

# Interim Report January–September 2022

OCTOBER 27, 2022



# JM Group<sup>1)</sup>

Revenue: SEK 15.3 billion

Total assets: SEK 17.1 billion

No. of building rights: 39,000

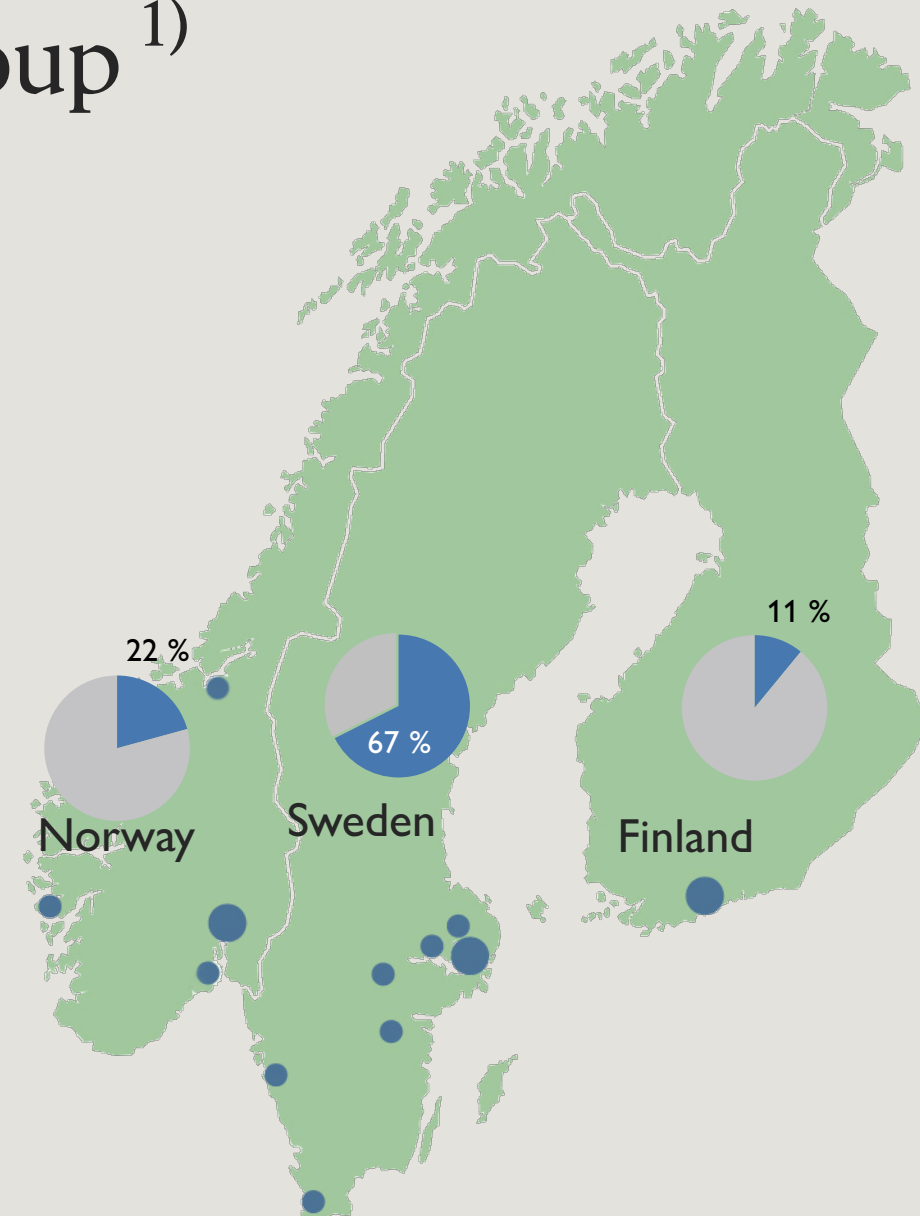
No. of employees: 2,494

Market Cap: SEK 10.6 billion<sup>2)</sup>



<sup>1)</sup> According to segment reporting

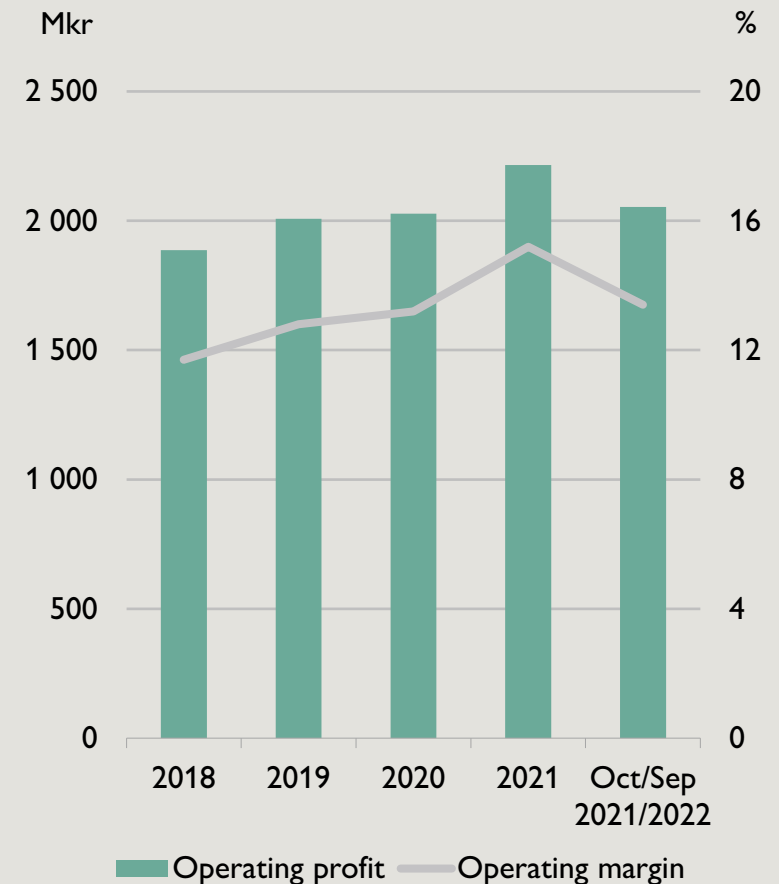
<sup>2)</sup> SEK 161 per share, October 26, 2022



# Group Summary <sup>1)</sup>

JANUARY–SEPTEMBER 2022

- Revenue increased to SEK 11,233m (10,541).
- Operating profit decreased to SEK 1,297m (1,460).
- Operating margin decreased to 11.6 percent (13.9).
- Results from sale of properties and from joint venture of SEK -8m (194) are included in the operating profit.
- Profit before tax decreased to SEK 1,249m (1,416).
- Earnings per share amounted to SEK 14.50 (16.50).
- Return on equity amounted to 19.9 percent (22.8).
- Cash flow from operations amounted to SEK -615m (1,371).



<sup>1)</sup> According to segment reporting.





# Group Summary

## JANUARY–SEPTEMBER 2022

- Number of residential units sold decreased to 2,197 (3,279).
- Number of housing starts amounted to 2,215 (2,544).
- Number of residential units in current production increased to 7,962 (7,722).
- Lower level of housing starts in the third quarter – planned higher level in the fourth quarter.
- Residential building rights portfolio increased to 39,000 (36,200).



*Horisont Barkarby södra, Järfälla*

# Strong financial position in a cautious market

- Declining demand and activity level during the third quarter in all our markets, except for Norway, which continues to show good sales.
- Good profitability in all three countries with continued large challenge with cost inflation in Norway.
- Lower level of housing starts in the Group, primarily attributable to a lower number of starts in Stockholm, due to lack of authority decisions. An increased number of housing starts is planned for the rest of the year.
- Increased number of residential units in current production where the percentage of sold/reserved units is 69 % (74), normal level is within the interval of 60–65 %.
- Greater cost pressure in the building sector in Sweden, as well as in Norway and Finland, with limited impact on ongoing projects except for Norway where the cost increases have a negative impact on our ongoing projects.



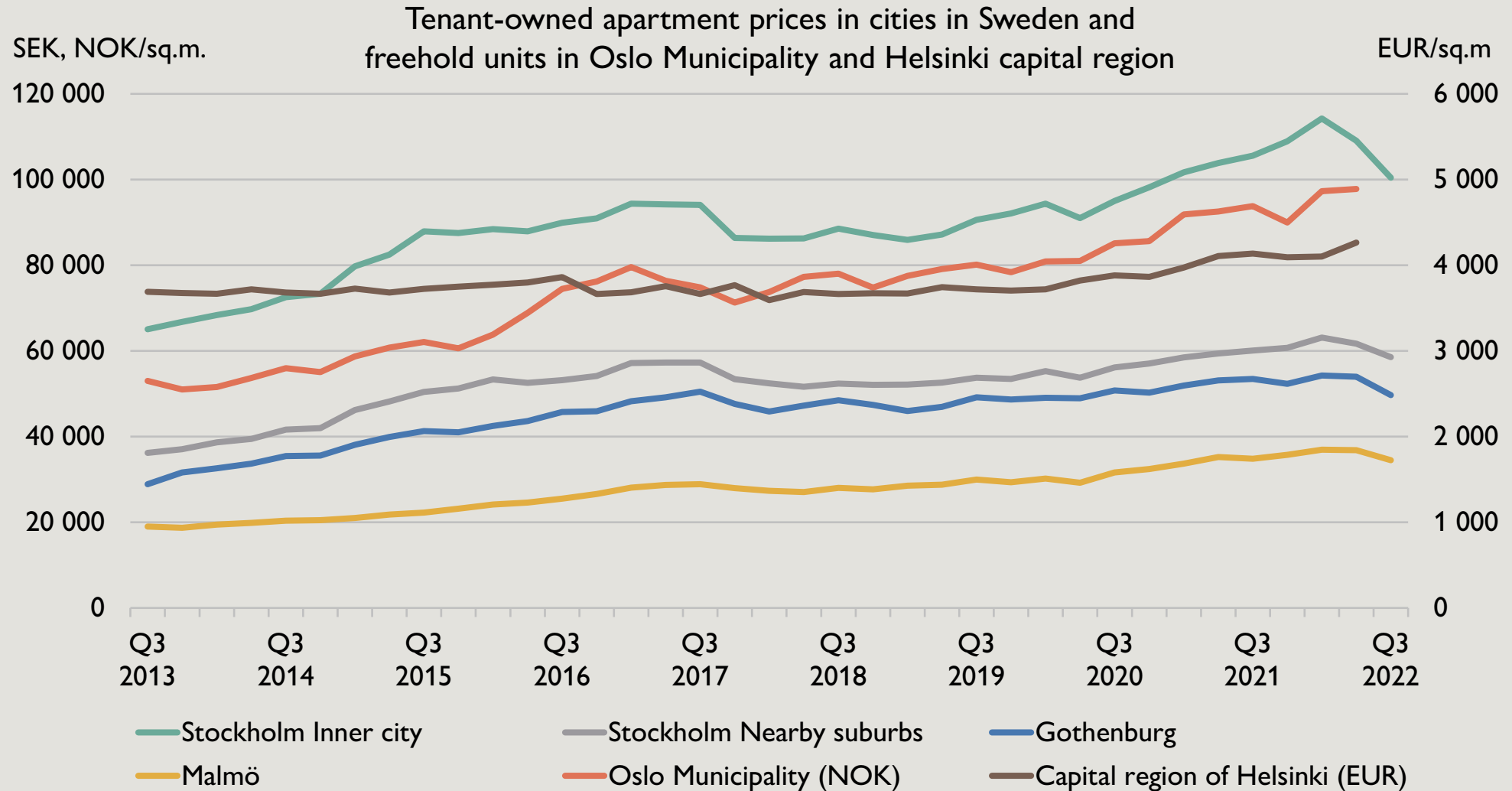


# Operating profit and operating margin



According to segment reporting	January – September 2022		2021	
	SEK m	%	SEK m	%
JM Residential Stockholm	532	14.7	559	15.0
JM Residential Sweden	512	15.3	482	15.3
JM Norway	187	7.7	197	9.4
JM Finland	111	9.1	81	7.9
JM Property Development	-20		169	
JM Construction	12	1.4	9	1.4
Group-wide expenses	-37		-37	
<b>Total</b>	<b>1,297</b>	<b>11.6</b>	<b>1,460</b>	<b>13.9</b>
<i>Of which sale of properties and joint venture</i>	-8		194	

# Prices on the existing home market



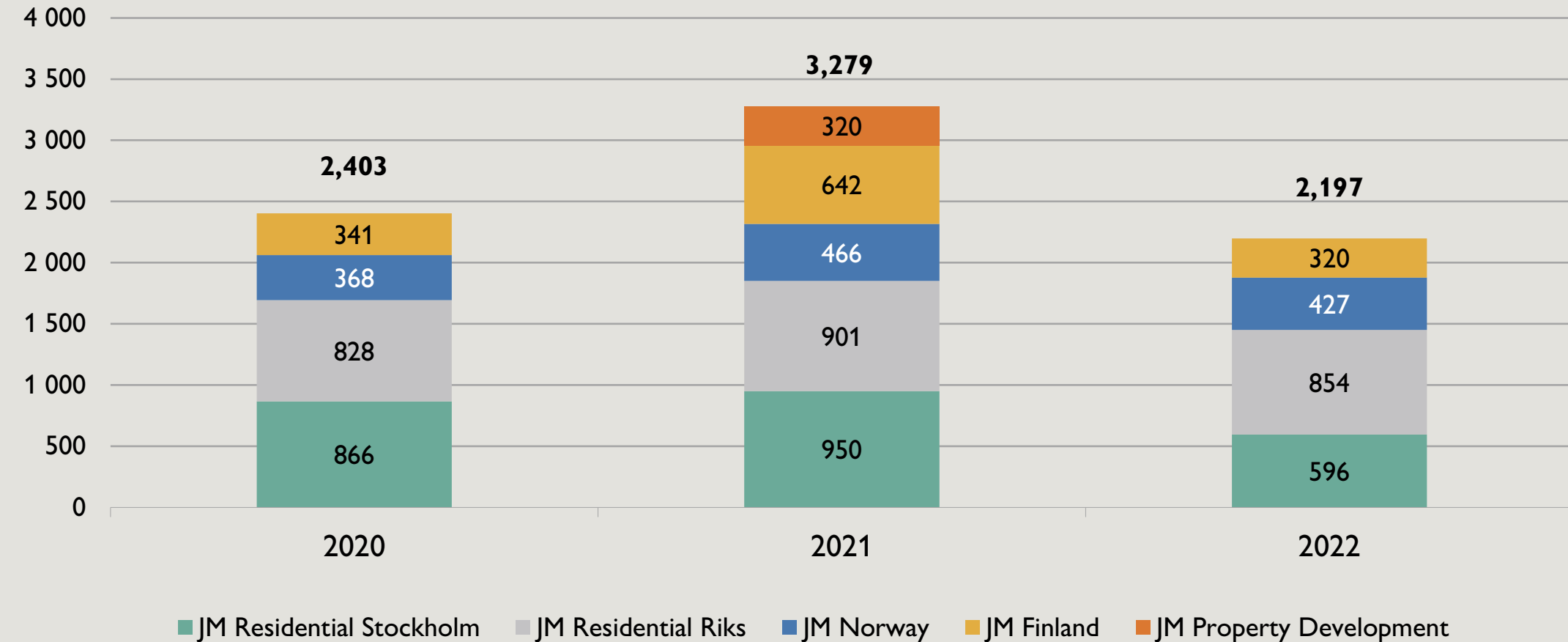
Source: Mäklarstatistik and WSP



# Lower level of sold residential units

JANUARY – SEPTEMBER

Number  
of units

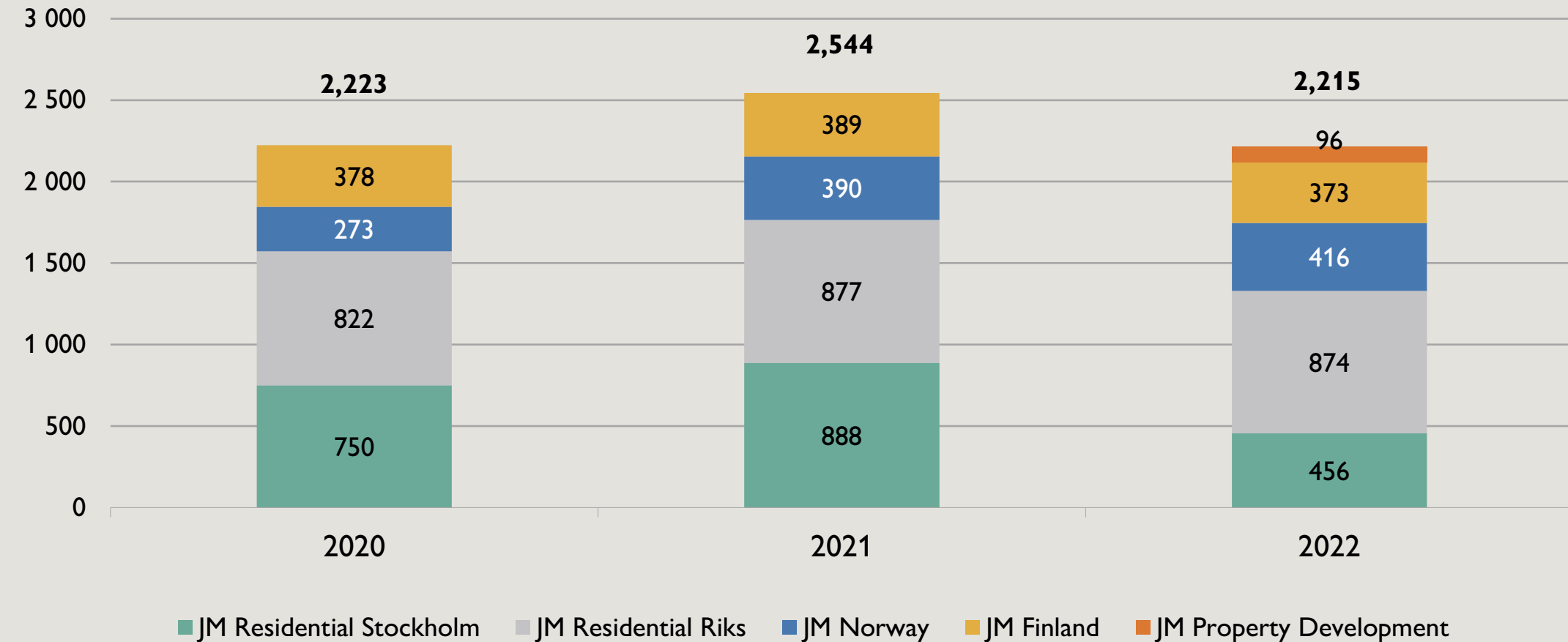




# Decreased level of housing starts i Stockholm

JANUARY – SEPTEMBER

Number  
of units



# Bunkhagen Norra

TÄBY PARK



Number of housing starts Q3 2022      139

Completed in 2024



# Docks

MALMÖ



Number of housing starts Q3 2022 157

Completed in 2025





# Fusdal Torg

ASKER, NORWAY



Number of housing starts Q3 2022 84

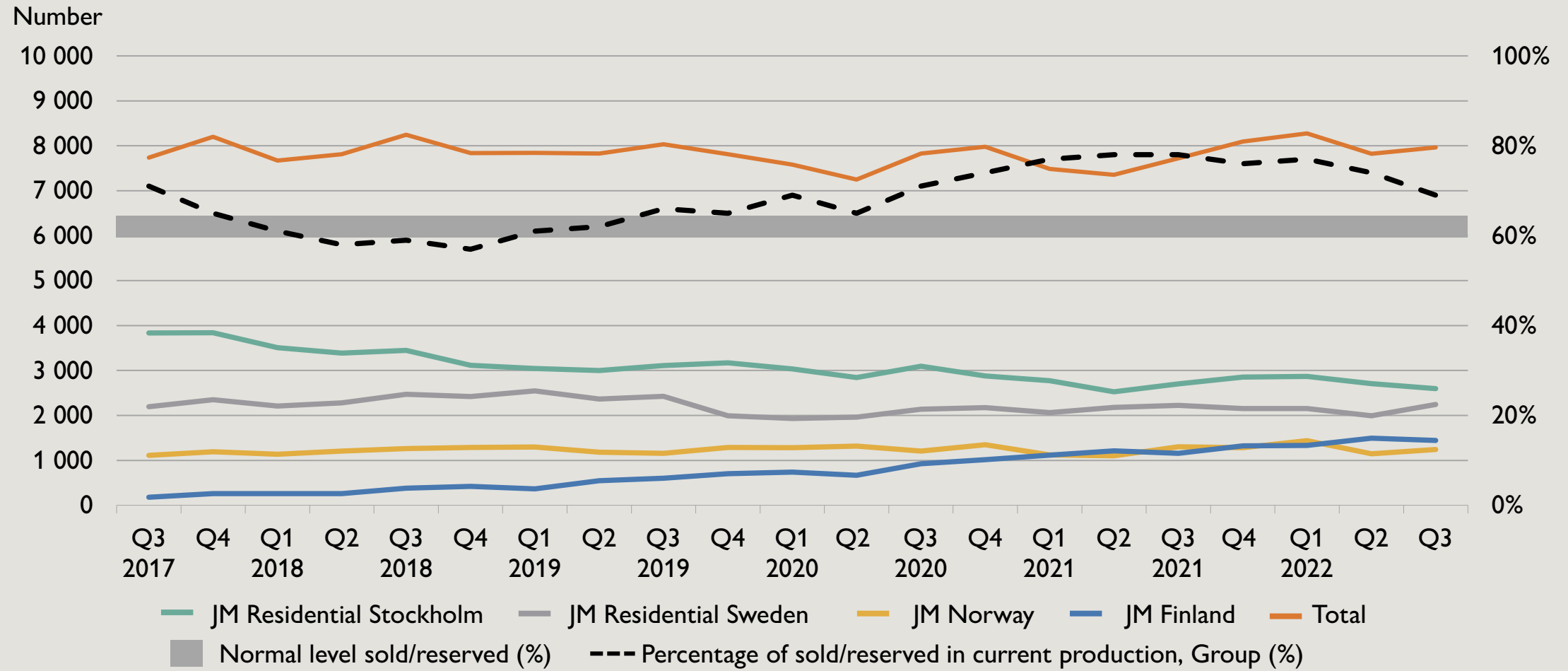
Completed in 2025





# Number of residential units in current production 7,962<sup>1)</sup>

PERCENTAGE SOLD/RESERVED IMPLICATES LOW RISK IN CURRENT PRODUCTION IN Q3 2022

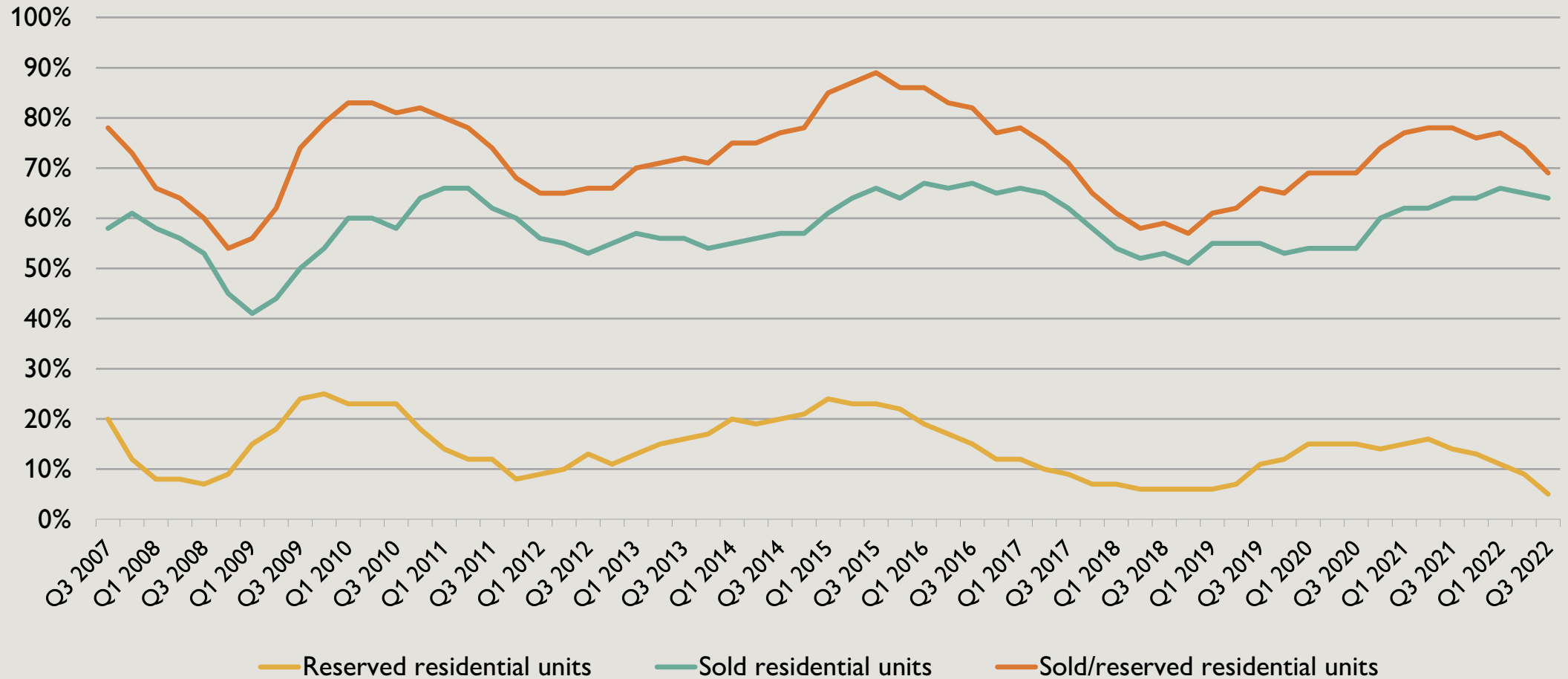


<sup>1)</sup> Including 437 rental and residential care units within JM Property Development – not included in percentage sold/reserved



# Risk assessment index – Group

## PERCENTAGE OF SOLD AND RESERVED RESIDENTIAL UNITS IN CURRENT PRODUCTION



# Residential units in current production

JM GROUP

	Sep 30 2022	Sep 30 2021	Dec 31 2021
Number of residential units <sup>1)</sup>	7,962	7,722	8,094
Number of residential units sold <sup>2)</sup>	4,811	5,087	4,978
Number of residential units reserved	347	1,043	976
Sold residential units, %	64	64	64
Reserved residential units, %	5	14	13
Sold/reserved residential units, %	69	78	76
Completed production, no. of unsold units <sup>3)</sup>	74	113	91
Number of unsold units in the balance sheet	67	68	67
<sup>1)</sup> Including rental and residential care units within JM Property Development – not included in percentage sold/reserved	437	335	484
<sup>2)</sup> Including rental and residential care units within JM Property Development – not included in percentage sold/reserved	-	335	143
<sup>3)</sup> After final occupancy according to plan			



# JM Residential Stockholm

SEK m	January – September		Full year
	2022	2021	2021
Revenue	3,622	3,739	4,990
Operating profit <sup>1)</sup>	532	559	763
Operating margin, %	14.7	14.9	15.3
Number of available building rights	12,700	11,000	11,700
Number of residential units in current production	2,598	2,703	2,855

- Profitability continues to be good in the current production volume.
- Lower level of sold residential units and low level of housing starts – increased number of housing starts is planned for the fourth quarter.
- The supply of newly produced residential units continued to be at a low level.
- The willingness of customers to sign a contract early in the process was below normal level.
- The lack of necessary authority decisions had a negative impact on housing starts. In total, five projects with about 400 residential units are affected.



*Igelsta Terrass, Södertälje 66 residential units*





# JM Residential Sweden

SEK m	January – September		Full year
	2022	2021	2021
Revenue	3,345	3,147	4,317
Operating profit <sup>1)</sup>	512	482	662
Operating margin, %	15.3	15.3	15.3
Number of available building rights	11,100	10,300	9,900
Number of residential units in current production	2,246	2,226	2,154

- Continued good level of earnings and profitability.
- High level of housing starts and lower level of sold residential units.
- The supply of newly produced residential units on the market remained at a low level.
- The willingness to sign a contract early in the process was below normal.
- Approx. 1,000 building rights were acquired in Lund and Staffanstorp in the third quarter.



*Regalskeppet, Landskrona 47 residential units*



# JM Norway

SEK m	January – September		Full year
	2022	2021	2021
Revenue	2,432	2,102	3,030
Operating profit <sup>1)</sup>	187	197	300
Operating margin, %	7.7	9.4	9.9
Number of available building rights	7,300	7,800	7,800
Number of residential units in current production	1,240	1,302	1,280
<sup>1)</sup> Of which property sales	-	-	4

- Prices on the existing home market are at a higher level compared to the corresponding period of the previous year but has decreased slightly toward the end of the third quarter.
- Good demand for JM's residential units and good sales.
- Lower operating profit and margin.
- Continued strong cost pressure in the Norwegian construction sector with increased prices on raw materials and other inputs.
- Production was started in the third quarter on 132 residential units in Asker and Lilleström outside of Oslo.



Kieller Terrasse, Lilleström, Oslo 48 residential units



# JM Finland

SEK m	January – September		Full year
	2022	2021	2021
Revenue	1,223	1,023	1 501
Operating profit <sup>1)</sup>	111	81	122
Operating margin, %	9.1	7.9	8.1
Number of available building rights	6,100	5,500	5,100
Number of residential units in current production	1,441	1,156	1,321
<sup>1)</sup> Of which property sales	-	1	1

- Activity on the housing market has been decreasing slightly.
- The business unit is continuing to grow and showing improvements in both profit and margin.
- The willingness to sign a contract early in the process decreased during the third quarter.
- There were no housing starts during the third quarter. An increased number of housing starts is planned for the rest of the year.



Vaskiseppä, Helsingfors



# JM Property Development

SEK m	January – September		Full year
	2022	2021	2021
Revenue	160	182	262
Operating profit <sup>1)2)</sup>	-20	169	407
Number of available building rights	1,800	1,600	1,100
Number of residential units in current production	437	335	484
<sup>1)</sup> Of which property sales	-	161	391
<sup>2)</sup> Of which income from joint venture	-8	32	40



Kvarteret 8, Järfälla

- During the third quarter, the completed rental project Valla Park in Sundbyberg, with 143 rental units, was handed over to the buyer of the project.
- In the third quarter, production started on the rental project Igelsta in Södertälje, with 96 rental units, in JM's own balance sheet.
- Ongoing production of the office project K1 Karlbergs Strand in Karlberg, Solna, covering approximately 20,000 m<sup>2</sup>. In May 2022, an agreement was signed for the sale of the office project to the Swedish Fortifications Agency for SEK 2.4bn, where the transaction is conditional on a government approval. The transfer of the legal title is estimated for the first quarter of 2025.



# Available building rights portfolio

Region	No. of building rights <sup>1)</sup>	
	09/30/2022	09/30/2021
Stockholm	14,500 <sup>2)</sup>	12,600 <sup>2)</sup>
Malmö/Lund	3,400	2,600
Gothenburg <sup>3)</sup>	3,600	3,500
Uppsala <sup>4)</sup>	4,100	4,200
Norway	7,300	7,800
Finland	6,100	5,500
<b>Total</b>	<b>39,000</b>	<b>36,200</b>

<sup>1)</sup> Rounded to the nearest hundred

<sup>2)</sup> Of which 1,800 and 1,600 building rights for rental units and residential care units

<sup>3)</sup> West region

<sup>4)</sup> East region



# Somewhat higher level of development properties

## BUILDING RIGHTS IN BALANCE SHEET

SEK m	2019	2020	2021	Jan-Sep 2022
<b>Opening balance</b>	<b>8,306</b>	<b>8,938</b>	<b>7,831</b>	<b>8,205</b>
New purchases	1,745	1,022	1,754	1,454
Transferred to production	-1,068	-1,888	-1,388	-1,122
Other	-45	-241	8	71
<b>Closing balance</b>	<b>8,938</b>	<b>7,831</b>	<b>8,205</b>	<b>8,607</b>



# Approx. 6 years production in Balance Sheet

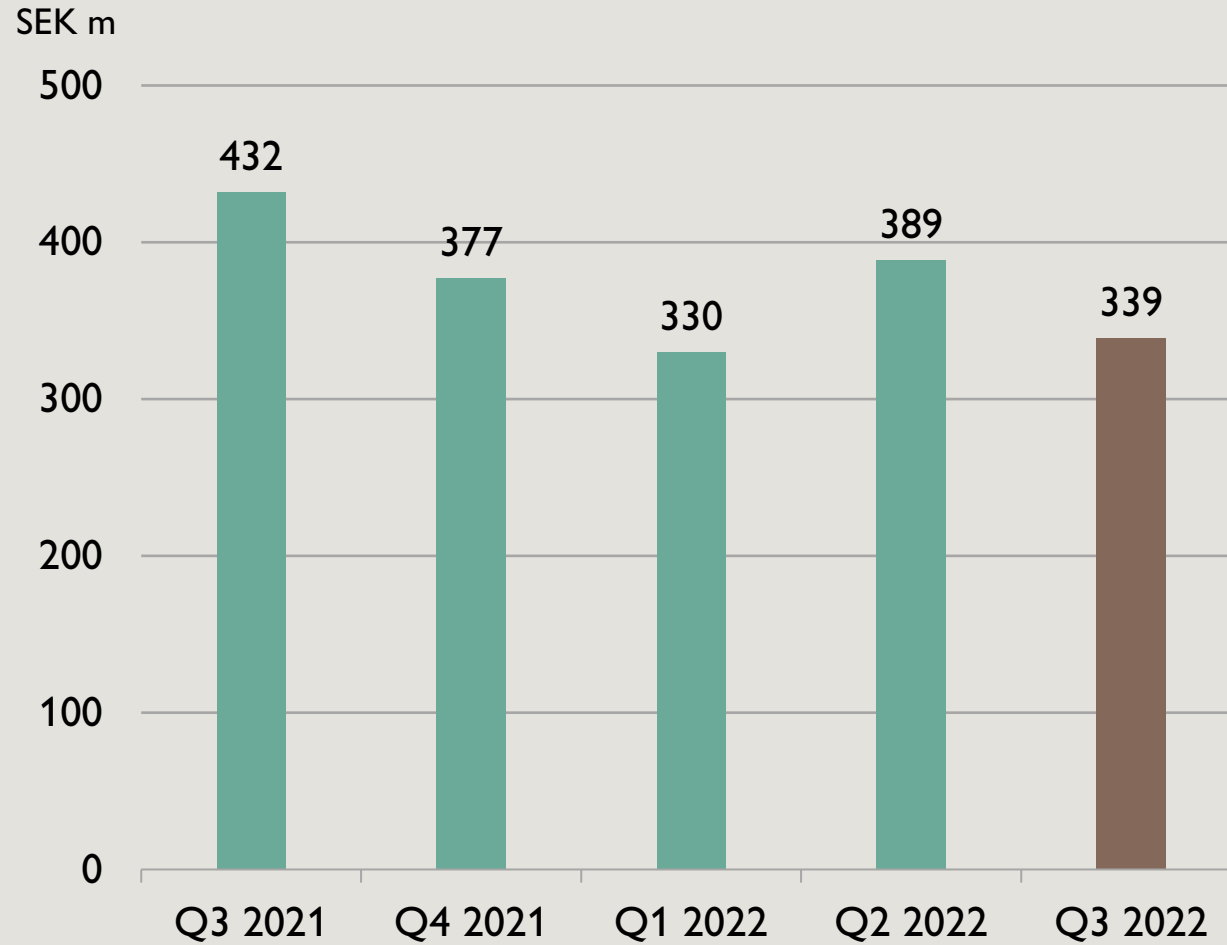
<b>No. of residential building rights 09/30/2022</b>	<b>In Balance Sheet</b>	<b>Housing starts <sup>1)</sup></b>	<b>Average period, years <sup>2)</sup></b>
JM Residential Stockholm	6,600	721	9.2
JM Residential Sweden	6,800	1,174	5.8
JM Norge	3,400	662	5.1
JM Finland	3,800	649	5.9
JM Property Development	800	437	1.8
<b>Group</b>	<b>21,400</b>	<b>3,643</b>	<b>5.9</b>

<sup>1)</sup> 12-month period

<sup>2)</sup> Guideline value 5 years

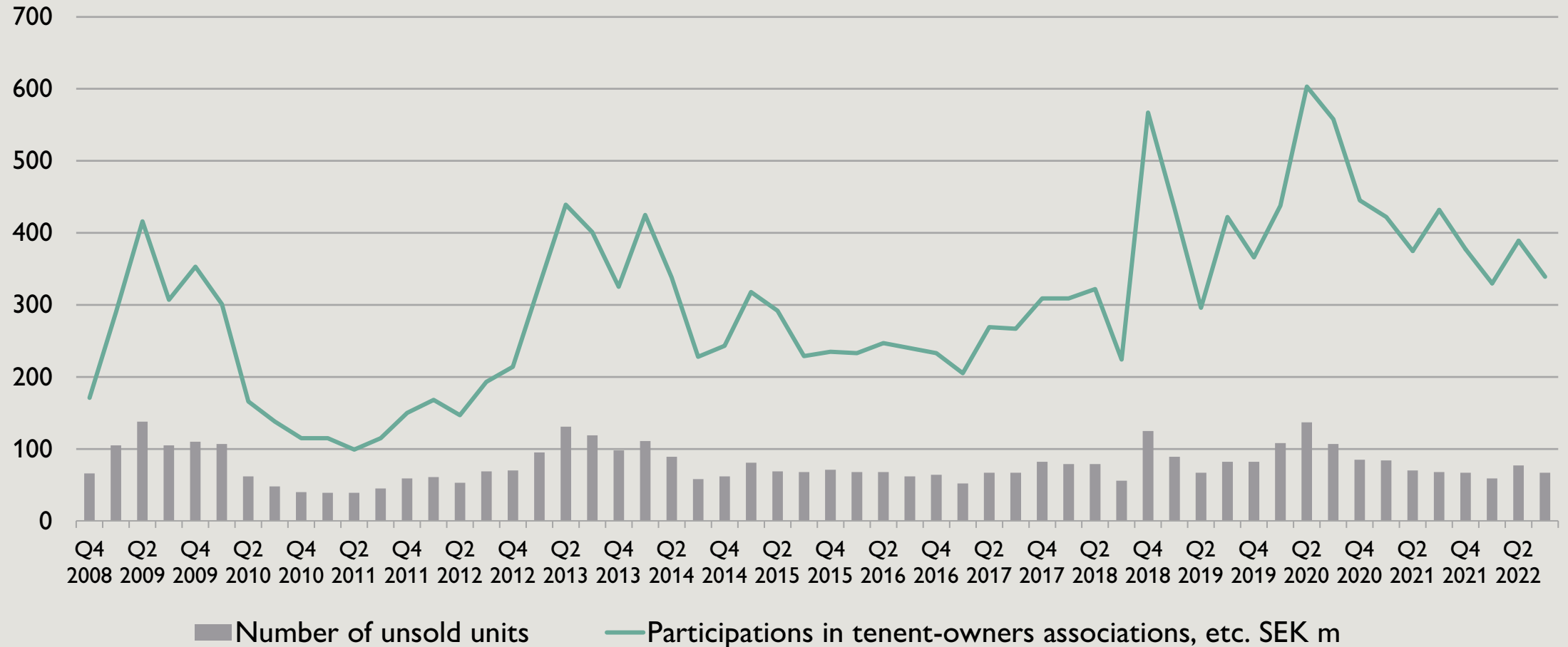


# 67 unsold residential units in Balance Sheet, SEK 339m





# Unsold residential units in Balance Sheet



# Cash flow

<b>Cash flow statement, SEK m</b>	<b>Q3 2021</b>	<b>Q4 2021</b>	<b>Q1 2022</b>	<b>Q2 2022</b>	<b>Q3 2022</b>
From operating activities <sup>1) 2) 3)</sup>	487	916	273	-525	-363
From investing activities	-1	-16	-6	6	-
From financing activities	-434	51	-146	-1,111	-219
<b>Total cash flow for the quarter</b>	<b>52</b>	<b>951</b>	<b>122</b>	<b>-1,630</b>	<b>-582</b>
<b>Cash and cash equivalents end of period</b>	<b>3,022</b>	<b>3,981</b>	<b>4,115</b>	<b>2,481</b>	<b>1,902</b>
1) Of which net investment project properties	-74	705	-83	-312	-143
2) Of which net investment development properties	242	-76	66	-381	-238
3) Of which taxes paid	-110	-111	-151	-149	-116

*According to segment reporting*



# Strong financial position and liquidity



- Equity/Assets ratio <sup>1)</sup> 49 percent (48).
- Available liquidity SEK 4,702m (5,822) of which cash and cash equivalents SEK 1,902m (3,022).
- Unutilized overdraft facilities and credit lines SEK 2,800m (2,800).
- Credit lines of SEK 2,400m have an average maturity of 3.1 years (2.3).
- During the third quarter own shares were bought back for SEK 250m.

<sup>1)</sup> According to segment reporting

<sup>2)</sup> Non interest-bearing liabilities for completed property acquisitions amounted to SEK 438m (557)

# Components of profit/loss – housing business

PERCENTAGE OF COMPLETION METHOD (GROSS) Q3 2022 (Q2 2022)

Cost-based effect  
SEK 291m (309)

*Always positive*

Recognized expenses ×  
contribution margin  
(for the current period)

+

Revaluation effect  
SEK 352m (410)

*Usually positive*

Changed assessment about forecast  
total contribution margin and/or total  
cost of a project that involves  
revaluation of recognized profit/loss  
from earlier periods

+

Sales effect  
SEK -30m (7)

*Positive / negative*

Change in the relationship  
between stage of completion  
and sales rate in a period  
(incoming – outgoing)  
(Adjustment of accumulated  
profit for unsold residential units)

=

Profit/loss for the period  
SEK 613m (726)





# Revaluation effects – housing business

<b>SEK m</b>	<b>Q3 2021</b>	<b>Q4 2021</b>	<b>Q1 2022</b>	<b>Q2 2022</b>	<b>Q3 2022</b>
Group	336	391	384	410	352
<b>Business segment</b>	<b>Q3 2021</b>	<b>Q4 2021</b>	<b>Q1 2022</b>	<b>Q2 2022</b>	<b>Q3 2022</b>
JM Residential Stockholm	95	83	113	126	120
JM Residential Sweden	134	186	169	203	173
JM International	107	122	102	81	59

The net of positive and negative revaluation effects in residential projects during Q3 2022 totaled SEK 352m, with current assessment of market conditions for the actual forecast period.



# Acquiring buildings rights in Gothenburg



- JM has acquired building rights for the development of approximately 130 residential units located in the Eriksberg district in Gothenburg. With the entire Eriksberg quay area as a neighbor, close to both green areas and the city center, this is a very attractive place to live.
- The acquisition amounts to approximately SEK 160 million, with occupancy and payment in Q4 2022.
- The acquisition will be reported within the JM Residential Sweden business segment in Q4 2022.
- The property has a detailed plan that has gained final approval and is judged to allow the development of approximately 130 residential units as well as commercial premises on the bottom floor.
- Production is expected to start in 2026.

# Sustainable development

- Calculating climate impact of projects throughout the entire Group.
- As of October 1, 2022, climate-improved concrete in all projects in Sweden.
- Starting rollout of JM's concept for fossil-free construction sites.
- New sustainability section in the Interim Report.



# JM today

- Customer focused – strong brand
- 39,000 building rights in attractive locations
- Good long-term conditions
- Cautious housing market
- Gradual broadening of geographic scope
- Sustainable urban planning
- Efficient management systems
- Investment in digital development
- Strong balance sheet – offers freedom of action
- Well-balanced risk profile





History is made in  
our homes

