

Q3

INTERIM REPORT JANUARY–SEPTEMBER 2021

EVENTS DURING THE QUARTER

- ALM Equity's current bondholders approved the proposal that the company's subsidiaries should have the opportunity of using the capital market as a complement to existing sources of financing.
- Fredrik Arpe, currently CEO of Järntorget, took on the role of business area manager for the Property Management business area and is now part of ALM Equity's Group Management in his role as Deputy CEO.

EVENTS AFTER THE END OF THE PERIOD

- An Extraordinary General Meeting resolved to distribute 3,188,961 ordinary shares in Svenska Nyttobostäder AB to ALM Equity's ordinary shareholders.
- On behalf of ALM Equity, Erik Penser Bank has compiled an independent market valuation of Svenska Nyttobostäder's ordinary shares.
- ALM Equity and Corem Property Group AB have signed a letter of intent for the joint development of rental accommodation for self-management. Initially with a building rights portfolio of around 24,000 residential units.

CONSOLIDATED KPIS

Summary	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Net sales, SEK m	615	215	1,540	908	1,759
Profit/loss for the period, SEK m	98	40	216	184	229
Return on equity (ordinary shares), %	1	1	0	2	4
Equity/assets ratio, %	38	40	38	40	40
Cash and cash equivalents, SEK m	1,242	542	1,242	542	722
Equity	4,856	3,729	4,856	3,729	3,790
Balance sheet total, SEK m	12,802	9,208	12,802	9,208	9,465

Key figures per share

	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Adjusted net asset value*, per ordinary share, SEK	948	N/A	948	N/A	N/A
Share price on the closing day, SEK	786	640	786	640	700
Earnings per ordinary share, SEK	2.55	1.14	0.43	8.61	10.58

* Adjusted net asset value is based on the actual net asset value adjusted for the estimated market value of the operations at ALM Equity. For further information on how this value is produced, see page 4.

Expanding our management business

The acquisition of Järntorget has been successful, both commercially and culturally. We are pleased with our new, skilled, colleagues and hope that everyone from Järntorget feels at home with us. After an intensive autumn with the integration of Järntorget, I can now tell you more about the next exciting project.

Following the acquisition, we analysed the potential of our overall building rights portfolio. In addition to the building rights being delivered to Nyttobostäder, we have identified around 11,000 building rights in Stockholm that are suitable to be managed properties. These are the basis for the joint management company that we now intend to form with Corem. With a joint building rights portfolio of 24,000 residential units, the new company will become one of Sweden's largest residential property managers over the next ten years. The initial portfolio is estimated to have an operating income of over SEK 2 billion when it is fully developed. Our goal, together with Corem, is to list the company on the stock market in 2022 to create a good capital structure and give it the conditions for further expansion.

RESTRUCTURING OF PROJECT DEVELOPMENT

Part of the Project Development business area will be included in the formation of the new property management company. The remaining part will focus on completing deliveries to Svenska Nyttobostäder and the private customer market in the Stockholm area with a portfolio comprising of almost 3,000 residential units, of which 222 were in production in Q3. This business has the same focus as JM, Besqab, Aros Bostad and various other companies. The Project Development business area is therefore continuing to develop the business that was once the basis of ALM Equity – housing development for the private market.

PROMOTING EXTERNAL CONTRACTORS

The Construction Management business area is currently busy delivering to Group companies, but gradually the aim is to also expand via external assignments. We see great potential in developing this business area through acquisitions, both to increase capacity and perform backward integration.

DIVIDEND DISTRIBUTION

After the end of the quarter, we decided on a dividend on elements of the holding in Svenska Nyttobostäder. We reduced ownership by 5.2%. The intention is to reduce ALM Equity's controlling influence so as not to consolidate the holding in Svenska Nyttobostäder. Our holding then becomes a financial asset, and we can show the values that are created more clearly. With a broader spread of ownership, there will be more trading in the shares and therefore better liquidity and more accurate pricing, which will benefit our shareholders.

DEVELOPING BUSINESSES

It is one year since the listing of Svenska Nyttobostäder and we have already laid the foundation for another management transaction with the potential to become even larger. This is how we create shareholder value. You could compare ALM Equity to a greenhouse. We let our businesses grow, sometimes with



external shoots, which when they have grown are planted in larger pots where they can bear fruit that our owners can harvest. The businesses become successful when they develop independently.

We take responsibility as the main owner to ensure that we deliver according to the plan that was the basis for the spin-off.

Our valuations of our operations show how value is gradually created; the total value has increased by SEK 1.8 billion from Q1 to Q3. The change is largely due to two factors: SEK 1.1 billion from unrealized values, primarily in the Project Development business area, a part coming from the acquisition of Järntorget and SEK 0.7 billion from newly issued shares.

I am extremely grateful to all the employees who work hard to build the business and to the owners and financiers who show confidence in us. I promise not to disappoint you, so full speed ahead!

Joakim Alm, CEO

This is ALM Equity

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

VISION

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

BUSINESS CONCEPT

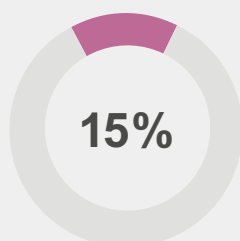
ALM Equity will invest and develop business in the Swedish property sector based on the future needs of the market. Through active ownership, ALM Equity drives the initiatives that are judged to create the highest risk-adjusted return on equity for each individual business, and at the next level creates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

OBJECTIVE

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

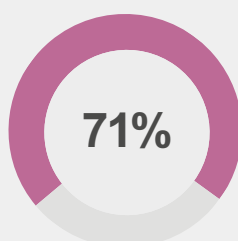
PROFIT/LOSS PER BUSINESS AREA JANUARY–SEPTEMBER 2021 (ACCORDING TO SEGMENT REPORTING)

Property Management



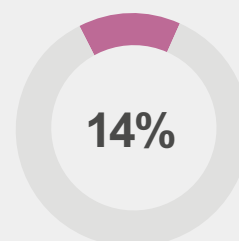
SEK 71 M

Project Development



SEK 332 M

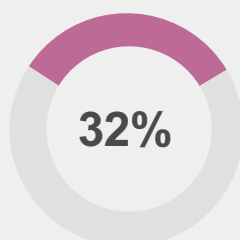
Construction Management



SEK 63 M

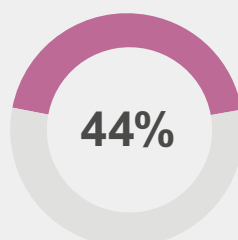
SHARE OF ADJUSTED NET ASSET VALUE*

Property Management



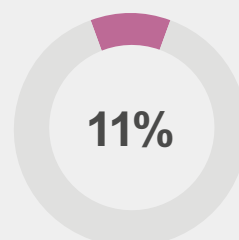
SEK 3.8 BN

Project Development



SEK 5.1 BN

Construction Management



SEK 1.3 BN

* Adjusted net asset value is based on actual net asset value adjusted for the estimated market value of the activities at ALM Equity. For further information on how this value is produced, see page 4. In addition to the values in the business areas, the parent company is valued at SEK 1.6 billion, corresponding to 13% of the total net asset value.

Market valuation and adjusted net asset values

The holding in Svenska Nyttobostäder will be continuously market-valued after the listing in 2020, which will make the values created in that transaction visible. Currently, values created in other Group holdings are also made visible through external valuations carried out by PwC.

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

The market value is distributed between ALM Equity's shareholders as follows: SEK 1.7 billion to preference shareholders and SEK 10.1 billion to ordinary shareholders.

This corresponds to an adjusted net asset value per ordinary share of SEK 948, which corresponds to a discount of 21% compared with the share price on 30 September 2021.

During Q3, the total market value increased by SEK 0.5 billion, which was through unrealized surplus values from the operations. The year's total change in value comes from SEK 1.1 billion in unrealized changes in value from the operations attributable to ordinary shareholders. The remainder comes from new issues where approximately SEK 0.3 billion in ordinary share capital and SEK 0.4 billion in preference share capital has been added.

VALUATION METHOD

In the Property Management business area, the holding in Svenska Nyttobostäder has been valued at the share price as of 30 September 2021. No value has been attributed to the management business in the other part of the ALM Property Management business area, where there are agreements for the acquisition of approximately 1,000 managed properties. Nor has any value been attributed for the Digital Services business area.

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

For the Project Development business area, a required return on

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

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

The valuation is updated quarterly based on updated forecasts and assumes a value interval of +/- 5% where the value is adjusted when the return value increases/decreases by at least 5% from the initial valuation which was carried out with a value date of 31 December 2020.

The valuation is based on assumptions about future developments based on the facts and the surrounding global situation that prevails today; it is not to be seen as a forecast. This means that it is not established values that are promised as an outcome, but they can change based on events that affect the activities.

Property Management business area

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

The core expertise of the business is in buying newly-produced properties, creating tenant-adapted concepts and managing these. Svenska Nyttobostäder has been listed on the NASDAQ First North Growth Market since 2020. The business area owns 58% of Svenska Nyttobostäder and its entire activities are consolidated. In addition to the business included in Svenska Nyttobostäder, there are a small number of managed residential units and an acquisition agreement of almost 1,000 units that will be for self-management.



SVENSKA NYTTOBOSTÄDER

Svenska Nyttobostäder is a listed property company. Svenska Nyttobostäder owns and manages newly-produced residential properties in locations close to good transport links in Stockholm. Tenants are private individuals, companies and authorities. Svenska Nyttobostäder has a management portfolio of around 5,750 apartments, which will be taken over on an ongoing basis until 2025, when the portfolio is expected to generate a net operating income of around SEK 600 million.

THIRD QUARTER 2021

	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Rental income, SEK m	34	34	97	75	104
Net operating income, SEK m	24	20	69	44	70
Change in value of investment properties, SEK m	37	14	78	66	80
Leverage, %	67	70	67	70	70
Number of employees	9	10	9	10	9

EVENTS DURING THE QUARTER

- ALM Equity appointed a new business area manager, Fredrik Arpe, who has been given the assignment to develop the business area further by expanding its self-management portfolio with new business and managing ALM Equity's ownership in Svenska Nyttobostäder.
- Svenska Nyttobostäder took over 280 units, of which 276 are residential units and four are commercial premises, in Barkarby, Järfälla.

EVENTS AFTER THE END OF THE PERIOD

- After the end of the period, a land allocation was obtained in Järfälla for the development of 13,000 m² of commercial space.
- On behalf of ALM Equity, Erik Penser Bank has compiled a market valuation of Svenska Nyttobostäder's ordinary shares. The valuation shows a value of SEK 141.60 per ordinary share, which is SEK 30.60 higher per ordinary share than the current share price as of 24 November 2021.

32%

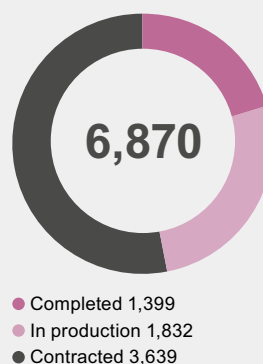
Share of adjusted net asset value*

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

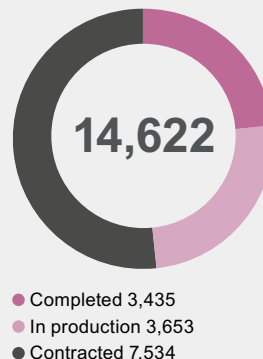
For further information on how this value is produced, see page 4.

Property Management portfolio

Number of managed units

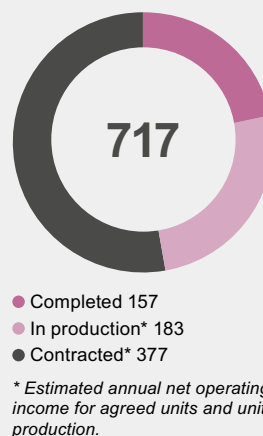


Property value*, SEK m



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

Estimated net operating income, SEK m



* Estimated annual net operating income for agreed units and units in production.

PROPERTY MANAGEMENT BUSINESS AREA

BUSINESS AND MARKET DEVELOPMENT

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

The business consists of the holding in the listed company Svenska Nyttobostäder and smaller self-management activities. Self-management consists of the management of a number of project properties as well as acquisition agreements for future investment properties.

During the quarter, Fredrik Arpe, former CEO of Järntorget, took over as the new Property Management business area manager. The assignment includes building up a new, significant management portfolio of the building rights that within the Project Development business area and are suitable for the property management market. During the period, the Property Management business area, in consultation with the Project Development business area, identified the option of creating a management portfolio with around 11,000 residential units in addition to the business with Svenska Nyttobostäder. After the end of the period, this work made it possible for a declaration of intent to be signed with Corem to develop a total of around 24,000 units in a joint management company.

THIRD QUARTER 2021

01/01/2021–30/09/2021	Svenska Nyttobostäder	Self-management
Number of units in ongoing management	1,371	28
Number of contracted units in production	1,832	–
Number of contracted units in future production	2,666	973
Estimated operating net income of the entire management portfolio*, SEK m	600	117
Estimated property value of the entire management portfolio*, SEK m	11,988	2,634

* Estimated operating net income and values of the entire property portfolio, including completed investment properties, investment properties in production and planned production where sales agreements for management are in place. Estimated net operating income and value apply as of 30 September 2021, based on the assumption that all properties are completed and under management.

Self-management

Self-management currently consists of a small number of commercial premises and an agreement for the acquisition of 973 residential units in Kista, along with investors.

Commercial development and management

After the quarter, the business area obtained a land allocation in Järfälla for the development of 13,000 m² of offices and commercial premises.

Svenska Nyttobostäder

Rental income and occupancy rate

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

Property costs

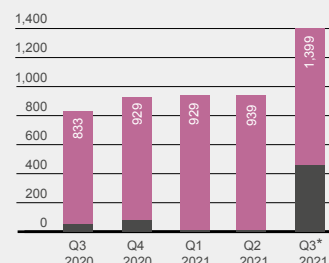
Svenska Nyttobostäder's portfolio of newly produced properties of a high standard and with good energy efficiency, leads to good predictability in terms of operating costs.

Changes in value

In general, the market for space-efficient investment property is expected to remain good and the market value of the business area's investment properties is deemed to be intact, even taking into account the impact that the coronavirus pandemic has had on society and the economy as a whole.

Property management portfolio growth

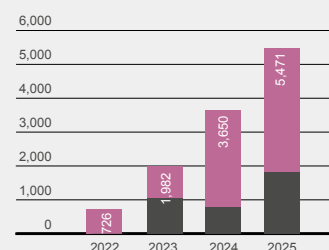
Number of completed units in management



■ Completed units during the period
■ Accumulated number of units

* Includes 180 units that were completed in 2015 but taken over in Q3 2021.

Planned production in management*

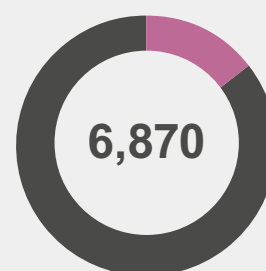


■ Planned completion (units)
■ Accumulated number of units

* Includes contracted units that will be completed during the period 2022–2025.

Distribution of total management portfolio*

Number of units



● Self-management 1,001
● Svenska Nyttobostäder** 5,869

* Includes completed investment properties, investment properties in production and planned production where sales agreements for management are in place.

** Includes management of 42 external party units outside own portfolio.

Project Development business area

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



ALM BOSTAD

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



SMÅA

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



JÄRNTORGET

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



ABACUS

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

THIRD QUARTER 2021

	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep**	2020 Jan-Sep	2020 Jan-Dec
Net sales, SEK m*	577	519	2,411	1,858	2,479
Operating profit/loss, SEK m*	20	61	194	214	192
Operating margin, %	3	12	8	12	8
Number of employees	50	25	50	25	28

* According to the segment report, where the business area's project results are recalculated in a successive model that follows the value development based on accrued costs and sales.

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

EVENTS DURING THE QUARTER

- During the period, 474 units were completed and handed over, of which 63 were for the private market and 411 for self-management. Of these 411 units, Svenska Nyttobostäder took over 280 units and 131 units were taken over by an external management company.

EVENTS AFTER THE END OF THE PERIOD

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

44%

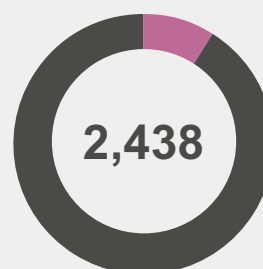
Share of adjusted net asset value*

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

For further information on how this value is produced, see page 4.

Market orientation of production in progress

Number of units



- Private market 222
- Property management 2,216

91%

The share of production in the property management market accounted for 91% of total production at the end of Q3 2021.

BUSINESS AND MARKET DEVELOPMENT

The acquisition of Järntorget during Q2 meant that the business area grew significantly and took up a leading position on the market in the Stockholm region. The work of integrating Järntorget's project development organization into the business area has continued during the autumn and the business area's operations have also been divided into two: administration and private to create the right conditions for each business to be run in an efficient and quality-assured way.

During the quarter, the total building rights portfolio was evaluated based on the opportunity to develop more space-efficient managed properties. The outcome of this work shows that there are around 11,000 building rights suitable for the property management market. After the end of the period, a letter of intent was signed with Corem for the joint development of around 24,000 residential units in a joint management company. This means that the business will be divided into two areas. One area will be restructured into the new management company and the other will focus on the private market and remaining deliveries to Svenska Nyttobostäder.

ALM Småa Bostad's focus is on producing and delivering in accordance with its commitments to Svenska Nyttobostäder and to manage a greater volume of business in the future for both the property management market and the private market. As of today's,

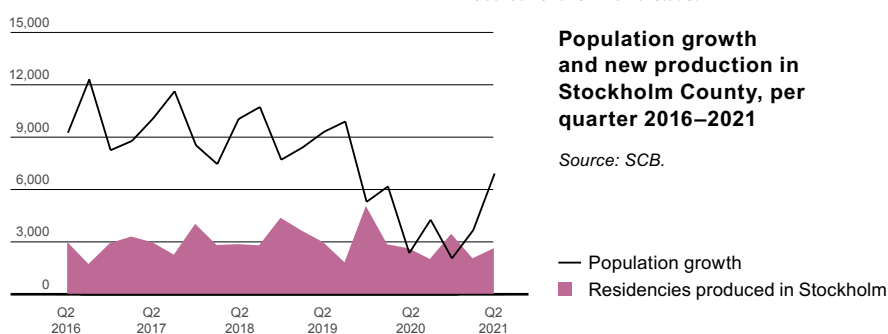
date, 1,191 of 5,699 residential units connected to Svenska Nyttobostäder's business have been delivered and 1,832 of 4,508 remaining units are in production.

In 2020, the rate of population increase in Stockholm fell. From an increase of just under 33,000 new Stockholmers in 2019, the net increase in the population was just under 15,000 people in 2020. Statistics show that the increase in population in Stockholm so far in 2021 is at about the same rate as last year.

The number of completed residential units fell slightly in 2020 and at the beginning of 2021, and the accumulated housing deficit is therefore still increasing, but at a somewhat lower rate. The number of construction starts continued to increase because of both a strong private and property management market. The long-term demand for housing remains high. The market for investment properties for investors and property management companies remains strong. For the private market in Stockholm County, development has been good with a price trend for tenant-owned apartments of +2.7% (3 months) and +6.2% (12 months) and for villas +0.3% (3 months) and +15.1% (12 months).*

There is a risk of price increases for certain input goods due to shortages that have arisen because of the pandemic. Within productions in progress, most of all costs are locked in fixed price agreements, but there is a risk of a certain increase in costs during renegotiation of contracts for future productions.

* Source: Svensk Mäklarstatistik.



	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep*	2020 Jan–Sep	2020 Jan–Dec
Number of units in total building rights portfolio	17,589	13,712	17,589	13,712	13,295
– of which units in production	2,438	1,651	2,438	1,651	1,709
– of which completed building rights	7,274	5,340	7,274	5,340	6,065
– of which building rights in planning process	7,877	6,721	7,877	6,721	5,521
Number of production-started units	–	22	896	1,127	1,445
– of which private market	–	22	38	70	88
– of which property management	–	–	858	1,057	1,357
Number of units sold	54	3,267	532	3,575	3,583
– of which private market	28	8	76	46	26
– of which sold from stock (private market)	26	9	72	27	55
– of which under property management	–	3,250	384	3,502	3,502
Sales ratio in production, %	97	93	97	93	96

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

11,000

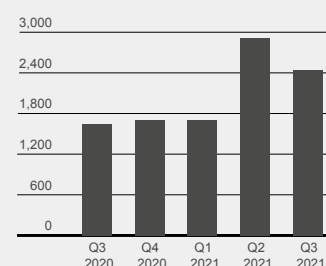
During the quarter, the business area identified that there is potential to develop 11,000 residential units for the property management market in addition to the units that have already been sold to Svenska Nyttobostäder.

2.6

During Q2 2021, housing construction in Stockholm increased while the population growth continued to increase. For each new home, 2.6 Stockholmers were added in Q2, compared with 1.36 during the full year 2020.

Source: SCB.

Units in production at the end of the quarter



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

Construction Management business area

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



2xA ENTREPRENAD

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



BOMODUL

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

THIRD QUARTER 2021

	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep*	2020 Jan-Sep	2020 Jan-Dec
Revenue, SEK m	251	180	827	368	519
Operating profit/loss, SEK m	18	16	63	25	47
Operating margin, %	7	9	8	7	9
Number of employees	81	31	81	31	34

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

EVENTS DURING THE QUARTER

- During the quarter, the business area completed and handed over a total of 474 residential units, of which 63 were detached houses and 411 were apartments.

EVENTS AFTER THE END OF THE PERIOD

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

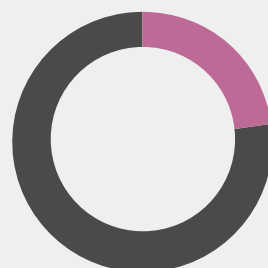
11%

Share of adjusted net asset value*

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

For further information on how this value is produced, see page 4.

Earnings per category, rolling 12 months



- Detached houses 23%
- Apartment blocks 77%

Of which 93% to the ALM Group, the remainder is a delivery to an external party.

CONSTRUCTION MANAGEMENT BUSINESS AREA

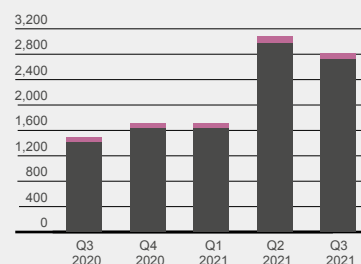
BUSINESS AND MARKET DEVELOPMENT

The acquisition of Järntorget means that the business area's operations have expanded, which has led to more staff and more contracts to manage. The contracts in progress that came in via Järntorget are being implemented using a different model with a lower margin, at the same time as large parts of the contract risk have been moved to the project development business. When new projects are started, they will be implemented in a similar way as the 2xA Entreprenad model, with a higher expected profit margin and a different contractor's risk. Through the addition of Bomodul, it is possible to take an even larger share of the value chain with their sustainable and Nordic Swan Eco-labelled wooden modules that are suitable for both detached houses and apartment blocks. Bomodul is thus a possible supplier for future contracts while continuing to deliver wooden modules to external customers. In addition to the growth contributed by the acquisition, organic growth itself has also been strong.

The challenges that Cementa has on Gotland regarding permits for limestone quarrying could mean challenges in future production. Limestone is an essential raw material in the production of concrete, so our subcontractors are working hard to find alternative producers if Cementa's mining does not resume. There is also pricing pressure on certain components where there is a shortage due to the coronavirus pandemic.

At the end of the quarter, the business area had 2,816 (1,485) residential units in progress at an order value of around SEK 3,544 million (1,300), of which 97% (95) is for the property management market. Revenues per customer category in relation to how the units in production are distributed per detached house and apartment block, reflect the fact that detached houses are larger units that are produced at a faster rate.

Units in production at the end of the quarter



■ Detached houses
■ Apartment blocks

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

THIRD QUARTER 2021

	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep*	2020 Jan-Sep	2020 Jan-Dec
Order intake, SEK m	9	–	1,244	428	743
– of which detached houses	–	–	171	73	77
– of which, in apartment blocks	9	–	1,073	355	667
Order backlog, SEK m	1,870	1,051	1,870	1,051	1,234
– of which detached houses	158	160	158	160	95
– of which, in apartment blocks	1,712	891	1,712	891	1,139
Completed units, number	522	52	608	175	269
– of which detached houses	63	–	79	24	40
– of which, in apartment blocks	459	52	529	151	229

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

Financing business area

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

BUSINESS AND MARKET DEVELOPMENT

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

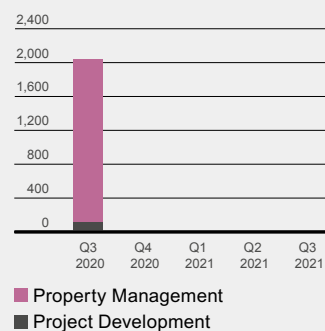
In 2020 the business area was an advisor on the deal merging 29 different investment properties or projects with future investment properties into Svenska Nyttobostäder

and assisted with the subsequent listing of the company. The listing of Svenska Nyttobostäder is a good deal for many parties, not least investors who have been part of the project from land acquisition, building permits and construction to finished investment property and finally merging multiple projects and co-ownership in a listed company.

EVENTS DURING THE QUARTER

- No significant events occurred during the quarter.

Procured capital (SEK m)



Digital Services business area

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

BUSINESS DESCRIPTION

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

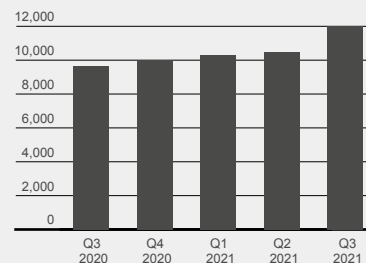
The business area offers software and services that facilitate the sharing of information, resources and services between neighbours, property managers and service companies. Easily administered and user-friendly digital platforms gradually reduce the costs of communication, case management, property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

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

EVENTS DURING THE QUARTER

- The business area delivered 45 digital access locks for Svenska Nyttobostäder during the quarter. After the end of the period, another 95 digital locks were put into service.

Number of users



Of which the ALM Group 40% (last quarter).

Financial Overview

RESULTS FOR THE QUARTER

The profit for the quarter amounted to SEK 98 million (40). There was a positive effect on earnings from two projects that were completed and delivered to the private market from the Project Development business area.

The profit was positively affected by unrealized changes in the value of investment properties of SEK 72 million (14). During Q3, changes in the value of investment properties being constructed affected earnings by SEK 70 million (8). Sales were affected by restructuring activities in the Project Development business area, whose customer base has switched from the private market to largely delivering to the Group company Svenska Nyttobostäder's management. As a result, there were no sales and costs in the operating profit, but the profit was in the form of unrealized changes in the value of investment properties.

ASSETS AND EQUITY

Assets

As of 30 September 2021, ALM Equity had assets valued at SEK 12,802 million (9,208), where the total volume of investment properties rose in value by 38% to SEK 6,798 million (4,930) in one year. Investment properties under construction is the item that has increased the most in relation to the corresponding period last year, at SEK 3,501 million (2,280). This is mainly due to property agreements signed with Svenska Nyttobostäder during Q3 2020 regarding the development and delivery of additional investment properties to their portfolio. Building rights are reclassified from an investment property under construction to an investment property, at the same time as the Property Management business area taking over the property.

Land allocations are off the balance sheet, and contractually regarded as an option until a development agreement is signed, after which the transaction becomes binding and can be seen under contingent liabilities. Housing projects in progress, corresponding to projects in production for the private market, fell to SEK 761 million (820) after two projects were completed and delivered to the private market during the quarter. The value of inventory in housing and property rights is slightly lower than the corresponding period last year at SEK 257 million (277). In relation to the turn of the year, it is evident that inventory sales will pick up after completion and that value will gradually decline as inventory is sold.

On the liability side, interest-bearing financing amounted to SEK 6,453 million (4,358). The financing specifically linked to properties and projects is either in the form of short-term project financing during construction or long-term financing of completed investment properties. A direct consequence of the increasing completion of a larger volume of investment properties is that the proportion of long-term interest-bearing loans is rising.

Equity

Equity rose to SEK 4,856 million (3,729) and the equity/assets ratio was 38% (40). The increase in equity is mainly due to newly issued preference shares in Svenska Nyttobostäder in connection with the acquisition of properties.

Part of the financing within the Property Management and Project Development business areas is through investors making direct investments in the management objects/projects. External infusions of capital where investors have contributed preference share capital totalled SEK 1,888 million, where the total amount is attributable to the Project Development business area. In the case of positive cash flows, this capital takes precedence over dividends in each project. In the event of a loss, repayments are reduced by the equivalent amount.

Holding in Svenska Nyttobostäder

Svenska Nyttobostäder is classified as a Group company and the company is therefore still consolidated in the ALM Equity Group. ALM Equity owns around 37 million ordinary shares in Svenska Nyttobostäder at a book value of about SEK 1.5 million. The listing puts a market value on the holding while making surplus values visible.

FINANCIAL POSITION AND CASH FLOW

The Group's cash and cash equivalents at the end of the period amounted to SEK1,242 million (542). The cash flow for the quarter was SEK 276 million (-159).

Properties and development projects are primarily financed by a combination of bank loans, construction loans, bonds, external shareholder contributions and preference share capital based on estimates regarding acquisition, operations, and projects. ALM Equity's liquidity flow can vary significantly between quarters as it is linked with transactions. During periods of surplus liquidity, liquidity is invested in projects, used to pay down bank loans or is invested in such a way that it can be quickly converted to liquid funds where necessary. Overall, project financing is mainly short-term, while the financing of investment properties is long-term.

The interest rate on loan liabilities in the Project Development business area on 31 December, was in the range of 1.55–7.25% with an average interest rate of 3.16%. There are three outstanding bonds totalling SEK 2,600 million. The first two have an interest rate of STIBOR 3m + 7.25%. The bonds finally mature on 31 December 2023 and 15 June 2025, respectively. The third bond has an interest rate of STIBOR 3m + 6.50% and a final maturity date of 17 June 2026. During Q3, Svenska Nyttobostäder issued a bond of SEK 400 million. The bond has an interest rate of STIBOR 3m + 3.375% and finally matures on 21 September 2024.

PARENT COMPANY

The parent company's loss for the quarter was SEK 47 million (-13) and the company had SEK 345 million (395) in cash and cash equivalents at the end of the period. Guarantees at the end of the period amounted to SEK 1,920 million (1,385). Equity amounted to SEK 1,811 million (1,136). The equity/assets ratio on the balance sheet date was 45% (48).

RISKS AND UNCERTAINTY FACTORS

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

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

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

TRANSACTIONS WITH CLOSELY-RELATED PARTIES

During Q3, no significant transactions regarding Svenska Nyttobostäder or other related parties took place. Information about related party transactions can be found in ALM Equity's Annual Report 2020, note 35 on pages 99–100.

Consolidated statement of comprehensive income

Amounts in SEK million	Note	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
	1, 2, 7					
Net sales		615	215	1,540	908	1,759
Production and operating costs		-555	-131	-1,375	-639	-1,438
Gross profit/loss		60	84	165	269	321
Selling and administration expenses		-34	-25	-116	-79	-118
Profit from participations in subsidiaries		1	0	-15	0	29
Profit from participations in associated companies		0	0	0	-1	-1
Operating profit/loss		27	59	34	189	231
Financial income		1	1	5	3	3
Financial expenses		-63	-35	-162	-102	-138
Profit/loss after financial items		-35	25	-123	90	96
Unrealized changes in value from derivative instruments	5	2	1	6	4	6
Unrealized changes in value of managed portions of tenant-owner rights association premises	3	72	14	113	66	80
Unrealized changes in value from investment properties under construction	4	70	8	246	34	51
Profit/loss before tax		109	48	242	194	233
Taxes		-11	-8	-26	-10	-4
Profit/loss for the period		98	40	216	184	229
<i>Other comprehensive profit/loss for the period</i>						
Other comprehensive profit/loss		–	–	–	–	–
Other comprehensive profit/loss for the period		–	–	–	–	–
Comprehensive profit/loss for the period		98	40	216	184	229
The year's profit attributable to						
Parent company shareholders		56	34	85	151	194
Non-controlling interests		42	6	131	33	35
The year's comprehensive result attributable to						
Parent company shareholders		56	34	85	151	194
Non-controlling interests		42	6	131	33	35
Earnings per share						
Earnings per ordinary share before dilution (SEK)		2.48	1.14	0.42	8.61	10.53
Earnings per ordinary share after dilution (SEK)		2.46	1.13	0.42	8.56	10.52
Earnings per preference shares (SEK)		2.10	2.10	2.10	2.10	8.40
Number of ordinary shares outstanding at end of period (thousands)		10,630	10,208	10,630	10,208	10,208
Number of preference shares outstanding at end of period (thousands)		14,224	10,562	14,224	10,562	10,562
Average number of ordinary shares before dilution (thousands)		10,630	10,208	10,350	10,177	10,185
Average number of ordinary shares after dilution (thousands)		10,699	10,257	10,415	10,227	10,219

Consolidated statement of financial position

Amounts in SEK million	Note	30/09/2021	30/09/2020	31/12/2020
ASSETS	1, 2, 7			
Non-current assets				
Intangible assets		17	14	15
Machinery and equipment		8	9	9
Investment properties	3	3,501	2,280	2,489
Investment properties under construction	4	3,297	2,650	2,763
Managed portions of tenant-owners association premises		50	50	50
Right-of-use assets		60	178	175
Shares according to the equity method		13	3	1
Other fixed assets		3	–	–
Deferred tax asset		22	4	7
Total non-current assets		6,971	5,188	5,509
Current assets				
Development properties		2,739	1,854	1,746
Residential projects in progress		761	820	308
Inventory of residential and property rights		257	277	368
Work in progress on behalf of others		9	–	–
Other current receivables		823	527	812
Short-term investments		–	–	–
Cash and cash equivalents		1,242	542	722
Total current assets		5,831	4,020	3,956
Total assets		12,802	9,208	9,465
EQUITY AND LIABILITIES				
Equity including minority interest		4,856	3,729	3,790
Non-current liabilities				
Non-current interest-bearing bond loans	5	2,600	600	1,200
Non-current interest-bearing loans to credit institutions	6	1,731	1,669	1,720
Other long-term liabilities		29	–	–
Derivative instruments	5	4	11	9
Leasing liabilities		58	175	175
Deferred tax liability		311	188	172
Other provisions		20	8	6
Total non-current liabilities		4,753	2,651	3,282
Current liabilities				
Short-term interest-bearing bonds	6	–	391	–
Short-term interest-bearing loans from credit institutions	6	2,122	1,698	1,547
Subordinated interest-bearing debenture loans	6	315	346	331
Other current liabilities, non-interest-bearing		756	393	515
Total current liabilities		3,193	2,828	2,393
Total liabilities and equity		12,802	9,208	9,465
<i>Minority share of equity amounts to</i>		<i>1,797</i>	<i>1,398</i>	<i>1,465</i>

Consolidated cash flow statement

Amounts in SEK million	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
OPERATING ACTIVITIES					
Operating profit/loss	27	59	34	189	231
Items not affecting cash flow	13	11	30	24	34
Interest received	1	2	3	3	3
Interest paid	-63	-35	-163	-101	-138
Tax paid	2	-	-6	-2	-8
Cash flow from operating activities before changes in working capital	-20	37	-102	113	122
<i>Cash flow from changes in working capital</i>					
Increase/decrease in development properties	-24	-116	141	-447	-339
Increase/decrease residential projects in progress	220	-154	350	-94	418
Increase/decrease interests in tenant-owned apartments and property rights	20	41	133	60	-20
Increase/decrease in operating receivables	-	190	55	115	-157
Increase/decrease in operating liabilities	-25	-8	26	-202	-82
Cash flow from operating activities	171	-10	603	-455	-58
INVESTMENT ACTIVITIES					
Acquisition of investment properties	-540	-168	-1,180	-390	-680
Investments in business acquisitions	-	-	-1,112	-	-
Acquisition of non-current financial assets	-1	-10	-4	-13	-15
Divestment of non-current financial assets	-	-8	-	-8	-8
Cash flow from investing activities	-541	-186	-2,296	-411	-703
FINANCING ACTIVITIES					
Bond loans raised	400	-	1,381	591	969
Amortized bond loans	-	-	-	-685	-867
Bonds raised	392	137	924	1,056	1,596
Amortized bonds	-357	-125	-599	-493	-1,148
External shareholder contributions	-	-	35	266	293
New issues/Warrants incl. costs	-	70	332	82	82
New issues including costs group companies	244	435	244	435	460
Dividends from participations	-	-	-	6	6
Dividend paid to holders of preference shares	-29	-22	-80	-64	-86
Transactions, non-controlling interests	-4	-458	-24	-485	-521
Cash flow from financing activities	646	37	2,213	709	784
Cash flow for the period	276	-159	520	-157	23
Cash and cash equivalents at the beginning of the period	966	701	722	699	699
Cash and cash equivalents at the end of the period	1,242	542	1,242	542	722

Consolidated statement of changes in equity

Amounts in SEK million	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Equity at the start of the period	3,790	3,310	3,310
Profit/loss for the period	216	184	229
Other comprehensive income	–	–	–
Comprehensive income for the period	216	184	229
<i>Transactions with owners:</i>			
Dividend paid	-81	-64	-86
New issues	713	70	70
Warrants	–	12	12
Issue costs	-11	–	–
Unconditional shareholder contributions	23	91	106
Transactions with non-controlling interests*	206	126	149
<i>Total transactions with owners</i>	<i>850</i>	<i>235</i>	<i>251</i>
Equity at end of the period	4,856	3,729	3,790

* Allocated dividends attributable to Svenska Nyttobostäder AB (publ)'s external preference shareholders have been transferred to the minority's share of the equity.

Parent company's income statement in summary

Amounts in SEK million	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Other operating income	–	–	–	–	–
Selling and administration expenses	-8	-3	-17	-18	-27
Operating profit/loss	-8	-3	-17	-18	-27
Group companies profit/loss	-1	8	10	8	201
Other operating expenses	–	–	–	–	-6
Net financial items	-38	-18	-83	-47	-61
Profit/loss after financial items	-47	-13	-90	-57	107
Appropriations	–	–	–	–	3
Profit/loss before tax	-47	-13	-90	-57	110
Taxes	–	–	–	–	–
Profit/loss for the period	-47	-13	-90	-57	110

Parent company's balance sheet in summary

Amounts in SEK million	30/09/2021	30/09/2020	31/12/2020
ASSETS			
Shares in Group companies	115	105	116
Total non-current assets	115	105	116
Current receivables, etc.	3,593	1,881	2,016
Cash and cash equivalents	345	395	463
Total current assets	3,938	2,276	2,479
Total assets	4,053	2,381	2,595
EQUITY AND LIABILITIES			
Equity	1,811	1,136	1,281
Bonds	2,200	600	1,200
Total non-current liabilities	2,200	600	1,200
Short-term interest-bearing bonds	–	391	–
Other short-term non-interest-bearing liabilities	42	254	114
Total current liabilities	42	645	114
Total equity and liabilities	4,053	2,381	2,595

Notes

Note 1. Accounting principles

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

New standards from 2021

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

Note 2. Segment reporting

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

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

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

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

Information about the Group's activities and business areas are on pages 3–10, where specific key figures and information about significant events for each business area can be found. Below is a presentation of how the income statement and balance sheet are distributed in our business areas.

NOTES

Note 2. Segment reporting, cont.

1) BA = Business areas

2) Refers to unrealized changes in value.

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

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

Profit/loss July–September 2021

Amounts in SEK million	Property management	Project development	Construction management	Other BA ¹⁾	Group-wide ³⁾	Total per segment	Adjustment ⁴⁾	Total according to IFRS
Net sales	34	577	251	–	-235	627	-12	615
Operating expenses	-16	-557	-233	-2	239	-569	-20	-589
Profit/loss from shares in Group companies	–	1	–	–	–	1	–	1
Operating profit/loss	18	21	18	-2	4	59	-32	27
Net financial items	-14	-10	–	–	-38	-62	–	-62
Change in value, ²⁾ derivative instruments	–	2	–	–	–	2	–	2
Change in value, ²⁾ investment properties	37	35	–	–	–	72	–	72
Change in value, ²⁾ investment properties under construction	–	132	–	–	27	159	-89	70
Change in value, ²⁾ managed portions of tenant-owners association premises	–	–	–	–	–	–	–	–
Appropriations and tax	-9	-1	–	–	-1	-11	–	-11
Profit/loss for the period	32	179	18	-2	-8	219	-121	98
Minority share of profit/loss	-17	74	–	–	–	57	-99	-42

Profit/loss January–September 2021

Amounts in SEK million	Property management	Project development	Construction management	Other BA ¹⁾	Group-wide ³⁾	Total per segment	Adjustment ⁴⁾	Total according to IFRS
Net sales	97	2,411	827	–	-743	2,592	-1,052	1,540
Operating expenses	-45	-2,204	-764	-7	670	-2,350	859	-1,491
Profit/loss from shares in Group companies	1	-13	–	–	-3	-15	–	-15
Operating profit/loss	53	194	63	-7	-76	227	-193	34
Net financial items	-42	-30	–	–	-85	-157	–	-157
Change in value, ²⁾ derivative instruments	–	6	–	–	–	6	–	6
Change in value, ²⁾ investment properties	78	35	–	–	–	113	–	113
Change in value, ²⁾ investment properties under construction	–	132	–	–	27	159	87	246
Change in value, ²⁾ managed portions of tenant-owners association premises	–	–	–	–	–	–	–	–
Appropriations and tax	-18	-5	–	–	-3	-26	–	-26
Profit/loss for the period	71	332	63	-7	-137	322	-106	216
Minority share of profit/loss	-34	-58	–	2	–	-90	-41	-131

Note 2. Segment reporting, cont.

Balances as of 30/09/2021

Amounts in SEK million	Property manage- ment	Project development	Construc- tion mana- gement	Other BA ⁽¹⁾	Group-wide ⁽³⁾	Total per segment	Adjust- ment ⁽⁴⁾	Total according to IFRS
Non-current assets								
Intangible assets	–	–	–	17	–	17	–	17
Machinery and equipment	7	–	1	–	–	8	–	8
Investment properties	3,477	25	–	–	-1	3,501	–	3,501
Management properties under construction	–	3,792	–	–	-235	3,557	-260	3,297
Managed portions of tenant-owners association premises	50	–	–	–	–	50	–	50
Right-of-use assets	–	51	1	–	8	60	–	60
Shares according to the equity method	–	13	–	–	–	13	–	13
Other fixed assets	–	3	–	–	–	3	–	3
Deferred tax asset	–	18	3	–	1	22	–	22
Non-current assets	3,534	3,902	5	17	-227	7,231	-260	6,971
Current assets								
Development properties	–	2,727	–	–	12	2,739	–	2,739
Residential projects in progress	–	794	–	–	-18	776	-15	761
Inventory of residential and property rights	–	257	–	–	–	257	–	257
Work in progress on behalf of others	–	–	11	–	-2	9	–	9
Other receivables	85	206	355	2	175	823	–	823
Short-term investments	–	–	–	–	–	–	–	–
Cash and cash equivalents	51	725	117	–	349	1,242	–	1,242
Current assets	136	4,709	483	2	516	5,846	-15	5,831
TOTAL ASSETS	3,670	8,611	488	19	289	13,077	-275	12,802
Equity including minority interests	983	2,579	73	-4	1,500	5,131	-275	4,856
Non-current liabilities								
Long-term non interest-bearing loans	400	–	–	–	2,200	2,600	–	2,600
Long-term interest-bearing bonds	1,545	186	–	–	–	1,731	–	1,731
Other long-term loans	–	28	1	–	–	29	–	29
Derivative instruments	–	4	–	–	–	4	–	4
Leasing liabilities	–	49	1	–	8	58	–	58
Deferred tax liability	43	268	–	–	–	311	–	311
Other provisions	–	11	3	–	6	20	–	20
Non-current liabilities	1,988	546	5	–	2,214	4,753	–	4,753
Short-term interest-bearing loans from credit institutions	270	1,852	–	–	–	2,122	–	2,122
Subordinated interest-bearing debenture loans	–	308	–	7	–	315	–	315
Other current liabilities, non-interest-bearing	429	3,326	410	16	-3,425	756	–	756
Current liabilities	699	5,486	410	23	-3,425	3,193	–	3,193
TOTAL LIABILITIES AND EQUITY	3,670	8,611	488	19	289	13,077	-275	12,802

Note 2. Segment reporting, cont.

Profit/loss July–September 2020

Amounts in SEK million	Property manage- ment	Project development	Construc- tion mana- gement	Other BA ¹⁾	Group-wide ³⁾	Total per segment	Adjust- ment ⁴⁾	Total according to IFRS
Net sales	34	519	180	–	-250	483	-268	215
Operating expenses	-17	-458	-164	-2	227	-414	258	-156
Operating profit/loss	17	61	16	-2	-23	69	-10	59
Net financial items	-11	-5	–	–	-18	-34	–	-34
Change in value, ²⁾ derivative instruments	–	1	–	–	–	1	–	1
Change in value, ²⁾ investment properties	14	–	–	–	–	14	–	14
Change in value, ²⁾ investment properties under construction	–	–	–	–	8	8	–	8
Change in value, ²⁾ managed portions of tenant-owners association premises	–	–	–	–	–	–	–	–
Appropriations and tax	-4	-3	–	–	-1	-8	–	-8
Profit/loss for the period	16	54	16	-2	-34	50	-10	40
Minority share of profit/loss	-3	-10	–	1	–	-12	6	-6

Profit/loss January–September 2020

Amounts in SEK million	Property manage- ment	Project development	Construc- tion mana- gement	Other BA ¹⁾	Group-wide ³⁾	Total per segment	Adjust- ment ⁴⁾	Total according to IFRS
Net sales	75	1,858	368	–	-761	1,540	-632	908
Operating expenses	-42	-1,644	-343	-6	662	-1,373	654	-719
Operating profit/loss	33	214	25	-6	-99	167	22	189
Net financial items	-34	-18	–	–	-47	-99	–	-99
Change in value, ²⁾ derivative instruments	–	4	–	–	–	4	–	4
Change in value, ²⁾ investment properties	66	–	–	–	–	66	–	66
Change in value, ²⁾ investment properties under construction	–	–	–	–	34	34	–	34
Change in value, ²⁾ managed portions of tenant-owners association premises	–	–	–	–	–	–	–	–
Appropriations and tax	-15	-1	–	–	6	-10	–	-10
Profit/loss for the period	50	199	25	-6	-106	162	22	184
Minority share of profit/loss	-22	-37	–	2	–	-57	24	-33

Note 2. Segment reporting, cont.

Balances as of 30/09/2020

Amounts in SEK million	Property manage- ment	Project development	Construc- tion mana- gement	Other BA ¹⁾	Group-wide ³⁾	Total per segment	Adjust- ment ⁴⁾	Total according to IFRS
Non-current assets								
Intangible assets	–	–	–	14	–	14	–	14
Machinery and equipment	8	–	–	–	1	9	–	9
Investment properties	2,280	–	–	–	–	2,280	–	2,280
Investment properties under construction	–	2,968	–	–	-199	2,769	-119	2,650
Managed portions of tenant-owners association premises	50	–	–	–	–	50	–	50
Right-of-use assets	–	167	2	–	9	178	–	178
Shares according to the equity method	–	3	–	–	–	3	–	3
Deferred tax asset	–	–	–	–	4	4	–	4
Non-current assets	2,338	3,138	2	14	-185	5,307	-119	5,188
Current assets								
Development properties	–	1,852	–	–	2	1,854	–	1,854
Residential projects in progress	–	975	–	–	-79	896	-76	820
Inventory of residential and property rights	–	273	–	–	4	277	–	277
Other receivables	58	-140	354	11	244	527	–	527
Cash and cash equivalents	40	102	–	–	400	542	–	542
Current assets	98	3,062	354	11	571	4,096	-76	4,020
TOTAL ASSETS	2,436	6,200	356	25	386	9,403	-195	9,208
Equity including minority interests¹⁾	605	2,396	30	-2	895	3,924	-195	3,729
Non-current liabilities								
Long-term interest-bearing bonds	–	–	–	–	600	600	–	600
Long-term non interest-bearing loans	1,541	128	–	–	–	1,669	–	1,669
Derivative instruments	–	11	–	–	–	11	–	11
Leasing liabilities	–	165	1	–	9	175	–	175
Deferred tax liability	17	171	–	–	–	188	–	188
Other provisions	–	–	–	–	8	8	–	8
Non-current liabilities	1,558	475	1	0	617	2,651	–	2,651
Short-term interest-bearing bonds	–	–	–	–	391	391	–	391
Short-term interest-bearing loans from credit institutions	68	1,630	–	–	–	1,698	–	1,698
Subordinated interest-bearing debenture loans	12	330	–	4	–	346	–	346
Other current liabilities, non-interest-bearing	193	1,369	325	23	-1,517	393	–	393
Current liabilities	273	3,329	325	27	-1,126	2,828	–	2,828
TOTAL LIABILITIES AND EQUITY	2,436	6,200	356	25	386	9,403	-195	9,208

Note 2. Segment reporting, cont.

Profit/loss January–December 2020

Amounts in SEK million	Property manage- ment	Project development	Construc- tion mana- gement	Other BA ¹⁾	Group-wide ³⁾	Total per segment	Adjust- ment 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 from participations 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

Note 2. Segment reporting, cont.

Balances as of 31/12/2020

Amounts in SEK million	Property manage- ment	Project development	Construc- tion mana- gement	Other BA ¹⁾	Group-wide ³⁾	Total per segment	Adjust- ment 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
Investment properties under construction	–	3,262	–	–	-343	2,919	-156	2,763
Managed portions of tenant-owners association premises	50	–	–	–	–	50	–	50
Right-of-use assets	–	166	2	–	7	175	–	175
Shares according to the equity method	–	1	–	–	–	1	–	1
Deferred tax asset	–	3	–	–	4	7	–	7
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
Residential projects in progress	–	399	–	–	-78	321	-13	308
Inventory of residential and property rights	–	364	–	–	4	368	–	368
Other receivables	74	292	367	55	24	812	–	812
Cash and cash equivalents	56	74	99	3	490	722	–	722
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 interests	628	2,486	6	3	836	3,959	-169	3,790
Non-current liabilities								
Long-term non interest-bearing loans	1,546	174	–	–	1,200	2,920	–	2,920
Derivative instruments	–	9	–	–	–	9	–	9
Leasing liabilities	–	165	2	–	8	175	–	175
Deferred tax liability	20	152	–	–	–	172	–	172
Other provisions	–	–	1	–	5	6	–	6
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

Note 3. Investment properties

Investment properties include those properties that have been taken over and are run by the Property Management business area. They are valued at fair value in the income statement. In total, the Property Management business area has 1,399 (833) managed units. All residencies have been leased with agreements of 3–8 years duration and a net operating income of SEK 157 million per year, are located in the Stockholm area and primarily consist of managed properties.

Amounts in SEK million	30/09/2021	30/09/2020	31/12/2020
Opening property values	2,489	1,508	1,508
Completed properties*	899	701	896
Unrealized changes in value	113	66	80
Investments for the year	–	5	5
Outgoing accumulated property value	3,501	2,280	2,489
Closing reported fair value	3,501	2,280	2,489

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

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

All investment properties except a smaller investment property are owned by the now listed company Svenska Nyttobostäder AB (publ).

For further information about Svenska Nyttobostäder's operations, see the annual report for 2020 and interim report for Q3 2021 on the website (www.nyttobostader.se).

Note 4. Investment properties under construction

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

Amounts in SEK million	30/09/2021	30/09/2020	31/12/2020
Opening property values	2,763	1,602	1,602
Additional contracts with Property Management*	–	1,400	1,400
Production costs incurred	1,264	301	592
Unrealized changes in value in production	246	34	51
Properties completed during the period	-899	-701	-896
Properties disposed of	-77	–	–
Reclassifications	–	14	14
Outgoing accumulated property value	3,297	2,650	2,763
Closing reported fair value	3,297	2,650	2,763

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

More information relating to the Project Development business area can be found in ALM Equity's 2020 Annual Report on pages 18–25 and about appraisal models and management properties under construction in Note 1 and Note 21 on pages 77–78 and 90 respectively.

Note 5. Financial instruments – fair value

Amounts in SEK million	Reported value			Fair value		
	30/09/2021	30/09/2020	31/12/2020	30/09/2021	30/09/2020	31/12/2020
Interest rate derivatives	4	11	9	4	11	9
Bonds	2,600	991	1,200	2,600	991	1,200
	2,604	1,002	1,209	2,604	1,002	1,209

The valuation hierarchy

The levels of the valuation hierarchy are defined as follows:

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

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

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

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

Interest rate derivatives

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

Bonds

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

Note 6. Pledged assets & contingent liabilities

Pledged assets	Group			Parent Company		
	30/09/2021	30/09/2020	31/12/2020	30/09/2021	30/09/2020	31/12/2020
Property mortgages*	4,640	3,003	3,050	–	–	–
Shares in tenant-owners associations**	470	256	640	–	–	–
	5,110	3,259	3,690	–	–	–

* Of which utilized property mortgages amounted to SEK 3,421 million (3,003) as of 30 September 2021.

** Of which loans for this type of issued collateral amount to SEK 320 million (256).

Contingent liabilities	Group			Parent Company		
	30/09/2021	30/09/2020	31/12/2020	30/09/2021	30/09/2020	31/12/2020
Guarantees for Group companies*	276	–	–	1,920	1,385	1,540
Deferred considerations in projects**	–	231	203	–	–	–
Acquisition cost of land development agreement***	1,026	–	87	–	–	–
	1,302	231	290	1,920	1,385	1,540

* The parent company's commitments include guarantees of SEK 340 million for financing relating to the acquisition of investment properties under the listed subsidiary Svenska Nyttobostäder AB (Publ). The Group's contingent liabilities of SEK 276 million relate to the new subsidiary Järntorget Byggintressenter's guarantees to its subsidiaries.

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

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

Note 7. Business acquisitions

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

Background

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

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

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

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

Fair value determined at acquisition Amounts in SEK million

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

Financing

The purchase price of SEK 1.7 billion has been financed via a combination of capital market instruments where SEK 1 billion has been financed via the bond market, around SEK 0.4 billion has been financed via directed issues of preference shares and ordinary shares of around SEK 0.3 billion to the previous owners of Järntorget 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 increase the pace of their operations. The basis for the acquisition is the building rights portfolio, which matches ALM's in location and flexibility for developing towards both the property management and private markets. With this comes the entire Järntorget Group with personnel, systems and processes which are intended to be integrated into each business area.

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

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

Management's assessment of consolidation

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

KPIs and Concepts

DEFINITIONS

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

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

KPIS AND CONCEPTS

Operating margin

Operating profit as a percentage of net sales.

Earnings per ordinary share

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

Earnings per preference share

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

Return on equity

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

Equity per ordinary share

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

Equity per preference shares

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

Equity/assets ratio

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

Leverage

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

Units

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

ALM Equity's share

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

Share of assets value

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

Net operating income

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

Order backlog

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

Order intake

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

Net asset value per ordinary share

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

Shareholder information

REVIEW

This report has not been reviewed by the Company's auditors.
Stockholm, 25 November 2021
ALM Equity AB (publ)
Board of Directors

For more information

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ABOUT ALM EQUITY

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

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

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REPORTING DATES

- 25 February 2022 – Year End Report January – December

PUBLICATION

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

The information herein was provided, through the agency of the above-mentioned contact person, for publication at 8.00 a.m. on 25 November 2021.

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