

# Interim Report

## January – September 2020

J M G R O U P



# RECOVERY IN THE HOUSING BUSINESS

## JANUARY–SEPTEMBER 2020

**Revenue** amounted to SEK 10,858m (11,381), and revenue excluding JM Construction, Business area Construction (under closure), amounted to SEK 10,731m (11,159).

**Operating profit** amounted to SEK 1,239m (1,449)<sup>1)2)</sup>. The operating margin was 11.4 percent (12.7). Operating profit excluding JM Construction, Business area Construction, amounted to SEK 1,263m (1,656) and the operating margin to 11.8 percent (14.8).

**Profit before tax** amounted to SEK 1,185m (1,387). Profit after tax amounted to SEK 932m (1,128).

**Return on equity** for the past twelve months decreased to 18.8 percent (22.2). Earnings per share for the nine-month period decreased to SEK 13.30 (16.20).

**Consolidated cash flow** including net investment in properties amounted to SEK 427m (817).

**The number of residential units sold** amounted to 2,403 (2,654), and housing starts were 2,223 (2,162).

**The Board of Directors proposes** SEK 6.25 in an additional dividend for 2019.

## JULY–SEPTEMBER 2020

**Revenue** decreased to SEK 3,382m (3,768).

**Operating profit** decreased to SEK 399m (630)<sup>3)</sup>. The operating margin decreased to 11.8 percent (16.7).

**Profit before tax** decreased to SEK 383m (608). Profit after tax decreased to SEK 302m (514).

**Consolidated cash flow** including net investment in properties amounted to SEK –165m (446).

**The number of residential units sold** amounted to 956 (1,106), and housing starts were 855 (797).

<sup>1)</sup> The profit included the one-off cost for the discontinuation of the housing operations (Business area Construction) in JM Construction of SEK –180m reported during the first quarter of 2019.

<sup>2)</sup> The profit included SEK 254m from the sale of property.

<sup>3)</sup> The profit included SEK 182m from the sale of property.

ACCORDING TO SEGMENT REPORTING SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT FULL YEAR	
	2020	2019	2020	2019	2019/2020	2019
Revenue	10,858	11,381	3,382	3,768	15,169	15,692
Revenue excluding JM Construction, Business area Construction	10,731	11,159	3,328	3,642	15,010	15,438
Operating profit	1,239	1,449	399	630	1,798	2,008
Operating profit excluding JM Construction, Business area Construction	1,263	1,656	403	636	1,850	2,243
Operating margin, %	11.4	12.7	11.8	16.7	11.9	12.8
Operating margin excluding JM Construction, Business area Construction, %	11.8	14.8	12.1	17.5	12.3	14.5
Profit before tax	1,185	1,387	383	608	1,726	1,928
Cash flow from operating activities	427	817	–165	446	901	1,291
Return on equity, %					18.8	22.2
Equity/assets ratio, %	45	40				42
Earnings per share, SEK	13.30	16.20	4.30	7.40	19.70	22.50
Number of residential units sold <sup>1) 2)</sup>	2,403	2,654	956	1,106	3,344	3,595
Number of housing starts <sup>3) 4)</sup>	2,223	2,162	855	797	3,330	3,269
Number of residential units in current production	7,829	8,033				7,813
Revenue according to IFRS	10,822	11,741	3,422	4,260	14,686	15,605
Operating profit according to IFRS	1,259	1,437	394	612	1,804	1,982
Earnings per share according to IFRS, SEK	13.40	15.70	4.20	7.00	19.50	21.90
<sup>1)</sup> Of which rental units in JM Property Development	–	376	–	376	–	376
<sup>2)</sup> Of which residential units in JM International to investors	170	182	101	–	214	226
<sup>3)</sup> Of which rental units in JM Property Development	–	143	–	–	–	143
<sup>4)</sup> Of which residential units in JM International to investors	170	182	101	–	214	226

For the Group's income statement and balance sheet in accordance with IFRS, IFRS 15 Revenue from Contracts with Customers is applied, which means that revenue and profit/loss from JM's operations outside of Sweden, JM International, are reported according to the completed contract method. Segment reporting and project management are reported according to the percentage of completion method. The Group's calculations according to IFRS are presented on pages 20–21.

For definitions of key financial figures, see "Definitions Key Financial Figures" at [jm.se/investors](http://jm.se/investors)

Unless otherwise specified, the analysis and comments in this Interim Report are based on JM's segment reporting.

Cover photo: Omslagsbild: Oselvo, outside Bergen, Norway

# Group

## A WORD FROM THE CEO

### STABLE DEVELOPMENT DURING THE THIRD QUARTER

We have had a good trend in the housing business during the third quarter, which started cautiously due to COVID-19. Sales developed positively in all of our markets, which also made possible a good level of housing starts. Not least have our digital solutions in our customer interface worked very well. Both cash flow and production capacity were well maintained during the quarter. Norway and Finland also recovered in terms of demand. The supply of newly produced residential units on the market decreased in the third quarter of 2020 in both Stockholm and the rest of Sweden at the same time as the transaction volume increased. The transaction volume increased on the total housing market in Sweden as well. Prices remained at a good level or increased slightly.

We assess the underlying demand for housing to continue to be good on our markets. The reservation and sales levels are high in the projects that will be completed in 2020 in all our markets. This continues to create good conditions for maintaining production and a stable cash flow during the remainder of the year. Assuming a stable market, we assess that we can reach the same number of housing starts in the fourth quarter as in the third quarter, where international operations continue to represent a large share. Housing starts for the remainder of 2020 will be influenced primarily by the approval of local planning.

### GOOD RESERVATION AND SALES LEVELS IN CURRENT PRODUCTION IN STOCKHOLM

We have seen a clear recovery in demand from customers in Stockholm in the third quarter after an earlier negative impact from COVID-19. We continue to experience good demand for the freehold apartments we have in current production.

Reservation and sales levels in Stockholm have been strong with 299 residential units sold in the third quarter compared to 220 in the second quarter.

The housing business in Stockholm continued to have good profitability and a stable level of housing starts during the quarter. At the same time, staff has been reduced somewhat due to lower current production volumes in relation to a few years ago.

### GOOD SALES AND GOOD LEVEL OF HOUSING STARTS IN THE REST OF SWEDEN, NORWAY AND FINLAND

The housing business in the rest of Sweden showed good profitability, sales and housing starts during the third quarter. The market was less affected by COVID-19 than Stockholm and continued to have good demand throughout the quarter.

In Norway, activity on the housing market recovered in the third quarter in relation to the previous cautiousness attributable to COVID-19. Staffing is in balance after adjustments made in the second quarter.

The housing market also recovered in Finland, where the number of sold residential units and housing starts were boosted by the completed sale of property in blocks to investors.

### REDUCED UNCERTAINTY CONNECTED TO COVID-19

COVID-19 and its aftereffects created uncertainty and risks during the second quarter, where JM remains strong in terms of both its business model and its financial position. Demand has clearly improved during the third quarter, and the percentage of reserved and sold residential units in current production continues to be at a good level and is even higher for projects that will be completed in 2020. This, combined with very limited disruptions in terms of staffing and supplier chains, means that the risk level in JM's business is judged to have decreased in the third quarter. At the same time we have contingency plans in place in the event the COVID-19 situation were to deteriorate. The business is aligned on an ongoing basis within the framework of our business model, which has good adaptability.

### GOOD PROJECT PORTFOLIO AND STRONG FINANCIAL POSITION

We are well-positioned with a good project portfolio that is continuously developed for the housing of the future at the same time as our strong financial position allows us freedom of action. The fundamental and long-term conditions continue to be favorable for a positive development of our business. I am also very pleased that we can now see our ambition through and propose an extraordinary general meeting to resolve on payment of an additional SEK 6.25 per share for 2019 to our shareholders.

Johan Skoglund,  
President and CEO

*“Demand has clearly improved during the third quarter, and the percentage of reserved and sold residential units in current production continues to be at a good level.”*



## MARKET, SALES AND HOUSING STARTS

### JANUARY–SEPTEMBER 2020

The housing market in Stockholm has clearly recovered during the third quarter with an increase in the level of residential units sold. Profitability continued to be good, and housing starts in the quarter have a normal level of reservations.

The housing business in the rest of Sweden showed good profitability with good sales and housing starts in a market that was relatively stable.

In Norway, activity on the housing market increased during the quarter. The housing market recovered in Finland as well.

Population growth in our main markets, coupled with continued low interest rates, supports demand for housing.

The number of residential units sold in the form of signed contracts decreased to 2,403 (2,654)<sup>1)2)</sup> with JM Residential Stockholm and JM Residential Sweden increasing their sales. The percentage of sold and reserved homes in relation to current production amounts to 71 percent (66), with an interval of 60–65 percent considered normal. JM Residential Stockholm sold 866 residential units (767), JM Residential Sweden sold 828 (771), JM International sold 709 (740), and JM Property Development sold 0 (376).

The number of housing starts was 2,223 (2,162)<sup>3)4)</sup>. JM Residential Stockholm started production on 750 residential units (653), JM Residential Sweden on 822 (804), JM International on 651 (562) and JM Property Development on 0 (143).

In addition to demand, planning processes continue to be an important factor for the rate of housing starts.

The number of residential units in current production amounted to 7,829 (8,033), of which 463 are rental units (736) in JM Property Development.

<sup>1)</sup> Of which 0 rental units (376) in JM Property Development

<sup>2)</sup> Of which 170 residential units (182) in JM International and JM Residential Sweden to investors

<sup>3)</sup> Of which 0 rental units (143) in JM Property Development

<sup>4)</sup> Of which 170 residential units (182) in JM International and JM Residential Sweden to investors

## REVENUE, OPERATING PROFIT AND OPERATING MARGIN

### JANUARY–SEPTEMBER 2020

Consolidated revenue according to segment reporting for the nine-month period amounted to SEK 10,858m (11,381). Revenue restated according to IFRS amounted to SEK 10,822m (11,741).

Operating profit according to segment reporting amounted to SEK 1,239m (1,449), and the operating margin amounted to 11.4 percent (12.7). Operating profit restated according to IFRS amounted to SEK 1,259m (1,437). The restatement is related to JM International, with an effect on earnings of SEK 0m (−27) and leases according to IFRS 16 with a positive effect on earnings of SEK 20m (15). Profit for the nine-month period of 2019 included a loss in JM Construction of SEK −141m that was primarily attributable to the discontinuation of the housing operations.

Revenue excluding JM Construction Business area Construction amounted to SEK 10,731m (11,159), operating profit to SEK 1,263m (1,656), and the operating margin to 11.8 percent (14.8).

During the first nine months, properties were sold for SEK 34m (885) with gains of SEK 19m (254).

Rental income from JM's project properties amounted to SEK 60m (68). Net rental income was SEK 43m (46).

JM has not received government support attributable to COVID-19 other than the general reduction in employer's contributions and sick pay costs of around SEK 11m, where the effect is allocated throughout the year.

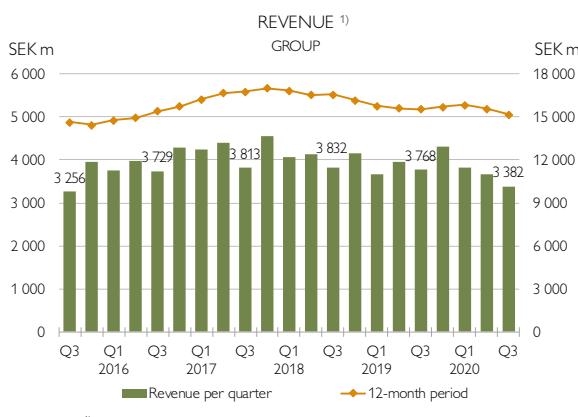
### JULY–SEPTEMBER 2020

Consolidated revenue according to segment reporting for the third quarter decreased to SEK 3,382m (3,768). Revenue restated according to IFRS decreased to SEK 3,442m (4,260).

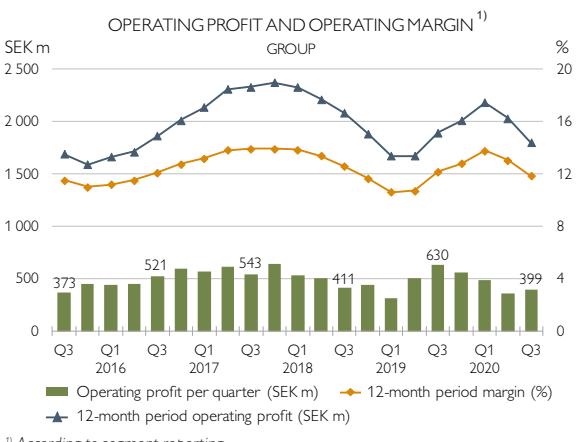
Operating profit according to segment reporting decreased to SEK 399m (630), and the operating margin decreased to 11.6 percent (16.7). Operating profit restated according to IFRS decreased to SEK 394m (612). The restatement is related to JM International, with a negative effect on earnings of SEK −8m (−26) and leases according to IFRS 16 with a positive effect on earnings of SEK 3m (8).

During the third quarter, properties were sold for SEK 4m (754) with gains of SEK 1m (182).

Rental income from JM's project properties amounted to SEK 21m (23). Net rental income was SEK 16m (17).



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



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

OPERATING PROFIT BY BUSINESS SEGMENT, SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2020	2019	2020	2019	2019/2020	2019
JM Residential Stockholm	627	654	185	209	889	916
JM Residential Sweden	476	530	141	157	665	719
JM International	140	239	70	75	256	355
JM Property Development	0	191	3	179	3	194
JM Construction	23	-141	3	14	23	-141
Group-wide expenses	-27	-24	-3	-4	-38	-35
<b>Total</b>	<b>1,239</b>	<b>1,449</b>	<b>399</b>	<b>630</b>	<b>1,798</b>	<b>2,008</b>
Of which property sales	19	254	1	182	41	276

OPERATING MARGIN BY BUSINESS SEGMENT, %	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2020	2019	2020	2019	2019/2020	2019
JM Residential Stockholm	14.5	16.3	14.1	16.6	15.1	16.4
JM Residential Sweden	15.6	16.1	15.4	16.1	15.7	16.1
JM International	5.3	8.7	8.1	7.6	6.5	8.8
JM Construction	2.4	-10.5	0.9	2.9	1.8	-8.3

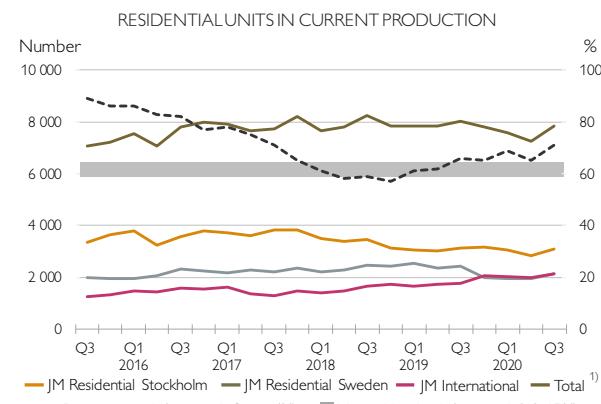
OPERATING PROFIT, SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2020	2019	2020	2019	2019/2020	2019
Operating profit excluding JM Construction, Business area Construction	1,263	1,656	403	636	1,850	2,243
Operating margin excluding JM Construction, Business area Construction, %	11.8	14.8	12.1	17.5	12.3	14.5
Operating profit JM Construction, Business area Construction	-24	-207	-4	-6	-52	-235
<b>Operating profit, total</b>	<b>1,239</b>	<b>1,449</b>	<b>399</b>	<b>630</b>	<b>1,798</b>	<b>2,008</b>

RESIDENTIAL UNITS IN CURRENT PRODUCTION	9/30/2020		9/30/2019		12/31/2019
	Number	%	Number	%	Number
Number of residential units in current production <sup>1) 2)</sup>	7,829		8,033		7,813
Percentage of sold residential units in current production, % <sup>3)</sup>	55		55		53
Percentage reserved residential units in current production, %	16		11		12
Percentage sold and reserved residential units in current production, %	71		66		65

<sup>1)</sup> Of which rental units and residential care units in current production in JM Property Development — not included in the percentage of sold and reserved residential units in current production	463	736	600
Including residential units in projects where costs incurred are only reported as project properties under construction	320	593	457
<sup>2)</sup> Beginning with production start-up through final occupancy according to plan.			
<sup>3)</sup> Percentage of sold residential units expressed as binding contract with the end customer.			

UNSALE UNITS	9/30/2020		9/30/2019		12/31/2019
	Number	%	Number	%	Number
Completed production, number of unsold units <sup>1)</sup>	140		110		157
The number of unsold residential units in the balance sheet reported as "Participations in tenant-owners associations, etc."	107		82		82

<sup>1)</sup> After final occupancy according to plan.



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

## RESIDENTIAL BUILDING RIGHTS

### JANUARY–SEPTEMBER 2020

The number of available building rights at the end of the third quarter increased to 37,900 (36,400), of which 21,100 (21,600) are recognized in the balance sheet. The increase in available building rights is primarily attributable to JM Finland. Capital tied up in building rights (development properties in the balance sheet) for residential units decreased to SEK 8,392m (9,142).

JM acquired development properties for residential units during the first nine months of the year for SEK 773m (1,460), of which SEK 396m relates to JM Residential Stockholm, SEK 272m to JM Residential Sweden and SEK 105m to JM International.

## FINANCIAL ITEMS

### JANUARY–SEPTEMBER 2020

Net financial items improved somewhat compared to the previous year attributable to lower average interest-bearing liabilities and lower average interest rates.

The total interest-bearing liability according to segment reporting was SEK 2,723m (2,906), of which the provision for pension liabilities comprised SEK 1,729m (1,747). At the end of the third quarter, the average interest rate for the total interest-bearing loan stock including pension liabilities was 1.7 percent (2.6). The average term for fixed-rate loans excluding the pension liability was 0.3 years (0.2).

Consolidated available liquidity was SEK 5,114m (4,755). Aside from cash and cash equivalents of SEK 2,314m (1,955), this includes unutilized overdraft facilities and credit lines totaling SEK 2,800m (2,800), where credit agreements for SEK 2,400m had an average maturity of 2.6 years (3.6).

Interest-bearing net liabilities including pension liabilities according to segment reporting totaled SEK 409m (951) at the end of the period. Non-interest-bearing liabilities for completed property acquisitions amounted to SEK 743m (1,032). Of these liabilities, SEK 64m (234) were current.

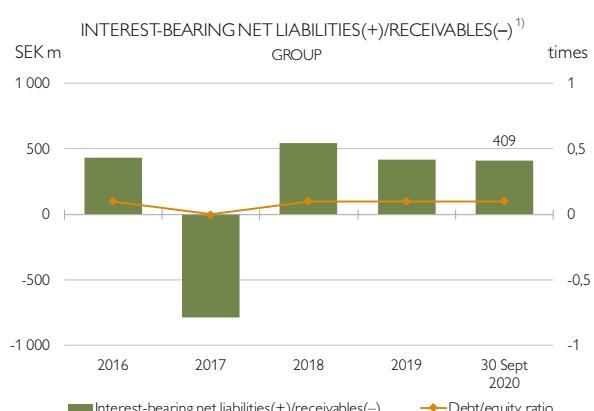
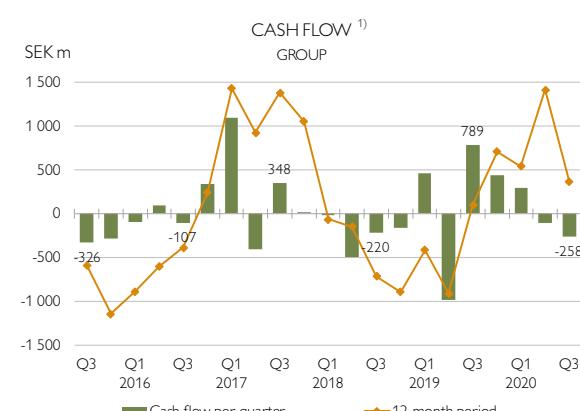
The valuation of financial assets and liabilities shows no significant difference between carrying amount and fair value.

## CASH FLOW

### JANUARY–SEPTEMBER 2020

Cash flow from operating activities according to segment reporting was SEK 427m (817). Net investments in development properties resulted in a positive cash flow of SEK 193m (–663). The increased holdings of repurchased residential units resulted in a cash flow of SEK –182m (171). Consolidated cash flow attributable to project properties (sales minus investment) during the first six months was SEK –366m (550).

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT 2019/2020	FULL–YEAR 2019
	2020	2019	2020	2019		
Financial income	5	3	2	0	8	6
Financial expenses	–59	–65	–18	–22	–80	–86
<b>Financial income and expenses</b>	<b>–54</b>	<b>–62</b>	<b>–16</b>	<b>–22</b>	<b>–72</b>	<b>–80</b>
ACCORDING TO SEGMENT REPORTING, SEK M						
Interest-bearing net liabilities(+) / receivables(–) at beginning of period		2020	2019	2020	2019	OCT–SEPT 2019/2020
Interest-bearing net liabilities(+) / receivables(–) at beginning of period		420	546	247	1,155	951
Change in interest-bearing net liabilities/receivables		–11	405	162	–204	–542
Interest-bearing net liabilities(+) / receivables(–) at end of the period		409	951	409	951	409
Interest-bearing net liabilities(+) / receivables(–) at end of the period		409	951	409	951	420



## JULY–SEPTEMBER 2020

Cash flow from operating activities was SEK –165m (446) during the third quarter. Net investments in development properties resulted in a cash flow of SEK –149m (–306), where payments for previously acquired development properties amounts to around SEK 400m. The decreased holdings of repurchased residential units resulted in a cash flow of SEK 81m (–55). Consolidated cash flow attributable to project properties (sales minus investment) amounted to SEK –121m (779).

## RISKS AND UNCERTAINTY FACTORS

JM's risks and risk management are presented in the 2019 Annual Report on pages 32–35 and 79. Aside from the uncertainty from COVID-19, no significant changes have occurred that have affected these reported risks.

COVID-19 and its effects have created uncertainty and risks for some time. However, JM stands strong in terms of both its business model and its finances. The percentage of reserved and sold residential units in current production is at a good level, and is even higher for projects that will be completed in 2020. This, together with very limited disruptions so far in terms of staffing and supplier chains, presents possibilities for keeping the business reasonably stable even during a period of a weaker market, and the risks are judged to have decreased during the third quarter. At the same time we have contingency plans in place in the event the COVID-19 situation were to deteriorate.

JM's strategy during the COVID-19 period is to safeguard cash flows and production capacity.

## OUTSTANDING SHARES

The number of outstanding shares amounted to 69,583,262 (69,583,262). The company has no holdings of treasury shares.

## ADDITIONAL DIVIDEND IN 2020

The Board of Directors changed the original proposal of a dividend totaling SEK 12.50 per share to a dividend of SEK 6.25, which was resolved by the Annual General Meeting on March 26, 2020. The Board now intends to convene an extraordinary general meeting to be held on November 23, 2020 to propose an additional dividend for 2019 of SEK 6.25 per share according to JM's previously announced ambition.

## PERSONNEL

The number of employees at the end of the third quarter decreased to 2,567 (2,637). The number of wage-earners was 996 (1,042), and the number of salaried employees was 1,571 (1,595). Current staffing is aligned with the current and increasing project volume, and adjustments are made on a regular basis. Demand on the labor market for qualified project development skills continues to be strong but has decreased slightly.

Production began in the third quarter on the Facetten project, with 65 residential units, next to the Fridhemsplan subway station in downtown Stockholm. The residential units, which will be freehold apartments, are close to the water and will be split between two faceted seven-story buildings joined by a private, lush courtyard.

On Kungsgatan in downtown Uppsala, production began on 60 residential units during the third quarter as part of the Kungsgatan 66 två project. The residential units, which are split between four eight-story buildings with a facade in golden sheet metal, will have attractive balcony views to the south-west toward Uppsala's skyline, featuring the castle and the church dome.

In Vanda, 15 km outside of Helsinki, Finland, the Tirehööri project entered production in the third quarter. JM is building an apartment complex in the heart of the Myyrmäki district, and with its 16 floors it will become a new landmark in the area. The 121 residential units of varying size will have glassed-in balconies and offer accommodation close to the city with excellent public transportation alternatives into Helsinki.



# Business Segments

## JM Residential Stockholm

The JM Residential Stockholm business segment develops residential projects in Greater Stockholm. Operations include acquisitions of development properties, planning, pre-construction, production and sales of residential units.

The average prices on the existing home market increased during the third quarter. The total supply of residential units increased during the first part of the quarter, but normalized toward the end of the quarter. The supply of newly produced tenant-owned apartments has decreased.

Competition and supply of well-situated land for residential purposes is considered to be normal. However, prices of building rights are still at a level that requires selective acquisition.

The housing market in Stockholm has improved during the third quarter. Customers are showing strong interest in JM's projects and sales have continued to develop favorably. The willingness of customers to sign contracts early has improved and has returned to a normal level.

No extraordinary measures have been needed during the quarter due to COVID-19. Risks related to COVID-19 are judged to have decreased during the quarter.

Profitability continued to be good, and housing starts in the third quarter have a normal level of reservations. Revenue in the third quarter was strengthened by a high level of transferred land to projects.

JM's staffing is aligned on a regular basis based on current project volume. Since the number of residential units in current production within JM Residential Stockholm has decreased over the past few years, it has been necessary to make some adjustments in staffing. The improved demand for our residential units means that the adjustment has been smaller than the recent years' decrease in production. JM's strategy to safeguard production capacity remains.

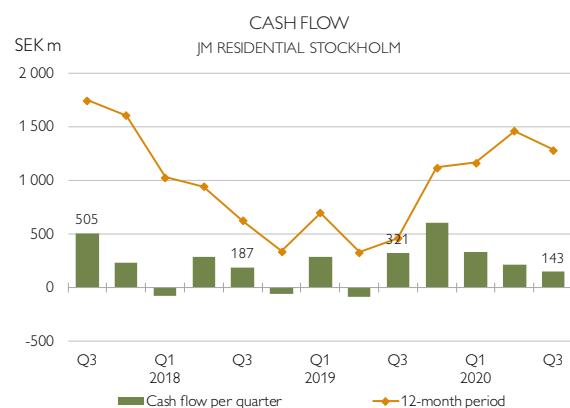
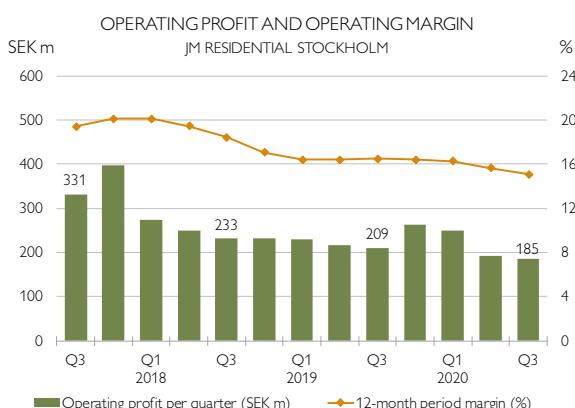
Cash flow for the nine-month period is in balance overall.

Production was started in the third quarter on a total of 252 residential units in apartment buildings in Stockholm.

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2020	2019	2020	2019	2019/2020	2019
Revenue	4,335	4,024	1,310	1,259	5,886	5,575
Operating profit <sup>1)</sup>	627	654	185	209	889	916
Operating margin, %	14.5	16.3	14.1	16.6	15.1	16.4
Average operating capital					5,552	5,811
Return on operating capital, %					16.0	15.8
Operating cash flow	681	520	143	321	1,279	1,118
Carrying amount, development properties	4,587	5,049				4,949
Number of available building rights	12,600	13,000				12,800
Number of residential units sold	866	767	299	261	1,219	1,120
Number of housing starts	750	653	252	278	1,086	989
Number of residential units in current production	3,095	3,112				3,171
Number of employees	898	922				900

<sup>1)</sup> Of which property sales

0



# JM Residential Sweden

The JM Residential Sweden business segment develops residential projects in growth areas in Sweden, excluding Greater Stockholm. Operations include acquisitions of development properties, planning, pre-construction, production and sales of residential units.

The average prices on the existing home market primarily remained the same in the third quarter with the exception of the university cities Lund, Linköping and Uppsala, where prices rose.

The supply of new production in the third quarter decreased in most of the submarkets in the business segment compared to the second quarter. The supply of newly produced homes in Uppsala and Malmö is significantly lower, and in Gothenburg the supply is somewhat lower compared to the corresponding period last year.

Competition for land for residential purposes was high during the third quarter in some areas and decreased slightly in some local submarkets.

Interest in JM's projects was stable in the third quarter with good sales, and customers' willingness to sign a contract early in the process continues to be at a normal level.

No extraordinary measures have been needed during the quarter due to COVID-19. Risks related to COVID-19 are judged to have decreased during the quarter.

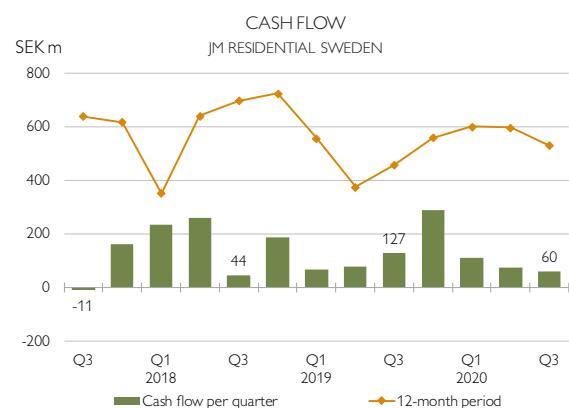
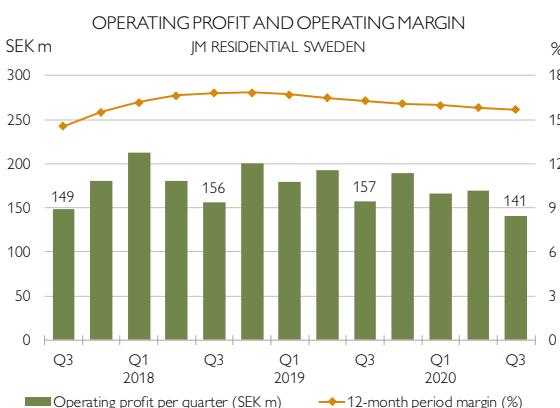
Profit and the margin decrease slightly where demand and prices vary on each local market. Revenue in the third quarter was dampened by a low level of transferred land to projects.

Cash flow during the nine-month period is burdened by an increase in working capital and development properties.

Production was started in the third quarter on 285 residential units in apartment buildings in Lund, Gothenburg and Uppsala.

During the third quarter, JM purchased approximately 50 building rights in Gothenburg.

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2020	2019	2020	2019	2019/2020	2019
Revenue	3,056	3,283	913	974	4,241	4,468
Operating profit	476	530	141	157	665	719
Operating margin, %	15.6	16.1	15.4	16.1	15.7	16.1
Average operating capital					1,295	1,183
Return on operating capital, %					51.4	60.8
Operating cash flow	242	270	60	127	529	557
Carrying amount, development properties	1,530	1,545				1,461
Number of available building rights	10,200	10,500				10,500
Number of residential units sold <sup>1)</sup>	828	771	250	284	1,141	1,084
Number of housing starts <sup>2)</sup>	822	804	285	289	1,113	1,095
Number of residential units in current production	2,138	2,426				1,994
Number of employees	597	605				601
<sup>1)</sup> Of which residential units to investors	69	-	-	-	69	-
<sup>2)</sup> Of which residential units to investors	69	-	-	-	69	-



# JM International

The JM International business segment develops residential projects in Norway and Finland. Operations include acquisitions of development properties, planning, pre-construction, production and sales of residential units. Revenue recognition for the business segment is reported using the percentage of completion method.

Business segment revenue is at the same level as previous year. The profit and the margin excluding the sale of property amounted to SEK 139m (201) and 5.3 percent (7.3). The lower profit is primarily due to an adjustment to the Norwegian operations in the second quarter of 2020 to lower the cost level. Revenue in the third quarter was dampened by a low level of transferred land to projects.

Cash flow was strengthened during the nine-month period due to a decrease in development properties.

Current projects with completion in 2020 have a high sales ratio, which supports profitability and cash flow, and the risks related to COVID-19 are judged to have decreased during the quarter.

## NORWAY

Prices on the existing home market have been increasing during the third quarter, and the activity level has been high. The market has recovered as the restrictions from COVID-19 have been gradually lifted.

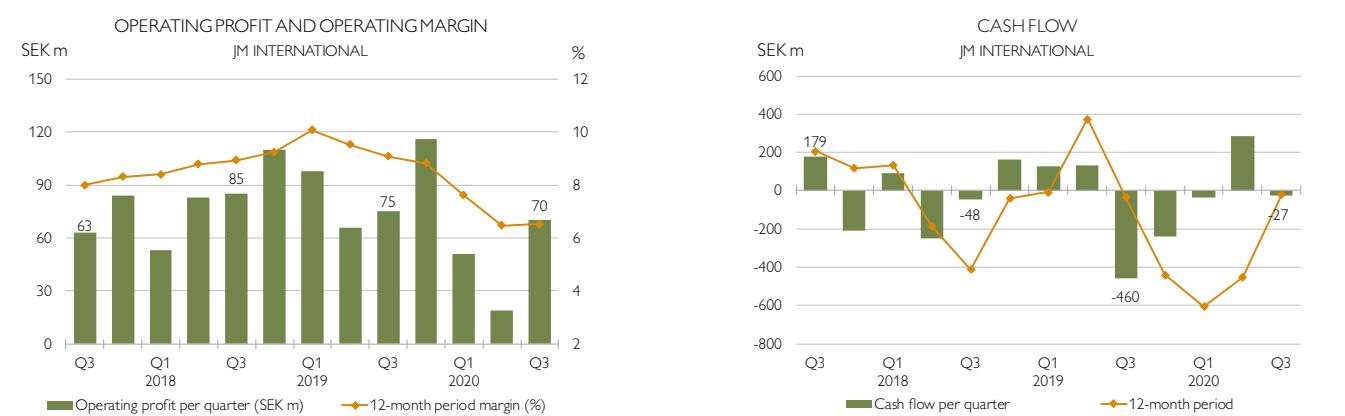
JM Norway's revenue decreased to SEK 1,910m (2,276), and operating profit decreased to SEK 92m (208), including profit from property sales of SEK 1m (38). The operating margin decreased to 4.8 percent (9.1).

The operating profit and the operating margin were strengthened during the third quarter after the adjustment in the second quarter.

During the third quarter, 171 residential units (136) were sold, and production started on 58 residential units (175). Housing starts consist of 58 residential units in apartment buildings in Os outside of Bergen.

The number of residential units in current production amounted to 1,206 (1,158). During the third quarter, no building rights (108) were acquired. Available building rights correspond to 8,500 residential units (8,100).

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2020	2019	2020	2019	2019/2020	2019
Revenue	2,645	2,746	867	981	3,920	4,021
- of which JM Norway	1,910	2,276	587	809	2,820	3,186
Operating profit <sup>1)</sup>	140	239	70	75	256	355
- of which JM Norway	92	208	43	65	182	298
Operating margin, %	5.3	8.7	8.1	7.6	6.5	8.8
- of which JM Norway	4.8	9.1	7.3	8.0	6.5	9.4
Average operating capital					3,440	3,229
Return on operating capital, %					7.4	11.0
Operating cash flow	220	-200	-27	-460	-19	-439
Carrying amount, development properties	2,265	2,538				2,497
Carrying amount, project properties	25	5				5
Number of available building rights	13,900	12,100				11,800
Number of residential units sold <sup>2)</sup>	709	740	407	185	984	1,015
Number of housing starts <sup>3)</sup>	651	562	318	230	1,131	1,042
Number of residential units in current production	2,133	1,759				2,048
Number of employees	536	499				518
<sup>1)</sup> Of which property sales	1	38	1	-	1	38
<sup>2)</sup> Of which residential units to investors	101	182	101	-	145	226
<sup>3)</sup> Of which residential units to investors	101	182	101	-	145	226



## FINLAND

Prices on the housing market in the Helsinki region have recovered during the third quarter, and activity has been high. The willingness of customers to convert reservations to contracts was at a normal level in the quarter.

During the third quarter, 236 residential units (49) were sold, and production started on 260 residential units (55). Housing starts consist of residential units in apartment buildings in Helsinki and

Esbo. Of the housing starts and sold residential units, 101 residential units went to investors, which strengthened profit in the third quarter.

The number of residential units in current production amounted to 927 (601). During the third quarter, 222 building rights (1,000) were acquired. Available building rights correspond to 5,400 residential units (4,000).



# JM Property Development

The JM Property Development business segment primarily develops rental units, residential care units and commercial properties in Greater Stockholm. The business segment's entire portfolio comprises project development properties. The operations include JM@home, which offers economic and technical management services to tenant-owners associations as well as housing services.

Business segment revenue decreased to SEK 112m (187), of which rental income was SEK 60m (68). Contracting revenue and sales of services amounted to SEK 52m (119). Operating profit amounted to SEK 0m (191).

The operating profit is burdened by startup and development costs for the new business operations, JM@home.

Net rental income for project properties was SEK 43m (46).

Cash flow during the nine-month period is negative due to ongoing investments in project properties.

Within the Dalénium area on Lidingö, the occupancy rate in the remaining commercial buildings that will not be demolished is 91 percent. Within the Bolinder area in Kallhäll, Järfälla, the corresponding occupancy rate is 94 percent.

The portfolio of rental units includes three fully rented and

occupied projects: Tjärtunnan in Stockholm with 187 rental units, Alphyddan in Nacka with 93 rental units, and Alba Lilium in Stockholm with 137 rental units.

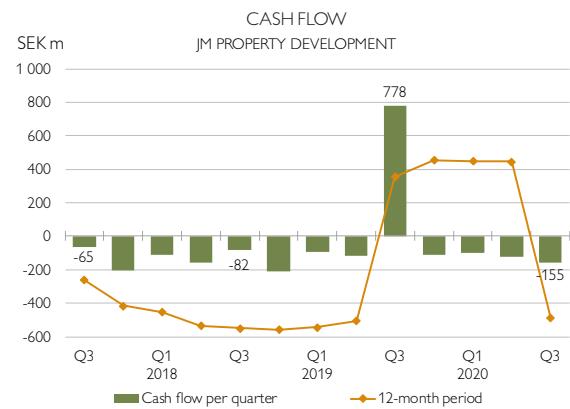
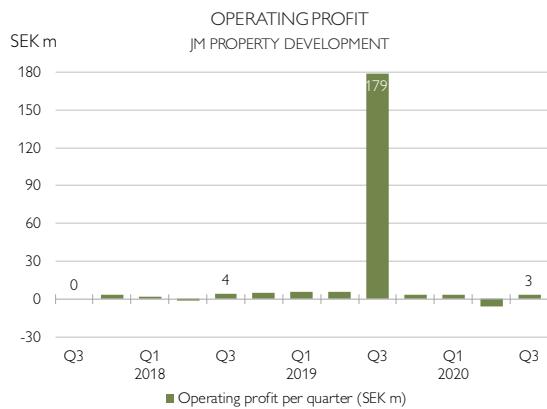
The rental project Valla Park in Sundbyberg (Sundbyberg Lådmakaren 4), with 143 rental units, was sold in 2019 and the legal title will be transferred upon the planned completion date in 2022. Revenue and profit are recognized gradually as the project is implemented.

An additional two rental projects in JM's own balance sheet continue to be either in production or rented: Manegen, Täby, 128 rental units with occupancy in 2020, and the project Havreflingen in Järfälla, 192 rental units with planned occupancy in 2021.

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2020	2019	2020	2019	2019/2020	2019
Revenue	112	187	42	134	152	227
Operating profit <sup>1)</sup>	0	191	3	179	3	194
Average operating capital					1,507	1,570
Return on operating capital, %					0.2	12.4
Operating cash flow	-376	566	-155	778	-488	454
Carrying amount, development properties	10	10				10
Carrying amount, project properties	1,766	1,281				1,394
Number of available building rights <sup>2)</sup>	1,200	800				800
Number of residential units sold <sup>2)</sup>	-	376	-	376	-	376
Number of housing starts <sup>2)</sup>	-	143	-	-	-	143
Number of residential units in current production <sup>2)</sup>	463	736				600
Number of employees	75	67				68
<sup>1)</sup> Of which property sales	-	170	-	170	-	170
<sup>2)</sup> Refers to rental units and residential care units.						

<sup>1)</sup> Of which property sales

<sup>2)</sup> Refers to rental units and residential care units.



# JM Construction

The JM Construction business segment carries out construction work for external and internal customers in the Greater Stockholm area.

Demand in the civil engineering market in Stockholm is at a good level. Business segment revenue excluding Business area Construction decreased due to lower activity in the civil engineering operations.

The operating profit includes gains from property sales of SEK 18m (46).

The loss in 2019 of –141m was primarily due to the discontinuation of the housing operations.

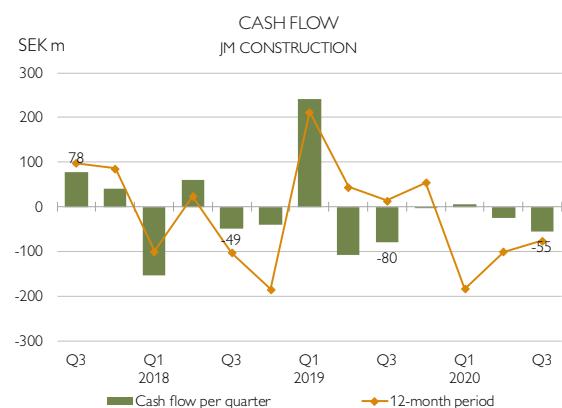
Some project risks remain until current projects in Business area Construction are completed.

Cash flow in the nine-month period is burdened by an increase in working capital.

In the third quarter, the business segment received a number of assignments in the civil engineering operations, of which the largest is the ground- and foundationworks for new apartment buildings in Sundbyberg for the JM Residential Stockholm business unit.

The largest ongoing external assignments are groundworks in the Stockholm Norvik goods harbor in Nynäshamn (Ports of Stockholm), infrastructure projects in Tyresö and Orminge (Tyresö Municipality and Nacka Municipality, respectively), groundworks for Arlanda Terminal 5 (INPRENÖR AB), and the new production of apartment buildings in Norra Djurgårdsstaden (Riksbyggen). The business segment also has several ongoing internal projects.

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT 2019/2020	FULL-YEAR 2019
	2020	2019	2020	2019		
Revenue <sup>1)</sup>	946	1,344	330	482	1,293	1,691
- of which Business area Construction	127	222	54	126	159	254
Operating profit <sup>2)</sup>	23	–141	3	14	23	–141
- of which Business area Construction	–24	–207	–4	–6	–52	–235
Operating margin, %	2.4	–10.5	0.9	2.9	1.8	–8.3
- of which Business area Construction	–18.9	–93.2	–7.4	–4.8	–32.7	–92.5
Operating cash flow	–74	55	–55	–80	–75	54
Carrying amount, development properties	19	28				21
Number of employees	262	360				283
<sup>1)</sup> Of which internal	236	203	80	62	323	290
<sup>2)</sup> Of which sale of properties and operations	18	46	–	12	40	68



# Group – segment reporting

## CONDENSED CONSOLIDATED INCOME STATEMENT

ACCORDING TO SEGMENT REPORTING, SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2020	2019	2020	2019	2019/2020	2019
Revenue	10,858	11,381	3,382	3,768	15,169	15,692
Production and operating costs	-8,927	-9,474	-2,786	-3,108	-12,447	-12,994
<b>Gross profit</b>	<b>1,931</b>	<b>1,907</b>	<b>596</b>	<b>660</b>	<b>2,722</b>	<b>2,698</b>
Selling and administrative expenses	-711	-712	-198	-212	-965	-966
Gains/losses on the sale of property <sup>1)</sup>	19	254	1	182	41	276
<b>Operating profit</b>	<b>1,239</b>	<b>1,449</b>	<b>399</b>	<b>630</b>	<b>1,798</b>	<b>2,008</b>
Financial income and expenses	-54	-62	-16	-22	-72	-80
<b>Profit before tax</b>	<b>1,185</b>	<b>1,387</b>	<b>383</b>	<b>608</b>	<b>1,726</b>	<b>1,928</b>
Taxes	-253	-259	-81	-94	-352	-358
<b>Profit for the period</b>	<b>932</b>	<b>1,128</b>	<b>302</b>	<b>514</b>	<b>1,374</b>	<b>1,570</b>
Other comprehensive income	-120	-227	-28	-245	-102	-209
<b>Comprehensive income for the period</b>	<b>812</b>	<b>901</b>	<b>274</b>	<b>269</b>	<b>1,272</b>	<b>1,361</b>
Earnings per share <sup>2)</sup> , diluted, SEK	13.30	16.20	4.30	7.40	19.70	22.50
Average number of shares, diluted	70,039,461	69,964,769	70,125,557	70,046,214	70,021,718	69,985,557

<sup>1)</sup> Of which sale of operations

<sup>2)</sup> Net profit/loss for the period.

## CONDENSED CONSOLIDATED BALANCE SHEET

ACCORDING TO SEGMENT REPORTING, SEK M	9/30/2020	9/30/2019	12/31/2019
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>194</b>	<b>221</b>	<b>219</b>
Project properties	1,791	1,286	1,399
Development properties	8,411	9,170	8,938
Participations in tenant-owners associations, etc.	558	422	366
Current receivables <sup>1)</sup>	3,847	4,013	4,274
Cash and cash equivalents	2,314	1,955	2,397
<b>Total current assets</b>	<b>16,921</b>	<b>16,846</b>	<b>17,374</b>
<b>Total assets</b>	<b>17,115</b>	<b>17,067</b>	<b>17,593</b>
<b>EQUITY AND LIABILITIES <sup>2)</sup></b>			
<b>Equity</b>	<b>7,704</b>	<b>6,866</b>	<b>7,326</b>
Non-current interest-bearing liabilities	362	418	425
Other non-current liabilities	679	798	765
Non-current provisions	3,398	3,652	3,223
<b>Total non-current liabilities</b>	<b>4,439</b>	<b>4,868</b>	<b>4,413</b>
Current interest-bearing liabilities	632	741	690
Other current liabilities	4,198	4,448	5,030
Current provisions	142	144	134
<b>Total current liabilities</b>	<b>4,972</b>	<b>5,333</b>	<b>5,854</b>
<b>Total equity and liabilities</b>	<b>17,115</b>	<b>17,067</b>	<b>17,593</b>
<sup>1)</sup> Of which receivables from property sales	51	77	76
<sup>2)</sup> Of which liabilities for property acquisition	767	1,052	949

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<b>ACCORDING TO SEGMENT REPORTING, SEK M</b>	<b>JANUARY-SEPTEMBER</b>		<b>FULL-YEAR</b>		
	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	
<b>Opening balance at beginning of period</b>	<b>7,326</b>		<b>6,798</b>		<b>6,798</b>
Total comprehensive income for the period	812		901		1,361
Dividend	–435		–835		–835
Equity component of convertible debentures	1		2		2
<b>Closing balance at the end of the period</b>	<b>7,704</b>		<b>6,866</b>		<b>7,326</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>ACCORDING TO SEGMENT REPORTING, SEK M</b>	<b>JANUARY-SEPTEMBER</b>		<b>JULY-SEPTEMBER</b>		<b>OCT-SEPT</b>	<b>FULL-YEAR</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019/2020</b>	<b>2019</b>
<b>Cash flow from operating activities before change in working capital and taxes <sup>1)2)</sup></b>	<b>1,016</b>	<b>1,810</b>	<b>364</b>	<b>481</b>	<b>1,364</b>	<b>2,158</b>
Paid tax	–385	–366	–121	–94	–452	–433
Investment in development properties	–971	–1,433	–498	–713	–1,357	–1,819
Payment on account for development properties	1,164	770	349	407	1,673	1,279
Investment in project properties	–366	–315	–121	–86	–477	–426
Sale of project properties	–	865	–	865	–	865
Change in current liabilities/receivables	–31	–514	–138	–414	150	–333
<b>Cash flow from operating activities</b>	<b>427</b>	<b>817</b>	<b>–165</b>	<b>446</b>	<b>901</b>	<b>1,291</b>
<b>Cash flow from investing activities</b>	<b>–1</b>	<b>–5</b>	<b>0</b>	<b>–6</b>	<b>–3</b>	<b>–7</b>
Loans raised	243	536	104	398	365	658
Amortization of debt	–312	–249	–197	–49	–462	–399
Dividend	–435	–835	–	–	–435	–835
<b>Cash flow from financing activities</b>	<b>–504</b>	<b>–548</b>	<b>–93</b>	<b>349</b>	<b>–532</b>	<b>–576</b>
<b>Cash flow for the period</b>	<b>–78</b>	<b>264</b>	<b>–258</b>	<b>789</b>	<b>366</b>	<b>708</b>
<b>Cash and cash equivalents at end of the period</b>	<b>2,314</b>	<b>1,955</b>	<b>2,314</b>	<b>1,955</b>	<b>2,314</b>	<b>2,397</b>

<sup>1)</sup> Of which the purchase of participations in tenant-owners associations and freehold residential units

–1,041 –1,560 –206 –685 –1,461 –1,980

<sup>2)</sup> Of which the sale of participations in tenant-owners associations and freehold residential units

859 1,731 287 630 1,399 2,271

**GROUP KEY FIGURES**

<b>ACCORDING TO SEGMENT REPORTING, %</b>	<b>JANUARY-SEPTEMBER</b>		<b>JULY-SEPTEMBER</b>		<b>OCT-SEPT</b>	<b>FULL-YEAR</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019/2020</b>	<b>2019</b>
Operating margin	11.4	12.7	11.8	16.7	11.9	12.8
Return on equity					18.8	22.2
Return on capital employed					17.9	21.0
Debt/equity ratio, multiple	0.1	0.1				0.1
Equity/assets ratio	45	40				42

## ACCORDING TO SEGMENT REPORTING

### REVENUE BY COUNTRY

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT 2019/2020	FULL-YEAR 2019
	2020	2019	2020	2019		
Sweden	8,213	8,413	2,516	2,726	11,251	11,451
Norway	1,910	2,498	587	870	2,819	3,407
Finland	735	468	279	170	1,099	832
Belgium	-	2	-	2	-	2
<b>Total</b>	<b>10,858</b>	<b>11,381</b>	<b>3,382</b>	<b>3,768</b>	<b>15,169</b>	<b>15,692</b>

### REVENUE BY BUSINESS SEGMENT

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT 2019/2020	FULL-YEAR 2019
	2020	2019	2020	2019		
JM Residential Stockholm	4,335	4,024	1,310	1,259	5,886	5,575
JM Residential Sweden	3,056	3,283	913	974	4,241	4,468
JM International	2,645	2,746	867	981	3,920	4,021
JM Property Development	112	187	42	134	152	227
JM Construction	946	1,344	330	482	1,293	1,691
Elimination	-236	-203	-80	-62	-323	-290
<b>Total</b>	<b>10,858</b>	<b>11,381</b>	<b>3,382</b>	<b>3,768</b>	<b>15,169</b>	<b>15,692</b>

### OPERATING PROFIT BY BUSINESS SEGMENT

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT 2019/2020	FULL-YEAR 2019
	2020	2019	2020	2019		
JM Residential Stockholm	627	654	185	209	889	916
JM Residential Sweden	476	530	141	157	665	719
JM International	140	239	70	75	256	355
JM Property Development	0	191	3	179	3	194
JM Construction	23	-141	3	14	23	-141
Group-wide expenses	-27	-24	-3	-4	-38	-35
<b>Total</b>	<b>1,239</b>	<b>1,449</b>	<b>399</b>	<b>630</b>	<b>1,798</b>	<b>2,008</b>

### OPERATING MARGIN BY BUSINESS SEGMENT

%	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT 2019/2020	FULL-YEAR 2019
	2020	2019	2020	2019		
JM Residential Stockholm	14.5	16.3	14.1	16.6	15.1	16.4
JM Residential Sweden	15.6	16.1	15.4	16.1	15.7	16.1
JM International	5.3	8.7	8.1	7.6	6.5	8.8
JM Construction	2.4	-10.5	0.9	2.9	1.8	-8.3

### AVERAGE OPERATING CAPITAL BY BUSINESS SEGMENT

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT 2019/2020	FULL-YEAR 2019
	2020	2019	2020	2019		
JM Residential Stockholm					5,552	5,811
JM Residential Sweden					1,295	1,183
JM International					3,440	3,229
JM Property Development					1,507	1,570

### RETURN ON OPERATING CAPITAL BY BUSINESS SEGMENT

%	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT 2019/2020	FULL-YEAR 2019
	2020	2019	2020	2019		
JM Residential Stockholm					16.0	15.8
JM Residential Sweden					51.4	60.8
JM International					7.4	11.0
JM Property Development					0.2	12.4

## ACCORDING TO SEGMENT REPORTING

### PROFIT/LOSS COMPONENTS, HOUSING BUSINESS, PERCENTAGE OF COMPLETION METHOD (GROSS PROFIT)

SEK M	JULY-SEPTEMBER		APRIL-JUNE		JANUARY-MARCH		OCT-DECEMBER		JULY-SEPTEMBER	
	2020	2020	2020	2020	2020	2019	2019	2019	2019	2019
Cost-based effect	269	338	345	424	424	303				
Revaluation effect	234	236	146	255	255	198				
Sales effect	68	35	178	92	92	111				
<b>Total</b>	<b>571</b>	<b>609</b>	<b>669</b>	<b>771</b>	<b>771</b>	<b>612</b>				

Starting in Q1 2020, the profit/loss components that are included in gross profit for the housing business are reported. The percentage of completion method in JM and the accounting of gross profit consists of three components: incurred costs (cost-based effect), assessment of expected margin (revaluation effect), and sales rate of projects (sales effect). Profit/loss components are reported quarterly and are not accumulated. The table starts with the business segments' gross operating profit (excluding net rental income from project and development properties) for the housing business. For definitions of profit/loss components in the housing business, see the document entitled "Definitions key financial figures" at [jm.se/investors](http://jm.se/investors)

### REVALUATION EFFECTS – HOUSING BUSINESS

SEK M	JULY-SEPTEMBER		APRIL-JUNE		JANUARY-MARCH		OCT-DECEMBER		JULY-SEPTEMBER	
	2020	2020	2020	2020	2020	2019	2019	2019	2019	2019
JM Residential Stockholm	36	13	–30	17	17	–12				
JM Residential Sweden	136	190	135	161	161	139				
JM International	62	33	41	77	77	71				
<b>Total</b>	<b>234</b>	<b>236</b>	<b>146</b>	<b>255</b>	<b>255</b>	<b>198</b>				

### OPERATING CASH FLOW BY BUSINESS SEGMENT

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT		FULL-YEAR	
	2020	2019	2020	2019	2019/2020	2019	2019	2019
JM Residential Stockholm	681	520	143	321	1,279	1,118		
JM Residential Sweden	242	270	60	127	529	557		
JM International	220	–200	–27	–460	–19	–439		
JM Property Development	–376	566	–155	778	–488	454		
JM Construction	–74	55	–55	–80	–75	54		

### DEVELOPMENT PROPERTIES BY BUSINESS SEGMENT

CARRYING AMOUNT, SEK M	9/30/2020	9/30/2019	12/31/2019
JM Residential Stockholm	4,587	5,049	4,949
JM Residential Sweden	1,530	1,545	1,461
JM International	2,265	2,538	2,497
JM Property Development	10	10	10
JM Construction	19	28	21
<b>Total</b>	<b>8,411</b>	<b>9,170</b>	<b>8,938</b>

### AVAILABLE RESIDENTIAL BUILDING RIGHTS BY BUSINESS SEGMENT

NUMBER	9/30/2020	9/30/2019	12/31/2019
JM Residential Stockholm	12,600	13,000	12,800
JM Residential Sweden	10,200	10,500	10,500
JM International	13,900	12,100	11,800
JM Property Development <sup>1)</sup>	1,200	800	800
<b>Total</b>	<b>37,900</b>	<b>36,400</b>	<b>35,900</b>
Including those carried in the balance sheet (development properties)			
JM Residential Stockholm	7,500	8,100	7,800
JM Residential Sweden	6,600	6,800	6,600
JM International	6,700	6,600	6,600
JM Property Development <sup>1)</sup>	300	100	100
<b>Total</b>	<b>21,100</b>	<b>21,600</b>	<b>21,100</b>

### RESIDENTIAL UNITS SOLD BY BUSINESS SEGMENT

NUMBER	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT		FULL-YEAR	
	2020	2019	2020	2019	2019/2020	2019	2019	2019
JM Residential Stockholm	866	767	299	261	1,219	1,120		
JM Residential Sweden	828	771	250	284	1,141	1,084		
JM International	709	740	407	185	984	1,015		
JM Property Development <sup>1)</sup>	–	376	–	376	–	376		
<b>Total</b>	<b>2,403</b>	<b>2,654</b>	<b>956</b>	<b>1,106</b>	<b>3,344</b>	<b>3,595</b>		

<sup>1)</sup> Refers to rental units and residential care units.

## ACCORDING TO SEGMENT REPORTING

### HOUSING STARTS BY BUSINESS SEGMENT

NUMBER	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT 2019/2020	FULL-YEAR 2019
	2020	2019	2020	2019		
JM Residential Stockholm	750	653	252	278	1,086	989
JM Residential Sweden	822	804	285	289	1,113	1,095
JM International	651	562	318	230	1,131	1,042
JM Property Development <sup>1)</sup>	-	143	-	-	-	143
<b>Total</b>	<b>2,223</b>	<b>2,162</b>	<b>855</b>	<b>797</b>	<b>3,330</b>	<b>3,269</b>

### RESIDENTIAL UNITS IN CURRENT PRODUCTION

NUMBER	9/30/2020		9/30/2019	12/31/2019
	2020	2019		
JM Residential Stockholm	3,095	3,112	3,112	3,171
JM Residential Sweden	2,138	2,426	2,426	1,994
JM International	2,133	1,759	1,759	2,048
JM Property Development <sup>1)</sup>	463	736	736	600
<b>Total</b>	<b>7,829</b>	<b>8,033</b>	<b>8,033</b>	<b>7,813</b>

### PROJECT PROPERTIES, GROUP

CARRYING AMOUNT, SEK M	9/30/2020		9/30/2019	12/31/2019
	2020	2019		
Properties under development	890	688	688	801
Completed rental unit properties	870	587	587	587
Completed commercial properties	31	11	11	11
<b>Total</b>	<b>1,791</b>	<b>1,286</b>	<b>1,286</b>	<b>1,399</b>

### DEVELOPMENT PROPERTIES, GROUP

CARRYING AMOUNT, SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT 2019/2020	FULL-YEAR 2019
	2020	2019	2020	2019		
<b>Opening balance at beginning of period</b>	<b>8,938</b>	<b>8,306</b>	<b>8,724</b>	<b>8,983</b>	<b>9,170</b>	<b>8,306</b>
New purchases	773	1,460	103	581	1,058	1,745
Transferred to production	-1,096	-610	-346	-354	-1,554	-1,068
Other	-204	14	-70	-40	-263	-45
<b>Closing balance at the end of the period</b>	<b>8,411</b>	<b>9,170</b>	<b>8,411</b>	<b>9,170</b>	<b>8,411</b>	<b>8,938</b>

<sup>1)</sup> Refers to rental units and residential care units.

## Group five-year overview

ACCORDING TO SEGMENT REPORTING, SEK M	2019	2018	2017	2016	2015
Revenue	15,692	16,161	17,008	15,752	14,447
Operating profit	2,008	1,886	2,369	2,011	1,590
Profit before tax	1,928	1,817	2,579	1,951	1,518
Total assets	17,593	16,487	15,405	12,848	12,230
Cash flow from operating activities	1,291	-473	2,013	1,957	-230
Interest-bearing net liabilities (+)/receivables (-)	420	546	-790	435	1,198
Operating margin, %	12.8	11.7	13.9	12.8	11.0
Return on equity, %	22.2	22.2	38.7	31.4	24.8
Equity/assets ratio, %	42	41	40	40	38
Earnings per share, SEK	22.50	20.60	31.00	21.20	15.50
Dividend per share, SEK	12.50 <sup>1)</sup>	12.00	11.00	9.50	8.25
Number of available building rights	35,900	35,900	34,800	32,500	31,100
Number of residential units sold	3,595	2,463	3,100	3,843	3,770
Number of housing starts	3,269	3,135	3,873	4,187	3,731
Number of residential units in current production	7,813	7,835	8,200	7,984	7,212

<sup>1)</sup> The Board of Directors' amended proposal of dividends for 2019 of SEK 6.25 per share was resolved by the Annual General Meeting on March 26, 2020. The Board now intends to convene an extraordinary general meeting to propose an additional dividend for 2019 of SEK 6.25 per share.

# Group quarterly overview

According to segment reporting, SEK M							
Income statement	2020			2019			
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Revenue	3,382	3,662	3,814	4,311	3,768	3,944	3,669
Production and operating costs	-2,786	-3,036	-3,105	-3,520	-3,108	-3,212	-3,154
<b>Gross profit</b>	<b>596</b>	<b>626</b>	<b>709</b>	<b>791</b>	<b>660</b>	<b>732</b>	<b>515</b>
Selling and administrative expenses	-198	-269	-244	-254	-212	-260	-240
Gains/losses on the sale of property	1	-	18	22	182	34	38
<b>Operating profit</b>	<b>399</b>	<b>357</b>	<b>483</b>	<b>559</b>	<b>630</b>	<b>506</b>	<b>313</b>
Financial income and expenses	-16	-17	-21	-18	-22	-18	-22
<b>Profit before tax</b>	<b>383</b>	<b>340</b>	<b>462</b>	<b>541</b>	<b>608</b>	<b>488</b>	<b>291</b>
Taxes	-81	-74	-98	-99	-94	-102	-63
<b>Profit for the period</b>	<b>302</b>	<b>266</b>	<b>364</b>	<b>442</b>	<b>514</b>	<b>386</b>	<b>228</b>
<b>CONSOLIDATED BALANCE SHEET</b>	<b>9/30</b>	<b>6/30</b>	<b>3/31</b>	<b>12/31</b>	<b>9/30</b>	<b>6/30</b>	<b>03/31</b>
<b>ASSETS</b>							
<b>Non-current assets</b>	<b>194</b>	<b>200</b>	<b>193</b>	<b>219</b>	<b>221</b>	<b>221</b>	<b>220</b>
Project properties	1,791	1,643	1,498	1,399	1,286	1,865	1,743
Development properties	8,411	8,724	8,594	8,938	9,170	8,983	8,911
Participations in tenant-owners associations, etc.	558	603	438	366	422	296	434
Current receivables	3,847	3,796	4,007	4,274	4,013	3,993	4,040
Cash and cash equivalents	2,314	2,572	2,684	2,397	1,955	1,168	2,150
<b>Total current assets</b>	<b>16,921</b>	<b>17,338</b>	<b>17,221</b>	<b>17,374</b>	<b>16,846</b>	<b>16,305</b>	<b>17,278</b>
<b>Total assets</b>	<b>17,115</b>	<b>17,538</b>	<b>17,414</b>	<b>17,593</b>	<b>17,067</b>	<b>16,526</b>	<b>17,498</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>	<b>7,704</b>	<b>7,430</b>	<b>7,561</b>	<b>7,326</b>	<b>6,866</b>	<b>6,597</b>	<b>7,083</b>
Non-current interest-bearing liabilities	362	293	267	425	418	314	171
Other non-current liabilities	679	751	749	765	798	770	770
Non-current provisions	3,398	3,280	3,151	3,223	3,652	3,296	3,128
<b>Total non-current liabilities</b>	<b>4,439</b>	<b>4,324</b>	<b>4,167</b>	<b>4,413</b>	<b>4,868</b>	<b>4,380</b>	<b>4,069</b>
Current interest-bearing liabilities	632	806	899	690	741	502	688
Other current liabilities	4,198	4,837	4,652	5,030	4,448	4,904	5,529
Current provisions	142	141	135	134	144	143	129
<b>Total current liabilities</b>	<b>4,972</b>	<b>5,784</b>	<b>5,686</b>	<b>5,854</b>	<b>5,333</b>	<b>5,549</b>	<b>6,346</b>
<b>Total equity and liabilities</b>	<b>17,115</b>	<b>17,538</b>	<b>17,414</b>	<b>17,593</b>	<b>17,067</b>	<b>16,526</b>	<b>17,498</b>
<b>CASH FLOW STATEMENT</b>							
	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
From operating activities	-165	404	188	474	446	-97	468
From investing activities	0	0	-1	-2	-6	-1	2
From financing activities	-93	-516	105	-28	349	-888	-9
<b>Total cash flow for the period</b>	<b>-258</b>	<b>-112</b>	<b>292</b>	<b>444</b>	<b>789</b>	<b>-986</b>	<b>461</b>
<b>Cash and cash equivalents at end of the period</b>	<b>2,314</b>	<b>2,572</b>	<b>2,684</b>	<b>2,397</b>	<b>1,955</b>	<b>1,168</b>	<b>2,150</b>
<b>INTEREST-BEARING NET LIABILITIES/RECEIVABLES</b>							
	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
Interest-bearing net liabilities(+)/receivables(-) at beginning of period	247	198	420	951	1,155	130	546
Change in interest-bearing net liabilities/receivables	162	49	-222	-531	-204	1,025	-416
Interest-bearing net liabilities(+)/receivables(-) at end of the period	409	247	198	420	951	1,155	130
<b>DEVELOPMENT PROPERTIES</b>							
	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
Carrying amount at beginning of period	8,724	8,594	8,938	9,170	8,983	8,911	8,306
New purchases	103	397	273	285	581	142	737
Transferred to production	-346	-302	-448	-458	-354	-77	-179
Other	-70	35	-169	-59	-40	7	47
<b>Carrying amount at end of period</b>	<b>8,411</b>	<b>8,724</b>	<b>8,594</b>	<b>8,938</b>	<b>9,170</b>	<b>8,983</b>	<b>8,911</b>
<b>KEY RATIOS</b>							
Operating margin, %	11.8	9.7	12.7	13.0	16.7	12.8	8.5
Debt/equity ratio, multiple	0.1	0.0	0.0	0.1	0.1	0.2	0.0
Equity/assets ratio, %	45	42	43	42	40	40	40
Earnings per share, SEK	4.30	3.80	5.20	6.30	7.40	5.50	3.30
Number of available building rights	37,900	38,600	35,900	35,900	36,400	36,500	36,400
Number of residential units sold	956	642	805	941	1,106	881	667
Number of housing starts	855	731	637	1,107	797	959	406
Number of residential units in current production	7,829	7,249	7,583	7,813	8,033	7,829	7,842

# Business Segment Quarterly Overview

## ACCORDING TO SEGMENT REPORTING, SEK M

	2020			2019			
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
<b>JM RESIDENTIAL STOCKHOLM</b>							
Revenue	1,310	1,403	1,622	1,551	1,259	1,330	1,435
Operating profit <sup>1)</sup>	185	192	250	262	209	216	229
Operating margin, %	14.1	13.7	15.4	16.9	16.6	16.2	16.0
Average operating capital	5,552	5,682	5,740	5,811	5,802	5,754	5,668
Return on operating capital, % <sup>2)</sup>	16.0	16.1	16.3	15.8	15.3	15.8	16.7
Operating cash flow	143	207	331	598	321	-85	284
Carrying amount, development properties	4,587	4,816	4,812	4,949	5,049	5,132	5,042
Number of available building rights	12,600	12,800	12,900	12,800	13,000	13,500	13,400
Number of residential units sold	299	220	347	353	261	268	238
Number of housing starts	252	258	240	336	278	286	89
Number of residential units in current production	3,095	2,843	3,035	3,171	3,112	3,001	3,042
<sup>1)</sup> Of which property sales	-	-	-	-	0	-	-
<b>JM RESIDENTIAL SWEDEN</b>							
Revenue	913	1,093	1,050	1,185	974	1,199	1,110
Operating profit <sup>1)</sup>	141	169	166	189	157	193	180
Operating margin, %	15.4	15.5	15.8	15.9	16.1	16.1	16.2
Average operating capital	1,295	1,274	1,226	1,183	1,164	1,096	1,042
Return on operating capital, % <sup>2)</sup>	51.4	53.5	57.5	60.8	62.8	66.6	68.9
Operating cash flow	60	74	108	287	127	78	65
Carrying amount, development properties	1,530	1,532	1,461	1,461	1,545	1,549	1,559
Number of available building rights	10,200	10,500	10,500	10,500	10,500	10,500	10,500
Number of residential units sold <sup>3)</sup>	250	278	300	313	284	244	243
Number of housing starts <sup>4)</sup>	285	276	261	291	289	244	271
Number of residential units in current production	2,138	1,961	1,930	1,994	2,426	2,366	2,547
<sup>1)</sup> Of which property sales	-	-	-	-	-	-	-
<sup>3)</sup> Of which residential units to investors	-	69	-	-	-	-	-
<sup>4)</sup> Of which residential units to investors	-	69	-	-	-	-	-
<b>JM INTERNATIONAL</b>							
Revenue	867	896	882	1,275	981	905	860
Operating profit <sup>1)</sup>	70	19	51	116	75	66	98
Operating margin, %	8.1	2.1	5.8	9.1	7.6	7.3	11.4
Average operating capital	3,440	3,395	3,368	3,229	3,064	2,967	2,888
Return on operating capital, % <sup>2)</sup>	7.4	7.7	9.1	11.0	11.4	12.1	13.0
Operating cash flow	-27	285	-38	-239	-460	133	127
Carrying amount, development properties	2,265	2,347	2,292	2,497	2,538	2,261	2,261
Carrying amount, project properties	25	25	4	5	5	5	5
Number of available building rights	13,900	14,200	11,600	11,800	12,100	11,700	11,700
Number of residential units sold <sup>3)</sup>	407	144	158	275	185	369	186
Number of housing starts <sup>4)</sup>	318	197	136	480	230	286	46
Number of residential units in current production	2,133	1,982	2,018	2,048	1,759	1,726	1,660
<sup>1)</sup> Of which property sales	1	-	-	-	-	-	38
<sup>3)</sup> Of which residential units to investors	101	-	-	44	-	182	-
<sup>4)</sup> Of which residential units to investors	101	-	-	44	-	182	-
<b>JM PROPERTY DEVELOPMENT</b>							
Revenue	42	35	35	40	134	29	24
Operating profit <sup>1)</sup>	3	-6	3	3	179	6	6
Average operating capital	1,507	1,523	1,545	1,570	1,574	1,583	1,447
Return on operating capital, % <sup>2)</sup>	0.2	11.8	12.4	12.4	12.5	1.3	1.0
Operating cash flow	-155	-120	-101	-112	778	-116	-96
Carrying amount, development properties	10	10	10	10	10	10	10
Carrying amount, project properties	1,766	1,618	1,494	1,394	1,281	1,860	1,738
Number of available building rights <sup>3)</sup>	1,200	1,100	900	800	800	800	800
Number of residential units sold <sup>3)</sup>	-	-	-	-	376	-	-
Number of housing starts <sup>3)</sup>	-	-	-	-	-	143	-
Number of residential units in current production <sup>3)</sup>	463	463	600	600	736	736	593
<sup>1)</sup> Of which property sales	-	-	-	-	170	-	-
<sup>3)</sup> Refers to rental units and residential care units.	-	-	-	-	-	-	-
<b>JM CONSTRUCTION</b>							
Revenue	330	320	296	347	482	550	312
Operating profit <sup>1)</sup>	3	-2	22	0	14	34	-189
Operating margin, %	0.9	-0.6	7.4	0.0	2.9	6.2	-60.6
Operating cash flow	-55	-24	5	-1	-80	-107	242
<sup>1)</sup> Of which sale of properties and operations	-	-	18	22	12	34	-
<b>JM OTHER</b>							
Revenue (elimination)	-80	-85	-71	-87	-62	-69	-72
Operating profit (Group-wide expenses)	-3	-15	-9	-11	-4	-9	-11

<sup>2)</sup> Calculated on 12-month rolling profits and average capital.

# Group – IFRS

## CONDENSED CONSOLIDATED INCOME STATEMENT

ACCORDING TO IFRS, SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2020	2019	2020	2019	2019/2020	2019
Revenue	10,822	11,741	3,422	4,260	14,686	15,605
Production and operating costs	-8,861	-9,666	-2,826	-3,445	-11,945	-12,750
<b>Gross profit</b>	<b>1,961</b>	<b>2,075</b>	<b>596</b>	<b>815</b>	<b>2,741</b>	<b>2,855</b>
Selling and administrative expenses	-721	-722	-203	-215	-978	-979
Gains/losses on the sale of property <sup>1)</sup>	19	84	1	12	41	106
<b>Operating profit</b>	<b>1,259</b>	<b>1,437</b>	<b>394</b>	<b>612</b>	<b>1,804</b>	<b>1,982</b>
Financial income and expenses	-75	-78	-19	-29	-97	-100
<b>Profit before tax</b>	<b>1,184</b>	<b>1,359</b>	<b>375</b>	<b>583</b>	<b>1,707</b>	<b>1,882</b>
Taxes	-250	-260	-82	-95	-346	-356
<b>Profit for the period</b>	<b>934</b>	<b>1,099</b>	<b>293</b>	<b>488</b>	<b>1,361</b>	<b>1,526</b>
<b>Other comprehensive income</b>						
Items that will be reclassified as income						
Translation differences from the translation of foreign operations	-124	77	-30	-20	-160	41
Items that will not be reclassified as income						
Restatement of defined-benefit pensions	20	-392	6	-281	95	-317
Tax attributable to other comprehensive income	-4	81	-1	58	-20	65
<b>Comprehensive income for the period</b>	<b>826</b>	<b>865</b>	<b>268</b>	<b>245</b>	<b>1,276</b>	<b>1,315</b>
Net profit for the period is attributable to shareholders of the Parent Company	934	1,099	293	488	1,361	1,526
Comprehensive income for the period is attributable to shareholders of the Parent Company	826	865	268	245	1,276	1,315
Earnings per share <sup>2)</sup> , basic, is attributable to shareholders of the Parent Company, SEK	13.40	15.80	4.20	7.00	19.60	21.90
Earnings per share <sup>2)</sup> , diluted, is attributable to shareholders of the Parent Company, SEK	13.40	15.70	4.20	7.00	19.50	21.90
Number of outstanding shares at end of period	69,583,262	69,583,262	69,583,262	69,583,262	69,583,262	69,583,262
Average number of shares, basic	69,583,262	69,583,262	69,583,262	69,583,262	69,583,262	69,583,262
Average number of shares, diluted	70,039,461	69,964,769	70,125,557	70,046,214	70,021,718	69,985,557
<sup>1)</sup> Of which sale of operations	-	-	-	-	15	15
<sup>2)</sup> Net profit/loss for the period.						

## CONDENSED CONSOLIDATED BALANCE SHEET

ACCORDING TO IFRS, SEK M	9/30/2020		9/30/2019		12/31/2019	
<b>ASSETS</b>						
<b>Non-current assets</b> <sup>1)</sup>		<b>365</b>		<b>447</b>		<b>419</b>
Project properties		1,791		1,286		1,399
Development properties		8,411		9,170		8,938
Right-of-use leasehold rights		697		530		650
Participations in tenant-owners associations, etc.		558		422		366
Work in progress		3,537		3,333		3,781
Current receivables		5,531		5,211		5,022
Cash and cash equivalents		2,314		1,955		2,397
<b>Total current assets</b>		<b>22,839</b>		<b>21,907</b>		<b>22,553</b>
<b>Total assets</b>		<b>23,204</b>		<b>22,354</b>		<b>22,972</b>
<b>EQUITY AND LIABILITIES</b> <sup>2) 3) 4) 5)</sup>						
<b>Equity</b>		<b>7,518</b>		<b>6,676</b>		<b>7,126</b>
Non-current interest-bearing liabilities		1,181		1,414		1,359
Other non-current liabilities		679		798		765
Non-current provisions		3,363		3,619		3,187
<b>Total non-current liabilities</b>		<b>5,223</b>		<b>5,831</b>		<b>5,311</b>
Current interest-bearing liabilities		6,260		5,355		5,320
Other current liabilities		4,061		4,348		5,081
Current provisions		142		144		134
<b>Total current liabilities</b>		<b>10,463</b>		<b>9,847</b>		<b>10,535</b>
<b>Total equity and liabilities</b>		<b>23,204</b>		<b>22,354</b>		<b>22,972</b>
Pledged assets		425		448		475
Contingent liabilities		8,684		8,653		9,547
<sup>1)</sup> Of which right-of-use offices and cars		171		225		200
<sup>2)</sup> Of which project financing JM International		2,921		2,661		3,093
<sup>3)</sup> Of which project financing JM Residential Stockholm and JM Residential Sweden		2,554		2,097		1,693
<sup>4)</sup> Of which liabilities for property acquisition		767		1,052		949
<sup>5)</sup> Of which current and non-current interest-bearing leasing liabilities		870		757		852

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ACCORDING TO IFRS, SEK M	JANUARY-SEPTEMBER		FULL-YEAR	
	2020	2019	2019	2019
<b>Opening balance at beginning of period</b>	<b>7,126</b>	<b>6,644</b>	<b>6,644</b>	
Total comprehensive income for the period	826	865	1,315	
Dividend	-435	-835	-835	
Equity component of convertible debentures	1	2	2	
<b>Closing balance at the end of the period</b>	<b>7,518</b>	<b>6,676</b>	<b>7,126</b>	

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

ACCORDING TO IFRS, SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR	
	2020	2019	2020	2019	2019/2020	2019	2019
<b>Cash flow from operating activities before change in working capital and taxes <sup>1) 2)</sup></b>	<b>-136</b>	<b>1,309</b>	<b>23</b>	<b>502</b>	<b>-785</b>	<b>660</b>	
Paid tax	-385	-366	-121	-94	-452	-433	
Investment in development properties	-971	-1,433	-498	-713	-1,357	-1,819	
Payment on account for development properties	230	329	41	165	438	537	
Investment in project properties	-366	-315	-121	-86	-477	-426	
Sale of project properties	-	105	-	105	760	865	
Change in current liabilities/receivables	236	-829	-22	-510	278	-787	
<b>Cash flow from operating activities <sup>3)</sup></b>	<b>-1,392</b>	<b>-1,200</b>	<b>-698</b>	<b>-631</b>	<b>-1,595</b>	<b>-1,403</b>	
<b>Cash flow from investing activities</b>	<b>-1</b>	<b>-5</b>	<b>0</b>	<b>-6</b>	<b>-3</b>	<b>-7</b>	
Loans raised	243	536	104	398	365	658	
Amortization of debt	-390	-326	-224	-74	-566	-502	
Loans raised, project financing <sup>3)</sup>	3,191	2,714	888	1,281	4,399	3,922	
Amortization of debt, project financing <sup>3)</sup>	-1,294	-620	-328	-179	-1,799	-1,125	
Dividend	-435	-835	-	-	-435	-835	
<b>Cash flow from financing activities</b>	<b>1,315</b>	<b>1,469</b>	<b>440</b>	<b>1,426</b>	<b>1,964</b>	<b>2,118</b>	
<b>Cash flow for the period</b>	<b>-78</b>	<b>264</b>	<b>-258</b>	<b>789</b>	<b>366</b>	<b>708</b>	
<b>Cash and cash equivalents at end of the period</b>	<b>2,314</b>	<b>1,955</b>	<b>2,314</b>	<b>1,955</b>	<b>2,314</b>	<b>2,397</b>	

<sup>1)</sup> Of which the purchase of participations in tenant-owners associations and freehold residential units

-1,041 -1,560 -206 -685 -1,461 -1,980

<sup>2)</sup> Of which the sale of participations in tenant-owners associations and freehold residential units

859 1,731 287 630 1,399 2,271

<sup>3)</sup> JM sometimes recognizes initial project financing for Swedish residential projects where the financing is taken over by the customer at a later point in time. The take-over occurs without any in/out payments, and when the debt is settled the cash flow statement is not affected, either as a negative item (amortization) in the financing activities or as a positive item in the operating activities.

## ACCOUNTING PRINCIPLES

This interim report for the nine-month period of 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS). Since the Parent Company is an enterprise within the EU, only EU-approved IFRS are applied. The Parent Company's accounts were prepared in accordance with RFR 2.

The accounting principles and methods of calculation for the Group have not changed compared to the description on pages 86–89 of the 2019 Annual Report.

## NEW AND AMENDED STANDARDS AS OF 2020

The amended standards according to IFRS the Group applies as of January 1, 2020, are expected to have no or a small impact on JM's financial reporting.

## SEGMENT REPORTING

JM's segment reporting primarily differs from IFRS in three respects:

In its segment reporting, revenue for JM International is recognized using the percentage of completion method.

In addition, JM International's project financing, as well as part of the financing of JM Residential Stockholm and JM Residential Sweden, is recorded as a deduction item to "Revenue less progress billings" or "Progress billings in excess of recognized revenue" and raised/repaid project financing is reported in the cash flow from operating activities.

The reporting of leases in accordance with IFRS 16 is not applied in the segment reporting.

JM makes the assessment that segment reporting most accurately reflects the economic implications of JM's business at the same time as it correlates well with the Group's internal governance, which is based on the Group's cash flows, risk profile and capital allocation.

## ACCOUNTING FOR HOUSING DEVELOPMENT IN SWEDEN

The report for the first six months of 2020 included a description of the ongoing investigation and Finansinspektionen's (FI) decision on 20 May 2020, following which the tenant-owner associations that JM develops may not be considered independent from an IFRS perspective and therefore for accounting purposes must be consolidated in JM's consolidated financial statements.

JM does not share FI's assessment, and even if a change in the accounting will not affect JM's segment reporting, project governance or risk profile, JM considers it to be of principle importance for the matter to be further assessed by a court of law. JM has therefore appealed FI's decision to the Administrative Court at the beginning of June 2020. The process to reach a final ruling is judged to potentially take several years.

In the annual reports for 2018 and 2019, JM provided disclosures regarding effects on earnings, equity and the tenant-owners associations' liabilities in the event that the tenant-owners associations would be consolidated. JM intends to continue to provide such disclosures.

# Parent Company

## CONDENSED INCOME STATEMENT, PARENT COMPANY

SEK M	JANUARY-SEPTEMBER		FULL-YEAR
	2020	2019	2019
Net sales	7,590	7,489	10,294
Production and operating costs	-6,024	-5,834	-8,021
<b>Gross profit</b>	<b>1,566</b>	<b>1,655</b>	<b>2,273</b>
Selling and administrative expenses	-507	-470	-652
Gains/losses on the sale of property	-	0	0
<b>Operating profit</b>	<b>1,059</b>	<b>1,185</b>	<b>1,621</b>
Financial income and expenses	42	105	151
<b>Profit before appropriations and tax</b>	<b>1,101</b>	<b>1,290</b>	<b>1,772</b>
Appropriations	-4	-241	-221
<b>Profit before tax</b>	<b>1,097</b>	<b>1,049</b>	<b>1,551</b>
Taxes	-221	-194	-292
<b>Profit for the period</b>	<b>876</b>	<b>855</b>	<b>1,259</b>

## CONDENSED BALANCE SHEET, PARENT COMPANY

SEK M	9/30/2020	9/30/2019	12/31/2019
<b>Assets</b>			
Non-current assets	1,705	1,595	1,680
Current assets	13,719	12,911	13,100
<b>Total assets</b>	<b>15,424</b>	<b>14,506</b>	<b>14,780</b>
<b>Equity and liabilities</b>			
Equity	4,358	3,512	3,916
Untaxed reserves	2,380	2,390	2,380
Provisions	1,616	1,817	1,453
Non-current liabilities	742	803	803
Current liabilities	6,328	5,984	6,228
<b>Total equity and liabilities</b>	<b>15,424</b>	<b>14,506</b>	<b>14,780</b>
Pledged assets	100	169	100
Contingent liabilities	9,447	8,857	10,263

# Reconciliation between segment reporting and IFRS

## CONSOLIDATED INCOME STATEMENT

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2020	2019	2020	2019	2019/2020	2019
<b>Revenue for the period (segment reporting)</b>	<b>10,858</b>	<b>11,381</b>	<b>3,382</b>	<b>3,768</b>	<b>15,169</b>	<b>15,692</b>
Restatement JM International	-36	-370	40	-238	-482	-816
Reclassification property sale	-	730	-	730	-1	729
<b>Revenue for the period (IFRS)</b>	<b>10,822</b>	<b>11,741</b>	<b>3,422</b>	<b>4,260</b>	<b>14,686</b>	<b>15,605</b>
<b>Operating profit/loss for the period (segment reporting)</b>	<b>1,239</b>	<b>1,449</b>	<b>399</b>	<b>630</b>	<b>1,798</b>	<b>2,008</b>
Restatement JM International	0	-27	-8	-26	-16	-43
Leases IFRS 16	20	15	3	8	22	17
<b>Operating profit/loss for the period (IFRS)</b>	<b>1,259</b>	<b>1,437</b>	<b>394</b>	<b>612</b>	<b>1,804</b>	<b>1,982</b>
<b>Profit/loss for the period (segment reporting)</b>	<b>932</b>	<b>1,128</b>	<b>302</b>	<b>514</b>	<b>1,374</b>	<b>1,570</b>
Restatement JM International	3	-28	-9	-26	-11	-42
Leases IFRS 16	-1	-1	0	0	-2	-2
<b>Profit/loss for the period (IFRS)</b>	<b>934</b>	<b>1,099</b>	<b>293</b>	<b>488</b>	<b>1,361</b>	<b>1,526</b>

## CONSOLIDATED BALANCE SHEET

SEK M	9/30/2020	9/30/2019	12/31/2019
<b>Balance sheet total (segment reporting)</b>	<b>17,115</b>	<b>17,067</b>	<b>17,593</b>
Restatement JM International	-254	-228	-257
Reclassification project financing JM International, interest-bearing	2,596	2,386	2,705
Reclassification project financing JM International, non-interest-bearing <sup>1)</sup>	325	276	388
Reclassification project financing JM Residential Stockholm and Sweden, interest-bearing	2,981	2,467	2,007
Transfer between Progress billing in excess of recognized revenue to Revenue less progress billings	-427	-370	-314
Leases IFRS 16	868	756	850
<b>Balance sheet total (IFRS)</b>	<b>23,204</b>	<b>22,354</b>	<b>22,972</b>

<sup>1)</sup> Billing on account to customers.

## CONSOLIDATED EQUITY

SEK M	9/30/2020	9/30/2019	12/31/2019
<b>Equity (segment reporting)</b>	<b>7,704</b>	<b>6,866</b>	<b>7,326</b>
Restatement JM International	-184	-189	-198
Leases IFRS 16	-2	-1	-2
<b>Equity (IFRS)</b>	<b>7,518</b>	<b>6,676</b>	<b>7,126</b>

## GROUP KEY FIGURES

%	9/30/2020	9/30/2019	12/31/2019
Equity/assets ratio (segment reporting)	45	40	42
Equity/assets ratio (IFRS)	32	30	31

## CONSOLIDATED CASH FLOW

SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2020	2019	2020	2019	2019/2020	2019
<b>Cash flow from operating activities (segment reporting)</b>	<b>427</b>	<b>817</b>	<b>-165</b>	<b>446</b>	<b>901</b>	<b>1,291</b>
Reclassification project financing JM International	-114	-412	-	-121	-478	-776
Reclassification project financing JM Residential Stockholm and JM Residential Sweden, interest-bearing	-1,783	-1,682	-560	-982	-2,122	-2,021
Leases IFRS 16	78	77	27	26	104	103
<b>Cash flow from operating activities (IFRS)</b>	<b>-1,392</b>	<b>-1,200</b>	<b>-698</b>	<b>-631</b>	<b>-1,595</b>	<b>-1,403</b>

## CONSOLIDATED INTEREST-BEARING NET LIABILITIES/RECEIVABLES

SEK M	9/30/2020	9/30/2019	12/31/2019
<b>Interest-bearing net liabilities (+)/receivables (-) at end of period (segment reporting)</b>	<b>409</b>	<b>951</b>	<b>420</b>
Reclassification project financing JM International	2,596	2,386	2,705
Reclassification project financing JM Residential Stockholm and Sweden, interest-bearing	2,981	2,467	2,007
Leases IFRS 16	870	757	852
<b>Interest-bearing net liabilities (+)/receivables (-) at end of period (IFRS)</b>	<b>6,856</b>	<b>6,561</b>	<b>5,984</b>

Stockholm, October 22, 2020

JM AB (publ)

Johan Skoglund  
President and CEO

**REVIEW REPORT**  
**JM AB (PUBL), CORPORATE IDENTITY**  
**NUMBER 556045-2103**

**INTRODUCTION**

We have reviewed the condensed interim financial information (interim report) of JM AB as of September 30, 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

**SCOPE OF REVIEW**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us

to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 22, 2020  
PricewaterhouseCoopers AB

Ann-Christine Hägglund  
AuthorizedPublic  
Accountant  
Auditor in charge

Fredrik Kroon  
Authorized Public  
Accountant

# JM in brief

## BUSINESS CONCEPT

With people in focus and through constant development, we create homes and sustainable living environments.

## VISION

We are laying the foundations for a better life.

## BUSINESS

JM is one of the leading developers of housing and residential areas in the Nordic region.

Operations focus on new production of homes in attractive locations, with the main focus on expanding metropolitan areas and university towns in Sweden, Norway and Finland. We are also involved in project development of commercial premises and contract work, primarily in the Greater Stockholm area.

JM should promote long-term sustainability work in all its operations. Annual sales total approximately SEK 15 billion and the company has around 2,600 employees. JM AB is a public limited company listed on NASDAQ Stockholm, Large Cap segment.

## FINANCIAL TARGETS AND DIVIDENDS POLICY

The operating margin should amount to 10 percent, including gains/losses from property sales. The visible equity ratio should amount to 35 percent over a business cycle.

Over time, the dividend should reflect the earnings trend in total operating activities and over a business cycle on average correspond to 50 percent of consolidated profit after tax. Capital gains from property sales are a natural part of JM's project development operations and therefore are included in the calculation of dividends.

JM's financial targets are defined based on segment reporting.



## DISCLOSURES

This information is information that JM AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 08.00 CEST on October 22, 2020.

## FOR MORE INFORMATION PLEASE CONTACT:

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## FINANCIAL CALENDAR

February 3, 2021	Year-end Report 2020
March 24, 2021	Annual General Meeting
April 28, 2021	Interim Report January - March
July 13, 2021	Interim Report January - June
October 28, 2021	Interim Report January - September

JM's Annual Reports, Interim Reports and other financial information are available at [jm.se/investors](http://jm.se/investors)

## PRESS RELEASES, Q3 2020

September 9	JM AB's Nomination Committee for the 2021 Annual General Meeting
July 14	Interim Report January – June 2020

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