

Year-end report

JANUARY – DECEMBER 2023

Huvudentré

Dädesjö School
Våxjö



PEAB
THE NORDIC COMMUNITY BUILDER

The market continues to be divided

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

Summary according to segment reporting

October – December 2023

- Adjustment of operations, provisions, write-downs and restructuring for a total of SEK -525 million
- Net sales SEK 15,639 million (17,048)
- Operating profit SEK 133 million (853)
- Operating margin 0.9 percent (5.0)
- Pre-tax profit SEK 31 million (818)
- Earnings per share SEK -0.25 (1.89)
- Orders received SEK 10,527 million (10,455)
- Cash flow before financing SEK 1,462 million (-897)

January – December 2023

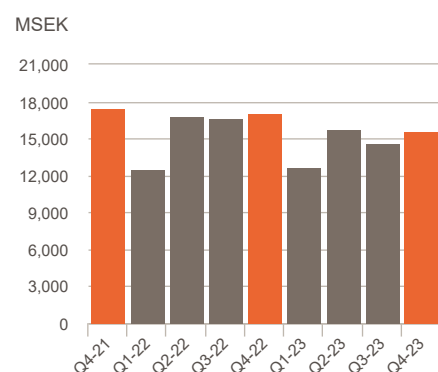
- Arbitration decision handed down in the case of Mall of Scandinavia (MoS)
- Net sales SEK 58,821 million (63,135)
- Operating profit SEK 1,853 million (2,741)
- Operating margin 3.2 percent (4.3)
- Pre-tax profit SEK 1,895 million (2,670)
- Earnings per share SEK 4.92 (6.98)
- Orders received SEK 45,108 million (53,259)
- Order backlog SEK 39,060 million (44,389)
- Cash flow before financing SEK -1,317 million (-1,955)
- Net debt SEK 8,676 million (6,899)
- Net debt/equity ratio 0.6 (0.5)
- The Board proposes a dividend of SEK 1.50 (4.00) per share

Group

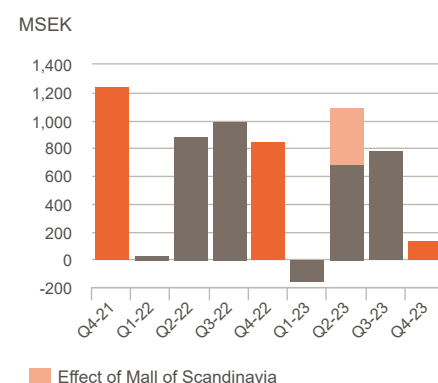
MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Segment reporting				
Net sales	15,639	17,048	58,821	63,135
Operating profit	133	853	1,853	2,741
Operating margin, %	0.9	5.0	3.2	4.3
Pre-tax profit	31	818	1,895	2,670
Profit for the period	-72	542	1,414	2,037
Earnings per share, SEK	-0.25	1.89	4.92	6.98
Return on equity, % ¹⁾	9.5	14.0	9.5	14.0
Return on capital employed, % ¹⁾	8.7	12.2	8.7	12.2
Net debt	8,676	6,899	8,676	6,899
Net debt/equity ratio, multiple	0.6	0.5	0.6	0.5
Equity/assets ratio, %	34.0	34.7	34.0	34.7
Cash flow before financing	1,462	-897	-1,317	-1,955
Average number of employees	13,771	14,675	13,808	14,211
Reporting according to IFRS				
Net sales, IFRS	17,365	17,141	61,600	61,933
Operating profit, IFRS	471	886	2,586	2,557
Pre-tax profit, IFRS	359	840	2,586	2,440
Profit for the period, IFRS	211	558	1,988	1,831
Earnings per share, IFRS, SEK	0.74	1.93	6.92	6.27
Net debt, IFRS	14,537	16,681	14,537	16,681
Equity/assets ratio, IFRS, %	29.4	27.0	29.4	27.0
Cash flow before financing, IFRS	3,155	-504	2,655	-3,159

¹⁾ Calculated on rolling 12 months

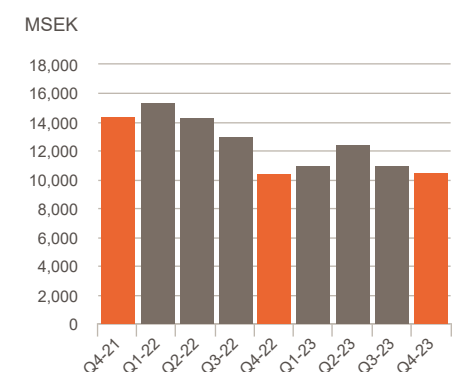
Net sales



Operating profit



Orders received



Comments from the CEO

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

Group development

Group net sales contracted by seven percent in 2023 and amounted to SEK 58,821 million (63,135). Operating profit amounted to SEK 1,853 million (2,741) and the operating margin was 3.2 percent (4.3). The dramatic decline in the Nordic housing market has primarily affected business areas Project Development and Construction. Civil Engineering, Paving and public construction in Construction have developed well but not enough to fully compensate the effect of the severely diminished housing construction market. In order to handle the diminished housing market construction production, housing development, rental operations and central support functions are being streamlined. This generates restructuring costs but also lower overhead going forward. In business area Construction we have written down housing projects received before the outbreak of war in Ukraine that have been affected by price hikes and are almost completed as well as a number of projects in Norway. All in all provisions, write-downs and restructuring costs amounted to SEK 525 million kronor, of which write-downs of goodwill in Norwegian construction operations amounted to SEK 125 million. After taking these measures we are well-equipped to handle both a continued weak housing market and meet a growing market.

Business area development

Net sales in business area Construction was four percent lower than last year. Lower demand for housing projects has not been fully compensated for with other projects. Activity in business area Civil Engineering has continued to be high during the year and net sales increased somewhat in 2023. The operating margin in Construction excl. Mall of Scandinavia (MoS) was 0.1 percent (2.2) and 3.3 percent (3.3) in Civil Engineering. Business area Construction is in the process of shifting operations from housing projects to other kinds of projects. In total, the operating margin for the construction contract businesses excl. MoS amounted to 1.3 percent (2.6).

Net sales in business area Industry contracted by seven percent which is primarily due to lower sales in Paving and Concrete. The operating margin improved and was 4.8 percent (3.5), mainly due to better earnings in Paving.

In business area Project Development net sales contracted by 34 percent as a result of the low level of activity on the Nordic housing market. Few sold homes and very few production-starts of our own housing developments contributed to the continued decline of operating profit in Housing Development, which had an operating margin of 3.8 percent (11.5). Property transactions contributed positively to Property Development but profit contributions from partly owned companies were lower than last year.

The total number of our own housing development start-ups during 2023 was 727 (2,336), of which 121 (1,810) were tenant-owner apartments/condominiums and 606 (526) were homes in rental apartment projects on our own balance sheet. The number of sold homes was 934 (1,709), of which 542 (1,643) were tenant-owner apartments/condominiums and 392 (66) were homes in rental apartment projects. The total number of homes in production has dropped to 3,694 (5,718) as a result of few start-ups of projects during the year. The portion of sold tenant-owner apartments/condominiums in ongoing production amounted to 68 percent (69) as of December 31, 2023.

Order situation

The level of orders received contracted in 2023 to SEK 45.1 billion (53.3). The decrease is mainly due to the weak demand for housing projects, which affects business areas Project Development and Construction. The level of orders received in Civil Engineering has increased somewhat during the year. There has been a good level of orders received during the year from the public sector. Order backlog yet to be produced at the end of the year was SEK 39.1 billion (44.4).

Arbitration decision in Peab's favor

A decision in the case between Peab and Unibail Rodamco Westfield regarding the contract for Mall of Scandinavia in Solna was handed down in Peab's favor on June 30, 2023. Since then Unibail Rodamco Westfield has petitioned the Swedish Court of Appeal to set aside the judgment in its entirety in a so-called protest action. During the process the judgement is suspended which means it is not enforceable, deferring the time of payment. Peab's assessment of the previously communicated estimated effects on profit has not changed and we cannot see any grounds for a protest action.



Market and prospects for the future

Market prospects for the Nordic construction markets are trending downward in 2024 for Sweden and Finland while levels are unchanged for Norway. The housing market is expected to continue to decline while civil engineering markets are expected to be stable.

Regarding housing, hardly any new projects are starting up on the market. Considering that there is still an underlying need for housing in the Nordic region, the drastic reduction in housing construction is not a good development. It is vital to find a solution to the long-term management of supplying housing, particularly in Sweden. As far as Peab is concerned, we have a well-dimensioned development rights portfolio in attractive locations and in anticipation of market recovery we are further developing and preparing projects for the future.

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

Target outcome

We are reporting the outcome of all nine targets after the end of 2023. How well we have met our targets varies and is affected by the more challenging market conditions. We surpassed our target regarding the Customer Satisfaction Index, recommend Peab as an employer (eNPS) and equal opportunity recruitment in jobs close to production. We have also achieved our target concerning serious accidents in 2023 although the level is still too high. The reduction in carbon dioxide intensity is going according to plan for our 2030 targets. We are well on the road to converting the production we ourselves have control over but the greater challenge is when we are dependent on other parties for a reduction in our carbon footprint.

Regarding our financial targets, one of them is to have an operating margin that over time surpasses 6 percent. In 2023 the operating margin was 3.2 percent as a result of the deteriorated market situation. Our second financial target, the net debt/equity ratio, was 0.6 at the end of the year, which is inside the target interval 0.3-0.7. We are intensely focused on cash flow and net debt, and reported significant improvements of these in the fourth quarter 2023.

Proposed dividend

The Board proposes Peab's Annual General Meeting decide on a dividend of SEK 1.50 per share. Calculated on the number of outstanding shares this is equivalent to 30 percent of profit for the year according to segment reporting, which is lower than our financial target of 50 percent of profit for the year. The dividend is considered a balanced dividend based on our order situation, earning capacity and financial position.

Jesper Göransson
President and CEO

Net sales and profit

October – December 2023

Group net sales during the fourth quarter 2023 decreased by eight percent and amounted to SEK 15,639 million (17,048).

Net sales in business area Construction decreased by 16 percent compared to the fourth quarter last year. The reduction is primarily due to a lower demand in new production of homes in all countries, which Peab has not been able to compensate for with other kinds of projects. The decline is most notable in Norway and Finland. Net sales in business area Civil Engineering was somewhat higher compared to the corresponding quarter last year. Net sales in business area Industry decreased by eleven percent and the reduction is mainly related to Paving and Concrete although net sales in Rentals and Construction System also declined due to a weaker construction market. In business area Project Development net sales decreased by 27 percent due to Housing Development and the weak demand for homes in the entire Nordic region. In Property Development net sales were positively affected by the divestment of an office building in Malmö.

Operating profit for the fourth quarter 2023 amounted to SEK 133 million (853) and the operating margin was 0.9 percent (5.0). In order to handle the diminished housing market construction production, housing development, rental operations and central support functions are being streamlined. This generates restructuring costs but also lower overhead going forward. In business area Construction we have written down housing projects received before the outbreak of war in Ukraine that have been affected by price hikes and are almost completed as well as a number of projects in Norway. All in all provisions, write-downs and restructuring costs amounted to SEK 525 million, of which write-downs of goodwill in Norwegian construction operations amounted to SEK 125 million. Of the total SEK 525 million business area Construction was charged with SEK 465 million and SEK 60 million charged Group Functions. After taking these measures we are well-equipped to handle both a continued weak housing market and meet a growing market. The operating margin in business area Construction after provisions and write-downs was -5.1 percent (2.0). In business area Civil Engineering the operating margin was 4.0 percent (4.0). We continue to experience some dilution of the operating margin as a result of the high cost of material and energy in contracts received before the war broke out in Ukraine. All in all the operating margin for the construction contract businesses amounted to -1.6 percent (2.7). Operating profit in business area Industry improved and amounted to SEK 476 million (283) and the operating margin improved to 9.4 percent (5.0). The improvement is largely due to higher earnings in Paving while earnings contracted in Rentals during the quarter.

Operating profit in business area Project Development was lower, which is related to Housing Development. The continued weak demand for housing has led to fewer sold homes and no production start-ups of tenant-owner/condominium housing projects during the quarter, which affected operating profit negatively in Housing Development. The operating margin in Housing Development was -4.6 percent (14.7). Capital gains from real estate transactions affected Property Development positively by SEK 88 million (2) while profit contributions from partly owned companies were lower compared to the same quarter last year.

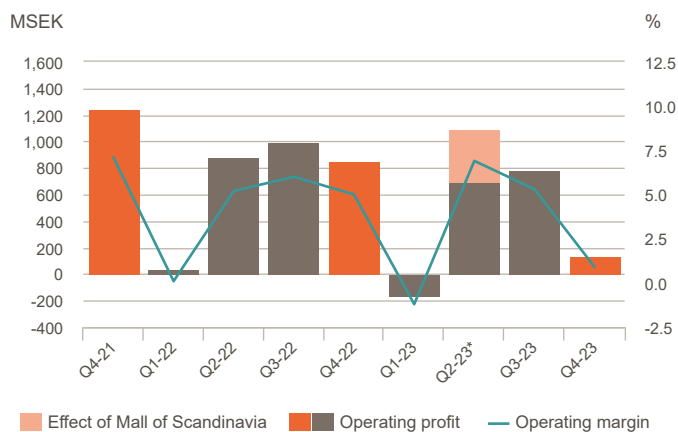
Depreciation and write-downs for the fourth quarter were SEK -482 million (-365). Included in the amount were goodwill write-downs of SEK -125 million.

Elimination and reversal of internal profit in our own projects effected operating profit during the quarter net by SEK -23 million (-27).

Net financial items amounted to SEK -102 million (-35) of which net interest was SEK -120 million (-54).

Pre-tax profit was SEK 31 million (818). Profit for the period was SEK -72 million (542).

Operating profit and operating margin, per quarter



* Operating margin excluding effect of MoS was 4.4%



January – December 2023

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

Net sales in business area Construction decreased by four percent compared to the last year. The lower demand for new housing production has not been fully compensated by other kinds of projects, which is apparent in all the countries we operate in. Activity in business area Civil Engineering has continued to be high during the year and net sales increased somewhat in 2023. Net sales in business area Industry decreased by seven percent mainly due to lower net sales in Paving and Concrete. In business area Project Development net sales decreased by 34 percent due to a lower demand for housing throughout the Nordic region which has affected net sales in Housing Development.

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

Operating profit amounted to SEK 1,853 million (2,741) and the operating margin to 3.2 percent (4.3). In order to handle the diminished housing market construction production, housing development, rental operations and central support functions are being streamlined. This generates restructuring costs but also lower overhead going forward. In business area Construction we have written down housing projects received before the outbreak of war in Ukraine that have been affected by price hikes and are almost completed as well as a number of projects in Norway. All in all provisions, write-downs and restructuring costs amounted to SEK 525 million, of which write-downs of goodwill in Norwegian construction operations amounted to SEK 125 million. Of the total SEK 525 million business area Construction was charged with SEK 465 million and SEK 60 million charged Group Functions. After taking these measures we are well-equipped to handle both a continued weak housing market and meet a growing market. In business area Construction operating margin excl. MoS was 0.1 percent (2.2). In business area Civil Engineering the operating margin was unchanged at 3.3 percent (3.3). Despite the effect of price hikes on projects received before the outbreak of war in Ukraine Civil Engineering reported a high and stable operating margin. All in all the operating margin for the construction contract businesses amounted to 1.3 percent (2.6). Operating margin in business area Industry was higher during the year and amounted to 4.8 percent (3.5), which is mostly explained by increased earnings in Paving. Operating profit in Rentals declined during the year due to a weaker construction market. Operating profit in business area Project Development was considerably lower due to the weak demand for housing. There were fewer sold homes and production-started housing projects in Housing Development, which has affected operating profit negatively.

The operating margin in Housing Development was 3.8 percent (11.5). In Property Development, profit contributions from partly owned companies were somewhat lower compared to the last year. The drop is mainly due to higher interest costs in the partly owned companies. Capital gains from real estate transactions were SEK 96 million (85).

Depreciation and write-downs for the year were SEK -1,532 million (-1,349). Included in the amount were goodwill write-downs of SEK -125 million.

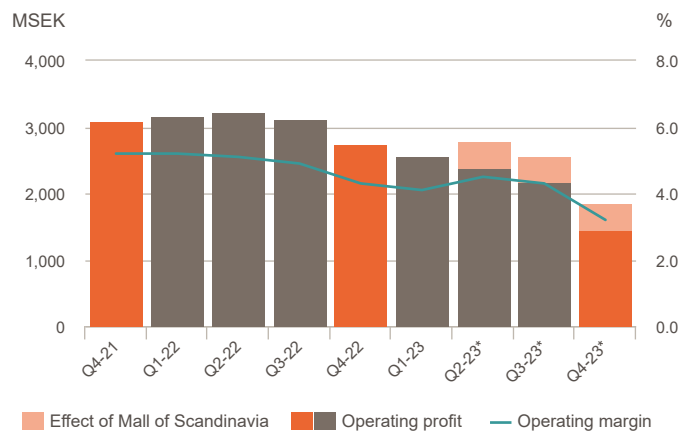
Elimination and reversal of internal profit in our own projects effected operating profit during the year net by SEK -56 million (-58).

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

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

Profit for the year was SEK 1,414 million (2,037).

Operating profit and operating margin, rolling 12 months



* Operating margin rolling 12 months excluding effect of MoS was 3.8% as of June 30, 2023, 3.6% as of September 30, 2023 and 2.5% as of December 31, 2023

Seasonal variations

Group operations, particularly in Industry and Civil Engineering, are normally affected by fluctuations that come with the cold weather during the winter half of the year. The first quarter is usually weaker than the rest of the year.



Preschool Nygården
Nybro

Financial position and cash flow

Financial position

Total assets according to segment reporting per December 31, 2023 were SEK 44,295 million (43,220). Equity amounted to SEK 15,082 million (14,978), which means the equity/assets ratio was 34.0 percent (34.7).

Interest-bearing net debt amounted to SEK 8,676 million (6,899) on December 31, 2023. The increase in net debt refers to more tied up working capital mainly in business area Project Development. Net debt includes project financing of the unsold part of our own housing developments as long as they are in production. The unsold part was SEK 2,685 million (2,209). Interest-bearing receivables amounted to SEK 2,638 million (1,617). The increase is primarily due to a capital claim of SEK 1,067 million on Unibail Rodamco Westfield according to the arbitration decision announced on June 30, 2023. For details regarding the arbitration decision, see Other information. The average interest rate in the loan portfolio, including derivatives, was 5.7 percent (3.3) on December 31, 2023.

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

As a consequence of Peab consolidating Swedish tenant-owner associations per January 1, 2020 according to IFRS, surety for tenant-owner associations under production is not reported. When homebuyers take possession of their apartments and the tenant-owner association is no longer consolidated in Peab's accounts, Peab then reports the part of surety that covers unsold homes. Peab has a guarantee obligation to acquire unsold homes six months after completion. Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 2,428 million at the end of the year compared to SEK 2,801 million on December 31, 2022. Surety for credit lines in tenant-owner associations regarding the unsold part after deconsolidation made up SEK 328 million of contingent liabilities compared to SEK 97 million on December 31, 2022.

Investments and divestments

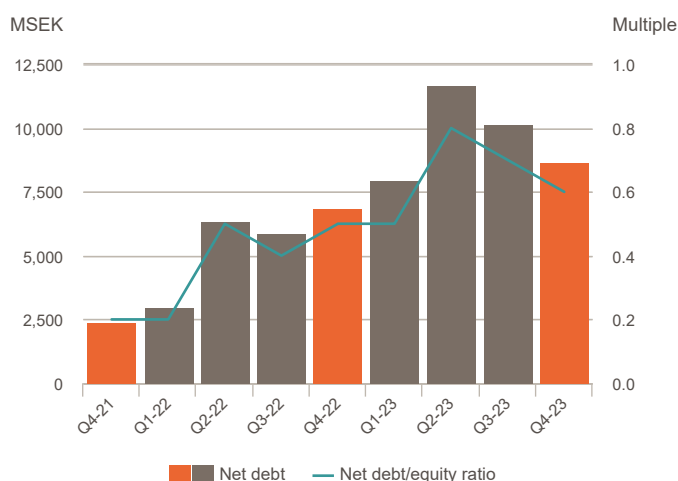
During the quarter tangible and intangible fixed assets were net invested for SEK 165 million (830). During the year tangible and intangible fixed assets were net invested for SEK 1,488 million (2,152). The investments mainly refer to investments in machines as well as construction of production facilities for concrete elements in business area Industry.

Net divestments in project and development properties, which are recognized as inventory items, totaled SEK -420 million (net invested totaled SEK 1,423) during the quarter. The divestments included the office building project The Corner in Malmö and rental apartment buildings in Housing Development. Net investments in project and development properties, which are recognized as inventory items, totaled SEK 1,608 million (2,268) during 2023. The investments mainly refer to development rights, construction of rental apartment projects as well as a more capital tied-up in unsold apartments in our own housing developments.

Net debt

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

Net debt and net debt/equity ratio



Cash flow

October – December 2023

Our work to reduce working capital has been successful and led to a better cash flow. Cash flow from current operations amounted to SEK 1,853 million (-21) in the fourth quarter. Cash flow included higher interest costs. Dividends from partly owned companies had a positive effect of SEK 68 million (165). Cash flow from changes in working capital was SEK 736 million (-1,226) and the positive cash flow was primarily generated in business area Industry. Property sales had a positive effect in business area Project Development but investments in rental apartment projects and capital tied up in unsold homes in our own housing developments still tie up a lot of working capital.

Cash flow from investment activities was SEK -391 million (-876). Investments during the quarter consisted of machine investments and investments in production facilities in Construction System in business area Industry as well as loans to partly owned companies in Project Development.

Cash flow before financing improved and amounted to SEK 1,462 million (-897).

Cash flow from financing operations amounted to SEK -1,225 million (603). During the fourth quarter 2022 repurchases of own shares were made by SEK -82 million.

January – December 2023

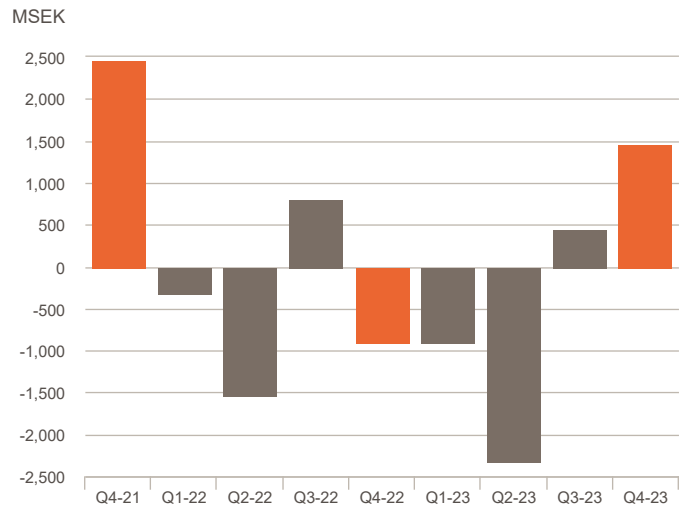
Cash flow from current operations amounted to SEK -56 million (-352). Cash flow has been charged by higher interest costs. Dividends from partly owned companies had a positive effect of SEK 84 million (185). Cash flow from changes in working capital was SEK -2,357 million (-3,521). The negative cash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

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

Cash flow before financing was SEK -1,317 million (-1,955).

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

Cash flow before financing



Fire and Rescue Station
Emmaboda

Order situation

October – December 2023

The level of orders received in the fourth quarter 2023 amounted to SEK 10,527 million (10,455). The level of orders received in business area Civil Engineering has increased compared to the corresponding quarter last year while the level of orders received in business area Industry has contracted. The weak demand for housing has led to fewer production starts of tenant-owner apartments/condominiums, which has had a negative effect on orders received in business areas Project Development and Construction. The level of orders received from public customers continued to be good in the quarter.

January – December 2023

The level of orders received in 2023 contracted and amounted to SEK 45,108 million (53,259).

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

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

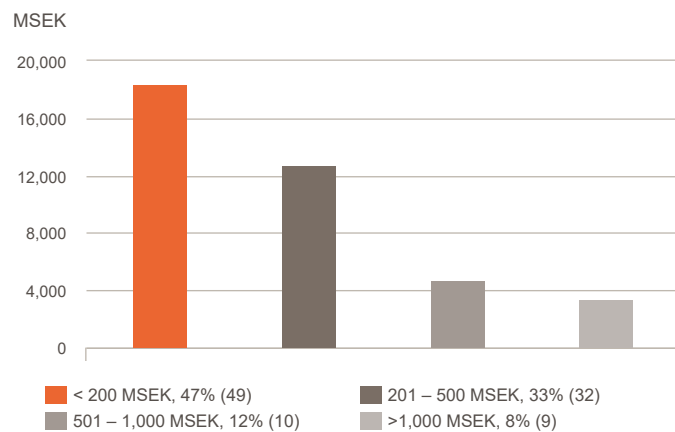
Orders received

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Construction	5,835	6,321	22,779	27,732
Civil Engineering	3,274	2,904	15,090	14,877
Industry	2,424	3,127	11,186	12,788
Project Development	-151	453	136	6,019
Eliminations	-855	-2,350	-4,083	-8,157
Group	10,527	10,455	45,108	53,259

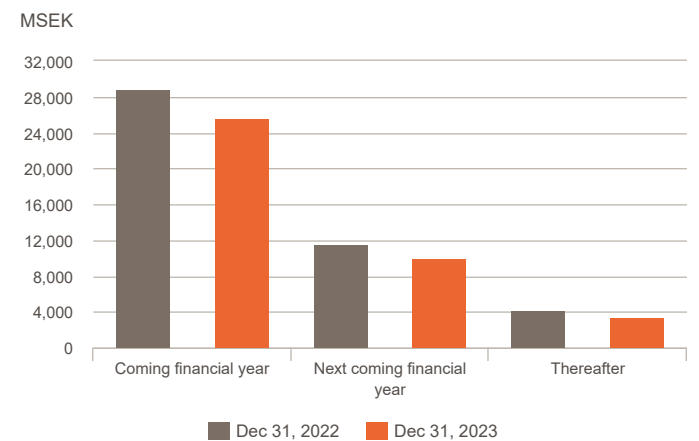
Order backlog

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

Project size of order backlog, December 31, 2023



Order backlog allocated over time



Apartment Building
Nådendal, Finland

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

- Construction of another stage in the project Trägården in Askim, Gothenburg. A total of 117 new apartments for rent will be built for Stena Fastigheter Göteborg AB. The contract is worth SEK 135 million.
- Construction of a new fire and emergency station in Norrköping. The customer is Norrköping Municipality. The contract is worth SEK 132 million.
- Construction of Fremmerholen's new wastewater treatment plant in Ålesund. The customer is Ålesund Municipality. The contract is worth NOK 202 million.
- Commission to rebuild and add on to Värnamo Hospital. The customer is Regionsfastigheter in Jönköping County. The contract is worth SEK 214 million.
- Construction of rental apartments in Malmö. The customer is MKB Fastighets AB. The contract is worth SEK 408 million.
- Construction of a new senior living facility in Norrköping. The customer is Norrköping Municipality. The contract is worth SEK 210 million.
- Commission to rebuild Vaxholm's docks. The customer is the City of Vaxholm. The contract is worth SEK 116 million.
- Construction of a new main water line in Lillestrøm. The customer is Nedre Romerike Vann- og Avløpsselskap. The contract is worth NOK 144 million.
- Commission to upgrade Svedala Station and build a pedestrian tunnel. The customer is the Swedish Transport Administration. The contract is worth SEK 106 million.
- Construction of the eighth stage of apartment buildings at Mariehöjd in Umeå, which will comprise 79 tenant-owner apartments and two common areas. The customer is Mariehöjd Produktion AB. The contract is worth SEK 133 million.
- Construction of a cold storage unit in Hyllinge northeast of Helsingborg. The customer is Evolv Frysen 1 AB. The contract is worth SEK 111 million.
- Renovation of a hotel in Vantaa on the outskirts of Helsinki. The customer is Kiinteistö OY Haukipurontie (Keva). The contract is worth EUR 13 million.
- Construction of a new fire station with an adjacent training field at Eriksberg in Hallstahammar. The customer is Rescue Services Mälardalen. The contract is worth SEK 140 million.
- Construction of a senior living facility in Stenungsund. The customer is Stenungsund Municipality. The contract is worth SEK 188 million.
- Construction of the first stage of Ullevi Road in Linköping. The customer is Linköping Municipality. The contract is worth SEK 160 million.
- Construction of Norra Hallsås School in Lerum. The customer is Lerum Municipality. The contract is worth SEK 390 million.
- Construction of three rental apartment buildings in Tampere. The customer is Tampereen Vuokra-asunnot Oy (TVA). The contract is worth EUR 24 million.
- Construction of adapted housing and a daytime activity center in Harstad. The customer is Harstad Municipality. The contract is worth NOK 114 million.
- Rebuilding E22 Interchange Lund Södra and Road 108 between Staffanstorp and Lund. The customer is the Swedish Transport Administration. The contract is worth SEK 533 million.
- Construction of a new swimming pool facility in Leknes. The customer is Vestvågøy Municipality and the contract is worth NOK 262 million.

The following own housing developments were production-started in the fourth quarter:

- Combined project of homes and a mobility hub in Helsingborg that comprises 79 apartments and 127 parking spaces. The apartments will be built in an area close to nature and mass transit. The completed building will be certified according to the Swan ecolabel and parking spaces will have charging stations for electric vehicles. The project is expected to be completed during the fourth quarter 2025. The project is not included in orders received since it is being built on Peab's own balance sheet.

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

- One year federal contract in Kuopio for EUR 7 million.
- One year private contract for paving tunnels in Tromsø for NOK 39 million.
- One year federal contract for the highway at Klipleve for DKK 15 million.
- One year municipal contract in Hallsberg Municipality for SEK 13 million.

Overview business areas

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

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

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.

Net sales and operating profit per business area

MSEK	Net sales				Operating profit			
	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Construction	7,029	8,330	27,780	28,999	-358	166	41	629
Civil Engineering	4,454	4,405	15,164	14,965	180	175	501	494
Industry	5,056	5,658	19,962	21,433	476	283	962	747
Project Development	1,456	1,986	5,722	8,661	17	309	304	1,127
– of which Property Development	453	11	534	494	63	19	107	187
– of which Housing Development	1,003	1,975	5,188	8,167	-46	290	197	940
Group functions	377	409	1,487	1,532	-159	-53	-299	-198
Eliminations	-2,733	-3,740	-11,294	-12,455	-23	-27	-56	-58
Group, segment reporting excl. MoS	15,639	17,048	58,821	63,135	133	853	1,453	2,741
Construction – effect Mall of Scandinavia (MoS)							400	
Group, segment reporting	15,639	17,048	58,821	63,135	133	853	1,853	2,741
Adjustment housing to IFRS	1,726	93	2,779	-1,202	330	25	696	-219
IFRS 16, additional leases	–	–	–	–	8	8	37	35
Group, IFRS	17,365	17,141	61,600	61,933	471	886	2,586	2,557
<i>Of which construction contract businesses according to segment reporting excl. MoS (Construction and Civil Engineering)</i>	<i>11,483</i>	<i>12,735</i>	<i>42,944</i>	<i>43,964</i>	<i>-178</i>	<i>341</i>	<i>542</i>	<i>1,123</i>

Percent	Operating margin			
	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Construction	-5.1	2.0	0.1	2.2
Civil Engineering	4.0	4.0	3.3	3.3
Industry	9.4	5.0	4.8	3.5
Project Development	1.2	15.6	5.3	13.0
– of which Property Development	13.9	172.7	20.0	37.9
– of which Housing Development	-4.6	14.7	3.8	11.5
Group functions				
Eliminations				
Group, segment reporting excl. MoS	0.9	5.0	2.5	4.3
Group, segment reporting	0.9	5.0	3.2	4.3
Adjustment housing to IFRS				
IFRS 16, additional leases				
Group, IFRS	2.7	5.2	4.2	4.1
<i>Of which construction contract businesses according to segment reporting excl. MoS (Construction and Civil Engineering)</i>	<i>-1.6</i>	<i>2.7</i>	<i>1.3</i>	<i>2.6</i>

Business area Construction

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

Operations in business area Construction are run via some 150 local offices around the Nordic 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 a nationwide organization in Sweden focused on the big city areas. Other regions are responsible for all types of construction projects in their geographic area.

Net sales and profit

October – December 2023

Net sales for the fourth quarter 2023 decreased by 16 percent and amounted to SEK 7,029 million (8,330). The reduction is primarily due to a lower demand in new production of housing in all countries. The decline is most notable in Norway and Finland.

In order to handle the diminished housing market we are streamlining construction production and shifting to other kinds of projects. During the quarter a review has resulted in provisions and write-downs in housing projects received before the outbreak of war in Ukraine that have been affected by price hikes and are almost completed as well as a number of projects in Norway. All in all this has charged business area Construction by SEK -465 million kronor, of which write-downs of goodwill in Norwegian construction operations amount to SEK -125 million. Operating profit amounted to SEK -358 million (166) and the operating margin was -5.1 percent (2.0).

January – December 2023

Net sales for 2023 amounted to SEK 27,780 million (28,999).

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

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

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

Orders received and order backlog

October – December 2023

The level of orders received contracted during the fourth quarter and amounted to SEK 5,835 million (6,321). The portion of housing projects in orders received has decreased. The level of orders received from public customers continued to be good during the quarter.

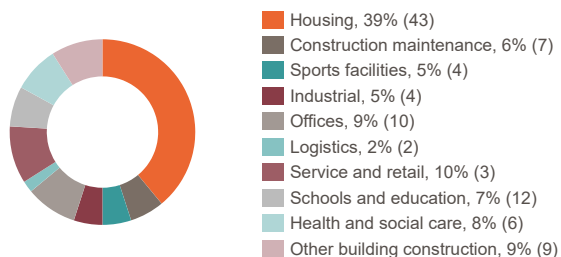
January – December 2023

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

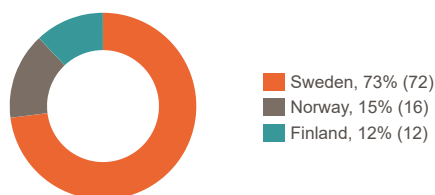


Net sales

per product area, 2023

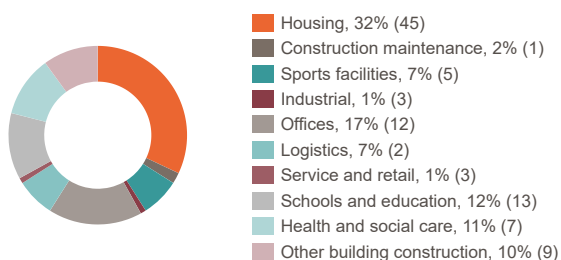


per geographic market, 2023

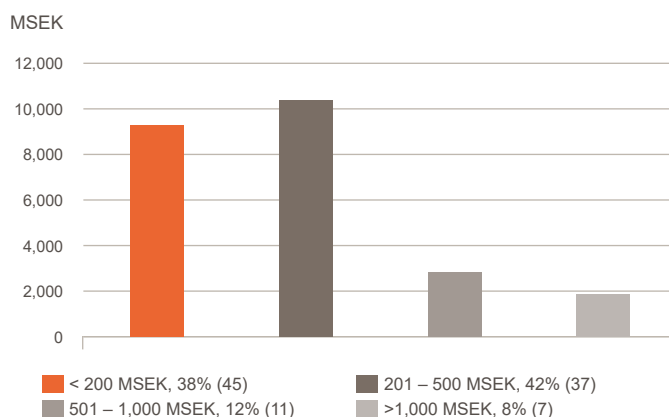


Order backlog, December 31, 2023

per product area



per project size



Key ratios

	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales, MSEK	7,029	8,330	27,780	28,999
Operating profit excl. MoS, MSEK	-358	166	41	629
Operating margin excl. MoS, %	-5.1	2.0	0.1	2.2
Operating profit, MSEK	-358	166	441	629
Operating margin, %	-5.1	2.0	1.6	2.2
Orders received, MSEK	5,835	6,321	22,779	27,732
Order backlog, MSEK	24,469	29,064	24,469	29,064
Operating cash flow, MSEK	86	-14	146	-79
Average number of employees	4,911	5,330	5,067	5,227

Business area Civil Engineering

Business area Civil Engineering is a leading player 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 the specialized product areas Local market, Infrastructure and heavy construction and Operation and maintenance.

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

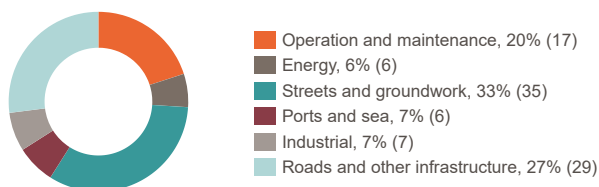
Net sales and profit

October – December 2023

Net sales for the fourth quarter 2023 continued to be high and amounted to SEK 4,454 million (4,405). Net sales in Local market and Operation and maintenance were somewhat higher while net sales in Infrastructure were lower compared to the fourth quarter last year. Operating profit was SEK 180 million (175) and the operating margin was 4.0 percent (4.0).

Net sales

per product, 2023



January – December 2023

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

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

Orders received and order backlog

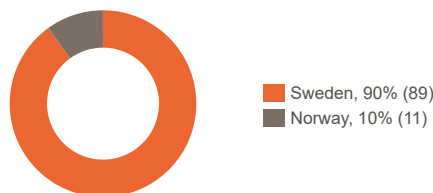
October – December 2023

The level of orders received during the quarter increased by 13 percent and amounted to SEK 3,274 million (2,904).

January – December 2023

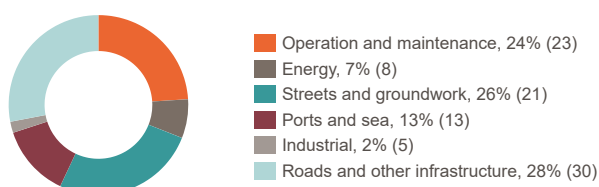
Orders received during the year amounted to SEK 15,090 million compared to SEK 14,877 for the last year. Order backlog on December 31, 2023 amounted to SEK 13,905 million (13,939). Roads and other infrastructure make up 28 percent (30).

per geographic market, 2023

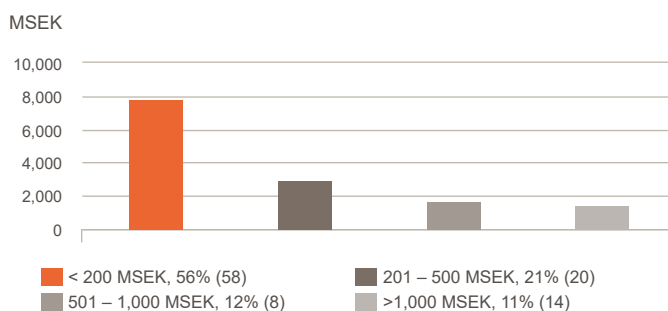


Order backlog, December 31, 2023

per product



per project size



Key ratios

	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales, MSEK	4,454	4,405	15,164	14,965
Operating profit, MSEK	180	175	501	494
Operating margin, %	4.0	4.0	3.3	3.3
Orders received, MSEK	3,274	2,904	15,090	14,877
Order backlog, MSEK	13,905	13,939	13,905	13,939
Operating cash flow, MSEK	339	-211	698	-114
Average number of employees	3,379	3,322	3,356	3,296

Business area Industry

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

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

Net sales and profit

Business area Industry has a very clear seasonal pattern where the first quarter is characterized by substantial deficits since the season begins in the second quarter.

October – December 2023

Net sales decreased by eleven percent and amounted to SEK 5,056 million (5,658). The reduction is mainly related to product areas Paving and Concrete but net sales for the quarter were also lower in Rentals and Construction System due to a weaker construction market. Operating profit improved to SEK 476 million (283) and the operating margin improved to 9.4 percent (5.0). The improvement is due to better earnings in Paving while earnings in Rentals were lower during the quarter.

January – December 2023

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

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

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

Orders received and order backlog

October – December 2023

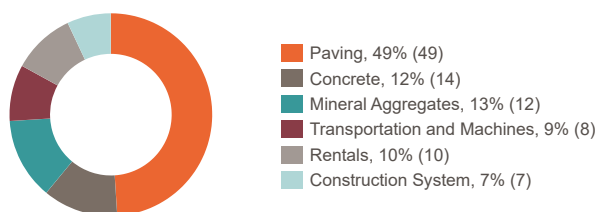
The level of orders received during the fourth quarter amounted to SEK 2,424 million (3,127).

January – December 2023

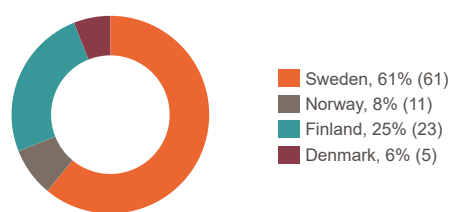
The level of orders contracted during the year and amounted to SEK 11,186 million (12,788). The reduction is primarily due to Peab being more selective about the tenders Paving in Norway submits. Order backlog on December 31, 2023 was SEK 3,954 million (4,273).

Net sales

per product area, 2023



per geographic market, 2023



Key ratios

	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales, MSEK	5,056	5,658	19,962	21,433
Operating profit, MSEK	476	283	962	747
Operating margin, %	9.4	5.0	4.8	3.5
Orders received, MSEK	2,424	3,127	11,186	12,788
Order backlog, MSEK	3,954	4,273	3,954	4,273
Capital employed at the end of the period, MSEK	10,699	10,807	10,699	10,807
Operating cash flow, MSEK	1,448	498	1,012	-518
Average number of employees	4,620	5,050	4,485	4,761
Concrete, thousands of m ³ ¹⁾	255	341	1,104	1,349
Paving, thousands of tons ¹⁾	1,149	1,587	5,511	7,185
Mineral Aggregates, thousands of tons ¹⁾	6,572	7,495	24,784	28,947

¹⁾ Refers to sold volume

Business area Project Development

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

The business area is responsible for the Group's property acquisitions and divestitures as well as project development which generates contract work for the other business areas. Project Development works through wholly owned companies or in collaboration with other partners in joint ventures. Peab's primary ambition is to work with development projects on our own balance sheet. Collaboration with other partners via joint ventures may take place from time to time during a project. The goal is to create capital efficient developments with partners that boost the business and thereby profitability.

Housing Development develops all kinds of homes on the Nordic market such as apartment buildings in tenancy ownership, ownership and rental form as well as single homes.

Property Development processes and develops office buildings, premises and sometimes entire city boroughs in collaboration with municipalities and other partners. Operations are primarily concentrated to the big city areas throughout the Nordic region.

Net sales and profit

October – December 2023

Net sales in Project Development contracted in the quarter and amounted to SEK 1,456 million (1,986). The decrease is attributable to Housing Development. Operating profit amounted to SEK 17 million (309) with an operating margin of 1.2 percent (15.6).

January – December 2023

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

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

Key ratios

	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales, MSEK	1,456	1,986	5,722	8,661
<i>of which Property Development</i>	453	11	534	494
<i>of which Housing Development</i>	1,003	1,975	5,188	8,167
Operating profit, MSEK	17	309	304	1,127
<i>of which Property Development</i>	63	19	107	187
<i>of which Housing Development</i>	-46	290	197	940
Operating margin, %	1.2	15.6	5.3	13.0
<i>of which Property Development</i>	13.9	172.7	20.0	37.9
<i>of which Housing Development</i>	-4.6	14.7	3.8	11.5
Capital employed at the end of the period, MSEK	18,093	15,632	18,093	15,632
Orders received, MSEK	-151	453	136	6,019
Order backlog, MSEK	1,620	5,447	1,620	5,447
Operating cash flow, MSEK	-213	-1,087	-2,254	-690
Average number of employees	199	248	222	243

Capital employed

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

Housing Development

October – December 2023

The continued weak demand for homes contributed to fewer sold homes and production starts of our own housing developments during the fourth quarter. Net sales contracted and amounted to SEK 1,003 million (1,975). Divestment of rental apartment projects affected net sales positively. Operating profit amounted to SEK -46 million (290) and the operating margin was -4.6 percent (14.7). The lower level of activity in our own ongoing housing developments contributed to the lower operating profit. Capital gains from divestment of rental apartment projects had a marginal effect on operating profit for the quarter.

The market continues to be cautious regarding all kinds of housing as a result of rising interest rates, inflation and uncertain economies, which negatively affects the conditions for production starts. In total, the number of start-ups of our own developed homes amounted to 79 (314) during the fourth quarter. Homes in rental apartment projects on our own balance sheet made up 79 (184) of these start-ups. During the corresponding quarter last year 130 tenant-owner apartments/condominiums were production started. The total number of sold homes were 330 (207), of which 201 (141) were tenant-owner apartments/condominiums and 129 (66) were homes in rental apartments projects.

January – December 2023

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

The market continues to be cautious regarding all kinds of housing as a result of rising interest rates, inflation and uncertain economies, which negatively affects the conditions for production starts. We noted a definite decline in Finland during the year. In total, the number of start-ups of our own developed homes amounted to 727 (2,336). Of the start-ups, 121 (1,810) were tenant-owner apartments/condominiums where 36 (1,607) were new production and 85 (203) were conversions from previously started-up rental apartments, and 606 (526) were homes in rental apartment projects on our own balance sheet. Total number of sold homes was 934 (1,709), of which 542 (1,643) were tenant-owner apartments/condominiums and 392 (66) were homes in rental apartments projects.

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

There is a substantial underlying need for homes throughout the Nordic region but higher interest rates and inflation make it harder to make calculations. We see continued interest in our own housing developments but the high cost of construction, interest rate hikes and concern about the economy in general make it difficult to assess future developments, especially in projects with a long time before occupancy. As far as Peab is concerned, we have a well-dimensioned development rights portfolio in attractive locations and while we wait for the market to recover we are further developing and preparing projects for the future.

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

In December Peab signed a contract to acquire Folksam's shares in Sicklaön Invest AB that partly and wholly owns development rights in Kvarnholmen in Nacka. The acquisition was concluded in January 2024. Peab thereby increases its ownership from 50 to 100 percent. Peab has developed homes on Kvarnholmen since 2013. Sicklaön Invest AB has more than 270 zoning approved, wholly owned development rights for a gross area of 26,000 m². In addition, the company owns 50 percent of the shares in Kvarnholmen Utveckling AB that has an ongoing zoning process for more than 120,000 m² housing development rights. Half of them will be turned over to Peab.

Net sales

per geographic market, 2023



Development rights for housing

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

Own housing development construction

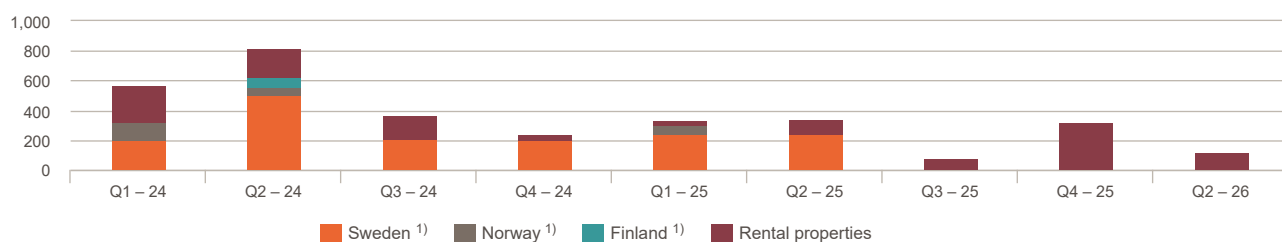
	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Tenant-owner associations, ownership and residential limited companies				
Number of production-started homes during the period	–	130	121 ¹⁾	1,810 ¹⁾
Number of sold homes during the period	201	141	542	1,643
Total number of homes under production, at the end of the period	2,392	4,539	2,392	4,539
Portion of sold homes under production, at the end of the period	68%	69%	68%	69%
Number of repurchased homes on our balance sheet, at the end of the period	252	105	252	105
Rentals				
Number of production-started homes during the period	79	184	606	526
Number of sold homes during the period	129	66	392	66
Number converted to tenant-owner associations during the period	–	–	85	203
Total number of homes under production, at the end of the period	1,302	1,179	1,302 ²⁾	1,179 ²⁾

¹⁾ Includes 85 (203) homes that have been converted from rentals

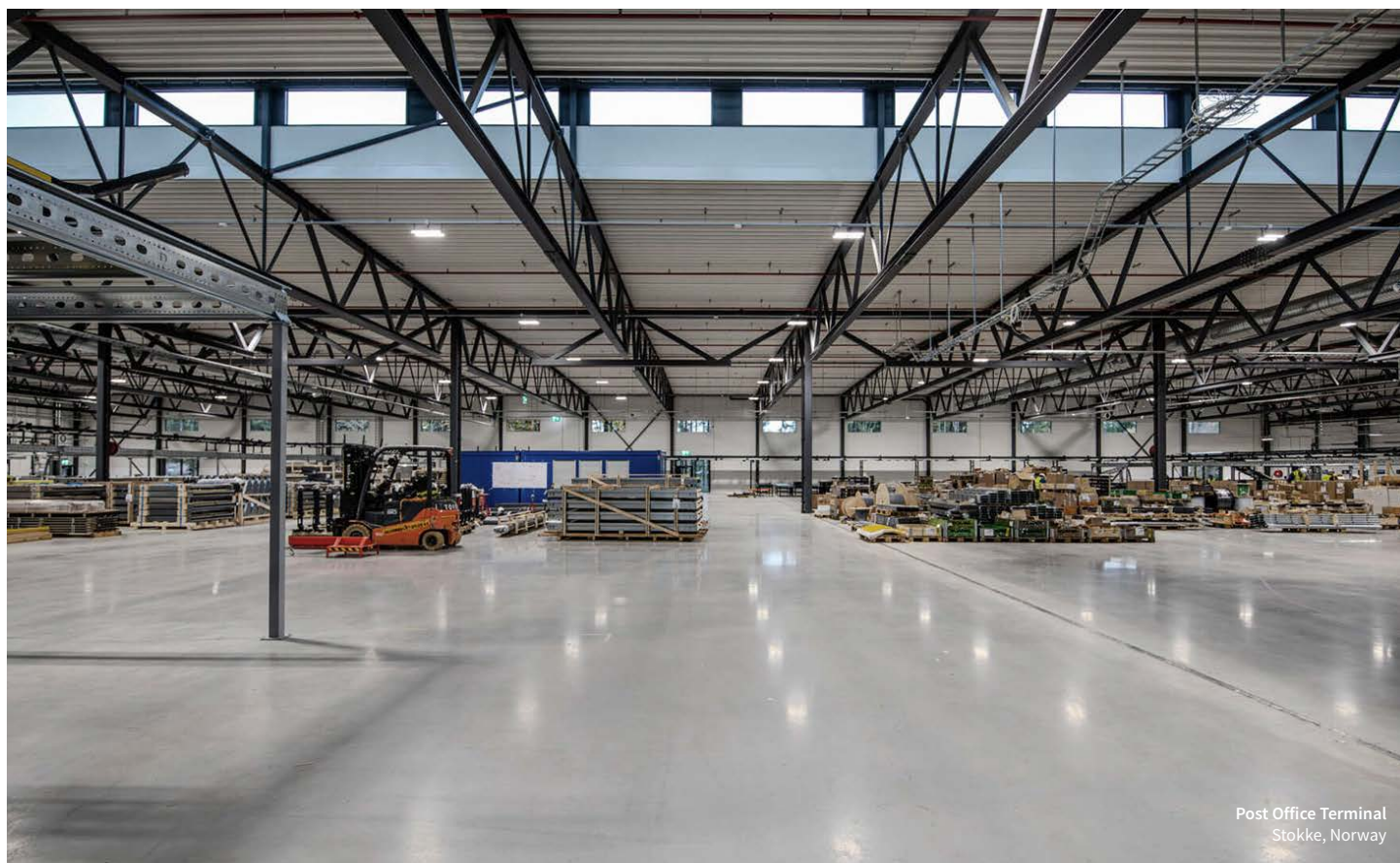
²⁾ Of which 365 (866), respectively 28 percent (73), are under contract to be sold upon completion

Time of completion of our own ongoing housing development projects

Number of homes



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



Post Office Terminal
Stokke, Norway

Property development

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

October – December 2023

During the fourth quarter net sales were SEK 453 million (11) and operating profit was SEK 63 million (19). Net sales and operating profit were positively affected by the divestment of an office building in Malmö to Annehem Fastigheter. Capital gains from property divestitures totally amounted to SEK 87 million (2). Profit contributions from partly owned companies amounted to SEK 7 million during the quarter compared to SEK 25 million in the same quarter last year. The reduction is mainly due to higher interest costs in the partly owned companies.

January – December 2023

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

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

Ongoing property projects

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

The table below presents the ongoing property projects per December 31, 2023. We started production during the third quarter on a 23,900 m² logistics facility in Södertälje. The property has been divested to an external party and will be turned over in the fourth quarter 2024.

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

Significant joint ventures

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

Fastighets AB Centur

Own, manage and develop commercial property and housing.

Peab's share: 50 percent

Partner: Balder

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

Recognized value on properties December 31, 2023 ¹⁾: SEK 7,889 million (7,872)

Peab's portion of unrecognized fair value exclusive tax ¹⁾: SEK 519 million (653)

Major ongoing projects: Varvsstaden, Malmö, 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

Location: Lund

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

Major ongoing projects: No major ongoing projects

Point Hyllie Holding AB

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

Peab's share: 50 percent

Partner: Volito

Location: Hyllie, Malmö

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

Major ongoing projects: No major ongoing projects

Skiab Invest AB

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

Peab's share: 50 percent

Partner: SkiStar

Location: Scandinavian mountains

Recognized value on properties December 31, 2023 ¹⁾: SEK 2,149 million (2,526)

Peab's portion of unrecognized fair value exclusive tax ¹⁾: SEK 40 million (56)

Major ongoing projects: No major ongoing projects

Tornet Bostadsproduktion AB

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

Peab's share: 33 percent

Partner: Folksam and Balder

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

Recognized value on properties December 31, 2023 ¹⁾: SEK 6,258 million (5,748)

Peab's portion of unrecognized fair value exclusive tax ¹⁾: SEK 365 million (350)

Major ongoing projects: 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 time point when the market valuations take place can differ between the companies. The market prices on properties that affect the recognized values in the joint venture companies are not included in Peab's accounts.

Construction market

Sweden

Inflation continued to deflate during the autumn of 2023. Most financial analysts seem to agree that interest peaked when Riksbanken last raised the rate to 4.0 percent. Riksbanken forecasts that the repo rate will remain unchanged in 2024 while the market expects a reduction already in the first half of the year. The high level of prices has a negative effect on both consumption and investments and Sweden's GNP is believed to have contracted by 0.8 percent in 2023 and that there will be zero growth in 2024. There was a severe decline in housing construction in 2023 due to high costs and interest rates and households' diminishing disposable income. This decline will most likely continue in 2024 although at a considerably slower rate. Private and public sector's premise construction will probably also be affected negatively by the higher costs and deteriorating economy but industry's building construction investments are expected to grow. Overall 2023 entailed a broad decline in other building construction investments. The negative trend is expected to continue in 2024, albeit to a lesser degree. Civil engineering construction is believed to have increased in 2023 through growing private investments in water and wastewater facilities and energy. Growth is expected to level out in 2024.

Norway

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

Finland

The Finnish GNP is expected to land at about zero growth in 2023. Gross investments and private consumption have been negatively affected by the weak global economy, high prices and the rise in interest rates. Household's purchasing power has diminished and homeowners have seen their wealth shrink with the falling price of homes. In 2024 GNP is expected to grow by around half a percent. Housing construction is believed to have contracted considerably in 2023 for both single homes and apartments. Developments in other building construction diverge. While industrial and public sector building construction investments appear to have grown in 2023 office buildings and retail space seem to be headed the other way. A decline is expected in total building construction investments in both 2023 and 2024. Next year the decline in the building construction market will mostly likely be broad, negatively affected by high prices and rising unemployment. Civil engineering is believed to have developed sideways in 2023 while a slight downturn is expected in 2024.

Housing

	2023	2024	2025
Sweden	↓	↘	↗
Norway	↓	↘	↗
Finland	↓	↘	↗

Forecast for production-started housing investments, new production and renovations
Source: Navet

Other building construction

	2023	2024	2025
Sweden	↘	↘	↗
Norway	↑	→	→
Finland	↑	↘	↗

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

Civil engineering

	2023	2024	2025
Sweden	↑	→	↗
Norway	↗	↗	→
Finland	→	↘	→

Forecast for civil engineering investments
Source: Navet

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



Non-financial targets and sustainability

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

We monitor our business based on nine external targets – both financial and non-financial – that also identify our material sustainable aspects. These are found in the strategic targets Best workplace and Leader in social responsibility. We monitor our targets quarterly, semi-annually or annually. In connection with this year-end report we present the outcome of all nine targets for 2023.

Most satisfied 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 marketing our company. This is why 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. Our latest Customer Satisfaction Index (CSI) score for 2023 remained at 80 (80), which is a continued good result and higher than our target of 75. Customers' perception of Peab's price worthiness and planning ability were the areas where scores increased the most. Regarding our business areas, Construction and Civil Engineering increased their CSI scores compared to 2022.

Best workplace

Peab's employees work locally, close to our customers throughout the Nordic region. The total number of employees per December 31, 2023 was 14,107 (15,040). The average number of employees for the whole year was 13,808 compared to 14,211 for the full year 2022. The calculation of average number of employees has changed as of January 1, 2023 and is based on the sum of hours worked.*

Serious accidents

A safe work environment is the foundation of our business. Everyone at our workplaces should be able to be there under safe and secure conditions, despite the fact that there are risks involved in the work we do. In order to prevent incidents and accidents at our workplaces we develop quality-ensured work methods and train our employees. Our focus is on planning and risk assessment in projects, taking safety measures and learning from reported risk observations, incidents and accidents.

Our zero vision of workplace accidents and target of a contracting trend in serious accidents* comprises everyone at our workplaces. During the fourth quarter there were 14 serious accidents, of which 9 referred to our own employees and 5 referred to subcontractors. Calculated for a rolling twelve month period the number was 48 per December 31, 2023 (49 per December 31, 2022). Of these, 30 referred to our own employees and 18 referred to subcontractors. The level of serious accidents is still too high and we continue determinedly to focus on these issues so that the trend is a material reduction in the number of accidents. Our preventive work concerning the work environment and measures to prevent accidents from reoccurring as well as continuous information are key to reducing the number of workplace accidents.

We also monitor the number of workplace accidents with more than four days absence, excluding the day of injury (LTI4), and workplace accidents according to the same definition per one million hours worked (LTIF4) for our own employees. In the fourth quarter this year the number of LTI4s was 39 (30 third quarter 2023) and the LTIF4 frequency rate for a rolling twelve month period was 5.9 (5.7 after the third quarter 2023), which is a deterioration of the positive trend we have seen over a long period time.

Every remedied risk is one less potential accident, which is why we are highly focused on working preventively and monitoring remedies for reported incidents. During 2023 the organization reported a total of around 55,000 risk observations*. Since October Swedish operations have shifted focus from measuring risk observations to having our employees produce work preparations together before they begin a job. Risk elimination, in other words identifying risks and measures, is limelighted in work preparations to increase the safety of our workplaces and reduce accidents and incidents. This means that the number of risk observations is expected to diminish.

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

Attractive employers (eNPS)

We should be the best workplace in the industry and thereby the obvious choice of employer. Everyone should feel they are in safe and inclusive workplaces with good work conditions and opportunities to develop at Peab. Twice a year we hold our personnel survey The Handshake so that we can continuously develop and improve as co-workers and teams. The questions in The Handshake mainly concern productivity, the team's sustainability and if employees are willing to recommend Peab as an employer to friends and acquaintances (eNPS). The latter is also one of our nine external targets that we report twice a year and should be above the benchmark for the industry (industry and manufacturing). In the autumn survey the eNPS score fell slightly from 27 to 26 but the results are about the same as in the spring survey, despite a tough market situation. The Nordic benchmark has dropped from 21 to 19. Notable in the autumn survey was that satisfaction among female skilled workers rose considerably as in business area Civil Engineering which has not been hit as hard by the current difficult market situation. Participation in the autumn survey was 87.3 percent, which is the highest ever.

Leader in social responsibility

Climate target for carbon dioxide intensity

As the Nordic Community Builder we have a big responsibility for reducing the considerable climate impact of the construction and civil engineering industry at the rate required by the Paris Agreement.

Peab impacts the environment and the climate through our own operations and the impact our suppliers and customers have. Our 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 can be found within the framework of these areas. As community builders we also have a comprehensive perspective on our climate work and strive to contribute to a sustainable society on the whole by building, for example, solar power plants 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 our value chain. We have an advantage in that we can supply our construction contract operations and the projects we develop ourselves with input goods and raw material through business area Industry, which augments our ability to actively steer towards lower carbon emissions.

In 2045 Peab will be climate neutral. 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 2023 revealed that developments are going in the right direction although to different degrees. Carbon dioxide intensity in our own production has gone down by 49 percent compared to base year 2015 and by 9 percent for input goods and purchased services. This means that we are well on the road to converting the production we ourselves have control over but the greater challenge is when we are dependent on other parties for a reduction in our carbon footprint. It is therefore vital that we continue to make explicit and stringent demands as well as point out choices that are better for the climate in order to reduce emissions. We work actively to increase the completeness of our measurements of carbon dioxide intensity, which is particularly demanding in Scope 3 reporting.

Equal opportunity

Only about five percent of those that graduate with, for Peab, degrees in 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 society has to offer. As one of the largest Nordic community builders we have a responsibility to nudge the entire industry forward. Our target initially is therefore to strive for the percentage of women recruited to Peab for our core skills to always be higher than the percentage of women who have graduated with, for us, relevant degrees on the education markets. We are focused on core skills in production (skilled workers) as well as in production management and production support (white-collar workers). At the end of 2023 the percentage of women in new recruitments was 14.2 percent in production and processing compared to our target of more than 5.0 percent. We are raising our target to 6.0 percent for 2024. New recruitment in production management and production support dropped to 18.8 percent whereas our target is at least 30.0 percent. The reason behind the reduction was the few recruitments during the year because of the current market situation.

Activities during the fourth quarter


- Peab presented the world's first building that used fossil free steel. This entailed the launch of the transition in the steel segment for Sweden's entire construction industry and marks the next step in Peab's industry unique partnership with SSAB regarding fossil free steel. The partnership guarantees Peab's access to fossil free steel as of the year 2026.
- Byggelement's new factory in Ucklum outside Stenungsund was completed. The plant has the most high tech and industrialized process for meeting the growing demand for concrete elements with a lesser climate impact on the market. The unit is thereby a complete supplier of highly industrialized products for a large geographic area.
- In April the new concrete laboratory in Danderyd was inaugurated. There Swerock tests and analyzes concrete and mineral aggregates used in concrete production and does research on concrete for the future. Now Swedac has accredited the laboratory according to ISO 17025 for four different method standards that describe how the testing process should be performed. In time the laboratory will be accredited for more methods.
- Swerock has built a top modern moraine wash in Blentarp which makes the company self-sufficient in high quality concrete sand for two of its nearby concrete factories. Being able to use internal resources in concrete production instead of importing is a big advantage, in particular in reducing transportation.
- Byggelement expanded its ECO-Prefab range with the new half sandwich wall ECO 60 which reduces the need for cement by 60 percent and enables a further reduction of carbon emissions by up to 60 percent.
- The project Sundsvall Logistic Park became Peab's and Sweden's first sustainably certified according to BREEAM Infrastructure (previously Ceequal) which is globally used on land development and civil engineering projects.
- Swerock tested an electric skip loader in Malmö by test driving it during two days under the same conditions as a conventional diesel truck. The electric skip loader thereby contributed to both the environment and the work environment while the test provided an estimation of how much electricity is needed for the different activities in driving, loading and unloading.
- In a project with the City of Gothenburg Swerock has begun to use one of the first electric excavator trucks in Sweden. The electric excavator truck reduces carbon and other greenhouse gas emissions, improves air quality and contributes to less noise in cities. The lower noise level also improves the work environment for the truckdriver and those working in proximity.
- The Swan ecolabel criteria for new production of buildings was updated in 2023 and as of 2024 Peab is working with the new criteria that include requirements for climate-improved concrete, better energy performance in new buildings and greater biodiversity. Sections of EU Taxonomy criteria are also integrated into the new Swan ecolabel criteria.
- Last fall we held the work environment evaluation the Handshake which surveys how Peab's employees experience their work environment. It focuses on work teams and how we can improve the work environment in our organization.
- In connection with Byggnad's annual work environment week the trade union's safety representatives and work environment administrators conducted extra controls at our workplaces focusing on risk assessments in planning jobs.
- In Finland Lambertsson was the first in the EU to test the so-called Skyline Cockpit which makes it possible to steer a tower crane via Internet or a satellite and with the aid of a camera. This improves the crane drivers' work environment and work situation in terms of safety and communication on construction sites.
- Peab carried out a new, mandatory Code of Conduct course for all its employees. The course covers subjects such as the work environment, information security, inclusion, whistleblowing, anti-corruption and the environment. The course is in an interactive format.



Summary external targets


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

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



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

>75
CSI always over 75



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

eNPS
always over benchmark

ZERO VISION
serious accidents
Through a contracting trend



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

>6%
Operating margin

0.3–0.7
Net debt/equity ratio

>50 % of profit for the year
Dividend



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

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

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

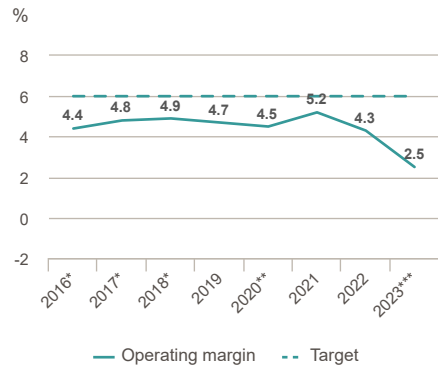
EQUAL OPPORTUNITY RECRUITMENT
Share of women recruited always over the education market

Target and target fulfilment

Most profitable company

Operating margin

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

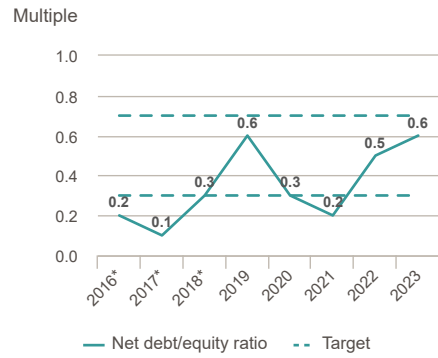


* Years 2016-2018 not translated according to changed accounting principles for own housing development projects. ** Operating margin excl. the effect of the distribution of Annehem Fastigheter (SEK 952 million). *** Operating margin excl. Mall of Scandinavia (SEK 400 million).

Most profitable company

Net debt/equity ratio

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

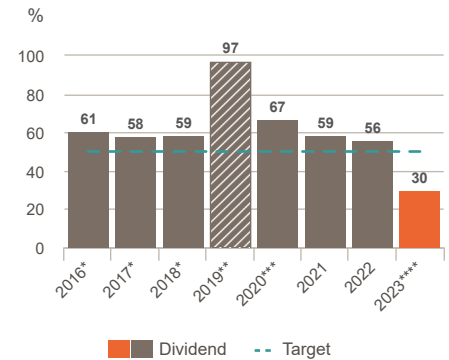


* Years 2016-2018 not translated according to changed accounting principles for own housing development projects.

Most profitable company

Dividend

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

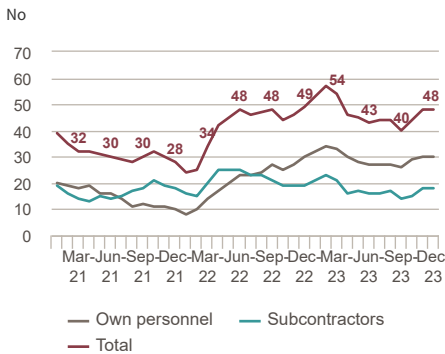


* Years 2016-2018 not translated according to changed accounting principles. ** For 2019, no cash dividend has been paid. The value of the distribution of Annehem Fastigheter at the time of the distribution in December 2020 amounted to 97 percent of the profit for the year 2019. *** The proportion is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

Best workplace

Serious accidents

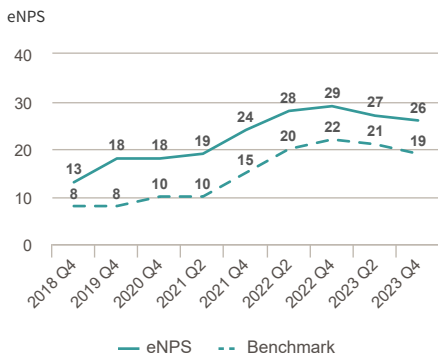
Target: Zero fatal accidents and contracting trend, rolling 12 months, serious accidents classification 4 (reported quarterly)



Best workplace

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.

Most satisfied customers

Customer Satisfaction Index (CSI)

Target: > 75 (reported annually)

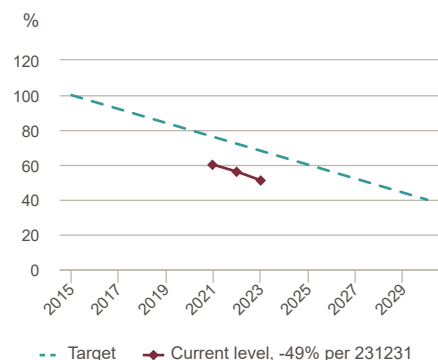


CSI stands for Customer Satisfaction Index and measures how satisfied Peab's customers are. CSI is a weighted measurement between 0 and 100.

Leader in social responsibility

Carbon dioxide intensity: Climate targets for our own production

Target: Reduced emissions of GHG Scope 1+2* (tons CO₂e/MSEK) by 60% until 2030 (reported annually)

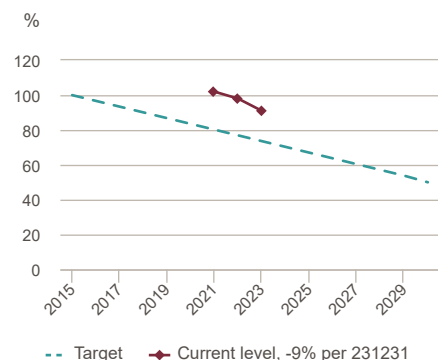


* Direct and indirect emissions as a result of using fuel and energy in our own production.

Leader in social responsibility

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

Target: Reduced emissions of GHG Scope 3* (tons CO₂e/MSEK) by 50% until 2030 (reported annually)



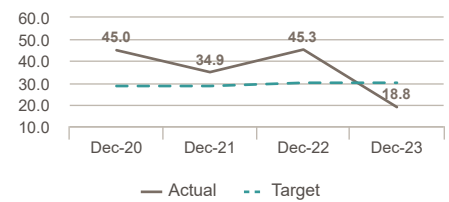
* Includes concrete/cement, asphalt/bitumen, transportation and machine services, steel, waste and business trips.

Leader in social responsibility

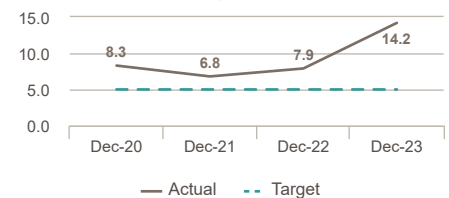
Equal opportunity recruitment

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

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



Production and processing (skilled workers), %



Risks and uncertainty factors

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

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

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

Financial risks are primarily associated with the company's need for capital, tied-up capital and access to financing. Financial risks are managed on Group level.

In recent years there has been a significant rise in the price of materials and energy. However, during the past year we have noticed that material prices have stagnated and there has even been a slight decline in prices, mainly regarding energy. We follow developments carefully and continually work to adapt and streamline production all the while expecting continued high construction costs. High construction costs and interest rates make it harder for calculations to come out ahead, which dampens demand on the construction market throughout the Nordic region.

Interest rates have continued to rise and central banks have raised policy interest rates several times during the last year. Higher interest rates are expected to stymie investment appetite and diminish demand.

Since Russia invaded Ukraine in February 2022 the global situation has changed dramatically. In addition to the terrible tragedy for the people the war touches, the situation risks further hampering macroeconomic growth in the world. The construction industry is affected through greater uncertainty and cautiousness concerning investments, continued high material and energy prices. Peab is not directly exposed to Russia, Ukraine or Belarus but may be indirectly affected through material suppliers. We follow developments carefully to continually assess any effects on Peab.

For further information about risks and uncertainty factors, see the Annual and Sustainability Report 2022.



Other information

Significant events during the period

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

Peab has entered agreements for new credit facilities divided into two contracts. One is a three year credit facility for a total of SEK 7.0 billion and the other is an 18 month credit facility of SEK 400 million. The credit facility for SEK 7.0 billion runs until June 15, 2026 with the possibility of an extension for one plus one year. Four banks participate in the transaction: Nordea, Swedbank, SEB and Handelsbanken. The transaction is coordinated by Nordea. Peab has also entered an agreement for a bilateral credit facility with Nordea for SEK 400 million. The contract runs for 18 months and matures on December 15, 2024 with the possibility of an extension for another year. The credit agreements refinance the company's existing credit facility and are prepared for sustainability linking. The loan contracts make up Peab's long-term financing foundation and are complemented by capital market financing, other types of short-term financing and project-related credit.

Arbitration decision in the case of Mall of Scandinavia

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

In August Unibail Rodamco Westfield petitioned the Swedish Court of Appeal to set aside the judgment in its entirety in a so-called protest action. During the process the judgement is suspended and cannot be enforced and therefore the time of payment has been deferred. Peab continues to have an outstanding receivable of about SEK 1,400 million on Unibail Rodamco Westfield.

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

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

Sustainability targets linked to existing credit facility

Peab renewed its basic financing in June 2023 when the existing credit facility reached maturity. Now the three year credit facility of SEK 7.0 billion has also been linked to Group sustainability targets, which further intensifies Peab's focus on sustainability work. The credit facility for SEK 7.0 billion runs until June 2026 with the possibility of an extension for one plus one year. Now it has been linked to Peab's climate sustainability targets. These targets are to by 2030 reduce greenhouse gas emissions from our own production by 60 percent (scope 1+2, ton CO₂e/MSEK) and from input goods and purchased services by 50 percent (scope 3, ton CO₂e/MSEK). The interest margin for the credit facility is linked to predetermined levels of annual reductions in emissions. The base year of the targets is 2015.

Acquisition of development rights

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

Peab has developed homes on Kvarnholmen since 2013. Sicklaön Invest AB has more than 270 zoning approved, wholly owned development rights for a gross area of 26,000 m². In addition, the company owns 50 percent of the shares in Kvarnholmen Utveckling AB that has an ongoing zoning process for more than 120,000 m² housing development rights. Half of them will be turned over to Peab.

Peab has been a part owner in Tornet Bostadsproduktion since 2009. The company owns and manages around 2,200 rental apartments and has some 650 rental apartments in production in a number of cities in Sweden. In its role as construction contractor Peab has delivered several housing projects to Tornet over the years. Being an owner has been advantageous and value development has been positive, which is why the divestment generated capital gains.

Significant events after the period

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

Holdings of own shares

At the beginning of 2023 Peab's own B shareholding was 8,597,984 which corresponds to 2.9 percent of the total number of shares. No changes have taken place during 2023.

Related parties

The character and extent of transactions with related parties is presented in the Annual and Sustainable Report 2022, note 41. For more information about transactions with related parties during the period see business area Project Development. No other new significant transactions have occurred during 2023.

Proposed dividend

The Board has proposed a dividend of SEK 1.50 (4.00) per share for 2023. Excluding the 8,597,984 shares owned by Peab AB per February 2, 2024, which are not entitled to dividends, the proposed dividend is equivalent to a total dividend distribution of SEK 431 million (1,150). Calculated as a share of the Group's reported profit for the year after tax according to segment reporting, the proposed dividend amounts to 30 percent (56). The proposed dividend is equivalent to a direct return of 2.9 percent based on the closing price on February 1, 2024.

Annual General Meeting

The Annual General Meeting of Peab will be held on May 6, 2024. The form of the Annual General Meeting will be decided by the Board at the latest in connection with the notice to attend the Annual General Meeting.

Nomination Committee

According to the "Principles for the Nomination Committee's appointment and instructions for the Nomination Committee", adopted by the Annual General Meeting on May 4, 2023, the Nomination Committee is appointed by the three largest shareholders of the company per the final banking day in August 2023, i.e. August 31, 2023, that want to appoint a member of the Nomination Committee as well as the Chairman of the Board. If one or more of the three largest shareholders decline to appoint a member of the Nomination Committee the Chairman of the Board will offer the next largest shareholder in terms of votes the opportunity to appoint a member of the Nomination Committee and so on until the Nomination Committee consists of three members as well as the Chairman of the Board.

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

The Nomination Committee therefore consists of the following members:

- Anders Sundström, Ekhaga Utveckling AB
- Ulf Liljedahl, AB Axel Granlund
- Christer Sterndahlen, Cicero Funds
- Anders Runevad, Chairman of the Board of Peab AB

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

Report on the Group income statement, IFRS

Group net sales according to IFRS amounted during 2023 to SEK 61,600 million (61,933). After adjustments for acquired and divested units and exchange rate effects net sales decreased by two percent. The adjustment of our own housing development projects to the completion method affected net sales by SEK 2,779 million (-1,202).

Operating profit according to IFRS for 2023 amounted to SEK 2,586 million (2,557) and the operating margin was 4.2 percent (4.1). The adjustment of our own housing development projects to the completion method affected operating profit by SEK 696 million (-219). A decision in the case between Peab and Unibail Rodamco Westfield regarding the contract for Mall of Scandinavia in Solna was handed down on June 30, 2023. The judgement entailed a positive effect on pre-tax profit of SEK 790 million in the second quarter, of which SEK 400 million in operating profit and SEK 390 million in financial income. To adjust to the diminishing housing market operations were reviewed during the fourth quarter and resulted in provisions, write-downs and restructuring costs for a total of SEK -525 million, of which goodwill write-downs amounted to SEK -125 million.

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	17,365	17,141	61,600	61,933
Production costs	-16,139	-15,466	-56,183	-56,345
Gross profit	1,226	1,675	5,417	5,588
Sales and administrative expenses	-843	-851	-3,164	-3,286
Other operating income	91	72	357	279
Other operating costs	-3	-10	-24	-24
Operating profit	471	886	2,586	2,557
Financial income	61	39	584	103
Financial expenses	-173	-85	-584	-220
Net finance	-112	-46	0	-117
Pre-tax profit	359	840	2,586	2,440
Tax	-148	-282	-598	-609
Profit for the period	211	558	1,988	1,831
Profit for the period, attributable to:				
Shareholders in parent company	211	559	1,988	1,832
Non-controlling interests	0	-1	0	-1
Profit for the period	211	558	1,988	1,831
Key ratios, IFRS				
Earnings per share before and after dilution, SEK	0.74	1.93	6.92	6.27
Average number of outstanding shares, million	287.5	288.0	287.5	292.2
Return on capital employed, % ¹⁾	9.1	8.4	9.1	8.4
Return on equity, % ¹⁾	14.1	13.7	14.1	13.7

¹⁾ Calculated on rolling 12 months

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

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Profit for the period	211	558	1,988	1,831
Other comprehensive income				
Items that can be reclassified or have been reclassified to profit for the period				
Translation differences for the period from translation of foreign operations	-123	50	-145	210
Changes in fair value of cash flow hedges for the period	-10	-	18	2
Shares in joint ventures' other comprehensive income	-7	1	-4	19
Tax referring to items that can be reclassified or have been reclassified to profit for the period	2	-	-4	-1
Other comprehensive income for the period	-138	51	-135	230
Total comprehensive income for the period	73	609	1,853	2,061
Total comprehensive income for the period, attributable to:				
Shareholders in parent company	74	610	1,854	2,062
Non-controlling interests	-1	-1	-1	-1
Total comprehensive income for the period	73	609	1,853	2,061

Report on financial position for the Group in summary, IFRS

Total assets on December 31, 2023 were SEK 49,176 million (51,011). Equity amounted to SEK 14,470 million (13,786), which generated an equity/assets ratio of 29.4 per cent (27.0). During 2023, a dividend of SEK 1,150 million (1,475) was paid to shareholders. During 2022 repurchases of own shares have been made by SEK 500 million.

MSEK	Dec 31 2023	Dec 31 2022
Assets		
Intangible assets	3,789	3,976
Tangible assets	8,333	8,310
Investment property	61	57
Interest-bearing long-term receivables	1,293	1,233
Other financial fixed assets	2,857	2,599
Deferred tax recoverables	97	180
Total fixed assets	16,430	16,355
Project and development properties	18,061	19,178
Inventories	1,705	1,541
Interest-bearing current receivables	1,345	384
Other current receivables	10,392	12,047
Liquid funds	1,243	1,506
Total current assets	32,746	34,656
Total assets	49,176	51,011
Equity and liabilities		
Equity	14,470	13,786
Liabilities		
Interest-bearing long-term liabilities	7,046	7,665
Interest-bearing long-term liabilities, project financing	193	440
Deferred tax liabilities	623	487
Other long-term liabilities	2,005	1,503
Total long-term liabilities	9,867	10,095
Interest-bearing current liabilities	4,246	1,897
Interest-bearing current liabilities, project financing	6,933	9,802
Other current liabilities	13,660	15,431
Total current liabilities	24,839	27,130
Total liabilities	34,706	37,225
Total equity and liabilities	49,176	51,011
Key ratios, IFRS		
Capital employed	32,888	33,590
Equity/assets ratio, %	29.4	27.0
Net debt	14,537	16,681
Equity per share, SEK	50.28	47.90
Number of outstanding shares at the end of the period, million	287.5	287.5

Report on changes in Group equity in summary, IFRS

MSEK	Dec 31 2023	Dec 31 2022
Equity attributable to shareholders in parent company		
Opening equity on January 1	13,768	13,681
Profit for the period	1,988	1,832
Other comprehensive income for the period	-134	230
Total comprehensive income for the period	1,854	2,062
Cash flow hedge transferred to cost of inventory	-24	-
Tax on cash flow hedge	5	-
Cash dividend	-1,150	-1,475
Repurchase of own shares	-	-500
Closing equity	14,453	13,768
Non-controlling interests		
Opening equity on January 1	18	1
Comprehensive income for the period	-1	-1
Acquisition of partially owned companies, non-controlling interests as previously	-	18
Closing equity	17	18
Total closing equity	14,470	13,786

Report on Group cash flow in summary, IFRS

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Cash flow from current operations before changes in working capital	1,503	1,329	3,285	3,364
Increase (-) / Decrease (+) of project and development properties	1,279	-867	862	-2,584
Increase (-) / Decrease (+) of inventories	189	63	-152	-163
Increase (-) / Decrease (+) of current receivables / current liabilities	575	-153	-79	-2,173
Cash flow from changes in working capital	2,043	-957	631	-4,920
Cash flow from current operations	3,546	372	3,916	-1,556
Acquisition of subsidiaries / businesses, net effect on liquid funds	-	-102	-	-132
Sale of subsidiaries / businesses, net effect on liquid funds	-	3	50	46
Acquisition of fixed assets	-493	-856	-1,720	-2,070
Sale of fixed assets	102	79	409	553
Cash flow from investment operations	-391	-876	-1,261	-1,603
Cash flow before financing	3,155	-504	2,655	-3,159
Increase (+) / Decrease (-) of interest-bearing liabilities	-1,115	175	1,338	915
Increase (+) / Decrease (-) of interest-bearing liabilities, project financing	-1,803	117	-3,109	2,747
Cash dividend	-	-	-1,150	-1,475
Repurchase of own shares	-	-82	-	-500
Cash flow from financing operations	-2,918	210	-2,921	1,687
Cash flow for the period	237	-294	-266	-1,472
Cash at the beginning of the period	1,005	1,784	1,506	2,951
Exchange rate differences in cash	1	16	3	27
Cash at the end of the period	1,243	1,506	1,243	1,506

Parent company

The parent company Peab AB's net sales for 2023 amounted to SEK 267 million (304) and mainly consisted of internal Group services. Profit for the year amounted to SEK 4,207 million (2,473). Profit for the year included dividends from subsidiaries for SEK 3,165 million (1,024).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 10,433 million (11,749). The assets have been financed from equity of SEK 11,809 million (8,752). In the previous year there were long-term liabilities to Group companies amounting to SEK 1,500 million. During 2023, a dividend of SEK 1,150 million (1,475) was paid to shareholders. During 2022 repurchases of own shares have been made by SEK 500 million.

The parent company is indirectly affected by the risks described in the section Risks and uncertainty factors.

Report on the parent company income statement in summary

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	64	77	267	304
Administrative expenses	-128	-149	-494	-520
Other operating income	2	0	3	1
Operating profit	-62	-72	-224	-215
Result from financial investments				
Profit from participation in Group companies	145	-	3,310	1,024
Other financial items	33	-15	23	-40
Result after financial items	116	-87	3,109	769
Appropriations	1,367	2,138	1,367	2,138
Pre-tax profit	1,483	2,051	4,476	2,907
Tax	-304	-468	-269	-434
Profit for the period ¹⁾	1,179	1,583	4,207	2,473

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

Report on financial position for the parent company in summary

MSEK	Dec 31 2023	Dec 31 2022
Assets		
Fixed assets		
Intangible assets	2	3
Tangible assets	2	2
Financial assets		
Participation in Group companies	10,433	11,749
Deferred tax recoverables	83	94
Total financial assets	10,516	11,843
Total fixed assets	10,520	11,848
Current assets		
Current receivables		
Accounts receivables	0	1
Receivables from Group companies	4,940	2,274
Other receivables	57	3
Prepaid expenses and accrued income	13	11
Total current receivables	5,010	2,289
Cash and bank	0	0
Total current assets	5,010	2,289
Total assets	15,530	14,137
Equity and liabilities		
Equity		
Restricted equity	1,884	1,884
Non-restricted equity	9,925	6,868
Total equity	11,809	8,752
Untaxed reserves	2,919	3,292
Provisions		
Other provisions	43	43
Total provisions	43	43
Long-term liabilities		
Liabilities to Group companies	-	1,500
Total long-term liabilities	-	1,500
Current liabilities		
Accounts payable	19	20
Liabilities to Group companies	645	375
Current tax liabilities	21	81
Other liabilities	8	8
Accrued expenses and deferred income	66	66
Total current liabilities	759	550
Total liabilities	759	2,050
Total equity and liabilities	15,530	14,137

Note 1 – Accounting principles

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

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

Amendments in IAS 12 Income Taxes (OECD's Pillar Two Model Rules)

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

Differences in segment reporting and reporting according to IFRS

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

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

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

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

Reporting on internal projects between business areas Construction and Project Development

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

Reporting on property projects on our own balance sheet

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

Financial key ratios in segment reporting

Financial key ratios such as capital employed, total assets, equity, equity/assets ratio, net debt, net debt/equity ratio, cashflow before financing and earnings per share are presented in segment reporting with consideration taken to the above prerequisites. Net debt in segment reporting includes project financing for the unsold portion of ongoing own housing development projects. This is because Peab has an obligation to acquire unsold homes six months after completion.

Note 2 – Revenue allocation

Group Jan-Dec 2023 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	23,195	13,786	16,086	5,695	59		58,821	2,779	61,600
Internal sales	4,585	1,378	3,876	27	1,428	-11,294	-		-
Total	27,780	15,164	19,962	5,722	1,487	-11,294	58,821	2,779	61,600
Allocation per country									
Sweden	20,250	13,692	12,272	4,331	1,169	-9,633	42,081	857	42,938
Norway	4,236	1,472	1,588	357	159	-749	7,063	261	7,324
Finland	3,294		4,934	1,034	158	-910	8,510	1,661	10,171
Denmark			1,145		1	-2	1,144		1,144
Other			23				23		23
Total	27,780	15,164	19,962	5,722	1,487	-11,294	58,821	2,779	61,600
Allocation per type of customer									
Public sector	12,047	10,847	5,475	47	47		28,463	-32	28,431
Private customers	11,148	2,939	10,611	5,648	12		30,358	2,811	33,169
Internal customers	4,585	1,378	3,876	27	1,428	-11,294	-		-
Total	27,780	15,164	19,962	5,722	1,487	-11,294	58,821	2,779	61,600
Allocation per point in time									
At one point in time	51	20	6,387	1,785	84	-1,129	7,198	6,807	14,005
Over time	27,717	15,131	11,392	3,820	1,193	-8,490	50,763	-4,028	46,735
Rent revenue ²⁾	12	13	2,183	117	210	-1,675	860		860
Total	27,780	15,164	19,962	5,722	1,487	-11,294	58,821	2,779	61,600
Allocation per type of revenue									
Construction contracts	27,717	15,131	11,392	3,820	77	-7,374	50,763	-4,028	46,735
Sales of goods			5,036			-790	4,246		4,246
Sales of property projects				1,743			1,743	6,807	8,550
Transportation services			1,205			-273	932		932
Administrative services					1,116	-1,116	-		-
Rent revenue ²⁾	12	13	2,183	117	210	-1,675	860		860
Other	51	20	146	42	84	-66	277		277
Total	27,780	15,164	19,962	5,722	1,487	-11,294	58,821	2,779	61,600

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 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.

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

Group Jan-Dec 2023 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles ¹⁾	Group IFRS
External sales	23,195	13,786	16,086	5,695	59		58,821	2,779	61,600
Internal sales	4,585	1,378	3,876	27	1,428	-11,294	-		-
Total revenue	27,780	15,164	19,962	5,722	1,487	-11,294	58,821	2,779	61,600
Operating profit	441	501	962	304	-299	-56	1,853	733	2,586
Operating margin, %	1.6	3.3	4.8	5.3			3.2		4.2
Financial income							584		584
Financial expenses							-542	-42 ²⁾	-584
Net finance							42	-42	0
Pre-tax profit							1,895	691	2,586
Tax							-481	-117	-598
Profit for the year							1,414	574	1,988
Capital employed (closing balance)	-985	-173	10,699	18,093	5 ³⁾		27,639	5,249	32,888
Total assets							44,295	4,881 ⁴⁾	49,176
Equity							15,082	-612	14,470
Equity/assets ratio, %							34.0		29.4
Net debt							8,676	5,861	14,537
Cashflow before financing	146 ⁵⁾	698 ⁵⁾	1,012 ⁵⁾	-2,254 ⁵⁾		-919 ⁶⁾	-1,317	3,972	2,655

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

²⁾ Refers to IFRS 16, additional leases SEK -42 million.

³⁾ Unallocated capital employed.

⁴⁾ Divided between IFRS 16, additional leases SEK 1,386 million and housing projects SEK 3,495 million.

⁵⁾ Refers to operating cash flow. For definition, see section Alternative performance measures and definitions.

⁶⁾ Unallocated cash flow.

Group Jan-Dec 2022 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	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 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 ²⁾	-220
Net finance							-71	-46	-117
Pre-tax profit							2,670	-230	2,440
Tax							-633	24	-609
Profit for the year							2,037	-206	1,831
Capital employed (closing balance)	-1,746	54	10,807	15,632		253 ³⁾	25,000	8,590	33,590
Total assets							43,220	7,791 ⁴⁾	51,011
Equity							14,978	-1,192	13,786
Equity/assets ratio, %							34.7		27.0
Net debt							6,899	9,782	16,681
Cash flow before financing	-79 ⁵⁾	-114 ⁵⁾	-518 ⁵⁾	-690 ⁵⁾		-554 ⁶⁾	-1,955	-1,204	-3,159

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

²⁾ Refers to IFRS 16, additional leases SEK -46 million.

³⁾ Unallocated capital employed.

⁴⁾ Divided between IFRS 16, additional leases SEK 1,719 million and housing projects SEK 6,072 million.

⁵⁾ Refers to operating cash flow. For definition, see section Alternative performance measures and definitions.

⁶⁾ Unallocated cash flow.

Note 4 – Financial assets and liabilities valued at fair value

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

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

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

Level 3: based on inputs unobservable to the market.

For a description of how fair value has been calculated see the Annual and Sustainability Report 2022, note 35. The fair value of financial assets and liabilities recognized as their amortized cost is estimated to be, in principle, the same as their recognized values.

Group	Dec 31, 2023			Dec 31, 2022			
	MSEK	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial assets							
Securities held as fixed assets			46	46		67	67
<i>Of which unlisted funds</i>			5	5		26	26
<i>Of which unlisted shareholdings and participations</i>			41	41		41	41
Other long-term receivables					1		1
<i>Of which commodity hedging with futures</i>					1		1
Other current receivables	10			10	13		13
<i>Of which commodity hedging with futures</i>	9			9	4		4
<i>Of which currency derivatives</i>	1			1	9		9
Total financial assets	10	46	56	14	67	81	
Financial liabilities							
Other long-term liabilities						19	19
<i>Of which contingent consideration</i>						19	19
Other current liabilities	16	6		22	6	1	7
<i>Of which currency derivatives</i>	3			3			
<i>Of which commodity hedging with futures</i>	13			13	6		6
<i>Of which contingent consideration</i>		6		6		1	1
Total financial liabilities	16	6	22	6	20	26	

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

Group	Securities held as fixed asset			
	Unlisted funds		Unlisted shares and participations	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
MSEK				
Opening balance	26	32	41	23
Investments	5	2		18
Sales			-1	
Dividends received		-10		
Reported in profit/loss for the period				
Other operating costs (+)/other operating income (-)			1	
Net finance	-26	2		
Closing balance	5	26	41	41

Group	Contingent consideration	
	Dec 31, 2023	Dec 31, 2022
MSEK		
Opening balance	20	2
Aquisitions during the period		19
Payments during the period		-1
Reported in profit/loss for the period		
Other operating costs (+)/other operating income (-)	-13	
Reported in other comprehensive income	-1	
Closing balance	6	20

Contingent consideration will be paid to the previous owner based on the a share of the profit as well as the outcome of certain specified projects. An agreement has been reached with the previous owner and amounts to SEK 6 million.

Future financial information

- | | |
|--|------------------|
| • Annual and Sustainability report 2023 | April, 2024 |
| • Quarterly report January – March 2024 and Annual General Meeting | May 6, 2024 |
| • Quarterly report January – June 2024 | July 16, 2024 |
| • Quarterly report January – September 2024 | October 25, 2024 |
| • Year-end report January – December 2024 | February 6, 2025 |

Förslöv, February 2, 2024

*Jesper Göransson
CEO and President*

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

Presentation of the quarterly report

This quarterly report will be presented digitally and on a phone conference Friday February 2, 2024 at 09:00 a.m. by the President and CEO Jesper Göransson and CFO Niclas Winkvist. The presentation will be held in Swedish and is available via <https://www.peab.com/financial-info/>.

Click on one of the links to participate in the presentation.

Participate in the web broadcast:

<https://ir.financialhearings.com/peab-q4-2023>

Participate via telephone conference:

<https://conference.financialhearings.com/teleconference/?id=46742>

For further information, please contact:

Jesper Göransson, President and CEO of Peab, is reached through Juha Hartomaa, Head of Investor Relations Peab, +46 725 33 31 45

This information is information that Peab AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at February 2, 2024, 08:00 a.m. CET.

Quarterly data

Group, IFRS

MSEK	Oct-Dec 2023	Jul-Sep 2023	Apr-Jun 2023	Jan-Mar 2023	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022	Oct-Dec 2021
Net sales	17,365	15,159	16,098	12,978	17,141	16,197	16,458	12,137	17,504
Production costs	-16,139	-13,765	-14,141	-12,138	-15,466	-14,730	-14,845	-11,304	-15,495
Gross profit	1,226	1,394	1,957	840	1,675	1,467	1,613	833	2,009
Sales and administrative expenses	-843	-600	-867	-854	-851	-640	-929	-866	-923
Other operating income	91	100	124	42	72	81	94	32	235
Other operating costs	-3	17	-17	-21	-10	8	-3	-19	-12
Operating profit	471	911	1,197	7	886	916	775	-20	1,309
Financial income	61	56	431	36	39	18	22	24	20
Financial expenses	-173	-198	-125	-88	-85	-60	-36	-39	-38
Net finance	-112	-142	306	-52	-46	-42	-14	-15	-18
Pre-tax profit	359	769	1,503	-45	840	874	761	-35	1,291
Tax	-148	-145	-315	10	-282	-163	-171	7	-170
Profit for the period	211	624	1,188	-35	558	711	590	-28	1,121
Profit for the period, attributable to:									
Shareholders in parent company	211	623	1,189	-35	559	711	590	-28	1,121
Non-controlling interests	0	1	-1	0	-1	0	0	0	0
Profit for the period	211	624	1,188	-35	558	711	590	-28	1,121
Key ratios, IFRS									
Earnings per share, SEK	0.74	2.17	4.13	-0.12	1.93	2.43	2.01	-0.10	3.80
Average number of outstanding shares, million	287.5	287.5	287.5	287.5	288.0	291.3	294.4	295.0	295.0
Capital employed (closing balance)	32,888	35,805	36,442	33,831	33,590	32,230	31,232	29,765	28,698
Equity (closing balance)	14,470	14,405	13,780	13,652	13,786	13,250	12,736	13,792	13,682

Business areas

	Oct-Dec 2023	Jul-Sep 2023	Apr-Jun 2023	Jan-Mar 2023	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022	Oct-Dec 2021
MSEK									
Net sales									
Construction	7,029	5,789	7,540	7,422	8,330	6,306	7,628	6,735	8,147
Civil Engineering	4,454	3,491	3,891	3,328	4,405	3,584	3,893	3,083	4,062
Industry	5,056	6,780	5,347	2,779	5,658	7,096	6,108	2,571	5,138
Project Development	1,456	856	1,569	1,841	1,986	2,234	1,977	2,464	3,117
– of which Property Development	453	7	65	9	11	304	120	59	425
– of which Housing Development	1,003	849	1,504	1,832	1,975	1,930	1,857	2,405	2,692
Group functions	377	343	390	377	409	380	385	358	368
Eliminations	-2,733	-2,523	-2,981	-3,057	-3,740	-2,915	-3,133	-2,667	-3,312
Group, segment reporting	15,639	14,736	15,756	12,690	17,048	16,685	16,858	12,544	17,520
Adjustment of housing to IFRS	1,726	423	342	288	93	-488	-400	-407	-16
IFRS 16, additional leases									
Group, IFRS	17,365	15,159	16,098	12,978	17,141	16,197	16,458	12,137	17,504
Operating profit									
Construction	-358	96	141	162	166	126	177	160	209
Civil Engineering	180	110	152	59	175	118	148	53	164
Industry	476	588	333	-435	283	519	341	-396	420
Project Development	17	46	114	127	309	265	264	289	446
– of which Property Development	63	21	29	-6	19	91	43	34	122
– of which Housing Development	-46	25	85	133	290	174	221	255	324
Group functions	-159	-33	-34	-73	-53	-27	-47	-71	13
Eliminations	-23	-21	-16	4	-27	-8	2	-25	-6
Group, segment reporting excl. MoS	133	786	690	-156	853	993	885	10	1,246
Construction – effect MoS			400						
Group, segment reporting	133	786	1,090	-156	853	993	885	10	1,246
Adjustment of housing to IFRS	330	115	98	153	25	-86	-119	-39	52
IFRS 16, additional leases	8	10	9	10	8	9	9	9	11
Group, IFRS	471	911	1,197	7	886	916	775	-20	1,309
Operating margin, %									
Construction	-5.1	1.7	1.9	2.2	2.0	2.0	2.3	2.4	2.6
Civil Engineering	4.0	3.2	3.9	1.8	4.0	3.3	3.8	1.7	4.0
Industry	9.4	8.7	6.2	-15.7	5.0	7.3	5.6	-15.4	8.2
Project Development	1.2	5.4	7.3	6.9	15.6	11.9	13.4	11.7	14.3
– of which Property Development	13.9	300.0	44.6	-66.7	172.7	29.9	35.8	57.6	28.7
– of which Housing Development	-4.6	2.9	5.7	7.3	14.7	9.0	11.9	10.6	12.0
Group functions									
Eliminations									
Group, segment reporting excl. MoS	0.9	5.3	4.4	-1.2	5.0	6.0	5.2	0.1	7.1
Group, segment reporting	0.9	5.3	6.9	-1.2	5.0	6.0	5.2	0.1	7.1
Adjustment of housing to IFRS									
IFRS 16, additional leases									
Group, IFRS	2.7	6.0	7.4	0.1	5.2	5.7	4.7	-0.2	7.5
Key ratios, segment reporting, MSEK									
Earnings per share excl. MoS, SEK	-0.25	1.85	1.68	-0.54	1.89	2.69	2.36	0.04	3.62
Earnings per share, SEK	-0.25	1.85	3.86	-0.54	1.89	2.69	2.36	0.04	3.62
Capital employed (closing balance)	27,639	29,072	29,406	25,910	25,000	23,546	22,828	22,117	21,561
Equity (closing balance)	15,082	15,239	14,770	14,687	14,978	14,469	13,868	14,812	14,656
Orders received	10,527	11,034	12,505	11,042	10,455	13,095	14,334	15,375	14,443
Order backlog at the end of the period	39,060	41,669	43,638	44,595	44,389	48,762	49,899	49,968	45,318

Alternative performance measures and definitions

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

The difference between segment reporting and reporting according to IFRS is described in more detail in note 1. The difference primarily consists of differences in accounting principles for our own housing development projects where revenue and profit are recognized over time in segment reporting and at one point in

time, when homebuyers take over their homes, in reporting according to IFRS. In segment reporting leasing fees for the lessee are recognized linearly over the leasing period for leases that are classified by the counterparty (the lessor) as operational leases. IFRS 16 Leases is applied in Group reporting according to IFRS, which entails that lessees recognize depreciation and interest attributable to leasing assets and liabilities. As a result the difference between segment reporting and reporting according to IFRS even affects the items on the balance sheet, including net debt. Nonetheless, in the key ratios below the method of calculation is the same for both segment reporting and reporting according to IFRS. For more information and calculations, see Peab's website

www.peab.com/alternative-keyratios.

Financial definitions

Available liquidity

Liquid funds and short-term investments along with unutilized credit facilities, excluding unutilized credit facilities for project financing. Shows the Group's available liquidity.

Capital employed for the business areas

Total assets in the business area at the end of the period reduced by deferred tax recoverables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities and deferred tax liabilities. The measurement is used to measure capital utilization and its effectiveness for the business areas, and is only presented as a net amount per business area.

Capital employed for the Group

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

Earnings per share/Earnings per share excl. MoS

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. Earnings per share excl. MoS are calculated excluding the effect of arbitration decision concerning Mall of Scandinavia. For details, see Other information.

Equity/assets ratio

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

Equity per share

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

Net debt

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

Net debt, segment reporting

Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets. As of January 1, 2019 liabilities concerning unsold part of ongoing own housing development projects is included in net debt. Shows financial position for segment.

Non-financial definitions

Average number of employees

The sum of the number of hours Peab has paid for, divided by the annual working time.

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.

eNPS

eNPS stands for employee Net Promoter Score and measures employee engagement. The score 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?"

LT14 and LTIF4

LT14 refers to the number of workplace accidents with more than four days absence, excluding the day of injury, and LTIF4 refers to the frequency rate per one million hours worked according to the same definition. LTI stands for Lost Time Injury.

Net debt/equity ratio

Interest-bearing net debt in relation to equity. Shows financial position.

Net investments

The change in the period of the recognized value of current assets (CB-OB) plus depreciation and write-downs. Shows the size of net investments made.

Operating margin/Operating margin excl. MoS

Operating profit as a percentage of net sales. Shows profitability in the business. Operating margin excl. MoS is calculated excluding the effect of arbitration decision concerning Mall of Scandinavia. For details, see Other information.

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.

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.

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.

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.



The Nordic Community Builder

About Peab

Peab works locally where our customers are and where people live their lives. Every day our 14,000 employees contribute through four collaborating business areas to community building in Sweden, Norway, Finland and Denmark. Together we build homes, schools, retirement homes, hospitals, swimming pool facilities, museums, offices, airports and ports. We build and maintain roads, railroads, bridges, parks and much, much more.

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

Net sales, appr.

SEK 59 billion

Employees, appr.

14,000



Business model

Value through collaborating business areas

Our business is founded on four business areas Construction, Civil Engineering, Industry and Project Development. Each of them is independent with its own customer base. However, the strength in our business model – and thereby our agency to achieve our targets – is multiplied when they work together in the processing chain. This is the core of our business model and what makes us unique. This is locally produced community building throughout the entire Nordic region.

Peab's four strategic targets



Most satisfied customers



Best workplace



Most profitable company



Leader in social responsibility



Local and close to our customers

Our 14,000 employees work close to our customers in the community and use wherever possible local resources in the form of our own personnel, input goods and subcontractors. Together with our social engagement in the community and integrated climate and environmental work this forms the foundation of what we call locally produced community building.

