spinnerskan Fastighets AB	559342-4525	Solna	100.0%
13	Stockholms Kommerciella Fastighets AB	556105-6499	Stockholm	100.0%
14	Stora Hammar Exploatering AB	556763-4216	Vellinge	100.0%
15	Strandpromenaden Grunnan 1 AB	556924-8080	Solna	100.0%
16	Strandvegen Næring AS	921 986 017	Tromsø	100.0%
17	Strandvegen Utvikling AS	916 575 939	Tromsø	100.0%
18	Strømsgodset Utvikling AS	925 193 372	Bærum	100.0%
19	Strömstad Exploatering AB	559002-4518	Solna	100.0%
20	Svecem AB	556919-5760	Helsingborg	100.0%
21	Swerock AB	556081-3031	Helsingborg	100.0%
22	Swerock AS	983 065 309	Oslo	100.0%
23	Swerock Norden AB	556594-9624	Ångelholm	100.0%
24	Swerock Oy	1509160-3	Helsinki	100.0%
25	Södra Änggården Kv 2 AB	559115-9040	Solna	100.0%
26	Teatern i Borlänge AB	559387-6427	Solna	100.0%
27	Telge Peab AB	556790-5889	Södertälje	100.0%
28	Trollhättan Traversen 4 AB	559265-8016	Solna	100.0%
29	Trondheimsveien 113 AS	994 535 250	Bærum	100.0%
30	Tullholmsvikens Parkerings AB	559181-8769	Solna	75.0%
31	Ulriksdal Sopsug AB	559170-7715	Solna	100.0%
32	Ulriksdal Utveckling AB	556509-6392	Solna	100.0%
33	Ultimes III Holding Oy	3136774-5	Helsinki	100.0%
34	Ultimes III Ky	3139119-8	Helsinki	100.0%
35	Ultimes III PG Oy	3136775-3	Helsinki	100.0%
36	Ultimes IV Holding Oy	3136770-2	Helsinki	100.0%
37	Ultimes IV Ky	3139117-1	Helsinki	100.0%
38	Ultimes IV PG Oy	3136772-9	Helsinki	100.0%
39	Ultimes V Ky	3139121-9	Helsinki	100.0%
40	Vejby Transport & Miljö AB	556240-2742	Ångelholm	100.0%
41	Verkstaden 17 i Västerås AB	559114-5916	Solna	100.0%
42	Viken Centrum Fastighets AB	559311-5214	Solna	100.0%
43	Villa Strå Fastighets AB	559254-2376	Solna	100.0%
44	Visio Exploatering AB	556570-7030	Solna	100.0%
45	Värby Fastighets AB	556703-4771	Båstad	100.0%
46	Västra Vakten Fastighets AB	559351-2428	Solna	100.0%
	Älvringen Kontoret 1 i Jönköping AB	559332-9948	Solna	100.0%
	Överby Holding AB	559103-6818	Solna	100.0%
	Överby Lager 2 AB	559122-6161	Solna	100.0%

¹⁾ The share of capital corresponds to the share of votes.

²⁾ Except for the Group companies acquired in 2022 (see note 5), the share of capital in 2022 corresponds to the share of capital in 2021.

³⁾ The company was 100 percent consolidated through the anticipated acquisition method, since Peab has a put/call option for the acquisition of the rest of the shares.

Note 43 Untaxed reserves

Parent company, MSEK	2022	2021
Tax allocation reserve	3,289	3,186
Accumulated additional depreciation, intangible assets	3	4
Accumulated additional depreciation, machinery and equipment	0	0
Total	3,292	3,190

Note 44 Cash flow statement

Paid interest and dividends received

MSEK	Group		Parent company	
	2022	2021	2022	2021
Dividends received	194	319	1,024	-
Interest received	82	74	0	1
Interest paid	-419	-266	-42	-49

Adjustments for items not included in cash flow

MSEK	Group		Parent company	
	2022	2021	2022	2021
Profit from participation in joint ventures	-121	-214		
Dividends received from joint ventures	185	307		
Depreciation and write-downs	1,713	1,707	1	1
Unrealised exchange rate differences	16	0		
Profit/loss on sales of fixed assets	-145	-148		
Profit/loss on sales of subsidiaries/businesses	-28	-		-63
Provisions	-185	-162	-2	2
Change in fair value of financial instruments	8	9		
Other	-	50		
Total	1,443	1,549	-1	-60

Transactions without payments

Group, MSEK	2022	2021
Aquisition of assets by leasing	527	653

Acquisition of subsidiaries/businesses

Group, MSEK	2022	2021
<i>Acquired assets and liabilities</i>		
Intangible assets	97	87
Tangible assets	137	189
Financial assets	-	0
Project and development properties and inventories	5	39
Accounts receivable and other receivables	94	62
Liquid funds	19	28
Interest-bearing liabilities	-21	-36
Interest-bearing liabilities (leases)	-67	-55
Deferred tax liabilities	-30	-29
Provisions	-4	-5
Accounts payable and other current liabilities	-52	-41
Acquired net assets	178	239
Purchase prices	178	239
Contingent consideration	-19	-
Non-controlling interests	-8	-
Promissory note	-	-9
Paid purchase sum	151	230
Less: Liquid funds in acquired companies	-19	-28
Effect on liquid funds	132	202

Disposal of subsidiaries/businesses

Group, MSEK	2022	2021
<i>Disposed assets and liabilities</i>		
Tangible assets	16	-
Project and development properties and inventories	2	-
Disposed net assets	18	-
Sales price	46	-
Purchase price	46	-
Effect on liquid funds	46	-

Liquid funds

The following components are included in liquid funds:

Group, MSEK	2022	2021
Cash and bank	1,506	2,951
Total	1,506	2,951

Note 45 Information on parent company

Peab AB is a Swedish registered limited company domiciled in Båstad. Peab AB's shares are listed on Nasdaq Stockholm. The address of the head office is Margretorpsvägen 84, SE-269 73 Förslöv, Sweden. The consolidated accounts for 2022 consist of the parent company and its subsidiaries, together referred to as the Group. The Group also includes shares of holdings in joint arrangements.

Note 46 Significant events after the balance sheet date

No significant events occurred after the balance sheet date.

ESEF information

Company name:	Peab AB
Address:	Margretorpsvägen 84, 269 73 Förslöv
Country:	Sweden
Description of nature of entity's operations and principal activities:	Peab is the Nordic Community Builder

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The Board and CEO assure that the Annual Report has been prepared in accordance with good accounting practices in Sweden and the consolidated accounts have been prepared in accordance with International Accounting Standards, stated in the regulation of the European Parliament and the Council of Ministers (EG) no 1606/2002 of July 19, 2002, concerning the application of international accounting standards. The Annual Report and the consolidated accounts give a true and fair view of the parent company as well as of the Group's position and result. The Board of Directors' report for the parent company and the Group gives a true and fair view of the parent company's and Group's business development, position and result. It also describes the major risks and uncertainty factors facing the parent company and Group companies.

The statutory Sustainability Report, which comprises the areas in Peab AB's Annual Report the content of which is denoted on page 85, has been approved for issuance by the Board of Directors.

Förslöv, March 31, 2023

Anders Runevad
Chairman of the Board

Fredrik Paulsson
Member of the Board

Liselott Kilaas
Member of the Board

Kim Thomsen
Member of the Board

Karl-Axel Granlund
Member of the Board

Malin Persson
Member of the Board

Magdalena Gerger
Member of the Board

Maria Doberck
Member of the Board

Kerstin Lindell
Member of the Board

Lars Sköld
Member of the Board

Patrik Svensson
Member of the Board

Jesper Göransson
Chief Executive Officer

The Annual Report and the consolidated accounts have been approved for publication by the Board of Directors and the Chief Executive Officer on March 31, 2023. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be presented for adoption by the AGM on May 4, 2023.

Our Auditor's report was submitted on March 31, 2023
Ernst & Young AB

Jonas Svensson
Authorized Public Accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Peab AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 61–152.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition of construction projects

Description

The Group recognises ongoing construction projects over time, which means that revenue and expenses are recognised gradually in line with the contract progress. Revenue and profits are recognised in relation to the progress of the project, based on expenses incurred as at the balance sheet date compared with estimated total expenses on completion of the project.

Any forecast losses are recognised as expenses as soon as they are known.

Revenue and profit recognition is based on estimates of the total project cost and project revenue. An effective control environment, with ongoing forecast monitoring of the project's final financial outcome, is therefore of great importance to the Group. Changes in assumptions during the implementation of a project may have a material impact on the Group's profit and financial position. Project forecasts are evaluated regularly by the Group during the course of the project and are adjusted as necessary. Modifications of the forecasts, additional works and requirements are considered when the Group considers it probable that the amount will be received from the client and when the amount can be measured reliably.

The estimates and assessments of revenue recognition of construction projects are described in Note 2 "Important estimates and assessments", Note 4 "Operating Segment" and Note 27 "Construction contracts".

In view of the above assumptions and assessments made in connection with the revenue recognition of construction projects, we believe that this area is to be considered a key audit matter in our audit.

How our audit addressed this key audit matter

Our audit process includes, among other things, analytical review of the revenues and margins of projects as well as data-based transaction analysis. We have sampled revenues and costs in selected projects, which are of significant size or pose a material risk to the company. We have also held discussions together with the company's controllers and project managers including assessments, assumptions and estimates related to revenue recognition, income statement and allocation of costs.

We have also reviewed material agreements to identify possible risks to penalty payments in connection with delays in the projects, and we also have continuous reconciliation together with the company's internal legal representatives. We have reviewed provisions and other reserves related to construction projects based on underlying data and the company's assessments.

We have continuous meetings and discussions with the responsible auditors in each country to identify and cover country-specific risks.

We have assessed the accuracy of the company's assessments of the final outcome of the projects and also held discussions with the company's management regarding the outcome.

We have evaluated the accounting of revenue recognition of construction projects is in accordance with the company's accounting principles and that they correspond to IFRS. We have reviewed the disclosures in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–60 and pages 157–172. The other information also includes the Remuneration Report and were obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern.

They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the

group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Peab AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial

situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528) for Peab AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Peab AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Peab AB by the general meeting of the shareholders on the May 5, 2022 and has been the company's auditor since the May 6, 2021.

Förlöv March 31, 2023

Ernst & Young AB

Jonas Svensson

Authorized Public Accountant

Corporate governance report 2022



Peab is a Swedish public limited liability company listed on Nasdaq Stockholm, Large Cap. Peab's corporate governance is based on the Swedish Company Act, the Swedish Code of Corporate Governance (www.bolagsstyrning.se), Nasdaq Stockholm's regulations for issuers as well as Peab's articles of association, Code of Conduct, policies and other internal rules that Peab's Board of Directors have adopted. This report is presented by the Board of Directors of Peab AB but it is not a part of the formal annual financial reports.



Shareholders, Annual General Meeting, the nomination procedure and diversity policy

All shareholders can use their right to vote at the Annual General Meeting (AGM) which is Peab's highest decision-making body.

The process of nominating members of the Board of Directors and the auditor to the AGM follows the nomination procedure established at the previous AGM. In order to create diversity and breadth in the Board regarding experience, expertise and background, the Nomination Committee applied the following diversity policy when nominating Board members to the 2022 AGM (consistent with wording in the Swedish Code of Corporate Governance, p 4.1): The Board should have a composition appropriate for the company's operations, phase of development and other relevant circumstances. Board members elected by the shareholders' meeting should collectively exhibit diversity and breadth of qualifications, experience and background. The company should strive for gender balance on the Board." Half of the members of the Board elected by the AGM are female and half are male.

The AGM was held on May 5, 2022 in Grevie, Båstad Municipality. Shareholders could vote in the AGM either personally, through agents, or through postal voting in accordance with Peab's articles of association. A total of 327 shareholders, representing more than 77.5 percent of the total

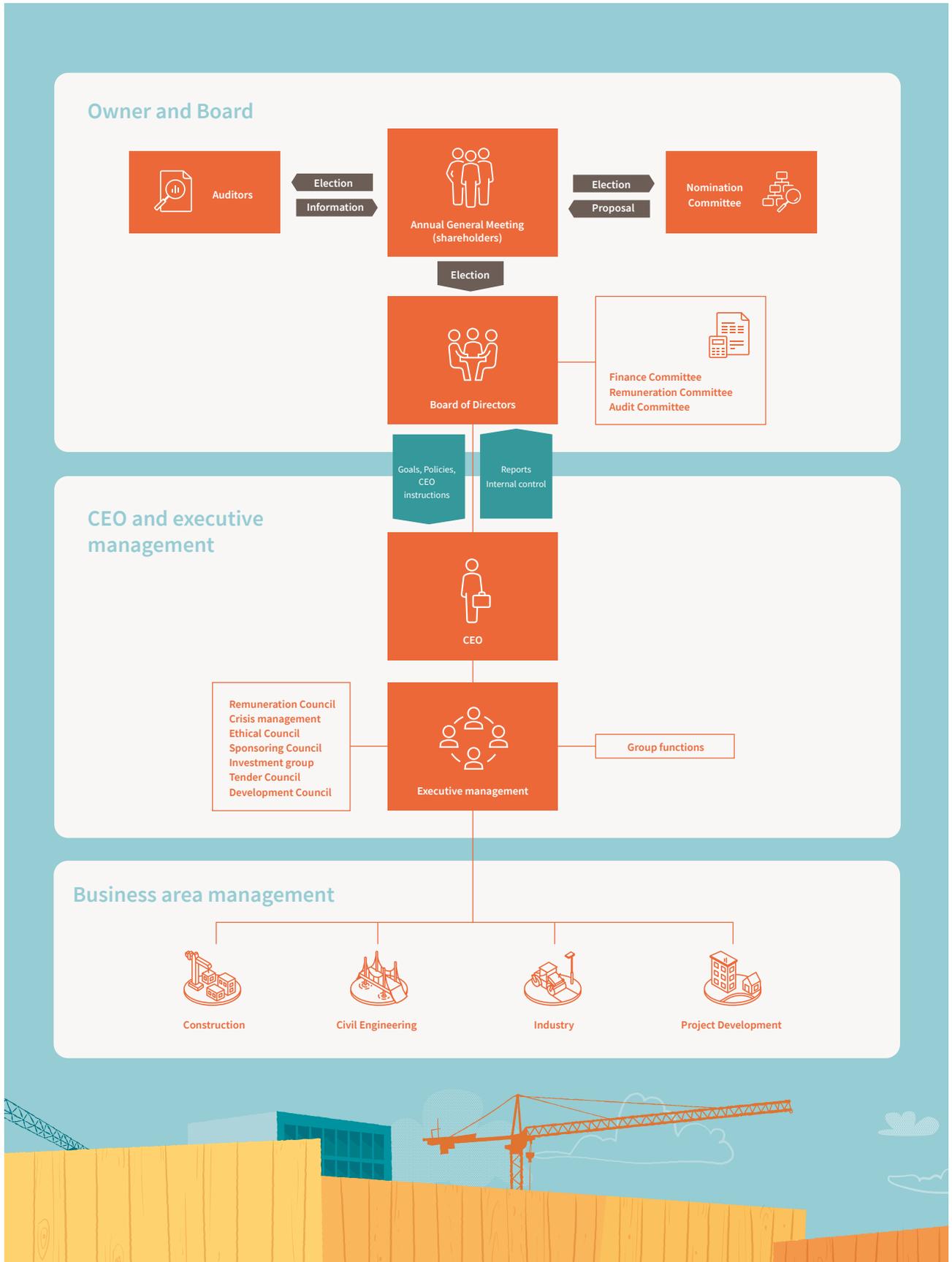
number of votes in the company, participated in the voting procedures. Of these 325 participated in person, or via agents at the AGM. Two shareholders used postal voting.

The AGM decided to adopt "Principles for the appointment and instruction for the Nomination Committee in Peab AB (publ)", according to which the Nomination Committee for the 2023 AGM should consist of four representatives – one representative for each of the three largest shareholders according to the share register per September 30, 2022 that wish to nominate a member of the Nomination Committee, as well as the Chairman of the Board. If any or some of the three major shareholders abstain from nominating a member of the Nomination Committee the Chairman of the Board must offer other major shareholders the opportunity to nominate a member. If such an offer is made it should be in sequence to the major shareholders (i.e. first to the fourth largest shareholder, then to the fifth major shareholder etc.). This procedure should be repeated until the Nomination Committee consists of four members, including the Chairman of the Board. Mats Paulsson, Peab's Profit-Sharing Foundation and the Kamprad Family Foundation have made it known that they do not wish to participate in the Nomination Committee for the AGM 2023. State Street Bank and Trust Co, W9 have not answered the request.

Therefore the Nomination Committee for the 2023 AGM has the following composition:

- Anders Sundström, Ekhaga Utveckling AB
- Ulf Liljedahl, AB Axel Granlund
- Suzanne Sandler, Handelsbanken Funds
- Anders Runevad, Chairman of the Board of Peab AB

The Nomination Committee has appointed Ulf Liljedahl as Chairman of the Nomination Committee. The main task of the Nomination Committee is to prepare suggestions for Board members as well as remuneration for Board and committee work. The Nomination Committee should also propose an accountant and accountant remuneration, Chairman of the AGM and, if needed, changes in the instructions to the Nomination Committee.



Board meetings, attendance 2022

AGM elected members	Independent in relation to the company and executive management	Independent in relation to the major shareholders	Attendance Board meetings	Audit Committee	Presence Audit Committee	Remuneration Committee	Presence Remuneration Committee	Finance Committee	Presence Finance Committee
Anders Runevad	Yes	Yes	9/9			C	3/3	C	6/6
Magdalena Gerger	Yes	Yes	9/9	M	4/4				
Karl-Axel Granlund	Yes	Yes	9/9			M	3/3	M	5/6
Kerstin Lindell	Yes	Yes	9/9	M	4/4				
Fredrik Paulsson	No	No	9/9			M	3/3	M	6/6
Malin Persson	Yes	Yes	9/9						
Lars Sköld	Yes	Yes	9/9	C	4/4				
Liselott Kilaas	Yes	Yes	9/9	M	4/4				

Employee representatives

Maria Doberck, ordinary	9/9
Patrik Svensson, ordinary	9/9
Kim Thomsen, ordinary	9/9
Peter Johansson, deputy	9/9
Cecilia Krusing, deputy	8/9

C – Chairman M – Member



The Board of Directors and its work

Peab's Board of Directors is ultimately responsible for the company's operations. According to Peab's articles of association the Board of Directors must be made up of no fewer than five and no more than nine members in addition to the statutory employee representatives. The members of the Board of Directors are elected annually by the AGM. It was decided at the 2022 AGM that the Board of Directors would consist of eight members. The following persons were elected as members of the Board of Directors, all reelected:

- Karl-Axel Granlund
- Magdalena Gerger
- Liselott Kilaas
- Kerstin Lindell
- Fredrik Paulsson
- Malin Persson
- Anders Runevad
- Lars Sköld

Anders Runevad was appointed Chairman of the Board by the AGM. The members of the Board of Directors elected by the shareholders are remunerated as members of the Board and, where applicable, as members of committees in accordance with the decisions taken by the AGM. Board member remuneration is reported in note 9 in the Annual Report.

The following employee representatives were appointed by the employee unions at the 2022 AGM: Maria Doberck, Patrik Svensson och Kim Thomsen (members), Peter Johansson and Cecilia Krusing (deputies).

The Board of Directors held nine meetings in 2022, of which five were ordinary Board meetings (including the constitutional meeting) and four additional Board meetings, one held per capsulam.

Members of executive management have given reports at the Board meetings. The principle company accountant has been present at two ordinary Board meeting. The Board's work follows the work program adopted by the Board of Directors.

The Board evaluates its work on an annual basis and to evaluate the nominations to the 2022 AGM the Chairman of the Board produced and compiled an inquiry consisting of 49 questions which all the Board members and deputies answered. Regarding the evaluation of the Chairman of the Board, the Chairman of the Nomination Committee has approved the inquiry's contents and compiled it. In the evaluation the Board of Directors stated that they are well aware of the company's targets and strategies, core values, business idea and Code of Conduct and that Board members are experienced in, and knowledgeable about, sustainability issues that are essential to Peab. The result of the evaluation was reported at a Board meeting and Nomination Committee meeting in preparation for nomination.

Information about the Board members is presented on page 162 and is included in the Corporate governance report.



The Audit Committee

Members during 2022, after the AGM and constitutional Board meeting:

- Lars Sköld, Chairman
- Magdalena Gerger
- Kerstin Lindell
- Liselott Kilaas

The Audit Committee prepares the work of the Board of Directors by monitoring and ensuring the quality of company financial reports and maintains regular contact with the company accountant regarding the scope and focus of the auditing as well as their view of company risks. In addition, the Audit Committee monitors what other services besides auditing are performed by the company accountants, it evaluates the auditing work and informs the Nomination Committee about the evaluation. It also assists the Nomination Committee in proposals of auditors and remuneration for

auditing work. Representatives of executive management give reports on relevant issues at Audit Committee meetings. The Audit Committee held four meetings in 2022. The principle company accountant participated in the relevant sections of three of these meetings. The Audit Committee regularly reports to the Board of Directors.

The Finance Committee

Members during 2022, after the AGM and constitutional Board meeting:

- Anders Runevad, Chairman
- Karl-Axel Granlund
- Fredrik Paulsson

The Finance Committee has the mandate to make decisions in between Board meetings on financial matters such as currency, interest and investment positions in accordance with the Finance Policy established by the Board. Within the framework established by the Board the Finance Committee also makes decisions regarding some company acquisitions, individual investments in property and tenders. Representatives of executive management give reports on relevant issues at Finance Committee meetings. The Finance Committee held six meetings during 2022. The Finance Committee regularly reports to the Board of Directors.

The Remuneration Committee

Members during 2022, after the AGM and constitutional Board meeting:

- Anders Runevad, Chairman
- Karl-Axel Granlund
- Fredrik Paulsson

The Remuneration Committee prepares decisions by the Board concerning remuneration principles, salaries and other employment terms for senior officers, and monitors and evaluates ongoing, and during the year terminated, programs for variable remuneration for senior officers. The Remuneration Committee also monitors and evaluates application of the Remuneration Policy established annually by the AGM as well as current remuneration structures and remuneration levels in the Group. The Remuneration Committee makes proposals to the Board of Directors regarding the CEO's salary and other terms, according to the Remuneration Policy established annually by the AGM. The Remuneration Committee also decides the salaries and other terms for other senior officers based on proposals from the CEO. Representatives of executive management give reports on relevant issues at Remuneration Committee meetings. The Remuneration Committee held three meetings in 2022. The Remuneration Committee regularly reports to the Board of Directors.

Remuneration to executive management

The 2022 AGM approved the Remuneration Policy for executive management. The Remuneration Policy is available on Peab's website, www.peab.com. Information about salaries and other remuneration to the CEO and members of executive management can be found in note 9 in the Annual Report, and on our website.

Incentive program

Peab has no outstanding share or share-related incentive programs for the Board of Directors or executive management.



Auditors

Under Peab's articles of association one or two auditors are elected by the AGM. At the AGM in 2022 Ernst & Young AB was reelected as the company auditor with the authorized public accountant Jonas Svensson as principle company accountant until the end of the AGM 2023.

In addition to auditing, the accountant has only provided services for Peab in the form of accounting advisement and certain analyses in connection with acquisitions and divestments as well as expertise in sustainability reporting.

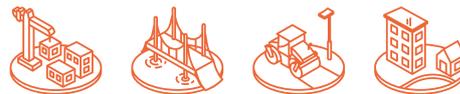


Executive management

The President and CEO leads the company according to the framework established by the Board of Directors and is responsible for the administration and control of the Group. During 2022 executive management consisted of the President and CEO, the CFO, the COO, the CCO, the CSO and the Business Area Managers of Construction, Civil Engineering and Project Development, in total eight persons.

Executive management meetings are held once a month and focus is on managing the business, following up the business plan and strategic matters. Peab's Board of Directors has also given executive management the overall responsibility for managing and monitoring the integration of sustainability work in the business. Heads of Group functions and other officers are called to attend meetings as needed.

Information about the President and CEO and other members of executive management is presented on page 163.



Business areas

Group operations are run in four business areas: Construction, Civil Engineering, Industry and Project Development. The business areas Construction, Civil Engineering and Project Development have a management team led by the Business Area Manager and otherwise consist of operational managers and managers of support functions in the business areas. The Business Area Managers are responsible for running operations in the line organization by delegating responsibility and authorizations. Business Area Managers are responsible for ensuring that their business units in the Group maintain good internal control and work according to established policies as well as other adopted documents, processes and tools.

Operations in Business Area Industry are more diversified than the other business areas and are run by the Managing Directors for the five major companies in the business area who then report individually to an appointed member in executive management. Each Managing Director in the companies in Business Area Industry is responsible for ensuring their companies maintain good internal control and follow relevant policies as well as other adopted documents, processes and tools.

Group functions

The Group functions support both executive management and operations in the business areas, strategically and in day-to-day operations.

Business governance

Executive management adopts comprehensive goals and strategies for the business in the Group's business plan. According to the business plan for 2022 Peab works with three financial targets and six non-financial targets. The non-financial targets are also Peab's sustainability targets. The Group's business plan is broken down and is processed in the various business areas, regions and companies that establish their own business plans.

To provide support for a cross-functional workflow within the Group, executive management has delegated some work and decisions to a number of councils and groups consisting of representatives for different group functions and, in certain cases, representatives of business area management. Every council or group has a specific mandate and decision-making process, and they all report to executive management.

An important part of corporate governance in Peab's decentralized organization is the Group's core values: Down-to-earth, Developing, Personal and Reliable. Peab's Code of Conduct and many of the Group's internal regulations and guidelines are built on these core values. Communication of, and teaching, these core values is continuous and structured.

Internal control and governing

The purpose of the governance and internal control process is to provide the Board, management and other stakeholders with a reasonable assurance that Peab's targets are met regarding business management concerning an appropriate and efficient organization and management of the organization. Reliable internal and external reporting as well as following applicable laws, regulations and other rules are intrinsic parts of the process.

Peab's Board of Directors is responsible for ensuring that there are efficient procedures and systems for Group governance and control of financial reporting. The principles of this process are established in the Policy for Internal Governance and Control and are based on COSO's (Committee of Sponsoring Organizations of the Treadway Commission) framework for internal control and are described below.

Control environment

The control environment is founded on Peab's core values: Down-to-earth, Developing, Personal and Reliable and comprises our organization's structure, internal regulations and governing documents, delegation and limitation of responsibility, competence recruitment and monitoring internal governance and control. The Board is ultimately responsible for the general governance of Peab and control over the risks that accompany the business as well as its sustainability work. Executive management is responsible for developing and implementing Peab's internal governance and control structure in operations, including our organization's structure, responsibility delegation and mandates, competence recruitment and follow-up. The Board, executive management and other senior officers should in word, deed and decision be models of integrity and ethics, follow Peab's core values and, in general, walk the talk.

Information and communication

Executive management is responsible for communicating, in a way that is relevant and clear to our organization, Peab's targets and risk levels as well as how internal governance and control works. This is done through different information and communication forums like Peab's intranet, Peab's business management system and documented reporting channels regarding financial and non-financial targets.

Risk analysis

Risk analyses are carried out based on the established targets in different sections and levels of Peab's business. Risk analysis on an operational and project level is performed according to the process described in Peab's business management system. An overriding risk analysis that includes risk management of every identified material risk is performed annually in each business area and thereafter by executive management, after which it is reported to the Board. A detailed description of risks and risk management in Peab is found in the section Risks and risk management.

Control activities

Each year the Board adopts the Board's working program, instructions for the CEO and Board committees, Peab's Code of Conduct, Finance Policy, Information Policy, Policy for Internal Governance and Control and Related Party Policy. The AGM annually adopts the Remuneration Policy.

Executive management adopts any other company policies annually. Each business area and/or Group function is responsible for any other internal regulations. The other main control activities take place in daily operations based on each individual employee's responsibility for self-monitoring related to their position, defined work method, processes and steering documents that are available through Peab's business management system and Peab's intranet.

Examples of governing documents are those concerning decision-making authorization for any kind of major decision, which includes requirements for special approval by executive management or a body appointed by executive management to handle the acquisition or divestment of property, operations and other major investments as well as the tender process, with predefined levels for each position. The principles for appointing board members and signatories in Group companies are adopted by executive management.

Peab has a whistle-blowing system that is open for both employees and other stakeholders that makes it possible for the reporter to remain anonymous. The Chairman of the Ethical Council annually informs the Board of Directors regarding deviations from the Code of Conduct and other irregularities.

Monitoring

The Board regularly monitors and evaluates how effective Peab's internal governance and control structure is through the information the Board receives from executive management and Board committees. Every ordinary board meeting reviews Peab's financial situation and position as well as a reconciliation of financial targets. Review and monitoring non-financial targets, including sustainability work, follows a special schedule at the ordinary board meetings. Before a board meeting members receive extensive reports regarding Peab's development. A corresponding review is made by executive management and business area management. An evaluation regarding governance and control of financial reporting is conducted at the first ordinary board meeting of the Board of Directors after the end of the financial year.

The Board of Directors has for the business year 2022 assessed the need for an internal auditing department and concluded the established control structure in Peab ensures sufficient management and control of the Group. At this time there is therefore no need for an internal auditing function in the company.

Other mandatory information in accordance with chapter 6, section 6 of the Annual Accounts Act

- Direct and indirect shareholdings in the company that represent at least a tenth of the number of votes of all the shares in the company are presented in the Board of Directors' report under The Peab share.
- There are no limits in articles of association regarding how many votes individual shareholders can have at the AGM, which is also made clear in the Board of Directors' report under The Peab share.
- The articles of association stipulate that the appointment of Board members takes place at the company's AGM. The articles of association do not contain any stipulations regarding the dismissal of Board members or changes in the articles of association.
- Authorization of the Board by the AGM to decide on new issues of Peab shares is presented in the Board of Directors' report under The Peab share.
- Authorization of the Board by the AGM to decide on the purchase of own shares is presented in the Board of Directors' report under Holdings of own shares.

Deviations from the code

Peab has not deviated from the code.

Board of Directors



Anders Runevad

Born 1960. Appointed 2020
MSc (engineering)
Chairman of the Board of Peab AB and chairman of the board of PGA National Sweden
Vice chairman of the board of Vestas Wind System A/S
Member of the board of Schneider Electric SE and Copenhagen Infrastruktur Partner
Former positions: CEO of Vestas Wind Systems A/S, regional manager Ericsson
Holding: 27,500 B shares



Karl-Axel Granlund

Born 1955. Appointed 2000
MSc (economics), MSc (engineering)
Chairman of the board of Volito AB
Holding: 18,000 B shares



Kerstin Lindell

Born 1967. Appointed 2014
MSc (engineering), Ph D Polymer Chemistry,
MSc (economics),
Honorary Doctorate from LTH, Faculty of
Engineering
Chairman of the board of Bona AB and the
Chamber of Commerce and Industry of
Southern Sweden
Member of the board of Hexpol AB, Inwido
AB, Nord-Lock International AB, Indutrade
AB and IPCO AB
Holding: 5,000 B shares



Fredrik Paulsson

Born 1972. Appointed 2009
Member of the board and CEO of Kran-
punkten Skandinavien AB and Ekhaga
Utveckling AB
Chairman of the board of Bjäre Invest AB
Member of the board of SkiStar AB, Mats
Paulsson's Foundation and Stefan Paulsson's
Cancer Fund Foundation
Holding: 445,956 A shares, 823,750 B shares
and via ownership of Ekhaga Utveckling AB
25,563,264 A shares, 36,407,059 B shares



Malin Persson

Born 1968. Appointed 2016
MSc (engineering)
CEO and owner of Accuracy AB
Member of the board of Getinge AB, Hexpol
AB and OX2 among others
Holding: 5,000 B shares



Lars Sköld

Born 1950. Appointed 2007
B.SL
Chairman of the board of Dufwehols
Herrgård AB
Former positions: CEO and President of STC
Interfinans AB, CEO of Sveaskog AB and CEO
of Klöveren Fastigheter AB
Holding: 25,000 B shares



Liselott Kilaas

Born 1959. Appointed 2018
MMS, MBA IMD Business School
Interim CEO and President of Evidia GmbH
Chairman of the board of Impantica AB
Member of the board of Orkla ASA, Revover
Nordic, Norske Folketrygdfondet, Avonova
AB and IMD
Former positions: CEO of Aleris AB, chairman
of the board of Avonova AB, member of the
board of Telenor, I M Skaugen, Norwegian
Central Bank, Norsk Hydro and Nobina AB
Holding: None



Magdalena Gerger

Born 1964. Appointed 2021.
MSc (economics), M.B.A.
Chairman of the board of Nefab AB
Member of the board of Investor AB and
Nordic Seafarm
Former positions: President and CEO of
Systembolaget AB, member of the board of
Svensk Handel, IKEA (Ingka Holding BV) and
Husqvarna AB
Holding: 1,000 B shares



Patrik Svensson

Born 1969. Appointed 2007
Foreman Construction Sweden
Employee representative Byggnads
Holding: None



Kim Thomsen

Born 1965. Appointed 2008
Carpenter Construction maintenance
Sweden
Employee representative Byggnads
Holding: None



Maria Doberck

Born 1972. Appointed 2021
Business management system manager,
Peab
Employee representative Ledarna
Holding: 9,480 B shares



Peter Johansson

Born 1965. Appointed 2022
Asphalt layer Industry Sweden
Employee representative (deputy) SEKO
Holding: None



Cecilia Krusing

Born 1971. Appointed 2019
Project manager Construction Sweden
Employee representative (deputy) Unionen
Holding: None

The holdings reported were those on December 31, 2022. Holdings include those of spouses, children who are minors and private company holdings.

Executive management



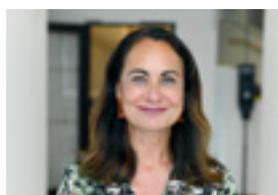
Jesper Göransson
CEO and President
Born 1971
Various posts in Peab since 1996
MSc (Business and Economics)
Member of the board of Annehem Fastigheter AB
Holding: 438,800 B shares and 851,700 B shares via endowment insurance ¹⁾
Holding in Annehem Fastigheter AB 432,400 B shares and in Skistar AB 10,000 B shares



Niclas Winkvist
CFO, part of business area Industry
Born 1966
Employed since 1995
MSc (economics)
Holding: 125,000 B shares and 355,000 B shares via endowment insurance ¹⁾



Roger Linnér
COO, part of business area Industry
Born 1970
Employed since 1996
MSc (engineering)
Holding: 6,825 B shares and 300,400 B shares via endowment insurance ¹⁾



Camila Buzaglo
CCO
Born 1971
Employed since 2018
B.P.S.
Holding: 33,200 B shares via endowment insurance ¹⁾



Stefan Danielsson
Business area Construction
Born 1969
Employed since 2015
BSc (engineering)
Holding: 6,000 B shares and 130,400 B shares via endowment insurance ¹⁾



Lotta Brändström
Business area Civil Engineering
Born 1966
Employed since 2017
MSc (engineering)
Holding: 28,900 B shares via endowment insurance ¹⁾



Johan Dagertun
CSO
Born 1985
Employed since 2016
MSc (economics)
Holding: 6,000 B-shares and 10,500 B-shares via endowment insurance ¹⁾



Göran Linder
Business area Project Development
Born 1968
Employed since 2011
MSc (economics)
Holding: 115,700 B shares via endowment insurance ¹⁾

Auditor

Ernst & Young AB

Jonas Svensson
Authorized public accountant

The holdings reported were those on December 31, 2022. Holdings include those of spouses, children who are minors and private company holdings.

¹⁾ According to employment contracts for senior officers, part of or the entire outcome from variable remuneration can be placed in an endowment insurance which primarily invests in Peab shares. The outcome of the LTI program must be placed in an endowment insurance which primarily invests in Peab shares. Information regarding variable remuneration and the LTI program, see note 9.

Auditor's statement on the Corporate governance report to the Annual General Meeting of Peab AB company id nr. 556061-4330

Engagement and responsibility

It is the Board of Directors that is responsible for the Corporate governance report for the year 2022 on pages 157-163 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the Corporate governance report. This means that our examination of the Corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

Opinions A Corporate governance report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Förslöv, March 31, 2023
Ernst & Young AB

Jonas Svensson

Authorized Public Accountant

The Peab share

Peab's B share is listed on the Nasdaq Stockholm, Large Cap. At the end of 2022 the total market capital of Peab was SEK 17.5 billion (33.8).

Trading in the Peab share

As of December 30, 2022 the last trading day of the year the closing price of the Peab B share was SEK 59.10 (114.20), which was a 48 percent decrease during the year. The Swedish Stock Exchange, measured by the Affärsvärlden Index, decreased in 2022 by 26 percent. In 2022, the Peab B share was quoted at a maximum of SEK 115.40 (126.30) and a minimum of SEK 50.90 (88.95). During 2022 about 111 million B shares (95) were traded, which was equivalent to 440,000 B shares per trading day (374,000) and a turnover rate of 41 percent (36).

Total return

The total return on the Peab share in 2022 amounted to minus 44.75 percent, to be compared to the SIX Return index of minus 23.33 percent. In the five-year period January 1, 2018 to December 31, 2022 the annual total return¹⁾ on Peab's B share amounted to 3.08 percent, to be compared to the SIX Return Index of 59.42 percent during the same period.

Shares and share capital

The total number of shares at the beginning of 2022 was 296,049,730 divided into 34,319,957 A shares with 10 voting rights per share and 261,729,773 B shares with one voting right per share.

¹⁾ Distribution of Annehem Fastigheter for 2019 corresponded to SEK 7 per share. This distribution is included in the total return.

At the end of 2022 the number of A shares was 34,319,957 representing 11.6 percent (11.6) of the capital and 56.7 percent (56.7) of the votes and the number of B shares was 261,729,773 representing 88.4 percent (88.4) of the capital and 43.3 percent (43.3) of the votes. The share capital amounted to SEK 1,583.9 million (1,583.9). More information on share capital development over time is available at www.peab.com.

Holdings of own shares

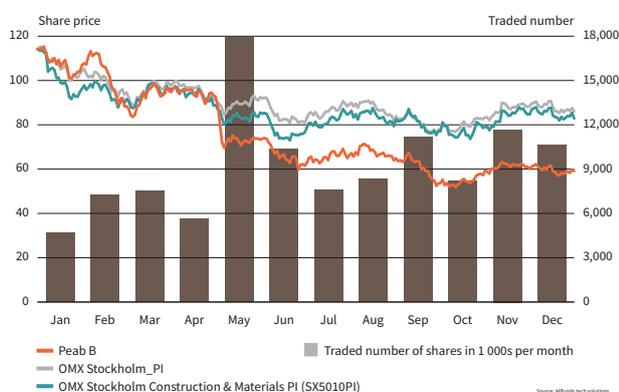
At the beginning of 2022 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. During 2022 Peab repurchased 7,511,000 B shares according to the authorization from the Annual General Meeting on May 5, 2022. After the repurchase Peab's own B shareholding was 8,597,984 which corresponds to 2.9 percent of the total number of shares. The aim of the repurchasing is to improve the company's capital structure.

Dividend

For 2022 a dividend of SEK 4.00 per share (5.00) is proposed. Excluding the 8,597,984 shares held by Peab AB per December 31, 2022 which do not entitle to a dividend, the proposed dividend entails a total dividend amount of SEK 1,150 million (1,475). Calculated as a share of recognized Group profit after tax according to segment reporting the proposed dividend amounts to 56 percent (59).

Price trend of the Peab share

1 January – 31 December 2022



Total return ¹⁾

31 December 2017 – 31 December 2022



¹⁾ Distribution of Annehem Fastigheter for 2019 corresponded to SEK 7 per share. This distribution is included in the total return.



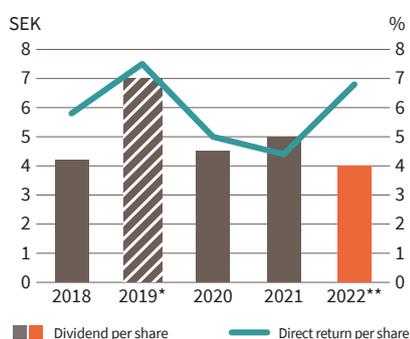
Data per share

	2022	2021
Segment reporting		
Earnings, SEK	6.98	8.50
Equity, SEK	52.05	49.68
Cash flow before financing, SEK	-6.69	10.31
Reporting according to IFRS		
Earnings, SEK	6.27	8.06
Equity, SEK	47.90	46.38
Cash flow before financing, SEK	-10.81	3.57
Share price at year-end, SEK	59.10	114.20
Share price/equity, %	123	246
Dividend, SEK ¹⁾	4.00	5.00
Direct return, % ²⁾	6.8	4.4
P/E-ratio ²⁾	9	11

¹⁾ The Board of Directors' proposal to the AGM for 2022.

²⁾ Based on closing price at year-end.

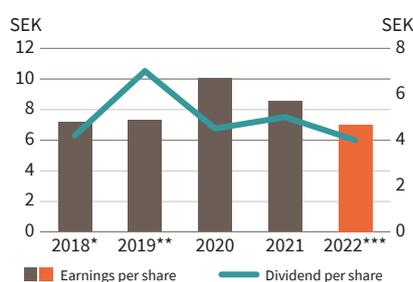
Dividend and direct return



* No cash dividend was distributed in 2019. Distribution of Annehem Fastigheter corresponded to SEK 7 per share at the time of the distribution on December 11, 2020. Direct return of 7.5 percent is calculated on the final price 2019-12-31.
 ** Board of Directors' proposal to the AGM.

Earnings and dividend per share

Segment reporting



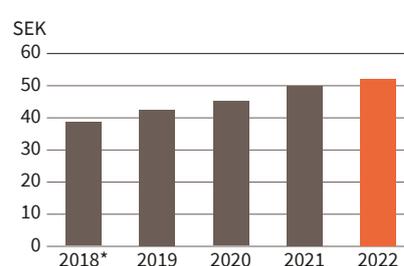
*Not translated taking into account the changed principles for our own housing developments.

** No cash dividend was distributed for 2019. Distribution of Annehem Fastigheter corresponded to SEK 7 per share at the time of the distribution on December 11, 2020.

***The Board of Directors' proposal to the AGM.

Equity per share

Segment reporting

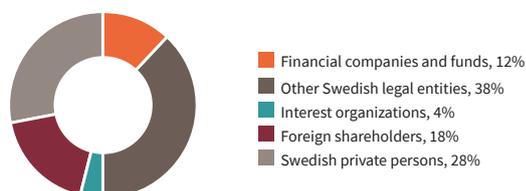


* Not translated taking in to account the changed principles for our own housing developments

List of shareholders per 2022-12-31

	A shares	B shares	Total number of shares	Proportion of capital, %	Proportion of votes, %
Ekhaga Utveckling AB	25,563,264	36,407,059	61,970,323	20.9%	48.3%
AB Axel Granlund	1,500,000	18,000,000	19,500,000	6.6%	5.5%
Mats & Fredrik Paulsson with family	5,680,429	9,955,425	15,635,854	5.3%	11.0%
Peab's profit share foundation		13,628,300	13,628,300	4.6%	2.3%
STATE STREET BANK AND TRUST CO, W9		10,512,805	10,512,805	3.6%	1.7%
Kamprad family foundation		6,900,000	6,900,000	2.3%	1.1%
JPM CHASE NA		5,710,530	5,710,530	1.9%	0.9%
CBNY-NORGES BANK		5,047,901	5,047,901	1.7%	0.8%
Handelsbanken Funds		4,886,451	4,886,451	1.7%	0.8%
SIX SIS AG, W8IMY		4,812,371	4,812,371	1.6%	0.8%
AMF Insurance and Funds		4,102,673	4,102,673	1.4%	0.7%
Cicero Funds		3,777,801	3,777,801	1.3%	0.6%
Mats Paulsson's foundations		3,667,500	3,667,500	1.2%	0.6%
Pension, FUTUR		3,355,056	3,355,056	1.1%	0.6%
Avanza Pension		3,141,554	3,141,554	1.1%	0.5%
BNP PARIBAS SEC SERVICES PARIS, W8IMY		2,842,426	2,842,426	1.0%	0.5%
Other shareholders	1,576,264	116,383,937	117,960,201	39.8%	21.9%
Number of outstanding shares	34,319,957	253,131,789	287,451,746		
Peab AB		8,597,984	8,597,984	2.9%	1.4%
Number of registered shares	34,319,957	261,729,773	296,049,730	100.0%	100.0%

Proportion of capital per 2022-12-31



Proportion of votes per 2022-12-31



Allocation of shareholdings per 2022-12-31

Number of shares	Number of shareholders	Proportion of capital, %	Proportion of votes, %
1- 500	45,747	2.0	1.0
501- 1,000	7,256	2.0	0.9
1,001- 5,000	8,458	6.7	3.3
5,001- 10,000	1,388	3.4	1.7
10,001- 15,000	432	1.8	0.9
15,001- 20,000	266	1.6	0.8
20,001-	592	82.5	91.4
	64,139	100.0	100.0

Shares and votes per share class 2022-12-31

Share class	Number	Number of votes	Proportion of capital, %	Proportion of votes, %
A	34,319,957	10	11.6	56.7
B	261,729,773	1	88.4	43.3
Total	296,049,730		100.0	100.0

Five-year overview

Group, MSEK	2022	2021	2020	2019	2018 ¹⁾
Income statement items, segment reporting					
Net sales	63,135	60,026	57,417	55,349	52,233
Operating profit	2,741	3,098	3,541	2,610	2,573
Pre-tax profit	2,670	3,076	3,433	2,579	2,518
Profit for the year	2,037	2,507	2,948	2,138	2,100
Income statement items, IFRS					
Net sales	61,933	58,923	59,852	56,303	52,233
Operating profit	2,557	2,975	3,922	3,285	2,573
Pre-tax profit	2,440	2,902	3,745	3,227	2,518
Profit for the year	1,831	2,377	3,181	2,656	2,100
Balance sheet items, segment reporting					
Fixed assets, not interest-bearing	13,611	12,620	12,037	11,175	9,872
Fixed assets, interest-bearing	1,233	1,208	1,257	1,086	1,445
Current assets, not interest-bearing	26,486	23,209	22,257	25,584	23,983
Current assets, interest-bearing	1,890	3,293	1,053	517	2,016
Total assets	43,220	40,330	36,604	38,362	37,316
Equity	14,978	14,656	13,251	12,479	11,348
Long-term liabilities, not interest-bearing	2,038	1,950	1,794	1,162	1,100
Long-term liabilities, interest-bearing	6,236	3,865	2,754	3,266	5,194
Current liabilities, not interest-bearing	16,182	16,819	15,376	15,583	17,856
Current liabilities, interest-bearing	3,786	3,040	3,429	5,872	1,818
Total equity and liabilities	43,220	40,330	36,604	38,362	37,316
Balance sheet items, IFRS					
Fixed assets, not interest-bearing	15,122	14,163	13,560	12,001	9,872
Fixed assets, interest-bearing	1,233	1,208	1,257	1,086	1,445
Current assets, not interest-bearing	32,766	28,506	26,294	30,084	23,983
Current assets, interest-bearing	1,890	3,293	1,053	517	2,016
Total assets	51,011	47,170	42,164	43,688	37,316
Equity	13,786	13,682	12,443	11,559	11,348
Long-term liabilities, not interest-bearing	1,990	1,906	1,752	1,086	1,100
Long-term liabilities, interest-bearing	8,105	5,627	4,364	4,129	5,194
Current liabilities, not interest-bearing	15,431	16,566	15,977	16,266	17,856
Current liabilities, interest-bearing	11,699	9,389	7,628	10,648	1,818
Total equity and liabilities	51,011	47,170	42,164	43,688	37,316
Key ratios, segment reporting					
Operating margin, percent	4.3	5.2	6.2	4.7	4.9
Equity, average during the year	14,532	13,569	12,772	11,994	10,731
Equity attributable to shareholders in parent company, average during the year	14,524	13,568	12,771	11,942	10,730
Return on equity, percent	14.0	18.5	23.1	17.9	19.6
Capital employed, at year-end	25,000	21,561	19,434	21,617	18,360
Capital employed, average during the year	23,373	20,445	20,709	21,421	16,761
Return on capital employed, percent	12.2	15.6	17.6	12.8	15.9
Equity/assets ratio, percent	34.7	36.3	36.2	32.5	30.4
Net debt	6,899	2,404	3,873	7,535	3,551
Net debt/equity ratio, multiple	0.5	0.2	0.3	0.6	0.3
Interest coverage ratio, multiple	14.1	24.3	28.5	18.7	21.6
Key ratios, IFRS					
Operating margin, percent	4.1	5.0	6.6	5.8	4.9
Equity, average during the year	13,391	12,598	12,230	10,940	10,731
Equity attributable to shareholders in parent company, average during the year	13,384	12,597	12,229	10,938	10,730
Return on equity, percent	13.7	18.9	26.0	24.3	19.6
Capital employed, at year-end	33,590	28,698	24,435	26,336	18,360
Capital employed, average during the year	31,704	26,602	26,706	25,905	16,761
Return on capital employed, percent	8.4	11.5	15.0	13.2	15.9
Equity/assets ratio, percent	27.0	29.0	29.5	26.5	30.4
Net debt	16,681	10,515	9,682	13,174	3,551
Net debt/equity ratio, multiple	1.2	0.8	0.8	1.1	0.3
Interest coverage ratio, multiple	6.7	11.9	20.2	19.6	21.6

Group, MSEK	2022	2021	2020	2019	2018 ¹⁾
Capital expenditures, IFRS ²⁾					
Goodwill	198	64	-145	8	23
Other intangible assets	97	131	74	127	98
Investment property	2	-74	2	-70	-262
Buildings and land	451	291	398	439	-31
Machinery and equipment	1,781	1,353	780	1,172	1,193
Shares and participations	159	514	-93	776	169
Project and development properties	2,945	2,202	-2,842	-444	2,103
Project and development properties, segment reporting	2,268	1,067	-1,917	-434	2,103
Orders ³⁾					
Orders received	53,259	55,848	49,735	44,130	51,087
Order backlog	44,389	45,318	42,709	42,494	45,819
Personnel					
Number of employees, at year-end	15,040	14,895	15,252	14,258	14,614
Average number of employees	15,045	14,907	15,166	14,309	14,661
Data per share, segment reporting					
Earnings before and after dilution, SEK	6.98	8.50	10.00	7.25	7.12
Cash flow, SEK	-6.69	10.31	9.42	3.47	-3.46
Equity, SEK	52.05	49.68	44.92	42.30	38.47
Data per share, IFRS					
Earnings before and after dilution, SEK	6.27	8.06	10.79	9.00	7.12
Cash flow, SEK	-10.81	3.57	12.72	10.94	-3.46
Equity, SEK	47.90	46.38	42.18	39.18	38.47
Share price at year-end, SEK	59.10	114.20	89.65	93.75	72.40
Dividend, SEK ⁴⁾	4.00	5.00	4.50	-	4.20
Number of shares at year-end, millions	287.5	295.0	295.0	295.0	295.0
Average number of outstanding shares, millions	292.2	295.0	295.0	295.0	295.0

¹⁾ Not translated according to the changed accounting principles for tenant-owner associations and IFRS 16, Leasing.

²⁾ For 2020 the amounts are adjusted for the acquisition of paving and mineral aggregates operations and the distribution of Annehem Fastigheter.

³⁾ The order situation is based on segment reporting, which means our own housing development projects, tenant-owner associations and housing companies are considered external customers.

⁴⁾ For 2022, the Board of Director's proposal to the AGM.



Alternative performance measures and definitions

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

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

Financial definitions

Available liquidity

Liquid funds and short-term investments along with unutilized credit facilities. Shows the Group's available liquidity.

Capital employed for the business areas

Total assets in the business area at the end of the year reduced by deferred tax recoverables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities and deferred tax liabilities. The measurement is used to measure capital utilization and its effectiveness for the business areas, and is only presented as a net amount per business area.

Capital employed for the Group

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

Cash flow per share

Cash flow per share calculated as the total of the cash flow from current operations and cash flow from investment activities divided by the average number of outstanding shares during the year. Shows which cash flow before financing was generated per share.

Direct return, shares

Dividend as a percentage of the share price at year-end. Measures the direct return of the proposed dividend in relation to the price at year-end.

Earnings per share

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

Equity/assets ratio

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

Equity per share

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

Interest coverage ratio

Pre-tax profit items plus interest expenses in relation to interest expenses. The measurement shows how well the interest costs can be covered.

Net debt

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

Net debt, segment reporting

Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets. As of January 1, 2019 unsold part of ongoing own housing development projects is included in net debt. Shows financial position for segment.

Net debt/equity ratio

Interest-bearing net debt in relation to equity. Shows financial position.

Net investments

The change in the period of the recognized value of current assets (CB-OB) plus depreciation and write-downs. Shows the size of net investments made.

Operating margin

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

Operative cash flow

Cash flow before financing according to segment reporting. The cash flow does not include received internal Group interest, paid interest and paid tax that is not allocated to the business areas but only reported for the Group. Investments via leasing charge cash flow from investment operations in the business areas. Operative cash flow is only calculated for the business areas. Shows the cash flow generated per business area.

Order backlog

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

Orders received

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

P/E ratio

Share price at year-end divided by earnings per share. Shows market expectations on the company related to earnings generation.

Return on capital employed

Pre-tax profit for the rolling 12 month period with the addition of financial expenses in percent of the average (last four quarters) capital employed. The measurement is used to measure capital efficiency and to allocate capital for new investments and shows the Group's earning capacity independent of financing.

Return on equity

Profit for the rolling 12 month period attributable to shareholders in the parent company divided by the average (last four quarters) equity attributable to shareholders in the parent company. The measurement is used to create efficient business and a rational capital structure and show how the Group has multiplied shareholders' equity.

Other non-financial definitions

Contract amount

The compensation stipulated in the contract for contract work excluding VAT.

CSI

CSI stands for Customer Satisfaction Index and measures how satisfied Peab's customers are. CSI is a weighted measurement between 0 and 100 and is based on three questions: 1) Total satisfaction, 2) In relation to expectations 3) In relation to ideal supplier.

Development rights

Estimated amount of construction possible on a piece of land. A development right is the maximum level of construction allowed on a

property according to a zoning plan. The scope of the future zoning plan is estimated for up and coming zoning plans. In order to have the right of disposition over a development right ownership of, or the option to own, the land is required. Development rights for commercial property are measured in square meters.

eNPS

eNPS stands for employee Net Promoter Score and measures employee engagement. The result can vary between -100 and 100 and is based on the question to employees: "How probable is it that you would recommend your employer to a friend or acquaintance?"

Fixed price

Contract work carried out for a fixed price without the contractor being able to alter it, unless the client makes changes to in the contract work or makes supplementary orders.

LT14 and LTIF4

LT14 refers to the number of workplace accidents resulting in more than four days absence of an employee, excluding the day of injury, and LTIF4 refers to the frequency per one million hours worked according to the same definition. LTI stands for Lost Time Injury.

Partnering/Collaboration

A type of structured collaboration in the construction industry in which the developer, consultants, contractors and other key actors work together to achieve a construction goal. The collaboration is founded on trust where each person's professional skills supplement the others' throughout the construction process. The basic idea is that the developer gathers together all the expertise needed to realize the project early on. This is a way to avoid having actors involved in the process for only a limited period of time. In partnering/collaboration everyone's know-how comes to pass and everyone works together in a project from start to finish.

Project and development property

Holdings of undeveloped land and decontamination property for future development, property with buildings for project development, processing and thereafter divestiture within Peab's normal business cycle.

Project development

Finding project or development properties and developing these into complete projects.

Risk observations

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

Serious accidents

Peab uses the Swedish Work Environment Authority's definition of a serious accident as an accident where one or more persons are injured at a workplace or a place they have visited for work. Serious accidents can be injuries such as bone fractures, effusive bleeding or nerve, muscle or tendon damage, injuries to inner organs or second or third degree burns. Serious accidents that occur in our other Nordic countries are categorized by the same definition.

Turnkey contract

Contract work where the contractor, in addition to building, is also responsible for designing and planning the project.

Welcome to Peab's Annual General Meeting

Time and place

The Annual General Meeting of Peab AB will be held on Thursday, May 4, 2023 at 4:00 p.m. in Grevieparken in Grevie, Sweden.

Notification

Shareholders who wish to personally or by proxy be present in the room where the AGM will be held must:

- in part be entered in the share register kept by Euroclear Sweden AB with the conditions current on Tuesday, April 25, 2023,
- in part give notice of their participation no later than on Thursday, April 27, 2023.

Notification may be submitted via the company's website at www.peab.com, by telephone to +46 431 893 50 or by mail to Peab AB (publ), Annual General Meeting, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. When giving notice the shareholder must provide their name, address, personal or company ID number, telephone number and information concerning any assistants.

Shareholders who wish to participate by postal vote must:

- in part be entered in the share register kept by Euroclear Sweden AB with the conditions current on Tuesday, April 25, 2023,
- in part give notice of their participation no later than on Thursday, April 27, 2023 by having submitted their postal vote according to the instructions below.

The form for postal voting with instructions is available at the company website peab.com/agm. The completed and signed form is sent by mail to Peab AB (publ), c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm or by email to GeneralMeetingService@euroclear.com. Shareholders can also postal vote electronically by verification through a Swedish BankID via Euroclear Sweden AB's website, anmalan.vpc.se/euroclearproxy. Euroclear must receive the completed form no later than Thursday, April 27, 2023.

Summons to attend and agenda items

The summons to attend the AGM and the agenda will be published on Monday, April 3, 2023 on Peab's website peab.com/agm and on Tuesday April 4, 2023 in Post- och Inrikes Tidningar.

Financial information

At www.peab.com we continually provide current information on the company, financial results and how our share is developing. Financial reports and publications can be downloaded there as well. They can also be ordered by contacting: Peab AB, Margretetorpsvägen 84, SE-269 73 Förslöv or Tel +46 431-890 00.

Follow Peab quarter by quarter

When Peab publishes our quarterly reports we also present the financial results for the previous quarter and a description of the current situation. The link to the presentations can be found at www.peab.com/reports.

Shareholder contact

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Annual calendar 2023

First Quarter Report	May 4, 2023
Annual General Meeting	May 4, 2023
Second Quarter Report	July 14, 2023
Third Quarter Report	October 27, 2023
Year-end Report	February 2, 2024
Annual and Sustainability Report	April 2024

Analysts who follow Peab

Company	Name	Email
ABG Sundal Collier	Markus Henriksson	markus.henriksson@abgsc.se
Carnegie	Erik Granström	erik.granstrom@carnegie.se
DNB Nor	Simen Mortensen	simen.mortensen@dnb.no
Handelsbanken	Johan Edberg	joed02@handelsbanken.se
Kepler Cheuvreux	Albin Sandberg	asandberg@keplercheuvreux.com



More than 60 years of community building

1959

“We can do it, we can use father’s tractor”

Mats and Erik Paulsson, 14 and 16 years old, take on a contract their father said no to – collecting garbage for summer residents on the Bjäre Peninsula.

1963

Peab starts up in civil engineering

The brothers buy their first excavator and begin to develop civil engineering operations with it.

1965

The brothers buy “Otto’s gravel pit”

and the farm that goes with it in Förslöv and turn “the gravel pit” into a real gravel quarry.

1970

Building boom in Sweden – Peab launches construction operations

Construction operations begin when the workshop in Förslöv is built and the brothers buy the construction company building it.

1975

Stenmark creates skiing fever

and the brothers wanted to find a vacation place for their employees. They buy into what will in a couple of years will be called Lindvallen in Sälen AB, better known today as Skistar. It was part of Peab until 1983.

The 80s

Establishment in Malmö

Establishment in Malmö with the renovation of the Börshus and construction of the Saab factory.

The 90s

Expansion during the banking and financial crisis

Peab initiates an acquisition offensive that leads to being listed on the stock market and nationwide coverage.

1993

Peab buys Sweden’s largest construction company, BPA

With its 5,000 employees Peab buys trade union owned BPA that has three times the number of employees.

1994

Norway

Oslo-based Fagbygg A/S (part of BPA) becomes part of Peab Norway and establishes Peab on the Norwegian market.

1999

Finland

Finnish Rakennus OY Leo Heinänen is acquired which puts Peab in the Finnish market.

2006

The Peab School launched

Labor force shortages in the industry and being an ambitious community builder are the factors behind starting the Peab School in 2006. Since its doors opened more than 1,300 students have graduated from it. Today there are schools in Malmö, Gothenburg and Stockholm.

2009

Hyllie

Peab acquires Annehem and becomes part of the journey to develop the completely new borough Hyllie in Malmö.

2015

Refugee crisis

Peab engages in the Swedish Public Employment Service’s program The 100 Club, an initiative that offered immigrants an internship or job. The Peab School starts a language introduction for immigrants.

2020

Acquisition in paving and mineral aggregates

Peab acquires YIT’s Nordic operations in paving and mineral aggregates. Peab gains nearly 2,000 new employees and establishes operations in Denmark.

Distribution of Annehem Fastigheter

Peab distributes and lists the previously wholly owned subsidiary Annehem Fastigheter.

2021

New mission and strategic targets

Peab sets a new mission, revises its financial and non-financial targets and establishes the fourth target area “Leader in social responsibility”.

2023

Peab is the Nordic Community Builder with 15,000 employees and net sales of SEK 63 billion. With a local presence and focus on our own resources we develop, do the groundwork and build everyday life where it's lived. Company headquarters are in Förslöv on Bjäre Peninsula in southern Sweden. The Peab share is listed on Nasdaq Stockholm.

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