

# Year-end Report January–December 2022

FEBRUARY 1, 2023



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

Revenue: SEK 16.4 billion

Total assets: SEK 17.1 billion

No. of building rights: 39,500

No. of employees: 2,488

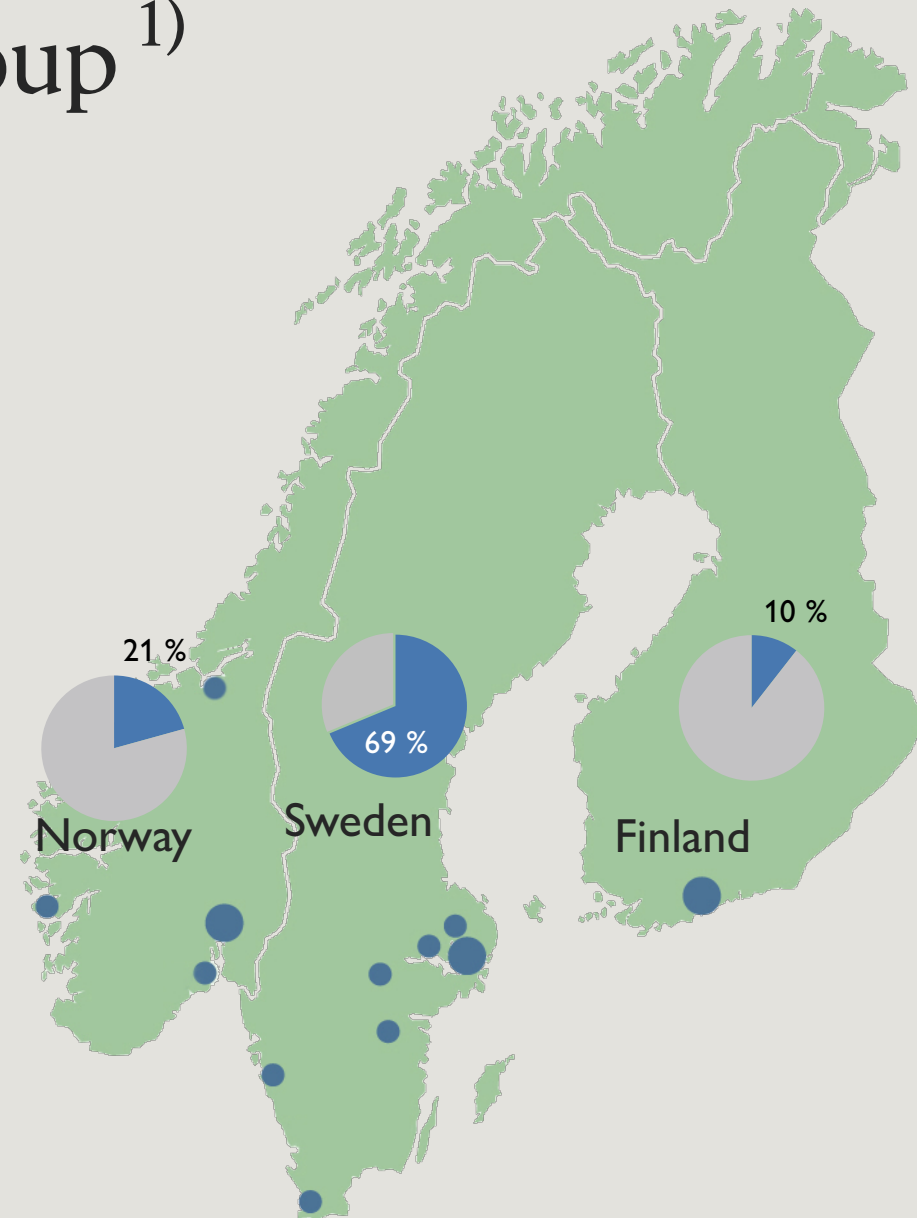
Market Cap: SEK 12,9 billion<sup>2)</sup>



Sander, Tyresö, Stockholm 63 residential units

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

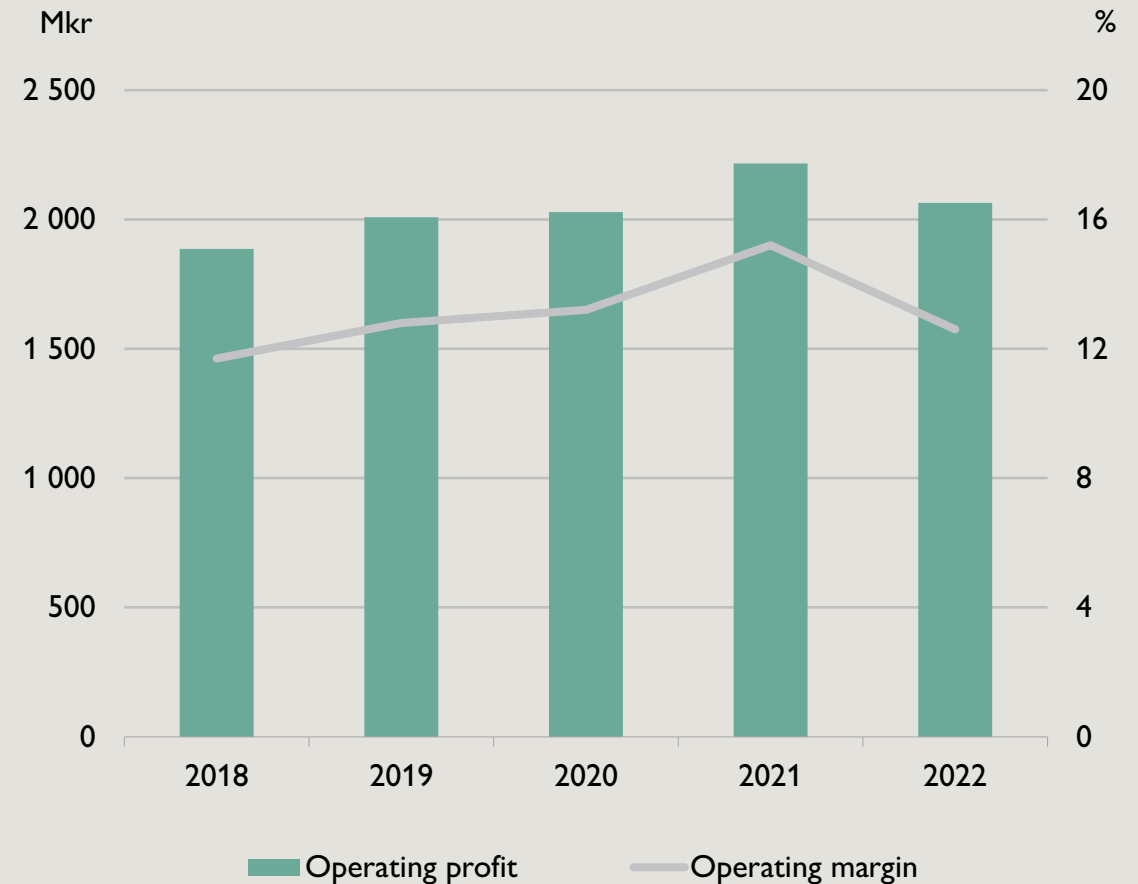
<sup>2)</sup> SEK 201 per share, January 31, 2023



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

JANUARY–DECEMBER 2022

- Revenue increased to SEK 16,385m (14,608).
- Operating profit decreased to SEK 2,064m (2,216).
- Operating margin decreased to 12.6 percent (15,2).
- Profit before tax decreased to SEK 1,994m (2,158).
- Earnings per share amounted to SEK 23.40 (25.90).



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





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

JANUARY–DECEMBER 2022

- Return on equity amounted to 17.9 percent (21.9).
- Cash flow from operations amounted to SEK -261m (2,287).
- Market value of development properties amounts to SEK 15.2bn (15.4) with a surplus value of SEK 6.7bn (7.2).
- The Board of Directors proposes SEK 14.00 (13.50) in dividend for 2022.

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



Koroneiki, Tammerfors, Finland 59 bostäder





Älvsjö Entré, Stockholm 119 residential units

# Group Summary

JANUARY–DECEMBER 2022

- Number of residential units sold decreased to 2,659 (4,248).
- Number of housing starts decreased to 3,113 (3,972).
- Number of residential units in ongoing production increased to 8,078 (8,094).
- Lower level of housing starts in the fourth quarter.
- Residential building rights portfolio increased to 39,500 (35,600).

# Strong result in a weak market

- Continued decline in demand and activity level during the fourth quarter in all our markets, resulting in a decline in sales.
- The Government approved the sale of K1, Karlbergs Strand, Solna.
- Good profitability in Sweden and Finland but continued challenges regarding cost inflation in Norway.
- Lower level of housing starts in the Group, primarily attributable to decline in sales and lack of authority decisions.
- Continued high level of residential units in current production where the percentage of sold/reserved units is 69 % (74), normal level within the interval of 60–65 %.
- Increased cost pressure in the building sector continues to have a negative impact on our ongoing projects.



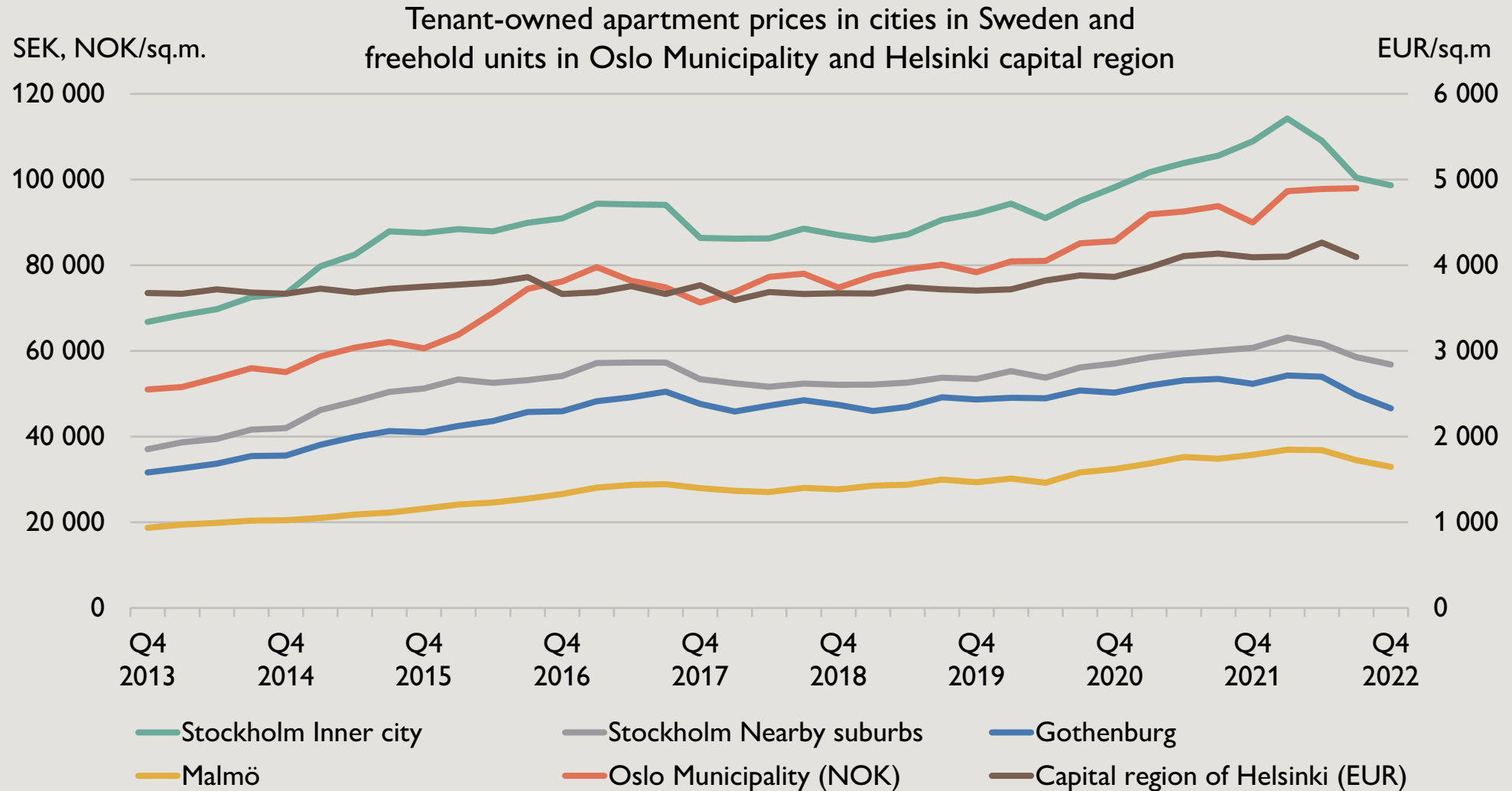


# Operating profit and operating margin



According to segment reporting	January – December 2022		2021	
	SEK m	%	SEK m	%
JM Residential Stockholm	720	14.5	763	15.3
JM Residential Sweden	682	15.2	662	15.3
JM Norway	238	7.0	300	9.9
JM Finland	158	9.2	122	8.1
JM Property Development	306	25.0	407	nm
JM Construction	12	1.1	20	2.1
Group-wide expenses	-52		-57	
<b>Total</b>	<b>2 064</b>	<b>12.6</b>	<b>2 216</b>	<b>15.2</b>
<i>Of which sale of properties and joint venture</i>	-11		436	

# Prices on the existing home market



Source: Mäklarstatistik and WSP

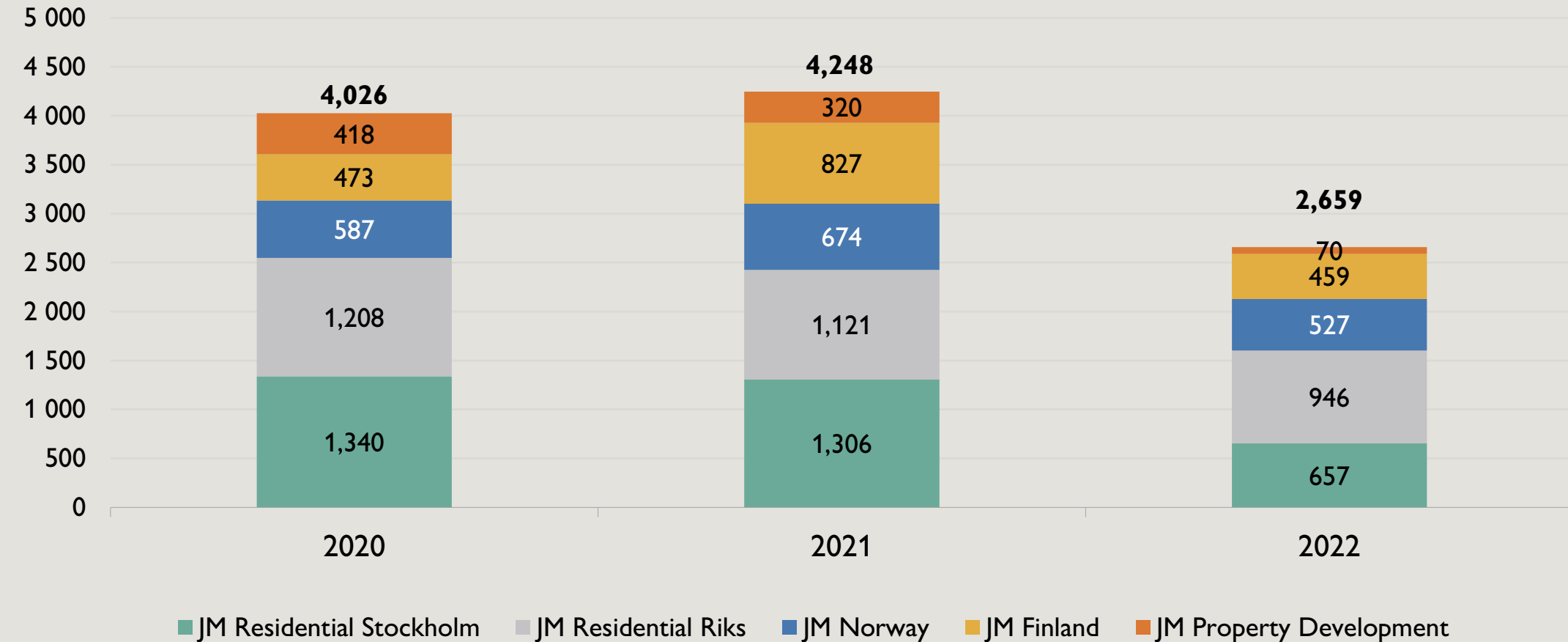




# Lower level of sold residential units

JANUARY – DECEMBER

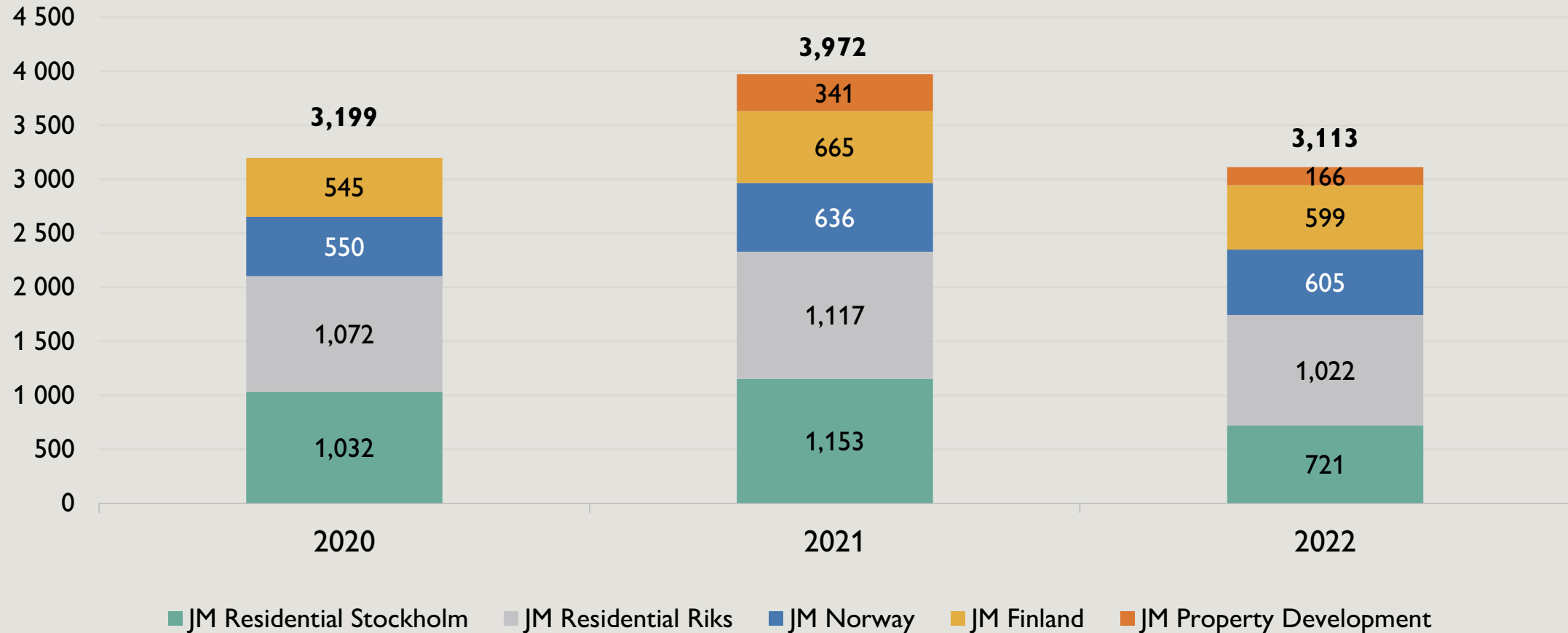
Number  
of units



# Lower lever of housing starts

JANUARY – DECEMBER

Number  
of units





# Älvsjö Entré

STOCKHOLM



Number of housing starts Q4 2022 119

Completed in 2025



# Kungsgatan 66 fyra

UPPSALA



Number of housing starts Q4 2022 77

Completed in 2024





# Passasjen

OSLO, NORWAY



Number of housing starts Q4 2022      125

Completed in 2025





# Puustellinhuippu

ESBO, FINLAND



Number of housing starts  
Q4 2022

128

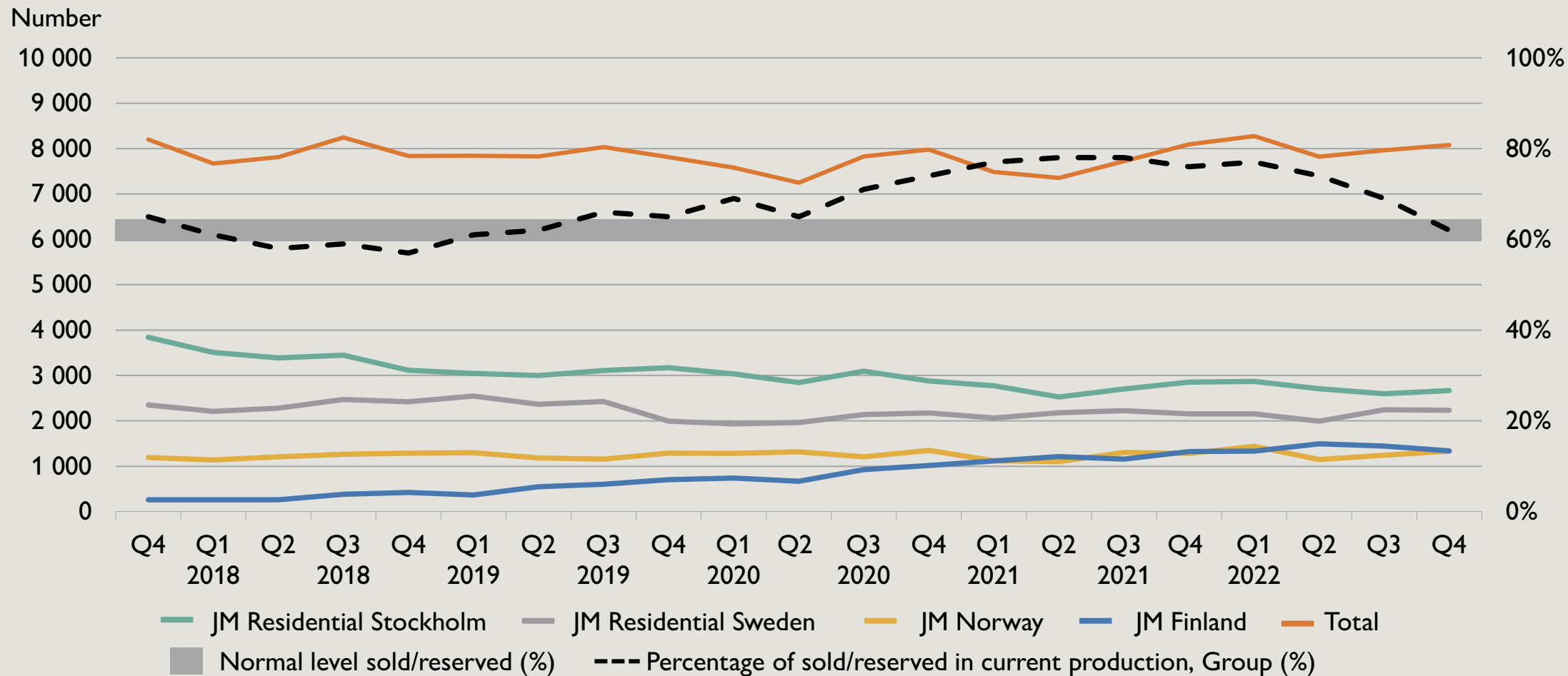
Completed in 2025





# Number of residential units in production 8,078<sup>1)</sup>

PERCENTAGE SOLD/RESERVED IMPLICATES LOW RISK IN PRODUCTION IN Q4 2022

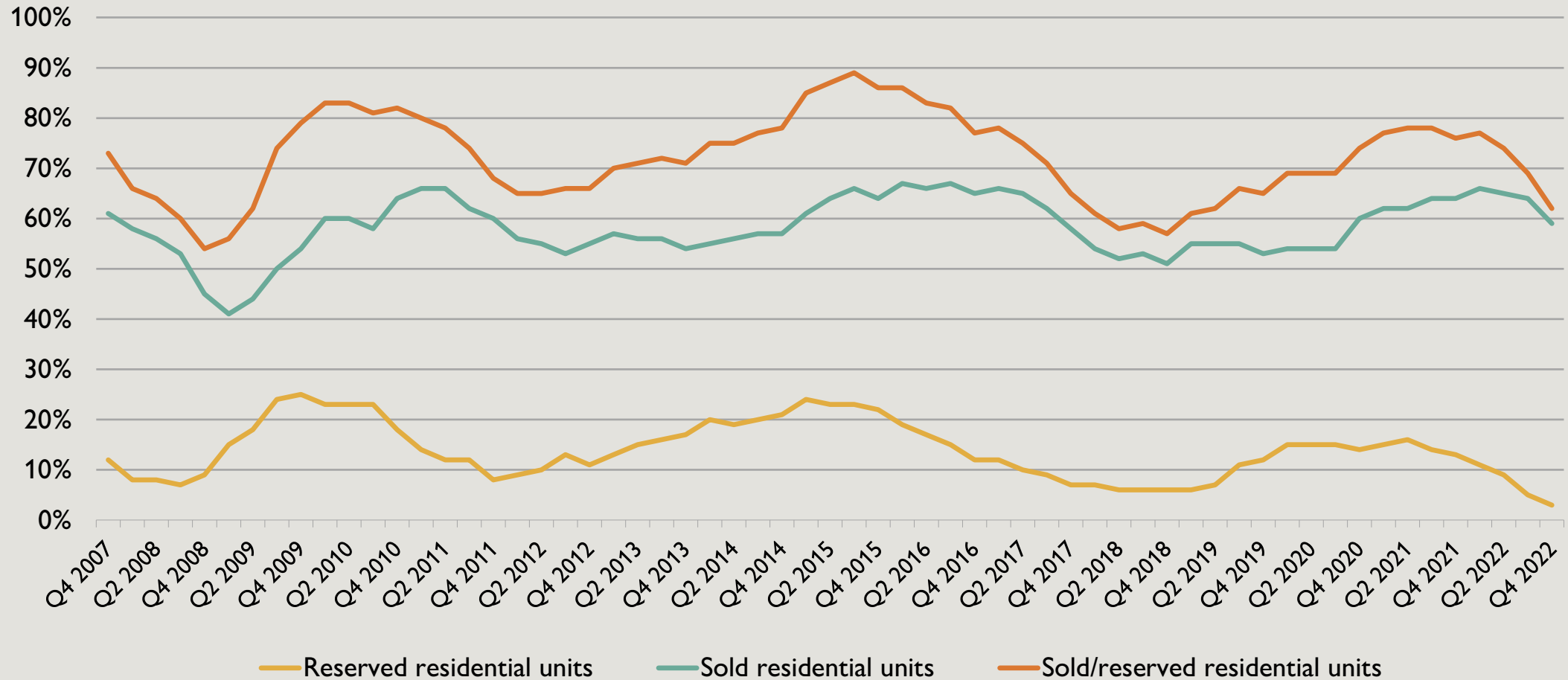


<sup>1)</sup> Including 507 rental and residential care units within JM Property Development – not included in percentage sold/reserved



# Risk assessment index – Group

## PERCENTAGE OF SOLD AND RESERVED RESIDENTIAL UNITS IN PRODUCTION





# Residential units in production

JM GROUP

	<b>Dec 31 2022</b>	<b>Dec 31 2021</b>
Number of residential units <sup>1)</sup>	8,078	8,094
Number of residential units sold <sup>2)</sup>	4,508	4,978
Number of residential units reserved	250	976
Sold residential units, %	59	64
Reserved residential units, %	3	13
Sold/reserved residential units, %	62	76
Completed production, no. of unsold units <sup>3)</sup>	91	91
Number of unsold units in the balance sheet	63	67
<sup>1)</sup> Including rental and residential care units within JM Property Development – not included in percentage sold/reserved	507	484
<sup>2)</sup> Including rental and residential care units within JM Property Development – not included in percentage sold/reserved	70	143
<sup>3)</sup> After final occupancy according to plan		



# JM Residential Stockholm

SEK m	January – December	
	2022	2021
Revenue	4,966	4,990
Operating profit <sup>1)</sup>	720	763
Operating margin, %	14.5	15.3
Number of available building rights	12,400	11,700
Number of residential units in current production	2,665	2,855
Number of housing starts	721	1,153

- High level of revenue but slightly lower operating margin.
- Lower level of sold residential units and housing starts.
- 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 low.
- Cash flow for the year is burdened by the business unit starting a project with its own funds.
- The lack of necessary authority decisions had a negative impact on housing starts. In total, three projects with about 260 residential units are affected.



Ängsviolen, Järvastaden, Solna 83 residential units



# JM Residential Sweden

SEK m	January – December	
	2022	2021
Revenue	4,500	4,317
Operating profit <sup>1)</sup>	682	662
Operating margin, %	15.2	15.3
Number of available building rights	11,500	9,900
Number of residential units in current production	2,234	2,154
Number of housing starts	1,022	1,177



Gläntan i Vipeholm, Lund 71 residential units



- High level of revenue and operating margin.
- Lower level of housing starts and sold residential units.
- The supply of newly produced residential units continued to be at a low level.
- The willingness to sign a contract early in the process was low.
- Cash flow was at low levels due to increased investments in development properties primarily related to occupancy of larger properties.
- Approx. 130 building rights were acquired in Gothenburg in the fourth quarter.



# JM Norway

SEK m	January – December	
	2022	2021
Revenue	3,392	3,030
Operating profit <sup>1)</sup>	238	300
Operating margin, %	7.0	9.9
Number of available building rights	7,100	7,800
Number of residential units in current production	1,335	1,280
Number of housing starts	605	636
<sup>1)</sup> Of which property sales	-	4



Stavset Alta, Trondheim 64 residential units



- Increased revenue but lower operating profit and margin.
- Prices on the existing home market decreased during the fourth quarter but increased overall compared to previous year.
- Continued great cost pressure in the Norwegian construction sector with increased prices on raw materials and other inputs.
- Cash flow temporarily high due to few investments in development properties.
- Production was started on 189 residential units in Oslo and Trondheim during the fourth quarter.

# JM Finland

SEK m	January – December	
	2022	2021
Revenue	1,729	1,501
Operating profit <sup>1)</sup>	158	122
Operating margin, %	9.2	8.1
Number of available building rights	6,800	5,100
Number of residential units in current production	1,337	1,321
Number of housing starts	599	665
<sup>1)</sup> Of which property sales	-	1



Alexander, Espoo 36 residential units



- The business unit continues to grow and shows increased profit and margin level.
- Activity on the housing market has been declining during the year.
- During the quarter, production was established in Tampere through acquisition of the project developer Gradina Oy.
- Cash flow is burdened by an increase in working capital.
- During the fourth quarter, production was started on 226 residential units and 954 building rights were acquired, including the operations added from the acquisition in Tampere.

# JM Property Development

SEK m	January – December	
	2022	2021
Revenue	1,224	262
Operating profit <sup>1)2)</sup>	306	407
Number of available building rights	1,700	1,100
Number of residential units in current production	507	484
Number of housing starts	166	341
<sup>1)</sup> Of which property sales	-	391
<sup>2)</sup> Of which income from joint venture	-11	40

- The Government approved the Swedish Fortifications Agency's acquisition of the project K1 Karlbergs Strand for SEK 2.4bn which is adjusted with CPI.
- Since December K1 Karlbergs strand is recognized in accordance with the percentage of completion method and approx. SEK 1bn has been recorded as revenue.
- Cash flow is burdened by ongoing investments in project properties and current projects as well as acquisitions of properties for development of rental project.
- During the fourth quarter, production was started on the residential care project Pilhamn on Värmdö consisting of 70 units. The project will be recognized in accordance with the percentage of completion method until estimated transfer of legal title.



Pilhamn, Värmdö 70 residential care units



# Available building rights portfolio

Region	No. of building rights <sup>1)</sup>	
	12/31/2022	12/31/2021
Stockholm	14,100 <sup>2)</sup>	12,800 <sup>2)</sup>
Malmö/Lund	3,600	2,300
Gothenburg <sup>3)</sup>	3,600	3,500
Uppsala <sup>4)</sup>	4,300	4,100
Norway	7,100	7,800
Finland	6,800	5,100
<b>Total</b>	<b>39,500</b>	<b>35,600</b>

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

<sup>2)</sup> Of which 1,700 and 1,100 building rights for rental units and residential care units

<sup>3)</sup> West region

<sup>4)</sup> East region





# Slightly increased level of development properties

## BUILDING RIGHTS IN BALANCE SHEET

SEK m	2019	2020	2021	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	1,700
Transferred to production	-1,068	-1,888	-1,388	-1,538
Other	-45	-241	8	97
<b>Closing balance</b>	<b>8,938</b>	<b>7,831</b>	<b>8,205</b>	<b>8,465</b>



# Approx. 7 years production in Balance Sheet

<b>No. of residential building rights 12/31/2022</b>	<b>In Balance Sheet</b>	<b>Housing starts</b>	<b>Average period, years <sup>1)</sup></b>
JM Residential Stockholm	6,400	721	8.9
JM Residential Sweden	8,000	1,022	7.8
JM Norge	3,300	605	5.5
JM Finland	3,600	599	6.0
JM Property Development	800	166	4.8
<b>Group</b>	<b>22,000</b>	<b>3,113</b>	<b>7.1</b>

<sup>1)</sup> Guideline value 5 years



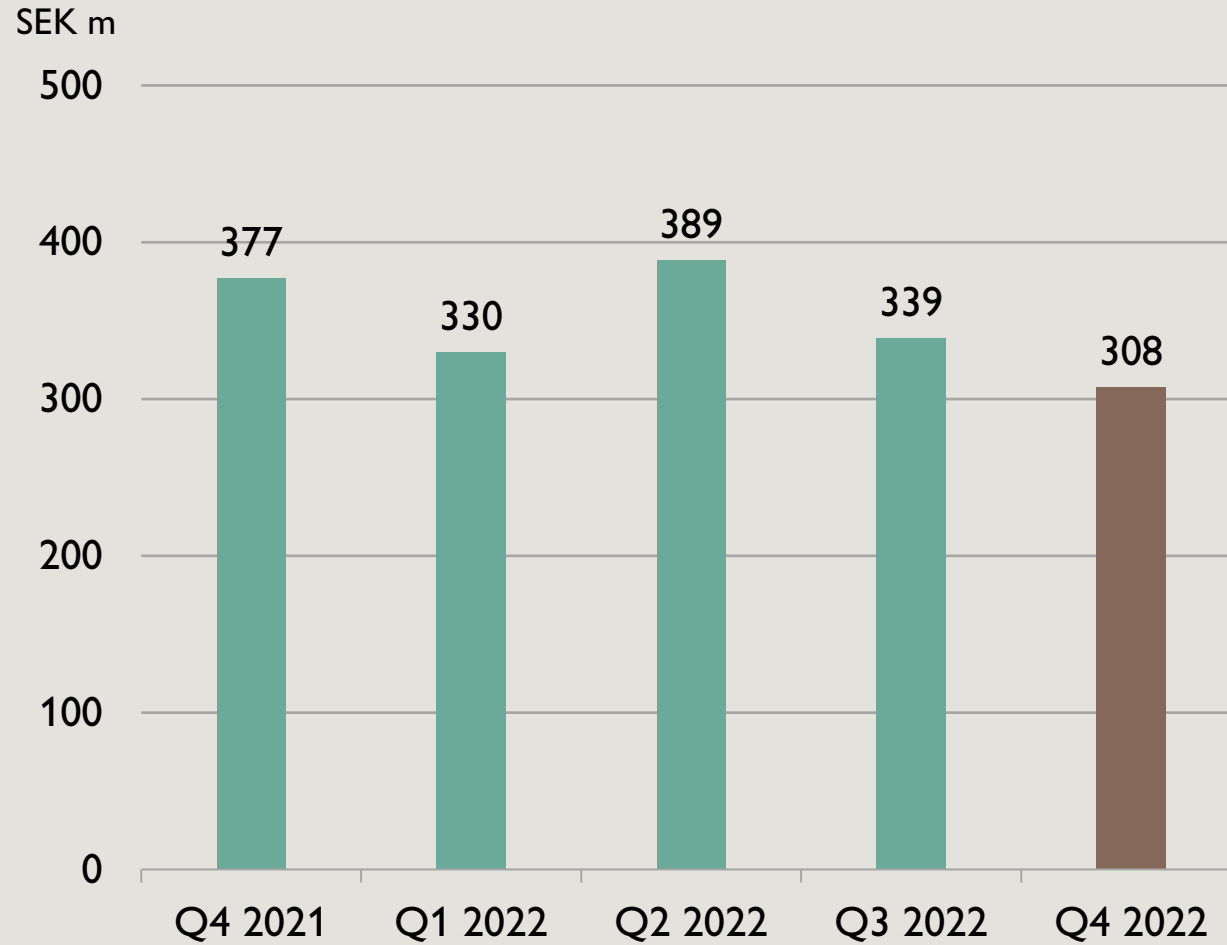
# Valuation development properties

SEK billion	12/31/2022			12/31/2021
	Market value	Carrying amount	Surplus value	Surplus value
JM Residential Stockholm	8.2	4.0	4.1	4.8
JM Residential Sweden	3.5	2.3	1.2	1.4
JM International	3.5	2.2	1.4	1.0
<b>Total</b>	<b>15.2</b>	<b>8.5</b>	<b>6.7</b>	<b>7.2</b>
<i>Value per share</i>	235	131	104	105

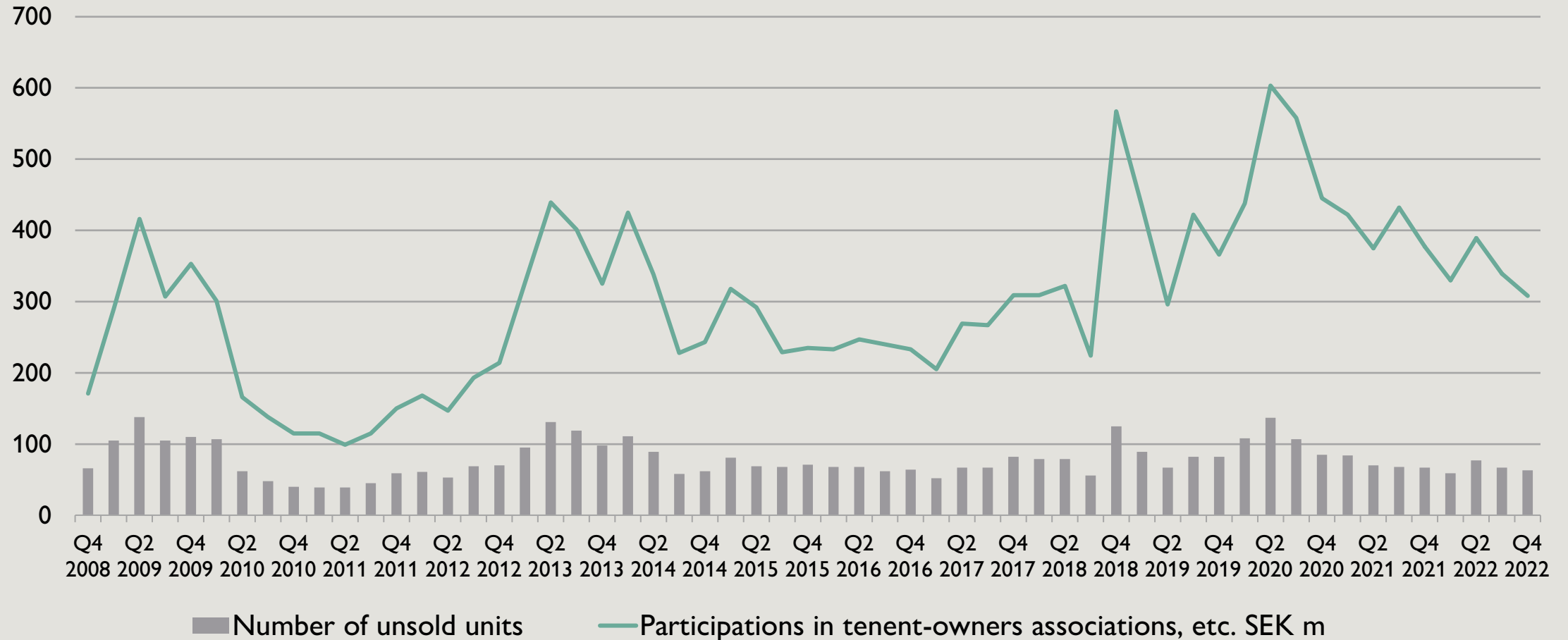




# 63 unsold residential units in Balance Sheet, SEK 308m



# Unsold residential units in Balance Sheet



# Cash flow

<b>Cash flow statement, SEK m</b>	<b>Q4 2021</b>	<b>Q1 2022</b>	<b>Q2 2022</b>	<b>Q3 2022</b>	<b>Q4 2022</b>
From operating activities <sup>1) 2) 3)</sup>	916	273	-525	-363	354
From investing activities	-16	-6	6	-	-28
From financing activities	51	-146	-1,111	-219	-394
<b>Total cash flow for the quarter</b>	<b>951</b>	<b>122</b>	<b>-1,630</b>	<b>-582</b>	<b>-68</b>
<b>Cash and cash equivalents end of period</b>	<b>3,981</b>	<b>4,115</b>	<b>2,481</b>	<b>1,902</b>	<b>1,840</b>
1) Of which net investment project properties	705	-83	-312	-143	-178
2) Of which net investment development properties	-76	66	-381	-238	219
3) Of which taxes paid	-111	-151	-149	-116	-116

*According to segment reporting*





# Strong financial position and liquidity



- Equity/Assets ratio <sup>1)</sup> 53 percent (48).
- Available liquidity SEK 4,640m (6,781) of which cash and cash equivalents SEK 1,804m (3,981).
- Unutilized overdraft facilities and credit lines SEK 2,800m (2,800).
- Credit lines of SEK 2,400m have an average maturity of 3.5 years (2.9).
- During the fourth 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 492m (651)

# Components of profit/loss – housing business

PERCENTAGE OF COMPLETION METHOD (GROSS) Q4 2022 (Q3 2022)

Cost-based effect  
SEK 325m (291)

*Always positive*

Recognized expenses ×  
contribution margin  
(for the current period)

+

Revaluation effect  
SEK 434m (352)

*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 -62m (-30)

*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 697m (613)

# Revaluation effects – housing business

<b>SEK m</b>	<b>Q4 2022</b>	<b>Q3 2022</b>	<b>Q2 2022</b>	<b>Q1 2022</b>	<b>Q4 2021</b>
Group	434	352	410	384	391
<b>Business segment</b>	<b>Q4 2022</b>	<b>Q3 2022</b>	<b>Q2 2022</b>	<b>Q1 2022</b>	<b>Q4 2021</b>
JM Residential Stockholm	134	120	126	113	83
JM Residential Sweden	188	173	203	169	186
JM International	112	59	81	102	122

The net of positive and negative revaluation effects in residential projects during Q4 2022 totaled SEK 434m, with current assessment of market conditions for the actual forecast period.



# The office project K1 Karlbergs Strand

- In December, the Government approved JM's agreement with the Swedish Fortifications Agency for the sale of the office project K1 Karlbergs Strand in Solna.
- The transaction amounts to SEK 2.4 billion. The purchase price is adjusted with CPI. Payment received upon completion.
- The property is under construction in accordance to plan, with planned occupancy during the first quarter of 2025.
- Revenue and profit is recognized over time within the business segment JM Property Development starting in the fourth quarter of 2022 until completion.



# JM acquiring properties for development of approx. 450 residential units in Solna, Stockholm

- JM has acquired four properties in Huvudsta, Solna with detailed plan that has gained legal force. It allows development of approximately 450 residential units, commercial premises and preschool, of a total area of approximately 42 000 m<sup>2</sup> GFA (gross floor area) above ground.
- Parts of the properties are overlooking the Ulvsunda lake with surrounding green areas. Today the properties consist of open land and parking areas.
- The acquisition amounts to SEK 484m, with occupancy and payment in the second quarter of 2023.
- The acquisition will be reported within the JM Residential Stockholm business segment in the second quarter of 2023.



# Sustainable development

- Calculating climate impact of projects throughout the entire Group.
- As of October 1, 2022, climate-improved concrete is used in all projects in Sweden.
- Energy consumption in JM's completed residential units is 19 % below regulatory requirement in Sweden, and 34 % below regulatory requirement in Norway.
- 81 % of all housing projects completed in 2022 were Swan Ecolabel.





# JM today

- Customer focused – strong brand
- 39,500 building rights in attractive locations
- Good long-term conditions
- Gradual broadening of geographic scope
- Sustainable urban planning
- Cautious housing market
- Cost inflation
- Investment in digital development
- Strong balance sheet – offers freedom of action
- Well-balanced risk profile



History is made in  
our homes

