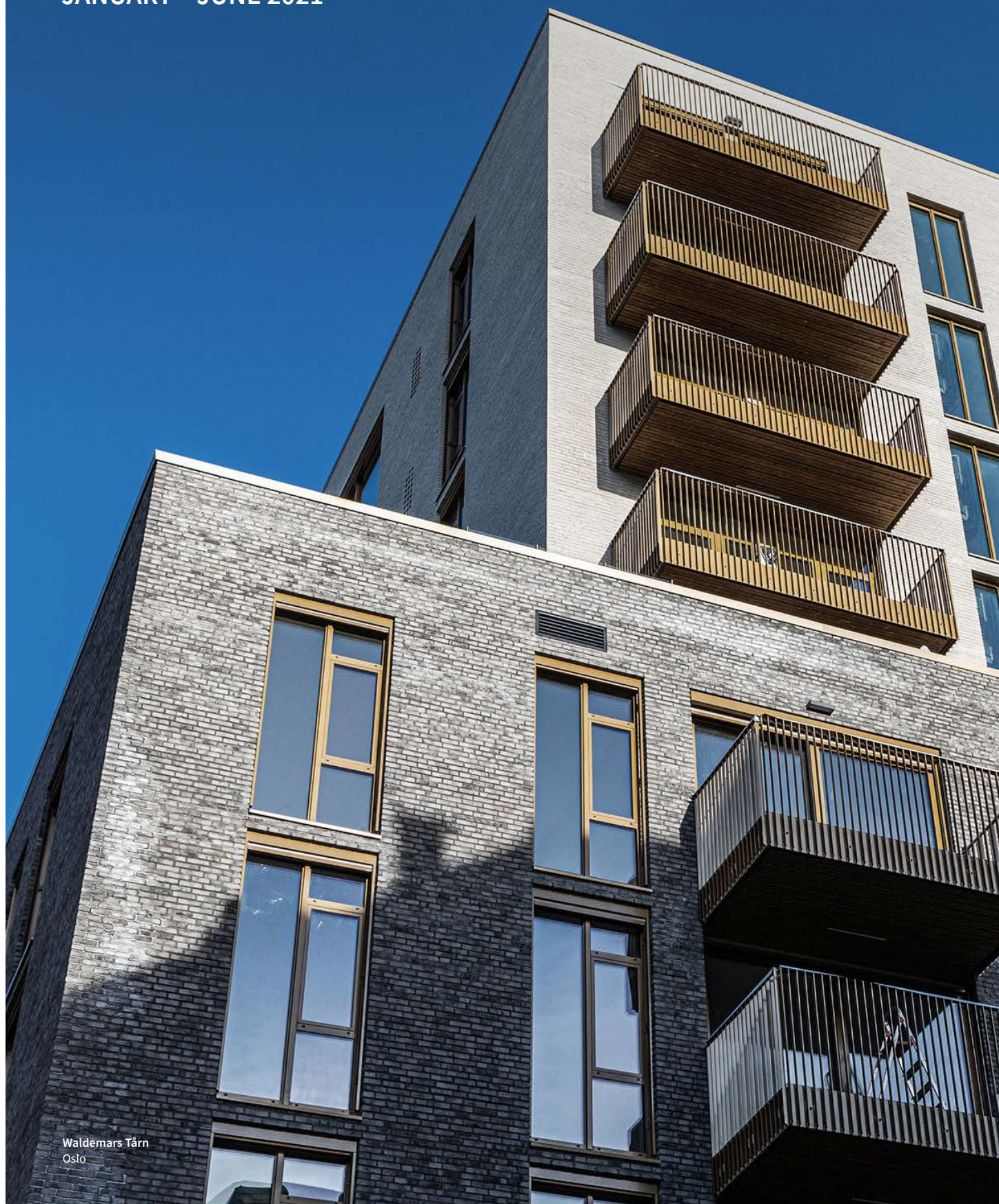


Half-year report

JANUARY – JUNE 2021



Waldemars Tårn
Oslo



PEAB
THE NORDIC COMMUNITY BUILDER

Improved operating margin and good order situation

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

Summary according to segment reporting

April – June 2021

- Net sales SEK 15,169 million (15,518)
- Operating profit SEK 824 million (661)
- Operating margin 5.4 percent (4.3)
- Pre-tax profit SEK 808 million (661)
- Earnings per share SEK 2.18 (1.72)
- Orders received SEK 13,094 million (13,220)
- Cash flow before financing SEK -97 million (-2,264)

January – June 2021

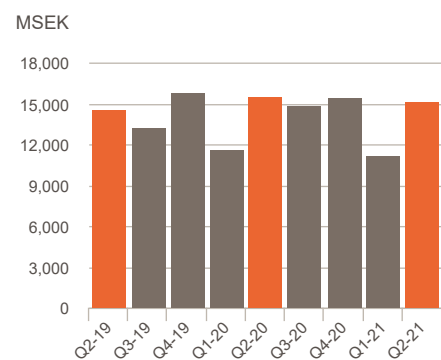
- Net sales SEK 26,385 million (27,156)
- Operating profit SEK 751 million (872)
- Operating margin 2.8 percent (3.2)
- Pre-tax profit SEK 741 million (802)
- Earnings per share SEK 1.99 (2.13)
- Orders received SEK 27,540 million (25,828)
- Order backlog SEK 46,684 million (46,123)
- Cash flow before financing SEK -205 million (-667)
- Net debt SEK 5,424 million (6,614)
- Net debt/equity ratio 0.4 (0.5)

Group

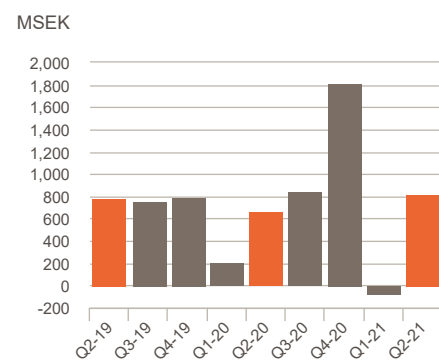
MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Segment reporting						
Net sales	15,169	15,518	26,385	27,156	56,646	57,417
Operating profit	824	661	751	872	3,420	3,541
Operating margin, %	5.4	4.3	2.8	3.2	6.0	6.2
Pre-tax profit	808	661	741	802	3,372	3,433
Profit for the period	641	508	586	629	2,905	2,948
Earnings per share, SEK	2.18	1.72	1.99	2.13	9.86	10.00
Return on equity, % ¹⁾	22.4	15.1	22.4	15.1	22.4	23.1
Return on capital employed, % ¹⁾	17.5	11.8	17.5	11.8	17.5	17.6
Net debt	5,424	6,614	5,424	6,614	5,424	3,873
Net debt/equity ratio, %	0.4	0.5	0.4	0.5	0.4	0.3
Equity/assets ratio, %	33.6	31.2	33.6	31.2	33.6	36.2
Cash flow before financing	-97	-2,264	-205	-667	3,241	2,779
Average number of employees ¹⁾	15,633	14,869	15,633	14,869	15,633	15,166
Reporting according to IFRS						
Net sales, IFRS	14,807	15,789	25,931	27,659	58,124	59,852
Operating profit, IFRS	755	723	641	893	3,670	3,922
Pre-tax profit, IFRS	727	704	605	785	3,565	3,745
Profit for the period, IFRS	575	544	476	612	3,045	3,181
Earnings per share, IFRS, SEK	1.95	1.84	1.61	2.07	10.33	10.79
Net debt, IFRS	12,366	14,608	12,366	14,608	12,366	9,682
Equity/assets ratio, IFRS, %	26.7	24.7	26.7	24.7	26.7	29.5
Cash flow before financing, IFRS	-709	-2,304	-1,144	-1,040	3,649	3,753

¹⁾ Calculated on rolling 12 months

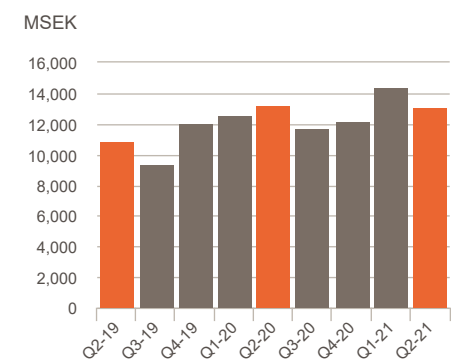
Net sales



Operating profit



Orders received



Comments from the CEO

Margin improvements in construction contract operations and housing development continued in the second quarter along with a stable level of orders received. The market outlook remains good which Peab's increasingly diversified business regarding countries, products and customers is taking advantage of.

Group development

Group net sales were SEK 26,385 million (27,156) during the first half-year 2021, which is three percent lower compared to the same period last year. Operating profit for the first half-year 2021 was SEK 751 million (872). The comparable period did not include the loss of around SEK -300 million for the first quarter from the acquisition of paving and mineral aggregates operations in business area Industry. The operating margin was SEK 2.8 percent (3.2). Cash flow before financing was SEK -205 million (-667).

Business area development

Net sales contracted by seven percent in business area Construction during the first half-year primarily related to Sweden and Finland and it is explained by a lag between orders received and production. The operating margin improved to 2.6 percent (2.4) and the growth in earnings is attributable to both Sweden and Finland. Net sales increased in business area Civil Engineering by ten percent driven by Local market and Operation and maintenance. The operating margin improved to 2.9 percent (2.7). The combined operating margin for both construction contract businesses improved to 2.7 percent (2.5) for the first half-year 2021.

Net sales in business area Industry were slightly lower than the first half-year 2020 and adjusted for acquired units net sales decreased by four percent. Net sales increased in Mineral aggregates and Concrete while they contracted in Rentals and Transportation and Machines. The operating margin was -0.8 percent (3.1). In the comparable period the result from the first quarter from the acquired operations of paving and mineral aggregates in business area Industry was not included. The acquired operations have a distinct seasonal pattern creating substantial deficits in the first quarter since the paving season does not begin until the second quarter. This year the season started up even later due to the cold winter, which also had some negative effect on profit during the second quarter.

Net sales in Project Development contracted by eight percent dropping in both Housing Development and Property Development. The operating margin increased in Housing Development to 11.9 (8.2) percent with a higher margin in all three operational countries. The operating margin was higher in Property Development as a result of capital gains from property sales and the fact that operating profit in the first half-year 2020 was negatively affected by effects connected to the Ängelholm-Helsingborg Airport.

Start-ups of our own housing developments were 1,447 (1,021), of which 262 were converted from rental apartments. The production start-ups are well spread geographically and sales have been good in all three countries. Production of 388 homes (139) in rental apartment projects started up on our own balance sheet during the first half-year. A substantial proportion has been sold to investors and will be recognized in revenue when they are turned over.

”Margin improvements in construction contract operations and housing development continued in the second quarter along with a stable level of orders received.”

Order situation

The level of orders received continues to be strong and on par with last year. It amounted to SEK 13,094 million (13,220) during the second quarter 2021 and orders are well spread in both product segment and geographically.

Order backlog yet to be produced at the end of June 2021 was SEK 46,684 million (46,123). Of the total order backlog 54 (56) percent is expected to be produced after 2021 (2020).

Market and outlook for the future

The outlook for our markets remains stable and forecasts for started-up housing investments have improved in Sweden and Finland. Housing construction in these countries and in Norway is expected to develop sideways in 2021. Other building construction is expected to grow in Sweden and Norway and develop horizontally in Finland during 2021. Investments are expected to continue to grow in civil engineering in 2021 in Sweden and Norway but contract in Finland.



Even if we hopefully are approaching the end of the ongoing corona pandemic it still continues to permeate our daily lives and we have experienced some effects of material shortages. During the year prices for certain building materials have gone up but so far the financial consequences for Peab have been limited. Naturally we monitor developments closely and will handle the situation as it develops. We continually work to streamline our production but if the trend concerning material prices continues without stop construction costs will progressively rise.

Non-financial targets

This quarter we are reporting the eNPS (recommend Peab) value included in the Best workplace target. The value remains clearly above the Nordic benchmark for our industry, which is 10, and since the last personnel survey it has actually gone up a point from 18 to 19. Above all we see a positive development in skilled workers in Sweden as well as skilled and white-collar workers in Norway and Finland.

In addition, the trend for serious accidents is heading in the right direction after the second quarter but has been overshadowed by the fact that an employee of one of our subcontractors had a fatal accident in our operational area E6 in Kungälv. Every accident is a failure, and every accident with this outcome is not only a huge loss for families, loved ones and colleagues but for society at large. This is why we will never stop working for safe workplaces.

Strategic investments

Our investment in business area Project Development is progressing and in today's strong market we are investing even more in our own rental apartment developments. Together with SkiStar we have further developed operations in the jointly owned company Skiab Invest which develops, owns and manages commercial property and housing in Swedish and Norwegian mountain areas.

In business area Industry we strengthened our offer and our local presence in central Norway through the acquisition of Frøseth AS in Trøndelag. This provides us with a long-term supply of mineral aggregates in the region and broadens our range in recycling. The acquisition was finalized on July 1, 2021.

Another landmark in business area Industry was achieved in our asphalt operations. During the quarter we launched ECO-Asfalt, which is produced in a way that reduces climate impact and saves natural resources, into our operations in Denmark and Norway.

We continue to work on our locally produced community building. Our order backlog is good and we have a strong financial position. Looking beyond COVID-19 and normalization of daily life, the future looks promising for Peab.

*Jesper Göransson
President and CEO*

Net sales and profit

April – June 2021

Group net sales during the second quarter 2021 decreased by two percent and amounted to SEK 15,169 million (15,518). Of the quarter's net sales SEK 4,636 million (4,465) were attributable to sales and production outside Sweden.

Net sales in business area Construction decreased by seven percent and the reduction refers to Swedish operations. Net sales in business area Civil Engineering increased by nine percent and the increase is largely related to Local market. Net sales in business area Industry decreased by two percent. Concrete increased while Rentals and Transportation and Machines had lower net sales. In business area Project Development net sales decreased by two percent and the decrease is attributable to Property Development.

Operating profit for the second quarter 2021 amounted to SEK 824 million (661) and the operating margin improved to 5.4 percent (4.3). In business area Construction the operating margin improved to 2.8 percent (2.6) and in business area Civil Engineering the operating margin improved to 3.9 percent (3.7). All in all the operating margin for construction contract operations amounted to 3.2 percent (2.9). Operating profit was higher in business area Industry compared to the corresponding quarter last year. Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020, which was when the season started. Depreciation on surplus values related to customer contracts in taken over order backlog and tangible assets have charged the second quarter 2021 by SEK -20 million (-63). The comparable period also included acquisition costs and transfer tax of SEK -45 million. This year the season started somewhat later than last year due to the long and cold winter, which has affected operating profit negatively during the quarter. Operating profit improved in Project Development in both Housing Development and Property Development during the quarter. The operating margin increased in Housing Development to 11.8 percent (8.3) with a higher margin in all three countries. Operating profit rose in Property Development due to property transactions with a positive effect of SEK 26 million (8). During the second quarter last year operating profit was negatively affected by SEK -32 million related to Ängelholm-Helsingborg Airport, of which SEK -20 million referred to the write-down of goodwill.

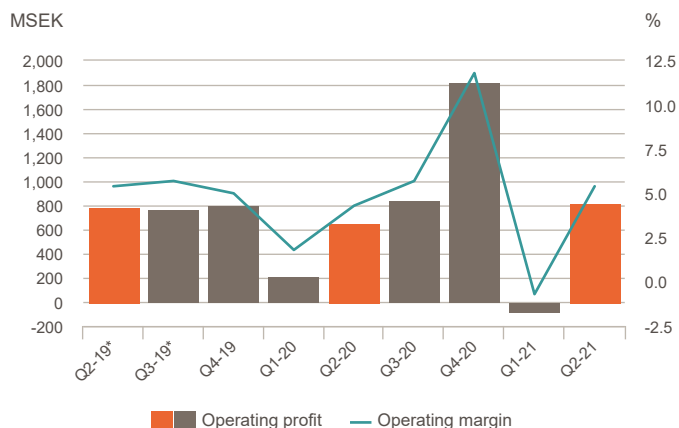
Depreciation and write-downs for the second quarter were SEK -322 million (-392). The reduction is primarily due to lower surplus depreciation on customer contracts related to the acquired paving and mineral aggregates operations in Industry.

Elimination and reversal of internal profit in our own projects have affected operating profit during the quarter net by SEK -5 million (-9).

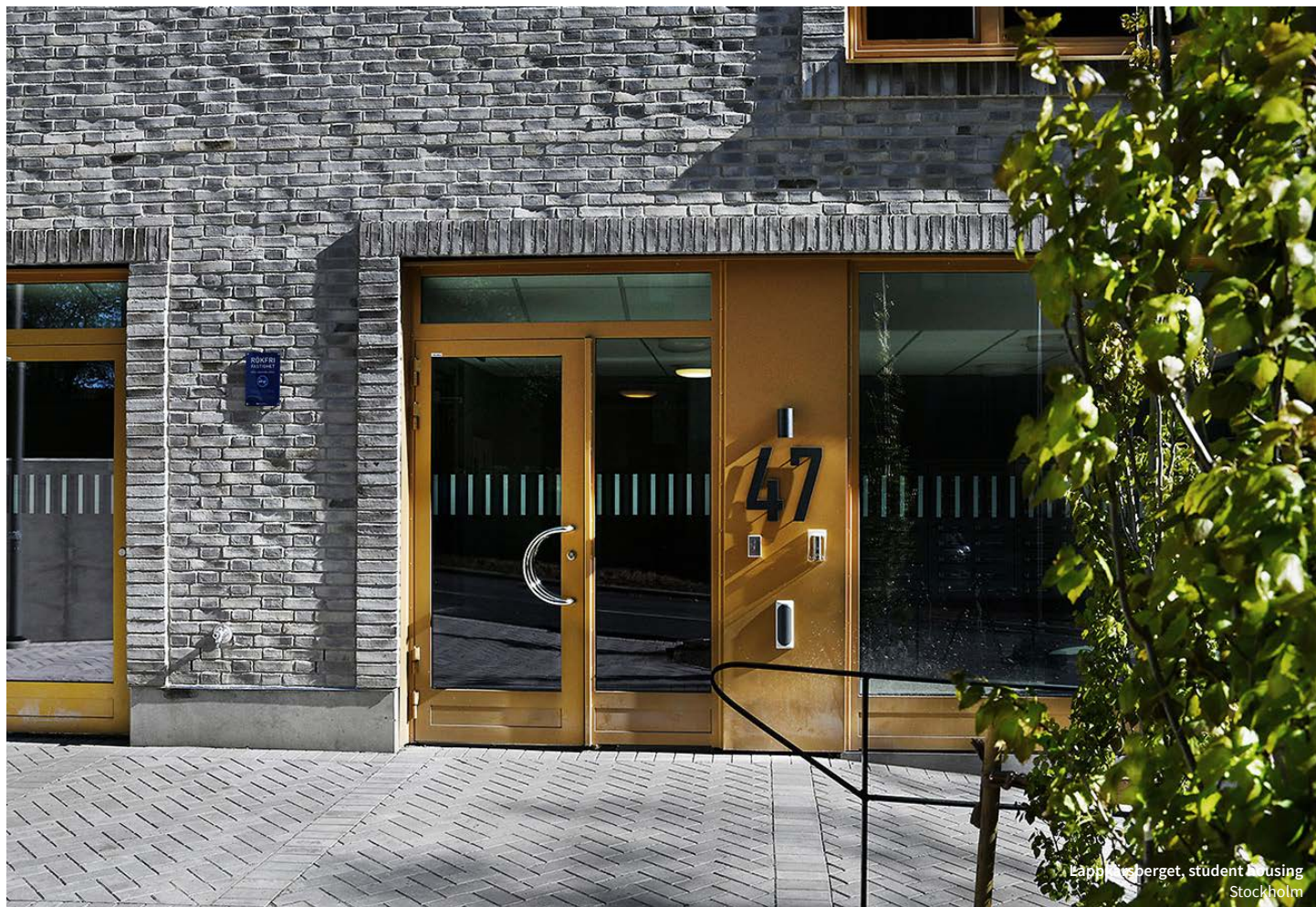
Net financial items amounted to SEK -16 million (0) of which net interest was SEK -16 million (-22).

Pre-tax profit was SEK 808 million (661). Profit for the period was SEK 641 million (508).

Operating profit and operating margin, per quarter



*Q2-Q3 2019 not translated according to the changed accounting principles for our own housing development projects.



January – June 2021

Group net sales for the first half-year 2021 amounted to SEK 26,385 million (27,156), which was a decrease of three percent. Even after adjustments for acquired and divested units net sales decreased by three percent. Of the period's net sales SEK 7,325 million (7,116) were attributable to sales and production outside Sweden. Net sales during the latest rolling 12 month period were SEK 56,646 million compared to SEK 57,417 million for the full year 2020. The proportion of public sector customers has grown to 43 percent (36) while private customers represent 57 percent (64) of total net sales.

Net sales in business area Construction reduced by seven percent and the decrease was related to the Swedish and Finnish operations and it is explained by a lag between orders received and production. Net sales in business area Civil Engineering increased by ten percent and the increase is related to Local market and Operation and maintenance while net sales in Infrastructure were unchanged. Net sales in business area Industry were somewhat lower than in the corresponding period last year. Net sales increased in Mineral aggregates and Concrete while they contracted in Rentals and Transportation and Machines. In business area Project Development net sales decreased by eight percent. The decrease is attributable to both Housing Development and Property Development. In Housing Development net sales contracted in Sweden and Norway but increased in Finland.

Operating profit for the first half-year 2021 amounted to SEK 751 million (872) and the operating margin was 2,8 percent (3.2). During the year prices for certain building materials have gone up but so far the financial consequences for Peab have been limited. In the latest rolling 12 month period the operating margin amounted to 6.0 percent compared to 6.2 percent for the entire year of 2020.

In business area Construction the operating margin improved and was 2.6 percent (2.4) and in business area Civil Engineering the operating margin improved to 2.9 percent (2.7). All in all the operating margin for construction contract operations amounted to 2.7 percent (2.5). Operating profit was lower in business area Industry compared to the corresponding period last year. Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020. The acquired operations have a very clear seasonal pattern which means the first quarter carries considerable deficits since the season starts in the second quarter. If the acquisition had taken place on January 1, 2020 profit in the first quarter would have been affected by SEK -297 million. Depreciation on surplus values related to customer contracts in taken over order backlog and tangible assets have charged the first half year 2021 by SEK -40 million (-63). The comparable period also included acquisition costs and transfer tax of SEK -55 million. In addition, the cold winter has had a negative effect on profit in operations in business area Industry since the season started up later than last year. In business area Project Development the operating margin in Housing Development increased to 11.9 percent (8.2) with a higher margin in all three countries.

Operating profit rose in Property Development. Capital gains from property sales had a positive effect of SEK 26 million (17). During the period some operations connected to travel and tourism have been negatively affected by the corona pandemic which lowered operating profit by SEK -17 million (-38). The comparable period included SEK -35 million related to Ängelholm-Helsingborg Airport, of which SEK -20 million referred to the write-down of goodwill.

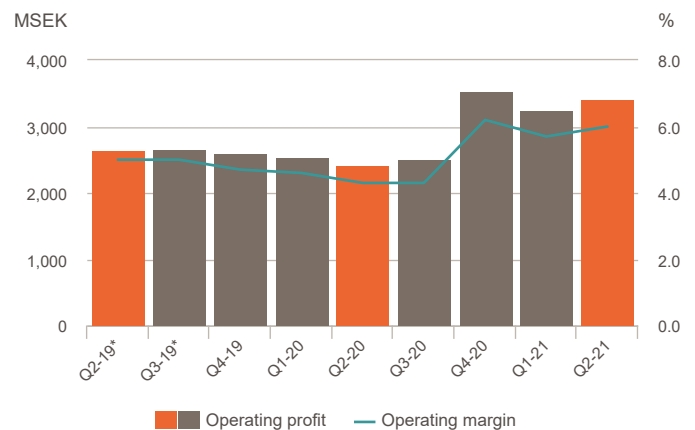
Depreciation and write-downs for the first half year were SEK -640 million (-658).

Elimination and reversal of internal profit in our own projects have affected operating profit during the period net by SEK -15 million (-10).

Net financial items amounted to SEK -10 million (-70) of which net interest was SEK -28 million (-25). In net financial items exchange rate differences had a positive effect of SEK 8 million (-69).

Pre-tax profit was SEK 741 million (802). Profit for the period was SEK 586 million (629).

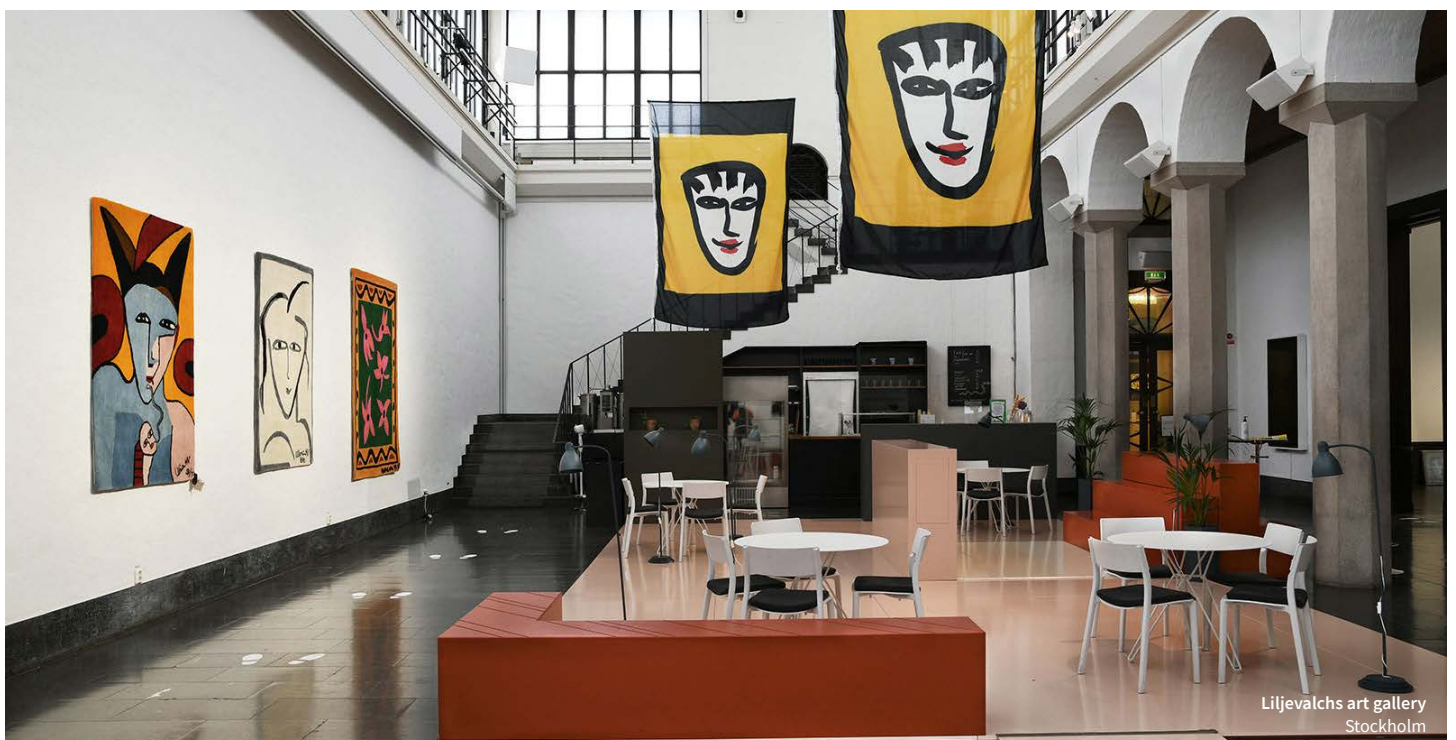
Operating profit and operating margin, rolling 12 months



*Q2-Q3 2019 not translated according to the changed accounting principles for our own housing development projects.

Seasonal variations

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



Liljevalchs art gallery
Stockholm

Financial position and cash flow

Financial position

Total assets per June 30, 2021 were SEK 37,685 million (41,244). Equity amounted to SEK 12,654 million (12,852) which means the equity/assets ratio was 33.6 percent compared to 31.2 percent at the end of the corresponding period last year.

Interest-bearing net debt at the end of June 2021 amounted to SEK 5,424 million (6,614). Net debt includes the unsold part of our own housing development projects as long as they are in production. The unsold part was SEK 968 million (1,702) and the reduction is due to a higher proportion of sold homes. During the second quarter SEK 1,327 million (-) in paid dividends affected net debt. The acquisition of paving and mineral aggregates operations in business area Industry on April 1, 2020 Peab increased net debt by SEK 3,125 million at the time of the acquisition. During last year interest-bearing receivables of SEK 785 million from Annehem Fastigheter were included, which reduced net debt in segment reporting. The average interest rate in the loan portfolio, including derivatives, was 1.4 percent (1.4) on June 30, 2021.

Group liquid funds according to IFRS, including unutilized credit facilities but excluding project financing, were SEK 7,060 million at the end of the period compared to SEK 8,822 million on December 31, 2020.

As a consequence of Peab consolidating Swedish tenant-owner associations per January 1, 2020 according to IFRS, surety for tenant-owner associations under production is not reported. When homebuyers take possession of their apartments and the tenant-owner association is no longer consolidated in Peab's accounts, Peab then reports the part of surety that covers unsold homes. Peab has a guarantee obligation to acquire unsold homes six months after completion. Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 3,361 million at the end of the period compared to SEK 3,439 million on December 31, 2020. Surety for credit lines in tenant-owner associations regarding the unsold part after deconsolidation made up SEK 17 million of contingent liabilities compared to SEK 238 million on December 31, 2020.

Investments and divestments

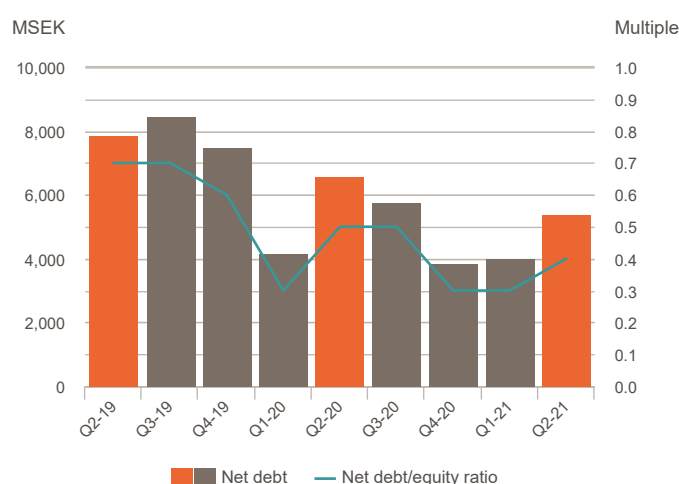
During the quarter tangible and intangible fixed assets and investment property were net invested for SEK 127 million (188). The investments refer primarily to investments in machines. During the period January-June tangible and intangible fixed assets and investment property were net invested for SEK 608 million (379). The investments refer primarily to investments in machines.

Net investments in project and development properties, which are recognized as inventory items, totaled SEK 16 million (net divestitures SEK 907 million) during the quarter. Net investments in project and development properties totaled SEK 189 million (net divestitures SEK 1,424 million) during the period January-June. Project and development properties include the unsold part of our own ongoing housing development projects. Net divestitures in the comparable period are explained by the fact that more homes were sold and turned over than production started.

Net debt

MSEK	Jun 30 2021	Jun 30 2020	Dec 31 2020
Bank loans	1,687	4,321	2,135
Commercial papers	1,697	290	110
Bonds	2,249	2,598	2,249
Financial leasing liabilities	612	627	634
Project financing, unsold part of housing projects	968	1,702	1,055
Interest-bearing receivables	-1,453	-2,053	-1,342
Liquid funds	-336	-871	-968
Net debt, segment reporting	5,424	6,614	3,873
Interest-bearing receivables	-	12	-
Additional leasing liabilities according to IFRS 16	1,796	933	1,808
Project financing, sold part of housing projects	5,146	5,328	4,001
Annehem Fastigheter	-	1,721	-
Net debt, IFRS	12,366	14,608	9,682

Net debt and net debt/equity ratio



Cash flow

April – June 2021

Cash flow from current operations was SEK 56 million (1,090), of which cash flow from changes in working capital was SEK -839 million (102). The lower cash flow is attributable to working capital changes that come from the business areas Project Development and Industry. An increase in ongoing projects in Project Development has entailed an increase in tied up capital. The acquisition in 2020 of the paving and mineral aggregates operations in Industry has intensified the seasonal pattern, which has entailed a build-up of working capital during the second quarter. The season started up somewhat later in 2021 than last year.

Cash flow from investment activities was SEK -153 million (-3,354). The purchase price of the paving and mineral aggregates operations in Industry was included in the comparable period by SEK -3,125 million.

Cash flow before financing was SEK -97 million (-2,264).

Cash flow from financing operations amounted to SEK -398 million (2,187), of which paid dividends were SEK -1,327 million (-).

January – June 2021

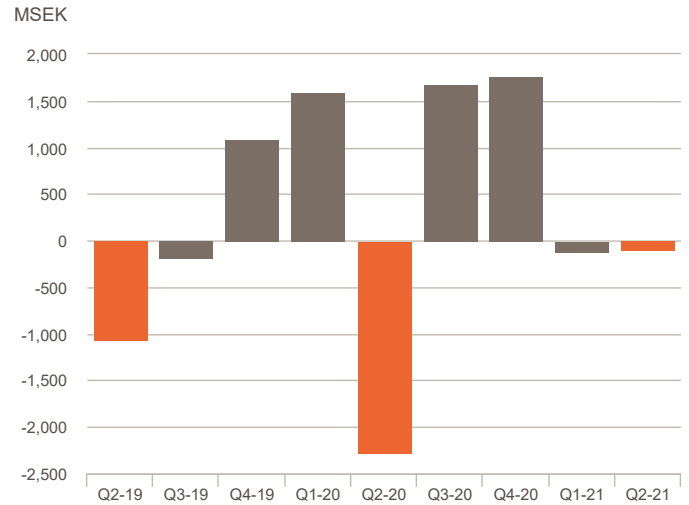
Cash flow from current operations amounted to SEK 240 million (2,887), of which cash flow from changes in working capital was SEK -736 million (1,242). After acquisition of the paving and mineral aggregates operations business area Industry has a stronger seasonal pattern which has affected cash flow negatively in the first half year 2021. During the first half-year last year working capital became available in primarily Housing Development because more housing projects were sold and turned over than production started. Cash flow from current operations included dividends of SEK 108 million (297) from partially owned companies.

Cash flow from investment activities was SEK -445 million (-3,554) and consisted mostly of machine investments. The purchase price of the paving and mineral aggregates operations in Industry was included in the comparable period by SEK -3,125 million.

Cash flow before financing amounted to SEK -205 million (-667).

Cash flow from financing operations amounted to SEK -441 million (1,244), of which paid dividends were SEK -1,327 million (-).

Cash flow before financing



Order situation

April – June 2021

Orders received in the second quarter 2021 amounted to SEK 13,094 million compared to SEK 13,220 million for the same quarter last year.

In business area Civil Engineering orders received increased slightly while the level of orders received in business area Construction and Industry contracted in comparison to second quarter 2020. Business area Project Development increased orders received due to more start-ups of own housing development projects.

January – June 2021

Orders received in the first half-year 2021 amounted to SEK 27,540 million compared to SEK 25,828 million for the same period last year. The level of orders received in business area Civil Engineering, Project Development and Industry increased while the level of orders received in business area Construction slightly contracted.

The increased level of orders received in business area Industry, is primarily related to the paving and mineral aggregates operations that were taken over from YIT on April 1, 2020.

Order backlog yet to be produced at the end of the period amounted to SEK 46,684 million compared to SEK 46,123 million at the end of the same period last year. Of the total order backlog, 54 percent (56) is expected to be produced after 2021 (2020). Swedish operations accounted for 77 percent (74) of the order backlog.

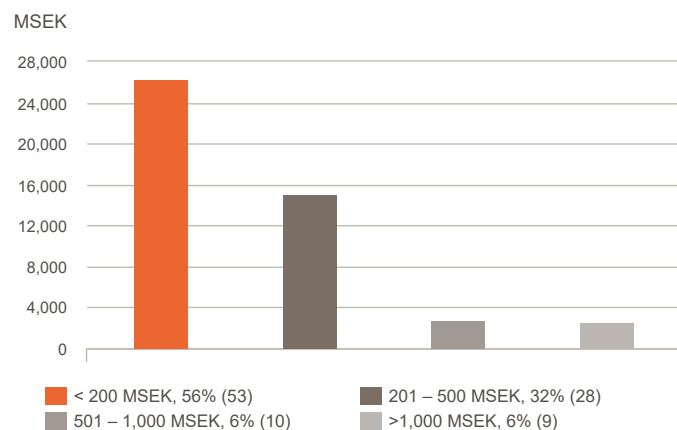
Orders received

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Construction	6,088	6,269	13,117	13,718	25,996	26,597
Civil Engineering	3,612	3,493	8,220	6,928	14,044	12,752
Industry	2,999	3,503	6,301	4,902	11,292	9,893
Project Development	2,496	1,420	5,003	3,090	8,853	6,940
Eliminations	-2,101	-1,465	-5,101	-2,810	-8,738	-6,447
Group	13,094	13,220	27,540	25,828	51,447	49,735

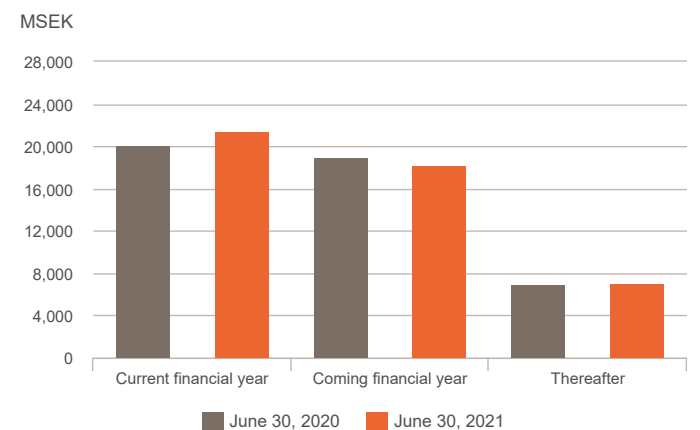
Order backlog

MSEK	Jun 30 2021	Jun 30 2020	Dec 31 2020
Construction	26,427	27,013	26,558
Civil Engineering	14,689	14,174	13,075
Industry	6,509	6,149	3,921
Project Development	6,833	4,511	5,151
Eliminations	-7,774	-5,724	-5,996
Group	46,684	46,123	42,709

Project size of order backlog, June 30, 2021



Order backlog allocated over time



Brf Tallgläntan
Täby

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

- Construction of a school for pre-school and grades 1-9 in Löddeköpinge, Kävlinge Municipality. The customer is KKL Fastigheter AB. The contract is worth SEK 290 million.
- Operation contracts for the maintenance of roads from the Swedish Transport Administration in Kungsbacka, Kungälv, southeast Värmland, Västerås and Sveg. All the contracts are for four years with an extension option for two years. The cumulative worth of the contracts is SEK 753 million.
- Construction of a new hotel next to the Hurtigruten Museum in Stokmarknes in Vesterålen. The customer is Hotell Richard With AS. The contract is worth NOK 190 million.
- Construction of a middle school and two sports halls in Lundby on Hisingen in Gothenburg. The customer is the City of Gothenburg Property Management. The contract is worth SEK 517 million.
- Construction of a new container port adjacent to Tunadal Port in Sundsvall. The customer is SCA Logistics AB. The contract is worth SEK 249 million.
- Construction of a new swimming pool facility in the Rimner area in Uddevalla. The customer is Uddevalla Municipality. The contract is worth SEK 350 million.
- Construction of 183 rental apartments on Öster Mälarstrand in Västerås. The customer is Bostads AB Mimer. The contract is worth SEK 310 million.
- Construction of a new school with a sports hall and pool. The customer is Kautokeino Municipality. The contract is worth NOK 207 million.
- Rebuilding the section of road between Ribbingsberg and Eling on E20. The customer is the Swedish Transport Administration. The contract is worth SEK 211 million.
- Construction of 38 apartments on Klemskarveret in Kongsberg. The customer is Pilares Eiendom. The contract is worth NOK 120 million.
- Construction of apartments in the city of Oulu. The customer is Health City Finland Oy. The contract is worth EUR 12 million.
- Construction of Volvomotet on Hisingsleden in Gothenburg. The customer is the Swedish Transport Administration. The contract is worth SEK 154 million.
- Construction of 13 kilometers double track railway and grade separated intersections between Jakobshyttan and Degerön. The customer is the Swedish Transport Administration. The contract is worth SEK 477 million.
- Construction of rental apartments at Pantarholmen in Karlskrona. The customer is AB Karlskronahem. The contract is worth SEK 115 million.
- Construction of a new store, Maxi ICA Stormarknad, in Åkersberga north of Stockholm. The customer is Fastica Åkersberga AB. The contract is worth SEK 180 million.
- Construction of 42 apartments in three buildings on a mountainside in Åre. The customer is Skiab Invest AB. The contract is worth SEK 109 million.
- Construction of two movable bridges over Almarestäket and Erikssund. The customer is the Swedish Transport Administration. The contract is worth SEK 204 million.
- Construction of 59 apartments in Ammerud in Oslo. The customer is Møllerveien 2 AS, owned by Fredensborg Bolig. The contract is worth NOK 183 million.
- Construction of a new cold storage unit for Lantmännen Byggnads AB in Lillån in Örebro. The contract is worth SEK 157 million.

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

- Tampereen Fenderi in Tampere comprising 74 apartments. Nearby Lake Näsijärvi will be used to cool the property. The project is expected to be completed in December 2022.
- Kuopion Lehmushovi in Kuopio comprising 60 apartments. The project is expected to be completed in December 2022.
- Helsingin Länsmanni in Helsinki comprising 52 apartments with solar panels on the roof. The project is expected to be completed in February 2023.
- Brf Solgårdsterrassen 3 in Stenungsund comprising 46 apartments. The project is expected to be completed in March 2023 and will be Swan eco-labeled. The building will also have a sedum roof to handle rainwater and offer electric car chargers.
- Brf Hyllie Homes in Malmö comprising 68 apartments. The project is expected to be completed in May 2023. It will be Swan eco-labeled and an electric carpool will be available.
- Brf Ekbacken in Jönköping comprising 40 apartments. The project is expected to be completed in August 2022 and will be Swan eco-labeled.

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

- One-year federal contract in several areas in south Finland worth EUR 10.9 million. The asphalt volume is 198,500 tons.
- One-year federal contract in Southwest Finland, Satakunta, worth EUR 3,8 million. The asphalt volume is 90,300 tons.
- One-year federal contract in Lappland worth EUR 5.1 million. The asphalt volume is 65,000 tons.
- Three-year municipal contract in Danderyd Municipality worth SEK 40 million annually. The asphalt volume is 12,000 tons annually.
- Three-year municipal contract in Trollhättan Municipality worth SEK 20 million annually. The asphalt volume is 14,000 tons annually.
- One-year municipal contract in Troms and Finnmark regions worth NOK 36 million. The asphalt volume is 25,000 tons.
- One-year federal contract in Northern Norway worth NOK 31 million. The asphalt volume is 23,000 tons.

Overview business areas

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

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

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

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

Net sales and operating profit per business area

MSEK	Net sales						Operating profit					
	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Construction	6,648	7,123	12,844	13,743	26,090	26,989	187	183	338	329	672	663
Civil Engineering	3,743	3,432	6,833	6,202	13,474	12,843	146	127	198	168	421	391
Industry	5,247	5,343	7,451	7,558	18,613	18,720	339	303	-58	237	810	1,105
Project Development	1,929	1,977	3,639	3,946	7,193	7,500	252	138	465	312	1,822	1,669
– of which Property Development	33	111	63	233	205	375	29	-17	39	8	1,013	982
– of which Housing Development	1,896	1,866	3,576	3,713	6,988	7,125	223	155	426	304	809	687
Group functions	327	308	628	591	1,243	1,206	-95	-81	-177	-164	-323	-310
Eliminations	-2,725	-2,665	-5,010	-4,884	-9,967	-9,841	-5	-9	-15	-10	18	23
Group, segment reporting	15,169	15,518	26,385	27,156	56,646	57,417	824	661	751	872	3,420	3,541
Adjustment housing to IFRS	-362	295	-454	547	1,490	2,491	-69	57	-118	10	203	331
IFRS 16, additional leases	-	-	-	-	-	-	0	6	8	10	32	34
Annehem Fastigheter	-	48	-	88	83	171 ¹⁾	-	6	-	12	18	30 ¹⁾
Eliminations	-	-72	-	-132	-95	-227	-	-7	-	-11	-3	-14
Group, IFRS	14,807	15,789	25,931	27,659	58,124	59,852	755	723	641	893	3,670	3,922
<i>Of which construction contract operations according to segment reporting (Construction and Civil Engineering)</i>	<i>10,391</i>	<i>10,555</i>	<i>19,677</i>	<i>19,945</i>	<i>39,564</i>	<i>39,832</i>	<i>333</i>	<i>310</i>	<i>536</i>	<i>497</i>	<i>1,093</i>	<i>1,054</i>

Percent	Operating margin					
	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Construction	2.8	2.6	2.6	2.4	2.6	2.5
Civil Engineering	3.9	3.7	2.9	2.7	3.1	3.0
Industry	6.5	5.7	-0.8	3.1	4.4	5.9
Project Development	13.1	7.0	12.8	7.9	25.3	22.3
– of which Property Development	87.9	-15.3	61.9	3.4	494.1	261.9
– of which Housing Development	11.8	8.3	11.9	8.2	11.6	9.6
Group functions						
Eliminations						
Group, segment reporting	5.4	4.3	2.8	3.2	6.0	6.2
Adjustment housing to IFRS						
IFRS 16, additional leases						
Annehem Fastigheter	-	12.5	-	13.6	21.7	17.5 ¹⁾
Eliminations						
Group, IFRS	5.1	4.6	2.5	3.2	6.3	6.6
<i>Of which construction contract operations according to segment reporting (Construction and Civil Engineering)</i>	<i>3.2</i>	<i>2.9</i>	<i>2.7</i>	<i>2.5</i>	<i>2.8</i>	<i>2.6</i>

¹⁾ Refers to January-November 2020

Business area Construction

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

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

Net sales and profit

April – June 2021

Net sales for the second quarter 2021 decreased by seven percent and amounted to SEK 6,648 million (7,123). The decrease is attributable to Sweden.

Operating profit for the second quarter amounted to SEK 187 million (183) and the operating margin improved to 2.8 percent (2.6).

January – June 2021

Net sales for the first half-year 2021 decreased by seven percent and amounted to SEK 12,844 million (13,743). The decrease is attributable to Sweden and Finland and is explained by a lag between orders received and production.

Operating profit for the first-half year amounted to SEK 338 million (329) and the operating margin improved to 2.6 percent (2.4). The higher earnings are attributable to Sweden and Finland. For the latest rolling 12 month period the operating margin was 2.6 percent compared to 2.5 percent for the entire year of 2020.

Orders received and order backlog

April – June 2021

Orders received during the second quarter amounted to SEK 6,088 million (6,269).

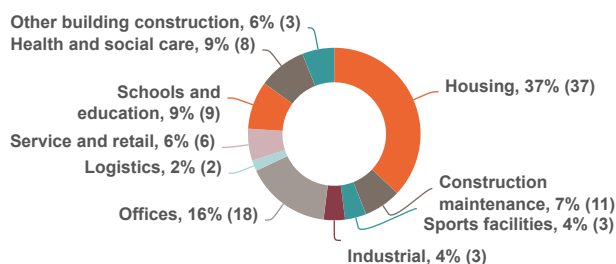
January – June 2021

Orders received during the first half-year were SEK 13,117 million (13,718). The orders received are well spread in both products and geographically.

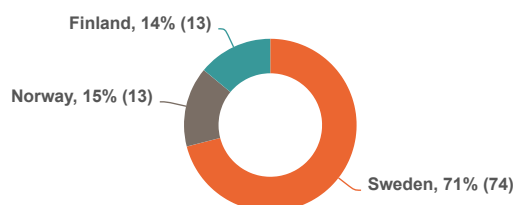
Order backlog on June 30, 2021 was SEK 26,427 million compared to SEK 27,013 million at the end of June 2020.

Net sales

per product area, rolling 12 months

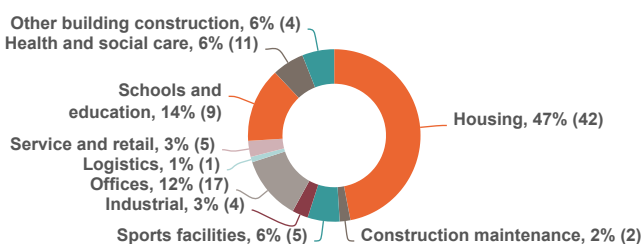


per geographic market, rolling 12 months

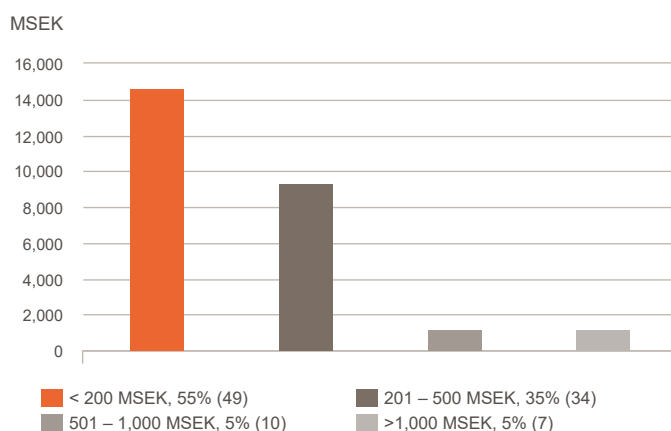


Order backlog, June 30, 2021

per product area



per project size



Key ratios

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Net sales, MSEK	6,648	7,123	12,844	13,743	26,090	26,989
Operating profit, MSEK	187	183	338	329	672	663
Operating margin, %	2.8	2.6	2.6	2.4	2.6	2.5
Orders received, MSEK	6,088	6,269	13,117	13,718	25,996	26,597
Order backlog, MSEK	26,427	27,013	26,427	27,013	26,427	26,558
Average number of employees ¹⁾	5,894	6,280	5,894	6,280	5,894	6,080

¹⁾ Calculated on rolling 12 months

Business area Civil Engineering

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

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

Net sales and profit

April – June 2021

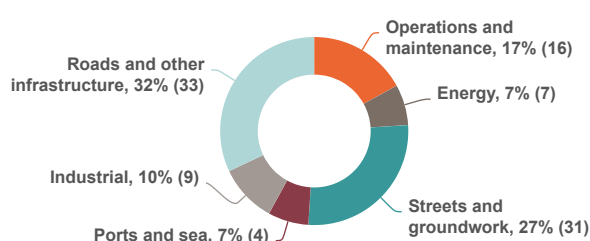
Net sales for the second quarter 2021 increased by nine percent to SEK 3,743 million (3,432). The growth is primarily attributable to Local market. Operating profit for the second quarter 2021 amounted to SEK 146 million (127) and the operating margin improved to 3.9 percent (3.7).

January- June 2021

Net sales during the first half-year 2021 increased by ten percent and amounted to SEK 6,833 million (6,202). Even after adjustments for acquired units net sales increased by ten percent.

Net sales

per product area, rolling 12 months



Net sales increased in Local market and Operation and maintenance during the first half-year while net sales were unchanged in Infrastructure.

Operating profit for the first half-year 2021 was SEK 198 million (168) and the operating margin improved to 2.9 percent (2.7). Earnings increased in both Infrastructure and Operation and maintenance during the period. The operating margin for the latest rolling 12 month period was 3.1 percent compared to 3.0 percent for the entire year of 2020.

Orders received and order backlog

April – June 2021

Orders received during the second quarter 2021 amounted to SEK 3,612 million (3,493).

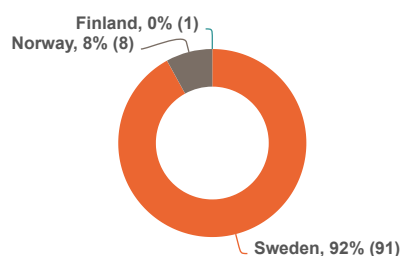
January- June 2021

Orders received during the first half-year 2021 increased to SEK 8,220 million (6,928). Order backlog on June 30, 2021 amounted to SEK 14,689 million (14,174).

Acquisition of HGT AS in Bergen

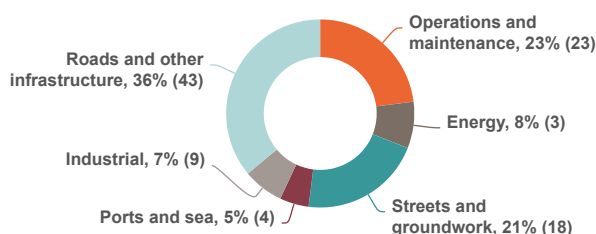
After the end of the period Peab signed a contract to acquire 90 percent of the shares in HGT AS. HGT is a general contractor in civil engineering and is domiciled in Bergen. In 2020 the company had net sales of NOK 150 million. Peab strengthens its business in civil engineering in Norway with the acquisition. The transaction is conditional on approval from competition authorities. Takeover is expected to occur during the second half of 2021.

per geographic market, rolling 12 months

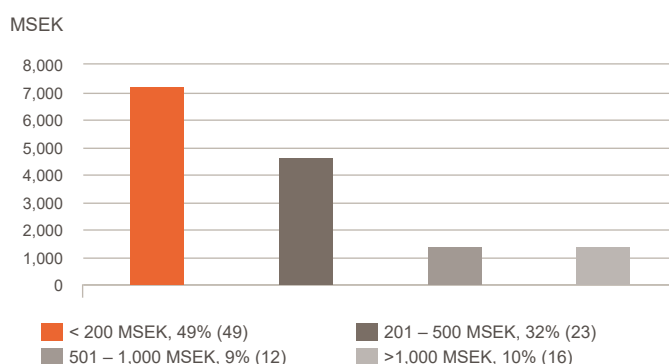


Order backlog, June 30, 2021

per product area



per project size



Key ratios

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Net sales, MSEK	3,743	3,432	6,833	6,202	13,474	12,843
Operating profit, MSEK	146	127	198	168	421	391
Operating margin, %	3.9	3.7	2.9	2.7	3.1	3.0
Orders received, MSEK	3,612	3,493	8,220	6,928	14,044	12,752
Order backlog, MSEK	14,689	14,174	14,689	14,174	14,689	13,075
Average number of employees ¹⁾	3,673	3,611	3,673	3,611	3,673	3,625

¹⁾ Calculated on rolling 12 months

Business area Industry

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

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

Net sales and profit

April – June 2021

Net sales for the second quarter 2021 decreased by two percent and amounted to SEK 5,247 million (5,343). Net sales increased in Concrete while they contracted in Rentals and Transportation and Machines.

Operating profit was SEK 339 million (303) and the operating margin improved to 6.5 percent (5.7). Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020, which was when the season started. Depreciation on surplus values related to customer contracts in taken over order backlog and tangible assets have charged operating profit by SEK -20 million (-63). The comparable period also included acquisition costs and transfer tax of SEK -45 million. This year the season started up somewhat later than last year due to the long and cold winter, which has affected operating profit negatively during the quarter.

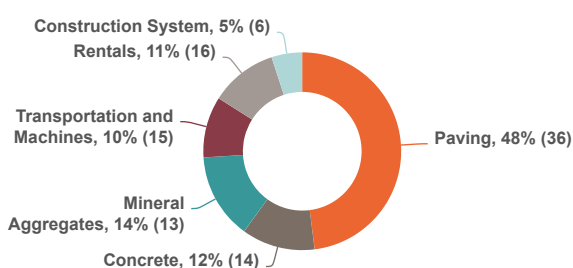
January – June 2021

Net sales for the first half-year 2021 were slightly lower and amounted to SEK 7,451 million (7,558). Adjusted for acquired operations net sales contracted by four percent compared to the corresponding period last year. Net sales in Mineral Aggregates and Concrete grew while they contracted in Rentals and Transportation and Machines.

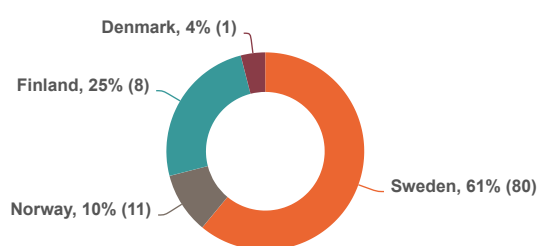
Operating profit amounted to SEK -58 million (237) and the operating margin was -0.8 percent (3.1). Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020. The acquired operations have a very clear seasonal pattern which means the first quarter carries considerable deficits since the season starts in the second quarter.

Net sales

per product area, rolling 12 months



per geographic market, rolling 12 months



If the acquisition had taken place on January 1, 2020 profit in the first quarter would have been affected by SEK -297 million. Depreciation on surplus values related to customer contracts in taken over order backlog and tangible assets have charged operating profit by SEK -40 million (-63). The comparable period also included acquisition costs and transfer tax of SEK -55 million. In addition, the cold winter has had a negative effect on profit in operations in business area Industry since the season started up later than last year. The operating margin in the latest rolling 12 month period was 4.4 percent compared to 5.9 percent for the entire year of 2020.

Capital employed at the end of the period was SEK 9,388 million compared to SEK 9,780 million at the end of the corresponding period last year.

Orders received and order backlog

April – June 2021

Orders received during the second quarter 2021 amounted to SEK 2,999 million (3,503).

January- June 2021

Orders received during the first half-year 2021 increased to SEK 6,301 million (4,902). The comparable period included orders received from the acquired paving and mineral aggregates operations as of April 1, 2020.

Order backlog on June 30, 2021 was SEK 6,509 million (6,149).

Peab acquires Frøseth AS in Trøndelag

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

Key ratios

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Net sales, MSEK	5,247	5,343	7,451	7,558	18,613	18,720
Operating profit, MSEK	339	303	-58	237	810	1,105
Operating margin, %	6.5	5.7	-0.8	3.1	4.4	5.9
Orders received, MSEK	2,999	3,503	6,301	4,902	11,292	9,893
Order backlog, MSEK	6,509	6,149	6,509	6,149	6,509	3,921
Capital employed at the end of the period, MSEK	9,388	9,780	9,388	9,780	9,388	8,822
Average number of employees ¹⁾	5,190	4,025	5,190	4,025	5,190	4,892
Concrete, thousands of m ³ ²⁾	377	381	643	669	1,346	1,372
Paving, thousands of tons ²⁾	2,259	2,494	2,345	2,532	8,209	8,396
Mineral Aggregates, thousands of tons ²⁾	9,199	10,230	14,595	13,115	33,709	32,229

¹⁾ Calculated on rolling 12 months

²⁾ Refers to sold volume



Business area Project Development

Project Development, which comprises Housing Development and Property Development, creates sustainable and vibrant urban environments with residential, commercial and public property. Project Development is responsible for the Group's property acquisitions and divestitures as well as project development which generates contract work for the other business areas. Project Development works through wholly owned companies or in collaboration with other partners in joint ventures.

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

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



Net sales and profit

April – June 2021

Net sales for the second quarter 2021 amounted to SEK 1,929 million (1,977). Operating profit improved to SEK 252 million (138).

January – June 2021

Net sales for the first half-year 2021 shrunk to SEK 3,639 million (3,946). The reduction is attributable to both Housing Development and Property Development. Operating profit improved to SEK 465 million (312) and the operating margin was 12.8 percent (7.9).

Capital employed in Project Development at the end of the period amounted to SEK 13,258 million (13,521).

Capital employed

MSEK	Jun 30 2021	Jun 30 2020	Dec 31 2020
Operations property	73	133	161
Investment property	48	114	112
Project and development property	9,742	9,746	9,060
<i>of which housing development rights</i>	5,190	5,205	4,819
<i>of which commercial development rights</i>	669	600	585
<i>of which unsold part of ongoing housing projects</i>	2,226	2,119	1,730
<i>of which ongoing rental projects in Sweden</i>	598	881	1,100
<i>of which ongoing commercial projects</i>	407	251	226
<i>of which completed property</i>	303	332	311
<i>of which other</i>	349	358	289
Participation in joint ventures	1,858	1,711	1,873
Loans to joint ventures	1,331	1,128	1,213
Working capital and other	206	689	-230
Total	13,258	13,521	12,189
<i>of which Property Development</i>	3,811	3,486	3,766
<i>of which Housing Development</i>	9,447	10,035	8,423

Key ratios

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Net sales, MSEK	1,929	1,977	3,639	3,946	7,193	7,500
<i>of which Property Development</i>	33	111	63	233	205	375
<i>of which Housing Development</i>	1,896	1,866	3,576	3,713	6,988	7,125
Operating profit, MSEK	252	138	465	312	1,822	1,669
<i>of which Property Development</i>	29	-17	39	8	1,013	982
<i>of which Housing Development</i>	223	155	426	304	809	687
Operating margin, %	13.1	7.0	12.8	7.9	25.3	22.3
<i>of which Property Development</i>	87.9	-15.3	61.9	3.4	494.1	261.9
<i>of which Housing Development</i>	11.8	8.3	11.9	8.2	11.6	9.6
Capital employed at the end of the period, MSEK	13,258	13,521	13,258	13,521	13,258	12,189
Orders received, MSEK	2,496	1,420	5,003	3,090	8,853	6,940
Order backlog, MSEK	6,833	4,511	6,833	4,511	6,833	5,151
Average number of employees ¹⁾	245	335	245	335	245	290

¹⁾ Calculated on rolling 12 months

Housing Development

April – June 2021

Net sales amounted to SEK 1,896 million (1,866). Net sales have decreased in Sweden but increased in Finland. Operating profit increased to SEK 223 million (155) and the operating margin improved to 11.8 percent (8.3) with increases in all three countries.

The number of start-ups of our own developed homes during the second quarter amounted to 785 units (518), and is divided between Sweden and Finland. There is a good geographic spread in production start-ups in both countries. The number of sold homes was 797 (501), most of which were in Sweden and Finland. In the second quarter production of 135 (64) homes in rental apartment projects were started, of which 109 are under contract to be sold upon completion.

January – June 2021

Net sales decreased to SEK 3,576 million (3,713) and the reduction is related to Sweden and Norway while net sales in Finland improved. Operating profit amounted to SEK 426 million (304) and the operating margin improved to 11.9 percent (8.2). The operating margin improved in all countries. In the latest rolling 12 month period the operating margin amounted to 11.6 percent compared to 9.6 percent for the entire year of 2020.

The number of start-ups of our own developed homes amounted to 1,447 units (1,021), of which 262 (187) have been converted from rentals. There is a good geographic spread in the start-ups. The number of sold homes was 1,454 (1,288). During the period the sales have been good in all three countries. The number of own developed homes in production at the end of the period was 4,132 (4,153). The level of sold homes in production was 76 percent (70). The number of repurchased homes per June 30, 2021 was 200 (267) and most of them were in Sweden. Production started on 388 homes (139) in rental apartment projects on our own balance sheet during the first half of the year and 91 homes (-) were sold. The number of homes in rental apartment projects in production was 798 (445) at the end of the period. Of these 528 have been sold to investors and will be recognized in revenue when they are turned over.

Own housing development construction

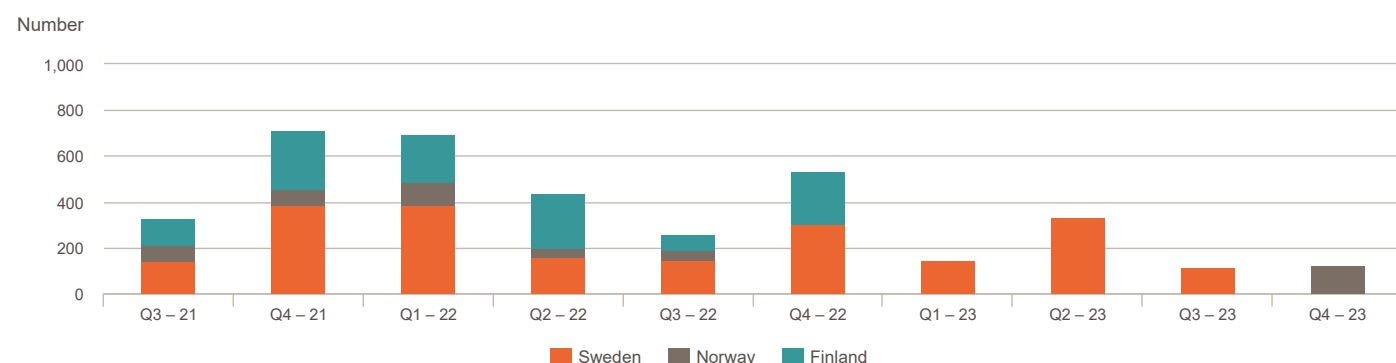
	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Tenant-owner associations, ownership and residential limited companies						
Number of production-started homes during the period	785 ¹⁾	518 ¹⁾	1,447 ²⁾	1,021 ²⁾	2,717	2,291
Number of sold homes during the period	797	501	1,454	1,288	2,848	2,682
Total number of homes under production, at the end of the period	4,132	4,153	4,132	4,153	4,132	4,014
Portion of sold homes under production, at the end of the period	76%	70%	76%	70%	76%	73%
Number of repurchased homes on our balance sheet, at the end of the period	200	267	200	267	200	222
Rentals						
Number of production-started homes during the period	135	64	388	139	751	502
Number of sold homes during the period	-	-	91	-	95	4
Number converted to tenant-owner associations during the period	56	187	262	187	303	228
Total number of homes in production, at the end of the period	798	445	798 ³⁾	445	798	763

¹⁾ Includes 56 (187) homes that have been converted from rentals

²⁾ Includes 262 (187) homes that have been converted from rentals

³⁾ Of which 528, respectively 66 percent, are under contract to be sold upon completion

Time of completion of our own ongoing housing developments¹⁾

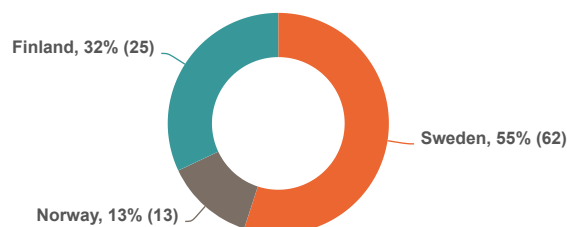


¹⁾ Refers to Swedish tenant-owner associations and single homes, Norwegian condominiums and share housing and Finnish residential limited companies

Capital employed has decreased at the end of the period and amounted to SEK 9,447 million (10,035).

Net sales

per geographic market, rolling 12 months



Development rights for housing

Number, approx.	Jun 30 2021	Jun 30 2020	Dec 31 2020
Development rights on our own balance sheet	18,200	19,400	18,900
Development rights via joint ventures	4,600	4,600	4,400
Development rights via options etc.	9,700	10,000	9,700
Total	32,500	34,000	33,000

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.

April – June 2021

During the second quarter 2021 net sales were SEK 33 million (111) and operating profit was SEK 29 million (-17). Profit from sales of property amounted to SEK 26 million (8) which included the divestiture of an office building in Helsingborg to Annhem Fastigheter. During the quarter some operations connected to travel and tourism have been negatively affected by the corona pandemic which lowered operating profit by SEK -10 million (-45). The comparison period included SEK -32 million related to Ängelholm-Helsingborg Airport, of which SEK -20 million referred to the write-down of goodwill.

January – June 2021

During the first half-year 2021 net sales were SEK 63 million (233) and operating profit was SEK 39 million (8). Profit from sales of property amounted to SEK 26 million (17) which included the divestiture of an office building in Helsingborg to Annhem Fastigheter. During the period some operations connected to travel and tourism have been negatively affected by the corona pandemic which lowered operating profit by SEK -17 million (-38). The comparison period included SEK -35 million related to Ängelholm-Helsingborg Airport, of which SEK -20 million referred to the write-down of goodwill.

Capital employed in Property Development was SEK 3,811 million (3,486) at the end of the second quarter 2021. A large part of the capital employed was shares in partially owned companies and loans to partially 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	Solna	4,300	100	155	194	Q3-2021	80
Sports hall	Sundsvall	14,700	100	147	223	Q2-2022	66
Logistic facility	Södertälje	2,200	100	11	67	Q2-2022	16
Office building	Malmö	7,100	12	51	296	Q1-2023	17
Other ongoing projects				43			
Total				407			

Skiab Invest AB, half-owned by Peab and SkiStar, has signed contracts for the acquisition of three lodges with a property value of SEK 737 million and development rights worth SEK 305 million from SkiStar. Peab and SkiStar own and manage three lodges in Swedish and Norwegian mountainside locations through various jointly owned companies. These will now come together in the half-owned company Skiab Invest AB. In addition, the company acquires three new lodges in Hemsedal in Norway, Lindvallen in Sälen and Hundfjället in Sälen (under construction) and development rights for around 60,000 GFA in Sälen, Vemdalen, Åre and Duved. In conjunction with the transaction SkiStar is signing new leases on both the newly acquired properties and the previously jointly owned properties. These are triple net leases that run between 12-25 years with an average longevity of 17 years. Revenue from the leases amounts to SEK 93 million. The contracts were pending approval by a General Meeting in SkiStar of the divestiture and lease signing as well as maintaining existing financing or arranging new financing by September 15th. Since the above conditions were met, all the transactions were finalized in July 2021.

The table below presents the larger ongoing property projects per June 30, 2021. Last year contracts were signed for the sale of the office building in Solna to Annhem Fastigheter. During the period Peab has signed a contract for the sales of the logistic facility in Almnäs, Södertälje to Annhem Fastigheter and the underlying value of the property is SEK 96 million. The building will be environmentally certified according to Miljöbyggnad, level Silver. The divestiture of the completed construction is planned for the second quarter of 2022. During the period Peab has also decided to build the office building The Corner in Hyllie, Malmö. The building will have 7,100 m² flexible office space spread out on seven floors with co-working and a restaurant on the ground floor. The building will be environmentally certified according to Miljöbyggnad and WELL to guarantee the best possible conditions for both people and the environment.

Significant joint ventures

Peab's significant joint venture companies Tornet Bostadsproduktion AB, Fastighets AB Centur, Fastighets AB ML4 and Point Hyllie Holding 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. Ongoing 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.

Tornet Bostadsproduktion AB

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

Peab's share: 33 percent

Partner: Folksam and Balder

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

Recognized value on properties June 30, 2021¹⁾: SEK 5,212 million (4,640)

Peab's portion of unrecognized fair value exclusive tax¹⁾: SEK 370 million (269)

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

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 June 30, 2021: SEK 1,981 million (1,910)

Major ongoing projects: Research building 6,400 m²

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 June 30, 2021¹⁾: SEK 7,324 million (6,798)

Peab's portion of unrecognized fair value exclusive tax¹⁾: SEK 468 million (426)

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

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 June 30, 2021: SEK 1,369 million (1,354)

Major ongoing projects: No major ongoing projects

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

Construction market

Sweden

Sweden's economy is expected to grow by close to four percent in 2021. Development is driven by private consumption and gross investments that increase public consumption. Sections of the service industry, however, are still affected by effects of the pandemic. Collective building construction investments can grow in line with GNP growth, most likely due to both private and public construction. The forecast for production-started housing investments has improved and is expected to develop sideways in 2021 and then grow in 2022. Other building construction is expected to continue to rise in 2021 and then turn downward in 2022. It appears growth in total building construction will slow down in 2022 due to an expected drop in public building construction. Civil engineering investments are expected to grow at a good rate this year but may be hit by a slight downturn in 2022.

Norway

The Norwegian economy is expected to develop well in 2021. Economic growth is supported by household consumption stemming from government financial stimulation, deferred consumption and rising prices in housing. The manufacturing industry is showing muscle but oil related investments will probably decline in both 2021 and 2022. Collective building construction indicates continued robust development in both 2021 and 2022. Investments in premises are the primary driving force where industrial building construction increased at the beginning of 2021. Most likely other building construction will decline slightly in 2022. Housing investments are expected to remain unchanged in 2021 and then grow in 2022. The trend for civil engineering investments is very positive for 2021 with continued growth in 2022 at a slower pace.

Finland

After a downturn in the economy in 2020, Finnish GNP may grow by around three percent in 2021. Recovery will most likely be driven by private and public consumption. Gross investments dropped in 2020 and recovery in 2021 and 2022 is expected to be relatively mild. Housing construction and other building construction are expected to develop sideways in 2021. Both are expected to increase as the economy improves in 2022. Civil engineering construction is expected to see a slight decline in 2021 and then level out in 2022.

Housing

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

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

Source: Navet Analytics

Other building construction

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

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

Source: Navet Analytics

Civil engineering

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

Forecast for civil engineering investments

Source: Navet Analytics

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



Office building and hotel
Esbo, Finland

Sustainability and risk management

Sustainability

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

As of 2021 we monitor our business based on nine external targets – both financial and non-financial targets – that also identify our prioritized sustainable aspects. We monitor our targets quarterly, semiannually or annually. In addition to our financial targets we quarterly monitor workplace accidents and our target of zero fatal accidents and a contracting trend of serious accidents.

Best workplace

Serious accidents

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

There is a downward trend in serious accidents* after the second quarter and over a rolling twelve month period the number of serious accidents at our workplaces amounted to 30 (32 per March 31, 2021), of which 16 involved our own personnel and 14 involved subcontractors. During the period April to June 2021 there were four serious accidents in total. Unfortunately one of our subcontractors suffered a fatality at Peab's operational area E6 in Kungälv. Every accident is a failure, and every accident with this outcome is not only a huge loss for families and loved ones, for colleagues but for society at large. This is why we will never stop working for safe workplaces.

Peab employs a high portion of own skilled workers compared to other actors in the construction and civil engineering industry in addition to our many subcontractors. At the end of June 2021 Peab had 16,142 employees, of which 9,005 were skilled workers. As of 2021 we also monitor the number of workplace accidents with more than four days absence, excluding the day of injury (LT14), and workplace accidents according to the same definition per one million hours worked (LTIF4) for our own employees. In the second quarter of the year there were 43 (34 per March 31, 2021) and the LTIF4 frequency rate was 6.6 (6.6 per March 31, 2021).

Every remedied risk is one less potential accident, which is why we are highly focused on reporting and remedying risk observations*. During the second quarter 2021 the organization reported 16,750 risk observations, which brought the total number of reported risk observations for the first half-year 2021 to 33,250.

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

Attractive employers (eNPS)

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

Participation in the spring survey was a record-breaking 85 percent in the Group, accompanied by many suggestions for improvement. This shows the great interest our employees have in contributing to developing our business.

Within the Best workplace target the eNPS (recommend Peab) value should be above the benchmark. The eNPS value for the Group has gone up slightly (+1) since the previous evaluation and was at 19 in the spring survey. This is clearly above the Nordic benchmark for our industry (Industry) which is 10. The value contracted slightly in the response from white-collar workers in Sweden. On the other hand development is positive on the side of skilled workers in Sweden as well as skilled and white-collar workers in Norway and Finland.

Leader in social responsibility

Activities during the second quarter

- At the beginning of the year Peab Asfalt launched ECO-Asfalt (eco-asphalt) in Finland and during the quarter followed in Denmark and Norway making Peab

Asfalt the first actor in these countries to offer environmentally adapted asphalt.

- In collaboration with Järfälla Municipality Peab Asfalt has paved another test stretch of Viksjö Road with lignin. Lignin is the natural binder in wood which creates environmental and technical advantages when it partially replaces oil-based bitumen.
- Since 2016 Peab Asfalt has continuously invested in converting to biofuel in the manufacturing process in its stationary asphalt plants. During the quarter the last five asphalt plants in Sweden were converted, which means that all Swedish production units can offer ECO-Asfalt.
- Peab's subsidiary Byggelement has introduced the environmentally adapted ECO-Prefab. Now when Peab builds Brf Mälarparken in Södertälje for the first time all the flat concrete bases, double walls and external walls are made of concrete where some of the cement has been replaced by slag-based binder, which lowers its environmental impact. On top of that the reinforcement in ECO-Prefab consists of recycled steel, the electricity used in the factories is green and the external walls are shipped by train.
- Peab's subsidiary Swerock built a new concrete plant in Malmö. The plant heating system is fossil free and the environmental consideration has been in focus throughout the process – from operation and production to finished products and shipping. In the ECO-Betong (eco-concrete) manufactured in the plant 65 percent of the cement has been replaced by an environmentally adapted binder.
- In June, 77 students graduated from Peab's own high school system, The Peab School. This means a total of 1,143 students have graduated from The Peab School that is now in its fifteenth year.
- During the spring several social partnership projects with youths have been carried out in their local communities within the framework of Peab Life. They have involved, for example, participation in planning a new school and in particular designing the toilets (collaboration with Friends), designing a schoolyard as well as summer jobs. Peab Life enables as many children and youths as possible in the Nordic region to have equal access to a good education and meaningful free time while it raises awareness about the construction industry's different professions.

Risks and uncertainty factors

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

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

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


In the beginning of 2020 the coronavirus spread over a large part of the world. Governments and central banks have implemented different forms of crisis packages to reduce the negative financial effects. So far the effects of the coronavirus on Peab's operations have been limited. We closely follow developments in order to assess the effects in the long run. For more information see the section Coronavirus under Important events during the period.

On July 6, 2021 the Supreme Land and Environment Court dismissed Cementa's application for a renewed permit to quarry limestone in Slite on Gotland. As a result of the decision there is a risk that almost all Swedish production of cement will cease on November 1, 2021. Should a tangible shortage of cement occur it would impact the entire construction and civil engineering market in Sweden. As a significant actor Peab would also be affected by the situation. Peab has already begun working with our own alternatives to binder and certain degree of cement importation.

Financial and non-financial targets

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


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



Most satisfied customers

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

>75
SCI always over 75



Best workplace

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

eNPS
always over benchmark

ZERO VISION
serious accidents
Through a contracting trend




Most profitable company

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

>6%
Operating margin

0.3–0.7
Net debt/equity ratio

>50 % of profit for the year
Dividend



Leader in social responsibility

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

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

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

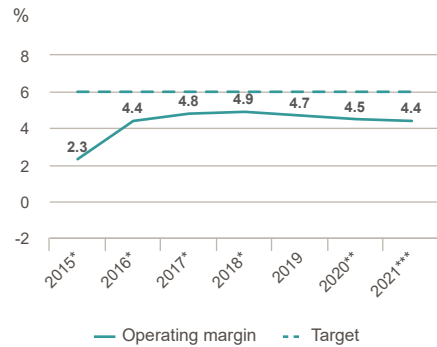
EQUAL OPPORTUNITY RECRUITMENT
Share of women recruited always over the education market

Target and target fulfilment

Most profitable company

Operating margin

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

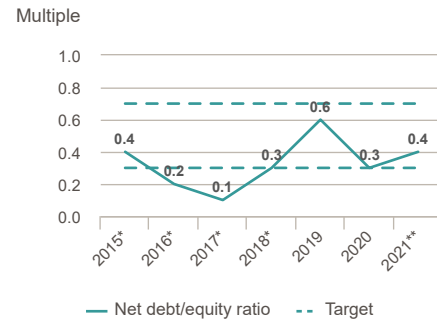


* Years 2015-2018 not translated according to changed accounting principles for own housing development projects. ** Operating margin excluding the effect of the distribution of Annhem Fastigheter. *** Calculated on a rolling 12 months per June 30, 2021. Exclusive of the effect of the distribution of Annhem Fastigheter (SEK 952 million).

Most profitable company

Net debt/equity ratio

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

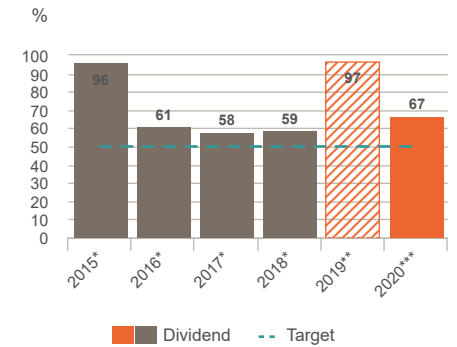


* Years 2015-2018 not translated according to changed accounting principles for own housing development projects. ** Per June 30, 2021.

Most profitable company

Dividend

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

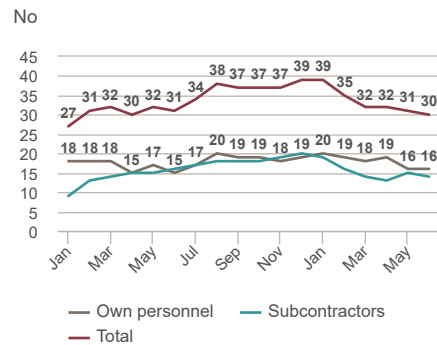


* Years 2015-2018 not translated according to changed accounting principles. ** For 2019, no cash dividend has been paid. The value of the distribution of Annhem Fastigheter at the time of the distribution in December 2020 amounted to 97 percent of the profit for the year 2019. *** The proportion is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

Best workplace

Serious accidents

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

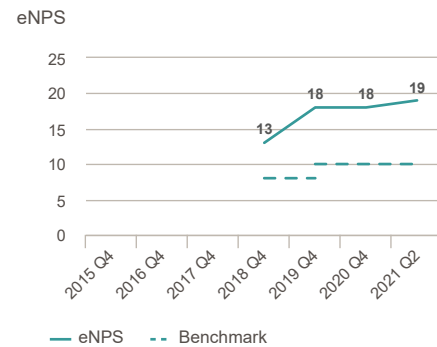


Refers to the period January 2020 - June 2021

Best workplace

eNPS

Target: > over benchmark (reported semiannually)

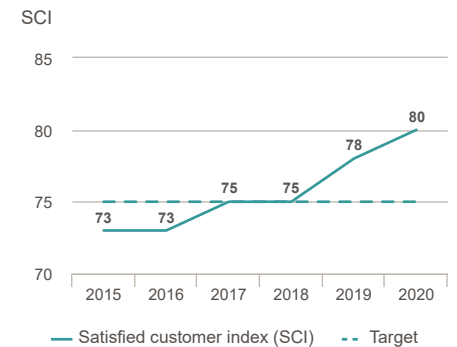


eNPS stands for employee Net Promoter Score and measures employee engagement. The result can vary between -100 and 100.

Most satisfied customers

Satisfied customer index (SCI)

Target: > 75 (reported annually)

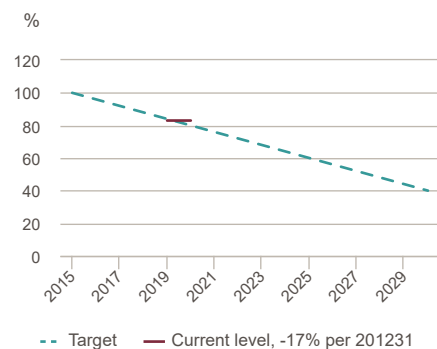


SCI stands for Satisfied Customer Index and measures how satisfied Peab's customers are. SCI is a weighted measurement between 0 and 100.

Leader in social responsibility

Carbon dioxide intensity: Climate targets for our own production

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

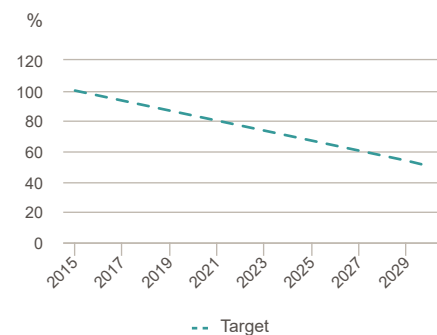


* Direct and indirect emissions as a result of using fuel and energy in our own production.

Leader in social responsibility

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

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



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

Leader in social responsibility

Equal opportunity recruitment

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

Production and processing (SW) 2020

Share of women in Peab: 1.5%
of which 24 years old or younger: 4.7%
Target for 2021: >5.0%
Share of women who have graduated with relevant degrees: 5.0%

Production management and production support 2020

Share of women in Peab: 12.9%
of which 26 years old or younger: 32.2%
Target for 2021: >28.5%
Share of women who have graduated with relevant degrees: 28.5%

Other information

Important events during the period

Coronavirus

In the beginning of 2020 the coronavirus spread to a large part of the world. Countries have implemented different measures to limit the spread of the infection such as entry and quarantine regulations. Governments and central banks have introduced different forms of crisis packages to reduce the financial effects. The entire global economy is affected but how deeply and for how long is difficult to say.

Peab is a major employer with many employees and many people at our workplaces. As an employer we care about our employees but naturally we also care about our customers, subcontractors, suppliers and other partners. For Peab it's important from a social perspective that we do everything we can to thwart the spread of infection and keep our operations going.

Peab's measures to limit the spread of the infection are founded on The Public Health Agency of Sweden's guidelines and instructions as well as those that correspond in the other countries we work in. Since the situation and instructions from the authorities are constantly changing, we closely follow developments and adapt to them. Above all they affect the directives we give our employees.

The short-term effects of the coronavirus on Peab's operations are limited at the moment but naturally we closely follow developments so that we can continually assess possible effects in a longer perspective. Under the current circumstances we see what a strength it is for us to be the local company with the big group resources. Peab has four business areas – Construction, Civil Engineering, Industry

and Project Development – that collaborate locally and a large part of input goods and personnel are our own. This gives us good control over the construction process and makes us therefore less vulnerable to production disruptions.

The AGM's election of Board members

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

Holdings of own shares

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

Related parties

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



Report on the Group income statement, IFRS

Group net sales according to IFRS decreased by six percent and amounted during January-June 2021 to SEK 25,931 million (27,659). The adjustment of own housing development projects to the completion method affected net sales by SEK -454 million (547). Adjusted for acquired and divested units net sales decreased by seven percent.

Operating profit according to IFRS for the period January-June 2021 amounted to SEK 641 million (893) and the operating margin was 2.5 percent (3.2). The adjustment of own housing development projects to the completion method affected operating profit by SEK -118 million (10). Peab acquired YIT's Nordic paving and mineral aggregates operations on April 1, 2020. The acquired operations have a very clear seasonal pattern which means the first quarter carries considerable deficits since the season starts in the second quarter. If the acquisition had taken place on January 1, 2020 profit in the first quarter would have been affected by SEK -297 million.

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Net sales	14,807	15,789	25,931	27,659	58,124	59,852
Production costs	-13,219	-14,127	-23,659	-25,089	-52,281	-53,711
Gross profit	1,588	1,662	2,272	2,570	5,843	6,141
Sales and administrative expenses	-884	-962	-1,704	-1,728	-3,335	-3,359
Distribution of Annehem Fastigheter	-	-	-	-	952	952
Other operating income	51	36	89	73	245	229
Other operating costs	0	-13	-16	-22	-35	-41
Operating profit	755	723	641	893	3,670	3,922
Financial income	15	15	45	55	86	96
Financial expenses	-43	-34	-81	-163	-191	-273
Net finance	-28	-19	-36	-108	-105	-177
Pre-tax profit	727	704	605	785	3,565	3,745
Tax	-152	-160	-129	-173	-520	-564
Profit for the period	575	544	476	612	3,045	3,181
Profit for the period, attributable to:						
Shareholders in parent company	575	543	476	612	3,046	3,182
Non-controlling interests	0	1	0	0	-1	-1
Profit for the period	575	544	476	612	3,045	3,181
Key ratios, IFRS						
Earnings per share before and after dilution, SEK	1.95	1.84	1.61	2.07	10.33	10.79
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0
Return on capital employed, % ¹⁾	14.6	9.3	14.6	9.3	14.6	15.0
Return on equity, % ¹⁾	24.6	15.6	24.6	15.6	24.6	26.0

¹⁾ Calculated on rolling 12 months

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

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Profit for the period	575	544	476	612	3,045	3,181
Other comprehensive income						
Items that can be reclassified or have been reclassified to profit for the period						
Translation differences for the period from translation of foreign operations	-72	-66	99	-114	19	-194
Changes in fair value of cash flow hedges for the period	1	9	4	2	7	5
Shares in joint ventures' other comprehensive income	0	1	0	0	0	0
Tax referring to items that can be reclassified or have been reclassified to profit for the period	0	-5	-1	-16	-6	-21
Other comprehensive income for the period	-71	-61	102	-128	20	-210
Total comprehensive income for the period	504	483	578	484	3,065	2,971
Total comprehensive income for the period, attributable to:						
Shareholders in parent company	504	482	578	484	3,066	2,972
Non-controlling interests	0	1	0	0	-1	-1
Total comprehensive income for the period	504	483	578	484	3,065	2,971

Report on financial position for the Group in summary, IFRS

Total assets on June 30, 2021 was SEK 43,829 million (48,698). Last year balance items referring to Annehem Fastigheter were included under the item Assets held for value transfer to owners until its distribution in December 2020. Equity amounted to SEK 11,694 million (12,043), which generated an equity/assets ratio of 26.7 percent (24.7). During the second quarter 2021, a dividend of SEK 1,327 million (-) was paid to shareholders.

MSEK	Jun 30 2021	Jun 30 2020	Dec 31 2020
Assets			
Intangible assets	3,707	3,872	3,679
Tangible assets	7,555	7,120	7,571
Investment property	67	128	130
Interest-bearing long-term receivables	1,337	1,102	1,257
Other financial fixed assets	1,945	1,868	2,016
Deferred tax recoverables	207	300	164
Total fixed assets	14,818	14,390	14,817
Project and development properties	14,901	15,840	14,074
Inventories	1,409	1,353	1,269
Interest-bearing current receivables	116	153	85
Other current receivables	12,249	13,951	10,951
Liquid funds	336	871	968
Assets held for value transfer to owners ¹⁾	-	2,140	-
Total current assets	29,011	34,308	27,347
Total assets	43,829	48,698	42,164
Equity and liabilities			
Equity	11,694	12,043	12,443
Liabilities			
Interest-bearing long-term liabilities	4,186	6,307	4,289
Interest-bearing long-term liabilities, project financing	201	549	75
Deferred tax liabilities	112	160	183
Other long-term liabilities	1,510	1,252	1,569
Total long-term liabilities	6,009	8,268	6,116
Interest-bearing current liabilities	3,855	2,462	2,647
Interest-bearing current liabilities, project financing	5,913	6,481	4,981
Other current liabilities	16,358	18,392	15,977
Liabilities referring to assets held for value transfer to owners ²⁾	-	1,052	-
Total current liabilities	26,126	28,387	23,605
Total liabilities	32,135	36,655	29,721
Total equity and liabilities	43,829	48,698	42,164
Key ratios, IFRS			
Capital employed	25,849	28,829	24,435
Equity/assets ratio, %	26.7	24.7	29.5
Net debt	12,366	14,608	9,682
Equity per share, SEK	39.64	40.82	42.18
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0

¹⁾ The item includes liquid funds of SEK 52 million as of June 30, 2020

²⁾ The item includes interest-bearing liabilities of SEK 987 million as of June 30, 2020

Report on changes in Group equity in summary, IFRS

MSEK	Jun 30 2021	Jun 30 2020	Dec 31 2020
Equity attributable to shareholders in parent company			
Opening equity on January 1	12,442	11,557	11,557
Profit for the period	476	612	3,182
Other comprehensive income for the period	102	-128	-210
Total comprehensive income for the period	578	484	2,972
Cash dividend	-1,327	-	-
Distribution of Annehem Fastigheter	-	-	-2,065
Distribution expenses	-	-	-22
Closing equity	11,693	12,041	12,442
Non-controlling interests			
Opening equity on January 1	1	2	2
Comprehensive income for the period	0	0	-1
Closing equity	1	2	1
Total closing equity	11,694	12,043	12,443

Report on Group cash flow in summary, IFRS

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Cash flow from current operations before changes in working capital	924	1,101	1,072	1,766	3,893	4,587
Increase (-) / Decrease (+) of project and development properties	-557	234	-738	564	941	2,243
Increase (-) / Decrease (+) of inventories	46	-133	-126	-202	-32	-108
Increase (-) / Decrease (+) of current receivables / current liabilities	-969	-98	-907	457	-393	971
Cash flow from changes in working capital	-1,480	3	-1,771	819	516	3,106
Cash flow from current operations	-556	1,104	-699	2,585	4,409	7,693
Acquisition of subsidiaries / businesses, net effect on liquid funds	-	-2,384	-76	-2,384	-76	-2,384
Redemption of loan to seller upon acquisition of business	-	-746	-	-746	-	-746
Sale of subsidiaries / businesses, net effect on liquid funds	-	-	-	-	20	20
Acquisition of fixed assets	-395	-365	-670	-640	-1,329	-1,299
Sale of fixed assets	242	87	301	145	625	469
Cash flow from investment operations	-153	-3,408	-445	-3,625	-760	-3,940
Cash flow before financing	-709	-2,304	-1,144	-1,040	3,649	3,753
Increase (+) / Decrease (-) of interest-bearing liabilities	836	2,721	802	2,480	-1,927	-249
Increase (+) / Decrease (-) of interest-bearing liabilities, project financing	705	-494	1,023	-853	-899	-2,775
Distribution Annehem Fastigheter ¹⁾	-	-	-	-	-55	-55
Distribution expenses	-	-	-	-	-28	-28
Cash dividend	-1,327	-	-1,327	-	-1,327	-
Cash flow from financing operations	214	2,227	498	1,627	-4,236	-3,107
Cash flow for the period	-495	-77	-646	587	-587	646
Cash at the beginning of the period	833	1,028	968	373	923	373
Exchange rate differences in cash	-2	-28	14	-37	0	-51
Cash at the end of the period	336	923	336	923	336	968

¹⁾ Refers to liquid funds in distributed operations

Parent company

The parent company Peab AB's net sales for the first half year 2021 amounted to SEK 144 million (170) and mainly consisted of internal Group services. Profit for the period amounted to SEK -7 million (391).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,623 million (13,350). The assets have been financed from equity of SEK 7,004 million (9,448) and long-term liabilities to Group companies amounting to SEK 2,072 million (2,326). During the second quarter 2021, a dividend of SEK 1,327 million (-) was paid to shareholders.

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

Report on the parent company income statement in summary

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Net sales	70	94	144	170	320	346
Administrative expenses	-107	-148	-211	-281	-475	-545
Other operating income	-	-	1	-	1	0
Operating profit	-37	-54	-66	-111	-154	-199
Result from financial investments						
Profit from participation in Group companies	1	500	63	500	62	499
Other financial items	-9	-11	-21	-28	-50	-57
Result after financial items	-45	435	-24	361	-142	243
Appropriations	-	-	-	-	1,266	1,266
Pre-tax profit	-45	435	-24	361	1,124	1,509
Tax	8	14	17	30	-218	-205
Profit for the period ¹⁾	-37	449	-7	391	906	1,304

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

Report on financial position for the parent company in summary

MSEK	Jun 30 2021	Jun 30 2020	Dec 31 2020
Assets			
Fixed assets			
Intangible assets	5	47	43
Tangible assets	1	1	1
Financial assets			
Participation in Group companies	11,623	13,350	12,109
Deferred tax recoverables	123	117	125
Total financial assets	11,746	13,467	12,234
Total fixed assets	11,752	13,515	12,278
Current assets			
Current receivables			
Accounts receivable	-	1	-
Receivables from Group companies	3	607	1,655
Current tax assets	178	187	86
Other receivables	0	0	30
Prepaid expenses and accrued income	11	24	10
Total current receivables	192	819	1,781
Cash and bank	0	0	0
Total current assets	192	819	1,781
Total assets	11,944	14,334	14,059
Equity and liabilities			
Equity			
Restricted equity	1,884	1,900	1,898
Non-restricted equity	5,120	7,548	6,440
Total equity	7,004	9,448	8,338
Untaxed reserves	2,724	2,403	2,724
Provisions			
Other provisions	45	42	43
Total provisions	45	42	43
Long-term liabilities			
Liabilities to Group companies	2,072	2,326	2,697
Total long-term liabilities	2,072	2,326	2,697
Current liabilities			
Accounts payable	13	27	36
Liabilities to Group companies	1	3	129
Other liabilities	14	16	8
Accrued expenses and deferred income	71	69	84
Total current liabilities	99	115	257
Total liabilities	2,171	2,441	2,954
Total equity and liabilities	11,944	14,334	14,059

Note 1 – Accounting principles

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

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

Differences in segment reporting and reporting according to IFRS

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

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

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

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

Reporting on internal projects between business areas Construction and Project Development

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

Reporting on property projects on our own balance sheet

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

Financial key ratios in segment reporting

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

Note 2 – Revenue allocation

Group Jan-Jun 2021 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles ¹⁾	Group IFRS
Allocation per external/internal									
External sales	10,777	6,177	5,775	3,625	31		26,385	-454	25,931
Internal sales	2,067	656	1,676	14	597	-5,010	-		-
Total	12,844	6,833	7,451	3,639	628	-5,010	26,385	-454	25,931
Allocation per country									
Sweden	9,187	6,234	5,095	1,951	503	-3,910	19,060	-246	18,814
Norway	1,895	590	596	426	71	-442	3,136	-10	3,126
Finland	1,762	9	1,440	1,262	53	-657	3,869	-198	3,671
Denmark			312		1	-1	312		312
Other			8				8		8
Total	12,844	6,833	7,451	3,639	628	-5,010	26,385	-454	25,931
Allocation per type of customer									
Public sector	5,038	4,363	1,426	3	22		10,852		10,852
Private customers	5,739	1,814	4,349	3,622	9		15,533	-454	15,079
Internal customers	2,067	656	1,676	14	597	-5,010	-		-
Total	12,844	6,833	7,451	3,639	628	-5,010	26,385	-454	25,931
Allocation per point in time									
At one point in time	3	7	3,043	102	27	-616	2,566	2,425	4,991
Over time	12,836	6,822	3,454	3,492	512	-3,663	23,453	-2,879	20,574
Rent revenue ²⁾	5	4	954	45	89	-731	366		366
Total	12,844	6,833	7,451	3,639	628	-5,010	26,385	-454	25,931
Allocation per type of revenue									
Construction contracts	12,836	6,822	3,454	3,492	22	-3,173	23,453	-2,879	20,574
Sales of goods			2,007			-357	1,650		1,650
Sales of property projects				96			96	2,425	2,521
Transportation services			946			-233	713		713
Administrative services					490	-490	-		-
Rent revenue ²⁾	5	4	954	45	89	-731	366		366
Other	3	7	90	6	27	-26	107		107
Total	12,844	6,833	7,451	3,639	628	-5,010	26,385	-454	25,931

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-Jun 2020 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles and other ¹⁾	Group IFRS
Allocation per external/internal									
External sales	11,610	5,677	5,916	3,844	25		27,072	587	27,659
Internal sales	2,133	525	1,642	102	566	-4,884	84	-84	-
Total	13,743	6,202	7,558	3,946	591	-4,884	27,156	503	27,659
Allocation per country									
Sweden	10,133	5,614	5,158	2,490	494	-3,849	20,040	578	20,618
Norway	1,754	512	672	515	59	-385	3,127	-509	2,618
Finland	1,856	76	1,508	941	38	-650	3,769	434	4,203
Denmark			212				212		212
Other			8				8		8
Total	13,743	6,202	7,558	3,946	591	-4,884	27,156	503	27,659
Allocation per type of customer									
Public sector	5,387	4,203	1,554	17	21		11,182	12	11,194
Private customers	6,223	1,474	4,362	3,827	4		15,890	575	16,465
Internal customers	2,133	525	1,642	102	566	-4,884	84	-84	-
Total	13,743	6,202	7,558	3,946	591	-4,884	27,156	503	27,659
Allocation per point in time									
At one point in time	3	6	3,008	293	4	-600	2,714	4,018	6,732
Over time	13,728	6,190	3,624	3,611	497	-3,589	24,061	-3,563	20,498
Rent revenue ²⁾	12	6	926	42	90	-695	381	48	429
Total	13,743	6,202	7,558	3,946	591	-4,884	27,156	503	27,659
Allocation per type of revenue									
Construction contracts	13,728	6,190	3,624	3,607	11	-3,124	24,036	-3,564	20,472
Sales of goods			2,108			-313	1,795		1,795
Sales of property projects				249		-1	248	4,015	4,263
Transportation services			795			-256	539		539
Administrative services				4	486	-465	25	1	26
Rent revenue ²⁾	12	6	926	42	90	-695	381	48	429
Other	3	6	105	44	4	-30	132	3	135
Total	13,743	6,202	7,558	3,946	591	-4,884	27,156	503	27,659

¹⁾ Refers to differences in accounting principles regarding our own housing development projects. In segment reporting revenue is recognized over time while in reporting according to IFRS it is at the time of possession. The item also includes revenue of SEK 88 million attributable to Annehem Fastigheter including internal revenue from other Peab Group companies.

²⁾ Rent revenue is recognized according to IFRS 16.

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

¹⁾ Refers to differences in accounting principles regarding our own housing development projects. In segment reporting revenue is recognized over time while in reporting according to IFRS it is at the time of possession. The item also includes revenue of SEK 171 million during January-November 2020 attributable to Annehem Fastigheter including internal revenue from other Peab Group companies.

²⁾ Rent revenue is recognized according to IFRS 16.

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

Group Jan-Jun 2021 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles ¹⁾	Group IFRS
External sales	10,777	6,177	5,775	3,625	31		26,385	-454	25,931
Internal sales	2,067	656	1,676	14	597	-5,010	-		-
Total revenue	12,844	6,833	7,451	3,639	628	-5,010	26,385	-454	25,931
Operating profit	338	198	-58	465	-177	-15	751	-110	641
Operating margin, %	2.6	2.9	-0.8	12.8			2.8		2.5
Financial income							45		45
Financial expenses							-55	-26 ²⁾	-81
Net finance							-10	-26	-36
Pre-tax profit							741	-136	605
Tax							-155	26	-129
Profit for the period							586	-110	476
Capital employed (closing balance)	-1,918	-451	9,388	13,258		-410 ³⁾	19,867	5,982	25,849
Total assets							37,685	6,144 ⁴⁾	43,829
Equity							12,654	-960	11,694
Equity/assets ratio, %							33.6		26.7
Net debt							5,424	6,942	12,366
Cashflow before financing							-205	-939	-1,144

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 -26 million.

³⁾ Unallocated capital employed.

⁴⁾ Divided between IFRS 16, additional leases SEK 1,778 million and housing projects SEK 4,366 million.

Group Jan-Jun 2020 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles and other ¹⁾	Group IFRS
External sales	11,610	5,677	5,916	3,844	25		27,072	587	27,659
Internal sales	2,133	525	1,642	102	566	-4,884	84	-84	-
Total revenue	13,743	6,202	7,558	3,946	591	-4,884	27,156	503	27,659
Operating profit	329	168	237	312	-164	-10	872	21	893
Operating margin, %	2.4	2.7	3.1	7.9			3.2		3.2
Financial income							55	0	55
Financial expenses							-125	-38 ²⁾	-163
Net finance							-70	-38	-108
Pre-tax profit							802	-17	785
Tax							-173	0	-173
Profit for the period							629	-17	612
Capital employed (closing balance)	-1,265	-133	9,780	13,521		487 ³⁾	22,390	6,439	28,829
Total assets							41,244	7,454 ⁴⁾	48,698
Equity							12,852	-809	12,043
Equity/assets ratio, %							31.2		24.7
Net debt							6,614	7,994	14,608
Cashflow before financing							-667	-373	-1,040

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

²⁾ Divided between Annehem Fastigheter SEK -24 million and IFRS 16, additional leases SEK -14 million.

³⁾ Unallocated capital employed.

⁴⁾ Divided between Annehem Fastigheter SEK 2,158 million, IFRS 16, additional leases SEK 924 million, housing projects SEK 5,158 million and internal items SEK -786 million.

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

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

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

³⁾ Unallocated capital employed.

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

Note 4 – Financial assets and liabilities valued at fair value

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

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

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

Level 3: based on inputs unobservable to the market.

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

Group	Jun 30, 2021			Jun 30, 2020			Dec 31, 2020		
	Level 2	Level 3	Total	Level 2	Level 3	Total	Level 2	Level 3	Total
MSEK									
Financial assets									
Securities held as fixed assets		60	60		68	68		60	60
<i>Of which unlisted funds</i>		37	37		45	45		37	37
<i>Of which unlisted shareholdings and participations</i>		23	23		23	23		23	23
Other current receivables	19		19	21		21	5		5
<i>Of which commodity hedging with futures</i>	18		18	21		21	5		5
<i>Of which currency swaps</i>	1		1			-			-
Total financial assets	19	60	79	21	68	89	5	60	65
Financial liabilities									
Other long-term liabilities	5		5	11		11	8		8
<i>Of which interest rate swaps</i>	5		5	11		11	8		8
Other current liabilities	13		13	16		16	4		4
<i>Of which currency swaps</i>	1		1	2		2	2		2
<i>Of which commodity hedging with futures</i>	12		12	14		14	2		2
Total financial liabilities	18	-	18	27	-	27	12	-	12

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

Group	Securities held as fixed asset						
	MSEK	Unlisted funds			Unlisted shares and participations		
		Jun 30, 2021	Jun 30, 2020	Dec 31, 2020	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Opening balance		37	58	58	23	24	24
Investments		2	3	4			
Sales						-1	-1
Dividends received		-1	-16	-21			
Reported in profit/loss for the period							
Net finance		-1	0	-4			
Closing balance		37	45	37	23	23	23

Group	Contingent consideration			
	MSEK	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Opening balance		-	1	1
Payments during the period		-	-1	-1
Closing balance		-	-	-

Future financial information

- Quarterly Report January-September 2021 October 27, 2021
- Year-end Report January-December 2021 February 4, 2022
- Annual and Sustainability Report 2021 April 2022

Presentation of the quarterly report

This quarterly report will be presented digitally and on a phone conference Friday, July 16, 2021 at 10.00 a.m. by the President and CEO Jesper Göransson and CFO Niclas Winkvist. The presentation will be held in Swedish and is available via <https://www.peab.com/financial-info/>.

Call one of the following telephone numbers to participate:

- From Sweden: +46 8 5055 83 58
- From Great Britain: +44 3333 00 92 65

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 July 16, 2021, 08:00 a.m. CET.

The Board of directors and the CEO pledge that the half-year report provides a fair and true overview of the parent company's and the Group's business, position and results as well as describes the significant risks and uncertainty factors faced by the parent company and the companies included in the Group.

Förslöv July 16, 2021

Anders Runevad
Chairman

Karl-Axel Granlund
Board member

Fredrik Paulsson
Board member

Kerstin Lindell
Board member

Lars Sköld
Board member

Liselott Kilaas
Board member

Malin Persson
Board member

Magdalena Gerger
Board member

Kim Thomsen
Board member

Patrik Svensson
Board member

Egon Waldemarsson
Board member

Jesper Göransson
CEO and President

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

Quarterly data

Group, IFRS

MSEK	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019
Net sales	14,807	11,124	15,989	16,204	15,789	11,870	15,455	12,869	15,140
Production costs	-13,219	-10,440	-14,159	-14,463	-14,127	-10,962	-13,869	-11,717	-13,405
Gross profit	1,588	684	1,830	1,741	1,662	908	1,586	1,152	1,735
Sales and administrative expenses	-884	-820	-914	-717	-962	-766	-751	-604	-773
Distribution of Annehem Fastigheter	-	-	952	-	-	-	-	-	-
Other operating income	51	38	84	72	36	37	93	122	38
Other operating costs	0	-16	-10	-9	-13	-9	-95	-6	-3
Operating profit	755	-114	1,942	1,087	723	170	833	664	997
Financial income	15	30	23	18	15	40	31	14	31
Financial expenses	-43	-38	-55	-55	-34	-129	-62	-35	-41
Net finance	-28	-8	-32	-37	-19	-89	-31	-21	-10
Pre-tax profit	727	-122	1,910	1,050	704	81	802	643	987
Tax	-152	23	-181	-210	-160	-13	-149	-104	-161
Profit for the period	575	-99	1,729	840	544	68	653	539	826
Profit for the period, attributable to:									
Shareholders in parent company	575	-99	1,730	840	543	69	653	539	826
Non-controlling interests	0	0	-1	0	1	-1	0	0	0
Profit for the period	575	-99	1,729	840	544	68	653	539	826
Key ratios, IFRS									
Earnings per share, SEK	1.95	-0.34	5.87	2.85	1.84	0.23	2.21	1.83	2.80
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0
Capital employed (closing balance)	25,849	25,019	24,435	27,729	28,829	25,830	26,336	26,371	26,025
Equity (closing balance)	11,694	12,517	12,443	12,874	12,043	11,560	11,559	10,966	10,425

Business areas

MSEK	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019
Net sales									
Construction	6,648	6,196	7,448	5,798	7,123	6,620	8,371	6,520	7,782
Civil Engineering	3,743	3,090	3,600	3,041	3,432	2,770	3,792	3,257	3,374
Industry	5,247	2,204	4,929	6,233	5,343	2,215	3,592	3,820	3,697
Project Development	1,929	1,710	1,804	1,750	1,977	1,969	2,684	2,015	2,259
– of which Property Development	33	30	71	71	111	122	179	180	254
– of which Housing Development	1,896	1,680	1,733	1,679	1,866	1,847	2,505	1,835	2,005
Group functions	327	301	317	298	308	283	325	289	287
Eliminations	-2,725	-2,285	-2,674	-2,283	-2,665	-2,219	-2,906	-2,600	-2,872
Group, segment reporting	15,169	11,216	15,424	14,837	15,518	11,638	15,858	13,301	14,527
Adjustment of housing to IFRS	-362	-92	560	1,384	295	252	-403	-432	613
IFRS 16, additional leases									
Annehem Fastigheter			36 ¹⁾	47	48	40			
Eliminations			-31	-64	-72	-60			
Group, IFRS	14,807	11,124	15,989	16,204	15,789	11,870	15,455	12,869	15,140
Operating profit									
Construction	187	151	197	137	183	146	207	150	199
Civil Engineering	146	52	131	92	127	41	132	76	123
Industry	339	-397	397	471	303	-66	363	360	258
Project Development	252	213	1,195	162	138	174	278	221	336
– of which Property Development	29	10	961	13	-17	25	28	34	192
– of which Housing Development	223	203	234	149	155	149	250	187	144
Group functions	-95	-82	-132	-14	-81	-83	-130	-10	-90
Eliminations	-5	-10	37	-4	-9	-1	-53	-34	-42
Group, segment reporting	824	-73	1,825	844	661	211	797	763	784
Adjustment of housing to IFRS	-69	-49	95	226	57	-47	30	-105	207
IFRS 16, additional leases	0	8	12	12	6	4	6	6	6
Annehem Fastigheter			13 ¹⁾	5	6	6			
Eliminations			-3	0	-7	-4			
Group, IFRS	755	-114	1,942	1,087	723	170	833	664	997
Operating margin, %									
Construction	2.8	2.4	2.6	2.4	2.6	2.2	2.5	2.3	2.6
Civil Engineering	3.9	1.7	3.6	3.0	3.7	1.5	3.5	2.3	3.6
Industry	6.5	-18.0	8.1	7.6	5.7	-3.0	10.1	9.4	7.0
Project Development	13.1	12.5	66.2	9.3	7.0	8.8	10.4	11.0	14.9
– of which Property Development	87.9	33.3	1,353.5	18.3	-15.3	20.5	15.6	18.9	75.6
– of which Housing Development	11.8	12.1	13.5	8.9	8.3	8.1	10.0	10.2	7.2
Group functions									
Eliminations									
Group, segment reporting	5.4	-0.7	11.8	5.7	4.3	1.8	5.0	5.7	5.4
Adjustment of housing to IFRS									
IFRS 16, additional leases									
Annehem Fastigheter			36.1 ¹⁾	10.6	12.5	15.0			
Eliminations									
Group, IFRS	5.1	-1.0	12.1	6.7	4.6	1.4	5.4	5.2	6.6
Key ratios, segment reporting, MSEK									
Earnings per share, SEK	2.18	-0.19	5.62	2.25	1.72	0.41	2.10	2.14	2.24
Capital employed (closing balance)	19,867	19,659	19,434	21,086	22,390	19,927	21,617	21,999	21,961
Equity (closing balance)	12,654	13,408	13,251	12,637	12,852	12,349	12,479	11,992	11,386
Orders received	13,094	14,446	12,189	11,718	13,220	12,608	12,096	9,349	10,817
Order backlog at the end of the period	46,684	47,286	42,709	44,722	46,123	44,151	42,494	43,821	45,873

¹⁾ Refers to October-November 2020

Alternative performance measures and definitions

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

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

Financial definitions

Available liquidity

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

Capital employed for the business areas

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

Capital employed for the Group

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

Earnings per share

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

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.

Net debt

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

Net debt, segment reporting

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

Other non-financial definitions

eNPS

eNPS stands for employee Net Promoter Score and measures employee engagement. The result can vary between -100 and 100 and is based on the question to employees: "How probable is it that you would recommend your employer to a friend or acquaintance?"

LTI4 and LTIF4

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

Risk observations

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

Net debt/equity ratio

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

Net investments

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

Operating margin

Operating profit as a percentage of net sales.

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.

Orders received

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

Return on capital employed

The pre-tax profit of a rolling 12 month period with the addition of financial expenses in percent of the average (last four quarters) capital employed. The measurement is used to measure capital efficiency and to allocate capital for new investments and show the Group's earning capacity independent of financing.

Return on equity

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

SCI

SCI stands for Satisfied Customer Index and measures how satisfied Peab's customers are. SCI is a weighted measurement between 0 and 100 and is based on three questions: 1) Total satisfaction, 2) In relation to expectations 3) In relation to ideal supplier.

Serious accidents

Peab defines a serious accident (category 4) as a workplace accident that results in serious personal injury. This can be injuries such as bone fractures, effusive bleeding or nerve, muscle or tendon damage, injuries to inner organs or second or third degree burns.

Peab is the Nordic community builder

About Peab

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

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

Net sales, appr.

SEK 57 billion

Employees, appr.

16,000



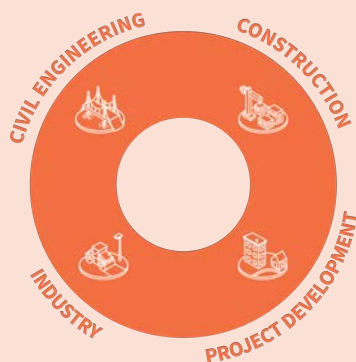
Employees

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

Strategic targets

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

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



Business model

Four collaborating business areas create added value

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

Photographers: Daniel Ström, Johnér Bildbyrå AB, Kimmo Räisänen, Markus Esselmark, Mats Bakken and Peter Steen.

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