



2021

ANNUAL REPORT

ALM
EQUITY

Contents

- 3 Introduction**
- 3 We are ALM Equity
- 4 The year in brief
- 5 Message from the CEO
- 7 Vision, business concept, objectives & strategy
- 8 ALM Equity's values
- 9 From housing developer to company developer
- 11 Market**
- 12 The property market
- 14 The housing market
- 17 Driving forces & trends
- 18 Business areas**
- 21 Property Management Business Area
- 24 Project Development Business Area
- 27 Construction Management Business Area
- 29 Digital Services Business Area
- 31 Sustainability Report**
- 43 Corporate Governance Report**
- 44 Board of Directors & Auditors
- 45 Group Management
- 52 Risks & Risk Management
- 60 Financial information**
- 110 Shareholder information**



Welcome to ALM Equity

We are ALM Equity

We are an active owner of independent companies that develop the property sector with sustainable housing concepts for the future.

WE ARE ENTREPRENEURS WHO THINK DIFFERENTLY AND DARE TO CHALLENGE THE PROPERTY SECTOR

We want to lead the sector forward by owning and building independent companies that can drive sustainable and innovative development of the property sector.

We create value for our shareholders by driving development and growth in our operations to deliver a high risk-adjusted return on invested capital.

OUR COMPANY PORTFOLIO

Through our four business areas, we own and manage a company portfolio that focuses on different parts of the value chain in the property sector. Together, our companies are a driving force in the development of the housing market in the Stockholm region.

Our business areas and companies are united in a common sustainable idea of the future housing concept with space-efficient and communication-friendly housing.

SEK **2.1** bn
Net sales

SEK **3.4** bn
Profit after tax

SEK **13.1** bn
Asset value

54%
Return on equity

ALM
EQUITY

Property
Management

Project
Development

Construction
Management

Digital
Services



The year in brief

12 APRIL – ALM EQUITY'S SUBSIDIARY ALM SMÅA HBOSTAD BREAKS DOUBLE RECORD AFTER CONSTRUCTION START OF 474 RESIDENTIAL UNITS

The single largest construction start to date with a total of 474 units in the Brick area, Telefonplan. ALM Småa Bostad achieved a record high with a total of 2,203 units in production, of which 96% for the property management market.

29 MAY – ALM EQUITY RAISES SEK 342 M THROUGH A DIRECTED NEW ISSUE

The Board of ALM Equity decided, following authorization from the Annual General Meeting, on a directed issue of 3,000,000 preference shares.

1 JUNE – ALM EQUITY ACQUIRES JÄRNTORGET BYGGINTRESSENTER

ALM Equity acquired all shares in Järntorget Byggtressenter AB (publ) valued at SEK 1.7 billion, which added both building rights and an organization to the Group. The acquisition was financed through a bond issue of SEK 1 billion with a term of 5 years, around SEK 0.4 billion via directed issues to preference shareholders and a directed issue of ordinary shares of around SEK 0.3 billion to the previous owners of Järntorget Byggtressenter AB.

10 JUNE – ALM EQUITY ISSUES UNSECURED BONDS

The issue consists of SEK 1 billion within a framework of SEK 1.25 billion. The bonds mature in 5 years and have a variable interest rate of STIBOR 3M +6.50%.

Events after the end of the period

25 FEBRUARY – ALM EQUITY AND COREM PROPERTY GROUP SIGN AN AGREEMENT

Formation of a joint management company with the Klövern brand. The deal consists of around 24,000 building rights, of which around 11,000 from ALM Equity.

30 JUNE – ALM EQUITY RAISES SEK 371 M THROUGH A DIRECTED NEW ISSUE

The Board of Directors of ALM Equity decided on a directed new issue of 50,350 preference shares and 422,272 ordinary shares following authorization from the Extraordinary General Meeting on 21 June 2021. Payment of the subscription totalling SEK 313 million will be made by an offset of receivables. The Board has also decided on a directed new issue of 509,770 preference shares, which entails a cash contribution totalling SEK 58 million.

23 NOVEMBER – ALM EQUITY AND COREM PROPERTY GROUP SIGN DECLARATION OF INTENT TO FORM JOINT MANAGEMENT COMPANY

The vision is to form a joint company to which the parties contribute an initial building rights portfolio of 24,000 building rights in the Stockholm area and Mälardalen.

30 NOVEMBER – ALM EQUITY OFFICIAL MEMBER OF THE UN GLOBAL COMPACT

By being a member, ALM Equity undertakes to work actively with fundamental sustainability issues.

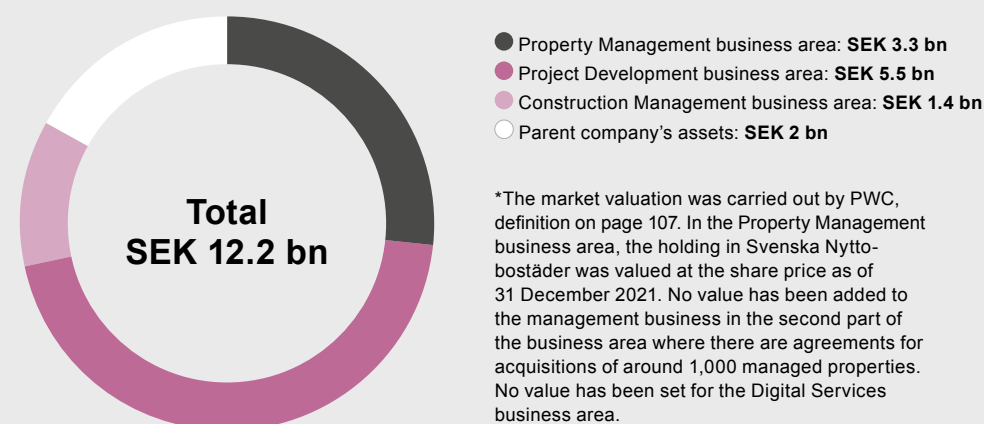
9 DECEMBER – REDUCES HOLDING IN SVENSKA NYTTBOSTÄDER

ALM Equity reduces its holding to 45% of the capital and 49% of the votes. In connection with this, the holding is reclassified as an associated company, which has an impact on earnings of SEK 3.1 billion.

Consolidated KPIs

Summary	2021	2020
Net sales, SEK m	2,096	1,759
Profit for the period, SEK m	3,423	229
Return on equity, ordinary shares, %	54	4
Equity/assets ratio, %	54	40
Cash and cash equivalents, SEK m	1,954	722
Equity, SEK m	7,154	3,790
Balance sheet total, SEK m	13,132	9,465
Key figures per share		
Share price on the closing day, SEK	986	700
Adjusted net worth per ordinary share, SEK	986	N/A
Earnings per ordinary share before dilution, SEK	314.42	10.53

Share of adjusted net worth,* SEK bn



*The market valuation was carried out by PWC, definition on page 107. In the Property Management business area, the holding in Svenska Nyttbostäder was valued at the share price as of 31 December 2021. No value has been added to the management business in the second part of the business area where there are agreements for acquisitions of around 1,000 managed properties. No value has been set for the Digital Services business area.

MESSAGE FROM THE CEO

A successful recipe for creating value

ALM Equity has a successful recipe for creating value through company building. Everything is based on our vision for the future and the idea of smart housing solutions.

THE YEAR WE MOVED UP A GEAR

A year ago, we had just seen the result of the successful listing of Svenska Nyttobostäder. We had shown how we create value by acquiring, developing and making assets visible. It was an important milestone for ALM Equity.

In 2021, we moved up a gear. We completed an acquisition that we have integrated into our business areas, doubled our building rights portfolio for property management and began work on building a new property management company that has the potential to become one of Sweden's largest housing managers within ten years. Through dividends and sales of shares in Svenska Nyttobostäder, we have reduced our ownership to below 50%, which resulted in a profit of more than SEK 3 billion in Q4. So when I said a year ago that we would continue to do what we were good at, this was exactly what I meant.

RECIPES FOR CREATING VALUE

In June, we acquired Järntorget for SEK 1.7 billion. This was an important piece of the puzzle for building the next large property management company. Järntorget's operations are a very good match with our own, both culturally and as a complement to our business areas. We quickly identified the potential in Järntorget's building rights portfolio and during the autumn made an accurate inventory of our total portfolio. This resulted in a total of 11,000 building rights suitable for the management of space-efficient housing, almost double compared to the 6,000 we had identified after the acquisition of Järntorget.

We already have a successful collaboration with Klövern and have now started a new property management company with their owner, Corem Property Group, where we will take advantage of the Klövern brand. Initially, we will own 49% of the company with Corem Property Group, which owns the remaining share. During the first half of 2022, we will have a transparent surplus value of around SEK 2 billion for the transfer of the building rights. With a starting portfolio of 24,000 building rights and potential complementary holdings, Klövern will become one of Sweden's largest housing managers.



In addition to building rights and a capital investment of SEK 900 million, parts of our organization in the Project Development business area are included in the deal. This guarantees that it will be a success.

CLEARER SEGMENTATION OF OUR BUSINESS AREAS

The new company Klöver will be part of the Property Management area's portfolio, which will mainly consist of the ownership of two property management companies with completely different business models and potential. Svenska Nyttobostäder is already in the portfolio with almost 5,800 acquired residential units, secured financing and takeover in progress until 2025. The construction and development risk is thus minimal. We have put the development deal in Klöver and thus the entire development profit as well as management and valuation results. Therefore, both potential and risk will be higher in Klöver.

For the Project Development business area, the focus will be on two areas: deliveries of the remaining properties to Svenska Nyttobostäder and to develop the approximately 2,000 building rights to the private market that remain in the portfolio, i.e. tenant-owned apartments. But since we like to create and make value visible, I see greater potential here than what meets the eye. I will return to this in 2022.

With the acquisition in June, the Construction Management business area was expanded with Järntorget's construction operations and the wooden module manufacturer Bomodul. It is not only an important part of our work to develop companies but will also be the starting point for developing the construction business. These are businesses that have economies of scale and clear integration gains with the right acquisition.

SUSTAINABLE BUSINESSES

We believe in sustainable, smart, and social housing - this is the Group's housing concept and forms the basis for our value creation. In 2021, we laid the foundation for an overall sustainability strategy for the entire Group. Over

the past two years, ALM Equity has clarified its ownership role in relation to the business areas' operations. As owners, we demand that all our companies act responsibly, in the short- and long-term, regardless of whether it concerns the environment, people or money. We do this because sustainability is part of our business and ultimately our survival.

THE WORLD AROUND US AFFECTS US ALL

The situation around the world with the ongoing war in Ukraine will affect society as a whole and put the global security perspective at the forefront. The direct effects are judged to be limited as ALM Equity has no direct exposure to either Russia or Ukraine. Indirectly, however, the supply and price of certain commodities are affected, where relationships further back in the chain are affected by the war. Depending on how other macro factors develop, there will be effects on our business areas' costs. We see risks mainly in higher production costs and increased borrowing costs as a result of higher interest rates and generally worse conditions for financing on favourable terms on the capital market for both ALM Equity and our companies. We are following developments and working to minimize the impact on our shareholders.

WE DO WHAT WE SAY

We do not do things by chance. I have sometimes compared what we do at ALM Equity to growing plants or conjuring, but it's all about having an idea of what's around the corner and seeing the potential to increase and make value visible in existing or future assets. This year, we have geared up and laid the foundation for several new businesses, one of which may become one of Sweden's largest housing managers. We do what we have said we will do – build and develop companies and then make sure to make value visible.

Joakim Alm
CEO, ALM Equity

“We do what we have said we will do – build and develop companies and then make sure to make value visible.”



Vision, business concept, objective and strategy

VISION

ALM Equity will be the most profitable and innovative Group in select 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 will drive 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.

SHAREHOLDER OBJECTIVE

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

INVESTMENT STRATEGY

Developing and strengthening businesses that contribute to the Group's performance in the property sector to ensure continued growth with a healthy risk-adjusted return.

SUSTAINABILITY STRATEGY

Through responsible business operations and a committed ownership of companies, we ensure that we focus on the most important sustainability issues based on the Group's impact and that helps us to achieve our overall business goals as well as a sustainable society



Property
Management*



Project
Development



Construction
Management



Digital
Services



BUSINESS MODEL

The development of the company's portfolio takes place through business areas representing different parts of the value chain in the property sector.

The business model means that each company in the portfolio must be managed cost-effectively and sustainably based on their circumstances and be independent of the others by maintaining their own corporate structure and financing.

Each company is built on the basis of its own business needs in terms of expertise and resources supported by shared Group functions such as finance, HR, IT, sustainability and marketing.

FINANCING MODEL

ALM Equity's companies must be fully financed and work to achieve a healthy risk-adjusted return. No collateral may be pledged or loans issued between business areas. Ongoing identification and realization of potential financing opportunities.

OBJECTIVE FOR OUR COMPANIES

The objective is for each business to achieve maximum risk-adjusted return on equity combined with optimized growth.

* The holding with Corem in the jointly-owned company Klöver will not be added until 2022.



ALM Equity's values

ALM Equity has four values that together guide our decision-making and daily work with the aim of creating long-term values for the ALM Equity Group and for society as a whole.

Decency

We must safeguard our relationships by treating others with respect, consideration and honesty both within the company and externally with our business partners and suppliers. Decency is also about conducting our activities without negative consequences for society.

Result-focused

A clear focus on results must permeate all parts of the Group's operations and our business. We prioritize the issues where we can achieve the best results and which at the same time make a real difference for a more sustainable society.

Development

We will seek new solutions and always strive to be better and best in both large and small issues. It is having a curious approach and being adaptable to new situations that we can develop new business opportunities and ways of working.

Commitment

A prerequisite for being able to develop our operations and deliver the best results for both the company and society is that there is commitment at all levels. Commitment should permeate our ownership philosophy as well as the employee philosophy.

From housing developer to company developer

ALM Equity has taken great strides towards the vision of being the most profitable and innovative Group in selected parts of the Swedish property sector.

From being a housing developer focused on the tenant-owned apartment business 16 years ago, today we are a company developer focused on selected parts of the property sector to meet the needs of the modern housing market. Along the way, we have created great value together with those who have invested in our projects and in our Group. ALM Equity has established a strong and future-oriented concept in the housing market with a sustainable property portfolio that is adapted to meet the demand for space-efficient and communication-friendly housing.

HOW WE CREATE VALUE

The journey began in 2006 with six housing development projects that laid the foundation for the company that ALM Equity is today. The Group has gradually expanded, established several businesses and been listed on the stock exchange. A market valuation of the most important holdings in ALM Equity's company portfolio

conducted at the end of 2021, by an external valuation company, PwC, valued them at a total of SEK 12.2 billion.

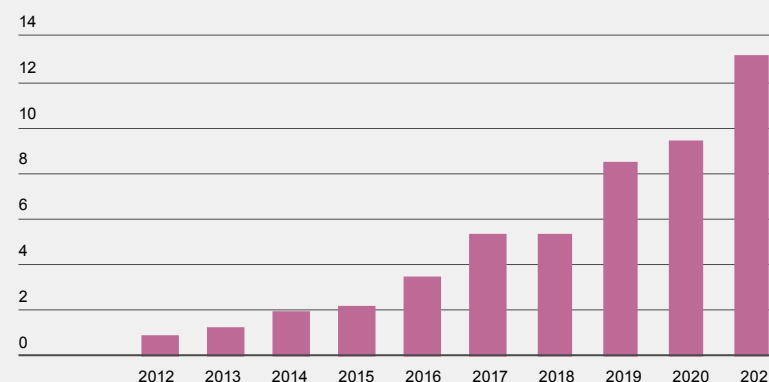
The initial focus was on private housing and smaller tenant-owner associations. In 2011, the company's first property management business was developed when investors were involved in a major housing project. In 2012, ALM Equity was listed on First North.

Through the acquisition of Småa in 2017, project development expertise was strengthened and their construction management operations laid the groundwork for what is today 2A Entreprenad. In the same year, we had the foundation in place to shape the ALM Equity we see today with the business structured in business areas that focus on different parts of our value chain. The business areas' mission is to develop their own portfolios of viable and independent companies in the property sector.

INVESTMENTS IN WHAT WE BELIEVE IN

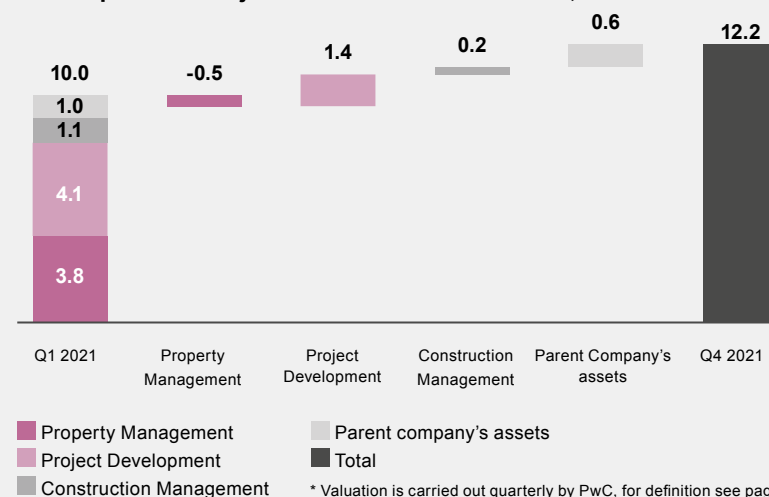
As active owners, we take on a great responsibility to manage the Group and its holdings based on our view of how society and the world around us are developing and how this affects our company portfolio. We adapt the portfolio, act and adjust quickly in the event of changes, that is our strength. ALM Equity's company

Booked net asset value, SEK bn



As ALM Equity has developed its business and worked to build up a company portfolio, the net asset value in the consolidated balance sheet has grown.

Development of adjusted net asset value* 2021, SEK bn



ALM Equity's net asset value increased by SEK 2.2 billion in 2021. Unrealized changes in value from the operations contributed a total change in value of SEK 1.5 billion. The remaining change in value stems from new issues with around SEK 0.3 billion in ordinary share capital and SEK 0.4 billion in preference share capital.

portfolio has developed based on our view of major macro trends such as demographic development. In looking to the future, we have seen that we need to move towards building more space-efficient homes and deliver on the greater demand for common functions, changed travel patterns wherein fewer people go to the city to work as well as an increased need for local services where people live. Digital development has moved quickly into our buildings and the demand for sustainable housing is increasing. Together, these factors form the basis of our housing concept and how we develop housing.

In 2017, we were early to anticipate a reduced demand for tenant-owned apartments in favour of rental apartments. Then we increased our property management business within our business areas Project Development and Property Management. ALM Småa Bostad rapidly increased the share of investment property and the management company Svenska

Nyttobostäder saw strong growth. Today, property management customers make up about 95% of the accommodation the Group develops from 30% in 2019.

Our ownership role is about seeing and evaluating opportunities that can create new values. We work with our business areas to support continued growth and value creation. Together we build new things, branch off, rearrange things and let them grow. The Småa deal, Svenska Nyttobostäder's development and listing, the acquisition and reorganizing of Järntorget and the latest deal with Corem (2022), where we are building a new property management company under the Klöver brand, are all important examples of this.

OPPORTUNITIES FOR FINANCING

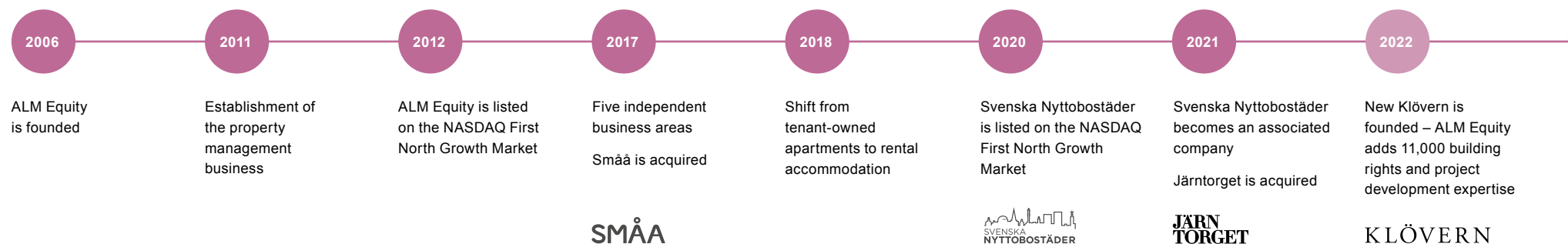
Access to equity combined with external financing has been a prerequisite for driving growth in our companies and projects. Over the years, we

have built up a large network of investors who have contributed to the financing of equity in our projects alongside traditional financing via the banks. The trust we have gained along the way has been an important success factor. As our business has matured, and following the listings of ALM Equity and Svenska Nyttobostäder, our financial brand has grown stronger, which has also increased access to other parts of the capital market.

In 2022, ALM Equity will profile itself as a company builder in the Swedish property market. An investment in today's ALM Equity offers a broad portfolio of companies with everything from larger listed and unlisted companies to smaller start-up projects in digitization, all based on a common idea of building sustainable and space-efficient homes and creating the housing concept of tomorrow.



From housing developer to company developer 2006–2022



Market



MittCafé and MittGym create togetherness at home

The neighbourhood café MittCafé creates a feeling of neighbourliness and community at the Skalden property. The tenants are also close to the gym chain MittGym. The MittGym and MittCafé operations are 50% owned by ALM Equity.

The property market

Transactions in the Swedish property market broke new records in 2021 and were well above the level of 2020. The total transaction volume amounted to around SEK 350 billion. Continued low interest rates and a recovery from the uncertainty surrounding the global pandemic in 2021 drove up demand for property in general. Despite a number of minor setbacks, 2021 was generally a strong year of recovery for the Swedish economy. Economic growth has been significant and ended at around +4.5% for the year as a whole.

SEK 350 bn

Transaction volume on the property market 2021

26%

The housing market's share of transaction volume 2021

Source: Savills

Klarbäret with 131 student
residencies in Norra Djurgårdsstaden.



Inflation rose at the end of 2021 and during the first months of 2022, and is above the Riksbank's target of 2%, which strengthens the probability of increases in the repo rate in the near future. Electricity and fuel prices continue to drive up inflation, while the global situation and the situation in Ukraine further add to the risk of rising inflation and also affect economic recovery.

In parallel with a strong economic performance in Sweden, the Swedish property market developed very well in 2021. At a per capita level, the Swedish property market is currently by far the strongest in Europe, and at a global level only countries such as Singapore and Hong Kong are stronger. The volume increase during the year was driven by both large M&A transactions and strong demand in all property segments according to Newsec's Market Report 2021.

The sector's capital intensity makes property companies a driving force in the development of sustainable financial markets. The market for green loans and bonds has grown strongly in recent years, and in 2021 more than half of the bonds in the property sector listed on Nasdaq were green, social, or sustainable. The main driving force is profitability as interest costs are reduced, the value of the properties increase and the company's brand is strengthened.

TRENDS IN THE SWEDISH PROPERTY MARKET IN 2021

In 2021, the transaction volume in the property market amounted to around SEK 350 billion. The agreed M & As have, in terms of both figures and volume, been very large and in September accounted for about 35% of the total transaction volume. The housing market continues to be the strongest segment, with around 26% of the total transaction volume in Sweden. The Stockholm region accounted for the largest share of Swedish transactions and accounted for 47% of the total volume in the segment according to Newsec's Market Report 2021.

The price trend for tenant-owned apartments has continued and increased by 7% in

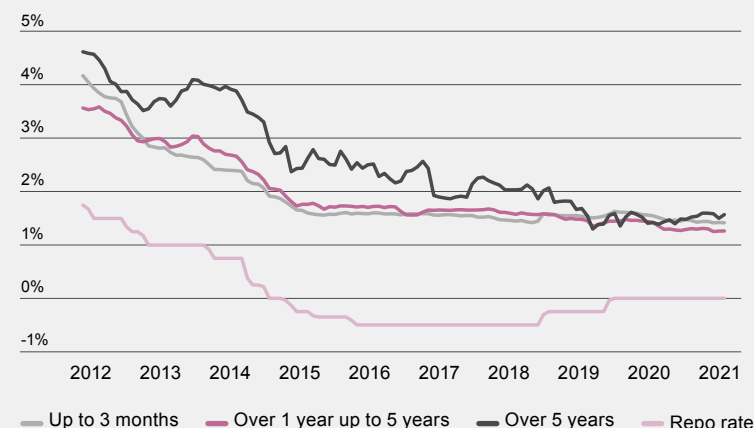
2021. In the Greater Stockholm region, the price trend for tenant-owned apartments was even higher and ended at +11% according to Svensk Mäklarstatistik.

Construction has been driven by a strong demand for housing in recent years. According to the National Board of Housing, Building and Planning, the pace of construction increased during the year by about 15% with 66,000 new residential units being started. The number of rental properties started increased by about 10%, and accounted for almost half of production. Furthermore, the National Board of Housing, Building and Planning estimates that the pace of construction will increase marginally next year and that the construction of rental apartments will fall at the same time as the construction of tenant-owned apartments and detached houses will increase. The decision to phase out investment support for rental housing and student accommodation is expected to be an influencing factor.

During the period of restrictions due to the pandemic, tools for, and acceptance of, remote work have increased. This has affected the demand for larger areas of land for housing and longer commuting distances have been accepted in favour of larger living space. It is still too early to predict how the trend will continue after the pandemic, but it is likely that the possibility of having access to work areas in the home will become increasingly important in future.

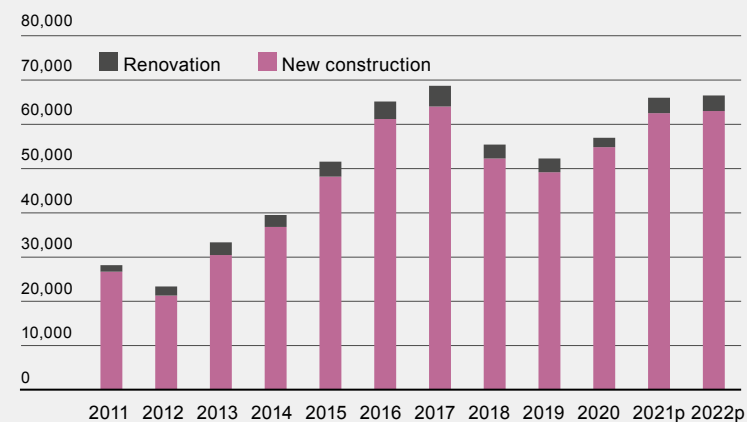
Expected higher inflation and higher interest rates naturally affect market conditions, where rental accommodation generally has a strong resilience to these factors through index-linked rents. In an environment where real interest rates are expected to be negative, rental accommodation should continue to be seen as a very attractive investment relative to other assets. Price increases and a shortage of materials in the construction branch are expected to have a dampening effect on the number of housing starts in 2022. Lack of materials and components attributable to production losses linked to the pandemic has been further exacerbated by the war in Ukraine.

Mortgage rates and repo rates



Source: SCB and Riksbanken

Housing started, including net additions through renovation



Source: SCB and Boverkets forecast

The housing market in Stockholm

ALM Equity's companies operate mainly in the housing market in the Greater Stockholm area. Forecasts show that the population in Stockholm County will continue to increase by an average of 33,500 people per year until 2028. The housing supply is one of the biggest challenges and the additional housing does not correspond to population growth. The situation is particularly challenging for people with lower incomes or temporary employment. A functioning housing market is important for a good living environment for the county's residents and for promoting growth and attractiveness.

736,560

People in the housing queue

9.2 years

Average waiting time for housing in Stockholm 2021

Source: Stockholms Bostadsförmedling



There were many indications of a reduction in housing construction in Stockholm in 2021, but the number of construction starts has remained largely unchanged, at the same time as housing prices have risen. Housing construction has also changed direction and more rental units than tenant-owned apartments have been started.

Housing in Stockholm has become too expensive and an increasing proportion of people have difficulty finding housing in the prevailing market. This applies to young people and students, but also families with children and people of a working age. Some therefore choose alternative solutions and seek housing in other counties within commuting distance. The possibility of obtaining a home at a reasonable cost – together with education and work – forms the basis for social stability in society. The Stockholm Chamber of Commerce and the County Administrative Board's reports on the situation in Stockholm County in 2021 indicate that the region risks being left without the necessary manpower due to housing shortages. This is

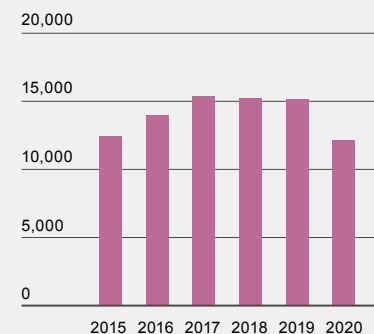
particularly problematic when it comes to the socially necessary workforce as well as the region's attractiveness for needed manpower. The lack of housing also leads to rising prices, which increases debt and creates inequality in the ability to buy housing among the county's residents. Overall, a poorly functioning housing market can lead to a decline in growth in the region. A combination of higher energy prices, inflation and higher interest rates in future will have an effect on housing costs. How this affects the housing market in Stockholm is still difficult to predict. However, the preference should be directed towards space-efficient housing, which means a lower actual cost for the residents to have an advantage in such a market.

MIGRATION TO STOCKHOLM COUNTY

According to Statistics Sweden, the population in the region is expected to increase until 2030, when it is estimated the county will have 2.6 million inhabitants. The increase is highest in the 80+ age group and among children and young people. The most common form of housing in Stockholm is tenant-owned apartments,

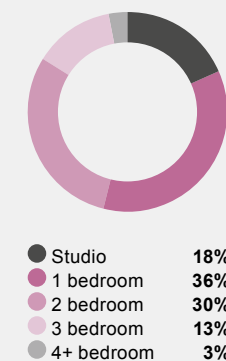


Number of completed apartments in newly-constructed buildings in Stockholm County



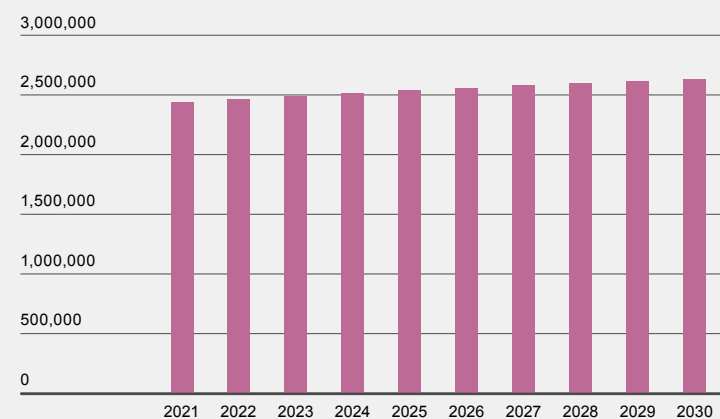
Source: SCB

Residential unit size in Stockholm County 2020



Source: SCB

Population growth in Stockholm County, forecast



Source: Tillväxtverket and SCB

followed by rental accommodation. Stockholm differs from other regions in Sweden as apartment blocks are the dominant form of housing.

Most municipalities in Stockholm County think that they have a housing deficit. In 2021, according to the County Administrative Board's calculations, new construction began on around 14,000 residential units, which was slightly more than in 2020. In 2022, construction is expected to increase further and amount to around 15,000 started units. In addition to the new construction that has begun, the National Board of Housing, Building and Planning also estimates that a net addition of housing can be added through the conversion of existing buildings. The expected increase until 2022 is largely attributable to tenant-owned apartments. However, the total number of residential units started in recent years is too low in relation to the actual demographic need and the phasing out of investment support will affect the construction of rental accommodation in the future.

A SUPPLY THAT DOES NOT MATCH DEMAND

Most apartments in Stockholm today are 70–100 m². The proportion of apartments that are less than 30 m² is around 5% of units in apartment buildings according to statistics from Statistics Sweden. The demand is currently greatest for studio flats. At the end of 2021, 736,560 people were registered with Stockholm's housing agency and the average waiting time for a tenancy through the housing queue was 9.2 years in 2021. The number of brokered apartments increased during the year, but demand is still very high. Compared to the rest of the country, the county has a young population, almost half of whom are under 35 years old. In the Housing Market Survey 2021, virtually all the county's municipalities state that they have a deficit in housing for young people between 19 and 25 years old. The deficit is mainly due to the fact that there are too few small vacant apartments. The lack of rental apartments means that more people are referred to housing that requires a capital investment. Young people

often have little or no savings, low incomes, and often precarious forms of employment.

THE REGION'S NEED CALLS FOR NEW SOLUTIONS

The County Administrative Board in Stockholm points to the necessity of new models for building homes that match the actual needs that exist in different income groups and ages. The County Administrative Board sees that, among other things, that the municipalities need to change both routines and working methods, something that is in line with statements from the Stockholm Chamber of Commerce. In a recent investigation, they have, among others, put forward proposals for greater flexibility at an early stage in the municipalities' zoning plans. It could make it easier to change the use of a property, for example, from offices to homes. The County Administrative Board also sees that the municipalities' work with land issues could be made more transparent and speed up the process for land allocations. A land allocation gives a developer the exclusive right to negotiate with the municipality for a certain period of time and under given conditions on the transfer or lease of municipality-owned land for development. Greater transparency and clearer guidelines would help more players to enter the market and thereby increase construction.

There is also major potential for efficiency in the construction process itself, which should take place in the zoning plan process. Demand for smaller and cheaper apartments is high in the Stockholm area, while it is more expensive per square meter to build. It requires a well thought out process from start to finish. A greater amount of prefabrication reduces costs and increases standardization, while well-planned choices of material and the use of various digital processes that can increase the pace and flexibility of construction. To keep both operating costs and rental levels down, the focus should also be on creating energy-efficient solutions.

The effects of the pandemic and the war in Ukraine have increased the price and created a shortage of certain components, which will probably reduce the number of construction projects started in 2022.

AN INCREASE IN NEW FORMS OF HOUSING

The housing shortage that has been ongoing in the region for a long time has led to the emergence of new alternative housing solutions and ways of thinking about housing. Long stay solutions are currently offered by several players as well as various forms of short- or long-term housing. Other actors have focused on shared apartments where common areas are included in the rent combined with their own smaller area for the private sphere, often supplemented with opportunities to participate in various social events, regular cleaning assistance, and coordinated services such as food deliveries.



Driving forces and trends

There are many driving forces and factors that affect our sector. The population is growing and the migration to big cities continues. At the same time, digitalization continues to roll out at an ever-faster pace, with demands for new solutions from tenants, home buyers, shareholders and other stakeholders, which drives the continued development of our processes. Acting sustainably is a matter of course for most people in our sector as we account for a large part of the global environmental impact. At the same time it places many demands on us and challenges us in new ways.



Demography

Sweden's population as a whole continues to grow, albeit at a somewhat slower rate than before, according to Statistics Sweden. In 2021, Sweden's population increased by just over 70,000 people and by 2030, it is estimated that Sweden will have just over 11 million inhabitants, an increase mainly due to the fact that immigration is greater than emigration. Characteristic of the increase in the country as a whole is that the older segment of the population, people aged 50–70 and people aged 20–25 will make up a larger proportion of the population than today. In terms of figures, the largest increase is expected to take place in Stockholm County with a rise of 257,000 people. Forecasts point out that metropolitan municipalities as well as municipalities with commuting distances to large cities, are expected to increase their population by almost 11% by 2030. This means that 63% of Sweden's population is expected to live in one of these municipalities by 2030, which is an increase of 2 percentage points from 2019.



Urbanization

Approximately 85% of Sweden's population lives in 1.3% of the country's total area according to Statistics Sweden. This places high demands on the growing cities with increased pressure on infrastructure, schools and access to housing. In 2012, the National Board of Housing, Building and Planning made a number of assumptions about future urbanization in "Vision for Sweden 2025". The assessment is that the development will continue towards a densification rather than spread, which means that the use of land and construction needs to be made more effective and surface-efficient. Stockholm is the county that is expected to increase the most by the year 2040, both in percentage terms (16%) and number of people.



Sustainability and climate impact

The climate issue is fundamental for the property sector with increased demands from customers and financiers. Both Swedish and European regulations are gradually being tightened. In response to this, many companies have defined more ambitious climate goals, for example within the framework of the Science Based Targets Initiative (SBTi). The EU has launched the taxonomy to be able to evaluate investments from a sustainability perspective and redirect capital to sustainable investments. The defined threshold values for energy consumption led to the fifteen best percentages of buildings in Sweden being classified as sustainable. The European Commission has also proposed that all new buildings should have zero emissions from 2030. It will place high demands on energy consumption and the supply of self-produced renewable energy. Requirements are also being raised for existing stocks, which highlights the importance of optimized operation and management.



Digitization and new business models

The property sector, like many other sectors, is transitioning to more automated and digital processes. Data-driven processes change the basis on which decisions are made regarding the expansion of cities and the planning of residential areas. The demands on property owners have increased and today innovation and digital solutions are seen as a natural part of the offer to residents, such as digital services for easy access to various common areas and charging stations for electric cars. Smart solutions also contribute to simpler dialogue between property owners and residents, which creates greater knowledge about the residents' needs and more proactive property management. Platforms and collaboration tools for optimized operation, energy consumption and management are continuously being developed in the property sector, as well as various forms of collaboration tools for streamlining, for example, resources and material use. It increases transparency and can contribute to a more sustainable business for construction and buildings.

Business areas

Apartment key in your mobile

In the properties, tenants lock and unlock doors with digital locks. An automatic invitation to the Your Block service arrives as soon as the tenant moves in. They then activate their digital keys to the apartment, storage, entrance, garage and waste sorting room. The tenant can then distribute digital keys to family members and other relatives who need access.

A collective housing concept unites companies in the portfolio

ALM Equity invests in and develops companies in the property sector and creates business opportunities in different parts of the value chain.

Based on a collective concept of a space-efficient portfolio of attractive housing in locations close to transport links, ALM Equity's business areas and their companies have both grown stronger and conducted good business in their respective parts of the value chain.

ALM Equity is a breeding ground where new businesses and services can grow and form independent companies with customers and partners both within and outside the Group.

ALM Equity's business areas are building a portfolio of companies based on a collective idea of creating sustainable and space-efficient housing in locations close to transport links.

Housing solutions of the future

Our housing concept

- + Close to transport links
- + Space-efficient
- + Climate-smart
- + Digital solutions
- + Sharing economy
- + Local services

Property Management

Acquires, builds up and owns companies with a focus on businesses that own and manage smart property holdings.

Digital Services

Acquires, builds up and owns companies that develop cost-effective and user-friendly digital services for efficient living.

Project Development

Acquires, builds up and owns companies that conceptualize, develop and sell property projects.

Construction Management

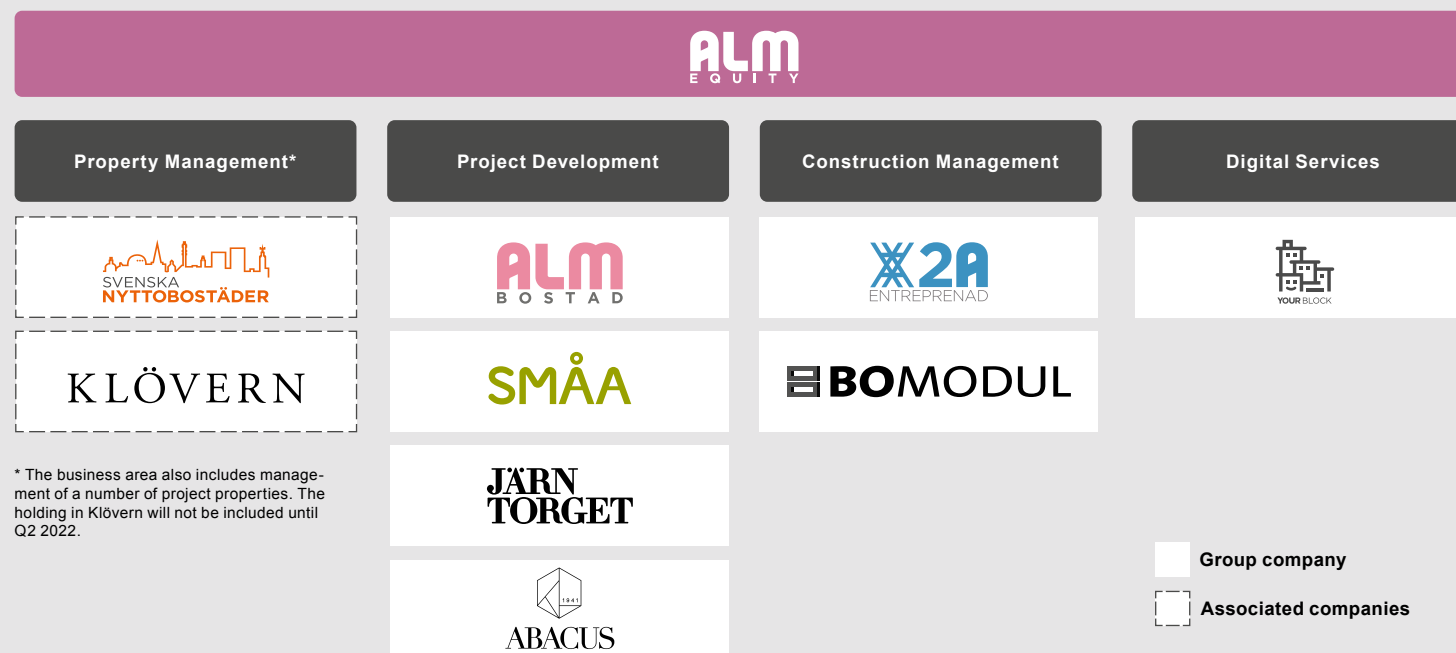
Acquires, builds up and owns companies that design, plan and coordinate construction of property projects as a turnkey contractor.

Overview of our business areas and their portfolios

Our company portfolio is structured in four business areas with independent companies and brands in property management, project development, construction management and digital services.

To make the values that the business areas' companies create visible, an ongoing market valuation is carried out every quarter. The valuations of the business areas Project Development and Construction Management are carried out by an external party. The holding in Svenska Nyttobostäder is valued on the basis of the share price on 31 December 2021. The Digital Services business area and the Property Management business of Svenska Nyttobostäder in the Property Management business area are not included in the valuation.

In the valuation carried out by PWC at the start of the year, the value of ALM Equity's portfolio was estimated at SEK 12.2 billion. More information about the market valuation can be found in ALM Equity's quarterly reports.



Earnings per business area 2021*, SEK bn



* Earnings per business area excluding year-end appropriations and tax (according to segment reporting).

* Earnings for Property Management are significantly affected by the effect of SEK 3.1 billion in the reclassification of Svenska Nyttobostäder.

Share of adjusted net asset value *, SEK bn



* The market valuation has been carried out by PWC; the definition can be found on page 107.

Property Management Business Area

The Property Management business area invests in and develops companies that manage space-efficient homes in locations close to transport links in Greater Stockholm. The business area owns shares in the listed company Svenska Nyttobostäder AB (publ).

The companies' core skill is developing tenant-adapted concepts and working towards smart, efficient management of modern rental accommodation. The companies' customers are both private individuals and companies, institutions or public enterprises that require housing for employees or other people in need of housing.

Overall strategy

The companies in the business area's portfolio manage properties in locations close to transport links within Greater Stockholm. The property portfolio consists of space- and energy-efficient residential units with opportunities for a sharing economy such as car-pools and common meeting places. Through smart and digital services in the properties, tenants are offered attractive and sustainable concepts while creating opportunities for efficient management.

Property Management must be run cost-effectively with good margins for high risk-adjusted returns.

Associated companies



Svenska Nyttobostäder. Manages rental accommodation aimed at the corporate market focusing on the Stockholm area.

KLOVERN

Klöver. Develops and manages rental accommodation aimed at the private market focusing on Stockholm and Mälardalen. Included in the business area from 2022.



Main market – locations close to transport links in the Stockholm area.

27%

Share of adjusted net asset value*

SEK 3 bn

Adjusted net asset value*

93%

Share of earnings

SEK 3.5 bn

Profit for the year

* Adjusted net asset value is based on actual net asset value adjusted for estimated market value of the operations within ALM Equity. The figures refer to 31 December 2021 and therefore do not include Klöver's operations.



MESSAGE FROM THE BUSINESS AREA MANAGER

“We create value for both our customers and society”



During the year, the Property Management business area appointed a new manager, Fredrik Arpe, former CEO of Järntorget, which was acquired by ALM Equity during the year. In November, a letter of intent was signed with Corem Property Group to jointly build up a management company, a deal that concerns both the Property Management and Project Development business area.

We have a clear picture of our value creation

We strongly believe in our vision to own space-efficient residential properties in locations close to transport links for long-term management. Our companies invest in creating attractive residential areas with services, common areas, gyms, and storage areas so that

those who live in the housing can share certain functions.

It is also a form of social responsibility, which creates value for both our companies' customers and society at large.

Different companies with a collective idea

Together with the other business areas in the Group, we have created a strong network that delivers on our sustainable idea of space-efficient housing located close to transport links. Each business area develops and creates growth in companies that over time have become increasingly adept in delivering their share of the chain. At the same time, we continue to develop our ownership and our company portfolio. In 2021, Svenska Nyttobostäder expanded in its role as an independently listed company. In December, we reduced our holdings in the company to spread the ownership and thereby clarify that they are independent of ALM Equity and will not come under the Group umbrella.

New property management company with Corem Property Group

In November, ALM Equity signed a letter of intent to form a management company with Corem Property Group, and in February 2022, the deal was agreed and completed. The deal affects both the Project Management and Project Development business areas. The company will operate under the name Klöver and the deal is a clear step in our ambition to become a leading player in the rental market, a goal we started working towards as early as

2017. Today, Svenska Nyttobostäder focuses primarily on property ownership with a focus on accommodation for the corporate market. Klöver will be a property owner operating in early parts of the value chain with a focus on the rental market for private individuals in Stockholm and Mälardalen.

Our ambitions for sustainability

We want to be a responsible player and use resources efficiently to minimize our impact on the environment. We have a fundamentally sound business model that is based on developing smaller, space-efficient, and energy-smart homes, in locations close to transport links and where digitalization and the sharing economy are central. We will build on that. Investments are today directed towards sustainable management. We want good access to future financing and will work in a structured way with the sustainability work in our companies.

Looking ahead

The most important thing in the near future is to get Klöver started with Corem and launch the new company. The business area will therefore have a clear ownership interest in another management company with the plan that it will be listed in future, which will require both time and resources. We will also continue to work with the various ancillary services we offer to develop the service for our residents.

Fredrik Arpe

Business Area Manager, Property Management

SIGNIFICANT EVENTS DURING THE YEAR

Fredrik Arpe, former CEO of Järntorget, was appointed Business Area Manager in August

In November, ALM Equity and Corem signed a letter of intent to create a joint management company with an initial building rights portfolio of around 24,000 building rights in the Stockholm area and Mälardalen, where the business area will become the owner representative.

In November, a decision was made to distribute shares in the company to ALM Equity's ordinary shareholders through dividends, based on the market value of the ordinary share in Svenska Nyttobostäder.

ALM Equity also sold 3,850,000 ordinary shares in Svenska Nyttobostäder in December. After dividends and sales, the business area has 45% of the capital and 49% of the voting rights.

KPIs, SEK m	2021	2020
Rental income	127	104
Net operating income	91	70
Change in value of investment properties	76	80
Earnings from associated companies	174	–
Number of employees	3	9

PROPERTY MANAGEMENT – OVERVIEW OF HOLDINGS

Since 2020, the associated company Svenska Nyttobostäder has been listed on the Nasdaq First North Growth Market. During Q4 2021, ALM Equity reduced its holding in Svenska Nyttobostäder, which at the turn of the year amounted to 45% of the capital and 49% of the voting rights, respectively. In connection with this, ALM Equity determined that Svenska Nyttobostäder should be reclassified as an associated company and reported according to the equity method. The reclassification to an associated company means that the holding was valued at fair value. It amounted to 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 gave an earnings effect of SEK 3.1 billion.

In February 2022, the business area signed an agreement with Corem Property Group to build a joint management company under the Klöver brand. The business area's ownership share will initially amount to 49%. The company's building rights portfolio will consist of a number of properties with a total potential of around 24,000 building rights, primarily in the Stockholm area, of which around 11,000 building rights will be transferred from ALM Equity's Project Development business area.

In addition to the holdings in Svenska Nyttobostäder and Klöver, there are a small number of units for the business area's self-management.



The Kronan property in Barkarby was taken over by Svenska Nyttobostäder 2021; a total of 276 residential units, 4 commercial premises and a courtyard for socializing with a barbecue area, outdoor gym and grow boxes.



Kista Square Garden today consists of offices and shops that will undergo a major conversion to around 1,000 apartments as well as areas for commerce, offices and gyms with a total of 70,000 m² GFA. Construction is expected to start in 2022 and will be part of Klöver.

**Associate company**

Ownership: 45% ALM Equity
Market capitalization: SEK 5,675 million

Svenska Nyttobostäder is a listed property company that owns and manages newly produced residential properties in locations close to transport links in Stockholm. The company has a management portfolio of around 5,750 apartments and a small number of premises which will be occupied on a continuing basis until 2025. The portfolio is estimated to generate a net operating income of around SEK 600 million. The tenants are private individuals, companies, and authorities.

Brief facts:

Property value: SEK 12.5 billion*
Number of apartments: 5,750
Number of apartments available: 1,348

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

KLÖVERN**Future associate company**

Ownership: 49% ALM Equity
Ownership: 51% Corem

In February 2022, an agreement was signed to establish the Property Management company Klöver with Corem Property Group. The goal is to eventually spread ownership and list the company on Nasdaq Stockholm. The business will start during Q2 2022 with a focus on developing space-efficient and climate-smart rental housing for self-management.

Brief facts:

Property value: SEK 10 billion*
Number of building rights: 24,000
Scheduled listing: 2022
Planned takeover: Q2 2022

* Based on property values in connection with the signing of the agreement on 24 February 2022.

Project Development Business Area

The Project Development business area acquires and develops holdings in companies that sell properties close to transport links, primarily in Greater Stockholm. The companies' goal is to acquire property projects to develop and optimize the properties' building rights, content and form of tenure in order to maximize their value in the property market.

The businesses' customers are property management companies and private individuals who buy in tenant-owner associations and their own homes via four brands: ALM Bostad, Småa, Järntorget and Abacus. The focus on different target groups creates the conditions for each business to be run in an efficient and quality-assured way.

Overall strategy

The business area's companies will acquire and develop projects in locations close to transport links in the Stockholm area in excess of 5,000 m² GFA (gross floor area). The building rights portfolio must be balanced in order to be able to adapt to supply and demand.

The companies' projects must be fully financed and can be advantageously financed with preference share shareholders. No collateral/loans may be provided between the projects and the companies within the business area. The projects must be run cost-effectively with good margins for a high risk-adjusted return. Identification and realization of potential project-specific financing opportunities is done on a continual basis.



ALM Bostad. Develops space-efficient housing for property managers and private customers.



Småa. Mainly develops detached housing and larger homes for the private market.



Järntorget. Develops housing for both property managers and private customers.



Abacus. Develops housing for property managers and private customers in the Stockholm region.



Main market – locations close to transport links in the Stockholm area.

45%

Share of adjusted net asset value*

5%

Share of earnings

18,211

Number of units in the building rights portfolio**

2,853

Number of units in production

* Adjusted net asset value is based on actual net asset value adjusted for estimated market value of the operations at ALM Equity.

** Of which 11,000 building rights will be transferred to Klövern in 2022, see more information on page 26.



Rödklöverparken with 20 terraced houses in Eds Allé, Upplands Väsby.

MESSAGE FROM THE BUSINESS AREA MANAGER

“We create companies with different identities and purposes”



A large part of the year was marked by the acquisition of Järntorget and the letter of intent signed by ALM Equity and Corem Property Group about forming Klövern, a new joint property management company in which the business area plays an important role. At the same time, the business area has continued to work on streamlining operations and creating clarity in its offering. During the year, work also continued to deliver on the agreement with Svenska Nyttobostäder to complete around 5,700 residential units by 2025.

The year has been intensive and the first half of the year was about building up and improving our organization to deliver on our agreement with Svenska Nyttobostäder. That deal has been very educational and has given us experience, knowledge and understanding of the product. When

ALM Equity starts the new company with Corem Property Group, our major project development expertise will be an important prerequisite and a valuable component that we can bring to the new company.

Järntorget an important lever going forward

ALM Equity acquired Järntorget in June, and during the autumn we worked hard to integrate Järntorget's project and project organization into our own. From Järntorget, we are gaining commitment to and efforts towards sustainability, an area in which they have come a long way and can help move our processes in the right direction. Sustainability will continue to be a matter of the heart for us in future and will require greater responsibility. Our projects will work with sustainability based on the issues that projects raise and make important.

A key part of our value creation has been optimizing our building rights portfolio. We see continued high demand for smaller and space-efficient homes in general. In the media, there have been reports of greater pressure and interest in larger homes, directly linked to new habits such as hybrid work – and we see clearly that this emerged in 2021 and may be the beginning of a trend. However, we do not see this affecting the major interest in smaller homes and the underlying need, especially in the metropolitan regions, will not disappear in the blink of an eye.

We quickly identified the potential in Järntorget's building rights portfolio and during the autumn we made an accurate inventory of our entire building rights portfolio within the business area. This resulted in a total of

11,000 building rights suitable for the management of space-efficient housing, almost double compared to the 6,000 we had initially identified after the acquisition of Järntorget.

The developed building rights will be included in Klövern, the new property management company that ALM Equity and Corem Property Group have decided to form. Parts of our project development organization that focuses on the rental market will also join the new company.

After the transaction, we still have around 7,400 building rights, of which 4,500 are earmarked for Svenska Nyttobostäder with a final delivery in 2025. The remaining building rights will lay the foundation for our continued work to establish a business focusing on the development of “mixed-use” urban development projects with commercial elements, housing and services.

Looking ahead

We will continue the relocation that began in 2021, creating companies with different identities and clear purposes. At the same time, we will maintain our focus on creating value and continuously increasing society's stock of smaller and space-efficient homes. The commitment to Svenska Nyttobostäder will be fulfilled and we will also realize the collaboration with Corem. In parallel, we are starting the work of improving our position in “mixed-use” development and the private market.

Louise Eklund

Business Area Manager, Project Development

SIGNIFICANT EVENTS DURING THE YEAR

ALM Småa Bostad achieved a double record in Q2 after the start of construction of 474 residential units in The Brick area and reached a record high with 2,203 units in production, of which 96% for the management market.

Following the acquisition of Järntorget, the business area has a portfolio of around 17,000 building rights.

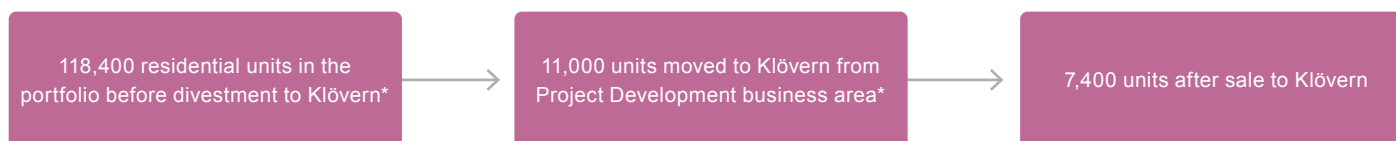
In November, ALM Equity and Corem Property Group signed a letter of intent with the aim of creating a joint property management company. The agreement was signed in February 2022. The new company includes 11,000 building rights from the business area, and parts of the project development organization, as well as building rights from Corem.

The business area has started construction of 917 residential units, of which 858 units are for the management market.

KPIs	2021	2020
Net sales, SEK m*	3,159	2,479
Operating profit, SEK m**	190	192
Operating margin, %	6	8
Number of employees	47	28

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

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

BUSINESS DEVELOPMENT BUSINESS AREA - BUILDING RIGHTS PORTFOLIO*

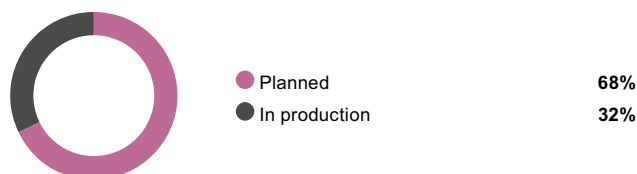
* Includes around 200 units that were added after the end of the year.

In the spring of 2022, around 11,000 units for management will be moved from the business area to the new company Klövern, which will be jointly owned with Corem Property Group. Parts of the business area's project development organization will also be transferred to Klövern.

The business area's portfolio after the sale to Klövern

7,400

total residential units in the portfolio



2,000

units for the private market

80%

of homes in the Stockholm region



After the transaction, the Project Development business area will have a remaining portfolio of around 7,400 units, of which about 4,500 have been sold to Svenska Nyttobostäder. The rest will be sold mainly to the private market as tenant-owned apartments.

In future the business area will focus on a higher business volume for both the management market and private market, as well as more complex and larger projects that also include commercial properties. Through four brands with different orientations, the units are adapted to different target groups and needs.

* The figures are approximate and based on the portfolio per 31/12/2021.

Construction Management Business Area

The Construction Management business area acquires, develops and owns holdings in companies that offer turnkey contracts, and develops partnerships with both property developers and contractors regarding specific parts of, or entire projects.

The business area includes the company 2A Entreprenad, which offers turnkey contracts which focus on new builds, extensions and conversions, ranging from larger apartment buildings to detached housing areas.

The business area also includes Bomodul, which primarily manufactures flexible and Nordic Swan Eco-labelled wooden modules as a subcontractor to 2A Entreprenad, but also as a supplier to other external parties.

Overall strategy

The construction management operations must generate positive working capital and be self-financed.

Through its companies, the business area has established a scalable platform with efficient working methods that make the operations adaptable to different volumes. The companies in the portfolio continuously develop relationships and collaborations with subcontractors in order to streamline and improve both deliveries and products. Subcontractors with good references reduce risk and optimize delivery. Through the integration of Bomodul, the focus on sustainability and efficient logistics has increased.



2xA Entreprenad. Turnkey contractor with a focus on new builds, extensions and conversions of properties.



Bomodul. Bomodul. Company that manufactures flexible and Nordic Swan Eco-labelled wooden modules.

11%

Share of adjusted net asset value*

2%

Share of earnings

2,413

Number of units in production

714

Number of completed units

* Adjusted net asset value is based on actual net asset value adjusted for estimated market value of the operations within ALM Equity.



MESSAGE FROM THE BUSINESS AREA MANAGER

“A successful business integration”



It has been an exciting year and the business area almost doubled its sales. In connection with ALM Equity's acquisition of Järntorget in June, their construction operations were integrated into the business area. Much of the work during the year has been about integration and getting new staff adjusted to a collective way of working.

A scalable contracting business

We entered 2021 with a strong order portfolio for ALM Småa Bostad and the knowledge that we would grow during the year. We also had a clear goal to do this in a controlled way and bring quality with us at all levels. In June, ALM Equity acquired Järntorget and work began on integrating Järntorget's construction operations into the business area. At the time of the acquisition, we also had a lot of contracts in progress, but with a

scalable platform and efficient working methods, we were prepared. We also received clear proof that we are working correctly as, despite sharply increased volumes at the end of the year, we were able to state that we maintained both good results and high quality, which was seen in inspections and quality measurements carried out during the year.

Our strength – smart collaboration and direction towards prefabrication

The business area is building up scalable operations that can be redirected at greater volumes and grow in step with the rest of the Group's companies. Behind this is a well-thought-out organization. We work with subcontractors in a smart way in combination with the fact that we steer our production towards a large proportion of prefabrication and have standardized construction processes from start to finish. The business area has in-house architects who design and, among other things, produce all the building permit applications and can therefore easily reuse different housing concepts. In this way, we can also adjust different concepts to create properties and homes with different appearances.

An expanded offering

With the acquisition of Järntorget, the company Bomodul was also integrated into the business area. Bomodul manufactures wooden building modules, a concept we are very positive about. We have worked on integrating Bomodul's working methods into the business area and creating an efficient process together. Bomodul gives us an opportunity to expand our offering and they also work in a way that is well-aligned

with our thinking about sustainability. Their production takes place in a climate-controlled environment and they offer efficient logistics for getting completed modules to the construction site. They also use local raw materials in the form of high-quality Småland spruce, which reduces their climate impact. In our processes, we are careful with the choice of materials to create healthy living environments, and here too Bomodul's business model fits in well.

In 2022, our ability to adapt will be put to the test. The availability and price of various materials and inputs have been impacted by effects linked to the pandemic. In addition, additional risk factors have been added in the form of the uncertain decision regarding Cementa's permit to mine limestone on Gotland and the war in Ukraine. Therefore, the choice of construction systems, materials and subcontractors and cooperation between subcontractor and customer will be very important.

Looking ahead

We will continue to create growth for the business area's companies in a controlled manner, while maintaining quality and results in line with our vision. We are the driving force in the construction of space-efficient homes and we stick to that concept. We will continue to make our companies' processes even sharper and focus on delivering. We are ready for 2022.

Thomas Carlsson

Business Area Manager,
Construction Management

SIGNIFICANT EVENTS DURING THE YEAR

Doubled volume from 1,709 units to 2,413 units.

With ALM Equity's acquisition of Järntorget in June 2021, Järntorget's construction operations were integrated into the business area with two projects in progress.

Integration of Järntorget's subsidiary Bomodul with a focus on coordinating working methods and processes.

In total, the business area's companies started contracts consisting of 917 units.

The business area's companies have completed contracts for a total of 714 units.

KPIs	2021	2020
Income, SEK m	1,252	519
Operating profit, SEK m*	91	47
Operating margin, %	7	9
Number of employees	82	34

* According to the segment report in Note 3.

Digital Services Business Area

The business area develops and owns companies that work to create cost-effective and user-friendly services for digital communities, sharing economy and access control in tenant-owner associations, rental properties and neighbourhoods.

Through the business area's holding in the company Your Block, software is developed and offered that simplifies communication and information sharing as well as various resources and services in the property segment. The goal is to offer solutions that streamline property management, increase property owners' net operating income and at the same time contribute to more sustainable housing.

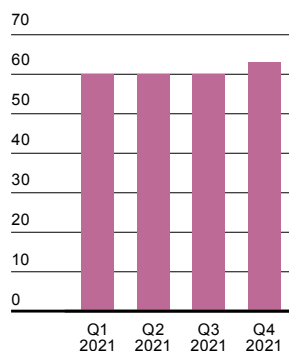
Solutions are based on user-friendly and easy-to-manage digital platforms that gradually reduce costs for communication, case management, documentation, access control systems and management of properties' collective resources that simplify everyday life for the residents.

Customers are primarily property developers, property managers and tenant-owner associations but also other types of companies.

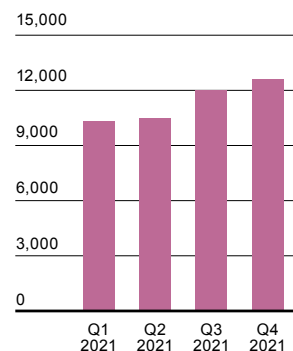


Your Block. Offers a cloud-based service for companies and associations that creates a digital community platform with smart features.

Share of external customers, %



Number of connected apartments in Your Block



MESSAGE FROM THE BUSINESS AREA MANAGER

“We connect the ecosystem between tenants and management”



The business area has had a productive year and continued the development of the cloud-based platform in the company Your Block, which now has over 12,000 users. A pilot study carried out for testing digital apartment locks has turned out very well. Together with partners, a solution has been developed where key-free management can be offered through Your Block. There is also the launch of a digital intercom in the pipeline.

When the digital platform Your Block was developed, the main objective was to connect the ecosystem between tenants and management and create conditions for the sharing economy and good communication. This development led to where we are today with a number of digital

functions on site such as digital walls, group bookings of premises, general activity calendar and error reporting directly in the tenants' mobile phones.

From the start, we have continuously developed Your Block's platform into a digital community similar to open social networks, where tenants move into a Community. The platform now has a number of user-friendly functions that make it easy to get involved, share knowledge and have contact with all the other tenants. Through this, we contribute to greater dialogue and social interaction between tenants, which creates more pleasant and sustainable living.

The digital solutions that have been developed make up an important component in the properties that the companies in the Property Management business area take over.

The next step – to offer keyless management

During the year, we ran a successful pilot study in collaboration with Accessy, where we set up over 150 digital locks for 1,200 users in various properties, including 50 digital apartment block locks. Via Your Block Access, we can now offer digital keys to tenants directly in their Your Blocks app. At the same time, the property manager can both activate digital locks and configure tenants' access and authorizations in a cloud-based portal. The continual administration during the rental period is therefore minimal.

The manager gets an overview and control over distributed accesses in the property both to tenants, craftsmen and for technical management. Upon occupancy, tenants automatically receive

an invitation to Your Block and then activate their own digital keys to the apartment, storage, entrance, and waste sorting room. Tenants can also give digital keys to family members and when they book a space, they get automatic access during their booked time. The development creates benefits for both managers through significantly reduced administration, while the tenant does not have to keep track of keys, cards and badges.

Looking ahead

We will invest in reaching out further with Your Blocks' offering of smart digital accesses and keys. We learned a lot during the pilot study with Svenska Nyttobostäder, which we will use going forward. Together with the ALM Equity Group's other business areas, we are laying the foundations and will continue to work together to reach more users. In 2022, we will issue digital keys in over 500 apartments. We will also launch a digital intercom via Your Block which is completely handled in the cloud via an app on the tenant's mobile phone. We will also work further based on the goal of creating conditions for property managers to conduct more efficient and sustainable management by developing digital solutions for measuring and monitoring the use of resources in properties.

Erik Lindblom

Business Area Manager, Digital Services

SIGNIFICANT EVENTS DURING THE YEAR

The cloud-based platform Your Block has over 12,000 users. The platform is an increasingly important component in the housing developments ALM Equity's Property Management business area take over in future.

Successful pilot study carried out in collaboration with Accessy to establish digital locks in residential properties. The study involved setting up 150 locks for 1,200 users, including 50 digital entrance locks. Tenants can now be offered digital keys via the Your Block app.

“From the start, we have continuously developed Your Block's platform into a digital community similar to open social networks, where tenants move into a Community.”

Sustainability Report

Self-sufficiency in property and household electricity

When the students move into the Trilling student housing, the buildings will be self-sufficient in terms of both property-wide and household electricity. In 2021, production began on 383 student housing units with solar panels installed on the roof. This is a good investment, as it will pay for itself within just a few years. The buildings are constructed of wooden modules from Bomodul and the project bears the Nordic Swan Ecolabel.

ALM Equity's approach to sustainability

ALM Equity develops and invests in companies within the property sector. We are an active owner, and we support our business areas' portfolio of companies by setting clear objectives for sustainability work, which is our primary means of contributing to a sustainable society.

ALM Equity's ambition is to operate with good business ethics, social responsibility and goal-oriented environmental work at every step. We take a proactive approach to the challenges of both the present and the future. Our responsibility should be seen as reliable by the organization's stakeholders and by the industry at large.

Our sustainability work will also be integrated with and directed towards the 2030 Agenda. In combination with other established frameworks, this guides us in managing external demands and working more effectively towards our overarching business and sustainability objectives.

PARTICIPANT IN UN GLOBAL COMPACT

In 2021, ALM Equity AB joined the UN Global Compact initiative, a global network of companies and organizations that, through their participation, work actively with fundamental sustainability issues and submit annual progress reports to the UN.

This work is based on ten principles concerning human rights, labour rights, the environment and anti-corruption. ALM Equity's Code of Conduct is based on these ten principles, and the approach is strongly anchored in our culture. Through our participation, we ensure a continued and clear focus on these issues.

UN SUSTAINABLE DEVELOPMENT GOALS

Participation in the UN Global Compact also includes a responsibility to promote the UN's 17 global goals for sustainable development, also known as the 2030 Agenda. The global goals and associated subgoals create a roadmap for the years leading up to 2030 and how we need to work to reduce our climate impact, promote good business practices, combat all forms of bribery and corruption and work to promote diversity and equality.

In 2021, we re-evaluated the global goals based on where ALM Equity and/or our company portfolio as a whole has the largest impact and should focus its efforts. In total, we identified eight goals as the most essential for our business and our stakeholders, and as the areas in which we can have the largest impact on a positive development towards a sustainable future.

Our contribution to the UN's global sustainable development goals



3 GOOD HEALTH AND WELL-BEING

Good health and well-being

When our companies design and construct new buildings and real estate projects, they work with sound material choices, sustainable mobility solutions and sharing services to promote customers' health and well-being.



7 AFFORDABLE AND CLEAN ENERGY

Affordable and clean energy

Within the Group, we take various measures to reduce energy consumption and promote more efficient energy sources, for example by investing in solar cells, using renewable energy and seeking environmental certification for real estate projects.



8 DECENT WORK AND ECONOMIC GROWTH

Decent work and economic growth

We strive for long-term economic growth that does not place an unnecessary burden on the planet. A safe and secure work environment in the Group is a given, as are decent working conditions for the Group's companies and their subcontractors.



10 REDUCED INEQUALITIES

Reduced inequalities

Within the Group, we work to promote diverse and equal workplaces where we nurture each employee's potential. Our companies also contribute to a more inclusive society by offering affordable housing and a varied array of housing types.



11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainable cities and communities

Our companies work actively with efficient resource consumption to promote more sustainable production, and our objective is for all our companies to implement circularity in their business by 2030.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible production and consumption

With the Group's concept of creating space-efficient housing close to transport links, with opportunities for a sharing economy and ancillary services, we hope to contribute to residential areas where people can live safely and in a climate-friendly way.



13 CLIMATE ACTION

Climate action

In order to minimize our climate impact and meet our overarching emissions targets, climate action must be integrated throughout the entire business. We expect our companies to address the climate issue in their value chains and implement a climate strategy in line with the Paris Agreement.



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Peace, justice and strong institutions

Within the Group, measures are taken to ensure that ethical business practices are maintained internally and in relation to others. We expect our companies to implement codes of conduct as well as ambitious anti-corruption efforts to ensure a zero-tolerance policy against corruption.

Sustainability strategy 2021

In spring 2021, we worked with external expertise to develop our sustainability strategy and integrate it into our business model. Sustainability will be considered in the evaluation of new business opportunities and acquisitions as well as in the continuous development of the companies we own.

A BROAD MATERIALITY ANALYSIS

Both ALM Equity's and society's awareness of sustainability issues has grown in recent years. That is why we carried out a complementary materiality analysis in 2021. The results provided an expanded view of ALM Equity's most essential sustainability issues – that is, where ALM Equity has the greatest influence as a company, as an owner of companies within the property sector, and what is most important to our stakeholders. Our materiality analysis, together with ALM Equity's values and business model, forms the basis of our sustainability strategy.

DIFFERENT TYPES OF OWNERSHIP

Our sustainability strategy is based on the fact that ALM Equity works with sustainability on two levels: for the parent company and for the company portfolio as a whole. As an active owner, we have the greatest impact and the opportunity to create long-term value for the companies and for society.

ALM Equity's approach to sustainability issues in the company portfolio looks different depending on the type of ownership. In wholly-owned subsidiaries, ALM Equity has a larger impact and direct influence on sustainability efforts. In separately listed portfolio companies, it is primarily through board representation that ALM Equity can influence questions of strategy and priorities, as well as ensure the company's sustainability work.

OUR SUSTAINABILITY FRAMEWORK

In order to clarify how ALM Equity will work with essential sustainability issues in its role as company and owner, the strategy is structured in a framework that includes both ALM Equity and its portfolio. The framework consists of three sustainability areas, which are based on our economic, social, and environmental responsibilities (ESG): Environment & Climate, Society & Employees and Business Ethics & Governance.

In connection with each sustainability area there are key issues that were identified by the materiality analysis. These reflect the areas we should focus on in our sustainability work. It is based on these and Agenda 2030 that the overarching objectives have been designed.

The framework also includes a number of expectations for ALM Equity and our companies, with the intention of ensuring sustainability work in the business portfolio and enabling the overarching sustainability objectives to be met. The pace and method in which the companies can meet these expectations depends on the company's development phase and the type of business. Based on these factors, each company sets its own objectives and action plans that contribute to the overarching objectives being fulfilled, while also meeting the demands of their other stakeholders.

The strategy and associated framework were established by the Group management in Q1 2022. Thereafter, work was begun to implement these in the organization as well as to establish structures for reporting and follow-up of the Group's sustainability work and that of its respective companies.

Sustainability framework for ALM Equity and its portfolio

Environment & Climate

Key issues

Climate impact
Resource consumption

Overarching objectives

Halve GHG emissions from day-to-day operations by 2030 (base year 2022)
All companies should implement circularity in their business

Expectations for our companies

Develop a climate strategy in line with the Paris Agreement and report the organization's climate emissions annually
Work to increase circularity in resource consumption



Society & Employees

Key issues

Diversity and equality
Health and safety

Overarching objectives

No accidents or work-related illness
No form of discrimination or special treatment
All portfolio companies should achieve at least one of their own social sustainability objectives linked to positive societal development

Expectations for our companies

Work systematically to promote diversity and equality within the company
Work proactively to establish a work environment that promotes employees' health and safety
Work actively towards sustainable and safe urban development



Ethics & Governance

Key issues

Economic balance
Anti-corruption
Risk management

Overarching objectives

No instances of corruption or bribery
Green financing should be available for the activities of the portfolio companies

Expectations for our companies

Be transparent in reporting on sustainability work
Integrate sustainability issues into the value chain
Take a structured approach to preventing bribery and corruption within the organization
Continuously analyse risks and opportunities within sustainability
Have a code of conduct for the company and regularly check that it is being followed



Sustainability area: Environment & Climate

Key issues

Climate impact
Resource consumption

Overarching objectives

Halve GHG emissions from day-to-day operations by 2030 (base year 2022)
All companies should implement circularity in their business

Expectations for our companies

Develop a climate strategy in line with the Paris Agreement and report the organization's climate emissions annually
Work to increase circularity in resource consumption

ALM Equity has a responsibility, both as an organization and as an owner of businesses, to contribute to the climate shift that is happening in the world. We gladly accept this responsibility. We work in an industry that represents a significant portion of society's environmental impact in terms of both greenhouse gas emissions and resource consumption. The company's mapping and reduction of emissions, transition to more circular flows, waste reduction and adaptation to climate change are some of our tools for contributing to sustainable development.

HOLISTIC APPROACH REDUCED CLIMATE IMPACT

Climate change is one of the greatest challenges of our time. Therefore, we must quickly head towards a society that emits fewer greenhouse

gases. This happens by taking actions like becoming more resource-efficient, changing our production methods and basing our societies on renewable energy sources. At the same time, we need to adapt the environment around us to the changes that have already resulted in a warmer, windier and rainier climate in Sweden. Operating in the property sector, ALM Equity and our companies have a great responsibility for our climate impact and for the properties and areas we develop.

ALM Equity's direct climate impact is relatively limited in relation to that of the portfolio companies. Our most important contribution is therefore the work we do to support and drive the development of the companies at the same time as we take responsibility and set objectives for our own environmental work. The largest share of the Group's impact comes from our



companies in the business areas of Construction Management, Property Management and Project Development. The company Your Block in the Digital Services business area is thought to make a positive contribution through its digital platform which has been implemented in the Group's properties with the aim of enabling a sharing economy among the residents as well as facilitating a more sustainable lifestyle.

To minimize the Group's negative climate impact, but also manage climate-related risks and seize the opportunities offered by the sustainable transition, we need a holistic approach to property development and the subsequent use stage. A survey of the companies' value chains from an environmental and climate perspective shows how each link in the chain should work towards positive development.

CIRCULAR RESOURCE CONSUMPTION

In order to drive a change towards more sustainable patterns of consumption and production, we have set a Group-wide objective that all portfolio companies are to implement circularity in their business by the year 2030. We expect that the companies are already working actively to increase circularity in their resource consumption. By requiring that circularity also be part of the companies' business, we will drive change forward on a larger scale. With efficient and circular resource consumption, we contribute to goals 12 and 13 of Agenda 2030 while simultaneously creating benefits for business as material costs drop, residual flows are utilized and less waste is sent to incinerators and landfills.

Today, the companies work with circular flows in various different ways, for example by carrying out renovation and re-use projects,

maintaining a high level of waste sorting on construction sites and offering sharing services that enable residents to make circular choices in their daily lives. Many of the companies' projects are built using module-based construction, which contributes to less waste as well as reduced emissions thanks to shorter construction times and less transportation.

With the Group's common focus on space-efficient housing with a high degree of utilization, the use of land and resources becomes more efficient. The impact per resident and user is lower as a result of reduced material consumption as well as lower energy consumption per capita, both in production and in day-to-day management. By locating the properties near transit links and implementing thoughtful mobility solutions such as measures to promote cycling, we also facilitate sustainable travel.

Through efforts to develop properties with low energy consumption and to supply them with energy and heat from renewable resources such as geothermal heating, solar cells and heat recovery, we reduce our use of non-renewable resources and indirect fossil fuel emissions.

OUR FIRST CLIMATE INVENTORY

In 2021, we carried out our first climate inventory to identify which processes in the Group's value chains generate the most emissions, and how we can best work to reduce our climate impact going forward. The earlier in the process requirements for regulating climate impact are put in place, the greater the chances of effecting change.

The climate inventory, which includes both the parent company and the portfolio companies, was performed in accordance with the Greenhouse Gas Protocol. The inventory reports emissions in scope 1 and scope 2 as well as in scope 3 construction projects, office supplies,

business travel and tenant waste in 2020. The climate inventory has given us an overview of the Group's climate-changing emissions and demonstrated which data should be collected in a structured way in order for us to set relevant Group-wide climate objectives and follow up on them. The climate inventory for 2022 will serve as the base year for the overarching climate objectives that have been set. The reason for this is that we want to be able to start from complete calculations and be able to provide a relevant target figure. Going forward, we expect that our companies will carry out their own, more detailed climate inventories in order to identify effective measures for reducing their climate impact and to set subgoals and action plans in line with the Paris Agreement.

OUR AIM FOR THE FUTURE

Our aim is for the Group's companies to operate with the lowest possible extent of negative climate impact and contribute to a sustainable and secure development, in the short- and long-term, both globally and in the neighbourhoods in which the companies operate. This requires long-term planning and clear objectives. In our new sustainability strategy, overarching objectives for the Group's climate impact have been established in line with Agenda 2030 and the Paris Agreement's 1.5-degree target.

In 2022, we will develop key figures and structures for measuring and following up on our environmental work and that of our companies, and we will support the companies in their efforts to develop their own strategies, action plans and objectives for environmental responsibility and the completion of their own climate inventories.





We develop the property sector

Fredriksstrand – Ekerö

Construction started 2019

Completed 2021

44 residential units

- ♥ Built using wood modules and wooden façade.
- ♥ Energy-efficient with exhaust air heat pump.
- ♥ Stormwater pond built for collection and retention of rain-water. Contributes to biodiversity and management of climate change.

Case

Nordic Swan Ecolabel wooden buildings join the portfolio

With ALM Equity's acquisition of Järntorget, the business area Construction Management can integrate its own Swedish wood modules via Bomodul's factory in Bodafors, thereby increasing both the level of industrialization and sustainable construction.

There are many benefits to constructing residential buildings from prefabricated models: they are built indoors in a climate-adapted environment free from external influences. It is also a much cheaper alternative to building from loose timber.

Bomodul in Bodafors produces Swedish-made wooden building models that can be used in many different types of housing projects. The construction method is cost-effective, as the construction time using modules is much shorter than with traditional methods.

Bomodul uses high quality spruce from Småland in its manufacturing. By using local raw materials and rational logistics, the climate impact is minimized. Sound, carefully selected materials also result in a healthy living environment.

As of 2020, all Järntorget's housing projects are certified with the Nordic Swan Ecolabel. This ecolabel certifies that Nordic Swan examines the entire process, from choice of raw materials to completed building. This means, among other things, that the building materials are free from toxic substances, that the homes are equipped with energy-saving appliances, that the building is well-insulated and that there is space for recycling.

“The Nordic Swan Ecolabel guides us in questions of environment and health and plays a very important role in our sustainability work as a whole.”

Fredrik Arpe

Business Area Manager, Construction Management and Deputy CEO, ALM Equity



**Byggnad
3089 0120**

Sustainability area: Society & Employees

Key issues

Diversity and equality
Health and safety

Overarching objectives

No accidents or work-related illness
No form of discrimination or special treatment
All portfolio companies should achieve at least one of their own social sustainability objectives linked to positive societal development

Expectations for our companies

Work systematically to promote diversity and equality within the company
Work proactively to establish a work environment that promotes employees' health and safety
Work actively towards sustainable and safe urban development

For us, social responsibility is about being an attractive employer and a good corporate citizen, which we also view as central for our portfolio companies. Having a safe and healthy workforce – and society – requires an active effort to prevent accidents and promote good health and diversity.

HEALTHY NEIGHBOURHOODS

When the Group's companies design and construct new buildings, they work with sound material choices to ensure the customers' health and well-being.

By offering affordable housing and a varied array of housing types, we can increase the degree of inclusivity in the areas we operate in. Likewise, we promote the social community with sharing services for communal use, common

areas adapted for specific target groups and vibrant neighbourhoods with ancillary services and green areas.

INCLUSIVE WORKPLACES

We are convinced that employees thrive and perform better in workplaces characterized by diversity and equality. Research also clearly shows that diversity leads to better decision-making and is necessary for a company's long-term economic growth. We therefore recognize that systematic work with these topics, together with opportunities for personal development, creates value and is essential to attracting and retaining the best employees.

Every spring, evaluation and development meetings are held with all employees with the aim of providing feedback on their work and



creating individual development plans that are linked to the organization's overarching objectives. These conversations are also an important tool for the managers to monitor work environment conditions and to identify needs and wishes related to the work environment and health. Follow-up on the development meetings takes place every autumn to ensure that the employee is on the right track, is getting the support and help they need, and that tasks and responsibilities are clear.

In 2021, we worked according to the equal opportunity plan that was established in 2020. The plan consists of guidelines to ensure equal treatment in recruitment, development, pay and working conditions. The plan includes a number of procedures aimed at supporting employees and managers in these matters, like for

Entrepreneurship as a path out of poverty

The non-profit organization Hand in Hand works to tackle poverty and supports entrepreneurship, primarily for women, in countries like India, Zimbabwe and Afghanistan. They recognize people's ideas and their will to change and utilize their own potential. With access to microloans, they create the conditions for small-scale entrepreneurship that fights poverty in the long term. We at ALM Equity believe in the power of people to change their own situation and we contribute to Hand in Hand's work.



example our procedure for carrying out competence-based recruitment with templates and checklists to help with each step of the process. In addition, based on their respective activities and circumstances, we expect our companies to implement their own initiatives and adopt company-specific measures to increase diversity within the company and ensure an equal workplace.

INTEGRATION OF JÄRNTORGET

Another key factor in an inclusive and healthy workplace is successful integration upon acquiring new companies. Last autumn we placed a strong focus on integrating Järntorget's operations and employees into the ALM Equity Group. In addition to digital information meetings on a Group and company level, activities for unifying our working methods and other forms of collaboration, we also restructured our workplaces and offices so that we can sit together. We believe that shared offices are an important prerequisite to an effective integration and to getting to know one another. The pandemic has limited our physical contact, but during the periods when the pandemic was under control and it was possible to meet responsibly, we have encouraged in-person meetings. Otherwise, the Group has sought to enable remote work as much as possible, but also to ensure that the offices can be accessed safely for those who cannot work from home.

HEALTH AND SAFETY IN FOCUS

Our employees are essential to the Group's positive development, which makes their health and safety a strategic issue for us. We continuously monitor employee absences due to illness, and in 2021 we achieved an attendance rate of 97%. No occupational injuries were reported during the year.

To support the effort to promote good health and to better meet the Group's varied needs

surrounding these issues, in 2021 we reviewed our occupational health services. This resulted in a collaboration with a new partner that assists ALM Equity and our companies with various matters relating to work environment and health. We also redesigned the health screening process, which is now more tailored to different work roles, and hired a 24-hour active crisis support service, which ALM Equity and the wholly-owned companies in the Group can utilize if an accident occurs.

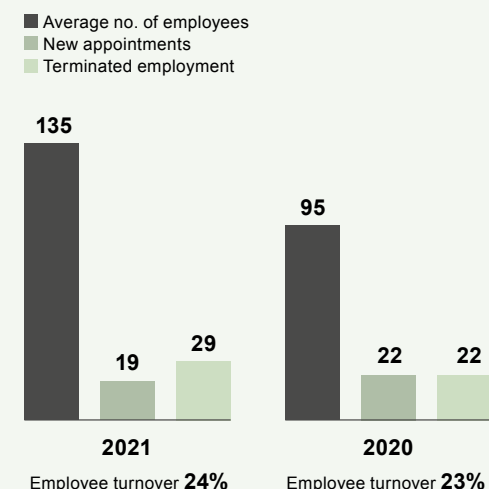
OUR AIM FOR THE FUTURE

With the new sustainability strategy, we have established overarching objectives within social responsibility for us and for our portfolio: "No accidents or work-related illness" and "No form of discrimination or special treatment". The objectives entail a number of expectations for the Group and the companies' work on these issues, which should contribute to the achievement of the objectives each year. As our companies have a significant impact on society through their respective core activities, they should also achieve at least one of their own social sustainability objectives linked to positive societal development. In 2022 we will establish structures for how we can monitor, ensure and report on the Group's work with social responsibility and annual objective fulfilment.

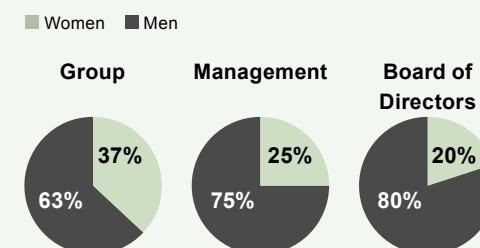
Employee statistics 2021

The number of employees in the Group increased by nearly 40% relative to 2020, primarily due to the acquisition of Järntorget. The acquisition reduced the proportion of women, as Järntorget's business is male dominated. Employee turnover was at approximately the same level as in 2020. The average number of employees in the Group staff was reduced somewhat in comparison to the previous year, largely due to internal transfers. This also affected the gender balance, with the number of women on the staff increasing in 2021. Employee turnover did not change significantly, however, with a reduction from 16% to 13%.

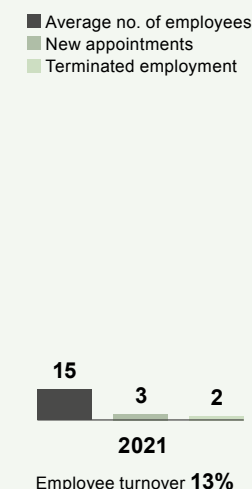
Group



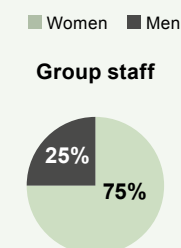
Gender balance



Group staff



Gender balance



Sustainability area: Ethics & Governance

Key issues

Economic balance
Anti-corruption
Risk management

Overarching objectives

No instances of corruption or bribery
Green financing should be available for the activities of the portfolio companies

Expectations for our companies

Be transparent in reporting on sustainability work
Integrate sustainability issues into the value chain
Take a structured approach to preventing bribery and corruption within the organization
Continuously analyse risks and opportunities within sustainability
Have a code of conduct for the company and regularly check that it is being followed

Sustainability is an integral part of our business model, and we work with sustainability at two levels: for the parent company and for the portfolio as a whole. The portfolio companies are operationally responsible for their sustainability work, and through its ownership, ALM Equity will ensure ethical business practices as well as developing profitable and sustainable companies.

RESPONSIBLE OWNERSHIP

ALM Equity's greatest influence is exerted via our portfolio companies, and it is through engaged and responsible ownership that we can best contribute to a sustainable society. Our objective is for each company to achieve maximum risk-adjusted return on equity combined with optimized growth. Growth is also important and resource-creating tool. But it is also just as

essential for us that this growth does not carry negative consequences for ecological or social sustainability. Therefore, through our ownership, ALM Equity will ensure that portfolio companies are run in a responsible and sustainable way, as well as supporting the companies in their creation of value in the short and long term. We expect that our companies, subject to their circumstances and development stage, report their sustainability work to their management, board of directors and external stakeholders.

BUSINESS ETHICS POLICIES

As a basis for ALM Equity's ethical business activities, there are central policies such as ALM Equity's Inside Information Policy, Information Policy and Code of Conduct, which highlight the requirements that must be complied with. These policies are established by ALM Equity's Board



and contain guidelines and principles that apply all employees. The Code of Conduct outlines how the business should be run in an ethically, socially and environmentally correct way and is based on the ten principles of the UN's Global Compact. In addition to our values, the Code describes our business practices and behaviour towards employees, business partners and other stakeholders. We require that our companies have a code of conduct. They may either adopt ALM Equity's Code of Conduct directly or formulate their own in which the principles of our Code are included. We also expect that the companies continually ensure that the code is being followed by their employees.

ACTIVE ANTI-CORRUPTION WORK

Good business ethics are essential to ALM Equity, and the Group's success is dependent

on good relationships with a variety of different actors, ranging from local governments and authorities to suppliers, banks, contractors and customers. It is of utmost importance that ALM Equity and our companies are perceived as a trustworthy, far-sighted and reliable player in the market. Suspicions of misconduct can undermine trust and have a significant negative impact. It is therefore a matter of strategic importance for us and our companies to actively work to prevent and counteract all forms of corruption within the Group. In 2021 we engaged the digital service WhistleB, a whistleblower function where Group employees and external players can anonymously report suspicions of misconduct. No incidents regarding deficient business ethics or corruption were reported during the year.



TRANSPARENT RISK MANAGEMENT

Sound and transparent management of operational, strategic and financial risks as well as sustainability risks is a basic prerequisite for our business and a necessity for a stable and profitable company. Sustainability risks can either be a risk unto themselves or affect other risks, for instance market risks, operational risks, liquidity risks or counterparty risks.

ALM Equity has a systematic, structured process for reporting, analyzing and assessing risks. The process also involves measures for handling identified risks and monitoring of risks that could affect the Group's business activities. The purpose of the process is to improve business operations and minimise the costs of risk management, thereby protecting and increasing the Group's value and assets. In addition, respective portfolio companies within the Group are responsible for their own risk management and reporting. Detailed assessments of sustainability risks are also carried out for each specific property development project.

REQUIREMENTS FOR PARTNERS AND SUPPLIERS

The organizational structure of ALM Equity and our companies is characterized by a smaller core organization and a broad external partner organization, which means that there is a substantial indirect impact via the suppliers and other parties that work on assignment for the Group's businesses. It is therefore central for use to ensure responsible practices as much as possible throughout the value chain, and we expect our companies to integrate sustainability issues into their respective value chains.

Requirements are imposed on suppliers in connection with the procurement of services and the purchasing of products and materials. These can be general requirements relating to finance, environment and safety, but also more specific requirements adapted to each unique property

and type of service or product. Within the business area Construction Management, a special code of conduct is attached to each procurement. Like ALM Equity's Code of Conduct, it is based on the UN Declaration of Human Rights, but also on the Swedish Construction Federation's code of conduct. The respective business area manager is responsible for ensuring that the stipulated sustainability requirements are fulfilled by suppliers and partners. No negative observations were made during the year.

OUR AIM FOR THE FUTURE

ALM Equity's new sustainability strategy establishes the overarching objectives for our ethical business practices and those of our companies, as well as the expectations we place on our companies to ensure that these objectives are met and that business is conducted responsibly. In order for the objective "No instances of corruption or bribery" to be maintained each year, structured anti-corruption work is required at all levels. The objective that green and sustainable financing should be available for the activities of the portfolio companies requires structured environmental measures and green frameworks that are adapted to each company's activities. ALM Equity will support the companies in this work and, in collaboration with the companies, review how best to report on sustainability work.

In 2022, the effort to inventory and align the Group's work with the EU taxonomy will continue. Our ambition is also to adapt the company's reporting to the TCFD framework regarding how we strategically address climate-related risks and opportunities.

Case: The Brick – Terra

Circular construction with low climate footprint

Ericsson's old brick edifice has long been a recognizable landmark on the outskirts of Stockholm. When the last Ericsson employees moved out in 2013, the building's future was uncertain. The building is considered to be of great industrial-historical value, but the idea of converting it into housing was welcomed, and the beginning of a new neighbourhood became fact.

Rampant demolition in Stockholm

In the 2000s, many Stockholm office buildings were torn down because they were considered outdated. From a climate perspective, it is a negative that buildings are not kept in use for longer periods. This applies especially to buildings with concrete shells, as concrete manufacturing produces significant carbon dioxide emissions. When ALM Småa Bostad chose to convert the old brick building to housing, major emissions were avoided due to the preservation of the shell and brick facade. The result? Housing with a low climate footprint.

The challenge of converting to housing

Building accommodations in a property with a façade that cannot be changed and which faces a heavily-trafficked motorway is not easy. It was partly a matter of ensuring that the noise level was not too high in the apartments, but also

partly a question of safety, as the homes needed to be protected from dangers such as fires on the motorway. This was solved by placing the entrances to the apartments in open-air corridors that run along the inside of the façade facing the E4 and orienting all windows and balconies towards the courtyard. Wooden window frames were reused from the original building. The balconies were integrated into the façade so that they blend in, and sheet metal parts were switched out and repainted in the original colours. This allowed the building's original character to be preserved while at the same time creating a vital living environment.

The Brick

The final residential units in The Brick Terra were occupied at the end of 2020 and contain 346 apartments. The building is a first step in a larger project wherein ALM Småa Bostad is currently building an additional three new blocks with a total of 670 units. Two more blocks are in the permissions and planning stages and, in total, about 1,400 residential units will be built. In addition, ALM Småa Bostad is working on the design of the entire area. A pleasant and bicycle-friendly street environment, attractive squares and green spaces, and commercial premises for cafés, restaurants and shops are key components in creating an attractive residential area.



We develop the property sector

The Brick – Terra

Construction started 2017

Completed 2020

346 residential units

7 commercial premises

- ♥ Preserved historic brick facade, windowsills in dark blue bent sheet metal, balconies with brick-clad bottoms and glass railings.
- ♥ Central waste disposal facility for the entire area, which reduces need for transport.
- ♥ Sedum roof that both purifies and retains stormwater, which results in less pollution in lakes and waterways.

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of ALM Equity AB, corporate identity number 556549-1650

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2021 on pages 31-42 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Stockholm, 25 April 2022
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

Corporate Governance

Board of Directors and Auditor

Ability to identify and develop opportunities in the property sector

The composition of the Board reflects expertise and experience from business development, the property industry, financing and the capital market.

At the 2020 Annual General Meeting, Maria Wideroth, Joakim Alm, Johan Unger, Johan Wachtmeister and Gerard Versteegh were re-elected.

Maria Wideroth was re-elected Chairman of the Board. Ernst & Young was re-elected with Fredrik Hävrén as the chief auditor of the company.



Maria Wideroth

Bachelor of Law, Stockholm University. Lawyer and partner, Landahl Advokatbyrå. Has worked for law firms since 1998, specializing in property law and transactions. She is also chair of the boards of property and construction company Frentab.

Holding in ALM Equity privately/via family:

8,700 ordinary shares and 1,203 preference shares. Not independent in relation to the company, company management or the company's major shareholders.



Joakim Alm

Studied economics at Uppsala University. Founder and CEO of free newspapers: Bargain Pages Ltd in England, 1989–1995, Admag Holding in India, and Admag Holding in Australia, 1997–1999. Business developer at Interline Phone, 1999–2002. CEO of Skarnvest AB, 2004–2006. Founder of ALM Equity AB, 2006.

Holding in ALM Equity privately/via family:

6,047,623 ordinary shares and 542,709 preference shares, along with 9,000 warrants. Not independent in relation to the company, company management or the company's major shareholders.



Gerard Versteegh

Business and Economics degree. Executive chairman, principal owner and founder in 1989 of Commercial Estates Group Limited, London, and chairman/board member of a number of related companies.

Holding in ALM Equity:

Indirect beneficiary of Dooba Investments Limited, which has a holding in ALM Equity of 990,494 ordinary shares and 145,792 preference shares. Independent in relation to the company, company management and the company's major shareholders.



Johan Unger

Business and Economics degree, Uppsala University. Accountant at Arthur Andersen & Co, 1985–1989. Worked for Hagströmer & Qviberg Fondkommission AB 1990–2005, partner 1992–2005. Head of Corporate Finance, 1996–2005. Since 2006 he has been running his own business in investment, financial advice and board work.

Holding in ALM Equity privately/via family:

151,360 ordinary shares and 15,549 preference shares. Independent in relation to the company, company management and the company's major shareholders.



Johan Wachtmeister

Master's in Engineering, KTH Royal Institute of Technology, and MBA IMD. SEB/Enskilda 1989–1999: Executive Vice President, SEB, Head of Corporate Banking in Merchant Banking. President of Ledstiernan, 1999–2006. Co-founder of GHP Speciality AB, Executive Vice President 2006–2012. Today owns investments via MJW Invest AB.

Holding in ALM Equity privately/via family and companies:

617,492 ordinary shares and 58,780 preference shares. Independent in relation to the company, company management and the company's major shareholders.



Fredric Hävrén

The company's principal auditor since 2021 when Ernst & Young was re-elected as the auditing company. Authorized Public Accountant and partner at EY. Other significant assignments for Aros Bostadsutveckling AB, Besqab AB, Byggvesta AB, Fastpartner AB, Heba Fastigheter AB, HSB Bostad AB, Magnolia AB and Nordisk Renting AB.

Holding in ALM Equity: No holdings.

Group Management

An organization with a wide range of knowledge

ALM Equity consists of Group management, Group staff and a finance section that provide overall functions for Finance, HR, Marketing and IT to the entire Group. In each business area, there is a wide range of skills in each area, which is complemented by a network of partners who are well versed in our way of thinking and working and our quality requirements. This means that we can adapt each business area, each company and each project's partner organization to current needs to achieve the best results.

When recruiting, ALM Equity strives to find employees with different specialities. In this way, a wide-ranging knowledge base can be built up that is very valuable for the Group, allowing us to work professionally and in an organized way.

Business areas

The ALM Equity Group is made up of four business areas whose operations focus on different parts of the property sector.

Each business area consists of several companies for which the respective business area manager is responsible.

- Property Management
- Project Development
- Construction Management
- Digital Services

Read more about each business area on pages 18–30.

Management

ALM Equity's management consists of a small, closely-knit team with a wide range of expertise and experience. Management takes overall decisions within the Group.



John Sjölund

CFO. Business and Economics degree, Luleå University of Technology. Broad financial background with 15 years in corporate banking in various positions at Swedbank, including project finance for property projects. Also has experience from the housing development industry as CFO at Serafim Fastigheter.

Holding in ALM Equity privately/via family:
8,000 warrants.



Carolina Karlström

Business Controller. Financial accountant, IHM Business School. Employed by ALM Equity since 2012, previously accounting manager.

Holding in ALM Equity privately/via family:
200 ordinary shares and 91 preference shares, as well as 3,000 warrants.



Joakim Alm

Chief Executive Officer.
See under Board of Directors.



Fredrik Arpe

Deputy CEO. MSc in Economics, Uppsala University. Broad background with over 30 years in the property sector with experience ranging from property management to housing development. Has a background with several CEO roles in the sector, including Byggesta, Småa and Järntorget. Employed by ALM Equity since 2021.

Holdings in ALM Equity privately/via companies:
1,318 ordinary shares and 4,100 preference shares as well as 4,500 warrants.

This is how we work

This Corporate Governance Report has not been prepared in accordance with the Swedish Corporate Governance Code (the Code). All Swedish companies whose shares are listed on a regulated market in Sweden are subject to the Code. Nasdaq First North Growth Market is not a regulated market, which is why the company has chosen not to apply the Code.



Articles of Association

The company's name according to the Articles of Association is ALM Equity AB (publ). The registered office of the Board of Directors is in Stockholm. The company shall pursue project operations related to property and associated activities via wholly-owned and co-owned companies.



Risk assessment

Risk management within the ALM Equity Group and its business areas and companies is integrated into the processes and various methods used to evaluate and limit risks, and to ensure that the risks to which ALM Equity is exposed are managed in accordance with established policies and guidelines. In accordance with the rules of procedure, the Board conducts a review of internal controls at least once a year together with the company's auditors and such a review is addressed by the Board at the next Board meeting. Risks are identified and measures established to reduce them.

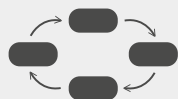
See separate section on risks and risk management, page 52.





Internal control

According to the Swedish Companies Act, the Board is responsible for internal control. The foundation for internal control consists of the control environment, which comprises various elements that together constitute the culture and the values that govern ALM Equity. Internal control is guided by the decision processes, powers and responsibilities recorded and communicated in governing documents such as the Board's rules of procedure, the CEO instruction, finance policy, authorization and reporting instructions and other internal policies, guidelines and manuals that direct internal work.



Control and monitoring

The company's earnings are continually monitored at several levels in the Group, at Group level and at business area, company, property management and project level. Outcomes are measured against budgets and forecasts. Financial earnings are analyzed by both the respective business area and Group staff. Reports are submitted to the CEO and Board of Directors. The company's auditors are tasked by the AGM with reporting direct to the Board at least once a year. The auditors must also report their observations from their audit and their assessment of internal control. These observations are then reported back to the Board. The Board takes minutes of these reports and then follows up the minutes at a subsequent meeting.



Control activities

The risks identified regarding financial reporting are managed via the company's control structures, which results in a number of control activities. These control activities aim to prevent, detect and correct errors and deviations. The activities include analytical follow-up at several levels in the organization and comparison of income statement items, account reconciliations, follow-up and checking of Board decisions and policies established by the Board, approval and reporting of business transactions, authorization structures, individuals authorized to sign for the company, Group-wide definitions, templates, reporting tools and accounting and valuation policies.



Information and communication

ALM Equity's information policy aims to provide effective and accurate information regarding the financial statements. The company's inside information policy and finance policy also deal with information and communication regarding the financial statements. Policies and guidelines relating to the financial statements, as well as updates and changes to these documents are made available and disclosed to the relevant employees. The Board receives additional information regarding risk management, internal control and financial reporting from the auditors via information at Board meetings at which the auditors are present.



Performance management

According to its investment strategy, ALM Equity intends to continue growing by decentralizing operations and allocating them between five business areas operating within the property sector. The company invests in businesses that satisfy the Group's requirement for a healthy return and balanced risk.

Each investment is reviewed separately when each individual decision is made. Furthermore, the Board shall ensure that the company has good internal controls in place, keep abreast of systems for internal control and continually evaluate their effectiveness. The Board shall also maintain an ongoing dialogue with the company's auditors and management to provide further assurance that internal control systems function effectively.



Need for internal audit

ALM Equity's Group staff is a relatively small organization where finance and financial reporting are controlled from the company's head office in Stockholm.

The company's earnings and balance sheets are followed up quarterly by the various functions within the company and by company management. A special internal audit function is therefore not deemed to be necessary.



Annual General Meeting

The AGM is the company's highest decision-making body. At the AGM, all shareholders are granted the opportunity to exercise influence over the company relative to the number of shares held.



AGM, 27 May 2021

ALM Equity's Annual General Meeting was held on 27 May 2021 in Stockholm. The AGM resolved on the following matters:

- Dividend of SEK 8.40 per preference share payable quarterly.
- Bonus issue through which the company will issue 1 preference share per 100 ordinary shares, which involves a bonus issue of 102,076 preference shares.
- Re-election of Board members Maria Wideroth, Johan Unger, Gerard Versteegh, Johan Wachtmeister and Joakim Alm.
- Maria Wideroth was re-elected Chair of the Board.
- Ernst & Young AB was elected auditor with Fredric Hävrén as principal auditor.
- Adoption of fees to the Board of SEK 180,000 to be allocated as follows: SEK 60,000 to the Chair and SEK 40,000 each to other members, apart from Joakim Alm who receives the CEO's salary from the company.
- Principles regarding the composition of the Nomination Committee and instructions.
- Authorization for the Board to resolve on the issue of a maximum of 3,000,000 preference shares with deviation from shareholders' preferential rights.

- Carry out a directed issue of a maximum of 100,000 warrants for a long-term incentive scheme for the Group's employees.
- Approve the then-subsiary Svenska Nyttobostäder's decision on the issue of warrants for incentive schemes to employees and the new issue of preference shares.
- Minutes from the 2021 AGM are available on ALM Equity's website.



Board of Directors

According to the company's Articles of Association, ALM Equity's Board of Directors shall consist of at least three and no more than five members, with a maximum of three deputies. ALM Equity's Board of Directors has five members elected by the 2021 AGM. The company's CEO Joakim Alm is a member of the Board. The Board members are Maria Wideroth, Joakim Alm, Gerard Versteegh, Johan Wachtmeister and Johan Unger. Maria Wideroth was appointed Chair of the Board by the 2019 AGM. All Board members continue in their role until the end of the next AGM. For further information about the Board members, see the section entitled Board of Directors and auditor.

BOARD OF DIRECTORS' WORKING PROCEDURES:

The Board of Directors' work is regulated by the Swedish Companies Act and the company's Articles of Association. In addition, the Board's work is governed by the rules of procedure adopted by the Board each year in connection with the first Board meeting following the AGM. The rules of procedure set out the Board's duties and division of responsibility between the Board and the Chief Executive Officer. The CEO's instructions and instructions relating to financial reporting are established at the same time.

THE CHAIR'S SPECIFIC DUTIES ARE TO:

- Monitor the company's performance via contact with the CEO. Ensure that Board members, by the instigation of the CEO, are continually provided with the information they need to monitor the company's position, financial planning and performance.
- Consult with the CEO on matters of strategic importance.
- Chair Board meetings and prepare agendas for, and convene such meetings, assisted by the CEO.
- Ensure matters are dealt with in accordance with the provisions of the Articles of Association and Swedish Companies Act.

THE CEO'S SPECIFIC DUTIES ARE TO:

- Prepare the requisite information and decision-making documentation ahead of Board meetings and in other respects fulfil their obligations as stipulated in relevant decisions and instructions from the Board.
- Fulfil the function of rapporteur and submit supported proposals for decisions. Where appropriate, the CEO is entitled to delegate the role of rapporteur for individual matters to another person subordinate to the CEO.
- Ensure that Board members are continually provided with the information required to monitor the company's position, liquidity and performance, and in other respects to fulfil their reporting obligation regarding financial position in accordance with details stipulated in the CEO's instruction regarding financial reporting to the Board.
- Be responsible for ensuring that obligations, contracts or other legal transactions that the company enters into or undertakes are documented in an appropriate manner, and that they are not in breach of Swedish or foreign mandatory statutes, including competition law rules within the EU and similar regulatory systems.
- Monitor compliance with the objectives, policies and strategic plans for the company established by the Board, and ensure that such objectives, policies and plans are referred to the Board for updating or review as required.





Nomination Committee

At the 2021 AGM, it was decided that the following principles and instructions shall apply as regards how members of the Nomination Committee are elected, and committee procedures.

ELECTION OF MEMBERS ETC:

The Chair of the Board shall, no later than by the end of the third quarter each year, ensure that the company's three largest shareholders or groups of owners in terms of votes are each offered the opportunity to appoint their own representative to sit on the Nomination Committee. Such shareholders are identified based on Euroclear Sweden AB's shareholder register (owner-grouped) on the last business day in August. Should one or more shareholders waive their right to appoint a member of the Nomination Committee, shareholders are contacted in proportion to the size of their holding to appoint a member of the Nomination Committee.

The Chair of the Board is a member of the Nomination Committee and convenes the committee's first meeting. The composition of the Nomination Committee shall be published as soon as its members have been appointed. Unless the members agree otherwise, the Nomination Committee shall be chaired by the member who represents the largest shareholder in terms of votes. The Nomination Committee shall retain its mandate until a new Nomination Committee has been appointed. No fee will be paid to the members of the Nomination Committee. The Nomination Committee can from among its members, and by co-opting additional members as required, appoint a special nomination committee to elect an auditor. If such a committee is appointed, this must also be published according to what is stated above in this point. All

shareholders will hereby be informed about which individuals can be contacted regarding nomination issues. A member should step down from the Nomination Committee if the shareholder who appointed such member is no longer one of the three largest shareholders, after which the new shareholder in order of size shall be offered the opportunity to appoint a member. However, unless there is a specific reason, no changes should be made to the composition of the Nomination Committee if only minor changes in the number of votes have occurred, or if the change occurs less than two months prior to the AGM. Shareholders who have appointed representatives as members of the Nomination Committee are entitled to dismiss such members and appoint a new representative as a member of the Nomination Committee.

NOMINATION COMMITTEE'S DUTIES:

The Nomination Committee shall prepare and submit proposals to the AGM regarding:

- a) election of chair to lead the AGM;
- b) election of Board members and, where applicable, any other special committee that the AGM resolves to appoint;
- c) election of auditor and, where applicable, deputy auditors;
- d) Board member fees, auditor fees and, where applicable, fees to members of any other special committee that the AGM resolves to appoint, and
- e) any changes to procedures for appointing the Nomination Committee.

The Chair of the Board shall, in an appropriate manner, inform the Nomination Committee of the skills profile and working methods of the Board of Directors. At the request of the Nomination Committee, the company shall make available personnel resources such as secretarial support to facilitate the work of the Nomination Committee. Where necessary, the company shall also bear reasonable costs for external consultants

deemed necessary by the Nomination Committee in order for the Nomination Committee to complete its task. Joakim Alm (chairman), Ian Fenech, Johan Wachtmeister and Maria Wideroth were appointed members of the Nomination Committee for the period extending up until the 2022 AGM.

MEETINGS:

The Nomination Committee shall meet when required to enable it to fulfil its duties, but at least once annually. The convening notice shall be issued by the chair of the Nomination Committee (except in the case of the first meeting, which shall be convened by the Chair of the Board of Directors). The Committee may be convened at the request of a member. The Nomination Committee has a quorum if at least three members participate. However, decisions on matters may not be taken unless, as far as possible, all members have had the opportunity to participate in discussions on the matter. A decision by the Nomination Committee refers to the opinion voted for by more than half of the members present, or if the number of votes is equal, the opinion voted for by the chair of the Nomination Committee. An account of the work of the Nomination Committee shall be published on the company's website in advance of the ordinary AGM.

CHANGES TO THESE INSTRUCTIONS:

The Nomination Committee shall continually evaluate these instructions and the work of the committee, and submit proposals to the AGM regarding such changes to these instructions as the Nomination Committee has deemed appropriate.



Committees

There are no designated committees within the Board of Directors, but there is a delegated division of responsibilities within certain areas, where Board members are responsible for issues in which they have expertise and are tasked with preparing matters.



Remuneration issues

Maria Wideroth and Joakim Alm have specific responsibility for issues relating to remuneration and other closely related matters.



Audit issues

Johan Unger and Joakim Alm have specific responsibility for issues relating to the audit of the company's operations and other closely related matters.



Audit committee

The company has no special audit committee; such matters are instead handled by the Board as a whole. Together the Board shall function as an audit committee, with the task of maintaining and streamlining contact with the Group's auditors,

monitoring procedures for accounting and financial reporting, evaluating the work of the auditors and following the development of accounting policies and accounting requirements. The Board held two minuted meetings with the auditors in 2021. These meetings have included reports on the auditors' examination of the company's financial statements and the company's internal control.



Audit

The auditors are required to examine the company's Annual Report and accounts as well as the Board and the CEO's management of the company. The auditors must attend and submit a report at the Board meeting at which a decision is made on the adoption of the year-end accounts for the previous financial year. After the end of each financial year, the auditors are required to submit an audit report to the AGM. The 2021 Annual General Meeting elected the authorized public accounting firm Ernst & Young AB with the authorized public accountant Fredric Hävrén as principal auditor for the period until the 2022 Annual General Meeting. Ernst & Young has been the company's auditor since 2011 and this has been Fredric Hävrén's first year as principal.



Important information about First North Growth Market

First North Growth Market is an alternative stock exchange that is run by the various stock markets that make up NASDAQ. It does not share the same legal status as a regulated market.

Companies on First North Growth Market are subject to First North Growth Market's rules and not the legal requirements imposed for trading on a regulated market. Investing in a company traded on First North Growth Market is more high-risk than an investment in a listed company. All companies whose shares are registered to trade on First North Growth Market have a Certified Adviser who monitors compliance with the rules.



Stock market information

The company shall supply prompt, accurate, relevant and reliable information to existing and potential shareholders and other investors. The company publishes interim reports on operations each quarter, as well as a year-end report and Annual Report for the entire financial year. ALM Equity uses NASDAQ First North Growth Market and its own website in order to release timely information to the stock market. Significant events are made public via separate press releases.



Trading

ALM Equity AB (publ) began trading on the NASDAQ First North Growth Market as of 8 June 2012.

Ticker symbol – ordinary shares: ALM

Ticker symbol – preference shares: ALM PREF

ALM Equity's corporate bonds were listed on NASDAQ Stockholm as of 20 July 2020, 3 February 2021 and 27 July 2021 respectively.

Ticker symbol – bond 2020/2023: ALM 002

Ticker symbol – bond 2020/2025: ALM 003

Ticker symbol – bond 2021/2026: ALM 004



Certified Adviser

ALM Equity AB's Certified Adviser is:
Erik Penser Bank AB, Apelbergsgatan 27
Box 7405, 103 91 Stockholm
www.penser.se Tel: +46-8-463 80 00



Policy documents

The company's Board has adopted the following policies on corporate governance: finance policy, information policy, inside information policy, dividend policy and gender equality. In addition, the Board annually considers any revisions to the CEO's instruction and regarding financial reporting, and the Board's rules of procedure. Policies should be revised in a way that ensures all policies are current and support the business's purpose and goals.



Insider policy

ALM Equity's inside information policy is intended to provide guidelines on how the company should manage inside information so that the company and its employees do not breach any laws, regulations, rules for issuers or good equity market practice. Compliance with these guidelines is vital in maintaining the confidence of both the capital market and the general public. The inside information policy covers all persons with managerial responsibilities, those closely associated with them and other persons notified that they are

covered by the policy. All employees and consultants are obliged to report inside information to ALM Equity's CEO.



Information policy

ALM Equity's information policy has been drawn up to meet the requirements to which companies listed on NASDAQ First North Growth Market, Stockholm, are subject. The purpose of ALM Equity's information policy is to provide equity market operators with quick, up-to-date, accurate, relevant and reliable information about the company. The information policy should be followed by all employees, Board members and externally hired consultants. Information issued by the company should be primarily provided in the form of press releases and financial reports.



Finance policy

The finance policy sets out guidelines and rules for how the financial operations of ALM Equity are to be conducted. It is determined by the Board and states how the various risks in the financial operations are to be limited and what risks ALM Equity may take. The finance policy establishes the division of responsibilities and administrative rules and shall also function as a guide in the work of personnel in the finance function.



Equal opportunities policy

Our equal opportunities policy aims to promote a balanced personnel policy and a workplace that reflects a diverse society. ALM Equity aims for all employees to have the same rights, opportunities and obligations in all areas of working life. Working conditions, training and professional development opportunities should be independent of gender, and pay at ALM Equity should be equal between genders.



Dividend policy

ALM Equity is a growth company and its intention for the foreseeable future is to focus on investing excess liquidity back into the business. Dividend proposals are based on the company's liquidity and anticipated future financial position, taking account of current economic conditions. The ambition is to at least propose a dividend for preference shares every year.



Other information regarding the Board and management

There are no conflicts of interest between the Board of Directors or management and the company. Board members Gerard Versteegh, Johan Unger and Johan Wachtmeister are independent (according to the definition in the Swedish Corporate Governance Code) in relation to ALM

Equity as a company and major shareholders. However, the Chair of the Board, Maria Wideroth, is deemed not to be independent, as the company of which she is a co-owner has provided consulting services to ALM Equity's subsidiaries and associates during the year, for which remuneration amounting to SEK 3 million including expenses was paid.



Remuneration to the Board and senior management

At the AGM on 27 May 2021, it was decided that fees totalling SEK 180,000 will be paid, including SEK 60,000 to the Chair of the Board and SEK 40,000 to each of the other Board members elected by the AGM who are not employed by ALM Equity. Executive Board members are entitled to invoice for their Board fees. No other remuneration is paid to the Board other than the Board fee. The auditor's fee is paid according to an approved invoice.

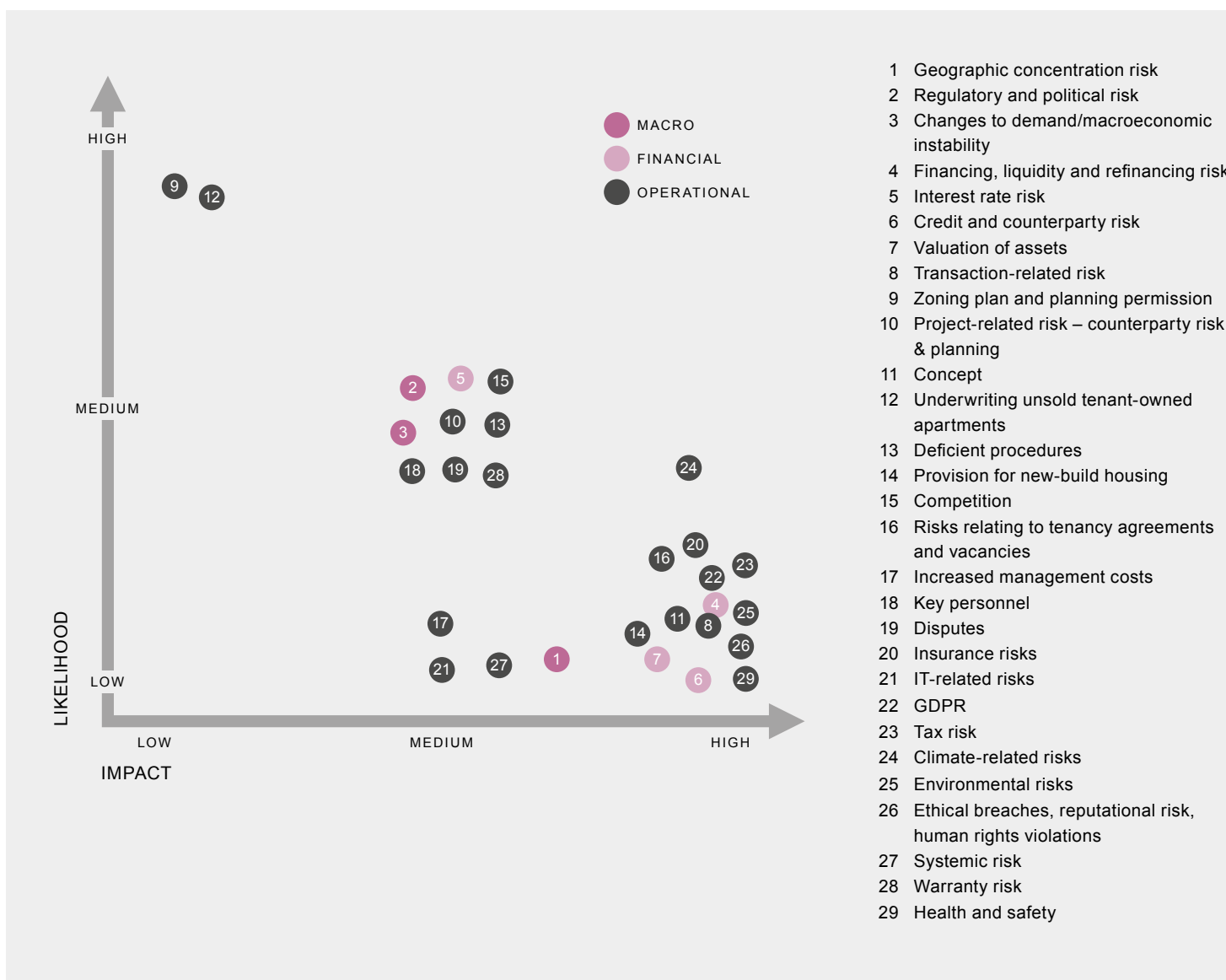
The AGM of 27 May 2021 resolved that remuneration for the CEO and other members of company management should consist of a fixed salary, variable remuneration and other benefits, as well as a pension. Total remuneration should be market based and competitive, and also relate to level of responsibility and authority. Variable remuneration should never exceed six months of salary. In the event of termination of employment by the company, notice-period pay and severance pay combined should not exceed 12 months of salary. Pension benefits should be on a defined-contribution basis, unless deemed otherwise for specific reasons. The Board may deviate from the guidelines established by the AGM only if there are specific grounds in a particular case.



Risks and Risk Management

RISK MANAGEMENT ALM EQUITY 2021

Both external factors and internal processes affect the Group's profitability and opportunity to carry out property transactions that generate a healthy risk-adjusted return. In a constantly evolving operating environment, the successful companies are those that can adapt and manage the risks and opportunities that arise. ALM Equity believes the organization is highly capable of adapting to global changes, and that the entire business is characterized by risk awareness that is factored into decision-making at all levels of the Group and at all times. Procedures for monitoring risks are designed to identify and minimize the operating risks to which the business is exposed, while keeping track of changes in our operating environment. The most significant risks identified by the Group are outlined below. If the risks below materialize, this will have a negative impact on the Group's operations and its profitability and financial position. Risk management is carried out in the Group's business areas, and is supported and monitored by group-wide functions.



Description	Mitigating factors	Has an impact	Probability	Impact
1. Geographic concentration risk The vast majority of operations are concentrated in the Stockholm region, meaning that an adverse effect on the region has a negative impact on ALM Equity.	ALM Equity has assessed that the Stockholm region has good conditions for growth, both because of its historical growth but also owing to high levels of education, average income, etc.	Property Management Project Development Construction Management	Low	Medium/ High
2. Regulatory and political risks Changes, for example, to the Swedish Planning and Building Act (PBL), accessibility standards, tenancy legislation, design, time taken for handling zoning plans and building permission processes, and tax legislation can affect projects' profitability. In addition, other rules or political decisions can have a major impact, such as amortization requirements or debt ratio caps for private individuals, which affects provision for the company's residential properties.	To manage these risks, ALM Equity has continual dialogues with municipalities, government authorities and consultants, and monitors political influence of opinion on issues that could impact the company's business.	Property Management Project Development Construction Management	Medium	Medium
3. Changes in demand/macroeconomic instability The property market is highly sensitive to macroeconomic factors such as general economic performance, performance of financial markets, growth, employment, the rate of construction of new housing and premises, changes to infrastructure, population growth, inflation and interest rate levels. The conclusions of the analysis in turn affect the strategic decisions and considerations made by ALM Equity and the portfolio companies.	Macroeconomic and geographic risk is managed through the analysis of the operating environment, trends and drivers that affect the company, as well as those micro-markets on which the company owns, or is considering acquiring, properties. The findings of this analysis in turn influence strategic decisions and the assessments that the Group makes.	Property Management Project Development Construction Management	Medium	Medium
Description	Mitigating factors	Has an impact	Probability	Impact
4. Financing, Liquidity and Refinancing risk The Group's ability to meet its financial commitments is dependent on a number of factors, such as the Group's financial and operating performance. There is a risk of being unable to obtain financing on favourable terms in order to refinance existing debt or to transact new business. In some cases, debt is linked to a change-of-control clause and a commitment regarding, for instance, the maintenance of loan to value and the equity ratio. This means that creditors may be entitled to call for immediate early repayment of loans granted, or to demand changes in terms and conditions, in the event that these specific commitments are not met by the borrower. In the event of insufficient financing the Group would have to take measures such as scaling back its business, delaying the implementation of projects, acquisitions and investments, divesting assets, restructuring or refinancing its liabilities or obtaining additional capital.	Financing in the different parts of the Group takes place separately and financing is matched with the asset being financed. Equity and debt are combined in different forms in order to achieve a good balance of financing in each part. In projects under development the company strives to attain a high proportion of short-term interest-bearing financing, and to ensure projects are fully financed before construction work is contracted. Investment properties are financed using long-term interest-bearing financing, while the Construction Management business generally only has seasonal working capital needs. Additional cash and cash equivalents is available in the Parent Company, which limits the Group's liquidity risk and thereby reduces financing risk. The Group uses several different sources of finance, and works with a number of counterparties and different types of instruments, thereby reducing the effects should a counterparty or source of financing become temporarily unavailable.	Property Management Project Development	Low	High
5. Interest rate risk Interest rate risk relates to changes in the capital market, which in turn affects the Group's borrowing cost.	ALM Equity is able to use different types of interest rate derivatives to limit interest rate risk in projects and to increase the predictability of the Group's housing projects.	Property Management Project Development	Medium	Medium

Description	Mitigating factors	Has an impact	Probability	Impact
6. Credit and counterparty risks ALM Equity's credit and counterparty risks comprise the inability of suppliers, partners or customers to fulfil their obligations or payments as agreed. Material counterparties comprise contractors, financiers, customers and tenants.	In connection with transactions and ongoing agreements or cooperation, the counterparty risk is evaluated and contracts are complemented with security in the form of guarantees, insurance, sureties, pledged assets or similar.	Property Management Project Development Construction Management	Low	High
7. Valuation of assets The risk of actual asset values falling, requiring assets values to be impaired. Material assets in the consolidated balance sheet mainly relate to properties, such as Investment Properties, Properties Under Construction, Development Properties, Ongoing Housing Projects and Inventory Shares in Housing and Property Rights. In addition, shares in associated companies are a significant item where the holding in Svenska Nyttobostäder AB (publ) is found. The value of the Group's property assets is affected by a number of parameters, including property-specific and market-specific factors. There is a risk that changes could lead to negative realized and unrealized changes in value. Property-specific parameters: Investment properties – Vacancy rate, rent level and running costs Investment Properties Under Construction and Ongoing Housing Projects – Besides factors that affect the final value, the value of unforeseen project-related costs is also impacted Development Properties – Affected by the property's construction conditions and how this impacts production costs. Market-specific parameters: Yield requirements, discount rates and other market parameters that affect the value of property assets. Shares in associated companies – including the holding in Svenska Nyttobostäder, which in connection with the reclassification received an acquisition value of SEK 3.1 billion – are sensitive to the fact that the value of the property portfolio affects how the share value stands. That value is also affected by external factors that impact the movement on the trading platform on which they operate, the Nasdaq First North Growth Market.	Investment properties are valued continually and changes in value have a direct impact on the income statement. To minimize the risk of the value of the property portfolio decreasing, we manage the value-driving parameters of properties that can be influenced, such as occupancy rate, rent levels, counterparty risk, length of contract, etc. Development Properties, Investment Properties Under Construction, Ongoing Housing Projects and Inventory Shares in Housing and Property Rights have a carrying amount corresponding to cost plus expenses incurred. If the estimated market value is less than this, the value is adjusted downwards. This means that activities affecting market value do not have an impact until all value-creating parameters have been fulfilled. This results in there often being positive unrealized changes in value that reduce the risk. Cost estimates for acquisitions of development rights contain both a project and construction margin, which reduces the risk of development rights declining in value. Account is also taken of demographic development in those areas in which development rights are acquired. The holdings in shares in associated companies are valued quarterly to ensure that there are no permanent changes in value that give rise to impairment.	Property Management Project Development (Construction Management to a small extent)	Low	High

Description	Mitigating factors	Has an impact	Probability	Impact
8. Transaction-related risks Acquisitions and sales are part of the Group's operating activities and are by their nature associated with some uncertainty regarding both buyers and sellers.	ALM Equity believes that the Group has adequate skills and experience to carry out acquisitions and integrate them into the business. In order to minimize risk in acquisitions, where necessary ALM Equity uses external expertise and a methodical analysis of acquisition properties is always conducted, focusing on risks that have a material impact.	Property Management Project Development	Low	High
9. Zoning plans and planning permission As part of the Group's business is the development and redevelopment of properties, the company depends on the ability to utilize properties. The Group also depends on obtaining development rights required for its business and zoning plans needed for the Group's projects being adopted within the prescribed period of time. There is a risk of zoning plans being delayed or not being approved by municipalities or other authorities. There is also a risk of the Group having too many or too few development rights that are at the zoning plan stage, or of development rights not being located in sufficiently attractive locations.	Having a large number of projects at the zoning plan stage means that the Group's dependence on one particular zoning plan is limited. In order to minimize the risk relating to the zoning planning process, the Group conducts continual dialogue with municipalities and other interested parties to understand and best manage the challenges and opportunities of each project. The Group's overall development rights portfolio is also continually scanned to ensure the right mix of development rights in terms of timing of possible construction start, location and intended target group.	Property Management Project Development	High	Low
10. Project-related risks – counterparty risk & planning The Group's development and construction management activities are associated with a number of risks, such as risk of defective construction, delays, of projects not being completed on schedule, operating risks, risks relating to use, permits, etc. Different parts of the business carry a risk of unforeseen costs arising that can neither be allocated to suppliers nor customers and instead directly affect earnings. ALM Equity and the portfolio companies have smaller core organizations and therefore procure many services externally. Operating risks in managing projects relate, for instance, to the choice of subcontractors, agents, consultants and architects. The wrong choice of supplier can also lead to deficiencies in quality, delivery delays or failure to deliver in the event of bankruptcy. Both breaches and deficiencies and delays caused by suppliers could have a negative impact on ALM Equity's profitability and brand. Flawed planning and procurement could lead to increased costs for work to make changes and/or additional work. Rising prices of material can make projects more expensive to varying degrees, depending on the form of contracting used. The Group tries to keep a large percentage of total costs in these construction contracts at a fixed price and the risk of cost increases in construction is typically borne by the contractor, which in turn means such contract structures have a higher counterparty risk.	Credit risk is managed in part to minimize counterparty risk, as mentioned in point 6. In addition, there is a rigorous process for project planning, procurement and signing of contracts in order to reduce counterparty risks in projects. They are then followed up continuously during the project's implementation to ensure progress.	Project Development Construction Management	Medium	Medium
11. Concept The portfolio companies that develop and manage properties create a concept for each property. There is a risk that the concepts developed are based on incorrect price or rental assumptions, or that the concepts are not well received by the market.	Risks at the conceptualization stage are minimized through market analyses and surveys by agents. In order to reduce risk in those concepts created in development or investment, ALM Equity endeavours where possible to keep as many circumstances and the legal structure open to future changes. For example, projects that are intended for the tenant-owned market can instead be switched to the rental market.	Project Development Property Management	Low	High

Description	Mitigating factors	Has an impact	Probability	Impact
12. Underwriting unsold tenant-owned apartments ALM Equity underwrites unsold residential units in projects aimed at the tenant-owned market, i.e. it takes them on as investment properties and guarantees payment of fees, etc. At year-end ALM Equity was underwriting the purchase of SEK 412 million worth of residential units. This underwriting relates to any unsold housing units at the date of transfer.	Projects for the tenant-owned market account for only a small portion of total production and have decreased sharply in recent years. The risk in the investment is usually minimized in practice when a set level of sales is achieved. Since the Group usually has a number of projects underway at the same time, the Board makes an overall assessment of ongoing projects.	Project Development	High	Low
13. Deficient procedures ALM Equity may, within its operating activities, suffer losses because of defective procedures, deficient controls or irregularities.	ALM Equity endeavours continually to develop the company's safety and controls to minimize operating risks. Appropriate administrative systems, good internal control, skills development and access to reliable valuation and risk models are an effective basis for reducing operating risks.	Property Management Project Development Construction Management	Medium	Medium
14. Provision for new-build housing The project development business within the Group is concerned with managing and participating in property development projects, primarily to create housing in the Stockholm region, which means both the willingness and ability to pay for housing is pivotal to the Group's business operations. The ability to sell housing is also affected by general competition and demand in the region in which the Group operates, and the micro-market for each project.	To manage these risks, the company monitors issues such as demographic change, along with changes in demand and offering in the rental, succession and new-build markets. Customer willingness and ability to pay is a key factor, regardless of market, when conceptualizing existing development rights or when acquiring new development rights.	Project Development	Low	High
15. Competition ALM Equity and the portfolio companies operate in a competitive market where competitiveness depends on the ability to predict changed market conditions and to quickly adapt to new conditions. This, in turn, can mean increased costs, lower sale prices or other changes in the Group's business model. The Group operates in a market where several of the competitors have greater financial resources at their disposal.	To meet the competition from other players, ALM Equity and the portfolio companies strive to be sensitive to customers' and the market's requirements and willingness to pay, and to be adaptable to handle changing conditions. Increased competition from existing or new market players as well as reduced competitiveness could have a negative impact on the Group.	Property Management Project Development Construction Management	Medium	Medium
16. Risks related to tenancy agreements and vacancies Both rental levels and vacancies are highly sensitive to Swedish economic growth, but particularly the performance of the Stockholm region. There are risks of rental losses and vacancies in relation to tenants and contract structures. Concentration on a few tenants can result in increased exposure.	<p>The rental risk is reduced by monitoring the development of significant counterparties, as growth in the portfolio of completed investment properties reduces the significance of individual counterparties. The lengths of tenancy agreements are also staggered to ensure a good expiry structure.</p> <p>There is essentially a very significant shortage of space-efficient housing in Stockholm locations with good communications, which reduces the risk of vacancies arising.</p>	Property Management	Low	High
17. Increased management costs The portfolio companies' properties are leased to private individuals as well as the commercial and public sectors. The tenancy agreements regulate responsibility for operating and maintenance costs. Some of these costs are outside the company's control; for instance, the cost of heating is affected by weather and energy prices at any given time.	The investment properties of the portfolio companies consist primarily of newly produced properties, which means that both energy costs and maintenance are significantly lower than in an older property. The risk of unforeseen maintenance costs is also lower.	Property Management	Low	Medium

Description	Mitigating factors	Has an impact	Probability	Impact
18. Key personnel The company has a relatively small organization, resulting in dependence on individual employees. ALM Equity's future performance depends strongly on the know-how, experience and commitment of a number of key personnel. These people have significant knowledge about both the Group and the sector. It is important for both the Group's future business operations and performance to both retain and recruit capable employees. The company could be adversely affected if one or more of these key employees were to leave or if the company were to fail to recruit such employees.	The companies have entered employment agreements with employees on terms that are deemed to be market-based. A greater number of employees in recent years has also contributed to reducing this risk as well as the work of transferring know-how to new employees.	Property Management Project Development Construction Management	Medium	Medium
19. Disputes ALM Equity may, in the future, be involved in disputes or have claims brought against it. Such disputes may be time consuming and result in costs that cannot always be predicted. Disputes may therefore have an adverse effect on ALM Equity.	Reputable legal advisors are used when signing significant agreements.	Property Management Project Development Construction Management	Medium	Medium
20. Insurance risks If ALM Equity were incapable of maintaining insurance cover on terms acceptable to ALM Equity or if future business needs exceed or are not covered by ALM Equity's insurance cover, or if ALM Equity's provisions for uninsured costs were to be insufficient to cover final loss, this could have a negative impact on ALM Equity.	ALM Equity and the portfolio companies work closely with insurance brokers to ensure that they receive adequate insurance coverage.	Property Management Project Development Construction Management	Low	High
21. IT-related risks Insufficient or unreliable systems could pose a risk for the Group. There is a risk of investments in digital development failing to achieve expected results, or of the incorrect amount of resources being set aside to develop relevant solutions. Digitalization these days is driving both development and behaviour in society, making it a vital element for all companies in all sectors to monitor and understand in terms of what this means and how digitalization will impact customer demand in the future.	The Group has a cloud-based platform, which in the long term will be entirely independent of hardware, to ensure that it does not depend on hardware and related risks. The Group's Digital Services business area develops digital solutions that promote the sharing economy to ensure it is at the forefront in this field.	Property Management Project Development Construction Management	Low	Medium
22. GDPR A new data protection regulation, GDPR, came into effect in the EU, directly applicable in Sweden, from 25 May 2018. The Group processes the personal data of tenants, customers and employees. There is a risk of the company's processing of personal data being incorrect or of the measures taken to comply with GDPR being insufficient, which could result in disputes, civil and/or criminal measures.	The Group has procedures and system support in place to help ensure personal data is processed in line with GDPR.	Property Management Project Development	Low	High
23. Tax risk ALM Equity has accumulated tax losses. Changes in ownership, resulting in a change in controlling influence over the company, could result in restrictions (fully or in part) on the ability to utilize these losses. The ability to utilize these losses could also be affected by changes to legislation. The Group is also affected by new or amended legislation, legal practice and requirements in a number of other areas, such as regarding competition, construction or the environment. New or amended legislation, legal practice or requirements could have adverse consequences for ALM Equity.	ALM Equity continually monitors changes to tax legislation. Expertise in both tax and VAT issues is used to minimize the impact of tax legislation.	Property Management Project Development Construction Management	Low	High

Description	Mitigating factors	Has an impact	Probability	Impact
24. Climate-related risks Climate change can pose a risk of property damage caused by changing weather conditions, rising water levels and other changes in the physical environment that affect properties. Based on the geographical location of the properties held in ALM Equity's portfolio, we assess that these risks are low, at least in the short-term. In addition, climate policy decisions can affect ALM Equity, not least in the form of increased taxes, new reporting obligations or necessary investments. In cases where our holdings do not meet the taxonomy's minimum requirements or other sustainability-related requirements and certifications, this may affect the ALM Equity Group's financing terms.	All investment matters are examined from a climate perspective to assess the investment's sensitivity to climate change. Carry out climate scenario analyses for the property portfolio in the portfolio companies, which are regularly updated to provide tools and knowledge on how climate change can affect operations. Follow developments in laws, regulations and frameworks. Review ALM Equity's holdings from an EU taxonomy perspective and in the long-term report climate risks and opportunities in accordance with TCFD.	The whole Group	Medium	High
25. Environmental risks Property operations have an environmental impact and are regulated by extensive environmental legislation. On this basis, requirements may arise regarding decontamination of soil, disposal of construction materials or ecological protection.	When redeveloping and demolishing properties, comprehensive environmental inventories are conducted to ensure that any hazardous waste such as asbestos, PCB, mercury and black asbestos mastic are handled in the optimum way. For acquisitions, the costs of this kind of work are based on previous experience of similar buildings and projects. Requirements within the company are at statutory level as a minimum, and aims are significantly higher with regard to the Group's environmental impact and carbon footprint, with the goal of reusing existing buildings where possible and minimizing material usage and energy consumption both in construction and management.	Property Management Project Development Construction Management	Low	High
26. Ethical breaches, Reputational risk, Human rights violations The Group's reputation is of central importance as the Group depends on suppliers, customers and other stakeholders in the property market to associate ALM Equity and the portfolio companies with positive values and good quality. If, for example, the Group's Board members, executive management or employees were to act in a way that goes against the values represented by the Group, or, indirectly, if the Group's property projects do not meet market expectations, there is a risk of reputational damage to the Group.	In order to create a robust, consistent corporate culture, the Group continually endeavours to create and maintain a robust corporate culture, and it has established Code of Conduct guidelines that all employees have read and must comply with.	Property Management Project Development Construction Management	Low	High
27. Systemic risks As the Group's business areas cooperate and conduct business together, there is a risk of systemic risk being created, particularly if business and transactions are only conducted with internal parties.	To minimize systemic risk, the business areas are managed as independent businesses that conduct business on market terms.	Property Management Project Development Construction Management	Low	Medium
28. Warranty risk For construction contracts there is a warranty undertaking for work carried out for up to 10 years after it is completed. There is a risk of construction defects arising or other measures needing to be taken that cannot be passed on to a subcontractor, irrespective of whether there is a warranty undertaking or goodwill rectification.	We monitor existing guarantees for work carried out carefully to ensure that estimated damages are correctly provisioned for. Checks on quality and financial strength are carried out when signing contracts with subcontractors to ensure both a willingness and ability to rectify any defects that may occur. There is also a significant emphasis on ensuring contracts are structured so that the supplier bears the warranty liability.	Construction Management	Medium	Medium
29. Health and safety There is a risk of employees suffering workplace accidents, or physical or mental harm in connection with work. In the worst case, a workplace accident could lead to death.	There is a strong emphasis on health and safety, in addition to compliance with applicable laws and rules, particularly at construction sites, where accidents can have serious consequences.	Construction Management Project Development	Low	High

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of ALM Equity AB, corporate identity number 556549-1650

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2021 (the financial year 2021-01-01 – 2021-12-31) on pages 43-58 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 25 April 2022

Ernst & Young AB

Fredric Hävrén

Authorized Public Accountant

Financial information

ALM Equity's shares	61
Comparative overview	63
Directors' report	64
Financial statements	67
Notes	74
Auditor's report	105
Definitions & KPIs	107
Reconciliation tables, KPIs	108

ALM Equity's shares

The share capital in ALM Equity AB amounted to SEK 20,769,176 on 31 December 2021, divided into 10,629,872 ordinary shares and 14,223,772 preference shares. Each ordinary share entitles its holder to ten votes and each preference share entitles its holder to one vote at the Annual General Meeting. Each shareholder may vote for the full number of shares owned or represented at general shareholder meetings without limitation of the voting power. The company's ordinary and preference shares have been listed on NASDAQ First North Growth Market since 8 June 2012.

The closing prices on 31 December 2021 were SEK 986 per ordinary share and SEK 117.4 per preference share, which means an increase in the ordinary share price of 41% in 2021. Based on the closing prices, ALM Equity had a market capitalization on 31 December of SEK 12,151 million. In total, ALM's shares were traded on First North for around SEK 1,624 million in 2021. The direct return on the ordinary share in 2021 consisted of

1 preference share being distributed through a bonus issue for every 100 ordinary shares. The dividend on the preference share amounted to SEK 8.40 per year, payable quarterly.

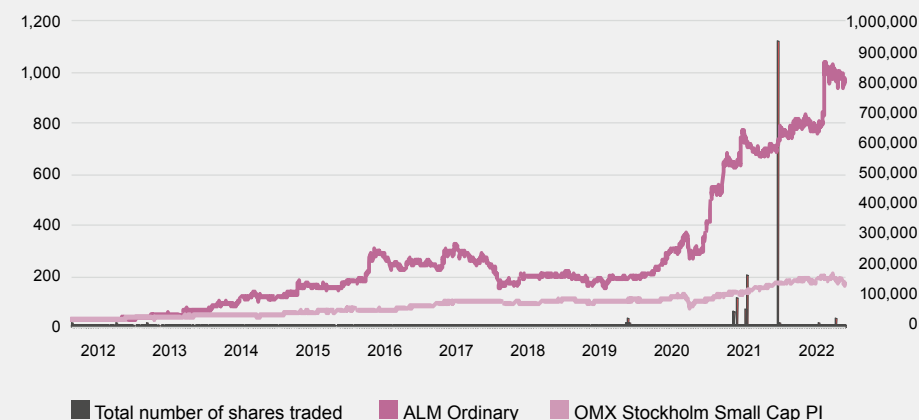
DIVIDEND POLICY

ALM Equity is a growth company and its intention for the foreseeable future is to focus on investing excess liquidity back into the business. Dividend proposals are based on the company's liquidity and anticipated future financial position, taking account of current economic conditions. The ambition is to at least propose a dividend for preference shares every year. For 2021, the Board of Directors proposed a dividend of one (1) preference share per 100 ordinary shares in the form of a bonus issue, which translated to a redemption value of around SEK 1.20 (1.20) in cash per ordinary share. Furthermore, the Board of Directors proposes a dividend of SEK 8.40 (8.40) as a cash dividend per preference share payable as SEK 2.10 (2.10) quarterly.

Shareholders as at 31 December 2021

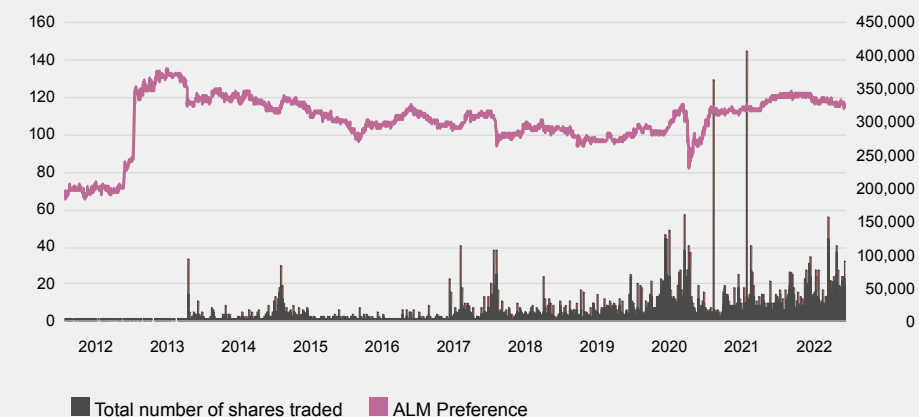
	Number of ordinary shares	Number of preference shares	Percentage of share capital, %	Percentage of votes, %
Joakim Alm incl. company and family	6,047,623	542,709	26.52	50.63
Dooba Investments Ltd (Gerard W) HSBC Luxembourg	990,494	145,792	4.57	8.34
Johan Wachtmeister incl. company (MJW Invest)	617,492	58,780	2.72	5.17
Dammskogen Förvaltning AB	412,883	–	1.66	3.43
Aeternum Capital AS	387,000	–	1.56	3.21
John Rosén	328,320	113,176	1.78	2.82
Johan Unger incl. family	151,360	15,549	0.67	1.27
Verdipapirfondet Odin Eiendom	119,000	–	0.48	0.99
Other shareholders	1,575,700	13,347,766	60.05	24.15
Total	10,629,872	14,223,772	100.00	100.00

Ordinary share trend from 8/6/12 until 28/2/22*



* On 16/12/2013 a lot of 600,000 shares was traded, which is not included in the above data.

Preference share trend from 8/6/12 until 28/2/22**



** The graph has been adjusted to take account of a restructuring of the preference share capital in 2013. Sales of a large number of shares on specific days in March, April and May 2017 are excluded from the diagram above.

ALM EQUITY'S SHARES

Share capital trend over 10 years

Year	Event	Change in the number of shares	Change in ordinary share capital, SEK	Total ordinary share capital, SEK	Number of ordinary shares	Change in preference share capital, SEK	Total preference share capital, SEK	Number of preference shares
2011	Bonus issue, preference shares	1,015,453	–	10,154,530	10,154,530	101,545,300	101,545,300	1,015,453
2013	New issue, equalization, preference shares	3	–	–	–	30	101,545,330	1,015,456
2013	New issue, equalization, ordinary shares	70	700	10,155,230	10,154,600	–	–	–
2013	Reduction, preference shares	-253,864	–	–	–	-2,538,640	99,006,690	761,592
2013	Bonus issue, preference shares	50,773	–	–	–	507,730	99,514,420	812,365
2013	New issue, preference shares	1,364,000	–	–	–	13,640,000	113,154,420	2,176,365
2014	Bonus issue, preference shares	50,773	–	–	–	507,730	113,662,150	2,227,138
2014	New issue, preference shares	273,000	–	–	–	2,730,000	116,392,150	2,500,138
2014	New issue, preference shares	545,455	–	–	–	5,454,550	121,846,700	3,045,593
2015	Bonus issue, preference shares	101,546	–	–	–	1,015,460	122,862,160	3,147,139
2015	New issue, preference shares	280,000	–	–	–	2,800,000	125,662,160	3,427,139
2016	Bonus issue, preference shares	101,546	–	–	–	1,015,460	126,677,620	3,528,685
2017	New issue, preference shares	2,341,144	–	–	–	23,411,440	150,089,060	5,869,829
2017	New issue, preference shares	150,660	–	–	–	1,506,600	151,595,660	6,020,489
2017	Bonus issue, preference shares	101,546	–	–	–	1,015,460	152,611,120	6,122,035
2017	New issue, preference shares	182,874	–	–	–	1,828,740	154,439,860	6,304,909
2017	New issue, preference shares	18,365	–	–	–	183,650	154,623,510	6,323,274
2017	New issue, preference shares	1,798,761	–	–	–	17,987,610	172,611,120	8,122,035
2018	Bonus issue, preference shares	101,546	–	–	–	1,015,460	173,626,580	8,223,581
2019	New issue, preference shares	207,222	–	–	–	2,072,220	175,698,800	8,430,803
2019	Bonus issue, preference shares	101,546	–	–	–	1,015,460	176,714,260	8,532,349
2019	New issue, preference shares	1,285,926	–	–	–	12,859,260	189,573,520	9,818,275
2020	Bonus issue, preference shares	102,076	–	–	–	1,020,760	190,594,280	9,920,351
2020	Redemption of warrants	53,000	530,000	10,685,230	10,207,600	–	–	–
2020	New issue, preference shares	641,225	–	–	–	6,412,250	197,006,530	10,561,576
2021	New issue, preference shares	3,000,000	–	–	–	30,000,000	227,006,530	13,561,576
2021	Bonus issue, preference shares	102,076	–	–	–	1,020,760	228,027,290	13,663,652
2021	New issue, ordinary shares	422,272	4,222,720	14,907,950	10,629,872	–	–	–
2021	New issue, preference shares	50,350	–	–	–	503,500	228,530,790	13,714,002
2021	New issue, preference shares	509,770	–	–	–	5,097,700	233,628,490	14,223,772

Comparative overview

Group	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec
KEY PERFORMANCE INDICATORS					
Revenue (SEK m)	2,096	1,759	1,681	2,314	2,080
Operating profit/loss (SEK m)	3,315	231	139	106	248
Profit for the year (SEK m)	3,423	229	434	5	179
Operating margin (%)	158	13	8	5	12
Basic earnings per ordinary share (SEK)	314.42	10.55	19.79	-5.24	3.70
Earnings per ordinary share after dilution (SEK)	312.40	10.52	19.79	-5.24	3.70
Cash and cash equivalents (SEK m)	1,954	722	699	390	609
Equity (SEK m)	7,154	3,790	3,310	2,138	2,208
Total assets (SEK m)	13,132	9,465	8,502	6,972	6,807
Equity/assets ratio (%)	54	40	39	31	32
Return on equity (%)	51	4	10	-4	3
Equity per ordinary share (SEK)	395.33	101.47	97.91	34.46	44.74
Equity per preference share (SEK)	120	120	120	120	120
Market value on the closing day (SEK)	986	700	310	175	170
Adjusted net asset value,* per ordinary share (SEK)	986	n/a	n/a	n/a	n/a

Definitions of KPIs and calculations of alternative KPIs can be found on pages 107–109.

** Adjusted net asset value is based on actual net asset value adjusted for estimated market value of the operations at ALM Equity.*

Directors' report

The Board of Directors and the Chief Executive Officer of ALM Equity AB (publ), Co.Reg.No. 556549-1650, hereby submit the annual and consolidated accounts for 2021.

OPERATIONS

DESCRIPTION OF ALM EQUITY AB'S OPERATIONS

ALM Equity AB (publ) is the parent company of a property group divided into four business areas operating in the following areas of the property sector: property management, project development, construction management, and digital services. Each business area functions independently of the others and pursues operations in a cost-effective manner within its own corporate structure and with its own financing. Each business area is established based on its own business needs in terms of expertise and resources, supported by shared Group functions such as finance, HR and IT.

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

THE BUSINESS AREAS' OPERATIONS

PROPERTY MANAGEMENT BUSINESS AREA

ALM Equity's holding in the Property Management business area consists of ownership in the associated company Svenska Nyttobostäder, and in its own management business with wholly- or partly-owned management objects.

In 2021, the business area sold parts of the holding in the subsidiary Svenska Nyttobostäder AB (publ), part of which to the parent company, which distributed them to its ordinary shareholders. This means that the holding amounts to 45% of the capital and 49% of the votes. As a result, ALM Equity judged that Svenska Nyttobostäder should be reclassified as an associated company and reported according to the equity method. This means that the holding is no longer consolidated but is reported in the balance sheet under the item "Participations in associated companies" and in the income statement, as "Profit/loss from participations in associated companies."

The business area's share of adjusted net asset value* amounts to 27%, where the value regarding the holding in Svenska Nyttobostäder has been valued at the share price as of 31 December 2021. No value has been added for the other potential management transaction in the business area.

After the end of the year, an agreement was signed with Corem Property Group to build a joint management company under the Klövern brand, where ALM Equity's holding will amount to 49% and the holding is assessed as an associated company, which is reported according to the equity method.

More information about the Property Management business area can be found on pages 21–23.

PROJECT DEVELOPMENT BUSINESS AREA

The business area acquires and develops holdings in companies that sell properties close to transport links, primarily in the Greater Stockholm area. The primary customer is property management companies and private individuals through the projects' tenant-owner associations. The business area includes four brands: ALM Bostad, Småa, Järntorget and Abacus.

The business area is developing a building rights portfolio which has 18,211 (13,295) units, of which 2,353 (1,709) units are in production. The business area's share of adjusted net asset value* amounted to 45%.

During the year, the Property Management area's holding in the subsidiary Svenska Nyttobostäder decreased and it was therefore reclassified to associated companies, which are reported according to the equity method.

This means that production-started projects sold to Svenska Nyttobostäder have been reclassified from "Investment properties under construction" to "Housing projects in progress" in the balance sheet. Non-production-started projects have been reclassified to development properties.

During the year, the business area also acquired all the shares in Järntorget Byggtressenter AB. This expanded the building rights

portfolio to a leading position in the market in the Stockholm area.

After the end of the year, the business area will transfer around 11,000 building rights to the new management company Klövern, which ALM Equity, via the Property Management business area and Corem Property Group are developing together. In connection with this, part of the business area's operations will follow the new company, which intends to manage the project development of its own properties.

Changes in the building rights portfolio during the year:

During the year, the acquisition of Järntorget added around 5,600 units to the portfolio. Construction has begun on 5 (12) projects comprising 917 (1,445) units and 666 (620) units have been completed.

More information about the Project Development business area can be found on pages 24–26.

CONSTRUCTION MANAGEMENT BUSINESS AREA

At the end of the year, the order backlog of the business area's turnkey contracts amounted to SEK 1,361 million (1,234), of which around 86% relates to the production of apartment blocks. A total of 2,413 (1,709) units were in production at the end of the year. In addition to the contracts in progress, the business area is responsible for guaranteed commitments for up to 10 years, including previously completed contracts from Järntorget and Småa AB's production. In total, there are guarantee provisions of SEK 24 million, where the size of the provision is assessed on a continual basis.

The business area's share of adjusted net asset value* amounts to 11%.

ALM Equity's acquisition of Järntorget Byggtressenter AB during the year meant that the business area expanded with Järntorget's construction operations and the wooden module manufacturer Bomodul. This means greater opportunities to take 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 to future contracts within the Group, at the same time as they continue to deliver wooden modules to external customers.

* Based on the actual net asset value adjusted for estimated market value of the operations within ALM Equity.

DIRECTORS' REPORT

Changes in the production portfolio during the year:

Order bookings amounted to SEK 1,444 million (743) and 714 (269) units were completed during the year.

Information about the Construction Management business area can be found on pages 27–28.

FINANCES

INCOME STATEMENT JANUARY – DECEMBER 2021

Net sales for the year amounted to SEK 2,096 million (1,759) with an operating profit of SEK 3,315 million (231), corresponding to an operating margin of 158% (13). Profit for the period amounted to SEK 3,423 million (229) and includes unrealized changes in value of investment properties under construction of SEK 246 million (51) attributable to the Project Development business area and unrealized changes in value of investment properties of SEK 107 million (80) attributable to the Property Management business area.

The profit for the year was positively affected by SEK 3,142 million as a result of 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.

The profit for the year was negatively affected by impairment of SEK 59 million in three projects within the Project Development business area, as a result of increased production costs that did not fall within the framework of the established revenue levels for customers. In addition, project costs of SEK 30 million have been written off for projects that have been identified as unfeasible.

Sales for 2021 were affected by the restructuring in 2020 of operations in the Project Development business area, whose customer base moved from the private market to mainly delivering to the management of the former Group company Svenska Nyttobostäder. As a result, no sales and costs arose in the operating profit, but the

result has fallen due to unrealized changes in the value of investment properties. With the reclassification of the holding in Svenska Nyttobostäder, the delivery to them has also been reclassified and the income will be reported according to the completion method in connection with Svenska Nyttobostäder taking over the properties.

BALANCE SHEET JANUARY – DECEMBER 2021

Assets

Total assets at the end of the year amounted to SEK 13,132 million (9,465), of which major items are shares in associated companies SEK 3,328 million (1), development properties SEK 3,872 million (1,746), housing projects in progress SEK 2,150 million (308) and investment properties under construction 755 million (2 763)

The holding in Svenska Nyttobostäder amounted to SEK 3,315 million of the shares in associated companies.

In connection with the reclassification of the holding in Svenska Nyttobostäder, the Project Development business area also reclassified the properties they produce on behalf of Svenska Nyttobostäder from investment properties under construction to development properties, for those not started, and to ongoing housing projects for those in production. The reclassification of Svenska Nyttobostäder accounts for the major effects on participations in associated companies, investment properties, investment properties under construction, development properties and housing projects in progress.

Equity

Equity amounted to SEK 7,154 million (3,790) with an equity/assets ratio of 54% (40) at the end of the year. Part of the financing within the Property Management and Project Development business areas comes from investors making direct investments in the management objects/projects. External additional capital where investors contributed with preference capital in the Project Development business area amounted to SEK 1,805 million (1,815) at the end of the period. In the event of positive cash flows, these capital contributions take precedence over dividends in each project; in the event of a deficit, repayments are reduced by the corresponding amount.

Liabilities

Interest-bearing financing at the end of the year amounted to SEK 4,994 million (4,798), of which bonds amounted to SEK 2,200 million (1,200) and current liabilities to credit institutions amounted to SEK 2,022 million (1,547).

Substantial effects during the year came from the issue of a new bond, which increased interest-bearing financing by SEK 1,000 million and from the reclassification of the holding in Svenska Nyttobostäder, which is therefore no longer consolidated, meaning that interest-bearing financing was reduced by SEK 2,198 million.

FINANCIAL POSITION AND CASH FLOW

The Group's cash and cash equivalents at the end of the period amounted to SEK 1,954 million (722). Cash flow for the year was SEK 1,232 million (23). Financing of properties and development projects takes place mainly through bank loans, building credits, bonds, external shareholder contributions and preference capital, based on acquisitions, operating and project calculations.

Liquidity flows at ALM Equity can vary considerably between quarters in connection with transactions. During periods of excess liquidity, the liquidity is invested in projects, used to repay bank loans, or invested in such a way that it can be quickly converted into liquid funds if necessary. All project financing is mainly short-term as it is renegotiated on an ongoing basis while the financing of investment properties is long-term.

More information on financing, interest rates, financial risks and a more detailed description of interest rate derivatives and bonds can be found in Notes 29 and 30.

PARENT COMPANY

The parent company ALM Equity AB's earnings for the year amounted to SEK 1,708 million (110) and the company had at its disposal SEK 935 million (463) in cash and cash equivalents at the end of the period. Guarantees for bank loans and advance payments amounted to SEK 2,276 million (1,549) at year-end. Equity totalled SEK 3,219 million (1,281). The equity/assets ratio on the balance sheet date was 53% (49).

* Based on the actual net asset value adjusted for estimated market value of the operations within ALM Equity.

** Includes Bomodul and Järntorget's Construction operations, which were taken over during Q2 2021.

DIRECTORS' REPORT

DIVIDEND

The Board of Directors proposes a dividend of one preference share per 100 ordinary shares via a bonus issue. The value of this dividend based on the redemption value of one preference share corresponds to SEK 1.20 (1.20) per ordinary share. Furthermore, the Board proposes a cash dividend of SEK 8.40 (8.40) per preference share, payable quarterly and amounting to SEK 2.10 (2.10) per quarter.

SUSTAINABILITY REPORT

ALM Equity's sustainability strategy is a continual process and covers all aspects of the business. Sustainability work encompasses economic, social and environmental responsibility, where the goal is to constantly strive to achieve a good balance between these aspects. In accordance with Chapter 6, § 11 of the Swedish Annual Accounts Act, ALM Equity AB (publ) has chosen to prepare the statutory sustainability report as a report separate from the Annual Report. The Sustainability Report can be found on pages 31–42.

THE BOARD OF DIRECTORS' WORK

ALM Equity AB annually adopts rules of procedure for the Board of Directors and the CEO's instructions. The rules of procedure set out the obligations of the Board of Directors, division of responsibility, a meeting plan and the type of matters to be brought before the Board of Directors. During the year the company held 19 Board meetings, at which the primary issues dealt with included reports to the market, the status of the projects and major capital expenditure decisions. In addition, Board members maintain regular contact with the company's CEO.

RISKS AND UNCERTAINTIES

ALM Equity AB's business is to a great extent affected by external factors over which the company has no control. The company continually monitors behaviour, trends, laws and rules, in order to respond to new circumstances. In a constantly evolving operating environment, the successful companies are those that can adapt and manage the risks and opportunities that arise. ALM Equity is of the opinion that the organization has good capacity to adapt to changes in the world around us.

The business model and internal processes for doing business are of great importance for long-term success. The entire business is risk-aware, and this approach is factored into decision-making at all levels in the Group. The business model and procedures for following up the various activities of the business areas are designed to identify and minimize operating risks in the business, while changes in the company's operating environment are monitored.

For the Construction Management and Project Development business areas, ALM Equity has seen an increased risk of price increases for certain components due to a lack of concrete resulting from Cementa's challenges in obtaining long-term permits for its production on Gotland, which accounts for a large part of production in Sweden.

Risks and uncertainties regarding the situation in Ukraine are currently considered by ALM Equity to be limited as the Group has no direct exposure to either Russia or Ukraine. However, it will affect the Group and society as a whole in one way or another, depending on how other macro factors develop. Above all, we see risks that the business areas' costs will increase both for production and financing. ALM Equity follows developments and works to minimize their impact on the Group and for shareholders.

In 2021, a bond of SEK 1,000 million was issued, maturing in 2026. There are thus three outstanding bonds totaling SEK 2,200 million, which mature in 2023, 2025 and 2026. The bonds increase the Group's refinancing/liquidity risk.

To reduce the risk, financial planning is based on bond maturities being able to be covered with internally generated funds if the conditions on the capital market are not attractive.

The most significant risks identified by the Group are described in the section on Risks and Risk Management on pages 52–58.

COVID-19 PANDEMIC'S IMPACT

ALM Equity has coped well with the pandemic during the year and considers that any effects in the near future ahead are limited. For the Construction Management and Project Development business areas, however, the risk of price increases for certain components has increased due to shortages caused by the effects of the pandemic.

In the long run, it is difficult to predict the impact on society and the economy, as well as the knock-on effects this will in turn have for ALM Equity. Based on a risk assessment, the following areas can potentially be affected:

- Personnel and productivity
- Subcontractor productivity, access to resources and the effect this could have on deliveries and opportunities to fulfil their obligations within contractually agreed timeframes and prices.
- Customers and tenants' abilities to fulfil their obligations.
- Access to and pricing of external capital
- Market conditions and how these impact property values.

DISPUTES

ALM Equity has no pending disputes of material or financial significance.

PROPOSED DISTRIBUTION OF PROFITS

At the disposal of the Annual General Meeting:

Retained earnings	1,261,918,936
Profit/loss for the year	1,708,511,618
	2,970,430,554

*To be allocated as follows:**

Dividend to holders of ordinary shares	–
Dividend to current holders of preference shares	119,479,685
Dividend to holders of preference shares issued as bonus issue*	892,909
To be carried forward	2,850,057,960
	2,970,430,554

* According to the proposal of the Board of Directors to the Annual General Meeting.

FINANCIAL INFORMATION

Consolidated statement of comprehensive income

Amounts in SEK m	Note	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
	1, 2, 3, 38		
Net revenue	3, 4, 9	2,096	1,759
Other income	5	3,161	–
Production and operating costs	3, 10	-1,934	-1,438
Gross profit		3,323	321
Selling and administrative costs	3, 6, 7, 8, 10	-168	-118
Profit/loss from participations in associated companies		-14	29
Profit/loss from participations in associated companies		174	-1
Operating profit/loss		3,315	231
<i>Profit/loss from financial items</i>			
Finance income	3, 12	7	3
Finance costs	3, 13	-226	-138
Profit/loss after financial items		3,096	96
Unrealized changes in value			
Unrealized changes in value, derivative instruments	3, 14	8	6
Unrealized changes in the value of interests in tenant-owned premises	3, 20	–	–
Unrealized changes in value, investment properties	3, 21	107	80
Unrealized changes in value, investment properties under construction	3, 22	246	51
Profit/loss before tax		3,457	233
Profit before tax		3,457	233
Tax	3, 16	-34	-4
PROFIT/LOSS FOR THE YEAR		3,423	229
<i>Other comprehensive income</i>			
Other comprehensive income		–	–
Other comprehensive income for the year after tax		–	–
COMPREHENSIVE INCOME FOR THE YEAR	3	3,423	229

Amounts in SEK m	Note	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Profit/loss for the year attributable to:			
Parent Company shareholders		3,386	194
Non-controlling interests		37	35
Comprehensive income for the year attributable to:			
Parent Company shareholders		3,386	194
Non-controlling interests		37	35
Basic earnings per ordinary share, SEK	17	314.42	10.53
Earnings per ordinary share after dilution, SEK	17	312.40	10.52

FINANCIAL INFORMATION

Consolidated statement of financial position

Amounts in SEK m	Note	2021	2020
ASSETS			
	1, 2, 3, 38		
Non-current assets			
Intangible assets	18	18	15
Machinery and equipment	19	5	9
Investment properties	21	94	2,489
Investment properties under construction	22	755	2,763
Interests in tenant-owned premises	20	50	50
Right-of-use assets	10	63	175
Shares in associated companies	23	3,328	1
Other fixed assets		3	–
Deferred tax assets	16	6	7
Total non-current assets		4,322	5,509
Current assets			
Development properties	25	3,872	1,746
Residential projects in progress	26	2,150	308
Interests in tenant-owner apartments and property rights	27	192	368
Production in progress on behalf of others		6	–
Accounts receivable	29, 30	68	38
Claims, associated companies	23, 29, 30	6	–
Current tax receivables	29, 30	–	–
Other current receivables	28, 29, 30	492	668
Prepaid expenses and accrued income	29, 31	70	106
Cash and cash equivalents	29, 32	1,954	722
Total current assets		8,810	3,956
TOTAL ASSETS		13,132	9,465

Consolidated statement of financial position

Amounts in SEK m	Note	2021	2020
EQUITY AND LIABILITIES			
Equity	33		
Share capital		249	208
Other contributed capital		1,733	1,406
Retained earnings including profit/loss for the year		3,957	711
Equity attributable to Parent Company shareholders		5,939	2,325
Non-controlling interests		1,215	1,465
Total equity		7,154	3,790
Non-current liabilities	29, 30, 37		
Non-current interest-bearing bonds loans		2,200	1,200
Non-current interest-bearing liabilities		439	1,720
Other long-term liabilities		14	–
Derivatives		2	9
Lease liability	10	65	175
Deferred tax liabilities	16	262	172
Other provisions		28	6
Total non-current liabilities		3,010	3,282
Current liabilities	29, 30, 37		
Interest-bearing bonds loans		–	–
Liabilities to credit institutions		2,022	1,547
Interest-bearing project financing		333	331
Trade payables		94	56
Liabilities, associated companies		8	–
Current tax liability		15	18
Other current liabilities		224	226
Accrued expenses and deferred income	34	272	215
Total current liabilities		2,968	2,393
TOTAL EQUITY AND LIABILITIES		13,132	9,465

FINANCIAL INFORMATION

Consolidated statement of changes in equity

Amounts in SEK m	Equity attributable to Parent Company shareholders			Total	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Retained earnings incl. profit/loss for the year			
Opening equity 01/01/2020	200	1,608	385	2,193	1,117	3,310
Profit/loss for the year	–	–	194	194	35	229
Other comprehensive income for the year	–	–	–	–	–	–
Comprehensive income for the year	–	–	194	194	35	229
<i>Transactions with shareholders:</i>						
Dividends paid	–	–	-86	-86	–	-86
Bonus issue/redemption of preference shares	1	–	-1	–	–	–
New share issue	6	63	–	69	–	69
Issue costs	–	–	–	–	–	–
Tax effect on issue costs	–	–	–	–	–	–
Warrants, redemption	1	11	–	12	–	12
Unconditional shareholder contribution**	–	106	–	106	-151	-45
Transactions with non-controlling interests*	–	-382	219	-163	464	301
<i>Total transactions with shareholders</i>	<i>8</i>	<i>-202</i>	<i>132</i>	<i>-62</i>	<i>313</i>	<i>251</i>
Closing equity 31/12/2020	208	1,406	711	2,325	1,465	3,790
Opening equity 01/01/2021	208	1,406	711	2,325	1,465	3,790
Profit/loss for the year	–	–	3,386	3,386	37	3,423
Other comprehensive income for the year	–	–	–	–	–	–
Comprehensive income for the year	–	–	3,386	3,386	37	3,423
<i>Transactions with shareholders:</i>						
Dividends paid	–	–	-111	-111	–	-111
Distribution in kind	–	-367	–	-367	–	-367
Bonus issue/redemption of preference shares	1	–	-1	–	–	–
New share issue	40	673	–	713	–	713
Issue costs	–	-14	–	-14	–	-14
Tax effect on issue costs	–	–	–	–	–	–
Warrants, redemption	–	–	6	6	–	6
New issue Group companies	–	123	-20	103	123	226
Unconditional shareholder contribution**	–	23	–	23	–	23
Reclassification Svenska Nyttobostäder	–	–	–	–	-412	-412
Transactions with non-controlling interests*	–	-111	-14	-125	2	-123
<i>Total transactions with shareholders</i>	<i>41</i>	<i>327</i>	<i>-140</i>	<i>228</i>	<i>-287</i>	<i>-59</i>
Closing equity 31/12/2021	249	1,733	3,957	5,939	1,215	7,154

*Transactions with non-controlling interests mainly comprise dividends in connection with project completions.

** Unconditional shareholder contributions from preference shareholders in subsidiaries, primarily in the Project Development business area.

FINANCIAL INFORMATION

Consolidated cash flow statement

Amounts in SEK m	Note	2021	2020
OPERATING ACTIVITIES			
Operating profit/loss		3,315	231
Adjustment for non-cash items	35	-3,262	34
Interest received		5	3
Interest paid		-227	-138
Tax paid		-46	-8
Cash flow from operating activities before changes in working capital		-215	122
<i>Cash flow from changes in working capital</i>			
Increase/decrease development properties		-11	-339
Increase/decrease residential projects in progress		751	418
Increase/decrease interests in tenant-owner apartments and property rights		182	-20
Increase/decrease in operating receivables		252	-157
Increase/decrease in operating liabilities		-127	-82
Cash flow from operating activities		832	-58
INVESTMENT ACTIVITIES			
Investments in investment properties		-1,475	-680
Investments in business acquisitions		-1,112	–
Acquisition of intangible/tangible fixed assets		-4	-15
Divestment of subsidiaries		372	–
Acquisition/divestment of financial fixed assets		–	-8
Cash flow from investing activities		-2,219	-703
FINANCING ACTIVITIES			
Bonds loans raised		1,381	969
Amortization of bonds loans		–	-867
Raised borrowings		1,588	1,596
Repayment loan		-841	-1,148
External shareholder contributions		35	293
New issues/Warrants incl. costs		338	82
New issues including costs group companies		244	460
Dividends from associated companies		1	6
Dividend paid to holders of preference shares		-103	-86
Transactions, non-controlling interests		-24	-521
Cash flow from financing activities		2,619	784
CASH FLOW FOR THE YEAR		1,232	23

Amounts in SEK m	Note	2021	2020
Reconciliation of cash flow			
Cash and cash equivalents at beginning of year		722	699
Cash flow for the year		1,232	23
Cash and cash equivalents at year-end		1,954	722

FINANCIAL INFORMATION

Parent Company's income statement

Amounts in SEK m	Note	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Net revenue		–	–
Production and operating costs		–	–
Gross profit		–	–
Selling and administrative costs	6, 7, 8	-26	-27
Other operating income		–	–
Other operating costs		–	-6
Operating profit/loss		-26	-33
<i>Profit/loss from financial items</i>			
Profit/loss from investments in Group companies	11	1,768	201
Other interest income and similar items	12	4	3
Interest expenses and similar profit/loss items	13	-125	-64
<i>Total financial items</i>		<i>1,647</i>	<i>140</i>
Profit/loss after financial items		1,621	107
Appropriations	15	87	3
Tax on profit for the year	16	–	–
PROFIT/LOSS FOR THE YEAR		1,708	110

Parent Company's statement of comprehensive income

Amounts in SEK m	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020
Profit/loss for the year	1,708	110
Other comprehensive income	–	–
COMPREHENSIVE INCOME FOR THE YEAR	1,708	110

FINANCIAL INFORMATION

Parent Company's balance sheet

Amounts in SEK m	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
<i>Non-current financial assets</i>			
Shares in associate companies		–	–
Shares in Group companies	24	15	116
Total non-current financial assets		15	116
Total non-current assets		15	116
Current assets			
<i>Current receivables</i>			
Receivables from Group companies	36	5,033	1,963
Other current receivables	28	30	30
Prepaid expenses and accrued income	31	39	23
Total current receivables		5,102	2,016
Cash and bank balances	32	935	463
Total current assets		6,037	2,479
TOTAL ASSETS		6,052	2,595

Parent Company's balance sheet

Amounts in SEK m	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
33, 39			
Share capital (10,561,576 shares)		15	11
Preference share capital (10,207,600 shares)		234	197
Total restricted equity		249	208
<i>Unrestricted equity</i>			
Retained earnings		1,262	963
Profit/loss for the year		1,708	110
Total unrestricted equity		2,970	1,073
Total Parent Company equity		3,219	1,281
Non-current liabilities			
Bonds loans	29, 30, 37	2,200	1,200
Total current liabilities		2,200	1,200
Current liabilities			
29, 30, 37			
Interest-bearing bonds loans		–	–
Trade payables		1	1
Liabilities to Group companies	36	594	87
Other liabilities		30	24
Accrued expenses and deferred income	34	8	2
Total current liabilities		633	114
Total liabilities		2,833	1,314
TOTAL EQUITY AND LIABILITIES		6,052	2,595

FINANCIAL INFORMATION

Parent Company's statement of changes in equity

Amounts in SEK m	Share capital	Preference share capital	Retained earnings	Profit/loss for the year	Total
Opening equity 01/01/2020	10	190	1,092	-117	1,175
Reversal of prior-year earnings	–	–	-117	117	–
Profit/loss for the year	–	–	–	110	110
Other comprehensive income for the year	–	–	–	–	–
Comprehensive income for the year	–	–	-117	227	110
<i>Transactions with shareholders:</i>					
Bonus issue/redemption of preference shares	–	1	-1	–	–
New share issue	1	6	75	–	82
Issue costs	–	–	–	–	–
Tax effect on issue costs	–	–	–	–	–
Option premiums	–	–	–	–	–
Unconditional shareholder contribution	–	–	–	–	–
Dividends paid	–	–	-86	–	-86
<i>Total transactions with shareholders</i>	<i>1</i>	<i>7</i>	<i>-12</i>	<i>–</i>	<i>-4</i>
Closing equity 31/12/2020	11	197	963	110	1,281
Opening equity 01/01/2021	11	197	963	110	1,281
Reversal of prior-year earnings	–	–	110	-110	–
Profit/loss for the year	–	–	–	1,708	1,708
Other comprehensive income for the year	–	–	–	–	–
Comprehensive income for the year	–	–	110	1,598	1,708
<i>Transactions with shareholders:</i>					
Bonus issue/redemption of preference shares	–	1	-1	–	–
New share issue	4	36	673	–	713
Issue costs	–	–	-11	–	-11
Tax effect on issue costs	–	–	–	–	–
Option premiums	–	–	6	–	6
Unconditional shareholder contribution	–	–	–	–	–
Distribution in kind	–	–	-367	–	-367
Dividends paid	–	–	-111	–	-111
<i>Total transactions with shareholders</i>	<i>4</i>	<i>37</i>	<i>189</i>	<i>–</i>	<i>230</i>
Closing equity 31/12/2021	15	234	1,262	1,708	3,219

Parent Company's cash flow statement

Amounts in SEK m	Note	2021	2020
OPERATING ACTIVITIES			
Operating profit/loss before financial items		-26	-33
Adjustment for non-cash items	35	–	–
Interest received		4	3
Interest paid		-125	-64
Tax paid		–	–
Cash flow from operating activities before changes in working capital		-147	-94
Increase/decrease in operating receivables		-3,068	-190
Increase/decrease in operating liabilities		519	58
Cash flow from operating activities		-2,696	-226
INVESTMENT ACTIVITIES			
Acquisition of Group companies and associates		-367	-70
Divestment of Group companies and associates		479	22
Group contributions and shareholder contributions received		87	86
Group contributions and shareholder contributions paid		-7	-103
Cash flow from investment activities		192	-65
FINANCING ACTIVITIES			
New issue/Warrants incl. costs		335	82
Bonds		981	102
Dividend received		1,763	203
Dividends paid		-103	-86
Cash flow from financing activities		2,976	301
CASH FLOW FOR THE YEAR		472	10
Reconciliation of cash flow			
Cash and cash equivalents at beginning of year		463	453
Cash flow for the year		472	10
Cash and cash equivalents at year-end		935	463

Notes

Note 1. Accounting policies

This annual report and consolidated accounts cover the Swedish parent company ALM Equity AB, corporate registration number 556549-1650, and its subsidiaries. The Parent Company is a limited liability company registered and domiciled in Stockholm, Sweden.

The head office address is Regeringsgatan 59, SE-111 56 Stockholm, Sweden.

On 25 April 2022, the Board of Directors approved the annual and consolidated accounts, which will be presented for adoption by the Annual General Meeting on 25 May 2022.

Regulations applied

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). In addition, the Group applies the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 1: "Supplementary accounting rules for groups of companies".

The Parent Company applies the same accounting policies as the Group, except in the cases stated below under the section entitled 'Parent Company's accounting policies'.

Unless otherwise stated, the accounting policies below have been consistently applied to all periods presented in the consolidated financial statements. The Group's accounting policies have been consistently applied by all Group companies.

Valuation principles

Assets and liabilities are recognized at historical cost except in the case of investment properties and certain financial assets and liabilities measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments and securities. The consolidated accounts have been prepared on a going concern basis.

Currency

The functional currency is the currency in the primary economic environments in which the companies conduct their business. The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. Unless otherwise stated, all amounts are rounded to the nearest million kronor (SEK million).

Changed accounting principles caused by new or amended IFRS
Amendments to IFRS with application from 1 January 2021 have not had any significant effect on the Group's accounts.

New or revised IFRS standards not yet applied

No upcoming changes to IFRS or IFRIC interpretations with any material impact on the Group have been identified. No new or revised IFRS standards have therefore been applied in advance.

Classification

Non-current assets and non-current liabilities essentially consist of amounts expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities essentially comprise amounts expected to be recovered or paid within twelve months of the balance sheet date.

However, the company has classified all liabilities attributable to the Project Development business area as current, as they relate to project financing for a fixed period of time. These liabilities are classified based on the expectation that they will be settled within the Group's normal business cycle. Further information is available in Note 29 Financial risks.

Consolidation

Subsidiaries

Subsidiaries are companies that are under ALM Equity AB's controlling influence. An investor has a controlling influence over a company when the investor is exposed to or entitled to a variable return on their engagement in the company, and can affect that return with their influence.

Subsidiaries are accounted for according to the purchase method. This method means that acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The fair value of acquired identifiable assets and assumed liabilities, along with any non-controlling interests on the acquisition date, are identified in the acquisition analysis. Transaction expenses, except for transaction fees attributable to the issuance of own capital instruments or liability instruments, are recognized immediately in profit or loss for the year.

When acquiring a business where the transferred consideration exceeds the fair value of the acquired assets and assumed liabilities reported separately, the difference is recognized as goodwill. When the difference is negative, a so-called low-price acquisition, it is recognized immediately in profit or loss for the year.

The financial reports of subsidiaries are included in the consolidated financial statements from the date of acquisition until the date the controlling influence ceases.

Since acquisitions of subsidiaries do not relate to business combinations, but rather acquisitions of assets in the form of investment properties, the acquisition cost is instead allocated among the acquired assets in the acquisition analysis.

Acquisitions of investment properties are classified as acquisitions of assets if the acquisition relates to property, with or without rental contracts, but do not include the personnel and the processes required to run the property management operation. One key difference in recognition of asset acquisitions compared with business combinations is that no deferred tax is recognized on initial recognition of the asset in the balance sheet. One further difference is that with an asset acquisition, transaction expenses are recognized as part of the acquisition cost.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, revenue or costs, and unrealized profits or losses arising from intra-group transactions between Group companies are eliminated in their entirety when the consolidated financial statements are prepared.

Unrealized profits that arise in transactions with associates are eliminated to the extent they correspond to the Group's ownership interest in the company. Unrealized losses are eliminated in the same manner, but only to the extent that there is no need for impairment.

Associates

Participations in companies over which the Group has a significant influence are classified as associates and recognized in accordance with the equity method. According to this method, a holding is initially recognized at cost and the carrying amount subsequently increased or reduced to take account of the owner company's interest in the investment object's earnings following the date of acquisition.

Acquisition/sale from/to non-controlling interests

Acquisitions from and sales to non-controlling interests are recognized as transactions within equity, i.e. between the Parent Company's owner (within retained earnings) and non-controlling interests. Therefore, goodwill does not arise in these transactions. The change in the non-controlling interest is based on its proportional share of net assets.

Currency translation

Transactions in foreign currency

Transactions in foreign currency are converted into the functional currency using the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are converted to the functional currency using the exchange rate prevailing on the balance sheet date. Exchange rate differences arising on conversion are recognized in profit or loss for the year. Exchange rate gains and losses on operating receivables and operating liabilities are recognized in operating profit or loss, while exchange rate gains and losses on financial receivables and liabilities are recognized as financial items.

NOTES

Note 1. Accounting policies, cont.

INCOME

The Group's income is generated from rental income attributable to the Group's investment properties and project revenue attributable to the sale of residential units, primarily in the form of tenant-owned apartments via tenant-owner associations.

Rental income

ALM Equity is the lessor for leases where the Group rents out properties mainly to corporate customers. These leases are classified in their entirety as operating leases, as ALM Equity deems that the Group retains the financial benefits and economic risks associated with ownership of the properties. Rental income is notified in advance and accrued on a straight-line basis over the rental period. Where applicable, recognized rental income has been reduced by the value of rental discounts provided. In cases where rental contracts result in a reduced rent for a specific period, this is accrued on a straight-line basis over the term of the lease.

Project revenue

Revenue from contracts with customers relates to the sale of goods and services from the company's regular operations. Revenue is recognized when control is transferred to the customer for the goods or services the company considers to be distinct in a contract and reflects the compensation that the company expects to be entitled to in exchange for such goods and services. In order for the Group to be able to recognize revenue from contracts with customers, each customer contract is analysed according to the five-step method in the standard:

- **Step 1:** Identify a contract between at least two parties in which there is a right and an obligation.
- **Step 2:** Identify the various obligations. A contract includes pledges to transfer goods or services to the customer (performance obligation). All obligations that can be distinguished in terms of their nature and that are distinguishable within the framework of the contract must be recognized separately.
- **Step 3:** Determine the transaction price. The transaction price is the amount the company expects to receive in exchange for the promised goods or services. The transaction price should be adjusted for variable elements, for example potential discounts.
- **Step 4:** Allocate the transaction price to the various performance obligations. The company is usually able to allocate the transaction price for each individual item or service based on an independent selling price.
- **Step 5:** Fulfilment of the performance obligation and recognition of revenue, either over time or on a particular date depending on the nature of the performance obligation. The amount recognized as income is the amount the company previously allocated to the performance obligation in question.

The Group's project revenue is derived from the development and sale of new residential units and the customers are mainly external property management companies and private individuals. The sale of residential units occurs via tenant-owner associations, which ALM Equity has judged to be subject to consolidation as the Group has a controlling influence over the tenant-owner associations (see Note 2). The sale of residential units to the property management companies occurs by the property containing the units being transferred via companies. Contracts with customers usually only include one performance obligation, to hand over a residential unit that is ready to move into. The transaction price is essentially a fixed price. Control of the unit is considered to be transferred to the customer on the date that access to the unit can take place.

Inventory revenue

Revenue from the sale of stocked shares in tenant-owned apartments is reported in a binding agreement with the customer on transfer.

LEASING

On entering into a contract, ALM Equity establishes whether the contract is, or contains, a lease based on the substance of the contract. A contract is, or contains, a lease if the contract, for a specific period of time, transfers the right to direct the use of an identified asset in exchange for consideration.

ALM Equity applies relief rules for short-term leases and leases where the underlying asset is of low value. Expenses arising in connection with these leases are recognized in the income statement on a straight-line basis over the term of the lease.

Leaseholds

ALM Equity has leasehold contracts that satisfy the definition of a lease. Since the lessee is unable to terminate these leases, they are recognized as perpetual leases. Both right-of-use assets and lease liabilities attributable to leasehold contracts are initially measured in accordance with IFRS 16, which means that the remaining lease payments (rent) are discounted over the term of the perpetual lease.

The lease liability is not amortized for subsequent measurements, but lease payments are instead recognized in their entirety as interest expenses. When rents are renegotiated, the lease liability is revalued based on the change in ground rent, as the renegotiation is deemed to reflect a change in rent levels on the market.

Other lease liabilities

On the start date for other leases, a lease liability is recognized corresponding to the net present value of the lease payments that have not been paid by this date. These lease liabilities are recognized separately from other liabilities in the statement of financial position.

The lease period is determined as the non-cancellable period together with periods to extend or terminate the lease if ALM Equity is reasonably

certain of exercising the options. Lease payments include fixed payments (less any benefits in connection with signing the lease), variable lease payments linked to an index or a price, and amounts expected to be paid according to residual value guarantees. Lease payments also include the exercise price of an option to buy the underlying asset, or penalties payable on termination, if ALM Equity is reasonably certain of exercising these options. Variable lease payments that are not linked to an index or price are recognized as a cost in the period to which they are attributable.

When calculating the present value of lease payments, the implicit rate in the lease is applied if it can be easily established. Otherwise, the marginal borrowing rate for the lease is used. After the start date of a lease, the lease liability increases to reflect the interest on the lease liability and decreases as lease payments are paid. In addition, the lease liability is revalued as a result of contract modifications, changes to the lease period, changes to lease payments or changes in an assessment to buy the underlying asset.

Other right-of-use assets

ALM Equity recognizes right-of-use assets in the statement of financial position on the start date of the lease. Right-of-use assets are recognized separately from other assets in the statement of financial position.

Right-of-use assets for other leases are measured at cost less accumulated depreciation and any impairment, and adjusted for revaluations of the lease liability. The acquisition cost includes the initial value recognized for the attributable lease liability, initial direct expenses, any advance payments made on or before the start date of the lease less any incentives received, as well as an estimation of any restoration costs.

Provided ALM Equity is not reasonably certain that it will assume the right of ownership to the underlying asset on expiry of the lease, the right-of-use asset is depreciated on a straight-line basis for the lease period or useful life, whichever is shorter.

EMPLOYEE BENEFITS**Short-term benefits**

Short-term employee benefits, such as salary, social security contributions, holiday pay and bonuses, are expensed in the period in which the employees perform the services.

Pensions

The Group offers primarily defined contribution pension plans classified as plans where fixed fees are paid and there are no obligations to pay anything additional to these fees. Expenses for defined contribution plans are recognized as an expense during the period in which the employees perform the services on which the obligation is based. One of the subsidiaries is covered by collective bargaining agreements with ITP plans including both defined contribution parts in ITP 1 and defined benefit plans in ITP 2.

NOTES

Note 1. Accounting policies, cont.

Severance payments

A cost for compensation in connection with termination of employees' contracts is recognized only if the company is demonstrably obligated, without realistic possibility of withdrawal, by a formal detailed plan, to terminate employment before the normal point in time.

When compensation is offered to encourage voluntary redundancy, a cost is recognized if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

FINANCE INCOME AND COSTS

Finance income consists of interest income and gains from changes in the value of financial assets/liabilities measured at fair value through profit or loss that are recognized in separate entries in net financial items. Interest income is recognized according to the effective rate method. The effective rate of interest is the rate that discounts the estimated future payments and disbursements during a financial instrument's expected term to the financial asset or liability's recognized net value. The calculation includes all charges paid or received by the parties to the contract that are part of the effective rate of interest, transaction costs and all other premiums and discounts.

Finance costs consist mainly of interest expenses on loans and losses due to a change in the value of financial assets/liabilities measured at fair value through profit or loss recognized separately in net finance items. Interest expenses on loans are recognized according to the effective rate method.

Exchange rate gains and losses are recognized on a net basis in finance costs.

TAX

Income taxes consist of current taxes and deferred taxes. Income taxes are recognized in profit or loss for the year, except when the underlying transaction is recognized in other comprehensive income or in equity, in which case the associated tax effect is recognized in other comprehensive income or in equity.

Current taxes are taxes to be paid or received for the current year, with the application of the tax rates that are decided, or in practice decided, on the balance sheet date. Adjustment of current taxes attributable to previous periods is also categorised as current taxes.

Deferred taxes are recognized in their entirety in accordance with the balance sheet method for all temporary differences that arise between the tax value of assets and liabilities and their reported values. Temporary differences are not taken into account in consolidated goodwill or if they arise as a result of a transaction that constitutes initial recognition of an asset or liability that is not a business combination, and that on the date of the transaction affects neither the carrying amount nor taxable earnings. Nor are temporary differences attributable to investments in subsidiaries not expected to be reversed within the foreseeable future taken into account. The valuation of deferred taxes is based on how the underlying assets or liabilities are expected to be realised or settled.

Deferred taxes are calculated by applying the tax rates and tax rules that are decided or announced as of the balance sheet date and which are expected to apply when the relevant deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets relating to deductible temporary differences and tax loss carryforwards are recognized only to the extent it is probable that it will be possible to utilize them. The value of deferred tax assets is reduced when it is no longer believed that it will be possible to utilize them.

EARNINGS PER ORDINARY SHARE

Basic earnings per share are calculated by dividing net earnings attributable to the Parent Company's shareholders, less the preference capital's share of earnings, with the weighted average number of ordinary shares outstanding during the year.

Earnings per share after dilution are calculated by dividing net earnings attributable to the Parent Company's shareholders, less the preference capital's share of earnings, adjusted where applicable, with the sum total of the weighted average number of ordinary shares outstanding and potential ordinary shares that may give rise to a dilutive effect. The dilutive effect of potential ordinary shares is recognized only if a recalculation of ordinary shares would lead to a reduction in earnings per share after dilution.

INTANGIBLE ASSETS

Intangible assets in the Group consist of capitalised development costs for the application within the Digital Services business area and these are reported at acquisition value after deductions for accumulated depreciation and any write-downs.

The carrying amount of an asset is removed from the balance sheet upon disposal or sale or when no future economic benefits are expected from the use or disposal/sale of the asset. Profits or losses arising from the sale or disposal of an asset consist of the difference between the selling price and the asset's carrying amount, less direct selling expenses. Profits and losses are reported as other operating income/expenses.

Additional expenses

Additional expenses are added to the acquisition cost only if it is probable that the future economic benefits associated with the asset will accrue to the Group and the expense can be calculated in a reliable manner. All other additional expenses are recognized as costs in the period in which they arise.

Depreciation principles

Depreciation is carried out on a straight-line basis over the estimated useful life of the asset.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized in the Group at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and expenses directly attributable to bringing the asset to

the location and condition required for it to be utilized in accordance with the purpose of the acquisition.

The carrying amount of an asset is removed from the balance sheet upon disposal or sale or when no future economic benefits are expected from the use or disposal/sale of the asset. Profits or losses arising from the sale or disposal of an asset consist of the difference between the selling price and the asset's carrying amount, less direct selling expenses. Profits and losses are reported as other operating income/expenses.

Additional expenses

Additional expenses are added to the acquisition cost only if it is probable that the future economic benefits associated with the asset will accrue to the Group and the expense can be calculated in a reliable manner. All other additional expenses are recognized as costs in the period in which they arise. Repairs are expensed on an ongoing basis.

Depreciation principles

Depreciation is carried out on a straight-line basis over the estimated useful life of the asset. The Group applies component depreciation, which means that the estimated useful life of the components is the basis for depreciation.

The estimated useful life periods are:

- Machinery and equipment 5 years
- Tenant customisations based on term of underlying lease

Depreciation methods used, residual values and useful life periods are reviewed at each year-end.

IMPAIRMENT OF NON-FINANCIAL NON-CURRENT ASSETS

Assets subject to impairment are assessed for loss of value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment is made of the amount at which the asset's carrying value exceeds its recoverable value. The recoverable value is the higher of the asset's fair value, less selling costs, and its value in use. When assessing impairment requirements, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units).

A previously recognized impairment loss is reversed if the recoverable amount is estimated to exceed the carrying value. However, a reversal is not effected in an amount exceeding what the carrying amount would have been if no impairment charges had been recognized in prior periods.

FINANCIAL INSTRUMENTS

Financial instruments are every form of agreement that gives rise to a financial asset in a company and a financial liability or equity instrument in another company. Financial instruments recognized in the balance sheet include, on the assets side, trade receivables, interests

NOTES

Note 1. Accounting policies, cont.

in tenant-owned premises held for investment, other current receivables and investments, cash and cash equivalents and derivatives with a positive fair value. On the liability side they include trade payables, loan liabilities and other liabilities and derivatives with a negative fair value.

Recognition depends on how the financial instruments are classified. Hedge accounting is not applied.

Recognition and derecognition

A financial asset or a financial liability is recognized in the balance sheet when the Group becomes a party to the contractual terms of the instrument. Trade receivables are recognized in the balance sheet when an invoice has been submitted and the company has an unconditional right to receive payment. Liabilities are recognized when the counterparty has delivered and a contractual payment obligation arises, even if an invoice has not yet been received. Trade payables are recognized when an invoice has been received.

A financial asset and financial liability are offset and reported with a net amount in the balance sheet only when there is a legally enforceable right to offset the amounts and there is an intention to settle the items with a net amount, or simultaneously realise the asset and settle the debt. A financial asset is removed from the balance sheet once the rights in the agreement are realised, fall due or when the company loses control over them. The same applies for part of a financial asset. A financial liability is removed from the balance sheet once the obligation arising from the agreement has been fulfilled or is extinguished in another way. The same applies for part of a financial liability. At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets are in need of impairment. Gains and losses incurred by removal from the balance sheet and modification are reported in the income statement.

Classification and measurement*Financial assets*

Debt instruments: classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the character of the asset's contractual cash flows.

The instruments are classified at:

- amortized cost
- fair value via other comprehensive income, or
- fair value through profit or loss

The Group's debt instruments are classified at amortized cost.

Financial assets classified at amortized cost are initially measured at fair value plus transaction costs. Trade receivables are initially recognized at invoiced value. Following initial recognition, the assets are valued according to the effective interest method. Assets classified at amortized cost are held according to the business model to collect contractual cash flows which are only payments of principal amounts and interest on the outstanding principal amount. The assets are covered by a loss provision for expected credit losses.

Fair value through profit or loss includes those debt instruments that are not measured at amortized cost or fair value via other comprehensive income. Financial instruments in this category are initially recognized at fair value. Changes in fair value are recognized in profit or loss.

Equity instruments: classified at fair value through profit or loss, unless they are not held for trade, when an irrevocable choice can be made to classify them at fair value via other comprehensive income without subsequent reclassification to profit or loss. The Group has shares and interests that are recognized at fair value through profit or loss.

Financial liabilities

Financial liabilities are classified at amortized cost except for derivatives. Financial liabilities carried at amortized cost are initially valued at fair value including transaction costs.

Following initial recognition, they are measured at amortized cost according to the effective interest method.

Derivatives: classified at fair value through profit or loss. The Group does not apply hedge accounting. Fair value is determined in accordance with the description in Note 29.

Impairment of financial assets

The Group's financial assets, except those classified at fair value via profit or loss or equity instruments measured at fair value via other comprehensive income, are subject to impairment for expected credit losses. Impairment for credit losses according to IFRS 9 is forward-looking and a loss provision is made when there is an exposure to credit risk, usually on initial recognition. Expected credit losses reflect the present value of all cash flow deficits attributable to default, either for the next 12 months, or for the expected remaining term of the financial instrument, depending on the type of asset and on credit deterioration since initial recognition.

Expected credit losses reflect an objective, probability-weighted outcome that takes most scenarios into account based on reasonable and verifiable forecasts. The simplified model is applied for trade receivables, contract assets and lease receivables. A loss provision is recognized, in the simplified method, for the expected remaining term of the receivable or the asset.

An impairment model with three stages is applied to other items subject to expected credit losses.

Initially, and at each balance sheet date, a loss provision is recognized for the next 12 months, alternatively for a shorter period depending on the remaining term (stage 1). The Group's assets have been deemed to be at stage 1, meaning that there has been no significant increase in credit risk. This method is applied to financial assets not measured at fair value through profit or loss and to expected credit losses related to financial guarantee agreements. These consist of guarantees that the company has for the benefit of loans raised by tenant-owner associations in connection with financing of construction.

If a significant increase in the credit risk has occurred since initial recognition, resulting in a rating that is below investment grade, a loss provision is recognized for the remaining term of the asset (stage 2). For assets deemed to be credit impaired, a provision is continually made for expected credit losses for the remaining term (stage 3). For assets and receivables deemed to be impaired, the calculation of interest income is based on the asset's carrying amount, net of loss provision, as opposed to the gross amount as in the previous stages.

Valuation of expected credit losses is based on various methods. The method for trade receivables and contract assets is based on historic bad debts combined with forward-looking factors. Other receivables and assets are impaired according to a rating-based method by way of external credit rating. Expected credit losses are valued at the product of likelihood of default, loss in the case of default and exposure in the event of default. Credit impaired assets and receivables are assessed individually, taking account of historic, current and forward-looking information. The valuation of expected credit losses takes account of any collateral and other credit enhancements in the form of guarantees. The financial assets are carried in the balance sheet at amortized cost, that is, net of gross value and loss provision. Changes in the loss provision are recognized in the income statement.

INVESTMENT PROPERTIES**Investment properties**

Investment properties are properties that have been taken over and are owned and managed entirely or partly by the Group's Property Management business area. These properties are held for the purposes of generating rental income, value appreciation or a combination of both. Investment properties include buildings, land, land improvements and property fixtures.

An investment property is recognized as an asset when it is likely that the economic benefits associated with the investment property will accrue to the accounting unit, and its value can be reliably calculated in accordance with IAS 40. It is initially valued at cost plus any transaction expenses. Investment properties are subsequently valued in accordance with the fair value method.

Additional expenses are added to the carrying value of the investment property only if it is probable that the future economic benefits associated with the expenses will accrue to the Group and the cost can be reliably calculated. All other additional expenses are recognized as costs in the period in which they arise. Expenses relating to the exchange of identified components and addition of new components are added to the carrying amount when they satisfy the criteria above. Repairs and maintenance are expensed as the expense arises.

Valuation is carried out via a cash flow analysis based on a present value calculation of estimated future cash flows, combined with a local price analysis. The local price analysis is carried out on the basis of the selling prices of comparable properties. Market value refers to the price that is likely to be obtained if the investment property is sold on an open market.

NOTES

Note 1. Accounting policies, cont.

Valuations are carried out annually by an authorized valuer and followed up internally each quarter, or in the event of incidents that significantly impact the value. The value is adjusted through profit or loss and realised on divestment. Valuations in 2020 were conducted by JLL and FORUM Fastighetsekonomi AB.

Investment properties under construction

Investment properties under construction are properties within the Project Development business area that are in the process of being developed for the Group's Property Management business area.

A property is categorised as an investment property under construction from the date on which the Project Development and Property Management business areas decide to implement the project intended for internal management.

It is not deemed to be possible initially to reliably calculate the value; instead properties are valued at accumulated cost during the development phase, including production costs incurred. Once the necessary criteria and conditions have been satisfied for it to be possible to use the properties for their purpose, and the value of the properties can be reliably calculated, the properties are recognized at fair value in accordance with IAS 40.

CURRENT ASSETS**Development properties**

Development properties are properties over which the company has control and that are at pre-construction phases. They are valued according to the lowest value principle, which means that a property is carried at the lower of acquisition cost and net realisable value. The net realisable value is the estimated selling price in ongoing operations, less estimated costs for completing the property and achieving a sale.

The Group's property holdings are carried as current assets, since the holdings are included in the Group's normal business cycle and are regarded as part of a residential project and/or have customer access within 2–5 years.

Acquisition of development properties is only fully entered in the accounts when legal ownership has been transferred, which normally occurs when all conditions of the relevant contract have been fulfilled. Before impairment charges, development properties are measured at cost, direct costs incurred and a reasonable proportion of indirect costs.

Residential projects in progress

Residential projects in progress include all projects where production has started that are intended for the external market. These projects are valued according to the lowest value principle, which means that a project is carried at the lower of cost and the net realisable value. The net realisable value is the estimated selling price in ongoing operations, less estimated costs for completing the property and achieving a sale.

The Group's property holdings are carried as current assets, since the holdings are included in the Group's normal business cycle and are esti-

mated to be inhabited by customers within 2–5 years. Before impairment charges, residential projects in progress are measured at cost, direct costs incurred and a reasonable proportion of indirect costs.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and immediately available deposits with banks and similar institutions, as well as short-term liquid investments maturing within less than three months of the date of acquisition. Cash and cash equivalents are subject to loss provision requirements for expected credit losses.

EQUITY

The share capital consists of ordinary and preference shares where the share capital is reported at the quotient value and the excess portion as other contributed capital. Transaction costs associated with new share issues are booked through equity against other contributed capital.

ALM Equity assesses that there is no contractual obligation to pay dividends to the holders of preference shares at the time of their issue. Dividends to preference shareholders are dependent on a decision by the Annual General Meeting. ALM Equity can therefore not guarantee future dividends to preference shareholders. Against this background, preference shares have been classified as shareholders' equity.

DIVIDENDS

Dividends to the Parent Company's shareholders are recognized as a liability in the consolidated financial statements in the period in which the dividend is approved. In subsidiaries where holders of preference shares in projects have made unconditional shareholder contributions, these have preference to dividends upon final settlement in profitable projects equivalent to the amount contributed and the return thereon. However, if a project reports a loss, this preference should be reduced by an equivalent amount.

BORROWING COSTS

Borrowing costs consist of interest and other expenses incurred when a company borrows money. Borrowing costs attributable to financing of an asset that will take a considerable amount of time to complete for its intended use or sale, are capitalised as a part of the asset's acquisition cost.

PROVISIONS

A provision differs from other liabilities in that there is uncertainty as to the date of payment or the size of the amount to settle the commitment.

A provision is recognized in the balance sheet when there is an existing legal or informal obligation as a consequence of an event that has occurred, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are set aside in the amount that is the best estimate of what is required to settle the existing obligation on the balance sheet date. When the effect of the timing of the payment is significant, a provision is made based on discounting the expected future cash flow.

CONTINGENT LIABILITIES

A contingent liability is recognized when there is a possible commitment, the occurrence of which is confirmed only by one or more uncertain future events, or when there is a commitment not recognized as a liability or provision because it is unlikely that an outflow of resources will be required.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method and details the Group's payments and disbursements during the period. The statement is divided up into operating activities, investment activities and financing activities.

PARENT COMPANY

The Parent Company has prepared its financial statements in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board.

The differences between the Group's and the Parent Company's accounting policies are shown below. Unless otherwise stated, the accounting policies for the Parent Company described below have been applied consistently in all periods presented in the Parent Company's financial statements.

Classification and presentation

The Parent Company's income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act.

Participations in associates

Participations in associates are recognized in accordance with the equity method.

Shares in Group and associated companies

Shares in Group and associated companies are reported at acquisition value less any impairment. This means that transaction expenses are included in the carrying amount of holdings in both wholly- and partly-owned companies.

Earnings from Group companies

Dividends are reported as revenue, even if the dividend represents profits accumulated before the acquisition date. Dividends are normally recognized once the Annual General Meeting has resolved on the dividend, since it is at this point that the right to receive payment is secure, and it can be reliably calculated.

Financial instruments

The rules for financial instruments in IFRS 9 are not applied in the Parent Company as a legal entity because of the relationship between accounting and taxes. The Parent Company instead applies the acquisition method in accordance with the Swedish Annual Accounts Act. In the Parent Company, financial non-current assets are therefore measured at cost and financial current assets according to the lowest value principle,

NOTES

Note 1. Accounting policies, cont.

with application of impairment for expected credit losses according to IFRS 9 for assets that are debt instruments. For other financial assets impairment is based on market value.

Derivative instruments with negative fair values are carried as a liability in the amount of the negative value with the change in value via profit or loss. The Parent Company's financial guarantees consist of guarantees on behalf of Group companies.

The Parent Company applies the exception not to value financial guarantees on behalf of subsidiaries, associates and joint ventures in accordance with the rules in IFRS 9, and instead recognizes financial guarantees as a provision in the balance sheet when the company's valuation principles according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets can be applied. In other cases the undertaking is reported as a contingent liability.

Leasing

In the Parent Company the exception in RFR 2 regarding leases is applied. This means that lease payments are recognized as a cost on a straight-line basis over the lease period, and that right-of-use assets and lease liabilities are not included in the Parent Company's balance sheet. However, leases are identified in accordance with IFRS 16, i.e. a contract is, or contains, a lease if the contract, for a specific period of time, transfers the right to direct the use of an identified asset in exchange for consideration.

Group contributions and shareholder contributions

Group contributions paid and received are recognized as year-end appropriations in accordance with the alternative method. Shareholder contributions paid are carried directly to equity with the recipient and are capitalised in shares interests with the donor, to the extent that impairment is not required.

Tax

Untaxed reserves including deferred tax liabilities are recognized in the Parent Company.

Note 2. Estimates and judgements

The preparation of financial reports in accordance with IFRS requires management to make estimates and judgements, and to make assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and costs. Actual outcomes may differ from these estimates.

Estimates and assumptions are regularly reviewed. Changes in estimates are recognized in the period in which the change is made if the change has had an effect on this period only, or in the period in which the change is made and future periods if the change affects the current period as well as future periods.

Note 2. Estimates and judgements

Management has made a number of significant accounting assessments when applying the Group's accounting policies.

Business combinations or asset acquisitions

ALM Equity applies the option of making a simplified assessment of whether the fair value of the gross assets acquired can be attributed to an asset (property/properties) or a group of similar assets. In cases where the test shows that the fair value essentially relates to an asset (property/properties) or a group of similar assets, ALM Equity assesses that the acquisition should be classified as an asset acquisition. What essentially constitutes fair value is assessed on a case-by-case basis.

Assessment of business acquisition, Järntorget

The main purpose of the acquisition was to create an opportunity for ALM Equity's business areas to upgrade their operations. Above all, there was great potential in the building rights portfolio in matching location and flexibility for development towards both the property management and private markets. Therefore the entire Järntorget Group with personnel, systems and processes was integrated into each business area. The surplus value paid at the time of the acquisition was assessed as directly attributable to the building rights portfolio and allocated as part of the project acquisition for selected projects in the acquired building rights portfolio. It was divided into five development properties with completed building rights and 14 development properties undergoing zoning planning, all located in Stockholm County. The entire building rights portfolio, except for the projects that are under construction, is undergoing a conceptualisation process to be redirected towards ALM Equity's processes and development strategy.

During the merger's due diligence, the management judged that it was difficult to claim that each project in itself had identical risks as they were located in different areas in Stockholm County, potentially had different customer focus in the long-term, and were at different phases in the development process. It can be added that the intention was to integrate the existing staff and prepare for the future together. Thus, management assessed that it was a positive business acquisition.

Consolidation of Järntorget

As the acquisition of Järntorget was completed during Q2 2021 and Järntorget prepared quarterly accounts, it was considered challenging to report a fair result based on the time of acquisition. The management therefore decided, with reference to the simplification rule, that ALM Equity will make a complete consolidation of Järntorget's Q2 accounts.

Control over tenant-owner associations

ALM Equity has decided that each tenant-owner association is under the control of the Group until the point that customers occupy the accommodation. The tenant-owner associations are thus consolidated into the Group. Project revenues and costs must be reported once commitments in the agreement with the customer are fulfilled. For tenant-owned apartments, this is considered to be when delivery of the accommodation can take place. If a project consists of multiple stages, the commitment is considered to be fulfilled once each stage is delivered to the customers.

Classification of the Group's holdings in Group companies

Another important assessment is the classification of the Group's holdings in Group companies. The Group is deemed to have a controlling influence over the majority of the holdings and regards them as subsidiaries. This assessment is based on the fact that ALM Equity has at least 50% of the votes in the companies and a governing project plan as the basis for shareholder agreements, the design of the project/management and governance.

Influence in Svenska Nyttobostäder

ALM Equity has made the assessment that there is no longer a controlling influence in Svenska Nyttobostäder AB (publ). The assessment was based on the fact that ALM Equity no longer has its own majority of votes and thus cannot, independently of other owners, control the company through the decisions made at the Annual General Meeting. Svenska Nyttobostäder has its own board where ALM Equity's board representative does not have a majority, but rather the decisions must be made together with at least three other board members. Svenska Nyttobostäder is an independent company that is run by its own organization and carries out its own business. ALM Equity has no influence on which leases are signed, which systems are chosen, how management takes place or which acquisitions they are to carry out. They have hired ALM Equity's specialist skills in specific issues for expertise and experience, 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 to "associated companies" and deconsolidated from mid-December 2021.

Important sources of uncertainty in estimates

The source of uncertainty in estimates that poses a substantial risk of the value of assets and liabilities having to be significantly adjusted during the financial year to come is deferred tax assets.

Valuation of investment properties

The value of investment properties is based on independent valuations by certified valuers. These valuations are based on a combination of actual data and assumptions. Although the assumptions are based on qualified assessments supported by property transactions with similar conditions, there is an element of uncertainty in the assumptions made. Should the assessments prove to be inaccurate, it could have a material impact on the balance sheet.

Estimated deferred tax

Deferred tax assets are recognized for temporary differences and for unutilized loss carryforwards. Measurement of tax loss carryforwards and the Group's ability to take advantage of the tax loss carryforwards is based on management's estimates of future profits. The tax loss carryforwards relate to Sweden, where they can be utilized to offset future profits without time limitation. For further information on deferred tax assets, please refer to Note 16.

NOTES

Note 3. Segment reporting

The Group is structured into five business areas operational within the property sector: property management, project development, management, financing and digital services. Each business area is independent of the others and conducts its operations in a cost-effective way via its own company structure and financing. Each business area is built up based on its own operational needs for expertise and resources, with support from Group personnel in common functions such as finance, HR and IT.

When monitoring, the two smaller business areas Digital Services and Financing are combined under the column "Other BA" due to the financial significance of their operations. At the end of the year, a decision was made to no longer view the Financing business area as a separate business area, and from 2022 it will be part of the Group staff.

Monitoring is carried out based on the Group's financial reporting, with an adjustment to reflect value creation over time in projects in the Project Development business area. The adjustment involves a reversal of the completion method's settlements and a gradual increase in value is calculated based on completion and contracts with end customers. This means that results are recognized gradually from start of construction to completion, instead of the entire result being recognized upon completion.

Acquisition of Järntorget

During Q2 2021, ALM Equity acquired and took over Järntorget Byggtressenter AB to complement and upgrade the Group's vari-

ous operations focusing on sustainability, digitalisation and industrial construction. Järntorget has been integrated into ALM Equity's business areas Project Development and Construction Management, at the same time as the expanded building rights portfolio has enabled an expanded property management business for the Property Management business area. In the segment reporting, Järntorget's contribution to the income statement and balance sheet has been distributed to each business area and a small part regarding central costs to the Group as a whole. Based on the fact that the transaction took place in the middle of Q2, with reference to the simplification rules, the management has chosen to consolidate the entire Q2 to facilitate joint reporting.

Reclassification of Svenska Nyttobostäder

During Q4, parts of the holding in Svenska Nyttobostäder were divested and ALM Equity has assessed that controlling influence no longer exists. As a result, the holding has been reclassified to 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 up to 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 earnings effect of SEK 3.1 billion.

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

Information about the Group's operations and business areas can be found on pages 18–30. It contains specific KPIs and information on significant events for each business area.

To follow is a breakdown of the income statement and balance sheet for each of our business areas.

¹⁾ BA = Business areas

²⁾ Refers to unrealized changes in value

³⁾ The previous columns for Group-wide and Group elimination reported in the annual report for 2020 have been merged into the item Group-wide.

⁴⁾ The adjustment comes from the fact that the successive settlement method is used within the business area Project Development in the segment follow-up.

⁵⁾ Profit for the year attributable to the Project Development business area was affected by one-off items of SEK 59 million, primarily attributable to impairment of three projects as a result of increased production costs not falling within the framework of their established revenue levels for customers. The adjusted profit for the year would have been SEK 247 million without these one-off effects.

EARNINGS JANUARY–DECEMBER 2021	Property management	Project development ⁵⁾	Construction management	Other BA ¹⁾	Group-wide ³⁾	Total per segment	Adjustment ⁴⁾	Total according to IFRS
Net sales	130	3,159	1,252	1	-1,035	3,507	-1,411	2,096
Operating expenses	3,294	–	–	–	-133	3,161	–	3,161
Profit/loss from participations in subsidiaries	-65	-2,955	-1,161	-10	931	-3,260	1,158	-2,102
Profit/loss from shares in associated companies	174	–	–	–	–	174	–	174
Profit/loss from shares in group companies	–	-14	–	–	–	-14	–	-14
Operating profit/loss	3,533	190	91	-9	-237	3,568	-253	3,315
Net financial items	-56	-41	–	–	-122	-219	–	-219
Change in value, ²⁾ derivative instruments	–	8	–	–	–	8	–	8
Change in value, ²⁾ investment properties	76	31	–	–	–	107	–	107
Change in value, ²⁾ investment properties under construction	–	–	–	–	–	–	246	246
Change in value, ²⁾ managed portions of tenant-owners association premises	–	–	–	–	–	–	–	–
Appropriations and tax	-31	–	-88	–	85	-34	–	-34
Profit/loss for the period	3,522	188	3	-9	-274	3,430	-7	3,423
Minority share of profit/loss	-16	-33	–	3	66	20	-57	-37

NOTES

Note 3. Segment reporting, cont.

BALANCES AS OF 31/12/2021	Property management	Project development ⁵⁾	Construction management	Other BA ¹⁾	Group-wide ³⁾	Total per segment	Adjustment ⁴⁾	Total according to IFRS
Non-current assets								
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 in associated companies	3,315	13	–	–	–	3,328	–	3,328
Other fixed assets	–	3	–	–	–	3	–	3
Deferred tax assets	–	4	1	–	1	6	–	6
Non-current assets	3,439	842	3	18	20	4,322	–	4,322
Current assets								
Development properties	–	3,857	–	–	15	3,872	–	3,872
Ongoing housing projects	–	2,726	–	–	-402	2,324	-174	2,150
Inventory of residential and property rights	–	192	–	–	–	192	–	192
Production in progress on behalf of others	–	–	7	–	-1	6	–	6
Other receivables	934	25	1,592	6	-1,921	636	–	636
Current investments	–	–	–	–	–	–	–	–
Cash and cash equivalents	5	905	97	–	947	1,954	–	1,954
Current assets	939	7,705	1,696	6	-1,362	8,984	-174	8,810
TOTAL ASSETS	4,378	8,547	1,699	24	-1,342	13,306	-174	13,132
Equity including minority's share	3,911	2,328	12	1	1,076	7,328	-174	7,154
Non-current liabilities								
Long-term interest-bearing bonds	–	–	–	–	2,200	2,200	–	2,200
Non-current non-interest-bearing loans	254	185	–	–	–	439	–	439
Other long-term liabilities	–	13	1	–	–	14	–	14
Derivative instruments	–	2	–	–	–	2	–	2
Leasing liabilities	–	44	1	–	20	65	–	65
Deferred tax liabilities	2	260	–	–	–	262	–	262
Other provisions	–	20	4	–	4	28	–	28
Non-current liabilities	256	524	6	–	2,224	3,010	–	3,010
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
Current liabilities	211	5,695	1,681	23	-4,642	2,968	–	2,968
TOTAL LIABILITIES AND EQUITY	4,378	8,547	1,699	24	-1,342	13,306	-174	13,132

NOTES

Note 3. Segment reporting, cont.

EARNINGS JANUARY–DECEMBER 2020	Property management	Project development ⁵⁾	Construction management	Other BA ¹⁾	Group-wide ³⁾	Total per segment	Adjustment ⁴⁾	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/loss from shares in subsidiaries	29	–	–	–	–	29	–	29
Operating profit/loss	35	192	47	35	-127	182	49	231
Net financial items	-47	-24	–	–	-64	-135	–	-135
Change in value, ²⁾ derivative instruments	–	6	–	–	–	6	–	6
Change in value, ²⁾ investment properties	80	–	–	–	–	80	–	80
Change in value, ²⁾ investment properties under construction	–	–	–	–	51	51	–	51
Change in value, ²⁾ managed portions of tenant-owners association premises	–	–	–	–	–	–	–	–
Appropriations and tax	-27	94	-47	-40	16	-4	–	-4
Profit/loss for the period	41	268	–	-5	-124	180	49	229
Minority share of profit/loss	-22	-69	–	1	–	-90	55	-35

NOTES

Note 3. Segment reporting, cont.

BALANCES AS OF 31/12/2020	Property management	Project development ⁽⁵⁾	Construction management	Other BA ⁽¹⁾	Group-wide ⁽³⁾	Total per segment	Adjustment ⁽⁴⁾	Total according to IFRS
Non-current assets								
Intangible assets	–	–	–	15	–	15	–	15
Machinery and equipment	8	–	–	–	1	9	–	9
Investment properties	2,489	–	–	–	–	2,489	–	2,489
Management 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 in associated companies	–	1	–	–	–	1	–	1
Deferred tax assets	–	3	–	–	4	7	–	7
Non-current assets	2,547	3,432	2	15	-331	5,665	-156	5,509
Current assets								
Development properties	–	1,743	–	–	3	1,746	–	1,746
Ongoing housing projects	–	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
Current assets	130	2,872	466	58	443	3,969	-13	3,956
TOTAL ASSETS	2,677	6,304	468	73	112	9,634	-169	9,465
Equity including minority's share	628	2,486	6	3	836	3,959	-169	3,790
Non-current liabilities								
Long-term interest-bearing bonds	–	–	–	–	1,200	1,200	–	1,200
Non-current 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 liabilities	20	152	–	–	–	172	–	172
Other provisions	–	–	1	–	5	6	–	6
Non-current liabilities	1,566	500	3	–	1,213	3,282	–	3,282
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
Current liabilities	483	3,318	459	70	-1,937	2,393	–	2,393
TOTAL LIABILITIES AND EQUITY	2,677	6,304	468	73	112	9,634	-169	9,465

NOTES

Note 4. Specification net revenue

SEK million	Group	
	2021	2020
Project revenue	1,510	1,066
Rental income	171	149
Inventory sales in TOA shares	378	166
Divested projects/properties	22	368
Other income	15	10
Total	2,096	1,759

Note 5. Other income

SEK million	Group	
	2021	2020
Profit/loss from sales of subsidiaries	19	–
Revaluation to associated companies	3,142	–
Total	3,161	–

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

In connection with the reclassification of Svenska Nyttobostäder to an associated company, the holding was valued at fair value. It amounted to 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 resulted in other income of SEK 3,142 million attributable to an underlying value in Svenska Nyttobostäder's development and growth.

Note 6. Employee benefits, SEK thousand

	Group		Parent Company	
	2021	2020	2021	2020
Average number of employees				
Women	50	41	–	–
Men	85	54	1	1
Total	135	95	1	1
Employee expenses SEK thousand				
<i>Board of Directors and CEO</i>				
Salaries and other remuneration**	1,559	1,496	1,559	1,496
Social security contributions	622	565	622	565
Pension expenses	300	300	300	300
Total	2,481	2,361	2,481	2,361
<i>Other employees</i>				
Salaries and other remuneration	115,825	54,478	–	–
Social security expenses	36,815	16,788	–	–
Pension expenses	11,724	4,338	–	–
Total	164,364	75,604	–	–

Pensions

The Group mainly has defined contribution pension plans. The subsidiaries Småa AB and Järntorget Bygg AB are covered by collective bargaining agreements, which means there are also ITP plans including both defined contribution parts of ITP 1 and defined benefit plans in ITP 2. The Group's aggregate cost for pensions amounted to SEK 12,023,000 (4,638,000).

Percentage (%)	Group		Parent Company	
	2021	2020	2021	2020
Gender distribution, members of senior management				
Women on the Board of Directors	32	28	20	20
Men on the Board of Directors	68	72	80	80
Women among other members of senior management	25	33	–	–
Men among other members of senior management	75	67	–	–

Disclosures regarding remuneration of the Board of Directors and members of senior management

31/12/2021 SEK thousand	Basic salary, Board fee	Pension cost	Variable remuneration	Share-based payments	Other remuneration	Total
Chair						
Maria Wideroth	60	–	–	–	–	60
Board members						
Johan Wachtmeister	40	–	–	–	–	40
Johan Unger	40	–	–	–	–	40
Gerard Versteegh	40	–	–	–	–	40
Joakim Alm	–	–	–	–	–	–
Other members of senior management						
CEO	1,200	300	241	–	131	1,872
Other members of senior management (3)	2,460	252	361	–	20	3,093
Total	3,840	552	602	–	151	5,145

NOTES

Note 6. Employee benefits, SEK thousand

31/12/2020 SEK thousand	Basic salary, Board fee	Pension cost	Variable remuneration	Share-based payments	Other remuneration	Total
Chair						
Maria Wideroth	60	–	–	–	–	60
Board members						
Johan Wachtmeister	40	–	–	–	–	40
Johan Unger	40	–	–	–	–	40
Gerard Versteegh	40	–	–	–	–	40
Joakim Alm	–	–	–	–	–	–
Other members of senior management						
CEO	1,200	300	235	–	131	1,866
Other members of senior management (2)	1,800	90	131	–	–	2,021
Total	3,180	390	366	–	131	4,067

Remuneration and terms of employment for members of senior management

The CEO is employed by the Parent Company. Remuneration to the CEO consists of basic salary with a variable component limited to three monthly salaries, defined contribution pension cost (excluding special payroll tax) equivalent to 25% of the salary and the right to a company car. Salary exchange between salary and pension cost occurred during the year.

Remuneration of other members of senior management consists of basic salary, defined contribution pension plans and potential bonuses. 'Other senior executives' includes those individuals who together with the CEO constitute Group management.

The Group CEO has a mutual period of notice of 12 months whether termination of employment is at the initiative of the Group or the CEO. Other members of senior management have a notice period in accordance with the Employment Protection Act if termination of employment is at the initiative of the Group. There are no agreements on severance pay.

Warrants

There is still one incentive scheme for employees comprising 154,700 warrants floated in 2017. Each warrant entitles the subscriber to one ordinary share in the company at an offer price of SEK 368.00. According to the terms and conditions for the issue, shares could be subscribed to during three periods, the second of which occurred in 2021 and the final opportunity taking place on 1 October 2022–15 October 2022. During the subscription period in 2021, no-one chose to exercise their right to subscribe. The warrants have been subscribed for at market value.

In 2021, a new incentive scheme for employees was introduced, comprising 100,000 warrants. Each warrant entitles the holder to subscribe for one ordinary share in the company at a subscription price of SEK 1,250. According to the terms and conditions, subscription can take place from 30 September 2026. The warrants have been subscribed for at market value.

Upon full utilization of the warrants, the company's share capital increases by a maximum of SEK 2.5 million divided into 254,700 shares, equivalent to a dilution effect of approximately 1% of all shares outstanding and about 2.4% of ordinary shares.

Note 7. Remuneration of auditors

SEK million	Group		Parent Company	
	2021	2020	2021	2020
EY auditing firm				
<i>Ernst & Young AB</i>				
Auditing assignments	-9	-8	-1	-1
Tax advisory services	–	–	–	–
Other fees	–	-2	–	–
<i>Öhrlings Pricewaterhouse-Coopers AB</i>				
Auditing assignments	–	–	–	–
Tax advisory services	–	–	–	–
Other fees	-2	–	–	–
Total fees and remuneration to auditors	-11	-10	-1	-1

'Audit assignment' refers to auditing of the company's accounting records, annual accounts, management by the Board of Directors and the CEO and other duties incumbent upon the company's auditor to perform.

Other fees include other auditing work in addition to the regular audit assignment, which is all other advisory services or assistance prompted by observations in the course of such review or the performance of such duties.

Note 8. Specification of selling and administrative expenses

SEK million	Group		Parent Company	
	2021	2020	2021	2020
Other external expenses	-32	-28	-24	-25
Employee expenses	-98	-56	-2	-2
Depreciation, amortization and impairment	-38	-34	–	–
Total	-168	-118	-26	-27

NOTES

Note 9. Leases – Lessor

Leasing revenue for the year regarding leases comprises the Group's rental agreements with no set expiration where the customer as a rule has the right to terminate such agreements within 3–9 months. During the year, the holdings in Svenska Nyttobostäder were reclassified to associated companies, which means that their future leasing revenue will be reported under "profit/loss from shares in associated companies." Leasing revenue for the year amounted to SEK 157 million (131).

Future leasing revenue as of 31 December for leases is distributed as follows:

SEK million	31/12/2021	31/12/2020
Within 1 year	26	143
Between 1 and 2 years	19	137
Between 2 and 3 years	16	117
Between 3 and 4 years	14	99
Between 4 and 5 years	14	91
Longer than 5 years	64	309
	153	896

The table above includes fees attributable to the properties that will be transferred to the new associated company for Klövern in 2022. This means that ALM Equity's share in these will be reported via "profit/loss from shares in associated companies." Of SEK 153 million, SEK 141 million is attributable to these properties.

The Parent Company has no leases in which it is the lessor.

Note 10. Leases – Lessee

Right-of-use assets SEK million	Group	
	2021	2020
Opening carrying amount	175	177
Additional right-of-use asset agreements	20	9
Depreciation, right-of-use assets	-15	-11
Completed right-of-use assets	-122	–
Revaluation of right-of-use agreements	5	–
Closing carrying amount	63	175
Right-of-use assets by underlying classification, SEK million	2021	2020
Leaseholds	43	165
Premises	17	8
Vehicles	3	2
Total right-of-use assets	63	175

Right-of-use assets are calculated at present value using the Group's marginal borrowing rate and recognized at an amount corresponding to the lease liability, adjusted for prepaid lease payments. All are recognized in the balance sheet under 'Right-of-use assets'.

Leasing liabilities amounted to SEK 65 million, of which SEK 63 million are long-term and SEK 2 million short-term.

SEK million	2021	2020
Depreciation of right-of-use assets	-15	-11
Interest expenses on lease liabilities	–	–
Costs relating to short-term leases	-17	-12
	-32	-23

The Group's short-term lease agreements mainly comprise rental agreements for premises, cars and parking spaces with a remaining term of less than 12 months. In addition there are a few smaller leases that run until further notice, with a notice period of 3–9 months. A maturity analysis for the lease liability can be found under Note 30.

Below is a maturity analysis for future undiscounted payments for short-term and lower-value leases:

Future minimum lease payments, SEK million	2021	2020
Within 1 year	12	10
Between 1–5 years	9	15
Longer than 5 years	–	–
	21	25

The Parent Company is lessee for one car and its parking space for the benefit of the CEO.

Note 11. Profit/loss from investments in Group companies

SEK million	Parent Company	
	2021	2020
Dividends received		203
Capital gains/loss on sale		8
Impairment	-6	-10
	1,768	201

Impairments have been implemented in investments in Group companies in connection with the reporting periods when assessments have been made of the value of the respective shares relative to the subsidiary's equity and project status.

Note 12. Financial income

SEK million	Group	Parent Company	
	2020	2021	2020
External interest income	3	1	2
Interest income from Group companies	–	3	1
	7	4	3

All interest income relates to financial items that are measured at amortized cost.

NOTES

Note 13. Finance costs

SEK million	Group		Parent Company	
	2021	2020	2021	2020
External interest expenses	-226	-138	-125	-65
	-226	-138	-125	-65

All interest expenses relate to financial items that are measured at amortized cost.

Note 14. Unrealized changes in value, derivative instruments

SEK million	Group	
	2021	2020
Unrealized changes in value, interest rate swaps	8	6
	8	6

Net earnings from derivatives in the sub-category held for trade constitute the total change in value.

Note 15. Appropriations

SEK million	Parent Company	
	2021	2020
Group contributions received	87	86
Group contributions paid	–	-83
	87	3

Note 16. Tax on profit for the year

SEK million	Group		Parent Company	
	2021	2020	2021	2020
Current tax		-5	–	–
Adjustment relating to prior years		–	–	–
Deferred tax		1	–	–
Reported taxes	-34	-4	–	–
Reconciliation of effective tax rate				
Profit/loss before tax		233	1,708	110
Tax according to current tax rate (20.6%)		-50	-352	-24
Non-taxable income		242	365	45
Non-deductible expenses		-150	-1	-3
Non-deductible interest income and interest expenses		-35	-23	-16
Change in tax loss carry forwards		-12	11	-2
Change in deferred tax relating to temporary differences	-47	1	–	–
Reported taxes	-34	-4	–	–
Effective tax rate, %	1,0	1,7	0,0	0,0

The Group does not recognize any tax items in other comprehensive income.

Non-taxable revenue and non-deductible expenses mainly derive from the Project Development business area's sale of properties and interests in tenant-owned apartments and from unrealized changes in fair value in the Property Management and Project Development business areas.

Disclosures regarding deferred tax assets and deferred tax liability
The table below specifies the tax effect of the temporary differences:

Deferred tax assets, SEK million	31/12/2021	31/12/2020
Tax loss carryforwards	6	98
Carrying amount*	6	98

Deferred tax liabilities, SEK million	31/12/2021	31/12/2020
Deferred taxes, acquisition of Småa AB	103	120
Deferred tax, acquisition of Järntorget Byggintresenter AB	110	–
Deferred tax relating to temporary differences	49	143
Carrying amount*	262	263

*At the end of 2020, deferred tax attributable to unrealized changes in value had been reported net against non-consolidated loss carryforwards within the Group. The total unrecorded deferred tax for these then amounted to SEK 91 million. At the end of 2021, these were realized in connection with Svenska Nyttobostäder being reclassified as an associated company.

At the end of 2021, accumulated tax loss carryforwards within the Group totalled SEK 845 million (789). The tax loss carryforwards deemed to be possible to use to reduce tax on future profits within the Group have been capitalised as tax assets at a level corresponding to deferred tax on unrealized changes in fair value. Renewed evaluations as to whether or not deferred tax assets for loss carryforwards should be recognized are performed on a regular basis.

NOTES

Note 17. Earnings per share

SEK	Group	
	2021	2020
Basic earnings per ordinary share		
Profit for the year attributable to Parent Company shareholders	3,313	193
Less earnings attributable to preference shareholders	37	86
Average number of ordinary shares outstanding	10	10
Basic earnings per ordinary share, SEK	314.42	10.53
Earnings per ordinary share after dilution		
Profit for the year attributable to Parent Company shareholders	3,313	193
Less earnings attributable to preference shareholders	37	86
Average number of ordinary shares outstanding	10	10
Effect of potential ordinary shares on warrants	–	–
Earnings per ordinary share after dilution, SEK	312.40	10.52

When calculating earnings per ordinary share after dilution, the weighted average number of ordinary shares outstanding is adjusted to take account of the dilutive effect of all potential ordinary shares. These potential ordinary shares are attributable to warrants issued to employees in 2017 and 2021. There was a dilutive effect during the financial year since the average price of the ordinary share for the year was higher than the subscription price for the warrants.

For disclosures about the change in the number of shares outstanding, please refer to Note 33 Equity.

Note 18. Intangible assets

Internally developed software, SEK million	Group		Parent Company	
	2021	2020	2021	2020
Opening cost	12	–	–	–
Capitalised expenses for the year, internally earned	6	12	–	–
Closing accumulated cost	18	12	–	–
Opening depreciation	-4	–	–	–
Annual depreciation	-5	-4	–	–
Closing accumulated depreciation	-9	-4	–	–
Ongoing development work				
Opening costs incurred	7	–	–	–
Costs incurred during the year	8	7	–	–
Capitalized expenses for the year, accrued internally	-6	–	–	–
Closing ongoing development work	9	7	–	–
Closing carrying amount	18	15	–	–

The intangible assets refer to capitalised costs for the development of the Yourblock app under the Digital Services business area. They are divided into sub-projects that are subject to depreciation from the time they are completed and can be put into operation.

Ongoing development work is the capitalised costs for sub-projects that have not yet been put into operation and thus are not depreciating.

Note 19. Machinery and equipment

SEK million	Group		Parent Company	
	2021	2020	2021	2020
Opening cost	15	22	–	–
Acquisitions during the year	–	7	–	–
Through acquisition of subsidiaries	13	3	–	–
Divestments during the year	-11	-17	–	–
Closing accumulated costs	17	15	–	–
Opening depreciation	-6	-6	–	–
Reclassifications	–	1	–	–
Through acquisition of subsidiaries	-10	–	–	–
Divestments during the year	5	–	–	–
Depreciation for the year	-1	-1	–	–
Closing accumulated depreciation	-12	-6	–	–
Closing carrying amount	5	9	–	–

Note 20. Interests in tenant-owned premises

SEK million	Group	
	2021	2020
Opening cost	50	42
Reclassified from current asset	–	8
Closing property values	50	50
Closing carrying amount	50	50

Tenant-owned premises held for long-term management that have been measured at fair value based on external market values based on future cash flows. The effects have been recognized via profit or loss as unrealized changes in fair value.

NOTES

Note 21. Investment properties

SEK million	Group	
	2021	2020
Opening property values	2,489	1,508
Occupied properties*	895	896
Unrealized changes in value	107	80
Investments for the year	14	5
Divestments for the year**	-3,403	–
Reclassifications	-8	–
<i>Closing property values</i>	<i>94</i>	<i>2,489</i>
Closing recognized fair value	94	2,489

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

**The value that has been deconsolidated with the reclassification of the holding in Svenska Nyttobostäder.

Rateable value, SEK million	Group	
	2021	2020
Rateable value, buildings	–	595
Rateable value, land	–	291
Total rateable value	–	886

*As of 31 December 2021, the remaining holdings of investment properties had no estimated value as the property formation is an ongoing matter at Lantmäteriet.

Investment properties include the properties that have been taken over and are operated by the Property Management business area; these are measured at fair value through profit or loss. During the year, the holding in Svenska Nyttobostäder was reclassified to an associated company which is reported according to the equity method, which means that the business has been deconsolidated.

As of 31 December 2021, the remaining investment properties are attributable to ALM Equity's own property management operations.

In total, the Property Management business area has 28 (931) units in management. These are primarily 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.

Valuation model

An investment property is recognized as an asset when it is likely that the economic benefits associated with the investment property will accrue to the accounting unit, and the value can be reliably calculated in accordance with IAS 40. It is initially valued at cost plus any transaction expenses. Investment properties are subsequently valued in accordance with the fair value method. Fair value is the purchase consideration received on the valuation date from the sale of the asset via an orderly transaction between market operators.

Valuation is carried out in accordance with Level 3 of the valuation hierarchy via a cash flow analysis based on a present value calculation of estimated future cash flows, combined with a local price analysis. The local price analysis is carried out on the basis of the selling prices of comparable properties. Market value refers to the price that is likely to be obtained if the investment property is sold on an open market. Valuations are carried out annually by an authorized valuer and followed up internally each quarter, or in the event of incidents that significantly impact the value. The value is adjusted through profit or loss and realised on divestment.

All investment properties are independently valued at least once a year. In 2021, the latest valuations was made by JLL. On the valuation dates these companies have had access to information about current and newly signed leases, estimated operating and maintenance costs and estimated investments based on maintenance plans and anticipated future vacancies. A calculation period typically extends over five or ten years.

Valuation assumptions

When assessing a property's future earning capacity, the following assumptions have been used in valuations. Where assumptions change during the calculation period or differ between investment properties, they are stated as a range.

Assumptions during valuation at year-end	2021	2020
Calculation period (years)	10	10–20
Yield requirement (%)	5.0–6.5	4.6–5.3
Average yield requirement (%)	5.8	4.8
Inflation forecast (%)	2	2
Discount rate (%)	8.14–8.27	5.9–7.4
Long-term vacancies (%)	6.0–8.0	0.2–5.0
Rent assumption	Existing rent and market rent	
Operating and maintenance costs	Individually per property based on outcomes and valuation institute's experience of similar objects.	

Sensitivity analysis, impact on value, SEK million	2021	2020
Change in net operating income +/-3%	+0/-0	+72/-72
Yield requirement +/-1 percentage point	-19/+31	-415/+638

NOTES

Note 22. Investment properties under construction

SEK million	Group	
	2021	2020
Opening property values	2,763	1,602
Additional contracts with Property Management*	–	1,433
Production costs incurred	1,052	559
Unrealized changes in value in production	246	51
Properties completed during the year	-486	-896
The year's divestments	-7	–
Reclassifications	-2,813	14
Closing property values	755	2,763
Closing carrying amount	755	2,763

*In connection with the agreements being signed between the Project Development and Property Management business areas, the property will be reclassified from development property to investment property under construction. When the project is completed and taken over, it is reclassified as an investment property. In 2021, no agreements were added.

Investment properties under construction are properties within the Project Development business area that are in development and production and intended for the Group's Property Management business area.

In 2021, parts of the holding in Svenska Nyttobostäder were sold and the company was reclassified as an associated company. This means that delivery to them has been reclassified as it is no longer considered development for self-management. Thus, properties in production are reclassified to "housing projects in progress" and non-production-started properties to "development properties."

During the year, a total of 281 (357) units were completed and transferred from the Project Development business area to the Property Management business area, of which 1 000 units were to Svenska Nyttobostäder. The Group's investment properties are primarily residential units and are located in the Stockholm area with good transport links.

Valuation model

The value of investment properties cannot initially be estimated reliably and it is therefore valued during development of the properties at accumulated cost, including accrued production costs. Once the necessary criteria and conditions have been satisfied for it to be possible to use the properties for their purpose, and the value of the properties can be reliably calculated, the properties are recognized at fair value in accordance with IAS 40. The starting point is that production has been notified about starting, costs have been secured and that there are agreements with customers where essential conditions have been met. The valuation at fair value is based on the agreed sales value in relation to completion.

Quarterly checks are carried out of estimated market values in relation to accumulated cost, including production costs incurred, to ensure there is no need for impairment.

NOTES

Note 23. Shares in associated companies

SEK million	Group	
	31/12/2021	31/12/2020
Opening carrying amount	1	10
This year's acquisitions	3,154	–
Share of profit/loss for the year	174	-2
Shareholder contribution	–	1
Dividends	-1	-8
Closing carrying value	3,328	1

Information about significant holdings

During Q4 2021, 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 of SEK 3,142 million and a profit share of SEK 174 million for the year. The holding consists of around 30 million ordinary shares and 1 million preference shares, which corresponds to 45% of the capital and 49% of the votes. The preference share entitles the holder to an annual dividend of 5%.

Other acquisitions of SEK 12 million come from the acquisition of Järntorget Byggintressenter AB, which took place during Q2 2021 and is seen as a non-significant amount.

		Svenska Nyttobostäder AB (publ)
Balance sheet, SEK million		31/12/2021
<i>Assets</i>		
Fixed assets		3,923
Current assets		84
Total assets		4,007
<i>Equity and liabilities</i>		
Equity including minority interest		1,491
Long-term liabilities		2,236
Short-term liabilities		280
Total equity and liabilities		4,007
Income statement		
Net sales		128
Operating expenses		-44
Depreciation		-1
Unrealized changes in value		595
Interest income		–
Interest expenses		-60
Year-end appropriations		–
Tax		-132
Profit/loss for the year		486
Other comprehensive income		–
Total profit/loss for the year		486

		Svenska Nyttobostäder AB (publ)
		31/12/2021
<i>Reconciliation against reported values:</i>		
Opening net assets		–
Profit/loss for the year		–
Total profit/loss for the year		486
Opening profit/loss on acquisitions		-101
Closing net assets		385
The Group's share in %		45
The Group's share in SEK m		174
Dividend		-1
Revaluation to fair value		3,142
Reported value		3,315

Disclosures regarding individually insignificant holdings

SEK million	Group	
	31/12/2021	31/12/2020
Total carrying amount for individually insignificant associates	13	1
<i>Total amount of the Group's share of:</i>		
Profit/loss from continuing operations	–	-2
Profit/loss after tax from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	–	-2

NOTES

Note 24. Shares and participations in Group companies

SEK million	Parent Company	
	2021	2020
Opening cost	116	50
Acquisitions	367	70
Shareholder contributions	6	20
Sales	-468	-15
Impairment losses	-6	-9
	15	116

The specification below includes shares and interests directly or indirectly owned by the Parent Company.

The company has controlling influence in all of the companies below since ALM Equity owns at least half of the votes and/or has a governing project/business plan as a basis for the agreements with other shareholders..

The subsidiaries' operations are primarily to own and manage shares and properties as well as operations compatible therewith. The subsidiary ALM Småa Bostad AB is the parent company for the corporate structure representing the Project Development business area and includes Järntorget which was acquired in 2021. A LM Equity Förvaltning AB is the parent company for the corporate structure representing the Property Management business area in which the holding Svenska Nyttobostäder AB (publ) is included. ALM Construction Management AB is the parent company for the Construction Management business area, which includes 2xA Entreprenad AB, Järntorget Bygg AB and Bomodul in Bodafors AB, which is the Group's construction company and which includes almost half of the total employees. The remaining employees within the Group, apart from the company's CEO, are in ALM Equity Management AB, ALM Equity Finans AB, ALM Småa Bostad Management AB, ALM Förvaltning Management AB, Småa AB, ALM Ekonomipartner AB, Järntorget Bostad AB and Järntorget Byggintressenter AB.

Most of the subsidiaries directly under the subsidiaries ALM Småa Bostad AB and A Equity represent top companies in corporate structures established for their business's property development projects or management objects. The basic structure of both companies consists of a tenant-owners association or a financial association and/or a property company. The properties are based in these structures. The corporate structures consist of a number of companies, depending on the size and scope of each project/management item.

During the financial year, SEK 19 million (55) was paid in dividends from the company's subsidiaries to holders without controlling influence.

Shares and participations completely owned by Parent Company

Company	Corporate registration number	Registered office	Participations	Equity stake, %	Proportion of votes, %		Carrying amount*	
					31/12/2021	31/12/2020	31/12/2021	31/12/2020
Skarnvest AB	556255-2330	Stockholm	10,101	–	–	100	–	8
B.X. Utvecklings AB	556681-5337	Stockholm	1,000	100	100	100	–	–
ALM Commercial AB	559158-4403	Stockholm	500	100	100	100	–	–
ALM Construction Management AB	559158-4395	Stockholm	500	100	100	100	–	–
ALM Equity Admin AB	556691-4056	Stockholm	100	100	100	100	–	–
A Equity Förvaltning AB	559152-1504	Stockholm	500	100	100	100	14	14
ALM Småa Bostad AB	559158-4361	Stockholm	500	100	100	100	–	–
ALM Digital	559158-4387	Stockholm	500	100	100	100	–	–
BX 3 Holding AB	556712-3053	Stockholm	1,000	100	100	100	–	–
Elutera Fastighet AB	556719-6968	Stockholm	1,000	100	100	100	–	–
ALM Equity Management AB	556895-0140	Stockholm	500	100	100	100	1	–
Archimedes Holding AB	556922-7217	Stockholm	500	–	–	100	–	1
Stadsterrassen AB	559003-8203	Stockholm	500	100	100	100	–	–
Småa Holding AB	559091-2548	Stockholm	500	100	100	100	–	–
A Equity Finans Holding AB	559136-6744	Stockholm	500	100	100	100	–	–
Total completely-owned participations							15	23

* In some cases carrying amounts and financial information total SEK 0 million, as these amounts fall below SEK 500,000 and are therefore rounded down.

Shares and participations with controlling influence by arent company

Company	Corporate registration number	Registered office	Participations	Equity stake, %	Proportion of votes, %		Carrying amount*	
					31/12/2021	31/12/2020	31/12/2021	31/12/2020
Slipskäraren Holding AB*	556976-6206	Stockholm	1,000	–	–	3	–	93
Total participations with controlling influence							–	93
Grand total of Group participations							15	116

*In 2020, the Group owned a total of 89% of the votes via the parent company and its subsidiaries. Thus, ALM considered itself to have a controlling influence over the company. In 2021, the parent company sold the shares within the Group. As of 31 December 2021, the Group still owns 89% of the votes via subsidiaries.

NOTES

Note 25. Development properties

	Group	
	31/12/2021	31/12/2020
Opening carrying amount	1,746	2,807
Acquisitions	1,109	432
Capitalised project costs	70	101
Additional contracts with Property Management*	–	-1,370
Initiated residential projects	-94	-188
Divested properties	-101	-10
Depreciation and impairment for the year	-47	-32
Reclassification of projects**	1,189	6
Closing carrying amount	3,872	1,746

* When an agreement is entered into between the Project Development and Property Management business areas, the property is reclassified from development property to management property under construction.

**For 2021, the item primarily includes the projects attributable to the reclassification of the holding in Svenska Nyttobostäder. For 2020, the item consists of project costs that were classified under other receivables before the property was taken over.

Development properties refer to the properties belonging to projects that are in their 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 the project starts production and to "investment properties under construction" in connection with the Property Management and Project Development business areas agreeing that the property will be developed for the benefit of the Group's self-management.

In total, development properties include 72 (43) projects in development at the end of 2021. During the year, 27 projects were added through the acquisition of Järntorget. It was decided not to go ahead with two projects and one project was divested. During the year, construction started on 4 sub-projects for the private housing market. In addition to this, five projects agreed with Svenska Nyttobostäder that have not yet started production have been reclassified back to "development properties" from "investment properties under construction" in connection with the holding in Svenska Nyttobostäder being transferred to associated companies.

Note 26. Residential projects in progress

	Group	
	31/12/2021	31/12/2020
Opening carrying amount	308	726
Residential projects acquired	662	13
Residential projects where construction has started	94	152
Work in progress during the year	277	511
Residential projects delivered	-837	-1,094
Reclassification of projects	1,646	–
Closing carrying amount	2,150	308

Residential projects in progress include all projects intended for the external housing market where production has started, measured at cost and capitalised project costs.

During the year, production began on four projects/sub-projects and they were transferred to Residential projects in progress; the previous year the corresponding figure was five projects/sub-projects.

Meanwhile five projects/sub-projects have been completed and customers have taken them over during the year; the corresponding figure for the previous year was five projects/sub-projects.

In addition to the above, nine projects/sub-projects in production have been reclassified from "investment properties under construction" in connection with the holding in Svenska Nyttobostäder being transferred to associated companies.

Note 27. Interests in tenant-owned apartments and property rights

	Group	
	31/12/2021	31/12/2020
Opening carrying amount	368	337
Acquisitions for the year	64	0
Reclassification from projects in progress	19	359
Reclassifications to Property Management	-1	0
Impairment for the year	-32	-103
Sales for the year	-226	-225
Closing carrying amount	192	368

Interests in tenant-owned apartments and property rights comprise those units that are unsold once projects in the Project Development business area have been completed and thus remain in the Group.

NOTES

Note 28. Other current receivables

	Group		Parent Company	
	2021	2020	2021	2020
Deposits for property acquisitions	17	9	–	–
Project costs, properties not taken over	36	23	–	–
Receivables from purchasers of warehouses and properties	147	277	–	–
Receivables from purchasers of companies and properties	162	206	30	28
VAT and tax receivables	50	79	–	–
Advances for management activities	–	24	–	–
Other external receivables	80	50	–	2
	492	668	30	30

Deposits in connection with acquisition of new projects, paid according to agreements for acquisitions where not all contract stipulations have been fulfilled or transfer taken place.

Project costs for projects where transfer has not yet taken place are costs that accrue at early stages for projects that have not yet been taken over.

Receivables from purchasers of warehouses and properties include receivables from those purchasers who have acquired warehouse units or properties ready for access but where full financial handover was not complete at the turn of the year.

Receivables from purchasers of companies and properties are outstanding receivables from purchasers of companies or properties that are due on the basis that specific conditions are met.

VAT and tax receivables are all outstanding receivables from the Swedish Tax Agency.

Advances for management activities consist of the advances that the contracting company pays to suppliers for specific products, primarily module production.

Other external receivables consist mainly of lending to external parties and outstanding claims against tenant-owners associations no longer controlled.

Note 29. Financial assets and liabilities

The table below presents the Group's financial assets and liabilities classified in categories according to IFRS 9.

Financial assets and liabilities as of 31 December 2021

Group	Financial assets/liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at amortized cost	Total carrying amount*
Financial assets			
Interests in tenant-owned premises	51	–	51
Other long-term receivables	–	1	1
Trade receivables	–	68	68
Other current receivables	–	492	492
Prepaid expenses and accrued income	–	70	70
Cash and cash equivalents	–	1,954	1,954
	51	2,585	2,636
Financial liabilities			
Derivatives	2	–	2
Bonds loans	–	2,200	2,200
Non-current interest-bearing liabilities	–	439	439
Leasing liabilities	–	65	65
Liabilities to credit institutions	–	2,122	2,122
Interest-bearing project financing	–	333	333
Trade payables	–	94	94
Other current liabilities	–	239	239
Accrued expenses and deferred income	–	272	272
	2	5,764	5,766

* Carrying value is deemed to be equivalent to fair value.

Fair value measurement

IFRS 13 Fair value measurement contains a valuation hierarchy for input data used to measure fair value. This fair value hierarchy establishes three levels as follows:

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

Level 2 – Other observable input data for the asset or liability than quoted prices included in Level 1, either directly (i.e. as 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. unobservable inputs)

ALM Equity's interest rate derivatives are measured at fair value in accordance with Level 2 of the above-mentioned valuation hierarchy.

Interests in tenant-owned premises

Fair value of the financial assets consisting of tenant-owned premises for management purposes is based on market value based on future cash flows produced by the external market valuer, New Property.

NOTES

Note 29. Financial assets and liabilities, cont.

Interest-bearing project financing

Interest-bearing project financing consists of the loans raised to finance the projects in full from co-owners of the projects and other external parties in addition to credit institutions. The carrying value is considered to reflect fair value.

Current receivables and liabilities

In the case of current receivables and liabilities, such as trade receivables and trade payables with a lifespan of less than six months, the carrying value is considered to reflect fair value.

Interest rate derivatives

The fair value of interest rate swaps is based on market valuation of future cash flows as established by Swedbank.

Bonds loans

For bonds loans, the assessment has been made that the credit margin is the same as when the bonds loans were issued, which means that the fair value is deemed to be equivalent to the carrying value.

Lease liability

The lease liability is measured at the present value of all remaining lease payments attributable to operating leases with a term extending beyond 12 months, applying the Group's marginal borrowing rate.

Financial assets and liabilities as of 31 December 2020

Group	Financial assets/liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at amortized cost	Total carrying amount*
Financial assets			
Interests in tenant-owned premises	50	–	50
Trade receivables	–	38	38
Other current receivables	–	668	668
Prepaid expenses and accrued income	–	106	106
Cash and cash equivalents	–	722	722
	50	1,534	1,584
Financial liabilities			
Derivatives	9	–	9
Bonds loans	–	1,200	1,200
Non-current interest-bearing liabilities	–	1,720	1,720
Leasing liabilities	–	175	175
Liabilities to credit institutions	–	1,547	1,547
Interest-bearing project financing	–	331	331
Trade payables	–	56	56
Other current liabilities	–	226	226
Accrued expenses and deferred income	–	215	215
	9	5,470	5,479

* Carrying value is deemed to be equivalent to fair value.

NOTES

Note 30. Financial risks

In its business the Group is subject to different types of financial risks: credit risk, market risk (currency risk, interest rate risk and other price risks) and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial earnings. For further information about ALM Equity's risks and risk management, see pages 52–58.

The Group's financial transactions and risks are controlled centrally by the Parent Company through the Group's CEO and CFO. The overall objective for financial risks is to provide cost-effective financing and cash management, and to ensure that all payment obligations are handled in a timely manner.

The Board of Directors formulates written principles for overall risk management, as well as for specific areas such as credit risks, currency risks, interest rate risks, refinancing risks, liquidity risks, and the use of derivative instruments and investment of excess liquidity.

Liquidity and financing risk

The Group's financing consists primarily of equity, non-interest-bearing and interest-bearing liabilities such as bank loans, bonds and building credit. In 2021, the parent company issued a bond totalling SEK 1,000 million and thus has outstanding bonds of SEK 2,200 million. Other interest-bearing and non-interest-bearing liabilities are recorded immediately by the Group's property-owning subsidiaries and associates. Counterparties include Swedish commercial banks, private investors, suppliers and private customers. In some cases loan agreements contain covenants with commitments to maintain certain levels of Loan to Value and Equity Ratio. This means that creditors may be entitled to call for early repayment of loans granted, or to demand changes in terms and conditions, in the event that these special commitments are not met by the borrower. ALM Equity has to a large extent contracted out requirements for covenants when entering into financing agreements and the company meets all financial obligations to which it has agreed.

Liquidity risk is the risk that the Group may have difficulty meeting its obligations associated with financial liabilities. The Board of Directors manages liquidity risks by continually monitoring cash flow and liquidity forecasts in order to reduce the liquidity risk and to ensure solvency. In projects under development the company strives to attain a high proportion of short-term interest-bearing financing, and to ensure projects are fully financed before construction work is contracted. Investment objects are financed using long-term interest-bearing financing. In order to strengthen security to meet unforeseen liquidity needs, additional cash remains in the parent company.

Financing risk refers to the risk of liquid funds being unavailable, and that financing is only partially available, or not at all, or at a higher cost. The company manages this risk by carefully monitoring its liquidity and financial position by developing short-term as well as long-term models. The Group uses several different sources of finance, and works with a number of counterparties and different types of instrument, thereby

reducing the effects should a counterparty or source of financing become temporarily unavailable.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Financial instruments with variable interest are calculated using the interest rate prevailing on the balance sheet date. Liabilities are included in the period when earliest repayment may be required.

Derivatives, bonds, lease liabilities and loans to credit institutions are classified as long-term loans.

The assets in the Project Development business area that implement projects are classified as short-term; in accordance with this, other project-related liabilities are also considered to be short-term.

Credit risk

Credit risk is the risk that a customer or a counterparty in a financial instrument is unable to fulfil its obligations, thereby subjecting the Group to a financial loss. ALM Equity's credit and counterparty risks comprise the inability of suppliers, partners or customers to fulfil their obligations or payments as agreed. At the time of the signing of contracts, these are complemented as required with security in the form of guarantees, insurance, sureties, pledged assets, Parent Company guarantees or similar. ALM Equity is constantly working to monitor and evaluate its counterparties' financial position.

Credit risk exposure in the Group as a whole is limited. In the Group, credit risk is distributed across a large number of counterparties. The rental business has a small number of tenants who account for a large portion of rental income. However, rent is paid in advance. Credit risk exposure can arise with individual parties in connection with transactions. In the event of this, a risk assessment is conducted and if it is deemed necessary, additional collateral is requested to minimize the credit risk.

The Group has established guidelines to ensure that contracts are entered into with customers that have a suitable credit background. Payment terms are typically 30 days. Credit losses are minimal relative to the Group's revenue. The credit quality of receivables not yet due or impaired is considered to be good and no significant credit losses have been identified.

The Group applies the simplified method for recognition of expected credit losses. This means that a provision is made for expected credit losses for the remaining term, which is expected to be less than one year for all trade and rent receivables. A provision is made for expected credit losses based on historical credit losses and forward-looking information. In many ways the customers in each of the Group's business areas share similar risk profiles, which is why the credit risk is initially assessed collectively for all customers within each business area. For larger individual receivables, an assessment is conducted per counterparty. A receivable is written off when there is no longer any expectation that payment will be received and when all active measures for obtaining payment have been completed.

The financial assets covered by provisions for expected credit losses according to the general method essentially consist of cash and cash equivalents, loan agreements and contract agreements. ALM Equity applies a method that combines historical experience with other known information and forward-looking factors for assessment of expected credit losses. The Group has defined default as when payment is 90 days or more overdue, or if other factors indicate default. No substantial increase in credit risk has been deemed to exist at the balance sheet date for any receivable or asset. This assessment is based on whether payment is 30 days or more overdue, or if there is a significant deterioration in the credit rating to below investment grade. In cases where amounts are deemed to be significant, a reserve is set aside for expected credit losses for financial instruments.

The Parent Company applies the same impairment method as the Group for expected credit losses on current and non-current receivables from Group companies. No substantial increase in credit risk has been deemed to exist at the balance sheet date for any receivable or asset. The assessment has been made that expected credit losses are not significant and no provision has therefore been recognized.

Financial credit risk

Counterparties in cash transactions and derivative contracts are exclusively financial institutions with high credit ratings.

Market risks

Market risk is the risk of the fair value of, or future cash flows from a financial instrument fluctuating due to changes in market prices. According to IFRS, market risks are divided into three types: currency risk, interest risk and other price risks. The market risk affecting the Group entails interest rate risk. At present the Group has no loans or holdings exposing the Group to currency risk or other price risks.

Interest rate risk

Interest rate risk is the risk of the fair value of, or future cash flows from a financial instrument fluctuating due to changes in market rates. Interest expenses constitute a not insignificant portion of the Group's expenses. Interest rate risk is attributable to the trend in current interest rate levels and changes that affect ALM Equity's financing costs.

Interest rate risk is defined as the risk of impact on earnings and cash flow from a change in market rates. To increase predictability in the Group's finance costs, ALM Equity has the option of using interest rate derivatives.

Liabilities to credit institutions run with either a fixed interest rate, a fully variable interest rate or are linked to STIBOR.

NOTES

Note 30. Financial risks, cont.

An increase in interest rates or a decrease of 1 percentage point on the balance sheet date would have an effect on net financial items before tax of SEK +/- 25 (+/- 45) million and an effect on equity after tax of SEK +/- 20 (+/- 36) million.

In 2021, bonds totalling SEK 1,000 million were issued in connection with the acquisition of Järntorget and ALM Equity had a total of SEK 2,200 million in outstanding bonds at the year-end. The 2020/2023 bond carries a variable interest rate of STIBOR 3m +7.25% and matures on 30 December 2023. The 2020/2025 bond carries a variable interest rate of STIBOR 3m +7.25% and matures on 15 June 2025. The 2021/2026 bond carries an interest rate of STIBOR 3m +6.50% and matures 17 June 2026. All interest payments are made quarterly and all bonds are listed on Nasdaq OMX Stockholm.

Share price risk

ALM Equity holds shares in listed companies whose trading venue provides an ongoing indication of the value of the holding. If the value is identified as permanently less than the book value, an impairment loss arises on the holding.

Capital management

The Group's goal with respect to the capital structure is to maintain an optimal asset and liability structure over time, well adapted to the Group's business. Capital is defined as equity, which amounts to SEK 7 154 million (3 790). The Group has no explicit financial targets.

There were no changes during the year in the Group's capital management. None of the Group companies are subject to external capital requirements.

The war in Ukraine

Risks and uncertainties regarding the situation in Ukraine are currently considered by ALM Equity to be limited, as the Group has no direct exposure to either Russia or Ukraine. However, it will affect the Group and society as a whole in one way or another, depending on how other macro factors develop. Above all, we see risks that the business areas' costs will increase both for production and financing. ALM Equity follows developments and works to minimize the impact on the Group and for shareholders. Increasing interest rates and generally poorer access to risk capital can have effects on borrowing costs in both ALM Equity and the portfolio companies.

Maturity analysis	2021-12-31					Total
	<6 months	6–12 months	1–3 years	3–5 years	>5 years	
Derivative liabilities	2	–	–	–	–	2
Leasing liabilities*	5	6	22	22	165	220
Bonds loans	75	75	856	1,717	–	2,723
Other long-term liabilities	1	–	13	–	–	14
Liabilities to credit institutions	561	505	1,485	21	3	2,575
Interest-bearing project financing	12	81	262	7	–	362
Trade payables	94	–	–	–	–	94
Other current liabilities	518	–	–	–	–	518

Maturity analysis	2020-12-31					Total
	<6 months	6–12 months	1–3 years	3–5 years	>5 years	
Derivative liabilities	–	–	9	–	–	9
Leasing liabilities*	6	6	24	12	72	120
Bonds loans	43	43	772	664	–	1,522
Liabilities to credit institutions	146	515	1,196	203	1,631	3,691
Interest-bearing project financing	–	63	273	36	–	373
Trade payables	56	–	–	–	–	56
Other current liabilities	459	–	–	–	–	459

* Lease liabilities include lease liabilities for leaseholds for which the lease liability is considered to be perpetual. Annual ground rents amounting to SEK 6 million have been included up to and including 31/12/2040.

NOTES

Note 30. Financial risks, cont.

Maturity analysis		31/12/2021				
Parent Company	<6 months	6–12 months	1–3 years	3–5 years	>5 years	Total
Bonds loans	75	75	856	1,717	–	2,723
Liabilities with Group companies	594	–	–	–	–	594
Other current liabilities	39	–	–	–	–	39

Maturity analysis		31/12/2020				
Parent Company	<6 months	6–12 months	1–3 years	3–5 years	>5 years	Total
Bonds loans	43	43	772	664	–	1,522
Liabilities with Group companies	87	–	–	–	–	87
Other current liabilities	27	–	–	–	–	27

Note 31. Prepaid expenses and accrued income

	Group		Parent Company	
	2021	2020	2021	2020
Accrued interest income	8	7	5	1
Accrued contract income	–	28	–	–
Accrued project income	15	7	–	–
Other accrued income	3	4	–	–
Prepaid bond expenses	32	20	32	20
Other prepaid expenses	12	40	2	2
	70	106	39	23

Note 32. Cash and cash equivalents

	Group		Parent Company	
	2021	2020	2021	2020
Bank deposits*	1,954	722	935	463
	1,954	722	935	463

* Cash and cash equivalents in both the Group and the Parent Company solely comprise bank balances.

NOTES

Note 33. Equity

Share capital and other contributed capital

	Number of ordinary shares	Number of preference shares	Share capital (SEK m)*	Other contributed capital (SEK m)
As of 1 January 2020	10,154,600	9,818,275	200	1,608
Bonus issue 04/06/2020	–	102,076	1	–
Redemption of warrants 04/06/2020	53,000	–	1	11
New share issue 05/08/2020	–	641,225	6	63
Shareholder contribution	–	–	–	-276
Per den 31 december 2020	10,207,600	10,561,576	208	1,406
 New share issue 08/06/2021	 –	 3,000,000	 30	 306
Bonus issue 09/06/2021	–	102,076	1	–
New share issue 07/07/2021	422,272	50,350	4	303
New share issue 19/07/2021	–	509,770	6	53
Distribution in kind 09/12/2021	–	–	–	-367
Shareholder contribution	–	–	–	-91
As of 31 December 2021	10,629,872	14,223,772	249	1,610

Share capital

As of 31 December 2021, the registered share capital consisted of 24,853,644 shares divided into classes as shown above. Preference shares entitle their holder to one vote per share and ordinary shares entitle their holder to ten votes per share at the Annual General Meeting. Preference shares have a pre-emptive right over ordinary shares to an annual dividend of SEK 8.40. The accumulated rights to dividends for preference shares amounted to SEK 30 million as of 31 December 2021 (SEK 22 million as of December 31, 2020).

Other contributed capital

Other contributed capital consists of capital contributed by the company's owners, such as premiums in connection with over-subscription, and capital contributions in co-owned subsidiaries. The return on capital is credited to equity on an ongoing basis. The capital, including return, enjoys preference in the event of repayment of unrestricted equity in the subsidiaries before any distribution of profit. Contributed capital, and the return thereon, is repaid in connection with final accounting of profitable projects. In the event of a project reporting a loss, repayment is reduced by such loss.

Warrants

2020 saw the last opportunity for employees to subscribe for shares under the incentive scheme started in 2015. Each warrant entitled the subscriber to one ordinary share in the company at an offer price of SEK 222.08. After the last subscription period and the maturity of the scheme, the company's equity increased by SEK 12 million and 53,000 ordinary shares were added in the parent company.

There is still one incentive scheme for employees comprising 154,700 warrants floated in 2017. Each warrant entitles the subscriber to one ordinary share in the company at an offer price of SEK 368.00. According to the terms and conditions for the issue, shares could be subscribed for during three periods, the second occurring in 2021 and the final period occurring on 1 October 2022–15 October 2022. During the subscription period in 2021, no-one chose to exercise their right to subscribe. The warrants have been subscribed for at market value.

Upon full utilization of the warrants, the company's share capital increases by a maximum of SEK 1.5 million divided into 154,700 shares, equivalent to a dilution effect of approximately 0.7% of all shares outstanding and about 1.5% of ordinary shares.

In 2021, a new incentive scheme for employees started, consisting of 100,000 warrants. Each warrant entitles the holder to subscribe for one ordinary share in the company at an offer price of SEK 1,250. According to the terms and conditions for the issue shares can be subscribed for from 30 September 2026. The warrants will be subscribed for at market value.

Upon full subscription of the warrants, the company's share capital will increase by a maximum of SEK 2.5 million divided into 254,700 shares, which corresponds to a dilution effect of around 1% on all shares and around 2.4% on ordinary shares.

NOTES

Note 34. Accrued expenses and deferred income

	Group		Parent Company	
	2021	2020	2021	2020
Prepaid rental income	4	6	–	–
Accrued interest expenses	37	34	4	7
Additional project expenses	142	133	–	–
Personnel-related expenses	32	12	1	1
Other items	57	30	3	–
	272	215	8	8

Note 35. Additional cash flow disclosures

Items not affecting cash flow	Group		Parent Company	
	2021	2020	2021	2020
Depreciation/amortization	38	34	–	–
Profit/loss from shareholding in associated companies	-174	–	–	–
Valuation*	-3,142	–	–	–
Other items	16	–	–	–
	-3,262	34	0	0

*During the year, Svenska Nyttobostäder was reclassified as an associated company. At the time of the reclassification, the acquisition of the share capital was valued at SEK 3,142 million.

Group – Reconciliation of liabilities attributable to financing activities

	31/12/2020	Acquired liabilities	Changes affecting cash flow	Changes not affecting cash flow	31/12/2021
Long-term bonds loans	1,200	–	1,400	-400	2,200
Other interest-bearing non-current assets	1,720	12	245	-1,538	439
Liabilities to credit institutions	1,547	202	532	-259	2,022
Interest-bearing project financing	331	–	61	-59	333
	4,798	214	2,238	-2,256	4,994

*The largest part consists of Svenska Nyttobostäder, which was deconsolidated during the year as the holding was reclassified to "associated companies".

Parent Company – Reconciliation of liabilities attributable to financing activities

	31/12/2020	Acquired liabilities	Changes affecting cash flow	Changes not affecting cash flow	31/12/2021
Long-term bonds loans	1,200	–	1,000	–	2,200
	1,200	–	1,000	–	2,200

NOTES

Note 36. Related-party transactions

At year-end, the Parent Company had outstanding receivables from the subsidiaries to the amount of SEK 5,033 million (1,963) and liabilities of SEK 594 million (87).

Relationship to listed associated company

In 2020, ALM Equity's subsidiary Svenska Nyttobostäder was listed and thus the company's operations were separated from ALM Equity to ensure that the operations in Svenska Nyttobostäder are conducted independently of the parent company and that there are clear routines for how any conflicts of interest should be handled if they arise. For example, Svenska Nyttobostäder has its own separate premises and agreements for its own financial and IT systems.

In 2021, parts of the holding in Svenska Nyttobostäder were divested and the assessment is that ALM Equity does not have a controlling influence over Svenska Nyttobostäder. This has led to a reclassification from Group companies that are consolidated in the Group to associated companies that are 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 owned approximately 30 million ordinary shares and 1 million preference shares in Svenska Nyttobostäder for an initial acquisition of SEK 129 million and a book 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.

Svenska Nyttobostäder has agreements with group companies in ALM Equity regarding office space, including full services, a license agreement for the Your Block service, and is covered by ALM Equity's insurance agreement. All services are covered by market-rate remuneration.

ALM Equity remains the guarantor for the benefit of external creditors for some of the investment properties that have already been completed and taken over by Svenska Nyttobostäder. The total guarantee commitment attributable to this is SEK 198 million. For this, Svenska Nyttobostäder pays an annual guarantee fee amounting to 1% of the guarantee commitment, which is considered to be market-rate remuneration. In total, this compensation for 2021 was around SEK 2.5 million.

The Board of Svenska Nyttobostäder consists of six people, two of whom have a significant connection to the ALM Equity Group:

- Joakim Alm, CEO, Board member and main owner of ALM Equity and co-owner of Hemvid Bostads Fastighets AB, which has signed an agreement for the sale of tenant-owned apartments to a subsidiary of Svenska Nyttobostäder.
- Jonas Bengtsson in his role as a Board member of Bengtssons Tidnings AB, who together with other investors signed an agreement for the sale of a number of investment properties to Svenska Nyttobostäder, and as the main owner and board member of Jonas Bengtsson Invest AB is a seller of tenant-owned apartments to a subsidiary of Svenska Nyttobostäder.

Management and Board

Around SEK 3 (3) million was paid during the year to companies in which the Chairman of the Board is a partner for contracted legal assignments, primarily in housing projects. All transactions took place at market prices.

For information about remuneration to senior executives, see Note 6.

Note 37. Pledged assets and contingent liabilities

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

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

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

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

* Includes guarantees of SEK 198 million for financing regarding the acquisition of management objects in the listed subsidiary Svenska Nyttobostäder AB (publ). Contingent liabilities for the Group of SEK 31 million relate to the subsidiary Järntorget Byggin-tressenter's guarantees in relation to its subsidiaries' commitments.

** Refers to additional purchase payments in projects to be paid upon each respective, approved, zoning plan. Financing is entirely secured from external investors. In 2021, all commitments were paid off.

*** Refers to costs to sellers according to development agreements after a binding agreement has been signed but before a payment date has been determined.

As on 31 December 2021, the Group had total liabilities of SEK 4.7 billion for which assets had been pledged in the form of property mortgages in the Project Development and Property Management business areas. For these liabilities, security has also been pledged in the form of guarantees within the business areas and in the parent company. In addition to this, at year-end ALM Equity had undertaken to acquire 43 unsold units with a value of SEK 0.3 billion in projects intended for the external market where production has started.

NOTES

Note 37. Pledged assets and contingent liabilities, cont.

From time to time the Group is involved in various suits and legal proceedings resulting from its normal business operations. These claims may relate to, but are not limited to, the Group's business practices, personnel and taxation matters. Based on information currently available, the Group is of the opinion that no current issues require provisions to be set aside since none will have a significant negative impact on the Group's financial earnings.

In its capacity as a property owner and business operator, ALM Equity is responsible for contamination and other environmental damage according to Swedish environmental protection legislation. There are currently no significant environmental requirements levelled against any of the Group companies, neither has ALM Equity identified any significant environmental risks. Information about ALM Equity's environmental work and efforts to promote a more sustainable society can be found on pages 31–42.

Note 38. Business acquisitions

During Q1 2021, ALM Equity initiated an acquisition process regarding the acquisition of Järntorget Byggtressenter AB and an offer 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 access were made on 30 June 2021. The purchase price was around SEK 1.7 billion and was based on the annual accounts for 2020.

Background

Through the deal, the ALM Equity Group has gained greater power to drive development in the property sector focusing on sustainability, digitalisation and industrial construction. The deal has given ALM Equity's business areas the opportunity to take leading positions in Stockholm County within their respective areas.

Following the acquisition, ALM Equity's Project Development business area had a portfolio of 16,713 building rights as of 30 June 2021, of which 2,912 are in production, making the business area a leading housing developer in Stockholm County. The deal increased access to new building rights and can, through increased economies of scale, contribute to a strengthening of the operating margins. Järntorget also has solid experience of developing housing for the property management market, and with the new building rights added to the Project Development business area, growth in the portfolio of investment properties will mean a leading position in Stockholm's property management market in the long-term.

Through Järntorget's subsidiary Bomodul in Bodafors AB, ALM Equity's Construction Management business area can integrate an offering that contains its own Swedish wooden modules 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 (Amount in SEK m)	
Financial assets	13
Deferred tax assets	12
Other fixed assets	18
Development properties	1
Ongoing projects	1,022
Inventory	803
Accounts receivable and other receivables	10
Current investments	89
Cash and cash equivalents	117
Profit/loss for Q1 2021 incl. minorities	278
Long-term interest-bearing liabilities	-14
Guarantee provision	-13
Deferred tax liability	-11
Other long-term liabilities	-117
Short-term interest-bearing liabilities	-34
Invoiced but not earned income	-313
Accounts payable and other liabilities	-48
Identifiable net assets	-123
Identifiable net assets	1,690
Goodwill	–
Total purchase price	1,690

Financing

is financed via the bond market, around SEK 0.4 billion financed via a directed issue of preference shares and a directed issue of ordinary shares of around SEK 0.3 billion to the previous owners of Järntorget Byggtressenter.

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 upgrade their operations. The basis for the acquisition was primarily the building rights portfolio, which matches in location and flexibility for developing towards both the property management and private markets. Therefore the entire Järntorget Group's staff, systems and processes will be integrated into each business area.

NOTES

Note 38. Business acquisitions, cont.

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

During the merger's due diligence, the management judged that it was difficult to claim that each project in itself had identical risks as they were located in different areas in Stockholm County, potentially had different customer focus in the long-term, and were at different phases in the development process. It can be added that the intention was to integrate the existing staff and prepare for the future together. Thus, management assessed that it was a positive business acquisition.

Management's assessment of consolidation

As the transaction was completed during Q2 2021, and Järntorget prepared quarterly accounts, it was considered challenging to report a fair result based on the time of acquisition. Management therefore decided, with reference to the simplification rule, that ALM Equity will make a complete consolidation of Järntorget's Q2 accounts. The acquisition of Järntorget has therefore contributed sales for Q2 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.

Note 39. Appropriation of profits**Proposed distribution of profits (SEK)****Parent Company**

At the disposal of the Annual General Meeting:

Retained earnings	1,261,918,936
Profit/loss for the year	1,708,511,618
	2,970,430,554

To be allocated as follows:

Dividend to holders of ordinary shares	–
Dividend to current holders of preference shares	119,479,685
Dividend to holders of preference shares issued as bonus issue	892,909
To be carried forward	2,850,057,960
	2,970,430,554

According to the proposal of the Board of Directors to the Annual General Meeting

The Board of Directors proposes a dividend of one (1) preference share per 100 ordinary shares via a bonus issue. The value of this dividend based on the redemption value of one preference share corresponds to SEK 1.20 (1.20) per ordinary share. Furthermore, the Board proposes a cash dividend of SEK 8.40 (8.40) per preference share, payable quarterly and amounting to SEK 2.10 (2.10) per quarter.

Note 40. Events after the balance sheet date

The Board of Directors proposes a dividend of 1 preference share per 100 ordinary shares through a bonus issue instead of a cash dividend, which corresponds to a redemption value of SEK 1.20 (1.20) per ordinary share.

The Board further proposes SEK 8.40 (8.40) as a cash dividend per preference share amounting to SEK 2.10 (2.10) per share to be paid quarterly.

ALM Equity and Corem Property Group signed an agreement to form a joint management company with the Klöver brand. The deal consists of around 24,000 building rights, of which around 11,000 are from ALM Equity. The deal is expected to highlight a value of around SEK 2 billion during the first half of 2022.

ALM Equity decided to integrate the operations within the Financing business area into the Group staff.

The situation in the rest of the world and the war in Ukraine are currently considered by ALM Equity to have a limited effect on the Group, as ALM Equity has no direct exposure to either Russia or Ukraine. However, it will affect the Group and society as a whole in one way or another, depending on how other macro factors develop. ALM Equity primarily sees risks with the business areas' costs increasing both for production and financing. ALM Equity follows developments and works to minimize its impact on the Group and for shareholders.

The Board's signatures

Stockholm, 25 April 2022
ALM Equity AB

Maria Wideroth
Chairman

Gerard Versteegh

Johan Wachtmeister

Johan Unger

Joakim Alm
CEO

Our audit report was submitted on 25 April 2022.
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's report

To the general meeting of the shareholders of ALM Equity AB (publ), corporate identity number 556549-1650

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of ALM Equity AB (publ) for the financial year 2021-01-01 – 2021-12-31. The annual accounts and consolidated accounts of the company are included on pages 60-104 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the report over comprehensive income and financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

ACCOUNTING OF BUSINESS ACQUISITIONS

Description

During the financial year, Järnorget Byggtressenter AB was acquired and the acquisition has been classified as a business acquisition for accounting purposes. The carrying amount of the acquired net assets amounted to SEK 1,690 million. Due to the complex accounting assessments of the terms of the transaction whether the acquisition is to be classified as an asset or business acquisition and the uncertainty in assumptions and assessments made in connection with the identification and valuation of acquired net assets, we consider accounting for business acquisitions to be a key audit matter in our audit. A description of the valuation of the acquisition, together with accounting principles for business acquisitions, significant accounting assessments, estimates and assumptions, appears from the annual report in the Board of Directors' Report on page 64, in Note 1 on page 74, in Note 2 on page 79 and in Note 38 on page 102.

How our audit addressed this key audit matter

In our audit, we have evaluated the company's process for assessing the classification and reporting of acquisitions as asset or business acquisitions. We have examined the reporting of completed business acquisitions of Järnorget Byggtressenter AB with regard to the time for reporting, calculation of the purchase price, identification and valuation of acquired net assets and payment of cash via accompanying equity transactions. We have reviewed the information provided in the annual report.

VALUATION ONGOING HOUSING PROJECTS

Description

Ongoing housing projects amounted to SEK 2,150 million as of December 31, 2021 and constitute 16% of the total assets as of December 31,

2021. In the balance sheet, homes in production are valued at the lower of acquisition value and fair value. The value of Housing in production can vary over time based on the conditions and demand for these. The valuation is based on assumptions about, among other things, expected returns, costs in projects and sales forecasts in projects. Due to the assumptions and assessments that form the basis for the evaluation of Ongoing housing projects, we believe that this area is to be regarded as a key audit matter in our audit. For information on valuation of ongoing housing projects, see Note 26 Ongoing housing projects and Note 1 Significant accounting principles.

How our audit addressed this key audit matter

Our audit includes examining the acquisition costs for ongoing housing projects and the forecasts that form the basis for the valuation that has been prepared. We have examined assumptions about, among other things, expected returns, the assessment of costs in planned projects, assumptions about expected sales and a model for valuation. Finally, we reviewed that the company used the lower of acquisition value and fair value in the financial statements and reviewed the note information.

RECLASSIFICATION OF SVENSKA NYTTOBOSTÄDER TO AN ASSOCIATED COMPANY

Description

In 2021, ALM Equity sold parts of the shares in the subsidiary Svenska Nyttobostäder AB (publ) through sales and through dividends to the Company's ordinary shareholders. After the divestments, the Group no longer has its own majority of voting rights and the Company assesses that they also do not have a controlling influence in Svenska Nyttobostäder in any other way. The holding in Svenska Nyttobostäder has therefore been reclassified to an associated company and is reported in accordance with the equity method. The reclassification of the holding in Svenska Nyttobostäder has entailed a revaluation of the remaining holdings at fair value. The revaluation to fair value is reported as other income of 3,142 million SEK in the Group.

Due to the assumptions and assessments that form the basis for the reclassification of the holding in Svenska Nyttobostäder from subsidiaries to associated companies, we believe that this area is to be regarded as a key audit matter in our audit. A description of the reclassification to associated companies, accounting principles for participations in associated companies and assessments and estimates can be found in the annual report in section of Business unit Management in the Board of Directors' Report on page 65, in Note 1 Accounting principles on page 74, in Note 2 Assessments and estimates on page 79 and in Note 23 Shares in associated companies on page 91.

How our audit addressed this key audit matter

In our audit, we have evaluated the Company's process for

assessing whether or not they have a controlling influence over subsidiaries. We have evaluated the company's assessment of when they lost the controlling influence in the light of contractual commitments and board composition in Svenska Nyttobostäder and the time when the controlling influence has ceased. We have examined the revaluation of the remaining shares in Svenska Nyttobostäder at fair value against the share price in Svenska Nyttobostäder at the time when the controlling influence ceased. We have reviewed an acquisition analysis prepared by the company for the remaining shares. We have reviewed the information provided in the annual report.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-59 and 107-110. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends

to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and the consolidated accounts can be found on the Swedish Auditing Inspectorate's website. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ALM Equity AB (publ) for the financial year 2021-01-01 – 2021-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend,

this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration can be found on the Swedish Auditing Inspectorate's website. This description is part of the auditor's report. Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of ALM Equity AB by the general meeting of the shareholders on the 27 May 2021 and has been the company's auditor since the 24 May 2011.

Stockholm den 25 April 2022
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

Definitions & KPIs

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

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

Earnings per preferential share

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

Return on equity

Profit for the period after taxes attributable to the Parent Company's shareholders, less the dividend on preference shares, as a percentage of the average equity attributable to Parent Company 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 preferential shareholders' and the minority's share of the equity. Highlights the share of company equity of the ordinary shareholders.

Equity per preferential share

The preferential share's right in the event of liquidation of the Company (SEK 120 per preferential share) and the share's remaining right to resolved dividend. Highlights the share of company equity of the preferential 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 housing, premises and hotel rooms.

ALM Equity's shares

ALM Equity's ownership shares, 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 revenue less direct property costs. Highlights the profitability of the 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

The 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.

Reconciliation tables, KPIs

Operating margin (%)	2021	2020	2019	2018	2017
Revenue	2,096	1,759	1,681	2,314	2,080
Operating profit/loss	3,315	231	139	106	248
Operating margin (%)	158	13	8	5	12

Earnings per share before dilution (SEK)	2021	2020	2019	2018	2017
Profit/loss for the year after tax	3,422,674,000	228,519,000	433,532,000	5,006,000	178,743,000
This year's dividend, preference shares	110,613,000	85,809,000	76,646,000	68,866,000	55,411,000
Minority share	37,134,000	35,210,000	155,964,000	-10,663,000	85,787,000
Profit attributable to parent company's shareholders	3 274,927,000	107,500,000	200,922,000	-53,197,000	37,545,000
Closing number of ordinary shares	10,629,872	10,207,600	10,154,600	10,154,600	10,154,600
Earnings per ordinary share before dilution (SEK)	314.42	10.53	19.79	-5.24	3.70

Earnings per share after dilution (SEK)	2021	2020	2019	2018	2017
Profit/loss for the year after tax	2,422,674,000	228,519,000	433,532,000	5,006,000	178,743,000
This year's dividend, preference shares	110,613,000	85,809,000	76,646,000	68,866,000	55,411,000
Minority share	37,134,000	35,210,000	155,964,000	-10,663,000	85,787,000
Profit attributable to parent company's shareholders	3 274,927,000	107,500,000	200,922,000	-53,197,000	37,545,000
Closing number of ordinary shares	10,487,354	10,219,095	10,154,600	10,154,600	10,160,223
Earnings per ordinary share after dilution (SEK)	312.40	10.52	19.79	-5.24	3.70

Equity/assets ratio (%)	2021	2020	2019	2018	2017
Equity	7,154	3,790	3,310	2,138	2,208
Balance sheet total	13,132	9,465	8,502	6,972	6,807
Equity/assets ratio (%)	54	40	39	31	32

Reconciliation tables, KPIs, cont.

Return on equity (%)	2021	2020	2019	2018	2017
Profit/loss for the year (parent company's shareholders) SEK m	3,387	194	278	16	93
Dividend, preference share SEK m	110	86	77	69	55
Opening equity (parent company's share) SEK m	2,325	2,193	1 354	1,446	635
Opening number of preference shares	10,561,576	9,818,275	8,223,581	8,122,035	3,528,685
Remaining dividend, preference shares	122.10	122.10	122.10	122.10	122.10
Closing equity (parent company's share) SEK m	5,939	2,325	2,193	1,354	1,446
Closing number of preference shares	14,223,772	10,561,576	9,818,275	8,223,581	8,122,035
Return on equity (%)	54	4	10	-4	3
Equity per ordinary share SEK	2021	2020	2019	2018	2017
Closing equity (parent company's share) SEK m	5,939	2,325	2,193	1,354	1,446
Closing number of preference shares	14,223,772	10,561,576	9,818,275	8,223,581	8,122,035
Remaining dividend, preference shares	122.10	122.10	122.10	122.10	122.10
Closing number of ordinary shares	10,629,872	10 207 600	10 154 600	10,154,600	10,154,600
Equity per ordinary share (SEK)	395.33	101.47	97.91	34.46	44.74
Adjusted net asset value, per ordinary share (SEK)	2021	2020	2019	2018	2017
Total net asset value equity (parent company) SEK m	12,152	n/a	n/a	n/a	n/a
Preference shareholders' share of total net asset value (SEK m)	1,670	n/a	n/a	n/a	n/a
Closing number of ordinary shares	10,629,872	n/a	n/a	n/a	n/a
Adjusted net asset value, per ordinary share (SEK)	986	n/a	n/a	n/a	n/a

Shareholder information

Reporting dates 2022

19 May	Interim report January–March
25 May	Annual General Meeting
30 June	Record date for dividend to preference shareholders
23 August	Interim report January–June
30 September	Record date for dividend to preference shareholders
17 November	Interim report January–September
30 December	Record date for dividend to preference shareholders

Reporting dates 2023

22 February	Year-end report
31 March	Record date for dividend to preference shareholders

Investor relations/shareholder contact

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Annual General Meeting of ALM Equity AB (publ)

The Annual General Meeting of ALM Equity AB (publ), co.reg.no. 556549-1650 will be held on Thursday, 25 May 2022. The Annual General Meeting will be held by postal ballot only. This means that the Annual General Meeting will be held without the presence of shareholders, proxies and third parties.

Right to attend the meeting

Shareholders who wish to attend the Annual General Meeting must be included in a printout, or other presentation, of the share register regarding the conditions on Wednesday, 17 May 2022, and notify their intention to participate in the Annual General Meeting by submitting a complete postal voting form according to the instructions under "Postal voting" and if appropriate, proxies, registration certificates and other corresponding authorization documents, to ALM Equity AB:

- by post to: ALM Equity AB, "Annual General Meeting", Regeringsgatan 59, 111 56 Stockholm
- by phone: +46 8 562 303 00 or
- by e-mail: bolagsstamma@almequity.se.

When registering, please state name, personal/organization number, shareholding, address, daytime telephone number and, where applicable, information on the number of deputies.

Representatives and postal voting

The Board has decided that the Annual General Meeting shall be held by postal ballot only in accordance with the Act (2020:198) on temporary exemptions to facilitate the conduct of general and general meetings. Postal voting is exercised by sending a completed and signed postal voting form, including Appendix 1 to the form, to ALM Equity AB by post or e-mail.

The form is also valid as a notification to the Annual General Meeting. If the shareholder is a legal entity, a copy of the registration certificate or other equivalent authorization document must be attached to the form. If the shareholder votes by post by proxy, the dated power of attorney for the proxy must be attached to the postal vote form. Proxy forms are available on the company's website www.almequity.se and are sent free of charge to the recipient to shareholders who request it and state their postal address or e-mail address.

Forms for postal voting are available on the company's website www.almequity.se. A complete postal voting form must be received by the company by post or e-mail as above no later than Wednesday 24 May 2022. Postal voting can be revoked up to and including 24 May 2022 by notifying ALM Equity AB by post or e-mail (notifications received after 24 May 2022 will be disregarded). If two or more forms have the same dating, only the form last received will be considered.

Nominee-registered shares

Shareholders who have had their shares registered with a nominee must, in order to exercise their voting rights at the Annual General Meeting, have their shares registered in their own name with Euroclear Sweden AB so that the shareholder is entered in the share register as of 17 May 2022. Such re-registration may be temporary. Shareholders who wish to register the shares in their own name must, in accordance with the respective nominee's routines, request that the nominee make such a voting rights registration. Registration of voting rights that have been requested by shareholders at such a time that the registration has been made by the nominee no later than Friday 27 May 2022 will, however, be taken into account in the production of the share register.

Contact

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