

# Q4

## YEAR-END REPORT JANUARY–DECEMBER 2021

### EVENTS DURING THE QUARTER

- ALM Equity and Corem Property Group AB signed a letter of intent for the joint development of rental accommodation for self-management. The initial building rights portfolio will be around 24,000 rental units.
- An Extraordinary General Meeting resolved to distribute 3,188,961 ordinary shares in Svenska Nyttobostäder AB (publ) to ALM Equity's ordinary shareholders.
- ALM Equity sold 3,850,000 ordinary shares in Svenska Nyttobostäder AB (publ) at a price of SEK 101 per share, with a sales value of around SEK 389 million. Following the sale, ALM Equity holds 45% of the capital and 49% of the voting rights in Svenska Nyttobostäder.
- ALM Equity reclassified its holding in Svenska Nyttobostäder as an associated company, which led to a profit of SEK 3.1 billion for the quarter, attributable to the valuation of the acquisition at fair value.

### EVENTS AFTER THE END OF THE PERIOD

- ALM Equity and Corem Property Group signed an agreement to form a joint management company with the Klövern brand. The deal comprises around 24,000 building rights, of which around 11,000 are from ALM Equity. The transaction is expected to result in a profit of around SEK 2 billion, which will be realized during the first half of 2022.
- ALM Equity decided to integrate the Financing business area's operations into the Group staff unit.
- The Board of Directors proposes a dividend of 1 preference share per 100 ordinary shares through a bonus issue instead of a cash dividend, corresponding to a redemption value of SEK 1.20 (1.20) per ordinary share.
- The Board further proposes a cash dividend of SEK 8.40 (8.40) per preference share to be paid at SEK 2.10 (2.10) quarterly.

### CONSOLIDATED KPI'S

Summary	2021 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
Net sales, SEK m	556	851	2,096	1,759
Profit/loss for the period, SEK m	3,207	45	3,423	229
Return on equity (ordinary shares), %	51	1	54	4
Equity/assets ratio, %	54	40	54	40
Cash and cash equivalents, SEK m	1,954	722	1,954	722
Equity, SEK m	7,154	3,790	7,154	3,790
Balance sheet total, SEK m	13,132	9,465	13,132	9,465
Key figures per share	2021 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
Adjusted net asset value*, per ordinary share, SEK	986	N/A	986	N/A
Stock market price on the balance sheet date, SEK	986	700	986	700
Earnings per ordinary share before dilution, SEK	307.80	1.94	314.42	10.53

\*Adjusted net asset value is based on the actual net asset value adjusted for the estimated market value of ALM Equity's activities. For further information on how this value is calculated, see page 5.

# Corporate construction continues to create value

We ended this intense and successful year by re-clarifying how our business model creates value.

We have developed our value creation over many years and we do our best to make this visible through, for example, the formation and listing of Svenska Nyttobostäder. When we reduced our ownership in Q4 and no longer saw ourselves as controlling the company, value creation was also fully visible in our reported earnings.

After the end of Q4, we launched our next corporate construction phase, a joint management company, this time together with Corem Property Group. ALM Equity develops, builds and realizes values in companies. This is our business model - and we will not settle down.

## WE RELEASED AND REALIZED SEK 3 BILLION

In Q4, we distributed ordinary shares in Svenska Nyttobostäder to ALM Equity's shareholders and sold part of our holding. In total, just over seven million ordinary shares in Svenska Nyttobostäder have gained new owners. For Svenska Nyttobostäder, this means wider ownership and better conditions for trading and liquidity in the shares, which in itself is positive. For us, this means that we hold 45% of the capital and 49% of the votes in the company. Based on this, we have made the assessment that our influence has decreased, and we have thus reclassified the holding as an associated company, which means that we no longer consolidate Svenska Nyttobostäder's operations. In accounting terms, these transactions and the reclassification resulted in a profit for the quarter of around SEK 3.1 billion for ALM Equity. It is an important step in how we view our role. We must be strong owners who contribute ideas, business and capital to create opportunities for our companies to stand on their own two feet in the long-term.

The transaction improves ALM Equity's financial position with better key figures. It is increasingly important for Svenska Nyttobostäder to be classified as an associated company, giving it better conditions to be judged on its own merits, strengthen its own credit rating and thereby reducing its financing costs in the long run.

## KLÖVERN WILL BE ONE OF SWEDEN'S LARGEST ...

In the previous report, I was able to tell you about the exciting deal we planned with Corem Property Group. This work has continued, and on 25 February, we announced the joint management deal. We decided to take the opportunity to build a joint company and build on Klövern, a strong brand with a focus on the development and management of space-efficient managed properties in the Stockholm and Mälardalen regions. We will initially own 49% and Corem Property Group 51%.



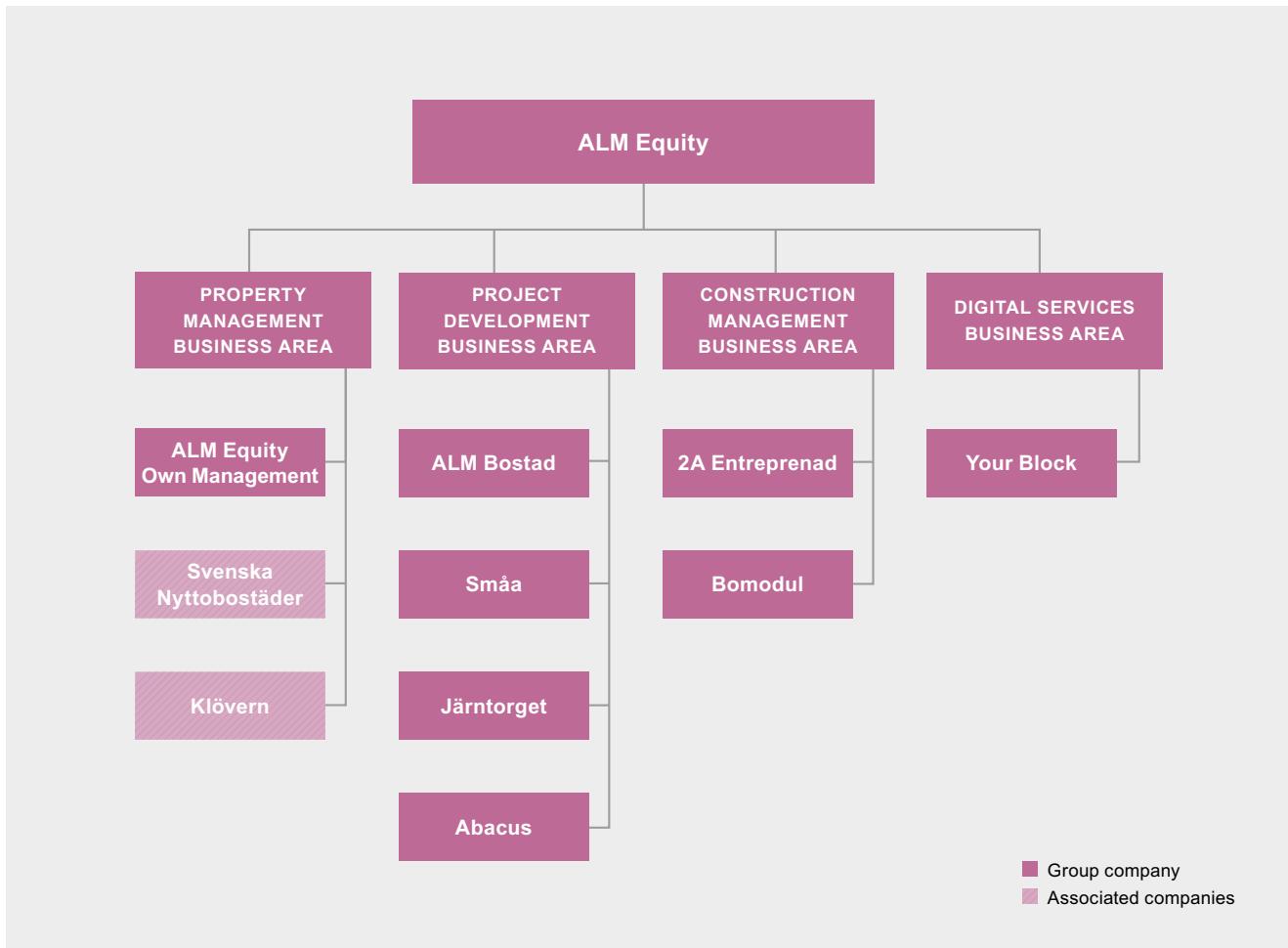
**Joakim Alm, CEO, ALM Equity**

The deal means that during the first half of the year we will report a capital gain of around SEK 2 billion after the transfer of our 11,000 building rights.

In addition to the building rights, our contribution is a capital injection of SEK 900 million and an opportunity for some of our wonderfully skilful employees in Project Development to create the core of the new company. They will then have the opportunity of building up their own project development organization within the new partnership, which will be responsible for developing and completing the 24,000 building rights that will be included in the portfolio in connection with the deal.

We expect that the new management company Klövern to be one of Sweden's largest property managers within 10 years.

The next step is for the joint company to consolidate its structure and develop the property portfolio with a view to being listed on the stock exchange. ALM Equity will then, through the Property Management business area, become the majority owner of two listed property companies.



## BACK TO OUR ROOTS IN PROJECT DEVELOPMENT

The deal with Corem Property Group to build up the joint company Klövern means that the Project Development business area will transfer 11,000 building rights to this company and then indirectly to the Property Management business area. In addition to the remaining delivery to Svenska Nyttobostäder, there are around 2,000 building rights left, which will be developed for the private market with certain commercial elements. We know this business - it's where we come from. We also see future company development opportunities here, but let me come back to that.

Besides delivering the remaining 4,400 or so residential units to Svenska Nyttbostäder by 2025, the Project Development business area will also continue to work with larger, more complex projects that also include commercial properties. A focus with great potential, that we believe is now sufficiently mature to lock into our business portfolio.

Building a structure for growth in Construction Management  
Following the integration of Järntorget, we have also begun building  
a structure to achieve growth in the Construction Management busi-  
ness area. In the coming years, they will have major commitments  
for deliveries to both Svenska Nyttbostäder and opportunities to  
deliver to the new company Klövern and future residencies to the  
private market. We believe that there are good opportunities to  
develop and create growth in this type of business, especially our  
eco-friendly modular business in Bomodul.

## WE ARE COMPANY BUILDERS AND VALUE CREATORS

We acquired Småa and then Järntorget. We listed Svenska Nyttbostäder and will soon be the owner of another large, listed, property company. We see the needs, take on trends, look for opportunities and package our assets in new business.

I was asked the other day how, after the launch of Svenska Nyttbostäder, we were able to "conjure up" another 11,000 building rights suitable to form the basis for a new property management company. After all, only 4,500 were added in connection with the acquisition of Järnaget. Of course, this does not happen by itself. Certainly about 500 have been added from new land allocations, but above all we have made an incredible effort to go through the entire portfolio and process each individual building right. This means that by doing this we have found all 11,000 building rights which now means we have the opportunity of being part of the journey to develop one of the largest listed property companies. I am really proud that in just over a year we will have made more than SEK 5 billion visible to our shareholders through our management transactions.

We may not be able to continue delivering billion-kronor profits every quarter in future, but we will continue to develop businesses and pick out value. With my fantastic employees and the trust shown in us by our owners and financiers, my ambition is that we will continue to develop value for ALM Equity's shareholders.

Joakim Alm, CEO

# This is ALM Equity

ALM Equity develops and invests in business in the property sector. The business is structured in five business areas with independent companies and brands in property management, project development, construction management, financing and digital services.

## VISION

ALM Equity will be the most profitable and innovative Group in certain parts of the Swedish property sector.

## BUSINESS CONCEPT

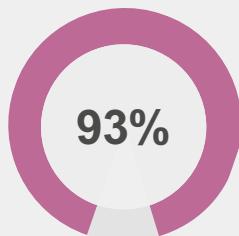
ALM Equity will invest and develop business in the Swedish property sector based on the future needs of the market. Through active ownership, ALM Equity drives the initiatives that are judged to create the highest risk-adjusted return on equity for each individual business, and at the next level creates the maximum risk-adjusted return on equity for shareholders.

## OBJECTIVE

Maximize risk-adjusted return on equity within each business through a flexible business model with an adaptable financing model and with a sustainable investment strategy.

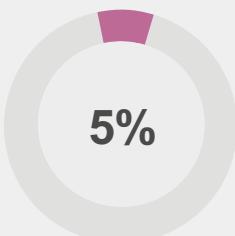
## PROFIT/LOSS PER BUSINESS AREA JANUARY–DECEMBER 2021 (ACCORDING TO SEGMENT REPORTING)\*

### Property Management



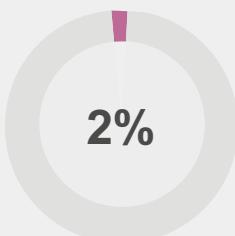
SEK 3,553 MILLION

### Project Development



SEK 188 MILLION

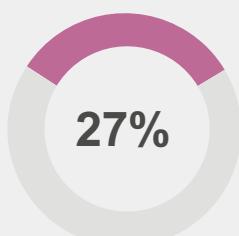
### Construction Management



SEK 91 MILLION

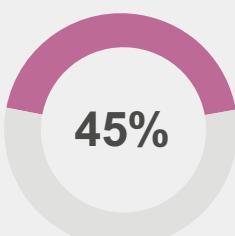
## SHARE OF ADJUSTED NET ASSET VALUE\*\*

### Property Management



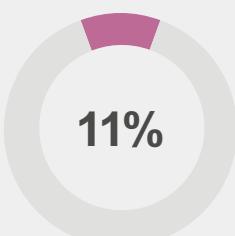
SEK 3.3 BILLION

### Project Development



SEK 5.5 BILLION

### Construction Management



SEK 1.4 BILLION

\* Profit per business area excluding appropriations and tax.

\*\* Adjusted net asset value is based on the actual net asset value adjusted for the estimated market value of ALM Equity's activities.

For further information on how this value is calculated, see pages 5 and 29.

In addition to the values in the business areas, the parent company is valued at SEK 2.0 billion, corresponding to 17% of the total net asset value.

# Market valuation and adjusted net asset values

The holding in Svenska Nyttobostäder has its market value assessed continually after the listing in 2020, which makes the values created in that transaction visible. From 2021, value created in other holdings in the Group will also be made visible through external valuation carried out by PwC.

Estimated market values (SEK billion)	31/12/2021	30/09/2021	30/06/2021	31/03/2021
Property Management business area	3.3	3.8	3.8	3.8
Project Development business area	5.5	5.1	4.7	4.1
Construction Management business area	1.4	1.3	1.1	1.1
Parent company's assets	2.0	1.6	1.7	1.0
<b>Total market value</b>	<b>12.2</b>	<b>11.8</b>	<b>11.3</b>	<b>10.0</b>

The market value is distributed between ALM Equity's shareholders as follows: SEK 1.7 billion to preference shareholders and SEK 10.5 billion to ordinary shareholders.

This corresponds to an adjusted net asset value per ordinary share of SEK 986, which is the same as the share price on 31 December 2021. Since the previous quarter, ALM Equity's shareholders have received dividends corresponding to SEK 367 million and the market value has increased by SEK 0.4 billion. At the same time, the share price has risen to SEK 986 per ordinary share, which corresponds to the same level as the adjusted net asset value. A possible reason why the share price rose sharply during the quarter may be the letter of intent signed with Corem Property Group during the period. No such effects are included in the substance evaluation.

The year's total unrealized value changes in the market valuation of SEK 1.5 billion from the activities are attributable to ordinary shareholders.

The remainder comes from new issues where around SEK 0.3 billion in ordinary share capital and SEK 0.4 billion in preference share capital has been added.

## VALUATION METHOD

In the Property Management business area, the holding in Svenska Nyttobostäder has been valued at the share price as of 31 December 2021. No value has been attributed to the management business in the other part of the ALM Property Management business area, where there are agreements for the acquisition of around 1,000 managed properties. Nor has any value been attributed to the Digital Services business area.

For the Project Development and Construction Management business areas, the holding has been valued externally by PwC, which has carried out a discounted cash flow valuation. The result of the discounted cash flow valuation has been reconciled using a relative valuation based on price-related key figures for comparable companies.

For the Project Development business area, a required return on equity of 11.9% has been applied up to and including 2027. For 2028 onwards, a return requirement of 14.9% has been used to reflect a greater risk in the future building rights portfolio. This valuation takes into account the fact that there is co-ownership in the form of preference shareholders who have invested in parts of the projects.

For the Construction Management business area, a required rate of return of 13.2% was used throughout the period. In the valuation, the sole customer is assumed to be ALM Små Bostad in an ongoing business relationship. As a result, the customer concentration has not been considered in the valuation.

The valuation is updated quarterly based on updated forecasts and assumes a value interval of +/- 5% where the value is adjusted when the return value increases/decreases by at least 5% from the initial valuation which was carried out with a value date of 31 December 2021.

The valuation is based on assumptions about future development from facts and the prevailing world situation at the time of the valuation, it is not to be seen as a forecast. This means that it is not established values that are promised to fall, but they can change based on events that affect the operations.

# Property Management business area

# 27%

Share of adjusted net asset value\*

\* Adjusted net asset value is based on the actual net asset value adjusted for the estimated market value of ALM Equity's activities.

For further information on how this value is calculated, see page 5.

The Property Management business area acquires and manages space-efficient properties in locations close to good transport links in Greater Stockholm. The business area includes ownership in the listed subsidiary Svenska Nyttobostäder AB (publ).

The core expertise of the business is to be a purchaser of newly-produced properties, create tenant-adapted concepts and manage them. Since 2020, our former subsidiary Svenska Nyttobostäder has been listed on the NASDAQ First North Growth Market. The business area owns 45% of Svenska Nyttobostäder and reports its holding as an associated company according to the equity method from Q4 2021. In addition to the holding in Svenska Nyttobostäder, there are a small number of units in management and acquisition agreements of around 1,000 units that will be self-managed.

## THE BUSINESS AND MARKET DEVELOPMENT

The effects of the coronavirus pandemic on the Group's management business are still limited. Market sentiment remains strong for managed properties, both in terms of demand for housing in various forms and from buyers of investment properties, where we have noted that a few transactions have recently been completed at record high levels. Low interest rates, regulations in the private housing market and an underlying housing shortage in the Stockholm region means that the market climate continues to be favourable.

The business consists of the holding in the listed company Svenska Nyttobostäder and smaller self-management activities. Self-management consists of the management

of a number of project properties as well as acquisition agreements for future investment properties.

During the period, the Management business area, in consultation with the Project Development business area, had a strong focus on the due diligence process to build up a joint management company with Corem Property Group, where both parties have building rights and know-how to contribute. In total, this involves the development of around 24,000 rental units with a view to listing the company on the Stockholm Stock Exchange. The process began in November 2021 and in February 2022, the parties reached an agreement over conditions for the deal and signed an agreement.

## FOURTH QUARTER 2021\*

	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Rental income, SEK m	32	30	127	104
Net operating income, SEK m	26	25	91	70
Change in value of investment properties, SEK m	-2	14	76	80
Profit/loss from capital share, SEK m	174	–	174	–
Number of employees	3	9	3	9

\* The holding in Svenska Nyttobostäder was reclassified as an associated company in December 2021. Thus, it is reported according to the equity method. There is more information about the capital share in note 6.

## EVENTS DURING THE QUARTER

- ALM Equity reduced its holding in Svenska Nyttobostäder to 45% of the capital and 49% of the voting rights, respectively, by distributing 3,188,961 ordinary shares in Svenska Nyttobostäder to ALM Equity's ordinary shareholders and selling 3,850,000 ordinary shares. Thus, the holding has been reclassified as an associated company. This had an effect on profits of SEK 3.1 billion as a result of the remaining shares being revalued to fair value at the time of ALM Equity losing its controlling influence in December.

## EVENTS AFTER THE END OF THE PERIOD

- ALM Equity and Corem Property Group AB signed a letter of intent for the joint development of rental accommodation for self-management.
- ALM Equity and Corem Property Group signed an agreement to form a joint property management company.

### THE BUSINESS AREA'S HOLDINGS IN ASSOCIATED COMPANIES

This section presents the business area's holdings in associated companies. At the turn of the year, the holding in Svenska Nyttobostäder consisted of 45% of the capital. This page presents Svenska Nyttobostäder in its entirety.



#### SVENSKA NYTTOBOSTÄDER

Svenska Nyttobostäder is a listed property company. Svenska Nyttobostäder owns and manages newly-produced residential properties in locations close to good transport links in Stockholm. Tenants are private individuals, companies and authorities. Svenska Nyttobostäder has a management portfolio of around 5,800 apartments and a small number of premises, which will be taken over on an ongoing basis until 2025, when the portfolio is expected to generate a net operating income of around SEK 600 million.

#### Rental income and occupancy rate

Svenska Nyttobostäder has taken over a total of 1,348 apartments and has no vacancies. The leases have a term of three to nine years. Svenska Nyttobostäder's portfolio also has a small element of commercial premises where there are a few vacancies.

#### Property costs

Svenska Nyttobostäder's portfolio of newly-produced properties of a high standard and good energy efficiency, provides good predictability of operating costs.

#### Changes in value

In general, the market for space-efficient managed properties still seems to be good and the market value of the business area's managed properties is judged to be intact, also considering the impact that the coronavirus pandemic has had on society and the economy as a whole. In connection with market valuations of the property portfolio for the annual accounts, it is visualized that market conditions and actively working with leasing are projected to have created added value. In total, this had a positive effect in Q4 for Svenska Nyttobostäder.

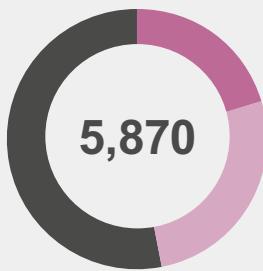
### SVENSKA NYTTOBOSTÄDER'S FOURTH QUARTER 2021\*

	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Rental income, SEK m	38	29	128	100
Net operating income, SEK m	33	24	107	68
Change in value of investment properties, SEK m	517	3	595	69
Leverage, %	58	70	58	70
Number of employees	8	7	8	7

\* The table shows Svenska Nyttobostäder's overall financial reporting, of which ALM Equity's share is 45%.

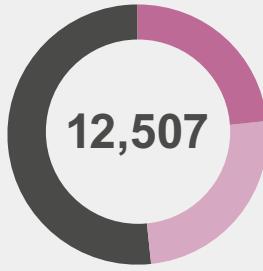
### Svenska Nyttobostäder's property portfolio

Number of managed units



- Completed 1,371
- In production 1,832
- Contracted 2,667

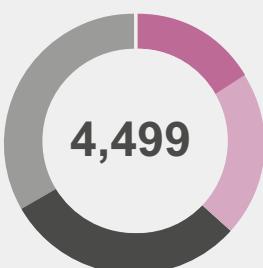
Property value\*, SEK m



- Completed 3,820
- In production 3,653
- Contracted 5,034

\* Estimated value upon completion. Estimated property value for agreed units and units in production.

Planned completion, units



- 2022 = 726
- 2024 = 1,344
- 2023 = 932
- 2025 = 1,497

# Project Development business area

The Project Development business area acquires, develops and sells residential projects along with commercial projects, mainly in the Stockholm area. Its primary customers are property management companies and private individuals through the projects' tenant-owner associations. Within the business area, ALM Småa Bostad operates as four brands: ALM Bostad, Småa, Järntorget and Abacus.



## ALM BOSTAD

ALM Bostad develops space-efficient residential units for both property management companies and private customers. The projects are located in areas with good transport links and are developed with adjacent commercial services and a well-thought-out sharing economy contributing to sustainability in terms of resources, transport and living environment.



## SMÅA

Småa primarily develops detached houses and larger homes for the private market. The projects are often part of a larger new production area or a densification of an existing living environment. Great importance is attached to the common and external environments.



## JÄRNTORGET

Järntorget develops residential units for both property management and private customers. Its projects are primarily located in the Stockholm region. Sustainability is a focus area and all residential units that are developed are Nordic Swan Eco-labelled.



## ABACUS

Abacus develops residential units for both property management and private customers in the Stockholm region.

## FOURTH QUARTER 2021

	2021 Oct-Dec**	2020 Oct-Dec	2021 Jan-Dec**	2020 Jan-Dec
Net sales, SEK m*	748	621	3,159	2,479
Operating profit/loss, SEK m*	-4	-22	190	192
Operating margin, %	0	-4	6	8
Number of employees	31	28	31	28

\* According to the segment report where the business area's project results are recalculated to a successive model that follows the value development based on accrued costs and sales. Q4 was affected by SEK 59 million in write-downs of three projects as a result of higher production costs.

\*\* Includes Abacus and Järntorget, which were taken over during Q2 2021.

## EVENTS DURING THE QUARTER

- ALM Equity and Corem Property Group AB signed a letter of intent for the joint development of rental accommodation for self-management, with an initial building rights portfolio of around 24,000 rental units.

## EVENTS AFTER THE END OF THE PERIOD

- ALM Equity and Corem Property Group signed an agreement to form a joint property management company. This means that the business area will transfer 11,000 building rights.

# 45%

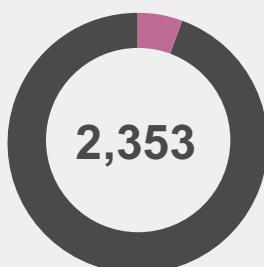
Share of adjusted net asset value \*

\* Adjusted net asset value is based on the actual net asset value adjusted for the estimated market value of ALM Equity's activities.

For further information on how this value is calculated, see page 5.

## Market focus on production in progress

Number of units



● Private market 137

● Property management 2,216

# 94%

The share of production in the property management market accounted for 94% of total production at the end of Q4 2021.

## PROJECT DEVELOPMENT BUSINESS AREA

### THE BUSINESS AND MARKET DEVELOPMENT

The business area's operations are divided into two parts according to the end customer: management and private. This creates the right conditions for each business to be run in an effective and quality-assured way.

During the period, the Project Development business area, along with the Property Management business area focused strongly on the due diligence process to build up a joint property management company with Corem Property Group, where both parties have both building rights and know-how to contribute. In total, this involves the development of around 24,000 rental units with a view to listing the company on the Stockholm Stock Exchange. The process began in November 2021 and in February 2022, the parties reached an agreement over conditions for the deal and signed an agreement.

ALM Småa Bostad also continued to focus on producing and delivering in accordance with the commitment to Svenska Nyttobostäder and managing a higher business volume in the future for both the property management market and private market. As of today's date, 1,191 of 5,690 units connected to Svenska Nyttobostäder's business have been delivered and 1,832 of 4,499 remaining units are in production.

In 2020, the rate of population increase in Stockholm fell. From an increase of just under 33,000 new Stockholmers in 2019, the net increase in the population was just under 15,000 people in 2020. Statistics show that the increase in population in Stockholm

in 2021 was at about the same rate as the previous year.

The number of completed residential units fell slightly in 2020 and at the beginning of 2021, and the accumulated housing deficit is therefore still increasing, but at a somewhat lower rate. The number of construction starts continued to increase because of both a strong private and property management market. The long-term demand for housing remains high. The market for investment properties for investors and property management companies remains strong. For the private market in Stockholm County, developments have been good with a price trend for tenant-owned apartments of +1.1% (3 months) and +5.3% (12 months) and for villas +1.2% (3 months) and +11.6% (12 months).\*

During the quarter, a rise in the price of certain input goods was identified due to shortages that arose as a result of the pandemic, which led to higher prices in connection with procurement for future productions. Within productions in progress, the majority of all costs are locked in fixed price agreements, but there is still a risk of increased costs as a result of subcontractors demanding compensation in accordance with ABT06. Three projects have been identified where increased production costs do not fall within the framework of their established revenue levels for customers. As a result, a loss of around SEK 59 million has been reserved.

\* Source: Svensk Mäklarstatistik.

Population growth and new production in Stockholm County, per quarter 2016–2021



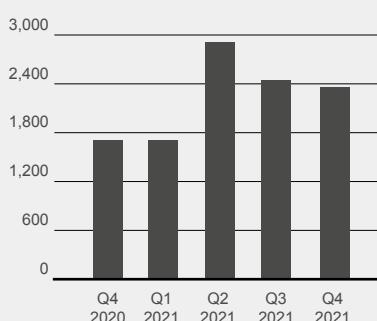
Source: SCB.

# 3.0

During Q3 2021, the number of completed homes in Stockholm fell at the same time as population growth continued to increase. For each new home, 3.0 Stockholmers were added in Q3, compared with 1.36 during the full year 2020.

Source: SCB.

Units in production at the end of the quarter



As of Q2 2021, Abacus and Järntorget are included in the business.

	2021 Oct-Dec*	2020 Oct-Dec	2021 Jan-Dec*	2020 Jan-Dec
<b>Number of units in total building rights portfolio</b>	<b>18,211</b>	<b>13,295</b>	<b>18,211</b>	<b>13,295</b>
– of which units in production	2,353	1,709	2,353	1,709
– of which completed building rights	7,400	6,065	7,400	6,065
– of which building rights in planning process	8,458	5,521	8,458	5,521
<b>Number of production-started units</b>	<b>21</b>	<b>318</b>	<b>917</b>	<b>1,445</b>
– of which private market	21	18	59	88
– of which property management	–	300	858	1,357
<b>Number of units sold</b>	<b>82</b>	<b>35</b>	<b>614</b>	<b>3,583</b>
– of which private market	41	7	117	26
– of which sold from stock (private market)	41	28	113	55
– of which under property management	–	–	384	3,502
<b>Sales ratio in production, %</b>	<b>98</b>	<b>96</b>	<b>98</b>	<b>96</b>

\* Includes Abacus and Järntorget, which were taken over during Q2 2021.

# Construction Management business area

The business area designs, plans and builds for tenant-owner associations and property developers, of which the Project Development business area is the primary customer. The business area offers services for specific stages or for the entire project as the turnkey contractor. The business area includes the companies 2xA Entreprenad and Bomodul.



## 2xA ENTREPRENAD

The business concept is to build residential units and commercial property as a building contractor on behalf of well-known players in the property sector. The main focus is new builds, extensions and conversions of residential units varying from larger apartment blocks to areas of terraced housing.



## BOMODUL

Bomodul builds and delivers wooden modules for the construction of detached houses, student housing and apartment blocks. Production takes place indoors in an efficient climate-controlled environment. By using high-quality local raw materials and stable logistics, the climate impact is minimized, which means that the homes can be Nordic Swan Eco-labelled. Production takes place at our own factory in Bodaors in Småland. Customers may be the Project Development business area or other external buyers.

## FOURTH QUARTER 2021

	2021 Oct-Dec*	2020 Oct-Dec	2021 Jan-Dec*	2020 Jan-Dec
Revenue, SEK m	425	151	1,252	519
Operating profit/loss, SEK m	28	15	91	47
Operating margin, %	7	10	7	9
Number of employees	81	34	81	34

\* Includes Bomodul and Järntorget's construction activities, which were taken over during Q2 2021.

## EVENTS DURING THE QUARTER

- During the quarter, the business area completed and handed over a total of 106 units in apartment blocks.

## EVENTS AFTER THE END OF THE PERIOD

- There were no significant events after the end of the period.

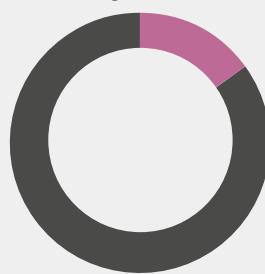
# 11%

Share of adjusted net asset value\*

\* Adjusted net asset value is based on the actual net asset value adjusted for the estimated market value of ALM Equity's activities.

For further information on how this value is calculated, see page 5.

## Revenue by category, rolling 12 months



- Detached houses 15%
- Apartment blocks 85%

Of which 95% to the ALM Group, the remainder is delivery to an external party.

## CONSTRUCTION MANAGEMENT BUSINESS AREA

### THE BUSINESS AND MARKET DEVELOPMENT

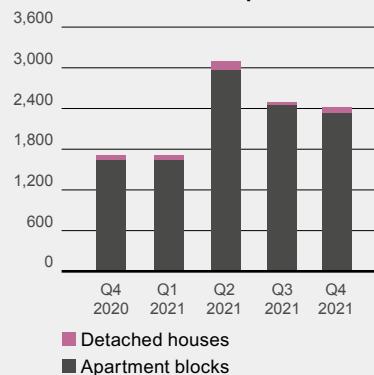
The acquisition of Järntorget meant that the business area's operations expanded, which led to a larger staff and more contracts to handle. The ongoing contracts that were acquired via Järntorget will be completed using a different model with a lower margin, at the same time as large parts of the contract risk have been moved to the project development business. When new projects are started, they will be implemented in a similar way as 2xA Entreprenads' model with an expected higher profit margin and different risk-taking with contractors.

Through Bomodul, it is possible to account for a larger part of the value chain with sustainable and Nordic Swan Eco-labelled wooden modules that are suitable for both detached houses and apartment blocks. In other words, Bomodul is a potential supplier for future contracts within the Group, while they continue to deliver wooden modules to external customers. In addition to the growth brought about by the acquisition, organic growth has also been strong.

The challenges that Cementa has on Gotland regarding permits for limestone quarrying may mean challenges in future production. Limestone is an essential raw material in the production of concrete, which means that our subcontractors are working hard to find alternative producers in the event that Cementa does not resume quarrying. There is also a continued price pressure on certain components suffering shortages due to the coronavirus pandemic.

At the end of the quarter, the business area had 2,413 (1,709) units in progress at an order value of around SEK 3,310 million (1,644), of which 97% (96) was for the property management market. Revenue per customer category in relation to how the units in production are distributed between detached houses and apartment blocks, reflect the fact that the detached houses are larger units that are produced quicker.

### Units in production at the end of the quarter



As of Q2 2021, Bomodul and Järntorget's construction activities are included.

### FOURTH QUARTER 2021

	2021 Oct-Dec*	2020 Oct-Dec	2021 Jan-Dec*	2020 Jan-Dec
<b>Order intake, SEK m</b>	<b>200</b>	<b>312</b>	<b>1 444</b>	<b>743</b>
– of which detached houses	64	–	235	77
– of which, in apartment blocks	136	312	1 209	667
<b>Order backlog, SEK m</b>	<b>1 361</b>	<b>1 234</b>	<b>1 361</b>	<b>1 234</b>
– of which detached houses	190	95	190	95
– of which, in apartment blocks	1 171	1 139	1 171	1 139
<b>Completed units, number</b>	<b>106</b>	<b>94</b>	<b>714</b>	<b>269</b>
– of which detached houses	–	16	79	40
– of which, in apartment blocks	106	78	635	229

\* Includes Bomodul and Järntorget's construction activities, which were taken over during Q2 2021.

# Financing business area

The business area creates financing solutions for the rest of the ALM Equity Group focusing on property projects in the Project Development and Property Management business areas. It is mainly a matter of raising capital from investors outside the regular banking sector.

## THE BUSINESS AND MARKET DEVELOPMENT

The business area structures business and mainly acquires equity on a project basis as well as debt financing from players outside the regular banking sector. This makes larger projects and an increased return on equity for customers possible, while investors and financiers receive a secure investment with a good risk-adjusted return. The Financing business area is characterized by fewer but larger closures.

In 2020 the business area was an advisor on the deal merging 29 different investment properties or projects with future investment properties into Svenska Nyttobostäder and assisted with the subsequent listing of the company. The listing of Svenska Nyttobostäder is a good deal for many

parties, not least investors who have been part of the project from land acquisition, building permits and construction to finished investment property and finally merging multiple projects and co-ownership in a listed company.

## EVENTS DURING THE QUARTER

- The business area manager announced that she would leave her post at the beginning of 2022.

## EVENTS AFTER THE END OF THE PERIOD

- ALM Equity decided to integrate the Financing business area's operations with the Group staff unit.

# Digital Services business area

The business area develops software and services that facilitate the sharing of information, resources and services between neighbours, property managers and service companies. Customers are primarily in the property sector, but digital services are also offered to other companies and associations.

## BUSINESS DESCRIPTION

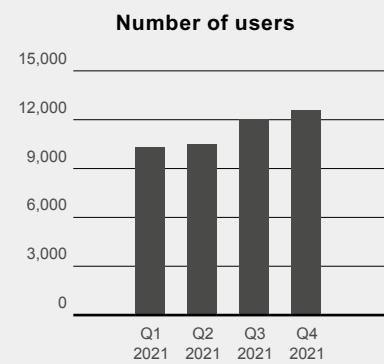
The business area develops platforms for the sharing economy and digital access for the property market.

The business area offers software and services that facilitate the sharing of information, resources and services between neighbours, property managers and service companies. Easily administered and user-friendly digital platforms gradually reduce the costs of communication, case management, property documentation, access control systems and the sharing of properties' common resources.

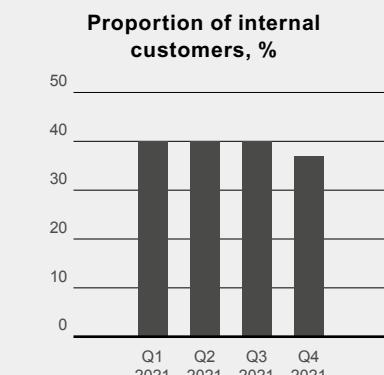
The cloud-based platform Your Block creates conditions for new value-adding sharing services and new sources of income for property owners. Customers are primarily in the property sector, but digital services are also offered to other companies and associations.

## EVENTS DURING THE QUARTER

- No significant events occurred after the end of the period.



Of which the ALM Group 37% (last quarter).



# Financial Overview

## RESULTS FOR THE QUARTER

The profit for the quarter was SEK 3,207 million (45). The quarter was affected by the positive figure of SEK 3,142 million from the reclassification of the holding in Svenska Nyttobostäder to an associated company, as the acquisition of the share capital is valued at SEK 101 per ordinary share and SEK 99 per preference share, which in relation to the original acquisition value of 4 öre per ordinary share and SEK 100 per preference share, makes value creation visible in the results. The quarter's results include profit's from Svenska Nyttobostäder up to and including mid-December in the income statement, and thereafter when the conditions for reclassification were met, ALM Equity's share of the profit will be included in "results from participations in associated companies". This also means that changes in the value of investment properties as of this quarter only refer to properties in self-management. Regarding changes in value in investment properties under construction, the properties produced on behalf of Svenska Nyttobostäder have been reclassified as production in progress and development properties. Thus, there will be no unrealized changes in value regarding these arising from this quarter, but they will be settled in accordance with the completion method at the time of future handovers.

Furthermore, Q4's profit was affected by write-downs of SEK 59 million in three projects as a result of increased production costs that do not fall within the framework of their established revenue levels to customers.

## RESULTS FOR THE FULL YEAR

The profit for the year was SEK 3,423 million (229). The profit was affected by a total of SEK 3,335 million from the reclassification of the holding in Svenska Nyttobostäder in connection with the divestment of parts of the holding. The acquisition of the share capital is valued at SEK 101 per ordinary share and SEK 99 per preference share, which in relation to the original acquisition value of 4 öre per ordinary share and SEK 100 per preference share, makes the value creation visible with a profit effect of SEK 3,142 million. Unrealized changes in the value of investment properties of SEK 107 million (80) had a positive effect on profits during the year. During the year, changes in the value of investment properties under construction affected the results by SEK 246 million (51).

Furthermore, the profit for the year was affected by write-downs of SEK 59 million in three projects as a result of increased production costs that do not fall within the framework of their established revenue levels to customers.

Sales for 2021 were affected by the operations restructured in 2020 in the Project Development business area, whose customer base moved from the private market to primarily delivering for the former Group company Svenska Nyttobostäder's management. As a result, no sales and costs arose in the operating profit, but the profits fell in the form of unrealized changes in the value of investment properties. With the reclassification of the holding in Svenska Nyttobostäder, deliveries to them have also been reclassified and the revenue will be reported in accordance to the completion method at the time of them being taken over.

## ASSETS AND EQUITY

### Assets

As of 31 December 2021, ALM Equity had assets valued at SEK 13,132 million (9,465), where the capital share accounted for SEK 3,328 million, of which the share in Svenska Nyttobostäder amounted to SEK 3,315 million.

In connection with the reclassification of the holding in Svenska Nyttobostäder, the Project Development business area also reclassified the properties they are producing on behalf of Svenska Nyttobostäder into development projects for those not started and as housing projects in progress for those in production.

Development properties totalled SEK 3,872 million (1,746) and housing projects in progress amounted to SEK 2,150 million (308), of which the reclassification accounts for the major effect on both items.

Building rights are reclassified from development property to housing projects in progress at the time of the start of construction.

Properties that have been allocated as sales to self-management are reclassified as investment properties under construction when agreements between the business areas are in place.

Land allocations are off the balance sheet, and contractually regarded as an option until a development agreement is signed, after which the transaction becomes binding and is reported under contingent liabilities. The value of inventory shares in housing and property rights is lower than in the corresponding period last year at SEK 192 million (368). Compared to the previous year, it is evident that inventory sales will pick up after completion and that value will gradually decline as inventory is sold. The shares are externally valued in the annual accounts.

On the liability side, interest-bearing financing from credit institutions amounted to SEK 4,661 million (4,467). The largest effect during the quarter came from the reclassification of the holding in Svenska Nyttobostäder and its non-consolidation, which has meant that the loans have fallen by SEK 2,198 million. The financing that is specifically linked to properties and projects is either in the form of short-term project financing during construction or long-term financing of completed investment properties.

### Equity

Equity increased to SEK 7,154 million (3,790) and the equity/assets ratio was 54% (40). This increase is mainly attributable to the reclassification of Svenska Nyttobostäder.

Part of the financing within the Property Management and Project Development business areas is through investors making direct investments in the management objects/projects. External injections of capital where investors have contributed preference share capital totalled SEK 1,805 million (1,815), where the total amount is attributable to the Project Development business area. In the event of positive cash flows, this capital takes precedence over dividends in each project. In the event of a loss, repayments are reduced by the equivalent amount.

### FINANCIAL POSITION AND CASH FLOW

The Group's cash and cash equivalents at the end of the period were SEK 1,954 million (722). Cash flow for the quarter was SEK 712 (180) million and for the year in total cash flow was SEK 1,232 million (23).

Properties and development projects are primarily financed by a combination of bank loans, construction loans, bonds, external shareholder contributions and preference share capital based on estimates regarding acquisition, operations, and projects. ALM Equity's liquidity flow can vary significantly between quarters as it is linked with transactions.

During periods of surplus liquidity, liquidity is invested in projects, used to pay down bank loans or is invested in such a way that it can be quickly converted to liquid funds where necessary. Overall, project financing is mainly short-term, while the financing of investment properties is long-term.

The interest rate on loan liabilities in the Project Development business area on 31 December, was in the range of 1.55–7.25% with an average interest rate of 3.38%. There are three outstanding bonds totalling SEK 2,200 million. The first two have an interest rate of STIBOR 3m + 7.25%. The bonds finally mature on 31 December 2023 and 15 June 2025, respectively. The third bond has an interest rate of STIBOR 3m + 6.50% and a final maturity date of 17 June 2026.

### PARENT COMPANY

The parent company's profit for the year was SEK 1,708 million (110) and the company had SEK 935 million (463) in cash and cash equivalents at the end of the period. Guarantees at the end of the period amounted to SEK 2,276 million (1,477). Equity was SEK 3,219 million (1,281). The equity/assets ratio on the balance sheet date was 53% (50).

### RISKS AND UNCERTAINTY FACTORS

ALM Equity aims to limit financial risk. ALM Equity's most significant financial risks consist of financing risk, interest rate risk and liquidity risk.

For the Construction Management and Project Development business areas, there is an increased risk of price increases on certain components due to shortages due to the coronavirus pandemic and lack of concrete due to Cementa's challenges in obtaining long-term permits for its production on Gotland, which accounts for a significant percentage of Swedish production.

More information about risks and uncertainty factors can be found in ALM Equity's 2020 Annual Report, on pages 54–60 and in Note 29 on pages 96–97.

### TRANSACTIONS WITH RELATED PARTIES

Information on related party transactions can be found in ALM Equity's Annual Report 2020, Note 35 on pages 99–100.

### HOLDING IN SVENSKA NYTTOBOSTÄDER

During the quarter, parts of the holding in Svenska Nyttobostäder were divested and the assessment is that ALM Equity no longer holds a controlling influence over Svenska Nyttobostäder. This has led to a reclassification from a Group company consolidated into the Group to an associated company reported according to the equity method.

An Extraordinary General Meeting of ALM Equity resolved to distribute 3,188,961 ordinary shares in Svenska Nyttobostäder AB (publ) to its ordinary shareholders corresponding to a total value of SEK 367 million.

As of 31 December 2021, ALM Equity owns around 30 million ordinary shares and 1 million preference shares in Svenska Nyttobostäder for an initial acquisition of SEK 129 million and a booked Group value as a capital share of SEK 3,315 million. The holding amounts to 45% of the capital and 49% of the voting rights.

FINANCIAL INFORMATION

**Consolidated statement of comprehensive income**

Amounts in SEK million	Note	2021 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
	1, 2, 11				
Net sales		556	851	2,096	1,759
Other income	3	3,161	–	3,161	–
Production and operating costs		-559	-799	-1,934	-1,438
<b>Gross profit/loss</b>		<b>3,158</b>	<b>52</b>	<b>3,323</b>	<b>321</b>
Selling and administration expenses		-52	-39	-168	-118
Profit from participations in subsidiaries		1	29	-14	29
Profit from participations in associated companies		174	–	174	-1
<b>Operating profit/loss</b>		<b>3,281</b>	<b>42</b>	<b>3,315</b>	<b>231</b>
Financial income		2	1	7	3
Financial expenses		-64	-37	-226	-138
<b>Profit/loss after financial items</b>		<b>3,219</b>	<b>6</b>	<b>3,096</b>	<b>96</b>
Unrealized changes in value from derivative instruments	9	2	2	8	6
Unrealized changes in value of managed portions of tenant-owner rights association premises	4	-6	14	107	80
Unrealized changes in value from investment properties under construction	5	–	17	246	51
<b>Profit/loss before tax</b>		<b>3,215</b>	<b>39</b>	<b>3,457</b>	<b>233</b>
Taxes		-8	6	-34	-4
<b>Profit/loss for the period</b>		<b>3,207</b>	<b>45</b>	<b>3,423</b>	<b>229</b>
<i>Other comprehensive profit/loss for the period</i>					
Other comprehensive profit/loss		–	–	–	–
<b>Other comprehensive profit/loss for the period</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Comprehensive profit/loss for the period</b>		<b>3,207</b>	<b>45</b>	<b>3,423</b>	<b>229</b>
<b>The year's profit attributable to</b>					
Parent company shareholders		3,301	43	3,386	194
Non-controlling interests		-94	2	37	35
<b>The year's comprehensive result attributable to</b>					
Parent company shareholders		3,301	43	3,386	194
Non-controlling interests		-94	2	37	35
<b>Earnings per share</b>					
Earnings per ordinary share before dilution (SEK)		307.80	1.94	314.42	10.53
Earnings per ordinary share after dilution (SEK)		305.67	1.93	312.40	10.52
Earnings per preference shares (SEK)		2.10	2.10	8.40	8.40
Number of ordinary shares outstanding at end of period (thousands)		10,630	10,208	10,630	10,208
Number of preference shares outstanding at end of period (thousands)		14,224	10,562	14,224	10,562
Average number of ordinary shares before dilution (thousands)		10,630	10,208	10,420	10,185
Average number of ordinary shares after dilution (thousands)		10,704	10,269	10,487	10,219

## FINANCIAL INFORMATION

### Consolidated statement of financial position

Amounts in SEK million	Note	31/12/2021	31/12/2020
<b>ASSETS</b>	1, 2, 11		
<b>Non-current assets</b>			
Intangible assets	18	15	
Machinery and equipment	5	9	
Investment properties	4	94	2,489
Investment properties under construction	5	755	2,763
Managed portions of tenant-owners association premises		50	50
Right-of-use assets		63	175
Shares according to the equity method	6	3,328	1
Other fixed assets		3	–
Deferred tax asset		6	7
<b>Total non-current assets</b>		<b>4,322</b>	<b>5,509</b>
<b>Current assets</b>			
Development properties	7	3,872	1,746
Residential projects in progress	8	2,150	308
Inventory of residential and property rights		192	368
Work in progress on behalf of others		6	–
Other current receivables		636	812
Short-term investments		–	–
Cash and cash equivalents		1,954	722
<b>Total current assets</b>		<b>8,810</b>	<b>3,956</b>
<b>Total assets</b>		<b>13,132</b>	<b>9,465</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity including minority interest</b>		<b>7,154</b>	<b>3,790</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing bond loans	9	2,200	1,200
Non-current interest-bearing loans to credit institutions	10	439	1,720
Other long-term liabilities		14	–
Derivative instruments	9	2	9
Leasing liabilities		65	175
Deferred tax liability		262	172
Other provisions		28	6
<b>Total non-current liabilities</b>		<b>3,010</b>	<b>3,282</b>
<b>Current liabilities</b>			
Short-term interest-bearing bonds	10	–	–
Short-term interest-bearing loans from credit institutions	10	2,022	1,547
Subordinated interest-bearing debenture loans	10	333	331
Other current liabilities, non-interest-bearing		613	515
<b>Total current liabilities</b>		<b>2,968</b>	<b>2,393</b>
<b>Total liabilities and equity</b>		<b>13,132</b>	<b>9,465</b>
<i>Minority share of equity amounts to</i>		<i>1,215</i>	<i>1,465</i>

## FINANCIAL INFORMATION

### Consolidated cash flow statement

Amounts in SEK million	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
<b>OPERATING ACTIVITIES</b>				
Operating profit/loss	3,281	42	3,315	231
Items not affecting cash flow	-3,291	10	-3,261	34
Interest received	2	—	5	3
Interest paid	-64	-37	-227	-138
Tax paid	-40	-6	-46	-8
<b>Cash flow from operating activities before changes in working capital</b>	<b>-112</b>	<b>9</b>	<b>-214</b>	<b>122</b>
<i>Cash flow from changes in working capital</i>				
Increase/decrease in development properties	-152	108	-11	-339
Increase/decrease residential projects in progress	401	512	751	418
Increase/decrease interests in tenant-owned apartments and property rights	49	-80	182	-20
Increase/decrease in operating receivables	197	-272	252	-157
Increase/decrease in operating liabilities	-153	120	-127	-82
<b>Cash flow from operating activities</b>	<b>230</b>	<b>397</b>	<b>833</b>	<b>-58</b>
<b>INVESTMENT ACTIVITIES</b>				
Acquisition of investment properties	-288	-290	-1,468	-680
Investments in business acquisitions	—	—	-1,112	—
Acquisition/divestment of financial assets	—	-2	-4	-15
Acquisition of non-current financial assets	372	—	372	—
Divestment of non-current financial assets	—	—	—	-8
<b>Cash flow from investing activities</b>	<b>84</b>	<b>-292</b>	<b>-2,212</b>	<b>-703</b>
<b>FINANCING ACTIVITIES</b>				
Bond loans raised	—	587	1,381	969
Amortized bond loans	—	-391	—	-867
Bonds raised	664	540	1,588	1,596
Amortized bonds	-242	-655	-841	-1,148
External shareholder contributions	—	27	35	293
New issues/Warrants incl. costs	6	—	338	82
New issues including costs group companies	—	25	244	460
Dividends from associated companies	1	—	1	6
Dividend paid to holders of preference shares	-31	-22	-111	-86
Transactions, non-controlling interests	—	-36	-24	-521
<b>Cash flow from financing activities</b>	<b>398</b>	<b>75</b>	<b>2,611</b>	<b>784</b>
<b>Cash flow for the period</b>	<b>712</b>	<b>180</b>	<b>1,232</b>	<b>23</b>
Cash and cash equivalents at the beginning of the period	1,242	542	722	699
Cash and cash equivalents at the end of the period	1,954	722	1,954	722

## FINANCIAL INFORMATION

### Consolidated statement of changes in equity

Amounts in SEK million	2021 Jan-Dec	2020 Jan-Dec
<b>Equity at the start of the period</b>	<b>3,790</b>	<b>3,310</b>
Profit/loss for the period	3,423	229
Other comprehensive income	–	–
<b>Comprehensive income for the period</b>	<b>3,423</b>	<b>229</b>
<i>Transactions with owners:</i>		
Dividend paid*	-477	-86
New issues	713	69
Warrants	6	12
Issue costs	-11	–
Unconditional shareholder contributions	23	106
Transactions with non-controlling interests**	-313	150
<i>Total transactions with owners</i>	<i>-59</i>	<i>251</i>
<b>Equity at end of the period</b>	<b>7,154</b>	<b>3,790</b>

\* Includes distribution in kind of shares in Svenska Nyttobostäder AB (publ) from ALM Equity AB of SEK -367 million.

\*\* Agreed dividends for quarters 1–3 in 2021 attributable to Svenska Nyttobostäder AB (publ)'s external preference shareholders, has been transferred to the minority share of equity.

## FINANCIAL INFORMATION

### Parent company's income statement in summary

Amounts in SEK million	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Other operating income	—	—	—	—
Selling and administration expenses	-9	-9	-26	-27
<b>Operating profit/loss</b>	<b>-9</b>	<b>-9</b>	<b>-26</b>	<b>-27</b>
Group companies profit/loss*	1,758	193	1,768	201
Other operating expenses	—	-6	—	-6
Net financial items	-38	-14	-121	-61
<b>Profit/loss after financial items</b>	<b>1,711</b>	<b>164</b>	<b>1,621</b>	<b>107</b>
Appropriations	87	3	87	3
<b>Profit/loss before tax</b>	<b>1,798</b>	<b>167</b>	<b>1,708</b>	<b>110</b>
Taxes	—	—	—	—
<b>Profit/loss for the period</b>	<b>1,798</b>	<b>167</b>	<b>1,708</b>	<b>110</b>

\* Refers primarily to dividends from subsidiaries of SEK 1,764 million for 2021 and SEK 203 million for 2020, respectively.

### Parent company's balance sheet in summary

Amounts in SEK million	31/12/2021	31/12/2020
<b>ASSETS</b>		
Shares in Group companies	15	116
<b>Total non-current assets</b>	<b>15</b>	<b>116</b>
Current receivables, etc.	5,102	2,016
Cash and cash equivalents	935	463
<b>Total current assets</b>	<b>6,037</b>	<b>2,479</b>
<b>Total assets</b>	<b>6,052</b>	<b>2,595</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	3,219	1,281
Bonds	2,200	1,200
<b>Total non-current liabilities</b>	<b>2,200</b>	<b>1,200</b>
Short-term interest-bearing bonds	—	—
Other short-term non-interest-bearing liabilities	633	114
<b>Total current liabilities</b>	<b>633</b>	<b>114</b>
<b>Total equity and liabilities</b>	<b>6,052</b>	<b>2,595</b>

# Notes

## Note 1. Accounting principles

ALM Equity applies International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in compliance with IAS 34 Interim Financial Reporting and applicable parts of the Swedish Annual Accounts Acts. The parent company applies the Swedish Annual Accounts Acts and RFR 2 Accounting for Legal Entities in its financial reports. The accounting principles applied, and the methods of calculation are consistent with those described in ALM Equity's annual report for the 2020 financial year on pages 74–79.

### New standards from 2021

There are no new or revised IFRS standards or other interpretative statements from the IFRS Interpretations Committee that have gained legal force from 1 January 2021, that have had any material effect on the Group's financial reports.

### Assessment of controlling influence in Svenska Nyttobostäder

ALM Equity has made the assessment that it no longer has a controlling influence over Svenska Nyttobostäder AB (publ). The assessment is based on the fact that ALM Equity no longer has a majority of the voting rights and thus cannot, independently of other owners, control the company through the decisions made at the annual general meeting level. Svenska Nyttobostäder has its own board where ALM Equity's board representative does not have a majority but rather, decisions must be made together with at least three other board members.

Svenska Nyttobostäder is an independent company run by its own organization and runs its own business. ALM Equity has no influence on which leases are entered into, which systems are chosen, how management occurs and which acquisitions must be carried out. However, it has consulted ALM Equity's specialist experts in specific issues to share knowledge and know-how, which is compensated with market-based remuneration and covered by confidentiality.

As a result of the assessment, the holding in Svenska Nyttobostäder has been reclassified as an associated company and deconsolidated from mid-December. This means that profits up to and including mid-December, have been consolidated in the income statement, while the latter part of December is reported as a profit from associated companies in accordance with the equity method. The acquisition upon reclassification as an associated companies is valued at SEK 101 per ordinary share and SEK 99 per preference share, which in relation to the original acquisition value entails a positive effect on the profit of SEK 3.1 billion.

## Note 2. Segment reporting

The Group has been arranged into five business areas active in the property sector: Property Management, Project Development, Construction Management, Financing and Digital Services. Each business area is independent of the others and runs its business cost-effectively via its own company structure and financing. Each business area is built on the basis of its own operations' need for expertise and resources with support from the Group staff for general functions such as finance, HR and IT.

In the monitoring, the two smaller business areas Digital Services and Financing are merged under the column "Other BAs" due to the financial size of the operations.

Monitoring is based on the Group's financial reporting with adjustments or how value creation takes place over time in the projects under the Project Development business area. The adjustment means that the settlement method's settlements are reversed and a gradual value development is calculated based on completion and agreement with the end customer. This means that results are reported gradually from the start of construction to completion, instead of the entire result being reported upon completion.

### Acquisition of Järntorget

During Q2 2021, ALM Equity acquired and took over Järntorget Bygg-intressenter AB to complement and accelerate the Group's various operations and focus on sustainability, digitalization, and industrial construction. Järntorget has been integrated into ALM Equity's Project Development and Construction Management business areas, while the expanded building rights portfolio is increasing the amount of property management business in the Property Management business area. In the segment reporting, Järntorget's contribution to the income statement and balance sheet has been divided between the applicable business areas, with a small amount relating to central costs to the Group as a whole. As the transaction took place in the middle of Q2, in accordance with the simplification rules, management has chosen to consolidate the entire second quarter to simplify joint reporting.

### Reclassification of Svenska Nyttobostäder

During Q4, parts of the holding in Svenska Nyttobostäder were divested and ALM Equity assessed that it no longer had a controlling influence. As a result, the holding was reclassified as participations in associated companies that are reported according to the equity method, which means that the business has been deconsolidated. This took place in mid-December, which means that results from Svenska Nyttobostäder are included at this time. The remaining shares have been revalued to fair value at the time of sale, corresponding to SEK 101 per ordinary share and SEK 99 per preference share, which in relation to the original acquisition value results in a positive effect on profits of SEK 3.1 billion.

If deconsolidation had not been carried out, Nyttobostäder would instead have contributed with profits of around SEK 174 million net for ALM Equity's shareholders, which is currently reported against earnings from associated companies.

### Loss in Q4 for Project Development BA

During the year, the Project Development business area worked on its building rights portfolio, which primarily led to positive things, but write-downs were also identified in three projects as a result of increased production costs not falling within the framework of the established revenue levels for customers. This had a negative effect on profits totalling SEK 59 million in Q4.

Information about the Group's operations and business areas can be found on pages 4–12, where there are specific key figures and information about significant events for each business area. Below is a presentation of the division of the income statement and balance sheet between our business areas.

## NOTES

### Note 2. Segment reporting, cont.

1) BA = Business areas

2) Refers to unrealized changes in value.

3) The previous columns for Group-wide and Group eliminations reported in the quarterly reports during 2020 have been merged into the item Group-wide.

4) Adjustment is due to the successive settlement method being used in the Project Development business area in the segment follow-up.

#### Profit/loss October–December 2021

Amounts in SEK million	Property management	Project development	Construction management	Other BA <sup>1)</sup>	Group-wide <sup>3)</sup>	Total per segment	Adjustment <sup>4)</sup>	Total according to IFRS
Net sales	33	748	425	1	-319	888	-332	556
Other income	3,294	–	–	–	-133	3,161	–	3,161
Operating expenses	-19	-751	-397	-3	261	-909	298	-611
Profit according to the equity method	174	–	–	–	–	174	–	174
Profit/loss from shares in Group companies	-1	-1	–	–	3	1	–	1
<b>Operating profit/loss</b>	<b>3,481</b>	<b>-4</b>	<b>28</b>	<b>-2</b>	<b>-188</b>	<b>3,315</b>	<b>-34</b>	<b>3,281</b>
Net financial items	-14	-11	–	–	-37	-62	–	-62
Change in value, <sup>2)</sup> derivative instruments	–	2	–	–	–	2	–	2
Change in value, <sup>2)</sup> investment properties	-2	-4	–	–	–	-6	–	-6
Change in value, <sup>2)</sup> investment properties under construction	–	–	–	–	–	–	–	–
Change in value, <sup>2)</sup> managed portions of tenant-owners association premises	–	–	–	–	–	–	–	–
Appropriations and tax	-13	5	-88	–	88	-8	–	-8
<b>Profit/loss for the period</b>	<b>3,452</b>	<b>-12</b>	<b>-60</b>	<b>-2</b>	<b>-137</b>	<b>3,241</b>	<b>-34</b>	<b>3,207</b>
<i>Minority share of profit/loss</i>	<i>18</i>	<i>25</i>	<i>–</i>	<i>1</i>	<i>66</i>	<i>110</i>	<i>-16</i>	<i>94</i>

#### Profit/loss January–December 2021

Amounts in SEK million	Property management	Project development	Construction management	Other BA <sup>1)</sup>	Group-wide <sup>3)</sup>	Total per segment	Adjustment <sup>4)</sup>	Total according to IFRS
Net sales	130	3,159	1,252	1	-1,035	3,507	-1,411	2,096
Other income	3,294	–	–	–	-133	3,161	–	3,161
Operating expenses	-65	-2,955	-1,161	-10	931	-3,260	1,158	-2,102
Profit according to the equity method	174	–	–	–	–	174	–	174
Profit/loss from shares in Group companies	–	-14	–	–	–	-14	–	-14
<b>Operating profit/loss</b>	<b>3,533</b>	<b>190</b>	<b>91</b>	<b>-9</b>	<b>-237</b>	<b>3,568</b>	<b>-253</b>	<b>3,315</b>
Net financial items	-56	-41	–	–	-122	-219	–	-219
Change in value, <sup>2)</sup> derivative instruments	–	8	–	–	–	8	–	8
Change in value, <sup>2)</sup> investment properties	76	31	–	–	–	107	–	107
Change in value, <sup>2)</sup> investment properties under construction	–	–	–	–	–	–	246	246
Change in value, <sup>2)</sup> managed portions of tenant-owners association premises	–	–	–	–	–	–	–	–
Appropriations and tax	-31	–	-88	–	85	-34	–	-34
<b>Profit/loss for the period</b>	<b>3,522</b>	<b>188</b>	<b>3</b>	<b>-9</b>	<b>-274</b>	<b>3,430</b>	<b>-7</b>	<b>3,423</b>
<i>Minority share of profit/loss</i>	<i>-16</i>	<i>-33</i>	<i>–</i>	<i>3</i>	<i>66</i>	<i>20</i>	<i>-57</i>	<i>-37</i>

NOTES

**Note 2. Segment reporting, cont.**

**Balances as of 31/12/2021**

Amounts in SEK million	Property management	Project development	Construction management	Other BA <sup>1)</sup>	Group-wide <sup>3)</sup>	Total per segment	Adjustment <sup>4)</sup>	Total according to IFRS
<b>Non-current assets</b>								
Intangible assets	—	—	—	18	—	18	—	18
Machinery and equipment	2	2	1	—	—	5	—	5
Investment properties	72	22	—	—	—	94	—	94
Management properties under construction	—	755	—	—	—	755	—	755
Managed portions of tenant-owners association premises	50	—	—	—	—	50	—	50
Right-of-use assets	—	43	1	—	19	63	—	63
Shares according to the equity method	3,315	13	—	—	—	3,328	—	3,328
Other fixed assets	—	3	—	—	—	3	—	3
Deferred tax asset	—	4	1	—	1	6	—	6
<b>Non-current assets</b>	<b>3,439</b>	<b>842</b>	<b>3</b>	<b>18</b>	<b>20</b>	<b>4,322</b>	<b>—</b>	<b>4,322</b>
<b>Current assets</b>								
Development properties	—	3,857	—	—	15	3,872	—	3,872
Residential projects in progress	—	2,726	—	—	-402	2,324	-174	2,150
Inventory of residential and property rights	—	192	—	—	—	192	—	192
Work in progress on behalf of others	—	—	7	—	-1	6	—	6
Other receivables	934	25	1,592	6	-1,921	636	—	636
Short-term investments	—	—	—	—	—	—	—	—
Cash and cash equivalents	5	905	97	—	947	1,954	—	1,954
<b>Current assets</b>	<b>939</b>	<b>7,705</b>	<b>1,696</b>	<b>6</b>	<b>-1,362</b>	<b>8,984</b>	<b>-174</b>	<b>8,810</b>
<b>TOTAL ASSETS</b>	<b>4,378</b>	<b>8,547</b>	<b>1,699</b>	<b>24</b>	<b>-1,342</b>	<b>13,306</b>	<b>-174</b>	<b>13,132</b>
<b>Equity including minority interests</b>	<b>3,911</b>	<b>2,328</b>	<b>12</b>	<b>1</b>	<b>1,076</b>	<b>7,328</b>	<b>-174</b>	<b>7,154</b>
<b>Non-current liabilities</b>								
Long-term non interest-bearing loans	—	—	—	—	2,200	2,200	—	2,200
Long-term interest-bearing bonds	254	185	—	—	—	439	—	439
Other long-term loans	—	13	1	—	—	14	—	14
Derivative instruments	—	2	—	—	—	2	—	2
Leasing liabilities	—	44	1	—	20	65	—	65
Deferred tax liability	2	260	—	—	—	262	—	262
Other provisions	—	20	4	—	4	28	—	28
<b>Non-current liabilities</b>	<b>256</b>	<b>524</b>	<b>6</b>	<b>—</b>	<b>2,224</b>	<b>3,010</b>	<b>—</b>	<b>3,010</b>
Short-term interest-bearing loans from credit institutions	10	2,012	—	—	—	2,022	—	2,022
Subordinated interest-bearing debenture loans	—	326	—	7	—	333	—	333
Other current liabilities, non-interest-bearing	201	3,357	1,681	16	-4,642	613	—	613
<b>Current liabilities</b>	<b>211</b>	<b>5,695</b>	<b>1,681</b>	<b>23</b>	<b>-4,642</b>	<b>2,968</b>	<b>—</b>	<b>2,968</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,378</b>	<b>8,547</b>	<b>1,699</b>	<b>24</b>	<b>-1,342</b>	<b>13,306</b>	<b>-174</b>	<b>13,132</b>

NOTES

**Note 2. Segment reporting, cont.**

**Profit/loss October–December 2020**

Amounts in SEK million	Property management	Project development	Construction management	Other BA <sup>1)</sup>	Group-wide <sup>3)</sup>	Total per segment	Adjustment <sup>4)</sup>	Total according to IFRS
Net sales	31	621	151	44	-328	519	332	851
Operating expenses	-58	-643	-129	-3	324	-509	-329	-838
Profit from shares in subsidiaries	29	–	–	–	–	29	–	29
<b>Operating profit/loss</b>	<b>2</b>	<b>-22</b>	<b>22</b>	<b>41</b>	<b>-4</b>	<b>39</b>	<b>3</b>	<b>42</b>
Net financial items	-13	-6	–	–	-17	-36	–	-36
Change in value, <sup>2)</sup> derivative instruments	–	2	–	–	–	2	–	2
Change in value, <sup>2)</sup> investment properties	14	–	–	–	–	14	–	14
Change in value, <sup>2)</sup> investment properties under construction	–	–	–	–	17	17	–	17
Change in value, <sup>2)</sup> managed portions of tenant-owners association premises	–	–	–	–	–	–	–	–
Appropriations and tax	-12	95	-47	-40	10	6	–	6
<b>Profit/loss for the period</b>	<b>-9</b>	<b>69</b>	<b>-25</b>	<b>1</b>	<b>6</b>	<b>42</b>	<b>3</b>	<b>45</b>
<i>Minority share of profit/loss</i>	–	-32	–	–	–	-32	30	-2

**Profit/loss January–December 2020**

Amounts in SEK million	Property management	Project development	Construction management	Other BA <sup>1)</sup>	Group-wide <sup>3)</sup>	Total per segment	Adjustment <sup>4)</sup>	Total according to IFRS
Net sales	106	2,479	519	44	-1,073	2,075	-316	1,759
Operating expenses	-100	-2,287	-472	-9	946	-1,922	365	-1,557
Profit from shares in subsidiaries	29	–	–	–	–	29	–	29
<b>Operating profit/loss</b>	<b>35</b>	<b>192</b>	<b>47</b>	<b>35</b>	<b>-127</b>	<b>182</b>	<b>49</b>	<b>231</b>
Net financial items	-47	-24	–	–	-64	-135	–	-135
Change in value, <sup>2)</sup> derivative instruments	–	6	–	–	–	6	–	6
Change in value, <sup>2)</sup> investment properties	80	–	–	–	–	80	–	80
Change in value, <sup>2)</sup> investment properties under construction	–	–	–	–	51	51	–	51
Change in value, <sup>2)</sup> managed portions of tenant-owners association premises	–	–	–	–	–	–	–	–
Appropriations and tax	-27	94	-47	-40	16	-4	–	-4
<b>Profit/loss for the period</b>	<b>41</b>	<b>268</b>	<b>–</b>	<b>-5</b>	<b>-124</b>	<b>180</b>	<b>49</b>	<b>229</b>
<i>Minority share of profit/loss</i>	-22	-69	–	1	–	-90	55	-35

NOTES

**Note 2. Segment reporting, cont.**

**Balances as of 31/12/2020**

Amounts in SEK million	Property management	Project development	Construction management	Other BA <sup>1)</sup>	Group-wide <sup>3)</sup>	Total per segment	Adjustment <sup>4)</sup>	Total according to IFRS
<b>Non-current assets</b>								
Intangible assets	–	–	–	15	–	15	–	15
Machinery and equipment	8	–	–	–	1	9	–	9
Investment properties	2,489	–	–	–	–	2,489	–	2,489
Investment properties under construction	–	3,262	–	–	-343	2,919	-156	2,763
Managed portions of tenant-owners association premises	50	–	–	–	–	50	–	50
Right-of-use assets	–	166	2	–	7	175	–	175
Shares according to the equity method	–	1	–	–	–	1	–	1
Deferred tax asset	–	3	–	–	4	7	–	7
<b>Non-current assets</b>	<b>2,547</b>	<b>3,432</b>	<b>2</b>	<b>15</b>	<b>-331</b>	<b>5,665</b>	<b>-156</b>	<b>5,509</b>
<b>Current assets</b>								
Development properties	–	1,743	–	–	3	1,746	–	1,746
Residential projects in progress	–	399	–	–	-78	321	-13	308
Inventory of residential and property rights	–	364	–	–	4	368	–	368
Other receivables	74	292	367	55	24	812	–	812
Cash and cash equivalents	56	74	99	3	490	722	–	722
<b>Current assets</b>	<b>130</b>	<b>2,872</b>	<b>466</b>	<b>58</b>	<b>443</b>	<b>3,969</b>	<b>-13</b>	<b>3,956</b>
<b>TOTAL ASSETS</b>	<b>2,677</b>	<b>6,304</b>	<b>468</b>	<b>73</b>	<b>112</b>	<b>9,634</b>	<b>-169</b>	<b>9,465</b>
<b>Equity including minority interests</b>	<b>628</b>	<b>2,486</b>	<b>6</b>	<b>3</b>	<b>836</b>	<b>3,959</b>	<b>-169</b>	<b>3,790</b>
<b>Non-current liabilities</b>								
Long-term interest-bearing bonds	–	–	–	–	1,200	1,200	–	1,200
Long-term non interest-bearing loans	1,546	174	–	–	–	1,720	–	1,720
Derivative instruments	–	9	–	–	–	9	–	9
Leasing liabilities	–	165	2	–	8	175	–	175
Deferred tax liability	20	152	–	–	–	172	–	172
Other provisions	–	–	1	–	5	6	–	6
<b>Non-current liabilities</b>	<b>1,566</b>	<b>500</b>	<b>3</b>	<b>–</b>	<b>1,213</b>	<b>3,282</b>	<b>–</b>	<b>3,282</b>
Short-term interest-bearing bonds								
Short-term interest-bearing loans from credit institutions	151	1,396	–	–	–	1,547	–	1,547
Subordinated interest-bearing debenture loans	–	327	–	4	–	331	–	331
Other current liabilities, non-interest-bearing	332	1,595	459	66	-1,937	515	–	515
<b>Current liabilities</b>	<b>483</b>	<b>3,318</b>	<b>459</b>	<b>70</b>	<b>-1,937</b>	<b>2,393</b>	<b>–</b>	<b>2,393</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,677</b>	<b>6,304</b>	<b>468</b>	<b>73</b>	<b>112</b>	<b>9,634</b>	<b>-169</b>	<b>9,465</b>

### Note 3. Other income

Amounts in SEK million	31/12/2021	31/12/2020
Profit from sale of subsidiary	19	–
Revaluation as associated company	3,142	–
<b>Closing carrying amount</b>	<b>3,161</b>	<b>–</b>

During Q4, ALM Equity reduced its holding in Svenska Nyttobostäder. As a result, the holding was reclassified as an associated company, which resulted in other income of SEK 3,142 million when valuing the acquisition. In addition, a small change of SEK 19 million arose from the reduction of the holding in Svenska Nyttobostäder.

### Note 4. Investment properties

Investment properties include those properties that have been taken over and are run by the Property Management business area. They are valued at fair value in the income statement. In total, the Property Management business area has 28 (931) managed units. These are mainly premises located in the Stockholm area with a potential net operating income of SEK 10 million per year; however, a couple of premises are vacant and being adapted for tenants. During Q4, the holding in Svenska Nyttobostäder was reclassified as an associated company and reported according to the equity method, which means that the business has been deconsolidated.

Amounts in SEK million	31/12/2021	31/12/2020
Opening property values	2,489	1,508
Completed properties*	895	896
Unrealized changes in value	107	80
Investments during the year	14	5
Divestments during the year **	-3,403	–
Reclassifications	-8	–
<b>Closing accumulated property value</b>	<b>94</b>	<b>2,489</b>
<b>Closing reported fair value</b>	<b>94</b>	<b>2,489</b>

\* Including reclassification from investment properties under construction as completed and taken over.

\*\* The value deconsolidated as a result of the reclassification of the holding in Svenska Nyttobostäder.

As of 31 December 2021, all investment properties fall under ALM Equity's self-management operations.

More information can be found in ALM Equity's annual report for 2020, with the Property Management area business area on pages 18–21 and on the valuation model and investment properties in Note 1 and Note 20 on pages 77–78 and page 89, respectively.

### Note 5. Investment properties under construction

Investment properties under construction are properties in the Project Development business area that are under development and production, intended for the Property Management business area. This classification is made at the time of the signing of an agreement by the parties. All are located in the Stockholm region and consist mainly of managed properties.

Amounts in SEK million	31/12/2021	31/12/2020
Opening property values	2,763	1,602
Additional contracts with Property Management*	–	1,400
Production costs incurred	1,052	592
Unrealized changes in value in production	246	51
Properties completed during the period	-486	-896
Properties disposed of	-7	–
Reclassifications**	-2,813	14
<b>Outgoing accumulated property value</b>	<b>755</b>	<b>2,763</b>
<b>Outgoing accumulated property value</b>	<b>755</b>	<b>2,763</b>

\* When an agreement is entered into between the Project Development and Property Management business areas, the property is reclassified from development property to investment property under construction. When the project has been completed and occupation has occurred, it is reclassified as an investment property.

\*\* The value reclassified as development property and projects in progress as a result of the reclassification of the holding in Svenska Nyttobostäder.

More information can be found in ALM Equity's annual report for 2020 with the business areas Project Development and Management on pages 18–25 and on the valuation model and investment properties under construction in Note 1 and Note 21 on pages 77–78 and 90, respectively.

### Note 6. Shares according to the equity method

Amounts in SEK million	31/12/2021	31/12/2020
Opening carrying amount	1	10
Acquisitions during the year	3,154	–
Share of profit for the year	174	-2
Shareholder contribution	–	1
Dividend	-1	-8
<b>Closing carrying amount</b>	<b>3,328</b>	<b>1</b>

ALM Equity's holdings in associated companies have previously been of no significant value to the Group. During Q4, the holding in the former subsidiary Svenska Nyttobostäder AB (publ), which is listed on the Nasdaq First North Growth Market, was reclassified as an associated company. This resulted in an acquisition value of SEK 3,142 million and a share of profits of around SEK 174 million for the year. The holding consists of around 30 million ordinary shares and 1 million preference shares, corresponding to 45% of the capital and 49% of the voting rights. The preference shares give entitlement to an annual dividend of 5%.

More information about Svenska Nyttobostäder can be found on page 7.

## Note 7. Development properties

Development properties refer to the properties that are part of projects in the early stages, before the start of production and over which the company is deemed to have control. A development property is reclassified to Housing projects in progress when production starts on the project.

Amounts in SEK million	31/12/2021	31/12/2020
Opening carrying amount	1,746	2,807
New acquisitions	1,109	432
Capitalized project costs	70	101
Additional agreements with Property Management	–	-1,370
Housing projects in progress	-94	-188
Divested properties	-101	-10
Depreciation/write-down for the year	-47	-32
Reclassifications	1,189	6
<b>Closing accumulated property value</b>	<b>3,872</b>	<b>1,746</b>

More information can be found in ALM Equity's annual report for 2020, with the Project Development business area on pages 24–25 and in Note 1 and Note 24 on pages 77–78 and 92, respectively.

## Note 8. Housing projects in progress

Housing projects in progress consist of all production-started projects intended for the external housing market, valued at acquisition cost and capitalized project costs.

Amounts in SEK million	31/12/2021	31/12/2020
Opening carrying amount	308	726
Acquired housing projects	662	13
Construction-started housing projects	94	152
Work in progress during the year	277	511
Housing projects handed over	-837	-1,094
Reclassifications	1,646	–
<b>Closing accumulated property value</b>	<b>2,150</b>	<b>308</b>

More information can be found in ALM Equity's annual report for 2020, with the Project Development business areas on pages 24–25 and in Note 1 and Note 25 on pages 77–78 and 93, respectively.

## Note 9. Financial instruments – fair value

Amounts in SEK million	Reported value		Fair value	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Interest rate derivatives	2	9	2	9
Bonds	2,200	1,200	2,200	1,200
	<b>2,202</b>	<b>1,209</b>	<b>2,202</b>	<b>1,209</b>

### The valuation hierarchy

The levels of the valuation hierarchy are defined as follows:

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2** – Other observable market data for the asset or liability than quoted prices included in level 1, either directly (i.e. price quotations) or indirectly (i.e. derived from price quotations).

**Level 3** – Input data for the asset or liability not based on observable market data (i.e. non-observable input data).

ALM Equity's financial instruments, which are valued at fair value, or where information about fair value is provided, consist of unlisted shares, interest rate derivatives and long-term interest-bearing liabilities (bonds). They have been valued at fair value in accordance with level 2 in the above valuation hierarchy. ALM Equity is of the opinion that the difference between reported and fair value is not significant for other financial instruments.

### Interest rate derivatives

The fair value of interest rate derivatives is based on the market valuation of future cash flow on the balance sheet date provided by Swedbank.

### Bonds

For bonds, the assessment has been made that the credit margin is the same as when the shareholder loan was raised, which means that the fair value is deemed to be the same as the carrying value.

## Not 10. Pledged assets & contingent liabilities

Pledged assets	Group		Parent Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Amounts in SEK million				
Property mortgages*	3,708	3,050	–	–
Shares in tenant-owners associations**	489	640	–	–
	4,197	3,690	–	–

\* Of which utilized property mortgages amounted to SEK 1,994 million (2,635) as of 31 December 2021.

\*\* Of which loans for this type of issued collateral amount to SEK 411 million (437).

Contingent liabilities	Group		Parent Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Amounts in SEK million				
Guarantees for Group companies*	31	–	2,276	1,540
Guarantees for external companies	157	–	–	–
Deferred considerations in projects**	–	203	–	–
Acquisition cost of land development agreement***	924	87	–	–
	1,112	290	2,276	1,540

\* The parent company's commitments include guarantees of SEK 198 million for financing regarding the acquisition of management objects under the listed associated company Svenska Nyttobostäder AB (Publ). Contingent liabilities for the Group of SEK 31 million relate to the subsidiary Järntorget Byggintressenter's guarantees in relation to its subsidiaries' commitments.

\*\* Refers to additional purchase payments in projects which are to be paid when the zoning plan is adopted, the financing is fully secured from external investors. During the period, all commitments were paid off.

\*\*\* Refers to costs to sellers according to development agreements after binding agreements have been signed but before payment.

## Note 11. Business acquisitions

During Q1 2021, ALM Equity started an acquisition process regarding the acquisition of Järntorget Byggintressenter AB and a bid was submitted on 11 April 2021, which was accepted by the main owners on 22 April 2021. All decisive agreements and decisions after this date have been made in consultation with ALM Equity. The transaction then entered its first due diligence process and on 4 May 2021 the transaction was announced and an in-depth due diligence process was carried out before a final acquisition agreement was signed on 1 June 2021. Payment and final takeover occurred on 30 June 2021. The purchase price is around SEK 1.7 billion and is based on the annual accounts for 2020.

### Background

Through the deal, the ALM Equity Group has increased its ability to drive development in the property industry with a focus on sustainability, digitalization, and industrial construction. Through the deal, ALM Equity's business areas have been given the opportunity to adopt leading positions in Stockholm County, within their respective areas.

Following the acquisition, as of 30 June 2021, ALM Equity's business area Project Development has a portfolio of 16,713 building rights, of which 2,912 are in production, making the business area a leading housing developer in Stockholm County. The deal has increased access to new building rights and may, through greater economies of scale, contribute to an improvement in operating margins. Järntorget also has considerable experience in housing development for the property management market, and with the new building rights added to the Project Development business area, the investment properties portfolio has expanded enabling us to achieve a leading position in the property management market in Stockholm in the long-term.

Through Järntorget's subsidiary Bomodul i Bodafor AB, ALM Equity's Construction Management business area can integrate an offer that contains its own wooden modules made from Swedish wood, and thereby increase the degree of industrialization and sustainable construction.

The table below shows the fair value of acquired net assets reported as of the acquisition date.

### Fair value determined at acquisition

Amounts in SEK million

Tangible fixed assets	13
Financial assets	12
Deferred tax assets	18
Other fixed assets	1
Development properties	1,022
Projects in progress	803
Inventory	10
Accounts receivable and other receivables	89
Short-term investments	117
Cash and cash equivalents	278
Results for Q1 2021 incl. minority shares	-14
Long-term interest-bearing liabilities	-13
Guarantee provision	-11
Deferred tax liability	-117
Other long-term liabilities	-34
Short-term interest-bearing liabilities	-313
Invoiced but not yet earned income	-48
Accounts payable and other liabilities	-122
<b>Identifiable net assets</b>	<b>1,690</b>
Goodwill	-
<b>Total purchase price</b>	<b>1,690</b>

### Financing

The purchase price of SEK 1.7 billion has been financed via a combination of capital market instruments where SEK 1 billion has been financed via the bond market, around SEK 0.4 billion has been financed via directed issues of preference shares and ordinary shares of around SEK 0.3 billion to the previous owners of Järntorget Byggintressenter.

### Management's assessment of the business acquisition

The main purpose of the acquisition is to create an opportunity for ALM Equity's business areas to increase the pace of their operations. The basis for the acquisition is the building rights portfolio, which matches ALM's in location and flexibility for developing towards both the property management and private markets. With this comes the entire Järntorget Group with personnel, systems and processes which are intended to be integrated into each business area.

The surplus value paid at the time of the acquisition was evaluated to be directly attributable to the building rights portfolio and was allocated as part of the project acquisition for selected projects in the acquired building rights portfolio. It is divided into 5 development properties with completed building rights and 14 development properties undergoing zoning planning, all located within Stockholm County. The entire building rights portfolio, except for the projects that are under construction, will undergo a conceptualization process to be redirected towards ALM Equity's processes and development strategy.

In the merger control, the management considered that it was difficult to claim that each project in itself has identical risks as they are located in different areas in Stockholm County, potentially have different customer orientations in the long-term and are in different phases of the development process. It can be added that the intention is also to integrate the existing staff and together prepare for the future, which speaks in favour of business acquisitions. Thus, the management considers that this is a business acquisition.

### Management's assessment of consolidation

As the transaction was completed during the quarter and Järntorget prepares quarterly accounts, it has been considered challenging to report fair results based on the time of the acquisition. The management has therefore, with reference to the simplification rule, decided that ALM Equity will completely consolidate Järntorget's Q2 accounts. The acquisition of Järntorget has therefore contributed to the quarter: sales of SEK 470 million and a profit for the period of SEK 75 million. For the period 1 January 2021 to 30 June 2021, Järntorget had total sales of SEK 500 million and a profit of SEK 75 million.

# KPIs and Concepts

## DEFINITIONS

ALM Equity is reporting KPIs in the interim report that are not defined by IFRS. The company considers that they provide helpful information in the evaluation of the financial information and should be seen as a

complement to financial information in accordance with IFRS. Since not all companies calculate KPIs in exactly the same way, these are not always fully comparable with the corresponding KPIs for other companies.

## KPIS AND CONCEPTS

### Operating margin

Operating profit as a percentage of net sales.

### Earnings per ordinary share

The period's profit attributable to the Parent Company's shareholders, divided by the average number of ordinary shares outstanding, after taking the preference shareholders' and the minority's share of the profit for the period into consideration. Highlights share of company earnings after tax per share of the ordinary shareholders.

### Earnings per preference share

The proportion of the profit attributable to preference shares, equivalent to the period's accumulated share of the annual dividend of SEK 8.40 per preference share. Highlights share of company earnings after tax per share of the preference shareholders.

### Return on equity

The period's profit after taxes attributable to the Parent Company's shareholders, less the preference share dividend, as a percentage of the average equity attributable to the Parent Company's shareholders, less the preference share capital. Highlights the ability to generate profit on ordinary shareholders' capital.

### Equity per ordinary share

Equity at the end of the period divided by the number of ordinary shares outstanding at the end of the period, after taking into consideration the preference shareholders' and the minority's share of the equity. Highlights the share of company equity of the ordinary shareholders.

### Equity per preference shares

The preference share's right in the event of liquidation of the Company (SEK 120 per preference shares) and the share's remaining right to resolved dividend. Highlights the share of company equity of the preference shareholders.

### Equity/assets ratio

Equity as a percentage of the balance sheet total. Highlights interest rate sensitivity and financial stability.

### Leverage

Short- and long-term loans from credit institutions and investors relative to the total value of the property stock. Highlights financial risk.

### Units

The concept of units includes tenant-owned apartments, managed properties, commercial premises and hotel rooms.

### ALM Equity's share

ALM Equity's ownership share, calculated based on its holding of shares relative to the total number of shares outstanding.

### Share of assets value

The business area's assets value relative to the sum total of all business areas' assets value, according to segment reporting. Intended to highlight the share of the Group's total assets of the larger business areas.

### Net operating income

Total income less direct property costs. Highlights the profitability of the Property Management business area before central costs, net financial items and unrealized changes in value are taken into account.

### Order backlog

The value of the Construction Management business area's undelivered orders at the end of the period.

### Order intake

The value of new construction contracts and changes in existing construction contracts during the period.

### Net asset value per ordinary share

Net asset value reduced by the preference shareholders' capital through the number of ordinary shares.

### Adjusted net asset value

External cash flow valuation of the operations' assets and the holding in Svenska Nyttobostäder at the closing price on the balance sheet date.

# Shareholder information

## REVIEW

This report has not been reviewed by the Company's auditors.

Stockholm, 25 February 2022

ALM Equity AB (publ)

Board of Directors

## For more information

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## ABOUT ALM EQUITY

ALM Equity develops and invests in companies in the property sector. The businesses are structured into five business areas with independent companies and brand names in property management, project development, construction management, financing and digital services.

ALM Equity's shares are listed on NASDAQ First North Growth Market under the ALM ticker and the preference shares under the ALM PREF ticker.

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## REPORTING DATES

- 26 April 2022 – Annual Report 2021
- 19 May 2022 – Interim report January–March
- 25 May 2022 – Annual General Meeting 2021
- 23 August 2022 – Interim report January–June
- 17 November 2022 – Interim report January–September
- 22 February 2023 – Year-end report January–December

## PUBLICATION

The information herein is such that ALM Equity AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Markets Act.

The information herein was provided, through the agency of the above-mentioned contact person, for publication at 8.00 a.m. on 25 February 2022.

This report is a translation of the Swedish report. In the event of any differences between this translation and the Swedish original, the Swedish report shall have precedence.