SKANSKA

# Annual and Sustainability Report 2022

# 135 years of knowledge and foresight

Since 1887, we have been driven by a dual purpose: to innovate, and to build what's good for people and society. In many ways, our past continues to inspire our future. This timeline captures some of the key moments in our long history.

**1887 – Pioneering roots**
Skånska Cementgjuteriet is founded in the south of Sweden. The company is an early pioneer, breaking new ground with one of Sweden's first concrete bridges. To reassure the locals, many of whom were skeptical about the invention, the concrete was covered with a layer of hewn granite. The bridge (below) is still standing to this day.

**1897 – Modern communications**
The first contract outside Sweden is for hollow concrete blocks for telephone cables in the UK (see picture on back cover).

**1950s – Prefab revolution**
Skanska launches a technique that would revolutionize construction: prefabricated concrete components which are then assembled into homes on site.

**1970s – Established Stateside**
Skanska expands into the United States, with contracts for essential infrastructure such as subway systems in New York and Washington DC. Our commitment in the USA grows over the decades to come.

**1990s – Smart living**
Skanska and IKEA develop BoKlok, an affordable residential housing concept providing sustainable home ownership.

**2000s – Iconic landmarks**
Öresund Bridge (below) opens, a spectacular construction connecting Sweden and Denmark across the Öresund Strait. 30 St Mary Axe in London, widely known as the Gherkin, quickly becomes seen as a modern landmark in the City of London after completion in 2004. The renovation and refurbishment of UN Headquarters in New York, led by Skanska, becomes the most extensive construction project undertaken by the UN.

**2010s – Sustainable impact**
Skanska develops a new generation of energy-positive buildings, such as Powerhouse Brattørkaia in Trondheim, Norway (below), which generate more energy than they consume. The Kendeda Building at Georgia Institute of Technology, the USA, becomes the latest Skanska project to achieve the ambitious sustainability certification Living Building Challenge. Skanska has built seven of the 15 LBC buildings in the world.

**2020s Long-term investments**
Skanska launches a new business stream, Investment Properties, to capture additional value from projects developed by Commercial Property Development. By creating and managing a portfolio of high-quality assets, Skanska can generate a durable source of additional cash flow and broaden business scope across the entire value chain.

> Visit our website for videos and more material on our 135-year history.

# Contents



● Refer to segment reporting
● Report of the Directors

Segment and IFRS reporting
Skanska's business streams – Construction, Residential Development, Commercial Property Development and Investment Properties – represent the Group's operating segments. The point at which revenue is recognized differs between segment and IFRS reporting for Residential Development and Commercial Property Development. In this report, revenues and earnings for these business streams on pages 5–36, 69, 76, 78 and 106–110 refer to segment reporting, unless stated otherwise. The financial reports, including the statement of financial position and cash flow, have been prepared in accordance with IFRS.

About this report
The 2022 Annual and Sustainability Report is submitted by the Board of Directors and the President and CEO of Skanska AB (publ) to describe the operations of both the Company and the Group. The formal annual report consists of the Report of the Directors and financial reports on pages 39–49, 60–66 and 68–205. Skanska's external auditors have audited the formal annual report consisting of the report of the directors and the financial reports excluding the sustainability report according to the opinion on page 209. Skanska's external auditors has also performed a limited assurance report on Skanska AB's greenhouse gases, health and safety, energy and waste reporting. Pages 16–17, 21, 60–66 och 68–104 include Skanska's statutory sustainability report, according to the Swedish Annual Accounts Act. Skanska is reporting in accordance with the Global Reporting Initiative's (GRI) Standards. Skanska aims to ensure that all information and data is relevant, transparent, consistent, accurate and complete and that it provides an objective picture of the Group's operations. Further information about Skanska's sustainability efforts can be found at: group.skanska.com/sustainability.

This is a copy of the original version of the Skanska Annual and Sustainability Report 2022, which is prepared in Swedish in the European single electronic format (Esef).

This document is in all respects a translation of the Swedish original Annual and Sustainability Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

Skanska AB, Swedish corporate identity number 556000-4615.

Cover: Irena Cienkowska, project engineer, Barkarbystaden, Järfälla, Sweden

# We build for a better society

More than 135 years in the making, we are one of the world's largest project development and construction companies, operating across select markets in the Nordics, Europe and the USA. With our knowledge and foresight, we are shaping the way people live, work and connect.

A unique combination of global experience, local expertise and financial strength empowers us to take on the most complex construction projects in the world. Our ability to understand the needs of local communities makes us a trusted partner for large commercial and residential projects that require deep understanding and collaboration. Asset management strengthens our presence across the whole value chain, from project development and construction to property investment. And we see sustainability as a guiding principle for our operations.

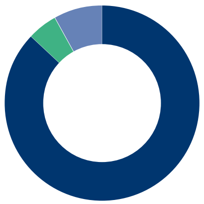
With the collective know-how of our 28,000 employees, and together with our partners, we are building for a better society, creating innovative and sustainable solutions that support living beyond our lifetime. And as we do so, we build long-term value for our shareholders and society at large.

Täby Park Stockholm Sweden

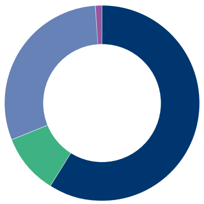
# 2022 in brief

| Key ratios (SEK M, unless otherwise stated) | 2022 | 2021 |
|---|---|---|
| Revenue | 161,602 | 147,576 |
| Operating income | 9,297 | 9,832 |
| Profit for the period | 7,702 | 8,188 |
| Earnings per share, SEK | 18.62 | 19.80 |
| Operating cash flow from operations | -2,263 | 4,185 |
| Interest-bearing net receivables(+)/net debt(-) | 10,306 | 12,598 |
| Operating margin, Construction, % | 3.7 | 3.8 |
| ROCE in Project Development, % | 8.1 | 11.8 |
| ROCE in Investment Properties, % | 13.6 | – |
| Return on equity, % | 15.8 | 20.1 |
| Order bookings, SEK bn | 162.7 | 153.6 |
| Order backlog, SEK bn | 229.8 | 207.0 |
| Number of employees | 28,380 | 30,051 |

Revenue per segment




Operating income per segment




> Read more about streams on pages 22–34.

**-55%**
Reduction of carbon emissions from our own operations (scope 1 and 2) since 2015.

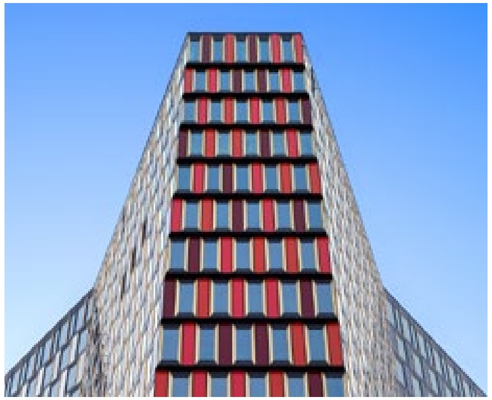
**100%**
LEED Platinum or Gold, BREEAM Excellent or WELL-certified buildings of total commercial development office divestments in 2022.

**-39%**
Energy reduction in new office buildings compared to LEED baseline.

> Read more about sustainability on pages 68–104.

## Highlights

**First investments for internal property portfolio**
Skanska's new business stream, Investment Properties, made its first three investments in properties totaling SEK 3.7 billion.



**Multi-family homes in Seattle, Washington USA**
Skanska invested USD 296 M, about SEK 3 billion, in a multi-family development project in Seattle, Washington, USA. The project also features mixed-use and retail space. The construction contract is worth USD 190 M, about SEK 1.9 billion.

**SEK 13 bn**
total value of properties sold in the Commercial Property Development business stream.

**Climate targets in long-term incentive program**
Skanska's Annual General Meeting 2022 decided to include a carbon emissions reduction target in the Skanska Employee Ownership Programs (Seop).

> Read more on page 69.

Seop

**Record order backlog**

**SEK 230 bn**
This corresponds to 17 months of production. Order bookings in 2022 totaled SEK 162.7 billion.

**Subsea tunnel in Rogaland County, Norway**
Skanska has signed a contract with the Norwegian Road Authority to build a subsea tunnel in Rogaland County, Norway for NOK 5 billion, about SEK 5.2 billion.

**2,805**
homes started in the Residential Development business stream.

# Strong performance and robust financial position

2022 was a strong year for Skanska despite challenging market circumstances. The Construction stream had an impressive year, delivering strong profitability and building a historically high order backlog. Within Project Development, we are navigating weaker housing markets, yet continued to deliver attractive gains from divestments in Commercial Property Development. We launched Investment Properties, a new business stream, at the beginning of last year, with the aim of providing stable cash flows and creating value through the long-term asset management of Skanska-developed office properties.

Our financial position remains strong. With a robust balance sheet and low reliability on the credit market, we can make the most of business opportunities when they arise. This is especially important in the cyclical property market where opportunities to buy land often improve in weaker markets. Our financial position also ensures stability for our customers, suppliers, subcontractors and other business partners.

We remain committed to our climate target and believe that demand for sustainable and climate-resilient buildings and infrastructure will continue to increase. During 2022, we continued our journey towards net-zero carbon emissions, we focused on reducing our own emissions, and made strategic decisions in planning and designing future projects in our property development business.

**Commercial direction and execution**

The strategic shift for our Construction stream made five years ago, which placed a clear focus on selective bidding and commercial management, has reduced the

## "With a highly skilled organization we stay true to the strategy that has proven resilient in the challenging market circumstances of recent years"

Earnings per share

**18.62 SEK**

Operating margin – Construction

**3.7%**

ROCE – Project Development

**8.1%**

ROCE – Investment Properties

**13.6%**

risk in our construction portfolio. Delivering on the commercial direction has resulted in a healthy and historically large order backlog. During the year we saw stress in the supply chain system continue and intensify after Russia's invasion of Ukraine. Material and energy shortages, cost escalations and interest rate hikes impacted our markets. We navigated these circumstances well and delivered a strong construction margin and robust order intake – a testament to the strength of our strategy.

Summarizing the financial outcome for the Group, operating income amounted to SEK 9.3 billion (9.8). Construction margin came in at 3.7 percent (3.8), above our target. Return on capital employed in Project Development was 8.1 percent (11.8) and return on capital employed in Investment Properties amounted to 13.6 percent (n.a.). The latter is in a buildup phase. Return on equity for the Group was 15.8 percent (20.1). Our financial position remains robust with an adjusted net cash position of SEK 12.1 billion, well above our limit of a SEK 10 billion adjusted net debt. Skanska's Board of Directors proposes a dividend of SEK 7.50 (7.00+3.00) per share.

**Sustainability and the built environment**

Our combined Scope 1 and 2 emissions declined in 2022, and are now 55 percent below our 2015 baseline. Our commitment to keeping up the pace to reach our target of net-zero carbon emissions, both in our own operations and in our value chain by 2045, is reflected in the inclusion of emission reduction targets in the long-term incentive program for the top 400 leaders in Skanska.

All our business units have developed climate plans outlining their actions, initiatives and business cases for reducing emissions in line with Skanska Group's overall targets. We continue to focus our efforts on existing solutions and new innovations to further improve our efficiency and drive emission reductions. The ongoing energy crisis has only enhanced the importance of an energy-efficient and sustainably built environment. Skanska is well positioned to meet customer demand for competence and solutions within sustainability.

In addition to our strong focus on climate, our sustainability strategy emphasizes the areas of resilience and responsibility, including health and safety, ethics, environment, diversity and inclusion. Our integrated approach to sustainability is reflected in our commitment to the principles of the UN Global Compact, to which Skanska has been a signatory for over 20 years.

**Looking ahead**

Skanska is one of the largest property development and construction companies in the world. We have a strong and diversified business, and have been leading the industry in several aspects and markets for more than 135 years. With a highly skilled organization we stay true to the strategy that has proven resilient in the challenging market circumstances of recent years.

I am proud of our performance and want to take the opportunity to thank all Skanska colleagues, customers, business partners and shareholders for your hard work, trust and support over the past year. We remain focused on continuing to deliver long-term value and a positive impact on society.

Anders Danielsson
President & CEO

# Skanska's targets

Our targets reflect our ambition to remain an industry leader – operationally, financially and within sustainability.

## Operating margin – Construction

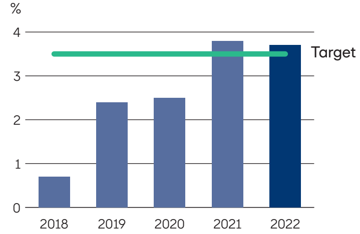
Target

≥3.5%

Outcome 2022

3.7%

Profitability in the Construction operations was strong, and our operating margin came in well above target. All three main geographies – the Nordics, Europe and the USA – contributed to the solid performance. Order bookings were strong during the year and the order backlog is at a historic high. We have kept to our strategy and managed market headwinds well.




## Return on capital employed[1] – Project Development

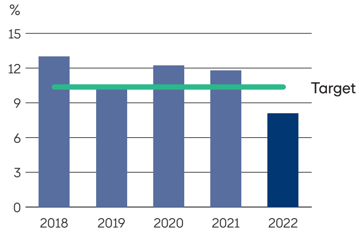
Target

≥10%

Outcome 2022

8%

Performance in Project Development was impacted by a weaker housing market, yet Commercial Property Development continued to deliver substantial gains from divestments. Sales volumes in Residential Development contracted significantly as a consequence of low activity in the housing market, but operating margin held up for the full year.




1 According to segment reporting.

## Return on capital employed[1] – Investment Properties

Target

≥6%

Outcome 2022

14%

We launched our new business stream Investment Properties in 2022, targeting a portfolio of high-quality office buildings in Sweden. During the year, the business stream acquired three office properties from our Commercial Property Development business stream, providing a strong start for Investment Properties.

1 According to segment reporting.

## Adjusted net debt(-)/net cash(+)[1]

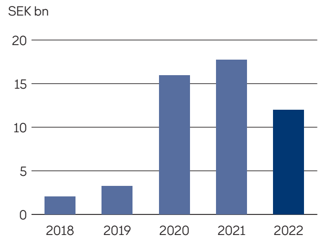
Limit

**-10** SEK bn

Outcome 2022

**+12** SEK bn

The financial position remains strong and adjusted net cash was SEK 12 billion end of 2022.




1 Interest-bearing net receivables/net debt excluding restricted cash, lease liabilities and interest-bearing net pension liabilities.

## Climate target – Skanska's own emissions

Target 2030

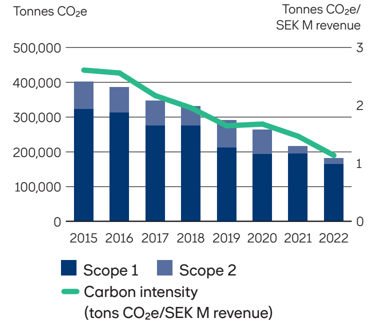
**-70%**

Outcome 2022

**-55%**

Since 2015 we have reduced our own carbon emissions (scope 1 and 2) by 55 percent and carbon intensity by 57 percent.

> Read more about Skanska's climate target on page 75.



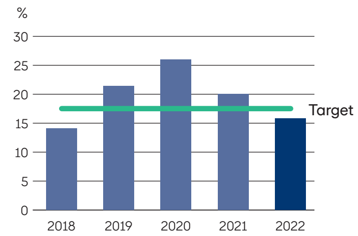

## Return on equity[1]

Target

**≥18%**

Outcome 2022

**16%**




1 According to segment reporting.

## Climate target – Skanska's value chain emissions

Target 2030[1]

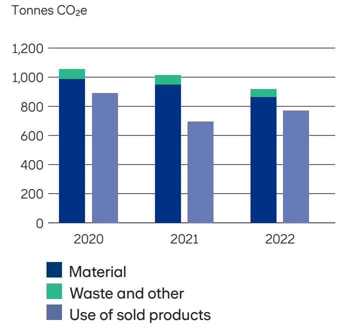
**-50%**

Outcome 2022

**-13%**

Reduction of carbon emissions from our value chain (scope 3) compared with 2020. We track carbon emissions in our value chain including key materials, waste, and energy use over a project's lifetime in divested projects.

> Read more about Skanska's climate target on page 75.




1 See definition on page 95.

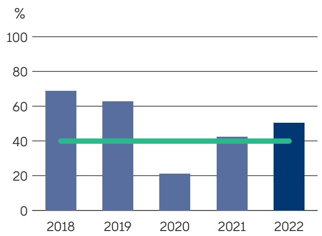
## Pay-out ratio

**40–70%**

Outcome 2022

**40%**

The Board of Directors proposes a dividend of SEK 7.50 (7.00+3.00) per share, corresponding to a pay-out ratio of 40 percent.



# Creating long-term value

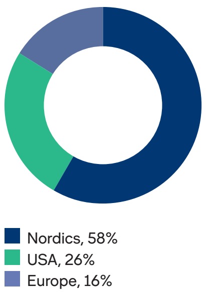
Skanska is a global leader in project development and construction. We benefit from long-term trends such as urbanization and the transformation to a more sustainable built environment. We operate in a selection of politically stable home markets. Our strong financial position ensures that we can make the most of business opportunities in all market circumstances and create long-term value for shareholders.

**Customer offering and sustainability**
Global trends in demographics, growing cities and sustainability are driving investment in infrastructure, healthcare, housing, offices and educational facilities. We operate in a select number of home markets across the Nordics, Europe and the USA. All home markets are well established and politically stable. Through our four business streams, we integrate the entire value chain from property development to construction and asset management, providing good opportunities for collaboration and continuous improvement of our products and customer offering. Our ambition is to lead the industry in the transformation to a climate-smart built environment, working with partners and customers to deliver on ambitious sustainability goals.

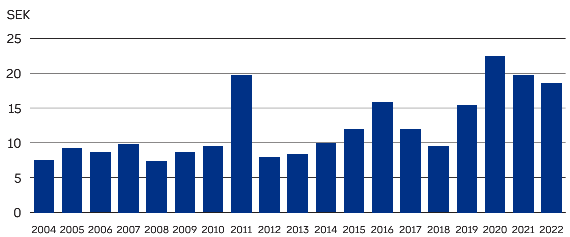
**Strong financial position and managing the business cycle**
Our strong financial position makes us a reliable and attractive business partner for clients, subcontractors, suppliers and business partners. The strategic shift in the construction business towards selective bidding and greater commercial focus has reduced risk in the construction project portfolio, strengthened construction margins and improved profitability resilience over the business cycle. We retain our strong focus on selective bidding and commercial management. A solid balance sheet and low reliability on the credit market allow us to take advantage of new business opportunities when they arise. Our capacity to invest in land and projects in weaker market conditions enables long-term value creation in the property development business.

**Creation of shareholder value**
We remain committed to generating shareholder value. Over the past five years, equity has been growing and return on equity has averaged 19.5 percent. The total distributed dividend for the same period amounted to SEK 14.9 billion. Total shareholder return on a five-year basis has been 17.6 percent.

Operating income per market

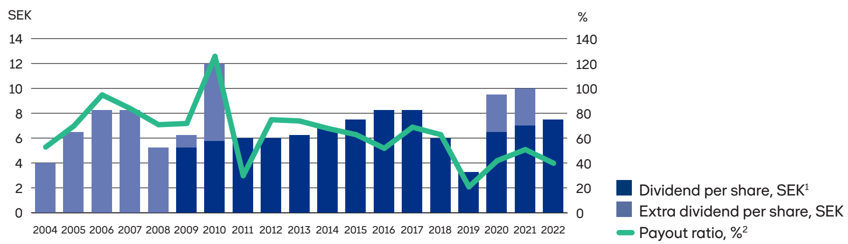



Earnings per share, EPS[1]




1 Earnings per share according to segment reporting divided by number of shares outstanding.

Dividend and payout ratio




1 2022 based on the dividend proposed by the Board.
2 Dividend as a percentage of earnings per share.

# Funding

## A strong balance sheet gives us room to invest in new development projects and take advantage of opportunities that arise during a business cycle.

All external funding is procured by a central support function, Skanska Financial Services (SFS), which is responsible for managing all external debt and for the Group's cash management.

Skanska has several funding programs – through committed bank credit facilities as well as market funding programs – which provide good flexibility for temporary fluctuations in liquidity and help ensure long-term financing.

The central debt portfolio amounted to SEK 3.7 billion at year-end. Unutilized credit facilities of SEK 6.1 billion, combined with available liquidity of SEK 10 billion, ensure that we have sufficient financial capacity to continue to invest in new development projects and the build up of investment properties portfolio that will create further value for our shareholders. The central loan portfolio, including unutilized credit facilities, had an average maturity of 3.6 years. Read more about our funding in Note 6, Financial instruments and financial risk management, on pages 133–141.

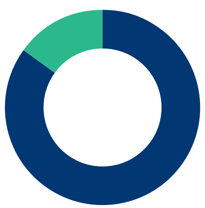
In 2022, Skanska refinanced an existing and undrawn revolving credit facility signed in 2017 by entering into a new EUR 500 M sustainability-linked revolving credit facility. It has a tenor of five years with two one-year extension options and will be used as a back-up for general corporate purposes.

**Strong sustainability agenda enables green financing**

At year-end, 100 percent of our central debt portfolio consisted of green bilateral loans or green bonds earmarked for projects in accordance with Skanska's Green Bond Framework.

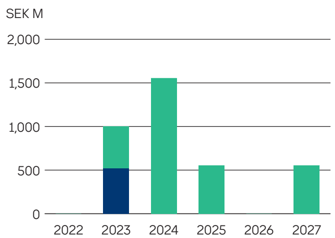
Skanska's Green Bond Framework is third-party verified, and deemed strong and trustworthy by CICERO (the Center for International Climate Research), internationally recognized as a leading provider of independent reviews of green bond frameworks.

Central funding, SEK 3.7 bn



Green bilateral loans, 87%
Green bonds, 13%

Maturity profile




Green bonds (MTN)
Green bilateral loans

# Skanska share data

Skanska's Class B shares are quoted and traded on Nasdaq Stockholm. Skanska's market capitalization was SEK 69 billion on December 31, 2022.

**7.50**

Proposed dividend per share, SEK, 2022

**18.62**

Earnings per share, SEK, 2022

### Share price performance 2022

The Skanska share price (SKAB)[1] decreased by 30 percent in 2022. The OMX Stockholm Index decreased by 25 percent and the DJ Construction & Materials Titans Index decreased by 22 percent during the same period. The closing price of Skanska's Class B share was SEK 165.00. The highest price paid in 2022 was SEK 245.00 on February 3, and the lowest was SEK 134.40 on September 29. Total shareholder return for Skanska's Class B share for the year was -26 percent, compared with -22 percent for the OMX Stockholm Index and -21 percent for DJ Construction & Materials Titans Index.

1 Bloomberg ticker SKAB:SS, Reuters quote SKAb.ST.

### Dividend

Pursuant to Skanska's dividend policy, 40–70 percent of profit for the year is paid out as dividends to shareholders, provided that the company's overall financial status is stable and satisfactory.

For the 2022 financial year, the Board proposes a dividend of SEK 7.50 (7.00+3.00) per share. This represents a pay-out ratio of 40 percent, corresponding to SEK 3,083 M (4,124). No dividend is paid out for the parent company's holdings of Class B treasury shares. The total dividend amount may change by the record date, depending on share repurchases and transfers to participants in Skanska's long-term employee ownership program, Seop.

### Skanska Employee Ownership Program: Seop

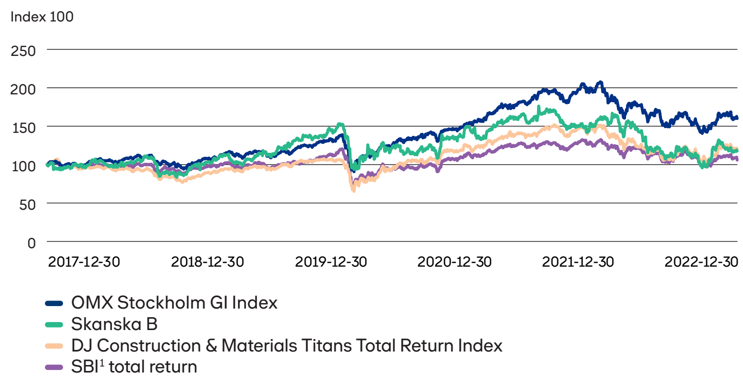
Introduced in 2008, Seop invites all Skanska employees to become shareholders in Skanska Group and creates incentives to contribute to Skanska's performance through matching shares and shares based on business unit performance. Read more about our share-based remuneration in the Remuneration report on pages 55–59.

### Skanska share history

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Year-end market price, SEK | 165.00 | 234.20 | 209.70 | 211.70 | 141.00 |
| Year-end market capitalization, SEK bn | 69.3 | 98.3 | 88.1 | 88.9 | 59.2 |
| Number of shares for the year, million[1] | 419.9 | 419.9 | 419.9 | 419.9 | 419.9 |
| Highest share price during the year, SEK | 245.00 | 258.80 | 238.90 | 216.00 | 179.70 |
| Lowest share price during the year, SEK | 134.40 | 203.30 | 146.00 | 140.85 | 134.85 |
| Yield, %[2] | 4.5 | 4.3 | 4.5 | 1.5 | 4.3 |
| Earnings per share, SEK[3] | 18.62 | 19.80 | 22.46 | 15.46 | 9.55 |
| Dividend per share, SEK | 7.50[4] | 10.00 | 9.50 | 3.25 | 6.00 |
| Dividend pay-out ratio, %[5] | 40 | 51 | 42 | 21 | 63 |

1 Number of shares at year-end.
2 Dividend as a percentage of respective year-end share price.
3 Earnings per share for the period according to segment reporting divided by number of shares outstanding.
4 Based on the dividend proposed by the Board.
5 Dividend as a percentage of earnings per share.

Total return on Skanska's Class B share compared to indexes




1 Strategic Benchmark Index (SBI) consists of listed companies which, taken together, reflect Skanska's operations.

## Shareholder structure

70 percent of the share capital is owned by investors registered in Sweden and 30 percent by foreign investors. The USA and Norway account for the highest percentage of shareholders registered outside Sweden. At year-end, the parent company (Skanska AB) held 8,771,931 Class B treasury shares, corresponding to 2.1 percent of the capital stock.

### Shareholder structure

| Holding | No. of shareholders | No. of shares | Capital (%) | Votes (%) |
|---|---|---|---|---|
| 1–1,000 | 97,462 | 21,947,910 | 5.2 | 3.7 |
| 1,001–10,000 | 14,641 | 40,383,020 | 9.6 | 7.1 |
| 10,001–20,000 | 680 | 9,744,734 | 2.3 | 1.9 |
| 20,001– | 634 | 286,902,411 | 68.3 | 77.1 |
| Anonymous holding | | 60,924,997 | 14.6 | 10.2 |
| **Total** | **113,417** | **419,903,072** | **100** | **100** |

### Share distribution

| | Class A | Class B | Total |
|---|---|---|---|
| Number of registered shares | 19,654,316 | 400,248,756 | 419,903,072 |

In 2022, 7,316 Class A shares were converted to Class B shares at the request of shareholders. The total number of votes in the company subsequently amounted to 596,791,916.

### Largest shareholders in Skanska AB by voting power, December 31, 2022

| Shareholders | % of votes | % of capital |
|---|---|---|
| Industrivärden AB | 24.5 | 7.7 |
| Lundberg Group | 13.2 | 5.9 |
| AMF Insurance & Funds | 5.3 | 7.5 |
| Skanska employees through Seop[1] | 3.8 | 5.4 |
| Vanguard | 2.1 | 3.0 |
| BlackRock | 1.9 | 2.7 |
| SHB Funds & Life Insurance | 1.8 | 2.6 |
| Carnegie funds | 1.4 | 2.0 |
| Swedbank Robur Funds | 1.4 | 1.9 |
| Norges Bank | 1.3 | 1.8 |
| 10 largest shareholders in Skanska | 56.8 | 40.6 |
| Other shareholders in Skanska | 43.2 | 59.4 |
| Total | 100.0 | 100.0 |
| of which, shareholders in Sweden | 78.8 | 69.9 |
| of which, shareholders abroad | 21.2 | 30.1 |

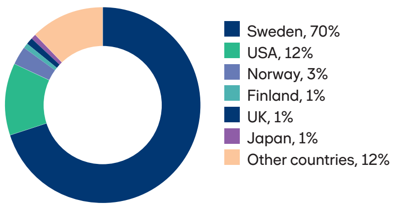
1 Not treated as a unified ownership group.

## Liquidity

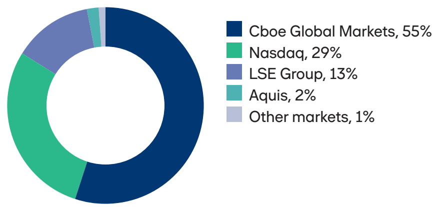
Cboe Global Markets (Chicago Board Options Exchange) represents 55 percent of trade in the Skanska share, where off-book crosses or block trades and OTC trading stand for the majority of trades. Trading on the primary market, Nasdaq, represents 29 percent of traded volume.

In 2022, total trading in the Skanska share amounted to 776 million shares (655) at a total value of SEK 141 billion (148), corresponding to an average daily turnover of 3.0 million shares (2.6) or SEK 600 M per trading day.

Ownership per country




Ownership per marketplace




Source: Modular Finance Holdings, Euroclear, December 31, 2022.

**Ratings and indexes**

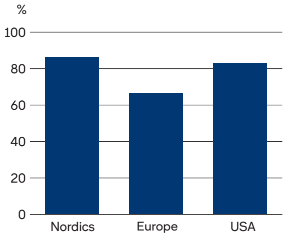
In addition to indexes directly linked to Nasdaq Stockholm, Skanska is also included in other indexes and ratings.

- CDP Climate A-
- MSCI BBB
- OMX Stockholm 30 ESG Responsible Index
- FTSE4Good Sustainability Index

# Global trends

For 135 years, Skanska has delivered on demands for better housing, smarter office and commercial spaces, and more resilient infrastructure – all to address the megatrends of our time.

Urban population
(% of total population)




Source: UN, The World Bank, 2020

**70%**

Share of human-made $CO_2$ emissions that originate from cities

Source: IRENA, International Renewable Energy Agency

As the broader global context presents complex challenges, with rising energy prices, higher inflation and interest rate hikes, we see both needs and opportunities to continue our work shaping sustainable places and societies. Megatrends such as urbanization, digitalization and an increased demand for climate-smart solutions all have a positive impact on our business.

Large investments in infrastructure, health-care, housing, offices and education are bringing opportunities for us to create value for our shareholders and the societies where we operate. The increased global focus on sustainability also requires that we at Skanska contribute to the transition to net-zero carbon emissions – both within our Group and in the industry as a whole.

The need for infrastructure renewal in the USA and Europe, including improving sustainability and climate resilience, requires stimulus in both regions, which in turn will strengthen the outlook for growth in civil construction.

**Urbanization and the reshaping of cities**
Urbanization continues to shape the world – today, more than half of the planet's population lives in urban areas.

Urbanization is driving the need for affordable housing, local engagement, and efficient and flexible transportation. Substantial investments are being made in mass transit, energy and water systems and other civil infrastructure, as well as in social infrastructure such as universities, schools and hospitals.

We play an important role in building resilient urban communities that are sustainable, healthy and inclusive. Our diversification across segments enables us to contribute to the reshaping of cities – ranging from community-oriented residential areas and flexible offices, to complex, large-scale infrastructure projects.

**Climate change and innovative solutions**
Climate change is and will be a key business-defining factor in the coming decades. Addressing climate change involves scaling innovative solutions in energy, increased efficiency, materials and much more. It is also evident that many buildings and public spaces were not designed for the kind of environmental challenges we are experiencing, such as extreme weather, air pollution, energy shortages and water scarcity. Climate change has exposed an urgent need to address and improve the resilience of urban areas.

National and regional legislation and regulations across the USA and Europe are increasingly being written with this goal in mind, stimulating a green transition in construction. The climate agenda creates business opportunities that allow us to contribute to climate adaptation and mitigation.

**Public investments in infrastructure** – In late 2021, the US Congress passed a historic trillion-dollar infrastructure bill.

**Digitalization and smarter technologies**
Modern technologies are providing solutions that can improve performance across the construction and property industries.

There is growing demand for connected solutions focused on quality, functionality and design, which we see clearly manifested in the office buildings we have developed and built in recent years. These digital technologies allow us to rethink how we work in all aspects of our business, from operations, compliance, safety and communication, through to disclosure and finance.


Meet Spot the dog, a robot that's being tested in the USA to keep construction sites clean. Housekeeping – or the practice of keeping a jobsite clean and organized – is critical in construction to reduce risk of injury. Trips and falls, falling objects, or cuts can often be avoided by routine housekeeping. Spot is developed by Autodesk Research and Boston Dynamics.

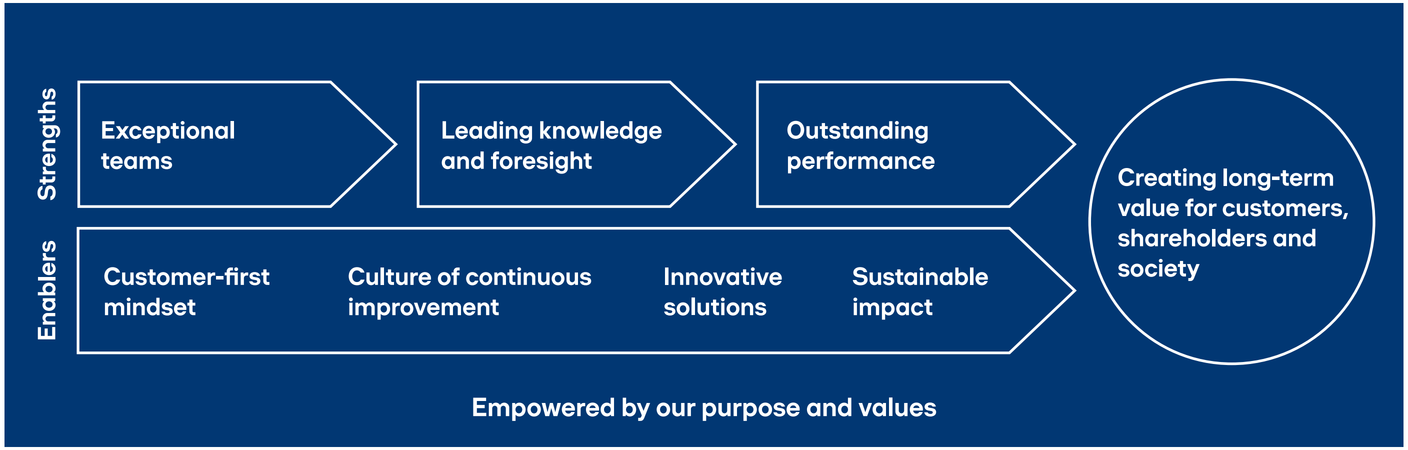
# Skanska's strategy

At Skanska, we build for a better society through a variety of projects. Our reputation as a trusted partner is built on our experience and knowledge. We aim to provide industry-leading shareholder value by shaping sustainable places where people can live and work.

Our Group strategy, and the way we conduct business, remains firmly grounded in our values: Care for life, Act ethically and transparently, Be better together, and Commit to customers. We harness our strengths and assets into long-term, sustainable business opportunities that generate growth, customer success and value.

The following principles guide us in operations and planning to deliver on our strategic direction:
- Selective bidding
- Strong commercial focus
- Improved profitability
- Responsible growth

Within Construction, our strategy is "Profit before volume," in which selective bidding, a strong commercial focus and cost efficiency continue to deliver profitability and allow us to grow responsibly. Responsible growth is also a goal within Commercial Property Development. In Residential Development, we aim to be a leading developer, offering quality, sustainable homes. During 2022, we established a new business stream, Investment Properties. By progressively building up a portfolio of high-quality, sustainable Swedish office properties in attractive locations, targeting a total value of SEK 12–18 billion, Investment Properties will add to Skanska's value creation and durable cash flow.




**Business model reinforces our competitive advantage**
Our four business streams operate in several geographical markets. Competence and knowledge transfer between our business streams and home markets, combined with global reach and local understanding, all reinforce our competitive advantage.

Development projects bring the Construction and Project Development business units together, optimizing the use of the Group's collective competence and financial resources.

Free working capital from our Construction business stream means that we can finance our own Project Development operations, generating attractive returns on invested capital. These investments in turn create new contracts for the Construction stream, generating further profits.

In a move towards further value generation, the new business stream Investment Properties will provide stable cash flow, and create value through the long-term asset management of Skanska-developed office properties.

**Driving our business forward**
We deliver sustainable impact by creating transformative solutions for climate-smart built environments, and by developing healthy, resilient places for well-being and inclusive communities. By incorporating our knowledge and expertise in collaboration with our customers, we continuously improve our product offering and customer relationships, strengthening our commercial value proposition.

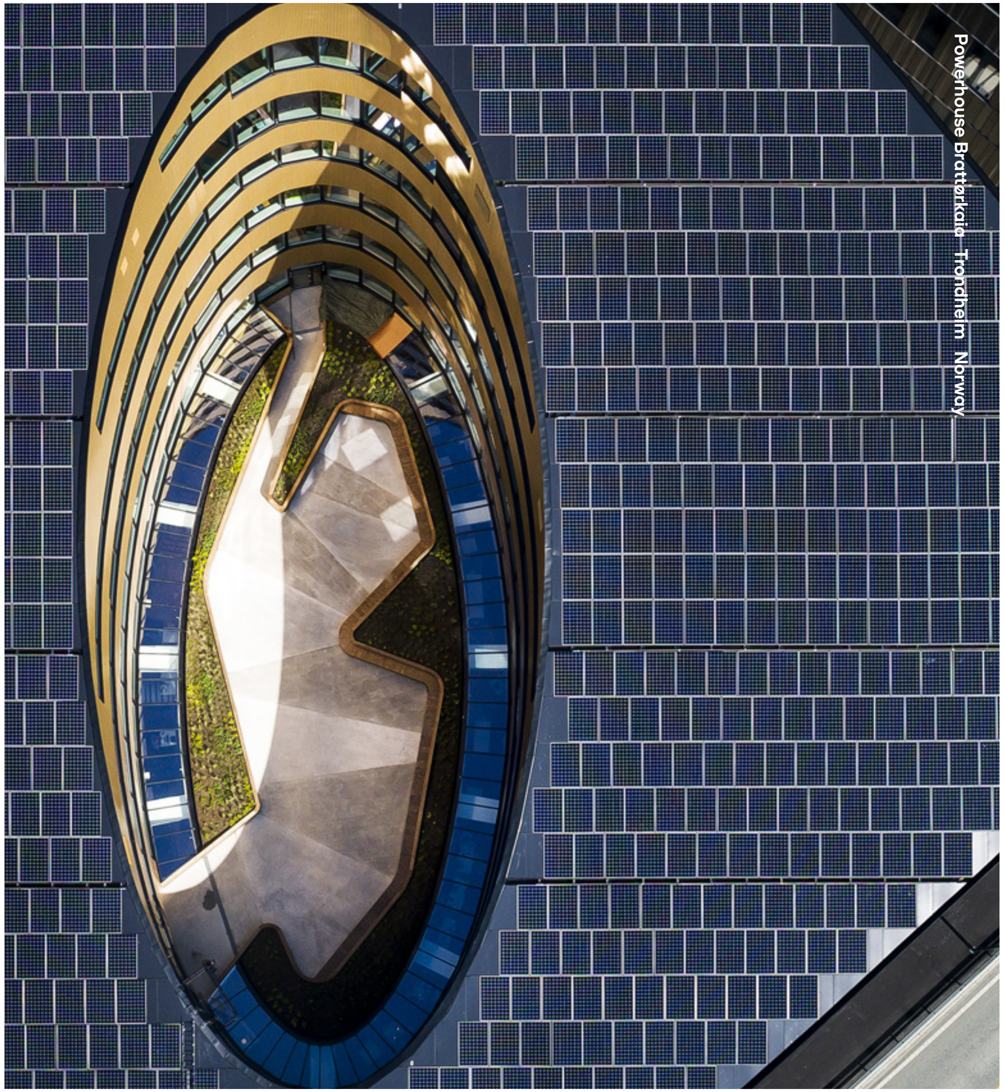
To scale up innovation, we focus on strengthening our leadership in sustainable solutions, responding to customer needs in our offering and using our experience and insights across the Group. This includes harnessing data and digitalization capabilities to increase site productivity and resource efficiency.

A culture of continuous improvement enhances our capacity to develop our leaders and exceptional teams, making us a stronger partner for our customers.

# Partnering for innovation

The rise of new global challenges, such as those within climate and the social urban environment, demands greater cross-sector collaboration. Affordable housing, sustainable growth, equitable city planning, and safe and healthy working environments all require involvement from a wide range of parties.

We partner with both public and private stakeholders to find innovative solutions to pressing issues. Examples of successful collaboration include partnerships developing the application of advanced data analytics and AI to better understand the use of office space; the Powerhouse concept – developed with the property company Entra, environmental organization ZERO, Snøhetta architecture and design office and the consulting company Asplan Viak – for buildings that generate more energy than they consume over their lifetimes (read more on page 73); an initiative with Sally R to use cloud computing as a tool to improve air quality and reduce energy consumption in buildings; and our long-standing residential concept BoKlok, developed together with IKEA.


Powerhouse Brattørkaia, Trondheim, Norway

**IN FOCUS:** Los Angeles, USA

# Creating a more connected and resilient Los Angeles

Everyone deserves access to jobs, clean air and public facilities. In Los Angeles, California, our work on a range of major public transportation and infrastructure projects is helping communities to redress past imbalances and create a more equitable and resilient future.

The Los Angeles metropolitan area is a global economic hub, with annual GDP close to USD 1 trillion thanks to a range of industries.

This economic success has come with social challenges, however. Heavy reliance on road transportation has resulted in high levels of harmful air pollution. And insufficient public transit infrastructure has meant that not everyone has equal access to education, jobs, services and recreation areas.

City, county and state planners are addressing these challenges by developing new infrastructure – and Skanska is playing a key role.

In Los Angeles County, leaders are prioritizing the extension of the public transit system. Since 2014, we have been working to deliver the Regional Connector Transit Corridor Project for the Los Angeles County Metropolitan Transportation Authority (LA Metro). While the county has an extensive public transit network, there have long been gaps in the Downtown area which have forced travelers to make multiple changes on long journeys and have left key city locations unserved.

As the managing partner of the Skanska-Traylor Bros joint venture, we are delivering a 3.1-kilometer (1.9 mile) light-rail extension that will reconfigure the transportation system, add capacity and ease congestion not only on Downtown roads but throughout the region.

The project consists of three new light-rail stations created in the Downtown area at depths of between 12 and 34 meters (39-111 feet). Once opened in 2023, the Regional Connector will allow commuters to take a single trip from Azusa in the mid-northeast of the county to Long Beach in the south, and from East Los Angeles to Santa Monica on the coast, saving around 20 minutes on the trip. This will provide residents of all backgrounds with easier access to jobs, the Downtown district and to beaches.

We are also working on the LA Metro Purple Line Extension Project. This project extends the Purple Line heavy-rail subway system westwards from its current terminus at the Wilshire/Western station to the Mid-Wilshire area of Los Angeles. The entire project, consisting of three phases, will have seven new stations, extending the line to Beverly Hills, Century City and Westwood. This will provide access not only to jobs but also to some of the city's most famous museums, universities and cultural attractions.

As the managing partner in the Skanska-Traylor Bros-JF Shea Construction joint venture, we are delivering Phase 1 of the project, a 6.3-kilometer (3.9 miles) extension that will include three new stations in the cities of Los Angeles and Beverly Hills. This part of the extension runs under some of the county's most trafficked boulevards, and our teams have been particularly focused on minimizing disruptions for residents and commuters.

The project is remarkable for the technical solutions we have pioneered. While such an extension to the line was first proposed nearly 40 years ago, it was not feasible at the time due to the challenges of working under the La Brea Tar Pits. These natural heavy-oil reserves create hazardous work conditions, with factors such as groundwater issues and explosive gas. Our work has involved not only addressing these oil and gas deposits but working with paleontologists to document and preserve significant fossil finds that date back to the last Ice Age. Phase 1 of the extension is expected to open in 2024.

Slightly to the east of Downtown Los Angeles, we delivered the Sixth Street Viaduct Replacement Project in 2022. Working in a joint venture with Stacy and Witbeck, our work involved building a new 1 kilometer viaduct bridge concept envisioned by Los Angeles-based architect Michael Maltzan. The original viaduct was built in 1932 and demolished in 2016 due to seismic instability. The new bridge features 10 pairs of sculptural arches as well as 388 hangers. The largest bridge project in LA history, it is 12 meters wider than the old bridge at around 30 meters.

The new bridge, which opened in July 2022, enhances the lives of Los Angeles residents by connecting the community of Boyle Heights to the city's thriving Arts District. Unlike its predecessor, it features dedicated bike and pedestrian lanes, encouraging both physical exercise and bicycle commuting. The space under the bridge will also undergo a remarkable transformation, as the City of Los Angeles plans to convert a section into 5 hectares (12.3 acres) of public park.

Work on these projects follows Skanska's successful 2016 delivery of the Expo Light-Rail Transit Phase 2 Project, which connected Downtown Los Angeles with Santa Monica.

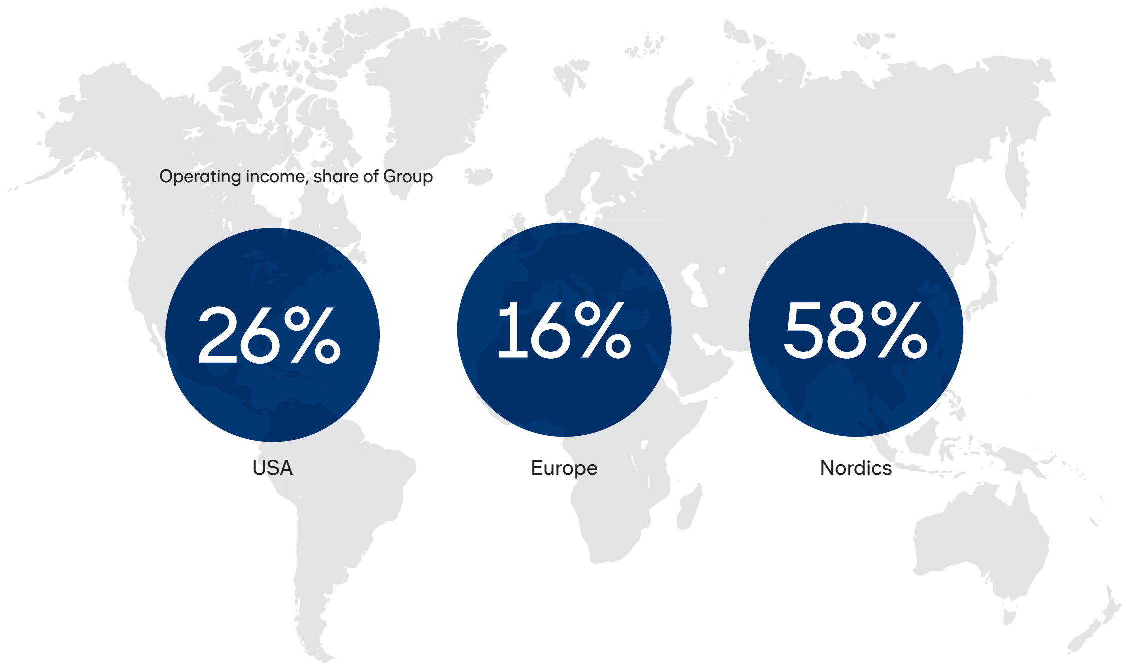
As Los Angeles continues to grow and as city leaders increasingly look at ways to improve infrastructure and the built environment, we look forward to continuing to be the construction company of choice on projects that help shape a healthier, more sustainable and more prosperous City of Angels.

Sixth Street Viaduct Los Angeles USA

# Business streams

# Our business streams

Our operations are focused on four business streams: Construction, Residential Development, Commercial Property Development and Investment Properties. Collaboration across business streams creates synergies for our operations.



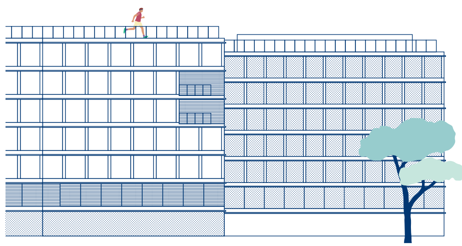

## Construction

Profitable, stable and sustainable.

## Residential Development

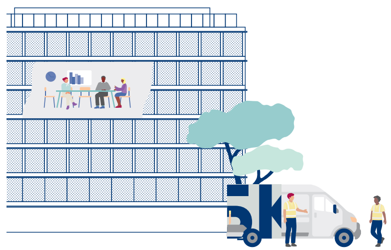
Best-in-class homes across our markets.

## Commercial Property Development



Healthy spaces that boost business.

## Investment Properties



Managing high-quality sustainable real estate.

# Construction

We build sustainable and climate-resilient buildings and infrastructure, shaping inclusive, healthy spaces for working, living and connecting. Deliveries for our customers range from public and commercial premises, housing and offices to infrastructure for travel and transport as well as facilities management services and maintenance.

Purple (D) Line Extension project Los Angeles USA

# Construction

**Commercial direction**

- Profit before volume
- Grow responsibly
- Seize opportunities in the transition to a sustainable built environment
- Use innovative solutions and digitalization to advance position
- Sharpen our offering and solutions to meet customer needs of tomorrow

Our Construction operations had a successful year. Profitability was strong, with an operating margin of 3.7 percent, above our target. Order bookings were strong, and the order backlog is at a historic high. We have kept to our strategy and managed material shortages, cost escalations and other market headwinds well.

**Performance 2022**

Revenue amounted to SEK 156.0 billion (132.6); adjusted for currency effects, revenue increased 8 percent. Operating margin was 3.7 (3.8) percent. Operating income amounted to SEK 5,770 M (5,013); adjusted for currency effects, operating income increased 5 percent. All three main geographies contributed to the solid performance. The operating income in the comparable period was positively impacted by SEK 370 M related to the divestment of infrastructure service business in the UK, and a payout of SEK 160 M in surplus funds from the collectively bargained AGS Group Sickness Policy in Sweden.

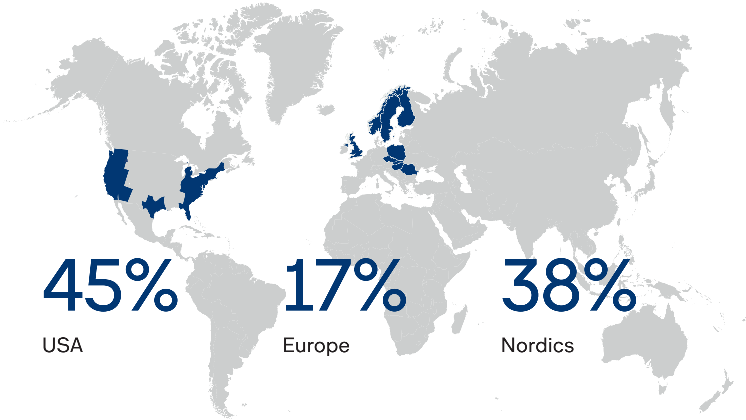
**Market outlook 2023**

The overall macroeconomic situation remains uncertain, but we are well positioned towards sectors that have remained active such as civil infrastructure and social infrastructure. The outlook for the civil construction market remains mostly stable, while the building construction market outlook is somewhat more cautious, with private residential building and office development as the weakest segments. The US building and civil market remains strong and represents Skanska's largest market. Disruptions in the supply chain have reduced, with access to materials improving and cost of some materials leveling out.

**Key data**

| SEK M (unless otherwise stated) | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Revenue | 156,004 | 132,587 | 140,483 | 159,579 | 157,894 |
| Operating income | 5,770 | 5,013 | 3,528 | 3,772 | 1,099 |
| Operating margin, % | 3.7 | 3.8 | 2.5 | 2.4 | 0.7 |
| Free working capital, SEK bn | 28.9 | 29.1 | 25.7 | 26.4 | 25.6 |
| Operating cash flow | 4,871 | 7,022 | 6,451 | 4,849 | 3,275 |
| Order bookings, SEK bn | 162.7 | 153.6 | 149.8 | 145.8 | 151.7 |
| Order backlog, SEK bn | 229.8 | 207.0 | 178.9 | 185.4 | 192.0 |
| Number of employees | 26,892 | 28,557 | 30,944 | 33,225 | 37,006 |

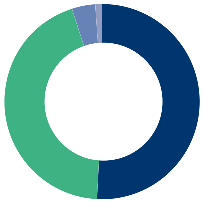
**Revenue, total SEK 156.0 bn**




Countries: Sweden, Norway, Finland, Poland, Czech Republic, Slovakia, the UK, the USA

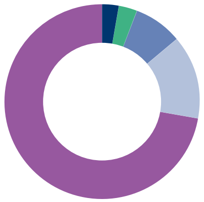
# Construction

Order backlog,
total SEK 230 bn



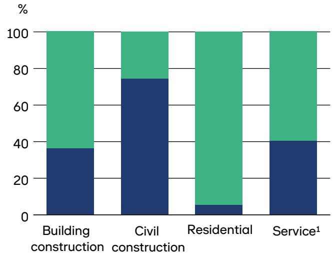
**Type of product**
- Building construction, non-residential, 51%
- Civil construction, 44%
- Building construction, residential, 4%
- Service[1], 1%

Order backlog,
total SEK 230 bn



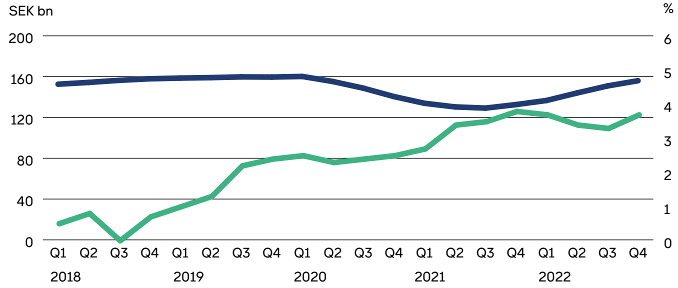
**Project size**
- SEK 0 – 100 M, 3%
- SEK 101 – 250 M, 3%
- SEK 251 – 500 M, 8%
- SEK 501 – 1000 M, 14%
- SEK > 1000 M, 72%

Customer structure




**Customer structure**
- Public customer
- Private customer

Revenue and operating margin




1 Facilities management or maintenance contract.

## Profit over volume – value creation in Construction

Construction – our largest business stream in terms of revenue and people – builds and renovates buildings, industrial facilities, infrastructure and homes. It also carries out service-related assignments such as facility operation and maintenance.

In keeping with our business model, it also takes on contracting assignments for our own Project Development operations – a collaboration that generates synergies, and drives innovative solutions in sustainability and product development within the Group.

Selective bidding and a clear focus on commercial management and cost efficiency are the main drivers for maintaining profitability.

We aim to further improve operational and resource efficiencies, safety and the sustainable solutions in our customer offering. To do this, we share knowledge and expertise, develop innovative solutions and exploit the benefits of digitalization.

**Products and services:**
- Social infrastructure such as schools, hospitals, healthcare and science laboratories
- Mass transit such as rail, subways and airports
- Infrastructure such as highways, bridges and tunnels
- Commercial offices
- Homes
- Construction maintenance and services

**Market drivers:**
- GDP growth
- Public investments in infrastructure
- Urbanization

**Industry/market trends:**
- Strong focus on climate and the environment, and increasing awareness of the need to build with reduced climate impact
- Competition for labor and changing expectations present new challenges in attracting and retaining industry talent
- Digitalization and technology development to increase efficiency
- Increased industrialization and automation

**Market characteristics/competition:**
**Nordics:** A smaller number of larger domestic players in each country
**UK:** Fragmented market where domestic and international companies are competing
**Central Europe:** Aggressive competition, with large presence of international companies
**USA:** Very fragmented market with strong local and national competition. Within Civil operations, major international companies are seeking to increase market share

**IN FOCUS:** Nice-Middleton Bridge, Maryland/Virginia, USA

# Crossing the Potomac, safely and comfortably


A good bridge does a lot more than link two points – for one, it creates a better experience for travelers. Designed and constructed by a Skanska-led joint venture, the Nice-Middleton Bridge near Washington DC has significantly reduced traffic queues while also removing the fear factor for drivers making the crossing.

Until recently, crossing the Potomac River on US Route 301 was a stressful affair. The old two-lane bridge stretching between Maryland and Virginia was not designed for today's traffic volumes, resulting in long delays at peak times such as holidays. What's more, the 82-year-old bridge's lack of lane shoulders, its relatively low safety barriers and its height 38 meters above the Potomac left many feeling giddy and nervous as they drove across.

That changed in October 2022 with the opening of the new Governor Harry W. Nice Memorial/ Senator Thomas "Mac" Middleton Bridge, also known as the Potomac River Bridge. Designed and constructed by a Skanska-led joint venture for the Maryland Transportation Authority, the modern four-lane bridge has eliminated traffic delays while also providing a far more pleasant experience for those anxious about heights or driving across bridges. The concrete bridge was delivered two months ahead of schedule and on budget, with the customer praising the construction and design process, and cooperation with our team.

Our joint venture signed the project contract in January 2020, with work starting that March. From the earliest design stages, we worked to ensure a safe and efficient construction process. For example, the bridge was designed to use similar structural elements across its span, enabling the same form systems to be used repeatedly without major modifications. Another creative and innovative solution – using barges, a tower pump on the water and an on-site concrete batch plant to create a seamless concrete delivery system – set us apart during the bid process. An experienced and strong team was also key.

The new USD 463 M bridge spans 3 kilometers (1.9 miles) and has a clearance of 41 meters (134 feet). It carries two 3.7-meter (12.1 feet) lanes of traffic in each direction with 60-centimeter (2 feet) shoulders on each side, allowing maintenance and emergency access. A modern electronic toll-collection system eliminated the need for the old toll plaza, which caused significant delays. Other features include a concrete barrier between lanes of oncoming traffic and the ability to divert traffic to the other side of the median in the event of an accident. The traffic control system includes lane-use signals with dynamic messaging to control traffic. The bridge has a design lifespan of 100 years, 25 years more than the original requested design life.

# Residential Development

We develop and build high-quality, energy-efficient and sustainable homes in different segments, with a focus on shaping homes and urban neighborhoods that make people's lives more connected and sustainable.

Täby Park Stockholm Sweden

# Residential Development

### Commercial direction

- Maintain or grow business in selected Nordic markets and in Central Europe
- Stabilize and adapt our BoKlok segment to tougher market conditions
- Buy strategic land, backfill landbank and advance zoning
- Improve efficiency
- Reallocate our portfolio of multi-famliy rental projects in Sweden to Commercial Property Development business stream as of 2023

Sales volumes contracted as a consequence of low activity in the housing market, negatively impacting margins, but operating margin held up for the full year.

**Performance 2022**
Revenue amounted to SEK 9,475 M (14,377). Sales volumes dropped in all our markets. The number of homes sold totaled 2,254 (4,084) and construction started on 2,805 (4,363). Performance in our low-cost segment, BoKlok, was weak during the year with some canceled sales agreements in Sweden and start-up problems in the UK, impacting results negatively. A turnaround has been launched, focusing on operational stability and adaptation to tougher market conditions. Operating income for the business stream amounted to SEK 1,011 M (1,980). The operating margin was 10.7 (13.8) percent. During 2023, our portfolio of rental properties in Residential Development in Sweden will be reallocated to the Commercial Property Development business stream and will be included in our multi-family rental portfolio.

**Market outlook 2023**
Activity in the housing market was lower in 2022 with homebuyers being impacted by inflation and increased interest rates. Consumer confidence is low, and we expect activity to remain subdued until the general economic situation stabilizes. Supply from new production is expected to decrease over the next few years and there is a structural shortage of quality homes in most of our markets. Unemployment is low and over time demand will recover and stabilize the cyclical housing market.

### Key data

| SEK M (unless otherwise stated) | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Revenue | 9,475 | 14,377 | 13,070 | 12,483 | 10,739 |
| Operating income | 1,011 | 1,980 | 1,543 | 1,195 | 1,505 |
| Operating margin, % | 10.7 | 13.8 | 11.8 | 9.6 | 14.0 |
| Investments | -11,633 | -11,488 | -10,419 | -9,437 | -10,542 |
| Divestments | 10,622 | 10,766 | 11,710 | 11,793 | 12,146 |
| Operating cash flow from business operations[1] | -1,433 | 718 | 164 | 2,702 | 1,154 |
| Capital employed, average, SEK bn | 17.8 | 14.4 | 13.6 | 13.0 | 13.6 |
| Return on capital employed[2], % | 7.0 | 14.1 | 12.8 | 9.8 | 11.4 |
| Homes started | 2,805 | 4,363 | 3,807 | 3,407 | 4,480 |
| Homes sold | 2,254 | 4,084 | 3,991 | 3,853 | 3,653 |
| Number of employees | 580 | 582 | 571 | 551 | 542 |

1 Before taxes, financing activities and dividends.
2 A definition is provided in Note 43.

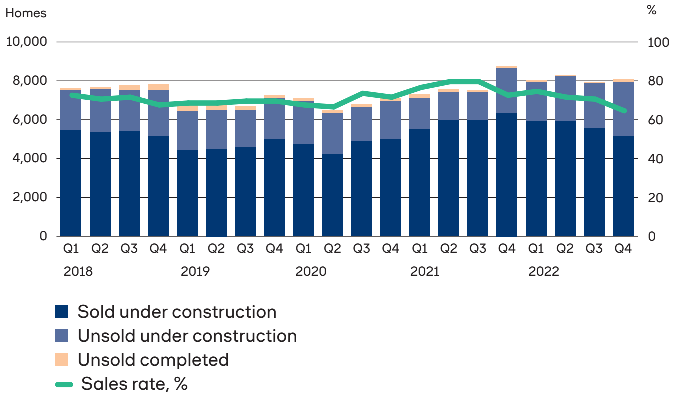
### Revenue, total SEK 9.5 bn



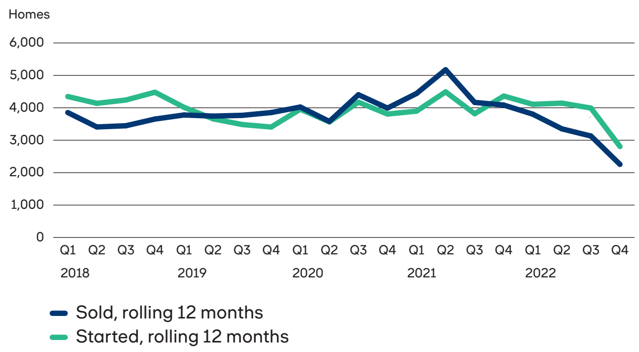
Countries: Sweden, Norway, Finland, Poland, Czech Republic, the UK

# Residential Development

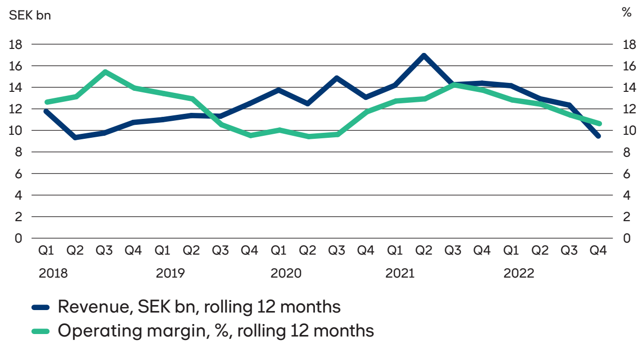
Homes under construction and unsold completed




Homes sold and started




Revenue and operating margin




## A leading residential developer – value creation in Residential Development

In collaboration with our Construction business stream, our Residential Development business develops and builds high-quality, energy-efficient, sustainable homes in different segments in the Nordics, Poland, Czech Republic and the UK. BoKlok, a residential housing concept jointly owned by Skanska and IKEA, builds single and multifamily homes with attractive design, function and quality for a broad customer base.

Our different markets and segments provides diversification. By actively managing our landbank, we focus on capital and operational efficiency. We often buy larger areas to have control of the entire planning-to-build process, and to generate value at community level.

We create homes and residential neighborhoods that promote well-being and strong communities.

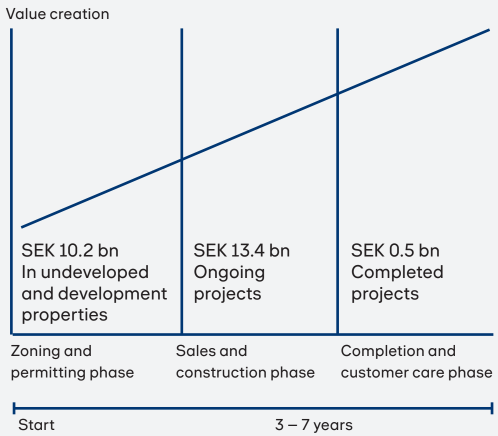
**Products and services:**
- Single and multifamily homes, either owner-occupied or for housing associations

**Market drivers:**
- Household finances and consumer confidence
- Urbanization and shortage of housing
- Demand for affordable housing
- Increased interest in energy-smart and sustainable buildings
- Demand for prime locations and product offerings

**Industry/market trends:**
- Increased interest in energy efficiency, sustainability, and timber for building
- Digital and technology development to improve efficiency in construction and operation

**Market characteristics/competition:**
**Nordics:** Market characterized by both national and local players, with fierce competition
**UK:** Market characterized by large domestic players. Limited use of modular construction
**Central Europe:** Fragmented market in Poland with many domestic players and fierce competition. In Czech Republic, the market is characterized by several local players

Breakdown of carrying amounts in Residential Development totaling SEK 24.2 bn.



**IN FOCUS:** Gottorps Hage, Malmö, Sweden

# Family-friendly, comfortable and less climate impact

People around the world are looking for ways to reduce their impacts on the environment and live more sustainably. At Gottorps Hage, south of Malmö, Sweden, our 14 new terrace houses provide families with comfortable homes as well as a way to reduce their energy bills and carbon footprints.


The Gottorps Hage terrace houses have been designed and built to minimize their climate impact, including using renewable heating and electricity.

The first step was to design the houses to be as energy efficient as possible, using 55 percent less energy than the standard set by the Swedish housing authority. Features include ventilation heat reuse, low-consumption faucets and showers, energy-efficient windows and low-impact white goods.

Next, we minimized climate impact during construction through measures such as using low-carbon building materials and efficient transport to site. The frame of each terrace house uses timber rather than concrete, due to the lower climate burden of wood. Concrete is used only in the foundation slab, and a low-carbon variety was used: a large proportion of cement was replaced with slag, reducing carbon emissions by 34 percent.

For insulation, we used Swedish glass wool, which has half the climate impact of stone wool and a high proportion of recycled glass. The insulation basically comprises cell plastic with reclaimed materials that reduce climate impact by up to 90 percent.

All equipment on site was fueled with HVO100, a renewable diesel produced from waste products.

The city plan specified brick as the main component for the façade. We selected hollow bricks that are fired with biogas, reducing the climate impact by 30 percent compared with normal bricks.

As part of our efforts to reduce the impact of construction, no waste was sent to landfill.

**Reduced energy demand**

Finally, each terrace house has efficient solar panels on its south-oriented roof, designed to maximize the surface area available for power generation. The resulting energy is fed back into the grid, resulting in a lower power bill. Each house generates 8,500 kWh per year; heating is provided using biogas.

As with all our new homes in Sweden, the terrace houses at Gottorps Hage will be certified according to the high standards of the Nordic Swan Ecolabel, confirming that they are built to allow for low energy consumption and with carefully selected materials to ensure minimal harm to the environment and people's health.

The project consists of 14 terrace houses and 24 freestanding homes built around an attractive central common garden. It is the first in a series of developments we have planned in the Bunkeflostrand district outside Malmö, that will eventually deliver 550 new homes. This includes 300 apartments and 250 single-family houses.

Work building the homes started in 2021 and the project is due for completion in April 2023. The 38 homes were released to the market in 2021 and quickly sold out. By the end of 2022, around 30 home buyers had moved in, with the remainder due to move in during 2023.

# Commercial Property Development

We develop new premises that enhance health and well-being. We shape sustainable and smarter places that create a positive impact for people and society, where people can live, work and connect.

# Commercial Property Development

**Commercial direction**

- Grow business responsibly
- Develop pipeline, backfill landbank and progress zoning
- Opportunities in logistics, multi-family rental and life science
- Strong sustainability focus
- Tenant focus and long-term office concept to boost leasing
- Extract synergies with Investment Properties business stream

Commercial Property Development had a good year with several successful divestments. Leasing activity remained subdued throughout the year and leasing will continue to be a priority during 2023.

**Performance 2022**

Divestments worth SEK 12.9 billion (10.3) were made in 2022, of which SEK 3.7 billion were to our own Investment Properties business stream. Operating income amounted to SEK 2,903 M (3,264), including gains from property divestments totaling SEK 3,646 M (3,928). During the year, new leases were signed for 146,000 square meters (196,000).

By the end of the year, Skanska had 36 ongoing projects. We started 11 new projects during the year, two of which were multi-family rental projects, in Copenhagen, Denmark, and Seattle, USA, continuing the expansion of our multi-family rental portfolio. During 2023, residential rental properties in Sweden previously included in the Residential Development business stream will be reallocated from to the Commercial Property Development business stream.

**Market outlook 2023**

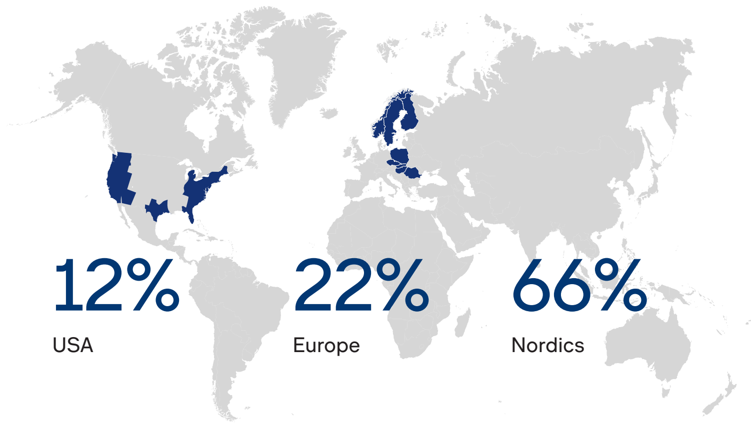
Activity in the leasing market is slowly recovering with a clear focus on flexible, sustainable premises in good locations to attract and retain employees. During 2022, we saw the investor market being impacted by increased interest rates and lower transaction volumes. Yields came up, but there were few transactions to confirm new yield levels. At the same time inflation is strengthening income and supporting property valuations. Polarization between highly attractive office buildings and less modern properties continues in both the leasing and the investor markets. High-quality, amenity-rich and sustainable properties are becoming increasingly attractive compared with older stock.

### Key data

| SEK M (unless otherwise stated) | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Revenue | 13,552 | 11,102 | 14,983 | 17,850 | 16,271 |
| Operating income | 2,903 | 3,264 | 3,897 | 3,287 | 3,069 |
| of which, gain from divestments of properties[1] | 3,646 | 3,928 | 4,750 | 4,275 | 4,005 |
| Investments | -11,276 | -7,344 | -9,777 | -12,946 | -11,452 |
| Divestments | 13,116 | 9,961 | 16,988 | 13,713 | 15,275 |
| Operating cash flow from business operations[2] | 1,160 | 2,168 | 5,281 | 1,063 | 3,984 |
| Capital employed, SEK bn | 37.1 | 32.7 | 30.9 | 34.5 | 26.7 |
| Return on capital employed, %[3] | 8.6 | 10.8 | 11.9 | 10.5 | 12.8 |
| Number of employees | 422 | 431 | 445 | 427 | 414 |
| 1 Additional gain included in Eliminations was | 112 | 239 | 359 | 240 | 321 |

2 Before taxes, financial activities and dividends.
3 A definition is provided in Note 43.

### Revenue, total SEK 13.6 bn



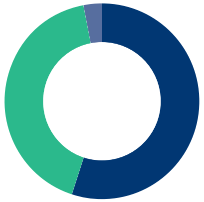

Countries: Sweden, Norway, Finland, Denmark, Poland, Czech Republic, Hungary, Romania, the USA

# Commercial Property Development

Capital employed, total SEK 37 bn

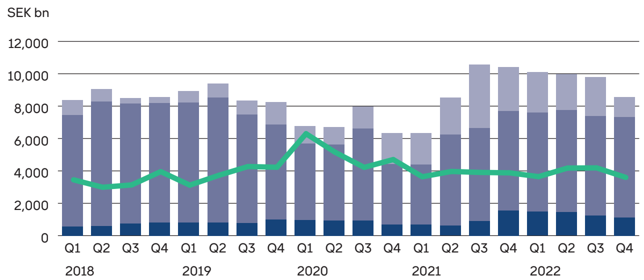
**Geographic area**
- Nordics, 34%
- Europe, 24%
- USA, 42%

Leasing, total 146,000 sq m



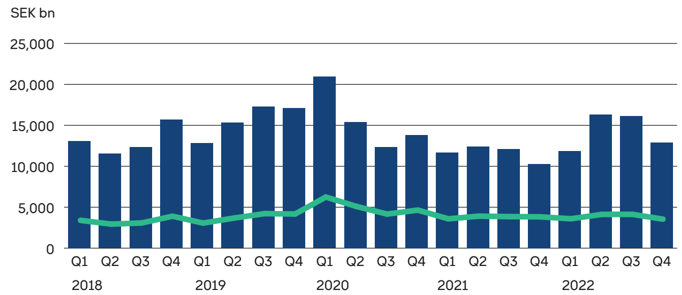
**Geographic area**
- Nordics, 55%
- Europe, 42%
- USA, 3%

Unrealized and realized gains




**Unrealized gains:**
- Land
- Ongoing projects
- Completed projects
- Realized gains, rolling 12 months

Revenue and operating income from property divestments




- Revenue from divestments, rolling 12 months
- Operating income from divestments, rolling 12 months

## Responsible growth – value creation in Commercial Property Development

Commercial Property Development initiates, develops, leases and divests properties built by our Construction business stream. We focus on sustainable, modern premises where people can work and connect.

Our capacity to invest in new land is key, and close collaboration with our Construction operations is central to our strategy. Our local footprint allows us to identify areas with strong development potential. We develop dynamic neighborhoods by investing in and developing mixed areas with both workspace and high-quality residential properties.

We aim to increase investment activity in all our markets. We are also gradually increasing our portfolio of multi-family rental properties in the USA and Denmark and life-science properties in the USA to meet growing demand. This also provides further diversification in our portfolio of projects.

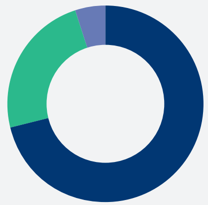
**Products and services:**
- Offices
- Logistics and other commercial warehouses in Sweden
- Multifamily rental in Denmark and the USA
- Life-science in the USA

**Market drivers:**
- Economic growth
- Urbanization
- Increased demand for attractive workplaces in core locations
- Sustainability

**Industry/market trends:**
- Tenants demand increased flexibility in product and leasing terms
- Increased interest for modern, sustainable and flexible premises with a focus on wellness and amenities
- Increased polarization between highly attractive offices and less modern stock, both on leasing and investor markets

**Market characteristics/competition:**
**Nordics:** All Nordic markets are mature. Competition is mostly local
**Central Europe:** Mainly local competition, targeting capitals and Poland's largest regional cities
**USA**: Mature markets, both local and national competition

Portfolio mix, ongoing projects



- Office, 72%
- Multi-family rental, 23%
- Logistics, 5%

**IN FOCUS:** Port7, Prague, Czech Republic

# A sustainable building by EU taxonomy standards

Sustainable building methods are improving rapidly as the need to mitigate climate change becomes more urgent. In response, policymakers are introducing new layers of regulations and targets to better reflect both what's possible and what's necessary.

Port7 Prague Czech Republic

During 2022, the European Union released criteria for sustainable finance under the EU taxonomy for sustainable investments. These enable investors to identify which investments are truly sustainable, increasing transparency and raising the bar for the construction sector, among many others.

Port7 in Prague, a 35,700 square meter (384,000 square feet) office development in the expanding Holešovice district, will be among the first Skanska projects to comply with the new criteria. It also targets the latest LEED Platinum certification for Core & Shell.

Compliance with both the taxonomy criteria and LEED certification requires us to collect significant amounts of data spanning water efficiency, heating and ventilation, lighting, waste management and more.

To meet the substantial contribution criteria for the taxonomy, the thermal integrity of Port7 is controlled during the construction process.

The energy demands of the completed building will also reach the required 10 percent below the threshold for "near-zero energy buildings" (NZEB) – an official term used in EU legislation for a building that consumes very little energy. Port7 makes that possible via a high-performance façade, efficient heating and ventilation, and LED lighting and light sensors. Hand-washing and kitchen faucets have a maximum flow of 6 liters (12.6 pints) per minute, ensuring water is used optimally.

The life-cycle assessment stretches from construction through 60 years of operations, ensuring sustainable choices from the moment construction begins. Development began after flood-risk assessments, and the building sits on a former brownfield site, meaning no biologically valuable land has been used.

The attributes of Port7 are being developed in tandem with a range of amenities designed to boost the well-being of tenants. Skanska is targeting WELL Platinum certification for the project – the highest recognition for projects that advance health and well-being.

The previously inaccessible waterfront has been opened up with a public park and community gardens. We aim to include a restaurant, fitness facilities, a grocery store, and coffee and barber shops on the ground floor. Bicycle paths and bike racks have been included, along with stands equipped with repair tools for bicycle maintenance.

# Investment Properties

In 2022, we launched a new business stream, Investment Properties. Our ambition is to establish, build and actively manage a property portfolio of quality Swedish offices with high environmental standards in attractive locations. Developed by our Commercial Property Development stream, these assets are today taking shape in new, sought-after areas in Sweden.

# Investment Properties

**Commercial direction**

- Build-up and manage a portfolio of high quality sustainable properties in attractive locations, targeting a total value of SEK 12–18 billion
- Create synergies with Commercial Property Development
- Capture value generation from multi-phased projects
- Placemaking in new locations

We launched our new business stream Investment Properties in 2022. During 2022, Investment Properties acquired three office properties from Commercial Property Development, getting off to a strong start.

**Performance 2022**

Revenues amounted to SEK 40 M (n.a.). Investment Properties acquired three office properties during 2022 with a total value of SEK 3,668 M. Operating income amounted to SEK 140 M (n.a.), relating mainly to changes in property value following application of IFRS principles for fair value reporting of investment properties.

The properties acquired are called Epic and Aqua, located in Malmö, and Sthlm 01 in Stockholm. All three properties are located in clusters where we have developed several properties in the past and have a pipeline of ongoing and future developments. The properties are high-quality multi-tenant offices, holding the highest sustainability certification, LEED Platinum.

**Market outlook 2023**

Tenant demand continues to focus on flexibility, sustainability and premises that are turnkey ready. The leasing market remains competitive, but rents in Sweden's three largest cities are generally expected to be stable. Polarization continues between highly attractive office buildings and less modern properties, with high-quality, amenity-rich and sustainable properties becoming increasingly attractive compared with older stock.

**Key data**

| SEK M (unless otherwise stated) | 2022[1] |
|---|---|
| Revenue | 40 |
| Operating net | 30 |
| Operating income | 140 |
| Investments | -3,668 |
| Divestments | 0 |
| Capital employed | 3,733 |
| Property value | 3,758 |
| Return on capital employed, % | 13.6 |
| Surplus ratio, % | 75.4 |

1 Investment Properties is a new business stream from 2022.

| Properties | Leasable area, sq m | Annual rental value SEK M | Economic occupancy rate, % | Property value SEK M | Environmental certification, % |
|---|---|---|---|---|---|
| Malmö | 23,110 | 74 | 98 | 1,378 | 100 |
| Stockholm | 28,992 | 122 | 80 | 2,380 | 100 |
| **Total** | **52,102** | **196** | **86** | **3,758** | **100** |

Read more about Investment Properties in Note 40.

# Value creation in Investment Properties

We launched the Investment Properties business stream in 2022 with the aim of providing stable cash flows and creating value through the long-term asset management of Skanska-developed office properties. Certain properties will be divested internally from the Commercial Property Development stream to Investment Properties. Investment Properties will seek to acquire multi-tenant office projects that are at least 80 percent leased, in strong locations and with the highest levels of sustainability certification. Our aim is to establish and own a portfolio of quality assets in prime locations in Stockholm, Gothenburg and Malmö – creating an additional source of stable cash flow from rental income – that will strengthen our competitiveness as a Group.

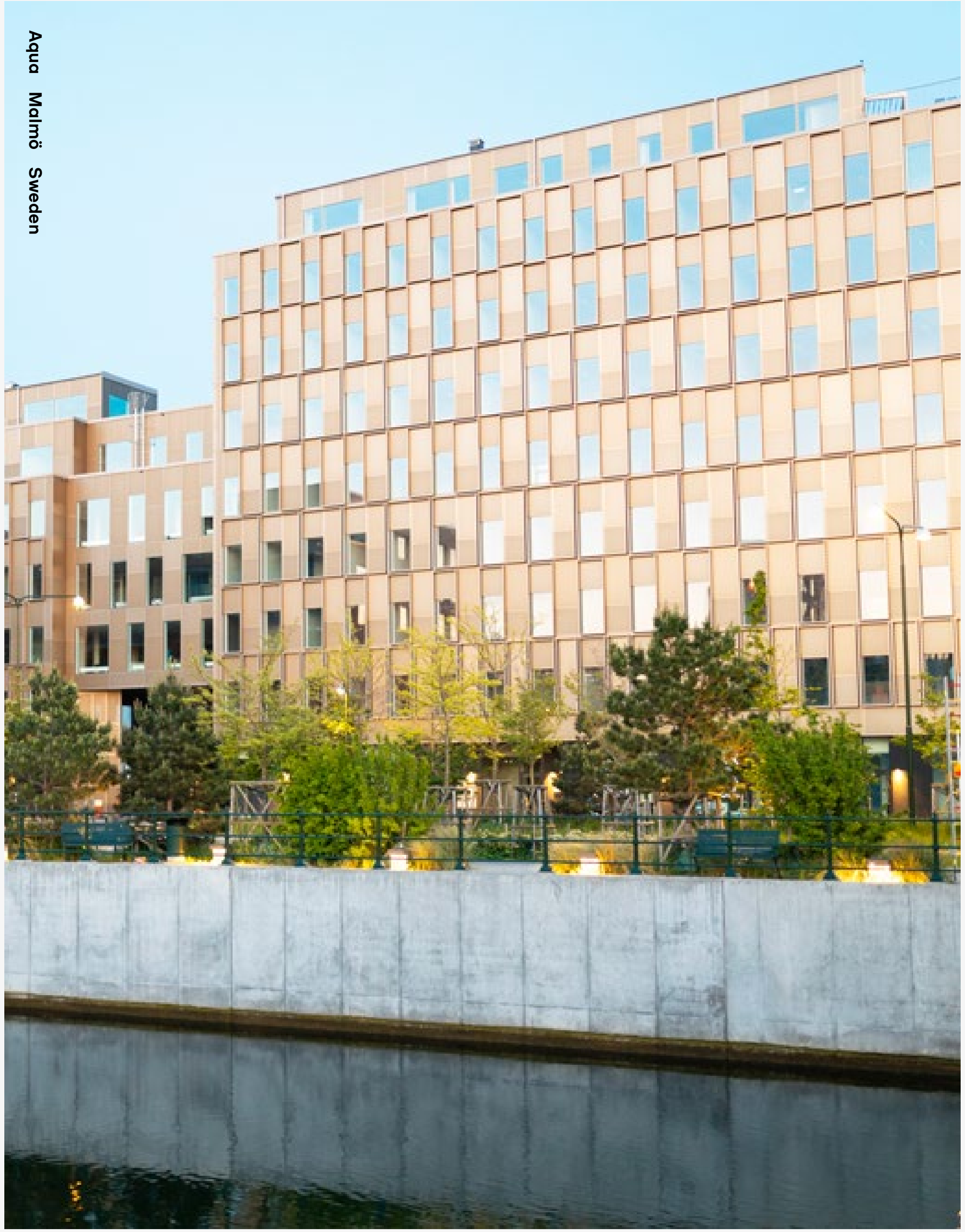
With Investment Properties, the Group plays a more active role in the whole value chain, and will be a long-term partner for local municipalities through our solid commitment to the areas we build. This will be important in our dialogs with key stakeholders, such as municipalities and other public entities, as we explore new areas of land and prospects for project development.

As a real estate investor, we broaden our business scope, improving our attractiveness as a brand and as an employer.

**Market drivers:**
- Economic growth
- Urbanization
- Increased demand for attractive workplaces in core locations
- Sustainability

**Industry/market trends:**
- Tenants demand increased flexibility in product and leasing terms
- Increased interest for modern, sustainable and flexible premises with an increased focus on wellness and amenities
- Increased polarization between highly attractive offices and less modern stock, both on leasing and investor markets

**Market characteristics/competition:**
Competition is mostly local.



Aqua Malmö Sweden

**IN FOCUS:** Epic, Malmö, Sweden

# Quality, sustainable investments for epic results

Epic is a LEED Platinum, WELL Gold-certified office building in one of Malmö's top locations. In March 2022, it became the first acquisition for our new Investment Properties business stream that aims to create more value via a portfolio of the highest quality, sustainable offices.


Completed in 2020, Epic – in the sought-after Universitetsholmen business district of the southern Swedish city Malmö– is fully let. From superior levels of daylight and air quality to the green atrium and bicycle facilities, Epic was designed with well-being in mind.

The project achieved the highest level of certification in the LEED scheme, LEED Platinum, in part thanks to the innovative circular solutions used during construction.

The rustic timber paneling on the atrium's walls is made of worn-out window frames and wooden beams from a demolition project. The floor tiles are interspersed with crushed materials in different colors: red for 17 tonnes of leftover brick from Epic's own façade, gray for 16 tonnes of concrete demolished from the Copenhagen Metro. The sound-absorbing canvas behind the wooden ribs consists of 77,195 recycled PET bottles.

A greater use of circular materials is central to our goal of climate neutrality by 2045. The link between circular flows and climate emissions is clear, and increasing circular material flows could help reduce climate impact.

**Generating value**
During the spring of 2022, Epic was divested to Skanska Investment Properties.

Investment Properties is a new business stream that aims to generate additional value through active asset management of a portfolio of top-quality, sustainable offices that we hope to grow to around SEK 12–18 billion in value.

Investment Properties acquire multi-tenant office projects across Malmö, Stockholm and Gothenburg, developed by Skanska Commercial Development Nordic, that are at least 80 percent leased, in attractive locations and with the highest level of sustainability certification. This will provide stable cash flows and strengthen our role throughout the value chain.

IN FOCUS

# The future is flexible

For ROCKWOOL, a family business formed in Denmark 85 years ago, reoccupying the office as soon as it was safe to do so after the pandemic was a top priority.


"We are flexible, but at the same time we are a family company, so we believe in human connection – that by being in the office you are more creative, you can react more quickly and ultimately be more effective," says Ewelina Płocieniczak, Head of ROCKWOOL GBS.

The mineral wool products manufacturer leased 5,600 square meters (60,000 square feet) during 2019 at Nowy Rynek in Poznań, western Poland, an award-winning mixed-use project that Skanska successfully divested in 2022 to Eastnine for EUR 121 M (SEK 1.3 billion). ROCKWOOL secured a further 880 square meters during 2022.

The extra space enabled ROCKWOOL to tailor its workspace to improve productivity and employee well-being. The company utilized its own soundproofing insulation to reduce unwanted noise. Silent rooms and phone booths have been installed for employees seeking quiet spaces to work. There are dedicated rooms for yoga and mindfulness, while a brainstorming space encourages teams to stand rather than sit while they discuss ideas. Snooker and table-tennis tables offer an opportunity to brainstorm in an informal setting.

"We divided the space to take away any feeling of being in a factory, but we also wanted to promote more creative methods of being productive," Płocieniczak says. "One of the big lessons from the pandemic was the degree to which circumstances change, so the office really needs to be flexible and agile – it must adapt as we change."

Her observation mirrors the trends that Skanska is seeing in the market. The leasing market is competitive, but we are seeing patterns emerging for post-pandemic tenant demand. Companies are highlighting the importance of modern, sustainable and flexible premises with an increased focus on wellness and amenities, to bring employees back to the office. This is a good fit with Skanska's property portfolio.

Building D, the latest building in the Nowy Rynek complex environmental features resulted in it receiving WELL Health & Safety and LEED Platinum certifications. It is expected to obtain WELL Core & Shell certification in the future. The building also impressed the jury of the Polish Green Building Council's 2022 Green Building Awards, who presented it with the Best Certified Ecological Building award.

The ultra-modern space at Nowy Rynek has been a key factor drawing teams back to the office, Płocieniczak says. The building is powered by 100-percent renewable energy and uses climate-smart features such as low-speed ventilation, chilled beams, LED lighting, energy-efficient cooling (free cooling), and gray- and rainwater systems. The building boasts facilities for cyclists and its roof is home to hives containing some 30,000 bees.

Each week, the company's well-being ambassador leads a mindfulness session or guided meditation for between 20 and 40 employees. These sessions began with just two attendees immediately after the pandemic and have grown steadily ever since. The initiative is part of a broader drive by ROCKWOOL to utilize its office as a place to boost employee well-being.

"Well-being is hugely important to us – and I don't just mean work-life balance or playing sports, but how you deal with your workload and any stress you feel from it," concludes Płocieniczak.

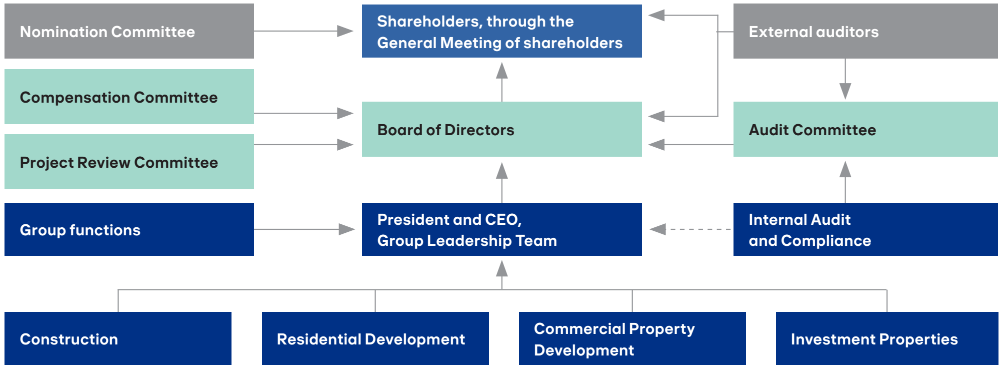
# Corporate governance

# Corporate governance report

Good corporate governance ensures that Skanska is managed responsibly, efficiently and in a sustainable way on behalf of all of our stakeholders including but not limited to shareholders, customers, suppliers, society and employees. Corporate governance describes how rights and responsibilities are distributed among corporate bodies according to applicable laws, rules and regulations as well as internal rules and processes. The purpose of corporate governance is also to ensure oversight by the Board of Directors (the "Board") and management, guide our employees in good business conduct and ensure a sound risk culture.

This corporate governance report for 2022 has been reviewed by Skanska's external auditors in accordance with Chapter 9, Section 31 of the Swedish Companies Act. The report contains information as required by Chapter 6, Section 6 of the Annual Accounts Act.

## Governance structure




**Corporate governance principles**
Skanska is one of the world's largest project development and construction companies. We operate across select markets in the Nordics, Europe and the USA. Supported by strong trends in urbanization and demographics, and by aiming to be at the forefront of sustainability, we offer competitive solutions. With our purpose and values, strategy, talented employees and trusted brand, we have a solid foundation to continue contributing to creating sustainable futures for customers and communities as well as creating long-term value for shareholders. The parent company of the Group is Skanska AB (the "Company"), with a registered office in Stockholm, Sweden.

As a Swedish public limited company with shares listed on Nasdaq Stockholm, Skanska is subject to a variety of external rules that affect our corporate governance. In addition, Skanska has adopted internal rules to govern the Group as well as processes for monitoring compliance with external and internal rules by all business units and functions in the Group. Skanska's ethical and sustainability endeavors are an integral part of the business, and the Board discusses these issues on a regular basis.

Skanska has no deviations from the Swedish Corporate Governance Code (the "Code") to report for the financial year 2022. Nor has Skanska been subject to any rulings by Nasdaq Stockholm's Disciplinary Committee or decisions on breach of good practices in the stock market by the Swedish Securities Council in 2022.

Further information about Skanska's corporate governance is available on the Group's website: group.skanska.com/corporate-governance/.

### Key external governing documents

- Swedish Companies Act
- Nasdaq Nordic Main Market Rulebook for Issuers of Shares
- Swedish Corporate Governance Code
- Swedish Annual Accounts Act
- Swedish Securities Market Act
- EU Market Abuse Regulation
- International Financial Reporting Standards (IFRS) and other accounting rules
- Non-Financial Reporting Directive (NFRD)
- EU Taxonomy
- Global Reporting Initiative (GRI) Standards

### Key internal governing documents

- Articles of Association, which are available on the Group's website
- Procedural Rules for the Board and its Committees
- Instructions for the President and CEO
- Group steering documents, including Group policies, standards and procedures, guidelines, and business processes for approval, control and risk management
- Skanska's Code of Conduct, which is available on the Group's website

**Shares and shareholders**
Skanska's Class B shares are listed on Nasdaq Stockholm in the Large Cap segment. The share capital at the end of 2022 amounted to SEK 1,259,709,216 consisting of a total of 419,903,072 shares, of which 19,654,316 were Class A shares and 400,248,756 were Class B shares.

Class A shares entitle the holders to 10 votes per share and Class B shares entitle the holders to one vote per share. There are no other restrictions in the Articles of Association on the number of votes each shareholder may cast at a General Meeting. Class A shares and Class B shares entitle the holder to the same dividend.

At the end of 2022, Skanska had a total of 113,417 shareholders, according to statistics from Euroclear Sweden AB. The 10 largest shareholders held 56.8 percent of the votes and 40.6 percent of the capital. AB Industrivärden's holding amounted to 24.5 percent of the votes, Lundberg Group's holding to 13.2 percent of the votes and AMF Tjänstepension & AMF Fonder's holding to 5.3 percent of the votes. More information about the Skanska share and shareholders, including the Company's holdings of Class B treasury shares, is available on pages 12–13.

**General Meetings of shareholders**
The General Meeting is Skanska's highest decision-making body and it is where shareholders exercise their decision-making rights. At the Annual General Meeting ("AGM"), the shareholders decide on key issues, such as adoption of income statements and balance sheets; the dividend; the composition of the Board; discharging the members of the Board and the President and CEO from liability; board fees and auditor fees; and election of external auditors. Guidelines for salary and other remuneration to senior executives are adopted by the AGM at least every four years, while the Board's remuneration report is submitted to the AGM yearly for approval.

## Annual General Meeting 2023

Skanska's AGM 2023 will be held on Wednesday March 29, 2023 at 10.00 a.m. CET at Sergel Hub in Stockholm, Sweden. Shareholders will also have the opportunity to exercise their voting rights by postal voting prior to the AGM. Further information is available on page 221 and on the Group's website: group.skanska.com/corporate-governance/shareholders-meeting/agm-2023/.

Skanska's financial year is from January 1 to December 31, and the AGM is to be held within six months of the end of the financial year. The date and venue for the AGM is communicated on the Group's website no later than in conjunction with the publishing of the third quarter interim report.

The notice convening the AGM is published in Post- och Inrikes Tidningar (the Official Swedish Gazette) and on the Group's website. An announcement of the notice convening the meeting is published in Dagens Nyheter and in at least one more Swedish daily newspaper. All documents relating to the AGM are published on the Group's website in both Swedish and English. Shareholders listed in the register of shareholders on the record date and who notify the Company of their intention to participate in the meeting are entitled to attend it either personally or by proxy through a representative. According to the Articles of Association, the Board may decide that shareholders shall be entitled to exercise their voting rights by post before the AGM. Shareholders have the right to have matters addressed at the AGM if they have submitted a request to the Board no later than seven weeks before the AGM.

***Annual General Meeting 2022***
The AGM 2022 was held on March 29, 2022, in Stockholm. A total of 854 shareholders, representing approximately 60.0 percent of the total number of votes, were represented at the AGM.

In light of the risk of the spread of Covid-19, the AGM was carried out solely through advance voting pursuant to temporary legislation. The AGM was thus carried out without the possibility for shareholders to attend physically, in person or by proxy, and the shareholders exercised their voting rights by voting in advance, so-called postal voting. As communicated by the Swedish Corporate Governance Board in a press release in February 2022, this is not to be considered a deviation from the Code. Prerecorded presentations by the Chairman of the Board and the President and CEO were made available on the Group's website before the AGM.

Among other matters, the AGM resolved to re-elect Hans Biörck, Pär Boman, Jan Gurander, Fredrik Lundberg, Catherine Marcus and Åsa Söderström Winberg as members of the Board and to elect Mats Hederos and Ann E. Massey as new members of the Board. Hans Biörck was reelected as Chairman of the Board. The employees were represented on the Board by Ola Fält, Richard Hörstedt and Yvonne Stenman as members, with Goran Pajnic, Hans Reinholdsson and Anders Rättgård as deputy members.

The AGM also resolved to pay a dividend to the shareholders of SEK 10.00 per share, of which SEK 7.00 per share as ordinary dividend and SEK 3.00 per share as extra dividend; reelect Ernst & Young AB as external auditor; approve the Board's remuneration report for 2021; and to authorize the Board to, during the period up to the AGM 2023, resolve on acquisitions of not more than 2,600,000 own Class B shares on Nasdaq Stockholm to secure delivery of shares to participants in the Skanska employee ownership program resolved by the AGM 2019 (Seop 5).

Furthermore, the AGM resolved in accordance with the Board's proposal on a long-term employee ownership program for the financial years 2023, 2024 and 2025 ("Seop 6") for permanent employees in the Skanska Group; to authorize the Board to, during the period up to the AGM 2023, resolve on acquisitions of not more than 1,000,000 own Class B shares on Nasdaq Stockholm to secure delivery of shares to participants in Seop 6; and that a maximum of 12,000,000 own Class B shares may be transferred free of charge to participants in Seop 6 at the time and on the other terms that participants in Seop 6 are entitled to acquire shares. Seop 6 is the first Skanska employee ownership program that supplements the growth in Earnings Per Share target at Group level with a climate target at Group level linked to the Group's reduction of carbon emissions.

Complete information on the AGM 2022 and the minutes of the meeting are available on the Group's website: group.skanska.com/corporate-governance/shareholders-meeting/agm-2022/.

**The Nomination Committee**
The AGM 2018 gave the Chairman of the Board a mandate to allow each of the four largest shareholders in terms of voting power to appoint a representative to join the Chairman on the Nomination Committee. In determining which are deemed to be the largest shareholders in terms of voting power, the list of shareholders registered with and categorized by Euroclear Sweden AB as of the last business day in August each year is to be used.

The Nomination Committee's mandate includes:

- Evaluating the composition of the Board and its work
- Preparing proposals to submit to the AGM regarding the election of board members and the Chairman of the Board
- Working with the Board's Audit Committee to prepare proposals to submit to the AGM regarding the election of auditors
- Preparing a proposal to submit to the AGM on fees to the Chairman of the Board and to the other AGM-elected board members for board work and for work in the committees of the Board, as well as fees to the auditors
- Preparing a proposal to submit to the AGM regarding a Chairman of the AGM
- When applicable, preparing a proposal on changes to the principles for appointing the next Nomination Committee

Information on how shareholders can submit proposals to the Nomination Committee is available on the Group's website.

***Nomination Committee for the AGM 2023***
The Nomination Committee for the AGM 2023 has the following composition:

- Helena Stjernholm, AB Industrivärden (24.5 percent of the votes[1]), Chairman of the Nomination Committee
- Katarina Martinson, Lundberg Group (13.2 percent of the votes[1])
- Dick Bergqvist, AMF Tjänstepension & AMF Fonder (5.0 percent of the votes[1])
- Malin Björkmo, Handelsbanken Funds (1.8 percent of the votes[1])
- Hans Biörck, Chairman of the Board, Skanska AB

This information was published on the Group's website and announced in a press release on September 23, 2022. According to the Code, the majority of the Nomination Committee's members are to be independent in relation to the Company and its senior executives and at least one member is also to be independent in relation to the largest shareholders in the Company in terms of voting rights. All of the appointed members are independent in relation to the Company and its senior executives and three are independent in relation to the largest shareholders in the Company in terms of voting rights.

In preparation for the AGM 2023, the Nomination Committee held four meetings at which minutes were kept. No fees have been paid for Nomination Committee duties. To perform its work, the Nomination Committee has taken part of the internal evaluation of the Board's work, the Chairman's account of board duties and the Company's strategy. The Nomination Committee has also interviewed individual members of the Board. Furthermore, Skanska's President and CEO and CFO have attended a meeting for presentation of the Company's operations and strategy.

For the composition of the Board, the Nomination Committee has applied the rules on the composition of the Board that are found in the Code. The Nomination Committee has applied rule 4.1 of the Code as diversity policy. The objectives of the diversity policy are that the Board is to have a composition appropriate to the Company's operations, phase of development and other relevant circumstances, that the board members elected by the General Meeting are collectively to exhibit diversity and breadth of qualifications, experience, background and need for renewal, and that a gender balance on the Board is to be strived for. The Nomination Committee considers that such diversity and breadth is represented among the proposed board members. Three out of eight of the proposed board members are women. The gender balance is therefore 38 percent women and 62 percent men, which, in the opinion of the Nomination Committee, is consistent with the gender balance requirement. The Nomination Committee further assesses that those fields of competence and experience considered important to Skanska are well represented in the proposed Board and that the composition and size of the proposed Board is appropriate to meet Skanska's needs. The Nomination Committee has also assessed that the proposed board members will be able to devote the necessary time required to fulfill their tasks as board members in Skanska. The Nomination Committee has assessed that the proposed Board meets the requirements in the Code relating to board members' independence.

The Nomination Committee's proposals, work report and information on proposed board members are published on the Group's website: group.skanska.com/corporate-governance/shareholders-meeting/agm-2023/.

1 Based on shareholding as of August 31, 2022.

## Board of Directors

According to the Articles of Association, the Board, with regard to members elected by shareholders at a General Meeting, shall consist of not fewer than five and not more than 10 members.

The Board has overall responsibility for Skanska's organizational structure and management, and the Board's main duty is to safeguard the interests of the Company and shareholders. The Board makes decisions regarding the Group's strategy, interim and annual reports, major construction projects, investments and divestments, appointment of the President and CEO, and matters concerning the organizational structure of the Group. The Chairman leads the Board in its work and has regular contact with the President and CEO in order to stay informed about the Group's activities and development.

During the period January 1, 2022 until the close of the AGM 2022, the Board consisted of six members elected by the AGM 2021[1], and three members and two deputy members appointed by the trade unions. The current Board consists of eight members elected by the AGM 2022 for the period until the close of the AGM 2023, and three members and three deputy members appointed by the trade unions.

According to the Code, the majority of the Board's AGM-elected members are to be independent in relation to the Company and its senior executives, and at least two members are to also be independent in relation to the largest shareholders in the Company. All of the board members elected by the AGM 2022 are independent in relation to the Company and its senior executives. Of these, six members are also independent in relation to the Company's largest shareholders.

The composition of the Board and an assessment of the independence of each member are presented in more detail on pages 50–51.

**The members and the deputy members of the Board**

| Member | Position | Elected, year | Audit Committee | Compensation Committee | Project Review Committee | Independent in relation to the Company and its senior executives | Independent in relation to the Company's major shareholders |
|---|---|---|---|---|---|---|---|
| Hans Biörck[2] | Chairman | 2016 | □ | ■ | ■ | Yes | Yes |
| Pär Boman[2] | Member | 2015 | ■ | □ | □ | Yes | No |
| Jan Gurander[2] | Member | 2019 | □ | □ | □ | Yes | Yes |
| Mats Hederos[2,3] | Member | 2022 | | | □ | Yes | Yes |
| Fredrik Lundberg[2] | Member | 2011 | | | □ | Yes | No |
| Catherine Marcus[2] | Member | 2017 | | | □ | Yes | Yes |
| Ann E. Massey[2,3] | Member | 2022 | | | □ | Yes | Yes |
| Åsa Söderström Winberg[2] | Member | 2020 | □ | | □ | Yes | Yes |
| Ola Fält[4] | Employee Representative | 2018 | | | | – | – |
| Richard Hörstedt[4,5] | Employee Representative | 2007 | | | □ | – | – |
| Yvonne Stenman[4] | Employee Representative | 2018 | | | | – | – |
| Goran Pajnic[3,4] | Employee Representative (Deputy) | 2022 | | | | – | – |
| Hans Reinholdsson[4] | Employee Representative (Deputy) | 2020 | | | | – | – |
| Anders Rättgård[4] | Employee Representative (Deputy) | 2017 | | | □ | – | – |

■ = Chairman □ = Member

1 As announced by Skanska on August 31, 2021, Jayne McGivern resigned as a member of the Board effective as of that day.
2 Nominated by the Nomination Committee for the AGM 2022 and elected by the shareholders at the AGM 2022.
3 From March 29, 2022.
4 Nominated and appointed by the trade unions.
5 Deputy member of the Project Review Committee for Anders Rättgård.

### *The work of the Board in 2022*

The work of the Board follows an annual agenda established in the Board's Procedural Rules. In preparation for each board meeting, the Board receives reports and documentation compiled according to established procedures. The purpose of this is to ensure that the Board has the relevant information and documentation on which to base decisions. The Board's work is mainly performed within the framework of formal board meetings and through meetings in the committees of the Board.

In 2022, the Board held seven meetings, including its statutory meeting. For attendance at board meetings and committee meetings, see the table on page 44. The more important issues dealt with by the Board during the year included monitoring operations, review and approval of the interim reports and year-end report, strategic review of Skanska, as well as cybersecurity, internal control, risk management, ethics and compliance, and sustainability matters, including climate and health and safety. The Board received regular updates on the impact of the Covid-19 pandemic, Russia's invasion of Ukraine, and the increases in inflation and interest rates on the Group's business and the markets where Skanska is active.

### *Evaluation of the work of the Board*

The work of the Board is evaluated annually through a structured process aimed at improving work processes, efficiency and collective expertise, and to assess any need for change. The Chairman of the Board is responsible for the evaluation and for presenting the findings to the Board and the Nomination Committee.

In 2022, an evaluation was carried out in the form of a questionnaire and individual conversations between the Chairman and each member of the Board, as well as through discussion at board meetings. The Chairman was also evaluated through a written questionnaire and discussion with the Board without the Chairman present; the board meeting on this occasion was chaired by another member appointed for the purpose. The outcome of the 2022 evaluation was that the work of the Board was deemed to be functioning well.

### *Board fees*

The AGM 2022 resolved in accordance with the Nomination Committee's proposal on fees to the Chairman of the Board and to the other AGM-elected board members not employed by Skanska for board work and for work in the Board's committees. Total fees to the AGM-elected board members not employed by Skanska were thus approved by the AGM 2022 in the amount of SEK 10,435,000. The Chairman of the Board received SEK 2,250,000 and the other board members received SEK 750,000 each. In addition, the Chairman of the Audit Committee received SEK 270,000 and the other members of the committee SEK 190,000 each, the Chairman of the Compensation Committee received SEK 115,000 and the other members of the committee SEK 110,000 each, and the Chairman of the Project Review Committee and the other members of the committee received SEK 220,000 each.

**Attendance at Board and committee meetings**

| | Board | Audit Committee | Compensation Committee | Project Review Committee |
|---|---|---|---|---|
| **Number of meetings** | 7 | 6 | 6 | 12 |
| **Member** | | | | |
| Hans Biörck | 7 | 6 | 6 | 12 |
| Pär Boman | 7 | 6 | 6 | 12 |
| Jan Gurander | 7 | 6 | 6 | 10 |
| Mats Hederos[1] | 6 | | | 10 |
| Fredrik Lundberg | 7 | | | 12 |
| Catherine Marcus | 7 | | | 12 |
| Ann E. Massey[1] | 6 | | | 10 |
| Åsa Söderström Winberg | 7 | 6 | | 12 |
| Ola Fält | 7 | | | |
| Richard Hörstedt[2] | 6 | | | 1 |
| Yvonne Stenman | 7 | | | |
| Goran Pajnic[1] | 5 | | | |
| Hans Reinholdsson | 7 | | | |
| Anders Rättgård | 7 | | | 11 |

1 From March 29, 2022.
2 Deputy member of the Project Review Committee for Anders Rättgård.

For more detailed information, see Note 37, Remuneration to senior executives and board members, on pages 179–183.

### The Board's committees

The Board is ultimately responsible for the organization and management of Skanska's operations. The overall responsibility of the Board cannot be delegated, but the Board may appoint committees to do preparatory work and explore certain issues in preparation for decisions by the Board.

The Board has formed three committees to provide structure, improve efficiency and ensure the quality of its work: (i) Audit Committee, (ii) Compensation Committee and (iii) Project Review Committee. The members of the committees are appointed annually at the statutory meeting of the Board. The Board's Procedural Rules specify which duties and decision-making powers have been delegated to the committees. The Chairman of each committee reports orally to the Board at each board meeting and all minutes from the committee meetings are submitted to the Board.

### *Audit Committee*

The main task of the Audit Committee is to assist the Board in overseeing the financial reporting, reporting procedures and accounting principles, and to monitor the auditing of the accounts for the Company and the Group. The committee also evaluates the quality of the Group's reporting, internal auditing and risk management, reviews the reports and opinions of Skanska's external auditors, and reviews and oversees the Group's compliance with legal and regulatory requirements having a material impact on the financial statements. The committee monitors the external auditors' assessment of their impartiality and independence, and that there are routines in place stipulating which non-audit services they provide to the Company and the Group. The committee also monitors compliance with the rules on auditor rotation. The external auditors are present at committee meetings. At least once a year the Audit Committee meets the auditors without senior executives being present.

In 2022, the Audit Committee consisted of Pär Boman (Chairman), Hans Biörck, Jan Gurander and Åsa Söderström Winberg. The composition of the committee meets the requirements in the Code relating to audit committee members' independence. All members have accounting or auditing skills.

The committee held six meetings in 2022. Important matters addressed during the year included capital allocation, financing, pension reporting, external reporting, impairment testing, valuation of construction projects, larger disputes, review of the interim reports and year-end report, internal control, risk management and compliance matters.

### *Compensation Committee*

The main tasks of the Compensation Committee include preparing recommendations for decisions by the Board on the appointment or dismissal of the President and CEO, including salary and other remuneration, and of the other Group Leadership Team members, and on incentive programs. The committee also examines the outcomes of variable remuneration components.

In 2022, the Compensation Committee consisted of Hans Biörck (Chairman), Pär Boman and Jan Gurander. The Code requirements regarding independence, according to which the Chairman of the Board is permitted to be the Chairman of the Compensation Committee and other AGM-elected members are to be independent in relation to the Company and its senior executives, have therefore been met.

The committee held six meetings in 2022. Important matters addressed during the year were review of Skanska's variable remuneration programs for the senior executives, review and evaluation of the application of the guidelines for salary and other remuneration to senior executives adopted by the AGM 2020 as well as the existing remuneration structures and levels in the Company, and review of senior executives' other assignments. Furthermore, the committee resolved to propose changes to the remuneration guidelines adopted by the AGM 2020, primarily in relation to pension benefits in order to align the cap for pension benefits for senior executives with prevailing Swedish market practice, for resolution by the Board and subsequent referral to the AGM 2023 for adoption. The committee also reviewed and prepared, for resolution by the Board and subsequent referral to the AGM 2023 for adoption, a remuneration report for 2022, detailing paid and outstanding remuneration that is covered under the remuneration guidelines.

***Project Review Committee***
The Project Review Committee takes decisions on individual projects within the Construction, Residential Development, Commercial Property Development and Investment Properties business streams, that require the Board's approval, and on certain project financing packages. Projects that involve especially high or unusual risks or other special circumstances may be referred to the Board for a decision, and such referrals are to include a recommendation from the committee.

The committee consists of all AGM-elected board members and employee representative Anders Rättgård, with employee representative Richard Hörstedt as deputy member for Anders Rättgård. The committee held 12 meetings in 2022.

**External auditors**
According to the Articles of Association, the Company shall have one or two authorized auditors and no more than two deputy auditors. A registered accounting firm may be appointed as the Company's external auditor.

At the AGM 2022, Ernst & Young AB was reelected as external auditor, until the close of the AGM 2023. Authorized Public Accountant Hamish Mabon is the auditor in charge.

The external auditor has attended two board meetings to report on the auditing process of Ernst & Young AB for Skanska and to provide the members of the Board with an opportunity to ask questions without senior executives being present. The external auditor has also attended five meetings of the Board's Audit Committee.

The independence of the external auditor is guaranteed by the Audit Committee having determined the principles for allowing non-audit services to be provided by the auditor and preapproving non-audit services.

For information on fees and other remuneration to the external auditor for audit-related and other services, see Note 38, Fees and other remuneration to auditors, on page 183.

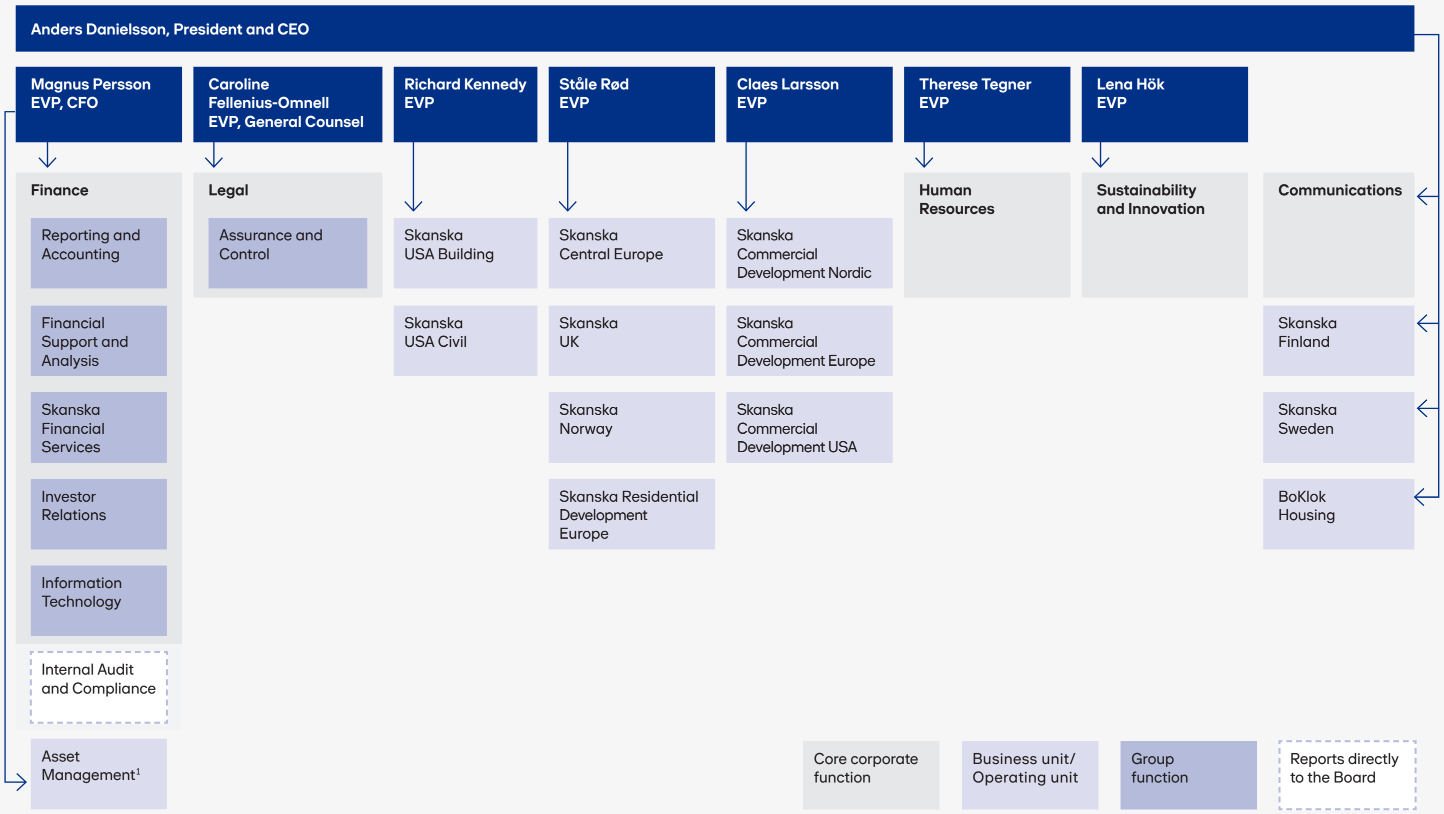
**Skanska's reporting structure**

| | Business Streams | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Operating units** | Construction | | Residential Development | | Commercial Property Development | | Investment Properties | |
| | **Operating unit** | **External reporting** | **Operating unit** | **External reporting** | **Operating unit** | **External reporting** | **Operating unit** | **External reporting** |
| Sweden | ■ | □ | ■ | □ | ■ | □ | | |
| Norway | ■ | □ | ■ | □ | ■ | □ | | |
| Finland | ■ | □ | ■ | □ | ■ | □ | | |
| Commercial Development Nordic | | | | | ■ | □ | ■ | □ |
| Central Europe | ■ | □ | | | | | | |
| United Kingdom | ■ | □ | | | | | | |
| Commercial Development Europe | | | | | ■ | □ | | |
| Residential Development Europe | | | ■ | □ | | | | |
| USA Civil | ■ | □ | | | | | | |
| USA Building | ■ | □ | | | | | | |
| Commercial Development USA | | | | | ■ | □ | | |
| BoKlok[1] | | | ■ | | | | | |

■ = Operating unit □ = External reporting

1 BoKlok has operations in Sweden, Norway, Finland and the UK. In the external reporting BoKlok is divided and included in the Nordic cluster, with a specific entry for Sweden and Europe.

**Skanska's management structure**
*Group Leadership Team*




1 Portfolio of PPP assets.

## Operational management and internal governance

Skanska operates with a decentralized governance model that recognizes the local characteristics of the construction and development markets, empowering the business units to develop their business and deliver according to plan, while retaining the profit and loss responsibility.

Skanska's strategy and targets are set at Group level to ensure effective financial capacity and conduct proper follow-up on business unit performance and compliance. In the decentralized governance structure, as a rule, requirements are established at Group level, while the business units are responsible for how requirements are met.

Each business unit is headed by a president and has its own administrative functions and other resources to conduct its operations effectively. Aside from day-to-day operations managing projects, the business units deal with matters such as their strategic development, business plans, investments, divestments and organization.

Information on Skanska's strategy and our business streams is available on pages 16–17 and 20–36.

### *The President and CEO and the Group Leadership Team*

The President and CEO is appointed by the Board and runs the Company and the Group in accordance with the instructions adopted by the Board.

The President and CEO is responsible for the day-to-day management of the operations of the Company and the Group, and is supported by the other members of the Group Leadership Team. The work of the President and CEO is evaluated at one board meeting each year at which no senior executives are present. The President and CEO has no business dealings of any significance with the Company or its Group companies.

As announced by Skanska on March 30, 2022, Kirsi Mettälä resigned as Executive Vice President and member of the Group Leadership Team, and was succeeded by Therese Tegner effective as of April 1, 2022. As announced by Skanska on December 1, 2022, Ståle Rød was appointed Executive Vice President and new member of the Group Leadership Team from January 1, 2023.

Information on the President and CEO and the other members of the Group Leadership Team can be found on pages 52–53.

***Core corporate functions and group functions***

Core corporate functions and group functions are based at Skanska's headquarters in Stockholm. The core corporate functions and group functions assist the President and CEO and the Group Leadership Team on matters relating to corporate functions, coordination and oversight. They also provide support to the business units. The head of each group function reports directly to a member of the Group Leadership Team. The head of Internal Audit and Compliance reports directly to the Board by way of the Audit Committee. A presentation of the core corporate functions and group functions can be found on page 46.

***Remuneration to senior executives***

Guidelines for salary and other remuneration to senior executives shall be adopted by the AGM at least every four years based on a proposal from the Board.

The current remuneration guidelines were adopted by the AGM 2020. The guidelines and information about salary and other remuneration to senior executives, as well as outstanding share award and share-related incentive programs, are found in Note 37, Remuneration to senior executives and board members, on pages 179–183. Senior executives include the President and CEO and the other members of the Group Leadership Team. Information on remuneration to the President and CEO is also set out in the Board's remuneration report for 2022 available on pages 55–59.

Ahead of the AGM 2023, the Board has, upon recommendation from the Compensation Committee, proposed changes to the current remuneration guidelines, see pages 206–208.

***Purpose and values***

While creating shareholder value, Skanska's purpose is to build for a better society. This reflects the Group's role in society, a position that enables Skanska to create shareholder value. Fundamental to Skanska's success are four values: Care for life – protecting people and the planet, Act ethically and transparently – being a role model, Be better together – teaming up, and Commit to customers – having a customer-first mindset. They serve as a moral foundation and compass, and Skanska constantly drives the need for every employee to strongly live these values.

Further information on Skanska's values is available on the Group's website: group.skanska.com/about-us/who-we-are/our-purpose-and-values/.

Skanska provides innovative and sustainable solutions to create a sustainable future for employees, customers, shareholders and communities. This is demonstrated through continued commitment to the sustainability impact areas Climate, Resilience and Responsibility. Furthermore, sustainability at Skanska is empowered by the Group's purpose and values. Skanska's sustainability report can be found on pages 68–104.

***Code of Conduct***

Skanska's Code of Conduct is based on the Skanska values and sets the standard for the daily behavior of employees and the way Skanska does business. It is reviewed regularly by the Group Leadership Team and updates are approved by the Board. It defines our commitments in the workplace, in the market and to society. It covers such topics as health and safety; diversity and inclusion; data protection; environment; confidentiality; conflicts of interest; fraud; fair competition; anti-bribery and corruption; and insider information and market abuse. All Skanska employees are required to uphold the principles and requirements contained in the Code of Conduct. All employees are required to complete Code of Conduct training every two years, and new employees within one month of starting at Skanska.

The Code of Conduct is supplemented by the Supplier Code of Conduct, which must be adhered to by subcontractors, suppliers, consultants, intermediaries and agents. It is included in agreements with these parties and outlines our expectations on those we do business with. The Supplier Code of Conduct covers topics such as environment; health and safety; fair working conditions; discrimination and harassment; anti-bribery and corruption; and fair competition.

The Code of Conduct and the Supplier Code of Conduct can be found on the Group's website: group.skanska.com/corporate-governance/our-code-of-conduct/.

Skanska's Code of Conduct Hotline provides a mechanism for employees, suppliers' employees and other third parties to anonymously report on breaches or suspected breaches of the Skanska Code of Conduct. The hotline is managed by an independent third-party service provider and is a supplement to the numerous speak-up options within Skanska which employees and third parties are encouraged to use.

***Governance framework***

The Group governance framework is set at Group level. The Group Leadership Team and the core corporate functions and group functions are responsible for following up on its implementation and effective operation in the business units. The Group governance framework consists of three categories of steering documents: Group policies and Group procedures and standards, which are mandatory, as well as non-mandatory guidelines for the Group.

A clear framework of policies, procedures and standards reduces risks and increases effectiveness. It also makes it easier to live by Skanska's Code of Conduct and the Skanska values. The Group governance framework steering documents define how Skanska's operations are run, controlled and organized, which standards and processes to work according to, how to manage risks, at what levels decisions are made and what is mandatory for the Skanska business units. The governance framework is applicable to the Company, all Skanska business units and all Skanska employees. If not followed, there may be consequences, up to and including dismissal.

The business units are required to establish and maintain a robust and well-functioning system of governance within their operations. Business units' governance systems, such as policies and management systems, should complement and add local, practical detail to the steering documents in the Group governance framework. The business unit president is responsible for implementation of the Group governance framework in the respective business unit.

The Procedural Rules for the Board and its Committees state which items of business will be decided upon by the Board, by the President and CEO, by the Group Leadership Team, or at the business unit level. In addition to the Board's Procedural Rules, and Skanska's Code of Conduct and Supplier Code of Conduct, Skanska's Group policies include:

- Anti-Corruption Policy
- Claims Management Policy
- Enterprise Risk Management Policy
- Finance Policy
- Human Resources Policy
- Information Policy
- Insider Policy
- IT Policy
- Personal Data Protection Policy
- Sustainability Policy
- Tax Policy

**Internal control**

This description includes the most important elements of Skanska's internal control and risk management systems in connection with financial and sustainability reporting. A description of Skanska's sustainability reporting principles is set out on page 104.

***Control environment***

The Board has overall responsibility for ensuring that Skanska has effective and adequate risk management and internal controls. The purpose is to provide a reasonable assurance that the operations are run appropriately and efficiently, that external reporting is reliable, and that laws and regulations and internal rules are complied with.

The Board's Procedural Rules ensure a clear division of roles and responsibilities for the purpose of ensuring effective management of business risks. The Board and the Group Leadership Team have also adopted a number of fundamental rules of importance for internal control work, such as the Group's Enterprise Risk Management Policy and the Group's Governance Procedure. The Group Leadership Team reports regularly to the Board according to established routines. The Audit Committee also presents reports on its work. The Group Leadership Team is responsible for the system of internal controls required to manage material operational risk. This includes a clear decision-making structure and the Group framework of policies, standards and procedures, and guidelines. Group function Assurance and Control supports the Group Leadership Team in the drafting and monitoring of the system of internal control.

***Risk assessment and control activities***

Skanska has identified the material risks in its operations that could, if not managed correctly, lead to errors in financial reporting and/or have an impact on the Company's performance results. The Group Headquarters has subsequently ensured that the Group has rules in place to guarantee that these risks are managed. The Group Leadership Team and the core corporate functions and group functions are responsible for managing general risks relating to strategy, macroeconomics and regulatory frameworks, while the main tasks relating to operational risk and opportunities are carried out at the local level within the business units. A detailed description of the identified enterprise risks and how they are managed is found on pages 60–66.

Skanska uses a Group-wide procedure for identifying and managing risks associated with construction contracts and project development. A specialized group unit, the Skanska Risk Team, examines and analyzes proposals for tenders in construction and land investments, project starts as well as divestments in Project Development above a certain size (read more on page 67). Based on the identified risks and opportunities, the Skanska Risk Team then issues a recommendation on how to proceed. The final decision is made by the Skanska Tender Board, which consists of the Group Leadership Team, and, in certain cases, the Project Review Committee, which consists of board members.

**Group policies**
Core mandatory operating rules of the Group, addressing risks, goals and where corporate governance is required.

**Group procedures and standards**
Mandatory. Procedures are generally detailed step-by-step instructions to achieve a given goal, while standards indicate expected behavior or a minimum level of quality or a minimum standard.

**Group guidelines**
A non-binding document containing guidance for the organization.

Risks and opportunities for improvement are both greatest during the actual execution phase of the projects, and the work focuses heavily on this phase. Since almost every project is unique, risks and opportunities must be analyzed with respect to project type, location, execution phase and client. During execution, projects over a set threshold must adhere to the Skanska Project Review and Reporting Procedure to ensure consistent project reviews, including a process to make sure that deviations from planned performance are detected and acted upon early. All business units employ common valuation principles and terminology to ensure conservative project valuation and a high level of performance transparency.

*Information and communication*
Significant accounting principles, manuals and other documents of importance in financial and sustainability reporting are updated and information on them is communicated regularly. There are several information channels to the Group Leadership Team and the Board for important information. For its external communication, the Group has an Information Policy to ensure that Skanska complies with existing regulations on providing the market with accurate information.

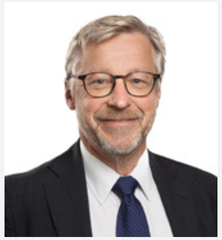
*Monitoring*
The Board continually evaluates the information provided by the Group Leadership Team and the Audit Committee. Of particular importance is the result of the Audit Committee's work on monitoring the effectiveness of the Group Leadership Team's internal control processes. This includes ensuring that steps are taken to address the shortcomings revealed in internal and external audits and to implement the proposed actions.

*Internal Audit and Compliance*
Group function Internal Audit and Compliance is responsible for monitoring and evaluating how risk management and internal control processes have been carried out. The work is planned in consultation with the Audit Committee and reporting takes place directly to the Board through the committee. Matters relating to internal audit are also communicated on an ongoing basis to Skanska's external auditors.

In 2022, Internal Audit and Compliance focused on reviewing the risks identified relating to the Group's projects, business-critical processes and key corporate functions. A total of 83 audits were conducted during the year within all business units. There was a particular focus on the business operations of commercial development investments and supply chain resilience for the construction units. The audits were performed in accordance with a uniform audit method.

# Board of Directors




| | **Hans Biörck** | **Pär Boman** | **Jan Gurander** | **Mats Hederos** | **Fredrik Lundberg** |
|---|---|---|---|---|---|
| **Position** | Chairman | Board member | Board member | Board member | Board member |
| **Born** | Sweden, 1951 | Sweden, 1961 | Sweden, 1961 | Sweden, 1957 | Sweden, 1951 |
| **Elected** | 2016 | 2015 | 2019 | 2022 | 2011 |
| **Shareholding in Skanska, December 31, 2022** | 25,000 Class B shares through privately owned company | 1,000 Class B shares | 5,000 Class B shares | 2,000 Class B shares | 6,032,000 Class A shares and 16,350,000 Class B shares through L E Lundbergföretagen AB,<br>1,150,000 Class B shares through privately owned company,<br>5,376 Class A shares and 1,100,000 Class B shares privately |
| **Other board assignments** | – Chairman, Trelleborg AB (until the Annual General Meeting of Trelleborg AB on April 27, 2023)<br>– Board member, Handelsbanken AB | – Chairman, Handelsbanken AB<br>– Chairman, Essity AB<br>– Chairman, Svenska Cellulosa Aktiebolaget SCA<br>– Vice Chairman, AB Industrivärden | – Board member, The Association of Swedish Engineering Industries | – Chairman, Storföretagsrådet, Fastighetsägarna Sverige<br>– Chairman and board member, 3E Property AB<br>– Board member, Fastighetsägarna Sverige<br>– Board member, Antilooppi Oy<br>– Board member, Rebellion Capital AB<br>– Board member, Cirkus Venues AB<br>– Board member, Silver Life AB | – Chairman, AB Industrivärden<br>– Chairman, Holmen AB<br>– Chairman, Hufvudstaden AB<br>– Vice Chairman, Handelsbanken AB<br>– Board member, L E Lundbergföretagen AB |
| **Education** | – Master of Science in Business and Economics, Stockholm School of Economics | – Engineering and Business/Economics degree, Honorary Ph.D. in Economics | – Master of Science in Business and Economics, Stockholm School of Economics | – Master of Science, Royal Institute of Technology, Stockholm<br>– Executive Programme in Resilience Thinking, Stockholm Resilience Center, Stockholm University | – M.Sc. Engineering, Royal Institute of Technology, Stockholm<br>– Master of Business Administration (M.B.A), Stockholm School of Economics<br>– Dr. (Econ.) h.c., Stockholm School of Economics<br>– Dr. (Eng.) h.c., Linköping University |
| **Work experience** | – CFO, Skanska AB<br>– CFO, Autoliv AB<br>– CFO, Esselte AB | – President and CEO, Handelsbanken AB | – Deputy CEO, AB Volvo<br>– Deputy CEO and CFO, AB Volvo<br>– CFO and Senior Vice President Finance, Volvo Car Group<br>– CFO, MAN Diesel & Turbo SE<br>– Group Vice President and CFO, Scania AB | – CEO, AMF Fastigheter<br>– Head of Property, AMF Pension<br>– Transaction Manager, AP Fastigheter (today Vasakronan)<br>– Investment Banker, Enskilda Securities, SEB | – President and CEO, L E Lundbergföretagen AB |
| **Dependency relationship in accordance with the Swedish Corporate Governance Code** | – Independent in relation to the Company and its executive management<br>– Independent in relation to major shareholders | – Independent in relation to the Company and its executive management<br>– Dependent in relation to major shareholders | – Independent in relation to the Company and its executive management<br>– Independent in relation to major shareholders | – Independent in relation to the Company and its executive management<br>– Independent in relation to major shareholders | – Independent in relation to the Company and its executive management<br>– Dependent in relation to major shareholders |

| |  |  |  |
|---|---|---|---|
| | **Catherine Marcus** | **Ann E. Massey** | **Åsa Söderström Winberg** |
| **Position** | Board member | Board member | Board member |
| **Born** | USA, 1965 | USA, 1954 | Sweden, 1957 |
| **Elected** | 2017 | 2022 | 2020 |
| **Shareholding in Skanska, December 31, 2022** | 0 shares | 0 shares | 2,000 Class B shares privately,<br>2,500 Class B shares through privately owned company,<br>1,500 Class B shares through related person |
| **Other board assignments** | – Chair, PREA Board of Directors | – Board member, Kleinfelder Inc.<br>– Board member, Wood Programs | – Board member, OEM International AB<br>– Board member, Delete Group Oyj<br>– Board member, Fibo AS |
| **Education** | – M.S., Real Estate Investment and Development, New York University<br>– B.S.E. Real Estate Finance and Entrepreneurial Management, Wharton School, University of Pennsylvania | – M.B.A., Business Administration, Tennessee Technological University<br>– B.S., Geology, Tennessee Technological University<br>– NACD Directorship Certified™ | – B. Sc. Economics, Stockholm University |
| **Work experience** | – Global Chief Operating Officer & Head of U.S. Equity, PGIM Real Estate<br>– MBL Life Assurance Corporation | – CEO and President, Environment & Infrastructure Solutions, Wood Group<br>– President, Environment & Infrastructure Inc., AMEC Foster Wheeler<br>– CEO and President, MACTEC Environmental Services, Inc. | – CEO, Sweco Theorells AB<br>– CEO, Ballast Väst AB<br>– Marketing Manager, NCC Industry<br>– Communications Manager, NCC Bygg AB |
| **Dependency relationship in accordance with the Swedish Corporate Governance Code** | – Independent in relation to the Company and its executive management<br>– Independent in relation to major shareholders | – Independent in relation to the Company and its executive management<br>– Independent in relation to major shareholders | – Independent in relation to the Company and its executive management<br>– Independent in relation to major shareholders |

**Board members and deputies appointed by the trade unions**[1]

**Ola Fält**
Born: Sweden, 1966
Skanska Industrial Solutions; appointed by SEKO in 2018
Board member
Shareholding in Skanska: 1,584 Class B shares

**Richard Hörstedt**
Born: Sweden, 1963
Region Hus Syd; appointed by Byggnads in 2007
Board member
Shareholding in Skanska: 0 shares

**Goran Pajnic**
Born: Sweden, 1963
Skanska IT Sweden AB; appointed by SACO/ Sveriges Ingenjörers Akademikerförening in 2022
Deputy board member
Shareholding in Skanska: 374 Class B shares

**Hans Reinholdsson**
Born: Sweden, 1972
Region Hus Göteborg; appointed by Byggnads in 2020
Deputy board member
Shareholding in Skanska: 1,029 Class B shares

**Anders Rättgård**
Born: Sweden, 1961
Region Hus Göteborg; appointed by Unionen in 2017
Deputy Board member
Shareholding in Skanska: 4,573 Class B shares

**Yvonne Stenman**
Born: Sweden, 1959
Region Hus Stockholm Nord; appointed by Ledarna in 2018
Board member
Shareholding in Skanska: 0 shares

**Auditors**
Ernst & Young AB
Auditor in charge since 2016:
Hamish Mabon, Stockholm,
born 1965, Authorized public accountant.

1 Shareholding in Skanska as of December 31, 2022.

# Group Leadership Team

| | Anders Danielsson | Caroline Fellenius-Omnell | Lena Hök | Richard Kennedy | Claes Larsson |
|---|---|---|---|---|---|
| **Position** | President and Chief Executive Officer (since 2018) | Executive Vice President, General Counsel (since 2017) | Executive Vice President (since 2021) | Executive Vice President (since 2018) | Executive Vice President (since 2006) |
| | Responsible for business units/core corporate function<br>– Skanska Finland<br>– Skanska Sweden<br>– BoKlok Housing<br>– Communications | Responsible for core corporate function/ group function<br>– Legal<br>– Assurance and Control | Responsible for core corporate function<br>– Sustainability and Innovation | Responsible for business units<br>– Skanska USA Building<br>– Skanska USA Civil | Responsible for business units<br>– Skanska Commercial Development Nordic<br>– Skanska Commercial Development Europe<br>– Skanska Commercial Development USA |
| **Born** | 1966 | 1968 | 1972 | 1966 | 1965 |
| **Joined Skanska in** | 1991 | 2017 | 2017 | 2004 | 1990 |
| **Shareholding in Skanska, December 31, 2022** | 198,382 Class B shares[1] | 29,886 Class B shares | 9,867 Class B shares | 71,638 Class B shares | 238,274 Class B shares |
| **Awarded but unvested share awards under Skanska's long-term share saving program (Seop), December 31, 2022**[2] | 119,653 Class B shares | 40,607 Class B shares | 20,670 Class B shares | 101,481 Class B shares | 60,316 Class B shares |
| **Board assignments** | – | – Board member, The Swedish Association of Listed Companies | – Chair of the Swedish Sustainability Committee, International Chamber of Commerce (ICC) | – | – |
| **Education** | – M.Sc. Engineering, KTH Royal Institute of Technology, Stockholm<br>– Advanced Management Program, Harvard, Boston MA, USA | – Master of Laws, Stockholm University<br>– Master of Laws, College of Europe, Bruges | – Master of Social Science, Uppsala University<br>– GEM Management Program, Stockholm School of Economics Executive Education | – Bachelor of Arts, Rutgers College, Rutgers University<br>– Juris Doctor, Seton Hall University School of Law<br>– Master of Laws, London School of Economics and Political Science | – M.Sc. Engineering, Chalmers University of Technology, Gothenburg<br>– MBA, Chalmers University of Technology and University of Gothenburg |
| **Work experience** | – Executive Vice President, Skanska AB<br>– President, Skanska Sweden<br>– President, Skanska Norway | – Group General Counsel, Tele2 AB<br>– Group General Counsel, Sidel<br>– General Counsel Europe, Tetra Pak AB<br>– Corporate Counsel, AB Electrolux | – Senior Vice President, Sustainability, Skanska AB<br>– Head of Sustainability, Skandia Group<br>– Head of Skandia foundation Ideas for life, Skandia Group<br>– Head of Communication, Skandiabanken and Skandia | – President, Skanska USA Building<br>– Chief Operating Officer, Skanska USA Building<br>– General Counsel, Skanska USA Building | – President, Skanska Commercial Development Nordic<br>– President, Skanska Fastigheter Göteborg |

1 The number of shares includes holdings by related persons.
2 Share awards awarded during 2020–2022. In order for the shares to vest, an additional three years of service from each award date are required. Share awards for 2022 are further preliminary. The Board will determine the outcome for 2022 in the first quarter of 2023 after reviewing operational performance.



| | Magnus Persson | Ståle Rød | Therese Tegner |
|---|---|---|---|
| **Position** | Executive Vice President, Chief Financial Officer (since 2018) | Executive Vice President (since 2023) | Executive Vice President (since 2022) |
| | Responsible for core corporate function/ group functions/operating unit<br>– Finance<br>– Reporting and Accounting<br>– Financial Support and Analysis<br>– Skanska Financial Services<br>– Investor Relations<br>– Information Technology<br>– Internal Audit and Compliance<br>– Asset Management | Responsible for business units<br>– Skanska Norway<br>– Skanska Central Europe<br>– Skanska UK<br>– Skanska Residential Development Europe | Responsible for core corporate function<br>– Human Resources |
| **Born** | 1976 | 1972 | 1968 |
| **Joined Skanska in** | 2006 | 1997 | 2005 |
| **Shareholding in Skanska, December 31, 2022** | 41,998 Class B shares | 24,227 Class B shares | 27,312 Class B shares |
| **Awarded but unvested share awards under Skanska's long-term share saving program (Seop), December 31, 2022[1]** | 49,244 Class B shares | 22,076 Class B shares | 22,817 Class B shares |
| **Board assignments** | – | – Board member, Confederation of Norwegian Enterprise (NHO) | – Board member, Agne Sandberg Foundation |
| **Education** | – Ph.D. in Business Economics, Uppsala University<br>– Master of Science in Business Economics, Uppsala University | – B.Sc. Civil Engineering, Western Norway University of Applied Sciences<br>– Officers School Norwegian Army<br>– Advanced Management Program, Harvard Business School | – Master of Laws, Lund University |
| **Work experience** | – Chief Financial Officer, Skanska Sweden<br>– Senior Vice President, Investor Relations, Skanska AB<br>– Group Manager, Corporate Finance, Skanska AB<br>– Head of Research and Analysis, Skanska Financial Services | – Business Unit President, Skanska Norway<br>– Executive Vice President, Skanska Norway<br>– Regional Director, Skanska Norway<br>– Project Director, Skanska Norway | – Senior Vice President, Skanska Financial Services<br>– Head of Project Advisory, Skanska Financial Services<br>– Head of Guarantees and Insurances, Skanska Financial Services<br>– Senior Associate, Archibald Lawfirm |

1 Share awards awarded during 2020–2022. In order for the shares to vest, an additional three years of service from each award date are required. Share awards for 2022 are further preliminary. The Board will determine the outcome for 2022 in the first quarter of 2023 after reviewing operational performance.

**Business Unit Presidents**

Gunnar Hagman[1], Skanska Sweden
Magnus Persson[2], Skanska Sweden
Ståle Rød[3], Skanska Norway
Stein Ivar Hellestad[4], Skanska Norway
Tuomas Särkilahti, Skanska Finland
Michal Jurka, Skanska Central Europe
Greg Craig, Skanska UK
Paul Hewins, Skanska USA Building
Don Fusco, Skanska USA Civil
Jonas Spangenberg[1], BoKlok Housing
Lars Jonson[2], BoKlok Housing
Björn Mattsson, Skanska Residential Development Europe
Jan Odelstam, Skanska Commercial Development Nordic
Katarzyna Zawodna-Bijoch, Skanska Commercial Development Europe
Robert Ward[5], Skanska Commercial Development USA
Murphy McCullough[6], Skanska Commercial Development USA

**Senior Vice Presidents, Group Functions**

Katarina Bylund, Reporting and Accounting
Karolina Cederhage, Communications
Anders Göransson, Internal Audit and Compliance
Mark Lemon, Assurance and Control
Antonia Junelind, Investor Relations
Therese Tegner[7], Skanska Financial Services
Louise Hallqvist[8], Skanska Financial Services
Anders Candell, Information Technology (IT)
Sanna-Mari Pöyhtäri, Financial Support and Analysis

1 Until December 31, 2022.
2 From January 1, 2023.
3 Until December 31, 2022. See page 47 under the heading *The President and CEO and the Group Leadership Team.*
4 CFO for Skanska Norway. Serves as Acting Business Unit President as of January 1, 2023.
5 Until May 11, 2022. Claes Larsson, Executive Vice President and member of the Group Leadership Team, served as interim Business Unit President from May 12, 2022 until July 31, 2022.
6 From August 1, 2022.
7 Until March 31, 2022. See page 47 under the heading *The President and CEO and the Group Leadership Team.* Nils Lundberg, Vice President Project Advisory, Skanska Financial Services, served as interim Senior Vice President from April 1, 2022 until May 31, 2022.
8 From June 1, 2022.

IN FOCUS

# Ideation Labs: solving your own challenges

Site walks are currently the go-to method for tracking and documenting progress on construction projects. Why not save time by using autonomous indoor drones instead?

That's just one idea to come out of Skanska USA's Ideation Labs, a repeating, 12-week team-based challenge aimed at finding solutions to some of the business's most pressing problems. The inspiration for the program came from MIT (Massachusetts Institute of Technology) research made famous by author Dan Pink that found people are highly motivated when given the time and autonomy to solve their own problems.

Ideation Labs mirrors the approach of the tech industry's Hackathons – often 24-hour bursts of activity where teams of engineers attempt to make breakthroughs. However, instead of 24 hours, Skanska's Ideation Labs takes place over 12 weeks.

Those who sign up can pitch any problem they would like to solve at an Ideation Lab kickoff meeting before participants rank their choice of projects to work on. Program members then break into teams of up to five to work on their project via weekly sessions lasting up to two hours. Members of the Emerging Technology team guide the process with weekly check-ins. The process has been designed to simultaneously provide both structure and autonomy.

The 2022 Ideation Lab included a Power Automate Hackathon in which teams sought to automate manual tasks. Both awards for "coolest automation" and "crowd favourite" went to a project that transferred drone images to various folders, completed a post-editing upload process and uploaded 360-degree drone footage to a key piece of software. Other successful initiatives included a JD Edwards Validation Dashboard – a system that integrates accounting and project management data in a single location to allow operations teams to see subcontractor change orders, payments and insurance information. The dashboard enables team members without access to accounting data to quickly check on job costing and view the status of invoicing.

An Ideation Committee decides which ideas are successful. For those that need more work, ideas are passed to relevant teams who can bring them to fruition.

The scheme holds benefits beyond simply finding solutions to problems. Participants work in teams from all corners of the business, so when problems do arise, they have a much larger network to tap into. Similarly, the process provides an opportunity to hear perspectives from experts that participants might rarely cross paths with.

"Jump in and you'll be amazed at what you are able to accomplish," said one of 2022's cohort in an anonymous survey. "Ideation Labs is a wonderful experience that gives you a chance to change the way you approach problems," said another.

# Remuneration report

**Introduction**

This remuneration report for 2022 describes how Skanska AB's (the "Company") guidelines for salary and other remuneration to senior executives (the "Remuneration Guidelines"), adopted by the Annual General Meeting ("AGM") on March 26, 2020, have been applied in 2022. The report also provides information on remuneration to the President and CEO and a summary of the Company's outstanding share-related incentive programs. The report has been prepared in accordance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board.

Further information on remuneration to senior executives and board members as required by Chapter 5, Sections 40–44 of the Annual Accounts Act is available in Note 37, Remuneration to senior executives and board members, on pages 179–183 in the Annual and Sustainability Report 2022. Senior executives include the President and CEO and the other members of the Group Leadership Team.

The Board of Directors (the "Board") has established a Compensation Committee. Information on the work of the Compensation Committee in 2022 is set out in the corporate governance report available on pages 39–49 in the Annual and Sustainability Report 2022.

Remuneration of the Board is not covered by this remuneration report. Such remuneration is resolved annually by the AGM and is disclosed in Note 37 on page 181 in the Annual and Sustainability Report 2022.

The AGM on March 29, 2022 resolved to approve the Board's remuneration report for 2021. No opinions were expressed on the remuneration report.

**Key developments 2022**

The President and CEO, Anders Danielsson, summarizes Skanska's overall performance in 2022 in his statement on pages 6–7 in the Annual and Sustainability Report 2022.

**Remuneration Guidelines: scope, purpose and deviations**

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability agenda, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. The Remuneration Guidelines enable the Company to offer the members of the Group Leadership Team a competitive total remuneration. Under the Remuneration Guidelines, the combined total remuneration for each member of the Group Leadership Team shall be market-related and competitive in the labor market in which the senior executive is placed, and distinguished performance should be reflected in the total remuneration. The remuneration may consist of the following components: fixed cash salary, variable cash remuneration, pension and insurance benefits and other benefits. The variable cash remuneration shall aim at promoting the Company's business strategy and long-term interests, including its sustainability agenda. This is accomplished through the financial and non-financial targets that determine the outcome of the variable cash remuneration and are clearly linked to the business strategy and the Company's sustainability agenda.

The applicable Remuneration Guidelines adopted by the AGM 2020 are found in Note 37 on pages 179–180 in the Annual and Sustainability Report 2022. During 2022, the Company has complied with the Remuneration Guidelines. No deviations from the Remuneration Guidelines have been made and no derogations from the decision-making process that according to the guidelines is to be applied to determine, review and implement the guidelines have been made. The auditor's report regarding the Company's compliance with the Remuneration Guidelines is available on the Group's website: group.skanska.com/corporate-governance/remuneration. No remuneration has been reclaimed.

In addition to remuneration covered by the Remuneration Guidelines, the AGMs of the Company have resolved to implement long-term share-related incentive programs.

**The Compensation Committee's evaluation of remuneration**

The Compensation Committee considers that the Remuneration Guidelines adopted by the AGM 2020 have worked well in 2022, that remuneration to the Group Leadership Team has been paid in accordance with the guidelines and that the purpose of the guidelines has been achieved. The Compensation Committee has however concluded that the Remuneration Guidelines adopted by the AGM 2020 should be revised primarily in relation to pension benefits aiming to align the cap for pension benefits for senior executives with prevailing Swedish market practice. The Board has subsequently, upon recommendation from the Compensation Committee, proposed that the AGM 2023 resolve on revised Remuneration Guidelines. The Board's complete proposal for resolution by the AGM 2023 on revised Remuneration Guidelines is set out in the Notice to attend the AGM available on the Group's website: group.skanska.com/corporate-governance/shareholders-meeting/agm-2023.

Due to the forward-looking nature of the Remuneration Guidelines, the Compensation Committee has further concluded that ITP1 pension contributions on variable cash remuneration earned during 2022 will be paid in 2023 in accordance with the Remuneration Guidelines adopted by the AGM 2020.

The Compensation Committee has further concluded that the ongoing and during the year ended programs for variable remuneration to the Group Leadership Team, as well as the current remuneration structures and levels in the Company, are appropriate, on market terms and well balanced. Upon evaluation of the ongoing programs for variable remuneration to the Group Leadership Team, the Compensation Committee concluded that these programs efficiently served their purpose to support achieving the Company's strategic business objectives and sustainable long-term interests, as well as to increase the long-term focus of the members of the Group Leadership Team and align their interests with the long-term expectations and the interests of the shareholders.

**Table 1 – Total remuneration of the President and CEO in 2021 and 2022[1]**

| kSEK | | Fixed remuneration | | Variable remuneration | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Name and position** | **Financial year** | **Base salary[2]** | **Other remuneration and benefits[3]** | **One-year-variable remuneration[4]** | **Multi-year variable remuneration[5]** | **Extraordinary items** | **Pension expense[6]** | **Total remuneration** | **Proportion of fixed and variable remuneration[7]** |
| Anders Danielsson, President and CEO | **2022** | 13,750 | 126 | 10,313 | 7,756 | – | 4,812 | 36,757 | 51/49 |
| | **2021** | 13,125 | 160 | 9,844 | 8,050 | – | 4,594 | 35,772 | 50/50 |

1 Except for multi-year variable remuneration, the table reports remuneration earned in 2021 and 2022. Disbursement may or may not have been made the same year.

2 Vacation allowance is included in the base salary.

3 Other remuneration and benefits for 2022 include company car, fuel, medical insurance and tax return assistance.

4 One-year variable cash remuneration relating to the 2022 financial year will be finally determined and disbursed after the outcome is established in the first quarter of 2023. The calculation is further preliminary insofar as any deductions as a consequence of the non-financial targets have not yet been taken into account. The amount included for 2022 in the table is the maximum outcome for 2022. The variable cash remuneration agreement includes a general clause stipulating that the Board and the Compensation Committee are entitled to wholly or partly reduce variable cash remuneration. The one-year variable cash remuneration for the President and CEO may amount to not more than 75 percent of the fixed annual cash salary. The amount included for 2021 in the table refers to actual disbursements for the 2021 financial year.

5 The value stated for 2022 refers to a preliminary award of performance shares for 2022's invested saving shares, at the share price on December 30, 2022 (SEK 165). The President and CEO will receive an estimated 47,004 performance shares. The Board will determine the outcome after reviewing the operational performance in the first quarter of 2023. In order to receive performance shares, an additional three years of service are required. For 2022, the President and CEO invested in 7,834 saving shares, equivalent to kSEK 1,293, calculated based on the share price on December 30, 2022 (SEK 165.00).
The President and CEO has received remuneration related to the 2019 financial year. After a three-year lock-up period, as part of the previous employee ownership program Seop 4, the President and CEO received 37,741 shares, equivalent to kSEK 6,227, for shares awarded for the 2019 financial year. The value has been calculated based on the share price on December 30 ,2022 (SEK 165.00).

6 The President and CEO is covered by an individual occupational pension insurance scheme, including health insurance (Sw: sjukförsäkring). The occupational pension insurance scheme is a defined contribution scheme and the total premiums for the occupational pension insurance scheme, including health insurance, shall amount to 35 percent of the fixed annual cash salary.

7 Pension expense, which in its entirety relates to base salary and is contribution defined, has been counted entirely as fixed remuneration.

## Share based remuneration

### *Outstanding share-related incentive programs*

Long-term share saving programs, Skanska Employee Ownership Programs ("Seop 4" and "Seop 5") have been implemented in the Company. Seop 4 and Seop 5 give present and future employees the opportunity of becoming shareholders of the Company and are offered to permanent employees in the Skanska Group. The President and CEO participates in Seop 4 and Seop 5.

Subject to the participant having made an own investment in shares in the Company (saving shares), the participant may be awarded matching and/or performance shares. Matching and performance shares are awarded free of charge and are subject to three-year lock-up periods, during which the saving shares must be held, and employment must continue. Vesting of performance shares is also subject to the satisfaction of a number of result-related performance conditions. The performance conditions used to assess the outcome of Seop 4 and Seop 5 consist of financial targets at Group, business unit and/or business unit cluster level. The financial target applicable at Group level, which applies for the President and CEO and the other members of the Group Leadership Team, is growth in earnings per share ("EPS target").

The 2022 preliminary outcome of the EPS target can be found in Table 3 (b). Information on the starting point and outperform target for the EPS target 2022 and on the financial targets applicable for participants in Seop 5 in the different business streams can be found in Note 37 on page 183 in the Annual and Sustainability Report 2022. No matching shares are awarded to the President and CEO under Seop 5.

Further information on Seop 4 and Seop 5, including the conditions which the outcome depends on, is available on the Group's website: group.skanska.com/corporate-governance/remuneration/incentive-programs. Information on costs of the programs, dilution effects, etc. is available in Note 37 on pages 182–183 in the Annual and Sustainability Report 2022.

The AGM on March 29, 2022 resolved, in accordance with the Board's proposal, on a long-term share saving program for the financial years 2023, 2024 and 2025 ("Seop 6"). Information about Seop 6, including the conditions which the outcome depends on, is available on the Group's website: group.skanska.com/corporate-governance/remuneration/incentive-programs.

**Table 2 – Remuneration of the President and CEO in shares**

| | The main conditions of the share programs | | | | | Information regarding the reported financial year[4] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | **Opening balance** | **During the year** | | **Closing balance** | | |
| **Name and position** | Name of program | Performance period[1] | Award period[2] | Vesting period[3] | End of retention period | Share awards held at the beginning of the year | Awarded | Vested | Subject to performance condition | Awarded and unvested at year end | Shares subject to retention period[5] |
| Anders Danielsson, President and CEO | Seop 4 | 2017–2019 | 2017–2019 | 2020–2022 | 2020–2022 | 37,741 | 0 | 37,741[7] | – | 0 | – |
| | Seop 5 | 2020–2022 | 2020–2022 | 2023–2025 | 2023–2025 | 72,649 | 47,004[6] | 0 | – | 119,653 | – |
| **Total** | | | | | | **110,390** | **47,004** | **37,741** | **–** | **119,653** | **–** |

1 Each Seop program is divided into three annual programs, with an annual performance period. Seop 4 is divided into annual program 2017 with performance period 2017, annual program 2018 with performance period 2018 and annual program 2019 with performance period 2019. Seop 5 is divided into annual program 2020 with performance period 2020, annual program 2021 with performance period 2021 and annual program 2022 with performance period 2022. Vesting of performance shares is conditional upon satisfaction of a number of result-related performance conditions during the performance period for each annual program.

2 The investments in saving shares through the Seop programs are normally made by way of monthly salary deductions followed by monthly investments in saving shares, normally the month after the month the salary deduction was made. The acquisition period for Seop 4 comprises the financial year 2017 in respect of the annual program 2017, the financial year 2018 in respect of the annual program 2018, and the financial year 2019 in respect of the annual program 2019. The acquisition period for Seop 5 comprises the financial year 2020 in respect of the annual program 2020, the financial year 2021 in respect of the annual program 2021, and the financial year 2022 in respect of the annual program 2022. In connection with each monthly acquisition of saving shares, future matching and/or performance shares are awarded.

3 Matching and/or performance shares may normally be vested only after the lock-up period for each annual program, which comprises three years. Vesting of matching and/or performance shares to participants within each annual program is estimated to occur monthly three years after the investment in each saving share, meaning that vesting of matching and performance shares under Seop 4 is estimated to occur monthly during the financial year 2020 in respect of the annual program 2017, during the financial year 2021 in respect of the annual program 2018, and during the financial year 2022 in respect of the annual program 2019. Vesting of performance shares under Seop 5 is estimated to occur monthly during the financial year 2023 in respect of the annual program 2020, during the financial year 2024 in respect of the annual program 2021, and during the financial year 2025 in respect of the annual program 2022.

4 Matching and performance shares related to saving shares invested under Seop 4 for 2019 have vested, whereupon matching shares (1,572) and performance shares (36,169) were transferred to the President and CEO. Under Seop 5, the President and CEO was preliminary awarded 47,004 future performance shares. Saving shares, in which the President and CEO has invested to become eligible to participate in the programs, are not included in the table.

5 There is no requirement to hold the saving, matching or performance shares after acquisition/vesting.

6 Value: kSEK 7,756, calculated based on the share price on December 30, 2022 (SEK 165.00) multiplied by the number of preliminary awards (47,004).

7 Value: kSEK 6,227, calculated based on the share price on December 30, 2022 (SEK 165.00) multiplied by the number of shares vested (37,741).

**Application of performance criteria**

The performance criteria for the President and CEO's variable remuneration have been selected to deliver Skanska's strategy and to encourage behavior which is in the long-term interest of the Company and the Group. In the selection of performance criteria, the strategic objectives and short- and long-term business priorities for 2022 have been taken into account. The non-financial performance criteria further contribute to alignment with the sustainability agenda as well as Skanska's purpose and values.

In addition to the financial targets outlined in Table 3 (a), the President and CEO has non-financial targets that may reduce the outcome of the variable cash remuneration. The outcome in relation to the financial targets determines the total (financial) bonus potential, i.e. the financial targets are the basis of the total bonus potential. This outcome may be reduced depending on the outcomes of the non-financial targets. The non-financial targets are set to support the Company's business strategy and long-term value creation, including its sustainability agenda, and are for 2022 activity-based targets related to, among other things, Skanska's climate target. The outcome is reduced in cases where the non-financial targets are not fully reached. The non-financial targets together represent 50 percent of the total bonus which means that the total bonus outcome may be reduced with up to 50 percent if the non-financial targets are not met. Information on Skanska's climate target is available on pages 74–81 and 95 in the Annual and Sustainability Report 2022.

**Table 3 (a) – Performance of the President and CEO in 2022: variable cash remuneration**

| Name and position | Description of the criteria related to the remuneration component | Relative weighting of the performance criteria | a) Measured performance[1] and b) actual award/remuneration outcome |
|---|---|---|---|
| Anders Danielsson, President and CEO | Income after financial items 2022[2] | 100% | a) SEK 9.4 billion<br>b) kSEK 10,313[3] |

1 Starting point and outperform target can be found in Note 37 on page 180 in the Annual and Sustainability Report 2022.
2 The income excludes eliminations at the Group level and the operating unit Asset Management (portfolio of PPP assets).
3 Outcome relating to the 2022 financial year will be finally determined and disbursed after the outcome is established in the first quarter of 2023. The calculation is further preliminary insofar as any deductions as a consequence of non-financial targets have not yet been taken into account. The amount included in the table is the maximum outcome for 2022. The variable cash remuneration agreement includes a general clause stipulating that the Board and the Compensation Committee are entitled to wholly or partly reduce variable cash remuneration. The one-year variable cash remuneration for the President and CEO may amount to not more than 75 percent of the fixed annual cash salary.

**Table 3 (b) – Performance of the President and CEO in 2022: share-based incentives**

| Name and position | Description of the criteria related to the remuneration component | Relative weighting of the performance criteria | a) Measured performance[1] and b) actual award/remuneration outcome |
|---|---|---|---|
| Anders Danielsson, President and CEO | Earnings per share 2022[2] | 100% | a) SEK 18.6<br>b) kSEK 7,756[3] |

1 Starting point and outperform target can be found in Note 37 on page 183 in the Annual and Sustainability Report 2022.
2 Profit for the period attributable to equity holders, divided by the average number of outstanding shares during the year.
3 The value stated refers to a preliminary award of performance shares for 2022's invested saving shares, at the share price on December 30, 2022 (SEK 165.00). The President and CEO will receive an estimated 47,004 performance shares. The Board will determine the outcome after reviewing the operational performance in the first quarter of 2023. In order to receive performance shares, an additional three years of service are required.

## Comparative information on the change of remuneration and company performance

**Table 4 – Change of remuneration and company performance over the last five reported financial years**

| Annual change[1] | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| **Executive remuneration (kSEK)** | | | | | | |
| President and CEO remuneration (Anders Danielsson)[2] | – | 16,868 | 32,347 (+91.8%) | 34,399 (+6.3%) | 35,772 (+4.0%) | 36,757[3] (+2.8%) |
| President and CEO remuneration (Johan Karlström)[4] | 21,248 | – | – | – | – | – |
| **Skanska Group's performance** | | | | | | |
| Income after financial items (SEK bn)[5] | 5.7 | 4.9 (-12.9%) | 7.8 (+57.5%) | 11.6 (+48.9%) | 9.7 (-16.4%) | 9.8[6] (+1.1%) |
| Earnings per share (SEK)[7] | 12.0 | 9.5 (-20.8%) | 15.5 (+63.2%) | 22.5 (+45.2%) | 19.8 (-12.0%) | 18.6 (-6.1%) |
| Carbon emissions (tonnes)[8,9] | 347,000 | 332,000 | 291,000 | 265,000 | 216,000 | 182,000 |
| **Average remuneration on a full-time equivalent basis of employees[10] of the Company (kSEK)[11]** | | | | | | |
| Employees[10] of the Company | – | – | – | 1,455 | 1,603 (+10.2%) | 1,589[12] (-0.9%) |

1 The table reports actual outcome and annual change in percentage.
2 President and CEO from January 1, 2018.
3 Total remuneration in 2022 as set out in Table 1.
4 President and CEO until December 31, 2017.
5 The income excludes eliminations at the Group level.
6 The table reports the income excluding eliminations at the Group level, but including the operating unit Asset Management (portfolio of PPP assets). In Table 3 (a), the income after financial items is reported excluding both eliminations at the Group level and the operating unit Asset Management. Variable cash remuneration to the President and CEO for 2022 has been related to income after financial items excluding eliminations at the Group level and the operating unit Asset Management, as set forth in Table 3 (a).
7 Profit for the period attributable to equity holders, divided by the average number of outstanding shares during the year.
8 Scope 1 (direct) and Scope 2 (indirect - market based). More information can be found on page 95 in the Annual and Sustainability Report 2022.
9 Carbon emissions are reported in the table without annual change in percentage in accordance with the method used for reporting of sustainability information in the annual and sustainability report available under the heading Sustainability information on pages 94–104 in the Annual and Sustainability Report 2022.
10 Excluding members of the Group Leadership Team.
11 Comparative information on the change of remuneration is not included in the table for 2017–2019. As 2020 is the first financial year for which the reporting obligation exists, the Company does not have readily available the required information for the previous financial years 2017–2019.
12 Average remuneration for the Company's other employees includes payments of remuneration and benefits made in 2022. For one-year variable cash remuneration, the amount included in the table is however preliminary variable cash remuneration related to the 2022 financial year which will be finally determined and disbursed after the outcome is established in the first quarter of 2023. The calculation of the one-year variable cash remuneration is further preliminary insofar as the outcome of the non-financial targets have yet not been taken into account. When calculating the preliminary one-year variable cash remuneration, full outcome of the non-financial targets has consequently been considered. The value included for multi-year variable remuneration (the share saving program Seop 5) refers to a preliminary award of matching and performance shares for 2022's invested saving shares, at the share price on December 30, 2022 (SEK 165.00). The Board will determine the outcome of the share saving program after reviewing the operational performance in the first quarter of 2023. In order to receive matching and performance shares, an additional three years of service are required. The average remuneration further includes pensions vested during the year in defined-benefit plans and pension expenses for defined-contribution plans. The average number of full-time equivalent employees in 2022 was 74 (2021: 81) and the share price for the valuation of the share saving program Seop 5 for 2022 was as stated above SEK 165.00 (2021: SEK 234.20). The lower number of average full-time equivalent employees during 2022 and the lower share price 2022 have affected the average remuneration. The average base salary increase for the employees of the Company was 2.8 percent in the 2022 salary review.

# Risk and opportunity management

Proactive and structured risk management at all levels provides increased resilience to risks and a greater ability to capture opportunities.

Established by the Board, Skanska's Enterprise Risk Management Policy (ERMP) sets out the framework and responsibilities for risk management across the organization. The overall purpose is to ensure that risk is managed systematically and as efficiently as possible, and is assigned the correct priorities to help us achieve our business objectives and goals.

**Enterprise risk management**

Skanska applies a top-down and bottom-up approach, using established risk identification and analysis techniques and the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework for guidance. This approach reflects an integrated and robust approach to enterprise risk management (ERM).

The Skanska Group Leadership Team is ultimately responsible for risk management and for the implementation of the ERMP. Business units (BUs) are responsible for managing risk in their respective business operations within the framework set by the ERMP. They also report to the Group Leadership Team on relevant risk management matters.

**From business unit to Group level**

The ERMP requires each BU to create an Enterprise Risk Register (ERR). BUs identify, classify and assess their risks and then develop risk management plans. The units retain ownership of their risks. Their ERRs are then collated, sorted, reviewed and consolidated at Group level to create the Group ERR from which top risks are identified; Group-level risk controls are reviewed and modified as necessary. Enterprise risks are classified as strategic, operational, financial and regulatory. Most Group-level risk controls are set out in the Group policies, procedures and standards, which in turn are part of the Group Governance Framework. A particular risk may be addressed by more than one policy, procedure or standard. For a list of Group policies read more in our Governance Framework on page 48.

All risks in the BU enterprise risk registers are categorized using the Skanska Risk Universe, which allows us to work more consistently on enterprise risk. We can quickly and easily collate, analyze and respond to the current main risks in a more dynamic and proactive way. We can also consider whether it is appropriate to develop a risk appetite and risk tolerance for certain key risks. Other benefits include support for our compliance programs and more efficient design, implementation and assurance of internal controls. This clearly links to our governance processes and ultimately enables a more integrated system of governance, risk and control.

**ERM process 2022**

During the year, the BUs reviewed their existing ERRs. To address disruptions caused by the Russian invasion of Ukraine, we worked during the year to identify new and increasing risks, focusing on the possible effects of the war from both a Group and BU perspective. The BUs still face consequences from the Covid-19 pandemic (such as supply chain interruptions, changed customer demands and significant cost increases), some of which have been worsened by the war in Ukraine. These risks combined with a pending recession will challenge a BU's level of control and preparedness for managing enterprise risks.

One outcome from that work was the need for a formalized Business Continuity Plan, covering prioritized activities that must continue in the event of a crisis. A new Group Crisis Management Procedure was created and incorporated into the Group Governance Framework, setting out the organization, protocols and principles to be followed when a crisis is identified. Additionally, we made organizational changes within IT, centralizing cybersecurity for the Group and creating a centralized approach to mitigating the risk of cybersecurity breaches.

| Strategic risks | Operational risks | Financial risks | Regulatory risks |
|---|---|---|---|
| Relate to our purpose, long-term objectives and strategy. | Threaten the achievement of our business plan and other short-term objectives and goals, or the efficient use of resources. | Threaten our financial strength and financial assets. | Relate to compliance with applicable laws, external regulations and internal rules. |

### Risk universe and top risks

An annual review of Skanska's enterprise risk environment is conducted based on all BUs enterprise risk registers. This process includes outlining existing risks, identifying and responding to potential new risks, and reviewing the status of risk management activities. The review, which is presented to the Board, ranks various types of enterprise risk. For each of the main risks, the appropriateness and effectiveness of management and mitigation measures are assessed and corrected as required. The table below presents enterprise risks weighed together with risks identified in stakeholder dialogues and materiality analyses. The risks are examples of significant risks to Skanska divided in distinct but overlapping risk categories – a risk may fit into more than one category.

| Risk area and description | Potential impact | Mitigation measures/activities |
|---|---|---|
| **Strategic risks** | | |
| **Changes in market demand** | | |
| Failure to understand or meet customer demand and/or adapt to market dynamics, including the demand for sustainability or skillset/experience. | • Lost business opportunities<br>• Project losses and investment write-downs<br>• Damaged reputation and inability to meet project commitments | Early Contractor Involvement (ECI) allows us to work more closely with our customers, which is essential to better understand their evolving needs. Our active participation in international organizations such as World Business Council for Sustainable Development and World Green Building Council ensures that we maintain our position at the forefront of sustainability. Skanska's Group-wide sustainability organization, with sustainability competence across our markets, ensures that we are kept up to date with customers' growing demands for sustainable products and services.<br>Understanding global trends can create new business opportunities for us and enable us to adjust our offering to meet customer expectations.<br>> Read more about global trends on pages 14–15. |
| **Climate risks** | | |
| Physical incidents caused by the adverse impact of climate change, such as extreme weather conditions. Failure to adapt to new climate regulations and demands from investors and customers. | • Cost increases or project delays due to extreme weather conditions<br>• Project losses and investment write-downs<br>• Increased cost of carbon (such as carbon taxes)<br>• Damaged reputation and inability to meet project commitments<br>• Fines, penalties, lawsuits | Our climate target and climate plan ACT of achieving net-zero carbon emissions by 2045 guides our work on reducing the climate impact of our operations. We are focused on increasing demand for climate-smart solutions and seeking out partnerships for innovation within sustainability. We provide sustainable solutions for the future and integrate climate resiliency into project development to help cities and local governments prepare for and respond to the changing conditions that are an effect of the climate issue. We assess climate risks as a part of our risk evaluation process for larger projects, allowing us to mitigate potential risks at an early stage.<br>> Read more about our climate risk and opportunity management on pages 74–83 and according to TCFD recommendations on pages 102–103. |
| **Diversity and inclusion risks** | | |
| Employment discrimination based on social background, ethnicity, disability, gender, age, religion, sexual orientation or any other protected characteristic. Non-inclusive workplace culture resulting in exclusionary experiences and cases of discrimination and harassment. | • Difficulties attracting, recruiting and/or retaining employees with the necessary skills and experience<br>• Lower employee engagement and productivity due to non-inclusive behaviors and experiences<br>• Damaged reputation and inability to meet project commitments<br>• Fines, penalties, lawsuits | Fostering a diverse and inclusive culture enables us to achieve stronger outcomes together. Diversity is integrated into employee attraction and recruitment initiatives, employee performance review processes and leadership development programs. Targets including appropriate action plans for embracing diversity have been part of all BUs' business plans since 2015, and the annual Group-wide employee survey ensures that we continue to make progress.<br>> Read more about our work on embracing diversity on page 92. |
| **Lack/loss of key employees** | | |
| Inability to attract, recruit and retain a skilled, diverse and committed workforce. Loss of, failure to identify need for, or failure to recruit key individuals or teams with critical knowledge. | • Difficulties attracting, recruiting and/or retaining employees with the necessary skills and expertise<br>• Lower employee engagement and productivity<br>• Damaged reputation and inability to meet project commitments<br>• Financial and non-financial consequences for projects | We have an established and solid process for performance and talent management, including robust and fact-based succession planning, structured resource planning and a transparent performance review process based on diversity and inclusion. Seop, the Skanska employee ownership program, provides employees with the opportunity to invest in Skanska and creates incentives to contribute to Skanska's performance through matching shares and shares based on BU performance. |

| Risk area and description | Potential impact | Mitigation measures/activities |
|---|---|---|
| **Strategic risks** | | |
| **Leadership or management failure in strategy execution** | | |
| Lack of control of performance and poor implementation of corrective actions, or failure by management to implement or adapt strategies to changing circumstances. | • Operational inefficiency, increasing costs and decreasing profits<br>• Project losses and investment write-downs<br>• Reduced ability to deliver for customers and inability to meet project commitments<br>• Pursuing and winning the wrong project<br>• Damaged reputation | The Governance Framework provides clarity on the BU decision making and accountability. Greater attention is being paid to management of the design process, commercial terms and changes in project scope, while increased employee training creates teams with the expertise needed to make the right decisions in project planning, procurement, design and execution. |
| **Operational risks** | | |
| **Loss-making projects/investment** | | |
| Systematic underestimating of cost, schedule, scope, quantities, and/or selecting the wrong projects or customers including choosing volume over profit or just to find work for a unit. | • Margin fade, operational inefficiency, increasing costs and decreasing profits<br>• Project losses and investment write-downs<br>• Reduced ability to deliver for customers and inability to meet project commitments<br>• Damaged reputation<br>• Fines, penalties, lawsuits | Skanska has an established process to ensure that risks are assessed and understood before any projects are approved. Improved project reporting and review procedures with additional risk management activities include continual risk monitoring throughout a project so that problems can be solved, improvements made earlier and project costs reduced. Increased employee training and an inclusive working environment to create teams with diversified skills to fully capitalize on expertise, innovation and best practices across the company. Proactive measures relating to capital at risk, pre-leasing and pre-sales requirements, as well as an increased focus on management of claims and litigation, all contribute to improved project execution.<br>> Read more about our operational risk management on page 66. |
| **Supply chain risks** | | |
| Contracting with counterparties who are (or become) unable to fulfill financial obligations or meet contractual commitments. Interruptions to supply chains and shortages of materials and labor resulting in financial and non-financial consequences for projects. | • Margin fade or financial loss due to increased project costs or lower productivity<br>• Environmental or safety incidents, or breaches of human rights throughout the supply chain<br>• Decreased ability to deliver for customers and inability to meet project commitments<br>• Damaged reputation if suppliers and subcontractors act in ways inconsistent with Skanska's values<br>• Fines, penalties, lawsuits | Strategic procurement and early commitment of key subcontractors, as well as prequalification or qualification prior to award of a contract, reduce performance risk within projects. Our Supplier Code of Conduct is contractually included in all agreements with suppliers and contractors. We continually conduct risk-based diligence vetting, monitoring and auditing of all contractual counterparties, including daily sanction screening of all suppliers with the Dow Jones global database.<br>> Read more about Skanska's responsible supply chain work on pages 89–90. |
| **Energy risks** | | |
| Higher energy costs and supply shortages. | • Increased operational costs<br>• Changing customer demand and expectations<br>• Shortages in grid capacity affecting new developments | Energy efficiency is an important focus area for Skanska where we constantly need to improve, both in our operations and our products, to meet our customers' changing demand and behavior. Energy efficiency is also central in Skanska's Group-wide and business units-specific climate plans and targets. Our efforts within this area are demonstrated by the reduction in Skanska's operational energy intensity (read more on page 76) and increased energy efficiency of our products and built projects (read more on page 78). Delivering projects that are attractive to customers from an energy perspective is key to Skanska's success. We improve the design of our buildings and apply a perspective of buildings life span when calculating energy use in our developed projects. We also introduce smart energy solutions, smart design and digital tools to further support our customers. Additional innovations and partnerships continue our long-term focus on energy efficiency of our buildings as well as energy production and energy storage within buildings. The experience and competence that we have amassed has put us in a strong position to capitalize on the current increased focus on energy efficiency and smart energy solutions.<br>> Read more about our work on climate and energy efficiency on pages 74–81. |

| Risk area and description | Potential impact | Mitigation measures/activities |
|---|---|---|
| **Operational risks** | | |
| **Health and safety risks** | | |
| Injuries, accidents, fatal accidents and ill health affecting people at our sites, or people affected by our operations. | • Fatal accidents, life-changing injuries, and injuries and long-term ill health that reduce life expectancy or quality of life<br>• Fines, penalties, lawsuits<br>• Damaged reputation and loss of trust | To work proactively and achieve continuous improvement, safety performance is reviewed regularly by the Group Leadership Team and the Board of Directors. All BUs are required to be certified to the ISO 45001 standard, and incidents are followed up and investigated. Our Sustainability Policy and Group Health and Safety Standard specify expected behavior for all Skanska workplaces; they cover aspects including training, incident management, risk assessment and instructions for proper safety management on site. Employee training in proper health and safety practices has been further developed. All BUs have plans for our greatest risks (Lifting, loading and lowering) and we have also implemented a mandatory Health and Safety Road Map for all BUs to enhance focus and safety performance.<br>> Read more about our safety work on pages 87–88. |
| **Environmental risks** | | |
| Major environmental incidents in operations or in the supply chain, or pollution or other negative environmental impacts. | • Harm to people and ecosystems<br>• Negative environmental impacts<br>• Margin fade, operational inefficiency, increasing costs and decreasing profits<br>• Inability to meet project schedules<br>• Damaged reputation and loss of license to operate<br>• Fines, penalties, lawsuits | Mandatory ISO 14001 certification ensures systematic management of environmental risks and issues, including investigation of incidents. Group and BU specialists ensure compliance with our Sustainability Policy and related standards, which go beyond regulatory compliance and include retaining ISO 14001 certification. We work with suppliers to minimize risks of supply chain environmental breaches and conduct employee training in environmental practice.<br>> Read more about our environmental work on page 91. |
| **Resource efficiency** | | |
| Inefficient or wasteful use of energy, materials, waste and water. | • Negative environmental impacts<br>• Margin fade, operational inefficiency, increasing costs and decreasing profits<br>• Inability to meet project schedules<br>• Damaged reputation and loss of license to operate<br>• Fines, penalties, lawsuits | Circularity and resource efficiency are linked to operational efficiency and reduced environmental impact. Most of our emissions come from the production of materials such as concrete, steel and bitumen (scope 3). Close cooperation with suppliers and customers, and enhanced digital capabilities, are increasingly important in encouraging innovation, increasing productivity, reducing emissions and waste, and creating new business opportunities. The Skanska Sustainability Policy and standards, our climate target and climate plan ACT drive development, innovation and improvements on circularity and resource efficiency. All BUs have defined their climate plans with key actions to reduce emissions, and Skanska has long had a target to reduce waste. Performance and emissions related to waste, energy, fuels and materials are followed up on a quarterly basis at BU and Group level.<br>> Read more about our circularity and resource efficiency work on pages 77 and 91. |
| **IT systems and information** | | |
| Cybersecurity breach. | • Social engineering<br>• Ransomware/malware<br>• Unauthorized access<br>• Cyberfraud<br>• Hacking<br>• IT (or project-critical) system availability<br>• Data confidentiality, availability and integrity | Our Information Classification Standard and Security Standard both aim to protect us from cyber risks and provide a common baseline for security in business-critical processes and/or business-critical information supported by an IT system. In addition to the frequent penetration testing, e-mail filtering and security functions provided by the Microsoft Office 365 platform, we monitor, follow up and investigate all incidents on a regular basis. We also provide relevant training and updates on security awareness to all users. Our Security Operations Center monitors 24/7/365 for cyber threats and can take action to mitigate, remediate and isolate if needed. We also ensure and verify that suppliers handling Skanska information mitigate cyber risks in line with our minimum requirements. A new common IT infrastructure and Information Security organization was launched on January 1, 2023, to strengthen our information security and ability to deliver IT services efficiently across the Group. |

| Risk area and description | Potential impact | Mitigation measures/activities |
|---|---|---|
| **Financial risks** | | |
| **Macroeconomic instability** | | |
| Economic slowdown including risk of increased inflation and interest rate hikes or unexpected, rapid macropolitical events including changes in legislation and regulations. | • Financial and non-financial consequences for projects, decreases in productivity due to increased regulation<br>• Decrease and/or postponement of new projects, among both public and private customers<br>• Decrease in competition could bring new business opportunities for Skanska<br>• Shift in preference to companies with a strong financial position and/or long-term relationships<br>• Increase in land-banking opportunities due to less competition, stressed sellers | Our diversified and multinational business portfolio – in terms of clients, market sectors, project size, contract types, business models and strategic partnerships – gives us significant resilience to the effects of macroeconomic cycles and events. Additionally, we carefully manage our balance sheet and overall exposure to risk, including capital at risk in the development streams. We are constantly monitoring, studying and evaluating market trends to anticipate changes in the business environment in the form of political decisions and amended regulations in areas that are important to our operations. In all our home markets we play an active role in the public debate and engage with governments at the local and national levels, as well as customers, partners and other stakeholders, to advance solutions that benefit society in multiple ways, and to drive a more ambitious stance on issues including climate.<br>> Read more on macroeconomic trends with significance for Skanska's operations on pages 14–15. |
| **Increased competition** | | |
| Increased competition, including low-cost actors new to the market, major market downturn or lack of projects. | • Below-cost pricing, decreased margins<br>• Lost business opportunities | A focus on the core business with sweet-spot analysis in all Construction business units and early engagement with customers provide important opportunities to improve competitiveness. Our strategy to improve performance, reduce costs and risks, and have a strong balance sheet enables us to adjust our operations to meet demands, needs and opportunities. |
| **Increased inflation** | | |
| Significant and rapid rises in construction costs (materials, commodities, manufactured goods, energy, fuel, labor, etc.) driven by major disruptive events such as Covid-19 and the war in Ukraine. | • Financial and non-financial consequences for projects, decrease in productivity due to supply chain disruptions including sanctions<br>• Decrease and/or postponement of new projects, among both public and private customers<br>• Margin fade, operational inefficiency, increasing costs and decreasing profit<br>• Selective bidding | Disruptions to the supply chain caused or exacerbated by the Covid-19 pandemic, war, political instability and logistics bottlenecks, as well as increasing energy prices, are putting pressure on construction costs. Skanska is well prepared to manage these inflationary risks by being very selective about the projects we take on – putting profitability before volume – and with our ongoing focus on commercial management throughout the project life cycle. Our long-established Project Scrutiny and Approval Procedure and associated steering documents, in combination with the Limits of Authorization, set out the governance of bidding, assessing risk and estimating prices. In response to current risks, we have an increased focus on securing contractual protection against inflation, securing prices from suppliers before bidding, and ensuring sufficient contingency in bid prices; we then continue to monitor the financial stability and performance of suppliers during project execution. |
| **Financial risks** | | |
| In addition to business risk, Skanska is exposed in its operations to various types of financial risk such credit risk, liquidity risk and market risk. | • Loss of access to financial market and financing on favorable terms<br>• Breach of financing agreements<br>• Reduction in positive cash flow, reduction in negative capital employed<br>• Downgrading or bankruptcy of banks | In Skanska's Financial Policy, the Board of Directors has established guidelines, objectives and limits with respect to financial management and financial risk management. Our target of an adjusted net debt not exceeding SEK -10 billion, as well as limits on capital at risk and capital employed in the development streams, help us ensure that our financial position remains strong. We ensure that the Group is well financed and monitor liquidity, financial assets and financial liabilities through active management of financing.<br>> Read more about Skanska's financial risks in Note 6, Financial instruments and financial risk management, on pages 133–141. |

| Risk area and description | Potential impact | Mitigation measures/activities |
|---|---|---|
| **Regulatory risks** | | |
| **Ethical breaches, corruption and bribery** | | |
| Breach of bribery and corruption laws (such as the UK Bribery Act, US Foreign Corrupt Practices Act, money laundering, proceeds of crime), breaches of EU competition law, US antitrust law or other public procurement law. | • Damaged reputation and loss of trust as a responsible company<br>• Delisting from public procurement<br>• Fines, penalties, civil lawsuits and criminal charges<br>• Decreased ability to deliver for customers and inability to meet project commitments | Skanska's Code of Conduct, Anti-Corruption Policy, Supplier Code of Conduct and Skanska Values provide clear direction to employees for appropriate and ethical conduct. All employees are required to undergo Code of Conduct training on a regular basis. Targeted anti-corruption and competition law training is also conducted, with extra focus on employees in more "at risk" roles. Identifying ethical and transactional risk is part of the project approval process, and due diligence is performed for potential key parties. The Code of Conduct Hotline reporting system, managed by a third party, provides a mechanism to anonymously report breaches or suspected breaches of our Code of Conduct. Higher risk cases are reported to the Group Leadership Team and the Board of Directors. Confirmed breaches may result in disciplinary action.<br>> Read more about our focus on ethics, including anti-corruption, bribery and human rights on pages 89–90. |
| **Human rights violations** | | |
| Human rights violations, such as unfair working conditions, modern slavery and child labor, or environmental violations at workplaces/sites and by subcontractors or suppliers in our supply chain. | • Harm to people and environment<br>• Damaged reputation and loss of trust as a responsible company<br>• Fines, penalties, civil lawsuits and criminal charges | We support recognized global human rights and fair working conditions for people working on or within the Group's projects, workplaces and supply chain. We have zero tolerance for any form of human trafficking, forced or child labor, and we are vigilant to ensure that no one working on our sites is subjected to any of these. Human rights are integrated into Skanska's Code of Conduct and Supplier Code of Conduct. Reported deviations may have consequences such as termination of agreements.<br>> Read more about our responsible supply chain work on pages 89–90. |
| **Political risk** | | |
| Any act, decision or ruling by a government, regional or local decision maker, public authority or similar. | • Negative impact on projects or business unit | To ensure compliance with legal and regulatory requirements and the high standards that we set for ourselves, we have adopted internal governance rules for the Group, as well as processes for monitoring compliance with external and internal rules by all BUs and departments. Ethical and sustainability measures are an integral part of the business and are regularly included in the Board's discussions.<br>> Read more about Skanska's governance in the corporate governance report on pages 39–49. |
| **Violation of sanctions** | | |
| Breach of applicable export-control regulations and sanctions in force. | • Negative impact on projects or business unit<br>• Damaged reputation and loss of trust as a responsible company<br>• Fines, penalties, civil lawsuits and criminal charge | Skanska's Code of Conduct, Group Sanction Procedure, Supplier Code of Conduct and Skanska Values provide clear direction to employees for appropriate conduct. Identifying ethical and transactional risk is part of the project approval process. For certain categories of suppliers or where deemed necessary, sanction screening is part of the due diligence process. Skanska uses a global database for sanction screening, which automatically checks all active suppliers every 24 hours. A dedicated team assesses the alerts identified in the screening process. Targeted sanction training has been performed, with an extra focus on employees in more "at risk" roles. The Code of Conduct Hotline reporting system, managed by a third party, provides a mechanism to anonymously report breaches or suspected breaches of our Code of Conduct.<br>> Read more about our focus on ethics, including anti-corruption, bribery and sanctions, on pages 89–90. |

## Operational risk management

Construction and Project Development operations depend on properly managing risks and opportunities, which are often specific to each project. According to the Skanska Group Project Scrutiny and Approval Procedure, the Skanska Tender Approval Procedure and the Skanska Investment Approval Procedure, as well as the Limits of Authorization appended to the Procedural Rules, proposed construction and development projects exceeding heat-map thresholds pass through the Business Unit Project Board, Skanska Tender Board at the Group level and the Board's Project Review Committee for scrutiny and approval.

## Ongoing projects

Responsibility for managing project risks rests clearly with the BUs' line management. The Group framework for oversight of ongoing projects consists of the Skanska Group Project Reporting and Review Procedure and the quarterly reporting/review process. Management of commercial risk in projects is regulated in part by the Claims Management Policy.

### Skanska Tender Approval Procedure: Construction

| | | | | |
|---|---|---|---|---|
| Activity | Preliminary evaluation of a project with a focus on Skanska's core geographies, expertise, customer, contract and partners. | Draft tender with a focus on the main risks and opportunities. | Final tender. | Execution according to the contract with a continual focus on monitoring risk and opportunities. |
| Responsible | Business unit | Business unit | Business unit | |
| Decision | Proceed or abstain? | Submit tender or abstain? | Contract negotiations | |
| Responsible | Business unit<br>Group Leadership Team | Business unit<br>Group Leadership Team<br>Board of Directors | Business unit | Business unit<br>Group Leadership Team<br>Board of Directors |

### Skanska Investment Approval Procedure: Commercial Property Development and Residential Development

| | | | | |
|---|---|---|---|---|
| Activity | Land investment with a focus on location, zoning, partners, environmental issues and return. | Launch of project, considering pricing and pre-sale rate (Residential Development only). | Start of project with a focus on main risks and opportunities in the market. | Divestment of project with a focus on occupancy rate and payment terms (Commercial Property Development only). |
| Responsible | Business unit | Business unit | Business unit | Business unit |
| Decision | Proceed or abstain? | Proceed, hold, redevelop or divest? | Proceed, hold, redevelop or divest? | Proceed or hold? |
| Responsible | Business unit<br>Group Leadership Team<br>Board of Directors | Business unit<br>Group Leadership Team<br>Board of Directors | Business unit<br>Group Leadership Team<br>Board of Directors | Business unit<br>Group Leadership Team<br>Board of Directors |

### Skanska Investment Approval Procedure: Investment Properties

| | | | |
|---|---|---|---|
| Activity | Property acquisition with focus on location, product, tenants, operating income and potential future value increase | Investments in owned properties with a focus on operating net and value increase | Divestment of a property with focus on potential value increase and return on investment |
| Responsible | Business unit | Business unit | Business unit |
| Decision | Proceed or abstain | Proceed or abstain | Proceed or hold |
| Responsible | Business unit<br>Group Leadership Team<br>Board of Directors | Business unit<br>Group Leadership Team<br>Board of Directors | Business unit<br>Group Leadership Team<br>Board of Directors |

**IN FOCUS**

# Risk review a vital part of business

Risk is a normal part of doing business. At Skanska, an established process ensures that risks are assessed and understood before any project gets the green light.

Niclas Lemne heads the Skanska Risk Team (SRT), based at Group Headquarters in Stockholm.

Niclas Lemne heads the Skanska Risk Team (SRT), based at Group Headquarters in Stockholm, which reviews an average of 25 projects a month.

The team assesses projects that will be submitted for a decision to either the Group Leadership Team's Skanska Tender Board (STB), or to the Skanska Board's Project Review Committee (PRC), depending on the size, risk and complexity.

"The idea for the bid starts with the business unit," Niclas says "The BU's project board conducts the initial assessment, and then we in the SRT review the project." More information is available on page 66.

Areas for examination include financial, technical, project team, health and safety, climate and ethics; the team is empowered to follow any topics it sees as relevant.

Resourcing and competence are key considerations for project evaluation. "Do we have the right people with the right experience and competence in the project?" Niclas asks. "Can we get the resources we need where and when they are required?"

Niclas says cost escalation and inflation have been a major focus lately, as has the availability of materials.

"Some prices may have doubled, but delivery times for some materials have grown four- or fivefold. Delays can have a domino effect throughout the project. As part of our assessment, we look for ways to mitigate any problems arising.

"When we examine the commercial model, we sometimes see that we have done a similar project in another market and can find synergies.

"We also examine sustainability-related risks such as those related to climate, ethics, and health and safety, allowing us to mitigate potential problems early on."

Niclas says the entire process is done in close dialog with the BUs, which are responsible for ensuring each project is in line with the strategy and that it is viable and profitable.

As a way to strengthen the overall dialog with the business units, colleagues from the BUs join the risk team for two weeks at a time as part of a long-term process.

Niclas says the relationship between the BUs and the risk team is a real strength. "We know we ask lots of questions, but we are there to help. As a company, we do have to follow our procedures, we do have to comment and question, but it is part of an open dialog on the risks and opportunities."

The risk team and associated processes allow Skanska to stay on top of – and react quickly to – important business issues such as intensified sanction regimes or price inflation for materials.

# Sustainability report

# Sustainability highlights 2022

**-55%**

Reduction of carbon emissions from our own operations (scope 1 and 2) since 2015.

**100%**

LEED Platinum or Gold, BREEAM Excellent or WELL-certified of total commercial development office divestments 2022.

**7,921**

Executive Safety Site Visits performed by senior managers.

**25%**

Women in senior positions, the four most senior levels below the President and CEO.

**A-**

Score for CDP Climate rating.

**BBB**

Score for MSCI rating.

**11%**

Share of total revenue from renovation of existing buildings.

**96%**

Code of Conduct training, completion rate during first month of employment.

**Climate targets in long-term incentive program**

To further integrate carbon emission reductions into the business, Skanska's Annual General Meeting 2022 decided to include an emission reduction target in the Skanska Employee Ownership Program (Seop) starting 2023. For the top 400 leaders, up to 15 percent of performance shares in the Seop program will be linked to how well the annual climate target of a 7 percent carbon emission reduction is achieved at Skanska Group level.

**Skanska represented in sustainability indexes**

Skanska is listed in the OMX Stockholm 30 ESG Responsible Index and FTSE4Good Sustainability Index.

**Sustainability award**

FT FINANCIAL TIMES CLIMATE LEADERS 2022 statista SKANSKA

SCIENCE BASED TARGETS

Our climate target is approved as a science-based target on the 1.5°C alignment pathway.

# Our sustainable impact areas

## Responsibility

A responsible business for people and planet

- Health and safety
- Fair and ethical
- Environment
- Diversity

## Climate

Transformative solutions for a climate-smart built environment

- Insights for action
- Net-zero innovations
- Low-carbon construction

## Resilience

Healthy, resilient places for all

- Healthy and climate-resilient urban spaces
- Long-term community needs
- Partnering

Being a responsible business, inside and out, means having a strong and committed health and safety approach that protects lives and people's well-being. It means acting fairly and ethically, exercising integrity in all decisions and being a trusted business partner with respect to the supply chain. It means operating with care for the local environment and communities. It involves using our full potential by embracing diversity and creating inclusive environments.

Creating transformative climate solutions drives our business forward and enables our customers to succeed in fulfilling their sustainability goals. These solutions need to be low in carbon, circular, smart and sustainable.

Achieving this involves knowledge, insight, and learning. We partner to share knowledge, and to develop and innovate net-zero solutions for the built environment. Our goal is to transition to low-carbon construction across all our projects and ultimately achieve net-zero carbon emissions by 2045. As we move forward, scaling these solutions will be critical for a full industry transformation that will lead to net-zero living.

Our vision of shaping healthy, inclusive and resilient places involves forming partnerships with local communities to cultivate social value and design for long-term needs. We envision a world where sustainability is simply built into living, and a future filled with healthier, more climate-smart, more resilient societies – places shaped together, for all.

As regulatory and societal demands increase, we must meet those expectations responsibly by offering full transparency in accurate, relevant and quality sustainability reporting with environmental, social and governance (ESG) disclosures.

# Focus on most material topics

Our industry has an impact on society and nature. To ensure that we focus our sustainability efforts where they are most relevant, we regularly conduct materiality assessments as well as continuous dialog with stakeholders across our value chain.

The most material topics have been identified by experts from outside and within Skanska including our Group Leadership Team. The assessment has followed the new process outlined by GRI Standards 2021 with increased focus on impact by examining severity of the impact considering scale, scope and remediability. The topics that emerge are notably similar to the results from our 2020 materiality assessment. The topics listed are not ranked as they are all important to monitor, and can all contribute to improvements. They have been grouped to align with our sustainable impact areas.

The assessment has also included potential for positive impact. By developing new solutions and sharing knowledge about design and construction, we can contribute to new solutions for reduced emissions as well as improved well-being.

Skanska's risk assessment on pages 60–66 and disclosure according to the Task force on Climate-related Financial Disclosures (TCFD) on pages 102–103, assesses sustainability related risks for the organization. This complements the impact assessment for a complete picture of the double materiality of our organization.

## Responsibility

Occupational health and safety

Anti-corruption and ethical business

Human rights in the supply chain

Waste

Water

Biodiversity and ecosystems

Diversity, equality and inclusion

## Climate

Climate change: carbon emissions

Energy

Circularity, including materials and resources

## Resilience

Resilience

Public health and safety

# Our global commitments

We have been a signatory of the United Nations Global Compact since 2001 and continue to support its 10 principles, relating to human rights, labor, the environment and anti-corruption. This sustainability report is the basis for our Communication on Progress (COP) for 2022.

Skanska actively supports the United Nations Sustainable Development Goals (SDGs). We have listed subtargets for seven relevant SDGs that our business contributes to. Goal 11: Sustainable cities and communities is where we can have the most impact. Our performance related to the sustainable development goals is referenced in the GRI and SASB Index on pages 216–219.

We support the rights of all people as described in the Universal Declaration of Human Rights adopted by the United Nations and in the conventions of the International Labor Organization. Skanska also follows the guiding policies of Transparency International and applies the precautionary principle. We are developing our supply chain due diligence processes in line with the OECD Due Diligence Guidance for Responsible Business Conduct.

### Alliance for the climate

To make a greater contribution to the climate transition using innovation and business ingenuity, Skanska's President and CEO Anders Danielsson joined the CEO Alliance for Europe's Recovery, Reform and Resilience in 2022. This membership allows us to share industry knowledge and further drive the sustainability agenda. The CEO Alliance for Europe is a cross-sector "action tank" that gathers representatives from 13 leading European companies.

**5 GENDER EQUALITY**

5.1 End discrimination against women and girls
5.5 Ensure full participation in leadership and decision-making

**8 DECENT WORK AND ECONOMIC GROWTH**

8.4 Improve resource efficiency in consumption and production
8.7 End modern slavery, trafficking and child labor
8.8 Protect labor rights and promote safe working environments

**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

9.1 Develop sustainable, resilient and inclusive infrastructures
9.4 Upgrade all industries and infrastructures for sustainability

**11 SUSTAINABLE CITIES AND COMMUNITIES**

11.1 Safe and affordable housing
11.2 Affordable and sustainable transport systems
11.3 Inclusive and sustainable urbanization
11.6 Reduce the environmental impact of cities
11.7 Provide safe and inclusive green and public spaces

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

12.2 Sustainable management and use of natural resources
12.4 Responsible management of chemicals and waste
12.5 Substantially reduce waste generation

**13 CLIMATE ACTION**

13.1 Strengthen resilience and adaptive capacity to climate-related disasters

**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**

16.5 Substantially reduce corruption and bribery

### Partnerships within sustainability

Transparency International Sverige · wbcsd · CEO Alliance · UN Global Compact · ICC Sweden International Chamber of Commerce · Nasdaq ESG Transparency Partner · LeadIt Leadership Group for Industry Transition · World Green Building Council

**IN FOCUS:** Powerhouse, Norway

# Collaborate to innovate


Powerhouse Dröbak Montessori school Norway

Powerhouse is a collaboration of companies, including Skanska, dedicated to an innovative concept: buildings that produce more energy than they consume.

Tonje Frydenlund of Snøhetta, the architecture office behind Powerhouse, explains how the collaboration began:

"The partnership started with finding each other back in 2010: Snøhetta, Skanska, the environmental organization ZERO, the property company Entra and the consulting company Asplan Viak. We asked ourselves: how can we make a plus-energy building? That was the starting point and that is why we are called Powerhouse."

The collaboration developed over the next 12 years, generating know-how that continues to spark imagination and development.

The first project was renovating and improving the energy efficiency of Powerhouse Kjørbo, office buildings originally built in the 1980s in Sandvika outside Oslo. These became the first energy-positive buildings in Norway, and probably the first renovated energy-positive buildings in the world. The Powerhouse collaboration has continued to refine methods for energy-positive buildings and scaled the concept to the Drøbak Montessori school and Telemark and Brattørkaia office buildings.

How would you describe a Powerhouse building? Rune Stene, head of the Powerhouse collaboration at Skanska, explains:

"A Powerhouse is a building that is designed and built to reduce its life-cycle carbon emissions to a minimum. It also has to produce more renewable energy than it consumes during operation. Tenants become part of the net-zero transition."

At Kjørbo, energy used for heating and cooling was minimized by combining the buildings' energy plant with wells and a heat pump, which provide the base load. In addition, the buildings receive energy from one of Norway's largest building-integrated solar plants. After the renovation, their energy need was reduced by more than 86 percent and tenants today report a better indoor climate and more comfortable temperatures.

Henrik Ahnström, Director of Innovation in Commercial Development Nordics at Skanska, says Powerhouse creates value for stake-holders and society by demonstrating a new way of working.

"What makes Powerhouse stand out is that it is not just about the end results – it is a way of working," he says. "It is not just a brand. It is a tool for achieving climate goals. Using Powerhouse and scaling it across borders, and across Skanska, will help us connect, learn from different markets and become better. I see this as another way in which innovation is strengthening both our offering and our reputation in the marketplace."

| Project | Year | Operational energy use incl. tenant equipment | Renewable energy production (PV) | Surplus renewable energy |
|---|---|---|---|---|
| Kjørbo office buildings | 2014 | 35 kWh/m$^2$ | 43 kWh/m$^2$ | ~8 kWh/m$^2$/yr |
| Drøbak Montessori school | 2018 | 30 kWh/m$^2$ | 32 kWh/m$^2$ | ~ 2 kWh/m$^2$/yr |
| Brattørkaia office building | 2019 | 28 kWh/m$^2$ | 35 kWh/m$^2$ | ~ 7 kWh/m$^2$/yr |
| Telemark office building | 2020 | 29 kWh/m$^2$ | 32 kWh/m$^2$ | ~ 3 kWh/m$^2$/yr |

# Climate

## Transformative solutions for a climate-smart built environment

Creating transformative climate solutions drives our business forward and enables our customers to succeed in fulfilling their sustainability goals. These solutions need to be low in carbon, circular, smart and sustainable. Achieving this involves knowledge, insight and learning. We partner to share knowledge and to develop and innovate net-zero solutions for the built environment. Our goal is to transition to low-carbon construction across all our projects and ultimately achieve net-zero carbon emissions by 2045. As we move forward, scaling these solutions will be critical for a full industry transformation that will lead to net-zero living.

# Develop and use insights for climate action

We share insights and take part in cross-industry collaborations to develop solutions for decreased climate impact in the built environment. By encouraging sustainable public procurement, financial models, transparency on climate emissions, and digital tools, we drive actions to reduce carbon footprints.

**Halve carbon emissions in a decade**

The built environment accounts for about 40 percent of global energy-related carbon emissions, and the operation of buildings accounts for 30 percent of global final energy consumption, according to International Energy Agency (IEA).

We already see the consequences of climate change around the world, including in Skanska markets. As a development and construction company, we have the responsibility to reduce emissions from our operations. We also have the opportunity to develop more resource-efficient and low-carbon solutions for our customers, and use our expertise and core business to build resilience in society.

We established a Group climate target in 2019, to achieve net-zero emissions by 2045 both in our own operations (scope 1 and 2) and across the value chain (scope 3).

For our own emissions the interim reduction target is 70 percent by 2030, from the base year of 2015.

The interim target for development projects is to halve emissions in the value chain by 2030 (base year 2020). The targets are in line with the Paris Agreement, and the interim climate targets were approved as science-based targets for the 1.5°C alignment pathway in 2021.

**Impact in the value chain**

Most of Skanska's carbon emissions, 90 percent, stem from the value chain, calculated as scope 3. The carbon emissions originate from the sourcing of materials, construction operations and the operational phase of our buildings and infrastructure.

Our most prevalent materials are concrete, cement, bitumen, asphalt and steel; these represent a large proportion of the carbon emissions from construction materials. Furthermore, the design of a building has an important impact on a project's energy use over the expected life cycle. We calculate the energy used over 50 years for every divested project, so the annual total can fluctuate based on the number of divested projects in a year.

We can have the greatest influence on value chain emissions in our own development projects – from the Commercial Property Development and Residential Development business streams, both of which are drivers for reducing our carbon footprint.

**Climate target**

**Skanska's own emissions**

| Target 2030 | Outcome 2022 |
|---|---|
| -70% | -55% |

Reduction of our own carbon emissions (scope 1 and 2) compared with 2015.

**Skanska's value chain emissions**

| Target 2030[1] | Outcome 2022 |
|---|---|
| -50% | -13% |

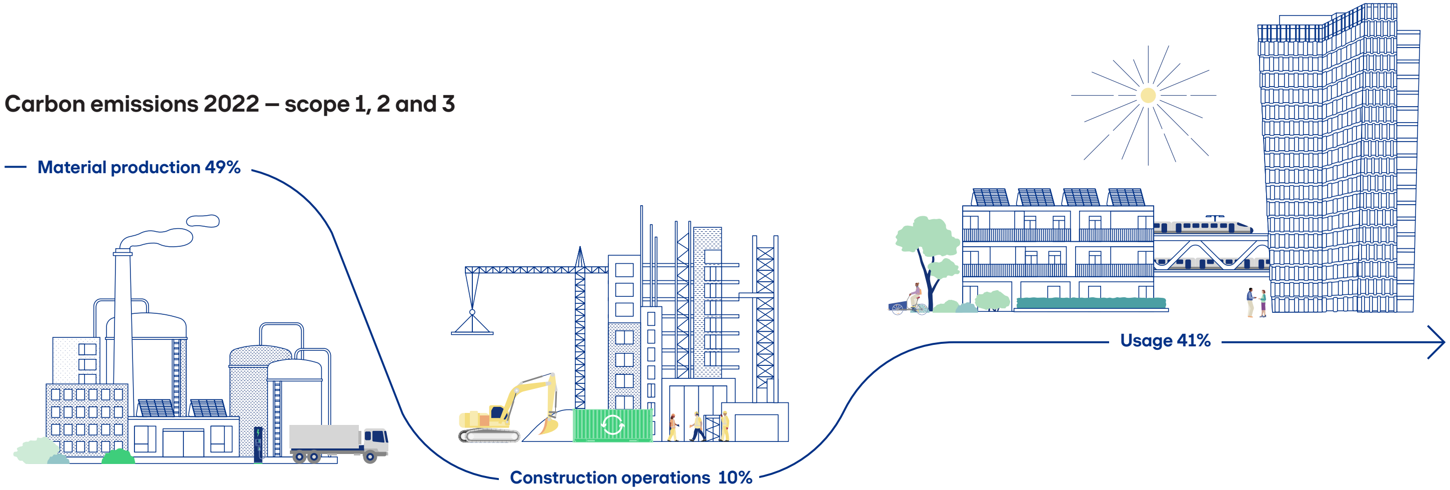
Reduction of carbon emissions from our value chain (scope 3) compared with 2020.

1 See definition on page 95.

SCIENCE BASED TARGETS

Our climate target is approved as a science-based target for the 1.5°C alignment pathway.

**Carbon emissions 2022 – scope 1, 2 and 3**



**Measuring what matters**
Skanska has measured and reported carbon emissions since 2008. We use 2015 as the base year for our own emissions (scope 1 and 2). In recent years, we have expanded and improved the quality of our value chain data, with 2020 serving as the base year for value chain (scope 3) emissions. In 2022 we introduced a new sustainability reporting system that enables more granularity when collecting data for sustainability reporting. Performance is followed up on a quarterly basis by the Group Leadership Team and the Board of Directors (the "Board").

Distribution of emissions between scopes is shown in the diagrams to the right, with the value chain accounting for most of our carbon emissions. Emissions from the use of fuels account for about 90 percent of our own emissions, and emissions from heating, cooling and electricity account for 10 percent.

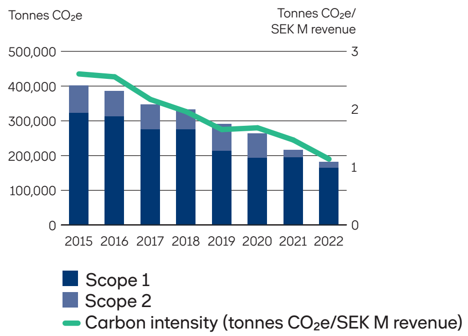
Diesel, which currently accounts for approximately half of our own fuel-usage emissions, is used primarily for on-site machinery and electric generators. Key factors in our reduction of fuel-related emissions are transition to biofuels, application of efficient transport solutions, and greater use of electrification and automation.

87 percent of the electricity we consume comes from renewable sources, and this proportion has increased from 40 percent in 2020.

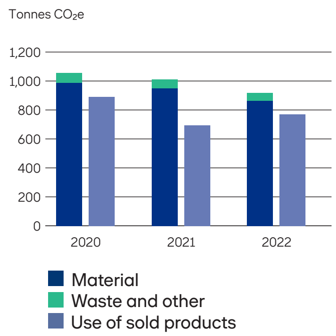
Through our carbon reduction initatives, we have reduced carbon emissions in our own operations by 55 percent compared with base year 2015. Skanska's carbon intensity for scope 1 and 2 continues to decline and is now at 1.13 compared to 2.60 in 2015.

**Skanska reports carbon emissions according to the GHG protocol categories.**
Scope 1 Fuel-related emissions
Scope 2 Electricity, heating, cooling
Scope 3 The following categories are reported:
- 1 Purchased goods and services
- 3 Fuel- and energy-related activities
- 5 Waste generated in operations
- 6 Business travel
- 11 Use of sold products

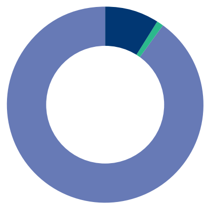
Carbon emissions in Skanska's own operations




Carbon emissions in Skanska's value chain (scope 3)



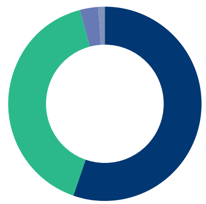

Scope allocation



**Carbon emission scopes**
- Scope 1, 9%
- Scope 2, 1%
- Scope 3, 90%

>Read more on page 75.

Allocation between scope 3 categories



**Scope 3 categories**
- Purchased goods and services, 51%
- Use of sold products, 46%
- Fuel- and energy-related activities, 2%
- Business travel, 1%
- Waste generated in operations, 0.2%

>Read more on page 75.

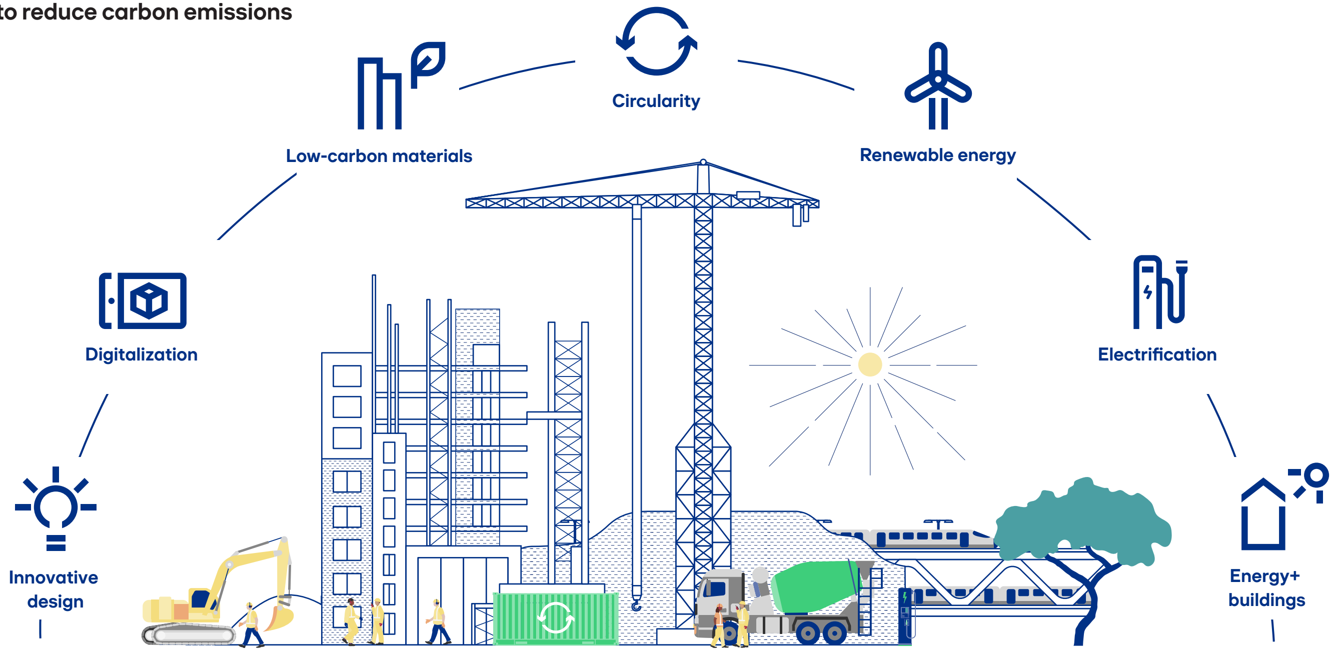
**Climate plan for net-zero 2045**
Reducing our climate impact is a responsibility as well as a business opportunity. At Skanska, we have developed ACT on Climate, a climate plan to guide our actions as a change-maker for a sustainable society. The plan also steers our path to net-zero by 2045. The climate plan is implemented per market and updated annually by each business unit.

ACT has three building blocks, which connect actions and performance at all business levels:
- Awareness of sustainable construction and development
- Customer success with low-carbon solutions
- Transformation to climate-smarter operations

The 2022 update focuses on analysis of emission data, market-specific plans and targets to reduce emissions. The largest emissions have been identified in different markets, as have actions to reduce the emissions. We can reduce emissions from the energy used both in our own operations and in our built projects, by making buildings more energy-efficient and by ensuring that the energy used is renewable.

Materials such as concrete, steel and bitumen are also large emitters, and we work with innovation, circularity and optimizing the amount of materials used to reduce emissions. Our business units are also setting targets for renewable fuels used both on site and in company vehicles.

**Actions to reduce carbon emissions**




**ACT on climate**
Skanska climate plan for net-zero 2045

**Awareness**
- Competence
- Advocacy, communication and market-making
- Leadership and culture
- Decision-making and financial models
- Targets and measurements

**Customer success**
- Smart design and digital tools
- Low-carbon offerings
- Life-cycle emissions and efficiency
- Smart energy solutions
- Sustainability innovations
- Certifications

**Transformation**
- Resource efficiency
- Low-carbon materials
- Circularity
- Renewable energy
- Electrical vehicles and machinery
- Transport efficiency
- Strategic partnerships

**Insights and knowledge sharing**
We know from experience that collaboration is key to developing and implementing sustainable solutions to continue reducing our carbon emissions. In doing so, we transfer expertise and scale impact to take us, our customers and our partners into a net-zero future.

To meet the targets under the Paris Agreement, emissions from the built environment need to halve by 2030. To achieve this the embodied carbon, emissions associated with materials and construction processes throughout the life cycle of a building, have to decrease by at least 40 percent according to the United Nations Framework Convention on Climate Change (UNFCCC) climate action pathway for human settlements.

Skanska is a long-term member of the World Business Council for Sustainable Development (WBCSD) and our EVP Sustainability and Innovation is part of the Built Environment Pathway Board, together with the CEOs and other top leaders of Holcim, Saint-Gobain, Trane Technologies, Arcadis and Arup. One of the built environment board's joint projects is "Decarbonizing the built environment" and the latest report "Net-Zero Buildings: halving construction emissions today" was launched in January 2023. Based on an analysis of life-cycle assessments of buildings, it creates a benchmark for best-in-class buildings and aims to push the whole construction sector to net-zero.

**Collaboration for transition**
A common definition of net-zero carbon emissions is an important part of the whole construction industry's journey towards the targets under the Paris Agreement. We are a member of the expert advisory group within the Science Based Targets initiative supporting the SBTi in developing a pathway to net-zero for the construction industry. We share our broad perspective on the industry as well as the knowledge gained in the process of developing our approved science-based target.

Since 2021, Skanska has been a member of the Leadership Group for Industry Transition (LeadIT) for net-zero emissions, in partnership with other leading corporations and the governments of Sweden, the USA, the UK, Finland, Germany and India. This is an arena for public-private collaboration on innovation and the new technologies necessary for a successful industry transition.

Over the past year, Skanska joined the United Nations-led "Race to Zero" campaign, and has continued its partnership with the Exponential Roadmap Initiative, gathering a wide range of corporations acting in line with the Paris Agreement's 1.5°C target.

**Certification makes sustainability performance comparable**
Investors and customers expect comparable disclosures on sustainability performance. We continue to offer our customers excellent certified projects using established certification schemes such as Living Building Challenge, LEED, BREEAM, BREEAM Infrastructure and WELL as well as national certifications such as NollCO$_2$, Miljöbyggnad, Nordic Swan Ecolabel, Envision and RTS.

Energy reduction in new office buildings

**-39%**

Annual expected energy reduction in divested office buildings developed by Skanska Commercial Development units in the Nordics, Europe and the USA, in relation to the LEED certification system's established baseline.

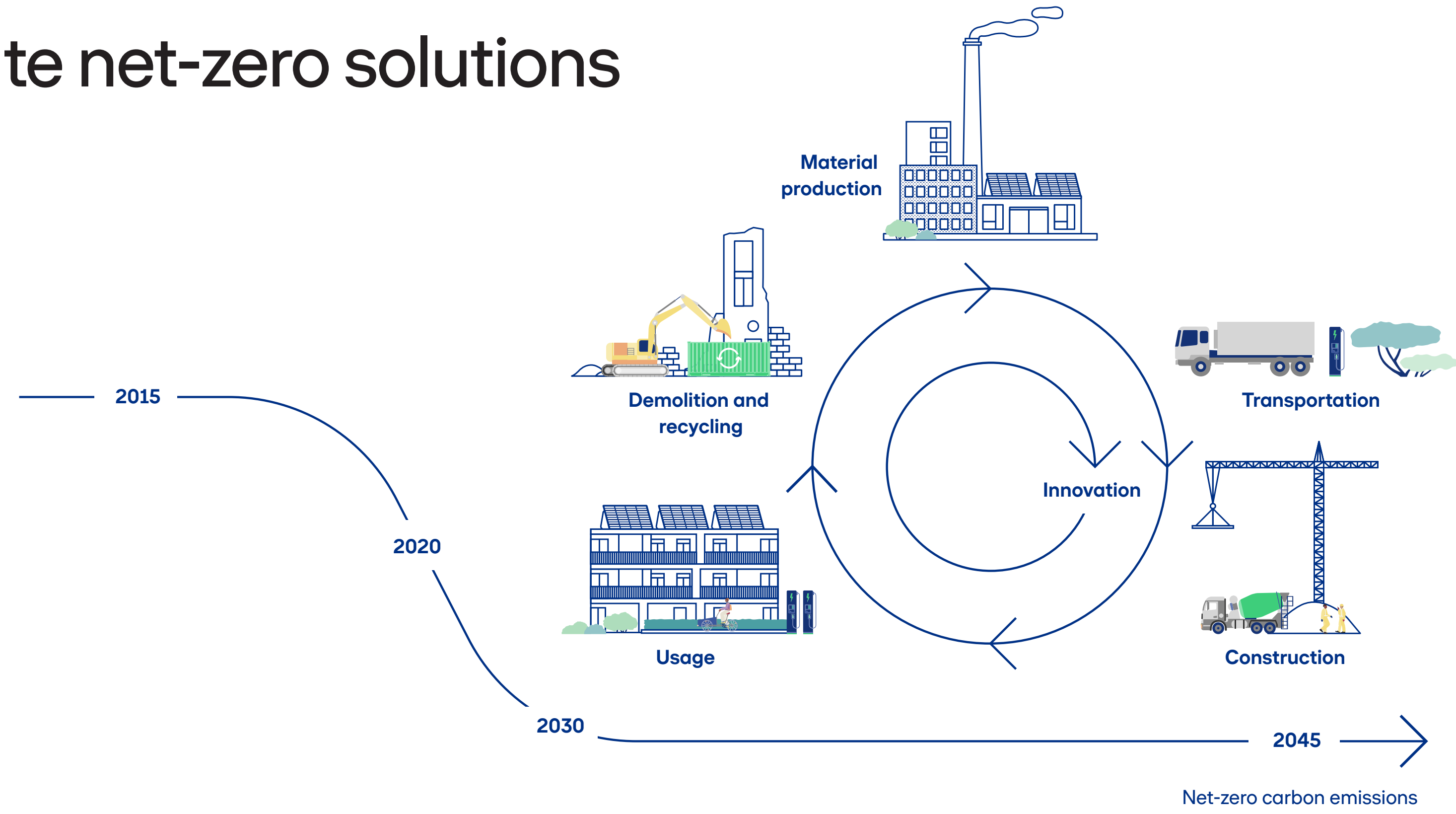
>Read more on page 104.

Certified buildings, share of commercial development divestments in 2022

**100%**

Share of total value, corresponding to SEK 8.3 billion, of divested offices in the commercial development business stream certified by LEED Platinum or Gold, or BREEAM Excellent, or WELL.

# Partner to innovate net-zero solutions




We bring all our knowledge to the table in collaborations to create net-zero solutions that can take us, our customers and partners into a net-zero future. At Skanska, we take a holistic approach to design and construction, with the project's entire life cycle in mind. By innovating with partners, we continue to exceed standards set by leading environmental authorities and regulatory bodies, pushing the industry forward and creating best-in-class examples in the process.

Key components of our offering of sustainable solutions include low-carbon products, energy-efficiency solutions, smart design and digital tools, and sustainability certifications of projects. Partnering with others allows us to leverage our industry-leading expertise in cross-sector collaborations, creating value by codeveloping new sustainable solutions.

**Scaling up innovations**

Innovation is a cornerstone for ensuring excellent customer experiences and delivering on our emission reduction ambitions. In 2022 we used scenario planning to identify innovation areas that are relevant in both near-term and long-term perspectives. Our innovation portfolio is based on themes that are important for our customers, the market and for us to reach our financial and sustainability targets. More than half of the themes identified in the innovation portfolio are related to sustainability. Climate is a key driver for innovation as well as operational efficiency and digitalization. With our global and local market presence, we benefit from being able to share and scale knowledge and innovations within and across markets.

Together with partners, we develop and scale innovative solutions that enable a reduced climate impact from our operations and products. The Powerhouse concept in Norway, developed together with several partners, has developed a way of working for plus energy buildings that has been scaled to multiple buildings.

Building on an innovation project together with Volvo, the quarries in Sweden have started to use more electricity in operations, so far, 30 percent of the quarry sites in Sweden have replaced diesel with electricity for the production line.

In Sweden and Norway, electric heavy vehicles are being used at fossil fuel-free building sites. Implementation of electric vehicles has come furthest in Norway with 17 electric excavators as well as other electrical machinery in use.

In the UK, we use Intellekt, a digital twin and intelligent building service, to meet customer needs to optimize the usage of energy during the operational phase. In one project this has led to a 35 percent decrease in energy consumption for the building.

Through technology and innovation, we are reshaping how buildings and infrastructure can be designed and built to lower carbon emissions. We are achieving this by rethinking traditional methods, using materials with lower embodied carbon, and by working with customers and the industry to ensure that demand for net-zero solutions becomes standard. The end goal is to achieve net-zero carbon emissions in our own business and value chain by 2045.

> Read more about our innovation Powerhouse on page 73.

# Shifting to low-carbon construction

To succeed as a more sustainable industry, we need to rethink the way we build. Significantly cutting carbon in the construction industry can be accomplished by reexamining energy, processes and materials. At Skanska we take a holistic approach to designing and building low-carbon projects, incorporating resource efficiency, recycling, renewable energy, electrification and digitalization.

**Actions to reduce carbon emissions**

The actions we take to reduce carbon emissions differ based on the project in question. Early decisions – from design and planning to construction or renovation – have a major impact. We contribute with knowledge to improve the way we design and construct buildings and infrastructure projects, focusing on choice of materials, resource efficiency and opportunities to increase circularity and minimize environmental impact. Carbon emissions in a building stem from all phases of the life cycle. We carry out carbon emission calculations for materials for all our development units' projects, and have extended these to more parts of the life cycle for some development projects and customer projects. Certifications such as Noll$CO_2$, and LEED Platinum incentivize our development streams to extend the carbon calculations to cover a  project's life cycle.

**Energy efficiency**

Emissions are further reduced by using innovative design, digital carbon-calculation tools, efficient transport systems, renewable energy, and electric vehicles and machinery.

In Norway a test project to optimize movement of construction machines, using the digital tool called Ditio, cut usage of fuels on site by 10 percent.

The ongoing energy crisis has further sharpened the need for energy-efficient products and solutions. In addition to delivering energy-efficient products to our customers, we have had a strong focus on operational efficiency throughout our history. In recent years, Skanska's climate plans and targets have included actions to improve operational efficiency, leading to a reduction in energy intensity (energy use/SEK M revenue) of 36 percent between 2015 and 2022. In 2022 the energy intensity was 6.33 MWh/SEK M compared to 9.94 MWh/SEK M in 2015.

**Scenario-based analysis of climate impact**

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we make use of climate-based scenario analysis to identify and address potential business risks and opportunities associated both with a transition to a low-carbon economy and with the physical consequences of climate change.

> Read more about TCFD implementation on pages 102–103.

**IN FOCUS**

## Concrete steps to reducing carbon footprint

Concrete has among the highest levels of embodied carbon of all the materials used by Skanska and the broader construction industry. We are already using different types of low-carbon concretes in projects around the world, either our own innovations or from our business partners.

Skanska Betong, our Swedish concrete company, launched a collection of low-carbon concrete mixes in 2019. In these mixes, we replace a portion of cement with either slag, a waste product from steel mills, or fly ash, produced by power plants. So far, we have developed five types of concrete for different use cases; all reduce climate impact by up to 50 percent in comparison with the traditional material, while retaining their durability, strength and workability. This type of concrete has been implemented on several of our construction sites in Sweden.

15 percent of the concrete produced by Skanska Betong in 2022 was low-carbon concrete, compared with 5 percent in 2021. 41 percent of the produced low-carbon concrete was used within Skanska in Sweden, compared to 17 percent in 2021. Skanska Betong is preparing to ramp up production to meet customer demand.

**Mass timber replacing steel**

Constructing wall, ceiling and roof panels with wood instead of steel and concrete can reduce the carbon footprint of a building and provide aesthetic designs and surfaces. We build homes, offices and hotels in timber, and are seeing a revival in interest for this material across market sectors. At Portland International Airport, we constructed a mass timber roof, reducing carbon emissions by 6 percent compared to steel.

**Improving circularity**
Improving circularity is a stepwise process that requires new ways of working and testing new solutions. Reuse of building materials is implemented at different scales from reuse of window frames in the inner atrium façade in the Epic building in Malmö, to reuse of a building's frame in an upcoming project in Oslo starting 2023. This project is a collaboration with the Norwegian research center SINTEF, Contiga and Spenncon to develop processes to reuse building materials and designing for deconstruction. In the Nordics our Commercial Development business develops instructions for selective deconstruction for its projects, which can enable reuse of materials in the future.

We collaborate closely with suppliers for circular and low-carbon solutions, and encourage them to deliver carbon information, such as environmental product declarations (EPDs) on their products to enable accurate calculations of emissions. Partial or complete renovation of buildings is increasingly being requested in our markets and we already have 11 percent of our revenue from renovation projects. Reuse of construction materials also reduces carbon emissions and helps us reach our targets.

In our asphalt production in Sweden the average amount of reused asphalt in new asphalt mixes was at an all-time high, reaching 23 percent.

**Green bonds**
All external funding for our own project development meets the sustainability requirements either of our lenders or of our own Green Bond Framework. Our high ambitions within sustainability in our own project development operations enable us to use green financing in addition to internally generated capital. The current and second Skanska Green Bond is for SEK 500 M, and covers the development projects Hyllie Terrass and Port7 in our Nordic and European markets.

**Sustainability-linked credit**
During 2022, Skanska entered into a new EUR 500 M sustainability-linked revolving credit facility, replacing an existing and undrawn revolving credit facility signed in 2017. This is linked to Skanska's climate targets, ensuring that external financing is in line with our sustainability agenda as well as the growing expectations of stakeholders, including financial markets.

> Read more about Skanska's climate targets on page 75.


Stockholm 01 Stockholm Sweden

# Resilience

## Healthy resilient places for all

Many of today's buildings and spaces were not designed for the challenges faced by modern society – challenges such as extreme weather, air pollution, energy shortages and water scarcity. They also may not be designed for changes in social patterns, such as rising urban population density and changing living habits. Our vision of offering healthy, inclusive and resilient places involves forming partnerships with local communities to cultivate social value that addresses long-term needs. We combine social and environmental perspectives to leverage the sustainable impact we deliver through our business. Through collaboration, we harness the benefits of our scale, insight and foresight, and create real advantages for our business, industry, the climate and society. We envision a world where sustainability is simply built into living, and a future filled with healthier, more sustainable, more resilient urban spaces – places shaped together, for all.

Skanskatalo Helsinki Finland

# Creating healthy, inclusive and climate-resilient urban spaces

We aim to create spaces with the end user in focus, working with the environment to inspire healthy living. Together with our customers, we apply our expertise to develop insights and help mitigate the risks associated with climate change. Meeting society's challenges, we design and build spaces and infrastructure to provide value beyond our lifetime.

**Resilient solutions to mitigate climate risk**
The effects of climate change put pressure on society, with more frequent storms, flooding, droughts, heat waves, forest fires and episodes of water scarcity. Urban areas need to be more resilient so that buildings and infrastructure can withstand the increased frequency and severity of extreme weather events. National and regional regulations are being written with this in mind, which creates business opportunities for us to support climate adaptation and a more resilient urban environment.

We assess climate risks as a part of our risk evaluation process for larger projects, allowing us to mitigate potential risks at an early stage. We design for climate resilience in development projects, including scalable solutions for problems such as flooding and sea-level rise. Examples of projects integrating such solutions are Slussen in Stockholm, Sweden, 121 Seaport in Boston, USA, and the Resilience Lab by the Elizabeth River in Virginia, USA.

**Certifications that include social impact**
A sector consensus is slowly emerging around definitions and tools to measure, quantify and compare social impact. International certification schemes for buildings and infrastructure are increasingly adding social topics to their sustainability assessments. These are often connected to certifications for environmental sustainability.

In the commercial property operations, many of our projects are certified with WELL, which has a strong focus on tenant health and well-being. In Central Europe all our commercial development properties are WELL certified. LEED has introduced social equity pilot credits, which address social equity from the perspective of those impacted by a building process. At Skanska we are exploring the use of social equity pilot credits in the USA.

BREEAM Infrastructure and Envision are certification tools for infrastructure projects, recognizing projects that engage in activities and programs to expand their positive social impact on the community.

> Read more about certifications on page 78.

Täby Park Stockholm Sweden

# Designing for long-term community needs

We collaborate with people and organizations in communities whose lives and livelihoods may be affected by the places we shape, taking long-term needs into consideration. This involves designing sustainable, low-cost homes and areas that are inclusive and encourage outdoor activity.

**Striving for a positive social impact**
Listening to community needs and using our core business as a tool, we can create solutions that have a positive social impact.

Skanska in Sweden applies a process to design for social sustainability in projects by assessing local challenges and community priorities. Examples as varied as multifunctional green spaces, youth housing concepts to youth internships. A similar process is applied by Commercial Development in the USA. We are developing ways to measure impact of these initiatives.

A long-term collaboration with the Swedish Sports Confederation resulted in the reuse of 200,000 tonnes of excavated material for riding facilities and other sports arenas in 2022.

**Sustainable residential concept**
There is an immediate need for housing in many of our markets. Partnerships are one way to contribute to creative solutions. We partner with IKEA to operate BoKlok, which provides quality sustainable homes at competitive prices, enabling more people to enjoy a comfortable home. All BoKlok homes are made of timber, and since 2020 all standard apartment projects in Sweden are equipped with solar panels. Surrounding spaces are designed to be inclusive and healthy, encouraging recreational activity.

**Building in vulnerable areas**

The local government of Landskrona in the south of Sweden decided to regenerate the area of Karlslund, identified by the police as a vulnerable area, to improve quality of life for residents. The municipality added green areas and planned for more mixed forms of living, adding home ownership option with BoKlok terraced houses and multi-family homes. BoKlok is now completing its third project in the area, consisting of 30 terraced houses.

# Partnering for social value

As a major actor, we partner with communities and customers who share our ambition to set new standards in terms of how we build more resilient and inclusive urban areas. We use our know-how and experience to create opportunities for people and communities to develop and grow.

**Social benefits through community engagement**
Our partnerships with cities and other public-sector customers enable us to give back to the community. As an example, through the Skanska Costain STRABAG joint venture, we are delivering design and construction of Phase One of the UK's new high-speed railway, High Speed Two (HS2). Through HS2, we provide solutions that both cut carbon emissions and deliver wider community benefits. Initiatives have included efforts to engage people from local communities through a range of training and employment schemes. Programs are helping people who have been homeless, long-term unemployed or vulnerable for other reasons.

In the past two years alone, the HS2 project has delivered substantial community value. These includes local jobs and spending, as well as additional benefits such as work experience and apprenticeships.

**Women and minority-owned businesses**
In the USA, many public and private-sector customers require a certain proportion of construction contracts to be awarded to women- or minority-owned businesses. One example of this is in Texas, where a Fort Worth college is requiring 30 percent Historically Underutilized Business (HUB) participation, meaning businesses owned by women, people from minority groups or with disabilities, on their campus redevelopment project. Already, our team has achieved a noteworthy 37.5 percent rate.

In 2006, we established the Construction Management Building Blocks Training Program (CMBB) to promote this field. The program introduces potential partners and provides training, knowledge-sharing forums and assistance to small companies to spur their development. After many years of Skanska engagement with small and diverse US businesses, more than 800 companies have graduated from the program and gone on to win contracts representing over USD 250 M.

Through this successful initiative, we make the most of our scale, innovation, insight and foresight, and create real rewards for our business, industry and society.

**IN FOCUS:** 1550 on the Green, Houston, USA

# Breathing easy with a reduced carbon footprint in Houston


At home or at work, we all have the right to pure, clean air. Our 1550 on the Green development takes office air quality to new levels, while delivering a reduced environmental footprint courtesy of features such as low-carbon concrete.

Now under construction in downtown Houston, 1550 on the Green is due for completion in late 2023. Externally it resembles six separate towers ranging in height from 12 to 28 floors. Internally it provides 35,000 square meters (375,000 square feet) of contiguous space, much of it overlooking the city's Discovery Green urban park.

Designed by the New York office of Danish architectural firm Bjarke Ingels Group, the development features a distinctive side core with the elevators at the rear, opening up the central core.

The project team used Skanska's Embodied Carbon in Construction Calculator (EC3) planning tool to calculate emissions for the main construction materials, and reduce climate emissions from materials by around 34 percent so far. The biggest reductions come from the choice of concrete and rebar.

**Lower levels of embodied carbon**

A strategic procurement process enabled the use of concrete with lower levels of embodied carbon. Such concrete was used in foundations, the superstructure, basement and garage. This was achieved through close coordination with the subcontractor and supplier who substituted some of the cement in the concrete mix with fly ash. The suppliers have produced environmental product declarations (EPDs) for these products.

While air quality has long been seen as vital for well-being and good health, it has taken on extra relevance in the wake of the Covid-19 pandemic. For people to return to offices after working remotely, they must feel the air they breathe is safe.

1550 on the Green provides a range of features to create this trust. While the heating, ventilation and air-conditioning systems in conventional buildings recirculate much of the air already inside, the system at 1550 on the Green brings in 30 percent more fresh air than a typical Class A office building. This also helps to reduce and eliminate the number of airborne pathogens.

Additional clean air measures include bipolar ionization and air filtration to reduce pathogens. The building will feature demand-control ventilation and district cooling, plus 100-percent air exchange per hour if required.

1550 on the Green is pursuing LEED Platinum and WELL Platinum certification. The completed development will be occupied by tenants including global law firm Norton Rose Fulbright US LLP.

# Responsibility

## A responsible business for people and planet

Being a responsible business, inside and out, means having a strong and committed health and safety approach that protects lives and well-being. It means acting fairly and ethically, exercising integrity in all decisions, and being a trusted business partner with respect to the supply chain. It means operating with care for local environments and communities.

It involves using our full potential by embracing diversity and creating inclusive environments. As a responsible business, we are guided by the UN Sustainable Development Goals and Global Compact principles. We continuously follow up and drive improvements, are transparent about our sustainability direction and disclose our performance.

Barkabystaden Järfälla Sweden

# Ensuring health and safety for all

The safety of our employees and subcontractors is our highest priority. We address our health and safety objectives with industry-leading standards and safety solutions, coupled with an inclusive culture and leadership focused on systematic performance monitoring and targeted actions.

The construction industry is associated with unwanted events and lasting health problems which can arise if risk factors are not managed properly. Noise, working in traffic or at heights, vibration, hazardous materials and lifting operations are risk factors in our everyday work. With clear direction, dedicated leadership and high standards, we build a solid foundation for safe work. We are strongly committed to providing a work environment where everyone feels encouraged to speak up, to ensure that we work safely or not at all.

**Focus and strategic actions**

Our goal is to create safe and healthy workplaces where everyone thrives and can reach their full potential. To get there, we put our efforts into developing and implementing safety solutions that have a high impact.

During 2022 we updated our mandatory Health and Safety Road Map for all business units. It is performance driven, focusing on enhanced impact. The road map is built around four focus areas, enabling us to support and challenge performance and elevate the strategic discussion, all designed to improve safety.

The Health and Safety Road Map drives work through four focus areas:

- Safety Culture – focus on raising leadership awareness and a proactive safety culture to ensure greater engagement and safer construction sites
- Hierarchy of Control – focus on eliminating or reducing exposure to risk in the workplace, which will allow Skanska to become even more proactive in addressing safety risks at an early stage
- Analysis – focus on analyzing safety data to address key risks and measuring the impact of our safety activities
- Subcontractors – focus on involving our subcontractors to secure Skanska standards and creating the right conditions for improved safety

**Analyzing data to mitigate risks**

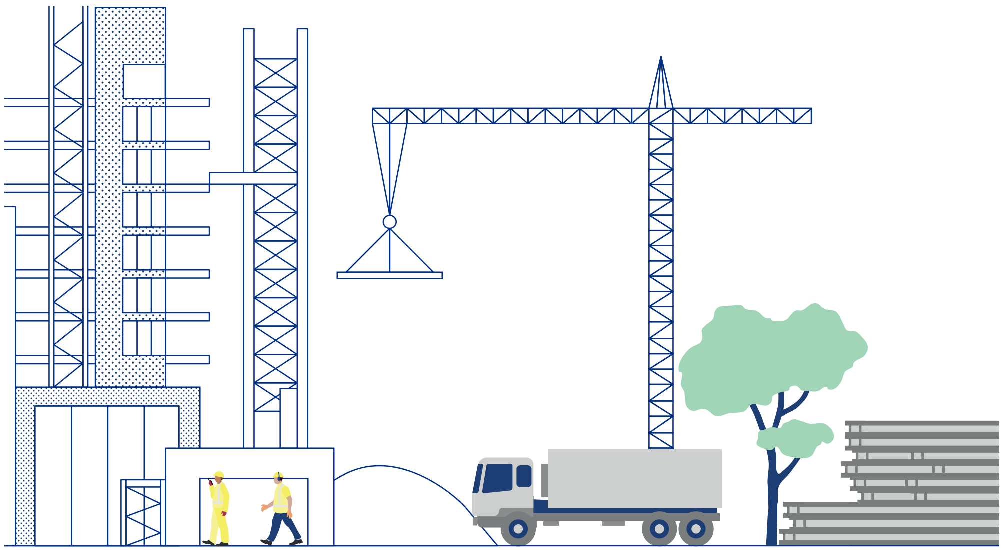
Skanska's greatest safety risks continue to be connected to lifting, loading, lowering and logistics operations. We continue our efforts to mitigate risks connected to these operations. All business units have implemented action plans on this theme.

Some of our key indicators for monitoring safety performance are: lost time accident rate (LTAR); high potential incidents that could have resulted in fatal accidents (serious near misses); Executive Safety Site Visits (ESSVs); total case accidents (TCAs); severity rate of accidents; and business units' delivery on improvement plans. Our business units also have local indicators that include training and auditing. Executive safety site visits (ESSVs) promote clear and visible leadership.

**IN FOCUS**

## Leading industry-wide action on safe lifting, loading and lowering

In 2022, Skanska in the UK banned truck-mounted cranes and convinced three major manufacturers to modify their equipment to prevent people being struck by the stabilizer arm. We had identified an issue with the operation of certain types of stabilizers after a fatal accident on one of our projects in October 2021. The move will eliminate the risk of crushing when operating certain types of stabilizers. As a result of our efforts, all the UK's major construction contractors have committed to adopting the same requirements on safe truck-mounted cranes as of January 1, 2023. Three major manufacturers are currently modifying their equipment and reviewing the EU standard, and a change in operation of the equipment is expected during 2023.



Monthly safety performance follow-up is carried out by the business unit leadership teams, Group Leadership Team and by the Board.

**Driving higher standards, together**

The Group Health and Safety Standard is mandatory: it must be integrated into Skanska's Health and Safety management system, and applied in all work locations and across business units. It includes requirements within 16 areas such as on-site risk assessment, training, incident management and personal protective equipment (PPE), as well as instructions for the most high-risk construction site work processes. In most markets, our Group Health and Safety Standard is more stringent than local regulations. All business units are certified by the ISO 45001 occupational health and safety management system, which improves our capabilities to drive continuous improvements.

Each business unit undertakes a mandatory annual review of health and safety performance which includes identifying risks, describing control measures and establishing a plan of targeted activities for the coming year. Each business unit also manages occupational health programs for its own employees. Business units have either an internal occupational health service or use an externally contracted service.

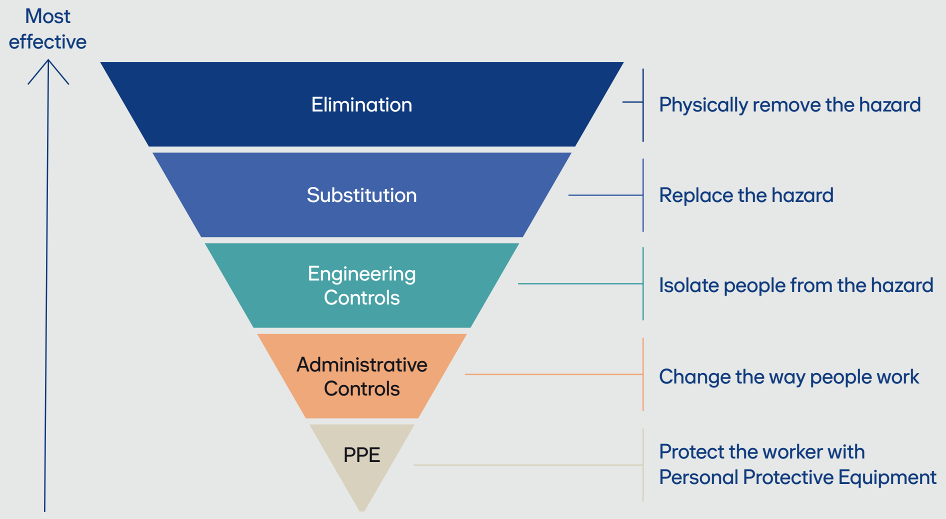
The annual employee survey is an important tool for us to monitor and listen to our employees' opinions about Skanska as a company, our safety efforts and management's commitment to these issues. The 2022 employee survey showed that 86 percent of employees think we do a good job of monitoring and improving safety in the workplace, which is significantly above the industry norm, of 82 percent.

In the case of all serious accidents, we ensure that we identify and mitigate any risks, and that we manage and learn from all serious incidents that occur on Skanska worksites that could have resulted in a fatality.

Despite our focused work to eliminate incidents in a high-risk business, five fatalities occurred at Skanska sites during the year. Every time such a tragic event occurs, we take immediate actions to understand the root cause, and work purposefully to make sure it does not happen again as part of our continuous improvement.

**Hierarchy of control**

The hierarchy of control illustrates the transition from a reactive to a proactive approach when addressing safety risks. Our safety management systems include all stages of the hierarchy of control. The greatest impact on safety is achieved in the early stages of design and planning, where risks can be effectively eliminated.




Executive Safety Site Visits (ESSVs)

**7,921**

Site safety visits performed by senior managers.

Lost time accident rate (LTAR)

**2.9**

Employee and subcontractor lost time accident rate.

# A fair and ethical business, inside and out

We act fairly and transparently in our business and decision making, aiming for a culture where everyone working with us understands that they can speak up and also chooses to do so. We strive for environmentally and socially sustainable supply chains that ensure safe and fair conditions for all. We have zero tolerance for corruption, bribery or any other kind of unethical behavior.

**Our Code of Conduct**
Skanska's Code of Conduct specifies how all employees should work and interact with each other, with customers and with partners. It covers topics ranging from anti-corruption, fair competition and financial crime to discrimination, fair working conditions, environmental and safety responsibility, and human rights.

The Code of Conduct is reviewed annually by the Board to ensure it remains up-to-date and relevant. Training is required for all new employees during their first month of employment. Mandatory refresher training is undertaken by all employees on a two-year rolling basis.

**Supplier Code of Conduct in our contracts**
Our Code of Conduct is supplemented by the Supplier Code of Conduct, to which all subcontractors, suppliers, consultants, intermediaries and agents must adhere.

The Supplier Code of Conduct is included in our agreements with these parties and outlines our expectations on the partners we do business with. It also requires that the same principles flow down the suppliers' own supply chains. This enables us to monitor and carry out audits where applicable. We also include the option of terminating an agreement in the event of a material breach of our Supplier Code of Conduct.

**Ensuring trustworthy partners**
For certain categories of suppliers, or where deemed necessary, we conduct a risk-based assessment followed by due diligence. Mandatory ethical due diligence is carried out for intermediaries, joint venture partners and sellers or buyers of land or real estate assets. We gather information on third parties' ethical standards and culture, as well as information on any past legal violations, possible transaction-related conflicts and other indicators of risk. We ensure that we know the ultimate beneficial owners of the parties we do business with. We use a global database for sanctions screening, which automatically checks all active suppliers every 24 hours.

**Supply chain responsibility**
Through our sustainable procurement approach, we work with our partners to implement a shared commitment to sustainability, human and labor rights, the environment, ethics and safety. We aim to ensure fair working conditions where we operate. We have zero tolerance for any form of human trafficking or forced or child labor.

IN FOCUS

## Strengthening sanction procedures

The war in Ukraine has led to a stronger and rapidly changing sanctions regime against Russian and Belarusian entities and individuals, as well as in relation to certain products and services affecting the construction industry.

As a result, we have adapted our procedures. Some of the activities carried out in 2022 include:

- Additional analysis of ultimate beneficial owners of the parties we do business with
- Using a risk-based approach to assess parties further up the value chain
- Implementing additional due diligence to ensure that product-related sanctions risks are mitigated, including mapping high-risk suppliers and subcontractors, sending out sanction compliance notice letters and conducting follow-up meetings with selected business partners
- Performing sanctions training, awareness campaigns and providing guidance for relevant personnel

Code of Conduct training

**96%**

Completion rate, Code of Conduct training during first month of employment.

Code of Conduct refresher training

**99%**

Completion rate, Code of Conduct refresher training on a two-year rolling basis.

Skanska is preparing for the EU Directive on Corporate Sustainability Due Diligence (CSDD). The CSDD includes a duty to identify a company's negative impacts on human rights and the environment, both in its own operations and those of its subsidiaries and across the value chain, and set up integrated processes for due diligence.

In 2022 we focused on identifying and assessing adverse impacts in the supply chain based on OECD Due Diligence Guidance for Responsible Business Conduct. We are working closely with all our business units to share existing best practices. For 2023, we plan to continue this work with the aim of mitigating risks and gaining insights.

**Identifying and mitigating ethical risks**

The complexity associated with large projects, long value chains and a mix of public and private customers increases the risk of bribery and corruption. Our Anti-Corruption Policy sets out our zero-tolerance position for all forms of bribery and specifies the actions we must take in high-risk situations. Anti-corruption training is available for all employees, with extra focus on employees in more "at risk" roles.

To address the risk of anti-competitive practices, in-person workshops have been held for project development teams, starting with the Nordic countries.

Structured ethics risk assessments are conducted every second year, most recently in 2021. The results showed an increased need to focus on risks related to supply chain responsibility and modern slavery. Practical measures have been implemented to address the identified ethical risks, and they are monitored and followed up regularly by each business unit.

**Enabling whistleblowing through our Code of Conduct Hotline**

Those who wish to report a concern or incident can report directly to a business unit's local reporting line or ethics committee. People wishing to remain anonymous can use our whistleblowing channel, Skanska's Code of Conduct Hotline, which is operated by a third party and open to employees and external stakeholders alike. Cases that are identified as higher risk are reported to the Group Leadership Team and the Board. Confirmed breaches of the Code of Conduct may result in disciplinary action, including termination of employment for serious breaches. A substantiated breach by a supplier may result in termination of their contract.

In 2022, a total of 140 reports were received via the Code of Conduct Hotline: 84 of these reports related to workplace concerns including bullying, discrimination, health and safety, and individual employment issues. Breaches were found in a total of 18 cases. Four cases were specifically classified as anti-corruption with a minor breach identified in one of them, resulting in disciplinary action for the employee involved.

Improvements are often initiated by recommendations made following investigations, even where no breach has been substantiated.

**Freedom to speak up**

Fostering a speak-up culture, in which employees feel empowered to talk about any issue, is essential for us. The 2022 employee survey showed that 86 percent felt free to express concerns without fear of negative consequences, compared with the industry benchmark of 65 percent. Work to promote awareness of the no-retaliation policy was intensified in 2022. The policy encourages the reporting of possible ethical breaches and offers protection for those who speak up.

Barkabystaden Järfälla Sweden

# Safeguarding the environment

Our industry impacts the local environment where we operate. Construction of buildings and infrastructure consumes large amounts of resources, including materials, water and energy. At Skanska, we are committed to protecting the environment wherever we build, to reduce our environmental footprint and to be mindful of our material usage.

We monitor and ensure the overall sound environmental management of all our sites, including avoiding the use of chemicals listed in our restricted substance standard. Major environmental incidents are reported to the Group Leadership Team. Our business units are certified according to the ISO 14001 environmental management system.

**Waste management and circularity**

We focus on increasing resource efficiency by reusing and recycling materials and products where we can. We reduce waste and improve efficiency with smarter design, planning, procurement and logistics. This often goes hand in hand with reduced costs.

We have been tracking self-generated waste to landfill since 2008. In 2022, 6.8 (4.3) percent of generated waste went to landfill, which is not meeting our target of less than 5 percent. Starting in 2021, we initiated a more granular measurement of self-generated waste management reporting. In 2022, 72 percent of total waste was recycled, 8 percent prepared for reuse and 13 percent other waste treatments. Concrete, demolition waste, mixed construction waste and wood are the four largest waste types.

**Sustainable water management**

Improving water efficiency is a key factor in minimizing our impact on the environment. As a construction company, we have a major impact on water usage, both during construction and when the building is in use. We have promoted more sustainable water usage by integrating innovative water-efficiency solutions, such as replacing potable water with alternative quality grades where possible. Examples include gray-water systems, where domestic wastewater except that from toilets is reused for non-potable uses.

In Central Europe we see a specific demand for circular water management due to expected drought as a consequence of climate change. Advantages include lower use of potable water, high efficiency and reduced operating costs. For example, the housing project Botanica K in the Czech Republic has been saving drinking water for its residents this way. It was the first apartment building in the Czech Republic to start recycling drinking water, and it received the highest BREEAM sustainability rating on the Czech market to date. After four years of operation, it has recycled more than 10 million liters (264,000 gallons) of drinking water, worth more than SEK 1 M.

**Enabling biodiversity**

Biodiversity refers to the multitude of life on Earth. It also provides a foundation for societies, businesses and economies. In recent years, biodiversity has been highlighted as a material topic in Skanska's materiality assessment. Construction projects risk having a negative impact on local biodiversity, a risk we consider in the planning and construction of projects. We are working to identify what measures we can take to reduce and mitigate such negative effects.

However, there are also opportunities for us to leave a positive legacy by enhancing biodiversity in connection with our operations, where our projects are deliberately designed to create a net gain in biodiversity. In residential areas, projects create attractive green spaces for people and nature. For example, the project Jaśminowy Mokotów in Warsaw included the development of an 8,500 square meter (2.1 acre) park open to the public, the planting of 400 shrubs and dozens of trees, as well as bird and insect houses.

**IN FOCUS**

## Redeveloping an army base with biodiversity in focus

Skanska in the UK started applying the biodiversity net gain (BNG) approach to civil works development projects starting in 2020. This approach strives to leave local biodiversity in a better state than it was before a project. The BNG method will be made mandatory in UK legislation from November 2023 and we are already putting it into practice.

Together with the UK Defence Infrastructure Organisation, we integrated BNG in the redevelopment of an army base into a new woodland village in Mindenhurst, Surrey. Extensive ecological surveys have been carried out to assess the biodiversity for phase I of the project.

Mitigation efforts were put in place to ensure that local animals and plant life were not negatively impacted by construction work. Natural solutions have been used for drainage and to improve the river habitat.

Throughout the project, we have collaborated closely with local wildlife experts, using our combined expertise to evolve the landscape and habitat design in a way that supports biodiversity. Based on the UK Government BNG methodology the project has improved the ecological value of non-linear habitats by 3 percent, linear habitat features by 6 percent and river habitats by 19 percent.

# Embracing diversity

Women in senior positions

**25%**

Four most senior levels below the President and CEO

Women on Skanska's Board of Directors

**38%**

Women elected to Skanska's Board of Directors by the Annual General Meeting (AGM) 2022


We know that diverse and inclusive teams are a key driver for a successful business. We are committed to being an equal opportunity employer, attracting, recruiting and advancing diverse talent to enlarge our talent pool in a traditionally male-dominated industry. We do not tolerate discrimination, regardless of social background, ethnicity, disability, gender, age, religion, sexual orientation or any other protected characteristic. We strive for a workplace free from harassment and bullying.

### More diversity in the workforce

All business units are required to set up their own diversity and inclusion steering groups as well as action plans and goals, and track metrics to measure their success. Increasing the number of women in leadership positions and throughout our company is a long-term commitment. We see a slow but steady increase in the number of female employees. Currently 20 percent of our employees are female. The percentage of women in senior positions is 25 percent and three out of eight of our AGM-elected board members are women. Skanska strives to improve gender equality in our own businesses and the industry as a whole.

Gender ratios vary between professional groups, business streams and business units. Craft worker employees account for the largest gender gap, with 96 percent men and 4 percent women.

In the Commercial Property Development and Residential Development business streams, male/female ratios are about even. Other aspects of diversity, such as ethnicity, disability or age, are tracked by business units as opposed to Group level, due to differing legal requirements between countries.

### Safe workplace for LGBTQ+

In 2022, a cross-industry initiative led by Skanska was the first of its kind in Poland in response to places in the country being declared LGBTQ+ free zones. This led to the campaign "Here you can be yourself" where businesses could display signs to signal their workpaces were safe for members of the LGBTQ+ community to be themselves. Additionally, via the employee network "Place of Pride," we conduct audits, training sessions and webinars on LGBTQ+ inclusion, and collaborated with partners.

### Understanding the lived experience

According to our annual employee survey, the overall trend for inclusion is positive: 88 percent of respondents agree that people care for and treat each other fairly in our workplace, 13 percentage points above the industry benchmark, while 91 percent of respondents agree that their "workplace is free from bullying and harassment."

In 2022, Skanska in the UK commissioned examinations of how different demographic groups experienced our culture. Based on the results, two inclusion stand-up meetings for all teams across the business unit were held to address actions required locally to increase inclusion.

**IN FOCUS:** Soltech Energy, Stockholm, Sweden

# Harnessing the power of the sun

Soltech Energy, Stockholm, Sweden

Reaching Skanska's goal of net-zero emissions by 2045 will require innovative thinking from us and from partners like Soltech Energy.

We signed a collaboration agreement with Soltech Energy, one of our first innovation partners in the building energy sector, in 2022. The Stockholm-based company provides a range of products and services in the solar energy space, spanning large-scale solar solutions, energy storage and optimization, roofing and façade contracting, and electric vehicle charging. The partnership will focus on the development of property technology, battery solutions and perhaps most notably building-integrated solar cell façades – power-generating products that are integrated into the outer shells of buildings.

"Skanska has the properties they manage long-term and we at Soltech in turn have significant competence within renewable energy solutions," says Anna Svensson, Chief Innovation Officer at Soltech Energy. "We have different core competencies but share the same values, which creates a well-functioning platform for innovation, and we learn a lot from each other."

The extra costs of installing solar tech depend on a property's structure and profile, and it is difficult to calculate the payback time while electricity prices are fluctuating so much. Anna Svensson estimates, however, that a relatively standard solar roof solution for a commercial property has a payback time of nine to twelve years.

Skanska installs conventional photovoltaic panels on almost all buildings across Commercial Development in the Nordics, but energy shortages and slow progress in the electrification of many cities have prompted a new urgency to find additional opportunities to produce energy. Soltech's energy-producing façades can completely replace brick, sheet metal, wood and plaster with solar cells, getting the most out of the sun's renewable energy.

"The trend for solar façades will not stand in the way of other property development or architecture, but we do believe that traditional building materials will increasingly be replaced by solar cells," says Anna Svensson. "Locally produced electricity in properties will play a crucial role in self-reliant, cost-efficient energy production in the future."

The partnership's ambitions are bigger than just solar, however. Together with other companies, the partners hope to use technology that enables buildings to communicate with each other, sharing energy to maximize efficiency and comfort for tenants.

"The main ambition is to jointly create ideas and solutions for the smart city of the future," concludes Anna Svensson. "We're looking at a future where intelligent properties produce renewable energy, share it between them and communicate energy consumption, efficiency and other data to use energy in a smart way."

# Sustainability information

**Sustainability governance**
The management of sustainability follows the Group Governance Framework and internal audit procedures, see pages 48–49. The Group Governance Framework is determined by the Board and the Group Leadership Team. The business units are responsible for complying with Group policies, procedures and standards. The framework for sustainability is consists of the Code of Conduct, Supplier Code of Conduct, Anti-Corruption Policy, Sustainability Policy which encompasses environmental and health and safety policies.

The policies are supported by the following standards and procedures: Health and Safety Standard, Sustainability Reporting Procedure, Restricted Substance Standard, Health and Safety Road Map Standard, Procedure of the Code of Conduct Program, Community Investment and Sponsorship Standard and Diversity and Inclusion Procedure.

As of November 2021, the EVP Sustainability and Innovation has been part of the Group Leadership Team. The governance structure for green bonds is established in the Skanska Green Bond Framework prepared by the Green Bond Committee, which is headed by the EVP Sustainability and Innovation. Other committee members include the VP of Treasury and the EVPs of the Development business units.

Sustainability performance is assessed via key performance indicators and the annual Groupwide employee survey. Employees are evaluated annually on their performance and capacity to drive sustainability. Sustainability, via climate as well as health and safety parameters, is included in incentive programs for the President and CEO and the business unit management teams. From 2023 the top 400 leaders have a carbon emission reduction target in the Skanska Employee Ownership Program (Seop), more information can be found on page 69.

**Materiality assessment**
Skanska conducted a materiality assessment and stakeholder dialogue in the second half of 2022, according to GRI:s Standards from 2021. The materiality assessment identified the most significant impacts on the economy, the environment, and people from Skanska's operations. The materiality assessment mapped Skanska's actual and potential positive and negative impacts, taking into consideration perspectives of different stakeholders.

Skanska also assess and monitor sustainability risks as described in the Enterprise Risk Management Policy on pages 60–66. In addition Skanska has carried out an assessment of impact on human rights and environment in the value chain in line with OECD Due Diligence Guidance for Responsible Business Conduct. This gives a comprehensive picture of risks and opportunities for Skanska.

**Map context and identify impact**
The materiality assessment is based on a mapping of Skanska's value chain, activities, and business relationships in order to understand current and potential impact in a broader context. A desktop analysis by an external consultant resulted in an overview of Skanska's actual and potential impact.

In addition, qualitative interviews provided an in-depth understanding of the nature of the impact Skanska have on the world. Stakeholders interviewed included Board members and Group Leadership Team members, industry- and employer associations as well as external sustainability experts.

**Assess impact**
The severity of negative impact has been assessed considering scale, scope and remediability. For positive impacts only scale and scope are considered. For potential impacts, the probability was also taken into account. Topics were prioritized from highest to lowest severity and a threshold was set to define the material topics.

**Response from stakeholders**
To gather feedback from selected Skanska employees, customers, suppliers, and investors. The material topics have been validated by Skanska's Group Leadership Team and have guided the contents of Skanska's sustainability disclosure. The material topics are not ranked as they are all important to monitor.

The material topics are presented on page 71.

# Climate

**The Skanska Group climate target**
Skanska aims to achieve net-zero carbon emissions in its own operations and its value chain (scope 1, 2 and 3) by 2045. For Skanska Development streams, the interim target is a 70 percent decrease of own (scope 1 and 2) carbon emissions by 2030 and a 50 percent decrease of value chain (scope 3) carbon emissions. For Skanska's Construction stream, projects with external clients, the interim target is a 70 percent reduction of own (scope 1 and 2) carbon emissions by 2030.

The base year is 2015 for scope 1 and 2 and 2020 for scope 3.

The scopes are defined according to the Greenhouse Gas Protocol.

- Scope 1 emissions include direct emissions from sources owned or controlled by Skanska, such as boilers, furnaces and vehicles
- Scope 2 includes indirect emissions from the generation of electricity, heating and cooling purchased and consumed by Skanska
- Scope 3 includes indirect greenhouse gas emissions from sources not owned or directly controlled by the organization.

See Sustainability Reporting Principles on page 104.

**Carbon emissions ($CO_2e$)[1, 2]**
Scope 1, 2 and 3 emissions ($CO_2e$) and biogenic emissions (Outside of scope) generated in Skanska's operations.

| Tonnes $CO_2e$ | | 2022 | 2021 | 2020 | 2019 | 2015 |
|---|---|---|---|---|---|---|
| Scope 1 | | 164,000 | 194,000 | 193,000 | 213,000 | 322,000 |
| Scope 2[3] | Location-based method | 36,000 | 35,000 | 38,000 | 43,000 | 43,000 |
| | Market-based method | 18,000 | 22,000 | 72,000 | 78,000 | 80,000 |
| Change since base year (scope 1 and 2), % | | -55 | -46 | -34 | -28 | – |
| Carbon intensity[4] | | 1.13 | 1.46 | 1.67 | 1.64 | 2.60 |
| Scope 3 | | 1,688,000 | 1,706,000 | 1,945,000 | | |
| Change since base year (scope 3), % | | -13 | -12 | | | |
| Outside of scope[5] | | 33,000 | 22,000 | 17,000 | 20,000 | |

**Skanska's scope 3 reported categories**

| Category according to Greenhouse Gas Protocol | $CO_2e$ emissions (tonnes) 2022 | 2021 | 2020 |
|---|---|---|---|
| Purchased goods and services (limited to cement, concrete, steel, bitumen and asphalt) | 864,000 | 950,000 | 987,000 |
| Capital goods | | | |
| Fuel- and energy-related activities (not included in scope 1 or 2) | 42,000 | 45,000 | 45,000 |
| Upstream transportation and distribution | | | |
| Waste generated in operations | 3,000 | 12,000 | 20,000 |
| Business travel (limited to air travel) | 9,000 | 5,000 | 4,000 |
| Employee commuting | | | |
| Upstream leased assets | | | |
| Downstream transportation and distribution | | | |
| Processing of sold products | | | |
| Use of sold products[6] | 770,000 | 695,000 | 890,000 |
| End-of-life treatment of sold products | | | |
| Downstream leased assets | | | |
| Franchises | | | |
| Investments | | | |

1 The base year is 2015 for scope 1 and 2 and 2020 for scope 3.
2 Due to rounding, some totals may not correspond with the sum of the separate figures.
3 The market-based method is used when using scope 2 in calculations.
4 Scope 1 and 2 (market-based)/SEK M revenue, according to segment reporting.
5 The direct carbon dioxide ($CO_2$) impact of burning biomass and biofuels is reported Outside of scope and is included in our Science-based target.
6 A 50-year expected lifetime is applied when calculating lifetime emissions of sold buildings. A 100-year lifetime is applied to infrastructure.

**Total energy usage**
Total energy usage generated in Skanska's operations.

| MWh | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Fuel usage | 752,000 | 834,000 | 821,000 | 898,000 | 1,091,000 |
| Non-renewable | 634,000 | 696,000 | 699,000 | 716,000 | 1,022,000 |
| Renewable | 118,000 | 138,000 | 123,000 | 182,000 | 70,000 |
| Renewable, % | 16 | 17 | 15 | 20 | 6 |
| Electricity usage | 228,000 | 226,000 | 300,000 | 331,000 | 241,000 |
| Non-renewable | 29,000 | 49,000 | 180,000 | 212,000 | 115,000 |
| Renewable | 199,000 | 177,000 | 121,000 | 120,000 | 127,000 |
| Renewable, % | 87 | 78 | 40 | 36 | 53 |
| District heating usage | 42,000 | 25,000 | 24,000 | 12,000 | 10,000 |
| District cooling usage | 1,400 | 1,600 | 2,000 | 37,000 | 600 |
| Total energy usage | 1,024,000 | 1,087,000 | 1,148,000 | 1,278,000 | 1,344,000 |
| Non-renewable | 706,000 | 771,000 | 904,000 | 976,000 | 1,147,000 |
| Renewable | 318,000 | 316,000 | 243,000 | 302,000 | 197,000 |
| Renewable energy (excl. heating and cooling), % | 31 | 29 | 21 | 24 | 15 |
| Energy intensity[1] | 6.33 | 7.36 | 7.24 | 7.23 | 7.88 |

1 Total energy MWh/SEK M revenue, according to segment reporting.

**Certified commercial buildings, share of total divestments**
Share of total divestments, corresponding to SEK 8.3 billion, of divested offices in the Commercial Property Development business stream, certified with LEED Platinum or Gold, or BREEAM Excellent, or WELL.

| % | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Certified commercial buildings, share of total divestments | 100 | 84 | 98 | 90 |

# Responsibility

**Number of lost time accidents**
Total number of lost time accidents.

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Lost time accidents | 430 | 452 | 504 | 566 | 712 |
| Skanska employees | 174 | 175 | 231 | 252 | |
| Subcontractors | 256 | 277 | 273 | 314 | |

**Lost time accident rate (LTAR)**
Number of employee and subcontractor lost time accidents multiplied by 1,000,000 hours and divided by total labor hours.

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| LTAR | 2.9 | 3.2 | 3.1 | 3.1 | 3.5 |
| Skanska employees | 2.9 | 2.8 | 3.4 | 3.5 | |
| Subcontractors | 3.0 | 3.5 | 3.0 | 3.0 | |

**Total case accidents**
Total number of accidents that happen during or in connection with work.

| | 2022 | 2021 |
|---|---|---|
| Total case accidents | 1,159 | 1,235 |
| Skanska employees | 513 | 560 |
| Subcontractors | 646 | 675 |

**Fatal accidents**
Number of fatalities on Skanska worksites.

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Fatal accidents | 5 | 3 | 2 | 4 | 5 |
| Skanska employees | 1 | 1 | 1 | 2 | |
| Subcontractors | 4 | 2 | 1 | 2 | |

**Executive Site Safety Visits (ESSV)**
Site safety visits performed by senior managers.

| | 2022 | 2021 | 2020 | 2019 | Target 2022 |
|---|---|---|---|---|---|
| Executive Site Safety Visits | 7,921 | 7,377 | 2,522 | 4,034 | 7,000 |

**Improving safety in workplaces**
Percentage of favorable scores ("Strongly Agree" and "Agree" ratings on the 5-point SA-SD Likert scale). Percentages indicate the proportion of respondents agreeing with the statement.

| % | General industry norm | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| My business unit does a good job of monitoring and improving the safety of my workplace | 82 | 86 | 86 | 89 | 88 | 88 |

**ISO 45001 certification**
Number of major non-conformities identified by accredited third-party auditors.

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Major non-conformities | 0 | 3 | 0 |

**Code of Conduct training**
Share of employees who have undergone training in Skanska's Code of Conduct.

| % | 2022 | 2021 | 2020 | 2019 | Target |
|---|---|---|---|---|---|
| First month of employment | 96 | 98 | 97 | 94 | 100 |
| Updated training every second year | 99 | 99 | 99 | 98 | 100 |

**Speak-up culture**
Percentage of favorable scores ("Strongly Agree" and "Agree" ratings on the 5-point SA-SD Likert scale). Percentages indicate the proportion of respondents agreeing with the statement.

| % | General industry norm | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| I can freely express my concerns without fear of negative consequences (e.g., safety, discrimination, ethical matters, etc.) | 65 | 86 | 86 | 84 | 83 | 82 |

**Code of Conduct Hotline**
Number of reports reported to the Code of Conduct Hotline.

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Number of reports | 140 | 118 | 152 | 190 |

**Significant environmental incidents**
Significant environmental incidents with potential level of impact according to the Skanska Green Reporting Procedure.

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Significant environmental incidents | 0 | 1 | 1 | 3 | 2 |

# Responsibility, cont.

**ISO 14001 certification**
Number of major non-conformities identified by accredited third-party auditors.

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Major non-conformities | 0 | 2 | 3 | 0 | 0 |

**Self-generated waste to landfill**
Self-generated waste from projects sent to landfill.

| % | 2022 | 2021 | Target |
|---|---|---|---|
| Self-generated waste to landfill | 6.8 | 4.3 | 5 |

**Employees by gender, year-end**
Employees by gender and management level.

| % | 2022 | | 2021 | | 2020 | | 2019 | | 2018 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Category | Men | Women | Men | Women | Men | Women | Men | Women | Men | Women |
| Skanska AB Board of Directors[1] | 63 | 38 | 57 | 43 | 57 | 43 | 57 | 43 | 43 | 57 |
| Senior executives (Group Leadership Team, level 7) | 57 | 43 | 57 | 43 | 67 | 33 | 67 | 33 | 67 | 33 |
| Business Unit Presidents (level 6) | 92 | 8 | 92 | 8 | 92 | 8 | 92 | 8 | 92 | 8 |
| Group Senior Vice Presidents (level 6) | 37 | 63 | 50 | 50 | 44 | 56 | 33 | 67 | 44 | 56 |
| Senior positions (level 3–6)[2] | 75 | 25 | 76 | 24 | 75 | 25 | 75 | 25 | 78 | 22 |
| All employees | 80 | 20 | 81 | 19 | 82 | 18 | 82 | 18 | 83 | 17 |

1 Elected by the Annual General Meeting.
2 Level 6 employees are Business Unit Presidents and Group Senior Vice Presidents, level 5 are business unit management teams. Level 3 and 4 are management levels below business unit management teams.

**Employees by business unit, 2022[1]**

| | | Average headcount | | | |
|---|---|---|---|---|---|
| Business unit | Total number of employees (headcount) | Of which, women | % of total number of employees (headcount) | Of which, men | % of total number of employees (headcount) |
| Sweden | 7,449 | 1,598 | 21 | 5,851 | 79 |
| Norway | 3,855 | 392 | 10 | 3,463 | 90 |
| Finland | 2,021 | 386 | 19 | 1,635 | 81 |
| Central Europe | 3,974 | 806 | 20 | 3,168 | 80 |
| United Kingdom | 3,514 | 944 | 27 | 2,570 | 73 |
| USA Civil, USA Building and Skanska Inc. | 6,299 | 1,100 | 17 | 5,199 | 83 |
| Commercial Development Europe | 174 | 109 | 63 | 65 | 37 |
| Commercial Development Nordic | 117 | 59 | 50 | 58 | 50 |
| Commercial Development USA | 81 | 40 | 49 | 41 | 51 |
| BoKlok | 460 | 170 | 37 | 290 | 63 |
| Residential Development Europe | 137 | 78 | 57 | 59 | 43 |
| Headquarters | 108 | 63 | 58 | 45 | 42 |
| **Total** | **28,189** | **5,745** | **20** | **22,444** | **80** |

1 The definition is described under Reporting Principles, page 104, and differs from Note 36.

**Diversity and inclusion indicators from annual employee survey**
Percentage of favorable scores ("Strongly Agree" and "Agree" ratings on the 5-point SA-SD Likert scale). Percentages indicate the proportion of respondents agreeing with the statement.

| | General industry norm | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| My manager makes the most of the diversity in our team to achieve stronger performance together | 77 | 78 | 77 | 76 | 74 | 73 |
| My workplace is free from bullying and harassment | – | 91 | 91 | 88 | 86 | 86 |
| In my workplace, people care for each other and treat each other fairly | 75 | 88 | 88 | 86 | 84 | 83 |

# EU taxonomy

The EU Taxonomy (taxonomy) is a regulation that aims to drive sustainable investment in EU by its classification system for environmentally sustainable economic activities, and is part of realizing the European Green Deal. For the commercial development and construction sector, the taxonomy provides a common framework with shared definitions and criteria for what is considered sustainable in building and infrastructure projects. It also ensures that several different environmental objectives are addressed for a project to be able to claim alignment to the taxonomy.

For Skanska, the taxonomy entails a potential foundation on which future sustainability performance and strategies can be set and measured. This allows Skanska to continue being a forerunner in sustainability and deliver value to clients with the same high ambitions.

**Skanska 2022 EU Taxonomy results**

In 2022 Skanska reports the percentage of revenue and CapEx (Capital Expenditures) that is eligible for and aligned with the taxonomy. 92 (56) percent of revenue is assessed to be eligible for the taxonomy, which is an increase from 2021. This increase is mainly due to the fact that both substantial contribution to climate change mitigation and climate change adaptation are considered. This allows revenue relating to infrastructure (6.15), which enables road transport and public transport, to be eligible for the taxonomy.

2 percent of revenue is assessed to be aligned with the taxonomy. Incorporating taxonomy criteria and alignment assessments in ongoing Skanska projects entails a significant change of current sustainability strategies and reporting structures. This is being implemented using a stepwise approach to ensure high reporting accuracy and a long-term, strategic development toward increased alignment. As a result, the aligned revenue for 2022 is likely underestimated and expected to increase in future reporting.

In the EU Commission clarification to Annex I sent out in 2021 it is stated that estimates and early testing of the taxonomy criteria show a low overall alignment today in companies' activities and investment portfolios (between 1 percent and 5 percent, with many companies and investment portfolios standing at zero). While this figure is expected to rise significantly with the implementation of the European Green Deal, it highlights the transition still required to reach carbon neutrality by 2050.

**The EU Taxonomy facts**

To meet the EU Taxonomy requirements for alignment you have to

1. Substantially contribute to at least one of the six environmental objectives as defined in the regulation
2 Do no significant harm to any of the other five environmental objectives as defined in the regulation
3. Comply with minimum safeguards

Skanska follows this process and includes all business in all markets.

**Sustainability work in ongoing Skanska projects**

Many of Skanska's ongoing projects with high sustainability performance have started their work parallel to the development of the taxonomy. As a result, although these projects have high sustainability performance and meet a majority of the taxonomy criteria, few are in 2022 able to claim full taxonomy alignment including all requirements in the Taxonomy. One example that aligns to all the technical requirements of the taxonomy is the ongoing Skanska project Port7 in Czech Republic, read more on page 33.

**Skanska EU Taxonomy general reporting principles**

Taxonomy eligible and aligned activities in Skanska are defined as commercial development and construction projects related to economical activities fulfilling technical screening criteria (substantial contribution requirements and do no significant harm requirements) to the delegated acts adopted pursuant to Article 10(3), Article 11(3), of Regulation (EU) 2020/852. No disaggregation of economical activities is done. A project is considered eligible if the larger part of the revenue is an activity eligible to the taxonomy, alignment is considered in the same way.

Double accounting in the allocation of the numerator of revenue and CapEx is avoided by following financial reporting structure. Reporting is done in accordance with International Financial Reporting Standards (IFRS).

Skanska's issued Green Bond is not financing specific identified taxonomy aligned projects so no adjustment of the turnover is needed to avoid double counting.

Skanska has conducted a social (including human rights) and environmental impact assessment according to the OECD Due Diligence Guidance for Responsible Business Conduct as described on pages 89–90. These aspects are part of the Skanska Code of Conduct and Supplier Code of Conduct and adhere to the minimum safeguards of the taxonomy.

**Contextual information**

2022 is the base year of taxonomy alignment reporting, which means that no changes can be reported. Eligibility has increased as a result of adding environmental objective climate change adaptation to the mapping scope. Key drivers for Skanska to increase taxonomy eligible and aligned revenue is specified in the climate plan ACT and actions on page 77 and in the Skanska sustainability reporting. Added this year to the Skanska Group Reporting Procedure were the appendix of Skanska Taxonomy reporting Instructions.

**Skanska 2022 EU Taxonomy eligibility assessment**

The Skanska share of EU Taxonomy eligible activities is identified based on materiality, according to a structured process. 100 percent of the revenue for Commercial Property Development and Residential Development streams is considered eligible to the taxonomy, consisting to an absolute majority of construction of new buildings (activity 7.1) and to a smaller part of renovations (activity 7.2).

For the Construction stream the eligibility assessment is based on materiality from a revenue perspective, and is carried out for Skanska's large construction projects covering the majority of the construction revenue. The eligible construction revenue relate to projects in energy (activities 4.1, 4.2, 4.3, 4.5), water and waste water (activities 5.1, 5.3), infrastructure (activities 6.14, 6.15, 6.16) and construction (activities 7.1, 7.2,7.6,7.7). A majority of the eligible construction revenue relates to new construction (activity 7.1) and infrastructure for road and rail transport (activities 6.14, 6.15).

For CapEx, investments such as property, plant and equipment, intangible assets, investment properties and some leases are considered eligible.

OpEx (Operational Expenditure) is not considered material or relevant for the kind of project-based business Skanska is conducting. The expenditures for R&D and short-term leases are negligible at Skanska. As a result we have excluded a table of results for OpEx.

**Skanska 2022 EU Taxonomy alignment assessment**

The Skanska share of taxonomy aligned revenue is assessed out of a project perspective prioritizing construction projects (activities 7.1,) with large revenue, high sustainability performance and high levels of available data. Read more about such a project, Port7, on page 33. This as a stepwise approach during 2022 to implement the taxonomy.

Aligned CapEx is calculated as CapEx related to assets or processes that are associated with taxonomy aligned activities. Skanska has assessed the possibility but not identified any activities for a CapEx plan during 2022.

**The EU Taxonomy is based on six environmental objectives:**

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

| Turnover[1] | | | | Substantial contribution criteria | | | | | | DNSH criteria (Does Not Significantly Harm) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) (2) | Absolute turnover (3) | Proportion of turnover (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) | Minimum safeguards (17) | Taxonomy-aligned proportion of turnover, year 2022 (18) | Taxonomy-aligned proportion of turnover, year 2021 (19) | Category (enabling activity or) (20) | Category '(transitional activity)' (21) |
| | | SEK M (IFRS) | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E | T |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Construction of new buildings | 7.1 | 2,877 | 2 | 100 | | | | | | Y | Y | Y | Y | Y | Y | Y | 2 | | | |
| **Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)** | | **2,877** | **2** | | | | | | | | | | | | | | **2** | | | |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | | |
| Electricity generation from wind power | 4.3 | 60 | 0 | | | | | | | | | | | | | | | | | |
| Electricity generation from hydropower | 4.5 | 697 | 0 | | | | | | | | | | | | | | | | | |
| Transmission and distribution of electricity | 4.9 | 366 | 0 | | | | | | | | | | | | | | | | | |
| Construction, extension and operation of water collection, treatment and supply systems | 5.1 | 1,911 | 1 | | | | | | | | | | | | | | | | | |
| Construction, extension and operation of waste water collection and treatment | 5.3 | 643 | 0 | | | | | | | | | | | | | | | | | |
| Infrastructure for rail transport | 6.14 | 26,113 | 16 | | | | | | | | | | | | | | | | | |
| Infrastructure enabling (low carbon) road transport and public transport | 6.15 | 22,376 | 14 | | | | | | | | | | | | | | | | | |
| Infrastructure enabling (low carbon) water transport | 6.16 | 1,837 | 1 | | | | | | | | | | | | | | | | | |
| Construction of new buildings | 7.1 | 75,746 | 46 | | | | | | | | | | | | | | | | | |
| Renovation of existing buildings | 7.2 | 17,398 | 11 | | | | | | | | | | | | | | | | | |
| Acquisition and ownership of buildings | 7.7 | 40 | 0 | | | | | | | | | | | | | | | | | |
| **Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | **147,186** | **90** | | | | | | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | **150,063** | **92** | | | | | | | | | | | | | | **2** | | | |
| B. TAXONOMY-NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| **Turnover of Taxonomy-non-eligible activities (B)** | | **13,111** | **8** | | | | | | | | | | | | | | | | | |
| **Total (A+B)** | | **163,174** | **100** | | | | | | | | | | | | | | | | | |

[1] Turnover corresponds to revenue in Skanska reporting.

| CapEx[1] | | | | Substantial contribution criteria | | | | | | DNSH criteria (Does Not Significantly Harm) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) (2) | Absolute CapEx (3) | Proportion of CapEx (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) | Minimum safeguards (17) | Taxonomy-aligned proportion of CapEx, year 2022 (18) | Taxonomy-aligned proportion of CapEx, year 2021 (19) | Category (enabling activity) (20) | Category (transitional activity) (21) |
| | | SEK M (IFRS) | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E | T |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| | | 0 | 0 | | | | | | N | N | N | N | N | N | N | N | 0 | | | |
| **CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)** | | **0** | 0 | | | | | | | | | | | | | | **0** | | | |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | | |
| Electricity generation from wind power | 4.3 | 1 | 0 | | | | | | | | | | | | | | | | | |
| Electricity generation from hydropower | 4.5 | 14 | 0 | | | | | | | | | | | | | | | | | |
| Transmission and distribution of electricity | 4.9 | 7 | 0 | | | | | | | | | | | | | | | | | |
| Construction, extension and operation of water collection, treatment and supply systems | 5.1 | 38 | 1 | | | | | | | | | | | | | | | | | |
| Construction, extension and operation of waste water collection and treatment | 5.3 | 13 | 0 | | | | | | | | | | | | | | | | | |
| Infrastructure for rail transport | 6.14 | 519 | 18 | | | | | | | | | | | | | | | | | |
| Infrastructure enabling (low carbon) road transport and public transport | 6.15 | 445 | 15 | | | | | | | | | | | | | | | | | |
| Infrastructure enabling (low carbon) water transport | 6.16 | 37 | 1 | | | | | | | | | | | | | | | | | |
| Construction of new buildings | 7.1 | 1,421 | 49 | | | | | | | | | | | | | | | | | |
| Renovation of existing buildings | 7.2 | 346 | 12 | | | | | | | | | | | | | | | | | |
| **CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | **2,841** | **97** | | | | | | | | | | | | | | | **N/A** | | |
| **Total (A.1 + A.2)** | | **2,841** | **97** | | | | | | | | | | | | | | **0** | **N/A** | | |
| B. TAXONOMY-NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| **CapEx of Taxonomy-non-eligible activities (B)** | | **88** | **3** | | | | | | | | | | | | | | | | | |
| **Total (A+B)** | | **2,929** | **100** | | | | | | | | | | | | | | | | | |

[1] The Skanska CapEx disclosure processes are under development.

# Climate risk and opportunity management according to TCFD recommendations

**Governance**
The Board is provided with quarterly updates on Skanska's progress towards our climate target. The decision 2021 to sharpen the target was taken both as a result of the Board's acknowledgement of the need to increase the pace toward a carbon-neutral society and the fact that Skanska had already made significant progress in cutting emissions. The Board considers project-specific climate risks via its Project Review Committee and during 2022 took the decision to include a target for the reduction of carbon emissions as part of Skanska's long-term incentive program.

The Board and Group Leadership Team sets policies, strategies and targets for the Group and follows up on business unit performance and compliance. Skanska Group's updated strategy was launched in 2021 and contains a strong focus on sustainability and climate change. The Group's Sustainability Policy and other policies, standards and guidelines provide effective governance concerning sustainability and climate change. In 2021, the role of Executive Vice President Sustainability and Innovation was added to the Group Leadership Team with climate-related risks and opportunities constituting an important part of the role's responsibilities. The Group Leadership Team follows up on Skanska's climate performance on a quarterly basis, including direct follow-up with all business units. For 2023, the Group Leadership Team has set clear climate-related targets as part of the short-term incentive programs for Business Unit Presidents. Finally, climate-related risk is addressed by the Group Leadership Team on a project level. Read more about Skanska Tender Board on pages 66–67.

**Strategy**
During 2022, Skanska has applied climate-based scenario analysis to identify and address climate-related risks and opportunities[1]. Analyses have been performed with representatives across the organization, representing all of Skanska's business units and thereby providing a wide range of perspectives. Scenario analysis has served as a cornerstone of Skanska's approach to innovation – by helping to identify needs and business opportunities presented under different climate scenarios. In the Skanska innovation portfolio, most of the themes are related to sustainability and foremost climate. Read more about this on page 79.

The table on page 103 provides an overview of the risks and opportunities that Skanska has identified, as well as the actions that Skanska has taken to address these. Note that this table is a summary of risks identified and should not be considered exhaustive.

**Risk management**
Climate risk is an integrated part of Skanska's approach to Enterprise Risk Management. See pages 60–66 for a comprehensive description of Skanska's risk and opportunity management.

Particular attention has been given to climate risk during 2022. Climate risks are also an integrated part of Skanska's approach to project-level risk management as project teams are required to identify, assess, and mitigate relevant climate risks as part of investment and tender processes.

1 In our work with climate-based scenario analysis, we have applied a wide range of scenarios including the Net Zero 2050, Divergent Net Zero, Below 2°C and Current Policies scenarios from the Network for Greening the Financial System (NGFS); and the Net Zero Energy 2050 and Sustainable Development scenarios from the International Energy Agency (IEA).

| Risk area and description | Potential impact | Mitigation measures/activities |
|---|---|---|
| **Transition**<br>**Risks and opportunities associated with the transition to a low-carbon economy** | | |
| **Policy and legal**<br>Examples of risks and opportunities include:<br>• Enhanced reporting and public disclosure requirements, e.g. CSRD, EU Taxonomy<br>• Mandates on energy performance (energy performance of buildings directive)<br>• Cost of carbon | Current and increasing regulations on e.g. energy performance, public disclosures and carbon pricing can, depending on mitigation measures, lead to both advantages and disadvantages relating to e.g. operating costs, as well as brand and reputation. | • Across our markets, Skanska holds a competitive position as leader within sustainability. The demand for sustainable buildings and infrastructure is expected to increase even under a Business as usual scenario<br>• Skanska has positioned itself as a leader in the green and low–carbon transition, and provides transparent, third–party verified disclosures and ESG data<br>• Construction and property development is a resource intensive industry. However, Skanska's focus on operational efficiency reduces the use of resources and thereby also reduces exposure to increases in the cost of carbon |
| **Technology**<br>Examples of risks and opportunities include:<br>• New technologies and innovations needed to meet climate targets. | The successful transition to a low-carbon economy requires new technologies and innovations, which in turn creates risks and opportunities as companies compete to seize first–mover advantages and capture leadership positions within their industries. High demand can also cause supply chain bottlenecks for certain products and materials. Additionally, new products and services could require updated regulations. All of these factors can have both positive and negative implications within e.g. brand and reputation, attractiveness to customers, investments in innovation and R&D, supply chain. | • Skanska leverages a highly focused approach to innovation, enabling the identification, testing and scaling of targeted and commercially attractive solutions and innovations that can contribute to the low–carbon transition. For example, see page 79<br>• Skanska engages in active dialogues with regulators and other stakeholders to ensure an effective transition to a low–carbon economy |
| **Market**<br>Examples of risks and opportunities include:<br>• Changing customer expectations<br>• Changing competitor landscape<br>• New markets and opportunities | Rapidly increasingly customer expectations can already be seen and are expected to continue, particularly under 1.5°C and below 2°C scenarios. This also leads to a changing competitor landscape as existing peers shift to meet new expectations and potential new competitors enter the market. Depending on response, these changes to the market can influence revenue and earnings, brand and reputation, as well as competitive positioning. | • With a proven track–record within low–carbon and sustainable solutions, Skanska is well–positioned to meet an expected growing demand<br>• Skanska plays an active role in international partnerships such as WBCSD, WGBC, Envision to ensure its position at the forefront of the low–carbon transition<br>• Skanska is exploring potential new opportunities arising from the low–carbon transition. For example, the demand for retrofitting of existing buildings increases significantly across both 1.5°C and 2°C scenarios |
| **Reputation**<br>Examples of risks and opportunities include:<br>• Increased scrutiny from stakeholders including e.g. customers, regulators, media, NGOs, investors<br>• Increased stakeholder expectations | Increased scrutiny from stakeholders is already a reality and may continue to increase. Companies can see their brands and reputations damaged if they are seen to be delaying the transition to a low–carbon economy. This is particularly relevant within construction and development as the built environment is a large contributor to global emissions. | • High ambitions have been set by Skanska's Board and Group Leadership Team including emission reduction targets that have been externally validated as Science–based, lending credibility and trustworthiness<br>• Skanska maintains high standards in reporting and marketing materials, with a strong focus on credibility and with proof–points to back up claims<br>• Skanska has for many years disclosed sustainability data in its Annual and Sustainability Report including third–party limited assurance of carbon data |
| **Physical**<br>**Risks and opportunities associated with the physical consequences of climate change** | | |
| **Acute**<br>Examples of risks and opportunities include:<br>• Increased frequency and intensity of extreme weather events | Extreme weather events are already more prevalent in many parts of the world and their frequency and intensity are expected to increase across scenarios, but particularly under Business as Usual scenarios under which emissions continue to rise. Depending on mitigation measures, events could cause disruptions to projects, with potential implications for example operating costs and the value of assets. | • Skanska has procedures in place for managing extreme weather events where relevant and limiting their effects on operations, including e.g. mitigation measures such as flood defenses |
| **Chronic**<br>Examples of risks and opportunities include:<br>• High average outdoor temperatures<br>• Alterations in sea levels, weather patterns and ecosystems | Average temperatures are expected to increase, especially under Business as Usual scenarios. Higher temperatures can disrupt outdoor work while other chronic implications include higher sea levels, which can affect the attractiveness of land and existing property, as well as increase demand for infrastructure projects needed to increase resilience. | • High levels of heat are already a reality in some of our markets, where we have procedures in place to ensure safe working conditions. This experience is shared across the Group as the issue becomes relevant in other markets and geographies<br>• There is a visible demand in the market for climate resilient infrastructure and buildings. This is seen increasingly in bids, both in Europe and in the USA<br>• Climate risk analysis is a part of Skanska's project risk management and design processes |

# Sustainability reporting principles

Skanska is reporting in accordance with the GRI Standards for sustainability reporting. Skanska aims to ensure that all information and data is relevant, transparent, consistent, accurate and complete and that it provides an objective picture of the Group's operations. The reporting period is January 1, 2022 to December 31, 2022.

Sustainability disclosures are reported from the business units quarterly or monthly using our sustainability reporting system, unless otherwise indicated. Five years of data are normally reported, unless such data is unavailable or unless otherwise indicated.

**Greenhouse gases and energy**
Skanska calculates and reports greenhouse gas emissions in accordance with the GHG Protocol Corporate Standard. Scope 2 emissions are calculated in accordance with GHG Protocol Scope 2 Guidance applying the market-based and location-based methods. Scope 3 emissions are calculated in accordance with the GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard. Activity data is based on invoiced data, real-time meters, models, assumptions, estimates or data as reported by suppliers. Energy conversions use publicly available conversion factors and emission factors are sourced from databases such as the IEA (2022), BEIS (2022), ICE 3.0 and the AIB's European Residual Mixes 2021. Greenhouse gases included in the reported carbon inventory are carbon dioxide ($CO_2$), methane ($CH_4$) and nitrous oxide ($N_2O$). Biogenic emissions of $CO_2$ from the combustion of biofuel and biomass are reported separately from the gross direct (scope 1) GHG emissions as Outside of scope. The GWPs used in the calculation of $CO_2e$ are based on the IPCC Fourth Assessment Report (AR4) over a 100-year period, with the exception of scope 2 calculations applying emission factors from the IEA, which are based on AR5. Skanska applies the financial control approach. Emissions data is subject to inherent uncertainties due to incomplete scientific knowledge used to determine emission factors and uncertainties in measurement methods, and the resulting effects on measurements and estimations.

Base years for Skanska Group's climate target have been selected on the basis of data quality. Skanska has measured and reported carbon emissions since 2008. The first year for limited assurance of the Skanska's GHG emission data was 2014. The base year is 2015 for scope 1 and 2 emissions and 2020 for scope 3 emissions.

**Certified offices and commercial buildings**
Certified offices and commercial buildings are reported manually to Skanska's headquarters in Stockholm.

**Energy reduction in new office buildings developed by Commercial Property Development business units**
This figure is calculated as all office properties divested in 2022 developed by business units Commercial Development Europe, Commercial Development Nordic and Commercial Development USA, all of which are certified by LEED Platinum or Gold, or BREEAM Excellent, or WELL. This calculation is made according to international standards, such as ASHRAE. The expected annual consumption of energy is determined through two models, proposed and baseline, to determine the energy efficiency of current projects.

**Waste**
The indicator for waste to landfill is defined as the amount of self-generated waste to landfill. Self-generated by Skanska means materials brought into the project which were not used in the production of the project but are rather being treated as waste. Excavated materials are not included in the definition. The waste disposal method is based on the organizational defaults of the waste disposal contractor. We have different waste disposal providers in different markets and each business unit follow up their respective contracts. The waste indicator is measured as the weight of waste sent to landfill divided by the total weight of self-generated waste. Data is based on invoiced data, qualified estimates or data as reported by supplier, and is subject to inherent uncertainties.

**Compliance with ISO 14001 and ISO 45001 management systems**
If a third-party auditor identifies a major non-conformity in their review, it is to be reported through the sustainability reporting database.

**Health and safety**
The lost time accident rate (LTAR) represents the number of accidents resulting in an injury that restricts the individual from being able to perform their normally assigned duties for a period of one or more working days, multiplied by 1,000,000 hours and divided by total labor hours. Total case accidents include all accidents requiring medical treatment; lost time accidents are a subset of reportable accidents and are therefore included in this number. The number of fatal accidents refers to the year when the accident occurred. The reported data includes Skanska employees and subcontractor employees working on Skanska jobsites. The data is based on reports from the projects. The LTAR is influenced by national regulations, norms and regional definitions, and is hence subject to inherent uncertainty.

**Annual employee survey (YVOS)**
The annual employee web survey was conducted during fall 2022. All employees are included with the exception of craft employees at Skanska USA Civil and Skanska USA Building, due to union restrictions. The percentage of favorable scores refers to "Strongly Agree" and "Agree" ratings on the 5-point SA-SD Likert scale. These percentages indicate the proportion of respondents agreeing with the statement presented.

**Code of Conduct training**
Code of Conduct training statistics are collated by the business units' HR functions and entered into the Skanska common reporting system. The business units report as non-compliance any new employees who have not participated in Code of Conduct training within one month of starting work. Temporary staff and consultants who will be working with Skanska for a medium to long period of time are also required to take the training, normally within three months of starting work, although this time requirement differs between business units. Refresher training for all employees is required every two years. Due to differences in reporting, the percentage of employees taking the refresher training within two years may in some cases cover a period of up to 27 months.

**Human resources**
The HR statistics are reported manually by the business units' HR functions through the Skanska Common Analytics data entry portal. Data is broken down by gender and is reported on a quarterly basis. The headcount reflects the actual number of people directly employed by Skanska at the end of the quarter. All employees count as one, regardless of worktime percentage. The average headcount is calculated as the average over the last four quarters.

**Changes in the Sustainability report between 2021 and 2022**
- Applying GRI Standards 2021

New data disclosed
- Extended disclosure according to the EU taxonomy

# Financial information

# Financial analysis

Group revenue increased both in Swedish kronor and in local currency, strengthened by inflation and positive currencies effects. In the Construction business stream revenue increased on the back of a strong order backlog, despite market challenges. Group operating income decreased somewhat according to segment reporting but increased according to IFRS, both in SEK and in local currency, compared to the previous year. The operating margin in Construction was 3.7 percent for the year, with all three main geographies, the Nordics, Europe and the USA, contributing stable profitability. This is an effect of strategic measures taken to reduce the risk in the project portfolio, but also good management of material shortages and cost increases during the year. Order bookings were higher than in the previous year and amounted to SEK 162.7 billion. The order backlog in Construction at the end of the year was record high and amounted to SEK 229.8 billion, which is equivalent to 17 months of production. The Residential Development business stream maintained good operating margin for the full year despite weak market and falling sales volumes during the second part of 2022. Market activity declined during the year, resulting in lower sales and slower sales processes. Households have been negatively affected by increases in interest rates, higher energy prices and higher consumer price inflation. The housing market is cyclical and Skanska is continuing to build a strong land bank and to develop high-quality, energy-efficient homes that are well suited to the underlying demand. Commercial Property Development had another strong year and completed divestments in all three markets. The Nordics, Central Europe and USA divested properties for SEK 12.9 billion in 2022, with divestment gains of SEK 3.6 billion according to segment reporting. Modern, sustainable and flexible commercial properties are in demand and are seen as attractive by both investors and tenants. To meet demand Skanska is also gradually increasing the share of residential rental buildings in the USA and Denmark, making the portfolio more diverse. At the end of the year, Commercial Property Development had 36 ongoing projects. Activity in the leasing market have been at a lower level throughout the year. During the year, Skanska leased 146,000 square meters and leasing continues to be a priority. In 2022 Skanska launched a new business stream, Investment Properties, with the ambition of building a portfolio of high-quality office properties in Sweden. During the year three properties, two in Malmö and one in Stockholm, were acquired from Commercial Property Development at a value of SEK 3.7 billion.

## Market outlook

*Construction*

The overall macroeconomic situation remains uncertain, but we are well positioned towards sectors that have remained active such as civil infrastructure and social infrastructure. The outlook for the civil construction market remains mostly stable, while the building construction market outlook is somewhat more cautious, with private residential building and office development as the weakest segments. The US building and civil market remains strong and represents Skanska's largest market. Disruptions in the supply chain have reduced, with access to materials improving and cost of some materials leveling out.

*Residential Development*

Activity in the housing market was lower in 2022 with homebuyers being impacted by inflation and increased interest rates. Consumer confidence is low, and we expect activity to remain subdued until the general economic situation stabilizes. Supply from new production is expected to decrease over the next few years and there is a structural shortage of quality homes in most of our markets. Unemployment is low and over time demand will recover and stabilize the cyclical housing market. In 2022, a total of 2,254 (4,084) homes were sold and construction on 2,805 (4,363) homes was started. At the end of the year 7,943 (8,673) homes were under construction and 65 percent (73) of these homes were sold.

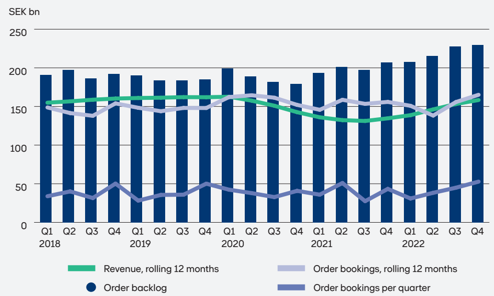
*Commercial Property Development*

Activity in the leasing market is slowly recovering with a clear focus on flexible, sustainable premises in good locations to attract and retain employees. During 2022, we saw the investor market being impacted by increased interest rates and lower transaction volumes. Yields came up, but there were few transactions to confirm new yield levels. At the same time inflation is strengthening income and supporting property values. Polarization between highly attractive office buildings and less modern properties continues in both the leasing and the investor markets. High-quality, amenity-rich and sustainable properties are becoming increasingly attractive compared with older stock. At the end of the year, Commercial Property Development had 36 ongoing projects, representing leasable area of 808,000 square meters.

*Investment Properties*

Tenant demand continues to focus on flexibility, sustainability and premises that are turnkey ready. The leasing market remains competitive, but rents in Sweden's three largest cities are generally expected to be stable. Polarization continues between highly attractive office buildings and less modern properties, with high-quality, amenity-rich and sustainable properties becoming increasingly attractive compared with the older stock.

### Order bookings, order backlog and revenue in Construction




## Order bookings

Order bookings amounted to SEK 162.7 billion (153.6). The increase was mainly driven by higher order bookings in the USA, but order bookings also increased somewhat in Sweden. Order bookings in SEK were 4 percent higher than revenue during the year, compared to 16 percent higher order bookings than revenue the previous year.

### Order bookings and order backlog

| | Order bookings | | Order backlog | |
|---|---|---|---|---|
| **SEK M** | **2022** | **2021** | **2022** | **2021** |
| Nordics | 57,832 | 60,439 | 69,496 | 69,711 |
| of which Sweden | 33,960 | 31,966 | 33,085 | 33,756 |
| Europe | 26,289 | 27,290 | 40,624 | 39,630 |
| USA | 78,544 | 65,860 | 119,651 | 97,690 |
| **Total** | **162,665** | **153,590** | **229,771** | **207,031** |

### Order backlog
The order backlog increased by 11 percent when compared year on year. At the end of the year the backlog was at a historical high and amounted to SEK 229.8 billion (207.0). The order backlog is equivalent to 17 (18) months of production.

The US, Nordic and European operations accounted for 52, 30 and 18 percent respectively of the order backlog.

### Segment reporting and IFRS
The Group reports its Residential Development and Commercial Property Development business streams according to segment reporting, the method is described in Note 1. The differences between the segment reporting and IFRS for reporting of revenue and operating income are summarized in the tables that follows.

### Revenue

| SEK M | 2022 | 2021 |
|---|---|---|
| **Revenue by business stream according to segment reporting** | | |
| Construction | 156,004 | 132,587 |
| Residential Development | 9,475 | 14,377 |
| Commercial Property Development | 13,552 | 11,102 |
| Investment Properties | 40 | |
| Central and Eliminations | -17,469 | -10,490 |
| **Total revenue according to segment reporting** | **161,602** | **147,576** |
| Difference in accounting principles | 1,572 | -3,712 |
| **Total revenue in accordance with IFRS** | **163,174** | **143,865** |

Revenues according to IFRS increased by 13 percent (increased 4 percent in local currency) to SEK 163.2 billion (143.9).

Revenue according to segment reporting increased by 10 percent (unchanged in local currency) to SEK 161.6 billion (147.6). In the Construction business stream revenue increased by 18 percent in SEK, strengthened by inflation, positive currency effects and a strong order backlog. SEK 13.6 billion (10.1) of revenue in Construction, equivalent to 9 percent (8), was generated by the Group's Project Development operations. Of the SEK 9,475 M (14,377) revenue in Residential Development, SEK 54 M (248) is from joint ventures and this has been included line by line according to the proportional method in segment reporting.

### Operating income

| SEK M | 2022 | 2021 |
|---|---|---|
| **Operating income by business stream according to segment reporting** | | |
| Construction | 5,770 | 5,013 |
| Residential Development | 1,011 | 1,980 |
| Commercial Property Development | 2,903 | 3,264 |
| Investment Properties | 140 | |
| Central | -339 | -415 |
| Eliminations | -187 | -9 |
| **Operating income according to segment reporting** | **9,297** | **9,832** |
| Difference in accounting principles | 724 | -1,539 |
| **Operating income in accordance with IFRS** | **10,021** | **8,293** |

Operating income according to IFRS increased by 21 percent (increased 14 percent in local currency) to SEK 10,021 M (8,293).

Operating income according to segment reporting amounted to SEK 9,297 M (9,832). Impairment losses on current and non-current assets were charged to operating income in the amount of SEK -75 M (-298), mainly attributable to impairment losses on current-asset properties.

### Construction
In the Construction business stream, operating income increased and amounted to SEK 5,770 M (5,013). The operating margin was 3.7 percent (3.8), with all three main markets contributing to the strong profitability, resulting in a performance above the long term group target of 3.5% or higher construction margin. In the previous year, operating income was positively affected by a gain of SEK 370 M related to the divestment of the infrastructure services business in the UK, as well as a payout of SEK 160 M in surplus funds from the collectively bargained AGS group health insurance in Sweden.

### Residential Development according to segment reporting
Operating income in Residential Development decreased to SEK 1,011 M (1,980), following a weaker market. The business stream's operating margin decreased to 10.7 percent (13.8). Impairment losses on current assets in Residential Development were charged to earnings in the amount of SEK -11 M (-37).

### Commercial Property Development according to segment reporting
Operating income in the Commercial Property Development business stream amounted to SEK 2,903 M (3,264). Properties were sold during the year for a value of SEK 12,873 M (10,289), generating divestment gains of SEK 3,646 M (3,928) and income from joint ventures of SEK 168 M (93). Impairment losses on current-asset properties in Commercial Property Development were charged to earnings in the amount of SEK -43 M (-170).

### Investment Properties
During the year the Investment Properties business stream acquired three properties for a total value of SEK 3,668 M. Operating income amounted to SEK 140 M, of which the change in property value amounted to SEK 112 M.

### Central

Central amounted to SEK -339 M (-415), of which SEK 397 M (230) is attributable to the PPP (public-private partnerships) portfolio. Here the divestment of Skanska's ownership stake in the Royal Papworth Hospital in the UK had a positive effect of SEK 183 M. During the year there were impairment losses of SEK 0 M (0).

### Elimination of intra-Group profits

Elimination of profits on internal projects amounted to SEK -187 M (-9). At the Group level, this included elimination of profits relating to property projects in the Construction business stream. Eliminations are reversed when the projects are divested.

### Return on equity and capital employed according to segment reporting

Return on equity according to segment reporting amounted to 15.8 percent (20.1) and return on capital employed in Project Development operations amounted to 8.1 percent (11.8) according to segment reporting.

### Income in accordance with IFRS

| SEK M | 2022 | 2021 |
|---|---|---|
| **Operating income** | **10,021** | **8,293** |
| Financial income | 395 | 105 |
| Financial expenses | -104 | -273 |
| **Financial items** | **290** | **-168** |
| **Income after financial items** | **10,312** | **8,125** |
| Taxes | -2,027 | -1,238 |
| **Profit for the period** | **8,284** | **6,887** |

Financial items amounted to SEK 290 M (-168) net, including interest expense from lease liabilities of SEK -222 M (-209). Tax expense for the year amounted to SEK -2,027 M (-1,238), representing a tax rate of 20 percent (15).

### Investments/divestments

| SEK M | 2022 | 2021 |
|---|---|---|
| **Operations – investments** | | |
| Investment properties | -1 | |
| Intangible assets | -24 | -103 |
| Property, plant and equipment | -2,238 | -1,834 |
| Shares | -696 | -731 |
| Current-asset properties | -22,609 | -18,277 |
| of which Residential Development | -11,378 | -11,013 |
| of which Commercial Property Development | -11,230 | -7,264 |
| **Operations – investments** | **-25,567** | **-20,945** |
| **Total investments** | **-25,567** | **-20,945** |
| **Operations – divestments** | | |
| Intangible assets | 15 | 5 |
| Property, plant and equipment | 476 | 307 |
| Shares | 201 | 20 |
| Current-asset properties | 19,844 | 20,268 |
| of which Residential Development | 10,530 | 10,766 |
| of which Commercial Property Development | 9,314 | 9,502 |
| **Operations – divestments** | **20,537** | **20,600** |
| **Strategic divestments** | | |
| Sale of operations | 197 | 732 |
| **Strategic divestments** | **197** | **732** |
| **Total divestments** | **20,734** | **21,331** |
| **Total net divestments(+)/ investments(-)** | **-4,833** | **386** |
| Depreciation/amortization, non-current assets | -2,714 | -2,669 |

The Group's investments amounted to a total of SEK -25,567 M (-20,945) while divestments amounted to SEK 20,734 M (21,331), resulting in net investments of SEK -4,833 M (386).

Net investments in current-asset properties amounted to SEK -2,765 M (1,991). In Residential Development investments in current-asset properties amounted to SEK -11,378 M (-11,013), of which SEK -2,141 M (-2,715) was for acquisitions of land, equivalent to 4,831 (4,368) building rights. Homes were handed over for a volume of SEK 10,530 M (10,766). Net investments in current-asset properties in Residential Development amounted to SEK -848 M (-247).

In Commercial Property Development investments in current-asset properties amounted to SEK -11,230 M (-7,264), of which SEK -1,399 M (-617) was for land. Divestments of current-asset properties amounted to SEK 9,314 M (9,502). Net investments in current-asset properties in Commercial Property Development amounted to SEK -1,916 M (2,238).

### Consolidated operating cash flow

| SEK M | 2022 | 2021 |
|---|---|---|
| Cash flow from business operations | 5,885 | 5,314 |
| Change in working capital | -1,520 | 3,986 |
| Net investments(-)/ divestments(+) | -5,030 | -345 |
| Accrual adjustments | 468 | -23 |
| **Cash flow from business operations before taxes paid** | **-198** | **8,931** |
| Taxes paid in business operations | -1,625 | -3,861 |
| **Cash flow from business operations including taxes paid** | **-1,823** | **5,070** |
| Net interest and other financial items | -565 | -1,150 |
| Taxes paid in financing activities | 124 | 264 |
| **Cash flow from financing activities** | **-441** | **-885** |
| **Cash flow from operations** | **-2,263** | **4,185** |
| Strategic net divestments(+)/ investments(-) | 197 | 732 |

**Consolidated operating cash flow, cont.**

| SEK M | 2022 | 2021 |
|---|---|---|
| Dividend etc.[1] | -4,645 | -4,172 |
| **Cash flow before change in interest-bearing receivables and liabilities** | **-6,711** | **745** |
| Change in interest-bearing receivables and liabilities | 5,538 | -9,729 |
| **Cash flow for the year** | **-1,173** | **-8,984** |
| Cash and cash equivalents, January 1 | 10,947 | 19,508 |
| Exchange rate differences in cash and cash equivalents | 240 | 423 |
| **Cash and cash equivalents, December 31** | **10,014** | **10,947** |
| 1 Of which repurchases of shares | -507 | -242 |

Cash flow for the year amounted to SEK -1,173 M (-8,984).

Cash flow from operations amounted to SEK -2,263 M (4,185). The main reasons for the change in cash flow are the change in working capital and higher net investments in Project Development. Sales by Commercial Property Development to Investment Properties generate no positive cash flow, in contrast to external sales. Taxes paid in business operations amounted to SEK -1,625 M (-3,861). The decrease is mainly related to tax paid in the previous year on divestment gains generated in the USA at the end of 2020.

Cash flow for the year of SEK -1,173 M (-8,984) combined with translation differences of SEK 240 M (423) decreased cash and cash equivalents, which amounted to SEK 10,014 M (10,947).

Commercial Property Development projects sold but not yet transferred as of December 31, 2022 will have a positive effect on cash flow of SEK 6.1 billion in the years 2023 to 2026.

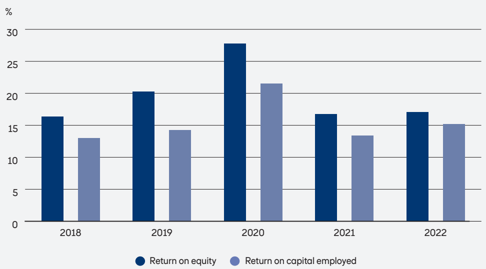
**Financing and liquidity**

At the end of 2022 the Group had interest-bearing net receivables amounting to SEK 10.3 billion (12.6), including SEK 7.3 billion (7.0) in lease liabilities in accordance with IFRS 16.

At the end of the year, cash and cash equivalents and unutilized confirmed credit facilities amounted to SEK 16.1 billion, of which SEK 12.3 billion is available within one week. The Group's total assets increased by SEK 12.6 billion and amounted to SEK 151.6 billion (139.0).

For financial position, see also Note 6 and Note 14.

**Return on equity and capital employed**




At the end of the year, equity attributable to equity holders amounted to SEK 55,255 M (45,465). Apart from comprehensive income for the year of SEK 13,920 M, the change in equity is mainly explained by dividends of SEK -4,124 M and share-based payments in connection with the long-term employee ownership programs (Seop) totaling SEK 471 M.

Return on equity increased to 17.1 percent (16.9).

Capital employed at year-end amounted to SEK 72,845 M (66,398). Return on capital employed amounted to 15.2 percent (13.5).

**Equity/assets ratio and debt/equity ratio**

The net debt/equity ratio amounted to -0.2 (-0.3) and the equity/assets ratio amounted to 36.4 percent (32.7).

For additional financial information see Note 6 and Note 14.

**Parent company**

The parent company carries out administrative tasks and includes the Group Leadership Team and Group Functions.

Profit for the year amounted to SEK 10,030 M (10,400) and mainly consisted of dividends from subsidiaries. The average number of employees was 81 (87).

**Senior executive remuneration**

For information about the most recently approved guidelines for determining salaries and other remuneration for the President and CEO and other senior executives, see Note 37. Following a recommendation from the Compensation Committee, the Board of Directors has proposed that the Annual General Meeting 2023 adopts revised remuneration guidelines; see pages 206–208.

*Skanska Employee Ownership Program (Seop)*

The purpose of the Seop is to strengthen the Group's ability to retain and recruit qualified employees and to align them more closely to the company and its shareholders.

The programs provides employees with the opportunity to invest in Skanska shares while receiving incentives in the form of possible allotment of additional shares. This allotment is predominantly performance-based.

Shares are only allotted after a three-year vesting period. To earn matching shares and performance shares, a person must be employed during the entire lock-up period and have retained the shares purchased within the framework of the program.

In 2022, costs related to the Seop program amounted to SEK 471 M (388). See also Note 26 and Note 37.

The accounting principles applied for the employee ownership programs can be found in Note 1, IFRS 2 Share-based Payment.

**Research and innovation**

In 2022 direct research and development expenses amounted to SEK 61 M (40). Skanska's business units lead the research and development efforts. To coordinate this work and facilitate knowledge-sharing and scaling throughout the Group, Skanska has a group head office function tasked with creating a Group-wide portfolio of initiatives within R&D and innovation. Its focus areas are climate, workplace safety, productivity, digitalization and customer offerings. To read more about Skanska's innovative sustainability solutions, see the sustainability report on pages 69–104.

**Information on shares**

To secure delivery of participants in Skanska's employee ownership programs (Seop 5 and Seop 6), the Annual General Meeting 2022 authorized the Board of directors to, during the period up to the Annual General Meeting 2023, resolve on acquisition of own Class B Shares on Nasdaq Stockholm. According to the authorization the company may acquire a maximum of 2,600,000 Class B shares to secure delivery of shares to participants in Seop 5 and a maximum of 1,000,000 Class B shares for Seop 6.

During the year, Skanska repurchased a total of 2,924,000 shares at an average price of SEK 173.40. The average price of all repurchased shares is SEK 144.79. The quota value of the repurchased shares is SEK 3.00 per share, totaling SEK 8.8 M, and the shares represent 0.7 percent of the total share capital. The cost of acquiring the shares amounted to SEK 507 M. During the year 1,807,557 shares were allotted to the employees participating in the employee ownership program. The quota value of these shares is SEK 3.00 per share, totaling SEK 5.4 M, and the shares represent 0.4 percent of the total share capital. The number of treasury shares held as of December 31, 2022 amounted to 8,771,931. The quota value of these shares is SEK 3.00 per share, totaling SEK 26.3 M, and the shares represent 2.1 percent of the total share capital. The cost of acquiring the shares amounted to SEK 1.3 billion.

**Proposed dividend**

The Board of Directors (the "Board") proposes that the Annual General Meeting on March 29, 2023 resolves on a dividend for 2022 of SEK 7.50 per share (7.00+3.00). The Board proposes Friday, March 31, 2023 as the record date for receiving dividend. If the meeting resolves in accordance with the proposal, the dividend is expected to be distributed by Euroclear Sweden AB on Wednesday, April 5, 2023. The proposed dividend amounts to SEK 3,083 M (4,124) in total. No dividend is paid for the parent company's holding of Class B treasury shares. The total dividend amount may change by the record date, depending on repurchases of Class B treasury shares and the transfer of Class B shares to participants in Skanska Employee Ownership Programs.

**The Board's justification for its proposed dividend**

The Board hereby issues the following reasoned statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act due to the dividend proposal.

The parent company's and the Group's operations, risks in these operations, and governance, processes and mechanisms for managing these risks, the parent company's and the Group's financial situation as of December 31, 2022, and which accounting principles are applied to valuing assets and liabilities are stated in this Annual and Sustainability Report. The proposed dividend reduces the parent company's equity/assets ratio from 97.5 percent to 97.1 percent and the Group's equity/assets ratio from 36.4 percent to 35.1 percent, calculated on December 31, 2022.

In the Board's assessment, after the dividend has been paid, the financial strength of the parent company and the Group will continue to be good in relation to the industry in which the parent company and the Group operate. Even taking into account high inflation and high interest rates as well as the war in Ukraine, it will remain fully sufficient to enable the parent company and the Group to fulfil their obligations in the short and long term. In the Board's assessment, the parent company and the Group are well prepared to handle any changes in liquidity as well as unexpected events. The Board is of the opinion that the parent company and the Group have the ability to take future business risks and also withstand potential losses. The parent company's and the Group's ability to make commercially motivated investments in accordance with the strategy of the Board will not be adversely affected by the dividend.

The proposed dividend is deemed by the Board to be justifiable in view of what is required in terms of the size of the parent company's and the Group's equity, as well as the parent company's and the Group's consolidation requirements, liquidity and position in general, based on the nature, scale and risks of the operations. In making this assessment, the Board has considered, among other things, the parent company's and the Group's historical development and expected development, as well as the economic situation.

With reference to the above and based on what has otherwise come to the Board's attention, and after an assessment of the financial position of the parent company and the Group, the Board concludes that the proposed dividend is justifiable taking into account the requirements set forth in Chapter 17, Section 3 of the Swedish Companies Act.

# Consolidated income statement

| SEK M | Note | 2022 | 2021 |
|---|---|---|---|
| Revenue | 8, 9 | 163,174 | 143,865 |
| Cost of sales | 10, 12, 13, 36, 41 | -146,483 | -128,156 |
| **Gross income** | | **16,692** | **15,709** |
| | | | |
| Selling and administrative expenses | 10, 11, 12, 13, 36, 38, 41 | -8,998 | -7,865 |
| Change in value, investment properties | 40 | 1,692 | 0 |
| Income from joint ventures and associated companies | 20 | 636 | 449 |
| **Operating income** | | **10,021** | **8,293** |
| Financial income | 14 | 395 | 105 |
| Financial expense | 14, 15 | -104 | -273 |
| **Financial items** | | **290** | **-168** |
| | | | |
| **Income after financial items** | | **10,312** | **8,125** |
| | | | |
| Income taxes | 16 | -2,027 | -1,238 |
| **Profit for the year** | | **8,284** | **6,887** |
| | | | |
| Profit for the year attributable to | | | |
| Parent company equity holders | | 8,256 | 6,864 |
| Non-controlling interests | | 28 | 23 |
| | | | |
| Earnings per share, SEK | 26, 44 | 20.04 | 16.64 |
| Earnings per share after dilution, SEK | 26, 44 | 19.90 | 16.52 |
| Proposed regular dividend per share, SEK | | 7.50 | 7.00 |
| Proposed extra dividend per share, SEK | | | 3.00 |

# Consolidated statement of comprehensive income

| SEK M | 2022 | 2021 |
|---|---|---|
| **Profit for the year** | **8,284** | **6,887** |
| | | |
| **Other comprehensive income** | | |
| | | |
| **Items that will not be reclassified to profit or loss for the period** | | |
| Remeasurement of defined-benefit pension plans[1] | 3,818 | 2,585 |
| Tax on items that will not be reclassified to profit or loss for the period | -792 | -575 |
| | **3,026** | **2,010** |
| | | |
| **Items that have been or will be reclassified to profit or loss for the period** | | |
| Translation differences attributable to equity holders | 2,290 | 1,808 |
| Translation differences attributable to non-controlling interests | 14 | 7 |
| Hedging of exchange rate risk in foreign operations | 81 | 40 |
| Effect of cash flow hedges | 108 | 2 |
| Share of other comprehensive income of joint ventures and associated companies | 178 | 113 |
| Tax on items that have been or will be reclassified to profit or loss for the period | -19 | -3 |
| | **2,653** | **1,966** |
| | | |
| **Other comprehensive income for the year after tax** | **5,679** | **3,977** |
| **Comprehensive income for the year** | **13,963** | **10,863** |
| | | |
| Comprehensive income for the year attributable to | | |
| Parent company equity holders | 13,920 | 10,834 |
| Non-controlling interests | 43 | 30 |
| 1 Effects of social insurance contributions including special employer's contribution are included at | 717 | 311 |

See also Note 26.

# Consolidated statement of financial position

| SEK M | Note | Dec 31, 2022 | Dec 31, 2021[1] |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment properties | 40 | 3,758 | 0 |
| Property, plant and equipment | 17 | 7,803 | 7,279 |
| Property, plant and equipment, right-of-use assets | 41 | 3,256 | 3,314 |
| Goodwill | 18 | 4,160 | 3,934 |
| Other intangible assets | 19 | 488 | 676 |
| Investments in joint ventures and associated companies | 20 | 2,901 | 2,185 |
| Non-current financial assets | 21 | 3,607 | 3,875 |
| Deferred tax assets | 16 | 995 | 1,984 |
| **Total non-current assets** | | **26,970** | **23,247** |
| | | | |
| **Current assets** | | | |
| Current-asset properties | 22 | 58,474 | 49,745 |
| Current-asset properties, right-of-use assets | 41 | 3,676 | 3,289 |
| Inventories | 23 | 1,300 | 1,090 |
| Current financial assets | 21 | 14,413 | 18,810 |
| Tax assets | 16 | 1,248 | 1,247 |
| Contract assets | 9 | 7,772 | 5,451 |
| Other operating receivables | 24 | 27,726 | 25,212 |
| Cash and bank balances | 25 | 10,014 | 10,947 |
| **Total current assets** | | **124,623** | **115,791** |
| **ASSETS** | 32 | **151,593** | **139,039** |
| | | | |
| of which interest-bearing non-current financial assets | 31 | 3,569 | 3,838 |
| of which interest-bearing current assets | 31 | 24,327 | 29,694 |
| | | 27,896 | 33,531 |

| SEK M | Note | Dec 31, 2022 | Dec 31, 2021[1] |
|---|---|---|---|
| **EQUITY** | 26 | | |
| Share capital | | 1,260 | 1,260 |
| Paid-in capital | | 4,186 | 3,715 |
| Reserves | | 5,504 | 2,866 |
| Retained earnings | | 44,161 | 37,510 |
| **Equity attributable to equity holders** | | **55,111** | **45,351** |
| Non-controlling interests | | 144 | 114 |
| **TOTAL EQUITY** | | **55,255** | **45,465** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Non-current financial liabilities | 27 | 2,714 | 3,389 |
| Lease liabilities | 41 | 6,328 | 6,040 |
| Pensions | 28 | 2,891 | 5,936 |
| Deferred tax liabilities | 16 | 1,943 | 1,254 |
| **Total non-current liabilities** | | **13,876** | **16,619** |
| | | | |
| **Current liabilities** | | | |
| Current financial liabilities | 27 | 4,854 | 4,780 |
| Lease liabilities | 41 | 953 | 920 |
| Tax liabilities | 16 | 388 | 710 |
| Current provisions | 29 | 10,368 | 11,239 |
| Contract liabilities | 9 | 24,059 | 22,664 |
| Other operating liabilities | 30 | 41,840 | 36,642 |
| **Total current liabilities** | | **82,462** | **76,955** |
| **TOTAL LIABILITIES** | | **96,338** | **93,574** |
| **EQUITY AND LIABILITIES** | 32 | **151,593** | **139,039** |
| | | | |
| of which interest-bearing financial liabilities | 31 | 14,699 | 14,997 |
| of which interest-bearing pensions and provisions | 31 | 2,891 | 5,936 |
| | | 17,590 | 20,933 |

1 Restated as described in Note 43.

Information on the Group's pledged assets and contingent liabilities can be found in Note 33.

# Consolidated statement of changes in equity

| | Equity attributable to equity holders | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **SEK M** | **Share capital** | **Paid-in capital** | **Translation reserve** | **Cash flow hedge reserve** | **Retained earnings** | **Total** | **Non-controlling interests** | **Total equity** |
| **Equity, December 31, 2020/Equity, January 1, 2021**[1] | **1,260** | **3,327** | **1,412** | **-506** | **32,795** | **38,288** | **97** | **38,385** |
| Profit for the year | | | | | 6,864 | 6,864 | 23 | 6,887 |
| Other comprehensive income for the year | | | 1,847 | 112 | 2,010 | 3,970 | 7 | 3,977 |
| Dividend | | | | | -3,917 | -3,917 | -13 | -3,930 |
| Repurchase of 1,048,500 Class B shares | | | | | -242 | -242 | | -242 |
| Share-based payments | | 388 | | | | 388 | | 388 |
| **Equity, December 31, 2021/Equity, January 1, 2022** | **1,260** | **3,715** | **3,259** | **-394** | **37,510** | **45,351** | **114** | **45,465** |
| Profit for the year | | | | | 8,256 | 8,256 | 28 | 8,284 |
| Other comprehensive income for the year | | | 2,371 | 267 | 3,026 | 5,665 | 14 | 5,679 |
| Dividend | | | | | -4,124 | -4,124 | -13 | -4,137 |
| Repurchase of 2,924,000 Class B shares | | | | | -507 | -507 | | -507 |
| Share-based payments | | 471 | | | | 471 | | 471 |
| **Equity, December 31, 2022** | **1,260** | **4,186** | **5,631** | **-127** | **44,161** | **55,111** | **144** | **55,255** |

1 The opening balance of equity has been adjusted by SEK –332 M in accordance with what is stated in Note 43.

See also Note 26.

# Consolidated cash flow statement

| SEK M | 2022 | 2021 |
|---|---|---|
| **Operating activities** | | |
| Operating income | 10,021 | 8,293 |
| Adjustments for items not included in cash flow | -4,136 | -2,979 |
| Income tax paid | -1,588 | -3,830 |
| **Cash flow from operating activities before change in working capital** | **4,297** | **1,483** |
| | | |
| **Cash flow from change in working capital** | | |
| Investments in current-asset properties | -22,141 | -18,420 |
| Divestments of current-asset properties | 19,844 | 20,388 |
| Change in inventories and operating receivables | -2,708 | -2,259 |
| Change in operating liabilities | 1,188 | 6,245 |
| **Cash flow from change in working capital** | **-3,816** | **5,953** |
| | | |
| **Cash flow from operating activities** | **480** | **7,436** |
| | | |
| **Investing activities** | | |
| Investments in investment properties | -1 | 0 |
| Investments in intangible assets | -24 | -103 |
| Investments in property, plant and equipment | -2,238 | -1,825 |
| Investments in shares | -696 | -731 |
| Increase in interest-bearing receivables | -677 | -9,977 |
| Sale of operations | 197 | 732 |
| Divestments of intangible assets | 15 | 5 |
| Divestments of property, plant and equipment | 476 | 298 |
| Divestments of shares | 201 | 20 |
| Decrease in interest-bearing receivables | 6,703 | 244 |
| Income tax paid | -37 | -30 |
| **Cash flow from investing activities** | **3,920** | **-11,368** |

| SEK M | 2022 | 2021 |
|---|---|---|
| **Financing activities** | | |
| Net interest | 545 | 117 |
| Other financial income and expense | 80 | -220 |
| Borrowings | 3,616 | 3,565 |
| Repayment of debt excluding lease liabilities | -4,118 | -3,546 |
| Total cash outflow for leases | -1,178 | -1,062 |
| Dividend | -4,124 | -3,917 |
| Repurchase of treasury shares | -507 | -242 |
| Dividend to non-controlling interests | -13 | -13 |
| Income tax paid | 124 | 264 |
| **Cash flow from financing activities** | **-5,574** | **-5,053** |
| **Cash flow for the year** | **-1,173** | **-8,984** |
| Cash and cash equivalents, January 1 | 10,947 | 19,508 |
| Translation differences in cash and cash equivalents | 240 | 423 |
| **Cash and cash equivalents, December 31** | **10,014** | **10,947** |

**Change in interest-bearing net receivables/net liabilities**

| SEK M | 2022 | 2021 |
|---|---|---|
| **Interest-bearing net receivables/net liabilities, January 1** | **12,598** | **7,280** |
| Cash flow from operating activities | 480 | 7,436 |
| Cash flow from investing activities excluding change in interest-bearing receivables | -2,106 | -1,634 |
| Cash flow from financing activities excluding change in interest-bearing liabilities | -5,072 | -5,072 |
| Remeasurement of pension liabilities | 3,100 | 2,274 |
| Net receivables/net liabilities acquired/divested | -51 | 286 |
| Translation differences | 887 | 1,340 |
| Other | 470 | 688 |
| **Interest-bearing net receivables/net liabilities, December 31 (+/-)** | **10,306** | **12,598** |

See also Note 35.

# Consolidated cash flow statement, specification

**Consolidated operating cash flow statement and change in interest-bearing net receivables/net liabilities**

| SEK M | 2022 | 2021 |
|---|---|---|
| **Construction** | | |
| Cash flow from business operations | 8,172 | 6,783 |
| Change in working capital | -1,657 | 1,787 |
| Net divestments(+)/investments(-) | -1,643 | -1,548 |
| **Total Construction** | **4,871** | **7,022** |
| | | |
| **Residential Development** | | |
| Cash flow from business operations | -625 | -599 |
| Change in working capital | -1 | 2,039 |
| Net divestments(+)/investments(-) | -1,012 | -722 |
| Accrual adjustments [1] | 205 | |
| **Total Residential Development** | **-1,433** | **718** |
| | | |
| **Commercial Property Development** | | |
| Cash flow from business operations | -1,142 | -462 |
| Change in working capital | 200 | 37 |
| Net divestments(+)/investments(-) | 1,839 | 2,617 |
| Accrual adjustments [1] | 263 | -23 |
| **Total Commercial Property Development** | **1,160** | **2,168** |
| | | |
| **Investment Properties** | | |
| Cash flow from business operations | 29 | |
| Change in working capital | 47 | |
| Net divestments(+)/investments(-) | -3,668 | |
| **Total Investment Properties** | **-3,593** | **0** |
| | | |
| **Central and Eliminations** | | |
| Cash flow from business operations | -548 | -407 |
| Change in working capital | -108 | 122 |
| Net divestments(+)/investments(-) | -546 | -693 |
| **Total Eentral and Eliminations** | **-1,203** | **-978** |

| SEK M | 2022 | 2021 |
|---|---|---|
| Total cash flow from business operations | 5,885 | 5,314 |
| Total change in working capital | -1,520 | 3,986 |
| Total net divestments(+)/investments(-) | -5,030 | -345 |
| Total accrual adjustments[1] | 468 | -23 |
| **Total cash flow from business operations before taxes paid** | **-198** | **8,931** |
| | | |
| Taxes paid in business operations | -1,625 | -3,861 |
| **Cash flow from business operations including taxes paid** | **-1,823** | **5,070** |
| | | |
| Net interest, other financial items and repayment of lease liabilities | -565 | -1,150 |
| Taxes paid in financing activities | 124 | 264 |
| **Cash flow from financing activities** | **-441** | **-885** |
| **Cash flow from operations** | **-2,263** | **4,185** |
| | | |
| Strategic net divestments(+)/investments(-) | 197 | 732 |
| Dividend etc.[2] | -4,645 | -4,172 |
| **Cash flow before change in interest-bearing receivables and liabilities** | **-6,711** | **745** |
| Change in interest-bearing receivables and liabilities excluding lease liabilities | 5,538 | -9,729 |
| **Cash flow for the period** | **-1,173** | **-8,984** |
| Cash and cash equivalents, January 1 | 10,947 | 19,508 |
| Translation differences in cash and cash equivalents | 240 | 423 |
| **Cash and cash equivalents, December 31** | **10,014** | **10,947** |
| 1 Refers to payments made during the reporting year related to divestments/investments in prior years, and unpaid divestments/investments related to the reporting year. | | |
| 2 Of which shares repurchased | -507 | -242 |

See also Note 35.

# Parent company income statement

| SEK M | Note | 2022 | 2021 |
|---|---|---|---|
| Revenue | 46 | 768 | 636 |
| **Gross income** | | **768** | **636** |
| | | | |
| Selling and administrative expenses | 49, 50, 62 | -600 | -543 |
| **Operating income** | | **168** | **93** |
| | | | |
| Income from holdings in Group companies | 47 | 9,788 | 10,330 |
| Other interest income and similar items | 47 | 96 | 4 |
| Interest expense and similar items | 47 | -4 | -26 |
| **Income after financial items** | | **10,048** | **10,401** |
| | | | |
| Tax on profit for the year | 48 | -18 | -1 |
| **Profit for the year**[1] | | **10,030** | **10,400** |

1 Corresponds to comprehensive income for the year.

# Parent company balance sheet

| SEK M | Note | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Intangible non-current assets** | 49 | **1** | **3** |
| | | | |
| **Property, plant and equipment** | 50 | | |
| Plant and equipment | | 0 | 0 |
| **Total property, plant and equipment** | | **0** | **0** |
| | | | |
| **Non-current financial assets** | 51 | | |
| Holdings in Group companies | 52 | 12,045 | 11,783 |
| Holdings in joint arrangements | 53 | 3 | 3 |
| Receivables in Group companies | 63 | 11,422 | 5,669 |
| Deferred tax assets | 48 | 56 | 65 |
| Other non-current receivables | 51 | 101 | 107 |
| **Total non-current financial assets** | | **23,627** | **17,627** |
| | | | |
| **Total non-current assets** | | **23,628** | **17,630** |
| | | | |
| **Current receivables** | | | |
| Current receivables in Group companies | 63 | 16 | 42 |
| Tax assets | | 10 | 10 |
| Other current receivables | | 116 | 116 |
| Prepaid expenses and accrued income | 54 | 22 | 18 |
| **Total current receivables** | | **164** | **186** |
| | | | |
| **Total current assets** | | **164** | **186** |
| | | | |
| **ASSETS** | 59 | **23,792** | **17,816** |

| SEK M | Note | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| | | | |
| **Equity** | 55 | | |
| Share capital | | 1,260 | 1,260 |
| Statutory reserve | | 598 | 598 |
| **Restricted equity** | | **1,858** | **1,858** |
| | | | |
| Retained earnings | | 11,307 | 5,068 |
| Profit for the year | | 10,030 | 10,400 |
| **Unrestricted equity** | | **21,337** | **15,468** |
| | | | |
| **Total equity** | | **23,195** | **17,326** |
| | | | |
| **Provisions** | 56 | | |
| Provisions for pensions and similar obligations | 57 | 134 | 167 |
| Other provisions | | 79 | 84 |
| **Total provisions** | | **213** | **251** |
| | | | |
| **Non-current interest-bearing liabilities** | 58 | | |
| Liabilities to Group companies | 63 | 276 | 134 |
| **Total non-current interest-bearing liabilities** | | **276** | **134** |
| | | | |
| **Current liabilities** | 58 | | |
| Trade accounts payable | | 24 | 23 |
| Liabilities to Group companies | 63 | 2 | 3 |
| Other liabilities | | 5 | 2 |
| Accrued expenses and prepaid income | | 77 | 77 |
| **Total current liabilities** | | **108** | **105** |
| | | | |
| **EQUITY AND LIABILITIES** | 59 | **23,792** | **17,816** |

# Parent company statement of changes in equity

| SEK M | Share capital | Statutory reserve | Unrestricted equity | Total equity |
|---|---|---|---|---|
| **Equity, January 1, 2021** | **1,260** | **598** | **8,794** | **10,652** |
| Profit for the year[1] | | | 10,400 | 10,400 |
| Dividend | | | -3,917 | -3,917 |
| Repurchase of 1,048,500 Class B shares | | | -242 | -242 |
| Share-based payments | | | 388 | 388 |
| Compensation from subsidiaries for shares issued under employee ownership programs | | | 45 | 45 |
| **Equity, December 31, 2021/ Equity, January 1, 2022** | **1,260** | **598** | **15,468** | **17,326** |
| Profit for the year[1] | | | 10,030 | 10,030 |
| Dividend | | | -4,124 | -4,124 |
| Repurchase of 2,924,000 Class B shares | | | -507 | -507 |
| Share-based payments | | | 471 | 471 |
| Compensation from subsidiaries for shares issued under employee ownership programs | | | 0 | 0 |
| **Equity, December 31, 2022** | **1,260** | **598** | **21,337** | **23,195** |

1 Corresponds to comprehensive income for the year.

See also Note 55.

# Parent company cash flow statement

| SEK M | 2022 | 2021 |
|---|---|---|
| **Operating activities** | | |
| Operating income | 168 | 93 |
| Adjustments for items not included in cash flow | 26 | 20 |
| Income tax paid | 10 | -7 |
| **Cash flow from operating activities before change in working capital** | **204** | **106** |
| **Cash flow from change in working capital** | | |
| Change in operating receivables | 22 | -26 |
| Change in operating liabilities | -36 | 17 |
| **Cash flow from change in working capital** | **-14** | **-9** |
| **Cash flow from operating activities** | **190** | **97** |
| **Investing activities** | | |
| Increase in interest-bearing receivables | -5,753 | -5,285 |
| Sale of intangible assets | | 2 |
| Decrease in interest-bearing receivables | 6 | |
| **Cash flow from investing activities** | **-5,747** | **-5,283** |
| **Financing activities** | | |
| Net interest | 92 | -22 |
| Dividends received | 9,788 | 10,330 |
| Borrowings | 142 | |
| Repayment of debt | | -1,077 |
| Dividend | -4,124 | -3,917 |
| Repurchase of shares | -507 | -242 |
| Income tax paid | -19 | 5 |
| Payments from subsidiaries for employee ownership programs | 185 | 109 |
| **Cash flow from financing activities** | **5,557** | **5,186** |
| **Cash flow for the year** | **0** | **0** |
| Cash and cash equivalents, January 1 | 0 | 0 |
| **Cash and cash equivalents, December 31** | **0** | **0** |

See also Note 61.

# Notes including accounting and valuation principles

Amounts in millions of Swedish kronor (SEK M) unless otherwise specified.

Income is reported in positive figures and expense in negative figures.

Both assets and liabilities are reported in positive figures.

Interest-bearing net receivables/net liabilities are reported in positive figures if they are receivables and negative figures if they are liabilities.

Accumulated depreciation/amortization and accumulated impairment losses are reported in negative figures.

**Table of contents, notes**

# **Note 1.** Consolidated accounting and valuation principles

**Conformity with laws and standards**
In compliance with the ordinance approved by the European Union (EU) on the application of international accounting standards, the consolidated financial statements have been prepared for the financial year ending on December 31, 2022 according to the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), issued by the International Accounting Standards Board (IASB), as well as the interpretations by the IFRS Interpretations Committee and its predecessor, the Standing Interpretations Committee (SIC), to the extent these standards and interpretations have been approved by the EU. In addition, the Swedish Financial Reporting Board's Recommendation RFR 1 "Supplementary Accounting Rules for Groups" has been applied, as have the Statements of the Swedish Financial Reporting Board.

Amounts in tables and statements do not always accord with the calculated total of related items due to rounding differences. The aim is that each line agrees with the source, and therefore there may be rounding differences that affect the total when the presented lines are added together.

The parent company applies the same accounting principles as the Group, except in the cases indicated below in the section "Parent company accounting and valuation principles."

The parent company's annual accounts and the consolidated annual accounts were approved for issuance by the Board of Directors on February 2, 2023. The parent company income statement and balance sheet and the consolidated income statement and statement of financial position will be subject to adoption by the Annual General Meeting on March 29, 2023.

**Conditions when preparing the Group's financial statements**
The functional currency of the parent company is Swedish crowns or kronor (SEK), which is also the reporting currency of the parent company and of the Group. The financial reports are therefore presented in Swedish kronor. All amounts are rounded off to the nearest million, unless otherwise stated.

The financial statements have been prepared according to the going concern principle.

Preparing the financial statements in accordance with IFRS requires management to make judgments and estimates, and to make assumptions that affect the application of the accounting principles and the recognized amounts of assets, liabilities, revenue and expenses. Actual outcomes may deviate from these estimates and judgments.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

Judgments made by management when applying IFRS with a substantial impact on the financial statements and estimates that may lead to significant adjustments in the financial statements of subsequent years are described in more detail in Note 2.

The accounting principles for the Group described in the following have been applied consistently for all periods that are presented in the Group's financial statements, unless otherwise indicated. The accounting principles for the Group have been applied consistently in reporting and consolidation of the parent company, subsidiaries, associated companies and joint arrangements.

**New standards and interpretations**
IAS 37 Provisions, Contingent Liabilities and Contingent Assets has been amended and clarifies which costs are to be included when assessing onerous contracts. This has not had any material effect on Skanska's accounting.

Other amendments of standards and interpretations that entered into force on January 1, 2022 have not had any significant effect on Skanska's accounting either.

The IASB has issued amendments applicable from January 1, 2023:
- IAS 1 Presentation of Financial Statements regarding classification of liabilities as current or non-current where a right in the agreement to defer settlement determines how the liability is to be classified, and regarding disclosure of material accounting policies,
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding the definition of accounting estimates, and
- IAS 12 Income Taxes which clarifies that the exemption from reporting deferred tax on certain transactions no longer applies.

None of these changes have material impact on Skanska's accounting.

**Early adoption of new or revised IFRS and interpretations**
There has been no early adoption of new or amended IFRS or interpretations.

**IAS 1 Presentation of Financial Statements**
*Income statement*
Items recognized as revenue are: project revenue, compensation for other services performed, divestment of current-asset properties, deliveries of materials and merchandise, rental income and other operating revenue. Revenue from the sale of machinery, equipment, non-current-asset properties and intangible assets is not included, but is instead recognized on a net basis among operating expenses against the carrying amounts of the assets. See Note 10.

Items reported as cost of sales include: direct and indirect manufacturing expenses, loss risk provisions, the carrying amounts of divested current-asset properties, bad debt losses and warranty expenses. Also included is depreciation on property, plant and equipment used in construction and property management. Changes in the fair value of derivatives related to operations are recognized in operating income.

Unrealized and realized changes in the value of investment properties are reported net on a separate line in the income statement.

Selling and administrative expenses include customary administrative expenses, technical expenses and selling expenses, as well as depreciation of machinery and equipment that have been used in selling and administrative processes. Goodwill impairment losses are also reported as selling and administrative expenses.

Profit/loss from joint ventures and associated companies, after tax, is recognized separately in the income statement and is included in operating income.

Financial income and expense are recognized divided into two items: "Financial income" and "Financial expense." Among items recognized under financial income are interest income, dividends and other financial items. Financial expense includes interest expense and other financial items. Changes in the market value of financial instruments, primarily derivatives linked to financing activities, are recognized as a separate sub-item allocated between financial income and financial expense. The net amount of exchange rate differences and gains/losses on divestments of shares are recognized either as financial income or financial expense. Financial income and expense are described in more detail in Note 6 and in Note 14.

*Comprehensive income*
Aside from profit for the year, the consolidated statement of comprehensive income includes the items that are included under "Other comprehensive income." These include translation differences, hedging of exchange rate risks in foreign operations, remeasurement related to pension-linked assets and liabilities, effects of cash flow hedges and tax on these items.

**Statement of financial position**
*Assets*
Assets are allocated between current assets and non-current assets. An asset is regarded as a current asset if it is expected to be realized within 12 months from the closing day or within the company's operating cycle. The operating cycle is the period from the signing of a contract until the company receives cash payment following a final inspection or delivery of goods (including properties). Since the Group executes large contracting projects and project development, the operating cycle criterion means that many more assets are designated as current assets than if the only criterion were within 12 months.

Cash and cash equivalents consist of cash and immediately available deposits at banks and equivalent institutions, plus short-term liquid investments with a maturity from the acquisition date of less than three months that are subject to only an insignificant risk of fluctuation in value. Checks that have been issued reduce cash and cash equivalents only when cashed. Cash and cash equivalents that cannot be used freely are reported as current assets (current receivables) if the restriction will cease within 12 months from the closing day. In other cases, cash and cash equivalents are reported as non-current assets. Cash and cash equivalents belonging to joint operations are cash and cash equivalents with restrictions if they are only permitted to be used to settle the joint operations' debts.

Assets that meet the requirements in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are accounted for as a separate item among current assets.

Note 31 shows the allocation between interest-bearing and non-interest-bearing assets.

In Note 32, assets are allocated between amounts for assets that are expected to be recovered within 12 months of the closing day and assets that are expected to be recovered later than 12 months from the closing day. The allocation between non-current non-financial assets is based on expected annual depreciation. The division for current-asset properties is mainly based on outcomes during the past three years. This division is even more uncertain than for other assets, since the outcome during the coming year is strongly influenced by the dates when large individual properties are handed over.

*Equity*
The Group's equity is allocated between "Share capital," "Paid-in capital," "Reserves," "Retained earnings" and "Non-controlling interests."

*Note 1. Consolidated accounting and valuation principles, cont.*

Acquisitions of treasury shares are recognized as a deduction from equity. Proceeds from the divestment of shares are recognized as an increase in equity. Any transaction costs are recognized directly in equity.

Dividends are recognized as a liability once the general meeting of shareholders has approved the dividend.

A description of equity, the year's changes and disclosures concerning capital management are provided in Note 26.

*Liabilities*
Liabilities are allocated between current liabilities and non-current liabilities. Recognized as current liabilities are liabilities that are either supposed to be paid within 12 months of the closing day or – in the case of business-related liabilities only – are expected to be paid within the operating cycle. Since the operating cycle is taken into account, no non-interest-bearing liabilities, such as trade accounts payable and accrued employee expenses, are recognized as non-current. Liabilities that are recognized as interest-bearing due to discounting are included among current liabilities, since they are paid within the operating cycle. Interest-bearing liabilities can be recognized as non-current even if they fall due for payment within 12 months of the closing day if the original maturity was longer than 12 months and the entity reaches an agreement on long-term refinancing of the obligation before the end of the reporting period. Information on liabilities is provided in Note 27 and Note 30.

In Note 32, liabilities are allocated between amounts for liabilities to be paid within 12 months of the closing day and liabilities to be paid later than 12 months from the closing day. Additionally, Note 31 also provides information about the allocation between interest-bearing and non-interest-bearing liabilities.

**IFRS 10 Consolidated Financial Statements**
The consolidated financial statements cover the accounts of the parent company and the companies in which the parent company has a direct or indirect controlling interest. Under IFRS 10, a controlling interest exists when the investor has power over the business, or when it has rights to or is exposed to variable returns from its involvement with the investment holding and has the ability to affect those returns through its power over the investment holding. If, on the acquisition date, a subsidiary meets the conditions to be classified as held for sale in accordance with IFRS 5, it is reported according to that accounting standard.

The sale of a portion of a subsidiary is recognized as a separate equity transaction when the transaction does not result in a loss of controlling interest. If control of an operating Group company ceases, any remaining holding is to be recognized at fair value. Non-controlling interests may be recognized as a negative amount if a partly-owned subsidiary is operating at a loss.

Acquired companies are consolidated from the quarter within which the acquisition takes place. In a corresponding manner, divested companies are consolidated up to and including the final quarter before the divestment date.

Intra-Group receivables, liabilities, revenue and expenses are eliminated in their entirety when the consolidated financial statements are prepared.

Gains that arise from intra-Group transactions and that are unrealized from the standpoint of the Group on the closing day are eliminated in their entirety. Unrealized losses on intra-Group transactions are also eliminated in the same way as unrealized gains, to the extent that the loss does not correspond to an impairment loss.

Goodwill attributable to foreign operations is expressed in local currency. Translation to SEK is in accordance with IAS 21. Information on goodwill is provided in Note 18.

**IFRS 3 Business Combinations**
This accounting standard deals with business combinations, which are mergers of separate entities or operations. If the acquisition does not relate to business operations, as is normally the case when acquiring properties, IFRS 3 is not applied. In such cases, the acquisition cost is instead allocated among the individual identifiable assets and liabilities based on their fair values on the acquisition date, without recognizing goodwill and any deferred tax assets/tax liability resulting from the acquisition.

Acquisitions of businesses, regardless of whether the acquisitions are of holdings in another company or a direct acquisition of assets and liabilities, are recognized according to the purchase method of accounting. If the acquisition is of holdings in a company, the method involves regarding the acquisition as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities and contingent liabilities. The cost of the acquisition recognized in the consolidated accounts is determined by means of an acquisition analysis in conjunction with the business combination transaction. The analysis establishes both the cost of acquiring the holdings or the business and the fair value of acquired identifiable assets plus the liabilities and contingent liabilities assumed. The difference between the cost of acquiring holdings in a subsidiary and the net fair value of acquired assets and of the liabilities and contingent liabilities assumed is goodwill on consolidation. If non-controlling interests remain after the acquisition, goodwill is normally calculated based only on the Group's stake in the acquired business.

Transaction costs relating to business combinations are expensed immediately. In the case of step acquisitions, previous holdings are remeasured at fair value and recognized in profit or loss when a controlling interest is achieved. Contingent consideration is recognized on the acquisition date at fair value. If the amount of the contingent consideration changes in subsequent financial statements, the change is recognized in profit or loss.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated among cash-generating units and is subject to annual impairment testing in accordance with IAS 36.

In the case of business combinations where the cost of acquisition is below the net value of acquired assets and the liabilities and contingent liabilities assumed, the difference is recognized directly in profit or loss.

**IAS 21 The Effects of Changes in Foreign Exchange Rates**
*Foreign currency transactions*
Foreign currency transactions are translated into an entity's functional currency at the exchange rate in effect on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate in effect on the closing day. Exchange rate differences that arise in remeasurement are recognized in profit or loss. Non-monetary assets and liabilities recognized at historic cost are translated at the exchange rate in effect on the transaction date.

Functional currency is the currency of the primary economic environment where the companies in the Group conduct their business.

*Financial statements of foreign operations*
Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated to Swedish kronor at the exchange rate in effect on the closing day. Revenue and expenses in foreign operations are translated to Swedish kronor at the average exchange rate.

*Net investment in foreign operations*
Translation differences that arise in connection with translation of a foreign net investment are recognized under "Other comprehensive income." Foreign currency loans and currency derivatives for hedging of translation exposure are carried at the exchange rate on the closing day. Exchange rate differences are recognized, taking into account the tax effect, under "Other comprehensive income."

Hedging of translation exposure reduces the exchange rate effect when translating the financial statements of foreign operations to Swedish kronor. Any forward contract premium is accrued until maturity and is recognized as interest income or interest expense.

When divesting a foreign operation, the related accumulated translation differences and accumulated exchange rate differences from any currency hedges are transferred to the Group's profit or loss.

**IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**
Discontinued operations constitute a portion of an entity's operations that represents a separate line of business or major operations in a geographical area and which is part of a single coordinated plan to dispose of a separate line of business or major operations in a geographical area, or constitute a subsidiary acquired exclusively with a view to resale.

Classification as discontinued operations occurs upon divestment, or at an earlier date when the operations meet the criteria to be classified as held for sale. A disposal group that is to be shut down can also qualify as discontinued operations if it meets the above criteria.

If a non-current asset or disposal group is to be classified as held for sale, the asset (disposal group) must be available for sale in its present condition. It must also be highly probable that the sale will occur. In order for a sale to be highly probable, a decision must have been made at management level, and active efforts to locate a buyer and complete the plan must have been initiated. The asset or disposal group must also be actively marketed at a price that is reasonable in relation to its fair value, and it must be probable that the sale will occur within one year. Skanska also applies the principle that with regard to a single non-current asset, its value must exceed EUR 100 M.

No depreciation or amortization of a non-current asset takes place as long as it is classified as held for sale.

Non-current assets classified as held for sale, disposal groups and liabilities attributable to them, and discontinued operations are recognized separately in the statement of financial position.

**IAS 28 Investments in Associates and Joint Ventures**
Companies in which the Skanska Group exercises a significant but not a controlling influence, which is presumed to be the case when the Group's holding is between 20 and 50 percent of the voting power, are reported as associated companies. In addition, it is presumed that this ownership is one element of a long-term connection and that the holding will not be reported as a joint arrangement.

Associated companies are recognized according to the equity method, as are joint ventures. See IFRS 11 on joint ventures.

*Note 1. Consolidated accounting and valuation principles, cont.*

*The equity method*
From the date when Skanska gains a significant influence in an associated company, or a joint controlling interest in a joint venture, holdings in associated companies and joint ventures are recognized in the consolidated financial statements according to the equity method. Any difference upon acquisition between the cost of the holding and Skanska's share of the net fair value of the associated company's or joint venture's identifiable assets, liabilities and assumed contingent liabilities is recognized in accordance with IFRS 3. Under the equity method, the recognized carrying amount of the Group's interest in associated companies and joint ventures is equivalent to the Group's share of the associated company's equity, as well as goodwill on consolidation and any other remaining consolidated surpluses and deductions of internal profits. The Group's share of the associated company's or joint venture's income after tax is recognized as "Income from joint ventures and associated companies" in the income statement. Any depreciation, amortization and impairment losses on acquired surpluses are taken into account. Dividends received from an associated company or joint venture reduce the carrying amount of the investment. If the Group's share of recognized losses in an associated company or joint venture exceeds the carrying amount of the holdings in the consolidated financial statements, the value of the holding is reduced to zero. Settlement of losses also occurs against long-term unsecured financial assets (subordinated loans), which, in substance, form part of Skanska's net investment in the associated company or joint venture and are thus recognized as shares. Continued losses are only recognized if the Group has provided guarantees to cover losses arising in the associated company or joint venture, and then as a provision.

*Elimination of intra-Group profits*
When profits arise from transactions between the Group and an associated company or a joint venture, the portion equivalent to the Group's share of ownership is eliminated. If the carrying amount of the Group's holding in the associated company is less than the elimination of internal profit, the excess portion of the elimination is recognized as a provision. If a loss arises from a transaction between the Group and an associated company or a joint venture, the loss is eliminated only if it does not correspond to an impairment loss on the asset.

If a profit or loss has arisen in the associated company or in a joint venture, the elimination affects the income for the transaction year recognized under "Income from joint ventures and associated companies." The elimination of the internal profit is reversed in later financial statements based on how the asset is used or when it is divested.

The equity method is applied until the date when the significant influence in an associated company or the joint controlling interest in a joint venture ceases. The sale of an interest in an associated company or in a joint venture is recognized on the date that the Group no longer has control over the holding.

Note 20 B provides information about associated companies and joint ventures.

**IFRS 11 Joint Arrangements**
A joint arrangement exists when the co-owners are bound by a contractual arrangement, and the contractual arrangement gives those parties joint control of the arrangement. The joint arrangement may be either a joint operation or a joint venture. A joint operation exists where the co-owners have rights to the assets of the arrangement and obligations for the liabilities of the arrangement. A joint arrangement that is not structured through the formation of a separate company is a joint operation. Contracting projects executed in cooperation with outside contracting companies, with joint and several liability, are reported by Skanska as joint operations. If the joint arrangement is a separate company but the vast majority of the company's production is acquired by the co-owners and there is no obstacle to its sale to an external party, the joint arrangement is often considered to be a joint operation. In other cases the arrangement is a joint venture. If the co-owners of the joint arrangement only have rights to the net assets of the arrangement, it is a joint venture. Classification of a joint arrangement requires a determination of its legal form, the terms of the contractual arrangement between the co-owners and other circumstances.

For joint operations the revenue, costs, assets and liabilities of the joint operation are included line by line in the consolidated financial statements according to Skanska's interest in the joint operation. Joint operations are described in Note 20 C.

The equity method is used for joint ventures when preparing the consolidated financial statements. This method is described under the heading IAS 28.

In connection with PPP projects, the Group's investment may include either holdings in or subordinated loans to a joint venture. Both are treated in the accounts as shares in joint ventures.

Note 20 B provides information about joint ventures and a specification of significant holdings in joint operations is given in Note 20 C.

**IFRIC 12 Service Concession Arrangements**
IFRIC 12, which affects Skanska's joint ventures within the PPP portfolio, deals with the question of how the operator of a service concession should account for the infrastructure, as well as the rights it receives and the obligations it undertakes under the agreement. The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and maintains the infrastructure (operation services) for a specified period of time. Construction or upgrade services and operation services are reported in accordance with IFRS 15. The consideration may be rights to a financial asset or an intangible asset. If the operator has an unconditional right to receive cash in specified or determinable amounts (the consideration model is based on availability through the provision of, for example, a hospital or an airport), a financial asset is recognized. IFRS 9 requires interest to be calculated on this financial receivable. The customer does not pay until the facility is put into operation, and the payment received is then reported as a reduction in the financial receivable. If the operator is instead entitled to charge the users of the public service (the consideration model is based on market risk through, for example, road tolls) an intangible asset is recognized, which is amortized over the life cycle of the project. The road tolls received in payment are recognized as revenue.

**IFRS 15 Revenue from Contracts with Customers**
Under IFRS 15 revenue is recognized based on a five-step model. Step one involves identifying the contract with a customer. If two or more contracts are entered into with a customer at the same time and the price of one contract is dependent on the other contract, the contracts are combined. A contract modification involves a change to the scope or price (or both) of a contract that has been approved by the contracting parties. A contract modification exists when the parties approve a change that either creates new or changes existing rights and responsibilities for the contracting parties. A contract modification is treated as a separate contract when the scope of the contract increases due to the addition of promised goods or services which are distinct and where the price of the contract is raised by an amount reflecting the company's stand-alone selling price for the additional goods or services promised. If the parties have not approved a contract modification the entity is to continue applying the standard for the existing contract until such time as the contract modification is approved.

Step two involves identifying the separate performance obligations in the contract. A performance obligation is a promise to the customer to transfer goods or services that are distinct, or a series of distinct goods or services that are essentially the same and follow the same model for transfer to the customer. Goods or services are distinct if the customer can benefit from the goods or services either on their own or in combination with other resources that are readily available to the customer and if the entity's promise to transfer the goods or services to the customer is separately identifiable from the other promises in the contract. Skanska's customer contracts are usually of the type that do not require categorization into two or more performance obligations.

In step three the transaction price is determined. This determination involves establishing a fixed agreed price, variable consideration, any contingent considerations, bonuses and penalties. If there is variable consideration, an estimate is made of the highest amount of revenue that will likely not require a reversal of accumulated revenue in later reporting periods. If the contract includes a significant financing component, the transaction price is to be adjusted for the effect of the time value of money. Changes to and supplementary orders in contracts that have not yet been approved by the customer do not require an increase in the transaction price in the project's estimated income upon completion. Where there is a non-cash consideration, this is measured at fair value. If a customer defers goods or services, an assessment is made as to whether it has gained control of these; if this is the case, they are recognized as non-cash revenue received from the customer.

The revenue/transaction price is allocated in step four over the separate performance obligations in the contract if more than one obligation exists. The allocated transaction price for each individual obligation is to reflect the consideration that the company is expecting to have the right to in exchange for the transfer of the promised goods or services to the customer, based on a relative, stand-alone selling price.

Revenue is recognized in step five when the performance obligation is satisfied, either over time or at a specific point in time, and when the customer obtains control of the asset. Revenue is recognized over time when the customer simultaneously receives and consumes the benefits provided through the entity's performance, when the entity's performance creates or enhances an asset that the customer controls, or when the entity's performance does not create an asset with an alternative use for the entity and the entity also has the right to payment for its performance completed to date. If a performance obligation is not satisfied over time as stated above, the entity fulfills the obligation at a certain point in time. This takes place at the point when the customer gains control of the promised asset. Indicators for determining control can be that the entity has the right to receive payment for the asset, the customer has the legal right of ownership of the asset, the entity has transferred the physical possession of the asset, the customer has the material risks and rewards associated with ownership of the asset or the customer has accepted the asset.

Costs relating to obtaining a contract, i.e., costs the entity would not have had if it had not won the contract, are recognized as an asset only if the entity is expecting to have those expenses covered. Expenses to complete a contract that does not fall under a standard other than IFRS 15 are recognized as an asset if the expenses have a direct link to a contract or to an expected contract, if the expenses create or enhance resources that will be used to fulfill the performance obligation in the future and are also expected to be recovered. These "Assets arising from expenses to obtain or complete a contract with a customer" are included in the line item "Contract assets" and are reported in Note 9.

Contract assets and contract liabilities are recognized net of revenue recognized and invoiced amounts per project. Construction contracts often allow for invoicing in advance. Once an amount has been invoiced, a trade account receivable is recognized.

Loss contracts are expensed immediately and provisions for losses are made for the remaining work to be done and recognized in accordance with IAS 37.

As stated under the heading "IFRS 8 Operating Segments" on page 126, a different principle is used to establish when revenue is recognized in segment reporting for the Residential Development and Commercial Property Development business streams.

The Construction business stream builds and renovates buildings, industrial facilities and infrastructure. It also executes service-related assignments, in areas such as construction services and facility operations and maintenance. This business serves both public and private customers.

A combination of contracts happens rarely, but contract modifications, such as those related to additional orders, are common. In most cases the added goods or services are not distinct and therefore form part of a single performance obligation that is partially met at the time of the contract modification and is reported as being a part of the existing contract.

Most often the contracts within this business stream contain only one performance obligation. Performance obligations in the Construction business stream are the construction contract or the service that is to be delivered, for example the construction of a building on the customer's land or the maintenance of existing facilities, such as roads. If an agreement involves operations in different geographical locations, delivered during different time periods or with different risk exposures, the breakdown of several performance obligations may be relevant.

If there is a right to variable remuneration, such as incentive agreements, this is taken into account to the extent that it is highly unlikely it will be reversed at a later date. Revenue is recognized over time in the Construction business stream, when the customer simultaneously receives and consumes the benefits provided through the entity's performance or when Skanska creates or enhances an asset that the customer controls.

Revenue is recognized over time, determined each quarter, on the basis of accumulated project expenses in relation to estimated accumulated project expenses upon completion.

The Residential Development business stream develops and sells new residential units, including rental units. Its customers are mainly private individuals. The basis for recognizing revenue is usually an agreement to sell a specific unit, such as a condominium. Contract modifications are rare, but are included in the original contract if they do occur.

The performance obligation in the Residential Development business stream is the handing over of a home that is ready for occupation. The transaction price is a fixed price according to the terms of the sales agreement.

Revenue is recognized at the point in time when the keys to the home are handed over to the individual buyer. In other words, it is recognized when the buyer has taken possession of the home and has full control over it as the owner. This is based on Skanska being deemed not to be entitled to full payment until fulfillment of its contract obligation. Even if a certain advance payment is made by the buyer, Skanska is not entitled to full payment for the work completed to date. This is due to the fact that sales contracts contain clauses that allow the buyer in certain situations to withdraw from the contract during construction without reimbursing Skanska in the manner required for the recognition of revenue over time.

Skanska initiates and enters into agreements with newly formed Swedish cooperative housing associations or Finnish housing corporations for the construction of homes. Under the terms in these agreements Skanska has a controlling influence and thus consolidates the cooperative housing associations and housing corporations during the construction period and until the end-customer takes possession, at which point Skanska no longer has a controlling influence. Homes not yet transferred are recognized as current-asset properties.

In the Commercial Property Development business stream Skanska initiates, develops, leases and sells investment holdings in the form of commercial properties to real estate investors.

Within this business stream the performance obligation to the customer (the property investor) is to deliver an investment holding in the form of a commercial property, usually with tenants. If legal ownership is transferred prior to the commencement of construction work, this is a performance obligation on its own, which means that the construction work becomes a separate performance obligation within the Construction business stream.

The development of commercial projects is a continuous process with a number of clearly defined phases. The average development cycle from the initial project idea to its completion is five to seven years. Divestment normally occurs at the end of the cycle, when a project is completed. The performance obligation is to hand over a fully developed property that usually becomes an investment holding of the customer.

The combination of contracts rarely occurs. In some cases, Skanska also assists the investor with renting the property, an undertaking that is then deemed to be a separate performance obligation. The transaction price is usually a fixed price according to the terms of the contract.

When the contract with the customer for the sale of the property is signed, there is no alternative use for the property. If Skanska is entitled to payment for any work performed to date, this would depend on the contractual terms and conditions and on the applicable legislation. Skanska's assessment is, however, that it usually assumes this right only when fulfilling a contract obligation. Prior to the completion of a project, Skanska normally only has the right to an indemnity not equal to accrued expenses. Revenue is therefore normally recognized at the point in time when the property is handed over to the customer.

It is considered appropriate to recognize the sale of properties through divestment of companies in accordance with IFRS 15 and not as divested companies under IFRS 10 as it is an asset that is being divested, not a company with a business.

In the Investment Properties business stream Skanska owns properties for the purpose of generating rental income and increases in value. Once leases have been signed with a tenant, they are considered to essentially contain lease components and rental income is recognized according to IFRS 16. In cases where Skanska also bills the tenant for services, the contract also contains distinct non-lease components. The payment in this case is recognized according to the rules in IFRS 15.

The PPP portfolio includes development of hospitals, airports, roads and other necessary social structures. The accounting of these projects complies with IFRIC 12 Service Concession Arrangements, which in turn recognizes revenue in accordance with IFRS 15.

**IFRS 16 Leases**

*Skanska as a lessee*

Leases, with the exception of leases with a term of less than 12 months and leases where the underlying asset is of low value, are recognized in the statement of financial position as property, plant and equipment right-of-use assets, current-asset properties right-of-use assets as well as interest-bearing lease liabilities.

A contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Non-lease components in a contract, such as servicing costs, are separated out and not included in the calculation of the value of the right-of-use asset where it is possible to separate such costs. Contracts with subcontractors are generally considered to be service agreements since Skanska is requesting a service and the contract does not give Skanska control over a specific asset. Hire of tower cranes and scaffolding, which in large construction projects are generally hired for a long period, is reported as leases.

When assessing whether an asset is of low value, the asset is grouped with assets on which it is heavily dependent or with which it is linked. Where the asset can be substituted by the supplier and it is practically possible to do so, a lease is not considered to exist since Skanska does not have control over the specific asset.

The lease term is the non-cancellable period of the lease, taking into consideration any extension or termination option for the contract and whether it is reasonably certain that this option will be exercised. Current-asset properties right-of-use assets which are in practice always extended are considered to be perpetual rights of use and the lease term is then set at 100 years.

Rights of use for property, plant and equipment are depreciated over the lease term except in the case of perpetual rights of use of land, which are not depreciated at all since the remaining lease term is always a constant 100 years. Rights of use for current-asset properties – both those considered to be perpetual and those with a fixed lease term – are not depreciated at all since they are reported in accordance with IAS 2.

When making payments on a lease, the payment is divided between interest expense and reduction of the outstanding liability. Payments relating to rights of use that are not depreciated are recognized entirely as interest expense, since – as mentioned earlier – the liability is unchanged. The interest expense is capitalized during the construction period in the case of rights of use for current-asset properties.

In the case of sale and leaseback transactions, the seller only recognizes the gain that relates to the rights transferred to the buyer, while a right of use is recognized for the rights retained.

*Skanska as lessor*

Skanska rents out premises primarily through operating leases. Lease payments received for these leases are recognized as revenue on a straight-line basis over the

*Note 1. Consolidated accounting and valuation principles, cont.*

lease term. Leases in the form of property leases are mainly entered into within the Investment Properties and Commercial Property Development business streams.

**IAS 16 Property, Plant and Equipment**
Property, plant and equipment are recognized as assets if it is probable that future economic benefits from them will flow to the Group and the cost of the assets can be reliably calculated. Property, plant and equipment are recognized at cost minus accumulated depreciation and any impairment losses.

Cost includes the purchase price plus expenses directly attributable to the asset in order to bring it to the location and condition to be used in the intended manner. Examples of directly attributable expenses are delivery and handling costs, installation, ownership documents, consultant fees and legal services. Borrowing costs are included in the cost of property, plant and equipment produced by the Group. Impairment losses are applied in accordance with IAS 36.

The cost of property, plant and equipment produced by the Group includes expenditures for materials and remuneration to employees, and other applicable manufacturing costs that are considered attributable to the asset.

Further expenditures are added to cost only if it is probable that the Group will derive future economic benefits from the asset and the cost can be reliably calculated. All other further expenditures are recognized as expenses in the period when they arise.

The decisive factor in determining when a further expenditure is added to cost is whether the expenditure is related to replacement of identified components, or parts thereof, at which time such expenditures are capitalized. In cases where a new component is created, this expenditure is also added to cost. Any undepreciated carrying amounts for replaced components, or parts thereof, are disposed of and recognized as an expense at the time of replacement. If the cost of the removed component cannot be determined directly, its cost may be estimated as the cost of the new component adjusted by a suitable price index to take into account inflation. Repairs are recognized as expenses on a continuous basis.

Property, plant and equipment that consist of parts with different useful lives are treated as separate components of property, plant and equipment. Depreciation occurs on a straight-line basis during the estimated useful life, or based on degree of use, taking into account any residual value at the end of the period. Office buildings are divided into foundation and frame, with a depreciation period of 50 years, installations of 35 years, and non-weight-bearing parts of 15 years. In general, industrial buildings are depreciated over a 20-year period without allocation into different parts. Stone crushing and asphalt plants as well as concrete mixing plants are depreciated over 10 to 25 years depending on their condition when acquired and without being divided into different parts. For other buildings and equipment, division into different components occurs only if major components with different useful lives can be identified. For other machinery and equipment, the depreciation period is normally between three and 10 years. Minor equipment is recognized as an expense immediately. Gravel pits and stone quarries are depreciated as materials are removed. Land is not depreciated. Assessments of an asset's residual value and useful life are performed annually.

The carrying amount of a property, plant and equipment item is derecognized from the statement of financial position when it is disposed of or divested, or when no further economic benefits are expected from the use or divestment of the asset.

**IAS 38 Intangible Assets**
This accounting standard deals with intangible assets. Goodwill that arises upon acquisition of companies is recognized in accordance with the rules in IFRS 3.

An intangible asset is an identifiable non-monetary asset without physical substance that is used for producing or supplying goods or services or for leasing and administration. To be recognized as an asset, it is necessary both that it be probable that future economic benefits attributable to the asset will flow to the entity and that the cost can be reliably calculated. It is especially worth noting that expenditures recognized directly in prior annual or interim reporting periods may not subsequently be recognized as an asset.

Research expenses are recognized in the income statement as they arise. Development expenses, which are expenses for designing new or improved materials, structures, products, processes, systems and services by applying research findings or other knowledge, are recognized as assets if it is probable that the asset will generate future revenue. Other development expenses are expensed directly. Expenses for regular maintenance and modifications of existing products, processes and systems are not recognized as development expenses. Nor is work performed on behalf of a customer recognized as development expenses.

Intangible assets other than goodwill are recognized at cost minus accumulated amortization and impairment losses. Impairment losses are applied in accordance with IAS 36.

Amortization is recognized in the income statement on a straight-line basis, or based on the degree of use, over the useful life of intangible assets, to the extent such a period can be determined. Consideration is given to any residual value at the end of the period. Acquired customer contracts are amortized at the pace of completion and patents are amortized over 10 years. Investments in major computer systems are amortized over a maximum of seven years.

Further expenditures for capitalized intangible assets are recognized as an asset only when they increase the future economic benefits of the specific asset to which they are attributable.

**IAS 36 Impairment of Assets**
Assets covered by IAS 36 are tested on every closing day for indications of impairment. Exempted assets, for example inventories (including current-asset properties), assets arising when construction contracts are carried out and financial assets included within the scope of IFRS 9, are measured in accordance with the respective accounting standard.

Impairment losses are determined on the basis of the recoverable amount of assets, which is the higher of fair value less cost to sell and value in use. In calculating value in use, future cash flows are discounted using a discounting factor that takes into account risk-free interest and the risk associated with the asset. Estimated residual value at the end of the asset's useful life is included as part of value in use. For assets that do not generate cash flows that are essentially independent of other assets, the recovery value is calculated for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are independent of other assets or groups of assets. For goodwill, the cash-generating unit is mainly the same as the Group's business unit or other unit reporting to the parent company. If the business unit operates in more than one business stream, the cash-generating unit is no larger than the identified business stream to which goodwill has been allocated. Operations that are not integrated into the business unit's other operations are exempted from the main rule.

In Construction and Residential Development, the recoverable amount of goodwill is based on value in use, which is calculated by discounting expected future cash flows. The discounting factor is the weighted average cost of capital (WACC) applicable to the operation. See Note 18.

Impairment of assets attributable to a cash-generating unit is allocated mainly to goodwill. After that, a proportionate impairment loss is applied to other assets included in the unit.

Goodwill impairment is not reversed. A goodwill-related impairment loss recognized in a previous interim report is not reversed in a later full-year report or interim report.

Impairment losses on other assets are reversed if there has been a change in the assumptions on which the estimate of the recoverable amount was based.

An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount that the asset would have had if no impairment loss had occurred, taking into account the amortization that would then have occurred.

**IAS 23 Borrowing Costs**
Borrowing costs are capitalized provided that it is probable that they will result in future economic benefits and the costs can be measured reliably. Generally speaking, capitalization of borrowing costs is limited to assets that take a substantial period of time for completion, which in the Group's case mainly means the construction of current-asset properties and properties for the Group's own use (non-current-asset properties). Capitalization occurs when expenditures included in acquisition cost have arisen and activities to complete the building have begun. Capitalization ceases when the building is completed. Borrowing costs during an extended period when work to complete the building is interrupted are not capitalized. If separate borrowing has occurred for the project, the actual borrowing cost is used. In other cases, the cost of the loan is calculated on the basis of the Group's borrowing cost.

**IAS 12 Income Taxes**
Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement except when the underlying transaction is recognized directly under "Other comprehensive income," in which case the accompanying tax effect is also recognized there. Current tax is tax to be paid or received that is related to the year in question, applying the tax rates that have been decided or have effectively been decided as of the closing day; this also includes adjustment of current tax attributable to earlier periods.

Deferred tax is calculated according to the balance sheet method based on temporary differences arising between reported and fiscal values of assets and liabilities. The amounts are calculated based on how the temporary differences are expected to be settled and by applying the tax rates and tax rules that have been decided or announced as of the closing day. The following temporary differences are not taken into account: for a temporary difference that has arisen upon initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and which, on the transaction date, affect neither recognized profit nor taxable profit. Also not taken into account are temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be reversed in the foreseeable future. Offsetting of deferred tax assets against deferred tax liabilities occurs when there is a right to settle current taxes between companies.

*Note 1. Consolidated accounting and valuation principles, cont.*

Deferred tax assets related to deductible temporary differences and losses carried forward are recognized only to the extent it is likely that they can be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

**IAS 2 Inventories**
Aside from customary inventories of goods, the Group's current-asset properties are also encompassed by this accounting standard. Both current-asset properties and inventories of goods are measured item by item in accordance with the lowest cost principle, which means that a property or item is measured either by its acquisition cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

When item-by-item measurement cannot be applied, the cost of inventories is assigned by using the first-in, first-out (FIFO) formula and includes expenditures that have arisen from acquisition of inventory assets and from bringing them to their present location and condition. For manufactured goods, cost includes a reasonable share of indirect costs based on normal capacity utilization. Materials not yet installed at construction sites are not recognized as inventories, but are included among project expenses.

Except for properties that are used in Skanska's own business, the Group's property holdings are reported as current assets, since these holdings are included in the Group's operating cycle. The operating cycle for current-asset properties is around three to five years.

Acquisitions of properties are recognized in their entirety only upon the transfer of legal ownership, which normally occurs on completion of the purchase. Property acquisitions through purchases of property-owning companies are recognized when the shares have been taken over by Skanska.

Current-asset properties are divided up between Commercial Property Development and Residential Development. They are also categorized as "Development properties," "Properties under construction" or "Completed properties."

Note 22 provides information about these properties.

Before impairment losses, properties both completed and under construction are valued based on costs paid directly, a reasonable proportion of indirect costs and interest expense during the construction period. Information on market appraisal of properties is provided in Note 44.

Information on customary inventories of goods is provided in Note 23.

**IAS 37 Provisions, Contingent Liabilities and Contingent Assets**
*Provisions*
A provision is recognized when the Group has a legal or informal obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Skanska makes provisions for future expenses relating to warranty obligations according to construction contracts that involve a liability for the contractor to remedy errors and omissions that are discovered within a certain period after the contractor has handed over the property to the customer. Such obligations may also be required by law.

Loss contracts are recognized in the form of a provision for the remaining work to be done.

A provision is made for disputes related to completed projects if it is probable that a dispute will result in an outflow of resources from the Group.

Provisions for restructuring charges are recognized when a detailed restructuring plan has been adopted and the restructuring has either begun or been publicly announced.

When accounting for interests in joint ventures and associated companies, a provision is made when a loss exceeds the carrying amount of the holding and the Group has a payment obligation.

*Contingent liabilities*
Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the entity. Also reported as contingent liabilities are obligations arising from past events that have not been recognized as a liability because it is not likely that an outflow of resources will be required to settle the obligation, or the size of the obligation cannot be estimated with sufficient reliability.

The amounts of contract fulfillment guarantees are included until the contracted work has been transferred to the customer, which normally occurs upon its approval in a final inspection. If the guarantee covers all or most of the contract sum, the amount of the contingent liability is calculated as the contract sum minus the value of the portion performed. In cases where the guarantee only covers a small portion of the contract sum, the guarantee amount remains unchanged until the contracted work is handed over to the customer. The guarantee amount is not reduced by being offset against payments not yet received from the customer. Guarantees that have been received from subcontractors and suppliers of materials are not taken into account either.

If the Group receives reciprocal guarantees related to external consortium members' share of joint and several liability, these are not taken into account. Tax cases, court proceedings and arbitration are not included in contingent liability amounts. Instead, a separate description is provided.

In connection with contracting assignments, security is often provided in the form of a completion guarantee from a bank or insurance institution. The issuer of the guarantee, in turn, normally receives an indemnity from the contracting company or other Group company. Such indemnities related to the Group's own contracting assignments are not reported as contingent liabilities, since they do not involve any increased liability compared to the contracting assignment.

Note 33 presents information about contingent liabilities.

*Contingent assets*
Contingent assets are possible assets arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

In the Group's construction operations, claims for additional compensation from the customer are not uncommon. If the right to additional compensation is confirmed, this affects the valuation of the project when reporting in accordance with IFRS 15. As for claims that have not yet been confirmed, it is not practicable to provide information about these, unless there is an individual claim of substantial importance to the Group.

*Assets pledged*
Shares in joint ventures within the PPP portfolio business stream are reported as assets pledged when the shares in the project company, which may be directly owned by Skanska or owned via an intermediate holding company, are pledged as collateral for loans from banks or lenders other than the co-owners.

Note 33 provides information about assets pledged.

**IAS 19 Employee Benefits**
This accounting standard makes a distinction between defined-contribution and defined-benefit pension plans. Defined-contribution pension plans are defined as plans in which the entity pays fixed contributions into a separate legal entity and has no obligation to pay further contributions, even if the legal entity does not have sufficient assets to pay all employee benefits relating to their service until the closing day. Other pension plans are defined-benefit plans. Calculation of defined-benefit pension plans in accordance with IAS 19 is carried out in a way that often deviates from local rules in each country. Obligations and costs are to be calculated according to the projected unit credit method. The purpose is to recognize expected future pension disbursements as expenses in a way that yields more uniform expenses over the employee's period of employment. Actuarial assumptions about the discount rate, wage or salary increases, inflation and life expectancy are taken into account in the calculation. Pension obligations for post-employment benefits are discounted to present value. Discounts are calculated for all three countries where Skanska has defined-benefit pension plans using an interest rate based on the market return on high quality corporate bonds including mortgage bonds, with maturities matching the pension obligations. Plan assets in pension funds are recognized at fair value on the closing day. In the statement of financial position, the present value of pension obligations is recognized after subtracting the fair value of plan assets. The pension expense and the return on plan assets recognized in the income statement refer to the pension expense and return estimated on January 1. The return on plan assets is calculated using the same interest rate as is used to discount the pension obligations. Any differences compared to actual pension expense and actual return, as well as effects of changed assumptions, together constitute remeasurement and are reported in "Other comprehensive income."

If the terms of a defined-benefit plan are significantly amended, or the number of employees covered by a plan is significantly reduced, a curtailment occurs. Obligations are recalculated according to the new conditions. The effect of the curtailment is recognized in profit or loss.

When there is a difference between how pension expense is determined in a legal entity and the Group, a provision or receivable is recognized for the difference for taxes and social insurance contributions based on the entity's pension expenses. The provision or receivable is not calculated at present value, since it is based on present-value figures. Deferred taxes and social insurance contributions on remeasurements are recognized under "Other comprehensive income."

Obligations related to contributions to defined-contribution plans are recognized as expenses in the income statement as they arise.

The Group's net obligation related to other long-term employee benefits, aside from pensions, amounts to the value of future benefits that employees have earned as compensation for the services they have performed during the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to present value, and the fair value of any plan assets is subtracted. The discount rate is again based on the yield on high quality corporate bonds including mortgage bonds, or government bonds, with a maturity matching the maturity of the obligations.

A provision is recognized in connection with termination of employees' employment only if the entity is obligated through its own detailed formal termination plan – and there is no realistic possibility of annulling the plan – to end employment before the normal date, or when benefits are offered in order to encourage voluntary resignation. In cases where the entity terminates employees' employment, the provision is calculated on the basis of a detailed plan that includes at least the location, function and approximate number of employees affected, as well as the benefits for each job category or position and the time at which the plan will be implemented.

Only an insignificant percentage of the Group's defined-benefit pension obligations were financed by premiums to the retirement insurance company Alecta. Since the required figures cannot be obtained from Alecta, these pension obligations are reported as a defined-contribution plan. Since the same conditions apply to the AFP plan in Norway, this is also reported as a defined-contribution plan.

**IFRS 2 Share-based Payment**
The Seop 4 and Seop 5 employee ownership programs are recognized as share-based payment settled with equity instruments, in accordance with IFRS 2. This means that the fair value is calculated on the basis of market value at the time of investment (which is the same as the time of allotment according to the standard) and expected fulfillment of targets. This value is allocated over the respective vesting period. After the fair value is established, there is no reappraisal during the remainder of the vesting period, except in the case of changes in the number of shares because the condition of continued employment during the vesting period is no longer met.

*Social insurance contributions*
Social insurance contributions that are payable in connection with share-based payments are reported in accordance with statement UFR 7 from the Swedish Financial Reporting Board. The cost of social insurance contributions is allocated over the period when the services are performed. The provision that arises is reappraised on each financial reporting date to correspond to the estimated contributions that are due at the end of the vesting period.

**IAS 7 Statement of Cash Flows**
In preparing its cash flow statement, Skanska applies the indirect method in accordance with the accounting standard. Aside from cash and bank balance flows, cash and cash equivalents are to include short-term investments whose conversion into bank balances may occur in an amount most of which is known in advance. Short-term investments with maturities of less than three months are regarded as cash and cash equivalents. Cash and cash equivalents that are subject to restrictions are reported either as current receivables or as non-current receivables.

In addition to the cash flow statement prepared in accordance with the standard, the Report of the Directors presents an operating cash flow statement that does not conform to the structure specified in the standard. The operating cash flow statement was prepared on the basis of the operations that the different business streams carry out.

**IAS 33 Earnings per Share**
Earnings per share are reported directly below the consolidated income statement and are calculated by dividing the portion of profit for the year that is attributable to the parent company's equity holders (shareholders) by the average number of shares outstanding during the period.

For Seop 4 and Seop 5 employee ownership programs, the dilution effect is calculated by adding potential ordinary shares to the number of ordinary shares before dilution. The calculation of potential ordinary shares occurs in two stages. First there is an assessment of the number of shares that may be issued when established targets are reached. The number of shares for the respective program year is then determined the following year, provided that the condition of continued employment is met. In the next step, the number of potential ordinary shares is reduced by the value of the consideration that Skanska is expected to receive, divided by the average market price of a share during the period.

**IAS 24 Related Party Disclosures**
According to this accounting standard, information must be provided about transactions and agreements with related companies and physical persons. In the consolidated financial statements, intra-Group transactions fall outside this reporting requirement. Notes 36, 37 and 39 provide disclosures in accordance with the accounting standard. With respect to the parent company, this information is provided in Notes 62 and 63.

**IAS 40 Investment Property**
Investment properties are properties that are owned for the purpose of generating rental income and increases in value.

Investment properties are reported at fair value, applying IFRS 13 Level 3 in the fair value hierarchy. An internal valuation is performed for each property in conjunction with the quarterly and annual financial statements. An external valuation of each property is performed annually in collaboration with an independent external appraiser. Fair value is calculated using a yield-based appraisal method based on cash flow analysis. The calculation period is at least 10 years. Unrealized and realized changes in value are reported net on a separate line in the income statement.

A previous current-asset property or a property used in the Group's own operations is reclassified as an investment property when the property's area of use has changed. When a current-asset property or a property used in the Group's own operations is reclassified as an investment property, the difference between the property's fair value on the date of transfer and its previous carrying amount is recognized in profit or loss.

A property may be classified as an investment property even if Skanska leases part of the area. In this case, Skanska's part must not amount to a significant proportion of the total area of the property. Otherwise the property must be classified as a current-asset property or a property used in Skanska's own operations.

If an investment property is reclassified as a current-asset property or a property used in the Group's own operations, the estimated cost in subsequent reporting is the fair value on the date that its area of use changed.

**IFRS 8 Operating Segments**
According to this standard, an operating segment is a component of the Group carrying out business operations whose operating income is evaluated regularly by the Group's highest executive decision-maker and about which separate financial information is available.

Skanska's operating segments are its business streams: Construction, Residential Development, Commercial Property Development and Investment Properties.

The Group Leadership Team is the Group's highest executive decision-maker.

The principle for segment reporting of Residential Development and Commercial Property Development in the income statement deviates from IFRS on two points. In segment reporting, a divestment gain is recognized on the date a binding sales contract is signed between the buyer and seller. The contract may include clauses under which the buyer in certain situations can withdraw from the contract during construction, in most cases involving reimbursement to Skanska. The risk of withdrawal over time is deemed low. In segment reporting, joint ventures are recognized within Residential Development line by line according to the proportional method of accounting. This means that Construction's revenue from joint ventures within Residential Development operations is eliminated in segment reporting. Note 4 presents a reconciliation between segment reporting and the income statement in accordance with IFRS.

Note 4 provides information about operating segments. Financial reporting to the Group Leadership Team focuses on the areas for which each respective operating segment is operationally responsible: operating income in the income statement and capital employed. For each respective operating segment, the note thus reports external and internal revenue, cost of sales, selling and administrative expenses and capital employed. Capital employed refers to total assets minus tax assets and receivables invested in Skanska's treasury unit (internal bank) less non-interest-bearing liabilities excluding tax liabilities. In the calculation of capital employed, a capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments. Acquisition goodwill has been reported in the operating segment to which it relates.

In transactions between operating segments, pricing occurs on market terms.

Certain parts of the Group do not belong to any operating segment. These are reported in Note 4 under the heading "Central and eliminations." Operating segment income includes intra-Group profits and, consequently, these are eliminated during reconciliation with the consolidated income statement and the consolidated statement of financial position.

In addition to information about operating segments, Note 4 provides disclosures on external revenue for the entire Group and disclosures on the allocation of certain assets divided by countries with more than 10 percent of the Group's total items.

**IAS 10 Events After the Reporting Period**
Events after the closing day may, in certain cases, confirm a situation that existed on the closing day. Such events are taken into account when the financial reports are prepared. Information is provided about other events that occur after the closing day and before the financial report is signed if the omission of such information would affect the ability of a reader to make an accurate assessment and a sound investment decision.

Such information is provided in Note 42.

**IAS 32 Financial Instruments: Presentation**
Offsetting of financial assets and financial liabilities occurs when an entity has a legal right to offset items against each other and intends to either settle these items on a net basis or simultaneously divest the asset and settle the liability.

Prepaid income and expenses are not financial instruments. Accrued income and expenses that are related to the business are not recognized as financial instruments. Thus, contract assets and contract liabilities are not included under financial instruments. Obligations for employee benefit plans in accordance with IAS 19, such as pension plans, are exempt from IAS 32 and are thus not recognized as financial instruments. Assets and liabilities that are not based on contracts, such as income taxes, are not considered financial instruments.

*Note 1. Consolidated accounting and valuation principles, cont.*

Information in compliance with the accounting standard is provided mainly in Notes 6, 21 and 27.

**IFRS 9 Financial Instruments**
IFRS 9 Financial Instruments addresses the recognition of financial assets and liabilities. Categories exempt from application in accordance with IFRS 9 include holdings in subsidiaries, associated companies and joint ventures, leases, rights under employment contracts, treasury shares, financial instruments as described in IFRS 2, and rights and responsibilities within IFRS 15 except for the rights in IFRS 15 where an impairment requirement in accordance with IFRS 9 applies. All financial instruments, including derivatives, are recognized as a financial asset or financial liability in the statement of financial position when the entity becomes a party to the contractual provisions of the instrument. A regular way purchase or regular way sale of financial assets is recognized in and derecognized from the statement of financial position using trade date accounting. A financial asset is derecognized from the statement of financial position when the contractual rights to cash flows from the financial asset expire or when the entity transfers the contractual rights to receive cash flows from the financial asset or retains the contractual rights to receive cash flows, but assumes a contractual obligation to pay cash flows to one or more recipients. A financial liability is derecognized from the statement of financial position only when the contractual obligation is fulfilled, canceled or expires.

Presentation of financial assets is based on the entity's business model and the contractual cash flows of the asset.

A financial asset is measured at amortized cost if the asset is held within the framework of a business model the objective of which is to hold financial assets in order to collect contractual cash flows, and the cash flows on specified dates are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if the asset is held according to a business model the objective of which can be achieved both by collecting contractual cash flows and selling financial assets, and the cash flows are solely payments of principal and interest on the principal amount outstanding. A financial asset is measured at fair value though profit or loss if it is not measured at amortized cost or at fair value through other comprehensive income.

All financial liabilities are measured at amortized cost with the exception of:
a) financial liabilities measured at fair value through profit or loss (such liabilities, including derivatives that are liabilities, are thereafter to be measured at fair value);
b) financial liabilities arising when a transfer of a financial asset does not meet the criteria for derecognition from the statement of financial position or where a continued commitment is appropriate;
c) financial guarantee contracts;
d) a loan commitment with interest that is below the market interest rate; and
e) a contingent consideration acknowledged by an acquiring party in connection with a business combination covered by IFRS 3 (such contingent consideration is thereafter measured at fair value with changes recognized through profit or loss).

An entity is only entitled to reclassify all relevant financial assets when the entity changes its business model for managing financial assets. Reclassification of financial liabilities is not permitted.

Financial assets and liabilities are initially measured at fair value plus or minus transaction costs upon acquisition of a financial asset or financial liability, for a financial asset or financial liability that is not measured at fair value through profit or loss. Trade receivables that do not contain a significant financing component are measured upon initial recognition at their transaction price (as defined in IFRS 15). After initial recognition, financial assets are measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. Subsequent measurement of financial liabilities is at amortized cost or fair value through profit or loss.

An entity is to apply the impairment requirement to expected credit losses on financial assets and a loss provision for these is to be recognized as a deduction from the asset. On every closing day the loss provision is to be equivalent to an amount reflecting the expected credit losses for the remaining time until maturity if the credit risk has increased significantly since it was initially recognized. If the credit risk has not increased significantly since it was first recognized, the loss provision is to be equivalent to 12 months of expected credit losses. For trade receivables, contractual assets and lease receivables, the loss provision is always to be at an amount equivalent to the remaining time to maturity. An entity is to measure expected credit losses taking into account an objective and probability-weighted amount, the time value of money, reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The purpose of hedge accounting is so that, in its financial statements, an entity can report the effect of its risk management where financial instruments are used to manage exposure from specific risks that would impact results. A derivative that is measured at fair value through profit or loss can be identified as a hedging instrument. A financial asset or liability that is not a derivative measured at fair value through profit or loss can be identified as a hedging instrument unless it is a financial liability identified as measured at fair value through profit or loss for which the amount of the change in fair value arising from changes in credit risk for the liability is recognized in other comprehensive income. In hedge accounting, only contracts with an external party outside the Group can be identified as hedging instruments. A hedged item may be a recognized asset or liability, an unrecognized binding commitment, a highly likely forecast transaction or a net investment in foreign operations. A hedging relationship only qualifies for hedge accounting when the following criteria have been met: the hedging relationship consists only of eligible hedging instruments and eligible hedged items; there is a formal designation and documentation for the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge; and the effectiveness requirement for the hedges has been met. The effectiveness requirement is met when there is an economic relationship between the hedged item and the hedging instrument, the effect of credit risk does not dominate the value changes that result from the economic relationship, and the hedge ratio of the hedging relationship is the same as the ratio between the quantity of the hedged item that the entity actually hedges and the quantity that the entity actually uses to hedge that quantity of hedged items.

Skanska uses hedge accounting for cash flow hedging and hedging of net investment in foreign operations. Hedge accounting is used for cash flow hedges when a future cash flow is attributable to a recognized asset or liability or a highly probable future transaction. Hedge accounting for hedging of net investments in foreign operations is applied when the net investment is in line with IAS 21.

A cash flow hedge is recognized as follows:
a) the separate component in equity, cash flow hedge reserve, which is linked to the hedged item is to be adjusted to the lower of the following: the cumulative gains or losses from the hedging instrument from the date the hedge was entered into or the cumulative change in fair value for the hedged item from the date the hedge was entered into;
b) the portion of the gain or loss for a hedging instrument that has been determined to be an effective hedge is recognized in other comprehensive income;
c) the remaining gain or loss for the hedging instrument is hedging ineffectiveness that is to be recognized through profit or loss;
d) the amount accumulated in the cash flow hedge reserve derived from the cash flow hedged in accordance with a) is to be recognized as follows:
 i) if a hedged forecast transaction subsequently leads to recognition of a non-financial asset or liability, or a hedged forecast transaction for a non-financial asset or liability becomes a binding commitment for which hedge accounting of fair value is used, the entity is to deduct this from the reserve originating from the cash flow hedge and include it directly in the initial cost or other recognized value for the asset or liability;
 ii) for all cash flow hedges except those covered by i) this amount is to be reclassified from the reserve originating from the cash flow hedge to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss;
 iii) if, however, this amount is a loss and an entity is expecting all or part of the loss not to be recovered during one or more future periods, the amount not expected to be recovered is to be immediately reclassified to profit or loss as a reclassification adjustment.

Hedging of net investments in foreign operations, including a hedge of a monetary item that is recognized as part of a net investment, is to be recognized in a similar way to cash flow hedges: the portion of the gain or loss for the hedging instrument that is determined to be an effective hedge is to be recognized through other comprehensive income, and the remainder is to be recognized through profit or loss. The cumulative gain or loss for the hedging instrument that is attributable to the effective portion of the hedge and that has accumulated in the currency translation reserve is to be reclassified from equity to profit or loss upon disposal or partial disposal of the foreign operations.

**IFRS 7 Financial Instruments: Disclosures**
The company provides disclosures that enable the evaluation of the significance of financial instruments for its financial position and performance. The disclosures also enable an evaluation of the nature of financial instruments and risks associated with them to which the company has been exposed during the period and is exposed to at the end of the reporting period. These disclosures also provide a basis for assessing how these risks are managed by the company. This standard supplements the principles for recognizing, measuring and classifying financial assets and liabilities in IAS 32 and IFRS 9.

The standard applies to all types of financial instruments, with the primary exception of holdings in subsidiaries, associated companies and joint ventures, as well as obligations for employee benefit plans in accordance with IAS 19, such as pension plans. The disclosures that are provided thus include accrued interest income, deposits and accrued interest expense. Accrued income relating to contracting assignments is not a financial instrument.

*Note 1. Consolidated accounting and valuation principles, cont.*

The disclosures provided are supplemented by reconciliation with other items in the income statement and in the statement of financial position.

Disclosures in accordance with this accounting standard are presented in Note 6.

**IAS 20 Accounting for Government Grants and Disclosure of Government Assistance**
Government assistance refers to action by the government designed to provide an economic benefit specific to one company or a category of companies that qualify based on certain criteria. Government grants are assistance from the government in the form of transfers of resources to a company in return for past or future compliance with certain conditions relating to its operations.

Government grants are recognized as prepaid income or a reduction of an investment when there is reasonable assurance that the grants will be received and that the Group will meet the criteria for receiving the grant.

**The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups**
The recommendation specifies what further disclosures must be provided in order for the annual accounts to comply with Sweden's Annual Accounts Act. The additional information mainly relates to disclosures on employees.

Disclosures on the average number of employees, gender distribution and distribution among countries are provided in Note 36. The average number of employees during the year was calculated as an average of the average number of employees during the quarters in the year. In this calculation, part-time employment is equivalent to 60 percent of full-time employment. Employees belonging to operations divested during the year are included up until the date of divestment. Employees of acquired companies are included from the date of acquisition.

Information on the gender distribution among senior executives refers to the situation on the closing day. "Senior executives" in the various subsidiaries refers to the members of the management teams of the respective business units. This information is provided in Notes 36 and 37.

In addition to board members and the CEO, all other persons in the Group Leadership Team must be included in the group for which a separate account is to be provided of the total amounts of salaries and other remuneration, as well as expenses and obligations related to pensions and similar benefits. Furthermore, the same disclosures must be provided individually for each of the board members and for the CEO, as well as individuals previously holding these positions. Employee representatives are exempted.

Note 36 provides information about loans, assets pledged and contingent liabilities from which any board member or CEO within the Group has benefited.

Information is also provided on fees to auditors and the accounting firms where the auditors work. See Note 38.

## **Note 1.** Parent company accounting and valuation principles

The parent company has prepared its annual accounts in compliance with the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, "Accounting for Legal Entities." According to RFR 2, the annual accounts of the legal entity must apply the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), to the extent these have been approved by the EU, as well as the interpretations by the IFRS Interpretations Committee and its predecessor the Standing Interpretations Committee (SIC), as far as this is possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation. A presentation of the various accounting standards can be found in the Group Note 1. The statements of the Swedish Financial Reporting Board must also be applied.

**Important differences compared to consolidated accounting principles**
In accordance with RFR 2, IFRS 9 is not applied to financial guarantee agreements benefiting subsidiaries, associated companies and joint ventures. Instead, IAS 37 is applied, which normally means that provisions for these measures are not recognized since it is unlikely that an outflow of resources will be required to settle the obligation.

In compliance with RFR 2, IFRS 16 is not applied to leases. Instead lease payments are recognized on a straight-line basis over the term of the lease, unless a different systematic approach better reflects the economic benefit over time.

Group contributions are recognized in accordance with the general rule in RFR 2.

The Seop 4 and Seop 5 employee ownership programs are recognized as share-based payment settled with equity instruments, in accordance with IFRS 2. The portion of the Group's expense for these employee ownership programs that relates to employees of subsidiaries is recognized in the parent company as an increase in the carrying amount of holdings in subsidiaries and an increase in equity. When the amount to be debited to the subsidiary is established, a transfer is made to "Receivables from subsidiaries." Where compensation from subsidiaries for shares that have been allocated deviates from the previously reported increase in the carrying amount of holdings in subsidiaries, the carrying amount of holdings in subsidiaries is reduced to the portion of the amount that does not exceed the previously reported increase. Any remaining portion of the compensation is recognized directly in equity.

The income statement and balance sheet conform to the presentation formats in the Annual Accounts Act.

Defined-benefit pension plans are reported according to the regulations in the Pension Obligations Vesting Act. Pension obligations secured by assets in pension funds are not recognized in the balance sheet.

Similar to holdings in subsidiaries, holdings in associated companies and joint arrangements are also carried at cost before any impairment losses.

## **Note 2.** Key estimates and judgments

**Key estimates and judgments**
The Group Leadership Team has discussed with the Board and the Audit Committee the developments and disclosures relating to the Group's important accounting principles and estimates, as well as the application of these principles and estimates.

Key estimates and judgements made in applying the Group's accounting principles are described here where there is a significant risk that they may lead to material adjustments of the carrying amounts of assets and liabilities.

**Goodwill impairment testing**
When calculating the recoverable amount of cash-generating units to determine if there is any goodwill impairment, several assumptions about future conditions and estimates of parameters have been made. These are presented in Note 18. As understood from the description in this note, important changes in the basis for these assumptions and estimates might have a substantial effect on the value of goodwill.

**Pension assumptions**
Skanska has defined-benefit pension plans in a number of countries. The plans are recognized in accordance with IAS 19, which means that pension commitments are calculated using actuarial assumptions and that plan assets are measured at market value on the closing day. The effects of changed actuarial assumptions and changes in the market value of plan assets are recognized as remeasurements in other comprehensive income. The remeasurements impact interest-bearing pension liabilities and equity.

The assumptions and prerequisites that provide the basis for recognition of pension liability, including a sensitivity analysis, are presented in Note 28.

**Revenue recognition over time**
Skanska applies revenue recognition over time in the Construction business stream. This means that, based on projected final project results, income is recognized successively during the course of the project according to degree of completion. In order to do this, project revenue and project expenses must be able to be reliably determined. This in turn requires that the Group has efficient, coordinated systems for calculation, forecasting and revenue/expense reporting. The method also requires consistent assessment (forecasts) of the final outcome of the project, including analysis of deviations from earlier assessments. This critical assessment is performed at least once every quarter. However, actual future project outcomes may deviate, either positively or negatively, from this assessment.

**Disputes**
Although management's best judgment is used in reporting disputed amounts, the actual future outcomes may deviate from the judgment made. See Note 33 and Note 29.

**Investments in the PPP portfolio**
The estimated investment amounts are presented in Note 20 B. Estimated market value is based on discounting anticipated cash flows for each respective investment. Estimated yield requirements on investments of this type have been used as discount rates. Changes in anticipated cash flows, which in a number of cases extend 20–30 years into the future, and/or changes in yield requirements, may materially affect both estimated values and carrying amounts for each investment. The risk of a significant impact is gradually reduced as the number of projects declines.

**Current-asset properties**
The stated combined market value in Note 22 is calculated on the basis of prevailing price levels in the respective location of the individual properties. Changes in the supply of similar properties, as well as changes in demand due to changed yield requirements, may materially affect both estimated market values and carrying amounts for each property.

In Commercial Property Development, the estimated market value for ongoing projects is assessed for each property once it is completed and fully occupied.

In Residential Development the supply of capital and the price of capital for financing home buyers' investments are critical factors. The market value assessed here too is the value of the properties once they are completed and taking into account the value that may be added in a normal economic cycle. The accounting principle applied to the sale of properties via the divestment of companies is stated in Note 1.

**Investment properties**
For critical assumptions and judgements in connection with measurement of investment properties, see Note 40. Skanska recognizes its investment properties at fair value where realized and unrealized changes in value are recognized in the income statement. Results may therefore be affected significantly by changes in market price levels and by changes in assumptions when measuring at fair value.

**Prices of goods and services**
In the Skanska Group's operations there are many different forms of contractual mechanisms. The degree of risk associated with the price of goods and services varies greatly depending on the contract type.

Sharp increases in material prices may pose a risk, particularly to long-term projects with fixed-price commitments. A shortage of human resources and certain inputs may also adversely impact operations. Delays in the design phase or changes in design are other circumstances that may adversely affect projects.

## **Note 3.** Effects of changes in accounting principles

No effects due to the changes in accounting principles have been reported for the year or for the comparative year.

## **Note 4.** Operating segments

Skanska's business streams – Construction, Residential Development, Commercial Property Development and Investment Properties – represent the Group's operating segments. These business streams coincide with Skanska's operational organization used by the Group Leadership Team to monitor operations. The Group Leadership Team is also Skanska's "chief operating decision maker."

Each business stream carries out distinct types of operations associated with different risks. Construction includes both building construction and civil construction.

Residential Development develops residential projects for immediate sale. Homes are adapted for selected customer categories. The units in this segment are responsible for planning and selling projects. The construction assignments are performed by construction units in the Construction business stream in each respective market.

Commercial Property Development initiates, develops, leases and divests commercial property projects. Project Development focuses on office buildings, retail and logistics properties. Construction assignments are performed in most markets by Skanska's Construction segment. Construction assignments are performed by the construction units where Skanska has construction operations. Intra-Group pricing between operating segments occurs on market terms.

The Investment Properties business stream owns and manages properties for the purpose of generating rental income and increasing value. Rental income is recognized on a straight-line basis over the lease term. Changes in the value of investment properties are recognized every quarter.

The segment "Central" includes the cost of Group headquarters, earnings of central companies and operations that are being discontinued. Eliminations consist mainly of profits in Construction operations related to property projects. See also note 1.

**Revenue and expenses by operating segment**
Each business unit within the business streams has operating responsibility for its income statement down through "operating income."

**Assets and liabilities by operating segment**
Each business unit within the business streams has operating responsibility for its capital employed. The capital employed by each business stream consists of its total assets minus tax assets and intra-Group receivables invested in Skanska's treasury unit (internal bank) less non-interest-bearing liabilities excluding tax liabilities. In the calculation of capital employed, a capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.

Acquisition goodwill has been reported in the business stream to which it belongs.

Cash flow by segment is presented as a separate statement: Consolidated operating cash flow statement and change in interest-bearing net receivables.

*Note 4. Operating segments, cont.*

| 2022 | Construction | Residential Development | Commercial Property Development | Investment Properties | Total operating segments | Central | Eliminations | Total segments | Difference in accounting principles | Total IFRS |
|---|---|---|---|---|---|---|---|---|---|---|
| External revenue | 142,389 | 9,437 | 9,652 | 40 | 161,518 | 85 | | 161,602 | 1,572 | 163,174 |
| Revenue from internal customers | 13,615 | 38 | 3,900 | | 17,554 | 364 | -17,918 | 0 | | 0 |
| **Total revenue** | **156,004** | **9,475** | **13,552** | **40** | **179,071** | **449** | **-17,918** | **161,602** | **1,572** | **163,174** |
| Cost of sales | -143,736 | -7,634 | -9,861 | -10 | -161,242 | -534 | 16,154 | -145,622 | -861 | -146,483 |
| **Gross income** | **12,268** | **1,841** | **3,690** | **30** | **17,829** | **-85** | **-1,764** | **15,981** | **711** | **16,692** |
| Selling and administrative expenses | -6,534 | -827 | -955 | -2 | -8,318 | -680 | | -8,998 | | -8,998 |
| Change in value, investment properties | | | | 112 | 112 | | 1,581 | 1,692 | | 1,692 |
| Income from joint ventures and associated companies | 36 | -3 | 168 | | 201 | 425 | -3 | 622 | 13 | 636 |
| **Operating income** | **5,770** | **1,011** | **2,903** | **140** | **9,824** | **-339** | **-187** | **9,297** | **724** | **10,021** |
| of which depreciation/amortization | -2,506 | -18 | -89 | | -2,613 | -103 | 2 | -2,714 | | -2,714 |
| of which impairment losses/reversals of impairment losses | | | | | | | | | | |
| Goodwill | -1 | | | | -1 | | | -1 | | -1 |
| Other assets | -24 | -7 | -43 | | -74 | | | -74 | | -74 |
| of which gains from sale of commercial properties | | | 3,646 | | 3,646 | | 112 | 3,758 | 257 | 4,015 |
| of which gains from sales from PPP portfolio | | | | | | 183 | | 183 | | 183 |
| Average number of employees | 26,892 | 580 | 422 | | 27,894 | 486 | | 28,380 | | |
| Gross margin, % | 7.9 | 19.4 | | | | | | | | |
| Selling and administrative expenses, % | -4.2 | -8.7 | | | | | | | | |
| Operating margin, % | 3.7 | 10.7 | | | | | | | | |
| Net leasing | | | | 0 | | | | | | |
| Economic occupancy rate, % | | | | 86 | | | | | | |
| Surplus ratio, % | | | | 75.4 | | | | | | |
| Assets, of which | | | | | | | | | | |
| Investment properties | | | | 3,758 | 3,758 | | | 3,758 | | 3,758 |
| Property, plant and equipment (including right-of-use assets) | 10,348 | 46 | 401 | 1 | 10,795 | 267 | -3 | 11,059 | | 11,059 |
| Intangible assets | 4,217 | 331 | 19 | | 4,567 | 81 | | 4,648 | | 4,648 |
| Investments in joint ventures and associated companies | 302 | 144 | 133 | | 579 | 2,330 | -7 | 2,901 | | 2,901 |
| Current-asset properties (including right-of-use assets) | 1 | 24,655 | 38,310 | | 62,966 | | -816 | 62,150 | | 62,150 |
| Capital employed | -7,378 | 17,837 | 37,080 | 3,733 | 51,271 | 21,573 | | 72,845 | | 72,845 |
| Investments | -2,210 | -11,633 | -11,276 | -3,668 | -28,788 | -722 | -3,943 | -25,567 | | -25,567 |
| Divestments | 764 | 10,622 | 13,116 | | 24,501 | 150 | -3,917 | 20,734 | | 20,734 |
| **Net investments** | **-1,446** | **-1,012** | **1,839** | **-3,668** | **-4,287** | **-572** | **26** | **-4,833** | | **-4,833** |
| **Reconciliation from segment reporting to IFRS** | | | | | | | | | | |
| Revenue according to segment reporting – binding contracts | 156,004 | 9,475 | 13,552 | 40 | 179,071 | 449 | -17,918 | 161,602 | | |
| Plus properties sold before the period | | 17,328 | 6,393 | | 23,721 | | | 23,721 | | |
| Less properties not yet occupied by the buyer on closing day | | -16,472 | -6,261 | | -22,733 | | 9 | -22,724 | | |
| Plus revenue of joint ventures in Residential Development | | -54 | | | -54 | | | -54 | | |
| Exchange rate differences | | 519 | 110 | | 629 | | | 629 | | |
| **Revenue in accordance with IFRS – handover** | **156,004** | **10,797** | **13,793** | **40** | **180,634** | **449** | **-17,909** | **163,174** | | |
| Operating income according to segment reporting – binding contracts | 5,770 | 1,011 | 2,903 | 140 | 9,824 | -339 | -187 | 9,297 | | |
| Plus properties sold before the period | | 2,863 | 1,332 | | 4,195 | | 92 | 4,287 | | |
| Less properties not yet occupied by the buyer on closing day | | -2,577 | -1,155 | | -3,732 | | -121 | -3,852 | | |
| Plus operating income of joint ventures in Residential Development | | 15 | | | 15 | | | 15 | | |
| Exchange rate differences | | 175 | 28 | | 203 | | 71 | 274 | | |
| **Operating income according to IFRS – handover** | **5,770** | **1,488** | **3,108** | **140** | **10,506** | **-339** | **-145** | **10,021** | | |

*Note 4. Operating segments, cont.*

| 2021 | Construction | Residential Development | Commercial Property Development | Investment Properties | Total operating segments | Central | Eliminations | Total segments | Difference in accounting principles | Total IFRS |
|---|---|---|---|---|---|---|---|---|---|---|
| External revenue | 122,355 | 14,377 | 10,631 | | 147,363 | 213 | | 147,576 | -3,712 | 143,865 |
| Revenue from internal customers | 10,232 | | 471 | | 10,703 | 395 | -11,097 | 0 | | 0 |
| **Total revenue** | **132,587** | **14,377** | **11,102** | **0** | **158,066** | **608** | **-11,097** | **147,576** | **-3,712** | **143,865** |
| Cost of sales | -121,901 | -11,670 | -7,147 | | -140,717 | -621 | 11,080 | -130,258 | 2,102 | -128,156 |
| **Gross income** | **10,687** | **2,707** | **3,955** | **0** | **17,349** | **-13** | **-17** | **17,318** | **-1,609** | **15,709** |
| Selling and administrative expenses | -5,709 | -727 | -784 | | -7,220 | -645 | | -7,865 | | -7,865 |
| Change in value, investment properties | | | | | 0 | | | 0 | | 0 |
| Income from joint ventures and associated companies | 35 | | 93 | | 128 | 243 | 8 | 379 | 70 | 449 |
| **Operating income** | **5,013** | **1,980** | **3,264** | **0** | **10,256** | **-415** | **-9** | **9,832** | **-1,539** | **8,293** |
| of which depreciation/amortization | -2,469 | -23 | -86 | | -2,578 | -90 | | -2,669 | | -2,669 |
| of which impairment losses/reversals of impairment losses | | | | | | | | | | |
| Goodwill | -53 | | | | -53 | | | -53 | | -53 |
| Other assets | -34 | -36 | -175 | | -245 | | | -245 | | -245 |
| of which gains from sale of commercial properties | | | 3,928 | | 3,928 | | 239 | 4,167 | -661 | 3,506 |
| of which gains from sales from PPP portfolio | | | | | | 4 | | 4 | | 4 |
| Average number of employees | 28,557 | 582 | 431 | | 29,570 | 481 | | 30,051 | | |
| Gross margin, % | 8.1 | 18.8 | | | | | | | | |
| Selling and administrative expenses, % | -4.3 | -5.1 | | | | | | | | |
| Operating margin, % | 3.8 | 13.8 | | | | | | | | |
| Net leasing | | | | | | | | | | |
| Economic occupancy rate, % | | | | | | | | | | |
| Surplus ratio, % | | | | | | | | | | |
| Assets, of which | | | | | | | | | | |
| Investment properties | | | | | | | | | | |
| Property, plant and equipment (including right-of-use assets) | 9,872 | 54 | 409 | | 10,335 | 260 | -3 | 10,593 | | 10,593 |
| Intangible assets | 4,127 | 322 | 17 | | 4,466 | 144 | | 4,610 | | 4,610 |
| Investments in joint ventures and associated companies | 287 | 355 | 122 | | 763 | 1,427 | -5 | 2,185 | | 2,185 |
| Current-asset properties (including right-of-use assets) | 57 | 20,371 | 33,272 | | 53,700 | | -666 | 53,033 | | 53,033 |
| Capital employed | -7,875 | 14,385 | 32,721 | | 39,231 | 27,499 | | 66,729 | | 66,729 |
| Investments | -1,850 | -11,488 | -7,344 | | -20,683 | -720 | 457 | -20,945 | | -20,945 |
| Divestments | 1,034 | 10,766 | 9,961 | | 21,762 | 27 | -457 | 21,331 | | 21,331 |
| **Net investments** | **-816** | **-722** | **2,617** | **0** | **1,079** | **-693** | **0** | **386** | | **386** |
| **Reconciliation from segment reporting to IFRS** | | | | | | | | | | |
| Revenue according to segment reporting – binding contracts | 132,587 | 14,377 | 11,102 | 0 | 158,066 | 608 | -11,097 | 147,576 | | |
| Plus properties sold before the period | | 13,868 | 6,012 | | 19,880 | | | 19,880 | | |
| Less properties not yet occupied by the buyer on closing day | | -17,328 | -6,393 | | -23,721 | | | -23,721 | | |
| Plus revenue of joint ventures in Residential Development | | -247 | | | -247 | | | -247 | | |
| Exchange rate differences | | 326 | 52 | | 377 | | | 377 | | |
| **Revenue in accordance with IFRS – handover** | **132,587** | **10,995** | **10,772** | **0** | **154,354** | **608** | **-11,097** | **143,865** | | |
| Operating income according to segment reporting – binding contracts | 5,013 | 1,980 | 3,264 | 0 | 10,256 | -415 | -9 | 9,832 | | |
| Plus properties sold before the period | | 1,982 | 692 | | 2,675 | | 61 | 2,736 | | |
| Less properties not yet occupied by the buyer on closing day | | -2,863 | -1,332 | | -4,195 | | -92 | -4,287 | | |
| Plus operating income of joint ventures in Residential Development | | -20 | | | -20 | | | -20 | | |
| New intra-Group profits | | | | | 0 | | -35 | -35 | | |
| Exchange rate differences | | 56 | 10 | | 67 | | | 67 | | |
| **Operating income according to IFRS – handover** | **5,013** | **1,135** | **2,635** | **0** | **8,783** | **-415** | **-75** | **8,293** | | |

*Note 4. Operating segments, cont.*

**External revenue in accordance with IFRS by geographical area**

| | Sweden | | UK | | USA | | Norway | | Other[1] | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Construction | 28,599 | 27,280 | 17,448 | 14,123 | 65,867 | 53,438 | 16,226 | 13,873 | 14,250 | 13,642 | 142,389 | 122,355 |
| Residential Development | 4,950 | 5,240 | 96 | | | | 1,734 | 1,697 | 3,987 | 4,058 | 10,768 | 10,995 |
| Commercial Property Development | 2,452 | 2,743 | | | 1,656 | 2,359 | 55 | 6 | 5,731 | 5,193 | 9,893 | 10,301 |
| Investment Properties | 40 | | | | | | | | | | 40 | 0 |
| Central and eliminations | 70 | 177 | | | 15 | 36 | | | | | 85 | 213 |
| **Total operating segments** | **36,111** | **35,440** | **17,544** | **14,123** | **67,537** | **55,833** | **18,015** | **15,576** | **23,968** | **22,893** | **163,174** | **143,865** |

1 The Group has no customers that account for 10 percent or more of its revenue.

**Non-current assets and current-asset properties by geographical area**

| | Investment properties | | Property, plant and equipment | | Intangible assets | | Investments in joint ventures and associated companies | | Current-asset properties | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** |
| Norway | | | 2,918 | 2,749 | 1,318 | 1,293 | 55 | 40 | 4,121 | 4,256 |
| Sweden | 3,758 | | 2,360 | 2,404 | 756 | 778 | 1,097 | 1,214 | 16,030 | 16,097 |
| UK | | | 1,355 | 1,118 | 1,386 | 1,364 | 6 | 48 | 4,661 | 2,581 |
| USA | | | 2,622 | 2,565 | 537 | 537 | 1,513 | 673 | 15,813 | 10,556 |
| Other[1] | | | 1,804 | 1,757 | 652 | 638 | 231 | 209 | 21,525 | 19,543 |
| | **3,758** | **0** | **11,059** | **10,593** | **4,648** | **4,610** | **2,901** | **2,185** | **62,150** | **53,034** |

1 No geographical area with revenue accounting for 10 percent or more of the Group's total items is included.

## **Note 5.** Non-current assets held for sale and discontinued operations

Non-current assets held for sale and discontinued operations are recognized in accordance with IFRS 5. See Note 1. No operations were recognized as discontinued in 2022 or 2021.

At the end of both 2022 and 2021, there were no non-current assets that under IFRS 5 are to be recognized as current assets and specified as assets held for sale.

# **Note 6.** Financial instruments and financial risk management

Financial instruments are recognized in accordance with IFRS 9 Financial Instruments, IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosures.

Skanska's contract assets and contract liabilities are not recognized as a financial instrument and the risk associated with these receivables and liabilities is thus not reported in this note either.

Risks in partly-owned joint venture companies in the PPP portfolio are managed within each respective joint venture company. Skanska's aim is to ensure that financial risk management within these companies is equivalent to that which applies to the Group's wholly owned companies. As the contract period in many cases amounts to decades, management of the interest rate risk in financing is essential in each joint venture company. This risk is managed using long-term interest rate swaps. These holdings are recognized according to the equity method of accounting. As a result, the financial instruments in each joint venture company are included under the item "Income from joint ventures and associated companies." Information on financial instruments in joint ventures and associated companies is not included in the following disclosures.

**Financial risk management**
Through its operations, aside from business risk, Skanska is exposed to various financial risks such as credit risk, liquidity risk and market risk. These risks are associated with the Group's reported financial instruments such as cash and cash equivalents, interest-bearing receivables, trade accounts receivable, trade accounts payable, borrowings and derivatives.

**Objectives and policy**
The Group endeavors to achieve a systematic assessment of both financial and business risks. To do this a common risk management model is used. The risk management model does not involve avoidance of risk but is instead aimed at identifying and managing the risks.

Through the Group's Financial Policy, each year the Board of Directors establishes guidelines, objectives and restrictions for management of the Group's finances and financial risk. Skanska's Group Governance Framework regulates the distribution of responsibility among Skanska's Board, the Group Leadership Team, Skanska Financial Services (Skanska's Group Function for financial services) and the business units.

Within the Group, Skanska Financial Services has operational responsibility for securing Group financing and for managing liquidity, financial assets and financial liabilities. A centralized financial unit enables Skanska to take advantage of economies of scale and synergies.

The objectives and policy for each type of risk are described in the respective sections below.

**Credit risk**
Credit risk describes the Group's risk from financial assets and arises if a counterparty does not fulfill its contractual payment obligations to Skanska. Credit risk is divided into financial credit risk, which is risk associated with interest-bearing assets and derivatives, and customer credit risk, which refers to the risk from trade accounts receivable.

**Financial credit risk – risk in interest-bearing assets and derivatives**
Financial credit risk is the risk that the Group is exposed to in its relationships with financial counterparties when investing surplus funds and with respect to bank account balances and investments in financial assets. Credit risk in the form of counterparty risk also arises when using derivatives and is the risk that a potential gain will not be realized if the counterparty does not fulfill its part of the contract.

According to the policy, Skanska must limit its exposure to financial counterparties by using banks and financial institutions assigned a high credit rating by rating agencies Standard & Poor's, Moody's or Fitch. The permitted exposure volume per counterparty is dependent on the counterparty's credit rating and the maturity of the exposure. To reduce the credit risk associated with derivative instruments, the Group has also signed standardized netting agreements (ISDA agreements) with all financial counterparties with whom Skanska enters into derivative contracts.

When investing surplus funds the objective is to always achieve good risk diversification. As of the end of the year the surplus funds were primarily invested with larger banks with a global presence, mainly from the Nordic region, Europe, USA and Japan, and in short-term interest-bearing instruments and money market funds. Skanska currently uses around 10 banks for derivative transactions.

Maximum exposure is equivalent to the fair value of the assets and amounts to SEK 25,620 M (31,500).

The average maturity of interest-bearing assets amounted to 0.3 years (0.3) as of December 31, 2022. The Group's financial interest-bearing assets as of December 31, 2022, primarily consisting of bank balances and investments in short-term debt instruments, were still considered to have a low credit risk as of the closing day as the assets have a high credit rating and thus the loss provision for these assets is based on 12 months of expected credit losses.

| **Interest-bearing assets and derivatives** | **Dec 31, 2022** | **Dec 31, 2021** |
|---|---|---|
| Maximum exposure in outstanding receivables | 25,620 | 31,500 |
| of which derivatives | 100 | 63 |
| Less adjustment from fair value | -8 | -33 |
| Loss provision for expected credit losses according to IFRS 9 | -16 | -11 |
| **Carrying amount** | **25,596** | **31,457** |

| **Change in impairment losses on interest-bearing assets and derivatives** | **2022** | **2021** |
|---|---|---|
| January 1 | 11 | 36 |
| Adjustment loss provision in accordance with IFRS 9 | 5 | -25 |
| **December 31** | **16** | **11** |

**Customer credit risk – risk in trade accounts receivable**
Customer credit risk is managed using the Skanska Group's common review and approval procedures for identifying and managing risks: the Skanska Tender Approval Procedure (STAP) and Project Scrutiny and Approval Procedure (PSAP).

Skanska's credit risk with regard to trade accounts receivable has a high degree of risk diversification due to the large number of projects of varying sizes and types with numerous different customer categories – many of which are in the public sector – in a large number of geographical markets.

The portion of Skanska's operations related to construction projects extends only limited credit, since projects are invoiced in advance as much as possible. In other operations, the extension of credit is limited to customary invoicing periods.

Impairment losses on trade accounts receivable amount to SEK 296 M (324), of which SEK 132 M (115) is for the loss provision for expected credit losses according to IFRS 9.

| **Trade accounts receivable** | **Dec 31, 2022** | **Dec 31, 2021** |
|---|---|---|
| Outstanding receivables | 15,468 | 15,187 |
| Impairment losses | -296 | -324 |
| **Carrying amount** | **15,172** | **14,863** |

| **Change in impairment losses, trade accounts receivable** | **2022** | **2021** |
|---|---|---|
| January 1 | 324 | 363 |
| Impairment losses for the year | 18 | 10 |
| Reversals of impairment losses | -1 | -48 |
| Impairment losses settled | -62 | 11 |
| Exchange rate differences | 17 | 10 |
| **December 31** | **296** | **324** |

*Note 6. Financial instruments and financial risk management, cont.*

**Risk in other operating receivables including shares**
Other financial operating receivables consist of receivables for properties divested, accrued interest income, deposits etc.

On the closing day no operating receivables were past due and there were no impairment losses.

Holdings with less than 20 percent of voting power in a company are reported as shares. Their carrying amount is SEK 38 M (37).

Other financial operating receivables are reported by time interval with respect to when the amounts fall due in the future.

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Due within 30 days | 39 | 9 |
| Due in over 30 days but within one year | 402 | 186 |
| Due after one year | 11 | 10 |
| **Total** | **452** | **206** |

**Liquidity and refinancing risk**
Liquidity and financing risk is defined as the risk of Skanska not being able to meet its payment obligations due to lack of liquidity or due to difficulties in obtaining or rolling over external loans.

The Group uses liquidity forecasting as a means of identifying and managing the fluctuations in short-term liquidity.

Surplus liquidity is, if possible, to be used primarily to repay the principal on loan liabilities.

**Financing**
Skanska has several borrowing programs, both committed bank credit facilities and market funding programs, which provide good preparedness for temporary fluctuations in the Group's short-term liquidity requirements and ensure long-term funding. Skanska does not have a credit rating.

In 2022 Skanska refinanced the syndicated backup facility. The new credit facility of EUR 500 M is sustainability-linked. The term is five years with an option to extend it twice, for one year in each case, after the first and second years respectively.

At the end of the year, the central debt portfolio amounted to SEK 3.7 billion (3.3). The unutilized credit facilities of SEK 6.1 billion (6.6) in combination with interest-bearing net receivables excluding cash and cash equivalents with restrictions, lease liabilities and net pension liabilities of SEK 12.1 billion (17.7) ensure that the Group has sufficient financial capacity.

**Liquidity reserve and maturity structure**
The objective is to have a liquidity reserve of at least SEK 4 billion available within one week in the form of cash liquidity or unutilized committed credit facilities. At year-end, cash and cash equivalents and unutilized confirmed credit facilities amounted to SEK 16 billion (18), of which SEK 12 billion (15) is, or is expected to be, available within one week.

The Group's policy is for the central loan portfolio's maturity structure to be distributed over time and to have a weighted average residual term of three years, including unutilized committed credit facilities, with authorization to deviate within a two- to four-year interval. On December 31, 2022 the average maturity of the loan portfolio was 3.6 years (2.5), if unutilized credit facilities are taken into account.

Including interest payments, the maturity structure of the Group's financial interest-bearing liabilities, derivatives and lease liabilities is distributed over the next few years according to the table on the next page. For lease liabilities the future payments are in undiscounted amounts.

| | | | | Dec 31, 2022 | | Dec 31, 2021 | |
|---|---|---|---|---|---|---|---|
| | Maturity | Currency | Limit in currency | Limit in SEK | Utilized | Limit in SEK | Utilized |
| **Market funding programs** | | | | | | | |
| Commercial paper (CP) program, maturities 0–1 years | | SEK/EUR | SEK 6,000 M | 6,000 | | 6,000 | |
| Medium-term note (MTN) program, maturities 1–10 years | | SEK/EUR | SEK 8,000 M | 8,000 | 480 | 8,000 | 500 |
| | | | | **14,000** | **480** | **14,000** | **500** |
| **Committed credit facilities** | | | | | | | |
| Syndicated bank loan | 2022 | SEK/EUR/USD | EUR 600 M | | | 6,143 | |
| Syndicated bank loan | 2027 | SEK/EUR/USD/GBP | EUR 500 M | 5,538 | | | |
| Bilateral loan agreement | 2023 | USD | USD 50 M | 519 | 519 | 453 | 453 |
| Bilateral loan agreement | 2024 | USD | USD 50 M | 519 | 519 | 453 | 453 |
| Bilateral loan agreement | 2024 | USD | USD 100 M | 1,037 | 1,037 | 905 | 905 |
| Bilateral loan agreement | 2025 | EUR | EUR 50 M | 553 | 553 | 511 | 511 |
| Bilateral loan agreement | 2027 | EUR | EUR 50 M | 553 | 553 | 511 | 511 |
| Other credit facilities | | | | 515 | | 448 | |
| | | | | **9,234** | **3,181** | **9,424** | **2,833** |

At year-end the Group's unutilized confirmed credit facilities amounted to SEK 6,053 M (6,591).

*Note 6. Financial instruments and financial risk management, cont.*

**Dec 31, 2022**

| Maturity period | | Carrying amount | Future payment amount | Maturity: Within 3 months | After 3 months within 1 year | After 1 year within 5 years | After 5 years |
|---|---|---|---|---|---|---|---|
| Interest-bearing financial liabilities | | 7,887 | 7,936 | 53 | 4,707 | 3,175 | |
| Derivatives: Currency forward contracts | Inflow | | -10,343 | -10,031 | -304 | -8 | |
| | Outflow | 150 | 10,490 | 10,176 | 306 | 8 | |
| Derivatives: Interest rate swaps | Inflow | | -6 | | -6 | | |
| | Outflow | | 7 | 3 | 4 | | |
| Lease liabilities | | 7,281 | 29,653 | 281 | 741 | 2,895 | 25,736 |
| Trade accounts payable | | 13,998 | 13,998 | 13,998 | | | |
| Other operating liabilities | | 694 | 694 | 438 | 256 | | |
| **Total** | | **30,010** | **52,429** | **14,918** | **5,704** | **6,070** | **25,736** |

**Dec 31, 2021**

| Maturity period | | Carrying amount | Future payment amount | Maturity: Within 3 months | After 3 months within 1 year | After 1 year within 5 years | After 5 years |
|---|---|---|---|---|---|---|---|
| Interest-bearing financial liabilities | | 8,622 | 8,878 | 16 | 4,828 | 3,495 | 539 |
| Derivatives: Currency forward contracts | Inflow | | -10,688 | -9,959 | -729 | | |
| | Outflow | 131 | 10,811 | 10,074 | 737 | | |
| Derivatives: Interest rate swaps | Inflow | | -2 | -1 | -1 | | |
| | Outflow | 1 | 3 | | 3 | | |
| Lease liabilities | | 6,960 | 26,748 | 284 | 733 | 2,697 | 23,034 |
| Trade accounts payable | | 12,426 | 12,426 | 12,426 | | | |
| Other operating liabilities | | 367 | 367 | 261 | 83 | 23 | |
| **Total** | | **28,507** | **48,543** | **13,101** | **5,654** | **6,215** | **23,573** |

The average maturity for interest-bearing liabilities excluding lease liabilities and unutilized committed credit facilities was 1.2 years (1.8).

**Market risk**
Market risk is the Group's risk that the fair value of financial instruments or future cash flows from financial instruments will fluctuate due to changes in market prices. The main market risks in the consolidated accounts are interest rate risk and foreign exchange rate risk.

**Interest rate risk**
Interest rate risk is the risk that changes in interest rates will adversely affect the Group's financial items and cash flow (cash flow risk) or the fair value of financial assets and liabilities (fair value interest rate risk).

To limit the risk, the interest-rate maturities for financial assets and liabilities are to match to the greatest extent possible in the respective borrowing currencies.

When calculating the Group's sensitivity to changes in interest rates, all interest-bearing assets, liabilities and derivatives are included, with the exception of pensions and lease liabilities. For interest rate risk related to pensions, see Note 28. The analysis is based on the assumption that the position as of December 31, 2022 will remain the same in terms of the size of net debt, the ratio of fixed and variable interest rates, and the percentage of financial instruments in foreign currencies.

Fair value sensitivity is measured using three different scenarios: a base scenario with an interest rate increase of one percentage point across all maturities, or an increase or decrease in the base scenario rate of one half of a percentage point over the maturity. According to this policy, the change in fair value may not exceed SEK 150 M for any of these interest scenarios.

As of December 31, 2022 the change in fair value estimated using the scenarios above would impact net financial items in the range of SEK 18–53 M (47–104) and other comprehensive income by SEK 0 M (0), as hedge accounting was not applied to outstanding interest rate swap contracts. All amounts are stated before tax. Equity would thus be affected by SEK 14–42 M (37–83) taking tax into account.

The Group's cash flow risk must not exceed SEK 150 M over a 12-month period in the event of an increase of one percentage point in market interest rates. Assuming the volume and fixed interest period are the same at year-end, an average increase in the market interest rate of one percentage point from the level at the end of the year would result in an estimated positive effect on the Group's financial items of around SEK 135 M (143) for the coming 12-month period.

The average fixed interest period for all of the Group's interest-bearing assets was 0.1 years (0.2), taking derivatives into account. The interest rate for these was 3.52 percent (0.22) at year-end. Of the Group's total interest-bearing financial assets, after taking into account derivatives, 49 percent (72) carry fixed interest rates and 51 percent (28) variable interest rates. The average fixed interest period for all interest-bearing liabilities, taking into account derivatives but excluding lease liabilities and pension liabilities, was 0.2 years (0.0). The interest rate for interest-bearing liabilities amounted to 3.56 percent (1.42) at year-end. Taking into account derivatives, the interest rate was 3.56 percent (0.49). Of total interest-bearing financial liabilities, after taking into account derivatives, 5 percent (4) carry fixed interest rates and 95 percent (96) variable interest rates.

As of December 31, 2022 there were two outstanding interest rate swap contracts amounting to a nominal SEK 550 M (4,200), which were entered into in order to swap parts of the Group's investments from variable to fixed interest.

*Note 6. Financial instruments and financial risk management, cont.*

Hedge accounting is applied for interest rate swaps with terms that match the hedged loan with respect to nominal amounts, reference interest rate, date of maturity, and the payment and interest rate adjustment date. The effectiveness is evaluated when the hedging relationship is entered into and on an ongoing basis. Ineffectiveness may arise if the creditworthiness of the contracting parties affects fair value changes to the hedge and the hedged loan differently.

As of December 31, 2022 Skanska has no outstanding interest rate swap contracts for which hedge accounting is applied. The fair value of interest rate swaps for which hedge accounting is not applied totaled SEK -1 M (-1) on December 31, 2022. For these interest rate swaps, changes in fair value are recognized through profit or loss.

There was also an interest rate swap contract in a partly owned joint venture company for which hedge accounting is applied.

**Interest Rate Benchmark Reform (IBOR reform)**
Skanska has continually monitored the reform work and has projects in progress to manage the transition to alternative reference interest rates. This work has included identifying which products, contracts and IT systems are affected, the impact on risk measurement and measurement of financial instruments, and also which measures need to be taken.

As of December 31, 2022 Skanska has three outstanding bilateral loans totaling USD 200 M with USD LIBOR as the reference interest rate, of which USD 50 M matures before USD LIBOR ends. For the other two loans it is planned that the transition to a risk-free reference interest rate (SOFR) will take place in conjunction with publication of the cessation of USD LIBOR. The effects of changes in contractual cash flows as a result of USD LIBOR being replaced by the risk-free reference interest rate are not expected to impact the financial reporting.

Skanska is applying the relief rules in IFRS 9 relating to the IBOR reform in respect of hedging relationships in which interest rate swaps are used to obtain fixed interest on variable borrowing. As of December 31, 2022 there was only one outstanding hedging relationship with exposure to benchmark interest rates that is directly affected by the reform, in a partly owned joint venture company. In this hedging relationship the Group has exposure to the STIBOR rate.

**Foreign exchange rate risk**
Foreign exchange rate risk is defined as the risk of a negative impact on the Group's income statement and statement of financial position due to fluctuations in exchange rates. This risk can be divided into transaction exposure, i.e. net operating and financial (interest/principal payment) flows, and translation exposure related to net investments in foreign subsidiaries.

**Transaction exposure**
Transaction exposure arises in a local unit when the unit's inflows and outflows of foreign currencies are not matched.

Although the Group has a large international presence, its operations are mainly of a local nature in terms of foreign exchange rate risks, because project revenue and costs are mainly denominated in the same currency. If this is not the case, the objective is for each respective business unit to hedge its exposure in contracted cash flows against its functional currency in order to minimize the effect on earnings caused by shifts in exchange rates. The main tool for this purpose is currency forward contracts.

The foreign exchange rate risk for the Group may amount to a total of SEK 50 M, with risk calculated as the effect on earnings of a five percentage point shift in exchange rates. As of December 31, 2022 foreign exchange rate risk accounted for SEK 21 M (9) of transaction exposure before tax, which would affect other comprehensive income in the amount of SEK 17 M (7) after tax.

Skanska hedges foreign currency flows by matching critical terms such as nominal amount, currency and maturity date. A qualitative evaluation of the relationship's effectiveness is made in this way. The effectiveness of a hedge is evaluated when the hedging relationship is entered into and on an ongoing basis. A currency hedge may become ineffective if the timing of the transaction differs from what was initially estimated and if the credit risk associated with the derivative counterparty changes.

Skanska mainly uses hedge accounting to hedge expenses in currencies other than EUR in its European property development operations and in the Swedish Construction business stream. The fair value of these hedges totaled SEK 69 M (-27) on December 31, 2022. The hedges fulfill effectiveness requirements, which means that unrealized gains or losses are recognized in other comprehensive income. As of December 31, 2022 the fair value of currency hedges for which hedge accounting is not applied totaled SEK 2 M (4), including the fair value of embedded derivatives. Changes in fair value for these are recognized through profit or loss.

Information on the changes recognized in the consolidated income statement and in other comprehensive income during the period can be found in the table "Impact of financial instruments on the consolidated income statement, other comprehensive income and equity" in Note 26.

Contracted net flows – as well as hedges for these – in currencies that are foreign to the respective Group company break down into currencies and maturities as shown in the following table.

**Translation exposure**
Skanska's policy stipulates that net investments in Commercial Property Development are to be currency-hedged if the intention is to sell these assets over time. These hedges consist of forward currency contracts and/or foreign currency loans. The positive fair value of the currency forward contracts amounts to SEK 1 M (1) and their negative fair value to SEK 0 M (0). In 2022 and 2021 no foreign currency loans were used for hedging.

Net investments in other foreign subsidiaries are not normally hedged, unless the Board of Directors of Skanska AB decides otherwise. At year-end 2022, 0 percent (0) of net investments in foreign currency was currency hedged. A change in the exchange rate where the Swedish krona falls/rises by 10 percent against other currencies would have an effect of SEK +/-2.8 billion (3.0) on other comprehensive income after tax and taking hedges into account.

| **Dec 31, 2022** | The Group's contracted net foreign currency flows | | | Hedging of foreign currency flows | | |
|---|---|---|---|---|---|---|
| **SEK M[1]** | **2023** | **2024** | **2025 and later** | **2023** | **2024** | **2025 and later** |
| PLN | -1,230 | -5 | | 1,039 | 5 | |
| EUR | 853 | -70 | -79 | 784 | 19 | |
| CZK | -303 | -14 | | 303 | 3 | |
| HUF | -25 | -2 | | 15 | 1 | |
| NOK | -14 | | | 15 | | |
| USD | 15 | -1 | | -14 | 1 | |
| Other currencies | 2 | -1 | | 21 | | |
| **Total equivalent value** | **-2,408** | **-95** | **-79** | **2,164** | **30** | **0** |

1 Flows in PLN, CZK, HUF and RON are mainly related to Property Development project expenses. Flows in EUR are mainly attributable to Construction operations in Sweden and Norway.

| **Dec 31, 2021** | The Group's contracted net foreign currency flows | | | Hedging of foreign currency flows | | |
|---|---|---|---|---|---|---|
| **SEK M[1]** | **2022** | **2023** | **2024 and later** | **2022** | **2023** | **2024 and later** |
| PLN | -1,534 | -208 | | 1,519 | 208 | |
| EUR | -846 | -76 | -3 | 812 | 19 | |
| CZK | -525 | -145 | | 502 | 147 | |
| HUF | -132 | | | 98 | | |
| RON | -1 | | -3 | 7 | | |
| USD | 58 | -16 | | -58 | 16 | |
| Other currencies | -10 | -2 | | 26 | | |
| **Total equivalent value** | **-2,990** | **-447** | **-6** | **2,906** | **390** | **0** |

1 Flows in PLN, CZK, HUF and RON are mainly related to Property Development project expenses. Flows in EUR are mainly attributable to Construction operations in Sweden and Norway.

*Note 6. Financial instruments and financial risk management, cont.*

### Hedging of net investments outside Sweden

| | Dec 31, 2022 | | | | | Dec 31, 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Currency** | **Net investments** | **Hedges[1]** | **Hedged portion, %** | **Net investments[2]** | **Net investments, %[2]** | **Net investments** | **Hedges[1]** | **Hedged portion, %** | **Net investments[2]** | **Net investments, %[2]** |
| CZK | 3,278 | | | 3,278 | 6 | 2,688 | | | 2,688 | 6 |
| DKK | 958 | | | 958 | 2 | 1,501 | | | 1,501 | 3 |
| EUR | 4,521 | -20 | 0 | 4,501 | 8 | 4,059 | | | 4,059 | 9 |
| GBP | 1,714 | -90 | 5 | 1,624 | 3 | 1,883 | -85 | 5 | 1,798 | 4 |
| NOK | 5,685 | | | 5,685 | 10 | 5,272 | | | 5,272 | 12 |
| PLN | 438 | | | 438 | 1 | 277 | | | 277 | 1 |
| USD | 11,949 | | | 11,949 | 22 | 14,209 | | | 14,209 | 31 |
| Other foreign | -47 | | | -47 | 0 | -6 | | | -6 | 0 |
| **Total foreign currencies** | **28,497** | **-109** | **0** | **28,388** | **52** | **29,884** | **-85** | **0** | **29,799** | **65** |
| SEK and eliminations | | | | 26,723 | 48 | | | | 15,883 | 35 |
| **Total** | | | | **55,111** | **100** | | | | **45,682** | **100** |

1 Hedged amount before subtracting tax portion.
2 After subtracting hedged portion.

Hedge accounting is applied in cases where hedging of net investments takes place outside Sweden. The hedges fulfill effectiveness requirements, which means that gains or losses on the hedges are recognized in other comprehensive income until the hedged transaction takes place, at which point the accumulated change in value is transferred to profit or loss.

The effectiveness of the hedge is evaluated on an ongoing basis to ensure that the relationship meets the criteria. Ineffectiveness may arise in connection with a change in net investments and if the credit risk associated with the derivative counterparty changes.

Information on the changes recognized in the consolidated income statement and in other comprehensive income during the period can be found in the table "Impact of financial instruments on the consolidated income statement, other comprehensive income and equity" in Note 26.

See also Note 34.

**Significance of financial instruments for the Group's financial position and income**

*Financial instruments in the statement of financial position*

The following table shows the carrying amount and fair value of financial instruments by category, as well as a reconciliation with total assets and liabilities in the statement of financial position.

See also Note 21, Note 24, Note 27 and Note 30.

Fair value relating to hedged transaction exposure is reported under "Contract assets/liabilities" or under "Other operating receivables/liabilities."

**Fair value**

There are three different levels for establishing fair value. The first level uses the official price quotation in an active market. The second level, which is used when a price quotation in an active market does not exist, calculates fair value by remeasuring at observable exchange rates and discounting future cash flows based on observable market interest rates for each respective maturity and currency. The third level uses substantial input data not observable in the market.

All fair value items in the following table have been measured at the second level, except for shares and participations and a portion of the liabilities for the contingent considerations which are measured at fair value according to level three. Further, the fair value for the portion of the assets relating to bonds has been measured according to level one. In calculating fair value in the loan portfolio, Skanska takes into account current market interest rates which include the credit risk premium that Skanska is estimated to pay for its borrowing.

The fair value of financial instruments with option elements is calculated using the Black-Scholes model. As of December 31, 2022, Skanska had no instruments with option elements.

The fair value of financial instruments recognized at amortized cost: cash and bank balances, trade accounts receivable, other operating receivables, trade accounts payable and other operating liabilities, is considered the same as the carrying amount.

*Note 6. Financial instruments and financial risk management, cont.*

**Assets**

| Dec 31, 2022 | Hierarchy level | At fair value through profit or loss | At fair value through other comprehensive income | At amortized cost | Total carrying amount | Total fair value |
|---|---|---|---|---|---|---|
| **Financial instruments** | | | | | | |
| **Interest-bearing assets and derivatives** | | | | | | |
| Financial assets[1] | 1, 2 | 100 | | 15,482 | 15,582 | 15,606 |
| Cash and bank balances | – | | | 10,014 | 10,014 | 10,014 |
| | | **100** | **0** | **25,496** | **25,596** | **25,620** |
| **Trade accounts receivable[2]** | | | | **15,172** | **15,172** | **15,304** |
| **Other operating receivables including shares and participations** | | | | | | |
| Shares and participations[3] | 3 | | 38 | | 38 | 38 |
| Other operating receivables[2,4] | – | | | 452 | 452 | 452 |
| | | **0** | **38** | **452** | **490** | **490** |
| **Total financial instruments** | | **100** | **38** | **41,120** | **41,258** | **41,034** |

**Assets**

| Dec 31, 2021 | Hierarchy level | At fair value through profit or loss | At fair value through other comprehensive income | At amortized cost | Total carrying amount | Total fair value |
|---|---|---|---|---|---|---|
| **Financial instruments** | | | | | | |
| **Interest-bearing assets and derivatives** | | | | | | |
| Financial assets[1] | 1, 2 | 63 | | 20,447 | 20,510 | 20,553 |
| Cash and bank balances | – | | | 10,947 | 10,947 | 10,947 |
| | | **63** | **0** | **31,394** | **31,457** | **31,500** |
| **Trade accounts receivable[2]** | | | | **14,863** | **14,863** | **14,978** |
| **Other operating receivables including shares and participations** | | | | | | |
| Shares and participations[3] | 3 | | 37 | | 37 | 37 |
| Other operating receivables[2,4] | – | | | 206 | 206 | 206 |
| | | **0** | **37** | **206** | **243** | **243** |
| **Total financial instruments** | | **63** | **37** | **46,463** | **46,563** | **46,722** |

1 The carrying amount of financial assets excluding shares and participations, totaling SEK 15,582 M (20,510), is presented in Note 21.
2 See Note 24.
3 Shares and participations are reported in the consolidated statement of financial position among financial assets. See also Note 21.
4 In the consolidated statement of financial position, SEK 27,726 M (25,212) was reported as other operating receivables. See Note 24. Of this amount, trade accounts receivable accounted for SEK 15,172 M (14,863). These are reported as financial instruments. The remaining amount is SEK 12,554 M (10,349) and breaks down as SEK 452 M (206) for financial instruments and SEK 12,102 M (10,143) for non-financial instruments. The amount reported as financial instruments includes accrued interest income, deposits etc. Amounts reported as non-financial instruments include, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other employee-related receivables.

*Note 6. Financial instruments and financial risk management, cont.*

| Reconciliation with statement of financial position | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| **Assets** | | |
| Financial instruments according to the categories in IFRS 9 | 41,258 | 46,563 |
| **Other assets** | | |
| Investment properties | 3,758 | |
| Property, plant and equipment and intangible assets | 12,451 | 11,889 |
| Property, plant and equipment, right-of-use assets | 3,256 | 3,314 |
| Investments in joint ventures and associated companies | 2,901 | 2,185 |
| Net assets in funded pension plans | 2,400 | 2,138 |
| Tax assets | 2,243 | 3,231 |
| Current-asset properties | 58,474 | 49,745 |
| Current-asset properties, right-of-use assets | 3,676 | 3,289 |
| Inventories | 1,300 | 1,090 |
| Receivables from customers for contract work | 7,772 | 5,451 |
| Other operating receivables[1] | 12,102 | 10,143 |
| **Total assets** | **151,593** | **139,039** |

1 In the consolidated statement of financial position, SEK 27,726 M (25,212) was reported as other operating receivables. See Note 24. Of this amount, trade accounts receivable accounted for SEK 15,172 M (14,863). These are reported as financial instruments. The remaining amount is SEK 12,554 M (10,349) and breaks down as SEK 452 M (206) for financial instruments and SEK 12,102 M (10,143) for non-financial instruments. The amount reported as financial instruments includes accrued interest income, deposits etc. Amounts reported as non-financial instruments include, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other employee-related receivables.

| Liabilities<br>Dec 31, 2022 | Hierarchy level | At fair value through profit or loss | At amortized cost | Total carrying amount | Total fair value |
|---|---|---|---|---|---|
| **Financial instruments** | | | | | |
| **Interest-bearing liabilities and derivatives** | | | | | |
| Financial liabilities[1] | 2, 3 | 619 | 7,418 | 8,037 | 8,058 |
| | | **619** | **7,418** | **8,037** | **8,058** |
| **Operating liabilities** | | | | | |
| Trade accounts payable | – | | 13,998 | 13,998 | 13,998 |
| Other operating liabilities[2] | – | | 694 | 694 | 694 |
| | | **0** | **14,692** | **14,692** | **14,692** |
| **Total financial instruments** | | **619** | **22,110** | **22,729** | **22,750** |

| Liabilities<br>Dec 31, 2021 | Hierarchy level | At fair value through profit or loss | At amortized cost | Total carrying amount | Total fair value |
|---|---|---|---|---|---|
| **Financial instruments** | | | | | |
| **Interest-bearing liabilities and derivatives** | | | | | |
| Financial liabilities[1] | 2, 3 | 561 | 8,193 | 8,754 | 8,822 |
| | | **561** | **8,193** | **8,754** | **8,822** |
| **Operating liabilities** | | | | | |
| Trade accounts payable | – | | 12,426 | 12,426 | 12,426 |
| Other operating liabilities[2] | – | | 367 | 367 | 367 |
| | | **0** | **12,794** | **12,794** | **12,794** |
| **Total financial instruments** | | **561** | **20,987** | **21,548** | **21,616** |

1 The carrying amount for financial liabilities totaling SEK 8,037 M (8,754) is reported in the statement of financial position along with financial liabilities of SEK 7,568 M (8,169) from Note 27 and contingent consideration of SEK 469 M (585) from Note 29. Contingent consideration is included in financial liabilities measured at fair value at SEK 469 M (430) and in financial liabilities measured at amortized cost at SEK 0 M (155). During the year SEK 88 M (46) of the contingent consideration was paid out and SEK 39 M (38) accrued as interest expense. An additional SEK -67 M (0) accrued as contingent consideration and an amount of SEK 0 M (5) has been released.

2 Other financial operating liabilities, totaling SEK 14,692 M (12,794), are reported in the statement of financial position together with trade accounts payable of SEK 13,998 M (12,246) and other financial instruments of SEK 694 M (367). The total item in the statement of financial position amounts to SEK 41,840 M (36,642). See Note 30. Accrued interest expense, checks issued but not cashed, liabilities for unpaid properties etc. are recognized as other financial operating liabilities. Other non-financial operating liabilities are, for example, interim items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities. Operating liabilities are measured at amortized cost.

*Note 6. Financial instruments and financial risk management, cont.*

| Reconciliation with statement of financial position | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| **Equity and liabilities** | | |
| Financial instruments | 22,729 | 21,548 |
| **Other liabilities** | | |
| Equity | 55,255 | 45,465 |
| Pensions | 2,891 | 5,936 |
| Lease liabilities | 7,281 | 6,960 |
| Tax liabilities | 2,331 | 1,964 |
| Provisions | 9,899 | 10,654 |
| Contract liabilities | 24,059 | 22,664 |
| Other operating liabilities[1] | 27,148 | 23,848 |
| **Total equity and liabilities** | **151,593** | **139,039** |

1 Other financial operating liabilities, totaling SEK 14,692 M (12,794), are reported in the statement of financial position together with trade accounts payable of SEK 13,998 M (12,426) and other financial instruments of SEK 694 M (367). The total item in the statement of financial position amounts to SEK 41,840 M (36,642). See Note 30. Accrued interest expense, checks issued but not cashed, liabilities for unpaid properties etc. are recognized as other financial operating liabilities. Other non-financial operating liabilities are, for example, interim items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities. Operating liabilities are measured at amortized cost.

| | Dec 31, 2022 | | Dec 31, 2021 | |
|---|---|---|---|---|
| **Disclosures concerning offsetting of financial instruments** | **Financial assets** | **Financial liabilities** | **Financial assets** | **Financial liabilities** |
| Gross amount | 41,258 | 22,729 | 46,563 | 21,548 |
| Amounts offset | | | | |
| **Recognized in balance sheet** | **41,258** | **22,729** | **46,563** | **21,548** |
| Amounts covered by netting arrangements | -130 | -130 | -37 | -37 |
| **Net amount after netting arrangements** | **41,128** | **22,599** | **46,526** | **21,511** |

**Impact of financial instruments on the consolidated income statement, other comprehensive income and equity**

| Revenue and expenses from financial instruments recognized in the income statement | 2022 | 2021 |
|---|---|---|
| **Recognized in operating income** | | |
| Interest expense on financial liabilities measured at cost | -1 | -2 |
| Cash flow hedges removed from equity and recognized in the income statement | 20 | 152 |
| **Total income and expenses in operating income** | **19** | **150** |
| **Recognized in financial items** | | |
| Interest income on assets measured at fair value | 147 | 40 |
| Interest income on assets measured at amortized cost | 142 | 8 |
| Interest income on cash and bank balances | 66 | 20 |
| Dividends | 31 | |
| Changes in market value of financial assets measured at fair value through profit or loss | 2 | 1 |
| Changes in market value of financial liabilities measured at fair value through profit or loss | 7 | 3 |
| Reversal of impairment losses attributable to any future credit losses | 0 | 24 |
| Net exchange rate differences | 0 | 10 |
| **Total income in financial items** | **395** | **105** |

| Revenue and expenses from financial instruments recognized in the income statement | 2022 | 2021 |
|---|---|---|
| Interest expense on financial liabilities measured at fair value through profit or loss | -18 | -9 |
| Interest expense on financial liabilities measured at amortized cost | -237 | -169 |
| Changes in market value of financial assets measured at fair value through profit or loss | -1 | -2 |
| Changes in market value of financial liabilities measured at fair value through profit or loss | -4 | -3 |
| Impairment losses attributable to any future credit losses | -5 | |
| Net exchange rate differences | -5 | |
| Expenses for borrowing programs | -12 | -16 |
| Bank-related expenses and other | -29 | -29 |
| **Total expenses in financial items** | **-312** | **-228** |
| **Net income and expenses from financial instruments recognized in the income statement** | **82** | **-125** |
| of which interest income on financial assets not measured at fair value through profit or loss | 208 | 28 |
| of which interest expense on financial liabilities not measured at fair value through profit or loss | -238 | -171 |

*Note 6. Financial instruments and financial risk management, cont.*

| Reconciliation with financial items | 2022 | 2021 |
|---|---|---|
| Total income from financial instruments in financial items | 395 | 105 |
| Total expense from financial instruments in financial items | -312 | -228 |
| Net interest on pensions | -48 | -70 |
| Interest expense for lease liabilities | -222 | -209 |
| Capitalized interest expense | 477 | 234 |
| **Total financial items** | **290** | **-168** |

See also Note 14.

| Income and expenses recognized under other comprehensive income | 2022 | 2021 |
|---|---|---|
| Cash flow hedges recognized directly in equity | 266 | -37 |
| Cash flow hedges removed from equity and recognized in the income statement | 20 | 152 |
| Translation differences | 2,464 | 1,802 |
| Resolved translation differences for companies divested | -174 | 6 |
| Hedging of exchange rate risk in foreign operations | 81 | 40 |
| **Total** | **2,657** | **1,963** |
| of which recognized in cash flow hedge reserve | 286 | 115 |
| of which recognized in translation reserve | 2,371 | 1,847 |
| | **2,657** | **1,963** |

**Collateral**
The Group has provided collateral (assets pledged) in the form of financial receivables amounting to SEK 772 M (979). Also see Note 33.

These assets may be utilized by customers if Skanska does not fulfill its obligations according to the respective construction contract. To a varying extent, the Group has obtained collateral for trade accounts receivable in the form of guarantees issued by banks and insurance companies and, in some cases, in the form of guarantees from the parent companies of customers.

## **Note 7.** Business combinations

No business combinations took place during the financial year or in the comparative year.

## **Note 8.** Revenue

Revenue is recognized according to IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. See Note 1. For revenue in accordance with IFRS 15, see also Note 9. Revenue from contracts with customers amounted to SEK 162,336 M (142,939) and rental income from leases amounted to SEK 838 M (926). As for other types of revenue, dividends and interest income are recognized in financial items. See Note 14.

| Revenue by business stream | 2022 | 2021 |
|---|---|---|
| Construction[1] | 156,004 | 132,587 |
| Residential Development | 10,797 | 10,995 |
| Commercial Property Development | 13,793 | 10,772 |
| Investment Properties | 40 | |
| Other | | |
| Central | 449 | 608 |
| Eliminations, see below | -17,909 | -11,097 |
| **Total** | **163,174** | **143,865** |

1 Construction includes SEK 1,524 M (2,536) in intra-Group construction for joint ventures in the PPP portfolio. Elimination does not occur since this revenue consists of invoices issued to joint ventures, which are recognized according to the equity method of accounting.

Reported in Eliminations

| | 2022 | 2021 |
|---|---|---|
| Intra-Group construction for | | |
| Construction | -20 | -85 |
| Residential Development | -5,757 | -4,971 |
| Commercial Property Development | -7,833 | -5,171 |
| Intra-Group property divestments | -3,909 | -457 |
| Other | -389 | -413 |
| **Total** | **-17,909** | **-11,097** |

**Other**
For other transactions with related parties, see Note 39.

## **Note 9.** Contract assets and contract liabilities

Contract assets and contract liabilities are recognized in accordance with IFRS 15 Revenue from Contracts with Customers. See Note 1. For risks in ongoing assignments, see Note 2.

**Information from the income statement**
Revenue accrued during the year amounts to SEK 137,598 M (115,034).

| Information from the statement of financial position | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Contract assets | 7,772 | 5,451 |
| Contract liabilities | 24,059 | 22,664 |

| Contract assets | 2022 | 2021 |
|---|---|---|
| January 1 | 5,451 | 4,599 |
| Revenue accrued during the year, not yet invoiced | 6,768 | 3,041 |
| Revenue accrued during the year, invoiced during the year | 41,268 | 32,787 |
| Invoiced revenue | -46,964 | -35,647 |
| Divestments | -36 | |
| Reclassification | 916 | 355 |
| Exchange rate differences for the year | 369 | 316 |
| **Carrying amount, December 31** | **7,772** | **5,451** |

| Contract liabilities | 2022 | 2021 |
|---|---|---|
| January 1 | 22,664 | 19,462 |
| Invoiced revenue | 91,072 | 82,183 |
| Revenue accrued during the year, invoiced during the year | -78,059 | -71,265 |
| Revenue accrued during the year, invoiced in previous year | -11,503 | -7,940 |
| Revenue adjustment | -475 | -480 |
| Divestments | -105 | |
| Reclassification | -1,041 | -503 |
| Exchange rate differences for the year | 1,507 | 1,207 |
| **Carrying amount, December 31** | **24,059** | **22,664** |

Assets arising from expenses to obtain or complete a contract with a customer are included in contract assets and amount to SEK 0 M (0). Depreciation amounted to SEK 0 M (0) and impairment losses, which are charged to the projects, to SEK 0 M (0).

Future revenue for remaining performance obligations breaks down between the following years.

**Expected revenue recognition for remaining performance obligations in 2022**

| | 2023 | 2024 | 2025 | 2026 | ≥2027 | Total |
|---|---|---|---|---|---|---|
| Construction | 114,963 | 57,565 | 33,789 | 17,417 | 6,037 | 229,771 |
| Residential Development | 11,917 | 4,361 | 194 | | | 16,472 |
| Commercial Property Development | 2,683 | 570 | 3,008 | | | 6,261 |
| **Total** | **129,562** | **62,497** | **36,991** | **17,417** | **6,037** | **252,504** |

**Expected revenue recognition for remaining performance obligations in 2021**

| | 2022 | 2023 | 2024 | 2025 | ≥2026 | Total |
|---|---|---|---|---|---|---|
| Construction | 104,969 | 52,775 | 28,022 | 12,743 | 8,522 | 207,031 |
| Residential Development | 8,812 | 7,936 | 580 | | | 17,328 |
| Commercial Property Development | 4,769 | 1,624 | | | | 6,393 |
| **Total** | **118,550** | **62,335** | **28,602** | **12,743** | **8,522** | **230,752** |

## **Note 10.** Operating expenses by category of expense

In 2022, revenue increased by SEK 19,309 M to SEK 163,174 M (143,865). Total costs increased by SEK 17,581 M to SEK -153,153 M (-135,572). Operating income increased by SEK 1,728 M to SEK 10,021 M (8,293).

| | 2022 | 2021 |
|---|---|---|
| **Revenue** | **163,174** | **143,865** |
| Personnel expenses[1] | -30,074 | -27,952 |
| Depreciation and amortization | -2,714 | -2,669 |
| Impairment losses[2] | -75 | -298 |
| Carrying amount of current-asset properties divested | -14,321 | -14,202 |
| Income from joint ventures and associated companies | 636 | 449 |
| Income from property, plant and equipment sold | 159 | 140 |
| Change in value, investment properties | 1,692 | |
| Other operating expenses[3] | 108,456 | -91,040 |
| **Total expenses** | **-153,153** | **-135,572** |
| **Operating income** | **10,021** | **8,293** |

1 Note 36 describes what is included in personnel expenses.

2 Excluding impairment losses/reversals in joint ventures and associated companies, which are included in the item "Income from joint ventures and associated companies" and amount to SEK 0 M (0).

3 Other operating expenses includes purchased materials, machinery rentals and subcontractors.

## **Note 11.** Selling and administrative expenses

Selling and administrative expenses are recognized as one item. See Note 1.

| **Selling and administrative expenses** | **2022** | **2021** |
|---|---|---|
| Construction | -6,534 | -5,709 |
| Residential Development | -827 | -727 |
| Commercial Property Development | -955 | -784 |
| Investment Properties | -2 | |
| Central expenses[1] | -680 | -645 |
| **Total** | **-8,998** | **-7,865** |

1 Including eliminations.

## **Note 12.** Depreciation and amortization

Depreciation and amortization are carried out in accordance with IAS 16 Property, Plant and Equipment, IFRS 16 Leases and IAS 38 Intangible Assets. See Note 1.

Depreciation and amortization are presented below by business stream. For further information about depreciation and amortization, see Note 17, Note 19 and Note 41.

**Depreciation/amortization by asset class and business stream**

| **2022** | **Construction** | **Residential Development** | **Commercial Property Development** | **Investment Properties** | **Central and Eliminations** | **Total** |
|---|---|---|---|---|---|---|
| **Intangible assets** | -141 | -1 | -2 | | -67 | -211 |
| **Property, plant and equipment** | | | | | | |
| Property (buildings and land) | -93 | | | | -5 | -98 |
| Plant and equipment | -1,466 | -1 | -21 | | -15 | -1,504 |
| **Property, plant and equipment, right-of-use assets** | | | | | | |
| Property (buildings and land) | -19 | | | | | -19 |
| Offices | -536 | -4 | -60 | | -13 | -614 |
| Cars | -158 | -1 | -6 | | | -165 |
| Plant and equipment | -70 | | | | | -70 |
| Other | -23 | -10 | | | | -33 |
| **Total** | **-2,506** | **-18** | **-89** | **0** | **-101** | **-2,714** |

*Note 12. Depreciation and amortization, cont.*

| 2021 | Construction | Residential Development | Commercial Property Development | Investment Properties | Central and Eliminations | Total |
|---|---|---|---|---|---|---|
| **Intangible assets** | -142 | -2 | -2 | | -60 | -205 |
| **Property, plant and equipment** | | | | | | |
| Property (buildings and land) | -80 | -1 | | | -5 | -86 |
| Plant and equipment | -1,435 | -1 | -21 | | -12 | -1,469 |
| **Property, plant and equipment, right-of-use assets** | | | | | | |
| Property (buildings and land) | -20 | | | | | -20 |
| Offices | -511 | -5 | -58 | | -12 | -585 |
| Cars | -154 | -1 | -6 | | -1 | -161 |
| Plant and equipment | -96 | | | | | -96 |
| Other | -33 | -13 | | | | -46 |
| **Total** | **-2,469** | **-23** | **-86** | | **-90** | **-2,669** |

## **Note 13.** Impairment losses/reversals of impairment losses

Impairment losses/reversals of impairment losses are recognized in accordance with IAS 36 Impairment of Assets. See Note 1. Impairment losses/reversals of impairment losses on current-asset properties are recognized in accordance with IAS 2 Inventories.

Impairment losses/reversals of impairment losses are presented below by business stream.

For further information on impairment losses/reversals of impairment losses, see Note 17, Note 18, Note 19, Note 22 and Note 41.

**Impairment losses/reversals of impairment losses by asset class and business stream**

| 2022 | Construction | Residential Development | Commercial Property Development | Investment Properties | Central and Eliminations | Total |
|---|---|---|---|---|---|---|
| **Recognized in operating income** | | | | | | |
| **Intangible assets** | | | | | | |
| Goodwill | -1 | | | | | -1 |
| Other intangible assets | -11 | | | | | -11 |
| **Property, plant and equipment** | | | | | | |
| Property (buildings and land) | -7 | | | | | -7 |
| Plant and equipment | -4 | | | | | -4 |
| **Property, plant and equipment, right-of-use assets** | | | | | | |
| Site leaseholds | | | | | | |
| Offices | 1 | | | | | 1 |
| Cars | | | | | | 0 |
| Plant and equipment | | | | | | 0 |
| **Investments in joint ventures and associated companies** | | | | | | 0 |
| **Current-asset properties** | | | | | | |
| Commercial Property Development | | | -43 | | | -43 |
| Residential Development | -3 | -7 | | | | -11 |
| **Current-asset properties, right-of-use assets** | | | | | | |
| Commercial Property Development | | | | | | 0 |
| Residential Development | | | | | | 0 |
| **Total** | **-25** | **-7** | **-43** | **0** | **0** | **-75** |

*Note 13. Impairment losses/reversals of impairment losses, cont.*

**Impairment losses/reversals of impairment losses by asset class and business stream**

| 2021 | Construction | Residential Development | Commercial Property Development | Investment Properties | Central and Eliminations | Total |
|---|---|---|---|---|---|---|
| **Recognized in operating income** | | | | | | |
| **Intangible assets** | | | | | | |
| Goodwill | -53 | | | | | -53 |
| Other intangible assets | | | | | | 0 |
| **Property, plant and equipment** | | | | | | |
| Property (buildings and land) | -10 | | | | | -10 |
| Plant and equipment | -6 | | -1 | | | -7 |
| **Property, plant and equipment, right-of-use assets** | | | | | | |
| Site leaseholds | | | | | | 0 |
| Offices | -16 | | -4 | | | -20 |
| Cars | | | | | | 0 |
| Plant and equipment | | | | | | 0 |
| **Investments in joint ventures and associated companies** | | | | | | 0 |
| **Current-asset properties** | | | | | | |
| Commercial Property Development | | | -170 | | | -170 |
| Residential Development | -1 | -36 | | | | -37 |
| **Current-asset properties, right-of-use assets** | | | | | | |
| Commercial Property Development | | | | | | 0 |
| Residential Development | | | | | | 0 |
| **Total** | **-87** | **-36** | **-175** | **0** | **0** | **-298** |

## Note 14. Financial items

| | 2022 | 2021 |
|---|---|---|
| **Financial income** | | |
| Interest income | 355 | 68 |
| Dividends | 31 | |
| Change in market value | 9 | 3 |
| Net exchange rate differences | | 10 |
| Reversal of impairment losses attributable to any future credit losses | | 24 |
| | **395** | **105** |
| **Financial expense** | | |
| Interest expense | -255 | -178 |
| Interest expense for lease liabilities | -222 | -209 |
| Net interest on pensions | -48 | -70 |
| Capitalized interest expense | 477 | 234 |
| Change in fair value | -5 | -5 |
| Net exchange rate differences | -5 | |
| Impairment losses attributable to any future credit losses | -5 | |
| Other financial expense | -41 | -45 |
| | **-104** | **-273** |
| **Total** | **290** | **-168** |

Information on how large a portion of income and expense in financial items comes from financial instruments is presented in Note 6.

**Net interest**
Financial items totaled SEK 290 M (-168) net, which is explained by a sharp increase in interest rates during the year. Net interest items improved to SEK 307 M (-155). Interest income increased to SEK 355 M (68).

Interest expense before capitalized interest increased to SEK -477 M (-387). In 2022 Skanska capitalized interest expense of SEK 477 M (234) in its own ongoing projects.

Interest income was received at an average interest rate of 1.18 percent (0.24). Interest expense, excluding interest on pension liabilities, was paid at an average interest rate of 2.23 percent (1.55) during the year. The average interest rate for lease liabilities was 3.08 percent (2.94).

Net interest on pensions, which is the net amount of interest expense for defined-benefit pension obligations calculated at the beginning of the year, based on the 2022 outcome, and the return on plan assets, decreased to SEK -48 M (-70). See also Note 28.

The Group had net interest items of SEK -1 M (-2) that were recognized in operating income. See Note 1 Accounting and valuation principles.

**Change in market value**
Change in market value amounted to SEK 4 M (-2).

**Other financial items**
Other financial items amounted to SEK -20 M (-12) net and related to various charges for credit facilities and bank guarantees, exchange rate differences, dividends as well impairment losses relating to any future credit losses in accordance with IFRS 9.

## Note 15. Borrowing costs

Borrowing costs related to investments that require a substantial period for completion are capitalized. See Note 1.

Borrowing costs were capitalized during the year at an interest rate of around 2.4 percent (1.5).

| | Capitalized interest during the year | | Total accumulated capitalized interest included in cost | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Current-asset properties | 477 | 234 | 589 | 374 |
| **Total** | **477** | **234** | **589** | **374** |

## Note 16. Income taxes

Income taxes are reported in accordance with IAS 12 Income Taxes. See Note 1.

| **Tax expense** | 2022 | 2021 |
|---|---|---|
| Current taxes | -1,151 | -1,709 |
| Deferred tax expense from change in temporary differences | -696 | 441 |
| Deferred tax expense from change in losses carried forward | -183 | 13 |
| Change in provision for tax risk | 3 | 17 |
| **Total** | **-2,027** | **-1,238** |

| **Tax items recognized under other comprehensive income** | 2022 | 2021 |
|---|---|---|
| Deferred taxes attributable to cash flow hedges | -19 | -3 |
| Deferred taxes attributable to pensions | -792 | -575 |
| **Total** | **-811** | **-578** |

**Relationship between taxes calculated after aggregating nominal tax rates and recognized taxes**
The Group's recognized tax rate is 20 percent (15). The Group's aggregated nominal tax rate has been estimated at 22 percent (22).

The average nominal tax rate in Skanska's home markets in Europe is 20 percent (20) and in the USA just over 27 percent (27), depending on the distribution of income between the different states there.

The relationship between taxes calculated after aggregating nominal tax rates of 22 percent (22) and recognized tax of 20 percent (15) is explained in the table below.

| | 2022 | 2021 |
|---|---|---|
| Income after financial items | 10,312 | 8,125 |
| Tax according to aggregation of nominal tax rates, 22 percent (22) | -2,269 | -1,787 |
| **Tax effect of:** | | |
| Property divestments[1] | 196 | 335 |
| Divestment of PPP projects[1] | 50 | |
| Utilized losses carried forwardnot recognized as assets | | 153 |
| Other | -4 | 61 |
| **Recognized tax expense** | **-2,027** | **-1,238** |

1 In a number of the countries where Skanska operates, the sale of real estate projects and PPP projects via the divestment of companies is tax-free.

*Note 16. Income taxes, cont.*

Income taxes paid in 2022 amounted to SEK 1,501 M (3,596). Income taxes paid can vary greatly from year to year for the countries where the Group operates. Income taxes are often calculated based on different principles to those that apply to the preparation of the consolidated income statement. If the final income tax is less than the amount provisionally withdrawn in previous years, income taxes paid for the year may be substantially reduced.

The table below shows a breakdown by country of income taxes paid:

**Income taxes paid**

| | 2022 | | 2021 |
|---|---|---|---|
| Sweden | 554 | USA | 2,422 |
| USA | 362 | Poland | 327 |
| Norway | 214 | Sweden | 217 |
| Finland | 140 | Finland | 179 |
| UK | 97 | Norway | 166 |
| Other | 134 | Other | 285 |
| **Total** | **1,501** | **Total** | **3,596** |

**Tax assets and tax liabilities**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Tax assets | 1,248 | 1,247 |
| Tax liabilities[1] | 388 | 710 |
| **Net tax assets(+)/tax liabilities(-)** | **860** | **537** |

1 Tax liabilities as of Dec. 31, 2021 have been restated as described in Note 43.

Tax assets and tax liabilities refer to the difference between estimated income tax for the year and preliminary tax paid, as well as income taxes for prior years that have not yet been paid.

**Deferred tax assets and deferred tax liabilities**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Deferred tax assets according to the statement of financial position | 995 | 1,984 |
| Deferred tax liabilities according to the statement of financial position[1] | 1,943 | 1,254 |
| **Net deferred tax assets(+)/deferred tax liabilities(-)** | **-948** | **730** |

1 Deferred tax liabilities as of Dec. 31, 2021 have been restated as described in Note 43.

**Deferred tax assets and deferred tax liabilities**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Deferred tax assets for losses carried forward | 65 | 238 |
| Deferred tax assets for other assets | 316 | 436 |
| Deferred tax assets for pension provisions | 630 | 1,587 |
| Deferred tax assets for ongoing projects | 617 | 632 |
| Other deferred tax assets | 1,653 | 1,333 |
| **Total before net accounting** | **3,281** | **4,226** |
| Net accounting of offsettable deferred tax assets/tax liabilities | -2,286 | -2,242 |
| **Deferred tax assets according to the statement of financial position** | **995** | **1,984** |

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Deferred tax liabilities for investment properties | 362 | |
| Deferred tax liabilities for other non-current assets | 344 | 301 |
| Deferred tax liabilities for ongoing projects | 1,736 | 1,639 |
| Deferred tax liabilities for other current assets | 162 | 187 |
| Other deferred tax liabilities | 1,625 | 1,369 |
| **Total before net accounting** | **4,229** | **3,496** |
| Net accounting of offsettable deferred tax assets/tax liabilities | -2,286 | -2,242 |
| **Deferred tax liabilities according to the statement of financial position** | **1,943** | **1,254** |

**Change in net receivables (+) / net debt (-) deferred tax**

| | 2022 | 2021 |
|---|---|---|
| Net receivables(+)/net debt(–) deferred tax, January 1 | 730 | 836 |
| Divestments | 4 | 8 |
| Recognized under other comprehensive income | -811 | -578 |
| Deferred tax expense | -876 | 471 |
| Exchange rate differences | 5 | -7 |
| **Net receivables(+)/net debt(-) deferred tax, December 31** | **-948** | **730** |

Deferred tax assets other than for losses carried forward are temporary differences between carrying amounts for tax purposes and carrying amounts recognized in the statement of financial position. These differences arise, for example, when the Group's valuation principles deviate from those applied locally by a Group company. These deferred tax assets are mostly expected to be realized within five years. Deferred tax assets arise, for example, when a recognized depreciation/amortization/impairment loss on assets becomes tax-deductible only in a later period, when eliminating intra-Group profits, when there are differences with respect to provisions for defined-benefit pensions between local rules and IAS 19, when the required provisions become tax-deductible in a later period and when advance payments for ongoing projects are taxed on a cash basis.

Deferred tax liabilities for other assets and other deferred tax liabilities are temporary differences between carrying amounts for tax purposes and carrying amounts in the statement of financial position. These differences arise, for example, when the Group's valuation principles deviate from those applied locally by the Group company. For the most part, these deferred tax liabilities are expected to be realized within five years. For example, deferred tax liabilities arise when depreciation/amortization for tax purposes in the current period is larger than the required economic depreciation/amortization and when accrued profits in ongoing projects are taxed only when the project is completed. Temporary differences attributable to investments in Group companies, branches, associated companies and joint ventures for which deferred tax liabilities were not recognized amount to SEK 0 M (0). In Sweden and a number of other countries, divestments of holdings in limited companies are tax-exempt under certain circumstances. Temporary differences thus do not normally exist for the shareholdings of Group companies in these countries. Deferred tax liabilities for future dividends from subsidiaries amount to SEK 0 M (0) because dividends from subsidiaries in the markets where Skanska is currently active do not have any consequences with respect to taxes.

**Temporary differences and losses carried forward (deficits) that are not recognized as deferred tax assets**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Losses carried forward that expire within one year | 229 | 207 |
| Losses carried forward that expire in more than one year but within three years | 485 | 634 |
| Losses carried forward that expire in more than three years | 2,101 | 2,542 |
| **Total** | **2,815** | **3,383** |

Skanska has losses carried forward in a number of countries. In some of these countries the likelihood that losses carried forward will be able to be used is difficult to assess, and therefore no deferred tax asset is recognized.

## **Note 17.** Property, plant and equipment

Property, plant and equipment are reported in accordance with IAS 16 Property, Plant and Equipment. See Note 1.

Office buildings and other buildings used in the Group's operations are recognized as property, plant and equipment. Machinery and equipment are recognized as a single item.

**Property, plant and equipment by asset class**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Property (buildings and land) | 1,589 | 1,503 |
| Plant and equipment | 5,920 | 5,644 |
| Property, plant and equipment under construction | 294 | 132 |
| **Total** | **7,803** | **7,279** |

**Depreciation of property, plant and equipment by asset class and function**

| | Cost of sales | | Selling and administration | | Total | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Property (buildings and land) | -63 | -58 | -35 | -28 | -98 | -86 |
| Plant and equipment | -1,416 | -1,402 | -87 | -67 | -1,504 | -1,469 |
| **Total** | **-1,480** | **-1,460** | **-122** | **-95** | **-1,602** | **-1,555** |

**Impairment losses/reversals of impairment losses on property, plant and equipment**
In 2022 impairment losses/reversals of impairment losses in the net amount of SEK -11 M (-18) were recognized. Impairment losses/reversals of impairment losses were recognized in Poland during the year. In the comparative year, impairment losses/reversals of impairment losses were recognized in the USA and Poland. Impairment losses/reversals of impairment losses were recognized as cost of sales in the amount of SEK -11 M (-16) and selling and administrative expenses in the amount of SEK 0 M (-2).

**Impairment losses/reversals of impairment losses**

| | Property (buildings and land) | | Plant and equipment | | Total | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Impairment losses | -7 | -10 | -4 | -7 | -11 | -18 |
| Reversals of impairment losses | | | | | | |
| **Total** | **-7** | **-10** | **-4** | **-7** | **-11** | **-18** |

**Amount of impairment losses/reversals of impairment losses based on**

| | Property (buildings and land) | | Plant and equipment | | Total | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Fair value less selling expenses/costs of disposals | | -9 | | | | -9 |
| Value in use | -7 | -1 | -4 | -7 | -11 | -8 |
| **Total** | **-7** | **-10** | **-4** | **-7** | **-11** | **-18** |

*Note 17. Property, plant and equipment, cont.*

**Information about cost, accumulated depreciation and accumulated impairment losses**

| | Property (buildings and land) | | Plant and equipment | | Property, plant and equipment under construction | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| **Accumulated cost** | | | | | | |
| January 1 | 3,158 | 2,913 | 23,539 | 21,563 | 132 | 120 |
| Investments | 124 | 85 | 1,952 | 1,736 | 162 | 13 |
| Divestments and disposals | -88 | -36 | -1,573 | -692 | -2 | -1 |
| Reclassifications | 6 | 15 | -5 | -167 | | |
| Exchange rate differences for the year | 290 | 182 | 1,352 | 1,098 | 2 | |
| | **3,490** | **3,158** | **25,264** | **23,539** | **294** | **132** |
| **Accumulated depreciation according to plan** | | | | | | |
| January 1 | -1,471 | -1,333 | -17,800 | -16,073 | | |
| Divestments and disposals | 22 | 23 | 1,100 | 511 | | |
| Reclassifications | -9 | 5 | 9 | 28 | | |
| Amortization for the year | -98 | -86 | -1,504 | -1,469 | | |
| Exchange rate differences for the year | -136 | -80 | -1,044 | -797 | | |
| | **-1,692** | **-1,471** | **-19,239** | **-17,800** | | |
| **Accumulated impairment losses** | | | | | | |
| January 1 | -185 | -222 | -94 | -152 | | |
| Divestments and disposals | 4 | 4 | | 2 | | |
| Reclassifications | -2 | 52 | 1 | 68 | | |
| Impairment losses for the year | -7 | -10 | -4 | -7 | | |
| Reversals of impairment losses | | | | | | |
| Exchange rate differences for the year | -19 | -9 | -7 | -5 | | |
| | **-209** | **-185** | **-105** | **-94** | | |
| **Carrying amount, December 31** | **1,589** | **1,503** | **5,920** | **5,644** | **294** | **132** |
| Carrying amount, January 1 | 1,503 | 1,358 | 5,644 | 5,338 | 132 | 120 |

**Other**

Information about capitalized interest is presented in Note 15. For information on finance leases, see Note 41. Skanska has obligations to acquire property, plant and equipment in the amount of SEK 0 M (0).

Skanska did not receive any significant compensation from third parties for property, plant and equipment that was damaged or lost during the year or in the comparative year.

# **Note 18.** Goodwill

Goodwill is recognized in accordance with IFRS 3 Business Combinations. See Note 1. For key judgments, see Note 2.

Goodwill amounted to SEK 4,160 M (3,934). During the year goodwill increased by SEK 226 M net mainly due to exchange rate differences.

The goodwill recoverable amount is based on value in use. The amounts of goodwill together with other non-current assets, current-asset properties and net working capital are tested annually and also when there is an indication of impairment.

Expected cash flows are based on forecasts for the performance of the Residential Development and Commercial Property Development business streams and the development of construction investments in each market in the countries where the Group has operations. The forecasts are based on the units' two-year forecasts. Future macroeconomic development and changes in interest rates are also important variables. The forecast period is 10 years, which is the period used in models for measurement of other types of assets, for example commercial projects. When 10-year models are used it is easier to make assumptions concerning cycles and there is less reliance on residual values.

The growth rate used to extrapolate cash flow forecasts beyond the period covered by the 10-year forecasts is the normal growth rate for the industry in each respective country.

Each business unit uses a unique discount factor based on weighted average cost of capital (WACC). Parameters that affect the WACC are interest rates for borrowing, market risks and the ratio between borrowed funds and equity. The WACC is stated both before and after taxes.

The following table shows how the carrying amount relates to the recoverable amount for the respective business units for Skanska's largest goodwill items. The recoverable amount is expressed as 100. The tests are based on an assessment of anticipated development over the next 10-year period.

**Goodwill impairment losses**
The Group reported goodwill impairment losses during the year of SEK -1 M (-53).

Impairment losses are based on a calculation of value in use and reported as selling and administrative expenses in the income statement.

**Goodwill amounts by cash-generating units**

| | Dec 31, 2022 | Dec 31, 2021 | Change during the year | Of which impairment losses | of which exchange rate differences |
|---|---|---|---|---|---|
| **Construction** | | | | | |
| Sweden | 17 | 17 | 0 | -1 | 1 |
| Norway | 998 | 969 | 29 | | 29 |
| Finland | 485 | 449 | 36 | | 36 |
| Central Europe | 598 | 533 | 65 | | 65 |
| UK | 1,274 | 1,244 | 30 | | 30 |
| USA Building | 421 | 368 | 53 | | 53 |
| USA Civil | 37 | 33 | 5 | | 5 |
| **Residential Development** | | | | | |
| Norway | 319 | 311 | 8 | | 8 |
| Finland | 11 | 10 | 1 | | 1 |
| **Total** | **4,160** | **3,934** | **226** | **-1** | **227** |

| | Norway | Finland | Central Europe | UK |
|---|---|---|---|---|
| Recoverable amount, 100 | 100 | 100 | 100 | 100 |
| Carrying amount | 29 | n/a | n/a | n/a |
| Carrying amount, previous year[1] | 31 | n/a | n/a | n/a |
| Interest rate, percent (WACC), before taxes | 13 | 11 | 14 | 12 |
| Interest rate, percent (WACC), after taxes | 10 | 9 | 11 | 9 |
| Expected growth, % | 2 | 2 | 3 | 2 |
| Interest rate, percent (WACC), previous year (before taxes) | 11 | 9 | 11 | 10 |
| Interest rate, percent (WACC), previous year (after taxes) | 9 | 7 | 9 | 8 |
| Expected growth, %, previous year | 2 | 2 | 2 | 2 |
| Carrying amount in relation to recoverable amount, 100 in case of increase in interest rate by | | | | |
| +1 percentage point | 34 | n/a | n/a | n/a |
| +5 percentage points | 59 | n/a | n/a | n/a |
| Carrying amount, previous year, in relation to recoverable amount, 100 in case of increase in interest rate by | | | | |
| +1 percentage point | 36 | n/a | n/a | n/a |
| +5 percentage points | 62 | n/a | n/a | n/a |

1 Value > 100 indicates that the recoverable amount is less than the carrying amount and an impairment loss needs to be recognized. For Skanska's operations in Finland and the UK, the carrying amount was negative due to negative working capital exceeding the value of non-current assets.

# **Note 19.** Intangible assets

Intangible non-current assets are recognized in accordance with IAS 38. See Note 1.

**Intangible assets and useful life applied**

| | Dec 31, 2022 | Dec 31, 2021 | Useful life applied |
|---|---|---|---|
| Intangible assets, externally generated | 187 | 265 | 3–10 years |
| Intangible assets, internally generated | 301 | 411 | 3–7 years |
| **Total** | **488** | **676** | |

Internally generated intangible assets consist of business systems. Externally acquired intangible assets include acquired software in the USA, Sweden, Finland and the UK and licenses and right-of-use assets in Sweden.

Business systems are amortized over a maximum of seven years. Customer contracts are amortized as projects progress to completion and patents are amortized over 10 years.

All intangible assets are amortized as they have a limited useful life.

| **Amortization by function** | 2022 | 2021 |
|---|---|---|
| Cost of sales | -81 | -92 |
| Selling and administration | -130 | -113 |
| **Total** | **-211** | **-205** |

**Impairment losses/reversals of impairment losses on other intangible assets**
In 2022 impairment losses/reversals of impairment losses in the net amount of SEK -11 M (0) were recognized. Reversals of impairment losses were recognized during the year in Sweden.

**Information about cost, accumulated depreciation and accumulated impairment losses**

| | Intangible assets, externally acquired | | Intangible assets, internally generated | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| **Accumulated cost** | | | | |
| January 1 | 1,627 | 1,528 | 998 | 924 |
| Investments | 18 | 35 | 5 | 68 |
| Acquisitions of companies | | | | |
| Divestments and disposals | -103 | -23 | | |
| Reclassifications | -1 | -4 | | -1 |
| Exchange rate differences for the year | 145 | 90 | 3 | 6 |
| | **1,686** | **1,627** | **1,005** | **998** |
| **Accumulated amortization** | | | | |
| January 1 | -1,173 | -1,033 | -587 | -470 |
| Divestments and disposals | 87 | 4 | | |
| Amortization for the year | -95 | -89 | -117 | -116 |
| Reclassifications | -17 | 5 | | -1 |
| Exchange rate differences for the year | -115 | -61 | -1 | |
| | **-1,312** | **-1,173** | **-705** | **-587** |
| **Accumulated impairment losses** | | | | |
| January 1 | -188 | -178 | 0 | 0 |
| Divestments and disposals | | | | |
| Impairment losses for the year | 11 | | | |
| Reversals of impairment losses | | | | |
| Reclassifications | 18 | | | |
| Exchange rate differences for the year | -6 | -10 | | |
| | **-188** | **-188** | **0** | **0** |
| **Carrying amount, December 31** | **187** | **265** | **301** | **411** |
| Carrying amount, January 1 | 265 | 317 | 411 | 454 |

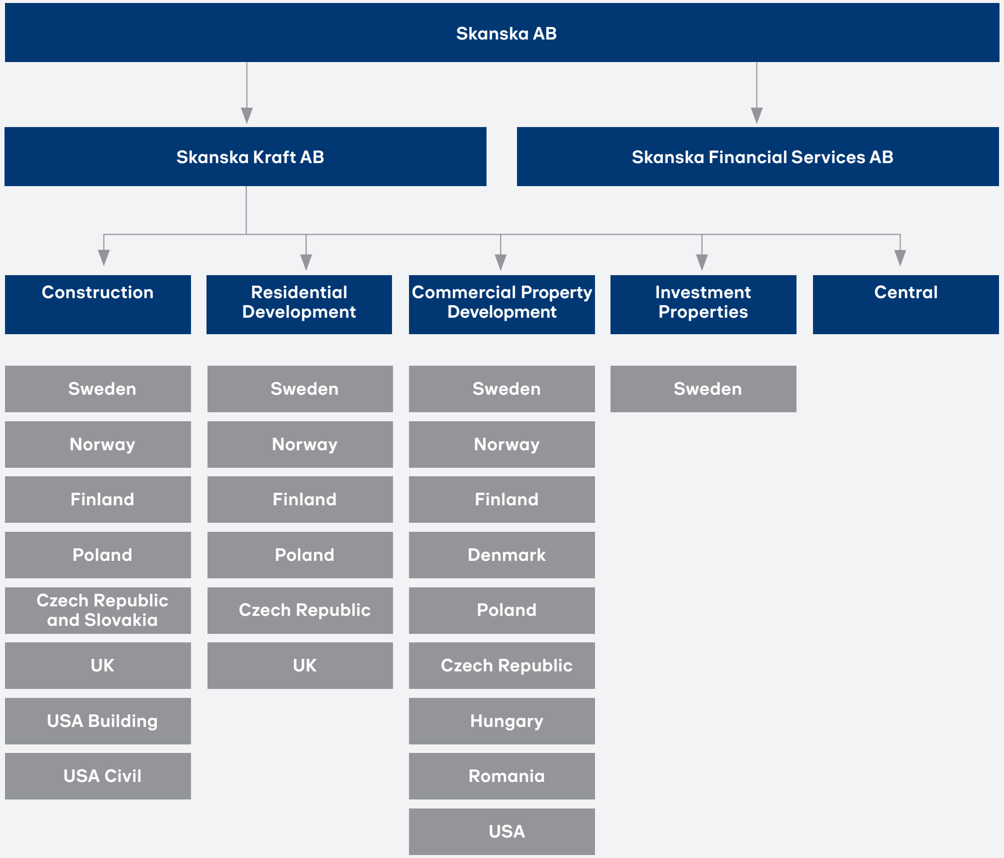
**Other**
Information about capitalized interest is presented in Note 15.

Direct research and development expenses amounted to SEK 61 M (40).

## **Note 20A.** Subsidiaries

The parent company Skanska AB holds 100 percent of the shares in Skanska Financial Services AB and Skanska Kraft AB. Skanska Kraft AB in turn directly or indirectly owns the subsidiaries in the countries in which Skanska has operations. All subsidiaries are independent limited companies, partnerships or equivalent legal forms in each country. Regarding the companies' domicile, see the parent company notes, Note 52.

**Skanska's Corporate Structure**




According to Note 26, there are only minor non-controlling interests.

## **Note 20B.** Investments in joint ventures and associated companies

For all joint arrangements an assessment is made of their legal form, agreements between the owning parties and other circumstances. In accordance with IFRS 11, the joint arrangement is reported as a joint venture if the owning parties only have rights to the net assets. See also note 1.

Investments in joint ventures and associated companies are reported according to the equity method of accounting. Income from joint ventures and associated companies after tax is reported on a separate line in operating income. This income consists of the Group's share of the income in joint ventures and associated companies after tax, adjusted for any impairment losses on consolidated goodwill and intra-Group profits.

Income from joint ventures and associated companies is presented in the following table.

| | 2022 | 2021 |
|---|---|---|
| Share of income in joint ventures according to the equity method | 454 | 444 |
| Share of income in associated companies according to the equity method | | 1 |
| Divestments of joint ventures | 182 | 4 |
| Impairment losses in joint ventures | | |
| **Total** | **636** | **449** |

**Joint ventures**
Joint ventures are recognized in compliance with IAS 28 Investments in Associates and Joint Ventures, see Note 1.

The Group has holdings in joint ventures with a carrying amount of SEK 2,863 M (2,145).

The PPP portfolio includes carrying amounts in joint ventures totaling SEK 2,328 M (1,424).

**Income from joint ventures**
The share of income in joint ventures, after tax, is recognized in operating income, because these holdings are an element of Skanska's business.

The share of income in joint ventures according to the equity method comes mainly from operations in the PPP portfolio.

**PPP portfolio**
Public-private partnerships (PPP) are a type of public procurement where a project company owned by private enterprises has overall responsibility for developing, financing, building, operating and maintaining public facilities.

The type of payment for the investments may either be based on market risk, for example road tolls, or based on availability; see also IFRIC 12, Note 1. The concession periods for current investments vary between 30 and 58 years and the portions owned in the current portfolio are between 32 and 50 percent. At this time the PPP portfolio has investments in Sweden and the USA.

The carrying amount according to the statement of financial position and the change that occurred can be seen in the following table.

*Note 20B. Investments in joint ventures and associated companies, cont.*

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Joint ventures** | **Associated companies** | **Total** | **Joint ventures** | **Associated companies** | **Total** |
| January 1 | 2,145 | 40 | 2,185 | 1,668 | 21 | 1,689 |
| New acquisitions | 703 | 0 | 704 | 718 | 12 | 730 |
| Divestments | -163 | -2 | -165 | -18 | | -18 |
| Reclassifications | -55 | | -55 | -43 | 4 | -39 |
| Exchange rate differences for the year | 104 | 1 | 105 | 5 | 3 | 8 |
| Change in fair value of derivatives | 178 | | 178 | 112 | | 112 |
| The year's change in share of income in joint ventures and associated companies after subtracting dividends received | -49 | -1 | -50 | -297 | | -297 |
| **Carrying amount, December 31** | **2,863** | **38** | **2,901** | **2,145** | **40** | **2,185** |

**Specification of major holdings of shares and participations in joint ventures**

| | | | | | Consolidated carrying amount[1] | | of which cash flow hedges | |
|---|---|---|---|---|---|---|---|---|
| **Company** | **Business stream** | **Country** | **Percentage of share capital** | **Percentage of voting power** | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** |
| AB Sydsten | Construction | Sweden | 50 | 50 | 159 | 159 | | |
| UNIASFALT s.r.o. | Construction | Slovakia | 50 | 50 | 48 | 45 | | |
| Botkyrka Södra Porten Holding AB | Construction | Sweden | 50 | 50 | 99 | 99 | | |
| Nacka 13:79 JV AB | Residential Development | Sweden | 50 | 50 | 5 | 30 | | |
| Sjöstadsbo AB | Residential Development | Sweden | 50 | 50 | 11 | 23 | | |
| Järvastaden AB | Residential Development | Sweden | 50 | 50 | 38 | 165 | | |
| Kista Park AB | Residential Development | Sweden | 50 | 50 | 17 | 18 | | |
| Kista Valley AB | Residential Development | Sweden | 50 | 50 | 32 | 34 | | |
| Tappsund Exploatering AB[2] | Residential Development | Sweden | 50 | 50 | | 66 | | |
| Joint ventures in the PPP portfolio | | | | | 2,328 | 1,424 | -55 | -232 |
| Other joint ventures[3] | | | | | 126 | 82 | | |
| **Total joint ventures, Group** | | | | | **2,863** | **2,145** | **-55** | **-232** |

1 Consolidated carrying amounts represent the Group's share of equity including results achieved, Group adjustments and deductions for dividends provided.
2 Holding divested in 2022.
3 Carrying amounts for joint ventures in the PPP portfolio are affected by cash flow hedges. The value of these cash flow hedges amounts to SEK -55 M (-232). When joint ventures where the carrying amount is affected by cash flow hedges are sold, the income from the sale will be affected as the effect of the cash flow hedges is rebooked against income.

*Note 20B. Investments in joint ventures and associated companies, cont.*

**Unrealized development gain in the PPP portfolio**

| SEK bn | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Present value of cash flow from projects | 2.7 | 2.5 |
| Present value of remaining investments | 0.0 | -0.6 |
| **Present value of projects** | **2.7** | **1.9** |
| Carrying amount before cash flow hedging | -2.2 | -1.4 |
| **Unrealized development gain** | **0.5** | **0.5** |
| Cash flow hedge | 0.1 | 0.2 |
| Effect in unrealized equity[1] | **0.6** | **0.7** |

1 Tax effects not included.

**Details of Skanska's joint ventures**
Most of Skanska's joint ventures are in the PPP portfolio, which is reported in accordance with IFRIC 12 Service Concession Arrangements. The amounts below correspond to 100 percent of the joint venture's income statement and statement of financial position.

**Details of Skanska's joint ventures**
Most of Skanska's joint ventures are in the PPP portfolio, which is reported in accordance with IFRIC 12 Service Concession Arrangements. The amounts below correspond to 100 percent of the joint venture's income statement and statement of financial position.

| | PPP portfolio | | Other joint ventures | | Total all joint ventures | |
|---|---|---|---|---|---|---|
| **Income statement** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Revenue | 4,134 | 7,526 | 1,449 | 1,581 | 5,582 | 9,107 |
| Depreciation and amortization | -1,320 | | -30 | -12 | -1,350 | -12 |
| Other operating expenses | -2,684 | -7,352 | -1,305 | -1,195 | -3,989 | -8,547 |
| **Operating income** | **129** | **174** | **114** | **374** | **243** | **548** |
| Interest income | 1,045 | 1,104 | 3 | 2 | 1,048 | 1,106 |
| Interest expense | -657 | -767 | -8 | -117 | -664 | -884 |
| Financial items | | | -1 | 124 | -1 | 124 |
| **Income after financial items[1]** | **518** | **511** | **108** | **383** | **626** | **894** |
| Taxes | -34 | -33 | -30 | -16 | -64 | -49 |
| **Profit for the year** | **484** | **478** | **78** | **367** | **562** | **845** |
| **Comprehensive income for the year** | **484** | **478** | **78** | **367** | **562** | **845** |

1 The amount includes impairment losses in the consolidated accounts.

*Note 20B. Investments in joint ventures and associated companies, cont.*

| | PPP portfolio | | Other joint ventures | | Total all joint ventures | |
|---|---|---|---|---|---|---|
| **Statement of financial position** | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** |
| Non-current assets | 43,683 | 44,593 | 386 | 388 | 44,068 | 44,981 |
| Current assets | 1,225 | 1,692 | 1,735 | 8,558 | 2,960 | 10,250 |
| Cash and bank balances | 3,597 | 2,983 | 449 | 828 | 5,421 | 3,811 |
| **Total assets** | **49,879** | **49,268** | **2,570** | **9,774** | **52,449** | **59,042** |
| | | | | | | |
| Equity attributable to equity holder[1] | 5,416 | 3,276 | 1,085 | 3,837 | 6,501 | 7,113 |
| Non-controlling interests | | | | 302 | | 302 |
| Non-current financial liabilities | 42,113 | 42,313 | 253 | 285 | 42,366 | 42,598 |
| Other non-current liabilities | | | 196 | 128 | 196 | 128 |
| Current financial liabilities | | 3,679 | 542 | 4,225 | 542 | 7,904 |
| Other current liabilities | 2,350 | | 495 | 997 | 2,845 | 997 |
| **Total equity and liabilities** | **49,879** | **49,268** | **2,570** | **9,774** | **52,449** | **59,042** |
| | | | | | | |
| Skanska received the following dividend[2] | 146 | 171 | 357 | 571 | 504 | 742 |
| | | | | | | |
| **Reconciliation with participations in joint ventures** | | | | | | |
| Equity attributable to the investors in joint ventures, 100% | 5,416 | 3,276 | 1,085 | 3,837 | 6,501 | 7,113 |
| Less equity attributable to investors other than Skanska | -3,288 | -2,102 | -560 | -3,114 | -3,848 | -5,216 |
| **Skanska's portion of equity in joint ventures, adjusted for surplus value and goodwill** | **2,128** | **1,174** | **525** | **723** | **2,653** | **1,897** |
| + Losses recognized as provisions | 200 | 250 | 10 | 3 | 210 | 253 |
| +/- Elimination of intra-Group profit | | | | -5 | 0 | -5 |
| **Carrying amount of Skanska's holdings** | **2,328** | **1,424** | **535** | **721** | **2,863** | **2,145** |
| of which cash flow hedges | -55 | -232 | 0 | 0 | -55 | -232 |

1 Equity includes subordinated loans from the owners.
2 Dividends also include interest paid on the subordinated loans.

**Assets pledged**
Shares in joint ventures pledged as collateral for loans and other obligations amount to SEK 2,328 M (1,424).

*Note 20B. Investments in joint ventures and associated companies, cont.*

**Other**
Skanska's joint ventures are owned by Skanska and other investors. They are financed in part by capital from the owning parties, but the majority are financed via banks or credit institutions. The assets of the respective joint ventures are used as collateral for the liabilities. According to agreements with the banks, the ability to access bank account funds from these joint ventures is restricted.

Skanska's portion of the total investment obligations of partly owned joint ventures amounts to SEK 2,009 M (1,924), of which Skanska has remaining obligations to invest SEK 0 M (595) in infrastructure in the form of equity holdings and loans. The remaining portion is expected to be financed mainly in the form of bank loans or bonds in the respective joint ventures and in the form of participations and loans from other co-owners.

Contingent liabilities for joint ventures amounted to SEK 258 M (283).

**Associated companies**
Associated companies are recognized in accordance with IAS 28 Investments in Associates and Joint Ventures. See Note 1. The carrying amount of associated companies is SEK 38 M (40).

**Information on the Group's share of revenue, income, assets, liabilities and equity in associated companies**

| | 2022 | 2021 |
|---|---|---|
| Revenue | 0 | 1 |
| Profit | 0 | 1 |
| **Assets** | **38** | **40** |
| Equity[1] | 38 | 40 |
| Liabilities | | |
| **Equity and liabilities** | **38** | **40** |

1 Reconciliation between equity and carrying amount of holdings, in accordance with the equity method of accounting.

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Equity in associated companies | 38 | 40 |
| **Carrying amount** | **38** | **40** |

**Other**
The associated companies have no liabilities or contingent liabilities which the Group may become responsible for paying. Nor are there any obligations for future investments.

## Note 20C. Joint operations

Skanska executes certain projects with a joint party without a separate legal company being formed for the purpose. These projects are then classified as joint operations in accordance with IFRS 11. Joint operations without the formation of a separate company are found mainly in the USA.

Skanska also executes certain projects with a joint party where a separate company is formed for the purpose. These projects are classified as joint operations provided that the other criteria in IFRS 11 are fulfilled.

**Specification of significant holdings in joint operations, according to sales in current year**

| Name of joint operation | Operations | Country | Percentage of share capital |
|---|---|---|---|
| Skanska Costain Strabag Joint Venture | Railway | UK | 34 |
| Skanska Balfour Beatty | Campus area | USA | 50 |
| Skanska-Traylor-PNB JV | Highway/bridge | USA | 80 |
| Hoffman Skanska | Airport | USA | 50 |
| Skanska-SG | Hotel | USA | 88 |
| Skanska-Traylor-Shea Joint Venture | Bridge | USA | 50 |
| Skanska Ecco III HPA JV | Highway/bridge | USA | 70 |
| Skanska Corman McLean Joint Venture | Bridge | USA | 65 |
| Regional Connector Constructors | Public transit | USA | 63 |

There are around 100 other small joint operations in the above countries, as well as in Sweden and the Czech Republic.

## **Note 21.** Financial assets

Financial investments, financial receivables and shareholdings where ownership is less than 20 percent and the Group has no significant influence are recognized as non-current financial assets.

Financial investments and financial receivables are recognized as current financial assets. See also Note 6.

| **Non-current financial assets** | **Dec 31, 2022** | **Dec 31, 2021** |
|---|---|---|
| **Non-current financial assets at fair value through profit or loss** | | |
| Derivatives | | |
| | **0** | **0** |
| **Non-current financial assets at fair value through other comprehensive income** | | |
| Shares and participations [1] | 38 | 37 |
| | **38** | **37** |

1 Shareholdings were affected by impairment losses of SEK 0 M (–1) during the year.

| **Non-current financial assets** | **Dec 31, 2022** | **Dec 31, 2021** |
|---|---|---|
| **Non-current financial assets at amortized cost** | | |
| Receivables from joint ventures | 26 | 21 |
| Restricted cash and cash equivalents | 523 | 472 |
| Other interest-bearing receivables | 620 | 1,207 |
| | **1,169** | **1,700** |
| **Other** | | |
| Net assets in funded pension plans | 2,400 | 2,138 |
| **Total** | **3,607** | **3,875** |
| of which interest-bearing non-current financial assets | 3,569 | 3,838 |
| of which non-interest-bearing non-current financial assets | 38 | 37 |

| **Current financial assets** | **Dec 31, 2022** | **Dec 31, 2021** |
|---|---|---|
| **Current financial assets at fair value through profit or loss** | | |
| Derivatives | 99 | 63 |
| | **99** | **63** |
| **Current financial assets at amortized cost** | | |
| Restricted cash and cash equivalents | 5,425 | 5,165 |
| Receivables from joint ventures | 79 | 26 |
| Other interest-bearing receivables | 8,809 | 13,556 |
| | **14,313** | **18,747** |
| **Total** | **14,413** | **18,810** |
| of which interest-bearing current financial assets | 14,313 | 18,747 |
| of which non-interest-bearing current financial assets | 99 | 63 |
| **Total carrying amount, financial assets** | **18,020** | **22,685** |
| of which financial assets excluding shares and pensions | 15,582 | 20,510 |

# **Note 22.** Current-asset properties/Project Development

Current-asset properties are recognized in compliance with IAS 2 Inventories. See Note 1.

The allocation of items in the statement of financial position by business stream is presented below.

| Business stream | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Commercial Property Development | 34,322 | 29,691 |
| Residential Development | 24,152 | 20,054 |
| **Total** | **58,474** | **49,745** |

**Impairment losses/reversals of impairment losses**
Current-asset properties are valued in accordance with IAS 2 Inventories, and are thus carried at cost or net realizable value, whichever is lower. Adjustment to net realizable value via an impairment loss is recognized, as are reversals of previous impairment losses, in the income statement under "Cost of sales." Net realizable value is affected by the type and location of the property, and by the yield requirement in the market.

| | Impairment losses | | Reversals of impairment losses | | Total | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Commercial Property Development | -66 | -170 | 23 | | -43 | -170 |
| Residential Development | -11 | -37 | | | -11 | -37 |
| **Total** | **-76** | **-207** | **23** | **0** | **-53** | **-207** |

For a further description of the respective business streams, see Note 4. Current-asset properties are divided into completed properties, properties under construction and development properties.

**Carrying amounts**

| | Completed properties | | Properties under construction | | Development properties | | Current-asset properties | |
|---|---|---|---|---|---|---|---|---|
| | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** |
| Commercial Property Development | 5,039 | 9,142 | 16,837 | 9,466 | 12,446 | 11,084 | 34,322 | 29,691 |
| Residential Development | 549 | 314 | 13,434 | 10,605 | 10,170 | 9,135 | 24,152 | 20,054 |
| **Total** | **5,588** | **9,456** | **30,270** | **20,071** | **22,616** | **20,219** | **58,474** | **49,745** |

| | Commercial Property Development | | Residential Development | | Total current-asset properties | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| **Carrying amount** | | | | | | |
| January 1 | 29,691 | 27,906 | 20,054 | 17,041 | 49,745 | 44,948 |
| Investments | 11,261 | 7,271 | 11,379 | 11,013 | 22,639 | 18,285 |
| Carrying amount of properties divested | -6,253 | -5,720 | -8,069 | -8,482 | -14,321 | -14,202 |
| Impairment losses | -66 | -170 | -11 | -37 | -76 | -207 |
| Reversals of impairment losses | 23 | | | | 23 | |
| The year's provision for intra-Group profits in contracting work | -316 | -248 | -152 | -174 | -468 | -422 |
| Reclassifications | -2,280 | -389 | 178 | 258 | -2,102 | -130 |
| Exchange rate differences for the year | 2,262 | 1,040 | 773 | 434 | 3,035 | 1,474 |
| **December 31** | **34,322** | **29,691** | **24,152** | **20,054** | **58,474** | **49,745** |

The carrying amount of current-asset properties is allocated between properties carried at cost and properties carried at net realizable value as shown in the following table.

| | Cost | | Net realizable value | | Total | |
|---|---|---|---|---|---|---|
| | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** | **Dec 31, 2022** | **Dec 31, 2021** |
| Commercial Property Development | 34,268 | 28,963 | 54 | 727 | 34,322 | 29,691 |
| Residential Development | 24,066 | 19,933 | 86 | 121 | 24,152 | 20,054 |
| **Total** | **58,334** | **48,896** | **140** | **848** | **58,474** | **49,745** |

*Note 22. Current-asset properties/Project Development, cont.*

**Difference between fair value and carrying amount for current-asset properties**

| SEK bn | Surplus value Dec 31, 2022 | Surplus value Dec 31, 2021 |
|---|---|---|
| **Commercial Property Development** | | |
| Completed projects | 1.2 | 3.5 |
| Development properties | 1.1 | 1.5 |
| Ongoing projects[1] | 7.8 | 6.8 |
| | **10.2** | **11.8** |
| **Residential Development** | | |
| Undeveloped land and development properties | 4.3 | 4.0 |
| **Total** | **14.5** | **15.8** |

1 Estimated market value. Internal appraisal, with valuation on respective completion dates.

**Assets pledged**
Current-asset properties pledged as collateral for loans and other obligations amount to SEK 0 M (0). See Note 33.

**Other**
Information about capitalized interest is presented in Note 15.

Investment commitments relating to undeveloped land and development properties not yet in Skanska's ownership amount to SEK 6.5 billion (6.7).

## **Note 23.** Inventories

Inventories are reported in accordance with IAS 2 Inventories. See Note 1.

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Raw materials and supplies | 484 | 312 |
| Products being manufactured | 65 | 74 |
| Finished products and merchandise | 751 | 704 |
| **Total** | **1,300** | **1,090** |

There are no significant differences between the carrying amount for inventories and their fair value.

No portion of inventories was adjusted due to an increase in net realizable value.

No merchandise was used as collateral for loans and other obligations.

## **Note 24.** Other operating receivables

Non-interest-bearing business receivables are reported as "Other operating receivables." Other operating receivables are part of the Group's operating cycle and are recognized as current assets.

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Trade accounts receivable, joint ventures | 1 | 3 |
| Trade accounts receivable, others | 15,171 | 14,860 |
| Other operating receivables | 7,910 | 6,456 |
| Prepaid expenses and accrued income | 4,645 | 3,893 |
| **Total** | **27,726** | **25,212** |
| | | |
| Of which financial instruments reported in Note 6. | | |
| Trade accounts receivable | 15,172 | 14,863 |
| Other operating receivables including accrued interest income | 452 | 206 |
| | **15,624** | **15,069** |
| Of which non-financial instruments | 12,102 | 10,143 |

## **Note 25.** Cash and bank balances

"Cash and bank balances" consists of cash and available funds at banks and equivalent financial institutions, as well as short-term investments. Cash and bank balances totaled SEK 10,014 M (10,947), of which short-term investments amounted to SEK 2,807 M (575) on the closing day.

## **Note 26.** Equity/earnings per share

Equity in the Group is allocated between equity attributable to equity holders (shareholders) and non-controlling interests (minority interests).

Non-controlling interests account for 0.3 percent of total equity.

Equity changed during the year as follows:

| | 2022 | 2021 |
|---|---|---|
| **January 1** | **45,465** | **38,385** |
| of which non-controlling interests | 114 | 97 |
| | | |
| **Comprehensive income for the year** | | |
| Profit for the year attributable to | | |
| Equity holders | 8,256 | 6,864 |
| Non-controlling interests | 28 | 23 |
| | | |
| **Other comprehensive income** | | |
| **Items that will not be reclassified to profit or loss for the period** | | |
| Remeasurement of defined-benefit pension plans[1] | 3,818 | 2,585 |
| Tax on items that will not be reclassified to profit or loss for the period | -792 | -575 |
| **Total** | **3,026** | **2,010** |
| | | |
| **Items that have been or will be reclassified to profit or loss for the period** | | |
| Translation differences attributable to equity holders[2] | 2,290 | 1,808 |
| Translation differences attributable to non-controlling interests | 14 | 7 |
| Hedging of exchange rate risk in foreign operations[2] | 81 | 40 |
| Effect of cash flow hedges[3] | 286 | 115 |
| Tax on items that have been or will be reclassified to profit or loss for the period | -19 | -3 |
| **Total** | **2,653** | **1,966** |

1 Remeasurement of defined-benefit pension plans, SEK 3,818 M (2,585), together with tax, SEK -792 M (-575), totaling SEK 3,026 M (2,010), constitutes the Group's total effect on other comprehensive income of remeasurement of pensions recognized in accordance with IAS 19 and is recognized in retained earnings.

2 Translation differences attributable to equity holders, SEK 2,290 M (1,808), plus hedging of exchange rate risk in foreign operations, SEK 81 M (40), totaling SEK 2,371 M (1,848), constitute the change in the Group's translation reserve.

3 The effect on cash flow hedges, SEK 286 M (115), together with taxes SEK -19 M (-3), totaling SEK 267 M (112), constitutes the change in the Group's cash flow hedge reserve.

| | 2022 | 2021 |
|---|---|---|
| **Other comprehensive income for the year after tax** | **5,679** | **3,977** |
| | | |
| **Comprehensive income for the year** | **13,963** | **10,863** |
| of which attributable to equity holders | 13,920 | 10,834 |
| of which attributable to non-controlling interests | 43 | 30 |
| | | |
| **Other changes in equity not included in total comprehensive income for the year** | | |
| Dividend to shareholders | -4,124 | -3,917 |
| Dividend to non-controlling interests | -13 | -13 |
| Effects of share-based payments | 471 | 388 |
| Shares repurchased | -507 | -242 |
| **Total** | **-4,174** | **-3,784** |
| | | |
| **Equity, December 31** | **55,255** | **45,465** |
| of which non-controlling interests | 144 | 114 |

**Equity attributable to equity holders is allocated as follows:**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Share capital | 1,260 | 1,260 |
| Paid-in capital | 4,186 | 3,715 |
| Reserves | 5,504 | 2,866 |
| Retained earnings | 44,161 | 37,510 |
| **Total** | **55,111** | **45,351** |

**Paid-in capital**

Paid-in capital in excess of quota (par) value from historical issues of new shares is recognized as "Paid-in capital."

The change in 2022 and 2021 was attributable to share-based payments and amounted to SEK 471 M (388).

*Note 26. Equity/earnings per share*

**Reserves**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Translation reserve | 5,631 | 3,259 |
| Cash flow hedge reserve | -127 | -394 |
| **Total** | **5,504** | **2,866** |

**Reconciliation of reserves**

| | 2022 | 2021 |
|---|---|---|
| **Translation reserve** | | |
| Translation reserve, January 1 | 3,259 | 1,412 |
| | | |
| Translation differences for the year | 2,290 | 1,808 |
| Hedging of exchange rate risk in foreign operations | 81 | 40 |
| **Translation reserve, December 31** | **5,631** | **3,259** |
| | | |
| **Cash flow hedge reserve** | | |
| Hedge reserve, January 1 | -394 | -506 |
| | | |
| **Cash flow hedges recognized in other comprehensive income** | | |
| Hedges for the year | 266 | -37 |
| Transferred to the income statement | 20 | 152 |
| Taxes attributable to hedging for the year | -19 | -3 |
| **Hedge reserve, December 31** | **-127** | **-394** |
| **Total reserves** | **5,504** | **2,866** |

**Translation reserve**

The translation reserve consists of accumulated translation differences from the translation of financial statements for foreign operations. The translation reserve also includes exchange rate differences that have arisen when hedging net investments in foreign operations. The translation reserve was reset at zero upon the transition to IFRS on January 1, 2004.

Translation differences for the year amount to SEK 2,290 M (1,808) and consist of positive translation differences mainly in USD.

In 2022 the translation reserve was affected by exchange rate differences of SEK 81 M (40) due to currency hedging. The accumulated translation reserve totaled SEK 5,631 M (3,259).

**Cash flow hedge reserve**

Hedge accounting is applied mainly for the PPP portfolio. Unrealized gains and losses on hedging instruments are recognized in the cash flow hedge reserve. The change during the year amounts to SEK 267 M (112), which is explained by changes in exchange rates where forward contracts have been entered into for future transactions in foreign currencies and hedge accounting is applied, the fact that interest rate swaps have matured and been realized, and changes in market interest rates. The reserve at year-end amounted to SEK -127 M (-394).

**Retained earnings**

Retained earnings include the profit for the year plus undistributed Group profits earned in prior years. The parent company's statutory reserve is part of retained earnings, along with remeasurements of pension liabilities, which in accordance with IAS 19 are recognized only under "Other comprehensive income."

**Remeasurement of defined-benefit pension plans**

Equity was affected by remeasurement of defined-benefit pension plans in the amount of SEK 3,026 M (2,010) after taking into account social insurance contributions and taxes. Remeasurement of pension obligations amounted to SEK 8,828 M (-83). Remeasurements of plan assets were made in the amount of SEK -5,727 M (2,357) as the actual return on the assets exceeds the estimated return. See also Note 28.

| | 2022 | 2021 |
|---|---|---|
| Remeasurement of pension obligations | 8,828 | -83 |
| Difference between expected and actual return on plan assets | -5,727 | 2,357 |
| Social insurance contributions including special payroll tax | 717 | 311 |
| Taxes | -792 | -575 |
| **Total** | **3,026** | **2,010** |

**IFRS 2 Share-based Payment**

The employee ownership programs introduced in 2017 and 2020 are recognized as share-based payment settled with equity instruments, in accordance with IFRS 2. This means that fair value is calculated on the basis of estimated fulfillment of established performance targets during the measurement period. After the end of the measurement period the fair value is established. This value is allocated over the three-year vesting period. There is no reappraisal after fair value is established during the remainder of the vesting period, aside from changes in the number of shares because the condition of continued employment during the vesting period is no longer fulfilled.

**Dividend**

After the closing day, the Board of Directors proposed a dividend for 2022 of SEK 7.50 per share (7.00+3.00). The proposal is equivalent to a dividend payout totaling SEK 3,083 M (4,124). No dividend is paid for the parent company's holding of Class B treasury shares. The Board has proposed Friday, March 31, 2023 as the record date to receive the dividend. The total dividend amount may change by the record date, depending on repurchases of Class B treasury shares and the transfer of Class B shares to participants in Skanska Employee Ownership Programs. The decision on dividends to shareholders for 2022 will be made by the AGM on March 29, 2023.

**Shares**

Information on the number of shares as well as earnings and equity per share is presented in the table below.

| | 2022 | 2021 |
|---|---|---|
| Number of shares at year-end | 419,903,072 | 419,903,072 |
| of which Class A shares | 19,654,316 | 19,661,632 |
| of which Class B shares | 400,248,756 | 400,241,440 |
| Average price, repurchased shares, SEK | 144.79 | 141.85 |
| of which repurchased during the year | 2,924,000 | 1,048,500 |
| Number of Class B treasury shares, December 31 | 8,771,931 | 7,655,488 |
| | | |
| Number of shares outstanding, December 31 | 411,131,141 | 412,247,584 |
| Average number of shares outstanding | 412,037,581 | 412,387,142 |
| Average number of shares outstanding after dilution | 414,922,620 | 415,491,861 |
| Average dilution, % | 0.70 | 0.75 |
| | | |
| Earnings per share, SEK | 20.04 | 16.64 |
| Earnings per share after dilution, SEK | 19.90 | 16.52 |
| Equity per share, SEK | 134.05 | 110.01 |

*Note 26. Equity/earnings per share*

| Change in number of shares | 2022 | 2021 |
|---|---|---|
| Number on January 1 | 412,247,584 | 412,286,398 |
| Number of Class B shares repurchased | -2,924,000 | -1,048,500 |
| Number of shares transferred to employees | 1,807,557 | 1,009,686 |
| **Number on December 31** | **411,131,141** | **412,247,584** |

**Dilution effect**
In the employee ownership programs introduced in 2017 and 2020 the number of potential ordinary shares is calculated during the measurement period based on the estimated number of shares that will be issued upon fulfillment of established targets. After the end of the measurement period, Skanska establishes the number of shares that may be issued provided that the requirement of continued employment is fulfilled. The number of potential ordinary shares thus calculated is then reduced by the difference between the payment Skanska is expected to receive and the average share price during the period.

Excluding social insurance contributions, the cost of both employee ownership programs is estimated at a total of SEK 2,291 M, allocated over the three-year vesting period, equivalent to 7,722,608 shares. The maximum dilution at the end of the vesting period is estimated at 1.84 percent.

In 2022 the cost of both programs amounted to SEK 471 M, excluding social insurance contributions. Share awards earned but not yet allotted by the end of 2022 totaled 2,885,039 shares. The dilution effect up to and including 2022 amounted to 0.70 percent.

**Capital management**
Capital requirements vary between business streams. Skanska's construction projects are mainly based on customer funding. As a result, in its Construction business stream, the company can operate with free working capital (negative). The free working capital in the Construction business stream combined with the profits from the Group's operations, as well as the possibility of increasing borrowing through credit financing, make it possible for Skanska to finance investments in in-house project development.

In light of the Construction business stream's large volumes with differentiated risk in various types of assignments and customer demands for guarantees, such as performance guarantees in publicly procured projects in the US market, the equity requirement is significant. It is also necessary to take into account financing of goodwill and future investments in Project Development.

A number of financial targets have been established that are deemed to best reflect the profitability of the operations and best demonstrate the financial scope for investments and growth. The return on equity and on capital employed is a measure of how well the capital provided by the shareholders and lenders is being used.

The target for 2022 is a return on the Group's equity of at least 18 percent, an operating margin within Construction of at least 3.5 percent, a return on capital employed for Investment Properties of at least 6 percent and a return on capital employed calculated jointly for the business streams within Project Development of at least 10 percent. There is also a limit for financial indebtedness, measured as adjusted net debt, of SEK -10 billion. Skanska's dividend policy is to pay out 40–70 percent of net profit for the year after tax to the shareholders, provided that the company's overall financial situation is stable.

The Board has determined that the Group's equity is at a reasonable level based on what Skanska's financial position and market circumstances require.

## **Note 27.** Financial liabilities

Financial liabilities are allocated between non-current and current liabilities. Normally, a maturity date within one year is required if a liability is to be treated as current. This does not apply to discounted operating liabilities, which are part of Skanska's operating cycle and are therefore recognized as current liabilities regardless of their maturity date.

For information on financial risks and the Financial Policy, see Note 6.

| Non-current financial liabilities | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| **Financial liabilities at fair value through profit or loss** | | |
| Derivatives | | |
| | | |
| **Financial liabilities at amortized cost** | | |
| Liabilities to credit institutions | 2,662 | 2,834 |
| Other liabilities | 52 | 555 |
| **Total** | **2,714** | **3,389** |
| | | |
| of which interest-bearing non-current financial liabilities | 2,714 | 3,389 |
| of which non-interest-bearing non-current financial liabilities | | |
| | | |
| **Current financial liabilities** | | |
| **Financial liabilities at fair value through profit or loss** | | |
| Derivatives | 150 | 131 |
| | | |
| **Financial liabilities at amortized cost** | | |
| Construction loans, cooperative housing associations | 3,625 | 4,644 |
| Liabilities to credit institutions | 519 | |
| Other liabilities | 560 | 4 |
| **Total** | **4,854** | **4,780** |
| | | |
| of which interest-bearing current financial liabilities | 4,704 | 4,649 |
| of which non-interest-bearing current financial liabilities | 150 | 131 |
| **Total carrying amount for financial liabilities** | **7,568** | **8,169** |

## **Note 28.** Pensions

Pension provisions are recognized in accordance with IAS 19 Employee Benefits. See Note 1.

**Pension liability according to the statement of financial position**

According to the statement of financial position, interest-bearing pension liabilities amounted to SEK 2,891 M (5,936) and interest-bearing pension receivables amounted to SEK 2,400 M (2,138). The net amount of interest-bearing pension liabilities and interest-bearing pension receivables was SEK 491 M (3,798).

Skanska has defined-benefit pension plans in Sweden, Norway and the UK. The pension in these plans is mainly based on final salary or average earnings during the term of employment. The plans include a large number of employees, but Skanska also has defined-contribution plans in these countries. Group companies in other countries have pension plans reported as defined-contribution plans.

**Defined-benefit plans**

The pension plans mainly consist of retirement pensions. Each respective employer usually has an obligation to pay a lifetime pension. Benefits are based on the number of years of employment. The employee must belong to the plan for a certain number of years to earn full retirement pension entitlement. For each year, the employee earns increased pension entitlements, which are reported as pension earned during the period plus an increase in pension obligation.

Pension plans are funded by securing pension obligations with assets in pension funds and provisions in the accounts.

The plan assets in Sweden are smaller than the pension obligations. The difference is therefore recognized as a liability in the statement of financial position. The plan assets in Norway and the UK exceed the pension obligations. The difference is therefore recognized as a receivable. The ceiling rule which, in some cases, limits the value of these assets in the statement of financial position does not apply according to the existing pension foundation statutes, with the exception of one of the plans in Norway and one of the smaller plans in the UK. The carrying amount of the plan assets was reduced by SEK 30 M (61) due to the limit in the ceiling rule.

On the closing day the pension obligations amounted to SEK 21,693 M (29,832). During the year pension obligations were affected by remeasurements. A higher discount rate for all three countries has significantly decreased the pension obligations, which to a certain extent is offset by experience-based losses. The remeasurements are included in other comprehensive income in a net amount of SEK 8,828 M (-83). Pension obligations were also affected by the cost of vested pensions and interest expense exceeding pensions paid. A higher exchange rate for NOK and GBP has increased the pension obligations.

The plan assets amounted to SEK 21,202 M (26,034). The plan assets were affected during the year by remeasurements, since the actual return on the assets was lower than the estimated return. The remeasurements are included in other comprehensive income in the amount of SEK -5,727 M (2,357). A higher exchange rate for NOK and GBP has increased the plan assets.

The return on plan assets recognized in the income statement amounted to SEK 445 M (330), while the actual return amounted to SEK -5,282 M (2,687). The return was lower for pension plans in all three countries.

The plan assets mainly consist of equities, interest-bearing securities, mutual fund units and investments in properties and PPP projects. No assets are used in Skanska's operations. The number of directly owned shares in Skanska AB totaled 0 (0) Class B shares. There is also an insignificant percentage of indirectly owned shares in Skanska AB via investments in various mutual funds.

There are various types of risk inherent in the company's defined-benefit pension plans. Pension obligations are mainly affected by the relevant discount rate, pay increases, inflation and life expectancy. The risk inherent in the plan assets is mainly market risk. Overall, these risks may result in volatility in the company's equity and in increased future pension costs and higher than estimated pension disbursements. Skanska continually monitors changes in its pension obligations and updates the most important assumptions every quarter and other assumptions at least once a year.

Pension commitments are calculated by independent actuaries. The company has prepared policy documents for the management of plan assets in the form of investment guidelines regulating permitted investments and allocation frameworks for these. In addition, the company uses external investment advisors who continually monitor development of the plan assets. The long duration of the pension obligations is partly matched by long-term investments in PPP projects and property investments, and investments in long-term interest-bearing securities.

The largest defined-benefit plan for Skanska in Sweden is the ITP 2 plan, in which pensions are based on final salary on retirement. ITP 2 covers salaried employees born in 1978 or earlier. The pension obligations are secured through assets in a pension fund and through insurance with PRI Pensionsgaranti. The pension obligation is lifelong and sensitive to changes in the discount rate, pay increases, inflation and life span.

A small portion of the ITP 2 plan is secured by insurance from the retirement insurance company Alecta. This is a multi-employer insurance plan, and there is insufficient information to report these obligations as a defined-benefit plan. Pensions secured by insurance from Alecta are therefore reported as defined-contribution plans. Contributions paid in 2022 amounted to SEK 22 M (26). At the end of 2022, the collective funding ratio of defined-benefit plans in Alecta totaled a preliminary 172 percent (172). The collective funding ratio consists of assets as a percentage of actuarial obligations.

Within Skanska Norway, the largest defined-benefit pension plan is the Skanska Norge Pensionskassa pension fund. This plan covers almost all employees of Skanska in Norway and the pension is based on final salary and number of years of employment with Skanska. The pension obligations are secured through assets in the pension fund. The Skanska Norge Pensionskassa pension fund has been closed for new members since mid-2018. The pension obligation is lifelong and sensitive to changes in the discount rate, pay increases, inflation and life span.

The largest of Skanska's defined-benefit pension plans in the UK is the Skanska Pension Fund. The plan covers salaried employees and is based on average earnings over the period of employment. The pension is remeasured following changes in inflation (index-linked). The pension obligations are secured through assets in the pension fund. The Skanska Pension Fund has been closed for vesting and new members since the end of the first quarter of 2018. The pension commitment is sensitive to changes in the discount rate, inflation and life span.

**Net liability related to employee benefits, defined-benefit plans**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Pension obligations, funded plans, present value, December 31 | 21,693 | 29,832 |
| Plan assets, fair value, December 31 | -21,202 | -26,034 |
| **Net liability according to statement of financial position** | **491** | **3,798** |

**Pension obligations and plan assets by country**

| **2022** | **Sweden** | **Norway** | **UK** | **Total** |
|---|---|---|---|---|
| Pension obligations | 8,876 | 4,831 | 7,986 | 21,693 |
| Plan assets | -5,985 | -6,464 | -8,753 | -21,202 |
| **Net liability according to statement of financial position** | **2,891** | **-1,633** | **-767** | **491** |

| **2021** | | | | |
|---|---|---|---|---|
| Pension obligations | 11,999 | 5,237 | 12,596 | 29,832 |
| Plan assets | -6,063 | -6,843 | -13,128 | -26,034 |
| **Net liability according to statement of financial position** | **5,936** | **-1,606** | **-532** | **3,798** |

*Note 28. Pensions, cont.*

**Interest-bearing pension liability, net**

| | 2022 | 2021 |
|---|---|---|
| Net pension liability, January 1 | 3,798 | 6,262 |
| Pension expenses | 575 | 580 |
| Benefits paid by employers | -267 | -260 |
| Funds contributed by employers | -444 | -359 |
| Remeasurements[1] | -3,101 | -2,274 |
| Curtailments and settlements | -11 | -69 |
| Exchange rate differences | -59 | -82 |
| **Net liability according to statement of financial position** | **491** | **3,798** |

1 See also Note 26, which shows the tax portion and social insurance contributions recognized in other comprehensive income.

**Pension obligations**

| | 2022 | 2021 |
|---|---|---|
| January 1 | 29,832 | 28,173 |
| Pensions earned during the year | 532 | 516 |
| Interest on obligations | 493 | 400 |
| Benefits paid by employers | -267 | -260 |
| Benefits paid from plan assets | -501 | -439 |
| Remeasurements: | | |
| – Actuarial gains(-)/losses(+), changed financial assumptions | -10,277 | 20 |
| – Actuarial gains(-)/losses(+), changed demographic assumptions | 24 | -224 |
| – Experience-based changes | 1,425 | 287 |
| Curtailments and settlements | -9 | -69 |
| Exchange rate differences | 441 | 1,428 |
| **Pension obligations, present value** | **21,693** | **29,832** |

**Breakdown of pension obligations and average duration by country**

| **2022** | **Sweden** | **Norway** | **UK** |
|---|---|---|---|
| Active members' portion of obligations | 38% | 42% | 4% |
| Dormant pension rights | 26% | 15% | 54% |
| Pensioners' portion of obligations | 36% | 43% | 42% |
| | | | |
| Weighted average duration | 17 years | 17 years | 14 years |
| **2021** | | | |
| Active members' portion of obligations | 44% | 43% | 5% |
| Dormant pension rights | 27% | 16% | 56% |
| Pensioners' portion of obligations | 29% | 41% | 39% |
| | | | |
| Weighted average duration | 20 years | 19 years | 20 years |

**Plan assets**

| | 2022 | 2021 |
|---|---|---|
| January 1 | 26,034 | 21,911 |
| Estimated return on plan assets | 445 | 330 |
| Funds contributed by employers | 444 | 359 |
| Funds contributed by employees | 5 | 6 |
| Benefits paid | -501 | -439 |
| Difference between actual return and estimated return | -5,727 | 2,357 |
| Curtailments and settlements | 2 | 0 |
| Exchange rate differences | 500 | 1,510 |
| **Plan assets, fair value** | **21,202** | **26,034** |

Amounts contributed are expected to total SEK 100 M in 2023.

**Plan assets not included in carrying amount due to the limit in the ceiling rule**

| | 2022 | 2021 |
|---|---|---|
| January 1 | 61 | 46 |
| Change during the year | -31 | 15 |
| **Plan assets not included in carrying amount** | **30** | **61** |

*Note 28. Pensions, cont.*

**Plan assets and return by country**

| 2022 | Sweden | Norway | UK |
|---|---|---|---|
| Equities | 26% | 38% | 11% |
| Interest-bearing securities | 35% | 50% | 58% |
| Alternative investments | 39% | 12% | 31% |
| | | | |
| Estimated return | 1.60% | 1.90% | 1.60% |
| Actual return | -4.70% | -7.60% | -33.60% |
| | | | |
| **2021** | | | |
| Equities | 30% | 42% | 12% |
| Interest-bearing securities | 33% | 45% | 68% |
| Alternative investments | 37% | 13% | 20% |
| | | | |
| Estimated return | 1.10% | 1.80% | 1.40% |
| Actual return | 21.70% | 10.50% | 8.20% |

**Total plan assets by asset class**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| **Equities and mutual funds** | | |
| Swedish equities and mutual funds | 513 | 655 |
| Norwegian equities and mutual funds | 939 | 1,037 |
| UK equities and mutual funds | 620 | 875 |
| Global mutual funds | 2,918 | 4,084 |
| **Total equities and mutual funds** | **4,990** | **6,651** |
| | | |
| **Interest-bearing securities** | | |
| Swedish bonds | 1,839 | 1,699 |
| Norwegian bonds | 1,556 | 1,195 |
| UK bonds | 5,065 | 6,350 |
| Bonds in other countries | 1,908 | 4,870 |
| **Total interest-bearing securities** | **10,368** | **14,114** |
| | | |
| **Alternative investments** | | |
| Hedge funds | 530 | 469 |
| Property investments | 1,976 | 2,144 |
| Projects in the PPP portfolio | 629 | 602 |
| Other | 2,709 | 2,054 |
| **Total alternative investments** | **5,844** | **5,269** |
| | | |
| **Total plan assets** | **21,202** | **26,034** |

Equities and mutual funds, interest-bearing securities and hedge funds were measured at current market prices. Property investments and infrastructure projects were measured by discounting future cash flows.

75 percent of total plan assets have a quoted price on an active market.

**Actuarial assumptions**

| 2022 | Sweden | Norway | UK |
|---|---|---|---|
| **Financial assumptions** | | | |
| Discount rate, January 1 | 1.60% | 1.90% | 1.60% |
| Discount rate, December 31 | 3.70% | 3.20% | 4.70% |
| Estimated return on plan assets for the period | 1.60% | 1.90% | 1.60% |
| Expected pay increase, December 31 | 3.25% | 3.00% | 3.50% |
| Expected inflation, December 31 | 2.00% | 2.25% | 3.25% |
| | | | |
| **Demographic assumptions** | | | |
| Life expectancy after age 65, men | 23 years | 22 years | 22 years |
| Life expectancy after age 65, women | 25 years | 25 years | 24 years |
| Life expectancy table | DUS14 | K2013 | S3 2021 |

| 2021 | Sweden | Norway | UK |
|---|---|---|---|
| **Financial assumptions** | | | |
| Discount rate, January 1 | 1.10% | 1.80% | 1.40% |
| Discount rate, December 31 | 1.60% | 1.90% | 1.60% |
| Estimated return on plan assets for the period | 1.10% | 1.80% | 1.40% |
| Expected pay increase, December 31 | 3.25% | 2.50% | 3.50% |
| Expected inflation, December 31 | 2.00% | 1.75% | 3.25% |
| | | | |
| **Demographic assumptions** | | | |
| Life expectancy after age 65, men | 23 years | 22 years | 22 years |
| Life expectancy after age 65, women | 25 years | 25 years | 24 years |
| Life expectancy table | DUS14 | K2013 | S3 2020 |

All three countries where Skanska has defined-benefit plans have an extensive market for high-grade long-term corporate bonds, including mortgage bonds. The discount rate is established on the basis of the market yield for these bonds on the closing day.

*Note 28. Pensions, cont.*

**Sensitivity of pension obligations to changes in assumptions**

| | Sweden | Norway | UK | Total[1] |
|---|---|---|---|---|
| Pension obligations, December 31, 2022 | 8,876 | 4,831 | 7,986 | 21,693 |
| Discount rate increase of 0.25% | -375 | -225 | -300 | -900 |
| Discount rate decrease of 0.25% | 375 | 225 | 300 | 900 |
| Increase of 0.25% in expected pay increase | 100 | 100 | 0 | 200 |
| Decrease of 0.25% in expected pay increase | -100 | -100 | 0 | -200 |
| Increase of 0.25% in expected inflation | 300 | 125 | 150 | 575 |
| Decrease of 0.25% in expected inflation | -300 | -125 | -150 | -575 |
| Life expectancy increase of 1 year | 325 | 225 | 200 | 750 |

1 Estimated change in pension obligation/pension liability if the assumption is increased or decreased for all three countries. If pension liability increases for all three countries, the Group's equity is reduced by 90 percent of the increase in the pension liability after taking into account deferred tax and social insurance contributions.

**Sensitivity of plan assets to changes in estimated return and actual return**

| | Sweden | Norway | UK | Total[1] |
|---|---|---|---|---|
| Plan assets, December 31, 2022 | 5,985 | 6,464 | 8,753 | 21,202 |
| Return increase of 5% | 300 | 325 | 425 | 1,050 |
| Return decrease of 5% | -300 | -325 | -425 | -1,050 |

1 If the actual return exceeds the estimated return by 5 percent, the gain upon remeasurement is expected to amount to SEK 1,050 M. If the actual return falls below the estimated return by 5 percent, the loss upon remeasurement is expected to amount to SEK 1,050 M.

The sensitivity analyses are based on existing circumstances, assumptions and populations. Application at other levels may produce different effects of changes.

**Defined-contribution plans**

These plans mainly cover retirement pension, disability pension and family pension. The premiums are paid regularly during the year by the respective Group company to separate legal entities, for example insurance companies. The size of the premium is based on salary. The pension expenses for the period are included in the income statement.

**Total pension expenses in the income statement for defined-benefit plans and defined-contribution plans**

| | 2022 | 2021 |
|---|---|---|
| Defined-benefit pension plans vested during the year | -532 | -516 |
| Less: Funds contributed by employees | 5 | 6 |
| Interest on obligations | -493 | -400 |
| Estimated return on plan assets | 445 | 330 |
| Curtailments and settlements | 11 | 69 |
| **Pension expenses, defined-benefit plans** | **-564** | **-511** |
| | | |
| Pension expenses, defined-contribution plans | -1,829 | -1,786 |
| Social insurance contributions, defined-benefit and defined-contribution plans[1] | -168 | -168 |
| **Total pension expenses** | **-2,561** | **-2,465** |

1 Refers to special payroll tax in Sweden and employer contribution in Norway.

**Allocation of pension expenses in the income statement**

| | 2022 | 2021 |
|---|---|---|
| Cost of sales | -1,989 | -1,915 |
| Selling and administrative expenses | -524 | -480 |
| Financial items | -48 | -70 |
| **Total pension expenses** | **-2,561** | **-2,465** |

## **Note 29.** Provisions

Provisions are reported in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. See Note 1.

Provisions are allocated in the statement of financial position between non-current liabilities and current liabilities. Provisions are both interest-bearing and non-interest-bearing. Provisions that are part of the operating cycle are recognized as current. Interest-bearing provisions that fall due within a year are treated as current.

**Current provisions**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Non-interest-bearing | 10,368 | 11,239 |
| **Total** | **10,368** | **11,239** |

The change in provisions broken down into reserve for legal disputes, provision for warranty obligations and other provisions is presented in the table below. Regarding the reserve for legal disputes, see also Note 33.

| | Reserve for legal disputes | | Provision for warranty obligations | | Other provisions | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| January 1 | 2,413 | 1,786 | 3,892 | 3,514 | 4,935 | 5,026 | 11,239 | 10,326 |
| Divested provisions | | | -17 | | -5 | -18 | -22 | -18 |
| Provisions for the year | 527 | 888 | 1,475 | 1,402 | 1,383 | 721 | 3,386 | 3,011 |
| Provisions utilized | -309 | -228 | -780 | -638 | -2,092 | -607 | -3,181 | -1,473 |
| Unutilized amounts that were reversed, change in value | -189 | -115 | -962 | -448 | -213 | -240 | -1,365 | -803 |
| Exchange rate differences | 121 | 79 | 170 | 115 | 169 | 107 | 459 | 300 |
| Reclassifications | 82 | 3 | -9 | -53 | -222 | -54 | -148 | -104 |
| **December 31** | **2,644** | **2,413** | **3,770** | **3,892** | **3,954** | **4,935** | **10,368** | **11,239** |

**Specification of "Other provisions"**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Provisions for restructuring measures | 124 | 210 |
| Employee-related provisions | 366 | 316 |
| Environmental obligations | 127 | 124 |
| Provision for social insurance contributions for pensions and share-based payments | 669 | 1,554 |
| Contingent considerations[1] | 469 | 585 |
| Provisions for commitments in joint ventures | 210 | 253 |
| Provisions for losses | 604 | 678 |
| Provisions for completed projects | 837 | 662 |
| Damage restoration | 161 | 129 |
| Tax and VAT (other than corporate tax) | 87 | 121 |
| Other provisions | 299 | 303 |
| **Total** | **3,954** | **4,935** |

1 Acquisitions of current-asset properties. These are reported as financial instruments. See Note 6.

The normal cycle time for "Other provisions" is one to three years.

Provisions for legal disputes are provisions in the Construction business stream for projects that have been completed, as well as other disputes.

Provisions for warranty obligations are for expenses that may arise during the warranty period and for rent guarantees for properties sold by the Commercial Property Development business stream. Such provisions in Construction are based on individual assessments of each project or average experience-based cost, expressed as a percentage of sales during a five-year period. The expenses are charged to each project on a continuous basis. Provisions for warranty obligations in other business streams are based on individual assessments of each project. The change in 2022 was mainly related to Construction and Residential Development.

Provisions for restructuring measures mainly consist of items related to Poland, the Czech Republic and the discontinuation of operations in Latin America.

Employee-related provisions consist of items such as the cost of profit-sharing, certain bonus programs and other obligations to employees.

Provisions for environmental obligations include the cost of restoring gravel pits to their natural state in Swedish operations.

## **Note 30.** Other operating liabilities

Non-interest-bearing liabilities in business operations are recognized as "Other operating liabilities." Such liabilities are part of the Group's operating cycle and are recognized as current liabilities.

| | **Dec 31, 2022** | **Dec 31, 2021** |
|---|---|---|
| Trade accounts payable | 13,998 | 12,426 |
| Other operating liabilities to associated companies | | 11 |
| Other operating liabilities[1] | 8,681 | 7,242 |
| Accrued expenses and prepaid income | 19,161 | 16,963 |
| **Total** | **41,840** | **36,642** |
| Of which financial instruments reported in Note 6 Financial instruments and financial risk management | | |
| Trade accounts payable | 13,998 | 12,426 |
| Other operating liabilities including accrued interest expense | 694 | 367 |
| | **14,692** | **12,794** |
| Of which non-financial instruments | 27,148 | 23,848 |

1 "Other operating liabilities" includes SEK 407 M (259) for checks issued but not yet cashed, mainly in the USA. See Note 1.

## **Note 31.** Specification of interest-bearing net receivables/net liabilities per asset and liability

| | Dec 31, 2022 | | | Dec 31, 2021[1] | | |
|---|---|---|---|---|---|---|
| | **Interest-bearing** | **Non-interest-bearing** | **Total** | **Interest-bearing** | **Non-interest-bearing** | **Total** |
| **ASSETS** | | | | | | |
| **Non-current assets** | | | | | | |
| Investment properties | | 3,758 | 3,758 | | | |
| Property, plant and equipment | | 7,803 | 7,803 | | 7,279 | 7,279 |
| Property, plant and equipment, right-of-use assets | | 3,256 | 3,256 | | 3,314 | 3,314 |
| Goodwill | | 4,160 | 4,160 | | 3,934 | 3,934 |
| Other intangible assets | | 488 | 488 | | 676 | 676 |
| Investments in joint ventures and associated companies | | 2,901 | 2,901 | | 2,185 | 2,185 |
| Non-current financial assets | 3,569 | 38 | 3,607 | 3,838 | 37 | 3,875 |
| Deferred tax assets | | 995 | 995 | | 1,984 | 1,984 |
| **Total non-current assets** | **3,569** | **23,401** | **26,970** | **3,838** | **19,409** | **23,247** |
| | | | | | | |
| **Current assets** | | | | | | |
| Current-asset properties | | 58,474 | 58,474 | | 49,745 | 49,745 |
| Current-asset properties, right-of-use assets | | 3,676 | 3,676 | | 3,289 | 3,289 |
| Inventories | | 1,300 | 1,300 | | 1,090 | 1,090 |
| Current financial assets | 14,313 | 99 | 14,413 | 18,747 | 63 | 18,810 |
| Tax assets | | 1,248 | 1,248 | | 1,247 | 1,247 |
| Contract assets | | 7,772 | 7,772 | | 5,451 | 5,451 |
| Other operating receivables | | 27,726 | 27,726 | | 25,212 | 25,212 |
| Cash and bank balances | 10,014 | | 10,014 | 10,947 | | 10,947 |
| **Total current assets** | **24,327** | **100,296** | **124,623** | **29,694** | **86,098** | **115,791** |
| **TOTAL ASSETS** | **27,896** | **123,697** | **151,593** | **33,531** | **105,507** | **139,039** |

1 Restated as described in Note 43.

*Note 31. Specification of interest-bearing net receivables/net liabilities per asset and liability, cont.*

| | Dec 31, 2022 | | | Dec 31, 2021[1] | | |
|---|---|---|---|---|---|---|
| | **Interest-bearing** | **Non-interest-bearing** | **Total** | **Interest-bearing** | **Non-interest-bearing** | **Total** |
| **LIABILITIES** | | | | | | |
| **Non-current liabilities** | | | | | | |
| Non-current financial liabilities | 2,714 | | 2,714 | 3,389 | | 3,389 |
| Lease liabilities | 6,328 | | 6,328 | 6,040 | | 6,040 |
| Pensions | 2,891 | | 2,891 | 5,936 | | 5,936 |
| Deferred tax liabilities | | 1,943 | 1,943 | | 1,254 | 1,254 |
| **Total non-current liabilities** | **11,933** | **1,943** | **13,876** | **15,365** | **1,254** | **16,619** |
| | | | | | | |
| **Current liabilities** | | | | | | |
| Current financial liabilities | 4,704 | 150 | 4,854 | 4,649 | 131 | 4,780 |
| Lease liabilities | 953 | | 953 | 920 | | 920 |
| Tax liabilities | | 388 | 388 | | 710 | 710 |
| Current provisions | | 10,368 | 10,368 | | 11,239 | 11,239 |
| Contract liabilities | | 24,059 | 24,059 | | 22,664 | 22,664 |
| Other operating liabilities | | 41,840 | 41,840 | | 36,642 | 36,642 |
| **Total current liabilities** | **5,657** | **76,805** | **82,462** | **5,569** | **71,386** | **76,955** |
| **TOTAL LIABILITIES** | **17,590** | **78,748** | **96,338** | **20,933** | **72,640** | **93,574** |
| **Total equity** | | | **55,255** | | | **45,465** |
| **EQUITY AND LIABILITIES** | | | **151,593** | | | **139,039** |
| | | | | | | |
| Interest-bearing net receivables/net liabilities (+/-) | 10,306 | | | 12,598 | | |

1 Restated as described in Note 43.

## **Note 32.** Expected recovery periods for assets and liabilities

| | Dec 31, 2022 | | | Dec 31, 2021[1] | | |
|---|---|---|---|---|---|---|
| **Amounts expected to be recovered** | **Within 12 months** | **After 12 months** | **Total** | **Within 12 months** | **After 12 months** | **Total** |
| **ASSETS** | | | | | | |
| **Non-current assets** | | | | | | |
| Investment properties | | 3,758 | 3,758 | | | |
| Property, plant and equipment[2] | 1,602 | 6,201 | 7,803 | 1,555 | 5,724 | 7,279 |
| Property, plant and equipment, right-of-use assets[2] | 901 | 2,356 | 3,256 | 908 | 2,406 | 3,314 |
| Goodwill | | 4,160 | 4,160 | | 3,934 | 3,934 |
| Other intangible assets[2] | 211 | 277 | 488 | 205 | 471 | 676 |
| Investments in joint ventures and associated companies[3] | | 2,901 | 2,901 | | 2,185 | 2,185 |
| Non-current financial assets | | 3,607 | 3,607 | | 3,875 | 3,875 |
| Deferred tax assets[4] | | 995 | 995 | | 1,984 | 1,984 |
| **Total non-current assets** | **2,714** | **24,256** | **26,970** | **2,668** | **20,579** | **23,247** |
| | | | | | | |
| **Current assets** | | | | | | |
| Current-asset properties[5] | 20,600 | 34,874 | 58,474 | 19,900 | 29,845 | 49,745 |
| Current-asset properties, right-of-use assets[5] | 400 | 3,276 | 3,676 | 400 | 2,889 | 3,289 |
| Inventories | 1,128 | 172 | 1,300 | 1,002 | 88 | 1,090 |
| Current financial assets | 14,413 | | 14,413 | 18,810 | | 18,810 |
| Tax assets | 1,248 | | 1,248 | 1,247 | | 1,247 |
| Contract assets[6] | 6,839 | 933 | 7,772 | 4,140 | 1,311 | 5,451 |
| Other operating receivables[6] | 20,235 | 7,491 | 27,726 | 19,570 | 5,642 | 25,212 |
| Cash and bank balances | 10,014 | | 10,014 | 10,947 | | 10,947 |
| **Total current assets** | **74,877** | **46,746** | **124,623** | **76,016** | **39,775** | **115,791** |
| **TOTAL ASSETS** | **77,591** | **71,002** | **151,593** | **78,684** | **60,354** | **139,039** |

1 Restated as described in Note 43.
2 In the case of amounts expected to be recovered within 12 months, the expected annual depreciation/amortization has been recognized.
3 The breakdown cannot be estimated.
4 Deferred tax assets are expected to be recovered in their entirety after 12 months.
5 Recovery of current-asset properties and right-of-use assets within one year is based on an historical assessment of the past three years.
6 Current receivables that fall due in more than 12 months' time are part of the operating cycle and are thus recognized as current.

*Note 32. Expected recovery periods for assets and liabilities, cont.*

| | Dec 31, 2022 | | | Dec 31, 2021[1] | | |
|---|---|---|---|---|---|---|
| **Amounts expected to be paid** | **Within 12 months** | **After 12 months** | **Total** | **Within 12 months** | **After 12 months** | **Total** |
| **LIABILITIES** | | | | | | |
| **Non-current liabilities** | | | | | | |
| Non-current financial liabilities | | 2,714 | 2,714 | | 3,389 | 3,389 |
| Lease liabilities | | 6,328 | 6,328 | | 6,040 | 6,040 |
| Pensions [2] | 291 | 2,600 | 2,891 | 275 | 5,661 | 5,936 |
| Deferred tax liabilities | | 1,943 | 1,943 | | 1,254 | 1,254 |
| **Total non-current liabilities** | **291** | **13,585** | **13,876** | **275** | **16,344** | **16,619** |
| **Current liabilities** | | | | | | |
| Current financial liabilities | 3,165 | 1,689 | 4,854 | 3,016 | 1,764 | 4,780 |
| Lease liabilities | 953 | | 953 | 920 | | 920 |
| Tax liabilities | 388 | | 388 | 710 | | 710 |
| Current provisions | 3,846 | 6,522 | 10,368 | 5,403 | 5,836 | 11,239 |
| Contract liabilities | 19,444 | 4,615 | 24,059 | 18,047 | 4,617 | 22,664 |
| Other operating liabilities | 38,694 | 3,146 | 41,840 | 33,715 | 2,927 | 36,642 |
| **Total current liabilities** | **66,490** | **15,972** | **82,462** | **61,811** | **15,144** | **76,955** |
| **TOTAL LIABILITIES** | **66,781** | **29,557** | **96,338** | **62,086** | **31,488** | **93,574** |
| **Total equity** | | | **55,255** | | | **45,465** |
| **EQUITY AND LIABILITIES** | | | **151,593** | | | **139,039** |

1 Restated as described in Note 43.
2 "Within 12 months" refers to expected benefit payments (payments from funded plans are not included).

## **Note 33.** Assets pledged, contingent liabilities and contingent assets

**Assets pledged**

| | **Dec 31, 2022** | **Dec 31, 2021** |
|---|---|---|
| Shares and participations | 2 328 | 1 424 |
| Receivables | 772 | 979 |
| **Total** | **3 100** | **2 402** |

Joint ventures within the PPP portfolio are reported as pledged assets when the holdings in the project company – which may be owned directly by Skanska or owned through intermediary holding companies – are provided as security for loans from banks or lenders other than the co-owners.

**Assets pledged for liabilities**

| | Shares and receivables | |
|---|---|---|
| | **Dec 31, 2022** | **Dec 31, 2021** |
| **Own obligations** | | |
| Other liabilities | 772 | 979 |
| **Total own obligations** | **772** | **979** |
| Other obligations | 2 328 | 1 424 |
| **Total** | **3 100** | **2 402** |

Assets pledged for other liabilities, SEK 0.8 billion (1.0), relate predominantly to financial instruments pledged as collateral to clients in conjunction with contracting work in the USA.

*Note 33. Assets pledged, contingent liabilities and contingent assets, cont.*

**Contingent liabilities**
Contingent liabilities are reported in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. See Note 1.

Contingent liabilities, excluding obligations for partners' future performance in joint operations, amounted to SEK 1,339 M (1,311). This amount is mainly related to joint ventures and tenant-owners' associations within the Commercial Property Development and Residential Development operating segments.

Skanska's obligations for partners' future performance in joint operations relate to contracting work within Construction and Project Development. If a partner does not fulfill its part of the contract the other partners have joint and several liability for ensuring that this part of the contract is also fulfilled. Partners' share of future performance in joint operations amounts to SEK 55,874) M (56,610). In the event Skanska takes over part of the completion obligation, Skanska's order backlog will increase correspondingly.

Skanska selectively forms joint operations and joint ventures when this is beneficial in view of project size and/or the type of commitments involved in the project. Combining expertise and resources with other construction companies is then a means of optimizing project planning and execution as well as managing specific project risks. External partners in these arrangements are scrutinized in accordance with the tender approval process. For more information regarding joint operations and joint ventures, see Note 20 B and Note 20 C.

In 2017, Skanska Finland was notified that the prosecutor had requested a corporate fine in connection to a bribery investigation involving a former real estate manager in another company and concerning certain sports sponsorship payments that Skanska Finland made before 2013. Skanska Finland's manager was also a defendant in the case. Skanska has actively cooperated with the prosecutor and police since the start of the investigation. In 2019, the Helsinki District Court dismissed the charges against Skanska Finland and Skanska Finland's manager as well as the demand for a corporate fine. The prosecutor appealed the decision. The Court of Appeal decided in April 2022 to uphold the District Court's decision to dismiss the charges against Skanska Finland and Skanska Finland's manager as well as the demand for a corporate fine. The decision was not appealed and thus the case was officially closed in 2022.

The Brazilian competition authority, the Administrative Council of Economic Defense ("CADE"), and the Comptroller General of the Union ("CGU") initiated in 2015 administrative procedures against Skanska Brasil in relation to certain Petrobras projects. In 2016, CGU decided that Skanska Brasil shall be excluded from public tenders during no less than two years. Skanska Brasil's appeal is still pending. CADE has yet to decide on the cartel case. Other authorities in Brasil have initiated legal proceedings relating to the same transactions. In 2016, the Attorney General of the Union ("AGU") commenced a lawsuit against seven companies including Skanska Brasil. The charges focused on claims of inappropriate payments by a joint venture partner. Both courts of first and second instance rejected the claim against Skanska Brasil. AGU appealed the decision to the Superior Court, which in 2022 decided to uphold the lower court's decision to reject the claim against Skanska Brasil.

The Federal Audit Court ("TCU") is an authority auditing public contracts, including those of Petrobras, and Skanska Brasil has some contracts under TCU review. In 2020, TCU decided in principle that damages for overpricing in all contracts entered into by members of the Petrobras cartel can be made in accordance with an econometric model. TCU has in an audit-report in 2020 recommended application of the model to calculate damages for overpricing in a contract with Petrobras that Skanska Brasil performed in joint venture with others. TCU decided in April 2021, based on the econometric damage calculation, to start an administrative process regarding alleged overpricing in the project. Skanska Brasil has submitted defense. A final decision by TCU is expected during 2023.

In February 2022, TCU completed an investigation regarding alleged inaccuracies in two change orders in the above-mentioned project. The investigation claims that Petrobas wrongfully paid a larger amount to the joint venture as compensation for Petrobras delaying the project by two years. TCU has not yet decided whether an administrative process should be started in this case.

In 2006, tax authorities in Argentina started investigating about 120 companies, including Skanska S.A., for use of fake invoices. Skanska cooperated with the authorities and corrected its tax returns. The Appeal Court found in 2011 no evidence of wrongdoings. However, the Federal Criminal Court decided in 2017 to once again indict a large number of individuals including ten former Skanska employees. A trial date has not been set. Skanska sold its Argentine business in 2015, but is managing the case due to an ongoing obligation to the buyer.

**Contingent assets**
The Group has no contingent assets of significant importance in assessing the position of the Group. See Note 1.

## **Note 34.** Foreign exchange rates and effect of changes in foreign exchange rates

Exchange rates are dealt with in accordance with IAS 21 The Effect of Changes in Foreign Exchange Rates. See Note 1.

**Exchange rates**
The SEK exchange rate fluctuated during the year against currencies in countries in which the Group does business.

| | | Average exchange rate | | | Change, % | |
|---|---|---|---|---|---|---|
| **Currency** | **Country** | **2022** | **2021** | **2020** | **2021–2022** | **2020–2021** |
| CZK | Czech Republic | 0.433 | 0.396 | 0.397 | 9 | 0 |
| DKK | Denmark | 1.429 | 1.364 | 1.407 | 5 | -3 |
| EUR | EU | 10.628 | 10.146 | 10.488 | 5 | -3 |
| GBP | UK | 12.463 | 11.800 | 11.809 | 6 | 0 |
| NOK | Norway | 1.052 | 0.998 | 0.979 | 5 | 2 |
| PLN | Poland | 2.269 | 2.222 | 2.362 | 2 | -6 |
| USD | USA | 10.117 | 8.580 | 9.212 | 18 | -7 |

| | | Closing day exchange rate | | | Change, % | |
|---|---|---|---|---|---|---|
| **Currency** | **Country** | **2022** | **2021** | **2020** | **2021–2022** | **2020–2021** |
| CZK | Czech Republic | 0.459 | 0.409 | 0.384 | 12 | 7 |
| DKK | Denmark | 1.490 | 1.377 | 1.352 | 8 | 2 |
| EUR | EU | 11.077 | 10.239 | 10.054 | 8 | 2 |
| GBP | UK | 12.488 | 12.195 | 11.154 | 2 | 9 |
| NOK | Norway | 1.055 | 1.025 | 0.956 | 3 | 7 |
| PLN | Poland | 2.364 | 2.230 | 2.219 | 6 | 0 |
| USD | USA | 10.374 | 9.060 | 8.193 | 15 | 11 |

*Note 34. Foreign exchange rates and effect of changes in foreign exchange rates, cont.*

**Income statement**
In 2022 the average exchange rate for SEK weakened against all of the Group's other currencies. The total exchange rate effect on the Group's revenue was SEK 14,072 M (-4,603), equivalent to 9.8 (-2.9) percent. The total exchange rate effect on the Group's operating income was SEK 587 M (-201), equivalent to 7.1 (-1.6) percent. See the table below.

| 2022 | USD | EUR | GBP | NOK | CZK | PLN | Other | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue | 10,812 | 694 | 933 | 918 | 634 | 81 | 0 | 14,072 |
| Operating income | 377 | 83 | 24 | 54 | 46 | 4 | -1 | 587 |
| Income after financial items | 447 | 75 | 26 | 60 | 54 | 4 | -1 | 665 |
| Profit for the period | 281 | 62 | 18 | 47 | 42 | 3 | -1 | 452 |

| 2021 | USD | EUR | GBP | NOK | CZK | PLN | Other | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue | -4,195 | -455 | -10 | 289 | -13 | -218 | -1 | -4,603 |
| Operating income | -174 | -34 | -1 | 15 | -1 | -11 | 5 | -201 |
| Income after financial items | -445 | -29 | -1 | 16 | -1 | -10 | 3 | -467 |
| Profit for the period | -405 | -25 | 0 | 12 | -1 | -12 | 3 | -428 |

**Consolidated statement of financial position by functional currency**
Consolidated total assets increased by SEK 12.6 billion, from SEK 139.0 billion to SEK 151.6 billion. The effect of changes in foreign exchange rates was SEK 8.6 billion. The closing exchange rate for SEK was weaker against all currencies in countries in which the Group does business.

| Dec 31, 2022, SEK bn | USD | GBP | EUR | NOK | CZK | PLN | DKK | Other foreign currencies[1] | Hedges of foreign currency[2] | SEK | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | |
| Investment properties | | | | | | | | | | 3.8 | 3.8 |
| Property, plant and equipment | 1.8 | 0.6 | 0.4 | 2.5 | 0.7 | 0.1 | 0.0 | 0.0 | | 1.8 | 7.8 |
| Property, plant and equipment, right-of-use assets | 0.8 | 0.8 | 0.4 | 0.5 | 0.2 | 0.1 | 0.0 | 0.0 | | 0.6 | 3.3 |
| Intangible assets | 0.5 | 1.4 | 0.6 | 1.3 | 0.1 | 0.0 | 0.0 | 0.0 | | 0.8 | 4.6 |
| Shares and participations | 1.5 | 0.0 | 0.2 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | | 1.1 | 2.9 |
| Interest-bearing receivables | 33.0 | 4.3 | 3.7 | 6.3 | 2.7 | 1.8 | 0.0 | -42.8 | | 8.9 | 17.9 |
| Current-asset properties | 13.3 | 4.6 | 14.9 | 4.1 | 1.8 | 1.8 | 2.4 | -16.2 | | 15.5 | 58.5 |
| Current-asset properties, right-of-use assets | 2.5 | 0.0 | 0.5 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | | 0.5 | 3.7 |
| Non-interest-bearing receivables | 19.6 | 4.6 | 2.9 | 4.8 | 1.9 | 0.7 | 0.0 | 0.0 | | 4.5 | 39.1 |
| Cash and cash equivalents | 1.3 | 0.1 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | | 8.4 | 10.0 |
| **Total** | **74.4** | **16.4** | **23.5** | **19.6** | **7.5** | **4.5** | **2.5** | **-59.0** | **0.0** | **45.9** | **151.6** |
| | | | | | | | | | | | |
| **Equity and liabilities** | | | | | | | | | | | |
| Equity attributable to equity holders[3] | 11.9 | 1.6 | 4.5 | 5.7 | 3.3 | 0.4 | 1.0 | 0.1 | -0.1 | 26.7 | 55.1 |
| Non-controlling interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | | 0.0 | 0.1 |
| Interest-bearing liabilities | 29.8 | 6.6 | 12.0 | 3.4 | 0.5 | 1.6 | 1.3 | -42.9 | 0.1 | 5.2 | 17.6 |
| Non-interest-bearing liabilities | 32.6 | 8.2 | 6.9 | 10.6 | 3.6 | 2.5 | 0.2 | 0.1 | | 14.1 | 78.7 |
| **Total** | **74.4** | **16.4** | **23.5** | **19.6** | **7.5** | **4.5** | **2.5** | **-42.8** | **0.0** | **45.9** | **151.6** |

1 Including elimination of intra-Group receivables and liabilities.
2 Amount refers to hedges before tax deduction. Net investments abroad are currency-hedged to a certain extent through foreign currency loans and forward currency contracts. See also Note 6. Hedging of net investments through foreign currency loans, mainly in GBP, amounts to SEK 90 M.
3 The respective currencies are calculated including goodwill on consolidation and the net amount of Group surpluses after deducting deferred taxes.

*Note 34. Foreign exchange rates and effect of changes in foreign exchange rates, cont.*

| Dec 31, 2021, SEK bn | USD | GBP | EUR | NOK | CZK | PLN | DKK | Other foreign currencies[1] | Hedges of foreign currency[2] | SEK | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | |
| Property, plant and equipment | 1.8 | 0.4 | 0.5 | 2.3 | 0.5 | 0.1 | 0.0 | 0.1 | | 1.6 | 7.3 |
| Property, plant and equipment, right-of-use assets | 0.7 | 0.7 | 0.4 | 0.5 | 0.2 | 0.1 | 0.0 | -0.1 | | 0.8 | 3.3 |
| Intangible assets | 0.6 | 1.4 | 0.6 | 1.2 | 0.1 | 0.0 | 0.0 | -0.1 | | 0.8 | 4.6 |
| Shares and participations | 0.7 | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 | | 1.2 | 2.2 |
| Interest-bearing receivables | 34.5 | 4.8 | 4.0 | 5.5 | 2.5 | 1.7 | 0.0 | -41.2 | | 10.7 | 22.5 |
| Current-asset properties | 8.3 | 2.6 | 14.4 | 4.2 | 1.6 | 1.4 | 1.5 | 0.1 | | 15.6 | 49.7 |
| Current-asset properties, right-of-use assets | 2.2 | 0.0 | 0.4 | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 | | 0.5 | 3.3 |
| Non-interest-bearing receivables | 16.1 | 3.0 | 3.1 | 3.8 | 1.6 | 0.9 | 0.0 | 0.0 | | 6.6 | 35.1 |
| Cash and cash equivalents | 1.6 | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | | 9.1 | 11.0 |
| **Total** | **66.5** | **12.9** | **23.6** | **17.6** | **6.7** | **4.3** | **1.5** | **-41.0** | **0.0** | **46.9** | **139.0** |
| | | | | | | | | | | | |
| **Equity and liabilities** | | | | | | | | | | | |
| Equity attributable to equity holders[3] | 14.0 | 1.8 | 4.1 | 5.2 | 2.7 | 0.3 | 1.5 | 0.0 | -0.1 | 15.9 | 45.4 |
| Non-controlling interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | | 0.0 | 0.1 |
| Interest-bearing liabilities | 24.0 | 4.0 | 12.6 | 3.3 | 0.2 | 1.3 | 0.0 | -41.4 | 0.1 | 16.9 | 21.0 |
| Non-interest-bearing liabilities | 28.5 | 7.1 | 6.9 | 9.1 | 3.7 | 2.7 | 0.0 | 0.4 | | 14.1 | 72.5 |
| **Total** | **66.5** | **12.9** | **23.6** | **17.6** | **6.7** | **4.3** | **1.5** | **-41.0** | **0.0** | **46.9** | **139.0** |

1 Including elimination of intra-Group receivables and liabilities.

2 Amount refers to hedges before tax deduction. Net investments abroad are currency-hedged to a certain extent through foreign currency loans and forward currency contracts. See also Note 6. Hedging of net investments through foreign currency loans, mainly in GBP, amounts to SEK 85 M.

3 The respective currencies are calculated including goodwill on consolidation and the net amount of Group surpluses after deducting deferred taxes.

**Effect on the Group of a change in SEK against other currencies and change in USD against SEK**

The following sensitivity analysis, based on the 2022 income statement and statement of financial position, shows the sensitivity of the Group to a unilateral 10-percent change in SEK against all currencies, as well as a unilateral 10-percent change in USD against SEK (+ indicates a weakening of SEK, - indicates a strengthening of SEK).

| SEK bn | +/-10% | of which USD +/-10% |
|---|---|---|
| Revenue | +/-13.3 | +/-7.1 |
| Operating income | +/-0.7 | +/-0.2 |
| Equity | +/-2.8 | +/-1.2 |
| Net receivables/net liabilities | +/-0.2 | +/-0.4 |

**Other**

For information on the change in the translation reserve in equity, see Note 26.

## **Note 35.** Cash flow statement

Aside from the cash flow statement prepared in accordance with IAS 7 Statement of Cash Flows, Skanska prepares a cash flow statement based on the operations carried out by the respective business streams. This cash flow statement is called the "Consolidated operating cash flow statement." The connection between the respective cash-flow statements is explained below.

**Adjustments for items not included in cash flow/items to be included in cash flow**

| | 2022 | 2021 |
|---|---|---|
| Depreciation/amortization and impairment losses/reversals of impairment losses | 2,789 | 2,966 |
| Income from divestments of non-current assets and current-asset properties | -5,674 | -6,057 |
| Gain/loss on divestment of subsidiaries | -108 | -686 |
| Income after financial items from joint ventures and associated companies | -453 | -444 |
| Dividends from joint ventures and associated companies | 504 | 742 |
| Provision for the year, intra-Group profits on contracting work | 466 | 422 |
| Pensions recognized as expenses but not related to payments | 516 | 441 |
| Pensions paid | -768 | -699 |
| Cost of Seop, employee ownership programs | 471 | 388 |
| Change in value, investment properties | -1,692 | |
| Gain/loss on joint ventures divested | -186 | -4 |
| Other items that have not affected cash flow from operating activities | | -48 |
| **Total** | **-4,136** | **-2,979** |

**Taxes paid**
Taxes paid are divided into operating activities, investing activities and financing activities. Total taxes paid for the Group during the year amounted to SEK -1,501 M (-3,596).

**Information about interest and dividends**

| | 2022 | 2021 |
|---|---|---|
| Interest income received during the year | 355 | 68 |
| Interest paid during the year | 466 | 281 |
| Dividend received during the year | 535 | 742 |

**Cash and cash equivalents**
Cash and cash equivalents in the cash flow statement consist of cash and bank balances as well as short-term investments. The definition of cash and bank balances in the statement of financial position can be found in Note 1.

The same rule that was used to determine cash and cash equivalents in the statement of financial position has been used to determine cash and cash equivalents according to the cash flow statement. Only amounts that can be used without restrictions are recognized as cash and bank balances.

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Cash and bank balances | 10,014 | 10,947 |
| **Total** | **10,014** | **10,947** |

**Other**
At year-end, the Group's unutilized credit facilities amounted to SEK 6,053 M (6,591).

**Information about assets and liabilities in divested Group companies/businesses**

| | 2022 | 2021 |
|---|---|---|
| **Assets** | | |
| Intangible assets | | |
| Property, plant and equipment | -221 | -23 |
| Property, plant and equipment, right-of-use assets | | -288 |
| Current-asset properties | | -15 |
| Interest-bearing assets | -51 | |
| Non-interest-bearing assets | -348 | -406 |
| Cash and cash equivalents | -21 | -10 |
| **Total** | **-641** | **-742** |
| **Liabilities** | | |
| Non-controlling interests | | |
| Interest-bearing liabilities | | -296 |
| Non-interest-bearing liabilities | -507 | -388 |
| **Total** | **-507** | **-684** |
| Consideration | 219 | 770 |
| Exchange rate differences | -1 | -28 |
| Cash and cash equivalents in divested companies | -21 | -10 |
| **Effect on cash and cash equivalents, divestment** | **197** | **732** |

Group companies/businesses divested resulted in a gain of SEK 86 M (488). This is recognized under cost of sales.

**Relationship between the consolidated operating cash flow statement and the consolidated cash flow statement**
The difference between the consolidated operating cash flow statement and the consolidated cash flow statement in accordance with IAS 7 Statement of Cash Flows is presented below.

The consolidated cash flow statement prepared in accordance with IAS 7 recognizes cash flow divided into:
Cash flow from operating activities
Cash flow from investing activities
Cash flow from financing activities
The consolidated operating cash flow statement recognizes cash flow divided into:
Cash flow from business operations
Cash flow from financing activities
Cash flow from strategic investments
Dividend etc.
Change in interest-bearing receivables and liabilities

The consolidated operating cash flow statement refers to operating activities as "business operations." Unlike the cash flow statement in accordance with IAS 7, "business operations" also includes net investments, which are regarded as an element of business operations, together with tax payments on these. Such net investments are net investments in property, plant and equipment and intangible non-current assets, as well as net investments in the PPP portfolio.

Investments of a strategic nature are recognized under cash flow from strategic investments.

*Note 35. Cash flow statement, cont.*

Under cash flow from financing activities, the operating cash flow statement recognizes only interest and other financial items as well as taxes paid on these. Dividends are recognized separately. Loans provided and repayment of loans are also recognized separately along with changes in interest-bearing receivables at the bottom of the operating cash flow statement, resulting in a subtotal in that statement that shows cash flow before changes in interest-bearing receivables and liabilities.

**Cash flow for the year**

| | 2022 | 2021 |
|---|---|---|
| Cash flow from business operations including taxes paid according to operating cash flow | -1,823 | 5,070 |
| Less net investments in property, plant and equipment and intangible assets (including investment properties) | 2,266 | 2,336 |
| Less tax payments on property, plant and equipment and intangible assets divested | 37 | 30 |
| **Cash flow from operating activities** | **480** | **7,436** |
| Cash flow from strategic investments according to operating cash flow | 197 | 732 |
| Net investments in property, plant and equipment and intangible assets (including investment properties) | -2,266 | -2,336 |
| Increase and decrease in interest-bearing receivables | 6,026 | -9,734 |
| Taxes paid on divested property, plant and equipment and intangible assets | -37 | -30 |
| **Cash flow from investing activities** | **3,920** | **-11,368** |
| Cash flow from financing activities according to operating cash flow, including change in interest-bearing receivables and liabilities excluding lease liabilities | 5,097 | -10,614 |
| Increase and decrease in interest-bearing liabilities | -6,026 | 9,734 |
| Dividend etc.[1] | -4,645 | -4,172 |
| **Cash flow from financing activities** | **-5,574** | **-5,053** |
| **Cash flow for the year** | **-1,173** | **-8,984** |
| 1 Of which shares repurchased. | -507 | -242 |

**Relationship between the Group's investments in the cash flow statement and investments in the operating cash flow statement.**
Total net investments are recognized in the cash flow statement divided into operating activities and investing activities, taking into account the settlement of payments for investments and divestments.

Purchases and sales of current-asset properties are recognized under operating activities, while other net investments are recognized under investing activities.

| | 2022 | 2021 |
|---|---|---|
| Net investments in operating activities | -3,232 | 2,014 |
| Net investments in investing activities | -2,069 | -1,604 |
| | **-5,302** | **409** |
| Less accrual adjustments, cash flow effect of investments | 468 | -23 |
| **Total net divestments(+)/investments(-)** | **-4,833** | **386** |

The consolidated operating cash flow statement recognizes net investments divided into net investments in operations and strategic net investments as follows.

**Investments/divestments**

| | 2022 | 2021 |
|---|---|---|
| **Operations – investments** | | |
| Investment properties | -1 | |
| Intangible assets | -24 | -103 |
| Property, plant and equipment | -2,238 | -1,834 |
| Shares | -696 | -731 |
| Current-asset properties | -22,609 | -18,277 |
| of which Residential Development | -11,378 | -11,013 |
| of which Commercial Property Development | -11,230 | -7,264 |
| | **-25,567** | **-20,945** |
| **Operations – divestments** | | |
| Investment properties | | |
| Intangible assets | 15 | 5 |
| Property, plant and equipment | 476 | 307 |
| Shares | 201 | 20 |
| Current-asset properties | 19,844 | 20,268 |
| of which Residential Development | 10,530 | 10,766 |
| of which Commercial Property Development | 9,314 | 9,502 |
| | **20,537** | **20,600** |
| **Net divestments(+)/investments(-) in operations** | **-5,030** | **-345** |
| **Strategic divestments** | | |
| Divestments of businesses | 197 | 732 |
| **Net strategic divestments** | **197** | **732** |
| **Total net divestments(+)/investments(-)** | **-4,834** | **386** |

The change in interest-bearing liabilities belonging to financing activities is presented in the following table.

**Interest-bearing liabilities**

| | 2022 | 2021 |
|---|---|---|
| January 1 | 14,997 | 15,052 |
| Items affecting cash flow from financing activities | -181 | 1,436 |
| Other change in leases | 817 | 347 |
| Reclassification | 45 | |
| Exchange rate differences | -978 | -1,839 |
| **December 31** | **14,699** | **14,997** |

# **Note 36.** Personnel

**Wages, salaries, other remuneration and social insurance contributions**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| **Wages, salaries and other remuneration** | | |
| Board members, CEOs, Executive Vice Presidents and other executive team members[1,2] | 612 | 587 |
| Other employees | 21,952 | 20,398 |
| **Total wages, salaries and other remuneration** | **22,654** | **20,985** |
| Social insurance contributions[3] | 6,045 | 5,637 |
| **Non-monetary remuneration**[4] | **994** | **942** |
| **Share-based payments** | **471** | **388** |
| **Total** | **30,074** | **27,952** |

1 This amount is for the Board, CEOs, Executive Vice Presidents and other executive team members in all Group companies. The amount includes remuneration to former board members, CEOs and Executive Vice Presidents.

2 Of which SEK 235 M (222) in variable remuneration.

3 Of which SEK 2,513 M (2,395) in pension expenses. Of the Group's total pension expenses, SEK 82 M (56) relates to board members, CEOs, Executive Vice Presidents and other executive team members in all Group companies. The amount includes pension expenses for former board members, CEOs and Executive Vice Presidents.

4 The item "non-monetary remuneration" includes health insurance expenses.

**Men and women on Boards of Directors and executive teams of all Group companies on the closing day**

| | Dec 31, 2022 | | Dec 31, 2021 | |
|---|---|---|---|---|
| | **of which men, %** | **of which women, %** | **of which men, %** | **of which women, %** |
| Number of board members | 70 | 30 | 59 | 41 |
| Number of CEOs and members of executive teams of business units | 70 | 30 | 72 | 28 |

**Other**

No loans, assets pledged or contingent liabilities have been provided for the benefit of any board member or CEO within the Group.

**Average number of employees**

Personnel is calculated as the average number of employees. See Note 1.

| | 2022 | of which men | % | of which women | % | 2021 | of which men | % | of which women | % |
|---|---|---|---|---|---|---|---|---|---|---|
| Sweden | 7,937 | 5,986 | 75 | 1,951 | 25 | 8,077 | 6,168 | 76 | 1,909 | 24 |
| Norway | 4,004 | 3,607 | 90 | 397 | 10 | 3,780 | 3,396 | 90 | 384 | 10 |
| Finland | 2,082 | 1,707 | 82 | 375 | 18 | 2,164 | 1,792 | 83 | 372 | 17 |
| UK | 3,500 | 2,562 | 73 | 938 | 27 | 4,231 | 3,173 | 75 | 1,058 | 25 |
| Poland | 1,534 | 969 | 63 | 565 | 37 | 1,642 | 1,062 | 65 | 580 | 35 |
| Czech Republic | 2,123 | 1,775 | 84 | 349 | 16 | 2,133 | 1,799 | 84 | 334 | 16 |
| Slovakia | 641 | 575 | 90 | 66 | 10 | 567 | 501 | 88 | 66 | 12 |
| USA | 6,440 | 5,270 | 82 | 1,170 | 18 | 7,323 | 6,134 | 84 | 1,189 | 16 |
| Other countries | 119 | 74 | 62 | 45 | 38 | 135 | 77 | 57 | 57 | 43 |
| **Total** | **28,380** | **22,524** | **79** | **5,856** | **21** | **30,051** | **24,102** | **80** | **5,949** | **20** |

The number of employees at the end of the year was 27,666 (28,699).

## **Note 37.** Remuneration to senior executives and board members

Senior executives include the President and CEO and the other members of the Group Leadership Team. The Group Leadership Team consisted at the end of 2022 of seven persons, including the President and CEO, of which three women and four men. Information on the President and CEO and the other members of the Group Leadership Team can be found on pages 52–53.

**Preparation and decision-making processes**
The Board of Directors' (the "Board") Compensation Committee prepares the Boards proposals for resolution by the Annual General Meeting ("AGM") on guidelines for salary and other remuneration to senior executives (the "Remuneration Guidelines") when significant modifications of the guidelines become necessary, however at least every fourth year. The current Remuneration Guidelines resolved by the AGM 2020 are included below under the heading "Senior executive remuneration". The Compensation Committee has concluded that the Remuneration Guidelines adopted by the AGM 2020 should be revised primarily in relation to pension benefits aiming to align the cap for pension benefits for senior executives with prevailing Swedish market practice. The Board has subsequently, upon recommendation from the Compensation Committee, proposed that the AGM 2023 resolve on revised Remuneration Guidelines, see pages 206–208.

Salary and other benefits for the President and CEO are established by the Board following proposals from the Compensation Committee. The Compensation Committee sets salaries, variable remuneration and other benefits for the other members of the Group Leadership Team. The President and CEO regularly informs the Compensation Committee about the salaries, variable remuneration and other benefits of the heads of group functions and business units. In 2022 the Compensation Committee consisted of the Chairman of the Board, Hans Biörck, and the board members Pär Boman and Jan Gurander. The Compensation Committee held six meetings in 2022. The AGM resolves on fees to the Board and remuneration for work in the committees of the Board following proposals submitted by the Nomination Committee.

**Senior executive remuneration**
*Guidelines for salary and other remuneration to senior executives*
The AGM on March 26, 2020, adopted the Board's proposal on guidelines for salary and other remuneration to senior executives.

Senior executives include the President and CEO and other members of the Group Leadership Team. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the AGM 2020. The guidelines do not apply to any remuneration decided by the AGM, including any long-term share related incentive plans.

*The guidelines' promotion of the company's business strategy, long-term interests and sustainability*
A prerequisite for the successful implementation of Skanska AB's (the "company") business strategy and safeguarding of its long-term interests, including sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the senior executives a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including sustainability. This is accomplished through the financial and non-financial targets that determine the outcome of the variable cash remuneration and are clearly linked to the business strategy and the company's sustainability agenda. The variable cash remuneration is further described in the section "Variable cash remuneration".

The company's objectives for having a variable cash remuneration program and a long-term share related incentive plan are to (i) drive behaviors that will support the company's long and short-term business success and create shareholder value, (ii) make the company attractive as an employer for top talents, (iii) retain key individuals within the company, and (iv) increase the employees' interest and involvement in the company's business and development.

For information regarding the company's business strategy, see the company's website: group.skanska.com/about-us/strategy/.

*Total remuneration*
The combined remuneration for each senior executive shall be market-related and competitive in the labor market in which the senior executive is placed, and distinguished performance should be reflected in the total remuneration. The remuneration may consist of the following components: fixed cash salary, variable cash remuneration, pension and insurance benefits and other benefits. Additionally, the AGM may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. Fixed salary and variable remuneration shall be related to the senior executive's responsibility and authority.

*Variable cash remuneration*
The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one or several years. The variable cash remuneration shall be capped and related to the fixed salary, and may amount to not more than 100 percent of the fixed annual cash salary.

The variable cash remuneration shall take into account both financial and non-financial performance. The outcome in relation to predetermined and measurable financial targets shall determine the total (financial) bonus potential, i.e., the financial targets shall be the basis of the total bonus potential. This outcome may be reduced depending on the outcomes of the non-financial targets. The variable cash remuneration must be based on results in relation to established targets and be designed to increase the alignment between the shareholders and senior executives of the company.

The financial targets for variable cash remuneration may be related to the Group's earnings before taxes, to relevant business unit's earnings before interest and taxes, etc.

The non-financial targets shall be set to support the business strategy and long-term interests, including sustainability, by for example being clearly linked to the business strategy or sustainability. The non-financial targets should together represent 50 percent of the total bonus which means that the total bonus outcome may be reduced with up to 50 percent if the non-financial targets are not met.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Board is responsible for the evaluation so far as it concerns variable remuneration to the President and CEO. For variable cash remuneration to other senior executives, the Compensation Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

The terms for variable cash remuneration shall be structured so that the Board, if exceptional economic conditions prevail, has the possibility to limit or refrain from paying variable remuneration, if such payment is considered unreasonable and incompatible with the company's responsibility in general to the shareholders, employees and other stakeholders. There shall also be a possibility to limit or refrain from paying variable remuneration if the Board considers that this is appropriate for other reasons. Further, the Board shall have the possibility to reclaim paid out variable cash remuneration if it is discovered after the payment that the senior executive has violated Skanska's Code of Conduct or other Skanska values, policies, standards or procedures.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration for the President and CEO shall be made by the Board based on a proposal from the Compensation Committee. Any resolution on such remuneration for other senior executives shall be made by the Compensation Committee based on a proposal from the President and CEO.

*Pension and insurance*
For the President and CEO, pension benefits, including health insurance, shall be defined-contribution schemes. Variable cash remuneration shall not qualify for pension benefits. The pension premiums to defined-contribution schemes shall amount to not more than 35 percent of the fixed annual cash salary. For other senior executives, pension benefits, including health insurance, shall be defined-contribution schemes. Variable cash remuneration shall not qualify for pension benefits, except when it follows from rules under a general pension plan (like the Swedish ITP plan). The pension premiums for defined-contribution pension shall amount to not more than 30 percent of the fixed annual cash salary. If the variable cash remuneration qualify for pension benefits, the pension premiums for defined-contribution pension on the variable cash remuneration shall amount to not more than 30 percent of the fixed annual cash salary.

*Other benefits*
Other benefits may include, for example, medical insurance, housing, home travel, tax compensation, parking and company cars. Such benefits may amount to not more than 15 percent of the fixed annual cash salary. For employments governed by rules other than Swedish rules, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Senior executives who are expatriates, i.e., based in another country than their home country, may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the expat arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits may not in total exceed 50 percent of the fixed annual cash salary.

*Note 37. Remuneration to senior executives and board members, cont.*

*Long-term share saving programs*
Long-term share saving programs, Skanska Employee Ownership Programs ("Seop 4" and "Seop 5") have been implemented in the company. Such plans have been resolved by the AGM and are therefore excluded from these guidelines. New plans may also be resolved by the AGM. Seop 4 and Seop 5 give present and future employees the opportunity of becoming shareholders of Skanska and include permanent employees in the Skanska Group. The performance criteria used to assess the outcome of the plans are clearly linked to the business strategy and thereby to the company's long-term value creation, including sustainability. The performance criteria consist of financial targets at Group, Business Unit and/or Business Unit Cluster level. At present, the financial target applicable at Group level is growth in earning per share ("EPS"). The financial targets applicable at Business Unit and/or Business Unit Cluster level vary depending on which business stream the relevant Business Unit or Business Unit Cluster belongs to, as set out in the table below.

| Construction | Residential Development | Commercial Property Development |
|---|---|---|
| EBIT[1] | EBIT | EBIT |
| – | ROCE[2] | Leasing square meters |

1 Earnings before interest and taxes.
2 Return on capital employed.

Seop 4 and Seop 5 are further conditional upon the participant's own investment and three-year holding and employment period. For more information on Seop 4 and Seop 5, including the criteria which the outcome depends on, please see the company's website: group.skanska.com/4922a2/siteassets/corporate-governance/annual-general-meeting/2019/item-17-the-board-of-directors-proposal-on-a-long-term-employee-ownership-program-seop-5-.pdf

*Termination of employment*
In the event of employment termination by the company, the normal period of notice is six months, combined with severance pay corresponding to a maximum of 18 months fixed cash salary, or, alternatively, a period of notice of maximum 12 months, combined with severance pay corresponding to a maximum of 12 months fixed cash salary. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for two years. When termination is made by the senior executive, the notice period may not exceed 12 months, without any right to severance pay.

*Remuneration to board members in addition to board fees*
To the extent that a non-employed board member elected by the AGM performs work for the company, besides the board membership, consultant fee and other remuneration may be granted for such work. Decisions on consultant fees and other remuneration to non-employed board members elected by the AGM are made by the Compensation Committee.

*Salary and employment conditions for employees*
In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Compensation Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report.

*The decision-making process to determine, review and implement the guidelines*
The Board has established a Compensation Committee. The Compensation Committee's tasks include preparing the Board's decision to propose guidelines for senior executive remuneration. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the AGM. The Compensation Committee shall also monitor and evaluate programs for variable remuneration to senior executives, the application of the guidelines for senior executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the Compensation Committee are independent of the company and its senior executives. The President and CEO and other members of the senior executives do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

*Derogation from the guidelines*
The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Compensation Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

**Financial targets for variable cash remuneration 2022**

| | Measure of earnings | Starting point | Outperform | Outcome | Percentage fulfilled[2] |
|---|---|---|---|---|---|
| Group | Income after financial items, SEK bn[1] | 5.9 | 8.1 | 9.4 | 100% |
| Construction | Operating income, SEK bn | 3.7 | 5.0 | 5.8 | 93% |
| | Operating margin, % | 2.6 | 3.5 | 3.7 | 91% |
| Residential Development | Operating income, SEK bn | 1.2 | 1.8 | 1.0 | 56% |
| | Return on capital employed, % | 8 | 10 | 7 | 52% |
| Commercial Property Development | Operating income, SEK bn | 1.4 | 2.5 | 2.9 | 64% |
| | Return on capital employed, %[3] | 4 | 7 | 8 | 54% |
| | Leasing, thousands of sqm[3] | 69 | 290 | 135 | 33% |

1 The income excludes eliminations at the Group level and the operating unit Asset Management (portfolio of PPP-assets). The outperform target at the Group level constitutes 95 percent of the business streams' total outperform target and the starting point target constitutes 105 percent of the business streams' total starting point target.
2 Percentage fulfilled is based on the outcomes for the respective business units, which are weighed together. As the fulfillment per business unit cannot be less than 0 percent or more than 100 percent, outcome below the starting point and/or above the outperform for the business units may affect the comparison with the business stream's total outcome.
3 Encompasses the Commercial Property Development business units in the Nordic region, Europe and USA.

**Targets and performance related to variable remuneration**
Variable remuneration consist of two parts: annual variable cash remuneration and long-term share programs, which provides compensation in the form of shares. The long-term share programs are described in the sections under the headings "Long-term share programs" and "Previous long-term share programs" in this note.

The table above presents, by business stream, the starting point, outperform target and outcome for the financial targets for the 2022 variable cash remuneration. In addition to the financial targets, the members of the Group Leadership Team have non-financial targets that may reduce the outcome measured only according to the financial targets. The non-financial targets are set to support the business strategy and long-term interests, including sustainability, by for example being linked to the business strategy or sustainability. The outcome is reduced in cases where the non-financial targets have not been reached.

Annual variable cash remuneration for the Group Leadership Team, excluding the President and CEO, is based on the Group targets and/or to the business units they are directly responsible for. The preliminary outcome for other members of the Group Leadership Team averaged 76 percent (77) of fixed salary. The Board will determine the final outcome of variable cash remuneration after reviewing the operational performance in the first quarter of 2023. The calculation is further preliminary insofar as any deductions as a consequence of the non-financial targets have not yet been taken into account.

**Targets and performance related to variable cash remuneration for the President and CEO**
For the President and CEO, the variable cash remuneration is maximized at 75 percent of fixed salary. The financial targets were the same as the Group targets presented in the table above. The Board has the option of reducing the final outcome of variable cash remuneration measured solely on the financial targets by a maximum of 50 percent, based on the outcome of the non-financial targets. The preliminary outcome for the President and CEO's variable cash remuneration (i.e., excluding the employee ownership program) shows an outcome of 75 percent (75) of fixed salary, based on financial targets with a preliminary target fulfillment of 100 percent (100). The Board will determine the final outcome after reviewing the operational performance in the first quarter of 2023. The calculation is further preliminary insofar as any deductions as a consequence of the non-financial targets have not yet been taken into account.

**Pension benefits**
The retirement age for members of the Group Leadership Team is 65 years. Employees in Sweden are entitled to pension benefits according to the ITP occupational pension plan. Employees outside Sweden are covered by local pension plans. The 2022 contribution to the defined contribution ITP 1 pension plan is 4.5 percent of gross cash

*Note 37. Remuneration to senior executives and board members, cont.*

salary up to 7.5 base amounts of income per year and 30 percent of gross cash salary above that.

The President and CEO is covered by an individual occupational pension insurance scheme. The occupational pension insurance scheme is a defined contribution scheme and the total premiums for the occupational pension insurance scheme amount to 35 percent of the fixed salary.

**Severance pay**
The notice period for the members of the Group Leadership Team, in the case of termination by the company, is six months with retention of fixed salary and benefits, excluding variable cash remuneration. After the notice period, severance pay is disbursed for 12 to 18 months. When payments are disbursed after the notice period other income must normally be deducted from the amount payable.

A mutual notice period of 12 months applies between Skanska and the President and CEO, with retention of fixed salary and benefits, excluding variable cash remuneration. After the notice period, severance pay is disbursed for 12 months. When payments are disbursed after the notice period other income must normally be deducted from the amount payable.

**Remuneration and benefits expensed in 2022**
*Directors' fees*
The AGM 2022 resolved, in accordance with the Nomination Committee's proposal, that fees to the Chairman of the Board and to the other board members elected by the AGM not employed by Skanska should be paid in the total amount of kSEK 10,435 (9,171) including fees for work in the committees of the Board.

As communicated by Skanska in a press release on August 31, 2021, Jayne McGivern resigned as a member of the Board effective as of that day. In light of that Jayne MacGivern resigned as a member of the Board, and thus also as a member of the Board's Compensation Committee, Jan Gurander was appointed as a new member of the Compensation Committee at a board meeting on September 15, 2021, effective as of that date. This implied that the total board remuneration for 2021 was revised to kSEK 8,701.

For more detailed information on board fees, see table below.

*Chairman of the Board*
The Chairman of the Board, Hans Biörck, received a director's fee totaling kSEK 2,775 (2,687), of which kSEK 525 (512) was for committee work.

**Board of Directors**

| | Director's fee | | Audit Committee | | Compensation Committee | | Project Review Committee | | Total fees | |
|---|---|---|---|---|---|---|---|---|---|---|
| **kSEK** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| **Chairman of the Board** | | | | | | | | | | |
| Hans Biörck | 2,250 | 2,175 | 190 | 185 | 115 | 112 | 220 | 215 | 2,775 | 2,687 |
| **Other board members** | | | | | | | | | | |
| Fredrik Lundberg | 750 | 725 | 0 | 0 | 0 | 0 | 220 | 215 | 970 | 940 |
| Pär Boman | 750 | 725 | 270 | 260 | 110 | 107 | 220 | 215 | 1,350 | 1,307 |
| Jayne McGivern | - | 363 | - | 0 | - | 54 | - | 108 | - | 524 |
| Catherine Marcus | 750 | 725 | 0 | 0 | 0 | 0 | 220 | 215 | 970 | 940 |
| Jan Gurander | 750 | 725 | 190 | 185 | 110 | 54 | 220 | 215 | 1,270 | 1,179 |
| Åsa Söderström Winberg | 750 | 725 | 190 | 185 | 0 | 0 | 220 | 215 | 1,160 | 1,125 |
| Mats Hederos | 750 | - | 0 | - | 0 | - | 220 | - | 970 | - |
| Ann E. Massey | 750 | - | 0 | - | 0 | - | 220 | - | 970 | - |
| **Total** | **7,500** | **6,163** | **840** | **815** | **335** | **326** | **1,760** | **1,398** | **10,435** | **8,701** |

**Group Leadership Team**

| | Base salary | | Variable cash remuneration[1] | | Awarded value, employee ownership programs[2] | | Other remuneration and benefits | | Pension expense | | Total remuneration | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **kSEK** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| **President and CEO** | | | | | | | | | | | | |
| Anders Danielsson | 13,750 | 13,125 | 10,313 | 9,844 | 7,756 | 8,050 | 126 | 160 | 4,812 | 4,594 | 36,757 | 35,772 |
| **Other members of the Group Leadership Team** (6 individuals)[3] | 36,501 | 29,840 | 27,692 | 23,355 | 20,315 | 18,589 | 1,398 | 1,263 | 11,077 | 9,263 | 96,983 | 82,308 |
| **Total** | **50,251** | **42,965** | **38,005** | **33,198** | **28,071** | **26,639** | **1,525** | **1,422** | **15,890** | **13,856** | **133,740** | **118,080** |

1 Variable cash remuneration relating to the 2022 financial year is preliminary and will be finally determined and disbursed after the outcome is established for the first quarter of 2023. The variable cash remuneration agreements include a general clause stipulating that the Board and the Compensation Committee are entitled to wholly or partly reduce variable cash remuneration. The amounts included under the heading "Variable cash remuneration" for 2021 in the table above refer to actual disbursements for the 2021 financial year.

2 The value stated for 2022 refers to preliminary awards of performance shares for 2022's invested saving shares, calculated based on the share price on December 30, 2022 (SEK 165). The Board will determine the final outcome for 2022 after reviewing the operational performance in the first quarter of 2023. In order to receive performance shares, an additional three years of service are required. The total cost has not yet been expensed as the cost is distributed over three years in accordance with IFRS 2, see the section under the heading "Long-term share programs." See table "Skanska Employee Ownership Program – Group Leadership Team" on page 182 for an overview of invested, awarded and vested shares for the President and CEO and other members of the Group Leadership Team.

3 During the period January 1-October 31 2021, other members of the Group Leadership Team consisted of five individuals. For members of the Group Leadership Team who started in the position or resigned during the year, the table only includes remuneration and benefits received for the period as member of the Group Leadership Team.

*Note 37. Remuneration to senior executives and board members, cont.*

**Skanska Employee Ownership Program - Group Leadership Team**

| Number of shares and value of shares kSEK | Number of saving shares acquired[1] 2022 | 2021 | Value of saving shares acquired[2] 2022 | 2021 | Number of share awards[3] 2022 | 2021 | Value of share awards[4] 2022 | 2021 | Number of shares vested[5] 2022 | 2021 | Value of shares vested[6] 2022 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **President and CEO** Anders Danielsson | 7,834 | 5,729 | 1,293 | 1,342 | 47,004 | 34,372 | 7,756 | 8,050 | 37,741 | 0 | 6,227 | 0 |
| **Other members of the Group Leadership Team** (6 individuals)[7] | 20,912 | 13,229 | 3,450 | 3,098 | 123,120 | 79,372 | 20,315 | 18,589 | 91,343 | 3,886 | 15,072 | 910 |
| **Total** | **28,746** | **18,957** | **4,743** | **4,440** | **170,124** | **113,743** | **28,071** | **26,639** | **129,084** | **3,886** | **21,299** | **910** |

1 The number of saving shares the President and CEO and the other members of the Group Leadership Team have invested in for the financial year.
2 The value stated for 2022 refers to invested saving shares for the 2022 financial year, calculated based on the share price on December 30, 2022 (SEK 165).
3 The number of future performance shares awarded to the President and CEO and the other members of the Group Leadership Team related to the invested saving shares for the financial year. The number of awarded future performance shares relating to the 2022 financial year is preliminary. The preliminarily fulfillment of the outperform targets for 2022 is 100 percent. The Board will determine the outcome after reviewing the operational performance in the first quarter of 2023. To receive performance shares, an additional three years of service are required.
4 The value stated for 2022 refers to preliminary awards of future performance shares for 2022's invested saving shares, calculated based on the share price on December 30, 2022 (SEK 165).
5 The number of shares the President and CEO and the other members of the Group Leadership Team, after a three-year lock-up period, have received as part of the previous employee ownership program Seop 4.
6 The value stated for 2022 refers to vested shares awarded for the 2019 financial year, calculated based on the share price on December 30, 2022 (SEK 165).
7 During the period January 1-October 31 2021 other members of the Group Leadership Team consisted of five individuals. For members of the Group Leadership Team who started in the position or resigned during the year, the table only includes shares related to the period as member of the Group Leadership Team.

*Board members*
Members of the Board did not receive any remuneration for their role as board members beyond their regular directors' fees and remuneration for committee work. For board members appointed by the employees, no disclosures are made concerning salaries and remuneration or pensions as they do not receive these in their capacity as board members. For board members who were employees of the company before the beginning of the financial year, disclosures are made concerning pension obligations in their former role as employees.

*President and CEO*
In 2022 the President and CEO, Anders Danielsson, received remuneration as presented in the table "Group Leadership Team" on page 181. The President and CEO is also participating in the Group's ongoing employee ownership program, Seop 5, which involves allotment of performance shares, see the section under the heading "Long-term share programs" in this note and the table "Skanska Employee Ownership Program - Group Leadership Team" above.

*Other members of the Group Leadership Team*
At the end of 2022 the other members of the Group Leadership Team consisted of six individuals. In 2022 the other members of the Group Leadership Team received remuneration as presented in the table "Group Leadership Team" on page 181. In addition, the Group Leadership Team are covered by the Group's ongoing employee ownership program, Seop 5, involving allotment of performance shares, see the section under the heading "Long-term share programs" in this note and the table "Skanska Employee Ownership Program - Group Leadership Team" above.

All above-mentioned remuneration and benefits were charged to Skanska AB, except for kSEK 31,961 (26,285) for other members of the Group Leadership Team, which was charged to other Group companies.

*Pension obligations to current and former senior executives*
Outstanding pension obligations in 2022 for the President and CEO and former CEOs amount to kSEK 135,557 (165,893). Outstanding obligations to other current and former members of the Group Leadership Team amount to kSEK 102,001 (119,117).

**Long-term share programs**
*Share saving program – Skanska Employee Ownership Program, Seop 5 (2020–2022)*
The AGM on March 28, 2019 resolved, in accordance with the Board's proposal, on the long-term employee ownership program Seop 5 for permanent employees of the Group. Seop 5 is essentially an extension of the earlier employee ownership program Seop 4 that ran from 2017 to 2019. The terms and conditions are the same in all material respects as those of the earlier Seop 4 program. Under the terms of Seop 5, however, executives cannot receive any matching shares. The maximum number of performance shares that may be awarded to the participants in each subcategory of executives has instead been increased by one share to 16, 20 and 24 respectively for each four saving shares acquired.

The program is aimed at about 32,000 permanent employees of the Skanska Group, of whom approximately 2,000 are key employees and about 300 are executives, including the President and CEO and other members of the Group Leadership Team.

The program offers employees, key employees and executives the opportunity – provided they have made their own investment in Skanska Class B shares during a given financial year ("saving shares") – to receive Skanska Class B shares from Skanska free of charge. For each four Skanska Class B shares purchased, the employees and key employees will be entitled, after a three-year lock-up period, to receive one Skanska Class B share free of charge ("matching share"). In addition, after the lock-up period, employees, key employees and executives will be able to receive additional Skanska Class B shares free of charge conditional upon the fulfillment of certain result-related performance conditions during the acquisition period ("performance shares").

The acquisition period covers the years 2020–2022 and the lock-up period runs for three years from the month in which the saving shares are acquired. For each four saving shares purchased, employees may, in addition to one matching share, receive a maximum of three performance shares. For each four saving shares, key employees may, in addition to one matching share, receive a maximum of seven performance shares. For each four saving shares, executives (split into three subcategories) may receive a maximum of 16, 20 or 24 performance shares. The maximum number of saving shares that each employee participating in the program may acquire, through monthly saving, depends on the employee's salary and whether the employee is participating in the program as an employee, a key employee or an executive.

To qualify to receive matching and/or performance shares, a participant must be employed within the Group throughout the lock-up period and must have retained their saving shares during this lock-up period.

The program has two cost ceilings. The first ceiling depends on the extent to which financial Seop-specific outperform targets are met, which limits Skanska's total cost per year to SEK 225–700 M, related to fulfillment of the financial Seop-specific outperform targets at the Group level. The first cost ceiling is adjusted in accordance with the Consumer Price Index, with 2019 as the base year for Seop 5. The other cost ceiling is that Skanska's total cost per year may not exceed 15 percent of EBIT at the Group level. The actual cost ceiling will be the lower of these two cost ceilings. The cost for the outcomes of share saving programs from previous years is included in annually established performance targets. In addition to the cost ceilings, the number of shares that may be transferred to participants as part of the three-year program is also limited to 12,000,000 shares. The number of issued shares will not change; instead the matching and performance shares will be allotted from repurchased shares.

The table on page 183 shows the preliminary Seop 5 target fulfillment in 2022 for each business stream.

In the Skanska Group, a total of around 42 percent (41) of permanent employees participated in Seop 5 in 2022.

*Note 37. Remuneration to senior executives and board members, cont.*

The total cost, excluding social insurance contributions, related to Seop 5 for investments in 2020–2022 is preliminarily estimated to amount to SEK 1,518 M, of which SEK 339 M has been expensed in 2020–2021 while the cost for 2022 amounts to SEK 429 M. The remaining cost of Seop 5 up to and including 2025 is estimated at SEK 750 M.

The dilution effect through 2022 of Seop 5 for the 2022 program is estimated at 2,885,039 shares or 0.70 percent of the number of Skanska Class B shares outstanding. Maximum dilution for the 2022 program is expected to be 7,722,608 shares or 1.84 percent.

The number of issued shares will not change; instead the matching and performance shares will be distributed from repurchased shares. The repurchases will be evenly distributed over time. There will therefore be essentially no dilution effect.

*Share saving program – Skanska Employee Ownership Program, Seop 6 (2023–2025)*
The AGM on March 29, 2022 resolved, in accordance with the Board's proposal, on a long-term employee ownership program for the financial years 2023, 2024 and 2025 ("Seop 6") for permanent employees of the Group. Seop 6 is essentially an extension of the previous employee long-term ownership program Seop 5 that ran from 2020 to 2022. The terms and conditions are the same in all material respects as those of the previous program Seop 5.

However, to further emphasize Skanska's sustainability focus, the Earnings Per Share target at Group level has been supplemented with a climate target at Group level linked to the Group's reduction of carbon emissions, in line with Skanska's long-term climate target.

**Previous long-term share programs**
*Share saving program – Skanska Employee Ownership Program, Seop 4 (2017–2019)*
Shares for the previous Skanska Employee Ownership Program, which ran from 2017 to 2019, were distributed in 2022. These were shares that were related to 2019, which, after a three-year lock-up period, were distributed to those who had been employed by the Group throughout the lock-up period and who had retained their saving shares during this lock-up period. The total cost, excluding social insurance contributions, for Seop 4 amounts to SEK 773 M, of which SEK 731 M has been expensed in 2017–2021, while the cost for 2022 amounts to SEK 42 M.

*Local remuneration*
Salaries and other remuneration are established taking into account conditions prevailing in the rest of the construction industry and customary practices in each local market. The Skanska Group applies a remuneration model for the relevant executives and managers that consists of a fixed salary plus variable remuneration based on financial targets reached.

**Financial targets for the employee ownership program, Seop 5, 2022[1]**

| | Measure of earnings | Starting point | Outperform | Outcome | Percentage fulfilled[2] |
|---|---|---|---|---|---|
| **Group** | Earnings per share, SEK[3] | 17.3 | 18.2 | 18.6 | 100% |
| **Construction** | Operating income, SEK bn | 4.7 | 5.5 | 5.8 | 93% |
| **Residential Development** | Operating income, SEK bn | 1.7 | 2.0 | 1.0 | 6% |
| | Return on capital employed, %[4] | 8 | 13 | -1 | 44% |
| **Commercial Property Development** | Operating income, SEK bn | 2.3 | 2.8 | 2.9 | 34% |
| | Leasing, thousands of sqm[5] | 69 | 290 | 135 | 33% |

1 For further information, see the table "Financial targets for variable cash remuneration 2022" on page 180.
2 Percentage fulfilled is based on the outcomes for the respective business units, which are weighed together. As the fulfillment per business unit cannot be less than 0 percent or more than 100 percent, outcome below the starting point and/or above the outperform for the business units may affect the comparison with the business stream's total outcome.
3 Profit for the period attributable to equity holders divided by the average number of outstanding shares during the year.
4 Encompasses the Residential Development business units in Central Europe and BoKlok.
5 Encompasses the Commercial Property Development business units in the Nordic region, Europe and USA.

## **Note 38.** Fees and other remuneration to auditors

| **EY** | **2022** | **2021** |
|---|---|---|
| Audit assignments | 67 | 54 |
| Audit work in addition to the audit assignment | 2 | 1 |
| Tax advisory services | 3 | 5 |
| Other services | 1 | 1 |
| **Total** | **73** | **61** |

For the parent company, fees for audit assignments during the year amounted to SEK 7 M. Audit work in addition to the audit assignment amounted to SEK 1 M and other assignments to SEK 1 M.

"Audit assignments" refers to the statutory audit of the annual accounts and accounting documents as well as of the administration of the company by the Board of Directors and the CEO, and audit and other review work conducted according to agreements or contracts. This includes other tasks that are incumbent upon the company's auditors as well as advisory services or other assistance required as a result of observations made during such review work or the completion of such other tasks.

"Other services" refers to advisory services relating to accounting issues, advisory services concerning the divestment and acquisition of businesses, and advisory services relating to processes and internal control.

## **Note 39.** Related party transaction disclosures

Disclosures on related parties, transactions with related parties and outstanding balances are provided according to IAS 24. See Note 1. For information on investments in Skanska's joint ventures and associated companies, see Note 20 B. Transactions with these related parties are reported below.

| **Transactions with joint ventures** | **2022** | **2021** |
|---|---|---|
| Sales to joint ventures | 675 | 976 |
| Purchases from joint ventures | 122 | 112 |
| Interest income from joint ventures | 128 | |
| Dividends from joint ventures | 504 | 742 |
| Receivables from joint ventures | 106 | 50 |

| **Transactions with associated companies** | **2022** | **2021** |
|---|---|---|
| Receivables from associated companies | | 37 |
| Liabilities to associated companies | | 11 |

For information on remuneration and transactions with senior executives, see Note 37. Other than the information provided in Note 37, no transactions with related party physical persons have taken place.

Fredrik Lundberg, a member of the parent company Board of Directors, including companies and spouse, has a controlling interest in the Lundberg Group. In 2022, the Lundberg Group awarded construction contracts to Skanska amounting to SEK 12 M (3). Sales in 2022 amounted to SEK 11 M (1) and the total order backlog on the closing day was SEK 2 M (2).

Skanska's pension funds own 0 (0) shares in Skanska directly. There is an insignificant percentage of indirectly owned shares via investments in various mutual funds. In 2022, no transactions took place with Skanska's pension funds.

Skanska has received reimbursements from the pension funds, and other services performed by Skanska were charged for. For information on Skanska's pension funds, see Note 28.

All transactions were completed on market terms.

## **Note 40.** Investment properties

Investment properties are recognized in accordance with IAS 40 Investment Property and rental income associated with them is recognized in accordance with IFRS 16 Leases. In cases where Skanska invoices tenants for services (non-lease components), this revenue is recognized in accordance with IFRS 15. See also note 1.

Investment properties are properties that are owned for the purpose of generating rental income and capital appreciation. Investment properties are recognized at fair value in accordance with IFRS 13, hierarchy level 3. The fair value is based on internal appraisals which are quality-assured through annual external appraisals. Changes in value are recognized in the income statement.

As Skanska had no investment properties in 2021, no comparative figures are presented.

During the year three properties have been acquired internally (reclassifications) and no properties have been sold.

| **Net operating income** | **2022** |
|---|---|
| Rental income[1] | 38 |
| Service income | 3 |
| **Total revenue** | **40** |
| | |
| Operating costs | -4 |
| Repairs and maintenance | 0 |
| Property administration | -1 |
| Property tax | -5 |
| **Total expenses** | **-10** |
| | |
| **Net operating income** | **30** |
| Surplus ratio, % | 75.4 |
| Net leasing, SEK M | 0 |

1 For more information on operating leases, see Note 41 B. Skanska as lessor.

**Property appraisals**
Appraisals are carried out internally for all properties each quarter. Property appraisals are carried out individually by calculating the present value of future cash flows for 10 years as well as the residual value in year 10.

Assumptions regarding rent, and operating and maintenance costs are derived from current and budgeted rental income and expenses. Any changes in occupancy, rent, investment, and operating and maintenance costs are taken into account.

Rental income is expect to follow inflation since existing contracts are consumer price index-linked. At expiry of existing contracts assumed market rent are applied. Vacancy rate is estimated based on current vacancy rate, location and condition of the property.

The cash flow calculations include a long-term inflation assumption of 2 percent, see table on the right. The market's yield requirements and assumed interest rates are based on analysis of comparable transactions in the property market. The property's geographical location and quality are taken into account and, accordingly, the yield requirement varies from property to property. All properties are appraised by an external authorized appraiser once per year.

Fair value is an assessment of the most probable price the property would exchange for in an open market transaction under all conditions requisite for a fair sale. The fair value can only be established with certainty when a property is actually sold. Some deviations for individual properties are assumed to cancel each other out in a property portfolio and, accordingly, an estimated reasonable range for uncertainty is +/-5 percent.

The carrying amount of investment properties according to the internal appraisal on December 31, 2022 is SEK 3,758 M. The internal appraisal dated December 31, 2022 showed a value that was 4.9 percent or SEK 193 M lower than the external appraisal.

**Summary of the internal appraisal on December 31, 2022**

| | |
|---|---|
| Calculation period | Normally 10 years |
| Inflation assumption | Long-term inflation assumption of 2 percent |
| Yield at the end of the calculation period | Varies between 3.8 and 4.2 percent |
| Assumed interest rate | Between 5.8 and 6.2 percent |
| Long-term vacancy rate | Individual assessment, normally around 5 percent. |

The average yield requirement at the end of the calculation period is 3.93 percent.

**Change in carrying amount for investment properties**
The investment properties' carrying amount as of December 31, 2022 is SEK 3.8 billion.

| | **2022** |
|---|---|
| January 1 | |
| Investments/reclassifications | 2,066 |
| Change in value[1] | 1,692 |
| **Fair value, December 31** | **3,758** |

1 Of which SEK 1,581 M is the difference between the properties' fair value on the date of transfer (IAS 40) and their previous carrying amount as current-asset properties (IAS 2).

**Sensitivity analysis**
The table below shows the effect on value of the property portfolio, based on changes in the parameters listed below:

| | **Base value** | **Change in assumption** | **Change in value, SEK M** |
|---|---|---|---|
| Rent | 3,760 | +/- SEK 50/sq m | +/-58 |
| Operating costs | 309 | +/- SEK 25/sq m | +/-45 |
| Long-term vacancy rate, % | 5.0 | +/-1 percentage point | +39/-45 |
| Average valuation yield, % | 3.93 | +/-0.25 percentage point | +257/-225 |

**Property portfolio on the closing day**

| **Property type** | **Location** | **Leasable area, sq m** | **Annual rental value, SEK M** | **Economic occupancy rate, %** | **Environmental certification, %** |
|---|---|---|---|---|---|
| Offices | Malmö | 23,110 | 74 | 98 | 100 |
| Offices | Stockholm | 28,992 | 122 | 80 | 100 |
| **Total** | | **52,102** | **196** | **86** | **100** |

**Property investments/reclassifications carried out during the year**

| **Property** | **Location** | **Internal appraisal, SEK M** | **Average external appraisal, SEK M** | **Deviation, %** |
|---|---|---|---|---|
| Epic | Malmö | 766 | 802 | -4.5 |
| Aqua | Malmö | 612 | 644 | -5.0 |
| Sthlm 01 | Stockholm | 2,380 | 2,505 | -5.0 |

# **Note 41.** Leases

Leases are managed in accordance with IFRS 16 Leases. See Note 1.

When Skanska is a lessee, the lease assets are recognized as a right-of-use asset in the statement of financial position, while the future obligation to the lessor is recognized as a liability in the statement of financial position.

As a lessor Skanska has both finance and operating leases.

Skanska is a lessor of finance leases via subleases for external office space.

As an operating lessor, Skanska leases properties to tenants via its Investment Properties and Commercial Property Development business streams.

**A. Skanska as a lessee**

**Right-of-use assets by asset class**

| | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Property (buildings and land) | 99 | 97 |
| Offices | 2,735 | 2,782 |
| Cars | 316 | 287 |
| Machinery | 70 | 99 |
| Other | 37 | 48 |
| **Total property, plant and equipment, right-of-use assets[1]** | **3,256** | **3,314** |
| | | |
| Right-of-use assets, ground leases | 3,676 | 3,289 |
| **Total current-asset properties, right-of-use assets[1]** | **3,676** | **3,289** |

1 Short-term leases and leasing of assets of low value are not included as these are expensed immediately. The cost of short-term leases amounts to SEK 688 M (556) and the cost of low-value lease assets amounts to SEK 796 M (796).

For information on depreciation and amortization, see Note 12.

**Impairment losses/reversals of impairment losses on right-of-use assets**
In 2022 impairment losses/reversals of impairment losses in the net amount of SEK 1 M (-20) were recognized. Impairment losses/reversals of impairment losses were recognized in Poland. In the comparative year, impairment losses were recognized in Poland and the UK.

Impairment losses/reversals of impairment losses were recognized within cost of sales and selling and administrative expenses.

| | Impairment losses | | Reversals of impairment losses | | Total | |
|---|---|---|---|---|---|---|
| **Impairment losses/reversals of impairment losses** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Property (buildings and land) | | | | | | |
| Offices | | -20 | 2 | | 1 | -20 |
| Cars | | | | | | |
| Machinery | | | | | | |
| Other | | | | | | |
| **Total property, plant and equipment, right-of-use assets** | **0** | **-20** | **2** | **0** | **1** | **-20** |
| | | | | | | |
| Right-of-use assets, ground leases | | | | | | |
| **Total current-asset properties, right-of-use assets** | **0** | **0** | **0** | **0** | **0** | **0** |

*Note 41. Leases, cont.*

**Carrying amount**

| | Property (buildings and land) | | Offices | | Cars | | Machinery | | Other right-of-use assets, non-current | | Right-of-use assets, current | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| January 1 | 97 | 99 | 2,782 | 3,132 | 287 | 331 | 99 | 286 | 48 | 82 | 3,289 | 2,980 |
| New leases | 17 | 13 | 285 | 194 | 190 | 175 | 36 | 76 | 18 | 9 | 122 | 85 |
| Remeasurement | | 3 | 129 | 66 | -5 | -41 | | -1 | 2 | 1 | 32 | 283 |
| Leases sold | | | -3 | -41 | | -9 | | -9 | | | -118 | -285 |
| Divestments | | | | -91 | | -18 | | -170 | | | | |
| Depreciation and amortization | -19 | -20 | -614 | -585 | -165 | -161 | -70 | -96 | -33 | -46 | | |
| Impairment losses | | | | -20 | | | | | | | | |
| Reversals of impairment losses | | | | | | | | | | | | |
| Reclassifications | | | -13 | -45 | 1 | | | | | | -14 | |
| Exchange rate differences for the year | 3 | 1 | 167 | 173 | 9 | 10 | 5 | 13 | 2 | 2 | 364 | 225 |
| **December 31** | **99** | **97** | **2,735** | **2,782** | **316** | **287** | **70** | **99** | **37** | **48** | **3,676** | **3,289** |

**Lease liabilities**

Lease liabilities amount to SEK 7,281 M (6,960). For a maturity analysis of the undiscounted liabilities, see Note 6.

For information on interest expense, see Note 14.

The cost of variable lease payments that are not included in the measurement of the lease liability amounts to SEK 0 M (0).

For total cash flow from leases excluding short-term leases and low-value lease assets, see the consolidated cash flow statement.

Future undiscounted cash flows not reflected in lease liabilities amount to SEK 974 M (874). These relate to options to extend and cancel, and to leases that have not yet started but that Skanska has committed to.

**Other**

Revenue from subleasing of right-of-use assets consists mainly of leasing of offices and amounts to SEK 15 M (7).

There were no sale and leaseback transactions during the year or in the comparative year.

There are no leases containing special restrictions or special terms and conditions.

**B. Skanska as lessor**

*Finance leases*

Skanska USA Civil, Skanska Central Europe and Commercial Property Development Europe have external leases that are subleased. These are recognized as a financial receivable of SEK 54 M (47).

*Operating leases*

Operating leases in the form of property leases are mainly entered into by the Investment Properties and Commercial Property Development business streams. For information on investment properties, see Note 40 and for current-asset properties, see Note 22.

The rental income for the year amounts to SEK 838 M (926).

The Group's variable lease income for operating leases for the year amounts to SEK 69 M (198), which is not dependent on an index or an interest rate.

The due dates of future undiscounted payments relating to operating leases break down as follows:

| **Income, due** | **2022** | **2021** |
|---|---|---|
| Within one year | 676 | 743 |
| Later than one year but within five years | 2,309 | 2,709 |
| Later than five years | 3,746 | 2,066 |
| **Total** | **6,731** | **5,519** |

## **Note 42.** Events after the reporting period

There are no material events after the end of the reporting period to report for the Group.

## **Note 43.** Five-year Group financial summary

**Income statements, in accordance with IFRS**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Revenue | 163,174 | 143,865 | 160,344 | 172,846 | 171,730 |
| Cost of sales | -146,483 | -128,156 | -143,457 | -156,540 | -157,465 |
| **Gross income** | **16,692** | **15,709** | **16,887** | **16,306** | **14,265** |
| Selling and administrative expenses | -8,998 | -7,865 | -8,269 | -9,469 | -9,473 |
| Change in value, investment properties | 1,692 | | | | |
| Income from joint ventures and associated companies | 636 | 449 | 4,015 | 591 | 855 |
| **Operating income** | **10,021** | **8,293** | **12,633** | **7,428** | **5,647** |
| Net financial items | 290 | -168 | -229 | -88 | 39 |
| **Income after financial items** | **10,312** | **8,125** | **12,404** | **7,340** | **5,686** |
| Income taxes | -2,027 | -1,238 | -2,507 | -1,286 | -1,092 |
| **Profit for the year** | **8,284** | **6,887** | **9,897** | **6,054** | **4,594** |
| | | | | | |
| Profit for the year attributable to | | | | | |
| Equity holders | 8,256 | 6,864 | 9,875 | 6,031 | 4,571 |
| Non-controlling interests | 28 | 23 | 22 | 23 | 23 |
| | | | | | |
| **Other comprehensive income** | | | | | |
| **Items that will not be reclassified to profit or loss for the period** | | | | | |
| Remeasurement of defined benefit pension plans | 3,818 | 2,585 | -1,003 | -895 | -478 |
| Tax related to items that will not be reclassified to profit and loss | -792 | -575 | 211 | 166 | 59 |
| | **3,026** | **2,010** | **-792** | **-729** | **-419** |

**Other comprehensive income, cont.**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Items that have been or will be reclassified to profit or loss** | | | | | |
| Translation differences attributable to equity holders | 2,290 | 1,808 | -2,120 | 672 | 1,299 |
| Translation differences attributable to non-controlling interests | 14 | 7 | -7 | 3 | 3 |
| Hedging of exchange rate risk in foreign operations | 81 | 40 | -19 | 4 | -183 |
| Effect of cash flow hedges | 108 | 2 | 35 | 31 | -30 |
| Share of other comprehensive income of joint ventures and associated companies | 178 | 113 | -176 | -41 | 272 |
| Tax related to items that have been or will be reclassified to profit and loss | -19 | -3 | 21 | -10 | 7 |
| | **2,653** | **1,966** | **-2,266** | **659** | **1,368** |
| **Other comprehensive income after tax** | **5,679** | **3,977** | **-3,058** | **-70** | **949** |
| | | | | | |
| **Total comprehensive income** | **13,963** | **10,863** | **6,839** | **5,984** | **5,543** |
| | | | | | |
| Total comprehensive income attributable to | | | | | |
| Equity holders | 13,920 | 10,834 | 6,824 | 5,958 | 5,517 |
| Non-controlling interests | 43 | 30 | 15 | 26 | 26 |
| | | | | | |
| **Cash flow** | | | | | |
| Cash flow from operating activities | 480 | 7,436 | 11,284 | 6,038 | 9,454 |
| Cash flow from investing activities | 3,920 | -11,368 | 1,571 | -1,214 | -2,367 |
| Cash flow from financing activities | -5,574 | -5,053 | -1,183 | -6,898 | -3,509 |
| **Cash flow for the year** | **-1,173** | **-8,984** | **11,672** | **-2,074** | **3,578** |

*Note 43. Five-year Group financial summary, cont.*

**Income statement, in accordance with Segment Reporting**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Construction | 156,004 | 132,587 | 140,483 | 159,579 | 157,894 |
| Residential Development | 9,475 | 14,377 | 13,070 | 12,483 | 10,739 |
| Commercial Property Development | 13,552 | 11,102 | 14,983 | 17,850 | 16,271 |
| Investment Properties | 40 | n/a | n/a | n/a | n/a |
| Central and Eliminations | -17,469 | -10,490 | -9,931 | -13,130 | -14,410 |
| **Group** | **161,602** | **147,576** | **158,606** | **176,782** | **170,494** |
| | | | | | |
| **Operating income** | | | | | |
| Construction | 5,770 | 5,013 | 3,528 | 3,772 | 1,099 |
| Residential Development | 1,011 | 1,980 | 1,543 | 1,195 | 1,505 |
| Commercial Property Development | 2,903 | 3,264 | 3,897 | 3,287 | 3,069 |
| Investment Properties | 140 | | | | |
| Central | -339 | -415 | 2,830 | -388 | -780 |
| Eliminations | -187 | -9 | 62 | -38 | -66 |
| **Operating income** | **9,297** | **9,832** | **11,860** | **7,828** | **4,827** |
| Financial items | 289 | -172 | -236 | -103 | 36 |
| **Income after financial items** | **9,586** | **9,660** | **11,624** | **7,725** | **4,863** |
| Taxes | -1,885 | -1,472 | -2,349 | -1,353 | -934 |
| **Profit for the year** | **7,702** | **8,188** | **9,274** | **6,372** | **3,929** |
| | | | | | |
| Earnings per share, segment, SEK | 18.62 | 19.80 | 22.46 | 15.46 | 9.55 |
| Earnings per share after dilution, segment, SEK | 18.49 | 19.65 | 22.33 | 15.39 | 9.49 |

*Note 43. Five-year Group financial summary, cont.*

**Statement of financial position**

| | Dec 31, 2022 | Dec 31, 2021[4] | Dec 31, 2020[4] | Dec 31, 2019 | Restated Jan 1, 2019[5] | Dec 31, 2018 |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **Non-current assets** | | | | | | |
| Investment properties | 3,758 | | | | | |
| Property, plant and equipment | 7,803 | 7,279 | 6,816 | 7,742 | 7,363 | 7,645 |
| Property, plant and equipment, right-of-use assets | 3,256 | 3,314 | 3,930 | 4,616 | 4,762 | |
| Goodwill | 4,160 | 3,934 | 3,713 | 4,057 | 4,324 | 4,324 |
| Other intangible assets | 488 | 676 | 771 | 865 | 975 | 975 |
| Investments in joint ventures and associated companies | 2,901 | 2,185 | 1,689 | 3,442 | 3,288 | 3,288 |
| Financial non-current assets[1, 3] | 3,607 | 3,875 | 1,931 | 2,528 | 2,345 | 2,345 |
| Deferred tax assets | 995 | 1,984 | 1,803 | 1,862 | 1,948 | 1,933 |
| **Total non-current assets** | **26,970** | **23,247** | **20,653** | **25,112** | **25,005** | **20,510** |
| | | | | | | |
| **Current assets** | | | | | | |
| Current-asset properties[2] | 58,474 | 49,745 | 44,948 | 46,373 | 42,391 | 42,391 |
| Current-asset properties, right-of-use land | 3,676 | 3,289 | 2,980 | 3,980 | 2,865 | |
| Inventories | 1,300 | 1,090 | 1,100 | 1,128 | 1,256 | 1,256 |
| Financial current assetss[3] | 14,413 | 18,810 | 8,492 | 6,899 | 7,135 | 7,117 |
| Tax assets | 1,248 | 1,247 | 950 | 670 | 396 | 396 |
| Contract assets | 7,772 | 5,451 | 4,599 | 5,898 | 6,661 | 6,661 |
| Trade and other receivables | 27,726 | 25,212 | 22,401 | 27,213 | 27,194 | 27,243 |
| Cash | 10,014 | 10,947 | 19,508 | 8,745 | 10,722 | 10,722 |
| **Total current assets** | **124,623** | **115,791** | **104,979** | **100,906** | **98,620** | **95,786** |
| | | | | | | |
| **TOTAL ASSETS** | **151,593** | **139,039** | **125,631** | **126,018** | **123,625** | **116,296** |
| of which interest-bearing | 27,896 | 33,531 | 29,692 | 18,000 | 20,089 | 20,071 |
| | | | | | | |
| 1 Of which shares | 38 | 37 | 43 | 44 | 41 | 41 |
| 2 Current-asset properties | | | | | | |
| Commercial Property Development | 34,322 | 29,691 | 27,906 | 29,708 | 25,829 | 25,829 |
| Residential Development | 24,152 | 20,054 | 17,041 | 16,665 | 16,562 | 16,562 |
| | **58,474** | **49,745** | **44,948** | **46,373** | **42,391** | **42,391** |
| 3 Items related to non-interest-bearing unrealized changes in the value of derivatives/securities are included as follows: | | | | | | |
| Financial non-current assets | | | 4 | 1 | 2 | 2 |
| Financial current assets | 99 | 63 | 193 | 127 | 70 | 70 |

4 In the second quarter of 2022 a subsidiary in the USA discovered a computational error in the 2020 tax expense. A correction has been made and the result is an increase of SEK 332 M in the tax liability recognized for the fourth quarter of 2022 and all quarters thereafter. Profit for the period was not affected for any of the quarters in 2021. The effect on cash flow was taken in 2021. Since the error arose before the earliest reported period, the opening balance of equity and tax liabilities for 2021 have been restated taking the error into account. The five-year financial summary has been corrected correspondingly.

5 Restated due to the implementation of IFRS 16.

*Note 43. Five-year Group financial summary, cont.*

**Statement of financial position, cont.**

| | Dec 31, 2022 | Dec 31, 2021[2] | Dec 31, 2020[2] | Dec 31, 2019 | Restated Jan 1, 2019[3] | Dec 31, 2018 |
|---|---|---|---|---|---|---|
| **EQUITY** | | | | | | |
| Equity attributable to equity holders | 55,111 | 45,351 | 38,288 | 32,924 | 29,183 | 29,250 |
| Non-controlling interests | 144 | 114 | 97 | 97 | 97 | 97 |
| **TOTAL EQUITY** | **55,255** | **45,465** | **38,385** | **33,021** | **29,280** | **29,347** |
| | | | | | | |
| **LIABILITIES** | | | | | | |
| **Financial non-current liabilities** | | | | | | |
| Financial non-current liabilities[1] | 2,714 | 3,389 | 3,247 | 2,565 | 3,632 | 3,912 |
| Lease liabilities | 6,328 | 6,040 | 6,217 | 7,843 | 6,953 | |
| Pensions | 2,891 | 5,936 | 7,360 | 6,866 | 5,669 | 5,669 |
| Deferred tax liabilities[2] | 1,943 | 1,254 | 967 | 1,045 | 711 | 711 |
| **Total non-current liabilities** | **13,876** | **16,619** | **17,791** | **18,319** | **16,965** | **10,292** |
| | | | | | | |
| **Financial current liabilities** | | | | | | |
| Financial current liabilities[1] | 4,854 | 4,780 | 4,663 | 4,617 | 7,308 | 7,310 |
| Lease liabilities | 953 | 920 | 1,016 | 1,078 | 816 | |
| Tax liabilities[2] | 388 | 710 | 2,176 | 564 | 615 | 615 |
| Current provisions | 10,368 | 11,239 | 10,326 | 10,021 | 9,922 | 9,922 |
| Contract liabilities | 24,059 | 22,664 | 19,462 | 20,419 | 20,738 | 20,738 |
| Trade and other payables | 41,840 | 36,642 | 31,812 | 37,979 | 37,981 | 38,072 |
| **Total current liabilities** | **82,462** | **76,955** | **69,455** | **74,678** | **77,380** | **76,657** |
| | | | | | | |
| **TOTAL EQUITY AND LIABILITIES** | **151,593** | **139,039** | **125,631** | **126,018** | **123,625** | **116,296** |
| of which interest-bearing | 17,590 | 20,933 | 22,412 | 22,917 | 24,327 | 16,840 |
| | | | | | | |
| 1 Items related to non-interest-bearing unrealized changes in the value of derivatives/securities are included as follows: | | | | | | |
| Non-current financial liabilities | | | 6 | 2 | 3 | 3 |
| Financial current liabilities | 150 | 131 | 85 | 50 | 48 | 48 |

2 In the second quarter of 2022 a subsidiary in the USA discovered a computational error in the 2020 tax expense. A correction has been made and the result is an increase of SEK 332 M in the tax liability recognized for the fourth quarter of 2022 and all quarters thereafter. Profit for the period was not affected for any of the quarters in 2021. The effect on cash flow was taken in 2021. Since the error arose before the earliest reported period, the opening balance of equity and tax liabilities for 2021 have been restated taking the error into account. The five-year financial summary has been corrected correspondingly.

3 Restated due to the implementation of IFRS 16.

*Note 43. Five-year Group financial summary, cont.*

**Financial ratios[1]**

| | Dec 31, 2022 | Dec 31, 2021[4] | Dec 31, 2020[4] | Dec 31, 2019 | Restated Jan 1, 2019[5] | Dec 31, 2018 |
|---|---|---|---|---|---|---|
| Order bookings[2] | 162,665 | 153,590 | 149,802 | 145,818 | | 151,719 |
| Order backlog[2] | 229,771 | 207,031 | 178,924 | 185,370 | | 192,042 |
| Average number of employees | 28,380 | 30,051 | 32,463 | 34,756 | | 38,650 |
| Regular dividend per share, SEK[3] | 7.50 | 7.00 | 6.50 | 3.25 | | 6.00 |
| Extra dividend per share, SEK[3] | | 3.00 | 3.00 | | | |
| Earnings per share, SEK | 20.04 | 16.64 | 23.16 | 14.68 | 11.17 | 11.17 |
| Earnings per share after dilution, SEK | 19.90 | 16.52 | 23.03 | 14.62 | 11.11 | 11.11 |
| Capital employed | 72,845 | 66,398 | 60,797 | 55,938 | 53,607 | 46,187 |
| Interest-bearing net receivables/net debt | 10,306 | 12,598 | 7,280 | -4,917 | -4,238 | 3,231 |
| Equity per share, SEK | 134.05 | 110.01 | 93.67 | 80.01 | | 71.40 |
| Equity/assets ratio, % | 36.4 | 32.7 | 30.6 | 26.2 | 23.7 | 25.2 |
| Debt/equity ratio | -0.2 | -0.3 | -0.2 | 0.1 | 0.1 | -0.1 |
| Interest cover | -42.8 | 71.4 | 84.4 | 100.6 | | -245.8 |
| Return on equity, % | 17.1 | 16.9 | 26.9 | 20.3 | 16.5 | 16.4 |
| Return on capital employed, % | 15.2 | 13.5 | 21.5 | 14.3 | 12.7 | 13.0 |
| Return on equity, segment, % | 15.8 | 20.1 | 25.1 | 21.4 | 14.1 | 14.1 |
| Return on capital employed in Project Development units, segment, % | 8.1 | 11.8 | 12.2 | 10.3 | 11.9 | 12.0 |
| Operating margin, % | 6.1 | 5.8 | 7.9 | 4.3 | | 3.3 |
| Operating margin, Construction, % | 3.7 | 3.8 | 2.5 | 2.4 | | 0.7 |
| Cash flow per share, SEK | -16.29 | 1.81 | 31.57 | 3.26 | | 9.51 |
| Number of shares at year-end | 419,903,072 | 419,903,072 | 419,903,072 | 419,903,072 | | 419,903,072 |
| of which Class A shares | 19,654,316 | 19,661,632 | 19,684,564 | 19,704,715 | | 19,725,759 |
| of which Class B shares | 400,248,756 | 400,241,440 | 400,218,508 | 400,198,357 | | 400,177,313 |
| Average price, repurchased shares | 144.79 | 141.85 | 138.45 | 137.54 | | 137.54 |
| Number of Class B shares repurchased during the year | 2,924,000 | 1,048,500 | 460,000 | | | 435,000 |
| Number of Class B treasury shares, December 31 | 8,771,931 | 7,655,488 | 7,616,674 | 8,394,479 | | 10,224,634 |
| Number of shares outstanding, December 31 | 411,131,141 | 412,247,584 | 412,286,398 | 411,508,593 | | 409,678,438 |
| Average number of shares outstanding | 412,037,581 | 412,387,142 | 411,993,869 | 410,720,937 | | 409,130,770 |
| Average number of shares outstanding after dilution | 414,922,620 | 415,491,861 | 414,304,017 | 412,585,074 | | 411,415,278 |
| Average dilution, % | 0.70 | 0.75 | 0.56 | 0.45 | | 0.56 |

1 For definitions, see Note 44.
2 Refers to Construction.
3 Proposed by the Board of Directors: dividend of SEK 7.50 per share (7.00+3.00).
4 In the second quarter of 2022 a subsidiary in the USA discovered a computational error in the 2020 tax expense. A correction has been made and the result is an increase of SEK 332 M in the tax liability recognized for the fourth quarter of 2022 and all quarters thereafter. Profit for the period was not affected for any of the quarters in 2021. The effect on cash flow was taken in 2021. Since the error arose before the earliest reported period, the opening balance of equity and tax liabilities for 2021 have been restated taking the error into account. The five-year financial summary has been corrected correspondingly.
5 Restated due to the implementation of IFRS 16.

## **Note 44.** Definitions

**Return on equity**
Profit attributable to equity holders as a percentage of average equity attributable to equity holders.

**Return on equity, segment, SEK M**
Profit attributable to equity holders as a percentage of average equity attributable to equity holders:
7,673 / 48,464 = 15.8%

**Return on capital employed, consolidated**
Operating income plus financial income as a percentage of average capital employed.

**Return on capital employed, business streams, markets and business/reporting units**
Operating income, financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items as a percentage of average capital employed. For the Residential Development and Commercial Property Development segments, capitalized interest is removed from operating income so that the return reflects the return before mortgages.

**Return on capital employed in Residential Development segment, SEK M**

| | |
|---|---|
| Operating income | 1,011 |
| + capitalized interest expense | 147 |
| +/- financial income and other financial items | 22 |
| - interest income from treasury unit | -11 |
| Adjusted profit | 1,169 |
| Average capital employed[1] | 16,630 |
| Return on capital employed in Residential Development | 7.0% |

1 Average capital employed

| | | | | |
|---|---|---|---|---|
| Q4 2022 | 17,837 | x 0.5 | 8,918 | |
| Q3 2022 | 16,466 | | 16,466 | |
| Q2 2022 | 17,373 | | 17,373 | |
| Q1 2022 | 16,570 | | 16,570 | |
| Q4 2021 | 14,385 | x 0.5 | 7,192 | |
| | | | **66,518 / 4** | **16,630** |

**Return on capital employed in Commercial Property Development segment, SEK M**

| | |
|---|---|
| Operating income | 2,903 |
| + capitalized interest expense | 128 |
| +/- financial income and other financial items | 5 |
| - interest income from treasury unit | 0 |
| Adjusted profit | 3,036 |
| Average capital employed[1] | 35,159 |
| Return on capital employed in Commercial Property Development | 8.6% |

1 Average capital employed

| | | | | |
|---|---|---|---|---|
| Q4 2022 | 37,080 | x 0.5 | 18,540 | |
| Q3 2022 | 37,080 | | 37,080 | |
| Q2 2022 | 35,578 | | 35,578 | |
| Q1 2022 | 33,080 | | 33,080 | |
| Q4 2021 | 32,721 | x 0.5 | 16,360 | |
| | | | **140,637 / 4** | **35,159** |

**Return on capital employed in Investment Properties segment, SEK M**

| | |
|---|---|
| Operating income | 140 |
| +/- financial income and other financial items | 0 |
| - interest income from treasury unit | 0 |
| Adjusted profit | 140 |
| Average capital employed[1] | 1,031 |
| Return on capital employed in Investment Properties | 13.6% |

1 Average capital employed

| | | | | |
|---|---|---|---|---|
| Q4 2022 | 3,733 | x 0.5 | 1,867 | |
| Q3 2022 | 755 | | 755 | |
| Q2 2022 | 753 | | 753 | |
| Q1 2022 | 749 | | 749 | |
| Q4 2021 | 0 | x 0.5 | 0 | |
| | | | **4,124 / 4** | **1,031** |

*Note 44. Definitions, cont.*

**Return on capital employed in Project Development units segment, SEK M**
Calculated as the sum of the adjusted profit in Residential Development and Commercial Property Development divided by the aggregate amount of capital employed, average, for Residential Development and Commercial Property Development.

Total return on capital employed in Residential Development and Commercial Property Development

| | Adjusted profit | Capital employed, average | Return on capital employed |
|---|---|---|---|
| Residential Development | 1,169 | 16,630 | 7.0% |
| Commercial Property Development | 3,036 | 35,159 | 8.6% |
| | **4,205** | **51,789** | **8.1%** |

**Gross income**
Revenue minus cost of sales.

**Gross margin**
Gross income as a percentage of revenue.

**Operating net**
Rental revenue minus operating costs for investment properties (that is, operating expenses, costs for repair and maintenance, property administration and property tax).

**Equity per share**
Equity attributable to equity holders divided by the number of shares outstanding at year-end.

**Economic occupancy rate**
Rental income including supplements less discounts for the period divided by total rental value for properties at the end of the period. Properties owned at the end of the period are restated as if they have been owned during the whole period, while disposed properties are excluded entirely.

**Financial items**
The net of interest income, pension interest, interest expense, capitalized interest expense, change in fair value and other financial items.

**Free working capital**
Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.

**Free working capital in Construction, average, SEK M**
Calculated on the basis of five measurement points.

| | | | | |
|---|---|---|---|---|
| Q4 2022 | -28,920 | x 0.5 | -14,460 | |
| Q3 2022 | -30,254 | | -30,254 | |
| Q2 2022 | -28,922 | | -28,922 | |
| Q1 2022 | -28,821 | | -28,821 | |
| Q4 2021 | -29,086 | x 0.5 | -14,543 | |
| | | | **-117,000 / 4** | **-29,250** |

**Selling and administrative expenses, %**
Selling and administrative expenses divided by revenue.

**Average equity attributable to equity holders, SEK M**
Calculated on the basis of five measurement points.

| | | | | |
|---|---|---|---|---|
| Q4 2022 | 55,111 | x 0.5 | 27,555 | |
| Q3 2022 | 52,255 | | 52,255 | |
| Q2 2022 | 47,653 | | 47,653 | |
| Q1 2022 | 43,717 | | 43,717 | |
| Q4 2021 | 45,351 | x 0.5 | 22,675 | |
| | | | **193,855 / 4** | **48,464** |

**Lease value**
Rental income for the period including supplements plus assessed market rent including supplements for unleased premises.

**Revenue, segment**
Revenue, segment is the same as Revenue, IFRS in all business streams except for Residential Development and Commercial Property Development, where revenue is recognized when a binding agreement is signed for the sale of homes and properties. As segment reporting of joint ventures in Residential Development applies the proportional method, this also affects Revenue, segment.

**Adjusted equity attributable to equity holders, SEK bn**

| | |
|---|---|
| Equity attributable to equity holders | 55.1 |
| Unrealized surplus value in land, Residential Development | 4.3 |
| Unrealized development gains, Commercial Property Development | 10.2 |
| Effect on unrealized equity in PPP portfolio | 0.6 |
| Less standard corporate tax, 10% | -1.5 |
| **Adjusted equity** | **68.6** |

**Market appraisal**
*Commercial Property Development*
Note 22 provides the estimated market value of Skanska's current-asset properties. For completed commercial properties and for development properties, the market value for the majority of properties has been calculated in cooperation with independent external appraisers. The value of ongoing projects is measured internally. The calculated market value of ongoing projects refers to each property once it is completed and fully occupied.

*Residential Development*
In appraising properties in Residential Development, market value is calculated taking into account the value that can be obtained within the usual economic cycle and refers to properties once they are completed.

*Investment Properties*
Note 40 provides the estimated market value of the investment properties.

*PPP portfolio*
Skanska obtains an estimated value for the PPP portfolio by discounting estimated future cash flows in the form of dividends and repayments of loans and equity by a discount rate based on country, risk model and project phase for the various projects. The discount rate chosen is applied to all future cash flows starting on the appraisal date. This is based on the most recently updated financial model. This financial model describes all cash flows in the project and serves as the ultimate basis for financing, which is carried out with full project risk and without guarantees from Skanska.

An estimated value is stated solely for projects that have reached contractual and financial close. All flows are appraised: investments in the project (equity and subordinated debenture loans), interest on repayments of subordinated loans, as well as dividends to and from the project company. Today all investments except New Karolinska Solna are denominated in currencies other than Swedish kronor, and there is thus also an exchange rate risk.

Estimated values have in part been calculated in cooperation with independent external appraisers and are stated in Note 20 B.

**Net divestments/investments**
Total investments minus total divestments.

**Net leasing**
Annual rent including supplements of new lettings minus annual rent including supplements for agreements that has been served a notice of termination.

**Cash flow from operations**
Cash flow from business operations including taxes paid and cash flow from financing operations. See also Note 35.

*Note 44. Definitions, cont.*

**Order bookings**
Contracting assignments: Upon written order confirmation or signed contract, where financing has been arranged and construction is expected to begin within 12 months. If a previously received order is canceled in a subsequent quarter, the cancellation is recognized as a negative item when reporting order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Property Development, which assumes that a building permit has been obtained and construction is expected to begin within three months.

Services: For fixed-price assignments, upon signing of contract. For cost-plus assignments, order bookings coincide with revenue. For service agreements, a maximum of 24 months of future revenue is included.

No order bookings are reported in Residential Development, Commercial Property Development or Investment Properties.

**Order bookings in relation to revenue in Construction, rolling 12-month basis**
Order bookings divided by revenue in Construction, rolling 12-month basis.

**Unrealized development gains, Commercial Property Development**
Market value minus investment value upon completion for ongoing projects, completed projects, and undeveloped land and development properties. Excludes projects sold according to segment reporting.

**Order backlog**
Contracting assignments: The difference between order bookings for the period and accrued revenue (accrued project costs plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period.

Services: The difference between order bookings and accrued revenue plus order backlog at the beginning of the period.

The order backlog in the accounts of acquired subsidiaries on the date of acquisition is not reported as order bookings, but is included in order backlog amounts.

**Income after financial items**
Operating income minus financial items.

**Earnings per share, segment**
Profit for the period, segment, attributable to equity holders divided by the average number of shares outstanding.

**Earnings per share**
Profit for the period attributable to equity holders divided by the average number of shares outstanding.

**Earnings per share after dilution**
Profit for the period attributable to equity holders divided by the average number of shares outstanding after dilution.

**Interest-bearing net receivables/net liabilities**
Interest-bearing assets minus interest-bearing liabilities.

**Interest-bearing net receivables/net liabilities, adjusted**
Interest-bearing net receivables/liabilities excluding cash and cash equivalents with restrictions, lease liabilities and interest-bearing net pension liabilities.

**Interest cover**
Operating income and financial income plus depreciation/amortization divided by net interest.

**Operating income**
Revenue minus the cost of sales, selling and administrative expenses, change in value of investment properties, and income from joint ventures and associated companies.

**Operating income, segment**
Revenue minus cost of sales, selling and administrative expenses, change in value of investment properties, and income from joint ventures and associated companies, according to segment reporting and where Residential Development uses the proportional method for joint ventures.

**Operating income, rolling 12-month basis**
Revenue minus the cost of sales, selling and administrative expenses, change in value of investment properties, and income from joint ventures and associated companies, rolling 12 months.

**Operating margin**
Operating income divided by revenue.

**Debt/equity ratio**
Interest-bearing net liabilities divided by equity including non-controlling interests.

**Equity/assets ratio**
Equity including non-controlling interests as a percentage of total assets.

**Capital employed, average**
Calculated on the basis of five measurement points – see Return on capital employed.

**Capital employed, consolidated**
Total assets minus non-interest-bearing liabilities.

**Capital employed, markets, business streams and business/reporting units**
Total assets less tax assets, deposits in Skanska's treasury unit (internal bank) and pension receivables, minus non-interest-bearing liabilities excluding tax liabilities. Capitalized interest expense is also deducted from total assets for the Residential Development and Commercial Property Development business streams.

**Capital employed Residential Development, SEK M**

| | |
|---|---|
| Total assets | 28,169 |
| – tax assets | -393 |
| – deposits in treasury unit | -771 |
| – pension receivables | -46 |
| – non-interest-bearing liabilities (excluding tax liabilities) | -8,936 |
| – capitalized interest expense | -185 |
| | **17,837** |

**Capital employed Commercial Property Development, SEK M**

| | |
|---|---|
| Total assets | 41,909 |
| – tax assets | -580 |
| – deposits in treasury unit | -634 |
| – pension receivables | 0 |
| – non-interest-bearing liabilities (excluding tax liabilities) | -3,211 |
| – capitalized interest expense | -405 |
| | **37,080** |

**Capital employed Investment Properties, SEK M**

| | |
|---|---|
| Total assets | 3,792 |
| – tax assets | -1 |
| – deposits in treasury unit | 0 |
| – pension receivables | 0 |
| – non-interest-bearing liabilities (excluding tax liabilities) | -58 |
| | **3,733** |

**Comprehensive income**
Change in equity not attributable to transactions with owners.

**Leasable area**
Leasable area including garage.

**Surplus ratio**
Operating net for Investment Properties divided by rental revenue.

**Other comprehensive income**
Comprehensive income minus profit according to the income statement. The item includes translation differences, hedging of exchange rate risk in foreign operations, remeasurements of defined-benefit pension plans, effects of cash flow hedges and tax attributable to other comprehensive income.

## Parent company's notes including accounting and valuation principles

The parent company has prepared its annual accounts in compliance with the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, "Accounting for Legal Entities." Accordingly, the parent company applies IFRS/IAS as far as this is possible within the framework of the Annual Accounts Act. See Note 1 Parent company accounting and valuation principles.

## **Note 45.** Financial instruments, parent company

Financial instruments are presented in accordance with IFRS 7 Financial Instruments: Disclosures. This note contains figures for the parent company's financial instruments. See also the notes to the consolidated financial statements: Note 1, Note 6 and financial risk management.

| Financial instruments in the balance sheet | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| **Assets** | | |
| Non-current receivables in Group companies | 11,422 | 5,669 |
| Current receivables in Group companies | 16 | 42 |
| **Total financial instruments, assets** | **11,438** | **5,711** |
| | | |
| **Liabilities** | | |
| Non-current liabilities to Group companies | 276 | 134 |
| | | |
| Trade accounts payable and current liabilities to Group companies | 26 | 26 |
| **Total financial instruments, liabilities** | **302** | **160** |

The fair value of the parent company's financial instruments does not deviate significantly in any case from the carrying amount. All assets belong to the category "measured at amortized cost." No assets have been measured at fair value through profit or loss. All financial liabilities belong to the category "measured at amortized cost."

| Reconciliation with the balance sheet | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| **Assets** | | |
| Financial instruments | 11,438 | 5,711 |
| **Other assets** | | |
| Property, plant and equipment and intangible assets | 1 | 3 |
| Holdings in Group companies, joint ventures and other securities | 12,048 | 11,786 |
| Other non-current receivables | 101 | 107 |
| Tax assets | 66 | 75 |
| Other current receivables and accrued receivables | 138 | 134 |
| **Total assets** | **23,792** | **17,816** |
| | | |
| **Equity and liabilities** | | |
| Financial instruments | 302 | 160 |
| **Other liabilities** | | |
| Equity | 23,195 | 17,326 |
| Provisions | 213 | 251 |
| Other current liabilities and accrued liabilities | 82 | 79 |
| **Total equity and liabilities** | **23,792** | **17,816** |

**Impact of financial instruments on the parent company income statement**

| Financial income and expense recognized in financial items | 2022 | 2021 |
|---|---|---|
| Interest income on receivables | 96 | 4 |
| Interest expense on financial liabilities measured at amortized cost | -4 | -26 |
| **Total** | **92** | **-22** |

The parent company has no income or expense from financial instruments that is recognized directly in equity.

**Risks attributable to financial instruments**
The parent company holds financial instruments almost exclusively in the form of intra-Group receivables and liabilities. All external management of lending, borrowing, interest and currencies is handled by the Group's treasury unit (internal bank), the subsidiary Skanska financial Services AB. See also Note 6 to the consolidated financial statements.

**Credit risk**
The carrying amount of financial instruments, assets, corresponds to the maximum credit exposure on the closing day.

There were no impairment losses on financial instruments as of the closing day. No reserves for future credit losses under IFRS 9 are made, as the parent company's trade accounts receivable – with only one small exception – are Group company receivables over which Skanska AB exercises control. The credit risk is therefore minimal.

## **Note 46.** Revenue, parent company

The parent company's net sales consist mainly of amounts billed to Group companies.

The amount includes SEK 767 M (635) in sales to subsidiaries. For other transactions with related parties, see Note 63.

## **Note 47.** Financial items, parent company

| 2022 | Income from holdings in Group companies | Interest income and similar items | Interest expense and similar items | Total |
|---|---|---|---|---|
| Dividend | 9,788 | | | 9,788 |
| Interest income | | 96 | | 96 |
| Interest expense | | | -4 | -4 |
| **Total** | **9,788** | **96** | **-4** | **9,880** |

| 2021 | Income from holdings in Group companies | Interest income and similar items | Interest expense and similar items | Total |
|---|---|---|---|---|
| Dividend | 10,330 | | | 10,330 |
| Interest income | | 4 | | 4 |
| Interest expense | | | -26 | -26 |
| **Total** | **10,330** | **4** | **-26** | **10,308** |

**Dividends**
The amount for dividends consists of dividends as decided by the Annual General Meeting, amounting to SEK 10,000 M (10,400), less SEK -212 M (-70) in Group contributions paid.

**Net interest**
Of interest income, SEK 96 M (4) relates to Group companies. Of interest expense, SEK -4 M (-26) relates to Group companies.

## **Note 48.** Income taxes, parent company

| | 2022 | 2021 |
|---|---|---|
| Current taxes | -5 | -5 |
| Tax due to changed taxation | -4 | -1 |
| Deferred tax expense/income from change in temporary differences | -9 | 5 |
| **Total** | **-18** | **-1** |

The Swedish tax rate of 20.6 percent in relation to taxes recognized is explained in the table below.

| | 2022 | 2021 |
|---|---|---|
| Income after financial items | 10,048 | 10,401 |
| Tax at tax rate of 20.6 percent (20.6) | -2,070 | -2,143 |
| **Tax effect of:** | | |
| Dividends from subsidiaries | 2,060 | 2,142 |
| Non-deductible expenses | -8 | 0 |
| **Recognized tax expense/income** | **-18** | **-1** |

Non-deductible expenses refers to employee-related costs and costs for discontinued operations.

| **Deferred tax assets** | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|
| Deferred tax assets for employee-related provisions | 56 | 65 |
| **Total** | **56** | **65** |

| **Change in deferred taxes in balance sheet** | 2022 | 2021 |
|---|---|---|
| Deferred tax assets, January 1 | 65 | 60 |
| Deferred tax expense/income | -9 | 5 |
| **Deferred tax assets, December 31** | **56** | **65** |

The parent company expects to be able to utilize deferred tax assets to offset Group contributions from Swedish operating subsidiaries.

## Note 49. Intangible assets, parent company

Intangible assets are recognized in accordance with IAS 38 Intangible Assets. See Note 1. Amortization of intangible assets for the year according to plan amounts to SEK -2 M (-3) and is included in selling and administrative expenses. In determining the amortization amount, the parent company has paid particular attention to estimated residual value at the end of useful life.

| | Intangible assets | |
|---|---|---|
| | **2022** | **2021** |
| **Accumulated cost** | | |
| January 1 | 22 | 27 |
| Divestments and disposals | | -5 |
| | **22** | **22** |
| **Accumulated amortization according to plan** | | |
| January 1 | -19 | -19 |
| Amortization for the year | -2 | -3 |
| Divestments and disposals | 0 | 3 |
| | **-21** | **-19** |
| **Accumulated impairment losses** | | |
| January 1 | 0 | 0 |
| | **0** | **0** |
| **Carrying amount, December 31** | **1** | **3** |
| Carrying amount, January 1 | 3 | 8 |

## Note 50. Property, plant and equipment, parent company

Property, plant and equipment are reported in accordance with IAS 16 Property, Plant and Equipment. See Note 1. Machinery and equipment owned by the parent company are recognized as property, plant and equipment.

Depreciation on property, plant and equipment for the year according to plan amounts to SEK 0 M (0).

| | Plant and equipment | |
|---|---|---|
| | **2022** | **2021** |
| **Accumulated cost** | | |
| January 1 | 7 | 7 |
| | **7** | **7** |
| **Accumulated depreciation according to plan** | | |
| January 1 | -7 | -7 |
| Depreciation for the year | 0 | 0 |
| | **-7** | **-7** |
| **Carrying amount, December 31** | **0** | **0** |
| Carrying amount, January 1 | 0 | 0 |

## Note 51. Non-current financial assets, parent company

Holdings and receivables are reported as non-current financial assets. Holdings are allocated between holdings in Group companies and joint arrangements. See Note 52 and Note 53. Receivables are allocated between receivables from Group companies, deferred tax assets and other non-current receivables. Tax assets are described in Note 48. All receivables except deferred tax assets are interest-bearing.

| | Holdings in Group companies | | Holdings in joint arrangements | | Other non-current holdings of securities | |
|---|---|---|---|---|---|---|
| **Holdings** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| **Accumulated cost** | | | | | | |
| January 1 | 11,783 | 11,477 | 3 | 3 | 0 | 0 |
| Share-based payments to employees of subsidiaries[1] | 262 | 306 | | | | |
| Share of income | | | 0 | 0 | | |
| | **12,045** | **11,783** | **3** | **3** | **0** | **0** |
| **Accumulated impairment losses** | | | | | | |
| January 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **0** | **0** | **0** | **0** | **0** | **0** |
| **Carrying amount, December 31** | **12,045** | **11,783** | **3** | **3** | **0** | **0** |
| Carrying amount, January 1 | 11,783 | 11,477 | 3 | 3 | 0 | 0 |

1 Equivalent to the portion of the Group's cost for Seop 4 and Seop 5 for employees of subsidiaries and recognized in the parent company accounts as an increase in the carrying amount of holdings in Group companies and an increase in equity. If a decision is made later requiring a subsidiary to compensate the parent company for the value of the shares issued, receivables are transferred to the Group company. The amount for 2022 was thus reduced by SEK 184 M (64).

| | Receivables from Group companies | | Other non-current receivables and deferred tax assets | |
|---|---|---|---|---|
| **Receivables** | **2022** | **2021** | **2022** | **2021** |
| **Accumulated cost** | | | | |
| January 1 | 5,669 | 384 | 172 | 167 |
| Receivables added/settled | 5,753 | 5,285 | -15 | 5 |
| | **11,422** | **5,669** | **157** | **172** |
| **Carrying amount, December 31** | **11,422** | **5,669** | **157** | **172** |
| Carrying amount, January 1 | 5,669 | 384 | 172 | 167 |

## **Note 52.** Holdings in Group companies, parent company

Skanska AB owns shares in two subsidiaries. The subsidiary Skanska Kraft AB is a holding company that owns the Group's shareholdings in Skanska Group operating companies. Skanska Financial Services AB is the Group's treasury unit (internal bank).

| | Corp. ID No. | Registered office | No. of shares | Carrying amount 2022 | Carrying amount 2021 |
|---|---|---|---|---|---|
| **Swedish subsidiaries** | | | | | |
| Skanska Financial Services AB | 556106-3834 | Stockholm | 500,000 | 69 | 68 |
| Skanska Kraft AB | 556118-0943 | Stockholm | 4,000,000 | 11,976 | 11,715 |
| **Total** | | | | **12,045** | **11,783** |

Both subsidiaries are 100-percent owned by the parent company. For information on indirect subsidiaries, which are the main source of the Group's revenue and assets, see www.group.skanska.com/investors/reports-publications/annual-reports/

## **Note 53.** Holdings in joint arrangements, parent company

Holdings in joint arrangements are reported in accordance with IFRS 11 Joint Arrangements. See Note 1.

| | Corp. ID No. | Registered office | Percentage of capital and votes | Carrying amount 2022 | Carrying amount 2021 |
|---|---|---|---|---|---|
| **Swedish joint arrangements** | | | | | |
| Sundlink Contractors HB | 969620-7134 | Malmö, Sweden | 37 | 3 | 3 |
| **Total** | | | | **3** | **3** |

The company has no operations other than fulfilling guarantee undertakings.

## **Note 54.** Prepaid expenses and accrued income, parent company

The parent company has prepaid expenses and accrued income of SEK 22 M (18). This amount consists of SEK 1 M (1) in prepaid insurance premiums and SEK 21 M (17) in other accrued receivables.

## **Note 55.** Equity, parent company

**Restricted and unrestricted equity**
According to Swedish law, equity must be allocated between restricted and unrestricted equity. Share capital and the statutory reserve constitute restricted equity.

Unrestricted equity consists of retained earnings and profit for the year.

The equity of the parent company was allocated among SEK 1,260 M (1,260) in share capital, SEK 598 M (598) in the statutory reserve, SEK 11,307 M (5,068) in retained earnings and SEK 10,030 M (10,400) in profit for the year.

The Board of Directors proposes a dividend for 2022 of SEK 7.50 (7.00+3.00) per share.

The proposal is equivalent to a dividend payout totaling SEK 3,083 M (4,124).

No dividend is paid for the parent company's holding of Class B treasury shares. The Board proposes Friday, March 31, 2023 as the record date to receive the dividend. The total dividend amount may change by the record date, depending on repurchases of Class B treasury shares and the transfer of Class B shares to participants in Skanska's long-term employee ownership programs.

| Number of shares | 2022 | 2021 |
|---|---|---|
| **Average number of shares outstanding** | | |
| after share repurchase transactions and conversion | 412,037,581 | 412,387,142 |
| after share repurchase transactions, conversion and dilution | 414,922,620 | 415,491,861 |
| **Total number of shares** | **419,903,072** | **419,903,072** |

The number of shares amounted to 419,903,072 (419,903,072), divided into 19,654,316 (19,661,632) Class A shares and 400 248,756 (400,241,440) Class B shares.

During the year 7,316 (22,932) Class A shares were converted into the same number of Class B shares. A total of 2,924,000 (1,048,500) Class B shares were repurchased. After distribution of 1,807,557 (1,009,686) shares, there were 8,771,931 (7,655,488) Class B treasury shares remaining.

The quota value per share is SEK 3.00 (3.00). All shares are fully paid up.

Each Class A share carries 10 votes and each Class B share carries one vote.

Class B shares are listed on Nasdaq Stockholm.

According to the Articles of Association, Skanska's share capital may not fall below SEK 1,200 M nor exceed SEK 4,800 M.

## **Note 56.** Provisions, parent company

Provisions for pensions and similar obligations are reported according to RFR 2. Other provisions are reported according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. See Note 1.

| | Provisions for pensions and similar obligations | | Other provisions | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| January 1 | 167 | 164 | 84 | 76 |
| Provisions for the year/remeasurements | -15 | 20 | 61 | 62 |
| Provisions utilized | -18 | -17 | -66 | -54 |
| **December 31** | **134** | **167** | **79** | **84** |

"Other provisions" consists of employee-related provisions.

The normal cycle time for "Other provisions" is one to three years.

Employee-related provisions includes such items as social insurance contributions for employee ownership programs, bonus programs and other obligations to employees.

## **Note 57.** Provisions for pensions and similar obligations, parent company

**Pension liabilities according to the balance sheet**

| | **Dec 31, 2022** | **Dec 31, 2021** |
|---|---|---|
| Interest-bearing pension liabilities[1] | 109 | 115 |
| Other pension obligations | 25 | 52 |
| **Total** | **134** | **167** |

1 Liabilities in compliance with the Pension Obligations Vesting Act.

| | **Dec 31, 2022** | **Dec 31, 2021** |
|---|---|---|
| The company's total pension obligations | 819 | 832 |
| Less pension obligations secured through pension funds | -685 | -665 |
| **Provisions for pensions and similar obligations[1]** | **134** | **167** |

1 Of which SEK 8 M (9) is secured through credit insurance. Other pension obligations are largely secured through pledged endowment policies.

Of the company's total pension obligations SEK 633 M (605) is for ITP plans.

No transfers to pensions funds are expected to be made in 2023.

**Reconciliation, provisions for pensions**

| | **2022** | **2021** |
|---|---|---|
| January 1 | 115 | 116 |
| Pension expenses | 14 | 7 |
| Benefits paid | -20 | -8 |
| **Provisions for pensions according to the balance sheet** | **109** | **115** |

## **Note 58.** Liabilities, parent company

Liabilities are allocated between non-current and current liabilities in accordance with IAS 1 Presentation of Financial Statements. See Note 1.

**Accrued expenses and prepaid income**
The parent company has accrued expenses and prepaid income of SEK 77 M (77). This relates to accrued vacation pay of SEK 25 M (25), accrued special payroll tax on pensions of SEK 27 M (27), accrued social insurance contributions of SEK 12 M (9) and other accrued expenses of SEK 13 M (16).

## Note 59. Expected recovery periods for assets and liabilities, parent company

| | Dec 31, 2022 | | | | Dec 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **Amounts expected to be recovered** | **Within 12 months** | **After 12 months** | **After 5 years** | **Total** | **Within 12 months** | **After 12 months** | **After 5 years** | **Total** |
| **Intangible non-current assets**[1] | 1 | | | 1 | 3 | | | 3 |
| **Property, plant and equipment**[1] | 0 | 0 | | 0 | 0 | 0 | | 0 |
| **Non-current financial assets** | | | | | | | | |
| Holdings in Group companies and joint arrangements[2] | | 12,048 | | 12,048 | | 11,786 | | 11,786 |
| Receivables in Group companies[3] | | 11,422 | | 11,422 | | 5,669 | | 5,669 |
| Other non-current receivables | | 101 | | 101 | | 107 | | 107 |
| Deferred tax assets | | 56 | | 56 | | 65 | | 65 |
| | | **23,627** | | **23,627** | | **17,627** | | **17,627** |
| **Current receivables** | | | | | | | | |
| Current receivables in Group companies | 16 | | | 16 | 42 | | | 42 |
| Tax assets | 10 | | | 10 | 10 | | | 10 |
| Other current receivables | 116 | | | 116 | 116 | | | 116 |
| Prepaid expenses and accrued income | 22 | | | 22 | 18 | | | 18 |
| | **164** | | | **164** | **186** | | | **186** |
| **TOTAL ASSETS** | **165** | **23,627** | | **23,792** | **189** | **17,627** | | **17,816** |

1 In the case of amounts expected to be recovered within 12 months, the expected depreciation/amortization has been recognized.
2 No portion of the amount is expected to be recovered within 12 months.
3 No portion of the amount is expected to be recovered within 12 months since the lending is considered to be non-current.

*Note 59. Expected recovery periods for assets, provisions and liabilities, parent company, cont.*

| | Dec 31, 2022 | | | | Dec 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **Amounts expected to be paid** | **Within 12 months** | **After 12 months** | **After 5 years** | **Total** | **Within 12 months** | **After 12 months** | **After 5 years** | **Total** |
| **Provisions** | | | | | | | | |
| Provisions for pensions and similar obligations | 19 | 115 | | 134 | 17 | 150 | | 167 |
| Other provisions | 66 | 13 | | 79 | 61 | 23 | | 84 |
| | **85** | **128** | | **213** | **78** | **173** | | **251** |
| **Liabilities** | | | | | | | | |
| **Non-current liabilities** | | | | | | | | |
| Liabilities to Group companies[1] | | | 276 | 276 | | | 134 | 134 |
| | | | **276** | **276** | | | **134** | **134** |
| **Current liabilities** | | | | | | | | |
| Trade accounts payable | 24 | | | 24 | 23 | | | 23 |
| Liabilities to Group companies | 2 | | | 2 | 3 | | | 3 |
| Other liabilities | 5 | | | 5 | 2 | | | 2 |
| Accrued expenses and prepaid income | 77 | | | 77 | 77 | | | 77 |
| | **108** | | | **108** | **105** | | | **105** |
| **Total liabilities and provisions** | **193** | **128** | **276** | **597** | **183** | **173** | **134** | **490** |
| **Total equity** | | | | **23,195** | | | | **17,326** |
| **EQUITY AND LIABILITIES** | | | | **23,792** | | | | **17,816** |

1 Intra-Group non-current interest-bearing liabilities are treated as having a maturity of more than five years from the closing day.

## **Note 60.** Assets pledged and contingent liabilities, parent company

**Assets pledged**
Assets pledged by the parent company totaled SEK 101 M (107), which relates to assets in the form of non-current receivables.

These assets were pledged as collateral for some of the parent company's pension obligations.

**Contingent liabilities**
Contingent liabilities are reported in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Note 1, section IAS 37, describes the accounting principles.

| | **Dec 31, 2022** | **Dec 31, 2021** |
|---|---|---|
| Contingent liabilities on behalf of Group companies | 122,315 | 127,289 |
| Other contingent liabilities | 20,465 | 45,471 |
| | **142,780** | **172,760** |

Of the parent company's contingent liabilities on behalf of Group companies, almost SEK 115 billion (121) relates to obligations for operations in Construction, mainly guarantees provided when Group companies were awarded contracts. The remaining contingent liabilities for Group companies relate to guarantees for borrowing by Group companies from credit institutions, guarantee undertakings in connection with divestment of properties by Group companies, guaranteeing Group company undertakings to supply capital to their joint ventures and guarantees for Group company pension obligations.

Of other contingent liabilities, SEK 11.9 billion (37.2) relates to liability for external entities' portion of ongoing contracting work. Of the remaining SEK 8.5 billion (8.3), SEK 0.1 billion (0.1) is attributable to guarantees provided for financing of joint arrangements in which Group companies are co-owners and SEK 8.4 billion (8.2) is for guarantees in connection with financing of residential projects in Sweden.

The amounts in the table above include SEK 1 M (1) in parent company contingent liabilities relating to joint and several liability for trading company undertakings. The company's contingent liabilities relate entirely to guarantees originating from surety provided or responsibilities as a shareholder in companies.

## **Note 61.** Cash flow statement, parent company

**Adjustments for items not included in cash flow**

| | 2022 | 2021 |
|---|---|---|
| Depreciation | 2 | 3 |
| Capital gain | 0 | -1 |
| Cost of Seop, employee ownership programs | 24 | 18 |
| **Total** | **26** | **20** |

**Taxes paid**
Total tax paid in the parent company during the year amounts to SEK -9 M (-2).

**Information about interest and dividends**

| | 2022 | 2021 |
|---|---|---|
| Interest income received during the year | 96 | 4 |
| Interest paid during the year | 4 | 26 |

The change in interest-bearing liabilities belonging to financing activities is presented in the following table.

| | 2022 | 2021 |
|---|---|---|
| January 1 | 134 | 1,211 |
| Items affecting cash flow from financing activities | 142 | -1,077 |
| **December 31** | **276** | **134** |

## **Note 62.** Wages and salaries, parent company

**Wages, salaries, other remuneration and social insurance contributions**

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **SEK M** | **Salaries and remuneration** | **Pension expense** | **Salaries and remuneration** | **Pension expense** |
| Board of Directors, President and CEO and other senior executives [1] | 89.2 | 16.0 | 66.3 | 13.4 |
| Other employees | 95.4 | 85.0 | 103.1 | 80.4 |
| Less indemnification from pension fund | | -86.7 | | -86.3 |
| **Total** | **184.6** | **14.3** | **169.4** | **7.5** |
| Social insurance contributions including pension expenses | 69.0 | | 73.8 | |
| **Total** | **253.6** | | **243.2** | |
| 1 Of which variable remuneration | 25.4 | | 21.6 | |

For disclosures of individual remuneration to each board member and the President and CEO, see Note 37. For board members appointed by the employees, no disclosures are made concerning salaries and remuneration or pensions since they do not receive these in their capacity as board members. For board members who were employees of the company prior to the beginning of the financial year, disclosures are made concerning pension obligations in their former role as employees.

In 2022, bonuses paid to the President and CEO and other senior executives amounted to SEK 21.6 M (20.4).

In 2022, an allotment of shares occurred under the employee ownership program, Seop 4. The value of shares allotted amounted to SEK 20.2 M (2.7), of which SEK 15.6 M (0.6) was for board members, the President and CEO and other senior executives.

In 2022, Skanska's Swedish pension funds reimbursed Skanska AB in the amount of SEK 86.7 M (86.3).

The company's outstanding pension obligations to the President and CEO including former President and CEOs amounted to SEK 135.6 M (165.9). The company's outstanding pension obligations to other members of the Group Leadership Team (Executive Vice Presidents) and to other former members of the Group Leadership Team amount to SEK 88.4 M (97.1).

The cost in 2022 for defined-contribution pension plans was SEK 30.4 M (29.4) excluding indemnification.

**Average number of employees**
Personnel is calculated as the average number of employees. See Note 1.

| | 2022 | of which men | of which women | 2021 | of which men | of which women |
|---|---|---|---|---|---|---|
| Sweden | 81 | 32 | 49 | 87 | 34 | 53 |

**Men and women on the Board of Directors and Group Leadership Team on the closing day**

| | Dec 31, 2022 | of which men | of which women | Dec 31, 2021 | of which men | of which women |
|---|---|---|---|---|---|---|
| Number of board members and deputy members | 14 | 71% | 29% | 11 | 73% | 27% |
| CEO and other senior executives | 7 | 57% | 43% | 7 | 57% | 43% |

## **Note 63.** Related party transaction disclosures, parent company

Disclosures on related parties, transactions with related parties and outstanding balances are provided in accordance with IAS 24 Related Party Disclosures. See Note 1.

For information on remuneration to senior executives and board members, see Note 62 and Note 37. Other than the information provided in Note 62 and Note 37, no transactions with natural persons that are related parties have taken place.

The Parent Company is a related party to its subsidiaries. See Note 20A. Intra-Group transactions are presented below:

| | 2022 | 2021 |
|---|---|---|
| Sales to Group companies | 767 | 635 |
| Purchases from Group companies | -149 | -134 |
| Interest income from Group companies | 96 | 4 |
| Interest expense for Group companies | -4 | -26 |
| Dividends from Group companies | 9,788 | 10,330 |
| Non-current receivables in Group companies | 11,422 | 5,669 |
| Current receivables in Group companies | 16 | 42 |
| Non-current liabilities to Group companies | 276 | 134 |
| Current liabilities to Group companies | 2 | 3 |
| Contingent liabilities on behalf of Group companies | 135,532 | 127,289 |

All transactions were completed on market terms.

## **Note 64.** Disclosures in accordance with the Annual Accounts Act, Chapter 6, Section 2 a, parent company

Due to the requirements in the Swedish Annual Accounts Act, Chapter 6, Section 2 a concerning disclosures on certain circumstances that may affect the possibility of a takeover of the company through a public takeover bid for the shares in the company, the following disclosures are provided.

1. The total number of shares in the company on December 31, 2022 was 419,903,072, divided into 19,654,316 Class A shares with 10 votes each and 400,248,756 Class B shares with one vote each.
2. There are no restrictions on the transferability of shares based on provisions in the law or the Articles of Association.
3. Of the company's shareholders, only AB Industrivärden and the Lundberg Group directly or indirectly have a shareholding that represents at least one tenth of the voting power of all shares in the company. On December 31, 2022, AB Industrivärden's holding amounted to 24.5 percent of total voting power in the company and the Lundberg Group's holding to 13.2 percent of total voting power in the company.
4. Skanska's pension fund does not own any shares in Skanska directly. There is however an insignificant percentage of indirectly owned shares via investments in various mutual funds.
5. The Class A shares entitle the holders to 10 votes per share and the Class B shares to one vote per share. There are otherwise no restrictions in the Articles of Association on the number of votes each shareholder may cast at a General Meeting.
6. The company is not aware of any agreements between shareholders that may result in restrictions on the right to transfer shares.
7. The Articles of Association state that the appointment of board members is to take place at the company's Annual General Meeting. The Articles of Association contain no stipulations on dismissal of board members or on amendments to the Articles of Association.
8. The Annual General Meeting on March 29, 2022 resolved in accordance with the proposal by the Board of Directors to authorize the Board to decide on acquisitions of Skanska's Class B treasury shares on the following conditions:
   - A. Acquisitions of Skanska Class B shares may only be effected on Nasdaq Stockholm.
   - B. The authorizations may be exercised on one or several occasions, howerver latest until the Annual General Meeting 2023.
   - C. A maximum of 2,600,000 Skanska Class B treasury shares may be acquired to secure the allotment of Class B shares to participants in the Skanska employee ownership program resolved by the Annual General Meeting on March 28, 2019 (Seop 5) and a maximum of 1,000,000 Skanska Class B treasury shares may be acquired to secure the allotment of Class B shares to participants in the Skanska employee ownership program resolved by the Annual General Meeting on March 29, 2022 (Seop 6).
   - D. Acquisitions of Skanska Class B shares on Nasdaq Stockholm may only be made at a price within the applicable range of prices (spread) on Nasdaq Stockholm at any given time, meaning the interval between the highest purchase price and lowest selling price.
9. Skanska AB or its Group companies are not party to any material agreement that will go into effect, be amended or cease to apply if control over the company or Group companies changes as a consequence of a public takeover bid.
10. There are agreements between Skanska AB or its Group companies and employees that prescribe remuneration if employment is terminated without reasonable grounds. Such remuneration may not exceed 18 months' fixed salary after the end of the notice period or, in the case of the President and CEO, a maximum of 12 months' severance pay and a maximum of 12 months' fixed salary after the end of the notice period.
11. There are no agreements prescribing termination of employment as a consequence of a public takeover bid for the shares in the company.

## **Note 65.** Supplementary information, parent company

Skanska AB (publ), Swedish corporate identity number 556000-4615, is the parent company of the Group.

The company has its registered office in Stockholm, Stockholm County, Sweden, and is a limited company in compliance with Swedish legislation.

The company's headquarters are located in Stockholm, Stockholm County, Sweden.

Address:
Skanska AB
Warfvinges väg 25
SE-112 74 STOCKHOLM
Tel: +46 010 448 00 00
group.skanska.com

For questions concerning financial information, please contact Skanska AB, Investor Relations,
SE-112 74 STOCKHOLM, Sweden
Tel: +46 010 448 00 00
email: investor.relations@skanska.se

## **Note 66.** Events after the reporting period, parent company

There are no material events after the end of the reporting period to report for the parent company.

## **Note 67.** Allocation of earnings

The Board of Directors and the CEO propose that the profit for 2022, SEK 10,029,900,689, plus the retained earnings of SEK 11,307,251,476 carried forward from the previous year, totaling SEK 21,337,152,165, be allocated as follows:

| | | |
|---|---|---|
| A dividend to the shareholders of[1] | SEK 7.50 per share | 3,083,483,558 |
| To be carried forward | | 18,253,668,607 |
| **Total** | | **21,337,152,165** |

1 Based on the total number of shares outstanding on December 31, 2022. The total dividend amount may change by the record date, depending on repurchases of Class B treasury shares and the transfer of Class B shares to participants in Skanska's long-term employee ownership programs.

## The Board's assurance

The consolidated annual accounts and the annual accounts, respectively, have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of IFRS and with generally accepted accounting principles, and provide a true and fair view of the position and results of the Group and the parent company. The Report of the Directors for the Group and the parent company provides a true and fair view of the operations, financial position and results of the Group and the parent company, and describes the principal risks and uncertainties facing the parent company and the companies included in the Group.

Stockholm, February 2, 2023

Hans Biörck
Chairman

Pär Boman
Board member

Ola Fält
Board member

Jan Gurander
Board member

Mats Hederos
Board member

Richard Hörstedt
Board member

Fredrik Lundberg
Board member

Catherine Marcus
Board member

Ann E. Massey
Board member

Yvonne Stenman
Board member

Åsa Söderström Winberg
Board member

Anders Danielsson
President and Chief Executive Officer

Our Auditor's Report was submitted
on March 7, 2023
Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Anders Kriström
Authorized Public Accountant

# Proposed guidelines for salary and other remuneration to senior executives

The Board of Directors (the "Board") of Skanska AB (publ) (the "Company") proposes that the Annual General Meeting 2023 resolves on the following guidelines for salary and other remuneration to senior executives of the Company. Senior executives include the President and CEO and other members of the Group Leadership Team. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2023. These guidelines do not apply to any remuneration decided by the General Meeting, including any long-term share related incentive plans.

**The guidelines' promotion of the Company's business strategy, long-term interests and sustainability**

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability agenda, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the senior executives a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the Company's business strategy and long-term interests, including its sustainability agenda. This is accomplished through the financial and non-financial targets that determines the outcome of the variable cash remuneration and are clearly linked to the Company's business strategy and sustainability agenda. The variable cash remuneration is further described in the section "Variable cash remuneration" below.

The Company's objectives for having a variable cash remuneration program and a long-term share related incentive plan are to (i) drive behaviors that will support the Company's long and short-term business success and create shareholder value, (ii) make the Company attractive as an employer for top talents, (iii) retain key individuals within the Company, and (iv) increase employees' interest and involvement in the Company's business and development.

For information regarding the Company's business strategy, see the Group's website: group.skanska.com/about-us/how-we-work/strategy/.

**Total remuneration**

The combined remuneration for each senior executive shall be market-related and competitive in the labor market in which the senior executive is placed, and distinguished performance should be reflected in the total remuneration. The remuneration may consist of the following components: fixed cash salary, variable cash remuneration, pension and other benefits. Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. Fixed salary and variable remuneration shall be related to the senior executive's responsibility and authority.

*Variable cash remuneration*

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one or several years. The variable cash remuneration shall be capped and related to the fixed salary, and may amount to not more than 100 percent of the fixed annual cash salary.

The variable cash remuneration shall take into account both financial and non-financial performance. The outcome in relation to predetermined and measurable financial targets shall determine the total (financial) bonus potential, i.e. the financial targets shall be the basis of the total bonus potential. This outcome may be reduced depending on the outcomes of the non-financial targets. The variable cash remuneration must be based on results in relation to established targets and be designed to increase the alignment between the shareholders and senior executives of the Company.

The financial targets for the variable cash remuneration may be related to the Group's earnings before taxes, to relevant business unit's earnings before interest and taxes, etc.

The non-financial targets shall be set to support the Company's business strategy and long-term interests, including its sustainability agenda, by for example being clearly linked to the Company's business strategy or sustainability agenda. The non-financial targets should together represent 50 percent of the total bonus which means that the total bonus outcome may be reduced with up to 50 percent if the non-financial targets are not met.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Board is responsible for the evaluation so far as it concerns variable cash remuneration to the President and CEO. For variable cash remuneration to other senior executives, the Compensation Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

The terms for variable cash remuneration shall be structured so that the Board, if exceptional economic conditions prevail, has the possibility to limit or refrain from paying variable remuneration, if such payment is considered unreasonable and incompatible with the Company's responsibility in general to the shareholders, employees and other stakeholders. There shall also be a possibility to limit or refrain from paying variable remuneration if the Board considers that this is appropriate for other reasons. Further, the Board shall have the possibility to reclaim paid out variable cash remuneration if it is discovered after the payment that the senior executive has violated Skanska's Code of Conduct or other Skanska values, policies, standards or procedures.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration for the President and CEO shall be made by the Board based on a proposal from the Compensation Committee. Any resolution on such remuneration for other senior executives shall be made by the Compensation Committee based on a proposal from the President and CEO.

*Pension*
Pension benefits shall be defined contribution schemes except where law or collective agreement require a defined benefit pension. Variable cash remuneration shall not qualify for pension benefits, except when it follows under law or collective agreement.

The pension premiums for defined contribution pension shall amount to not more than 40 percent of the fixed annual cash salary unless a higher percentage results from the application of law or collective agreement.

*Other benefits*
Other benefits may include, for example, medical insurance (Sw: sjukvårdsförsäkring), health insurance (Sw. sjukförsäkring), double accommodation, home travel, tax compensation, parking and company cars. Such benefits may amount to not more than 20 percent of the fixed annual cash salary.

For employments governed by rules other than Swedish rules, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Senior executives who are expatriates, i.e. based in another country than their home country, may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the expat arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits may not in total exceed 50 percent of the fixed annual cash salary.

**Long-term share saving programs**
Long-term share saving programs, Skanska Employee Ownership Programs ("Seop 5" and "Seop 6") have been implemented in the Company. Such plans have been resolved by the General Meeting and are therefore excluded from these guidelines. New plans may also be resolved by the General Meeting. Seop 5 and Seop 6 give present and future employees the opportunity of becoming shareholders of Skanska and include permanent employees in the Skanska Group. The performance criteria used to assess the outcome of the plans are clearly linked to the business strategy and thereby to the Company's long-term value creation, including its sustainability agenda. The performance criteria consist of financial targets at Group, Business Unit and/or Business Unit Cluster level, and as of Seop 6, also a non-financial target at Group level related to the Group's reduction of carbon emissions. At present, the financial target applicable at Group level is growth in earning per share (EPS). The financial targets applicable at Business Unit and/or Business Unit level vary depending on which business stream the relevant Business Unit or Business Unit Cluster belongs to, as set out in the table below.

| Construction | Residential Development | Commercial Development | Investment Properties |
|---|---|---|---|
| EBIT[1] | EBIT[1] | EBIT[1] | EBIT[1] |
| – | ROCE[2] | Leasing SQM[3] | – |

1 Earnings Before Interest and Taxes.
2 Return On Capital Employed.
3 Leasing Square Meters.

Seop 5 and Seop 6 are further conditional upon the participant's own investment and three-year holding and employment period. For more information on Seop 5 and Seop 6, including the criteria which the outcome depends on, please see the Group's website: group.skanska.com/corporate-governance/remuneration/incentive-programs/.

**Termination of employment**
In the event of employment termination by the Company, the normal period of notice is six months, combined with severance pay corresponding to a maximum of 18 months fixed cash salary, or, alternatively, a period of notice of maximum 12 months, combined with severance pay corresponding to a maximum of 12 months fixed cash salary. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for two years. When termination is made by the senior executive, the notice period may not exceed 12 months, without any right to severance pay.

**Remuneration to board members in addition to board fees**
To the extent that a non-employed board member elected by the General Meeting performs work for the Company, besides the board membership, consultant fee and other remuneration may be granted for such work. Decisions on consultant fees and other remuneration to non-employed board members elected by the General Meeting are made by the Compensation Committee.

**Salary and employment conditions for employees**
In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Compensation Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

**The decision-making process to determine, review and implement the guidelines**
The Board has established a Compensation Committee. The Compensation Committee's tasks include preparing the Board's decision to propose guidelines for salary and other remuneration to senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Compensation Committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for salary and other remuneration to senior executives as well as the current remuneration structures and compensation levels in the Company. The members of the Compensation Committee are independent of the Company and its senior executives. The President and CEO and other members of the senior executives do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

**Derogation from the guidelines**
The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability agenda, or to ensure the Company's financial viability. As set out above, the Compensation Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

**Description of significant changes compared to the previous guidelines**
Pension premiums have previously been restricted to 35 percent of the fixed annual cash salary for the President and CEO and to 30 percent of the fixed annual cash salary together with up to 30 percent on variable cash remuneration for other senior executives. These guidelines have been changed to a single restriction of 40 percent of the fixed annual cash salary which applies to all senior executives in order to align the cap for pension premiums with prevailing Swedish market practice.

The cap for other benefits has been increased from 15 percent to 20 percent of the fixed annual cash salary. This change has been made to ensure that any senior executives that require for example double accommodation and home travels can be granted such benefits within the limits of these guidelines.

The only further changes are editorial changes primarily following from the implementation of Seop 6.

The shareholders have not expressed any specific views on the guidelines adopted by the Annual General Meeting 2020.

# Auditor's report

*This is a translation from the Swedish original.*
*To the general meeting of the shareholders of Skanska AB (Publ), corporate identity number 556000-4615*

## Report on the annual accounts and consolidated accounts

**Opinions**
We have audited the annual accounts and consolidated accounts of Skanska AB (publ) for the year 2022 except for the statutory sustainability report on pages 68–104. The annual accounts and consolidated accounts of the company are included on pages 39–49 and 60–204 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31st, 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31st, 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. Our opinions do not cover the statutory sustainability report on pages 68–104.

The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and the statement of financial position of the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

**Basis for Opinions**
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Key Audit Matters**
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

**Revenue recognition over time in Construction contracts**
*Description*
The main portion of the company's income relates to construction contracts. For 2022 the revenues from construction contracts amount to MSEK 156,004. Usually a performance obligation is satisfied over time, which means that revenue should be recognized over time by measuring the progress towards complete satisfaction of that performance obligation. Revenue is recognized on the basis of the company's efforts to the satisfaction of a performance obligation relative to the total expected efforts. This requires the entity to be able to measure its progress towards complete satisfaction of the performance obligation and determine the transaction price. This in turn requires that the Group has effective, coordinated systems for cost estimation, forecasting and revenue/expense reporting. Also, a consistent process is required to assess the final outcome of the project, including analysis of differences compared with earlier assessment dates. This critical judgment is performed at least once per quarter.

*How our audit addressed this key audit matter*
Our audit procedures include, among others, analytical procedures of revenue and margins of material projects and data analytics of transactions. We have audited samples of revenue and costs in selected projects, which are of material size or represents a significant risk to the company. We have also had discussions with the company's controllers and responsible project managers about assessments, assumptions and estimates related to revenue recognition, profit margin and cost allocation.

We have also audited material contracts to identify potential risks for penalties due to any delays in the projects, and we also have continuous meetings with the Company's internal legal representatives. We have audited provisions and other reserves related to projects within Construction based on underlying support and the Company's assessments.

We have continuous meetings and discussions with responsible auditors in each country to identify and cover country-specific risks.

We have assessed the historical accuracy of the company's estimates of the final outcomes of projects through discussions with Group Leadership Team and Audit Committee regarding the actual outcome.

In addition, we have evaluated whether the valuation of revenue in the Company's accounting principles is reasonable and assessed the completeness of the disclosure requirements, which are found in Note 4 "Operating Segments" and Note 9 "Contract assets and contract liabilities".

**Valuation of investments in project development**

*Description*

The book value of investments in project development, which constitute current asset properties, amounts to MSEK 58,474 as shown in Note 22 "Current-asset properties/ Project development". As shown in Note 22 the current-asset properties are carried at cost or net realizable value, whichever is lower. The company therefore makes calculations of the net realizable value. Potential impairment in development projects under construction and completed projects could have significant impact on the company's net income. Changes in the supply of similar projects, as well as changes in demand may materially affect both estimated market values and carrying amounts for each project. These projects vary in size and the investment cycle could be either short or long.

*How our audit addressed this key audit matter*

Our audit procedures include assessing budgets and financial projections and reviewing other financial input used to determine the value in use models. We have also audited work performed by external appraisers. We specifically focused on the sensitivity in the difference between the net realizable value/ estimated value and book values of the projects, where a reasonably possible change in assumptions could cause the carrying amount to exceed its estimated present value. We also assessed the historical accuracy of the company's estimates of the final outcomes of valuation through discussions with Group Leadership Team and the Audit Committee regarding the actual outcome.

Finally, we evaluated the adequacy of the Company's disclosures included in Note 22.

**Litigations and legal matters**

*Description*

The provision for legal disputes amounts to MSEK 2,644. As outlined in Note 29 "Provisions" of the Annual Report, the Company is exposed to potential legal matters and disputes in the Construction business stream for contracts that have been completed. Legal matters and disputes including any provisions is a key audit matter to our audit because management judgement is required. The assessment process is complex and entails assessing future developments. In addition, some of the matters are in countries where the legal proceedings can stretch out over an extended period of time.

*How our audit addressed this key audit matter*

We have gained an understanding of the litigations and legal matters through discussions with the responsible persons within the Company, the Group Leadership Team and the Audit Committee. We have read the internal position papers prepared by the Company. We also obtained lawyers' letters to the extent considered necessary for our audit. For all potentially material legal matters we tested the underlying facts and circumstances considered relevant for the legal advisors to reach their conclusions and assessed the best estimate of outflows and associated provisions as determined by the Company.

**Other Information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–38, 50–59, and 215–222. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**Auditor's responsibility**
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

# Report on other legal and regulatory requirements

**Opinions**
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Skanska AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

**Basis for opinions**
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Responsibilities of the Board of Directors and the Managing Director**
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

**Auditor's responsibility**
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

**The auditor's examination of the ESEF report**

**Opinion**
In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Skanska AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

**Basis for opinion**
We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Skanska AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of the Board of Directors and the Managing Director**
The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

**Auditor's responsibility**
Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation

**The auditor´s opinion regarding the statutory sustainability report**
The Board of Directors is responsible for the statutory sustainability report on pages 68–104, and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Skanska AB by the general meeting of the shareholders on March 29, 2022 and has been the company's auditor since the 2016.

Stockholm March 7, 2023
Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Anders Kriström
Authorized Public Accountant

# Auditor's limited assurance report on Skanska AB's greenhouse gas, health and safety, energy, and waste reporting[1)]

To Skanska AB, corp id 556000-4615

**Introduction**
We have been engaged by the Board of Directors of Skanska AB (publ) ("Skanska") to undertake a limited assurance engagement of the information specified below (the "Subject Matters") in Skanska´s Annual and Sustainability report 2022. The company has defined the scope of the Subject Matters on page 104 in this document.

The Sustainability information reviewed is limited to the following GRI Disclosures:

- Greenhouse gas emissions (p. 74–81, 95)
  - Direct GHG emissions (Scope 1)
  - Energy indirect GHG emissions (Scope 2)
  - Other indirect GHG emissions (Scope 3)
- Health and safety (p. 86–88, 96)
- Energy (p. 95)
- Waste (p. 91, 97)
- Reporting principles related to above areas (p. 104)

Our assurance does not extend to any other information in Skanska´s Annual and Sustainability report 2022, and accordingly, we do not express a conclusion on this information.

**Responsibilities of the Board and Executive Management**
The Board of Directors and the Executive Management are responsible for the preparation of the greenhouse gas, health and safety, energy and waste reporting in accordance with the applicable Criteria, as explained on page 104 in Skanska´s Annual and Sustainability report 2022 and that consists of the Greenhouse Gas Protocol, and GRI (Global Reporting Initiative) Standard 403: *Occupational health and safety*, GRI Standard 302: *Energy*, and GRI Standard 306: *Waste* which are applicable to the Subject Matters, as well as the accounting and calculation principles that the company has developed. This responsibility includes the internal control relevant to the preparation of the reporting that is free from material misstatements, whether due to fraud or error.

**Responsibilities of the auditor**
Our responsibility is to express a conclusion on the presentation of the Subject Matters based on the limited assurance procedures we have performed. Our engagement is limited to historical information presented in this document and does therefore not include future oriented information.

We conducted our limited assurance procedures in accordance with the *ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the presentation of the greenhouse gas, health and safety, energy, and waste reporting and related information and applying analytical and other limited assurance procedures. A limited assurance engagement has a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Skanska AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional ethical responsibility in accordance with these requirements.

The procedures performed in a limited assurance engagement do not enable us to obtain such assurance that we would become aware of all significant matters that could have been identified if an audit was performed.

The conclusion based on a limited assurance engagement, therefore, does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board and Executive Management as described above. We consider these criteria suitable for the preparation of the Subject Matters.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion below.

**Conclusion**
Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the greenhouse gas, health and safety, energy, and waste reporting for the financial year ending on 31 December 2022 is not, in all material aspects, prepared in accordance with the specified criteria.

Stockholm March 7, 2023
Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Anders Kriström
Authorized Public Accountant

Marianne Förander
Sustainability Expert Member of FAR

1) This is the translation of the auditor´s report in Swedish.

# GRI index

| GRI Standard | | Disclosure | Page | Omission/Comments |
|---|---|---|---|---|
| **General Disclosures** | | | | |
| **GRI 2:** General Disclosures 2021 | 2-1 | Organizational details | 13, Note 4, note 64 | |
| | 2-2 | Entities included in the organization's sustainability reporting | 45, 104 | No deviation from financial reporting. |
| | 2-3 | Reporting period, frequency and contact point | – | Reporting period: January 1, 2022 – December 31, 2022<br>Date of publication: March 8, 2022<br>Contact point: Christian Jakobsson, VP Sustainability/ EHS Management & Reporting<br>Antonia Junelind, SVP Investor Relations |
| | 2-4 | Restatements of information | – | No restatements. |
| | 2-5 | External assurance | 3, 215 | |
| | 2-6 | Activities, value chain and other business relationships | 21–36, 72, 89–90 | Supply chain is managed at BU level. Ongoing activities on Group level to develop processes for supply chain due diligence and consolidation of data. |
| | 2-7 | Employees | 97, 104 | The type of employment is not reported. |
| | 2-8 | Workers who are not employees | – | Managed at BU level and the data is not consolidated at Group level. Subcontractors' accidents are monitored at Group level. |
| | 2-9 | Governance structure and composition | 40–51 | |
| | 2-10 | Nomination and selection of the highest governance body | 40–45 | |
| | 2-11 | Chair of the highest governance body | 41, 43 | |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | 40–49, 94, 104 | |
| | 2-13 | Delegation of responsibility for managing impacts | 40–49, 94, 104 | |
| | 2-14 | Role of the highest governance body in sustainability reporting | 40–49, 94, 104 | |
| | 2-15 | Conflicts of interest | 40–49, 89–90 | |
| | 2-16 | Communication of critical concerns | 90, 94, 96–97 | |
| | 2-17 | Collective knowledge of the highest governance body | 40–51 | |
| | 2-18 | Evaluation of the performance of the highest governance body | 40–49 | |
| | 2-19 | Remuneration policies | 55–59 | |
| | 2-20 | Process to determine remuneration | 55–59 | |
| | 2-21 | Annual total compensation ratio | 58–59, note 37 | The data is not disclosed. |
| | 2-22 | Statement on sustainable development strategy | 6–7 | |
| | 2-23 | Policy commitments | 71–72, 89–90, 94 | |
| | 2-24 | Embedding policy commitments | 71–72, 89–90, 94 | |
| | 2-25 | Processes to remediate negative impacts | 89–90, 94 | |
| | 2-26 | Mechanisms for seeking advice and raising concerns | 90 | |
| | 2-27 | Compliance with laws and regulations | 40, note 33 | |
| | 2-28 | Membership associations | 72 | A selection of memberships are reported. |
| | 2-29 | Approach to stakeholder engagement | 71, 94 | |
| | 2-30 | Collective bargaining agreements | – | The data is not consolidated at Group level. |

| GRI Standard | | Disclosure | Page | Omission/Comments | SASB | SDG | UN Global Compact |
|---|---|---|---|---|---|---|---|
| **Material Topics** | | | | | | | |
| **Climate** | | | | | | | |
| **GRI 3:** Material Topics 2021 | 3-1 | Process to determine material topics | 71, 94 | | | Subtargets: 8.4<br>Subtargets: 13.1 | **Principle 7, Environment:** Businesses should support a precautionary approach to environmental challenges.<br>**Principle 9, Environment:** Businesses should encourage the development and diffusion of environmentally friendly technologies. |
| | 3-2 | List of material topics | 71 | | | | |
| **GRI 302:** Energy 2016 | 3-3 | Management of material topics | 74–81, 94 | | IF-EN-160a.2 , IF-EN-410a.1, IF-EN-410a.2 | | |
| | 302-1 | Energy consumption within the organization | 95, 104 | Steam is not consolidated at Group level. | | | |
| | 302-2 | Energy consumption outside of the organization | 95, 104 | Energy consumption is not disclosed. Expected energy consumption is used to calculate emissions from use of sold products. | | | |
| | 302-3 | Energy intensity | 95, 104 | | | | |
| | 302-4 | Reduction of energy consumption | 95, 104 | | | | |
| | 302-5 | Reductions in energy requirements of products and services | 78, 104 | | | | |
| **GRI 305:** Emissions 2016 | 3-3 | Management of material topics | 71–81, 94 | | IF-EN-160a.2 , IF-EN-410a.1, IF-EN-410a.2 | | |
| | 305-1 | Direct (Scope 1) GHG emissions | 95, 104 | | | | |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 95, 104 | | | | |
| | 305-3 | Other indirect (Scope 3) GHG emissions | 95, 104 | | | | |
| | 305-4 | GHG emissions intensity | 95, 104 | | | | |
| | 305-5 | Reduction of GHG emissions | 95, 104 | | | | |

| GRI Standard | | Disclosure | Page | Omission/Comments | SASB | SDG | UN Global Compact |
|---|---|---|---|---|---|---|---|
| **Responsibility** | | | | | | | |
| **GRI 205:** Anti-Corruption 2016 | 3-3 | Management of material topics | 89–90, 94 | | IF-EN-510a.3 | Subtargets: 5.1 5.5<br>Subtargets: 8.5 8.7 8.8<br>Subtargets: 11.6<br>Subtargets: 12.2 12.4 12.5<br>Subtargets: 16.5 | **Principle 1, Human rights:** Businesses should support and respect the protection of internationally proclaimed human rights.<br>**Principle 2, Human rights:** Businesses should make sure that they are not complicit in human rights abuses.<br>**Principle 3, Labor:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.<br>**Principle 4, Labor:** Businesses should uphold the elimination of all forms of forced and compulsory labor.<br>**Principle 5, Labor:** Businesses should uphold the effective abolition of child labor.<br>**Principle 6, Labor:** Businesses should uphold the elimination of discrimination in respect of employment and occupation.<br>**Principle 8, Environment:** Businesses should undertake initiatives to promote greater environmental responsibility.<br>**Principle 10, Anti-corruption:** Businesses should work against corruption in all its forms, including extortion and bribery. |
| | 205-2 | Communication and training about anti-corruption policies and procedures | 96, 104 | | IF-EN-510a.3 | | |
| | 205-3 | Confirmed incidents of corruption and actions taken | 90, note 33 | Not broken down by employee category, business partner or region. | IF-EN-510a.2 | | |
| **GRI 206:** Anti-competitive behavior 2016 | 3-3 | Management of material topics | 89–90 | | IF-EN-510a.3 | | |
| | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 96, 104, note 33 | | IF-EN-510a.2 | | |
| **GRI 306:** Waste 2020 | 3-3 | Management of material topics | 91, 94 | | IF-EN-160a.2 | | |
| | 306-1 | Waste generation and significant waste-related impacts | 91, 104 | | | | |
| | 306-2 | Management of significant waste-related impacts | 91, 104 | | | | |
| | 306-4 | Waste diverted from disposal | 97 | Limited to % of self-generated waste to landfill. Hazardous waste is not reported. Ongoing quality assurance for waste data disclosure on Group level. | | | |
| **GRI 308:** Supplier environmental assessment 2016 | 3-3 | Management of material topics | 94 | | IF-EN-160a.2 | | |
| | 308-1 | New suppliers that were screened using environmental criteria | 89–90 | Supply chain is managed at BU level. The percentage of screened suppliers is not consolidated at Group level. Ongoing activities on Group level to develop processes for supply chain due diligence and consolidation of data. | | | |
| **GRI 403:** Occupational Health and Safety 2018 | 3-3 | Management of material topics | 87–88, 94 | | | | |
| | 403-1 | Occupational health and safety management system | 87–88 | | | | |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 87–88 | | | | |
| | 403-3 | Occupational health services | 88 | | | | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 87–88, 92, 96–97 | | | | |
| | 403-5 | Worker training on occupational health and safety | 87–88 | | | | |
| | 403-6 | Promotion of worker health | 87–88 | | | | |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly related to business relationships | 87–90 | | | | |
| | 403-8 | Workers covered by an occupational health and safety management system | 88 | | | | |
| | 403-9 | Work-related injuries | 96 | The number of hours and rate of recordable work-related injuries is not reported. | IF-EN-320a.1 | | |

| GRI Standard | | Disclosure | Page | Omission/Comments | SASB | SDG | UN Global Compact |
|---|---|---|---|---|---|---|---|
| **Responsibility cont.** | | | | | | | |
| **GRI 405:** Diversity and Equal Opportunity 2016 | 3-3 | Management of material topics | 92, 94 | | | | |
| | 405-1 | Diversity of governance bodies and employees | 92, 97 | Age groups are not reported. | | | |
| **GRI 406:** Non-discrimination 2016 | 3-3 | Management of material topics | 89–90, 92, 94 | | | | |
| | 406-1 | Incidents of discrimination and corrective actions taken | 90 | Number and type of action are not reported. | | | |
| **GRI 409:** Forced or compulsory labor 2016 | 3-3 | Management of material topics | 89–90, 94 | | | | |
| | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | 89–90 | | | | |
| **GRI 414:** Supplier Social Assessment 2016 | 3-3 | Management of material topics | 89–90, 94 | | | | |
| | 414-1 | New suppliers that were screened using social criteria | 89–90 | Supply chain is managed at BU level. The percentage of screened suppliers is not consolidated at Group level. Ongoing activities on Group level to develop processes for supply chain due diligence and consolidation of data. | | | |
| **Sustainable industry** | | | | | | | |
| Skanska's own disclosure | SoD-1 | Value of certified commercial buildings | 78 | | IF-EN-410a.1 | Subtargets: 9.1 9.4<br>Subtargets: 11.1 11.2 11.3 11.6 11.7 | |

| Unmapped SASB metrics | |
|---|---|
| IF-EN-160a.1; IF-EN-250a.1-2; IF-EN-410b.2-3; IF-EN-000.A-B | No Group level disclosure |
| IF-EN-410b.1 | Page 98–101 |
| IF-EN-510a.1 | Zero |
| IF-EN-000.C | Note 42 |

# Quarterly information

| In accordance with IFRS | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **SEK M** | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** |
| **Order bookings** | **51,607** | **43,821** | **37,270** | **29,967** | **42,314** | **26,581** | **49,760** | **34,935** |
| **Profit** | | | | | | | | |
| Revenue | 42,362 | 43,229 | 42,551 | 35,032 | 41,114 | 33,897 | 36,210 | 32,644 |
| Cost of sales | -37,412 | -38,706 | -38,149 | -32,216 | -36,337 | -30,833 | -31,561 | -29,425 |
| **Gross income** | **4,950** | **4,523** | **4,402** | **2,816** | **4,777** | **3,064** | **4,650** | **3,219** |
| Selling and administrative expenses | -2,720 | -2,003 | -2,244 | -2,031 | -2,263 | -1,796 | -1,915 | -1,890 |
| Change in value, investment properties | 1,327 | 0 | 8 | 357 | | | | |
| Income from joint ventures and associated companies | 297 | 235 | 53 | 51 | 99 | 189 | 45 | 116 |
| **Operating income** | **3,854** | **2,755** | **2,220** | **1,193** | **2,612** | **1,457** | **2,780** | **1,444** |
| Interest income | 158 | 109 | 54 | 34 | 21 | 14 | 16 | 17 |
| Interest expense | 43 | -27 | -21 | -43 | -60 | -45 | -54 | -64 |
| Change in market value | 2 | 4 | -4 | 2 | -2 | 0 | 0 | 1 |
| Other financial items | -1 | -16 | -17 | 14 | -20 | 8 | 2 | -1 |
| **Financial items** | **202** | **69** | **11** | **8** | **-62** | **-23** | **-36** | **-47** |
| **Income after financial items** | **4,056** | **2,824** | **2,231** | **1,200** | **2,550** | **1,434** | **2,743** | **1,397** |
| Income taxes | -789 | -548 | -455 | -235 | -335 | -229 | -438 | -237 |
| **Profit for the period** | **3,267** | **2,276** | **1,776** | **965** | **2,216** | **1,206** | **2,306** | **1,160** |
| Profit for the period attributable to | | | | | | | | |
| Equity holders | 3,261 | 2,267 | 1,765 | 963 | 2,210 | 1,197 | 2,296 | 1,161 |
| Non-controlling interests | 6 | 9 | 11 | 2 | 6 | 9 | 9 | -1 |
| **Other comprehensive income** | | | | | | | | |
| **Items that will not be reclassified to profit or loss for the period** | | | | | | | | |
| Remeasurement of defined-benefit pension plans | 202 | 1,622 | 1,066 | 928 | 856 | -713 | 813 | 1,629 |
| Tax on items that will not be reclassified to profit or loss for the period | -42 | -342 | -194 | -214 | -202 | 125 | -154 | -344 |
| | **160** | **1,280** | **872** | **715** | **654** | **-588** | **659** | **1,285** |

| In accordance with IFRS | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **SEK M** | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** |
| **Items that have been or will be reclassified to profit or loss for the period** | | | | | | | | |
| Translation differences attributable to equity holders | -561 | 1,038 | 1,173 | 641 | 616 | 446 | -466 | 1,210 |
| Translation differences attributable to non-controlling interests | 5 | 3 | 3 | 4 | 3 | 1 | 1 | 2 |
| Hedging of exchange rate risk in foreign operations | -18 | 28 | 53 | 17 | 14 | 14 | -12 | 24 |
| Effect of cash flow hedges | 47 | 3 | 41 | 17 | 11 | -41 | 81 | -49 |
| Share of other comprehensive income of joint ventures and associated companies | 1 | 17 | 72 | 89 | 8 | 26 | 42 | 37 |
| Tax on items that have been or will be reclassified to profit or loss for the period | -10 | 1 | -9 | -1 | -6 | 8 | -15 | 10 |
| | **-536** | **1,090** | **1,332** | **767** | **646** | **455** | **-369** | **1,234** |
| **Other comprehensive income after tax for the period** | **-377** | **2,370** | **2,204** | **1,481** | **1,300** | **-133** | **291** | **2,519** |
| **Comprehensive income for the period** | **2,891** | **4,646** | **3,980** | **2,446** | **3,516** | **1,073** | **2,596** | **3,679** |
| Comprehensive income for the period attributable to | | | | | | | | |
| Equity holders | 2,880 | 4,634 | 3,966 | 2,441 | 3,507 | 1,063 | 2,585 | 3,678 |
| Non-controlling interests | 11 | 12 | 14 | 6 | 9 | 9 | 11 | 1 |
| Order backlog[1] | 229,771 | 227,935 | 215,452 | 207,607 | 207,031 | 197,623 | 201,279 | 193,443 |
| Capital employed[2] | 72,845 | 71,765 | 67,950 | 64,791 | 66,397 | 63,728 | 61,676 | 60,256 |
| Interest-bearing net receivables/net liabilities | 10,306 | 12,769 | 7,719 | 11,088 | 12,598 | 8,566 | 8,124 | 8,793 |
| Debt/equity ratio | -0.2 | -0.2 | -0.2 | -0.3 | -0.3 | -0.2 | -0.2 | -0.2 |
| Return on capital employed, %[2] | 15.2 | 13.5 | 11.8 | 12.9 | 13.5 | 19.9 | 20.6 | 21.2 |
| **Cash flow** | | | | | | | | |
| Cash flow from operating activities | -1,599 | 3,933 | 128 | -1,982 | 3,818 | 1,487 | -1,659 | 3,791 |
| Cash flow from investing activities | -691 | 157 | -2,189 | 6,643 | -3,149 | -236 | -912 | -7,071 |
| Cash flow from financing activities | -666 | -641 | -926 | -3,340 | -804 | -240 | -3,999 | -10 |
| **Cash flow for the period** | **-2,956** | **3,449** | **-2,987** | **1,321** | **-135** | **1,011** | **-6,570** | **-3,290** |

1 Refers to Construction.
2 Restated as described in Note 43.

*Quarterly information, continued*

**Business streams**

| In accordance with IFRS | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **SEK M** | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** |
| **Order bookings** | | | | | | | | |
| Construction | 51,607 | 43,821 | 37,270 | 29,967 | 42,314 | 26,581 | 49,760 | 34,935 |
| **Total** | **51,607** | **43,821** | **37,270** | **29,967** | **42,314** | **26,581** | **49,760** | **34,935** |
| | | | | | | | | |
| **Revenue** | | | | | | | | |
| Construction | 42,732 | 40,174 | 39,712 | 33,387 | 37,618 | 33,252 | 32,362 | 29,354 |
| Residential Development | 2,656 | 2,903 | 3,045 | 2,193 | 3,953 | 2,422 | 2,446 | 2,174 |
| Commercial Property Development | 3,574 | 3,519 | 3,259 | 3,441 | 3,189 | 657 | 3,733 | 3,193 |
| Investment Properties | 20 | 10 | 10 | | | | | |
| Central and Eliminations | -6,619 | -3,377 | -3,475 | -3,989 | -3,646 | -2,435 | -2,331 | -2,078 |
| **Total** | **42,362** | **43,229** | **42,551** | **35,032** | **41,114** | **33,897** | **36,210** | **32,644** |
| | | | | | | | | |
| **Operating income** | | | | | | | | |
| Construction | 2,305 | 1,348 | 1,360 | 756 | 1,585 | 1,196 | 1,510 | 722 |
| Residential Development | 399 | 508 | 414 | 166 | 444 | 214 | 176 | 302 |
| Commercial Property Development | 1,296 | 716 | 576 | 519 | 772 | 114 | 1,203 | 545 |
| Investment Properties | 100 | 7 | 8 | 25 | | | | |
| Central | -160 | 112 | -155 | -135 | -189 | -37 | -85 | -104 |
| of which PPP sales | 124 | 202 | 37 | 33 | 75 | 85 | 33 | 37 |
| Eliminations | -86 | 63 | 17 | -139 | 0 | -30 | -25 | -21 |
| **Total** | **3,854** | **2,755** | **2,220** | **1,193** | **2,612** | **1,457** | **2,780** | **1,444** |

| According to segment reporting | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **SEK M** | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** |
| **Order bookings** | | | | | | | | |
| Construction | 51,607 | 43,821 | 37,270 | 29,967 | 42,314 | 26,581 | 49,760 | 34,935 |
| **Total** | **51,607** | **43,821** | **37,270** | **29,967** | **42,314** | **26,581** | **49,760** | **34,935** |
| | | | | | | | | |
| **Revenue** | | | | | | | | |
| Construction | 42,732 | 40,174 | 39,712 | 33,387 | 37,618 | 33,252 | 32,362 | 29,354 |
| Residential Development | 775 | 1,469 | 2,955 | 4,276 | 3,645 | 2,053 | 4,170 | 4,509 |
| Commercial Property Development | 3,452 | 326 | 5,637 | 4,137 | 6,699 | 556 | 1,243 | 2,605 |
| Investment Properties | 20 | 10 | 10 | | | | | |
| Central and Eliminations | -6,628 | -3,377 | -3,475 | -3,989 | -3,596 | -2,435 | -2,381 | -2,078 |
| **Total** | **40,350** | **38,603** | **44,838** | **37,811** | **44,365** | **33,427** | **35,395** | **34,390** |
| | | | | | | | | |
| **Operating income** | | | | | | | | |
| Construction | 2,305 | 1,348 | 1,360 | 756 | 1,585 | 1,196 | 1,510 | 722 |
| Residential Development | 4 | 132 | 358 | 517 | 419 | 318 | 573 | 669 |
| Commercial Property Development | 1,330 | -19 | 808 | 784 | 1,723 | 84 | 391 | 1,066 |
| Investment Properties | 100 | 7 | 8 | 25 | | | | |
| Central | -160 | 112 | -155 | -135 | -189 | -37 | -85 | -104 |
| of which PPP sales | 124 | 202 | 37 | 33 | 75 | 85 | 33 | 37 |
| Eliminations | -49 | -61 | 18 | -95 | 88 | -20 | -52 | -27 |
| **Total** | **3,530** | **1,518** | **2,397** | **1,852** | **3,627** | **1,542** | **2,338** | **2,327** |

# Annual General Meeting

The Annual General Meeting (the "Meeting") of Skanska AB (publ) (the "Company") will be held on Wednesday March 29, 2023 at 10.00 am CET at Sergel Hub, Sveavägen 10A, Stockholm, Sweden. Registration will begin at 9.00 am CET. Shareholders will also have the opportunity to exercise their voting rights by postal voting prior to the Meeting.

**Right to participate and notice of participation**
Shareholders who wish to participate in the Meeting must be recorded as a shareholder in the share register prepared by Euroclear Sweden AB ("Euroclear") concerning the circumstances on Tuesday March 21, 2023.

In addition, shareholders must notify of its intention to participate in the Meeting:

A) Shareholders who wish to participate in the Meeting at the meeting venue in person or by proxy must give notice of intent to participate to the Company no later than on Thursday March 23, 2023, via Euroclear's website, https://anmalan.vpc.se/euroclearproxy, or by writing to Skanska AB (publ), Årsstämman, c/o Euroclear Sweden AB, Box 191, SE–101 23 Stockholm, Sweden or by telephone +46 (0)8 402 92 81 on weekdays between 9.00 am and 4.00 pm CET. When giving notice of participation, please state name, personal identification number or corporate registration number, address, telephone number and, if applicable, the number of attending counsels (no more than two).

B) Shareholders who wish to participate in the Meeting by postal voting must give notice of intent to participate to the Company no later than on Thursday March 23, 2023, by casting its postal vote in accordance with the instructions under the heading Postal voting below so that the postal vote is received by Euroclear no later than that day.

In order to be entitled to participate in the Meeting, in person, by proxy or by postal voting, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of participation in the Meeting, register its shares in its own name so that the shareholder is listed in the share register as of Tuesday March 21, 2023. Such re-registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee, in accordance with the nominee's routines, at such a time in advance as required by the nominee. Voting rights registrations that have been made by the nominee no later than Thursday March 23, 2023, will be taken into account in the presentation of the share register.

**Postal voting**
A special form must be used for postal voting, which is available on the Company's website www.group.skanska.com/, under the heading "Corporate Governance/Shareholders' Meeting/AGM 2023". In the case of postal voting only, no separate notification is required for the Meeting. The completed and signed postal voting form must be received by Euroclear no later than Thursday March 23, 2023. Shareholders may sign the form electronically by verifying with BankID via Euroclear's website, https://anmalan.vpc.se/euroclearproxy. The completed form may also be sent by e-mail to GeneralMeetingService@euroclear.com or be posted to the address Skanska AB (publ), "Årsstämman", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden. Shareholders may not assign specific instructions or conditions to the postal vote. The postal voting form will be deemed to be invalid in its entirety in such case. Additional instructions and conditions are provided in the postal voting form.

Shareholders wishing to attend the Meeting at the meeting venue in person or by proxy must notify their participation in accordance with the instructions under A) under the heading Right to participate and notice of participation above. This means that notification of participation by postal vote only is not sufficient for those who wish to participate at the meeting venue in person or by proxy.

If a shareholder has voted by post and thereafter participates in the meeting venue in person or by proxy, the postal vote is still valid to the extent that the shareholder does not participate in a voting procedure at the Meeting or otherwise withdraws the postal vote. If the shareholder chooses to participate in a voting at the Meeting, the vote cast will replace the previously submitted postal vote with regard to the relevant item on the agenda.

**Voting by proxy**
Shareholders who are represented by a proxy must issue a written and dated power of attorney for the proxy signed by the shareholder. If the shareholder is a legal entity, a copy of a valid registration certificate or equivalent authorization documents must also be attached. The power of attorney with registration certificate or equivalent authorization documents (if applicable) should be sent to the address Skanska AB (publ), "Årsstämman", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, or via e-mail to GeneralMeetingService@euroclear.com, well in advance of the Meeting. If a postal vote takes place with the support of a power of attorney, the power of attorney with registration certificate or equivalent authorization documents (if applicable) must be attached to the postal voting form and should be sent in accordance with the instructions under the heading Postal voting above.

Proxy forms can be found on the Company's website www.group.skanska.com/ under the heading "Corporate Governance/Shareholders' Meeting/AGM 2023". The power of attorney is valid for a maximum of one year from the date of issue, unless the power of attorney states a longer period of validity, however, for a maximum of five years from the time of issue.

**Dividend and record date**
The Board proposes a dividend for 2022 of SEK 7.50 per share. The Board proposes Friday March 31, 2023, as the record date for receiving dividend. If the Meeting resolves in accordance with the Board's proposal, the dividend is expected to be distributed by Euroclear on Wednesday April 5, 2023. The proposed dividend totals SEK 3,083 M (4,124). No dividend is paid for the Company's holding of Class B treasury shares. The total dividend amount may change up to the time of the record date, depending on the repurchase of own Class B shares and transfer of Class B shares to participants in the Company's long-term share saving programs.

**Notice, etc.**
All documents for the Meeting are available at the Company's offices, Warfvinges väg 25, SE-112 74 Stockholm, Sweden, and on the Company's website www.group.skanska.com/, under the heading "Corporate Governance/Shareholders' Meeting/AGM 2023". The documents will also be sent to shareholders who so request and state their address.

**Information at the Meeting**
If requested by a shareholder and the Board deems that it can take place without causing significant damage to the Company, the Board and the CEO shall provide information at the Meeting about circumstances that may affect the assessment of an item on the agenda and circumstances that may affect the assessment of the Company's or its subsidiaries' financial position and the Company's relation to other companies within the Group.

# Investors

**Calendar**
The Group's interim reports will be published on the following dates:

| | |
|---|---|
| **Interim report first quarter** | May 4, 2023 |
| **Interim report second quarter** | July 21, 2023 |
| **Interim report third quarter** | November 1, 2023 |
| **Year-end Report** | February 8, 2024 |

**Distribution and other information**
The interim reports and annual reports can be read or downloaded on Skanska's website group.skanska.com/investors.

Those wishing to order the printed Annual Report can easily use the order form found on the above website, or contact Skanska AB, Investor Relations.

The website also contains an archive of interim reports and annual reports.

facebook.com/skanska

linkedin.com/company/skanska

twitter.com/skanskagroup

**If you have questions, please contact:**
Skanska AB, Investor Relations
SE–112 74 Stockholm, Sweden
Tel: +46 010-448 00 00
email: investor.relations@skanska.se

# Addresses

**Skanska AB (publ)**
SE–112 74 Stockholm, Sweden
Sweden
Street address: Warfvinges väg 25
Tel: +46 010-448 00 00
group.skanska.com

**Skanska Sweden**
SE–112 74 Stockholm, Sweden
Sweden
Tel: +46 010-448 00 00
Customer service: +46 20-30 30 40
skanska.se

**Skanska Norway**
Postboks 1175 Sentrum
NO-0187 Oslo
Street address: Lakkegata 53
Norway
Tel: +47 40 00 64 00
skanska.no

**Skanska Finland**
Nauvontie 18
00280 Helsinki
Finland
Tel: +358 20 719 211
skanska.fi

**Skanska Poland**
Aleja "Solidarności" 173
PL-00-877 Warsaw
Poland
Tel: +48 22 561 30 00
skanska.pl

**Skanska Czech Republic and Slovakia**
Křižíkova 682/34a
186 00 Prague 8, Karlín
Czech Republic
Tel: +420 267 095 111
skanska.cz
skanska.sk

**Skanska UK**
1 Hercules Way
Leavesden
Watford
WD25 7GS
United Kingdom
Tel: +44 1923 776 666
skanska.co.uk

**Skanska USA**
Empire State Building
350 Fifth Avenue, 32nd floor
New York, N.Y. 10118
USA
Tel: +1 917 438 4500
usa.skanska.com

**Skanska USA Building**
389 Interpace Parkway, 5th floor
Parsippany, NJ 07054
USA
Tel: +1 973 753 3500
usa.skanska.com

**Skanska USA Civil**
75–20 Astoria Boulevard
Suite 200
Queens, New York, N.Y. 11370
USA
Tel: +1 718 340 07 77
usa.skanska.com

**Skanska Commercial Property Development Nordic**
SE–112 74 Stockholm, Sweden
Sweden
Tel: +46 010-448 00 00
skanska.com/property

**Skanska Commercial Development Europe**
SE–112 74 Stockholm, Sweden
Sweden
Tel: +46 010-448 00 00
skanska.com/property

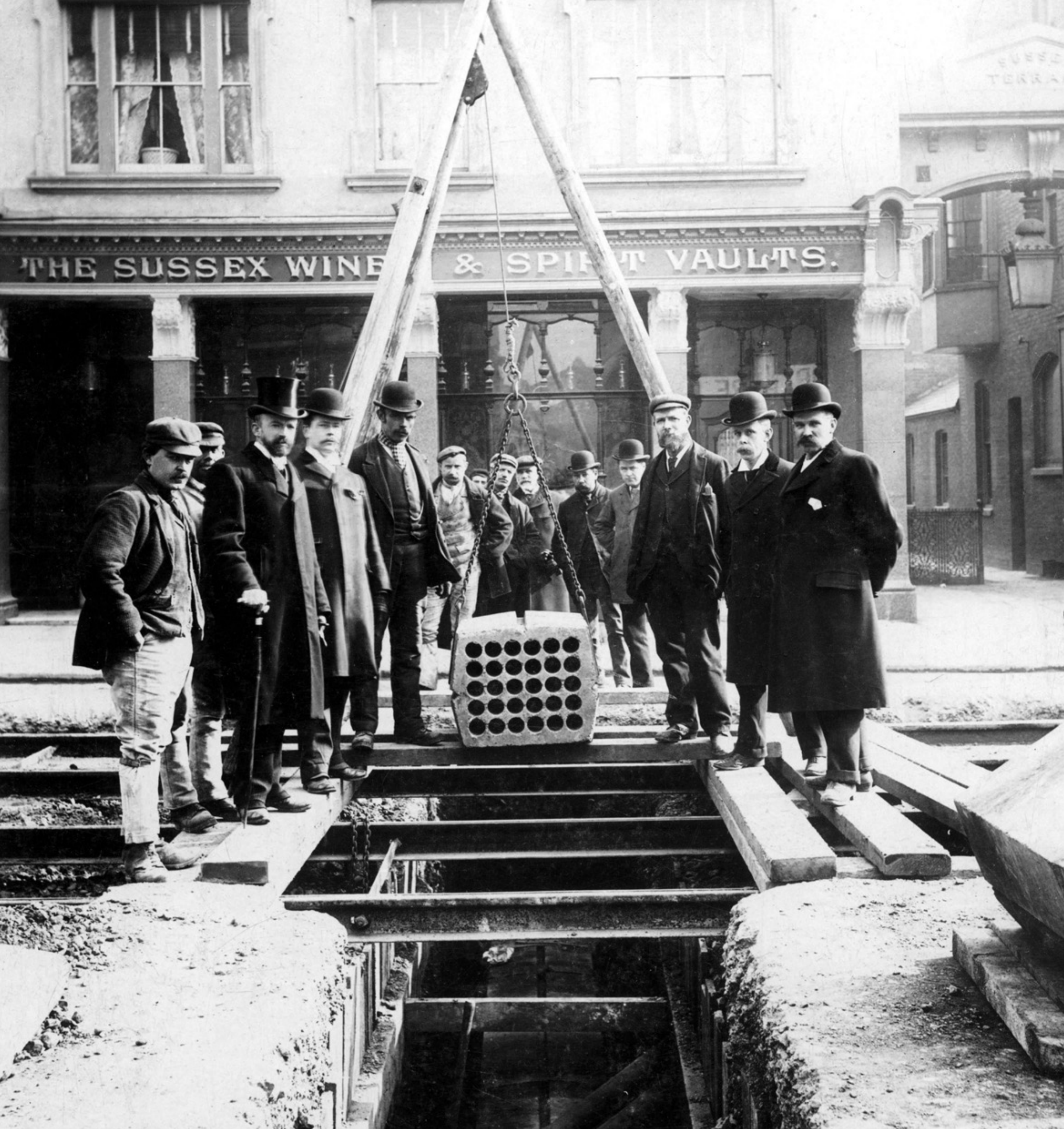
**Skanska Commercial Property Development USA**
Empire State Building
350 Fifth Avenue, 32nd floor
New York, N.Y. 10118
USA
Tel: +1 917 438 4514
usa.skanska.com

**Skanska Financial Services**
SE–112 74 Stockholm, Sweden
Sweden
Tel: +46 010-448 00 00
skanska.com

For other addresses:
skanska.com

More information on Skanska can be found at group.skanska.com

The Annual and Sustainability Report was created by:
Skanska AB in partnership with Kekst CNC
**Text:** Skanska AB
**Printed by:** Brandfactory
**Photos:** Samuel Uneus, Erik Undéhn, Ivar Kvaal, Tomáš Hejzlar, Rafal Tomczyk, Thomas Ärlemo, Frida Marklund, Anton Renborg, Felix Sundbäck, Kristoffer Marchi, Aleksander Małachowski, Sandra Birgersdotter, Staffan Andersson, BoKlok, Soltech Energy, Jonathan Bergqvist, Deep Studios, Skanska USA
**Illustrations:** Hvass & Hannibal




Skanska Group HQ
Warfvinges väg 25
112 74 Stockholm, Sweden

Phone +46 10 448 00 00
group.skanska.com

SKANSKA