

ANNUAL REPORT

2019



JM AB

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● JM offices



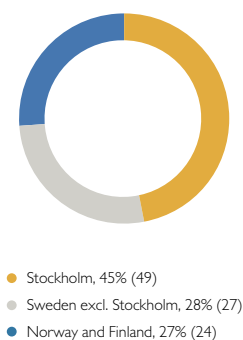
JM is one of the leading developers of housing and residential areas in the Nordic region

Operations focus on new production of homes in attractive locations, with the main focus on expanding metropolitan areas and university cities in Sweden, Norway and Finland.

JM should promote long-term sustainability work in all its operations.

Annual sales total approximately SEK 16 billion, and the company has around 2,600 employees. JM AB is a public limited company listed on Nasdaq Stockholm, Large Cap segment.

GEOGRAPHIC DISTRIBUTION OF REVENUE, %



Figures from 2018 are in parentheses

This Annual Report is a translation of the original text in Swedish, which is the official version.



We are convinced that society will progress where people are happy and feel good. Continuing to develop sustainable life environments is what we do.

Just like in all our projects, it all begins with a piece of land that we have developed. Not for our sake. But for the people who will live and work there. Because we know that how we live affects our quality of life.

We are laying the foundation for a better life.
It is what we did yesterday, it is what we are doing today, and it is what we will do tomorrow.

Strong sales and high level of production starts

Revenue decreased to SEK 15,692m (16,161), and revenue excluding JM Construction, Business area Construction (under closure), amounted to SEK 15,438m (15,391)

Operating profit increased to SEK 2,008m¹⁾ (1,886). The operating margin increased to 12.8 percent (11.7). Operating profit excluding JM Construction, Business area Construction, increased to SEK 2,243m (2,062) and the operating margin to 14.5 percent (13.4)

Gains from the sale of two completed rental unit properties of SEK 170m are included in the operating profit

Profit before tax increased to SEK 1,928m (1,817). Profit after tax increased to SEK 1,570m (1,438)

Return on equity for the past twelve months amounted to 22.2 percent (22.2). Earnings per share during the year increased to SEK 22.50 (20.60)

Consolidated cash flow including net investment in properties was SEK 1,291m (–473)

The number of residential units sold increased to 3,595 (2,463) of which 376 residential units refer to the sale of rental units within JM Property Development. Housing starts increased to 3,269 (3,135), of which 143 residential units refer to rental units within JM Property Development

Surplus value of development properties was SEK 6.7bn (7.0)

The Board of Directors proposes SEK 12.50 (12.00) in dividend for 2019.

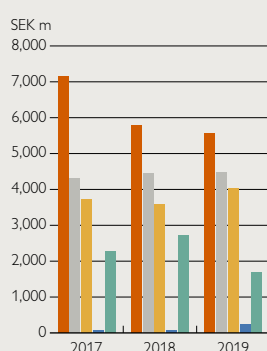
¹⁾ Profit includes the one-off cost for the discontinuation of the housing operations (Business area Construction) in the subsidiary JM Entreprenad AB of SEK –180m reported during the first quarter.

Unless otherwise specified, the amounts and comments on pages 23, 59–72 are based on JM's segment reporting.

For an overview of the difference between segment reporting and IFRS, see Segment reporting on page 87.

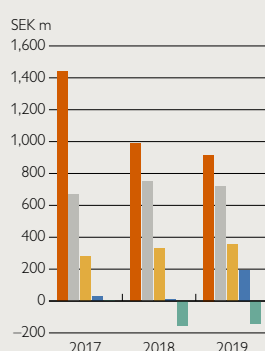
For definitions, see pages 69–72.

REVENUE BY BUSINESS SEGMENT



■ JM Residential Stockholm
 ■ JM Residential Sweden
 ■ JM International
 ■ JM Construction
 ■ JM Property Development

OPERATING PROFIT BY BUSINESS SEGMENT



ACCORDING TO SEGMENT REPORTING

SEK m	2019	2018	2017
Revenue	15,692	16,161	17,008
Operating profit	2,008	1,886	2,369
Operating margin, %	12.8	11.7	13.9
Profit before tax	1,928	1,817	2,579
Cash flow from operating activities	1,291	–473	2,013
Return on equity, %	22.2	22.2	38.7
Equity/assets ratio, %	42	41	40
Earnings per share, SEK	22.50	20.60	31.00
Number of residential units sold	3,595	2,463	3,100
Number of housing starts	3,269	3,135	3,873
Number of residential units in current production	7,813	7,835	8,200
Revenue according to IFRS	15,605	15,680	17,275
Operating profit according to IFRS	1,982	1,876	2,456
Earnings per share according to IFRS, SEK	21.90	20.40	31.90

JM has changed the future for 75 years

In 2019, JM's housing business in all markets progressed positively, with strong sales and a high number of housing starts.

HISTORY IS MADE IN OUR HOMES, SINCE 1945

JM celebrates its 75th anniversary in 2020. We create homes and environments where our customers will be happy for many years. The houses we build today will be standing for a long time. From this perspective, one year is a short period of time, particularly when long-term development of the business and the organization must progress while simultaneously reacting to fluctuations on the market.

JM has successfully navigated the market in 2019, which was initially cautious and then gradually stabilized, and is reporting strong sales and high housing starts. Our market is at times influenced by political uncertainty and some unpredictability, for example in the form of drawn-out local planning processes. Given this background, I am pleased that we have not only broadened our business geographically during the year but also broadened our forms of tenure with more freehold apartments and an increased focus on rental units.

I am particularly pleased that we have taken several important steps in our development toward more sustainable, customer-focused, digital and profitable project development of residential units and residential areas at the same time as we have had a high activity level in our sales and production. Our investments in intelligent homes and environmentally certified homes are two examples of this, as are strong preventive work environment efforts and the start of JM's Customer School. JM's offer and operations are developing as customers' needs, demand and purchasing habits are becoming increasingly digitalized. In addition to more digitalized residential and management services, we now offer customers the possibility of reserving, paying and making their interior design choices online. In 2019, we also launched a new website that is optimized based on traffic, search and navigation behavior. Today, more than every second JM home in Sweden is reserved online.

In 2019, residents moved in to JM's first Swan Ecolabel projects, the single-family homes in Gustavslund in Helsingborg. An additional 50 environmentally certified JM projects are in development in Sweden, as well as 24 in Norway and 7 in Finland. All JM residential units that entered the planning stage as of 2018 will be certified in accordance with Swan Ecolabel. The climate is one of the most important challenges facing humankind. Certifying our homes in accordance with Swan Ecolabel is one way to help.

SALES AND HOUSING STARTS

The development in the housing business in Sweden, Norway and Finland was positive during the year. The supply of newly produced residential units on the market contracted in 2019 in both Stockholm and the rest of Sweden.

The housing market in Stockholm has been affected by the stricter amortization requirements and the cautious approach by the banks in their lending to home buyers. We are, however, also continuing to see an improvement in demand for JM's residential units from customers in Stockholm. There is very strong demand in particular for the freehold apartments we have in current production, and I am pleased that during the fourth quarter we started production on two more freehold apartment projects in Stockholm. JM now has five projects with just over 450 freehold apartments in current production in Sweden. We also both sold and started production on several rental properties during the year.

The gradual improvement in the market has improved reservations and sales in Stockholm, where profitability continues to be good in the current production volume.

The housing business in the rest of Sweden is showing good profitability in a market that continues to be stable with good sales and a high number of housing starts.

In Finland, we started the first 'Smarta Kvadrat' project, which is JM's concept for functional and affordable housing that is space-efficient without sacrificing quality.

JM sold a total of 3,595 residential units in 2019, which is 46 percent more than in the previous year. During the year we started production on 3,269 residential units, which were more or less evenly distributed between Stockholm, the rest of Sweden, and International. At the end of the year, we had just over 7,800 residential units in current production, of which around one-half were in Stockholm and one-quarter were in the rest of Sweden and International, respectively.

We acquire land at approximately the same pace that we transfer land to production. In Stockholm, the supply of well-situated properties for residential development is considered to be large and presents us, given the right price, with good acquisition opportunities.

JM has 35,900 available building rights, of which around 40 percent are in Stockholm and the rest are relatively evenly distributed between the rest of Sweden, Norway and Finland.

INTELLIGENT HOMES

JM's new initiative, Intelligent Homes, offers smart functions in the home to make it easier for our customers to not only perform everyday routines but also live a sustainable life. In JM's intelligent homes and properties, it is possible, for example, to turn out all the lights in the apartment with a single push of a button. There are also safety features, such as connected fire alarms and an automatic turn-off function for the water if the dishwasher begins to leak.

“The climate is one of the most important challenges facing humankind. Certifying our homes in accordance with Swan Ecolabel is one way to help.”

JM's initiative is not only safe and convenient for the residents of a JM home, but also intelligent in the sense of being sustainable since we ensure energy efficiency and the carbon footprint in both the construction and the operation.

CONCRETE SUSTAINABILITY WORK

For JM, sustainability is not an abstract concept. We know that future generations will be affected by the choices we make today. Therefore, we have integrated the UN's global targets for sustainable development into our operations, and JM's sustainability targets for 2030 are in line with the UN's Agenda 2030 and its 17 Sustainable Development Goals. In 2030, our climate-affecting emissions should be close to zero. JM's sustainability targets will ensure the long-term focus of this work. Our operational targets and the results are presented in more detail on page 39.

All JM residential units that entered the planning phase as of 2018 will be certified in accordance with the Nordic Swan Ecolabel. For customers, a Swan Ecolabel house offers advantages such as low energy consumption and a healthy indoor environment. A Swan Ecolabel house might also qualify for a lower mortgage rate from mortgage institutions that offer green financing.

In 2019, JM tightened its climate requirements on transports and construction machinery, and tests of climate-reduced factory cement and prefabricated cement have continued. During the year we also developed the work on the management of climate-related risks and opportunities in our residential development projects. This work is presented in more detail on pages 34–35.

DIVERSITY AND EQUALITY

It has been proven that more equal work groups perform better, have a positive impact on absence due to illness, and contribute to fewer workplace accidents and a stronger safety culture. The goal is for 20 percent of JM's skilled workers to be female in 2030.

We are accepting applications for the third consecutive year for our successful apprenticeship program for skilled female workers, which in 2019 had a record number of applicants. This initiative has increased the percentage of female wage-earners in JM from 1.8 to 5.2 percent in only two years.

CHALLENGING EMPLOYEESHIP

JM should offer a workplace where employees enjoy their work, are challenged, and can develop. Our success is dependent on knowledgeable and committed employees, who by joining forces ensure that we gradually become better at what we do at JM.



In 2019, we increased the number of online training courses to around 100, which is on par with our classroom courses.

STRONG FINANCIAL POSITION

Good profitability helped us reach our financial targets. The operating margin increased to 12.8 percent (target 10 percent), and the equity/assets ratio increased to 42 percent (target 35 percent over a business cycle).

JM continues to have a strong balance sheet, and during the year we distributed SEK 835m to shareholders as the regular dividend for 2018.

GOOD CONDITIONS MOVING FORWARD

The combination of population growth in our main markets and the expectation of continued low interest rates supports the continued high demand for housing. Customers are demonstrating strong demand for the freehold apartments we have offered on the Swedish market for the past few years, and the combination of freehold apartments and rental units allows us to be flexible in our project development of residential units and residential areas going forward.

JM has a strong balance sheet, and the good development in our business allows the Board to propose an increased dividend to our shareholders for 2019.

Stockholm, February 2020

Johan Skoglund
President and CEO



Kvarnholmen in Nacka

At Kvarnholmen in Nacka, a unique residential area is emerging in a historical industrial environment at the entrance to Stockholm's harbor. JM's five buildings at Kajplats Kvarnholmen, with a total of 223 residential units, have an impressive view of Stockholm's skyline. High on Kvarnholmen's sunny side, we are building Sillkajens Platå, a block of four buildings with 97 residential units in the Sillkajen area, which when completed will include around 450 residential units.



Täby Park

Täby Park, a completely new district that focuses on a sustainable life in an urban environment, is being built on the old racing field in Täby, north of Stockholm. First out is JM's block Nor, with 132 residential units, which is being built next to the planned city park and walking distance to the train station. The next block, Rytstugan, will consist of 167 apartments, and in the first phase we will offer 31 centrally located and childfriendly residential units.

JM as an investment

The ambition is to give shareholders over time a higher total return than other companies with a similar risk profile and business activities.

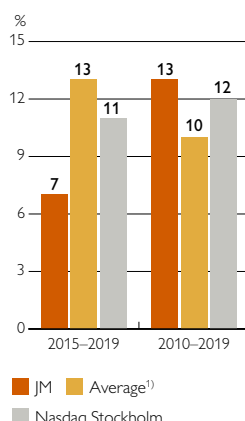
JM develops residential units and sustainable living environments in large growth areas in Sweden, Norway and Finland. The ambition is to give JM's shareholders over time a higher total return than other companies with a similar risk profile and business activities. The shareholders in JM are to be given the opportunity to receive good, long-term total return from well-balanced growth in the business in terms of risk, with optimal utilization of

risk capital over the business cycle and increasing value transfers to shareholders with a focus on earnings per share and dividends per share. This is achieved through high operational capacity, good risk control, financial strength and an attractive building rights portfolio that has great value potential and is continuously refined and updated.

GOOD LONG-TERM TOTAL RETURN

Over the past five years, JM has had an average total return of 7 percent. The share is volatile, but it has created good total return in the long run. Over the past ten years, the total return has been 13 percent, compared to 10 percent for the average for comparable companies.

THE SHARE'S AVERAGE TOTAL RETURN



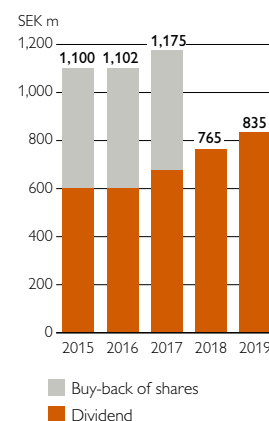
¹⁾ Besqab*, Bonava*, NCC, PEAB, Selvaag*, Skanska, Veidekke, YIT

* not 2010–2019

INCREASING DIVIDEND OVER LONG PERIOD OF TIME

JM's dividend has increased over a long period of time combined with multiple capital distributions over the years. Value transfers to the shareholders amounted over the past ten years to SEK 8.6bn, of which SEK 5.7bn through dividends and SEK 2.9bn through acquisition of treasury shares (buy-back).

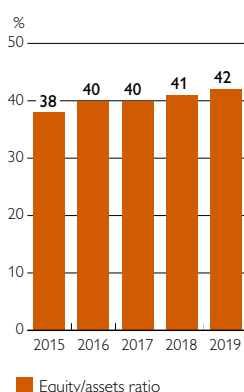
DISTRIBUTION TO SHAREHOLDERS



STRONG BALANCE SHEET

JM has a strong financial position with an equity/assets ratio of 38–42 percent (excluding surplus values) over the past five years. A strong equity/assets ratio is a prerequisite for stable and cost-effective financing of ongoing housing production. At the same time, the risk capital including the surplus values should be optimized over the economic cycle.

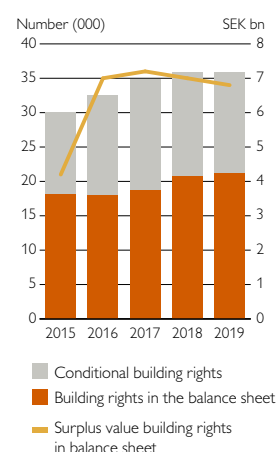
EQUITY/ASSETS RATIO



BUILDING RIGHTS PORTFOLIO WITH GREATER VALUE POTENTIAL

JM has 35,900 building rights for future project development, of which 21,100 are reported in the balance sheet. The surplus value compared to the carrying amount of the building rights in the balance sheet amounts to SEK 6.7bn based on external assessment. The surplus value is part of JM's risk capital and indicates future profit potential.

BUILDING RIGHTS



FOCUSING ON THE

Customer

JM resides close to the customer.

We aim to understand how driving forces such as urbanization and demographics influence customers, and which requirements and needs are important to both current and future customers.



External factors affect the customer's needs and wishes

JM should be the customer's first choice when buying a new home. We focus on the customer's needs and have good customer insight. This gives JM one of its most important competitive advantages.

TRENDS THAT INFLUENCE DEMAND

To be a leading housing developer, we must understand and predict how people will live and work. The most important societal changes are driven by globalization, digitalization, urbanization, an aging population and an expressed environmental and sustainability focus.

Globalization is contributing to the increased competition for where people will live, work and invest

Throughout the world, the distance between countries is shrinking through economic and technological networks, where trade is the key to continued strong growth. Our welfare increases with globalization and generates greater demand for qualified labor primarily in the Nordic region within research, innovations and development. The possibility of exporting highly technical goods and services will be the backbone of economic development in the future.

All of this affects where investments are made and how the flows in the labor and housing markets will develop in the future. Improved economic welfare and the creation of more highly qualified jobs increases demand for residential units in central locations.

People are seeking freedom of choice and diversity

In environments that foster interaction between and contact with other people, society and business will grow. The downtown areas are becoming more densely populated, which places greater demands on investments in, for example, housing, infrastructure and local services. For housing developers, this means that we can use the land in a different way by, for example, building more high-rise buildings and offering more space-efficient residential units. Another thing to consider is that as the city becomes more populated, people will experience a greater need for quiet oases, preferably featuring nature and park-like environments. We are also noting that metropolitan areas and commuting distances are growing, which makes new residential areas attractive.

Demographic changes, an aging population and a large generation of young people that need somewhere to live

Even though many people are working later in life, the number of able-bodied persons is relatively constant since it takes a long time for many new arrivals to establish themselves in the labor market. A larger share of the hours worked, however, will be carried out by highly educated labor since both demand for and the supply of this kind of staff are increasing. The situation for groups who are new on the housing market continues to be challenging.

Another trend is the change in life phases, where traditional major life events occur increasingly later in life, e.g. marriage, children, and the purchase of the first home.

Sustainability from a broader perspective permeates urban planning, products and people

A few years ago, sustainability primarily meant the environment and included everything from traceability, built-in chemicals and waste. Today, this term has been expanded to include many more components that benefit the climate, social interaction, and economic growth.

The ecological perspective for the housing development industry focuses primarily on using energy- and climate-efficient building methods, making sound material choices and protecting our natural resources in the long run. From a social perspective, the focus is on diversity efforts and the creation of a society with high levels of tolerance where equality is a central tenet. This requires that people trust one another and that they take an active role in society's development. Finally, economic sustainability is about meeting the needs of people today without threatening the opportunities of future generations.

Digitalization changes society fundamentally

A visible effect of digitalization is that we are constantly connected, and a digital transformation is occurring at an underlying level on everything from the labor market to health care, housing and education. This leads to not only gains from streamlining and improved quality in various industries, but also revolutionary changes on the labor market. Many jobs within the service sector will be automated, and firms will need to adapt to the new digital landscape by working more with skills development.

Robots are also taking an increasingly natural place in society and are coming closer to people in everyday activities. In the future, we will see trained and tailored AI robots help with the practicalities of everyday life in the home.

The home is becoming an increasingly important place for recovery and harmony in a society with rising stress

In a constantly connected society, the home becomes increasingly important for recovery. Several surveys show that a greater percentage of people want less pressure in their life, and a new favorite past time is to do absolutely nothing.

The home should offer harmony and simplicity but at the same time be transformable into spaces that promote social interaction. There is also a growing desire for a genuine sense of community, where more and more are rejecting the single life-style for greater companionship.

GOOD INSIGHTS LEAD TO THE BEST CONDITIONS

JM uses a model for its ongoing development work that covers the entire year. The model includes business intelligence, a dialogue with employees and strategic suppliers, and customer and market surveys.

Trends

The need for simplicity and harmony in the housing environment is clearly evident, and we are therefore focusing on creating well-planned designs in the residential unit as well as the common spaces outside. By focusing on flexibility, smart storage, open social spaces, calming rooms and spaces for recovery, we have the industry's best homes – according to our customers. The annual industry customer satisfaction survey measures the category housing, which includes housing standard, housing planning, craftsmanship and storage spaces. Just like last year, JM in Sweden received again this year the highest customer rating of all housing developers in the housing category (source: Prognoscentret). When it comes to housing and the local community, JM plays an

important role as a long-term and established player. JM has been in business since 1945 when John Mattson, a master builder, founded the company. Since then, JM has taken on an increasingly greater role as it transitioned from home builder to project developer of sustainable communities. Our high demands and genuine commitment permeate throughout the entire company and guide us in our work today and in the future.

Customer insight

Experience shows that a person's life situation is the primary factor governing the choice and design of his or her home. As a means of ascertaining housing needs, we continuously conduct various customer surveys using focus groups, at-home interviews and web panels, for example.

JM also strives to be more open and sensitive to the needs of customers when they purchase their home. Customers are given the opportunity to take part in the project at the earliest stage possible. There are a number of areas where they can be active and have an impact; for example, proposing the design of the home, desirable services in the neighborhood, or alternative ways to use common areas.

IMPORTANT MARKET CONDITIONS FOR JM

- Increasingly knowledgeable and proactive customers
- Increased focus on sustainable residential units and residential areas
- Need for more flexible and adaptable residential units
- Stricter lending terms for mortgages.

JM is one of the Nordic region's leading developers of housing

Operations primarily focus on new production of homes, with the main focus on expanding metropolitan areas and university towns in Sweden, Norway and Finland.

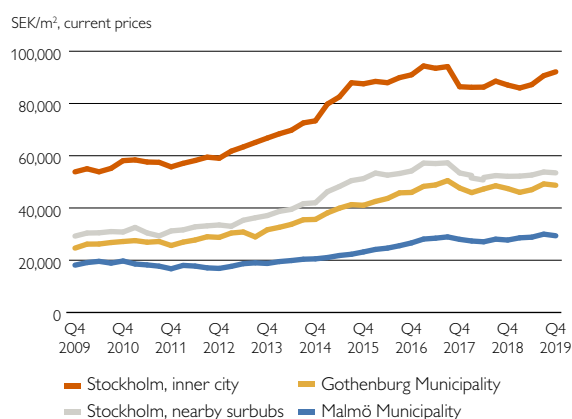
In all, JM started production on 3,269 residential units in 2019, compared with 3,135 residential units the previous year. Sweden had 2,227 housing starts; 92 percent were units in apartment buildings (1,589 tenant-owned apartments and 143 rental units) and 8 percent were single-family homes. Norway had a total of 614 housing starts; 93 percent were apartments and 7 percent were single-family homes. In Finland, production was started on 428 apartments.

SWEDEN

Growth in Sweden slowed clearly in 2019 since GDP grew by just over 1 percent compared to in 2018 when GDP increased by 2.4 percent. The weak growth is also visible on the labor market, which weakened during the year. Low employment growth combined with an increasing labor supply means greater unemployment, which in November was 7.0 percent. The repo rate was -0.25 percent during the year, but in December the Riksbank raised it to 0.00 percent.

Housing investments were at their peak in Q3 2017, and as the new production of homes has decreased since then, housing investments have also slowed. Housing prices increased in 2019 but have not yet returned to the peak levels of 2017.

PRICES OF TENANT-OWNED APARTMENTS IN SWEDEN'S METROPOLITAN AREAS OVER THE PAST 10 YEARS



Source: Mäklarstatistik. Compiled by WSP Advisory.

JM is considered to have a market-leading position in Sweden. The largest markets are the large metropolitan areas of Stockholm, Uppsala, Malmö/Lund, and Gothenburg.

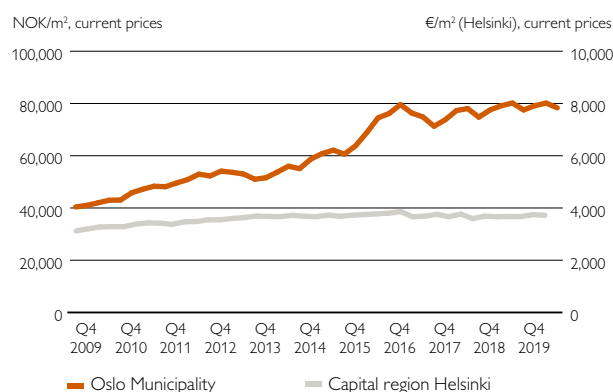
Stockholm

The Stockholm region also showed clear signs of a weakening economy. The growth in wages has fallen over the past two years, and the weakest growth was in the service sector, where annual growth is now approaching zero. Employment growth slowed, and this was most evident in the private sector.

Population growth was strong even if the trend has been decreasing since the beginning of 2017. The reason for the slower growth is a sharp decrease in domestic net immigration. Net immigration is now even negative, which means that more people are moving away from the Stockholm region than moving to the region.

After the prices on the housing market fell in 2017, prices for tenant-owned apartments in downtown Stockholm and immediate suburbs basically stood still in 2018. In 2019, housing prices once again began to rise and increased by around 5 percent both downtown and in the immediate suburbs.

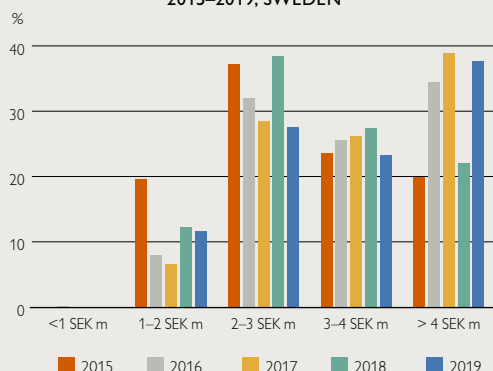
APARTMENT PRICES IN OSLO AND HELSINKI OVER THE PAST 10 YEARS



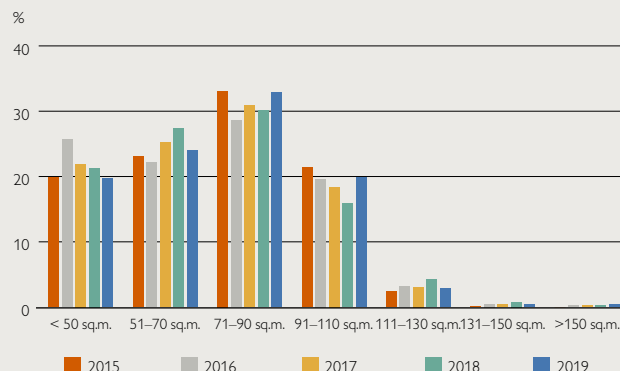
Outcome for Capital Region Helsinki is up through Q3 2019 since the outcome for Q4 2019 was not available when this annual report was sent for printing.

Source: The statistics bureau of each country. Compiled by WSP Advisory.

PERCENTAGE OF JM's TENANT-OWNED APARTMENTS AVAILABLE FOR SALE IN DIFFERENT PRICE INTERVALS 2015–2019, SWEDEN



PERCENTAGE OF JM's TENANT-OWNED APARTMENTS AVAILABLE FOR SALE IN DIFFERENT SIZE INTERVALS 2015–2019, SWEDEN



Housing construction in Stockholm fell sharply in 2018. In 2019, construction levels are considered to have stabilized somewhat. During the first three quarters, production started on around 4,200 new residential units in Stockholm and the immediate suburbs, which is approximately 15 percent more than the corresponding period in 2018. The number of completed residential units is in line with the previous year, approximately 5,000 during the first three quarters of 2019.

JM leads the market in new production of tenant-owned apartments in Greater Stockholm. Some of JM's larger projects include Liljeholmskajen and Älvsjöstad in Stockholm, Kvarnholmen in Nacka, Söderdalen in Järfälla, Dalénium on Lidingö and Täby Park in Täby.

Gothenburg

The slow-down that started in 2018 continued in 2019. Despite this, the region was also in 2019 the strongest growing metropolitan region, with good growth in wages. The labor market has also been stronger in 2019 than in the other metropolitan regions, and the number of employed continued to increase. The population continues to increase rapidly, but just like in the Stockholm region, domestic net immigration is decreasing. However, net immigration is still positive in the Gothenburg region.

The negative trend on the housing market was reversed at the end of 2017 in Gothenburg, like in Stockholm, and prices of tenant-owned apartments basically stayed the same in 2018. In 2019, prices slowly began to increase in the center of Gothenburg, and the increase reached almost 3 percent during the year. The prices in the immediate suburbs, however, remain unchanged. Housing construction continued to be high in the Greater Gothenburg region in 2019. During the first three quarters, production began on approximately 5,700 residential units, which is as many as during the same period the previous year.

Malmö/Lund

The slow-down in the Malmö region in 2019 was not as evident as in the other metropolitan regions. The annual rate of growth was stronger than in Stockholm, but weaker than in Gothenburg. The labor market is demonstrating clear signs of weakness, with employment decreasing marginally in 2019.

The rate of population growth in the Malmö region has been declining since the end of 2017, but this growth rate is still historically high. The reason for the slow-down was decreasing net immigration, both domestic and foreign.

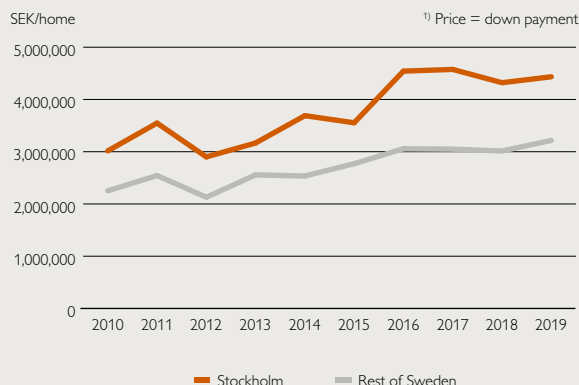
The fall in prices on the housing market in 2017 ended at the end of 2017, like in the other metropolitan regions. In 2019, prices increased in central Malmö by around 4 percent and in Lund by around 3 percent. In the Greater Malmö region, production began on 3,000 residential units during the first three quarters of 2019, compared to 5,000 during the same period in 2018. This is primarily due to a sharp reduction in the construction of rental units.

Uppsala, Linköping, Västerås and Örebro

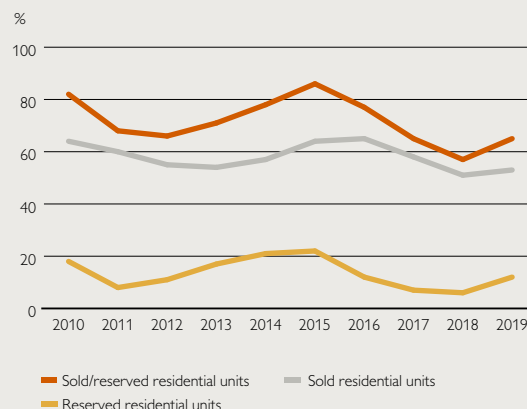
The economy in the Uppsala region is showing a slightly different trend than in the other metropolitan areas. Economic growth continued to be strong in 2019, and the labor market is to date resisting the downturn evident in the rest of the country.

Population is increasing very rapidly in the Uppsala region. Growth has been steady at 2 percent since the end of 2016. Compared to other metropolitan areas, the population increase is due to high domestic net immigration.

The fall in prices of tenant-owned apartments in Uppsala stopped first at the end of 2018, and prices basically stood still in 2019. Prices also did not change in Linköping in 2019, and in Västerås and Örebro prices increased slightly by around 1–2 percent.

AVERAGE PRICE ¹⁾ JM's AVAILABLE-FOR-SALE RESIDENTIAL UNITS, SWEDEN

PERCENTAGE OF JM's SOLD AND RESERVED RESIDENTIAL UNITS IN CURRENT PRODUCTION, GROUP



NORWAY

Norwegian GDP growth went against the trend and increased in 2019, largely due to higher oil investments. Employment also experienced favorable development during the year. Norges Bank raised the key rate three times in 2019, and the key rate is now at 1.50 percent.

Housing prices continued to hold steady in 2019, and housing construction turned slightly downward. The number of residential units started in Oslo is slightly lower in 2019 than it was in 2018.

JM's largest markets are Oslo, Tønsberg and its surroundings and Bergen.

FINLAND

Finland's growth slowed in 2019, and the GDP increased by only around 1 percent. The growth of employment also slowed, but the number of employed still continued to increase, which has resulted in lower unemployment.

Housing prices continued as before to move slightly upward. Between January and October 2019, production began on 34,000 residential units in Finland, which is around 15 percent less than in the corresponding period in 2018, which indicates that construction reached its peak in 2018.

JM's operations are located in the capital region.

MAJOR COMPETITORS, PRIVATE HOUSING MARKET

Country	Major competitors
Sweden	Peab, Skanska, HSB and Bonava
Norway	OBOS, Selvaag Bolig, Skanska, Bonava and Veidekke
Finland ¹⁾	YIT, Bonava, Skanska and SRV

¹⁾ Capital region

RESIDENTIAL CONSTRUCTION – NUMBER OF HOUSING STARTS

Country	2019	2018	2017
Sweden	44,900	52,900	63,200
Norway	32,600	31,500	35,300
Finland	39,300	45,300	44,800

Source: The statistics agency in each country, compiled by WSP Advisory. Figures for 2019 are preliminary and will be finalized during spring of 2020.

JM's SOLD RESIDENTIAL UNITS

Country	2019	2018	2017
Sweden	2,580	1,768	2,454
Norway	582	525	472
Finland	433	165	172
Belgium	–	5	2
Total	3,595	2,463	3,100

JM's HOUSING STARTS

Country	2019	2018	2017
Sweden	2,227	2,220	2,991
Norway	614	634	621
Finland	422	281	261
Total	3,269	3,135	3,873

JM's RESIDENTIAL UNITS IN CURRENT PRODUCTION

	12/31/2019	12/31/2018
Number of residential units in current production ^{1) 2)}	7,813	7,835
Percentage of sold residential units in current production, % ³⁾	53	51
Reserved residential units in current production, %	12	6
Sold/reserved residential units in current production, %	65	57
¹⁾ Of which rental units and residential care units in current production in JM Property Development – not included in the percentage of sold and reserved residential units in current production	600	593
²⁾ Includes residential units in projects where costs incurred are only reported as project properties under construction	457	593

²⁾ Beginning with production start-up through final occupancy according to plan.

³⁾ Percentage of sold residential units expressed as binding contract with the end customer.

OUR KNOWLEDGE AND
NEW CONSTRUCTION

Advantages

Buying a home from JM has many advantages.

Our residential units are adapted to how people live today, and JM takes responsibility for social, ethical and environmental sustainability. All our residential units that entered into the pre-construction phase as of 2018 are certified in accordance with the Swan Ecolabel.



All JM residential units meet Swan Ecolabel requirements

JM is contributing to the development toward a sustainable society. Swan Ecolabel certification places demands on environmental certification for documentation of materials used in construction.

All our residential units planned as of 2018 will be certified in accordance with the Swan Ecolabel. A Swan Ecolabel building must meet demanding environmental requirements. JM is the first Nordic construction company to certify all of its residential units in accordance with the Swan Ecolabel.

When the building is completed, JM must be able to prove that the Swan Ecolabel's demanding requirements on energy, indoor environment and material are met, and that we have conducted the required controls and have the required documentation.

For customers, a Swan Ecolabel home has several advantages, such as low energy consumption, a healthy indoor environment, and products made with wood from sustainable forestry. A Swan Ecolabel home also comes with the possibility of a lower mortgage rate from loan providers that offer green mortgages.

To purchase a home is to plan for the future. We would like to create the best conditions for the environment and an improved quality of life for the residents of our buildings. This is embedded in our DNA. Sustainability is not something new for JM.

If we are to be able to meet the extensive challenges facing not only us but society as a whole, it will not be enough to use what is already available. By setting the bar high, JM and all of its employees must think outside the box. We must find new paths and new ways to think and react. Demanding targets help us do this. Read more about our sustainability targets on page 39.

“At JM, we have worked with environmental and sustainability issues for a long time in a wide range of areas, such as sustainable supply chains, equality, work environment, healthy material and resource efficiency. Swan Ecolabel is a way for us to package several of the most important environmental aspects and gives our customers a product with documented high environmental performance.”

JÖRGEN ÅGREN, ENVIRONMENTAL MANAGER



Swan Ecolabel pioneers in Skåne

In September 2019, the first families moved into the first fully completed Swan Ecolabel project at JM: Gustavslund outside of Helsingborg, Sweden.

In a two-story detached home of 138 sqm at the end of the street live Fitore Sallova, 32, Fevzi Hasani, 38, and their three children, Laura, Ronela, and Elliot.

“When we started to research what JM was going to build here and we submitted our expression of interest, we honestly did not know that it was a Swan Ecolabel house. So that was not the clincher for us, even if it was naturally a benefit,” says Fitore.

The red house in Gustavslund 1, which consists of 27 houses, is the family's third home in this neighborhood east of Helsingborg.

“What really sold us was the layout and that the houses were unusually attractive. The environmental aspect is mainly a welcome bonus.”

Things like solid building materials, recycling and economical flushing are details that the family barely thinks about any more; they have become a natural part of their day.

“The children talk a lot about the environment at school, and it is easy and pedagogical, for example, to show how recycling works and what it is good for,” says Fitore.

“People are talking about the environment all the time, that we all have to help. Our little family can't save the world on its own, but the least we can do is choose to live in an environmentally certified home,” says Fevzi.



Product development and innovative thinking

This primarily focuses on what we can do for our customers, but also how we can improve our operations internally.

Trends and the knowledge shared by suppliers, employees and customers are processed and summarized into different proposals for prioritized development areas. A development area might be a product improvement project or a sales theme for market communication.

Some of the development projects are:

Kitchen: We are placing higher demands on our kitchens, where we are spending an increasing amount of time. We do homework, spend time together and cook there. This puts demands on modern technological solutions and space efficiency.

Bathroom: One of the more important rooms in the home that perhaps should be considered "Your own room".

Storage: A constant high-priority area for most people. There never seems to be enough storage space. JM is working to create even smarter and better planned storage space.

Urban development: JM takes a comprehensive approach to how we think and what we do to create attractive and sustainable city districts and residential areas that are a natural part of the constantly growing large metropolitan areas.

Service development: Our customers show greater interest in housing-related services and digital solutions. In order to meet the need, we develop these types of services in JM@home.

Intelligent homes: Technological development is progressing rapidly when it comes to smart homes. Companies such as Apple, Google, and Samsung are investing heavily in the area, and JM is evaluating customer benefit and the technology in several test projects.

INTELLIGENT HOMES AND PROPERTIES

Our intelligent homes present new solutions to old problems. For example, turning off the lights in the apartment with the push of a single button or ensuring that the water is turned off automatically if the dishwasher in the kitchen starts to leak.

Intelligent homes and properties create new functions that make life easier and new technology that raises the quality of life. This is sustainable, secure and comfortable. All of this gives our customers the best possible start and the best opportunity to have time for everyday activities. Our new standard has been developed with solutions that are based on the customer's preferences and needs.

INNOVATIVE SOLUTION

JM Labs is an innovation lab that has the goal of engaging employees in an idea workshop on how we can find innovative solutions, simplify life for our customers, and meet the challenges of the future. Promising concepts are presented to the Group's management team, and those that are considered relevant are sent on to the regular development processes for implementation. In 2019, JM Labs has focused in part on process productivity using digital robots and work environment in the form of different types of technological solutions to prevent work-related injuries among our skilled workers.

INNOVATION FOR A BETTER LIFE

- JM Labs also supports JM's operations by working faster with development, innovation and learning
- The goal is to offer standardized solutions within the entire Group. Ultimately, to simplify our customers' everyday lives.



Five reasons to choose new production and JM

We build for how people live today.

SUSTAINABLE IN THE LONG RUN

Newly built residential units meet very high environmental and energy demands and work environment requirements both during the construction period and in the completed final product. These high demands lead to less of an environmental impact and less energy consumption since the buildings are better sealed and the appliances use less energy. This leads in turn to lower regular housing expenses.

Advantage of JM's new production: JM is leading the development toward a sustainable society in the long term through Swan Ecolabeling of all JM residential units, a target of almost zero climate-affecting emissions by 2030, active efforts to attract more skilled female workers to the industry, and the offer of homes and local environments where people feel good and can live more sustainably.

A SAFE TRANSACTION AND SAFE LIVING ENVIRONMENT

Trygg Bostadsrättsmarknad i Sverige is an industry initiative to strengthen consumer protection on the tenant-owner apartment market, for which JM and several established companies have seen a need. Companies that choose to join this initiative and have their tenant-owned apartment projects approved undertake to report critical KPIs. This initiative benefits households, serious housing producers and lenders and contributes to the development of an efficient market for newly produced homes.

Another advantage of new production is the possibility of skipping the stressful bidding process and making the decision about one of life's biggest and most important transactions in peace.

Advantage of JM's new production: JM offers a security package that for example protects the home buyer from double housing costs if they have not successfully sold their previous home prior to occupancy.

As a customer, you can be very confident in our high delivery precision, which is supported through JM's structured process for production. Clear evidence that our customers are enjoying our homes is that we once again this year received the industry's highest rating from our customers for our housing quality and interior design choices in the annual industry survey¹⁾ on

customer satisfaction in the housing development industry in Sweden. In Norway, JM, with its customer satisfaction index of 91 out of 100, won the class for best housing project in 2019 with Strandholmen-Bygg B.

NEW AND MAINTENANCE-FREE

One major advantage of purchasing a new production is that no one has lived there before and everything is new and fresh. No renovations will be required in the next few years, which can be a relief.

Advantage of JM's new production: At JM, quality awareness permeates the entire company. With well-planned design, high housing quality and an attractive finish to our craftsmanship, we deliver homes where our customers enjoy spending time. Since the industry survey was introduced in 2009, JM has been at the top, making it into the top three every year, which is the result of our high level of service and housing quality.



¹⁾ The survey is conducted by Prognoscentret, an independent market analysis company that focuses on the construction industry in the Nordic region.



INTELLIGENT HOMES

Smart technology and connected homes are becoming more common in today's society to save time and money. Many housing developers already offer solutions for smart homes or have them in their development plans.

Advantage of JM's new production: The ambition is to be the industry leader within digitalization. JM's new initiative Intelligent Homes focuses on both creating smart functions in the home, which makes life easier, and new technology, which makes it possible to live more sustainably. One example is Bolinder Terrass in Järfälla, where many customers have chosen a package offer that includes dimmers in all rooms, the possibility of turning off all the lights in the home with the push of a single button in the hall, security functions such as connected smoke detectors and oven shut-off, and smart speakers that can play music when you come home. The home's smart functions can also be controlled through an app or even by voice. The goal is to give customers the best possible start to a smarter accommodation that they can then continue to develop on their own.

SELECTING THE INTERIOR

One of the many advantages of new production is being able to choose how your future home will look.

Advantage of JM's new production: All interior design is carefully chosen by our interior experts, who apply a holistic approach, search for materials that will last and strive for harmony in the design of the home. Everything is included — you do not need to buy anything extra to get a really good product. If there are personal preferences for something other than what is included, these can be purchased separately.



Focus on people

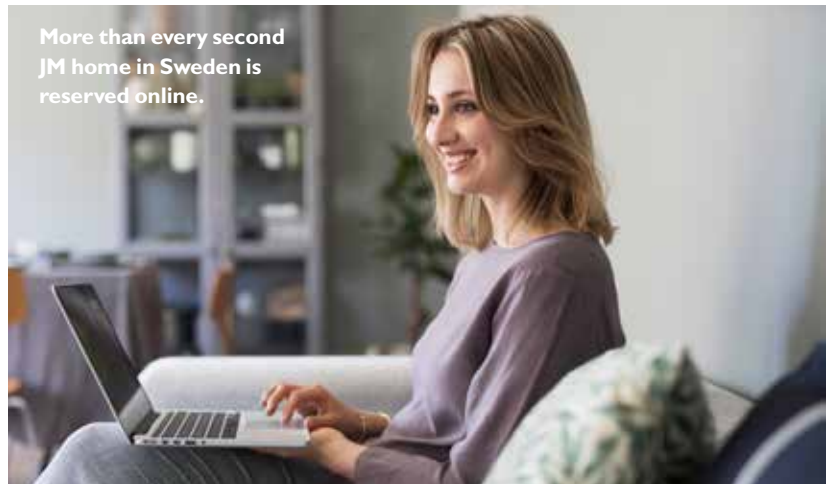
JM's residential units create homes for people in different phases of life; they make it possible to realize dreams and lay the foundation for new lives.

EASY ONLINE RESERVATIONS

For many people, purchasing a home will be their life's biggest investment. This does not mean it has to be difficult. All information is available at jm.se. We guide customers through the different steps – from submitting an interest notification for the home to move-in day. And we help explain all terms, whether technical or legal, such as reservations, preliminary contracts, purchase agreements, and final payment.

Customers who also choose to become VIP customers get to see JM's and Borätt's residential units before they are released for sale to the general public.

More than every second
JM home in Sweden is
reserved online.



This is quality of life!

It was actually love at first showing for Iva. In Kviberg, Gothenburg, she sees the forest when she goes out on the balcony, has plenty of space for her popular dinner parties, and can easily get around by both bicycle and tram.



"I have been writing down for many years how I decorated the table and which recipes I used; I almost never prepare the same food. The only recurring dish is the slow-cooked elk I serve for Christmas. My guests would probably be very sad if I abandoned this tradition.

I have many other interests as well. I like to be active. The forest is only five minutes away, but there is also a recreational area just outside my building if I don't want to walk all the way to the forest.

My daughter lives in the area, and I take care of her garden. Suddenly one day I realized that I also wanted to leave the city, and it was all I could think about. We started looking at housing ads in the area — which led me to sign up to be a VIP customer with JM and others. I got a fantastic feeling already at the first showing that I wanted to live here.

A few weeks later I found out that I got the apartment, and I whooped with joy. Since then I have photographed and followed the production until I moved in. I have enjoyed where I have lived my whole life — in a house, townhouse and apartment — but I have never felt like this before. I am happy every time I am on my way home."

JM's largest projects



We build all our homes in locations that are not only close to cities, nature or water but are also close to public transport. It is also important for there to be service and schools in the area. JM's 12 largest projects in Sweden, Norway and Finland are presented below.



1. Liljeholmskajen, Stockholm

Development period: 2001-2029

Housing type: apartment buildings

Number of residential units:

- in total approx. 4,300, started 3,470
- units started in 2019: 184

Number of remaining building rights:
around 800

Location: central, 5 km to downtown Stockholm



2. Täby Park, Täby

Development period: 2018-2035

Housing type: apartment buildings

Number of residential units:

- in total approx. 2,500¹⁾, started 132¹⁾
- units started in 2019: 0

Number of remaining building rights:
around 2,370

Location: 20 km from downtown Stockholm

¹⁾ Production also started on 128 rental units.



3. Norra Älvstranden, Gothenburg

Development period: 1998-2027

Housing type: apartment buildings

Number of residential units:

- in total approx. 2,050, started 1,880
- units started in 2019: 176

Number of remaining building rights:
around 200

Location: close to water, 5 km to downtown Gothenburg



4. Söderdalen, Järfälla

Development period: 2013–2030

Housing type: apartment buildings

Number of residential units:

– in total approx. 1,400¹⁾, started 570¹⁾

– units started in 2019: 77

Number of remaining building rights:
around 800

Location: approx. 20 km to downtown Stockholm

¹⁾ Production also started on 192 rental units.



5. Kvarnholmen, Nacka

Development period: 2010–2030

Housing type: apartment buildings

Number of residential units:

– in total approx. 1,400, started 708

– units started in 2019: 97

Number of remaining building rights:
around 700

Location: central, 6 km to downtown Stockholm



6. Kungsängen, Uppsala

Development period: 2003–2024

Housing type: apartment buildings

Number of residential units:

– in total approx. 1,400, started 1,103

– units started in 2019: 55

Number of remaining building rights:
around 300

Location: close to the city center



7. Dockan area, Malmö

Development period: 2003–2025

Housing type: apartment buildings

Number of residential units:

– in total approx. 1,250, started 1,074

– units started in 2019: 0

Number of remaining building rights:
around 150

Location: close to the city center,
by the sea



8. Lomma Strandstad, Lomma

Development period: 2003–2023

Housing type: apartment buildings/single-family homes

Number of residential units:

– in total approx. 1,150, started 845, of
which 85 single-family homes

– units started in 2019: 0

Number of remaining building rights:
around 300

Location: close to the sea, 8/10 km to
Lund/downtown Malmö



9. GWS Herttonäs, Helsinki, Finland

Development period: 2019–2027

Housing type: apartment buildings

Number of residential units:

– in total approx. 980, started 191

– units started in 2019: 191

Number of remaining building rights:
around 790

Location: approx. 6 km to downtown Helsinki



10. Dalén, Lidingö

Development period: 2010–2023

Housing type: apartment building

Number of units:

– in total approx. 875¹⁾, started 825¹⁾

– units started in 2019: 54

Number of remaining building rights:
around 50

Location: approx. 9 km to downtown Stockholm

¹⁾ Production also started on 243 rental units.



11. Puustellinkallio, Esbo, Finland

Development period: 2018–2027

Housing type: apartment buildings

Number of residential units:

– in total approx. 870, started 205

– units started in 2019: 84

Number of remaining building rights:
around 665

Location: approx. 11 km to downtown Helsinki



12. Myrsvoll Stasjon, Akershus, Norway

Development period: 2017–2027

Housing type: apartment buildings and townhouses

Number of residential units:

– in total approx. 630, started 283

– units started in 2019: 89

Number of remaining building rights:
around 350

Location: approx. 20 km to downtown Oslo



Norra Älvstranden in Gothenburg

In the district of Eriksberg at Norra Älvstranden in Gothenburg, JM offers residential units adjacent to the Eriksbergskajen pier. We have completed 1,770 residential units to date in the area, which features a panoramic view of the Göta Älv river and the city.



Hertonäs in Helsinki

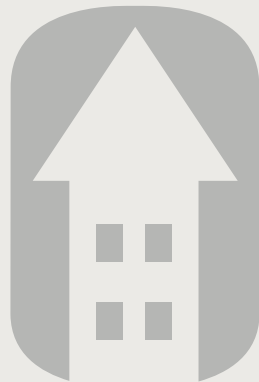
JM has the possibility of developing 1,000 residential units at a newly acquired and well-situated property in the Hertonäs district in Helsinki. The area offers all conceivable services, proximity to the water, and walking distance to the subway, which arrives in downtown Helsinki in ten minutes. To date, we have started two projects with a total of just under 200 residential units in Hertonäs.



OUR STRATEGY FOR

Profitability

JM creates value through its residential development projects. We create profitability and value for our shareholders through good risk control and effective capital utilization. Uniform modes of production and more effective logistics also contribute to value creation.



Business concept, vision and strategy

BUSINESS CONCEPT:

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

VISION:

We are laying the foundations for a better life.

OVERALL OBJECTIVE FOR SHAREHOLDER VALUE:

To give shareholders a higher total return than other companies with a similar risk profile and business activities. Total return refers to the sum of dividends and increased value.

STRATEGY

In order to achieve its overall shareholder value objective within the framework of its business concept, JM has the following strategy:

- Leading project developer of housing in the Nordic area – in terms of both market position and quality of the product
- Operations in growth areas with good long-term demographic and economic conditions
- Clear focus on high quality and eco-compliant homes and work-places, with high customer value and in attractive locations
- Growth that preserves good profitability and leading market position
- Growth should primarily be organic, but corporate acquisitions can also strengthen JM's position on existing markets
- Company culture that is characterized by good values, responsibility, a long-term approach, sustainability and respect for individuals.

LEADING PROJECT DEVELOPER OF HIGH-QUALITY HOUSING IN THE NORDIC AREA

JM is one of the Nordic region's leading developers of housing. Operations primarily focus on new production of homes, with the main focus on expanding metropolitan areas and university towns in Sweden, Norway and Finland. Areas with a growing population and a good purchasing power trend form the common denominator, increasing the potential for success in JM's business.

Project development at JM covers every link in the value chain, from acquisition of land to the sale of the new home. In many cases, JM projects mean the creation of new neighborhoods.

In Sweden homes will mainly be sold to tenant-owners associations for personal ownership, but may also include rental units

and to some extent freehold apartments. Project development of commercial properties will be limited and primarily support housing development in large projects, where offices may be a natural planning prerequisite. JM@home offer economic and technical management as well as housing-related services.

A clear focus on cash flows and effective utilization of the balance sheet form the basis for JM's strategy for value generation and growth. This is achieved by maintaining a high rate of housing starts, implementation and sales of projects.

Risk control and focus on cash flows mean that housing starts only take place in response to guaranteed demand in the form of reservations and signed contracts.

Quality assured pre-construction and production are achieved through JM's limited and efficient production capacity.

CAPITAL MANAGEMENT

The strategy comprises both asset and capital structure aspects, and has been adapted to JM's project development. Focus is on cash flows and effective utilization of the balance sheet, and entails, for example:

- Building rights portfolio – development properties on the balance sheet should correspond to five years of production
- Project properties – should primarily consist of residential properties developed in-house or properties that can be developed through conversion or densification. The portfolio's value will be realized through sale or exchange, and the size of the portfolio can vary over a business cycle
- Visible equity/assets ratio of 35 percent, measured over a business cycle. The goal is set on the basis of an analysis of the operating risk in the various types of operations and the asset classes on the balance sheet.

Targets and outcome

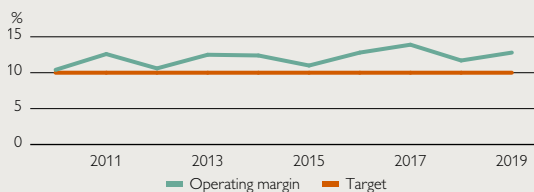
As a means of ensuring long-term value generation, JM has formulated general targets. JM's financial targets are defined based on segment reporting.

FINANCIAL TARGETS

Operating margin

Target: The operating margin should amount to 10 percent, including gains/losses from property sales.

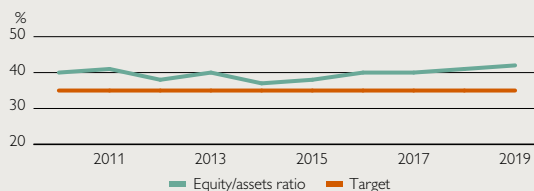
Outcome: In 2019, the operating margin increased to 12.8 percent. During the 5-year period of 2015–2019, the operating margin was an average of 12.4 percent.



Equity/assets ratio

Target: The visible equity ratio should amount to 35 percent over a business cycle.

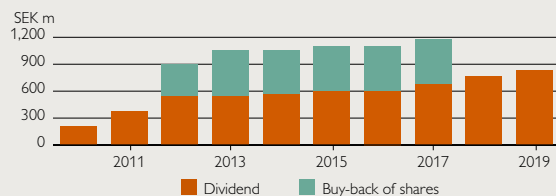
Outcome: The equity/assets ratio was 42 percent on December 31, 2019. During the five-year period of 2015–2019 the equity/assets ratio on average was 40 percent.



Dividend

Target: The average dividend over a business cycle should correspond to 50 percent of consolidated profit after tax.

Outcome: The Board of Directors is proposing an ordinary dividend of SEK 12.50 per share (a total of SEK 870m). During the five-year period of 2015–2019 the average dividend pay-out ratio was 52 percent.



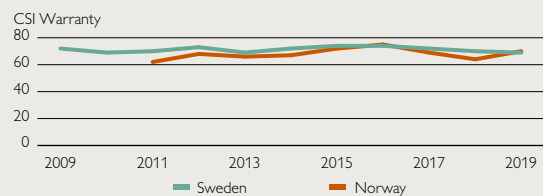
NON-FINANCIAL TARGETS

Customers

The objective is to have the industry's most satisfied customers.

Target: The target is to have a rating by 2021 in the Customer Satisfaction Index survey two years after occupancy (CSI Warranty) that is five units above the industry average.

JM/Industry average 2019: Sweden 69/65, Norway 71/67.

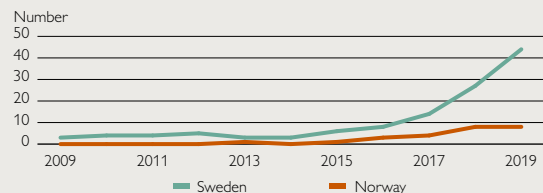


Employees

Gender equality in the operations is a long-term factor of success for JM.

Target: The target is to achieve a 10 times increase in JM's number of skilled female workers between 2015 and 2021.

2019: Sweden 7.3, Norway 8.0 times.

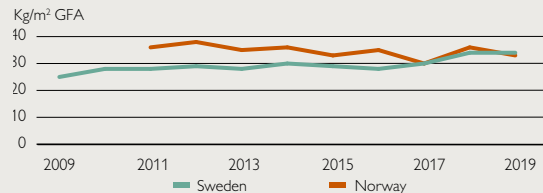


Environment

Construction waste is one of the industry's most important resource, environmental and quality issues.

Target: The target is to reduce the total volume of construction waste to 15 kg per produced m² by 2021.

2019: Sweden 34, Norway 33 kg/m² Gross floor area (GFA).



For the ten-year period 2010–2019, JM shares gave a total return of 13 percent (average). The corresponding figure for the five-year period 2015–2019 was 7 percent.

Value generation in JM's core business

Our understanding of customer needs and demand – as well as how these are put into practice through effective processes – forms the basis for JM's value generation. We have developed effective construction processes and accumulated sound experience in carrying out large and complex projects.

From the very start in 1945, JM has worked to develop residential projects, which means that vacant or built land is acquired and refined into attractive housing or commercial premises. Project development covers every link in the value chain from acquisition of land to the sale of the new home. In many cases, JM projects mean the creation of new neighborhoods. Since our operations are primarily focused on new production of homes, over the years we have been able to develop our processes while working to improve the quality of our homes.

Good risk control, focus on cash flows and effective utilization of the balance sheet are prerequisites for ensuring long term value generation.

Sustainability work is a central and integrated part of our project development. We are designing the buildings and cities of the future, and we take environmental, economic and social aspects into consideration to create conditions for sustainable lifestyles.

VALUE CHAIN

The value chain includes land and property acquisition, the planning process and pre-construction, production, sales and management. The ability to manage the entire value chain is an important competitive advantage for JM and decisive in terms of successful value generation. Each step of the project development process adheres to the requirements outlined in JM's decision gates, which aim to ensure good profitability as well as an effective and controlled process (see illustration on page 33).

Value grows step by step, as land use is defined. Full land value is attained when the local plan becomes legally binding and building permits are obtained – a process that can take from one to five years – and the project has been sold to buyers.

APPROPRIATE CAPITAL STRUCTURE

JM's business is capital-intensive and requires effective utilization of the balance sheet. In order to maximize value generation, the starting point of an optimized capital structure must be based on the fact that different fields of activity have different requirements for capital when addressing their specific risks. Using a capitalization model, JM performs an analysis each year to determine how much venture capital is needed for the different fields of activity.

The capitalization model quantifies access to and need for venture capital in each of JM's fields of activity, and is based on

assessed market values. The analysis also takes liquidity aspects in the various asset classes into consideration.

As one means of continually analyzing JM's overall requirement for capital, the management and the Board utilize the capital allocation model to assess required capital and allocated venture capital for the different fields of activity. The analysis of required capital subsequently forms the basis, together with other qualitative aspects not considered in the capitalization model, for the Board's decision regarding a suitable capital structure at any specific time, and is a prerequisite for value transfer to shareholders.

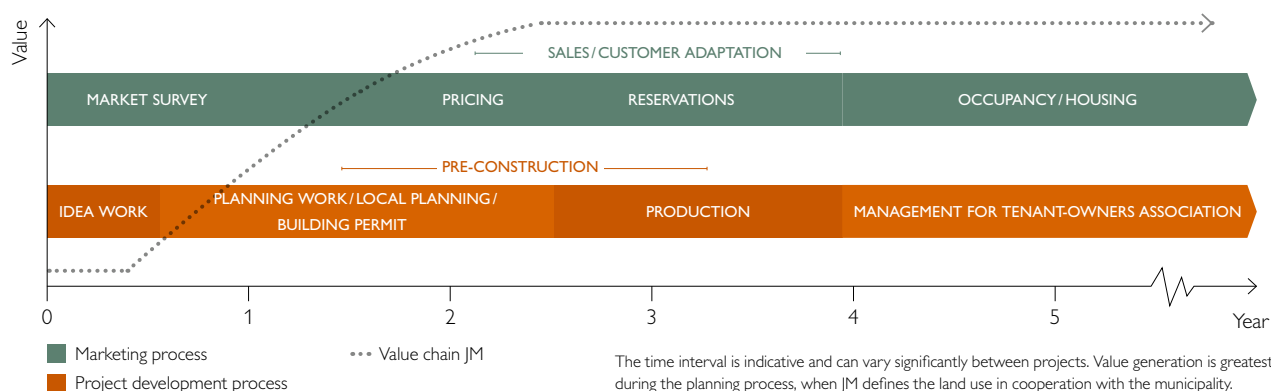
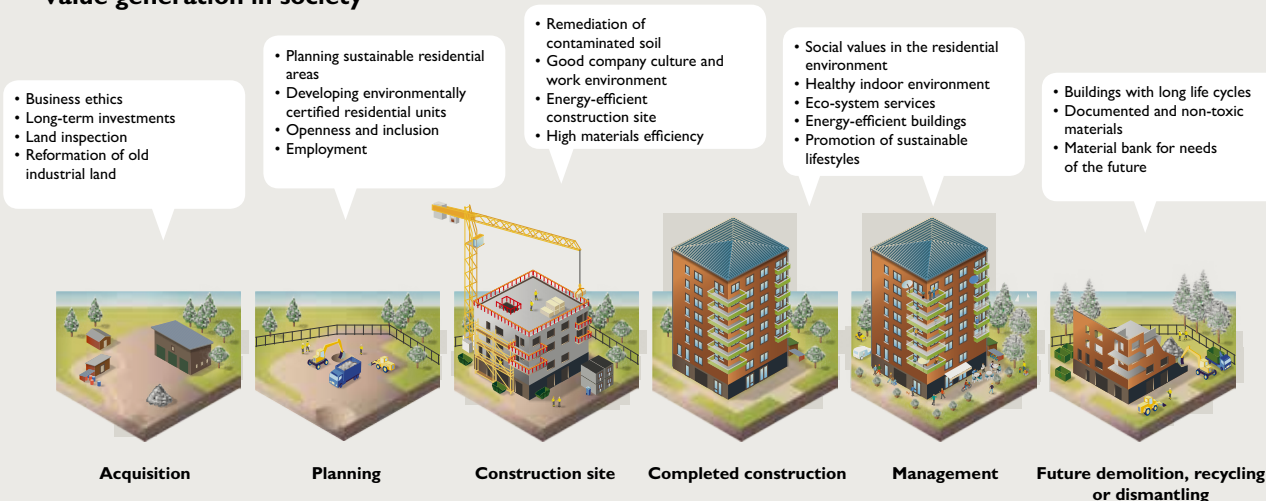
REQUIRED RATE OF RETURN FOR PROJECTS

Value generation requires each investment to generate returns that exceeds its cost of capital. JM works with a number of investment analysis methods and criteria (such as WACC, IRR and present value ratios) to evaluate both each specific project's profitability and which projects should be prioritized. These methods and criteria form the tools and governance methods used to meet the Group's requirements of return for projects.

- **The weighted cost of capital (WACC) for new projects** amounts to 5.5–6.5 percent and is used to calculate the present value of forecast cash flows for a specific project
- **The debt/equity ratio in individual projects** is assessed to be 1.0
- **Average cost of capital – borrowed capital**¹⁾ A 2-year interest rate (corresponding to the average length of a project) of a total of 2.3–2.8 percent based on the underlying risk-free rate of 0.3 percent and a risk premium of 2.0–2.5 percent. Taking tax deductions for interest expense into consideration, the average cost of capital for borrowed capital is thus 1.8–2.2 percent
- **Average cost – shareholders' equity**¹⁾ Return on equity, when weighing the different evaluation criteria, CAPM (Capital Asset Pricing Model) and IRR (Internal Rate of Return), amounts to around 11–13 percent
- **Return on equity** The return on shareholders' equity for the 10-year period of 2010–2019 was an average of 24.1 percent, and an average of 28.7 percent for the 5-year period of 2015–2019.

¹⁾ Risk-free rate and risk premium assessed from a longer perspective.

Value generation in society



INDEPENDENT TENANT-OWNERS ASSOCIATIONS BUILD CONFIDENCE IN THE LONG TERM

JM's residential project development in Sweden consists primarily of JM developing and selling tenant-owned properties where JM enters into agreements, with tenant-owners associations as the orderer, for a total undertaking to deliver a turn-key residential property. The individual home buyers enter into a purchase agreement with the tenant-owners associations. It is fundamental for JM's business that the tenant-owners associations are independent.

JM's success is largely based on ensuring long-term confidence for the business in relation to our stakeholders. This applies in particular to ensuring that individual buyers of tenant-owned apartments are confident in JM as a long-term, stable and secure housing developer. To create this kind of confidence, it is necessary during the production phase for the board of directors that represents the individual buyers of the tenant-owned apartments to be independent from JM and enter into agreements that protect the buyers' interests. In order to protect not only these interests but also JM's business-related interest in interacting with a professional orderer, the association's members of the board of directors must have relevant experience and competence. This is also important for the members' responsibility as laid down by association law. Therefore, the tenant-owners associations are formed by board members who are independent of JM and have extensive experience and competence in all areas that are relevant for a tenant-owners association. According to the by-laws of the association, the majority of the board of directors during the entire production phase must be appointed by a party that is independent of JM. JM has no right to appoint the association's board of directors and never has any representation on the board.

The tenant-owners association's board of directors makes important decisions about and enters into agreements with JM for the production and provision of a turnkey residential property on behalf of the association and the individual buyers of tenant-owned apartments.

Furthermore, JM's business model, on a detailed level, is adapted to allow good governance and follow-up with a high level of business requirements. JM's description of residential development with tenant-owners associations as the customer reflects this relationship in a relevant and transparent manner. The essential criteria in this business model can be summarized by the following:

- The tenant-owners association's statutes stipulate the appointment of JM-independent board members in the association, where JM is not entitled to appoint the board
- All significant and relevant decisions are made independently by the board of directors in the tenant-owners association
- Agreements on a total undertaking, where JM delivers a turn-key property, are entered into by the independent board in the tenant-owners association prior to production start
- The tenant-owners association has its own financing through a construction loan, including the tenant-owners association's property as collateral. JM pledges a temporary surety as a partial credit enhancement
- An independent real estate agent sells the tenant-owned apartments based on a direct agreement with the tenant-owners association.

These main criteria are central from both a legal perspective and from a financial and accounting perspective, with transparent follow-up over the project's lifecycle, both internally and externally. Systematic follow-up includes current performance, risk and market changes and modified revenue and cost assessments in the projects. The entire project process, from agreement with the tenant-owners association on JM's total undertaking to deliver a turn-key property to the transfer agreement with the final buyers of the residential units and the completion of the projects, is consistently processed in financial reporting with a high degree of precision over time. The issue of independence, which is fundamental for the business, serves also a basis for the housing associations not just from a legal perspective but also from an accounting perspective being viewed as independent and thus are a customer of JM. See Note 1 on pages 86–89 for more information.

PROJECT DEVELOPMENT AND VALUE GENERATION TAKE PLACE IN THE DIFFERENT PHASES



CONCEPT PHASE - MARKET ANALYSES OFFER INSIGHT INTO CUSTOMER NEED

Good understanding of market development, customer need and demand forms the basis for generating value through project development. Thus JM regularly performs market surveys among its customer groups in order to ascertain need and preferences for issues ranging from type of housing to location and design. The customer needs and market development analysis generates ideas for how the offer can be attractively designed.



LAND WITH THE RIGHT DEVELOPMENT POTENTIAL - AT THE RIGHT PRICE

Projects generally start with acquisition of land. The market surveys that are regularly conducted to analyze customer preferences form an important basis for decision-making when acquiring land.

Being able to acquire land with potential for development - at the right price - is a decisive factor in terms of implementing plans to produce attractive housing and achieve profitable project development. The land acquisition and concept phases are thus crucial in project development.



SALES PROCESS - VIA SEVERAL DIFFERENT CHANNELS

When the sales process begins, VIP customers receive advance information and have priority to JM's homes. Our sales channels include our websites, Showrooms, Big Open House Days, social channels, etc.



PRE-CONSTRUCTION PHASE - WITH ARCHITECTS

Next follows a pre-construction phase under the supervision of JM's pre-construction manager. An architect produces drawings, and when the proposal has been approved, we involve consultants specializing in construction, land, electricity, ventilation, heating, sanitation, etc. A purchasing supervisor takes care of procurement processes, material and work orders, while the site manager plans the daily work.



PLANNING PROCESS - DEFINING LAND USE

The next step involves defining land use, which means building rights take shape with respect to their content. This step is performed in a dialogue with the municipality, which together with JM's project manager determines how the land can be used. Property owners can influence the planning process, but it also depends on the municipal planning process and any appeals.

It is during this stage - when ideas for the land are to be implemented and transformed into concrete plans for attractive neighborhoods - that the greatest part of value generation takes place.



PRODUCTION - SECURE AND EFFECTIVE PROCESSES

Construction does not begin until the number of reserved residential units reaches the predetermined target percentage. Site managers, foremen and others make sure work progresses safely and effectively. Many of JM's teams have worked together for a long time, and their well-established and structured processes are an important aspect of value generation.



OCCUPANCY, MANAGEMENT AND HOUSING SERVICES

Production and completion continue until occupancy, after which JM@home offers both technical and economic management to the tenant-owners associations in order to provide them with a secure, stable foundation as well as selected housing services. The services offered via JM@home create added value after occupancy.



TRANSFER OF EXPERIENCE

By sending surveys to customers, we create a Customer Satisfaction Index for each project, which together with experiences from the organization serves as the starting point for how to improve our future work.

Building rights – the basis for sustainable profitability

JM continually invests in land that can be developed for future production. We acquire land at the same pace that we put land into production.

A great deal of insight into customers' needs and demand is required in order to make the appropriate investments in building rights. Rising housing prices have resulted in many prospective buyers looking for homes farther away from the city center. Improved public transport has also made it possible for people to accept longer commutes. At the same time, we see a clear trend that central urban locations are becoming increasingly attractive.

GOOD COMPOSITION

JM's planned residential units are located in both traditionally strong housing markets and new emerging markets. Areas close to water and parks are popular. Other important qualities include close vicinity to public transport, service and schools. At the end of the year, JM had 35,900 available residential building rights (35,900). Capital tied up in building rights (development properties in the balance sheet) for residential units amounts to SEK 8,917m (8,267) at the end of the year.

APPRAISAL OF RESIDENTIAL BUILDING RIGHTS

At the end of the year, an appraisal of all of JM's residential development properties was performed in cooperation with an external appraisal company. The appraisals were made using an assumed sales price for the properties at actual cash values.

THE BUILDING RIGHTS PORTFOLIO COMPRISES TWO TYPES OF BUILDING RIGHTS:

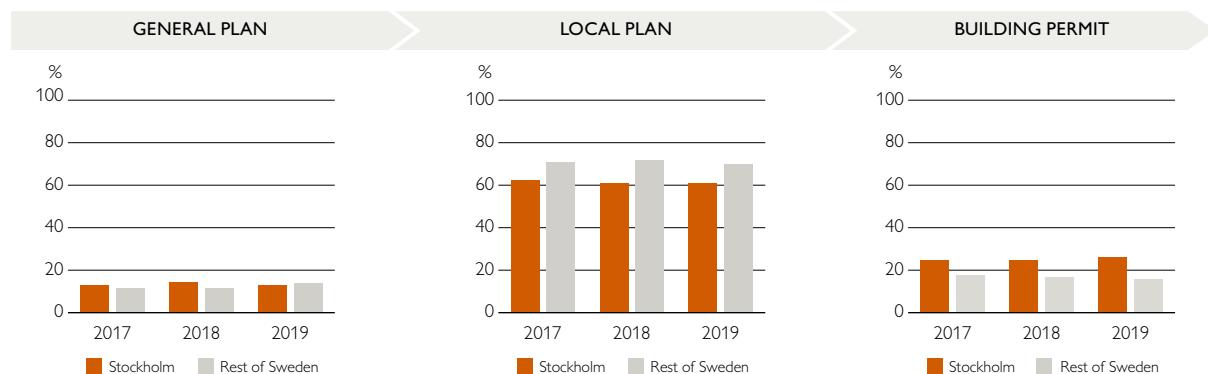
- Building rights in the balance sheet, 21,100 (20,700), corresponding to seven years of production at the current rate of production.
- Building rights available through conditional acquisitions or cooperation agreements, 14,800 (15,200). In most cases, JM has the opportunity to decide both whether and when to buy the land.

The benchmark for building rights in the balance sheet is five years (indicates the number of years it would take to produce the building rights portfolio JM has in its balance sheet at the current rate of production, calculated on a rolling 12-month basis).

The appraisals were based on the location, attractiveness, scope and type of building planned, the stage in the planning process and the time remaining until production starts.

The assessed market value of JM's residential development properties amounts to SEK 15.6bn (15.3). The corresponding carrying amount is SEK 8.9bn (8.3). The 14,800 residential units available through conditional acquisitions were not included in the assessment.

DISTRIBUTION OF JM'S BUILDING RIGHTS IN DIFFERENT PHASES OF THE PLANNING PROCESS, SWEDEN ¹⁾

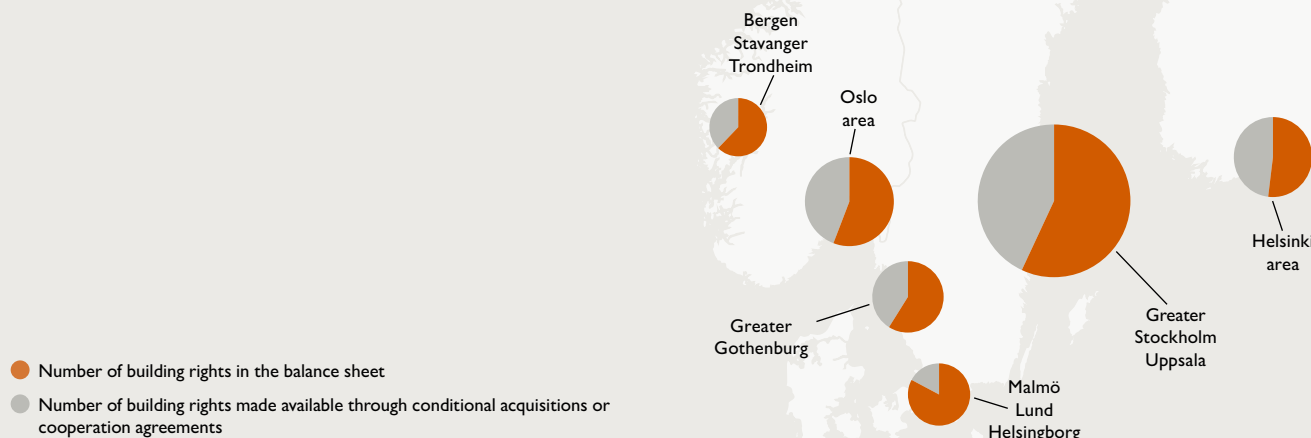


The general plan refers to the period before the work on local planning has begun.

The local planning decision refers to the period from when the work on the local planning began to the application for building permit.

The building permit phase starts with the application for building permit.

¹⁾ Number of building rights on the balance sheet.



Some of the development properties have old existing buildings that generate net rental income or which there are future plans for demolition. The appraisal of these buildings is based on current rental revenue and future use, taking costs for possible demolition into account. The market value of these buildings is included in the summary on page 27. The diagrams below show a breakdown of the market value of JM's development properties into different planning phases: General planning, Local planning and Building permit. General planning includes undeveloped land, which is not covered by the General planning. Local planning refers to the time from when the Local planning is started until the application for Building permit. Building permit process starts with the application for Building permit.

GEOGRAPHIC DISTRIBUTION OF AVAILABLE RESIDENTIAL BUILDING RIGHTS

Building rights refer to land that can be developed for future production; they are recognized as assets on the consolidated balance sheet under the heading, Development properties.

About 56 percent of the residential building rights reported in the balance sheet in Sweden are in the Greater Stockholm area. 18 percent of them are located in downtown Stockholm, including Lidingö and Liljeholmskajen, 48 percent in nearby suburbs and 34 percent in outlying suburbs.

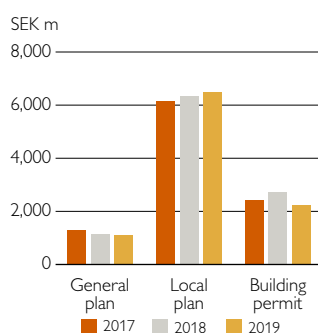
JM'S AVAILABLE RESIDENTIAL BUILDING RIGHTS

Geographic area	Number of building rights	
	2019	2018
Greater Stockholm (excluding Sigtuna, Upplands Väsby, Vallentuna, Norrtälje)	13,600	14,200
Malmö, Lund, Helsingborg	2,700	3,000
Greater Gothenburg	3,700	3,700
Uppsala, Sigtuna, Upplands Väsby, Vallentuna, Norrtälje, Linköping, Västerås, Örebro	4,100	3,800
Oslo area, Norway	3,800	4,300
Tønsberg, Drammen, Larvik and Skien, Norway	1,400	1,500
Bergen, Stavanger and Trondheim, Norway	2,400	2,400
Helsinki and Esbo, Finland	4,200	3,000
Total	35,900	35,900

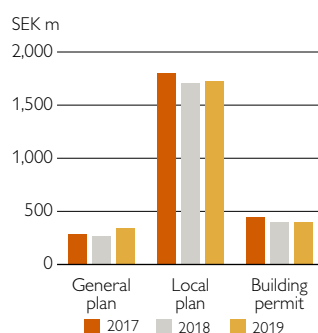
MARKET VALUE IS BROKEN DOWN AS FOLLOWS:

SEK bn	Market value		Carrying amount	
	2019	2018	2019	2018
Stockholm	9.8	10.2	4.9	5.0
Rest of Sweden	2.5	2.4	1.5	1.4
International	3.3	2.7	2.5	1.9
Total	15.6	15.3	8.9	8.3

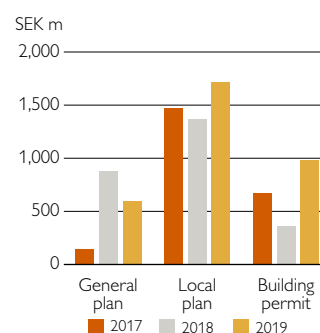
MARKET VALUE RESIDENTIAL BUILDING RIGHTS GREATER STOCKHOLM



MARKET VALUE RESIDENTIAL BUILDING RIGHTS REST OF SWEDEN



MARKET VALUE RESIDENTIAL BUILDING RIGHTS INTERNATIONAL



General planning refers to the time before start of Local planning. Local planning refers to the time from when the local planning is started until the application for Building permit. Building permit process starts with the application for building permit.

Rental units, management and housing services

Project development within the Property Development business unit occurs primarily in rental units. The operations also include project development of commercial premises and residential care units.

Project development involving commercial premises mainly takes place in the Stockholm region and is intended primarily to support residential development projects. Management and housing services are offered in JM@home.

JM RENTAL HOUSING

JM's strategy is to have continuous and long-term production of rental units, including student and young adult housing, primarily in the Stockholm region. This strategy also includes the possibility of building rental units in Uppsala, Gothenburg and Malmö.

During the year, one project was completed, Spaken with 136 rental units in Täby. One project was also started, Valla Park with 143 rental units in Sundbyberg.

During the year JM also continued its ongoing work to build a good building rights portfolio for future projects. Land allocation agreements have been signed for 50 rental units in Johanneberg, Gothenburg, and 100 student housing units in Danderyd.

RESIDENTIAL CARE HOUSING

During 2019, local planning work continued for the Kaplanen residential care housing in Uppsala, which will consist of 72 units.

COMMERCIAL PROPERTIES

In 2015, JM received a land allocation in the City of Solna for a new Group head office in Karlberg. The work with local planning is currently underway, and the project has been submitted for consultation and review in 2019.

The development of commercial buildings in Dalénum on Lidingö and Kallhäll in Järfälla progressed during the year with a focus on increasing the properties' net rental income.

JM@HOME

JM@home meets JM customers' demand for both technical and financial management. Time-saving services such as cleaning and handyman services are offered to residents to create housing that is as worry-free as possible.

In 2019, the operations continued to develop and grow, both in terms of geographic market and sales.

JM@home broadens JM's customer offering, and valuable experiences are reconnected to new projects.



	12/31/2019			
MARKET VALUATION — PROJECT PROPERTIES ¹⁾	Market value, SEK m	Carrying amount, SEK m	Area (000) m ²	Occupancy rate annual rent, %
Properties under development	1,051	801	24	93
Completed rental unit properties	698	587	16	100
Completed commercial properties	20	11	1	91
Total	1,769	1,399	41	97

¹⁾ Market valuations are performed by external appraisal companies.

Streamlining within the construction industry

Structured Project Development is JM's initiative for industrialization and thus the streamlining of housing project development.

A development project has been ongoing within the Group for many years to standardize both the processes and the product. This has resulted in unified working methods in production, quality improvement and the transfer of experience as well as large purchasing volumes and reliable deliveries.

Since 2018 we have been working with the digitalization of processes and project information, and extensive investment is being made in BIM (Building Information Management).

Uniform processes and components continue to form the foundation that allows us to offer attractive housing at a low total cost.

PROCEDURES AND JM's MANAGEMENT SYSTEM

The Operations System is JM's management system and steers both procedures and product design. With clear governance and follow-up in the projects, the risk is small that legal or internal requirements on, for example, sustainability, will not be followed, and if this should still happen it can be quickly captured and managed at an early stage. The main procedures are Product Development, Building Rights Development, Project Development, Management and Contracting.

A foundation has been laid within Product Development to speed up the development of JM's products. Other main procedures include detailed procedure maps for JM's core business – project development of housing, from acquisition of development

land to the warranty and liability periods – and the contracting operations.

The procedures contain activities, which are grouped using internal time relationships, and detailed procedure descriptions with accompanying instructions in the form of documents or applications. As a whole, all of the levels in the system ensure that business-critical requirements are fulfilled.

The structure that is used, Process Classification Framework, complies with an international standard entitled APQC (American Productivity & Quality Centre).

PRODUCT

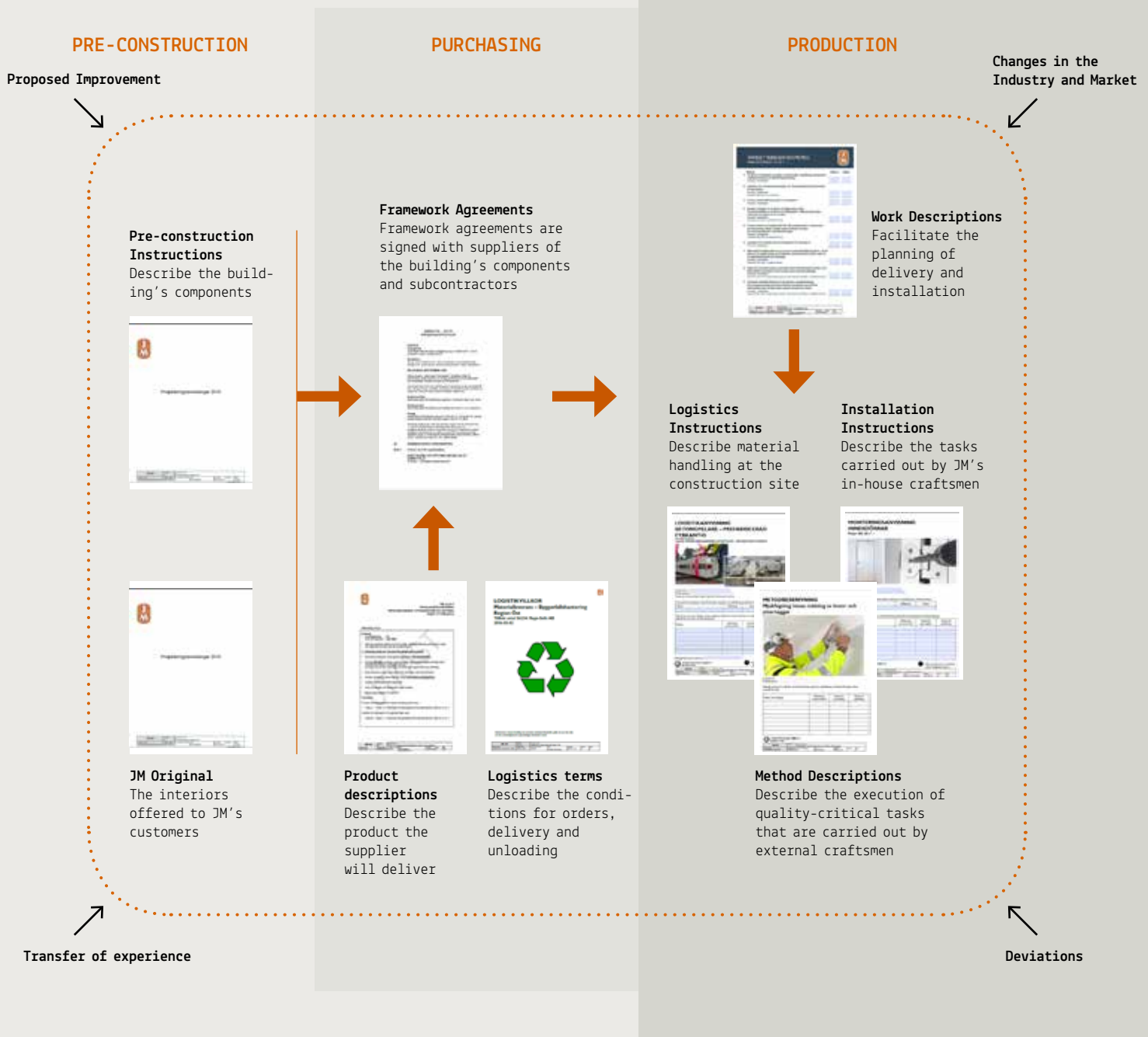
JM's Product Policy Procedures (see the illustration on page 31) serve as the base in Structured Project Development. These include Pre-Construction Instructions, JM Original, Framework Agreements, Installation Instructions, Method Descriptions and Logistics Instructions.

Product Policy Procedures contain detailed information about the design and execution of JM's residential units. The content is updated at an increasing rate, which is steered in the Operations System's main procedure: Product Development.

We strive to continuously improve both our processes and our products, thus achieving more efficiency. Via the Operations System, we ensure the important structure capital that contributes to JM's success.



PRODUCT POLICY PROCEDURES



Risks and opportunities

Controlled risk-taking is decisive for good profitability. Risks and opportunities are two sides of the same coin. Skillful management of strategic, operative, financial and sustainability risks create opportunities and competitive advantages. By the same token, risks that are not handled properly can lead to insufficient profitability.

JM generates value through project development – by optimizing customer value, revenues and costs through the identification and acquisition of land on which to develop attractive neighborhoods and commercial premises. During the process, the project developer is faced with a number of risks and opportunities, which if handled appropriately can add to value generation and profitability. We also believe that we are transparent about our business from a sustainability perspective.

RISK MANAGEMENT – AN INTEGRATED PART OF DECISION-MAKING

Together with the clear focus on long-term approach and sustainable value creation found in JM's business concept and strategy, risk management helps ensure that risk-taking in the business is kept at a balanced level. Risk management is therefore an integrated part of decision-making at all levels of JM. It is subject to strategic initiatives from the Board and management, and a current risk analysis is regularly presented to the Audit Committee.

Procedures for project oversight, monitoring and follow-up are designed to reduce business and implementation risks. This applies in particular to the initiatives produced within the framework of Structured Project Development, which help reduce the operational risks in the business. All significant business and project decisions are analyzed with regard to both risk and opportunities.

Climate-related financial risks and opportunities have been identified and analyzed during the year to meet recommendations in the new framework TCFD (Task force on Climate-related Financial Disclosures). The work with TCFD is described in more detail on pages 34–35.

In 2019, the most important risks at JM, in addition to the macroeconomic development, were related to the housing market primarily in Stockholm gradually stabilizing. Improved sales and reservation levels in current production decreased the risk in the operations, which have also been balanced even during the weaker period in 2018. Housing starts during the year were limited somewhat by primarily the time taken by planning processes and delayed authority decisions. A more detailed description of risks JM faces and how we are managing them is provided in the Board of Directors' Report on page 79.

ANALYSIS OF RISKS AND OPPORTUNITIES IN THE DIFFERENT PHASES OF PROJECT DEVELOPMENT – EXAMPLES

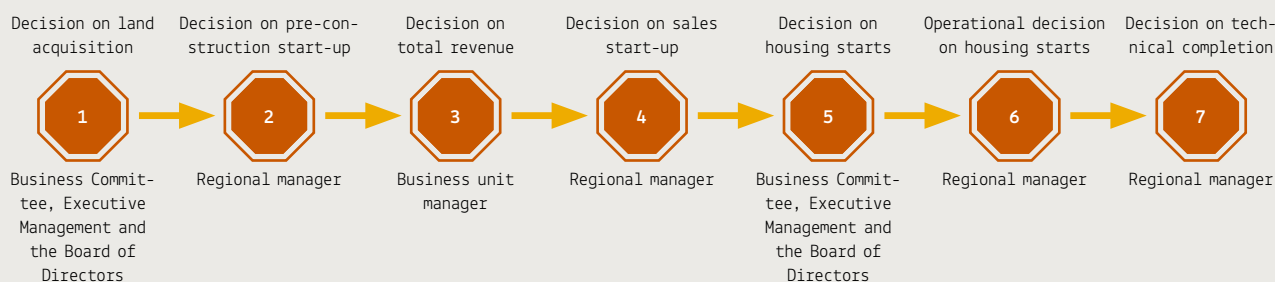
Decision situation	Risks	Opportunities
Land acquisition	Misjudgment of customer demand Modified municipal planning Misjudgment of technical difficulties and soil contamination	Attractive building rights Technical development with regard to management of environmental risks
Pre-construction start-up	Delays, increased costs	Customized design
Sales start-up	State of the economy, interest rate level	Right pricing
Housing starts	Uncertainty related to sales Delays, increased costs	Optimized efficiency in planning and production
Production	Work environment deficiencies Delayed occupancy	High level of security and good working climate Weather-proof production
Occupancy	Quality deficiencies Delayed occupancy	Swan Ecolabel housing Satisfied customers
Guarantee/Management	Climate shell exposed to more extreme weather	Robust product

Leading up to 2020, the risk attributable to the local excess supply of newly produced residential units in Stockholm has decreased. This improves the conditions for sales and housing starts of new projects. The planning processes on our primary market continue to play a key role in the rate of production starts.

BALANCE SHEET

The land acquired by JM is entered in the balance sheet as development property. When production begins for each project phase, the carrying amount of the property is transferred to the project and included among the project's costs. In the Swedish operations, land ownership is transferred through a sale to a tenant-owners association, which during the course of the project is invoiced on an ongoing basis in accordance with an agreed payment plan.

DECISION GATES IN STRUCTURED PROJECT DEVELOPMENT



CASH FLOW

Since projects run over a long period of time, efficient cash flow management is essential. JM's control systems and processes are structured to support and stimulate an optimal cash flow approach in all project phases. Decisions concerning acquisitions and housing starts are crucial business decisions that have a major impact on cash flow, and therefore undergo special scrutiny and evaluation.

FINANCE STRATEGY AND POLICY

JM's finance unit handles the Group's short and long-term financing, liquidity planning, cash management and financial risk management. The division of responsibility, organization and control of the Group's overall financing activities are regulated by a finance policy established by the Board.

The policy specifies the objectives for finance operations, overall responsibility and specific rules and limits. The objectives for the finance operations are to:

- support operational activities in residential and commercial project development
- optimize use of capital and cash flow management
- control and manage the financial risks to which JM is exposed.

JM's basic finance strategy is to clearly link cash flows from projects in progress and project properties to the Company's borrowing and interest rate risk management. This strategy provides the best control of financial risks.

In order to maintain flexible administration and cost-effective debt management, existing loan agreements are guaranteed by JM's excellent credit worthiness, which means that no mortgage deeds are provided.

TAX POLICY

The Board of Directors has adopted a tax policy stating the fundamental principles for how the Group handles taxes.

The manner in which JM handles its taxes shall be viewed from a sustainability perspective and guided by transparency, social responsibility and a clear contribution to the welfare of society. Significant taxes for JM include income tax, value added tax and sales tax (VAT), stamp duty, property tax, employer's contribution and special payroll tax.

The ambition is to pay the correct tax in each country where JM is operational based on the spirit of the law and regulations. The tax expense shall be handled with professional rigor as an important part of the company's income statement, and the tax flow shall be optimized within the framework of the ongoing operating activities.

SENSITIVITY ANALYSIS OF THE BUILDING RIGHT PORTFOLIO

One way to reflect the dynamics in the building rights portfolio of building rights in the balance sheet is to perform a sensitivity analysis where all anticipated future cash flows from the portfolio are calculated at present value. This analysis includes a number of simplified assumptions designed to determine via a model the present value of JM's building rights portfolio given a number of assumed revenue levels per square meter. The calculations are not a forecast.

All 21,100 residential building rights JM has in its balance sheet are assumed to be distributed evenly over eight years of production. A standard residential unit is assumed to be 80 square meters, the assumed tax cost is 21.4 percent, and the discount rate after tax is 6.0 percent. The calculation does not take any inflation into consideration. The calculation includes both the tax charged and the deduction effect from historic land investment of SEK 8,907m.

The tables on page 34 show assumed revenue, including loans in tenant-owners associations, and project costs per square meter of apartment space excluding VAT. Using a number of average revenue and cost assumptions, the future cash flows of the entire building rights portfolio are calculated at present value. The analysis shows a strong leverage effect in value creation depending on the company's ability to manage both revenue and expenses effectively, and in particular the general trend for housing prices during the period. A price or cost change of SEK 1,000 per square meter corresponds to about SEK 1,000m, or approximately SEK 14 per share, according to the basis for this calculation.

JM's 14,800 residential building rights made available through conditional acquisitions or cooperation agreements are not included in the sensitivity analysis.

SENSITIVITY ANALYSIS, PRESENT VALUE IN SEK m FOR JM's BUILDING RIGHTS PORTFOLIO FOR HOUSING

Revenue/m ² , SEK ¹⁾	46,000	47,000	48,000	49,000	50,000
Cost/m ² , SEK ^{1) 2)}					
31,000	16,000	17,000	18,000	19,000	20,000
32,000	15,000	16,000	17,000	18,000	19,000
33,000	14,000	15,000	16,000	17,000	18,000
34,000	13,000	14,000	15,000	16,000	17,000
35,000	12,000	13,000	14,000	15,000	16,000

¹⁾ Excluding VAT²⁾ Excluding cost of land**SENSITIVITY ANALYSIS, PRESENT VALUE SEK/SHARE FOR JM's BUILDING RIGHTS PORTFOLIO FOR HOUSING**

Revenue/m ² , SEK ¹⁾	46,000	47,000	48,000	49,000	50,000
Cost/m ² , SEK ^{1) 2)}					
31,000	230	244	258	272	286
32,000	216	230	244	258	272
33,000	202	216	230	244	258
34,000	188	202	216	230	244
35,000	174	188	202	216	230

¹⁾ Excluding VAT²⁾ Excluding cost of land**IMPLICIT VALUE OF CONDITIONAL BUILDING RIGHTS**

JM had 14,800 available building rights at the end of the year through conditional building rights in Sweden, Norway and Finland. Normally, JM pays for these building rights in conjunction with the local planning gaining final approval. The building rights are then recognized in JM's balance sheet at acquisition cost as a development property. The acquisition price is normally based on the market value for the building rights at the time the terms of the agreement are met and the transfer occurs. The value of the development properties thereafter varies depending on price development of residential units and market valuations can be conducted based on prices in the area and specific project conditions.

It is normally not possible to sell conditional building rights, and the agreements have different periods of validity depending on the pre-conditions and agreement structure. Even if the conditional building rights normally do not have market prices, they still constitute secured continuation for JM's ongoing addition

of building rights to be taken into production for residential project development.

With the conditional agreements as a basis, an implicit net present value can also be calculated for future cash flows in the conditional part of the building rights portfolio. Under the assumption that the conditional portfolio of 14,800 building rights is taken into production over a period of eight years, meets the target requirement of 10 percent of the operating margin, and has an acquisition cost for building rights that approximately corresponds to the current average market value in the balance sheet, the net present value after tax amounts to SEK 3.6bn at a discount rate of 6.0 percent. In other words, this can be viewed as an implicit value in JM's project development, in addition to the market value of the development properties JM has recognized in the balance sheet in accordance with the above sensitivity analysis, assuming that the projects can be carried out operationally.

SENSITIVITY ANALYSIS, VARIOUS COST CATEGORIES, PROJECT DEVELOPMENT FOR RESIDENTIAL UNITS

Category	2019			2018
	Share of cost, % ¹⁾	Change, %	Effect, SEK m	Share of cost, %
Salaries/wages	15	+/- 10	+/- 113	14
Material	17	+/- 10	+/- 130	16
Land	10	+/- 10	+/- 78	14
Developer's costs	14	+/- 10	+/- 104	13
Pre-construction	5	+/- 10	+/- 39	6
Overhead	8	+/- 10	+/- 66	8
Subcontracting	31	+/- 10	+/- 240	29

¹⁾ Share of cost base for project development of residential units in Sweden was SEK 7.7bn in 2019 (SEK 7.8bn 2018).

Material refers to costs for in-house purchases of building materials. Land refers to cost for land expensed. Developer's costs are costs not directly related to contracting, such as interest on loans, municipal connection charges and registration of title. Pre-construction mainly relates to costs for technical consultants. Overhead refers to incidental expenses for setting up the building site and rent for fixed assets such as machinery.

CLIMATE-RELATED RISKS AND OPPORTUNITIES — TCFD

The Task Force on Climate-Related Financial Disclosures (TCFD) is a group appointed by the G20 countries' Financial Stability Board. The group's assignment includes developing recommendations for harmonized and consistent climate reporting that promotes informed decisions among investors, lenders and insurers, and creating a better understanding of climate-related risks in the financial sector. The companies have reported for a long time on how they affect the climate, but in TCFD the focus is instead on how a change in the climate affects the companies.

Governance

JM has considered the recommendations in TCFD and performed the following work during the year:

- Identified climate-related financial risks and opportunities in JM's residential development projects
- Integrated climate-related financial risks and opportunities in the company's other risk and opportunities.
- Developed the sensitivity analysis to also include climate-related risks and opportunities, as presented in the table at the bottom of page 35.

MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES



Climate area	Impact on JM	Risk	Opportunity	Management
Costs for fuel	Production Completed construction	Increased cost: • Carbon dioxide tax • Energy tax • Renewable	Energy-efficient Attractive product Improved customer value	Managed according to: • Active product/production/ method development
Energy savings/consumption	Planning Production Completed construction	Increased cost: • Electricity SEK/kWh • Heat SEK/kWh • Cooling SEK/kWh	Energy efficiency New technological solutions Renewable energy	Managed according to: • Energy mapping • Technological solutions • Intelligent Homes
Costs of raw materials and products	Planning Production	Increased cost: • Raw materials • Materials • Imports • Logistics	Efficient planning Efficient production Choice of supplier	Managed according to: • Agreement management • Procurement • Framework Agreements
Climate-affecting products (concrete and steel)	Planning Production	Increased cost: • Concrete • Steel	Technological development Other materials, e.g. wood, climate-neutral concrete, and steel	Managing through participation: • Industry development • Research • Roadmaps
Increase in extreme weather	Land acquisition Planning Production Completed construction	Increased cost: • Climate shell • Regulation risk • Insurance • Water/waste • Municipal requirements	Robust climate shell that can withstand moisture and temperature Shortened production time due to milder winters	Managed according to: • Sustainability criteria transparency at acquisition • Robust products • Active product development • Structured production • Aftermarket
Elevated water levels	Land acquisition Planning Production	Increased cost: • Groundwater assurance	Choice of geographic and topographic location	Managed according to: • National Board of Housing's requirements • Municipal requirements (height above the water) • Technological requirements

Strategy

Additional work has been carried out for the climate areas that are judged to have the greatest impact on JM's business, where each climate area is linked to the different phases of project development: land acquisition, planning, production, and completed building. Risks and opportunities and how such are managed are presented for each climate area.

Metrics and targets

To manage relevant climate-related risks and opportunities, JM has several climate targets. For example, JM must reduce its emissions by 40 percent by 2020 and climate-affecting emissions must be close to zero by 2030 compared to the base year 2010. JM's climate-related targets, emissions and key figures are based on the Green House Gas Protocol and are reported in accordance with GRI Standards on pages 39 and 137.

SENSITIVITY ANALYSIS FOR VARIOUS COST CATEGORIES LINKED TO CLIMATE, PROJECT DEVELOPMENT FOR RESIDENTIAL UNITS

Category per climate area ¹⁾	2019			2018
	Est. share of cost, % ²⁾	Change, %	Est. effect, SEK m	Est. share of cost, %
Fuel	1	+/- 10	+/- 11	1
Energy	2	+/- 10	+/- 12	1
Material	17	+/- 10	+/- 130	16
Concrete and steel	10	+/- 10	+/- 76	10
Climate shell	7	+/- 10	+/- 56	6
Groundwater protection	1	+/- 10	+/- 8	1

¹⁾ Listed categories slightly overlap one another.

²⁾ Estimated share of cost base for project development of residential units in Sweden was SEK 7.7bn in 2019 (SEK 7.8bn 2018).

Fuel refers to costs for fuel used at the construction site and for transports. Energy refers to costs for purchased electricity, heating and cooling for the business. Material refers to costs for own purchase of building material. Concrete and steel refer to the costs for in-house purchases of building materials that contain concrete and steel, and costs for building materials that contain concrete and steel purchased via subcontracting. Climate shell refers to costs for materials and products used for roofs, exterior walls, facades and bottom slabs. Groundwater protection refers to material costs to protect buildings from groundwater intrusion.

OUR WORK WITH

Sustainability

Adopting a long-term approach has been a guiding principle for JM from the very start of the company in 1945. A clear strategic focus combined with a well-balanced building rights portfolio and a strong emphasis on sustainability issues lay the foundation for JM to create value in the future as well.



Sustainable and responsible urban planning

JM helps create well-functioning communities for the people of today and tomorrow – the buildings JM builds today will be used for at least 100 years. As a leading project developer of housing, sustainability is our responsibility and our ambition.

For us, “sustainable urban planning” refers to financial, social and environmental accountability, which also encompasses the concept of Corporate Social Responsibility (CSR). We strive to strengthen our long-term, value-creating operations and their contributions to sustainable development. An important part is taking responsibility for the impact of our decisions and activities on society, people and the environment. JM’s clear strategic focus has given us a leading position on the market and good profitability. Sustainability work and consideration for the Precautionary Principle are central and integrated parts of our project development. JM’s Sustainability Report has been prepared in accordance with the GRI Standards at the core level. For more information, see pages 133–139.

OUR AMBITION

JM’s sustainability work is based on our values, which include sustainability, staff and work environment policies, codes of conduct and ethical guidelines. These describe the commitments and the ambitions of the Group when it comes to sustainability. JM has conducted a materiality analysis to identify its material sustainability aspects – the areas that are considered to be the most important for JM’s long-term value creation and in which JM strives to always improve. In order to make an improvement in our operations, we have prepared for each sustainability aspect long-term goals for 2030, which is in line with both the UN’s sustainable development goals and more short-term operational goals. The work to achieve the goals for each aspect is managed by appointed administrators within the organization through systematic and scheduled work.

ORGANIZATION

JM has two forums that are responsible for the Group’s sustainability work. The Quality and Environmental Council is responsible for the overall governance of the operations, and the Sustainability Council is responsible for coordination within the area of sustainability. The members of the Quality and Environmental Council consist of the managers of the business units and the regions, and the Sustainability Council consists of the Heads of Group Staffs. The CEO and the Head of Sustainability are members of both forums. The Head of Sustainability is responsible for the Environment and Sustainability Department, which supports

the environmental work, drives development and coordinates the sustainability work in the Group. Environmental responsibility is distributed between different roles in the building projects and is supported by regional quality and environmental coordinators.

GOVERNANCE AND FOLLOW-UP

Sustainability work is governed in the same manner as the rest of the Group’s operations, i.e. through the Operations System – JM’s management system. This system steers both procedures and product design to secure long-term value creation for customers, owners, employees and society. The Operations System covers the entire development process, from property transactions, project management, project design, purchasing, production management, sales and the customer’s interior design choices to management and warranty and liability periods. Our governance and the improvements we implement in the area of sustainability thus have a direct impact on the entire operations. Governance is then followed up and evaluated on a regular basis through our indicators and key financial figures as well as the internal audit.

STAKEHOLDER ENGAGEMENT

It is very important for JM to maintain an open dialogue with its stakeholders. The operations’ most important stakeholders have been identified through our materiality analysis and are updated on a regular basis. The stakeholder groups that we have identified are both the most important for us and the most affected by our operations. Through ongoing stakeholder dialogues with these groups, we capture their expectations and wishes, which then serve as a basis for our internal improvement work. For more information about our materiality analysis and stakeholder dialogue, see pages 133–134.

COOPERATION

An important part of JM’s work revolves around cooperation, achieving together with other organizations a greater change in society in line with No. 17 of the UN Sustainable Development Goals: revitalizing the global partnership for sustainable development. We therefore actively participate in several different initiatives, both within and outside of the construction sector, to drive development toward greater sustainability.

Among other things, in 2019 we:

- Continued to pursue work to implement the requirements of the Swan Ecolabel in the operations
- Continued work to implement digital log books for all building products used in the building projects
- Decided on new incentive programs for waste sorting at our construction sites
- Continued development of a project tool to follow-up on the projects' waste work
- Initiated cooperation with actors that take care of and reuse left-over construction material
- Performed LCA calculations for one of our housing projects with the aim of preparing a climate declaration
- Implemented higher climate requirements on transports and rented machinery
- Performed test projects with the aim of making our construction sites more energy efficient
- Implemented test projects with solar panel arrangements for two tenant-owner associations
- Continued test projects with climate-reduced factory concrete and prefabricated concrete
- Continued successful apprenticeship program for women
- Held JM Safety Week with a focus on safety culture.

JM has signed the UN's Global Compact initiative, thus taking a clear stance on issues related to human rights, labor law, accountability for the environment and anti-corruption. JM continually monitors these issues as a means of ensuring that nothing in its operations is in conflict with the UN's initiative. However, the risk of such a conflict is judged to be minor since JM operates exclusively in the Nordic countries where these issues are strictly regulated.

JM also has a Code of Conduct and a process for sustainable supplier chains to guarantee that our suppliers and subcontractors do not operate in conflict with Global Compact.

We are striving to reduce our climate-affecting emissions in line with the UN's, the EU's and the Nordic countries' climate targets and to have an environmental footprint of more or less zero by 2030. For us this means fossil fuel phase-out, energy efficiency measures, prioritization of building materials that are better for the climate, and 85 percent lower climate-affecting emissions compared to 2010 for the emissions over which we have direct control. JM's calculation and reporting of emissions from its operations that have an impact on the climate are based on the GHG Protocol (Green House Gas Protocol).

Credit rating agencies and fund management companies actively monitor JM's progress within sustainable development. For example, JM is listed on the OMX GES Sustainability Sweden Index and the Ethibel Sustainability Index (ESI) Excellence Europe.

We report information about our environment and sustainability work to several external rating agencies, including Sustainable Shareholder Value and the Carbon Disclosure Project.

Sustainability issues are sometimes inherent in the industry, and this work therefore requires broad cooperation between companies in order to be successful. Several examples of organizations in which JM is involved include:

- **Haga Initiative**, a network in which JM is one of the initiators. The aim is to reduce greenhouse gas emissions from

the business world, highlight the climate as one of the most important issues to address for the future and serve as a role model for companies that adopt a proactive approach to climate change

- **Solelkommissionen**, a network that believes current legislation limits the possibility to produce proprietary solar electricity. The network promotes the use of solar energy and the possibilities for property owners to produce their own electricity using solar panels, independent of the location or ownership form of the properties
- **Fossil-free Sweden**, a platform for a dialogue between companies, municipalities and other actors who would like to remove fossil fuels from Sweden by producing industry-specific routes
- **BASTA**, the construction sector's shared system for phasing out hazardous substances. An industry initiative to phase out hazardous substances by simplifying product selection and creating a better selection of environmentally friendly construction goods on the Swedish construction market. JM initiated the creation of BASTA and is a member of the organization's Board of Directors and scientific council
- **Mentor Sverige**, a non-profit organization that works with mentors for youth. The organization arranges personal mentors as well as work mentors, professional mentors and other cooperations with schools
- **Red Cross**, the world's leading disaster relief organization. When JM closes its Showrooms, the Red Cross takes over the interior, either using it itself or selling it for the benefit of the organization's operations
- **Nätverket Renare Mark**, a forum to promote the development within the remediation of pollutants in the ground and water. The goal is to increase communication between different groups in society that are affected by the problem, drive relevant issues and cooperate with Nordic and European networks with the aim of promoting development within remediation.

JM's Group-wide sustainability aspects and targets

Material sustain- ability aspects	Social contributions	Long-term goal 2030	Operational goal	Results		
				2019	2018	2017
Ethics and value creation  	Pursue long-term, responsible and stable housing development Contributes to the UN SDGs: No. 8: Decent work and economic growth No. 17: Partnerships for the goals	JM has long-term and ethically sound financial growth that contributes to the improved welfare of society	The operating margin should amount to 10%, including gains/losses from property sales The visible equity ratio should amount to 35% over a business cycle The average dividend over a business cycle should correspond to 50% of the Group's profit after tax No ethical breaches based on JM's values	12.8% 42% 56% 0	11.7% 41% 58% 0	13.9% 40% 35% 0
Product responsibility    	Develops sustainable cities and residential environments that meet today's and tomorrow's needs and requirements Contributes to the UN SDGs: No. 9: Industry, innovation and infrastructure No. 11: Sustainable cities and communities No. 12: Responsible consumption and production No. 15: Life on land	JM develops sustainable residential units and residential areas JM has the industry's most satisfied residential customers	All projects conduct early sustainability analyses in 2020 ¹⁾ Industry's most satisfied customers according to: CSI (Occupancy) Sweden (S), Norway (N) CSI (Warranty index) Sweden (S), Norway (N)	Implementing 3rd (S) – (N) ²⁾ 69 (S) 71 (N)	Tested in project 1st (S) 1st (N) 70 (S) 64 (N)	Work in progress 3rd (S) 3rd (N) 72 (S) 70 (N)
Responsible suppliers 	Works to strengthen labor law, human rights, anti-corruption efforts and environment responsibility in society Contributes to the UN SDGs: No. 8: Decent work and economic growth	JM promotes social responsibility in its operations and supply chain	Conduct at least four sustainability audits at our construction sites and in the supplier chain	4	4	7
Work environment 	Develop a workplace with a good and safe work environment Contributes to the UN SDGs: No. 3: Good health and well-being	JM has the industry's best work environment and no workplace accidents	No accidents with absence due to illness for in-house personnel and subcontractors in 2030 (number per million working hours) Total leaves of absence due to illness from scheduled hours is low (3.8% Sweden, 5.8% Norway and 2.6% Finland)	13.3 3.8% (S) 5.8% (N) 2.6% (F)	15.4 3.6% (S) 5.6% (N) 3.8% (F)	10.2 3.7% (S) 5.4% (N) 3.8% (F)
Diversity and equal opportunity  	Develop a workplace that offers diversity and equal opportunity Contributes to the UN SDGs: No. 5: Gender equality No. 10: Reduced inequalities	JM works towards an even gender distribution and diversity among its employees	Even gender distribution among salaried employees (at least 40/60 women/men) in 2030 20% female wage-earners by 2030 The number of women among JM's wage-earners is targeted to increase by a factor of 10 between 2015 and 2021	37/63 5.2% 7.3 (S) 8.0 (N)	35/65 3.4% 4.5 (S) 8.0 (N)	34/66 1.8% 2.3 (S) 4.0 (N)
Skills 	Allow people to develop and contribute to long-term value creation Contributes to the UN SDGs: No. 4: Quality education	JM is one of the commercial market's most attractive employers	All salaried employees have goal and performance reviews, which include individual development plans ³⁾	94% (S) 93% (N) 89% (F)		
Resource efficiency 	Contribute to greater resource efficiency and reduced environmental impact in society Contributes to the UN SDGs: No. 12: Responsible consumption and production	Total amount of construction waste reduced to 15 kg/GFA by 2021 JM has an efficient and largely circular flow of materials	Total amount of construction waste reduced to 15 kg/GFA by 2021 Increase in the percentage of construction waste that is sorted into fractions for recycling to 80% by 2020 ¹⁾ Decrease in the percentage of construction waste that is sorted as mixed waste to 2% by 2020 ^{1) 4)} Decrease in the percentage of construction waste that is sorted as burnable waste to 15% by 2020 ^{1) 4)} Decrease in the percentage of construction waste that is sorted as landfill waste to 3% by 2020 ^{1) 4)} Decrease in the percentage of construction waste that is sorted as other waste to 20% by 2020 ^{1) 5)}	34 (S) 33 (N) 59% (S) 79% (N) 5% 31% 5% 16%	34 (S) 36 (N) 59% (S) 76% (N) 4% 31% 4% 16%	30 (S) 30 (N) 55% (S) 80% (N) 8% 32% 6% 18%
Small impact on the climate  	Contribute to a society with a small impact on the climate Contributes to the UN SDGs: No. 7: Affordable and clean energy No. 13: Climate action	JM's operations have climate-affecting emissions close to zero	Calculated energy need for residential units is 25% lower than each country's applicable norm. The Swan Ecolabel energy requirements replace the targets in projects in Sweden and Finland that entered the pre-construction stage as of 2018 Reduction in greenhouse gas emissions of 20% by 2020 compared to 2015 ^{1) 6)}	30% –9%	33% 0%	31% –3%

¹⁾ The operational program has been extended by one year, to 2020, meaning that the goal has been moved forward one year from 2019 to 2020. ²⁾ Satisfied Customer Index for Norway in 2019 is 72, did not place in top three. ³⁾ New operational target in 2019 due to a change in the employee survey, which served as the basis for the previous goal "Leadership index and team efficiency." ⁴⁾ The waste target applies to JM Sweden. ⁵⁾ The waste target applies to JM Norway. ⁶⁾ The target is measured in tons of CO₂e per produced residential unit.

Environmental work

As a project developer of housing, we face considerable possibilities for influencing our operations and products to reduce environmental impact.

CLIMATE

Energy consumption in the operations

JM works proactively to reduce energy consumption throughout the entire operations. For example, all construction sites have energy-efficient sheds and low-energy lighting with daylight and motion detectors. We have also opted to purchase Good Environmental Choice electricity for our entire Swedish operations.

We work continuously to introduce measures identified in our energy mapping, which has been conducted in accordance with the Energy Mapping in Large Companies Act (2014:266). This mapping includes energy use in buildings, the operations and transports over which the company exercises control.

Transports and construction machinery

Construction machinery and transports of goods and people are responsible for considerable emissions of substances that impact health and the environment. JM procures the majority of its transports of goods and work requiring heavy machinery from suppliers. We are developing the logistics procedures together with these suppliers. JM also has projects underway to increase the opportunities to take control over deliveries to and from our construction sites.

Examples of measures to reduce our environmental impact from transports, machinery and business travel:

- JM applies the Swedish Transport Administration and the major Swedish cities' (the so-called Order Group's) joint environmental requirements on construction for 2018
- Demands on the fuel that suppliers use
- Demands on age, Euro class and the maximum greenhouse gas emissions from vehicles
- Demands that suppliers are able to show they monitor their fuel consumption and they are taking measures to reduce this consumption
- Updated guidelines for company cars
- Train travel should be prioritized over air travel, and public transit is encouraged
- JM offsets carbon emissions from air travel (via Plan Vivo)
- Digital meetings and video conferencing at the offices are encouraged to reduce the number of business trips.

HAZARDOUS SUBSTANCES, HANDLING AND CHOICE OF MATERIALS

Choice of materials

JM's residential units are built using proven natural materials such as tile and wood. We have had procedures in place for a long time for the environmental assessment of building material to check that the materials we use do not contain hazardous substances or in any other way unnecessarily burden the environment. When there is not enough information about a material's qualities, we employ a precautionary approach and do not use the material. JM's requirements on environmental assessment are adapted to the market's leading systems – BASTA, Byggarubedömningen and Sunda Hus. The Swan Ecolabel certification entails additional requirements on material choices and database registration.

Moisture protection

All pre-construction and installation work in JM's residential units complies with requirements under the industry rules "Safe water installation". The industry rules also apply to installed heating systems.

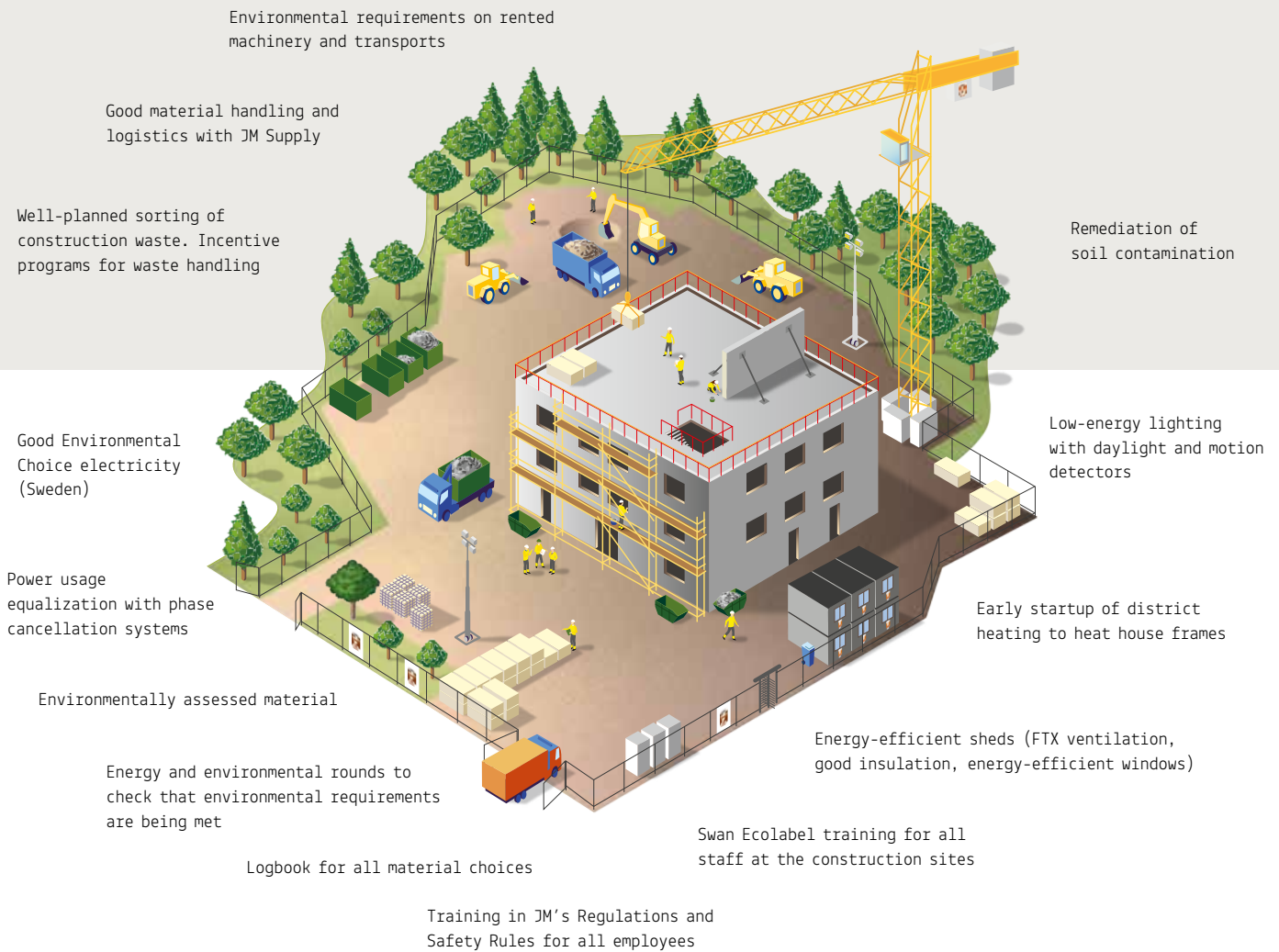
JM works with methods during planning and production that avoid humidity in the building to prevent moisture and water damage. We use moisture-tolerant and mold-resistant gypsum wallboard for both wet areas and exterior wall constructions. Stringent requirements are also placed on vapor barriers for bathroom walls in accordance with current construction regulations.

Contaminated land, water and buildings

The land that JM acquires and will build on has often been the site of some form of activity that may have contaminated the land with harmful substances to such a degree that it can be dangerous for people and the environment.

Through the entire process, from local planning to remediated area, JM's land remediation specialists ensure that all legislative requirements are met in accordance with the Environmental Code. As knowledge about contaminants and their impact increases, higher demands are placed by the supervisory authority in the local planning process on investigations.

In 2019, JM handled land remediation for approximately 90 projects in different phases. It is very important that we maintain our expertise within remediation of land and environment to ensure both compliance with governmental requirements and as environmentally and cost-efficient remediation as possible.



RESOURCE EFFICIENCY

Construction waste

JM is aiming to reduce its construction waste 50 percent by 2021. Since 2015, we have worked on the investigation and implementation of around 165 prioritized measures with the aim of decreasing the amount of building waste. The work is carried out in cooperation with our suppliers and waste contractors. The project is now entering into a new phase with a focus on change management. The goal is to create a positive culture around resource efficiency, waste and sorting within all areas of the Group.

Examples of measures to reduce construction waste include:

- Reuse agreements for products and construction material
- Improved procedures for pallet management at construction sites, for example improved pallet return management
- Participation in industry cooperations to find efficient return systems for more load carriers, for example brick pallets
- Recurring annual theme day for skills development; the 2019 theme was waste minimization.

JM should also increase the percentage of construction waste sorted into recycling fractions to 80 percent. To achieve this goal, JM is working on:

- Preparation of Group-wide procedures for sorting at JM's worksites. National adaptations are implemented based on Sveriges Byggindustrier's resource and waste guidelines for construction and demolition in Sweden and in consultation with JM's partners in construction waste handling in Norway and Finland
- Continued implementation of regional waste boards
- A follow-up and forecast tool for production
- Preparation of internal e-learning for the construction projects' waste coordinators.

The work occurs in close cooperation with JM's purchasing department, pre-construction, production and our suppliers.

Swan Ecolabel residential units

LIVING IN A SWAN ECOLABEL BUILDING

JM has always worked with sustainable construction. As of 2018, all residential units that enter into the pre-construction phase will be certified in accordance with the Nordic Swan Ecolabel. This makes us the first Nordic construction company to certify its production of residential units in the entire Group according to the Swan Ecolabel. The idea is that the efforts the Group has made over a period of years to create a healthy environment and sustainable development should be more visible for housing customers.

Certifying JM's buildings in accordance with Swan Ecolabel means that the Swan Ecolabel's organizations in Sweden, Norway and Finland review and verify that JM meets very strict environmental requirements. Since JM has applied a methodological approach to its environmental work since the beginning of the 1990s, previous residential units have basically the same environmental and energy performance.

That we meet all of the requirements for the Swan Ecolabel certification is good for the environment, the climate and, in particular, the people moving into our residential units. But what does the Swan Ecolabel mean for people living in a JM building?

"We are the first Nordic construction company to certify the entire Group's production of own residential units in accordance with Swan Ecolabel. This is a natural step in our efforts to be a market leader in sustainable housing."

JOHAN SKOGLUND, PRESIDENT AND CEO

HEALTHY INDOOR ENVIRONMENT

In the Nordic regions, we spend approximately 90 percent of our time indoors. A large part of the Swan Ecolabel certification focuses on creating a healthy indoor environment. This means that the buildings are built from robust and healthy construction materials. Building panels, parquet flooring, insulation, paint, glue and adhesives do not contain substances that are harmful to the environment and health. In addition, the Swan Ecolabel

Bicycle storage and bicycle parking

Buildings, entrances, and courtyards designed to promote social interaction

Environmental room with packaging collection

Green courtyards

requires JM's constructions to be moisture proof with a minimal risk of mold and that the buildings have good and function-tested ventilation.

LOW ENERGY CONSUMPTION

Since 2008, JM has built buildings that consume much less energy than the requirements set out in each country's building regulations. Our Swan Ecolabel buildings are naturally also energy-efficient, which decreases both the operating costs and the environmental footprint.

The residential units are fitted with energy-efficient appliances and low flow faucets and shower heads. The lighting in the common areas is need-based to save electricity.





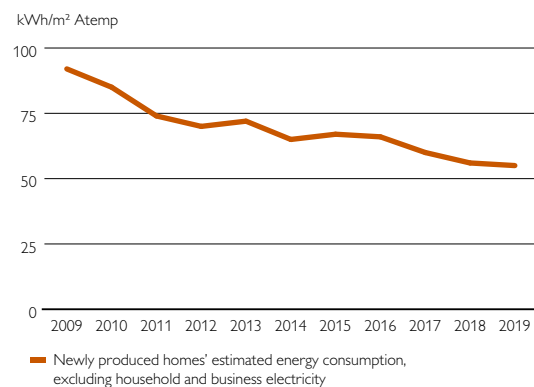
SUSTAINABLE FORESTRY

The wood in our Swan Ecolabel buildings comes from sustainable forestry, and a number of endangered tree species are forbidden. We do not allow wood that has been impregnated with fungicidal agents and germicides.

LIVING SUSTAINABLY

We want to make it easy to live a sustainable life in our buildings. This is why all our residential units are equipped for sorting. Apartment buildings also have an environmental room for recycling additional types of material, light bulbs, electronics and batteries. Parking areas are prepped for the installation of charging stations for electric cars. Every tenth parking space has a charging station at occupancy. Bicycling parking is placed under a roof.

NEWLY PRODUCED HOMES' ESTIMATED ENERGY CONSUMPTION FOR JM IN SWEDEN



JM uses a standardized method to calculate the energy use of newly produced homes, which enables a comparison over time. The diagram shows the average of housing projects that were completed each year. The calculated energy use has been reduced by around 40 percent since 2008.

Taking advantage of and developing skills

Knowledgeable and committed employees are vital to our success. Together we are building the societies of the future.

Far from all have the benefit of creating at their work something that will last for decades. Our employees are part of the creation of buildings that are seen by many and provide a roof for both homes and businesses. They are writing history.

EMPLOYEES TODAY AND TOMORROW

We are convinced that skilled and committed employees are crucial for our success. At JM, we want to create conditions for our employees to feel proud of their careers, and we do this by taking a long-term approach to everything we do. In our work to develop and build sustainable homes and thriving neighborhoods, there are plenty of development possibilities and exciting assignments.

At the end of the year, JM had 2,559 employees, of which 996 were wage-earners and 1,563 salaried employees. Of these, 97 percent were permanent employees.

We always strive to achieve a good balance between men and women as well as senior and less experienced employees. Today, 37 percent of JM's salaried employees are women, and the corresponding figure for our wage-earners is 5.2 percent. By 2030, it is our goal to have 20 percent of our wage-earners be female, to have equal gender distribution within function groups among salaried employees, to have equal gender distribution among management groups from the regional level and upward, and to reflect the ethnic diversity in society.

The goals are important to ensure our long-term supply of skills. We want to be an attractive employer for more skilled employees. We also know that employees in equal work groups feel better, perform better, and contribute to a greater extent to the operations' development.

To ensure that we achieve our goal, we are incorporating equality targets into our regular HR procedures, such as succession planning and trainee recruitment, with the aim of ensuring equal-opportunity in our supply of future leaders.

For the third consecutive year, we started our apprenticeship program for female wage-earners. The apprenticeship program serves as a basis for the large strides forward we made in increasing the percentage of women among our wage-earners. In three years, this percentage increased from 1.1 percent to 5.2 percent, and the number of applications to our apprenticeship program increased by more than 300 percent compared to 2018.

To attract employees of the future, JM maintains a wide-reaching cooperation with colleges and universities, and

during the year we conducted a number of activities :

- We participated in Labor Market Days and talked about paths into JM as a student
- CEO Johan Skoglund held lunch lectures at colleges and universities where he talked about JM and the trends we are seeing within housing development and our industry
- Students met with JM's trainees, who talked about what it is like to be a trainee at JM
- Events where students worked with case studies and met representatives from JM.

In August 2019, we started JM's Group-wide trainee program for the tenth consecutive year. The number of applicants for this year's program was very high, with more applicants than in previous years. It is a certified trainee program, where participants spend two years following different roles within JM in order to gain a comprehensive perspective of our operations. The program, which focuses on JM's project development activities, is an important part of our strategic competence initiative and has an overarching aim to secure in the long run our access to skilled workers and managers.

JM's two-year student program Startskottet has been held since 2017 for JM's operations in Stockholm. The program targets students studying engineering with an emphasis on construction/urban planning and seeking a future career in our production operations. New this year is that we have now recruited for JM's entire operations in Sweden.

We also continued our well-established cooperation with IVA/Tekniksprånget, which is a more long-term initiative for JM's future supply of skilled labor. By offering internships to students directly after high school, we give them a glimpse of the construction industry with the objective of attracting more to choose higher technical education.

Among other things, in 2019 we:

- implemented JM's recruitment system in Finland as well
- procured test suppliers and certified the HR organization in a test tool for recruitment. In conjunction with this we have now developed the recruitment procedure and can thus provide even better conditions for new employees to grow into their role
- worked with a focus on profiling in social media, primarily Facebook and LinkedIn

- worked to a greater extent with moving pictures to market JM as an employer
- implemented targeted recruitment campaigns more frequently to attract new employees
- implemented the following recruitment activities:
 - trainee recruitment, Group-wide
 - Startskottet, all of Sweden
 - Apprentice program for women, all of Sweden
 - Foremen of the Future, third consecutive year, that in 2019 focused on Norway.

In 2019, we also continued the implementation of our Employer Branding concept – “Create history with us” – in our recruitment work. Considerable focus continued to be placed on digital channels, in particular to be able to attract and meet the younger generation on their terms and in the channels where they are.

STRATEGIC SUPPLY OF SKILLS

To ensure the long-term supply of skills and commitment in the organization, we are building long-term relationships with our employees. We give them the conditions to grow in their roles through challenging and varying tasks and skills development, so they can take responsibility for their own development, both professionally and personally.

The skills and experience of our employees are important, in particular in our efforts to structure our project development and our production into effective procedures. We have a clear model for skills development that is based on basic skills, professional skills, employeeship and leadership, and we are gathering everything we do in our online IT tool, JM Competence.

At JM, competence is defined as the ability and desire to perform a certain task. Ability refers to the knowledge, experience and skills that you show, while desire is the confidence, commitment and motivation you have to perform a certain task.

“Everyone in the organization should be able to easily learn what they need when they need it to be the best they can be. When we are at our best, we contribute to JM’s development and performance.”

A GOOD WORKPLACE ALSO OFFERS THE POSSIBILITY TO DEVELOP – ELIN TALKS ABOUT HER JOURNEY WITHIN JM.

“I began as a trainee in June 2001, immediately after I finished my studies at KTH Royal Institute of Technology. During my entire time here, I have been given the opportunity to develop and try new roles. I also think it is important not to go too fast, but rather to learn the basics properly. Something that you can do at JM.” She also talks about how important cooperation is for the team spirit at JM.

“At JM, everyone is working for one another. To move forward, you have to be a team player. We work for a big company, and as a result there are many opportunities. Together we make sure we always stand behind whatever we are doing and always apply a sustainable approach.”



Elin Blixt
Regional Manager, JM Residential,
Stockholm South

Our goal is to deliver effective skills development by creating conditions for everyone in the organization to be able to easily learn what they need to know when they need it.

All skills development initiatives that we carry out should be linked to the needs of the business and help JM achieve its overarching goals. We ensure this goal by conducting gap analyses between the skills required by the position and the employee’s current skills, which in turn leads to various development initiatives for the employee. The manager should provide employees with support by ensuring that each development initiative leads to the employee gaining better conditions for successfully achieving existing and future goals.

JM strives to always offer the right development initiative to have the best impact on the employee. We use the 70/20/10 model when we build development initiatives. 70 percent of learning and development occurs during the employee’s normal day through, for example, challenging goals, greater responsibility, new tasks, and participation in development projects. 10 percent of learning occurs in the classroom-based courses. For the remaining 20 percent, we offer our employee coaching and mentorship as needed. An important starting point is that development is less about taking courses and significantly more about the possibilities offered in the day-to-day work with regular feedback.

A structured introduction procedure is important for providing employees with the right conditions for succeeding in their new position and in a good way becoming part of JM. New employees go through a number of online courses and a basic introduction to production or project development and meet Group management at our ‘New at JM’ day. During the year we launched the concept pre-boarding, where we use a number of online videos to welcome new employees and start the introduction already before the employment begins.

EMPLOYEE STRUCTURE – GROUP

	2019	2018	2017
Number of employees as of Dec. 31	2,559	2,630	2,529
– number of salaried employees	1,563	1,601	1,530
– number of wage-earners	996	1,029	999
Average age, salaried employees	43	42	43
Average age, wage-earners	40	40	39
Percentage of women among salaried employees, %	37	35	34

AVERAGE NUMBER OF EMPLOYEES PER COUNTRY

	2019	2018	2017
Sweden	2,053	2,070	2,090
Norway	449	433	400
Finland	96	59	48
Total	2,598	2,562	2,538

Performance reviews present an excellent opportunity to capture and discuss development needs of employees, and all employees in the Group have a performance review once a year. Regular follow-up occurs during the year through follow-up reviews and manager/employee interviews at the start and end of employment. These conversations aim to follow up on goals and the work that is performed, satisfaction and cooperation, as well as to give and receive feedback.

INVOLVED LEADERSHIP

Clear and involved leadership creates conditions for strong performance and satisfaction among our employees. Our framework for leadership, Involved Leadership, should serve as a basis for all recruitment, internal promotion and leadership training at JM. The framework describes the behavior expected to be a successful manager and leader at JM.

We offer leadership programs for foremen, site managers, project managers and pre-construction managers as well as various leadership courses for all managers and leaders. Leadership programs for JM's mid- and top-level managers are under development, and the annual succession planning shows that we have a good supply of managers for strategically important positions.

Situation-specific Leadership is one of many leadership tools that JM makes sure all managers and leaders are trained in to create a common language for how leadership affects the involvement and performance of employees.

CODE OF CONDUCT – EMPLOYEESHIP AT JM

The aim of JM's Code of Conduct is to ensure that our employees are making the right decisions in their day-to-day activities, clarify our values, and provide guidance in ethical issues. The Code contains the values and behavior that should be promoted within JM.

Our core values and JM's Code of Conduct define what being an employee at JM means and should be followed by all employees. Every week, our online IT support JM Competence presents a Dilemma of the Week, which many managers use at department meetings as a way to regularly demonstrate the importance of complying with the Code of Conduct. Employeeship is followed up through performance and development reviews and is interwoven into all training courses.

Among other things, in 2019 we:

- developed more and new online training courses. JM's course catalogue now contains as many classroom courses as online courses, approximately 100 of each
- designed more JM-adapted professional and management training courses, such as Profitable Projects
- redesigned the course Lead Effective Teams to reduce the amount of time spent in the classroom and work more on preparations and follow-up to ensure learning and effect. To achieve this, we use a digital tool for micro-training
- started a pilot project in Oslo for Involved Leadership in Practice based on JM's multi-year cooperation with Simon Elnäs, an industrial doctoral student at KTH Royal Institute of Technology. Simon has followed a number of foremen and site managers in their day-to-day work over a number of years to document how work time is allocated, and based on the results identified development potential in their leadership behavior
- started the Customer School project, which has created a framework for customer communication and interaction at JM as well as a number of training modules that put the customer in focus
- developed and held mandatory manager and leader training on substance abuse and addiction.

“Case studies were incredibly useful in both the implementation and observation and introduced new ways of thinking. They also generated more self-confidence for taking on difficult situations.”

PARTICIPANT IN THE FOREMAN PROGRAM

OUR WORK ENVIRONMENT

In 2019, a number of measures were taken to progress toward JM's long-term goal of injury-free worksites.

During the year, we systematically and at a central level investigated all near-accidents and accidents with leaves of absences, conducted weekly status checks with responsible managers, and then used action plans to ensure that the event that occurred does not need to happen again. Every week, employees at all construction sites are informed about the previous week's incidents,

Leadership in Practice

You took the Situation-specific Leadership course a year ago. What did you think about the course?

“Previously when I worked as a foreman, the hardest part of the leadership role was to successfully convey my vision about how specific aspects of the work should be carried out. Everyone listens and absorbs information differently. After I finished the course on Situation-specific Leadership, I gained tools for understanding the people I was leading a little better. I brought away from the course that it is about starting with the employee; meeting the person where they are and thus getting the best out of them. For me, Situation-specific Leadership has added a good approach to my toolbox.”

How do you use Situation-specific Leadership in your day-to-day activities?

“Now I am site manager for a large project, Tangentvägen in Kungens Kurva. It is an extensive project for Huddinge Municipality and Stockholm Vatten, where we, for example, will engineer four large reservoirs with 1,400–1,800 concrete conduits and the future boulevard, Ingvar Kamprads Allé. My leadership now is more about leading through others, for example the foremen in the project. Here, I try to coach my foremen to try to use the Situation-specific Leadership approach. We talk about competence being the result of both a desire and an ability. There is a shortage of workers in the engineering industry. This means that we can't afford to turn people away just because they can't do something. We need to work to develop the employees we have; I try to support my foremen to do this. If there are disagreements and conflicts in a project, it is necessary to find out why and reflect on what is causing the behavior. What is driving a person to behave in a certain way? Conflicts do not go away by ignoring them. As managers, it is our job to help people do a good job – this is what management is.”

How do you use JM's leadership framework – Involved Leadership – in your day-to-day activities?

“I think it is important to convey the bigger picture to everyone in the project, so that everyone in the project understands where we are going, what we should be achieving together. To describe why we are doing what we are doing. Every person involved in a project is important, and everyone has something to contribute: engineers and construction workers. And everyone, regardless of experience, should feel appreciated. I have planning meetings that include salaried employees, skilled workers and engineers. I want to foster an inclusive climate, where people can say what they think. And feel that they can come with ideas. I'm not an expert in every situation, and when we have a planning meeting I want everyone's brains to be there. When everyone participates and we do things together, the outcome is really good.”

Do you have any leadership tips that you would like to share with other managers and leaders at JM?

“Conflicts and disagreements occur in production. As a manager, you are quite far away from them, and it can be easy to just ignore them. My tip is to take the time to get a feel for how things are going; if anything is bubbling under the surface. Be open to talk about things. Otherwise, there is a risk that people will work against instead of with one another. If you talk about, problems and disagreements that demand so much time and energy will disappear quite quickly.”



Kristina Viksten
Site Manager, JM Construction

with the instruction to reflect at their weekly meetings on whether the event could have occurred at their worksite and how to ensure that it does not. In this way, we are working systematically to prevent near-accidents and accidents while at the same time increasing safety awareness at our construction sites.

Situations that we consider important for everyone to know to be able to take the proper protective measures are communicated to the construction sites approximately twice a month via the 'SkyddsNytt' channel. In addition, summaries about news related to JM's work environment work are presented on a quarterly basis.

Preventive work environment efforts for both construction and usage in the pre-construction stage have been strengthened. In consultation with consultants hired during the pre-construction stage, a new group of questions has been prepared, and we have at the same time developed the procedures for how we

work with work environment risks during the pre-construction stage. The aim is to identify at an early stage potential work environment problems that otherwise could arise at a later stage and dismantle them already during the pre-construction stage.

Work environment delegations for all managers with personnel responsibility in Sweden have been updated so they are now clearer and more adapted to our operations. In conjunction with this, a comprehensive educational initiative was implemented regarding work environment responsibility. We also renewed procedures for ensuring that the building commissioner responsibility is handled correctly, including a new possibility of delegating tasks to foremen.

JM's operational system has undergone development, such as improved logistics and installation instructions as well as a new template for the work environment plan, including risk assess-

ment and work preparation. We have also worked on our workplace bulletin boards where we gather work environment information, and we renewed the content of the work environment folder that is available at the workplaces.

We carried out a major project regarding quartz (silica). We took measurements and assessed the risks, we provided training for all responsible managers within pre-construction and production as well as production personnel who are at risk for being exposed to silica dust on what quartz is, what the risks are, and how to avoid these through pre-construction measures, cleaning, and, lastly, personal protection equipment.

To ensure that all work environment questions are captured and handled, we continued to develop our regional and central work environment work during the year. Issues that cannot or should not be resolved at the regional level are escalated to the central protection committee that meets four times a year.

In 2019, JM joined the industry organization Håll Nollan (Stay at Zero), which strives for zero accidents in the construction industry. Within this network, around 60 actors within construction and engineering are working to compile and share existing knowledge, prepare common methods of working and standards for dangerous tasks, and create a culture and leadership in the construction industry that always prioritizes the work environment and safety. We look forward to continuing to work together on these important issues and will implement the network's standards and procedures in our structure capital.

“At JM, we work safely or not at all.”

JOHAN SKOGLUND, PRESIDENT AND CEO

FEEL GOOD

JM should be a safe, secure and healthy workplace with sustainable employees. As part of this work, JM developed during the year a new rehabilitation procedure that focuses on capturing at an early stage signs of ill-health within the organization. We recognize the importance of early initiatives to prevent ill-health, lower absence due to illness, and improve the employee's work capacity. In 2019 we also implemented random alcohol and drug testing of all employees in Sweden.

This year's employee survey focused on JM's organizational and social work environment. In general, we score well, and we are making progress in areas such as workload, motivation in work and that the work teams are free of conflicts that have a negative impact on the work.

JM works closely with occupational health services on both rehabilitation and physical examinations and educational initiatives, and JM offers employees regular physical examinations.

As part of JM's proactive efforts, warm-up exercises are held every morning at the construction sites to warm up the body and prevent injury.

One appreciated benefit at JM is the wellness subsidy, which provides our employees with greater possibilities of participating in wellness activities.

ETHICAL GUIDELINES AND THE WHISTLEBLOWER FUNCTION

Ethics are important to us, and our ethical guidelines emphasize in part zero tolerance for discrimination and victimization.

Employees can turn to JM's Ethical Council in the event of questions related to this topic. JM also has a whistleblower function through an external party. This function is open to employees, partners, customers and other stakeholders.

The Work Environment app, which was produced in-house, contains JM's Code of Conduct, JM's Regulations and Safety Rules, and changes related to the work environment and safety. Everyone who enters our construction sites must have reviewed and been approved in JM's Regulations and Safety Rules in order to gain access to the workplaces.



JM's goal is to be the most equal company in the industry by 2030. For us, this means having equal gender distribution within function groups among salaried employees as well as among management groups from the regional level and upward. An equal gender distribution is a ratio of women to men of 40/60 or more. Among wage-earners, the goal is for women to represent 20 percent by 2030.

Equal opportunity and diversity

“We know that an equal and inclusive workplace increases job satisfaction and contributes to lower absence due to illness and fewer workplace accidents.”

JM's strategic work to improve equality is generating results. In just three years, the share of female wage-earners has increased from 1.1 percent to 5.2 percent, and the corresponding figure for salaried employees has increased from 32 to 37 percent.

“Becoming more gender equal is a way to secure our continued success and profitability. To ensure a long-term supply of skills, we need to be able to attract and hire skilled employees. Therefore, we cannot afford to exclude 50 percent of the able-bodied population just because we cannot attract them”, says Maria Carlstedt, HR Strategist and responsible for JM's equal opportunity and diversity work.

In order to ensure that we reach out to and attract the right employees, JM further developed its concept for marketing the company as an employer, and equality targets have been implemented into central recruitment activities, such as trainee recruitment. For the past two years, an apprenticeship program has been held for female skilled workers in both Sweden and Norway – an initiative that will form the basis for reaching the target of 20 percent female wage-earners by 2030.

“It is not just the quantitative goals that are important in our equality work. Fostering an inclusive culture where our employees meet the same conditions in their work regardless of their gender is the basis for all equality work”, emphasizes Maria.

Maria takes the position that most of the work performed to reach the equality targets is done locally every day – following our Code of Conduct and creating an inclusive culture where our employees are happy and develop.

Research shows that diversified groups, where employees have different backgrounds and experiences combined with an inclusive culture, perform better and more effectively solve problems since they contribute different perspectives to the solution. Resolving problems and developing our products and business in the long term will be crucial for JM's continued success. Research also shows that workplace accidents decrease in general and the safety culture is strengthened when the work groups become more equal.

“In other words, we have everything to gain from equal opportunity. We still have a way to go, but I am convinced that together we will achieve our goal,” concludes Maria.

Maria Carlstedt,
HR Strategist, JM



Sustainable purchasing and supply chains

As a large user of building materials, JM has both the opportunity and the responsibility to ensure that its supply chains are economically, socially and environmentally sustainable.

STRATEGIC PURCHASING WORK

JM's purchasing procedure should secure the resources the operations need at the lowest total cost with the right quality and at the right time and ensure customer benefit through compliance with the company's requirements and guidelines on quality, the environment and ethics.

Purchasing work should be characterized by an openness to the feedback and wishes of our customers and employees, which means that we work together with our suppliers to continuously find new possibilities for improvement and development of both procedures and products.

Professional buyer

JM's centralized purchasing department has good insight into JM's own operations as well as those of our suppliers. As a clear and competent buyer, we offer our suppliers conditions that enable them to deliver good quality, which presents opportunities for sustainable relationships with the best suppliers and, from a total cost perspective, for finding a good balance between the specifications of the operations and what is best for JM as a business in the long run.

SECURE THE RESOURCES THE OPERATIONS NEED

In order to secure the resources the operations need at the lowest total cost with the right quality and at the right time, at JM we need to both capture and challenge all of the requirements imposed by our operations. We can achieve this through a close and cross-functional cooperation within the company.

Quality-assured requirements

We have well-defined procedures that unify and quality-assure the operations' requirements and needs.

Negotiating high-quality framework agreements requires clear and well-defined requirements. By involving operations in the entire purchasing procedure — in the strategy work as well as in the procurement phase and the administration of the framework agreements — we form the basis for strong cooperation and reduce the risks of errors and incomplete deliveries.

Close to the operations

We achieve a close, cross-functional cooperation within JM through the administration of our framework agreements. By continuing to involve the purchasing function after an agreement

has been signed, we gain within JM a shared view on what is required from our suppliers and how our framework agreements can be continuously improved.

It is also valuable for JM's strategic purchasing work to be able to contribute in a corresponding manner to the ongoing improvement work at JM by maintaining a dialogue with our suppliers and thus utilizing their skills and experience in our improvement work. One such initiative in 2019 has been the development of an analysis model for total cost. By identifying all direct and indirect costs to buy and manage a product, service or system throughout its entire life cycle, JM can identify improvement areas for reducing the total cost. This kind of total cost model can only be developed in a close, cross-functional cooperation.

- More than 600 suppliers – manufacturers, wholesalers, contractors and consultants
- More than 90 percent of the materials purchased in Sweden and 75 percent in Norway are purchased through a framework agreement.

SECURE CUSTOMER BENEFIT

Our suppliers are part of JM's brand and our face outward. The manner in which we live up to our social responsibility depends on how the supplier market and our contractors comply with JM's demands on quality, the environment and ethics.

Through close collaboration with select suppliers, we build the long-term trust of our customers.

Sustainable supply chains

JM has procedures for evaluation, follow-up and revision to minimize the risks associated with brand, sustainability and finances.

We need to ensure deliveries for many years into the future. A long-term approach is therefore important when choosing suppliers. JM's suppliers contribute by offering our customers worry-free accommodation that is of high quality and has a high degree of functionality. We ensure JM's offer and the customer benefit by also preventing the risk of bribes and threats, unauthorized workers and the use of environmentally hazardous materials when building our homes.

In order to sign a framework agreement, suppliers must undergo a sustainability review and the products we purchase are subject to environmental review. Products should meet clear

environmental requirements so that we can certify all our buildings in accordance with the Swan Ecolabel.

The risk profiles of our framework agreement suppliers are continuously monitored from both a financial perspective and a delivery perspective. Continuity plans are available for the supplier categories that are deemed to have a high-risk profile or are critical for production.

Enhanced cooperation

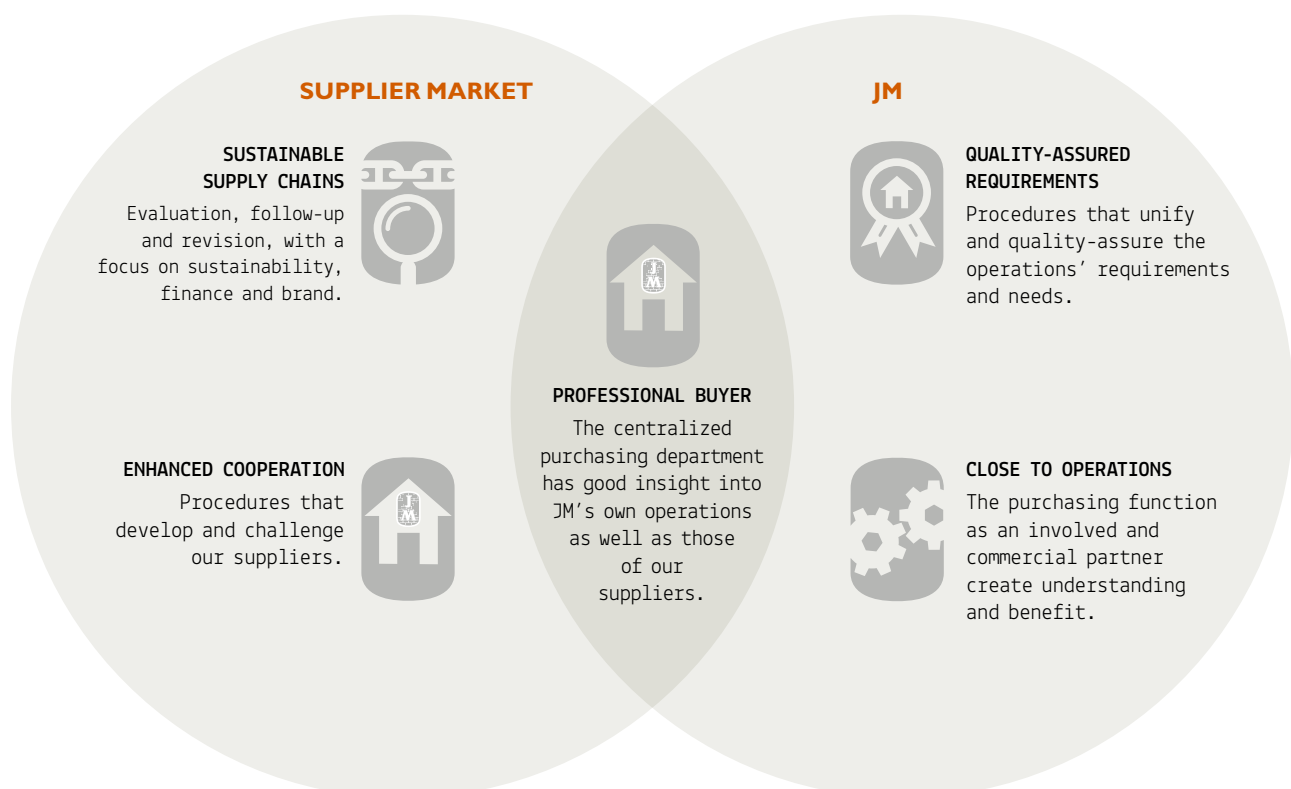
JM has procedures for developing and challenging its suppliers.

An important part of how we enhance our cooperation with our suppliers is regular follow-up. We measure our suppliers performance through:

- Delivery precision – Because our construction sites report in our call-off system any deviations after receiving the goods, we generate metrics that we can regularly follow up on with our suppliers.

- We evaluate our suppliers using the Satisfied Purchaser Index. These assessments provide a good foundation for active coaching of suppliers. A low Satisfied Purchaser Index rating leads to action plans
- The operations are also able to provide feedback on agreements and framework agreement partners electronically. This feedback is followed up on an ongoing basis
- In 2019, we developed a procedure to ensure that new suppliers are implemented in a controlled manner. By conducting a risk analysis prior to implementation, we can put together a plan for managing any risks, thus ensuring disruption-free implementation.

Thanks to our ongoing follow-up, we are continuously improving the business value in our cooperation with suppliers. JM would like to work with the market's best suppliers, which contributes to our work to create long-term value and customer benefit.



Responsible decisions at all levels

Business ethics were identified in the materiality analysis as a significant sustainability aspect. JM's ethical guidelines have served as the foundation of our ethics work for many years.

In addition to JM's ethical guidelines, there is also a Code of Conduct for employees. The aim is to define our values and ensure proper behavior in our day-to-day activities. The Code of Conduct clarifies the values we believe in at JM. In order to achieve high penetration within the organization in terms of knowledge and understanding for the content, the Code is used in all recruitment and at all annual performance reviews.

JM's ethical guidelines and Code of Conduct were supplemented during the year with new guidelines for representation. These specify the rules for the JM Group with regard to benefits and gifts, external representation, study trips, conferences and conflicts of interest. The objective of the guidelines is to prevent bribes and corruption and avoid unlawful influence.

Ethical issues do not always have an obvious solution. Therefore, JM established an Ethical Council that consists of members of the company's management team. This Council can provide guidance regarding ethical matters. JM also has an whistleblower function that allows employees and external stakeholders to anonymously report suspected serious irregularities or abuses. Reports are made to a security company that is independent of JM.

COMPETING ON EQUAL TERMS

JM believes it is very important that the company makes ethically correct decisions since such behavior strengthens JM's credibility and competitiveness. In order for JM's business operations to be both profitable and ethical, we have developed controlled and transparent decision-making procedures that are applied to all business transactions.

JM is a part of society, and it is important that we take responsibility for how we can contribute to a society that is sustainable in the long term. One of the ways that we do this is by creating homes, a product that is important for society, that focus on sustainability. Employees who are responsible and highly competent compose the foundation of our operations. JM is also a significant tax payer in the markets where we are present.

The fact that JM primarily functions as a project developer of residential units means that there are fewer risks since the business has less interaction with other actors regarding project-specific business arrangements. The most important business arrangements are the acquisition of land, purchasing agreements and the sale of residential units. By establishing clear governance and follow-up of projects throughout the entire project development process, and combined with the fact that all transactions are reviewed by multiple decision-makers before the transaction is finalized, JM has established a management method that prevents risks and ensures compliance with our ethical guidelines.

One example of good management could be our purchasing operations. Purchasing at JM is currently largely controlled by central agreements. The greater degree of central control in purchasing markedly decreases the risk of self-beneficial behavior. All suppliers with whom an agreement is being considered are reviewed by multiple decision-makers during a strict purchasing procedure before an agreement is signed. This guarantees that the internal procedures are followed in practice.

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For the consolidated income statement and balance sheet in accordance with IFRS, IFRS 15 *Revenue from Contracts with Customers* and other standards are applied. This means that revenue and profit/loss for JM's operations outside of Sweden, JM International, are reported according to the completed contract method. Segment reporting and project management are reported according to the percentage of completion method for JM International as well.

For other differences between IFRS and segment reporting, see page 87.

Housing market in Stockholm improves

Market

Average prices on the existing home market in Stockholm continued to stabilize in 2019. The total supply of residential units continued to be high, but the supply of newly produced tenant-owned apartments has gradually decreased in the Stockholm area.

Competition for well-situated land for housing is judged to have decreased during the year. However, prices of building rights are still at a level that requires selective acquisition.

The willingness of customers to sign a contract at an early stage in the process normalized during the year.

The housing market has gradually stabilized, which had a positive impact on demand during the year and resulted in increased sales of 1,120 residential units (851). Due to greater demand for freehold apartments, we increased our focus on this form of tenure and started production on an additional 320 freehold apartments during the year.

JM is the market leader in new production of tenant-owned and freehold apartments in Greater Stockholm, with several ongoing projects in the county. Some of the larger projects in the region are Älvsjöstaden and Liljeholmen in Stockholm, Kvarnholmen in Nacka, Söderdalen in Järfälla, Täby Park in Täby and Dalénum on Lidingö.

Revenue and profit/loss

Business segment revenue decreased to SEK 5,575m (5,786). Operating profit decreased to SEK 916m (989), and the operating margin decreased to 16.4 percent (17.1). Profitability continues to be good in current production volumes despite slightly lower prices in our projects.

Cash flow during the year is in balance.

Building rights

During the year, building rights equivalent to approximately 590 residential units (890) were acquired in Danderyd and Stockholm.

Housing starts

During the year, production started on 989 residential units (857). Housing starts were supported by a normal reservation level: 906 (826) were units in apartment buildings, including 225 in Järfälla, 54 on Lidingö, 97 in Nacka, 457 in Stockholm, and 73 in Sollentuna, and 83 were single-family homes (31) in Solna and Sollentuna.

The absence of necessary authority decisions had a negative impact on the business unit's housing starts in two projects totaling approximately 140 residential units, both with a high rate of reservations. Housing starts in forthcoming phases have also been indirectly delayed. Nonetheless, conditions are considered to be good for starting production on these two projects during the first six months of 2020.

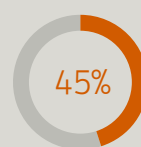
JM RESIDENTIAL STOCKHOLM

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

REVENUE
Percentage of the Group



OPERATING PROFIT
Percentage of the Group



NUMBER OF
EMPLOYEES
Percentage of the Group



January–December

SEK m	2019	2018
Revenue	5,575	5,786
Operating profit ¹⁾	916	989
Operating margin, %	16.4	17.1
Average operating capital	5,811	5,447
Return on operating capital, %	15.8	18.2
Operating cash flow	1,118	334
Carrying amount, development properties	4,949	5,048
Number of available building rights	12,800	13,400
– of which building rights in the balance sheet	7,800	8,600
Number of residential units sold	1,120	851
Number of housing starts	989	857
Number of residential units in current production	3,171	3,115
Number of employees	900	936
– of which salaried employees	451	492
– of which wage-earners	449	444
¹⁾ Of which property sales	0	0



Sillkajens Platå, Kvarnholmen, Nacka

Stable demand in the rest of Sweden

Market

The housing market in Malmö, Lund, Örebro, and Västerås had the largest price increases during the year and are now at the same level as in 2017. Average prices increased slightly on the other markets in the business segment. In Gothenburg and Malmö, the supply of newly produced residential units has been relatively high, and in Uppsala, the supply fell by half during the year.

Competition for land for housing continues to be tough in some areas in the business segment. Interest in JM's projects is stable, and customers' willingness to sign a contract early in the process is at a normal level. Sales increased to 1,084 residential units (917), and the business segment is primarily seeing strong demand.

The largest markets in JM Residential Sweden are Gothenburg, Malmö, Lund, Uppsala, Linköping, Västerås and Örebro. Large projects are underway in Södra Centrum and Kviberg in Gothenburg, Hyllie in Malmö and Lomma Strandstad in Lomma. Projects are underway in Lunds Södra and Vipeholm in Lund. Large projects are also underway in Kungsängen and Norra Luthagen in Uppsala, in Östermalm and Öster Mälarstrand in Västerås, and Alnängarna in Örebro.

Revenue and profit/loss

Business segment revenue amounted to SEK 4,468m (4,456), and operating profit decreased to SEK 719m (751). Operating margin decreased to 16.1 percent (16.9). Profit and the margin decreased slightly since demand and prices vary somewhat on each local market. Cash flow during the year was burdened by increased holdings of development properties.

Building rights

During the year, building rights corresponding to approximately 1,000 (1,250) residential units were acquired in Malmö, Lund, Gothenburg, Kungälv, Norrköping, Upplands Väsby and Uppsala.

Housing starts

During the year, production started on 1,095 residential units (1,043): 1,003 (966) were units in apartment buildings, of which 79 in Malmö, 247 in Lund, 316 in Gothenburg, 56 in Norrköping, 42 in Örebro, 97 in Västerås, 53 in Upplands Väsby, and 113 in Uppsala, and 92 (77) were single-family homes, of which 37 in Staffanstorps and 55 in Helsingborg.

JM RESIDENTIAL SWEDEN

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

REVENUE
Percentage of the Group



OPERATING PROFIT
Percentage of the Group



NUMBER OF
EMPLOYEES
Percentage of the Group



January–December

SEK m	2019	2018
Revenue	4,468	4,456
Operating profit ¹⁾	719	751
Operating margin, %	16.1	16.9
Average operating capital	1,183	1,008
Return on operating capital, %	60.8	74.5
Operating cash flow	557	722
Carrying amount, development properties	1,461	1,388
Number of available building rights	10,500	10,500
– of which building rights in the balance sheet	6,600	6,800
Number of residential units sold	1,084	917
Number of housing starts	1,095	1,043
Number of residential units in current production	1,994	2,418
Number of employees	601	598
– of which salaried employees	367	369
– of which wage-earners	234	229
¹⁾ Of which property sales	–	1



Kronjuvelen, Norra Älvstranden, Gothenburg

Good demand in Norway and stable market in Finland

Revenue and profit/loss

Business segment revenue increased to SEK 4,021m (3,580), and operating profit increased to SEK 355m (331), of which gains from property sales were SEK 38m (12). The operating margin decreased to 8.8 percent (9.2). Cash flow during the year is burdened by investments in development properties and a slight increase in working capital.

Norway

Prices on the existing home market in Norway increased during the year. Supply and the activity level were good. JM's largest markets are the Oslo area, Drammen, Tønsberg and its surroundings, and Bergen. Major ongoing projects are located in Oslo, Nordre Follo, Asker, and Lørenskog in the Oslo area and Loddefjord in Bergen.

During the year 582 residential units (472) were sold, and production began on 614 units (634). The number of residential units in current production amounts to 1,346 (1,288). JM acquired building rights corresponding to around 730 residential units (1,570). Available building rights correspond to 7,600 residential units (8,200).

Finland

The housing market in the Helsinki region is in balance, and activity is good. The turnover rate and prices have been increasing.

During the year 433 residential units (165) were sold, and production began on 428 units (281). The number of residential units in current production amounts to 702 (421). Major ongoing projects are located in Herttonäs, Böle and Alberga in the Greater Helsinki region.

During the year, JM purchased building rights corresponding to around 1,500 residential units (600). Available building rights correspond to approximately 4,200 residential units (3,000).

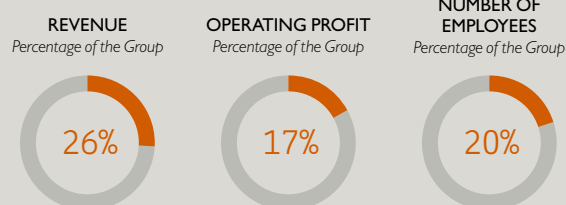
Of the residential units that entered production and were sold during the year, 226 refer to residential units to investors.



Langhus gård, Nordre Follo, Norway

JM INTERNATIONAL

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



January–December

SEK m	2019	2018
Revenue	4,021	3,580
– of which JM Norway	3,186	2,987
Operating profit ¹⁾	355	331
– of which JM Norway	298	297
Operating margin, %	8.8	9.2
– of which JM Norway	9.4	9.9
Average operating capital	3,229	2,723
Return on operating capital, %	11.0	12.2
Operating cash flow	–439	–41
Carrying amount, development properties	2,497	1,821
Carrying amount, project properties	5	4
Number of available building rights	11,800	11,200
– of which building rights in the balance sheet	6,600	5,100
Number of residential units sold ²⁾	1,015	695
Number of housing starts ³⁾	1,042	915
Number of residential units in current production	2,048	1,709
Number of employees	518	458
– of which salaried employees	360	310
– of which wage-earners	158	148
¹⁾ Of which property sales	38	12
²⁾ Of which residential units to investors	226	–
³⁾ Of which residential units to investors	226	–

Revenue recognition for the business segment is reported, using the percentage of completion method.

Continuous development of the rental unit portfolio

Revenue and profit/loss

Business segment revenue increased to SEK 227m (73), of which rental income was SEK 86m (65) and contracting revenue and the sale of services was SEK 141m (0). Operating profit was SEK 194m (10). The operating profit is burdened by startup costs for the new business operations JM@home.

Net rental income for project properties was SEK 58m (42), and profit from sales of property was SEK 170m. Cash flow during the year is positive due to property sales with a cash payment received of SEK 760m and otherwise burdened by investments in project properties.

Project development of rental units

During the year, one rental unit project, Spaken with 136 rental units in Täby, was completed. Production has been ongoing on an additional three rental projects in JM's own balance sheet: Alba Lilium in Bredäng, Stockholm, with 137 rental units; Manegen in Täby Park, Täby, with 128 rental units; and Havreflingan in Söderdalen, Järfälla, with 192 rental units. Production is also ongoing in the Valla Park project, Sundbyberg, with 143 rental units. This property has been sold with transfer of legal title upon the planned completion date in 2022. Revenue and profit are recognized gradually as the project is implemented. The properties Tryckregulatorn 2, Lidingö, and Spaken 1, Täby, were also sold and transferred during the year.

Residential care units

In 2019, JM pursued local planning for a residential care facility in Uppsala, Kaplanen. The project consists of 72 residential units.

Project properties

Development of the commercial premises continues for the project properties in Kallhäll in Järfälla and Dalénium on Lidingö with the goal of increasing net rental income. The occupancy rate for the remaining commercial buildings that will not be torn down amounted at the end of the year in Kallhäll to 94 percent and in Dalénium to 91 percent.

The portfolio of rental units at the end of the year included two fully rented and occupied projects: Tjærtunnan in Stureby, Stockholm, with 187 rental units, and Alphyddan in Sickla, Nacka, with 93 student apartments.

JM@home

The business continued to develop during 2019. As both the customer base and the organization grew, the management services business was established within all regions in Sweden where JM is present. The increase in the customer stock is also reflected in greater net sales for the business. Housing services during the year are offered to residents in many of the managed associations in the Stockholm area.

JM PROPERTY DEVELOPMENT

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



SEK m	January–December	
	2019	2018
Revenue	227	73
Operating profit ¹⁾	194	10
Average operating capital	1,570	1,314
Return on operating capital, %	12.4	0.8
Operating cash flow	454	–557
Carrying amount, development properties	10	10
Carrying amount, project properties	1,394	1,631
Number of available building rights ²⁾	800	800
– of which building rights in the balance sheet	100	200
Number of residential units sold ²⁾	376	–
Number of housing starts ²⁾	143	320
Number of residential units in current production ²⁾	600	593
Number of employees	68	53
– of which salaried employees	51	40
– of which wage-earners	17	13
	170	–

¹⁾ Of which property sales

²⁾ Refers to rental units and residential care units.

Building rights

JM's building rights for project development of rental units and residential care units amount to 4,000 square meters. The carrying amount is SEK 10m (10).



Valla Park, Sundbyberg

Focus on engineering operations

Market

Demand in the civil engineering market in Stockholm is at a good level.

Revenue and profit/loss

Business segment revenue decreased to SEK 1,691m (2,716) due to the discontinuation of operations in 2019. Operating profit was SEK –141m (–156). Operating profit includes SEK 15m for the completed sale of the external contracting operations in Norway and gains from property sales of SEK 53m (0).

A review of JM Construction at the beginning of 2019 led to a decision to discontinue the Swedish housing business through which housing and commercial properties were produced for primarily external customers. The business segment will thereafter focus on the engineering operations in their current form.

The discontinuation entails costs of SEK 180m, which were recognized in their entirety in Q1 2019. At the same time, JM has initiated the sale of properties within JM Construction. Some project risks will remain until ongoing projects are completed.

Cash flow during the year was enhanced due to a settled receivable with a cash payment received of SEK 320m during the first quarter, in accordance with the signed settlement agreement, and completed property sales as well as being burdened by an increase in working capital.

Projects

The largest ongoing projects are groundworks in the Stockholm Norvik goods harbor in Nynäshamn (Ports of Stockholm), an infrastructure project in Tyresö (Tyresö Municipality), and the new production of apartment buildings in Norra Djurgårdsstaden (Riksbyggen).

Assignments for internal orderers include land and foundation work in Solna Trädgårdskvarter and development work in the Dalén area of Lidingö and Söderdalen, Järfälla.

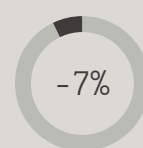
JM CONSTRUCTION

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

REVENUE
Percentage of the Group



OPERATING PROFIT
Percentage of the Group



NUMBER OF
EMPLOYEES
Percentage of the Group



January–December

SEK m	2019	2018
Revenue ¹⁾	1,691	2,716
Operating profit ²⁾	–141	–156
Operating margin, %	–8.3	–5.7
Operating cash flow	54	–184
Carrying amount, development properties	21	39
Number of employees	283	437
– of which salaried employees	145	242
– of which wage-earners	138	195
¹⁾ Of which internal	290	450
²⁾ Of which sale of properties and operations	68	–



Stockholm Norvik, Nynäshamn

CONSOLIDATED INCOME STATEMENT – SEGMENT REPORTING

SEK m	NOTE	2019	2018
Revenue	1, 2	15,692	16,161
Production and operating costs	3, 4	–12,994	–13,247
Gross profit		2,698	2,914
Selling and administrative expenses	3, 4, 5	–966	–1,041
Gains/losses on the sale of property ¹⁾	6	276	13
Operating profit		2,008	1,886
Financial income	7	6	10
Financial expenses	7	–86	–79
Profit/loss before tax		1,928	1,817
Taxes		–358	–379
Profit for the year		1,570	1,438
Other comprehensive income		–209	–56
Total comprehensive income for the year		1,361	1,382
Diluted earnings per share (SEK)	9	22.50	20.60
Average number of shares, diluted	9	69,985,557	69,865,418
Proposed dividend per share, SEK	9	12.50	12.00
¹⁾ Of which sale of operations		15	–

Comments

Revenue

(2019: SEK 15,692m, 2018: SEK 16,161m)
Consolidated revenue during the year decreased by 3 percent compared to 2018. The decrease is primarily attributable to the business segment JM Construction, where the Business area Construction is discontinued and the Norwegian operations sold.

The revenue for other business segments increased by 4 percent in 2019 compared to full-year 2018.

Revenue mainly consists of recognized revenue in housing projects. Recognized revenue is reported according to the percentage of completion method, which means that revenue is recognized based on the most recent forecast, period by period, as each project is completed and sold.

Operating profit

(2019: SEK 2,008m, 2018: SEK 1,886m)
Operating profit increased by 6 percent compared to full-year 2018. The profit includes gains of SEK 170m from the sale of two rental properties within the business segment JM Property Development. In addition, profit is burdened by a one-off cost of SEK –180m within the business segment JM Entreprenad AB for the discontinuation of Business area Construction.

Selling and administrative expenses decreased by 7 percent for the year compared to 2018.

Financial income and expenses

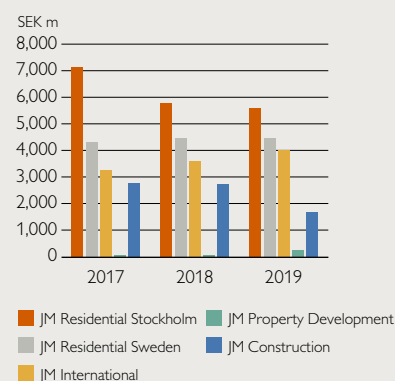
(2019: SEK –80m, 2018: SEK –69m)
Net financial items were lower in 2019 than in 2018. This is primarily due to slightly larger debt as well as higher interest rate expenses for pensions. The relatively low interest rates during the year also contributed to lower interest rate income compared to 2018.

Taxes

(2019: SEK –358m, 2018: SEK –379m)
Reported tax expense in 2019 amounts to 19 percent (21) of reported profit/loss before tax.

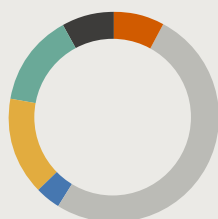
The lower reported effective tax rate compared to the tax according to the nominal tax rate for 2019 is largely due to profit including non-taxable revenue for the sale of rental projects in Stockholm, which were companies, and the sale of a company in Norway.

REVENUE BY BUSINESS SEGMENT

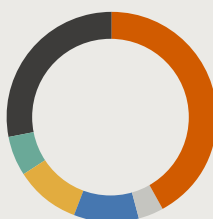


CONSOLIDATED BALANCE SHEET – SEGMENT REPORTING

SEK m	NOTE	12/31/2019	12/31/2018
ASSETS	2		
Non-current assets			
Goodwill	10	186	180
Machinery and equipment	11	14	19
Participations in joint operations and associated companies	13, 14	1	1
Financial assets	15, 24	18	14
Total non-current assets		219	214
Current assets			
Project properties	16	1,399	1,635
Development properties	16	8,938	8,306
Participations in tenant-owners associations, etc.	17	366	567
Accounts receivable	24	912	1,090
Other current receivables	19	726	814
Prepaid expenses and accrued income		29	42
Recognized revenue less progress billings	20	2,607	2,137
Cash and cash equivalents	21, 22	2,397	1,682
Total current assets		17,374	16,273
TOTAL ASSETS		17,593	16,487
EQUITY AND LIABILITIES	2		
Equity attributable to shareholders of the Parent Company			
Share capital		70	70
Other capital contributions		897	895
Reserves		–35	–79
Profit carried forward (including net profit for the year)		6,394	5,912
Total shareholders' equity		7,326	6,798
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	22, 23, 24	425	146
Other non-current liabilities	23, 24	765	696
Provisions for pensions and similar obligations	22, 25	1,702	1,388
Other non-current provisions	26	846	935
Deferred tax liabilities		675	714
Total non-current liabilities		4,413	3,879
Current liabilities			
Accounts payable	23, 24	1,015	902
Current interest-bearing liabilities	23, 24	690	694
Other current liabilities	23, 24	662	869
Current tax liabilities		126	146
Progress billings in excess of recognized revenue	28	1,804	1,762
Accrued expenses and deferred income	29	1,423	1,315
Current provisions	26	134	122
Total current liabilities		5,854	5,810
Total liabilities		10,267	9,689
TOTAL EQUITY AND LIABILITIES		17,593	16,487
Pledged assets and contingent liabilities	30		

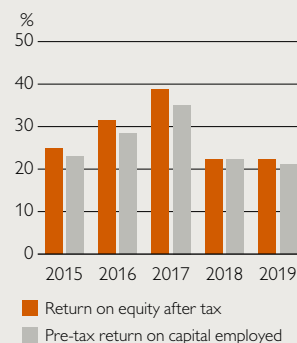
CONSOLIDATED ASSETS
12/31/2019

- Projects properties, 8% (10)
- Development properties, 51% (50)
- Other current receivables, 4% (5)
- Recognized revenue less progress billings/work in progress, 15% (13)
- Cash and cash equivalents, 14% (10)
- Other assets, 8% (12)

CONSOLIDATED CAPITAL STRUCTURE
12/31/2019

- Shareholders' equity, 42% (41)
- Other non-current liabilities, 4% (4)
- Provisions for pensions and similar commitments, 10% (9)
- Progress billings in excess of recognized revenue, 10% (11)
- Interest-bearing liabilities, 6% (5)
- Other liabilities and provisions, 28% (30)

RETURN ON EQUITY AND CAPITAL EMPLOYED



Comments

Project properties

(2019: SEK 1,399m, 2018: SEK 1,635m)

The portfolio consists of minor commercial properties and two completed rental unit projects in the Stockholm area. It also refers to three projects under construction in the Stockholm area that are intended for rental units.

During the year, two completed rental projects were sold for gains of SEK 170m.

In addition, a rental project in production has been sold with the transfer of legal title upon the planned completion date in 2022.

The externally appraised market value was estimated to be SEK 1,769m (2,002) with a surplus value of SEK 370m (367).

Development properties

(2019: SEK 8,938m, 2018: SEK 8,306m)

In 2019, JM's rate of acquisition decreased compared to the previous year. During the year, JM acquired development properties for SEK 1,745m (2,402), while development properties for SEK -1,068m (-1,517) were transferred to production. The majority of the acquisitions consist of development properties intended for residential units.

The market value of the development properties shows a surplus value of SEK 6.7bn (7.0).

In all, JM has 21,100 building rights (20,700) in the balance sheet.

Participations in tenant-owners associations, etc.

(2019: SEK 366m, 2018: SEK 567m)

The purchase of unsold tenant-owned apartments occurs no later than the settlement date and is a consequence of the undertaking in the construction contract with the tenant-owners association. There are 82 (125) unsold residential units in the balance sheet and refers primarily to show apartments for coming residential phases.

Recognized revenue less progress billings

(2019: SEK 2,607m, 2018: SEK 2,137m)

This asset item refers to the net of accrued revenue in current projects and accumulated billing in these projects. Ongoing projects that have a positive balance are reported in this assets item.

Pension provisions

(2019: SEK 1,702m, 2018: SEK 1,388m)

The liability increased during the year primarily due to changes in the actuarial assumption of the discount rate. This is the main reason for the actuarial loss in 2019 of SEK 255m.

Other non-current provisions

(2019: SEK 846m, 2018: SEK 935m)

Refers to non-current provisions for warranty commitments related to expenses that may arise during the warranty period. The amount of the provisions is primarily based on the number of residential units per project and is charged to the project upon completion. The majority of the warranty provisions have a duration of around two to three years after the project is started.

The item also contains provisions for special payroll tax, which is calculated to be 24.26 percent of the difference between pension liability in a legal person measured using IAS 19 and reported pension liability in a legal person.

Deferred tax liabilities

(2019: SEK 675m, 2018: SEK 714m)

The deferred tax liabilities item refers, among other things, to the fiscal value of the difference between accounting and tax values (temporary differences) that will be realized in the future. The temporary differences are mainly attributable to tax allocation reserves and development properties.

Non-current interest-bearing liabilities

(2019: SEK 425m, 2018: SEK 146m)

Refers primarily to long-term interest-bearing liabilities to credit institutions and long-term interest-bearing promissory notes for purchases of development properties. The change is due to more debt to credit institutions in the foreign companies.

Current interest-bearing liabilities

(2019: SEK 690m, 2018: SEK 694m)

Refers primarily to current interest-bearing liabilities in connection with acquisitions of development properties.

Other current liabilities

(2019: SEK 662m, 2018: SEK 869m)

This item primarily consists of current promissory notes in conjunction with the acquisition of development property. The item refers to the liability for unconditional agreements that were entered into with deferred payment.

Progress billings in excess of recognized revenue

(2019: SEK 1,804m, 2018: SEK 1,762m)

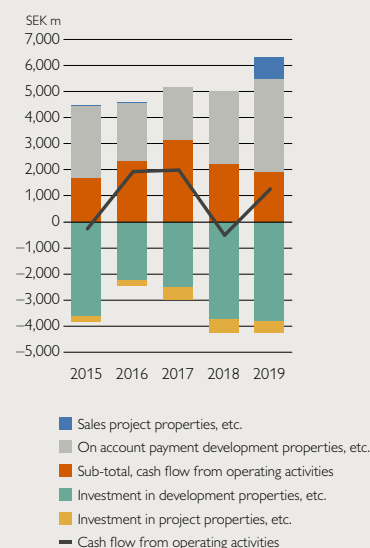
The liability item refers to the net of accrued revenue in current projects and accumulated billing in these projects. Ongoing projects that show a negative balance are reported in this liability item.

CONSOLIDATED CASH FLOW STATEMENT – SEGMENT REPORTING

SEK m	NOTE	2019	2018
	1		
OPERATING ACTIVITIES			
Operating profit		2,008	1,886
Depreciation and amortization		9	8
Other non-cash items		–113	315
Sub-total, cash flow from operating activities		1,904	2,209
Interest received		5	9
Interest paid and other financial expenses		–42	–43
Paid tax		–433	–697
Cash flow from operating activities before change in working capital		1,434	1,478
Investment in development properties, etc.		–3,799	–3,728
Payment on account for development properties, etc.		3,550	2,804
Increase/decrease in accounts receivable		187	40
Increase/decrease in other current receivables, etc.		–439	9
Increase/decrease in accounts payable		105	52
Increase/decrease in other current operating liabilities		–186	–606
Cash flow before investments and sales of project properties		852	49
Investment in project properties, etc.		–426	–524
Sale of project properties, etc.		865	2
Cash flow from operating activities		1,291	–473
INVESTING ACTIVITIES			
Investment in property, plant, and equipment		–4	–11
Property, plant, and equipment sold		0	–
Change in financial assets		–3	3
Cash flow from investing activities		–7	–8
FINANCING ACTIVITIES	22		
Loans raised		658	623
Amortization of debt		–399	–270
Dividend		–835	–765
Cash flow from financing activities		–576	–412
Cash flow for the year		708	–893
Cash and cash equivalents, January 1		1,682	2,572
Exchange rate difference in cash and cash equivalents		7	3
Cash and cash equivalents, December 31		2,397	1,682
INTEREST-BEARING NET LIABILITIES/RECEIVABLES	22		
Interest-bearing liabilities and provisions		2,817	2,228
Cash and cash equivalents and interest-bearing receivables		–2,397	–1,682
Interest-bearing net liabilities (+)/receivables (–), December 31		420	546

OTHER NON-CASH ITEMS		NOTE	2019	2018
Gains/losses on the sale of property	6		–276	–13
Changes in pension liability			314	137
Other provisions, etc.			–151	191
Total			–113	315
INVESTMENT IN DEVELOPMENT PROPERTIES, ETC.			2019	2018
Investment in development properties	16		–1,745	–2,417
Acquisition of participations in tenant-owners associations	17		–1,971	–1,682
Change in promissory notes			–83	371
Total			–3,799	–3,728
PAYMENT ON ACCOUNT FOR DEVELOPMENT PROPERTIES, ETC.			2019	2018
Payment on account for development properties	16		1,107	1,517
Sale of development properties	6		194	114
Change in receivables, development properties sold, etc.			78	–253
Sale of participations in tenant-owners associations	17		2,171	1,426
Total			3,550	2,804
INVESTMENT IN PROJECT PROPERTIES, ETC.			2019	2018
Investment in project properties	16		–426	–524
Total			–426	–524
SALE OF PROJECT PROPERTIES, ETC.			2019	2018
Sale of project properties	6		865	2
Total			865	2

CASH FLOW FROM OPERATING ACTIVITIES



Comments

Operating activities

(2019: SEK 1,291m, 2018: SEK –473m)

Cash flow from operating activities is higher than in the previous year. Net investments in development properties and project properties and decreased holdings of repurchased residential units gave a cash flow of SEK 190m. Cash flow was strengthened by a payment of SEK 320m for an outstanding accounts receivable in accordance with a settlement agreement.

Cash flow from operating activities (sub-total)

(2019: SEK 1,904m, 2018: SEK 2,209m)

Operating activities, before interest and tax, contributed SEK 1,904m, which is a decrease of SEK 305m after elimination of non-cash items.

Cash flow from operating activities before change in working capital

(2019: SEK 1,434m, 2018: SEK 1,478m)

Net interest and dividends paid and received increased from SEK –34m in 2018 to SEK –37m in 2019. Taxes paid decreased from SEK –697m in 2018 to SEK –433m in 2019.

Net development properties, etc.

(including participations in tenant-owners associations)

(2019: SEK –249m, 2018: SEK –924m)

JM acquired development properties for SEK 1,745m (2,417). At the same time, SEK 1,107m (1,517) were taken into production in conjunction with housing starts. Changes in holdings of repurchased residential units resulted in a cash flow of SEK 291m (–396).

Current receivables and liabilities

(2019: SEK –333m, 2018: SEK –505m)

Current receivables and liabilities had a total negative impact on cash flow of SEK –333m (–505), compared to the previous year of SEK 172m.

Net project properties

(2019: SEK 439m, 2018: SEK –522m)

Cash flow from net project properties is attributable primarily to the sale of two completed rental properties in 2019.

Financing activities

(2019: SEK –576m, 2018: SEK –412m)

During the year, dividends to shareholders were paid totaling SEK 835m. Interest-bearing liabilities including the change in interest-bearing promissory notes increased net by SEK 275m.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – SEGMENT REPORTING

SEK m	2019	2018
Opening balance at beginning of the year	6,798	6,178
Total comprehensive income for the year	1,361	1,382
Dividend to equity holders of the Parent Company	–835	–765
Equity component of convertible debentures	2	3
Closing balance at the end of the year	7,326	6,798

Comments

Shareholders' equity

(2019: SEK 7,326m, 2018: SEK 6,798m)

Shareholders' equity increased by SEK 528m compared to the end of 2018. Consolidated equity as at December 31, 2019, totaled SEK 7,326m (6,798), which corresponds to SEK 105 (98) per share. Return on equity was 22.2 percent (22.2).

Dividend to Parent Company shareholders

The dividend to shareholders of the Parent Company totaled SEK 835m (765), corresponding to SEK 12.00 (11.00) per share.

Conversion of convertible loan

During the year, no shares were converted in the outstanding convertible programs.

Buy-back of shares and elimination of treasury shares

During the year, no shares were bought back. The company has no holdings of treasury shares. The number of outstanding shares at the end of the year amounted to 69,583,262.

GROUP – QUARTERLY OVERVIEW – SEGMENT REPORTING

Amounts in SEK m unless stated otherwise

INCOME STATEMENT	2019					2018				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	15,692	4,311	3,768	3,944	3,669	16,161	4,150	3,832	4,125	4,054
Production and operating costs	-12,994	-3,520	-3,108	-3,212	-3,154	-13,247	-3,456	-3,202	-3,324	-3,265
Gross profit	2,698	791	660	732	515	2,914	694	630	801	789
Selling and administrative expenses	-966	-254	-212	-260	-240	-1,041	-254	-218	-297	-272
Gains/losses on the sale of property	276	22	182	34	38	13	3	-1	0	11
Operating profit	2,008	559	630	506	313	1,886	443	411	504	528
Financial income and expenses	-80	-18	-22	-18	-22	-69	-13	-21	-19	-16
Profit before tax	1,928	541	608	488	291	1,817	430	390	485	512
Taxes	-358	-99	-94	-102	-63	-379	-71	-87	-108	-113
Profit for the period	1,570	442	514	386	228	1,438	359	303	377	399
BALANCE SHEET	12/31/2019 09/30/2019 06/30/2019 03/31/2019					12/31/2018 09/30/2018 06/30/2018 03/31/2018				
ASSETS										
Non-current assets		219	221	221	220		214	221	226	221
Project properties		1,399	1,286	1,865	1,743		1,635	1,423	1,335	1,193
Development properties		8,938	9,170	8,983	8,911		8,306	8,509	8,869	8,607
Participations in tenant-owners associations, etc.		366	422	296	434		567	224	322	309
Current receivables		4,274	4,013	3,993	4,040		4,083	3,904	3,813	3,828
Cash and cash equivalents		2,397	1,955	1,168	2,150		1,682	1,854	2,078	2,564
Total current assets		17,374	16,846	16,305	17,278		16,273	15,914	16,417	16,501
TOTAL ASSETS		17,593	17,067	16,526	17,498		16,487	16,135	16,643	16,722
EQUITY AND LIABILITIES										
Equity		7,326	6,866	6,597	7,083		6,798	6,520	6,285	6,664
Non-current interest-bearing liabilities		425	418	314	171		146	204	255	220
Other non-current liabilities		765	798	770	770		696	700	686	700
Non-current provisions		3,223	3,652	3,296	3,128		3,037	2,994	2,850	2,846
Total non-current liabilities		4,413	4,868	4,380	4,069		3,879	3,898	3,791	3,766
Current interest-bearing liabilities		690	741	502	688		694	816	762	336
Other current liabilities		5,030	4,448	4,904	5,529		4,994	4,780	5,682	5,831
Current provisions		134	144	143	129		122	121	123	125
Total current liabilities		5,854	5,333	5,549	6,346		5,810	5,717	6,567	6,292
TOTAL EQUITY AND LIABILITIES		17,593	17,067	16,526	17,498		16,487	16,135	16,643	16,722
CASH FLOW STATEMENT										
From operating activities	1,291	474	446	-97	468	-473	-17	-234	-204	-18
From investing activities	-7	-2	-6	-1	2	-8	-8	3	-2	-1
From financing activities	-576	-28	349	-888	-9	-412	-138	11	-286	1
Total cash flow for the period	708	444	789	-986	461	-893	-163	-220	-492	-18
Cash and cash equivalents at end of the period	2,397	2,397	1,955	1,168	2,150	1,682	1,682	1,854	2,078	2,564
INTEREST-BEARING NET LIABILITIES/RECEIVABLES										
Interest-bearing net liabilities (+)/ receivables (-) at beginning of period	546	951	1,155	130	546	-790	541	240	-748	-790
Change in interest-bearing net liabilities/receivables	-126	-531	-204	1,025	-416	1,336	5	301	988	42
Interest-bearing net liabilities (+)/ receivables (-) at end of period	420	420	951	1,155	130	546	546	541	240	-748
DEVELOPMENT PROPERTIES										
Carrying amount at beginning of period	8,306	9,170	8,983	8,911	8,306	7,543	8,509	8,869	8,607	7,543
New purchases	1,745	285	581	142	737	2,402	154	191	661	1,396
Transferred to production	-1,068	-458	-354	-77	-179	-1,517	-219	-512	-411	-375
Other	-45	-59	-40	7	47	-122	-138	-39	12	43
Carrying amount at the end of the period	8,938	8,938	9,170	8,983	8,911	8 306	8 306	8 509	8 869	8 607
HOUSING PRODUCTION										
Number of available building rights	35,900	35,900	36,400	36,500	36,400	35,900	35,900	36,700	36,000	34,900
Number of residential units sold	3,595	941	1,106	881	667	2,463	751	613	619	480
Number of housing starts	3,269	1,107	797	959	406	3,135	1,038	680	847	570
Number of residential units in current production	7,813	7,813	8,033	7,829	7,842	7,835	7,835	8,243	7,814	7,672
Sold residential units in current production, %	53	55	55	55	55	51	53	52	54	54
Reserved residential units in current production, %	12	11	7	6	6	6	6	6	6	7
Sold/reserved residential units in current production, %	65	66	62	61	61	57	59	58	61	61
KEY RATIOS										
Operating margin, %	12.8	13.0	16.7	12.8	8.5	11.7	10.7	10.7	12.2	13.0
Debt/equity ratio, multiple	0.1	0.1	0.1	0.2	0.0	0.1	0.1	0.1	0.0	-
Equity/assets ratio, %	42	42	40	40	40	41	41	40	38	40
Earnings per share, SEK	22.50	6.30	7.40	5.50	3.30	20.60	5.20	4.30	5.40	5.70

GROUP – FIVE-YEAR OVERVIEW – SEGMENT REPORTING

Amounts in SEK m unless stated otherwise.

INCOME STATEMENT	2019	2018	2017	2016	2015
Revenue	15,692	16,161	17,008	15,752	14,447
Production and operating costs	–12,994	–13,247	–13,648	–12,821	–12,047
Gross profit	2,698	2,914	3,360	2,931	2,400
Selling and administrative expenses	–966	–1,041	–1,005	–935	–866
Gains/losses on the sale of property	276	13	14	15	56
Operating profit	2,008	1,886	2,369	2,011	1,590
Financial income and expenses	–80	–69	210	–60	–72
Profit before tax	1,928	1,817	2,579	1,951	1,518
Taxes	–358	–379	–385	–411	–358
Net profit for the year	1,570	1,438	2,194	1,540	1,160

INCOME STATEMENT BY FUNCTION

Production					
Recognized revenue	15,439	15,935	16,808	15,577	14,325
Production costs	–12,834	–13,109	–13,513	–12,707	–11,948
Profit from production operations	2,605	2,826	3,295	2,870	2,377
Development properties					
Rental revenue	167	160	159	150	99
Operating expenses	–95	–88	–82	–71	–56
Property tax	–37	–26	–37	–23	–28
Profit from development properties	35	46	40	56	15
Project properties					
Rental revenue	86	66	41	25	23
Operating expenses	–26	–22	–15	–18	–14
Property tax	–2	–2	–1	–2	–1
Profit from project properties	58	42	25	5	8
Gross profit	2,698	2,914	3,360	2,931	2,400
Selling and administrative expenses	–931	–1,002	–958	–894	–821
Property sales					
Sales values	923	116	21	86	572
Carrying amounts	–647	–103	–7	–71	–516
Gains/losses on the sale of property	276	13	14	15	56
Group-wide expenses	–35	–39	–47	–41	–45
Operating profit	2,008	1,886	2,369	2,011	1,590

BALANCE SHEET	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
ASSETS					
Non-current assets	219	214	209	230	209
Project properties	1,399	1,635	1,074	602	378
Development properties	8,938	8,306	7,543	7,121	7,067
Participations in tenant-owners associations, etc.	366	567	309	233	235
Current receivables ¹⁾	4,274	4,083	3,698	3,142	3,066
Cash and cash equivalents	2,397	1,682	2,572	1,520	1,275
Total current assets	17,374	16,273	15,196	12,618	12,021
TOTAL ASSETS	17,593	16,487	15,405	12,848	12,230
EQUITY AND LIABILITIES²⁾					
Equity	7,326	6,798	6,178	5,158	4,652
Non-current interest-bearing liabilities	425	146	203	282	410
Other non-current liabilities	765	696	273	168	160
Non-current provisions	3,223	3,037	2,656	2,297	2,107
Total non-current liabilities	4,413	3,879	3,132	2,747	2,677
Current interest-bearing liabilities	690	694	332	438	934
Other current liabilities	5,030	4,994	5,654	4,404	3,873
Current provisions	134	122	109	101	94
Total current liabilities	5,854	5,810	6,095	4,943	4,901
TOTAL EQUITY AND LIABILITIES	17,593	16,487	15,405	12,848	12,230
¹⁾ Of which receivables from property sales	76	53	83	72	72
²⁾ Of which liabilities for property acquisition	949	1,040	794	654	704

GROUP – FIVE-YEAR OVERVIEW – SEGMENT REPORTING

Amounts in SEK m unless stated otherwise.

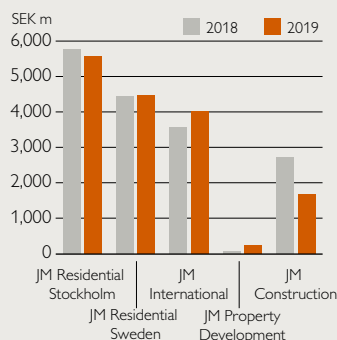
CASH FLOW STATEMENT	2019	2018	2017	2016	2015
From operating activities	1,291	–473	2,013	1,957	–230
From investing activities	–7	–8	300	–6	–11
From financing activities	–576	–412	–1,259	–1,712	–902
Total cash flow for the year	708	–893	1,054	239	–1,143
Cash and cash equivalents, December 31	2,397	1,682	2,572	1,520	1,275
INTEREST-BEARING NET LIABILITIES/RECEIVABLES					
Interest-bearing net liabilities (+)/receivables (–), January 1	546	–790	435	1,198	–337
Change in interest-bearing net liabilities/receivables	–126	1,336	–1,225	–763	1,535
Interest-bearing net liabilities (+)/receivables (–), December 31	420	546	–790	435	1,198
DEVELOPMENT PROPERTIES					
Carrying amount, January 1	8,306	7,543	7,121	7,067	6,802
New purchases	1,745	2,402	2,017	1,903	2,695
Transferred to production	–1,068	–1,517	–1,534	–1,896	–1,814
Other	–45	–122	–61	47	–616
Carrying amount, December 31	8,938	8,306	7,543	7,121	7,067
DEVELOPMENT PROPERTIES					
Market values	15,600	15,300	14,700	14,100	11,300
Carrying amounts	8,900	8,300	7,500	7,100	7,100
Surplus values	6,700	7,000	7,200	7,000	4,200
HOUSING PRODUCTION					
Number of available building rights	35,900	35,900	34,800	32,500	31,100
– of which recognized in the balance sheet	21,100	20,700	18,700	17,900	18,100
Number of residential units sold	3,595	2,463	3,100	3,843	3,770
Number of housing starts	3,269	3,135	3,873	4,187	3,731
Number of residential units in current production	7,813	7,835	8,200	7,984	7,212
Percentage sold residential units in current production, %	53	51	58	65	64
Percentage reserved residential units in current production, %	12	6	7	12	22
Percentage sold and reserved residential units in current production, %	65	57	65	77	86
PROJECT PROPERTIES					
Market values	1,769	2,002	1,343	863	550
Carrying amounts	1,399	1,635	1,074	602	378
Surplus values	370	367	269	261	172
PERSONNEL					
Average number of employees	2,598	2,562	2,538	2,422	2,316
– of which abroad	545	492	448	420	397
Wages, salaries and remunerations	1,516	1,482	1,401	1,291	1,219
KEY RATIOS					
Operating margin, % ¹⁾	12.8	11.7	13.9	12.8	11.0
Return on equity after tax, %	22.2	22.2	38.7	31.4	24.8
Pre-tax return on capital employed, %	21.0	22.3	35.1	28.4	23.0
Pre-tax return on total capital, %	11.8	11.9	18.7	16.1	12.9
Equity/assets ratio, % ¹⁾	42	41	40	40	38
Interest-bearing loan, SEK m	2,817	2,228	1,786	1,959	2,473
Debt/equity ratio, multiple	0.1	0.1	–	0.1	0.3
Interest coverage ratio, multiple	23.4	24.0	38.4	29.7	19.3
Interest-bearing liabilities/total assets, %	16	14	12	15	20
Asset turnover rate, multiple	0.92	1.01	1.20	1.26	1.17

¹⁾ Financial targets:

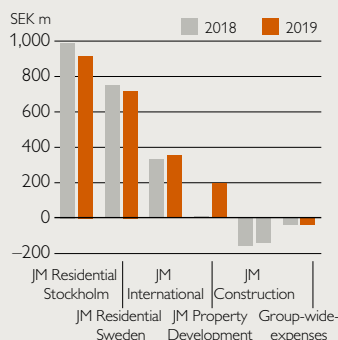
The operating margin should amount to 10 percent, including gains/losses from property sales.

The visible equity ratio should amount to 35 percent over a business cycle.

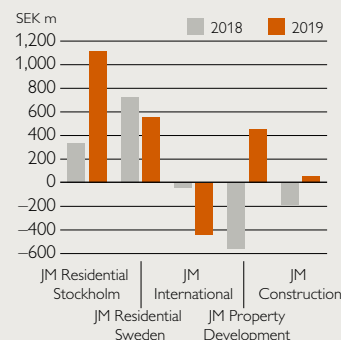
REVENUE



OPERATING PROFIT



OPERATING CASH FLOW



BUSINESS SEGMENTS QUARTERLY OVERVIEW – SEGMENT REPORTING

Amounts in SEK m unless stated otherwise.

	2019					2018				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
JM RESIDENTIAL STOCKHOLM										
Revenue	5,575	1,551	1,259	1,330	1,435	5,786	1,352	1,429	1,530	1,475
Operating profit ¹⁾	916	262	209	216	229	989	232	233	250	274
Operating margin, %	16.4	16.9	16.6	16.2	16.0	17.1	17.2	16.3	16.3	18.6
Average operating capital	5,811	5,811	5,802	5,754	5,668	5,447	5,447	5,139	4,919	4,663
Return on operating capital, % ²⁾	15.8	15.8	15.3	15.8	16.7	18.2	18.2	22.5	25.5	29.3
Operating cash flow	1,118	598	321	-85	284	334	-61	187	285	-77
Carrying amount, development properties	4,949	4,949	5,049	5,132	5,042	5,048	5,048	5,002	5,185	5,229
Number of available building rights	12,800	12,800	13,000	13,500	13,400	13,400	13,400	13,500	13,600	13,300
Number of residential units sold	1,120	353	261	268	238	851	286	223	225	117
Number of housing starts	989	336	278	286	89	857	195	207	240	215
Number of residential units in current production	3,171	3,171	3,112	3,001	3,042	3,115	3,115	3,447	3,387	3,510
¹⁾ Of which property sales	0	-	0	-	-	0	-	-	0	-
JM RESIDENTIAL SWEDEN										
	2019					2018				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	4,468	1,185	974	1,199	1,110	4,456	1,202	920	1,065	1,269
Operating profit ¹⁾	719	189	157	193	180	751	201	156	181	213
Operating margin, %	16.1	15.9	16.1	16.1	16.2	16.9	16.7	17.0	17.0	16.8
Average operating capital	1,183	1,183	1,164	1,096	1,042	1,008	1,008	1,000	949	897
Return on operating capital, % ²⁾	60.8	60.8	62.8	66.6	68.9	74.5	74.5	73.1	76.3	80.0
Operating cash flow	557	287	127	78	65	722	186	44	260	232
Carrying amount, development properties	1,461	1,461	1,545	1,549	1,559	1,388	1,388	1,404	1,476	1,394
Number of available building rights	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,400	10,300	10,200
Number of residential units sold	1,084	313	284	244	243	917	239	227	207	244
Number of housing starts	1,095	291	289	244	271	1,043	260	230	267	286
Number of residential units in current production	1,994	1,994	2,426	2,366	2,547	2,418	2,418	2,471	2,280	2,210
¹⁾ Of which property sales	-	1	-	-	-	1	1	-	-	0
JM INTERNATIONAL										
	2019					2018				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	4,021	1,275	981	905	860	3,580	1,094	912	864	710
Operating profit ¹⁾	355	116	75	66	98	331	110	85	83	53
Operating margin, %	8.8	9.1	7.6	7.3	11.4	9.2	10.1	9.3	9.6	7.5
Average operating capital	3,229	3,229	3,064	2,967	2,888	2,723	2,723	2,580	2,444	2,273
Return on operating capital, % ²⁾	11.0	11.0	11.4	12.1	13.0	12.2	12.2	11.8	11.6	11.7
Operating cash flow	-439	-239	-460	133	127	-41	164	-48	-249	92
Carrying amount, development properties	2,497	2,497	2,538	2,261	2,261	1,821	1,821	2,054	2,156	1,932
Carrying amount, project properties	5	5	5	5	5	4	4	5	5	8
Number of available building rights	11,800	11,800	12,100	11,700	11,700	11,200	11,200	12,100	11,400	10,600
Number of residential units sold ³⁾	1,015	275	185	369	186	695	226	163	187	119
Number of housing starts ⁴⁾	1,042	480	230	286	46	915	391	243	212	69
Number of residential units in current production	2,048	2,048	1,759	1,726	1,660	1,709	1,709	1,644	1,466	1,399
¹⁾ Of which property sales	38	-	-	-	38	12	2	-1	0	11
³⁾ Of which residential units to investors	226	44	-	182	-	-	-	-	-	-
⁴⁾ Of which residential units to investors	226	44	-	182	-	-	-	-	-	-
JM PROPERTY DEVELOPMENT										
	2019					2018				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	227	40	134	29	24	73	24	19	15	15
Operating profit ¹⁾	194	3	179	6	6	10	5	4	-1	2
Average operating capital	1,570	1,570	1,574	1,583	1,447	1,314	1,314	1,160	1,036	910
Return on operating capital, % ²⁾	12.4	12.4	12.5	1.3	1.0	0.8	0.8	0.7	0.4	2.4
Operating cash flow	454	-112	778	-116	-96	-557	-210	-82	-156	-109
Carrying amount, development properties	10	10	10	10	10	10	10	10	10	10
Carrying amount, project properties	1,394	1,394	1,281	1,860	1,738	1,631	1,631	1,418	1,330	1,185
Number of available building rights ³⁾	800	800	800	800	800	800	800	700	700	800
Number of residential units sold ³⁾	376	-	376	-	-	-	-	-	-	-
Number of housing starts ³⁾	143	-	-	143	-	320	192	-	128	-
Number of residential units in current production ³⁾	600	600	736	736	593	593	593	681	681	553
¹⁾ Of which property sales	170	-	170	-	-	-	-	-	-	-
³⁾ Refers to rental units and residential care units										
JM CONSTRUCTION										
	2019					2018				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	1,691	347	482	550	312	2,716	586	663	769	698
Operating profit ¹⁾	-141	0	14	34	-189	-156	-95	-61	0	0
Operating margin, %	-8.3	0.0	2.9	6.2	-60.6	-5.7	-16.2	-9.2	0.0	0.0
Operating cash flow	54	-1	-80	-107	242	-184	-41	-49	60	-154
¹⁾ Of which property sales and sale of operations	68	22	12	34	-	-	-	-	-	-
JM OTHER										
	2019					2018				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue (elimination)	-290	-87	-62	-69	-72	-450	-108	-111	-118	-113
Operating profit (Group-wide expenses)	-35	-11	-4	-9	-11	-39	-10	-6	-9	-14

²⁾ Calculated on 12-month rolling profits and average capital.

Description of key financial figures in JM's annual report that are not included in the IFRS regulations

Segment reporting reflects the economic significance of JM's business. It also correlates well to the Group's internal governance, which is based on cash flow, risk profile and capital allocation. Use of key figures according to segment reporting helps investors and management analyze the trends in and performance of JM.

Amounts are in SEKm unless otherwise specified.

FIVE-YEAR OVERVIEW**Interest-bearing net liabilities (+)/receivables (–) according to segment reporting**

	2019	2018	2017	2016	2015
Interest-bearing liabilities (segment reporting)					
Pension provisions	1,702	1,388	1,251	1,239	1,129
Non-current interest-bearing liabilities	425	146	203	282	410
Current interest-bearing liabilities	690	694	332	438	934
Cash and cash equivalents and interest-bearing receivables	–2,397	–1,682	–2,576	–1,524	–1,275

Interest-bearing net liabilities (+)/receivables (–) according to segment reporting

	420	546	–790	435	1,198
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Definition

Interest-bearing liabilities (segment reporting) less cash and cash equivalents and interest-bearing receivables

Reason to use the measure

Measures external financing compared to own cash and cash equivalents

Operating margin (segment reporting)

	2019	2018	2017	2016	2015
Operating profit (segment reporting)	2,008	1,886	2,369	2,011	1,590
Revenue (segment reporting)	15,692	16,161	17,008	15,752	14,447

Operating margin (segment reporting), %

	12.8	11.7	13.9	12.8	11.0
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Definition

Operating profit (segment reporting) divided by revenue (segment reporting)

Reason to use the measure

Measures profitability of the business given the current market conditions

Return on equity after tax

	2019	2018	2017	2016	2015
Profit/loss for the period (segment reporting)	1,570	1,438	2,194	1,540	1,160
Average equity (segment reporting)	7,062	6,488	5,668	4,905	4,678
Equity at beginning of period	6,798	6,178	5,158	4,652	4,703
Equity at end of period	7,326	6,798	6,178	5,158	4,652

Return on equity after tax, %

	22.2	22.2	38.7	31.4	24.8
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Definition

Profit/loss for the period (segment reporting) divided by average equity (segment reporting)

Reason to use the measure

Measures profitability and financial position

Pre-tax return on capital employed

	2019	2018	2017	2016	2015
Profit/loss before tax plus financial expenses	2,014	1,896	2,648	2,019	1,601
Average capital employed	9,437	8,495	7,541	7,121	6,958
Capital employed, at beginning of the year	9,026	7,964	7,117	7,125	6,790
Capital employed, at end of the year	10,143	9,026	7,964	7,117	7,125

Pre-tax return on capital employed, %

	21.0	22.3	35.1	28.4	23.0
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Definition

Profit/loss before tax (segment reporting) plus financial expenses divided by average capital employed (segment reporting)

Reason to use the measure

Measures profitability and capital efficiency

Capital employed

	2019	2018	2017	2016	2015
Equity (segment reporting)	7,326	6,798	6,178	5,158	4,652
Interest-bearing loans (segment reporting)					
Transferred to pensions	1,702	1,388	1,251	1,239	1,129
Non-current interest-bearing liabilities	425	146	203	282	410
Current interest-bearing liabilities	690	694	332	438	934

Capital employed

	10,143	9,026	7,964	7,117	7,125
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Definition

Equity (segment reporting) plus interest-bearing loans (segment reporting)

Reason to use the measure

Measures capital utilization

Pre-tax return on total capital

	2019	2018	2017	2016	2015
Profit/loss before tax plus financial expenses	2,014	1,896	2,648	2,019	1,601
Average balance sheet total (segment reporting)	17,040	15,946	14,127	12,539	12,388
Balance sheet total, at beginning of the year	16,487	15,405	12,848	12,230	12,545
Balance sheet total, at end of the year	17,593	16,487	15,405	12,848	12,230

Pre-tax return on total capital, %

	11.8	11.9	18.7	16.1	12.9
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Definition

Profit/loss before tax (segment reporting) plus financial expenses divided by average balance sheet total (segment reporting)

Reason to use the measure

Measures profitability and capital efficiency

Amounts in SEK m unless otherwise specified.

Equity/assets ratio (segment reporting)	2019	2018	2017	2016	2015	Definition
Equity (segment reporting)	7,326	6,798	6,178	5,158	4,652	Equity (segment reporting) divided by the balance sheet total (segment reporting)
Balance sheet total (segment reporting)	17,593	16,487	15,405	12,848	12,230	Reason to use the measure
Equity/assets ratio (segment reporting), %	42	41	40	40	38	Measures financial position
Debt/equity ratio	2019	2018	2017	2016	2015	Definition
Interest-bearing net liabilities (segment reporting)	420	546	-790	435	1,198	Interest-bearing net liabilities (segment reporting) divided by equity (segment reporting)
Equity (segment reporting)	7,326	6,798	6,178	5,158	4,652	Reason to use the measure
Debt/equity ratio, multiple	0.1	0.1	-	0.1	0.3	Measures financial position
Interest coverage ratio	2019	2018	2017	2016	2015	Definition
Profit/loss before tax (segment reporting)	1,928	1,817	2,579	1,951	1,518	Profit/loss before tax (segment reporting) plus financial expenses divided by financial expenses
Financial expenses	86	79	69	68	83	Reason to use the measure
Interest coverage ratio, multiple	23.4	24.0	38.4	29.7	19.3	Measures financial position
Interest-bearing liabilities/balance sheet total	2019	2018	2017	2016	2015	Definition
Interest-bearing loans (segment reporting)	2,817	2,228	1,786	1,959	2,473	Interest-bearing loans (segment reporting) divided by balance sheet total (segment reporting)
Balance sheet total (segment reporting)	17,593	16,487	15,405	12,848	12,230	Reason to use the measure
Interest-bearing liabilities/total assets, %	16	14	12	15	20	Measures financial position
Asset turnover rate	2019	2018	2017	2016	2015	Definition
Revenue (segment reporting)	15,692	16,161	17,008	15,752	14,447	Revenue (segment reporting) divided by average balance sheet total (segment reporting)
Average balance sheet total (segment reporting)	17,040	15,946	14,127	12,539	12,388	Reason to use the measure
Balance sheet total, at beginning of the year	16,487	15,405	12,848	12,230	12,545	Measures financial position
Balance sheet total, at end of the year	17,593	16,487	15,405	12,848	12,230	
Asset turnover rate, multiple	0.92	1.01	1.20	1.26	1.17	

Amounts in SEK m unless stated otherwise.

DEFINITIONS KEY FINANCIAL FIGURES – IFRS

Interest-bearing net liabilities (+)/receivables (-)	2019 ¹⁾	2018	2017 ²⁾	2016	2015	Definition
Interest-bearing liabilities						Interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables
Pension provisions	1,702	1,388	1,251	1,239	1,129	Reason to use the measure
Non-current interest-bearing liabilities	1,359	146	203	517	483	Measures external financing compared to own cash and cash equivalents
Current interest-bearing liabilities	5,320	4,968	4,331	2,055	2,190	
Cash and cash equivalents and interest-bearing receivables	-2,397	-1,682	-2,576	-1,524	-1,275	
	5,984	4,820	3,209	2,287	2,527	
Equity/assets ratio	2019 ¹⁾	2018	2017 ²⁾	2016	2015	Definition
Equity	7,126	6,644	6,043	4,951	4,521	Shareholders' equity divided by balance sheet total
Balance sheet total	22,972	20,648	19,111	14,332	13,301	Reason to use the measure
Equity/assets ratio, %	31	32	32	35	34	Measures financial position
Debt/equity ratio	2019 ¹⁾	2018	2017 ²⁾	2016	2015	Definition
Interest-bearing net liabilities	5,984	4,820	3,209	2,287	2,527	Interest-bearing net liabilities divided by equity
Equity	7,126	6,644	6,043	4,951	4,521	Reason to use the measure
Debt/equity ratio, multiple	0.8	0.7	0.5	0.5	0.6	Measures financial position
Interest coverage ratio	2019 ¹⁾	2018	2017	2016	2015	Definition
Profit/loss before tax	1,882	1,807	2,666	1,871	1,427	Profit/loss before tax plus financial expenses divided by financial expenses
Financial expenses	86	79	69	68	83	Reason to use the measure
Interest coverage ratio, multiple	22.9	23.9	39.6	28.5	18.2	Measures financial position
Earnings per share, diluted	2019 ¹⁾	2018	2017	2016	2015	Definition
Profit/loss for the period after dilution	1,529	1,427	2,261	1,479	1,086	Profit/loss for the year attributable to shareholders of the Parent Company divided by weighted average number of shares
Average number of shares	69,985,557	69,865,418	70,844,023	72,725,820	74,846,482	Reason to use the measure
Earnings per share, diluted, SEK	21.90	20.40	31.90	20.30	14.50	Measures profit per share

¹⁾ IFRS 16 Leasing affects the key figures for the current year. Comparative figures have not been restated.

²⁾ Comparative figures for 2017 have been restated due to reclassification of project financing in JM Residential Stockholm and JM Residential Sweden.

Amounts in SEK m unless otherwise specified.

JM SHARE

Total return ¹⁾	2019	2018	2017	2016	2015	Definition
Change in share price, SEK	104.40	-13.90	-76.30	10.50	3.70	The sum of change in share price during the year and dividend paid divided by share price at beginning of the year
Dividend paid, SEK	12.00	11.00	9.50	8.25	8.00	
Share price, at beginning of the year, SEK	173.00	186.90	263.20	252.70	249.00	Reason to use the measure Measures total return for the shareholder during a specific period
Total return, %	67	-2	-25	7	5	
Dividend yield ¹⁾	2019	2018	2017	2016	2015	Definition
Proposed dividend, SEK	12.50	12.00	11.00	9.50	8.25	Proposed dividend divided by share price as at end of the period
Share price, at end of the year, SEK	277.40	173.00	186.90	263.20	252.70	
Dividend yield, %	4.5	6.9	5.9	3.6	3.3	Reason to use the measure Measures return liquidity for the shareholder
Earnings per share, diluted (segment reporting)	2019	2018	2017	2016	2015	Definition
Profit/loss for the period after dilution	1,573	1,441	2,196	1,541	1,161	Profit/loss for the period according to income statement (segment reporting) attributable to shareholders of the Parent Company divided by weighted average number of shares
Average number of shares	69,985,557	69,865,418	70,844,023	72,725,820	74,846,482	
Earnings per share, diluted (segment reporting), SEK	22.50	20.60	31.00	21.20	15.50	Reason to use the measure Measures profit per share
Development properties per share, market value ¹⁾	2019	2018	2017	2016	2015	Definition
Development properties, market value	15,600	15,300	14,700	14,100	11,300	Development properties' market value at the end of the period divided by number of shares at end of the period
Number of shares at end of period	69,583,262	69,583,262	69,583,262	71,448,330	73,594,000	
Development properties per share, market value, SEK	224	220	212	197	154	Reason to use the measure Measures market value of development properties per share disregarding financing
Development properties per share, carrying amount ¹⁾	2019	2018	2017	2016	2015	Definition
Development properties, carrying amount	8,938	8,306	7,543	7,121	7,067	Development properties' carrying amount at end of the period divided by number of shares at end of the period
Number of shares at end of period	69,583,262	69,583,262	69,583,262	71,448,330	73,594,000	
Development properties per share, carrying value, SEK	128	119	108	100	96	Reason to use the measure Measures carrying amount of development properties per share disregarding financing
Project properties per share, market value ¹⁾	2019	2018	2017	2016	2015	Definition
Project properties, market value	1,769	2,002	1,343	863	550	Project properties' market value at the end of the period in relation to the number of shares at the end of the period
Number of shares at end of period	69,583,262	69,583,262	69,583,262	71,448,330	73,594,000	
Project properties per share, market value, SEK	25	29	19	12	7	Reason to use the measure Measures the market value of project properties per share disregarding financing
Project properties per share, carrying amount ¹⁾	2019	2018	2017	2016	2015	Definition
Project properties, carrying amount	1,399	1,635	1,074	602	378	Project properties' carrying amount at the end of the period in relation to the number of shares at the end of the period
Number of shares at end of period	69,583,262	69,583,262	69,583,262	71,448,330	73,594,000	
Project properties per share, carrying amount, SEK	20	23	15	8	5	Reason to use the measure Measures the carrying amount of project properties per share disregarding financing
Equity per share	2019	2018	2017	2016	2015	Definition
Equity (segment reporting)	7,326	6,798	6,178	5,158	4,652	Equity (segment reporting) at the end of the period divided by number of shares at end of the period
Number of shares at end of period	69,583,262	69,583,262	69,583,262	71,448,330	73,594,000	
Equity per share, SEK	105	98	89	72	63	Reason to use the measure Measures the value of equity per share, net worth
Interest-bearing net liabilities per share	2019	2018	2017	2016	2015	Definition
Interest-bearing net liabilities (segment reporting)	420	546	-790	435	1,198	Interest-bearing net liabilities (segment reporting) at end of the period divided by number of shares at end of the period
Number of shares at end of period	69,583,262	69,583,262	69,583,262	71,448,330	73,594,000	
Interest-bearing net liabilities per share	6	8	-11	6	16	Reason to use the measure Measures the value of interest-bearing net liabilities per share

¹⁾ The key figure is the same according to both segment reporting and IFRS reporting

OTHER DEFINITIONS

	Definition	Reason to use the measure
Revenue (segment reporting)	Revenue and profit in the projects are reported period-by-period, in pace with recognition of sales, providing a direct link between financial reporting and operations conducted during the period.	Measures revenue given completion and current market conditions
Operating profit (segment reporting)	Revenue (segment reporting) less production and operating expenses less selling and administrative expenses plus gains from property sales and impairment.	Measures profit/loss given completion and current market conditions
Equity (balance sheet, segment reporting)	Equity (IFRS) adjusted for historic profit recognition according to percentage of completion method for JM International.	Measures equity (segment reporting)
Assets/Liabilities (segment reporting)	Assets/Liabilities as per IFRS adjusted for: • Reclassification of project financing within the segments JM Residential Stockholm, JM Residential Sweden and JM International • Adjustment of income between "Progress billing in excess of recognized revenue" (liability) and "Revenue less progress billing" (asset) • Revaluation of ongoing projects according to the contract completion method within the JM International segment.	Measures assets/ liabilities (segment reporting)
Development properties	Refers mainly to land that can be developed for future projects; classified as current assets. • Land with residential building rights • Land with commercial building rights • Land developed for residential projects or further development for project properties.	Measures assets that may be reclassified to project expense in the future
Project properties	Classified as current assets and comprise large property portfolios for further development and commercial properties. • Properties under development • Completed rental and residential care units • Completed commercial properties.	Measures assets that are for sale or can be exchanged for development properties
Operating cash flow (only business segment)	Change in operating capital plus profit for the period adjusted for non-cash items.	Measures cash flow per business segment
Return on operating capital	Operating profit (segment reporting) divided by average (five measurement points in the past five quarters) operating capital.	Measures profitability and capital efficiency by business segment
Operating capital	Total goodwill, project properties, development properties, participations in tenant-owners associations etc., receivables from property sales, receivables from sold participations in tenant-owners associations, and accounts receivable and revenue less progress billings minus accounts payable, liabilities to tenant-owners associations and progress billings in excess of recognized revenue.	Measures capital utilization per business segment

Board of Directors' Report

The Board of Directors and the President of JM AB (publ), CIN 556045-2103, hereby submit the annual accounts and consolidated financial statements for 2019.

MARKET, SALES AND HOUSING STARTS

The housing market in Stockholm continued to improve during the year. Housing starts in Stockholm were supported by a normal level of reservations, and profitability continued to be good in the current production volume.

The housing operations in the rest of Sweden are showing good profitability in a market that is stable.

In Norway, the activity on the housing market was high with stable prices, and in Finland the housing market was stable. The geographic coverage of JM's housing business is gradually widening.

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

The number of residential units sold in the form of signed contracts increased to 3,595 (2,463)^{1) 2)}. The percentage of sold or reserved homes in relation to current production amounts to 65 percent (57), with an interval of 60–65 percent considered normal. JM Residential Stockholm sold 1,120 residential units (851), JM Residential Sweden sold 1,084 (917), JM International sold 1,015 (695) and JM Property Development sold 376 (0).

The number of housing starts was 3,269 (3,135)^{3) 4)}. JM Residential Stockholm started production on 989 residential units (857), JM Residential Sweden on 1,095 (1,043), JM International on 1,042 (915) and JM Property Development on 143 (320).

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

The number of residential units in current production amounted to 7,813 (7,835), of which 600 are rental units and residential care units (593).

¹⁾ Of which 376 rental units (0) in JM Property Development

²⁾ Of which 226 residential units (0) in JM International to investors

³⁾ Of which 143 rental units (320) in JM Property Development

⁴⁾ Of which 226 residential units (0) in JM International to investors

REVENUE

Consolidated revenue according to segment reporting for the year decreased to SEK 15,692m (16,161). The decrease in revenue is primarily attributable to JM Construction, while revenue increased primarily for JM International. Revenue restated according to IFRS decreased to SEK 15,605m (15,680).

OPERATING PROFIT

Operating profit according to segment reporting increased to SEK 2,008m (1,886) and the operating margin to 12.8 percent (11.7). The improved profit is attributable to the gains of SEK 170m from the sale of completed rental properties. Profit includes a loss within JM Construction of SEK –141m (–156) primarily due to a one-off cost of SEK 180m for the discontinuation of the housing business. Operating profit restated according to IFRS amounted to SEK 1,982m (1,876). The restatement is

related to JM International, with a negative effect on earnings of SEK –43m (–10) and lease contracts according to IFRS 16 with a positive effect on earnings of SEK 17m (0).

Operating profit for the JM Residential Stockholm business segment decreased to SEK 916m (989), and the operating margin decreased to 16.4 percent (17.1). Operating profit for JM Residential Sweden decreased to SEK 719m (751), and the operating margin decreased to 16.1 percent (16.9). Operating profit for JM International increased to SEK 355m (331), of which capital gains from property sales amounted to SEK 38m (12). The operating margin decreased to 8.8 percent (9.2).

Operating profit for JM Property Development increased to SEK 194m (10), of which gains from property sales amounted to SEK 170m (0).

Operating profit for JM Construction amounted to SEK –141m (–156), where the comparative figure for 2018 was burdened by negative revaluations in current projects. Operating profit for 2019 includes SEK 15m for the sale of the external contracting operations in Norway and gains from property sales of SEK 53m (0). The operating margin decreased to –8.3 percent (–5.7).

A review of JM Construction at the beginning of 2019 led to a decision to discontinue the housing business through which housing and commercial properties were produced for primarily external customers. The business segment will thereafter focus on the engineering operations in their current form.

The discontinuation entails costs of SEK 180m, which were recognized in their entirety in Q1 2019. At the same time, JM has initiated the sale of properties within JM Construction. Some project risks will remain until current projects are completed.

BUSINESS SEGMENTS

SEK m	Revenue		Operating profit		Operating margin, %	
	2019	2018	2019	2018	2019	2018
JM Residential Stockholm	5,575	5,786	916	989	16.4	17.1
JM Residential Sweden	4,468	4,456	719	751	16.1	16.9
JM International	4,021	3,580	355	331	8.8	9.2
JM Property Development	227	73	194	10		
JM Construction	1,691	2,716	–141	–156	–8.3	–5.7
Elimination	–290	–450				
Group-wide expenses			–35	–39		
Total (segment reporting)	15,692	16,161	2,008	1,886	12.8	11.7
Restatement JM International	–816	–481	–43	–10		
Leases IFRS 16			17	–		
Reclassification property sale	729	–				
Total (IFRS)	15,605	15,680	1,982	1,876	12.7	12.0

RESIDENTIAL UNITS IN CURRENT PRODUCTION

	12/31/2019	12/31/2018
Number of residential units in current production ^{1) 2)}	7,813	7,835
Percentage of sold residential units in current production, % ³⁾	53	51
Reserved residential units in current production, %	12	6
Sold/reserved residential units in current production, %	65	57
¹⁾ Of which rental units and residential care units in current production in JM Property Development—not included in the percentage of sold and reserved residential units in current production	600	593
Including residential units in projects where costs incurred are only recognized as project properties under construction	457	593

²⁾ Beginning with production start-up through final occupancy according to plan.

³⁾ Percentage of sold residential units expressed as binding contract with the end customer.

UNSOLD UNITS

	12/31/2019	12/31/2018
Completed production, number of unsold units ¹⁾	157	140
The number of unsold residential units in the balance sheet reported as "Participations in tenant-owners associations, etc".	82	125

¹⁾ After final occupancy according to plan.

FINANCIAL INCOME AND EXPENSES

Net financial items are slightly lower than the previous year, primarily due to a larger average interest-bearing loan.

SEK m	12/31/2019	12/31/2018
Financial income	6	10
Financial expenses ¹⁾	-106	-79
Financial income and expenses	-100	-69
¹⁾ Of which interest rate expenses, leasing	-20	-

PROFIT/LOSS BEFORE TAX

Profit before tax according to segment reporting increased to SEK 1,928m (1,817). Operating profit restated according to IFRS increased to SEK 1,882m (1,807).

TAX AND PROFIT FOR THE YEAR

Profit for the year according to segment reporting increased to SEK 1,570m (1,438). Profit for the year restated according to IFRS increased to SEK 1,526m (1,423). Total tax expense was SEK -358m (-379) and according to IFRS SEK -356m (-384), including current tax of SEK -386m and deferred tax of SEK 30m according to IFRS.

The lower tax expense for 2019 compared to the nominal tax rate is primarily due to non-taxable revenue for the sale of completed rental properties.

A charge of SEK 39m (28) was taken against earnings for the property tax, which is treated as an operating expense.

DEVELOPMENT AND PROJECT PROPERTIES**Residential building rights**

The number of available building rights at the end of the year amounted to 35,900 (35,900), of which 21,100 (20,700) are recognized in the balance sheet. Capital tied up in building rights (development properties in the balance sheet) for residential units increased to SEK 8,917m (8,267).

TOTAL NUMBER OF RESIDENTIAL BUILDING RIGHTS

(Including rights carried in the balance sheet as development properties)

	2019		2018	
JM Residential Stockholm	12,800	(7,800)	13,400	(8,600)
JM Residential Sweden	10,500	(6,600)	10,500	(6,800)
JM International	11,800	(6,600)	11,200	(5,100)
JM Property Development	800	(100)	800	(200)
Total	35,900	(21,100)	35,900	(20,700)

The valuation of JM's total development properties with a carrying amount of SEK 8.9bn (8.3) shows a surplus value of SEK 6.7bn (7.0). This valuation was carried out in cooperation with an independent appraisal company. This large surplus value confirms JM's geographic acquisition strategy.

During 2019, JM acquired residential development properties for SEK 1,745m (2,402), of which SEK 284m relates to JM Residential Stockholm, SEK 433m to JM Residential Sweden and SEK 1,028m to JM International. Net investments in development properties during the year totaled SEK 580m (785). The building rights portfolio thereafter amounts to SEK 8,938m (8,306). These holdings are essential for JM's residential development projects.

DEVELOPMENT PROPERTIES (HOUSING)

SEK billion	12/31/2019		12/31/2018	
	Market value	Carrying amount	Market value	Carrying amount
JM Residential Stockholm	9.8	4.9	10.2	5.0
JM Residential Sweden	2.5	1.5	2.4	1.4
JM International	3.3	2.5	2.7	1.9
Total	15.6	8.9	15.3	8.3

Project properties

Rental income from JM's project properties increased to SEK 86m (66). Net rental income increased to SEK 58m (42). Investments in project properties during the year totaled SEK 427m (524). Properties were sold for SEK 729m (2) with gains of SEK 170m (-1). The externally appraised market value of JM's development properties was calculated to be SEK 1,769m (2,002) with a carrying amount of SEK 1,399m (1,635).

PROJECT PROPERTIES 12/31/2019	Market value, SEK m	Carrying amount, SEK m	Area (000) m ²	Occupancy rate annual rent, %
Properties under development	1,051	801	24	93
Completed rental unit properties	698	587	16	100
Completed commercial properties	20	11	1	91
Total	1,769	1,399	41	97

FINANCIAL ITEMS**Interest-bearing liabilities and average interest rates**

As at December 31, 2019, interest-bearing net liabilities according to segment reporting totaled SEK 420m (546). Non-interest-bearing liabilities for completed property acquisitions amounted to SEK 929m (1,020). Of these liabilities, SEK 164m (324) were current. According to IFRS, interest-bearing net liability amounted to SEK 5,984m (4,820) after the addition of project financing within JM International of SEK 2,705m (1,884) and part of the project financing within JM Residential Stockholm and JM

Residential Sweden of SEK 2,007m (2,390), as well as liabilities from leases according to IFRS 16 of SEK 852m (0). Total interest-bearing loans according to segment reporting on December 31, 2019, amounted to SEK 2,817m (2,228), of which the provision for pensions comprised SEK 1,702m (1,388). According to IFRS, total interest-bearing liabilities amounted to SEK 8,381m (6,502). A revaluation of the pension liability as a result of changed assumptions regarding the discount rate and inflation increased the liability by SEK 255m (85).

At the end of the year, the average interest rate for total interest-bearing loans according to segment reporting and including the pension liability was 2.0 percent (2.5). The average term for fixed-rate loans excluding the pension liability was 0.2 years (0.2). Since the volume of long-term borrowing is relatively limited, the Group works mainly with short term credit facilities.

Cash flow

Cash flow during the year from operating activities according to segment reporting was SEK 1,291m (–473). Net investments in development properties resulted in a cash flow of SEK –540m (–528). The reduced holdings of repurchased residential units resulted in a cash flow of SEK 291m (–396). Consolidated cash flow from project properties (sales minus investment) during the year was SEK 439m (–522).

Cash flow from operating activities according to IFRS was SEK –1,403m (–3,615). The difference in comparison to segment reporting is due to reclassified project financing within JM International, JM Residential Stockholm and JM Residential Sweden and reporting of leases according to IFRS 16. Also see comments to the cash flow statement on page 63.

Liquidity

Consolidated available liquidity amounted to SEK 5,197m (4,482). Aside from cash and cash equivalents of SEK 2,397m (1,682), this includes unutilized overdraft facilities and credit lines totaling SEK 2,800m (2,800), where credit agreements for SEK 2,400m had an average maturity of 3.3 years (4.0).

SHAREHOLDERS' EQUITY

As at December 31, 2019, consolidated equity according to segment reporting amounted to SEK 7,326m (6,798) and adjusted according to IFRS to SEK 7,126m (6,644). Undistributed earnings according to IFRS amounted to SEK 6,199m (5,760). In 2019 the dividend to shareholders was SEK 12.00 per share (11.00), for a total of SEK 835m (765). The equity ratio according to segment reporting was 42 percent (41). The equity ratio according to IFRS was 31 percent (32).

RISKS AND RISK MANAGEMENT

A description of significant risks and uncertainty factors that JM faces is presented on page 79.

HUMAN RESOURCES

The number of employees decreased during 2019 by 3 percent and amounted to 2,559 (2,630) at the end of the year. Current staffing is dimensioned to the current project volume, and adjustments are made on a regular basis. Demand on the labor

market for qualified project development skills continues to be strong but has decreased slightly. There were 996 (1,029) wage-earners and 1,563 (1,601) salaried employees. The average number of employees during the year was 2,598 (2,562), including 545 (492) employed in JM's foreign subsidiaries. Wages, salaries, and social security expenses totaled SEK 2,258m (2,212), of which social security expenses comprised SEK 742m (730).

ENVIRONMENTAL PROGRAM

How JM treats the environment today will leave its mark long into the future. Environment initiatives require a businesslike approach both in the short term and in the long term. This provides long-term value growth for owners as well as added value for customers through, for example, lower operating costs, improved quality and greater sustainability in the home. JM continuously develops its environmental work using our Operations System, improvement work, measurable targets and environmental training programs. Follow-up occurs via non-conformity and key figure reports as well as internal audits. Prioritized environmental issues include energy consumption, choice of building materials, building waste, transports and machinery, and contaminated soil.

SUSTAINABILITY REPORT

The Sustainability Report in accordance with the Annual Accounts Act is reported in About the Sustainability Report on page 133.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is on pages 118–127.

WORK OF THE BOARD IN 2019

The 2019 Annual General Meeting elected seven members. The employee organizations appointed two members and two deputies. The Board of Directors held twelve meetings. In addition, the Audit Committee held seven meetings, the Compensation Committee four meetings and the Investment Committee six meetings. The most important issues for the Board during 2019 were decisions to start production on large housing projects, major acquisitions of development properties, the sale of three rental properties, the discontinuation of Business area Construction in JM Construction, the strategic plan, proposed short-term and long-term variable remuneration programs, and a proposed convertible debenture program for all employees in Sweden. The Board members' participation in meetings can be seen in the chart on pages 122–123. The performance of the Board of Directors is evaluated every fall. The results of the evaluation were presented to and discussed by the Board and the Nomination Committee. A description of the committees and members is presented in the Corporate Governance Report on pages 121 and 124.

DIVIDEND

Unrestricted equity in the Parent Company amounts to SEK 3,699m. For 2019 the Board of Directors proposes a dividend of SEK 12.50 (12.00) per share, for a total of SEK 870m (835).

Remaining unrestricted equity of SEK 2,977m is proposed for carry-forward. The proposed record date for the dividend is Monday, March 30, 2020. If the Annual General Meeting resolves to adopt the proposal, the dividend will be sent on Thursday, April 2, 2020.

OUTSTANDING SHARES

The number of outstanding shares on December 31, 2019, amounts to 69,583,262. One shareholder, OBOS BBL, has a shareholding in the Company representing at least one-tenth of the voting rights for all shares in the Company. OBOS's holdings of the Company's shares amounted to 20.4 percent on February 11, 2020.

SHARE CAPITAL

JM's share capital on December 31, 2019, amounted to SEK 70m (70) represented by 69,583,262 shares. All shares carry equal voting rights and equal rights to a share of the Company's equity and have a par value of SEK 1. The issued shares are freely transferable with no restrictions imposed by law or JM's Articles of Association. JM knows of no agreements involving shareholders that may restrict the right to transfer shares.

In the event major changes occur to the ownership structure of JM AB, i.e. more than 30 percent or significant changes to the voting rights in JM AB are transferred to another owner or that JM AB is delisted from Nasdaq Stockholm, the credit line of SEK 2,800m can be terminated by the lenders.

THE BOARD'S PROPOSAL ON GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The Board of Directors proposes that the Annual General Meeting 2020 resolve that the following guidelines for remuneration to the senior executives should apply until the Annual General Meeting 2024 unless circumstances arise that require an earlier revision.

These guidelines cover the CEO and other members of Group management. The guidelines should apply to contractual remuneration and changes made to already agreed remuneration. The guidelines do not apply to remuneration decided by the General Meeting.

Guidelines' promotion of the company's business strategy, long-term interests and sustainability

JM is one of the leading developers of housing and residential areas in the Nordic region. Operations focus on new production of homes in attractive locations, with the main focus on expanding metropolitan areas and university towns in Sweden, Norway and Finland. We are also involved in project development of commercial premises and contract work, primarily in the Greater Stockholm area. JM should promote long-term sustainability work in all its operations. For more information about the business strategy, long-term interests and sustainability, see www.jm.se.

A successful implementation of the company's business strategy and the protection of the company's long-term interests, including its sustainability, requires that the company can recruit and keep qualified employees. This in turn requires that the

company offer competitive remuneration. These guidelines make it possible to offer senior executives competitive total remuneration.

The basis for remuneration to senior executives is the fulfillment of financial targets, customer satisfaction, and individual performance. A prerequisite for the payment of remuneration is compliance with policies, guidelines and JM's Code of Conduct.

Remuneration covered by these guidelines should aim to promote the company's business strategy and long-term interests, including its sustainability.

The company has offered for a number of years the possibility for all employees in Sweden, including Group management, to subscribe to convertible debentures. The company intends to continue with this offer in the future. The General Meeting resolves on the programs, and they are thus not covered by these guidelines.

Forms of remuneration, etc.

Remuneration should be competitive and may consist of the following components: fixed cash salary, short- and long-term variable cash remuneration, pension benefits, and other benefits.

The fulfillment of criteria for payment of short-term variable cash remuneration must be measurable during a period of one year and may amount to at the most 50 percent of the total fixed cash salary during the measurement period. The long-term variable remuneration program must be measurable during a period of three years and may amount to at the most 50 percent of the total fixed cash salary during the year the program started.

For the CEO, pension benefits, including health insurance, must be defined-contribution. Variable cash remuneration may not be pensionable. The pension premiums for defined-contribution may amount at the most to 35 percent of the fixed cash monthly salary. Other senior executives are currently subject to an enhanced ITP plan and a premium-based pension reinforcement of a maximum of SEK 120,000 per year or 30 percent of the fixed cash annual salary exceeding 30 income base amounts. In the event another solution is selected, the pension benefits must be defined contribution—with pension premiums amounting to at the most 35 percent of the fixed cash salary—unless the executive is subject to a defined-benefit pension in accordance with the provisions of a collective agreement. Variable cash remuneration must be pensionable to the extent this applies under compulsory collective agreement provisions that are appropriate for the executive. The Board of Directors, based on a proposal from the CEO, may approve that retirement pension is offered to senior executives who have turned 62.

Other benefits may include life insurance, health insurance and a company car. Premiums and other costs related to such benefits may together total at the most 5 percent for the CEO and at the most 10 percent for the fixed average cash salary for other senior executives.

Additional cash variable remuneration may be paid in extraordinary situations, assuming that such extraordinary arrangements only are made at the individual level either with the aim of recruiting or keeping senior executives or as compensation for extraordinary tasks performed in addition to regular

tasks. This remuneration, for the person in question, may together with the outcome of a short-term variable salary scheme, not exceed an amount corresponding to the maximum possible payout for the short-term variable salary scheme for the payment year in question. Decisions on such remuneration must be made by the Board of Directors following a recommendation by the Compensation Committee.

Regarding employment conditions that are subject to rules other than those that apply in Sweden, for pension benefits and other benefits, reasonable adjustments may be made to comply with such mandatory rules or established local practice, in which case the overarching objective of these guidelines should be fulfilled to the greatest extent possible.

In exceptional cases, Group management may temporarily be supplemented with a non-regular member who is engaged on a consultancy basis. If this occurs, the member will only receive contractual consultant fees. The size of the consultant fee may correspond to at the most the CEO's fixed cash salary for the same period, adjusted upward for an amount corresponding to social security expenses.

Termination of employment

For the termination of employment, the notice period may be at the most twelve months. Fixed cash salary during the notice period and severance pay may together not exceed an amount corresponding to the fixed cash salary for two years for the CEO and one year for other senior executives. If notice of termination is given by the senior executive, the notice period may be at the most six months with no right to severance pay. In the event of an agreement between the company and the executive on the termination of employment, the above wording means that the severance pay can be paid and/or the termination salary can be paid longer than when the notice of termination is given by the senior executive.

Criteria for distribution of variable cash remuneration, etc.

In addition to the financial performance of the operations, which carries the greatest weight, the short-term variable cash remuneration should also be based on earnings per share and the outcome of customer surveys (Customer Satisfaction Index).

The long-term variable salary scheme is and will be based on the Group's performance targets three years forward in time and, where applicable, the performance of an individual unit.

The criteria that according to the above determine the outcome create incentives for employees to contribute to the realization of the company's business strategy and thus long-term value creation. If the Board of Directors later were to assess that the business strategy and the company's long-term interests, including its sustainability, would be better served if the criteria were amended or the targets otherwise modified, these guidelines allow for such changes.

When the measurement period to fulfill the criteria for the payment of variable cash remuneration has closed, the extent to which the criteria have been fulfilled must be determined. The Compensation Committee is responsible for the assessment of variable cash remuneration to the CEO. The CEO is responsible

for the assessment of variable cash remuneration to other senior executives. For financial targets, the assessment should be based on the financial information the company most recently made public.

Salaries and terms of employment for employees

When preparing the Board's proposal for these remuneration guidelines, salaries and terms of employment for the company's employees were considered in that information about employees' total remuneration, the remuneration components, the increase in the remuneration and the rate of the increase over time formed a part of the Compensation Committee's and the Board's decision basis for the evaluation of the reasonableness of the guidelines and the limitations resulting from them. The remuneration report that is prepared for paid and outstanding remuneration covered by the guidelines reports on the change in the gap between the senior executives' remuneration and other employees' remuneration.

Decision process to determine, review and implement the guidelines

The Board of Directors has established a Compensation Committee. The committee's tasks including preparing the Board's decisions on proposed guidelines for remuneration to senior executives. The Board must prepare a proposal for new guidelines at least every four years and present the proposal for resolution by the Annual General Meeting. The guidelines should apply until new guidelines are adopted by the General Meeting. The Compensation Committee should also monitor and evaluate the program for variable remuneration to senior executives, the application of guidelines for remuneration to senior executives and the applicable remuneration structures and levels in the company. The members of the Compensation Committee are independent in relation to the company and senior executives. When the Board of Directors discusses and decides on remuneration-related matters, the CEO and other members of executive management do not attend the meetings to the extent they are affected by the matters.

Deviations from the guidelines

The Board of Directors may decide to temporarily deviate from the guidelines in full or in part if there are grounds for such a decision on a case-by-case basis and a deviation is necessary to ensure the company's long-term interests, including its sustainability, or to ensure the company's economic viability. As specified above, the Compensation Committee is tasked with preparing the Board's decisions on remuneration matters, which includes deviations from the guidelines.

Description of significant changes to the guidelines

The Board of Directors' proposed guidelines for remuneration for the Annual General Meeting 2020 agree primarily with the guidelines resolved upon at the Annual General Meeting 2019, but the proposed new guidelines are more detailed than before due to new legal requirements.

More information

For more information about remuneration in JM, including, where relevant, decided remuneration that has not fallen due for payment, see Note 3 on pages 92–93.

GUIDELINES FOR SALARIES AND OTHER REMUNERATION TO SENIOR EXECUTIVES RESOLVED AT THE ANNUAL GENERAL MEETING 2019

The Board of Directors proposes that the Annual General Meeting approve the following guidelines for salary and other remuneration to senior executives. Compensation to the CEO and other senior executives will consist of a fixed component, short- and long-term variable components, pension benefits and other benefits. "Other senior executives" refers to Executive Management. Total compensation must be at market rates and competitive in the labor market in which the executive works. Fixed salary and short-term variable salary program will be related to the executive's responsibilities and authorities. The short-term variable salary program for senior executives will be capped at 50 percent of fixed salary. The short-term variable salary program will be based on performance in relation to established targets, which is usually the externally reported operating profit before tax, earnings per share and Customer Satisfaction Index. Long-term variable salary programs can be equity and/or cash-related and will be performance-based and, at the time of commitment, be capped at 50 percent of fixed salary. Termination of employment is normally subject to a mutual period of notice of six months. If notice of termination is given by JM, severance pay equivalent to six months' salary should also be payable. Pension benefits are either defined-benefit or defined-contribution, or a combination thereof, and the normal retirement age should be 65. The Compensation Committee will draft and the Board of Directors will approve the remuneration policy for the President and senior executives. The Board shall have the right to depart from the guidelines if extenuating circumstances are present in the individual case.

PARENT COMPANY

The Parent Company's core business is project development of residential properties and is conducted in the following business segments: JM Residential Stockholm, JM Residential Sweden and JM Property Development. Net sales for the Parent Company in 2019 were SEK 10,294m (10,397). The Parent Company's profit before appropriations and tax was SEK 1,772m (1,701). Investments in properties totaled SEK 410m (1,449). The average number of employees was 1,697 (1,675), including 1,309 men (1,290) and 388 women (385). Wages, salaries, and social security expenses totaled SEK 1,454m (1,442). An account of the number of employees and payroll expenses is provided in the Parent Company's notes, Note 2 on page 109.

ACCOUNTING FOR HOUSING DEVELOPMENT IN SWEDEN

In 2018, Nasdaq Stockholm AB (the Stock Exchange) sent questions to several housing developers regarding the grounds for assessing whether tenant-owner associations are independent. The Stock Exchange's final decision to JM in December 2018 stated, among other things, that it was possible for different companies to draw different conclusions and that there were differences in the companies' operational, business and contractual structures that could be considered to be of significant in this matter. The Stock Exchange noted that JM does not consolidate the tenant-owners associations, that the basis for JM's assessment was not clear enough, and thus that there is no clear description of the facts and circumstances forming the basis for JM's conclusion. The Stock Exchange thus issued JM a criticism, and JM therefore expanded and clarified its disclosures regarding these grounds in its 2018 Annual Report. Corresponding disclosures are also provided in the 2019 Annual Report on pages 86–87. JM also communicated that Finansinspektionen (FI) informed JM in January 2019 that FI would be investigating the matter.

In June 2019, FI communicated to JM the preliminary assessment that tenant-owner associations are not independent and thus must be consolidated. As a result, revenue should not be reported over time (gradually) but rather at the time of the transfer to each tenant-owned apartment buyer. JM does not share FI's preliminary assessment and submitted a written response at the end of June stating that the tenant-owners associations are independent and they should not be consolidated.

On January 29, 2020, JM received a new letter entitled "Request for opinion," in which FI's preliminary assessment continues to be that tenant-owners associations cannot be considered independent from an IFRS perspective. JM will respond to FI's letter and continues to consider tenant-owners associations to be independent and that they should not be consolidated.

IFRS is a principle-based framework that often requires assessments. In complex matters like this, it is possible for different parties to make different assessments. An accounting revision in line with FI's preliminary assessment does not affect JM's segment reporting, project governance or business risk profile. JM considers segment reporting to most accurately reflect the economic implications of JM's business at the same time as it correlates well with the Group's internal governance, which is based on the Group's cash flows, risk profile and capital allocation.

Risks and risk management

Significant risks and uncertainty factors are listed below. JM's largest risks are attributable to changes in macroeconomic conditions.

Risk	Description of risk	Management	Comments/outcome 2019
MACROECONOMIC RISKS			
Economic growth	Demand for housing is influenced by economic growth and consumer buying power, as well as development in housing prices.	Requirement of well-balanced level of sold/reserved residential units before housing start. Efficiency measures in order to reduce production costs.	GDP growth but cautious housing market in Stockholm during the year. Gradual stabilization. A good level of risk has been maintained in current production.
Demographics	Population growth and migration flows influence demand for housing.	JM's strategy is to operate in cities and areas with the best demographic and economic prerequisites.	Fundamental demographic trends are stable in our main markets.
Competition scenario	The number of competitors impacts offering and pricing, and thus profitability.	The local competitive situation is continuously monitored. JM works to distinguish itself via its corporate culture, flexibility and acquisition expertise, and to distinguish its offer via customer focus, quality profile and marketing.	Gradual increase in competition in our main segments with greater supply of newly produced residential units.
Political risks	Political decisions such as conditions for different forms of tenure, investments in infrastructure and municipal planning, etc., can change the prerequisites.	Flexible local plans and decisions on form of tenure as late as possible.	Unchanged political risks, some uncertainty regarding regulatory issues.
OPERATIONAL RISKS			
Risks related to building rights portfolio	The risk of there being too few or too many building rights, or that they are in the wrong areas. Risk of planning being delayed or local plans not being approved.	Ongoing market and customer surveys and close cooperation with potential home buyers to ensure understanding of customer needs. Reduce risks by acquisitions being on condition that the local plan gains final approval.	Continued risk has been identified for allocating resources to manage planning processes in some municipalities in the long term.
Implementation risk	Lack of planning or analysis leads to delays, excessively high costs and insufficient customization.	Efficiency measures in order to reduce production costs. Required level of sold/reserved residential units before housing start. Stricter procedures for monitoring, oversight and control. Structured Project Development.	Favorable development of efficiency measures in the Group's processes.
Unsold units	Unsold residential units result in lower profitability for the project and undesired tied-up capital in the balance sheet.	Starting the project in phases, at the same rate that residential units are sold/reserved, means the risk of unsold residential units can be controlled. The goal is for all residential units to be sold by final inspection.	At the end of the year, JM had purchased 82 (unsold) units with a carrying amount of SEK 366m in the balance sheet.
Price development during production	A drop in housing prices during the project means the residential units will be difficult to sell or the project will be unprofitable.	Phased starts mean that JM can better match price to demand.	A cautious market resulted in lower price levels for residential units. Unchanged size in project phases.
FINANCIAL RISKS (see note 24, Financial risk management on page 101)			
Interest rate risk	Changes in market interest rates can negatively impact earnings and cash flow.	The Board has adopted guidelines for fixed interest and maturities. Rules for managing interest rate risk in building loans.	Expectation of somewhat stable interest rates in the financial and housing markets.
Financing risk	Risk that loans that fall due could become more difficult and more expensive to refinance.	JM is attractive to lenders due to its good equity/assets ratio. JM's finance policy.	Possibilities to finance housing production have been good at stable margins.
Liquidity risk	Risk of being unable to fulfill payment obligations.	Good control over cash and cash equivalents, and surplus is only invested in local currency and with low credit risk. Payment readiness via overdraft facilities and committed credit lines.	Unchanged strong liquidity situation.
Currency risk	Fluctuations in exchange rates have a negative impact on the cash flow, income statement and balance sheet.	Limited transaction volumes and selective hedging of balance sheet exposure.	Unchanged low currency exposure.
SUSTAINABILITY RISKS			
Climate	Increasing requirements on decreased environment footprint and energy consumption. Elevated water levels, recurring pelting rain and more humid climate.	JM builds low energy buildings. Local plans are adapted to higher water levels. Materials and technical solutions are selected for greater resistance to moisture. Description of moisture protection prepared in all projects.	JM's buildings use significantly less energy than what is required by the government authorities. In 2019, we decided to follow the recommendations of the TCFD framework, Task Force on Climate-related Financial Disclosures, which is described in more detail on pages 34–35.
Human Resources	Difficulties attracting, recruiting and keeping competent employees.	Strong value-driven company culture, clear and committed leadership and an important contributor to sustainable urban development of the future.	New framework for leadership, management training in situation-specific leadership, employer branding.
Social conditions	Risks for accidents, physical and psychological occupational injuries and discrimination in the workplace.	Systematic environment work, wellness work, core values, Code of Conduct and incident reporting system.	Implementation of Safety Week, review of the Code of Conduct at yearly performance reviews.
Human rights	Deficiencies in social responsibility and compliance with human rights, work environment, labor law, environmental consideration and work to combat corruption in supply chains.	JM performs sustainability assessments, sustainability analyses and audits of its supply chains. Code of Conduct for suppliers and contractors.	220 conducted sustainability assessments of suppliers. About 20 of those were selected and responded to an in-depth survey about their sustainability work. 4 sustainability audits were carried out during the year.
Anti-corruption	Risk of improper behavior during business deals.	Clear governance, decision-making, transparency and follow-up of business arrangements. Code of Conduct and ethical guidelines.	Review of the Code of Conduct during recruiting and yearly performance reviews. Regular exercises for employees in handling ethical dilemmas.

CONSOLIDATED INCOME STATEMENT – IFRS

SEK m	NOTE	2019	2018
Revenue	1, 2	15,605	15,680
Production and operating costs	3, 4	–12,750	–12,776
Gross profit		2,855	2,904
Selling and administrative expenses	3, 4, 5	–979	–1,041
Gains/losses on the sale of property ¹⁾	6	106	13
Operating profit		1,982	1,876
Financial income	7	6	10
Financial expenses	7	–106	–79
Profit before tax		1,882	1,807
Taxes	8	–356	–384
Net profit for the year		1,526	1,423
Other comprehensive income			
<i>Items that will be reclassified as income</i>			
Translation differences from the translation of foreign operations		41	30
<i>Items that will not be reclassified as income</i>			
Restatement of defined-benefit pensions		–317	–105
Tax attributable to other comprehensive income		65	15
Total comprehensive income for the year		1,315	1,363
Net profit for the year attributable to shareholders of the Parent Company		1,526	1,423
Comprehensive income for the year attributable to shareholders of the Parent Company		1,315	1,363
Earnings per share, basic, attributable to shareholders of the Parent Company, SEK	9	21.90	20.50
Earnings per share, diluted, attributable to shareholders of the Parent Company, SEK	9	21.90	20.40
Proposed dividend per share, SEK	9	12.50	12.00
¹⁾ of which sale of operations		15	–

CONSOLIDATED BALANCE SHEET – IFRS

SEK m	NOT	12/31/2019	01/01/2018
ASSETS	2		
Non-current assets			
Goodwill	10	186	180
Machinery and equipment	11	14	19
Rights-of-use offices and cars	12	200	–
Participations in joint operations and associated companies	13, 14	1	1
Financial assets	15, 24	18	14
Total non-current assets		419	214
Current assets			
Project properties	16	1,399	1,635
Development properties	16	8,938	8,306
Rights-of-use leasehold rights	12	650	–
Participations in tenant-owners associations, etc.	17	366	567
Work in progress	18	3,781	2,958
Accounts receivable	24	912	1,090
Other current receivables	19	726	814
Prepaid expenses and accrued income		29	42
Recognized revenue less progress billings	20	3,355	3,340
Cash and cash equivalents	21, 22	2,397	1,682
Total current assets		22,553	20,434
TOTAL ASSETS		22,972	20,648
EQUITY AND LIABILITIES	2		
Equity attributable to shareholders of the Parent Company			
Share capital		70	70
Other capital contributions		897	895
Reserves		–40	–81
Undistributed earnings (including net profit for the year)		6,199	5,760
Total shareholders' equity		7,126	6,644
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	22, 23, 24	1,359	146
Other non-current receivables	23, 24	765	696
Provisions for pensions and similar obligations	22, 25	1,702	1,388
Other non-current provisions	26	846	935
Deferred tax liabilities	27	639	681
Total non-current liabilities		5,311	3,846
Current liabilities			
Accounts payable	23, 24	1,015	902
Current interest-bearing liabilities	22, 23, 24	5,320	4,968
Other current liabilities	23, 24	1,050	1,325
Current tax liabilities		126	146
Progress billings in excess of recognized revenue	28	1,467	1,380
Accrued expenses and deferred income	29	1,423	1,315
Current provisions	26	134	122
Total current liabilities		10,535	10,158
Total liabilities		15,846	14,004
TOTAL EQUITY AND LIABILITIES		22,972	20,648

CONSOLIDATED CASH FLOW STATEMENT – IFRS

SEK m	NOTE	2019	2018
	1		
OPERATING ACTIVITIES			
Operating profit		1,982	1,876
Depreciation and amortization		114	8
Other non-cash items ¹⁾		–1,670	–1,533
Sub-total, cash flow from operating activities		426	351
Interest received		5	9
Interest paid and other financial expenses		–62	–43
Paid tax		–433	–697
Cash flow from operating activities before change in working capital		–64	–380
Investment in development properties, etc.		–3,799	–3,728
Payment on account for development properties, etc. ¹⁾		2,808	1,685
Increase/decrease in accounts receivable		464	331
Increase/decrease in other current receivables, etc.		–1,061	–583
Increase/decrease in accounts payable		105	52
Increase/decrease in other current operating liabilities		–295	–470
Cash flow before investments and sales of project properties		–1,842	–3,093
Investment in project properties, etc.		–426	–524
Sale of project properties, etc.		865	2
Cash flow from operating activities ¹⁾		–1,403	–3,615
INVESTING ACTIVITIES			
Investment in property, plant, and equipment		–4	–11
Property, plant, and equipment sold		0	–
Change in financial assets		–3	3
Cash flow from investing activities		–7	–8
FINANCING ACTIVITIES	22		
Loans raised		658	623
Amortization of debt		–399	–270
Amortization of debt, leasing		–103	–
Loans raised, project financing ¹⁾		3,922	4,398
Amortization of debt, project financing ¹⁾		–1,125	–1,256
Dividend		–835	–765
Cash flow from financing activities		2,118	2,730
Cash flow for the year		708	–893
Cash and cash equivalents, at beginning of the year		1,682	2,572
Exchange rate difference in cash and cash equivalents		7	3
Cash and cash equivalents, at end of the year		2,397	1,682
INTEREST-BEARING NET LIABILITIES/RECEIVABLES	22		
Interest-bearing liabilities and provisions		8,381	6,502
Cash and cash equivalents		–2,397	–1,682
Interest-bearing net liabilities (+)/receivables (–), at end of the year		5,984	4,820

¹⁾ JM sometimes recognizes initial project financing for Swedish residential projects where the financing is later taken over by the customer. The take-over occurs without any incoming or outgoing payments, and when the debt is settled there is no impact on the cash flow statement; there is neither a negative item (amortization) in the financing activities nor a positive item in the operating activities.

OTHER NON-CASH ITEMS		NOTE	2019	2018
Gains/losses on the sale of property	6		-106	-13
Changes in pension liability			314	137
Project financing within JM Residential Stockholm and JM Residential Sweden ¹⁾			-1,557	-1,848
Other provisions, etc.			-321	191
Total			-1,670	-1,533
INVESTMENT IN DEVELOPMENT PROPERTIES, ETC.			2019	2018
Investment in development properties	16		-1,745	-2,417
Acquisition of participations in tenant-owners associations	17		-1,971	-1,682
Change in promissory notes			-83	371
Total			-3,799	-3,728
PAYMENT ON ACCOUNT FOR DEVELOPMENT PROPERTIES, ETC.			2019	2018
Payment on account for development properties	16		365	398
Sale of development properties	6		194	114
Change in receivables, development properties sold, etc.			78	-253
Sale of participations in tenant-owners associations	17		2,171	1,426
Total			2,808	1,685
INVESTMENT IN PROJECT PROPERTIES, ETC.			2019	2018
Investment in project properties	16		-426	-524
Total			-426	-524
SALE OF PROJECT PROPERTIES, ETC.			2019	2018
Sale of project properties	6		865	2
Total			865	2

¹⁾ JM sometimes recognizes initial project financing for Swedish residential projects where the financing is later taken over by the customer. The take-over occurs without any incoming or outgoing payments, and when the debt is settled there is no impact on the cash flow statement; there is neither a negative item (amortization) in the financing activities nor a positive item in the operating activities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – IFRS

SEK m	Attributable to shareholders of the Parent Company				
	Share capital	Other capital contributions	Translation reserves	Undistributed earnings	Total shareholders' equity
Opening balance, January 1, 2018	71	892	-111	5,191	6,043
Total comprehensive income for the year	–	–	30	1,333	1,363
Dividend to equity holders of the Parent Company	–	–	–	-765	-765
Conversion of convertible loan	–	3	–	–	3
Elimination of repurchased shares	-1	–	–	1	–
Closing balance, December 31, 2018	70	895	-81	5,760	6,644
Opening balance, January 1, 2019	70	895	-81	5,760	6,644
Total comprehensive income for the year	–	–	41	1,274	1,315
Dividend to equity holders of the Parent Company	–	–	–	-835	-835
Conversion of convertible loan	–	2	–	–	2
Closing balance, December 31, 2019	70	897	-40	6,199	7,126

The change in translation difference for the year amounts to SEK 41m (30), and the accumulated translation difference in closing equity was SEK -40m (-81). The Swedish krona weakened against the Norwegian krona and the Euro during the year.

Valutakurser använda i koncernbokslutet anges i följande tabell.

Exchange rates		Average exchange rate		Exchange rate, December 31	
Country	Currency	2019	2018	2019	2018
Finland	EUR	10.5892	10.2570	10.4336	10.2750
Norway	NOK	1.0747	1.0690	1.0579	1.0240

The dividend to shareholders of the Parent Company totaled SEK 835m (765), corresponding to SEK 12.00 (11.00) per share.

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note 1 Accounting and valuation principles

Amounts in SEK m unless stated otherwise.

Company information

The annual report and consolidated financial statements for JM AB were approved by the Board of Directors and the President on February 11, 2020, and will be presented for adoption at the 2020 Annual General Meeting. JM AB is a Swedish public limited company listed on Nasdaq Stockholm, Large Cap segment. The Company has its registered office in Stockholm, Sweden. The address of the head office is Gustav III:s boulevard 64 Solna, Sweden.

Statement of compliance with applicable rules

The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS). Since the Parent Company is an enterprise within the EU, only EU-approved IFRS are applied. In addition, the consolidated accounts are prepared in compliance with Swedish law through the application of the Swedish Financial Reporting Board recommendation RFR 1 (Supplementary Accounting Regulations for Groups). The Parent Company's annual accounts have been prepared in compliance with Swedish law and with application of the Swedish Financial Reporting Board's recommendation RFR 2 (Reporting for Legal Entities). This means that the Group's accounting principles are applied with the deviations that can be seen in the section about the Parent Company's accounting policies.

BASIS FOR PREPARATION OF THE ACCOUNTS

The consolidated accounts are based on historical cost, with the exception of certain financial instruments. Unless stated otherwise, amounts are specified in millions of Swedish kronor (SEK m).

Basis for consolidation

The consolidated accounts include the Parent Company and its subsidiaries. The financial statements for the Parent Company and the subsidiaries that are included in the consolidated accounts relate to the same period and have been prepared according to the accounting policies that apply for the Group. A subsidiary is included in the consolidated accounts from the date of acquisition, which is the date on which the Parent Company acquires a controlling influence over the company, normally when the Parent Company owns more than 50 percent of the votes, and is included in the consolidated accounts until the date on which the controlling influence in the company ceases. Internal balances and profits and losses from internal transactions are eliminated.

Changes in accounting principles and methods of calculation

As of 2019, JM applies IFRS 16 Leases in accordance with the following description. Accounting principles and calculation methods for the group have otherwise not changed compared to the previous year.

New standards as of 2019

IFRS 16 Leases

This standard replaces IAS 17 Leases and all related interpretations. It requires lessees to report assets and liabilities that are attributable to all lease contracts, with the exception of contracts that are shorter than 12 months and/or refer to small amounts. Reporting for lessors will in all material respects remain the same. JM uses the simplified transition approach, which means that identified leases will not be restated retroactively. This means that comparative figures for periods prior to 2019 will not be affected. For JM, the new standard at the end of 2019 has resulted in rights-of-use assets in the balance sheet of SEK 850m. The assets consist primarily of the rental of properties in which JM conducts its operations, the rental of the vehicles used in the operations, and the rental of land.

Under the new standard, JM reports depreciation/amortization and interest rates related to lease contracts in the income statement, and payments are split in the cash flow between interest and amortization. See Notes 2, 12, 22 and 23 for the lease's impact on the annual accounts.

IFRS 16 is not applied in the segment reporting.

Other standards that have entered into force have not had any effect on the consolidated financial statements.

New standards entering into effect as of 2020

The changes to IFRS which will be applied in 2020 are expected to have no or very little impact on JM's financial reporting.

Important estimates and assessments

The preparation of financial statements requires JM to make assessments, estimates and assumptions which affect the reported amounts of assets and liabilities, the reported amounts of revenue and expenses and other information disclosed. These estimates and assessment reflect what JM considers to be reasonable and legitimate at the time the annual report is presented. Other assessments, assumptions or estimates could lead to other results, and assessments made at

a later point in time and/or the actual outcome may differ significantly from the assessments made now, i.e. given events that occurred later or modified global factors. JM must also make assessments regarding the application of the Group's accounting principles.

IMPORTANT ASSESSMENTS WHEN APPLYING ACCOUNTING PRINCIPLES

In Sweden, JM enters into agreements with tenant-owners associations to construct turn-key residential properties. JM does not consider itself to have control of these tenant-owners associations in accordance with IFRS 10 Consolidated Financial Statements, and they are therefore not consolidated. The associations are thus viewed as customers of JM.

The activities of a tenant-owners association can be divided into two different phases. The first, the production phase, consists of the phase during which the association is formed and purchases the property in which individual buyers acquire residential units made available as tenant-owned apartments. When the property is completed, the activity transitions into a management phase. During the production phase, relevant activities include signing an agreement with a firm for the production and provision of a turn-key residential property.

The tenant-owners associations are formed by JM-independent professionals within the property and tenant-owned apartment sector, and according to the association's statutes the majority of the board members must be appointed by a JM-independent party during the entire production phase. JM has no right to appoint the associations' boards of directors, and JM never has any representation on these boards.

The boards of the tenant-owners associations evaluate JM's offer and make the decision that is relevant and important for the activities of the production phase to enter into an agreement with JM for the production and provision of a turn-key residential property. The associations also enter into agreements with independent real estate agents, who sell the association's tenant-owned units.

Through the agreement, JM and the tenant-owners associations agree on what will be delivered by JM and when. In other words, JM is hired to deliver a turn-key residential property in exchange for compensation at market rates and cannot influence the relevant activities in the tenant-owners associations during the production phase.

JM also considered other contract terms that could be of significance for the assessment. For example, during the production phase, JM provides surety for the portion of the tenant-owners associations' building loans that exceed the value of the mortgage deed in the property the association pledges as collateral, and JM is obligated to acquire units that are not sold as tenant-owned apartments from the associations after a certain period of time following the final inspection, thus bearing the non-impactable risk that prices may fall (see Note 30). JM also undertakes according to the agreement, in exchange for compensation at market rates, economic management as well as other management during the production phase and compensate the associations for their day-to-day costs. The surety commitment is a temporary, partial credit enhancement that largely is pledged to reduce the cost of issuing the mortgage deed, which is advantageous for both parties. The commitments to acquire unsold apartments occur in several other industries, and the same applies to agreements where transaction prices vary depending on the market price on any given day. JM considers this commitment to have an impact on the assessment of revenue recognition and not the assessment of whether there is any control¹⁾.

Given an overall assessment of all the facts and circumstances, JM does not consider the above conditions, which are reported in accordance with IFRS¹⁾, to change JM's conclusion. JM cannot direct the relevant activities of the tenant-owners associations during the production phase, but rather is hired to deliver a turn-key residential property in exchange for compensation at market rates. JM therefore does not consider itself to have power over the associations in accordance with IFRS 10, and thus JM does not have control over the associations.

If JM instead had assessed that it has control, the tenant-owners associations would have been consolidated. JM's customers would then constitute individual buyers of tenant-owned apartments, which means that the revenue would not be reported over time (gradually) but rather at the point in time the buyers of the tenant-owned apartments take occupancy. Based on what JM considers to be reasonable assumptions, under such a scenario it is estimated that JM's revenue and operating profit/loss for 2019 would have amounted to approximately SEK 16.3bn (SEK +0.7bn compared to reported revenue) and approximately SEK 2.1bn (SEK +0.1bn compared to reported operating profit/loss), respectively, and equity on December 31, 2019, would have amounted to approximately SEK 6.5bn (SEK -0.7bn compared to reported equity).

¹⁾ The commitment to acquire unsold apartments is considered when determining the transaction price within the framework of IFRS 15's rules regarding variable remuneration. JM discloses the surety commitment in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, while, according to the same standard, the reporting of the income statement and balance sheet is first relevant in a situation where it is judged to be probable that the commitment will be met.

JM has no contractual or legal basis for taking part of the financial statements for the tenant-owners association with which JM has an ongoing construction agree-

ment. However, JM has compiled data about these associations' utilized construction loans, which as at December 31, 2019 amounted to approximately SEK 8.1bn.

Important sources of uncertainty in estimates

REVENUE RECOGNITION OVER TIME (PERCENTAGE OF COMPLETION METHOD) IN CURRENT RESIDENTIAL AND CONTRACTING PROJECTS JM applies the percentage of completion method, where revenue and profit/loss are reported gradually over the term of the project based on the forecast completion and the project's actual rate of completion. This requires that income and expenses, and thus the margin, can be reliably estimated. This estimate is based on JM's system for calculations, reporting, follow-up and forecasts. It requires input data in the form of estimates and assessments that are dependent on the knowledge and experience of JM and its employees. However, the final project outcome can deviate from assessments made earlier. See Note 20 and Note 28 for more information.

PROVISIONS FOR PENSION COMMITMENTS

The carrying amount of JM's commitments for defined-benefit pension plans are affected by actuarial assumptions such as the discount rate, inflation, mortality, future wage increases and staff turnover. The assumed discount rate normally has the greatest impact. See Note 25 and Note 26 for more information, and Note 25 also provides information about assumptions made and a sensitivity analysis for changes to the chosen discount rate.

PROVISIONS FOR WARRANTY COMMITMENTS

Most of JM's contracts with customers, in terms both of project development of residential units as well as contracting agreements in JM Construction, contain provisions for warranty commitments for JM from the obligation to rectify faults and deficiencies within a set period of time (in some cases up to ten years) after the completion of the project. The warranty commitments may also be stipulated by law or in some other way. The calculation of the warranty provisions is normally based on the estimated costs for the project concerned or for a group of similar projects and is determined according to a ratio that has historically provided a reliable estimate of these costs. The ratio can be, for example, a proportion of revenue or estimated cost per completed residential unit. The size of the provision is assessed regularly during the warranty period and adjusted as needed based on experience data in general and, where available, specific damages. Actual outcome may deviate from the provisions based on estimates made. See Note 26 for more information.

DISPUTES, ETC.

Within the framework of its ongoing business, JM is occasionally involved in disputes and legal proceedings. In these cases, JM's assumptions must be evaluated and the probability for various outcomes assessed. Actual outcomes in the future may deviate from the estimates made today. See Note 24 and Note 30 for more information.

Current and non-current liabilities, current and non-current assets

Liabilities and provisions are reported as either current or non-current. Current liabilities refer to liabilities that are expected to be settled within twelve months of the balance sheet date or when JM does not have an unconditional right to pay later than within twelve months. Current assets include assets that are expected to be realized during JM's normal business cycle or, in terms of claims, within twelve months.

Business combinations

The fair value of identifiable assets and liabilities of acquired operations is determined at the time of acquisition (and also includes, where relevant, assets, liabilities and provisions, including commitments and claims from outside parties, which are not recognized in the balance sheet of the acquired business). The difference between the cost of the acquisition and the acquired share of identifiable net assets in the acquired business constitutes goodwill and is recognized as an intangible asset in the balance sheet. Transaction costs are expensed directly in the profit/loss for the period.

Associated companies

Holdings in associated companies are reported using the equity method and include companies in which the Group has a significant influence, which normally is assumed to be the case when the holding amounts to at least 20 percent but not exceeding 50 percent of the voting rights and the ownership is part of a long-term commitment.

Joint arrangements

Joint arrangements are operations for which the Group, through cooperation agreements with one or more partners, shares the controlling influence. If the arrangements are joint operations, by which the partners are entitled to the

assets and obliged by the liabilities of the arrangements, the partners report their assets, liabilities, income and expenses and their participations in joint assets, liabilities, income and expenses. If the partners are entitled to the arrangement's net assets, this is reported according to the equity method.

Translation of foreign operations

All foreign Group companies conduct their business activities in the local currency of each country, which is the functional currency of each company. Balance sheets and income statements are translated into the Group's reporting currency (SEK) using the current method. According to the current method, all assets, provisions, and other liabilities are restated at the closing rate of exchange and all items in the income statement are restated using the exchange rate on the date of the transaction (approximated through the translation to the average exchange rate for the period). The translation difference thus arising is reported, as are any translation differences in the financial instruments held to hedge these net assets, in Other comprehensive income and accumulated in the translation reserve within Equity. In the event of a sale of a foreign business, the accumulated translation difference is returned to the period's profit/loss.

Receivables and liabilities in foreign currency

Transactions in foreign currencies (currency other than each company's functional currency) are reported at the translation rate on the transaction date. Monetary receivables and liabilities in foreign currencies are translated at the exchange rate applied on the balance sheet date. Exchange rate differences are reported in profit/loss for the period.

Segment reporting

JM's segment reporting differs from IFRS in three aspects. In its segment reporting, revenue for JM International is recognized using the percentage of completion method. In addition, recognized project financing within JM International, JM Residential Stockholm and JM Residential Sweden is recorded as a deduction item to "Revenue less progress billings" or "Progress billings in excess of recognized revenue" and raised/repaid project financing is reported in the cash flow from operating activities. The new reporting of leases in accordance with IFRS 16 is not applied in the segment reporting.

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

Revenue recognition

REVENUE AND PROFIT/LOSS FROM RESIDENTIAL PROJECT DEVELOPMENT

JM's residential project development in Sweden is primarily conducted by JM entering a contract with a tenant-owners association as the orderer of a total commitment consisting of the transfer of land and the construction of a residential property. The contracts with the tenant-owners association are entered into simultaneously, priced as a single unit and assessed to constitute a performance obligation. Since JM is contractually obligated to deliver a specific property and during the course of the project is entitled to payment, the revenue is recognized over time, i.e. applying the percentage of completion method. Revenue and profit/loss in the projects are reported in pace with their recognition and sale, providing a direct link between financial reporting and the performance commitment met by JM during the period. Revenue and profit/loss are based on the stage of completion and calculated using the stage of completion taking into consideration the sales rate. The degree of completion is mainly determined by project costs incurred (including land and interest rate expenses) in relation to the total estimated project costs. The sales rate reflects JM's commitment to acquire from the association the residential units that were not sold as tenant-owned apartments within a certain period of time following the final inspection. This commitment introduces an element of variable remuneration which is based on experience data and considered when setting the transaction price. "Sales" refers to the number of residential units sold in the form of binding contracts between the tenant-owners association and the buyers of the residential unit. Revaluations (changes in forecasts) of anticipated project revenue lead to adjustment of previously recognized revenue in the projects concerned and are included in the period's reported profit/loss. If, and thus up until such is no longer the case, a reliable estimate of the profit/loss of the projects cannot be made, revenue is recognized in level with costs incurred. Anticipated losses are expensed immediately and in their entirety against profit/loss for the period.

The difference between recognized revenue and amounts not yet invoiced is reported in the balance sheet as "Revenue less progress billings" (contract asset) or "Progress billing in excess of recognized revenue" (contract liability). Costs for warranty commitments are included in the project costs, and the estimated total warranty cost is included in the project's total expected costs.

In Norway and Finland there is no right to receive payment during the course of the project, which is why income (and cost) is reported at a single point in

time, i.e. when the residential unit is completed and turned over to the customer. Until this point, costs incurred in the project are reported in the balance sheet as "Work in progress".

REVENUE AND PROFIT/LOSS IN JM CONSTRUCTION

JM Construction's revenue is generated primarily from work carried out under construction contracts with customers (orderers). Since the contracting work is carried out on land controlled by the customer, revenue is recognized over time, i.e. applying the percentage of completion method as the contracting project is completed. The stage of completion is mainly determined using project costs incurred in relation to total estimated project costs. Project revenue is recognized as the contractual original contract total and any additional work, claims for specific compensation and incentives to the extent these have been approved by the orderer. If the outcome of a project cannot be reliably estimated, revenue is recognized in level with costs incurred until the point in time this can occur. Anticipated losses are expensed immediately.

The difference between recognized revenue and amounts not yet invoiced is reported in the balance sheet as "Revenue less progress billings" or "Progress billing in excess of recognized revenue". Costs for warranty commitments are included in the project costs, and the estimated total warranty cost is included in the project's total expected costs.

GAINS/LOSSES ON THE SALE OF PROPERTY/COMMERCIAL PROPERTY DEVELOPMENT

Sales of project properties and development properties in existing conditions (normally only land) and that are thus not the object of project development are recognized in the income statement at the point in time when the customer receives control of the property.

During agreements for commercial property development, JM is invariably bound to deliver a specific property and thus never has an alternative use for the property. If JM is entitled to payment during the course of the project, the revenue is recognized over time (gradually). If this is not the case, the revenue is recognized at a single point in time, i.e. at completion. Whether JM is entitled to payment is dependent on the terms of the agreement and/or applicable legislation, and an assessment is made on an agreement-by-agreement basis.

Income tax

The income statement item, Taxes, includes current and deferred income tax. The companies in the Group are liable for tax according to existing legislation in each country. The state income tax rate in Sweden was 21.4 percent (22.0) during the year, 22.0 percent (23.0) in Norway and 20.0 percent (20.0) in Finland. Current tax is based on reported profit/loss adjusted for permanent differences such as additions for non-deductible items and deductions for non-taxable income and other deductions. Any tax adjustments for previous years are reported as current tax. The balance sheet method is applied to accounting for deferred tax. According to this method, recognition occurs for deferred tax liabilities and assets attributable to temporary differences between carrying amounts and fiscal values of assets and liabilities and, in terms of deferred tax assets, attributable to fiscal deductions. Deferred tax assets are recognized net against deferred tax liabilities to the extent they can be used against deferred tax liabilities. Deferred tax liabilities and tax assets are calculated on the basis of the applicable tax rate for the years during which the items are expected to be realized. The effects of changes in applicable tax rates are taken against income in the period the change becomes law. Deferred tax assets attributable to loss carry-forwards are reduced to the extent that it is not probable they will be realized.

Tax attributable to items reported as Other comprehensive income is also reported in Other comprehensive income.

Goodwill

Goodwill is the difference between the consideration for a business combination and the fair value of the acquired operations' net assets (see Business Combinations above). Goodwill is not subject to annual write-down but undergoes an impairment test when grounds for such arise or at least once a year. Goodwill is tested for impairment as follows: the goodwill at the time of acquisition is allocated to cash-generating units that correspond to the lowest level within the Group at which goodwill is monitored in JM's internal governance but that is not a larger unit than a reported segment. JM tests carrying amounts by comparing the estimated recoverable amount, normally by discounting estimated future cash flows, to the carrying amount. If the recoverable amount is less than the carrying amount, a write-down is reported within profit/loss for the period.

Plant, property, and equipment

Property, plant and equipment are recognized at cost after deduction for accumulated depreciation and impairment losses, if any. Depreciation according to plan is applied on a straight-line basis and based on the cost and assessed useful life of the assets.

Project properties and development properties, etc.

Properties, undeveloped or developed, that are intended for production of tenant-owned apartments/freehold apartments or freehold single-family homes and land for project properties are classified as development properties. Project properties are other properties that are classified as neither development properties nor operational/management properties. Project properties and development properties as well as ongoing projects in JM International constitute current assets from an accounting perspective and are valued in accordance with IAS 2 Inventory, which means they are reported at the lowest of cost and net realizable value (see more under "Impairment Losses" below). The cost of JM's project properties and work in progress include both direct costs and a reasonable share of indirect costs. Interest rate expenses for production of project properties and work in progress are included as a part of cost (see more under "Borrowing Costs" below).

Project and development properties are usually recognized as assets from the time the parties enter into a binding acquisition agreement.

Borrowing costs

Borrowing costs are included in the consolidated accounts in cost of buildings in progress (project properties) and work in progress (JM International). Interest expenses are included in the cost until the time that the building is complete. If special borrowing arrangements were made for the project, actual average borrowing cost is used. In other cases, borrowing cost is calculated based on the Group's actual average borrowing cost.

Interest rate expenses for project financing of residential projects are included under the project's other production costs.

Impairment losses

If there is any indication of impairment of the value of property, plant and equipment or an intangible asset on the balance sheet date, a calculation is performed of the recoverable amount of the asset. The recoverable amount is the greater of net realizable value and value in use. If the estimated recoverable amount is lower than the carrying amount, an impairment loss is recognized to the asset's recoverable amount. With the exception of goodwill, an impairment loss is reversed when the basis for the impairment, wholly or partly, no longer exists.

The term impairment loss is also used in conjunction with revaluation of properties reported as current assets. Valuation of these properties is performed item by item (property by property) according to the lowest value principle; i.e. the lower of cost and net realizable value.

Net realizable value is the estimated sales price in the ordinary course of business, less estimated costs for completion and executing a sale.

Potential impairment of development properties are tested based on JM's annual market valuation, or if there is any indication of impairment, and where necessary, supplemented with internal project assessments that contain assumptions about the project's anticipated income and expenses. The future cash flow of the project is discounted by a discount rate. Projects (development properties) having a discounted present value lower than their carrying value, are subject to impairment.

See also "Goodwill" above.

Leases

IAS 17 applied until 12/31/2018, which means that until this date leases were classified as either finance or operating leases. A finance lease exists when the economic risks and benefits associated with ownership in all material respects flow to the lessee. If this is not the case, it is classified as an operating lease. Briefly, a finance lease means that the object is recognized as an asset in the balance sheet of the lessee, while a matching liability is recognized as a liability item in the balance sheet. In an operating lease, the object is recognized in the balance sheet of the lessor. Lease fees in operational leases are recognized linearly, by the lessee, over the term of the agreement.

The new standard IFRS 16 entered into force on 1/1/2019. This standard replaces IAS 17 Leases and all related interpretation. Under the new standard, all significant leases are reported as assets (rights-of-use) and liabilities, with the exception of contracts that are shorter than 12 months or of low value. The leases consist primarily of properties in which JM conducts its operations, the rental of vehicles used in operations, and the rental of land (so-called site leasehold rights).

The asset and the liability are initially recognized at the present value of the discounted present value of the future lease payments. Any variable fees are not considered in the lease payments if they are not based on an index or interest rate. The latter are considered at the time they enter into force. The interest rate applied to the present value calculation is the implicit rate in the contract. If it is not known, the marginal borrowing rate is used.

JM has used the simplified transition approach, which means that identified leases will not be restated retroactively. This means that comparative figures for periods prior to 2019 will not be affected. Opening balances for rights-of-use and

liabilities have been established based on identification of existing agreements and current interest rates as at 12/31/2018.

The standard entails that JM reports depreciation (linear) and interest rates related to leases in the income statement, which also subsequently means that lease expenses attributable to Production and operating costs (cars, site leasehold fees) are moved to Selling and administrative expenses (cars) and Interest expenses (site leasehold fees). In the cash flow, payments are split into interest and amortization.

In the balance sheet, the assets are distributed between rights-of-use, while the liabilities are broken down into long-term and short-term. Current liabilities are the liabilities that at the end of the period have a remaining maturity of less than 12 months.

The value of the rights-of-use for offices and vehicles is calculated using the present value method over the term of the contract, with deductions for linear depreciation. The liability is also calculated in accordance with the present value method and is reported net after deductions for paid amortization. The value of site leasehold rights is calculated up to the date when the payment obligation is expected to transfer to the customer. In the cases where JM acquired a site leasehold right without having agreed on a date the transfer to the customer, the value of the site leasehold right is calculated for infinity. Rights-of-use for site leasehold rights are not subject to depreciation and the debt is not amortized. All present value calculations are based on regular rental costs, the number of periods, and agreed/decided interest rates. Site leasehold fees are reported as an interest rate expense in the income statement.

According to active contracts, JM is entitled to end prematurely or extend rental periods for offices and cars and to sell acquired site leasehold rights. Changes in the contract give rise to changes in the measurement of assets/liabilities and variation in reported earnings from quarter to quarter.

Employee benefits/pensions

A distinction is made between defined-contribution pension plans and defined-benefit pension plans relating to post-employment benefits. Defined-contribution pension plans are defined as plans where the company pays contractual, fixed fees (premiums) to a separate legal entity and does not have any obligation to pay additional fees. Other pension plans are defined-benefit. Obligations and costs relating to defined-benefit pension plans are calculated according to the Projected Unit Credit Method. The intention is that anticipated future pension payments should be expensed evenly over the employee's period of service. The calculation is based on a number of actuarial assumptions, including expected future wage increases, staff turnover, expected inflation and mortality. The present value of the obligations is discounted primarily based on a market return on first-class corporate bonds on the reporting date. In Sweden, the market return on mortgage bonds is used and a premium for a longer maturity is added based on the duration of the pension obligations.

Independent actuaries conduct annual calculations relating to the defined-benefit plans found at JM. Costs for service during the current or earlier periods and gains and losses from any settlements of pension plans are reported in profit/loss for the period. The effects of deviations in actuarial assumptions are reported under Other comprehensive income.

Taxes payable on pension costs, in JM's case the Swedish payroll tax on pension costs, are taken into account as the difference between a pension commitment calculated according to definition above and the pension commitment calculated in accordance with the Swedish Safeguarding of Pension Commitments Act. In the balance sheet, special payroll tax is reported under Other non-current provisions.

Financial instruments

A financial asset or financial liability is recognized in the balance sheet when the instrument's contractual terms flow to the company. A financial asset should be removed from the balance sheet when the rights specified in the contract are either realized or past due. The same applies for parts of a financial asset. A financial liability is removed from the balance sheet when the obligation in the contract has been discharged or in some other way extinguished. Assets and liabilities are reported net when there is a legally enforceable right to offset and there is a right and intention to settle on a net basis.

CLASSIFICATION

JM's financial assets are usually classified in the following measurement categories:

- those measured at amortized cost, which normally applies to JM's assets
- those measured at fair value (normally via the income statement, which applies to the derivatives that JM may occasionally enter into).

JM's financial liabilities are usually classified in the following measurement categories:

- those measured at amortized cost, which normally applies to JM's assets
- those measured at fair value (normally via the income statement, which applies to the derivatives that JM may occasionally enter into).

IMPAIRMENT LOSS

JM estimates the expected credit losses from financial assets and contractual assets that are reported at amortized cost and reports loss risk reserves for loss events that may occur within 12 months. If the credit risk of an asset has increased significantly since it was initially reported, a loss risk reserve is reported for the entire life of the asset. A loss risk reserve is always reported for the entire life of the asset for accounts receivable and contract assets with and without significant financing arrangements.

HEDGE ACCOUNTING

JM does not apply hedge accounting.

Convertible debentures

Convertible debentures are reported as a compound financial instrument comprising a liability component and an equity component. The fair value of the liability at issuance is calculated by discounting future cash flows using the current market interest rate for an equivalent liability. The value of the equity instrument is calculated as the difference between the issue proceeds and the fair value of the financial liability. The equity instrument comprises an embedded option to convert the liability into shares.

Provisions and contingent liabilities

Provisions are reported when JM has a commitment as a result of events that have occurred, where it is likely that payments will be required in order to meet the commitment, and it is possible to reliably estimate the amount that will be paid. Estimated future expenditure for warranty commitments are reported as provisions. Most of JM's contracts with customers, in terms of both project development of residential units and contracting agreements in JM Construction, contain provisions for warranty commitments to rectify faults and deficiencies within a set period of time (in some cases up to ten years) after the completion of the project. The warranty commitments may also be stipulated by law or in some other way. This calculation is normally based on the estimated costs for the project concerned or for a group of similar projects, calculated according to a ratio that has historically provided a reliable estimate of these costs. The ratio can be, for example, a proportion of revenue or estimated cost per completed residential unit. The size of the warranty provision is tested regularly during the warranty period and adjusted when necessary. In the event of damages, and JM can estimate the size of the expense and the time of the rectification with reasonable assurance, the commitment can be classified as an accrued expense.

Contingent liabilities are possible commitments originating from events that have occurred and whose existence will be confirmed only by the occurrence or lack thereof of one or more uncertain future events, which are not completely in the company's control. Obligations that originate from events that have occurred, but that are not recognized as liabilities or provisions, because it is not probable that an outflow of resources will be required to settle the obligation and/or because the size of the obligations cannot be reliably estimated, are also recognized as contingent liabilities.

Cash Flow Statement

The cash flow statement has been prepared according to the indirect method. The analysis has been adapted to JM's operations. Since the buying and selling of project and development properties within the framework of JM's development business are included in JM's ongoing operations, these are reported under the corresponding sections of the analysis. Payment on account for development properties refers, for example, to payment received for the part of the cost of a residential project that constitutes development property (land).

Buying and selling of plant, property and equipment are reported under "Investing activities, other". Cash and cash equivalents include cash and bank balances as well as current financial investments that mature less than three months from the due date and are in part traded on the open market at known amounts and in part associated with only marginal risk for value fluctuations. Taxes and interest paid for the year are reported in full under operating activities.

Parent Company's accounting policies

The Parent Company's accounting policies deviate from the Group's policies as follows: Defined-benefit pension plans are reported in accordance with the provisions of the Swedish Safeguarding of Pension Commitments Act. Untaxed reserves are reported in full, i.e. they are not broken down into equity and deferred tax. Participations in subsidiaries, associated companies and joint ventures are recognized at cost of acquisition less any impairment losses. Financial instruments reported in the consolidated financial statements at fair value are reported in the Parent Company using the lowest value principle. In the Parent Company, mergers of wholly owned Group companies are reported according to the consolidated value method. Group contributions both paid and received are reported as appropriations.

note 2 Segment information

The JM Group's business is managed and reported per business segment in accordance with the following:

- The JM Residential Stockholm business segment develops residential projects in Greater Stockholm
- The JM Residential Sweden business segment develops residential projects in growth areas in Sweden, excluding Greater Stockholm
- The JM International business segment develops residential projects in Norway and Finland
- The JM Property Development business segment primarily develops rental units, residential care units and commercial properties in Greater Stockholm
- The JM Construction business segment carries out construction work for external and internal customers in the Greater Stockholm area. The external contracting business in Norway was sold in Q4 2019.

No segments have been aggregated to form the above reportable business segments.

Identification of reportable segments is based on internal reporting to the chief operating decision maker, which in the JM Group is the President of the Parent Company (who is also the CEO). The reporting format for segment reporting is based on geographical segment and business concept.

The chief operating decision-maker primarily uses the business segments' income, operating profit and operating margin, as well as operating capital and operational cash flow, as a basis for resource allocation and assessment of the segment's profit or loss. The performance of the business segments is assessed and evaluated based on the indicators mentioned above.

Financial expenses, financial income and income tax are mainly handled at the Group level and not allocated to the segments.

Transactions between business segments are based on market conditions.

CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT

Group 2019	JM Residential Stockholm	JM Residential Sweden	JM International	JM Property Development	JM Construction	Other and elimination	Total according to segment reporting	Restatement JM International ²⁾	Reclassification property sale ³⁾	Leases IFRS 16	Total, Group, according to IFRS
Revenue – external	5,575	4,468	4,021	227	1,401	–	15,692	–816	729	–	15,605
Revenue – internal	–	–	–	–	290	–290	–	–	–	–	–
Total revenue	5,575	4,468	4,021	227	1,691	–290	15,692	–816	729	–	15,605
Production and operating costs ¹⁾	–4,293	–3,509	–3,501	–168	–1,813	290	–12,994	773	–559	30	–12,750
Gross profit	1,282	959	520	59	–122	–	2,698	–43	170	30	2,855
Selling and administrative expenses ¹⁾	–366	–240	–203	–35	–87	–35	–966	–	–	–13	–979
Gains/losses on the sale of property	0	–	38	170	68	–	276	–	–170	–	106
Operating profit	916	719	355	194	–141	–35	2,008	–43	–	17	1,982
Financial income and expenses	–	–	–	–	–	–80	–80	–	–	–20	–100
Profit before tax	–	–	–	–	–	–115	1,928	–43	–	–3	1,882
Taxes	–	–	–	–	–	–358	–358	1	–	1	–356
Net profit for the year	–	–	–	–	–	–473	1,570	–42	–	–2	1,526
Operating margin, %	16.4	16.1	8.8	–	–8.3	–	12.8	–	–	–	–
¹⁾ Of which depreciation of machinery and equipment	–	–	–4	–	–1	–4	–9	–	–	–	–9

Group 2018

Revenue – external	5,786	4,456	3,580	73	2,266	–	16,161	–481	–	–	15,680
Revenue – internal	–	–	–	–	450	–450	–	–	–	–	–
Total revenue	5,786	4,456	3,580	73	2,716	–450	16,161	–481	–	–	15,680
Production and operating costs ¹⁾	–4,384	–3,456	–3,073	–35	–2,749	450	–13,247	471	–	–	–12,776
Gross profit	1,402	1,000	507	38	–33	–	2,914	–10	–	–	2,904
Selling and administrative expenses ¹⁾	–413	–250	–188	–28	–123	–39	–1,041	–	–	–	–1,041
Gains/losses on the sale of property	–	1	12	–	–	–	13	–	–	–	13
Operating profit	989	751	331	10	–156	–39	1,886	–10	–	–	1,876
Financial income and expenses	–	–	–	–	–	–69	–69	–	–	–	–69
Profit before tax	–	–	–	–	–	–108	1,817	–10	–	–	1,807
Taxes	–	–	–	–	–	–379	–379	–5	–	–	–384
Net profit for the year	–	–	–	–	–	–487	1,438	–15	–	–	1,423
Operating margin, %	17.1	16.9	9.2	–	–5.7	–	11.7	–	–	–	–
¹⁾ Of which depreciation of machinery and equipment	–	0	–4	–	–1	–3	–8	–	–	–	–8

²⁾ Effect of restatement on revenue and profit and loss according to the completed contract method (IFRS) in relation to segment reporting.

³⁾ Reclassification of gains/loss on sale of property (project properties) to income and expenses according to IFRS in relation to segment reporting.

REVENUE

	JM Residential Stockholm	JM Residential Sweden	JM International	JM Property Development	JM Construction	Eliminations	Total Group
Revenue 2019							
Revenue according to IFRS	5,575	4,468	3,205	956	1,691	–290	15,605
Revenue (segment reporting)	5,575	4,468	4,021	227	1,691	–290	15,692
Revenue 2018							
Revenue according to IFRS	5,786	4,456	3,099	73	2,716	–450	15,680
Revenue (segment reporting)	5,786	4,456	3,580	73	2,716	–450	16,161
Point in time for revenue recognition (IFRS)							
Over time	•	•	•	•	•		
At a specific point in time			•	•			

Revenue in JM Residential Stockholm, JM Residential Sweden and JM Construction are reported over time (gradually), which is reflected when the customer payments are made. They normally occur in the form of advance payment during the term of the agreement. JM International's revenue is reported at a specific point in time (at completion), which normally also coincides with the point in time for the primary payment from the customer.

On December 31, 2019, JM had entered into customer agreements where the performance commitment of approximately SEK 19bn had not yet been met. JM expects these performance commitments to be materially met, and revenue is thus recognized primarily in 2020 and 2021 with a smaller portion in 2022. Corresponding amount for the previous year was SEK 20bn for the period 2019–2021.

CONSOLIDATED OPERATING CASH FLOW BY BUSINESS SEGMENT	JM Residential Stockholm	JM Residential Sweden	JM Inter- national	JM Property Development	JM Construc- tion	Other and elim- ination	Total according to segment reporting	Reclassifica- tion project financing ¹⁾	Leases IFRS 16	Total, Group, according to IFRS
Group 2019										
From operating activities	1,118	557	-439	454	54	-453	1,291	-2,797	103	-1,403
From investing activities	-	-	-	-	-	-7	-7	-	-	-7
From financing activities	-	-	-	-	-	-576	-576	2,797	-103	2,118
Total cash flow for the year	1,118	557	-439	454	54	-1,036	708	0	0	708
Cash and cash equivalents, December 31							2,397	-	-	2,397
Group 2018										
From operating activities	334	722	-41	-557	-184	-747	-473	-3,142	-	-3,615
From investing activities	-	-	-	-	-	-8	-8	-	-	-8
From financing activities	-	-	-	-	-	-412	-412	3,142	-	2,730
Total cash flow for the year	334	722	-41	-557	-184	-1,167	-893	0	-	-893
Cash and cash equivalents, December 31							1,682	-	-	1,682

CONSOLIDATED BALANCE SHEET BY BUSINESS SEGMENT

	JM Residential Stockholm	JM Residen- tial Sweden	JM Inter- national	JM Property Develop- ment	JM Construc- tion	Unallocat- ed items, Group ^{2) 3)}	Total according to segment reporting	Reclassifica- tion project financing ¹⁾	Restate- ment JM International ⁴⁾	Leases IFRS 16	Total, Group, according to IFRS
Group 12/31/2019											
ASSETS											
Non-current assets	-	-	186	-	-	33	219	-	-	200	419
Project properties	-	-	5	1,394	-	-	1,399	-	-	-	1,399
Development properties	4,949	1,461	2,497	10	21	-	8,938	-	-	-	8,938
Rights-of-use site leasehold rights	-	-	-	-	-	-	-	-	-	650	650
Participations in tenant-owners associations, etc.	133	129	104	-	-	-	366	-	-	-	366
Work in progress	-	-	-	-	-	-	-	3,093	688	-	3,781
Current receivables	1,197	899	1,207	10	575	386	4,274	1,693	-945	-	5,022
Cash and cash equivalents	-	-	-	-	-	2,397	2,397	-	-	-	2,397
Total current assets	6,279	2,489	3,813	1,414	596	2,783	17,374	4,786	-257	650	22,553
TOTAL ASSETS	6,279	2,489	3,999	1,414	596	2,816	17,593	4,786	-257	850	22,972
EQUITY AND LIABILITIES											
Equity	-	-	-	-	-	7,326	7,326	-	-198	-2	7,126
Non-current liabilities	-	-	-	-	-	4,413	4,413	112	-36	822	5,311
Current liabilities	723	1,335	350	23	537	2,886	5,854	4,674	-23	30	10,535
TOTAL EQUITY AND LIABILITIES	723	1,335	350	23	537	14,625	17,593	4,786	-257	850	22,972
Total operating capital by business segment	5,556	1,154	3,649	1,391	59	-	-	-	-	-	-
Investment in machinery and equipment	-	-	-	-	-	4	4	-	-	-	4

Group 12/31/2018

ASSETS											
Non-current assets	-	-	180	-	-	34	214	-	-	-	214
Project properties	-	-	4	1,631	-	-	1,635	-	-	-	1,635
Development properties	5,048	1,388	1,821	10	39	-	8,306	-	-	-	8,306
Participations in tenant-owners associations, etc.	449	92	26	-	-	-	567	-	-	-	567
Work in progress	-	-	-	-	-	-	-	2,340	618	-	2,958
Current receivables	1,001	751	1,062	2	856	411	4,083	2,003	-800	-	5,286
Cash and cash equivalents	-	-	-	-	-	1,682	1,682	-	-	-	1,682
Total current assets	6,498	2,231	2,913	1,643	895	2,093	16,273	4,343	-182	-	20,434
TOTAL ASSETS	6,498	2,231	3,093	1,643	895	2,127	16,487	4,343	-182	-	20,648
EQUITY AND LIABILITIES											
Equity	-	-	-	-	-	6,798	6,798	-	-154	-	6,644
Non-current liabilities	-	-	-	-	-	3,879	3,879	-	-33	-	3,846
Current liabilities	663	1,215	317	23	560	3,032	5,810	4,343	5	-	10,158
TOTAL EQUITY AND LIABILITIES	663	1,215	317	23	560	13,709	16,487	4,343	-182	-	20,648
Total operating capital by business segment	5,835	1,016	2,776	1,620	335	-	-	-	-	-	-
Investment in machinery and equipment	-	-	-	-	-	11	11	-	-	-	11

¹⁾ Reclassification of project financing within JM Residential Stockholm, JM Residential Sweden and JM International according to IFRS in relation to segment reporting.²⁾ The assets and liabilities and equity that are not included in JM's definition of operating capital are not allocated by business segment.³⁾ Property, plant and equipment are not included in JM's definition of operating capital and these investments are therefore reported as an unallocated item.⁴⁾ Effect of restatement of current projects according to the completed contract method (IFRS) in relation to segment reporting.

note 3 Employees and personnel costs

Average number of employees, by country	2019	Of which men, %	2018	Of which men, %
Sweden	2,053	78	2,070	79
Norway	449	76	433	77
Finland	96	60	59	59
Total	2,598	77	2,562	78

	2019			2018		
Wages, salaries, other remuneration and social security expenses	Wages, salaries and remunerations	Social security expenses	Total	Wages, salaries and remunerations	Social security expenses	Total
Group (of which pension costs)	1,516	742 (261)	2,258	1,482	730 (256)	2,212

	2019			2018		
Wages, salaries and other remuneration by country and distribution between the Board and President and other employees	Board of Directors and President	Other employees	Total	Board of Directors and President	Other employees	Total
Sweden	15	1,132	1,147	17	1,128	1,145
(of which variable remuneration)	(2)	(45)	(47)	(5)	(58)	(63)
Norway	4	308	312	3	294	297
(of which variable remuneration)	(1)	(19)	(20)	(1)	(21)	(22)
Finland	3	54	57	3	37	40
(of which variable remuneration)	(1)	(3)	(4)	(1)	(3)	(4)
Total, Group (of which variable remuneration)	22 (4)	1,494 (69)	1,516 (73)	23 (7)	1,459 (82)	1,482 (89)

Remuneration to the Board of Directors

JM's Board of Directors consists of seven members elected by the Annual General Meeting. SEK 950,000 (870,000) was paid to the Chair of the Board of Directors for Board and Committee fees. The other AGM-elected Board members were paid SEK 2,620,000 (2,585,000). The employee organizations appointed two members and two deputies. No fees are paid to these members.

Compensation to the President and Executive Management

Remuneration to the President and other members of Executive Management comprises basic salary, variable remuneration, other benefits and pension provisions. Compensation to the President is drafted by the Compensation Committee and adopted by the Board. Remuneration for other members of Executive Management is decided by the Compensation Committee. Remuneration to the President and other members of Executive Management is based on the Annual General Meeting resolution on guidelines for salaries and other remuneration to senior executives. The combined remuneration must be competitive in the labor market in which the executive is active.

The short-term variable remuneration for the President for the 2019 financial year is built as follows: 60 percent on the financial result for the Group, 30 percent on earnings per share and 10 percent on JM's Customer Satisfaction Index (CSI). The short-term variable remuneration for the President for 2020 may amount to a maximum of SEK 2,775,000. The outcome of the short-term variable remuneration for the 2019 financial year is SEK 1,268,000 (200,000) to be paid during the spring of 2020.

Short-term variable remuneration for other members of Executive Management is based, depending on position, on the financial performance of the Group and the business units, earnings per share and the CSI. Short-term variable remuneration varies between three and five monthly salaries, depending on position. The short-term variable remuneration for other members of Executive Management for 2020 may amount to a maximum of SEK 5.0m. The outcome of the short-term variable remuneration for other members of Executive Management for the 2019 financial year totals SEK 2.4m (1.7), to be paid during the spring of 2020.

In addition, long-term variable salary programs have been offered to Executive Management (including the President).

The long-term variable salary program launched in 2016 amounted to a maximum of 42 percent of fixed salary and was based on the Group's financial performance in 2018. The outcome was 73 percent of the maximum possible amount,

and payment was made in the spring of 2019 totaling SEK 1,834,000 for the President and SEK 4.4m for the other members of Executive Management.

The long-term variable salary program launched in 2017 amounts to a maximum of 42 percent of fixed salary and is based on the Group's financial performance in 2019. Payment will be made in the spring of 2020 and amounts to SEK 663,000 to the President and SEK 1.4m to the other members of Executive Management.

The long-term variable salary program launched in 2018 amounts to a maximum of 42 percent of fixed salary and is based on the Group's financial performance in 2020. Eventual payment will be made in the spring of 2021, amounting to a maximum of SEK 2,596,000 to the President and SEK 5.8m to the other members of Executive Management.

The long-term variable salary program launched in 2019 amounts to a maximum of 42 percent of fixed salary and is based on the Group's financial performance in 2021. Eventual payment will be made in the spring of 2022, amounting to a maximum of SEK 2,671,000 to the President and SEK 5.1m to the other members of Executive Management.

Pensions

The President is entitled to an annual premium provision of 35 percent of basic salary. In addition, the Company pays for part of the President's health insurance premiums, with a salary ceiling of 50 times the income base amount. The Company has also pledged, as a possible supplement, to pay survivor's pension to the extent that survivor's pensions do not total 50 percent of basic salary. The Company would pay this supplement until such time that the President would have reached the age of 65. The outstanding pension obligations to the President amount to SEK 1,603,000 (1,369,000).

The members of Executive Management, excluding the President, are covered by the ITP plan and, within its framework, by the company's offer of an alternative ITP plan and even an enhanced ITP plan. Executive Management is also covered by a premium-based supplementary plan with an annual premium provision of SEK 50,000–210,000. The pension age is 65, with the exception of one older agreement where a member of Executive Management is entitled to retire at the age of 60 with 70 percent of the basic salary until the day on which the person turns 65. The person in question and the company have agreed to postpone the withdrawal one year with an option for an additional year. Outstanding pension obligations to other members of Executive Management amount to SEK 37.4m (34.7).

Notice periods/Severance pay

The period of notice for the President is 12 months in the event of termination by the Company. If no other employment has been secured by the end of the notice period, remuneration shall be paid for an additional twelve months. In the event of termination by the President, the notice period is six months. No additional remuneration will be paid after the six months.

For the other members of Executive Management, the following applies:

A number of members are covered by the Employment Protection Act.

All members have, where relevant within the framework of the Employment Protection Act, six to twelve months' termination period if the termination is initiated by JM and six to twelve months' termination period if the termination is initiated by the member. In addition, two members are entitled to six months' severance pay and one member is entitled to twelve months' severance pay if the termination is initiated by the company.

Summary of basic and variable remuneration and pensions to the Board and Executive Management in 2019 and 2018.

SEK 000s	2019					Total	SEK 000s	2018					Total
	Basic salary/ Board fees ²⁾	Short-term variable remuneration ³⁾	Long-term variable remuneration ⁴⁾	Other benefits	Pension expense			Basic salary/ Board fees ²⁾	Short-term variable remuneration ³⁾	Long-term variable remuneration ⁴⁾	Other benefits	Pension expense	
<i>Chair of the Board¹⁾</i>							<i>Chair of the Board¹⁾</i>						
Fredrik Persson	950	—	—	—	—	950	Fredrik Persson	870	—	—	—	—	870
<i>Other Board members¹⁾</i>							<i>Other Board members¹⁾</i>						
Kaj-Gustaf Bergh	398	—	—	—	—	398	Åsa Söderström Winberg	503	—	—	—	—	503
Eva Nygren	465	—	—	—	—	465	Kia Orback Pettersson	422	—	—	—	—	422
Thomas Thuresson	458	—	—	—	—	458	Kaj-Gustaf Bergh	363	—	—	—	—	363
Olav Line	415	—	—	—	—	415	Eva Nygren	452	—	—	—	—	452
Annica Ånäs	215	—	—	—	—	215	Thomas Thuresson	452	—	—	—	—	452
Kerstin Gillsbro	205	—	—	—	—	205	Olav Line	393	—	—	—	—	393
Åsa Söderström Winberg	252	—	—	—	—	252	President	6,429	2,443	2,243	90	2,202	13,407
Kia Orback Pettersson	212	—	—	—	—	212	Other Executive Management ⁵⁾	20,927 ⁶⁾	4,960	4,101	748	10,784	41,520
President	6,369	200	1,834	95	2,266	10,764	Total	30,811	7,403	6,344	838	12,986	58,382
Other Executive Management ⁵⁾	20,011 ⁶⁾	1,720	4,355	643	8,263	34,992							
Total	29,950	1,920	6,189	738	10,529	49,326							

¹⁾ The amounts refer to fees paid including committee work. The fee is paid on a semi-annual basis in arrears.

²⁾ The amounts presented in the table do not include the change in the vacation pay liability. At the end of the year, the vacation pay liability for the President amounted to SEK 915,000 and in aggregate for the other members of Executive Management to SEK 3,999,000.

³⁾ The short-term variable remuneration reported in the table refers to amounts paid in 2019. All payments in 2019 are attributable to the 2018 financial year. Amounts attributable to 2019 are presented on page 92 and will be paid in 2020.

⁴⁾ The long-term variable remuneration reported in the table refers to amounts paid in 2019. All payments in 2019 are attributable to the 2016–2018 financial years. Amounts attributable to 2017–2019 are presented on page 92 and will be paid in 2020. Page 92 also contains information about the programs for the financial years 2018–2020 and 2019–2021.

⁵⁾ JM's Executive Management, excluding the President, comprised a total of nine people, six men and three women.

⁶⁾ The amount includes fees for a member of Executive Management hired as a consultant. The fees include amounts that should cover the consultant's pay-roll expenses.

¹⁾ The amounts refer to fees paid including committee work. The fee is paid on a semi-annual basis in arrears.

²⁾ The amounts presented in the table do not include the change in the vacation pay liability. At the end of the year, the vacation pay liability for the President amounted to SEK 779,000 and in aggregate for the other members of Executive Management to SEK 4,578,000.

³⁾ The short-term variable remuneration reported in the table refers to amounts paid in 2018. All payments in 2018 are attributable to the 2017 financial year. Amounts attributable to 2018 are presented on page 92 and will be paid in 2019.

⁴⁾ The long-term variable remuneration reported in the table refers to amounts paid in 2018. All payments in 2018 are attributable to the 2015–2017 financial years. Amounts attributable to 2016–2018 are presented on page 92 and will be paid in 2019. Page 92 also contains information about the programs for the financial years 2018–2020 and 2019–2021.

⁵⁾ JM's Executive Management, excluding the President, comprised a total of nine people, six men and three women.

⁶⁾ The amount includes severance pay for a member of Executive Management of SEK 1,880,000, of which SEK 1,650,000 is reserved.

Convertible debentures for personnel

The 2019 Annual General Meeting resolved to offer all employees in JM in Sweden a convertible subordinated debenture. The purpose of the issue of personnel convertibles is to boost long-term financial commitment to JM on the part of employees via increased motivation and reinforced loyalty to the Group. A total of 153,778 convertible bonds were issued for a nominal amount of around SEK 33m. The loan matures on May 22, 2023, and entitles the holders to subscribe

to one JM share for each debt obligation for SEK 212 during a special conversion window. Employees paid the market price for the convertibles received and the program is not subject to any terms concerning continued employment or performance on the part of employees. They were offered external bank financing for the convertible debentures without any guarantees or undertakings on the part of JM.

Convertible bonds and options

Year	Number of convertibles	Number of redeemed convertibles	Number of convertibles due	Total	Strike price	Conversion Period
2015	57,885	—	57,885	—	314	6/1/2018–5/17/2019
2016	77,724	—	—	77,724	289	6/1/2019–5/18/2020
2017	35,520	—	—	35,520	409	6/1/2020–5/18/2021
2018	195,930	—	—	195,930	229	6/1/2021–5/18/2022
2019	153,778	—	—	153,778	212	6/1/2022–4/21/2023

note 4 Accumulated depreciation according to plan

	2019	2018
Machinery and equipment	-9	-8
Total	-9	-8

The following depreciation rates are applied:
 Construction machinery 10 percent.
 Computers and other equipment 20–33 percent.
 Depreciation rights-of-use see Note 12.

note 5 Fees and remuneration to auditors

PwC	2019	2018
Auditing services	4.7	4.6
Tax services	0.1	0.1
Other services ¹⁾	1.4	1.4
Total	6.2	6.1

¹⁾ Of these services, SEK 1.2m were provided by PricewaterhouseCoopers AB, including SEK 0.1m for statutory add-on services. This includes, for example, consulting services related to accounting matters and services provided to tenant-owners associations where JM is the manager and thus responsible for the cost.

note 6 Gains/losses on the sale of property

IFRS	2019	2018
Sales values		
Project properties	–	2
Development properties	194	114
Total	194	116
Carrying amounts		
Project properties	–	–3
Development properties	–88	–100
Total	–88	–103
Results		
Project properties	–	–1
Development properties	106	14
Total	106	13

Segment reporting	2019	2018
Sales values		
Project properties	729	2
Development properties	194	114
Total	923	116
Carrying amounts		
Project properties	–559	–3
Development properties	–88	–100
Total	–647	–103
Results		
Project properties	170	–1
Development properties	106	14
Total	276	13

note 7 Financial income and expenses

	Financial income	
	2019	2018
Interest income	5	9
Change in value revaluation of debt receivables and liabilities	1	1
Total	6	10

	Financial expenses	
IFRS	2019	2018
Interest expenses attributable to loans, etc.	–51	–47
Interest expenses, leasing	–20	–
Interest portion in this year's pension costs	–35	–32
Total	–106	–79

	Financial expenses	
Segment reporting	2019	2018
Interest expenses attributable to loans, etc.	–51	–47
Interest portion in this year's pension costs	–35	–32
Total	–86	–79

note 8 Taxes

IFRS	2019	2018
Profit before tax		
Sweden	1,597	1,493
International	285	314
Total	1,882	1,807
Current tax		
Sweden	–339	–349
International	–47	–66
Total	–386	–415
Deferred tax		
Sweden	37	37
International	–7	–6
Total	30	31
Total tax		
Sweden	–302	–312
International	–54	–72
Total	–356	–384

Difference between reported tax and nominal tax rate (21.4 %)

	2019	2018
Profit before tax x 21.4 %	–403	–398
Adjustment of tax from previous years	3	–1
Difference foreign tax	–1	–2
Non-taxable revenue	49	2
Non-deductible expenses	–3	–8
Tax allocation reserve	–4	–2
Revaluation of deferred tax attributable to reduced income tax 2018	–	–1
Revaluation deferred tax	3	26
Total	–356	–384

Non-taxable revenue in 2019 consists primarily of the sales of completed rental projects in Stockholm, which were companies, and the sale of JM Construction.

Revaluation of deferred tax for 2019 and 2018 consists of dissolution of deferred tax liabilities attributable to revenue for previous years where the assessment is made that the tax will not be applicable, which has a positive tax effect.

The effective tax rate according to IFRS is 18.9 percent (21.2). The effective tax rate according to segment reporting is 18.8 percent (20.9). The difference between the effective tax rate according to segment reporting and the nominal tax rate of 21.4 percent is primarily explained by the table above.

note 9 Earnings and dividend per share

	Basic		Diluted	
	2019	2018	2019	2018
Earnings per share, SEK	21.90	20.50	21.90	20.40

Earnings per share was calculated as net profit for the year divided by the weighted average number of outstanding shares during the year.

Basic earnings per share

The calculation of basic earnings per share for 2019 was based on the net profit for the year of SEK 1,526m (1,423) and on a weighted average of the number of outstanding ordinary shares during 2019 amounting to 69,583,262 (69,583,262).

Number of shares	2019	2018
Total number of outstanding shares, January 1	69,583,262	69,583,262
Weighted average number of shares during the year, basic	69,583,262	69,583,262

Diluted earnings per share

The calculation of diluted earnings per share for 2019 was based on the net profit for the year, adjusted for the interest expense for convertible debentures after tax of SEK 1,529m (1,425), and on a weighted average of the number of outstanding ordinary shares adjusted for dilution effects of all outstanding potential ordinary shares in 2019 totaling 69,985,557 (69,865,418). Profit for the year is attributable in its entirety to Parent Company shareholders.

Net profit for the year	2019	2018
Profit for the year attributable to shareholders of the Parent Company	1,526	1,423
Adjustment of interest on convertible debentures (after tax)	3	2
Profit for the year attributable to shareholders of the Parent Company, diluted	1,529	1,425
Number of shares	2019	2018
Weighted average number of shares during the year, basic	69,583,262	69,583,262
Estimated number of potential shares for the convertible debenture and warrant program	402,295	282,156
Weighted average of the number of shares during the year, diluted	69,985,557	69,865,418

Outstanding number of shares and instruments with potential dilutive effects

At the end of 2019 JM had 69,583,262 outstanding shares (69,583,262). JM holds a total of 0 repurchased shares (0).

Instruments that may have a potentially dilutive effect in 2019 include JM's five convertible programs (2015, 2016, 2017, 2018 and 2019).

When calculating earnings per share, JM's convertible programs dilute the number of shares. However, the effect is limited. For the 2015 convertible program, the conversion rate is SEK 314; for the 2016 program, SEK 289; for the 2017 program, SEK 409; for the 2018 program, SEK 229; and for the 2019 program, SEK 212.

For more information about JM's convertible debenture program, see Note 1, Accounting and valuation principles, and Note 3, Employees and personnel costs.

Cash dividend (proposed by the Board for 2019)	2019	2018
– per share, SEK	12.50	12.00
– total, SEK m	870	835

Differences between IFRS and segment reporting occur in the following items:

Segment reporting	Basic		Diluted	
	2019	2018	2019	2018
Earnings per share, SEK	22.60	20.70	22.50	20.60
Net profit for the year	1,569	1,438	1,573	1,440

note 10 Goodwill

	2019	2018
<i>Accumulated acquisition value</i>		
Opening balance, January 1	180	176
Translation differences	6	4
On December 31	186	180

Reported goodwill refers to JM's operations in Norway.

Goodwill will be tested for impairment according to IAS 36. JM does this at least annually, or more often if there is any indication of a need for impairment.

On December 31, 2019, the carrying amount of the JM Norway Group was tested. The recoverable amount was found to exceed the carrying amount. Therefore, no impairment loss for goodwill was necessary.

The recoverable amount was determined by calculating the value in use of the cash-generating unit. Value in use for goodwill attributable to the JM Norway Group was calculated using discounted cash flows. Cash flow for the first two years, after 2019, is based on the strategic plan adopted by the management.

Cash flow beyond the strategic two-year period is extrapolated based on the following assumptions:

- Estimated operating profit or loss based on the previous year's results and expectations of future market developments
- Growth rate of 2 percent (2) in order to extrapolate cash flow beyond the strategic period. The growth rate is a conservative assumption of the operation's long-term growth, not exceeding growth for the industry as a whole
- Discount rate before tax is 8 percent (8), which is based on the JM Group's average cost of capital before tax, while taking operation-specific data into account.

Sensitivity analysis

If the estimated operating profit after the end of the strategy period had been 5 percent lower than the management's assessment, the recoverable amount would decrease by 4 percent.

If the estimated growth rate used to extrapolate cash flows beyond the strategy period had been 50 percent lower than the basic assumption, the recoverable amount would decrease by 12 percent.

If the estimated average cost of capital applied for the discounted cash flow had been 3 percentage points greater than the basic assumption, the recoverable amount would decrease by 33 percent.

A sensitivity analysis of the discount rate shows that the discount rate would have to exceed about 22 percent (25) before the need for impairment would arise.

In all cases, the sensitivity analysis above shows a surplus (i.e. that the recoverable amount is higher than the carrying amount). None of the hypothetical cases above should lead to impairment of goodwill for the Norwegian business.

note 11 Machinery and equipment

	2019	2018
<i>Accumulated acquisition value</i>		
Opening balance, January 1	118	105
New purchases	4	11
Translation differences	1	2
Sales	-1	-
On December 31	122	118
<i>Accumulated depreciation according to plan</i>		
Opening balance, January 1	-99	-90
Depreciation for the year	-9	-8
Translation differences	-1	-1
Sales	1	-
On December 31	-108	-99
Closing residual value, at end of year	14	19

note 12 Rights-of-use

IFRS

Rights-of-use	12/31/2019	1/1/2019¹⁾
Offices	169	240
Cars	31	35
Site leasehold rights	650	278
On December 31	850	553

¹⁾ The year 2019 is the first year for the application of the new standard IFRS 16 (see Note 1 Accounting principles). According to the standard, JM must establish opening values since the Group did not previously report leases in accordance with the previous standard IAS 17 Leases. At the start of 2019, the present value of the assets and liabilities for leases with the same value.

Additional rights-of-use in the 2019 financial year amounts to SEK 336m.

Depreciation rights-of-use	2019	2018
Offices	72	-
Cars	33	-
	105	-
Interest expenses (including financial expenses) for lease liabilities.	20	-
Costs for leases for short-term agreements and leases where the asset has a low value.	361	-

Total cash flow for leases in the 2019 financial year amounts to SEK 484m.

Other information	12/31/2019	1/1/2019
Weighted average marginal borrowing rate	2.8	-

See Notes 22 and 23 regarding the lease's influence on liabilities.

note 13 Participations in associated companies

	2019	2018
<i>Accumulated acquisition value</i>		
Opening balance, January 1	1	1
On December 31	1	1

note 14 Participations in joint operations and associated companies

Specification of Parent Company's shares and participation in joint operations and associated companies

Company	CIN	Domicile	Number of shares and participations	% of capital	Carrying amount, SEK 000's	
					2019	2018
Adolfsbergs Brunns AB ¹⁾	556303-8685	Örebro	340	33	34	34
Dockan Exploatering AB ¹⁾	556594-2645	Malmö	50,000	33	16,834	16,834
Exploateringsbolaget Högmora KB ¹⁾	916643-6254	Stockholm	1	25	31	31
Fastighetsbolaget Glasberga KB ¹⁾	916643-1842	Södertälje	1	25	101	101
Glasberga Fastighets AB ¹⁾	556361-0707	Södertälje	1,000	25	100	100
HB Silverdal Exploatering ²⁾	969674-5802	Solna			1	1
Högmora Exploaterings AB ¹⁾	556395-0707	Stockholm	1,000	25	100	100
Kvarnholmen Utveckling AB ¹⁾	556710-5514	Stockholm	50,000	50	165,886	165,886
Kvibergstaden Exploatering HB ¹⁾	969731-1695	Gothenburg	1	50	1	1
Mälarstrandens Utvecklings AB ¹⁾	556695-5414	Västerås	44	44	2,200	2,200
Södra Centrum Krokslätt HB ¹⁾	969777-2144	Stockholm	5,200	65	5,200	5,200

Carrying amount, December 31

¹⁾ Joint operations

²⁾ Unlimited liability

Specification of the Group's other holdings of shares and participations in joint operations and associated companies

Company	CIN	Domicile	Number of shares and participations	% of capital	Carrying amount, SEK 000's	
					2019	2018
Fastighets AB Kranlyftet	556829-3251	Lidingö	250	50	135,226	135,226
Fjellgata 30 AS, Norge ¹⁾	997484983	Oslo	–	–	–	307
Fjellgata 30 KS, Norge ²⁾	997485009	Oslo	–	–	–	1,106
Täby Park Exploatering AB	556833-6555	Stockholm	500	50	196,473	421,473
Grefsen Utvikling AS, Norway	982913209	Oslo	500	50	26,448	25,600
Hans Nielsen Haugesgate 50 AS, Norway	987719427	Oslo	60,000	50	26,404	23,958
Husebyplataet AS, Norway	913864948	Oslo	5,000	50	529	512
Larvik Saneringsselskap AS, Norway	918044051	Larvik	100	50	256	248
Lillestrøm Kvartal 37 AS, Norway	935267269	Lillestrøm	75	50	7,934	7,680
Lillestrøm Kvartal 37 Næring AS, Norway	919196416	Oslo	300	50	32	31
Merbraine, Belgium	450160865	Brussels	625	50	323	318
Noreveien 26 AS, Norway	990351465	Oslo	10	50	93	90
Son Utvikling AS, Norway	990341419	Oslo	23,050	50	12,991	12,575
Spireaveien 6 Utvikling AS, Norway ¹⁾	998015340	Oslo	–	–	–	520
Spireaveien 6 Utvikling KS, Norway ²⁾	998015375	Oslo	–	–	–	1,835
Torstvet Utvikling AS, Norway	959639159	Larvik	5,000	50	12,210	11,818

Carrying amount, December 31

Reclassification in the Group

The participations' carrying amount in the Group, at end of the year

¹⁾ During the year, 100% of the shares were acquired in JM Norway AS, Norway.

²⁾ During the year converted to "Aksjeselskap" (AS) and is 100% owned by JM Norge AS, Norway.

The joint operations contain primarily properties for residential development.

Participations in joint operations

The Group's financial statements include the following items that comprise the Group's holdings in the joint operations – the company's revenue, expenses, assets and liabilities. The amounts include intra-Group transactions.

	2019	2018
Revenue	573	652
Expenses	–481	–536
Profit for the period	92	116
Development properties ¹⁾	636	663
Other assets	761	1,070
Cash and cash equivalents	54	143
Total assets	1,451	1,876
Non-current liabilities	229	217
Current liabilities	340	512
Total liabilities	569	729
Net assets	882	1,147

¹⁾ Includes Group surplus values.

note 15 Financial assets

	2019	2018
<i>Accumulated acquisition value</i>		
Opening balance, January 1	14	17
Additional receivables	5	2
Settled receivables	-2	-6
Translation differences	1	1
On December 31	18	14

Financial assets mainly relate to promissory notes.

note 16 Project properties and development properties

IFRS	Project properties		Development properties	
	2019	2018	2019	2018
<i>Accumulated acquisition value</i>				
Opening balance, January 1	1,635	1,074	8,338	7,575
New purchases	427	524	1,745	2,402
Reclassifications	—	39	—	-57
Translation differences	1	1	43	35
Transferred to production	-105	—	-1,077	-1,517
Sales	-559 ¹⁾	-3	-88	-100
On December 31	1,399	1,635	8,961	8,338
<i>Accumulated impairment losses</i>				
Opening balance, January 1	—	—	-32	-32
Transferred to production	—	—	9	—
On December 31	—	—	-23	-32
Closing residual value, at end of year	1,399	1,635	8,938	8,306
Market value at end of the year	1,769	2,002	15,600	15,300

¹⁾ Sales for the year include two completed rental properties that according to IFRS are included in consolidated revenue and production and operating costs. In the segment reporting they are reported on separate lines in the income state as gains from the sale of property. See also Group Note 6.

Segment reporting	Project properties		Development properties	
	2019	2018	2019	2018
<i>Accumulated acquisition value</i>				
Opening balance, January 1	1,635	1,074	8,338	7,575
New purchases	427	524	1,745	2,402
Reclassifications	—	39	—	-57
Translation differences	1	1	43	35
Transferred to production	-105	—	-1,077	-1,517
Sales	-559	-3	-88	-100
On December 31	1,399	1,635	8,961	8,338
<i>Accumulated impairment losses</i>				
Opening balance, January 1	—	—	-32	-32
Transferred to production	—	—	9	—
On December 31	—	—	-23	-32
Closing residual value, at end of year	1,399	1,635	8,938	8,306
Market value at end of the year	1,769	2,002	15,600	15,300

Reported residual value for the part of project properties recognized at net realizable value amounts to SEK 0m (0) and for development properties SEK 95m (104).

The market value for all properties was determined in cooperation with an external appraisal company. The appraisals for development properties are based on the location, attractiveness, scope and type of building planned, the stage in the planning process, extraordinary circumstances and the time remaining until production starts. The appraisals for project properties are based to a greater extent on a cash flow analysis from simulated future income and expenses based on common appraisal practice.

note 17 Participations in tenant-owners associations, etc.

	2019	2018
<i>Accumulated acquisition value</i>		
Opening balance, January 1	567	309
New purchases	1,971	1,682
Translation difference	-1	2
Sales	-2,171	-1,426
On December 31	366	567

There are 82 (125) unsold residential units in the balance sheet.
The item includes show apartments for coming residential phases measured at cost.

note 18 Work in progress

	2019	2018
Work in progress	3,781	2,958
Total	3,781	2,958

Work in progress only relates to projects within JM International.

note 19 Other current receivables

	2019	2018
Receivables from property sales	76	53
Receivables from participations sold in tenant-owners associations	292	392
Deposit investment development properties	163	178
Other	195	191
Total	726	814

note 20 Recognized revenue less progress billings

IFRS	2019	2018
Recognized revenue in work in progress	9,169	12,693
Accumulated billing on account for work in progress	-5,814	-9,353
Total	3,355	3,340
Segment reporting	2019	2018
Recognized revenue in work in progress	11,768	13,948
Accumulated billing on account for work in progress	-9,161	-11,811
Total	2,607	2,137

For additional disclosures on JM's revenue, see Note 28.

note 21 Cash and cash equivalents

	2019	2018
Cash and bank balances	2,397	1,682
Total	2,397	1,682

note 22 Cash flow and interest-bearing net liabilities

IFRS	Cash and cash equivalents/ Bank overdraft facility	Current loans	Non-current loans ¹⁾	Current liabilities, project financing ²⁾	Current lease liabilities	Non-current lease liabilities	Total
Net liabilities, December 31, 2018	1,682	-694	-146	-4,274	-	-	-3,432
Cash flow	708	45	-417	-2,684	-	103	-2,245
Currency differences	7	-19	3	-45	0	-3	-57
Other non-cash items	-	-22	22	2,404	-31	-921	1,452
Net liabilities, December 31, 2019	2,397	-690	-538	-4,599	-31	-821	-4,282
Net liabilities, December 31, 2017	2,572	-331	-203	-4,000	-	-	-1,962
Cash flow	-893	-340	36	-3,142	-	-	-4,339
Currency differences	3	-39	-4	22	-	-	-18
Other non-cash items	-	16	25	2,846	-	-	2,887
Net liabilities, December 31, 2018	1,682	-694	-146	-4,274	-	-	-3,432

¹⁾ Of which SEK -20m (-52) refers to promissory notes and is reported as Investment in development properties, etc.

²⁾ JM sometimes recognizes initial project financing for Swedish residential projects where the financing is later taken over by the customer. The take-over occurs without any incoming or outgoing payments, and when the debt is settled there is no impact on the cash flow statement in the financing activities.

Interest-bearing net liabilities/receivables	2019	2018
Cash and cash equivalents and short-term investments	2,397	1,682
Gross liabilities, fixed interest rate	-20	-20
Gross liabilities, variable interest rate	-6,659	-5,094
Liability/receivable	-4,282	-3,432
Cash and cash equivalents	2,397	1,682
Current interest-bearing liabilities	-5,289	-4,968
Non-current interest-bearing liabilities	-538	-146
Current lease liabilities	-31	-
Non-current lease liabilities	-821	-
Liability/receivable	-4,282	-3,432
Transferred to pensions	-1,702	-1,388
Interest-bearing net liabilities (-)/receivables (+)	-5,984	-4,820

Accounting of IFRS 16 Leases

According to IFRS, SEK m	2019
Production and operating costs	31
Selling and administrative expenses	-13
Operating profit	18
Financial expenses	-20
Profit before tax	-2
Taxes	0
Net profit for the year	-2

According to IFRS, SEK m	2019-12-31	2019-01-01
Rights-of-use non-current assets	200	275
Rights-of-use current assets	650	278
Total assets	850	553
Equity	-2	-
Non-current interest-bearing liabilities	821	553
Current interest-bearing liabilities	31	-
Total equity and liabilities	850	553

The year 2019 is the first year for the application of the new standard IFRS 16 (see Note 1 Accounting principles). According to the standard, JM must establish opening values since the Group did not previously report leases in accordance with the previous standard IAS 17 Leases. At the start of 2019, the present value of the assets and liabilities for leases was the same. The above table shows the lease contract's reported effect in the income statement and balance sheet.

note **23** Financial liabilities**IFRS**

Non-current interest-bearing liabilities	2019	2018
Liabilities to credit institutions maturity date 1–5 years from closing day	430	48
Non-current promissory notes, development properties 1–5 years	20	20
Convertible loans 1–5 years ¹⁾	88	78
Non-current lease liabilities	821	–
Total	1,359	146

Current interest-bearing liabilities	2019	2018
Liabilities to credit institutions, interest-bearing –1 year	5,266	4,950
Convertible loans –1 years ¹⁾	23	18
Current lease liabilities	31	–
Total	5,320	4,968

Interest-bearing net liabilities/receivables	2019	Change	2018
Non-current interest-bearing liabilities	538	392	146
Current interest-bearing liabilities	5,289	321	4,968
Non-current lease liabilities	821	821	–
Current lease liabilities	31	31	–
Transferred to pensions	1,702	314	1,388
Less cash and cash equivalents and interest-bearing receivables	–2,397	–715	–1,682

Interest-bearing net liabilities (+)/receivables (–), at end of the year	5,984	1,164	4,820
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Other financial liabilities	2019	2018
Other non-current liabilities 1–5 years from closing day ²⁾	765	696
Accounts payable	1,015	902
Short-term promissory notes, development properties	164	324
Other current liabilities	886	1,001
Total	2,830	2,923

Maturity financial liabilities					
2019	2020	2021	2022	2023 –	Total
Financial liabilities	7,476	676	581	73	8,806
Lease liabilities	30	170	201	451	852
Total	7,506	846	782	524	9,658

2018	2019	2020	2021	2022	Total
Financial liabilities	7,279	710	41	95	8,125
Lease liabilities	–	–	–	–	–
Total	7,279	710	41	95	8,125

¹⁾ See Note 3, Employees and personnel costs, for more information about the convertible loans.

²⁾ Refer primarily to promissory notes for completed property acquisitions.

Segment reporting

Non-current interest-bearing notes payable	2019	2018
Liabilities to credit institutions maturity date 1–5 years from closing day	317	48
Non-current promissory notes, development properties 1–5 years	20	20
Convertible loans 1–5 years ¹⁾	88	78
Total	425	146

Current interest-bearing liabilities	2019	2018
Liabilities to credit institutions, interest-bearing –1 year	667	676
Convertible loans –1 years ¹⁾	23	18
Total	690	694

Interest-bearing net liabilities/receivables	2019	Change	2018
Non-current interest-bearing liabilities	425	279	146
Current interest-bearing liabilities	690	–4	694
Transferred to pensions	1,702	314	1,388
Less cash and cash equivalents and interest-bearing receivables	–2,397	–715	–1,682

Interest-bearing net liabilities (+)/receivables (–), at end of the year	420	–126	546
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Maturity financial liabilities	2019	2018
2019	–	2,484
2020	2,395	710
2021	674	41
2022	467	95
2022 >	73	–
Total	3,609	3,330

¹⁾ See Note 3, Employees and personnel costs, for more information about the convertible loans.

The information in the above tables shows financial liabilities as they are presented in the balance sheet prepared in accordance with segment reporting.

Financial liabilities are divided into non-current and current liabilities, where current liabilities are due within 1 year. Other non-current liabilities relate to notes payable for property acquisitions that become payable when various terms and conditions are met. See Note 24, Financial risk management and financial derivative instruments.

note 24 Financial risk management and financial derivative instruments

The JM Group is exposed to different types of financial risks which may influence profit, cash flow and equity. These risks mainly comprise:

- Interest risks for borrowing and cash and cash equivalents
- Financing and liquidity risks pertaining to the Group's capital requirements
- Currency risks pertaining to profit and net investments in foreign subsidiaries
- Credit risks attributable to financial and commercial activities.

JM's Board of Directors has adopted a policy for how to handle and control these risks within the Group. Financial risk management is largely concentrated to Finance and Treasury, which is also mandated to support operational activities. At the same time, the international companies are responsible for local activities in accordance with financial policy guidelines.

The accounting principles are described in Note 1. The Risk and risk management section on pages 32–35 and 79 describes the Group's risk management and financial policy.

Interest rate risk

Interest risk refers to the risk that changes in the market rate would have a negative effect on the Group's net interest and cash flow. One of the biggest risk factors involves choosing the interest rate period for the Group's loan portfolio. JM chooses its fixed-interest period based on the tied up capital and cash flows of ongoing projects, the volume of long-term borrowing, as well as the current market situation for interest rates with different maturities. To achieve the desired fixed-interest period, the Group primarily works with interest rate derivatives, mainly interest rate swaps, if the volume of long-term financing is judged to be significant.

Since the volume of long-term borrowing in 2019 was relatively limited, the Group mainly worked with short time to maturity. The average term for fixed-rate loans excluding pension liabilities on December 31, 2019, was 0.3 (0.2) according to IFRS and 0.2 (0.2) according to segment reporting.

Fair value on interest-bearing loans, excluding lease liabilities, was SEK 5,827m (5,114) according to IFRS and SEK 1,115m (840) according to segment reporting. The fair value of interest-bearing liabilities to credit institutions is assumed to correspond to the carrying amount since they mainly have a short, fixed term of less than three months. The JM Group has no outstanding interest rate derivatives as of 12/31/2019.

Interest risk exposure, including derivatives

IFRS	2019		2018	
	Loan amount, SEK m	Average interest rate, %	Loan amount, SEK m	Average interest rate, %
Year for interest conversion				
2019	–	–	5,094	2.0
2020	5,827	2.39	20	3.5
Pension liability ¹⁾	1,702	1.5	1,388	2.4
Total	7,529	2.19	6,502	2.0

¹⁾ The discount rate for pension obligations is adjusted annually.

Segment reporting

Segment reporting	2019		2018	
	Loan amount, SEK m	Average interest rate, %	Loan amount, SEK m	Average interest rate, %
Year for interest conversion				
2019	–	–	820	2.6
2020	1,115	2.8	20	3.5
Pension liability ¹⁾	1,702	1.5	1,388	2.4
Total	2,817	2.0	2,228	2.5

¹⁾ The discount rate for pension obligations is adjusted annually.

The average interest rate on interest-bearing liabilities as at 12/31/2019 including pension liabilities and excluding lease liabilities is 2.2 percent (2.0) according to IFRS and 2.0 percent (2.5) according to segment reporting. A one percent change in the market rate corresponds to an effect on earnings of about SEK 43m according to IFRS and approximately SEK 8m according to segment reporting for the part of the loan portfolio traded in 2020. The calculation is an approximation and is based on the assumption of a simultaneous change in all interest rate curves.

Cash and cash equivalents

Cash and cash equivalents, where applicable, consist of cash and short-term investments. According to JM's financial policy, the company may only invest excess liquidity in liquid instruments issued by issuers with a credit rating of at least A– according to Standard & Poor's or a similar credit rating agency. The investments are short-term with a term of between one day and three months. See Note 21, Cash and cash equivalents.

Financing and liquidity risk

Financing and liquidity risk refers to the risk that loans could become more difficult and more expensive to refinance and that the Group cannot fulfill its current payment obligations due to inadequate liquidity. The Group manages its financing risk by signing long-term binding credit agreements with different maturities with several different institutions. According to the policy, the average term of framework agreements should be 1.5 to 2.5 years.

Binding loan commitments

IFRS							
Year due	Total	Overdraft facilities	2020	2021	2022	2023	2024
Loan commitments, SEK m	11.364	490	4.770	1.376	3.233	1.345	150

Binding loan commitments excluding project financing

Year due	Total	Overdraft	2020	2021	2022	2023	2024
		facilities					
Loan commitments, SEK m	2.800	400	–	–	1.050	1.200	150

The Group has unutilized approved credit lines according to IFRS of SEK 5,668m. The average maturity for these credit lines excluding the overdraft facility is 1.8 years. Unutilized credit lines, excluding project financing, amount to SEK 2,800m, where credit agreements for SEK 2,400m had an average maturity of 3.3 years.

The Group should maintain cash and cash equivalents, together with approved, unutilized credit lines, of at least 15 percent of JM's revenue according to segment reporting in order for the Group to handle investments and current payments. The outcome in 2019 is 33 percent (28).

Currency risk

Because of extremely limited transaction volumes in foreign currency, the Group has not engaged in hedging activities for these volumes.

All loans are reported in the functional value of each respective country.

Credit risk

Credit risk associated with financial operations

Credit risk exposure in the form of counterparty risk arises with investment of cash and cash equivalents and during derivative trading. In order to limit credit risks the Group has prepared a counterparty list that sets a maximum exposure in relation to each approved party. ISDA agreements (International Swaps and Derivatives Association) or equivalent Swedish bank agreements have been prepared with those counterparties that are used for transactions with derivative instruments. No financial assets and liabilities have been offset.

Credit risks associated with accounts receivable

The JM Group's customers are mainly tenant-owners associations and future owners of private homes. The Group also works with contracting operations. Group also has tenants in both residential and commercial premises. Credit risk exposure relating to tenant-owners associations has historically been very limited since financing of production takes place through the association's bank loan. The JM Group works on an ongoing basis with the evaluation of its customers, who have excellent creditworthiness, which results in a low degree of credit risk in accounts receivable. A similar arrangement applies for customers who buy their own homes. To ensure the customer's ability to pay, a credit check is always carried out. Accounts receivable for the production of residential units amounts to SEK 486m (444). JM Group considers provisions for accounts receivable for the production of residential units to be negligible.

Credit risk exposure to customers in the contracting operations and for rentals of residential and commercial premises has a somewhat different nature. Accounts receivable for the contracting operations amount to SEK 410m (644).

Provisions for doubtful receivables amount to SEK 4.0m (5.0) and are primarily attributable to accounts receivable from the contracting and rental operations. During the year, the Group utilized SEK 0.0m (10.7) of earlier provisions. Receivables older than 60 days amount to SEK 286m (452). As at 12/31/2019, receivables older than 90 days amounted to SEK 226m (441) and are primarily attributable to a few ongoing discussions/ disputes with customers and are not related to the orderer's creditworthiness. During the year, an outstanding accounts receivable was settled as per 12/31/2018, where there was a dispute with the orderer. Like in previous years, the outstanding accounts receivables do not constitute a credit risk.

Provision and utilization of the provision for doubtful accounts receivable were recognized in the income statement. The accounting principles are described in Note 1, Financial instruments, Impairment, on page 89.

Note 24 cont'd.

Aged accounts receivable

12/31/2019 SEK m	Nomi- nal	Not past due	≤ 30 days	31–60 days	61–90 days	> 90 days
Residential development	486	286	25	54	13	108
Contracting	410	145	32	68	47	118
Other	16	16	0	0	0	0
Total	912	447	57	122	60	226
Number of invoices	1,057	688	101	34	39	195

12/31/2018 SEK m	Nomi- nal	Not past due	≤ 30 days	31–60 days	61–90 days	> 90 days
Residential development	444	215	91	44	8	86
Contracting	644	179	34	73	3	355
Other	2	2	0	0	0	0
Total	1,090	396	125	117	11	441
Number of invoices	1,372	566	121	85	30	570

Credit risk analysis customers

12/31/2019 Interval	Number of customers	in % of number	in % of the portfolio
Exposure interval < SEK 1m	707	90	8
Exposure interval SEK 1–5m	41	5	11
Exposure interval > SEK 5m	38	5	81
Total	786	100	100

12/31/2018 Interval	Number of customers	in % of number	in % of the portfolio
Exposure interval < SEK 1m	873	91	11
Exposure interval SEK 1–5m	57	6	13
Exposure interval > SEK 5m	25	3	76
Total	955	100	100

Valuation of financial assets and liabilities

JM used generally accepted methods for calculating the fair value of the Group's financial instruments as of December 31, 2019 and 2018. The fair value of interest-bearing liabilities to credit institutions is assumed to correspond to the carrying amount since they mainly have a short, fixed term of less than three months. Notes payable for property acquisitions become payable in conjunction with fulfillment of various conditions, such as approval of local plans or when the project begins. The fair value of notes payable for property acquisitions is therefore assumed to be equal to the carrying amount since the liabilities are payable on demand. For all other financial assets and liabilities, such as cash and cash equivalents, accounts receivable, and accounts payable, the carrying amount is assumed to provide a good approximation of fair value/cost. The Group applies trade date accounting.

The table in the right column shows the carrying amount and information about the category which the JM Group's financial instruments belong in accordance with IFRS 9 Financial Instruments.

IFRS

Financial Instruments	Category according to IFRS 9	12/31/2019 Carrying amount ¹⁾	12/31/2018 Carrying amount ¹⁾
Assets			
Financial assets	FAAC	18	14
Of which other non-current receivables	FAAC	13	14
Of which other non-current securities	FAAC	5	0
Accounts receivable	FAAC	912	1,090
Other current receivables	FAAC/n/a	726	814
Of which derivative instruments ³⁾	FAD	1	–
Of which receivables from property sales	FAAC	76	53
Of which other	n/a	649	761
Cash and cash equivalents	FAAC	2,397	1,682
Liabilities			
Non-current interest-bearing liabilities	FLAC	1,359	146
Of which convertible loan	FLAC	88	78
Of which lease liabilities	FLAC	821	–
Of which other non-current interest-bearing loans	FLAC	450	68
Other non-current liabilities	FLAC	765	696
Accounts payable	FLAC	1,015	902
Current interest-bearing liabilities	FLAC	5,320	4,968
Other current liabilities	FLAC	1,050	1,325
Of which derivative instruments ³⁾	FLVPL	–	–
Of which other current liabilities	FLAC	1,050	1,325

Segment reporting

Differences between IFRS and segment reporting occur in the following items.

Liabilities			
Non-current interest-bearing liabilities	FLAC	425	146
Current interest-bearing liabilities	FLAC	690	694
Other current liabilities	FLAC	662	869

¹⁾ JM considers there to be no significant difference between the carrying amount and fair value.

²⁾ Classification in accordance with IFRS 9, explanation of abbreviations:

FTUA	Financial assets measured at amortized cost
FTD	Derivative instruments at fair value through profit or loss
FSUA	Financial liabilities at amortized cost
FLVPL	Financial liabilities at fair value through profit or loss
n/a	IFRS 9 is not applicable

³⁾ Fair value for all assets and liabilities reported at fair value has been calculated based on directly or indirectly observed prices, which corresponds to Level 2 in IFRS 13.

Financial derivative instruments

JM uses financial derivative instruments to manage interest risks and on a selective basis, occasional currency risks. Derivative instruments may only be used to minimize risks. All gains and losses that arise in market valuations of instruments are recognized directly in profit and loss, since the JM Group does not apply hedge accounting for existing derivatives.

The JM Group has no outstanding interest rate derivatives as of 12/31/2019. Outstanding currency derivatives amount to SEK 1m (0) on 12/31/2019.

Asset Management

JM manages capital, which comprises the consolidated equity, with the purpose of providing JM shareholders with a higher total return than shareholders in companies with similar operations and risk profile.

JM's ambition is to maintain an optimal composition of assets and capital structure over time, suitable for the Company's project development activities. According to the stated objectives for capital structure, the equity ratio shall be at least 35 percent. The equity ratio target is a simplified consequence of a more extensive analysis where shareholders' equity has been allocated to the different asset classes and types of operations in the balance sheet, taking assessed operating risk into account.

note 25 Provisions for pensions and similar obligations

Defined-benefit plans

JM has a defined-benefit plan for pensions, the ITP 2 plan in Sweden, which is financed in-house. The plan encompasses 2,829 people, of which 627 are active.

Defined-contribution plans defined-benefit plans

These plans mainly comprise retirement pension and survivor's pension. Premiums are paid regularly during the year by the Group company concerned to separate legal entities. The pension cost for the period is recognized in the income statement.

Obligations regarding employee benefits, defined-benefit plans

The following provisions for pension obligations have been made in the balance sheet:

Group	2019	2018
Pension obligations, unfunded plans	1,702	1,388

Pension obligations and provisions for pension obligations as well as actuarial gains/losses for the defined-benefit pension plans have developed as follows:

Total pension commitments	2019	2018
Opening balance, January 1	1,388	1,251
Benefits earned during the year	63	58
Interest expenses	34	32
Benefits paid	-38	-38
Actuarial gains (-)/losses (+)	255	85
On December 31	1,702	1,388

The actuarial loss in 2019 is primarily attributable to a change in the discount rate and inflation.

Actuarial gains (+)/losses (-)	2019	2018	2017	2016	2015
Total pension commitments	1,702	1,388	1,251	1,239	1,129
Experience adjustments, percentage of this year's unrecognized actuarial gains (+) and losses (-):					
Pension obligations, SEK m	17	30	15	-8	11
Percent of total value of the pension commitments, %	1.0	2.2	1.1	0.6	1.0
Pension costs	2019	2018			
Benefits earned during the year	63	58			
Interest on obligations	34	32			
Pension costs, defined-benefit plans	97	90			
Pension costs, defined-contribution plans	145	151			
Social security expenses, defined-benefit and defined-contribution plans	54	47			
Total	296	288			

Of the above pension costs, SEK 34m (32) is recognized as a financial cost, corresponding to the interest on the obligation.

Future assessment of cash flow for the pension provision	2020	2021	2022	2023	2024
Pension payouts	-39	-41	-41	-41	-43

Actuarial assumptions

The most important actuarial assumptions as per closing day can be seen in the following table.

	Sweden	
%	2019	2018
Discount rate	1.50	2.40
Expected salary increases	3.50	3.50
Inflation	1.70	1.90
Income base amount	3.00	3.00
Attrition rate	6.00	6.00

The determined discount rate takes into consideration the market return on mortgage bonds and swap interest rates and a premium of a longer maturity was added based on the duration of the pension obligations. The duration of the obligation is 21 years.

The anticipated salary increase factor corresponds to anticipated future salary increases as a composite effect of inflation, period of service, and promotion.

The inflation factor corresponds to the anticipated pension upward adjustment (or indexing). In this section, JM has opted to balance the inflation goal, which is set by Sveriges Riksbank, against the outcome of inflation in Sweden over the most recent 10-year period.

JM in Sweden has the DUS14 life expectancy table to calculate its pension liability, which in practical terms means that JM assumes that a man in Sweden who is currently 65 will live for 22 years after retirement and a woman for 24 years.

Pension obligation's sensitivity to a change in the discount rate

	2019	2018
Pension obligations as of December 31, 2019	1,702	1,388
The discount rate increases by 0.25 %	1,618	1,325
The discount rate decreases by 0.25 %	1,793	1,460

note 26 Other provisions

	Warranty provisions		Special payroll tax on pension liability	
	2019	2018	2019	2018
Opening balance, January 1	912	676	145	122
Provisions	354	356	65	23
Reclassification	-219	-30	-	-
Utilized during the year	-270	-88	-	-
Reversed provisions	-9	-2	-	-
Translation difference	2	0	-	-
On December 31¹⁾	770	912	210	145
1) Of which short-term part of warranty provisions	134	122		

Provisions for guarantee commitments relate to costs that could arise during the guarantee period and that are reported as non-current and current liabilities in the balance sheet.

The amount of the provision is primarily based on the number of residential units per project and is charged to the project upon conclusion. The majority of the warranty provisions have a duration of around two to three years after the start of the project.

Since the effect of when in time payment occurs is immaterial, expected future payments are not calculated at present value.

Special payroll tax on the pension liability is calculated in full as 24.26 percent of the difference between the pension liability measured in accordance with IAS 19 and the reported pension liability in the legal person.

note 27 Deferred tax assets and tax liabilities

	2019	2018
Deferred tax liability on tax allocation reserves	522	526
Other deferred tax liabilities *	398	379
Subtotal	920	905
Less deferred tax receivables	-281	-224
Net deferred tax liabilities	639	681
Deferred tax assets	-	-
* Other deferred tax liabilities are allocated to:		
Development properties ¹⁾	337	315
Provision for taxation not yet approved	28	28
Other current assets	33	36
Total	398	379

1) Fiscal difference and carrying amount.

Deferred tax assets are attributable primarily to the pension liability, other personnel-related items and warranty risk reserves. In addition to the above, JM has loss carry-forwards and temporary differences in JM International, which are not reported as deferred tax assets, of SEK 146m, including SEK 71m that is time-limited within an interval of 1–10 years.

The difference between IFRS and segment reporting refers only to the item Other current assets and is attributable to the tax effect between the reported profit/loss for JM International according to segment reporting and IFRS, respectively.

note 28 Progress billings in excess of recognized revenue

IFRS	2019	2018
Accumulated billing on account for work in progress	18,545	14,306
Recognized revenue in work in progress	-17,078	-12,926
Total	1,467	1,380
Segment reporting	2019	2018
Accumulated billing on account for work in progress	20,299	16,447
Recognized revenue in work in progress	-18,495	-14,685
Total	1,804	1,762

The closing balance for full-year 2018 has been closed and recognized as revenue in 2019.

During 2019 JM recognized revenue of around SEK 0.8bn (1.3) attributable to performance commitments met during previous years.

note 29 Accrued expenses and deferred income

	2019	2018
Personnel-related items	505	547
Prepaid rental income	19	18
Other accruals ¹⁾	899	750
Total	1,423	1,315

¹⁾ Refers mainly to accrued project costs.

note 30 Pledged assets and contingent liabilities

	2019	2018
Assets pledged to secure own provisions and liabilities		
Corporate mortgages	100	100
Property mortgages	375	376
Total	475	476
Contingent liabilities		
Guarantee commitments, other	7,788	6,777
Guarantees in connection with assignments	1,668	1,773
Payment and rental guarantees	74	127
Other contingent liabilities	17	16
Total	9,547	8,693

The corporate mortgage relates to the pension liability that JM Sweden has with PRI. Property mortgages are only granted to a limited extent for financing with credit institutions.

During a tenant-owners association's production period, the JM Group provides guarantees for the part of the short-term financing in a bank that exceeds an association's future long-term loans. Guarantee commitments, other relates entirely to the short-term financing. The long-term loans are secured by the mortgage deeds taken out by the association.

The Group is obligated to acquire from tenant-owners associations in Sweden, with which JM has signed turnkey contracts, residential units that have not been sold as tenant-owned apartments at the end of the most recent quarter following an approved final inspection.

Guarantees in connection with assignments largely relate to performance guarantees for contract work with municipalities and municipality-owned companies. These guarantees are in effect during production and for 2–5 years after completion. The commitment normally amounts to 10 percent of the contract price until completion of the work, after which it drops to 5 percent of the contract sum. To the extent that it is considered likely that JM will be held accountable, the commitment is recognized as a liability in the statement of financial position.

In its ongoing business, JM occasionally is involved in disputes and legal proceedings. These disputes and legal proceedings are not expected, individually or as a whole, to have a significant negative effect on JM's financial performance or position.

note 31 Related party disclosures

Related party disclosures are presented in Note 3, Employees and personnel costs. The Group's related party transactions, in addition to that set out in Note 3, refers only to joint operations and associated companies. They are limited in scope and were subject to market conditions.

INCOME STATEMENT – PARENT COMPANY, SEK m	NOTE	2019	2018
Net sales	1	10,294	10,397
Production and operating costs	2	–8,021	–8,025
Gross profit		2,273	2,372
Selling and administrative expenses	2, 3, 4	–652	–717
Gains/losses on the sale of property	5	0	0
Operating profit		1,621	1,655
Profit/loss from financial items	6		
Profit/loss from Group companies		175	101
Profit/loss from associated companies		25	–
Profit/loss from other financial assets		1	1
Profit/loss from financial current assets		6	0
Interest expenses and similar income statement items		–56	–56
Profit before appropriations and tax		1,772	1,701
Appropriations	7	–221	–175
Profit before tax		1,551	1,526
Taxes	8	–292	–323
Net profit for the year		1,259	1,203
STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY, SEK m		2019	2018
Net profit for the year		1,259	1,203
Other comprehensive income		–	–
Total comprehensive income for the year		1,259	1,203

BALANCE SHEET – PARENT COMPANY, SEK m	NOTE	31/12/2019	31/12/2018
ASSETS	1		
Non-current assets			
Plant, property, and equipment			
Equipment and other tools	9	6	11
Financial assets	10		
Participations in Group companies	10	1,459	1,256
Participations in joint operations and associated companies		190	190
Non-current receivables in associated companies		17	17
Other non-current receivables		8	9
		1,674	1,472
Total non-current assets		1,680	1,483
Current assets			
Project properties	11	105	208
Development properties	11	5,011	5,032
Participations in tenant-owners associations, etc.	12	262	541
Accounts receivable		303	174
Other current receivables		439	565
Current interest-bearing receivables in Group companies		1,812	2,291
Recognized revenue less progress billings	13	2,923	3,001
Prepaid expenses and accrued income		19	20
Cash and cash equivalents	14	2,226	1,313
Total current assets		13,100	13,145
TOTAL ASSETS		14,780	14,628
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		70	70
Restricted equity		70	70
Share premium reserve		147	146
Undistributed earnings		2,440	2,071
Net profit for the year		1,259	1,203
Unrestricted equity	24	3,846	3,420
Total shareholders' equity		3,916	3,490
Untaxed reserves	15	2,380	2,390
Provisions			
Provisions for pensions and similar obligations	16	753	713
Deferred tax liabilities	8	40	47
Warranty provisions and other provisions	17	660	823
		1,453	1,583
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	18	89	78
Other non-current receivables		714	644
		803	722
Current liabilities			
Accounts payable		606	474
Current interest-bearing liabilities	18	1,982	2,838
Other current liabilities	19	434	679
Current interest-bearing liabilities to Group companies	18	1,125	731
Current tax liabilities		80	13
Progress billings in excess of recognized revenue	20	952	781
Accrued expenses and deferred income	21	1,049	927
		6,228	6,443
TOTAL EQUITY AND LIABILITIES		14,780	14,628

CASH FLOW STATEMENT – PARENT COMPANY, SEK m	NOTE	2019	2018
	1		
OPERATING ACTIVITIES			
Operating profit		1,621	1,655
Depreciation and amortization		5	3
Other non-cash items ¹⁾		–1,518	–1,672
Sub-total, cash flow from operating activities		108	–14
Interest received		6	1
Dividends received		156	83
Interest paid and other financial expenses		–25	–26
Paid tax		–343	–574
Cash flow from operating activities before change in working capital		–98	–530
Investment in development properties, etc.		–2,822	–2,056
Payment on account for development properties, etc. ¹⁾		2,233	1,206
Increase/decrease in other current receivables, etc.		171	–561
Increase/decrease in other current operating liabilities		595	–236
Cash flow before investments and sales of project properties		79	–2,177
Investment in project properties, etc.		103	–110
Sale of project properties, etc.			0
Cash flow from operating activities ¹⁾		182	–2,287
INVESTING ACTIVITIES			
Change in property, plant, and equipment		–	–8
Investment in Group companies and associated companies, etc.		–403	–445
Change in financial assets ¹⁾		46	–2
Cash flow from investing activities		–357	–455
FINANCING ACTIVITIES			
Loans raised		32	44
Amortization of debt		–18	–12
Loans raised, project financing ¹⁾		2,187	2,967
Amortization of debt, project financing ¹⁾		–278	–291
Dividend		–835	–765
Cash flow from financing activities		1,088	1,943
Cash flow for the year		913	–799
Cash and cash equivalents, at beginning of the year		1,313	2,112
Cash and cash equivalents, at end of the year		2,226	1,313

¹⁾ JM sometimes recognizes initial project financing for Swedish residential projects where the financing in most cases is taken over by the customer at a later point in time. The take-over occurs without any incoming or outgoing payments, and when the debt is settled there is no impact on the cash flow statement, neither as a negative item (amortization) in the financing activities nor as a positive item in operating activities.

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY, SEK m	Share capital	Share premium reserve	Undistributed earnings	Total share- holders' equity
Opening balance, January 1, 2018	71	143	2,836	3,050
Total comprehensive income for the year	–	–	1,203	1,203
Dividend	–	–	–765	–765
Merger Group companies	–	–	–1	–1
Equity component of convertible debentures	–	3	–	3
Elimination of repurchased shares	–1	–	1	–
Closing balance, December 31, 2018	70	146	3,274	3,490
Opening balance, January 1, 2019	70	146	3,274	3,490
Total comprehensive income for the year	–	–	1,259	1,259
Dividend	–	–	–835	–835
Merger Group companies	–	–	0	–
Equity component of convertible debentures	–	2	–	2
Closing balance, December 31, 2019	70	148	3,698	3,916

Number of shares (1 vote/share) as of December 31, 2019, amounts to 69,583,262 (69,583,262), of which JM AB repurchased 0 shares (0) which do not participate in dividends. Par value per share is SEK 1.

The proposed dividend for 2019 is SEK 12.50 per share (12.00).

note 1 Accounting and valuation principles

Amounts in SEK m unless stated otherwise.

For the Parent Company's accounting policies, please refer to the Group's accounting and valuation principles on pages 86–89.

note 2 Employees and personnel costs

	2019	2018
Average number of employees (all in Sweden) (of which men, %)	1,697 (77)	1,675 (77)
Wages, salaries, other remuneration and social security expenses		
Board of Directors and President (of which variable remuneration)	12 (2)	15 (5)
Other employees (of which variable remuneration)	947 (45)	931 (56)
Total salaries and other remuneration (of which variable remuneration)	959 (47)	946 (61)
Social security expenses (of which pension costs)	495 (182) ¹⁾	496 (186) ¹⁾
Total Parent Company	1,454	1,442

¹⁾ Of the Parent Company's pension costs, SEK 2.8m (2.7) pertain to the President. The Company's outstanding pension obligations to the President amount to SEK 0.7m (0.7). The Company has no pension costs or pension commitments to the rest of the Board.

For information about benefits to JM AB senior executives, please see Group Note 3.

note 3 Accumulated depreciation according to plan

	2018	2017
Equipment and other tools	–5	–3
Total	–5	–3

The following depreciation rates are applied:
Computers and other equipment 20–33 percent.

note 6 Profit/loss from financial items

	Profit/loss from Group companies		Profit/loss from associated companies		Profit/loss from other financial assets		Profit/loss from financial current assets		Interest expenses and similar income statement items		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Dividend	156	119	25	–	–	–	–	–	–	–	181	119
Sales	37	–	–	–	–	–	1	–	–	–	38	–
Share in profits	5	5	–	–	0	–	–	–	–	–	5	5
Impairment loss	–23	–23	–	–	–	–	–	–	–	–	–23	–23
Interest income	–	–	–	–	1	–	–	0	–	–	1	0
Interest income, Group companies	–	–	–	–	–	1	5	–	–	–	5	1
Interest expenses	–	–	–	–	–	–	–	–	–27	–28	–27	–28
Interest portion in this year's pension costs	–	–	–	–	–	–	–	–	–29	–28	–29	–28
Total	175	101	25	–	1	1	6	0	–56	–56	151	46

note 4 Fees and remuneration to auditors

PwC	2019	2018
Auditing services	3.0	3.1
Other services ¹⁾	1.2	1.1
Total	4.2	4.2

¹⁾ See Group Note 5.

note 5 Gains/losses on the sale of property

	2019	2018
Sales values		
Development properties	1	125
Project properties	–	13
Total	1	138
Carrying amounts		
Development properties	–1	–125
Project properties	–	–13
Total	–1	–138
Results		
Development properties	0	0
Project properties	–	0
Total	0	0

note 7 Appropriations

	2019	2018
Provision to tax allocation reserve	-360	-380
Reversal of previous years' provisions to tax allocation reserve	370	350
Group contribution received	33	-
Group contribution paid	-264	-145
Total	-221	-175

note 8 Taxes

	2019	2018
Profit/loss before tax	1,551	1,525
Current tax	-327	-343
Deferred tax	35	20
Total tax	-292	-323

Difference between reported tax and nominal tax rate of 21.4 percent.

Profit before tax x 21.4%	-332	-336
Adjustment of tax from previous years	0	-1
Non-taxable revenue	52	29
Non-deductible expenses	-8	-13
Tax untaxed reserve (tax allocation reserve)	-4	-2
Total	-292	-323

Deferred tax assets and tax liabilities	2019	2018
Deferred taxes attributable to personnel-related provisions and warranty provisions	56	52
Deferred tax liability attributable to temporary differences in project properties and development properties	-96	-99
Net deferred tax liabilities	-40	-47

See Group Note 8.

note 10 Financial assets

	Participations in Group companies		Participations in joint operations and associated companies		Non-current receivables in associated companies		Other non-current receivables		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<i>Accumulated acquisition value</i>										
Opening balance, January 1	1,256	1,002	190	190	17	17	9	7	1,472	1,216
New purchases	403	445	-	-	-	-	0	-	403	445
Additional receivables	-	-	-	-	-	-	-1	2	-1	2
Merger	-169	-168	-	-	-	-	-	-	-169	-168
Sales	-9	-	-	-	-	-	-	-	-9	-
Impairment losses for the year	-22	-23	-	-	-	-	-	-	-22	-23
On December 31	1,459	1,256	190	190	17	17	8	9	1,674	1,472

For specification of the Parent Company's and the Group's participations in joint operations and associated companies, see Group Note 14.

note 9 Equipment and other tools

	2019	2018
<i>Accumulated acquisition value</i>		
Opening balance, January 1	50	41
New purchases	-	9
On December 31	50	50
<i>Accumulated depreciation according to plan</i>		
Opening balance, January 1	-39	-36
Depreciation for the year	-5	-3
On December 31	-44	-39
Closing residual value, at end of year	6	11

Note 10 cont'd.

Specification of Parent Company's shares and participation in wholly owned Group companies, SEK 000s

Company	CIN	Domicile	Number of shares and participations	Carrying amount	
				2019	2018
AB Borätt	556257-9275	Stockholm	500	1,978	1,978
AB Garantihus	556073-0524	Stockholm	5,000	1,000	1,000
AB IG 1&3	559147-3698	Gothenburg	500	20,788	20,788
AB Konvertibelhus	559001-7025	Stockholm	500	50	50
Bergshamra Bro AB	559066-5666	Stockholm	50,000	61,425	61,425
BRO Haifa 1 AB	556821-1949	Stockholm	500	45,476	45,476
Bruket i Kallhäll Exploaterings AB	556561-0184	Stockholm	1,000	100	100
Bruket i Kallhäll Exploaterings KB	969653-9122	Stockholm	–	10	10
Fastighet 4 DPL 4 AB ¹⁾	556767-7538	Stockholm	–	–	125,191
Fastighetsbolaget Bohusmark KB ²⁾	916443-1125	Gothenburg	–	–	1,120
Fastighetsbolaget Metallfabriken i Örebro AB	559077-9582	Stockholm	500	27,562	27,562
Förvaltnings AB Rickomberga Dal ¹⁾	556731-8596	Uppsala	–	–	43,274
Huddinge Fabriken AB	556694-7049	Stockholm	1,000	41,276	41,276
JM Byrån Holding AB	556752-9630	Stockholm	1,000	100	100
JM Construction S. A., Belgium	413662141	Brussels	10,000	91,906	91,906
JM Entreprenad AB	556060-8837	Stockholm	200,000	107,750	107,750
JM Entreprenør AS, Norway ³⁾	920379559	Oslo	–	–	7,444
JM Fasad AB ¹⁾	559135-1795	Stockholm	–	–	50
JM Fastighetsutveckling Holding AB	556847-3259	Stockholm	500	50	50
JM Fastighetsutveckling 2 Holding AB	559034-9089	Stockholm	500	50	50
JM Fastighetsutveckling 3 Holding AB	559109-6960	Stockholm	500	50	50
JM Hyresbostäder Holding AB	556977-0471	Stockholm	500	130	130
JM Inredning i Stockholm AB ¹⁾	556202-8653	Stockholm	–	–	50
JM Kamarsadeln Holding AB	556853-8465	Stockholm	500	50	50
JM Norge AS, Norway	829350122	Oslo	20,000	120,243	120,243
JM Stombyggnad AB ¹⁾	556173-0564	Stockholm	–	–	113
JM Suomi OY, Finland	1974161-8	Helsinki	1,000	570,375	314,395
JM Supply AB	559126-3644	Stockholm	500	50	50
JM Tegelbruket Ekerö Strand AB	559124-0147	Stockholm	500	52,432	–
JM Värmdöstrand AB	556001-6213	Värmdö	4,400	158,000	158,000
JM@Home AB	559091-8289	Stockholm	1,000	100	100
KB Silverfjädern	969676-7525	Stockholm	–	0	0
Klippljuset Holding AB	556872-0527	Stockholm	500	50	50
Minimalen Bostad AB	556754-2138	Stockholm	1,000	11,550	11,550
Seniorgården AB	556359-9082	Stockholm	1,000	100	100
Stockholm Pundet 1 AB	556852-1297	Stockholm	500	74,722	74,722
Trollhagen Fastighets AB	559082-6235	Uppsala	1,000	71,982	–
Carrying amount, December 31				1,459,355	1,256,203

¹⁾ Group companies that have merged with JM AB.²⁾ Group companies that have been liquidated.³⁾ Group companies that have been sold.

note 11 Project properties and development properties

	Project properties		Development properties	
	2019	2018	2019	2018
<i>Accumulated acquisition value</i>				
Opening balance, January 1	208	98	5,064	4,237
New purchases	–103	110	513	1,339
Merger	–	–	201	665
Reclassification	–	13	–	–17
Transferred to production	–	–	–744	–1,035
Sales	–	–13	–1	–125
On December 31	105	208	5,033	5,064
<i>Accumulated impairment losses</i>				
Opening balance, January 1	–	–	–31	–32
Transferred to production	–	–	9	–
On December 31	–	–	–22	–32
Closing residual value at end of year	105	208	5,011	5,032

Reported residual value for the part of project properties recognized at net realizable value amounts to SEK 0m (0) and for development properties SEK 95m (104).

note 12 Participations in tenant-owners associations, etc.

	2019	2018
<i>Accumulated acquisition value</i>		
Opening balance, January 1	541	244
New purchases	1,853	1,662
Sales	–2,132	–1,365
On December 31	262	541

note 13 Recognized revenue less progress billings

	2019	2018
Recognized revenue in work in progress	7,298	8,688
Accumulated billing on account for work in progress	–4,375	–5,687
Total	2,923	3,001

note 14 Cash and cash equivalents

	2019	2018
Cash and bank balances	2,226	1,313
Total	2,226	1,313

note 15 Untaxed reserves

	2019	2018
Tax allocation reserve for 2014 taxation	—	370
Tax allocation reserve for 2015 taxation	380	380
Tax allocation reserve for 2016 taxation	380	380
Tax allocation reserve for 2017 taxation	350	350
Tax allocation reserve for 2018 taxation	530	530
Tax allocation reserve for 2019 taxation	380	380
Tax allocation reserve for 2020 taxation	360	—
Total	2,380	2,390

note 16 Provisions for pensions and similar obligations

	2019	2018
Opening balance, January 1	713	680
Benefits earned during the period	30	29
Interest expenses	27	25
Pensions paid	–37	–36
Other	20	15
On December 31	753	713

In the Parent Company, the ITP plan is posted as a liability under pension provisions.

note 17 Warranty provisions and other provisions

	Provisions	
	2019	2018
Opening balance, January 1	823	616
Provisions	292	305
Reclassification	–217	–30
Utilized during the year	–238	–68
On December 31	660	823

note 18 Interest-bearing liabilities

Non-current interest-bearing liabilities	2019	2018
Other liabilities 1–5 years from the closing date	0	0
Convertible loans 1–5 years	89	78
Total	89	78
Current interest-bearing liabilities	2019	2018
Convertible loans 1 year	22	18
Other liabilities 1 year	1,960	2,820
Liabilities to Group companies	1,125	731
Total	3,107	3,569
Liabilities to credit institutions, confirmed credits		
Credit agreements	2019	2018
Bank overdraft facility	400	400
Granted credit agreement due date within one year	—	150
Granted credit agreement due date greater than one year	2,400	2,250
Unutilized portion	–2,800	–2,800
Utilized credit agreement	0	0

Credit agreements carry fixed interest. See Group Note 22 for comments.

note 19 Other current liabilities

	2019	2018
Short-term promissory notes, development properties	95	266
Other current liabilities	339	413
Total	434	679

note 20 Progress billings in excess of recognized revenue

	2019	2018
Accumulated billing on account for work in progress	14,274	10,370
Recognized revenue in work in progress	–13,322	–9,589
Total	952	781

note 21 Accrued expenses and deferred income

	2019	2018
Personnel-related items	334	357
Prepaid rental income	9	5
Other accruals ¹⁾	706	565
Total	1,049	927

¹⁾ Refers mainly to accrued project costs.

note 22 Pledged assets and contingent liabilities

	2019	2018
Assets pledged to secure own provisions and liabilities		
Corporate mortgages ¹⁾	100	100
Property mortgages	—	69
Total	100	169
Contingent liabilities		
Guarantee commitments, other ²⁾	7,788	6,777
Guarantees on behalf of Group companies ³⁾	2,270	1,754
Guarantees in connection with assignments	187	238
Payment and rental guarantees	—	0
Other contingent liabilities	17	16
Total	10,262	8,785

^{1,2)} See Group Note 30 for comments.

³⁾ Guarantees on behalf of Group companies mainly relate to commitments for the international companies and JM Entreprenad AB.

note 23 Related party disclosures

The Parent Company has a related party relationship with its subsidiaries and associated companies; see Group Note 14.

	2019	2018
Purchase of goods and services from Group companies	290	381
Interest income from Group companies	1	1
Dividend from Group companies	156	119
Share in profits from Group companies	5	5
Dividend from associated companies	25	—
Non-current receivables in associated companies	17	17
Current interest-bearing receivables in Group companies	1,812	2,291
Current interest-bearing liabilities to Group companies	1,125	731
Guarantees on behalf of Group companies	2,270	1,754

Transactions with key individuals in leading positions can be found in Note 2, Employees and personnel costs. All transactions with related parties and companies were conducted on market-based terms.

note **24** Proposed disposition of earnings

Unrestricted equity in the Parent Company is:	
Retained earnings and share premium reserve	SEK 2,587,130,860
Net profit for the year	SEK 1,259,251,387
Total	SEK 3,846,382,247

The Board of Directors and the CEO propose:	
that SEK 12.50 per share be paid to shareholders ¹⁾	SEK 869,790,775
and that the remaining amount be carried forward	SEK 2,976,591,472
Total	SEK 3,846,382,247

¹⁾ There are 69,583,262 registered shares in the Parent Company on January 31, 2020, of which the number of dividend-bearing shares amounts to 69,583,262.

Stockholm, February 11, 2020

The undersigned certify that the consolidated accounts and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union, and generally accepted accounting principles and give a fair presentation of the Group's and the Company's position and financial performance, and that the Board of Director's Reports for the Group and the Company provide a fair presentation of the development of the Group's and the Company's operations, position and financial performance and describes the significant risks and uncertainty factors facing the companies that belong to the Group.

Fredrik Persson
Chair of Board

Kaj-Gustaf Bergh
Member

Kerstin Gillsbro
Member

Olav Line
Member

Eva Nygren
Member

Thomas Thuresson
Member

Annica Ånäs
Member

Peter Olsson
Member, employee-appointed

Jan Strömberg
Member, employee-appointed

Johan Skoglund
President and CEO

Our Auditor's Report was submitted on February 20, 2020.
PricewaterhouseCoopers AB

Ann-Christine Hägglund
*Authorized Public Accountant
Auditor-in-charge*

Fredrik Kroon
Authorized Public Accountant

Auditor's report

To the general meeting of shareholders of JM AB (publ), corporate identity number 556045-2103

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of JM AB (publ) for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 73–113 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 December 31 2019 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 December 31 2019 and its 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 the balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and the 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, to 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.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risk of material misstatement in the financial statements. We tailored our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the JM group, the accounting processes and controls, and the industry in which JM operates.

In a business such as JM's, our risk assessment is particularly influenced by the impact of the Board of Directors' and management's estimates and judgements on the financial statements. We have assessed the highest risk for misstatements in the financial statements to be the

percentage-of-completion revenue recognition in the ongoing projects – in both the residential development business and the construction business. In addition, we have identified a number of other risks that also reflect components of estimates and judgements. Amongst those are warranty provisions, valuation of development and project properties and disputes. As in all of our audits, we also addressed the risk of the Board of Directors' and management overriding internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Based on the risk assessment the central audit team developed an audit strategy according to which the group audit has focused on the large components JM Residential Stockholm, JM Residential Sweden, JM Construction and the Norwegian operations within JM International which all have been subject to a so-called full audit. For the Finnish operation within JM International, specific procedures have been performed primarily for ongoing projects. With respect to JM Property Development and the building rights in Belgium, the examination has focused on the book values of project and development properties and real estate sales for the year.

The central audit team performs the audit of the Swedish components and issues, based on the audit strategy, instructions to the Norwegian and Finnish audit teams. The central team also audits relevant aspects of and controls over the JM group's common information systems, including SAP ECC. The results of this examination are shared with local teams.

Materiality

The scope of our audit is influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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 the 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 the consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter
Recognition of revenue and profits in Swedish residential development projects

JM's revenue in the Swedish residential development operations are recognised over time, i.e., applying percentage-of-completion taking into account also so-called sales ratio. This means that revenue and profits recognised in ongoing projects are dependent on assumptions and estimates of items included in the forecasts of total revenue and costs. Those forecasts include estimates of costs for, e.g., labour, material, subcontractors and warranty obligations. The latter may from time to time require updated assessments also for projects already completed. Revenue and profit recognition therefore require sufficient processes for calculations, reporting, analysis and forecasts.

The amounts involved combined with the high degree of estimates and judgements make this a key audit matter. We have paid special attention to the methodology and the judgments forming the basis for determining the margin used in the percentage-of-completion profit recognition, as well as to the principles, methods and assumptions forming the basis for the assessment of warranty obligations recognised.

See e.g. the sections "Important sources of uncertainty in estimates", "Revenue and profit/loss from residential project development" and "Provisions for warranty commitments" in note 1 Accounting and valuation principles as well as note 20 Recognized revenue less progress billings, note 26 Other provisions and note 28 Progress billings in excess of recognized revenue."

Ongoing construction contracts in JM Construction

JM Construction's (JME) revenue is recognised over time, i.e., applying percentage-of-completion. This means that revenue and profits recognised in ongoing projects are dependent on assumptions and estimates of items included in the forecasts of total revenue and costs. Those forecasts include estimates of costs for, e.g., labour, material, subcontractors and warranty obligations.

JME's projects are not repetitive in the same manner as are JM's residential development projects and the former's complexity are normally greater than the latter's. As described in the statutory administration report, JM has decided to wind down JME's Swedish housing business in which residential and commercial properties are constructed on behalf of external customers. The wind-down and project revaluations led to estimated costs of MSEK 180 recognised in the first quarter of 2019. The winding down continues and certain risks remain in the ongoing projects. The complexity of those projects combined with the high degree of estimates and judgements make this a key audit matter.

See e.g. the sections "Important sources of uncertainty in estimates", "Revenue and profit/loss in JM Construction in note 1 Accounting and valuation principles as well as note 20 Recognized revenue less progress billings and note 28 Progress billings in excess of recognized revenue."

How our audit addressed the key audit matter

We have evaluated and on a sample basis tested selected controls in JM's project development process, from land purchase to completion. We have also evaluated processes, routines and methodology for decisions on calculations and for project forecasts.

We have performed analytical review procedures of revenue and margins reported, and examined management's routines for follow-up of the projects' financial results. For a selection of projects we have performed simulations of outcome based on different assumptions and we have discussed selected estimates with JM. On a sample basis, we have examined revenue, sales ratio and the recognised project costs forming the basis for the determination of completion ratio. We have also tested mathematical accuracy in the calculation of percentage-of-completion. We have also taken part in several project audits performed by JM's Operational audit.

We have evaluated principles, processes and routines for determining recognised warranty obligations and the assumption on which those are based. On a sample basis, we have examined calculations made and in one case made our own calculations based on data provided by JM.

We have discussed, with management and the audit committee, those methods, estimates and assumptions on which JM's judgements are based.

We have evaluated and on a sample basis tested selected controls in JME's project process, from tender to completion. We have also evaluated processes, routines and methodology for decisions on calculations and for project forecasts.

We have performed analytical review procedures of revenue and margins reported, and examined management's routines for follow-up of the projects' financial results. For a selection of projects we have performed more in-depth procedures including reading contract excerpts, legal opinions, review of project forecasts, and discussion with project leaders on judgments, assumptions and estimates.

On a sample basis, we have examined revenue and the recognised project costs forming the basis for the determination of completion ratio. We have also tested mathematical accuracy in the calculation of percentage-of-completion. We have also taken part in several project audits performed by JM's Operational audit and made site visits at certain projects.

We have kept a dialogue with management and the audit committee on methodology, estimates and assumptions and their basis.

Accounting for the Swedish residential project development operations

During 2018 Nasdaq Stockholm AB (the Stock Exchange) asked JM about the basis for the assessment of the tenant-owners associations' independence from an IFRS perspective. The Stock Exchange's final decision stated that there are differences between various companies' business and contract structures that have bearing on the matter, and that there is room to reach different conclusions. The Stock Exchange noted that the basis for the assessment not to consolidate the tenant-owners associations were not clear enough and thus that there were no clear description of the facts and circumstances that formed the basis for that conclusion. The Stock Exchange therefore criticised JM and as from the 2018 Annual Report JM therefore provides expanded and clearer disclosure about that basis. JM also communicated that in January 2019, Finansinspektionen informed JM that it would investigate the matter.

FI's investigation has continued during 2019 involving exchange of letter including, e.g., preliminary views. On 29 January 2020, JM received a letter "Request for opinion" according to which FI still holds the preliminary view that the tenant-owner associations cannot be considered to be independent and thus should be consolidated. As a consequence, revenue should not be recognised over time (percentage-of completion) but instead upon delivery to individual buyer of a tenant-owned apartment. JM will respond to the letter and continues to hold the view that the tenant-owner associations are independent and should not be consolidated.

We consider this kind of communication to be, by its nature, a key audit matter.

See the statutory administration report (page 78) and the section "Important assessments when applying accounting principles" in note 1 Accounting and valuation principles.

We have, e.g., read and evaluated the reasoning forming the basis for FI's preliminary view that the tenant-owners associations should be consolidated, as well as the response provided by JM. We have also examined the disclosure JM has provided in the statutory administration report as well as that in note 1 on the basis for its assessment that the tenant-owners associations are independent and therefore should not be consolidated. The latter has also been evaluated as to whether it is appropriate and in accordance with IAS 1 *Presentation of financial statements*.

We have kept a dialogue with management and the audit committee and as a part of that communicated our observations, reflections and their implications. In connection therewith, we have discussed, e.g., the fact that IFRS is a principles-based framework that often requires judgment. As JM states in the Annual Report, this means that in complex matters such as the one at hand, it is not remarkable that different, acceptable judgements can be made.

Other information than the annual accounts and the consolidated accounts

This document also contains other information than the annual accounts and the consolidated accounts and is found on pages 1–72 and pages 128–141. The Board of Directors and the President are responsible for this other information.

Our opinion on the annual accounts and the consolidated accounts does not cover this other information and we do not express any form of assurance conclusion on this other information.

In connection with our audit of the annual accounts and the consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and the 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 President

The Board of Directors and the President are responsible for the preparation of the annual accounts and the 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, and the Annual Accounts Act. The Board of Directors and the President are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and the 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 President 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 President intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The audit committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and the 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 ISA 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 is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. 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 the consolidated accounts, we have also audited the administration of the Board of Directors and the President of JM AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President 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 Responsibility 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 President

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 other-

wise are controlled in a reassuring manner. The President shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil 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 President 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 is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of JM AB (publ) by the general meeting of shareholders on March 28, 2019 and has been the company's auditor since April 27, 2017.

Stockholm February 20, 2020
PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorized Public Accountant
Auditor-in-charge

Fredrik Kroon
Authorized Public Accountant

Corporate governance report for the 2019 financial year

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CORPORATE GOVERNANCE PRINCIPLES

In addition to the rules laid down by law or regulation, JM applies the Swedish Code of Corporate Governance (the Code). JM complies with the Code without exception.

Through detailed and transparent accounting, JM will increase the knowledge of shareholders and other stakeholders about how the Board of Directors and the Executive Management operate in order to ensure that shareholders' demands for return on invested capital are met. Priority areas for long-term value creation include high ethical standards, JM's core values and code of conduct, professionalism, transparency and JM's contribution to social development.

JM has been implementing a long-term and systematic project over the past few years to continuously develop its internal governance and control. This project has resulted in, for example, additional enhancements to the company's governance and control with regard to investment, selling and production decisions as well as governance and control during the project implementation phase. Internal governance and control are also exercised through the systematic committee work of the Board. In order to promote the development of the Board, an annual assessment of the Board's work is conducted.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The General Meeting, which is the Company's highest decision-making body, gives all shareholders the possibility to participate and exercise their influence. The Annual General Meeting (the general meeting at which the Annual Report and the auditors' report on the consolidated accounts are presented) addresses the company's developments, and decisions are made on several key issues, such as dividends, discharge of responsibility for the Board, election of auditors, remuneration for the Board and auditors and election of new Board members for the period extending to the next Annual General Meeting.

The Company publishes notification of the Annual General Meeting no earlier than six weeks and no later than four weeks before the meeting. The Company announces the time and place of the Annual General Meeting in connection with the Q3 report, usually in late October. The possibility of foreign shareholders following or participating in the Annual General Meeting through simultaneous interpretation or translation of presented materials into other languages has not been considered necessary since to date, such shareholders have had Swedish representation.

Annual General Meeting

The 2019 Annual General Meeting was held on March 28. A total of 298 shareholders were represented, representing about 55 percent of the total votes. Minutes from the Annual General Meeting can be found on JM's website (jm.se). The 2020 Annual General Meeting will be held on March 26.

Major shareholders

One shareholder, OBOS BBL, has a shareholding in the Company representing at least one-tenth of the voting rights for all shares in the Company. OBOS's holdings of the Company's shares amounted to 20.4 percent on January 31, 2020. JM's Articles of Association do not limit shareholders' voting rights for any owned or represented shares. The Articles of Association do not contain any provisions on the appointment and dismissal of Board members or on amendments to the articles.

BOARD MEETINGS 2019

FEBRUARY (THREE MEETINGS)

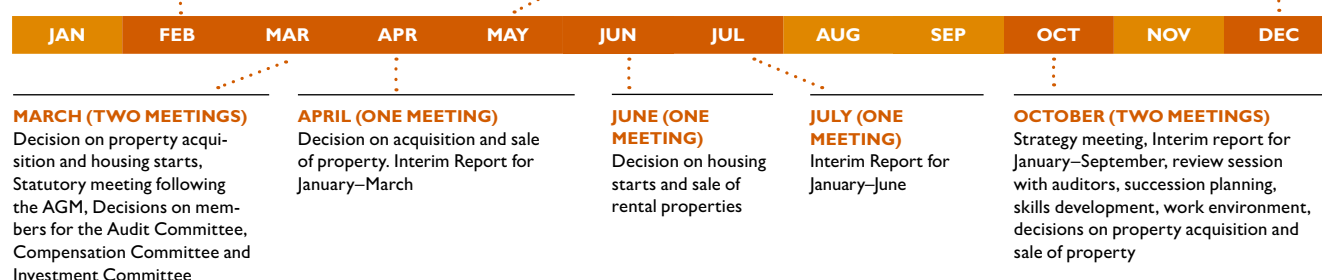
Year-end Report, review session with auditors, remuneration system, decisions on property acquisition, adoption of the annual report, notice of and other matters for the Annual General Meeting

MAY (ONE MEETING)

Visit to Finland and construction sites in Helsinki, decision on rules of procedure, policies and guidelines

DECEMBER (ONE MEETING)

Decision on housing starts and property acquisition, evaluation of the Board of Directors and the President



Fixed items on the agenda of ordinary Board meetings include a status report from the President and updates from the Committees.

JM does not apply any special arrangements relating to the function of the general meeting of shareholders, either due to provisions in the Articles of Association or, as far as is known to the Company, shareholder agreements.

Nomination Committee

The Nomination Committee is a body elected by the Company's Annual General Meeting that is tasked with nominating Board members, a Chairperson of the Board and auditing company as well as proposing fees for the Board and the committees of the Board prior to the Annual General Meeting. The work of the Nomination Committee is governed by the instructions for the Nomination Committee as adopted by the Annual General Meeting. This committee consists of representatives for the four largest shareholders in the Company that wish to participate. The Chairperson of the Board is the fifth member and convenes the meeting.

The Chairperson of the Board convened the Nomination Committee for the 2020 Annual General Meeting in August 2019, and the Committee consists of the following people:

Åsa Nisell, Swedbank Robur Fonder
Daniel Kjørberg Siraj, OBOS BBL
Eva Gottfridsdotter Nilsson, Länsförsäkringar Fondförvaltning AB
Anders Algotsson, AFA Försäkringar
Fredrik Persson, Chairperson of the Board of JM.

The Nomination Committee represents approximately 37.4 percent of the total number of JM shares. Åsa Nisell is Chairperson of the Nomination Committee. The Nomination Committee held four minuted meetings and also corresponded by email and telephone. Members of the Nomination Committee have not received any compensation from JM.

Auditors

Following a proposal by the Nomination Committee, the 2019 Annual General Meeting elected PricewaterhouseCoopers AB (PwC) to be the new auditor. The election covers the period up until the end of the 2020 Annual General Meeting. Auditor-in-charge is Ann-Christine Hägglund and the auditor's report is also signed by Fredrik Kroon. They have no other assignments that affect their independence as an auditor for JM.

Fees and remuneration to PwC	2019	2018
Auditing services	4.7	4.6
Tax services	0.1	0.1
Other services	1.4	1.4
Total	6.2	6.1

Information about the auditing company's services to JM in addition to auditing is provided in Note 5 on page 94.

BOARD OF DIRECTORS

Composition

According to the Articles of Association, JM's Board of Directors shall consist of a minimum of five and a maximum of nine members. No deputies shall be appointed. The members of the Board of Directors are elected by the Annual General Meeting for one year at a time. In addition, the employee organizations are legally entitled to appoint two ordinary members as well as two deputies.

The Nomination Committee has applied Code Rule 4.1 as its diversity policy for the Board. The Nomination Committee determined the following in its reasoned statement prior to the 2019 Annual General Meeting: The Nomination Committee considers JM to have a well-functioning Board of Directors and that the current composition of the Board, given the Company's operations, development stage and circumstances in general, is appropriate and features diversity and breadth with regard to the members' competence, experience and background. The Nomination Committee also considers it to be valuable to have a balance of both continuity and renewal within the Board. The Nomination Committee's proposal for the Board of Directors includes the new election of two members who together contribute extensive operational competence within both housing and property development and finance. The Board has broad experience and skills, including for relevant sustainability aspects, within areas that are important for JM, such as housing and property development, project development and construction activities, consumer markets, finance, and good knowledge of geographic markets that are relevant for the Company. The Nomination Committee has applied Code Rule 4.1 as its diversity policy. It can be noted that JM has had an even gender distribution in its Board of Directors for many years, and the members proposed to the Annual General Meeting include three women and four men (43 percent and 57 percent, respectively). The proposal thus fulfills the requirements of the Code for an even gender distribution. The 2019 Annual General Meeting resolved to elect the seven members proposed by the Nomination Committee.

The employee organizations appointed two members and two deputies. The composition of the Board of Directors is presented 122–123, as is participation by the members elected by the Annual General Meeting in committees (A = Audit Committee, C = Compensation Committee, I = Investment Committee). Attendance during the 2019 calendar year is also presented.

The Board of Directors held twelve meetings. The Audit Committee held seven meetings. The Compensation Committee held four meetings. The Investment Committee held six meetings.

Independence

All Board members elected at the Annual General Meeting are considered independent in relation to the Company and all are independent in relation to the shareholders.

Duties/Responsibilities

The Board's duties concern strategic issues such as JM's business concept, key policies, the market, finance and financial position, internal control and risk management, personnel, leadership and decisions concerning production starts of projects, acquisition and sale of development properties and project properties.

New-elects to the Board of Directors are introduced to the company's operations and the work of the Board as required and according to that above.

The most important governing documents are:

- Strategic focus
- Articles of Association
- Rules of Procedure for the Board of Directors, Instructions for the Allocation of Duties between the Board and the President, and Instructions for Financial Reporting
- JM's policies (Sustainability Policy, Data Protection Policy, Information Security Policy, Employee Policy, Work Environment Policy, Communication Policy, Financial Policy, Tax Policy and Purchasing Policy)
- JM's ethical guidelines, JM's Code of Conduct, guidelines to prevent discrimination, guidelines for communication and guidelines for purchasing.

Duties of the Chairperson of the Board of Directors

The Chairperson of JM's Board of Directors bears the ultimate responsibility for the Company complying with the established strategic focus. In this context, the Chairperson has regular contact with the Company's President and serves as a discussion partner to the President. The work of the Chairperson otherwise complies with the requirements of the Code.

Secretary to the Board

The Company's General Counsel is the Secretary to the Board. The General Counsel is not a member of the Board of Directors.

Evaluation by the Board of its own work

The performance of the Board of Directors is evaluated every fall. In 2019, the evaluation consisted of a paper survey that was sent to all Board members. The results of the evaluation were discussed and presented to the Board and the Nomination Committee.

The Board's evaluation of the President

The Board of Directors evaluates the President's performance annually. In 2019, the evaluation consisted of a paper survey that was sent to all Board members. The results of the evaluation of the President were discussed and presented to the Board.

Important matters during 2019

The Board of Directors made the following decisions and others in 2019:

- The Board of Directors held a separate strategy meeting at which it adopted the strategic plan for the Company
- The Board of Directors decided on housing starts for nine residential projects, which have an estimated total project expense exceeding the maximum level delegated to the President of either SEK 400m in the total project expense or SEK 400m in project expense per phase
- The Board of Directors decided on seven acquisitions of development properties, which have a purchase sum exceeding the maximum level delegated to the President of SEK 100m
- The Board has decided on the sale of three rental properties in Sweden and an additional property sale in Finland
- The Board of Directors has decided on the discontinuation of Business area Construction within JM Entreprenad AB
- The Board decided on short-term and long-term variable salary programs and proposed to the Annual General Meeting a convertible debenture program for all employees in Sweden
- The Board decided on JM's existing policies and guidelines and adopted a Data Protection Policy.

Duties of the Committees

The committees usually meet in conjunction with Board meetings or when necessary. Minutes are kept and shared with the Board of Directors and the auditors. Verbal accounts are provided at Board meetings about the topics discussed at committee meetings. There is no delegated right of decision with the exception of:

- The Compensation Committee, which approves salaries and other terms and conditions for Executive Management, excluding the President
- The Audit Committee approves fees and compensation to the external auditors for auditing work as well as the external auditor's provision of services other than auditing. The Audit Committee initiates more in-depth initiatives in selected areas or projects.

All Board members elected by the Annual General Meeting are also members in one or several committees. The Chairperson of the Board chairs the Compensation Committee. The Chairperson of the Audit Committee is Thomas Thuresson, and the Chairperson of the Investment Committee is Olav Line.

The Director of Human Resources reports for the Compensation Committee. Each business unit manager reports for the Investment Committee. The Chief Financial Officer reports for the Audit Committee. The President attends the meetings of the Compensation Committee and the Investment Committee.

Audit Committee

The Audit Committee has three members: Thomas Thuresson (Chairperson), Fredrik Persson and Annica Ånäs. The Committee held seven meetings during the calendar year.

The work of the Audit Committee during the year was primarily focused on:

- Review and analysis of financial statements, interim reports and Annual Report
- Quality assessment of internal control systems, control procedures, the Internal Audit and risk management
- Review of the audit plan of the external auditors and the Internal Audit in both the short-term and the long-term
- Preparation of the Corporate Governance Report and the Board of Directors' report on internal control of financial reporting
- Recommendation for the election of external auditors in consultation with Executive Management, the Board of Directors and the Nomination Committee prior to the Committee's recommendation for the Annual General Meeting
- Review and monitoring of the auditor's impartiality and independence regarding approval of fees and compensation to the auditors for auditing work as well as advance approval of the auditor's provision of services other than auditing
- Monitored the statutory audit
- Initiation of in-depth initiatives within select areas
- Progress reporting and review of areas or projects of special interest
- Reporting and presentation to the Board of Directors of observations noted during review sessions with auditors and management
- Otherwise completed the tasks placed on the Audit Committee according to applicable laws, ordinances and the Swedish Code of Corporate Governance.

Compensation Committee

The Compensation Committee has three members: Fredrik Persson (Chairperson), Eva Nygren and Kaj-Gustaf Bergh.

The Committee held four meetings during the calendar year.

The Compensation Committee's tasks during the year were to:

- Prepare recommendations for salary, pension benefits and other terms and conditions for the President of the Company
- Prepare recommendations relating to general principles for remuneration to all other employees, especially in terms of variable compensation
- Prepare recommendations for convertible program that will be presented to the Annual General Meeting
- Approve salary and other terms and conditions for the Executive Management (excluding the President), based on Board-approved general principles
- Evaluate current programs for variable compensation for Executive Management
- Evaluate the application of the guidelines for remuneration to Executive Management resolved by the Annual General Meeting as well as applicable remuneration structures and remuneration levels in the Company.

Board of Directors, CEO and Auditors



Fredrik Persson



Kaj-Gustaf Bergh



Kerstin Gillsbro



Olav Line

BORN	Born in 1968	Born in 1955	Born in 1961	Born in 1958
NATIONALITY	Swedish	Finnish	Swedish	Norwegian
SIZE OF HOLDING*	Shares in JM: 2,000	Shares in JM: 5,800	Shares in JM: 1,250	Shares in JM: 800
IN JM AS	- Board of Directors, Chair - Elected to the Board in 2017 - Compensation Committee, Chair - Audit Committee, Member - Attendance: ● 12 of 12 ● 4 of 4 ● 4 of 4 ● 6 of 7 - Total annual fees: SEK 1,000,000	- Board of Directors, Member - Elected to the Board in 2013 - Compensation Committee, Member - Attendance: ● 12 of 12 ● 4 of 4 - Total annual fees: SEK 400,000	- Board of Directors, Member - Elected to the Board in 2019 - Investment Committee, Member - Attendance: ● 6 of 12 ● 4 of 6 - Total annual fees: SEK 410,000	- Board of Directors, Member - Elected to the Board in 2017 - Investment Committee, Chair - Attendance: ● 11 of 12 ● 6 of 6 - Total annual fees: SEK 435,000
MEMBER'S INDEPENDENCE	The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.	The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.	The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.	The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.
EDUCATION	MSc. Econ., Stockholm School of Economics.	LL.M. and B.Sc. Econ.	MSc. Eng.	MSc. Eng. NTH (NTNU), Trondheim.
WORK EXPERIENCE	Long career at Axel Johnson AB, including as CFO and then as President and CEO. Previously at Aros Securities and ABB Financial Services.	15 years at Gyllenberg and SEB. 12 years as CEO of Föreningen Konstsamfundet in Finland.	Previously at NCC, most recently as the CEO of NCC Boende AB.	30 years of experience from the property industry in Norway and Scandinavia, such as CEO of Rom Eiendom AS, Steen & Strøm AS and Norwegian Property AS.
OTHER SIGNIFICANT ASSIGNMENTS	Chairman of the Board of the Confederation of Swedish Enterprise. Board member of AB Electrolux, Hufvudstaden AB, Interogo Holding AG, ICA Gruppen AB and Ahlström Capital OY.	Board member of Wärtsilä and Pensionsförsäkringsaktieföretaget Veritas.	CEO of Jernhusen AB since 2011. Board Member at Christian Berner Tech Trade AB, Förtroenderådet SNS and Sweden Green Building Council.	CEO of Mustad Eiendom AS

* Shareholdings pertain to personal holdings or a related natural or legal person's holdings of JM AB shares and other financial instruments as at 2/11/2020.

Employee representatives



Jan Strömberg
Employee representative
Born in 1959. MSc. Eng.
Member since 2015
Shares in JM: 2,000
Convertibles: SEK 1,204,177
Attendance: 11 of 12



Peter Olsson
Employee representative
Born in 1977. Carpenter.
Deputy since 2014, Member since April 2018
Shares in JM: 0
Convertibles: SEK 0
Attendance: 12 of 12



Jonny Änges
Employee representative
Born in 1962. Construction engineer.
Deputy since 2015
Shares in JM: 0
Convertibles: SEK 0
Attendance: 12 of 12.



Per Petersén
Employee representative
Born in 1970. Bricklayer.
Deputy since April 2018
Shares in JM: 0
Convertibles: SEK 0
Attendance: 11 of 12



Eva Nygren

Born in 1955

Swedish

Shares in JM: 1,000

● Board of Directors, Member
Elected to the Board in 2013
● Investment Committee, Member
● Compensation Committee, Member
Attendance: ● 12 of 12 ● 6 of 6 ● 4 of 4
Total annual fees: SEK 475,000

The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.

Architect, Chalmers University of Technology.

37 years of experience in the building and civil engineering industry, including as Director of Investment, Swedish Transport Administration, President and CEO of Rejlers and President of SWECO Sverige.

Chairperson of Brandkonsulten AB. Member of the Board of Udonor OY, Troax Group AB, Ballingslöv International AB, Nye Veier AS, Tyréns AB, Diös AB and NRC Group.



Thomas Thuresson

Born in 1957

Swedish

Shares in JM: 1,500

● Board of Directors, Member
Elected to the Board in 2016
● Audit Committee, Chair
Attendance: ● 11 of 12 ● 7 of 7
Total annual fees: SEK 460,000

The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.

MSc. Econ., Lund University. IMD (BPSE).

29 years in different positions within the Alfa Laval Group, for 26 years as CFO.

President of Tetra Laval Real Estate AB. Chairperson of Terratech Group AB. Member of the Board of Proact IT Group AB (publ), Solix Group AB and Skiold A/S.



Annica Ånäs

Born in 1971

Swedish

Shares in JM: 500

● Board of Directors, Member
Elected to the Board in 2019
● Audit Committee, Member
Attendance: ● 8 of 12 ● 5 of 7
Total annual fees: SEK 430,000

The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.

LL.M, B.Sc. Econ.

CFO of Atrium Ljungberg AB. CFO of Hemsö AB and auditor at Deloitte. Experience from other Board assignments, such as the Finnish listed property company Technopolis Oyj.

CEO of Atrium Ljungberg AB since 2016.



Johan Skoglund

Born in 1962

Swedish

Shares in JM: 50,000. Convertibles in JM: SEK 11,060,917

President and CEO of JM AB

MSc. Eng., KTH Royal Institute of Technology, Stockholm, 1986; MSc. Program, Stockholm School of Economics, 1998.

33 years in various positions, such as site engineer, project manager, regional manager and business unit manager. President and CEO since 2002.

Board Member of Castellum AB through Annual General Meeting 2020, Svenskt Näringsliv and Mentor Sverige.

Kia Orback Pettersson was a Member of the Board of Directors and the Audit Committee up to the Annual General Meeting and attended all Board meetings and meetings of the Audit Committee up to the Annual General Meeting. Åsa Söderström Winberg was a Member of the Board of directors and the Audit Committee and the Chairperson of the Investment Committee up to the Annual General Meeting and attended all Board meetings and Committee meetings up to the Annual General Meeting.

Secretary to the Board

Maria Bäckman

Chief Legal Counsel at JM AB

Born in 1973

Secretary to the Board of Directors since 2012

Shares in JM: 1,000

Convertibles: SEK 1,471,554

Auditors PricewaterhouseCoopers AB

Ann-Christine Hägglund

Authorized Public Accountant, Auditor-in-charge. Born in 1966. Other assignments: Auditor-in-charge at NCC, Bygghem and Business Sweden and others.

Fredrik Kroon

Authorized Public Accountant.

Born in 1985. Other assignments: Co-signing auditors in, for example, HSB Riksförbund and audit leader NCC within the business area Infrastructure.

The Annual General Meeting held in April 2019 elected PwC auditor of JM AB.

Investment Committee

The Investment Committee has three members: Olav Line (Chairperson), Eva Nygren and Kerstin Gillsbro.

The committee held six meetings during the calendar year.

The Investment Committee's duties during the year, within the framework of JM's order of delegation, have been to:

- Evaluate that the strategy for scope and focus pertaining to development properties and project properties is followed
- Prepare recommendations to purchase or sell development properties and project properties or shares and participations in companies as owner of such properties
- Prepare recommendations relating to investments in existing project properties
- Prepare recommendations relating to housing starts
- Prepare recommendations relating to external contract work.

MANAGEMENT AND COMPANY STRUCTURE

Executive management

JM's business is operationally divided into six business units. Each business unit manager reports directly to the President. In the financial reporting, JM Norway and JM Finland form the JM International business segment.

Executive Management comprises the President, all heads of business units and heads of group staffs, a total of ten people, and meets at least once a month. Management responsibility includes always working to ensure compliance with guidelines issued by the Board and the President.

The report structure is presented on the next side.

Governance and report structure

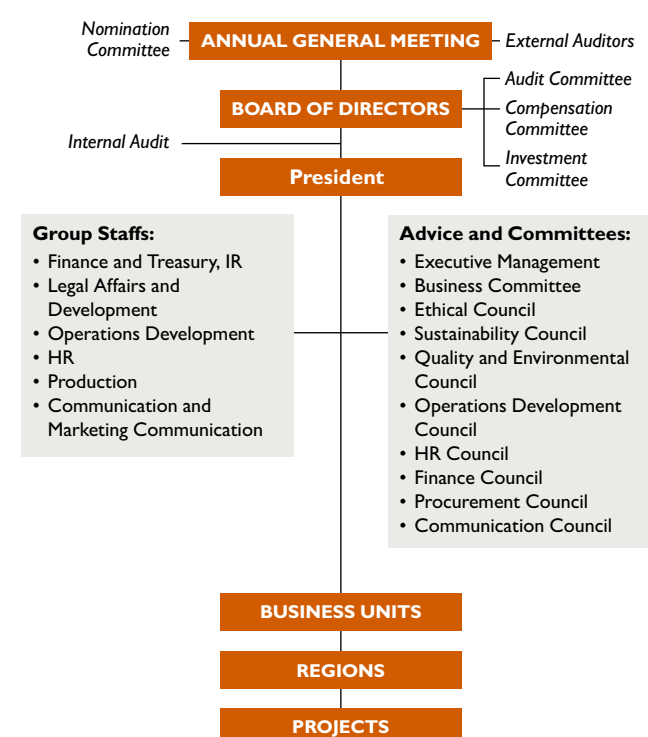
At JM, a large number of projects are in production at any given time. It is not unusual for a project to involve more than 100 people and have estimated volumes of more than SEK 100m.

Every project is run by a project manager who is responsible for the project's revenue and expenses. The project manager reports to the regional manager who is directly subordinate to the business unit manager. All these people have profit responsibility. The business unit manager is responsible for deciding the revenue level in the projects.

Decisions to begin work on a project are made by business unit management or Executive Management; for major projects such decisions are made by the Board. Follow-up of sold and reserved residential units takes place on a weekly basis, with reporting to the regional manager, business unit manager and President. Complete analyses and reconciliation of each project's revenue and expenses are performed every quarter. More intense monitoring routines have been introduced for large projects. The business unit manager and the regional manager/head of subsidiary present quarterly reports to the President, CFO and the person responsible for JM's Internal Audit function. Assessment data include the financial history of the project, future anticipated revenue and expenses and the current sales and reservations level.

The largest projects have special steering groups and are audited by JM's Internal Audit function and presented in the Audit Committee.

The governance structure can be seen below:



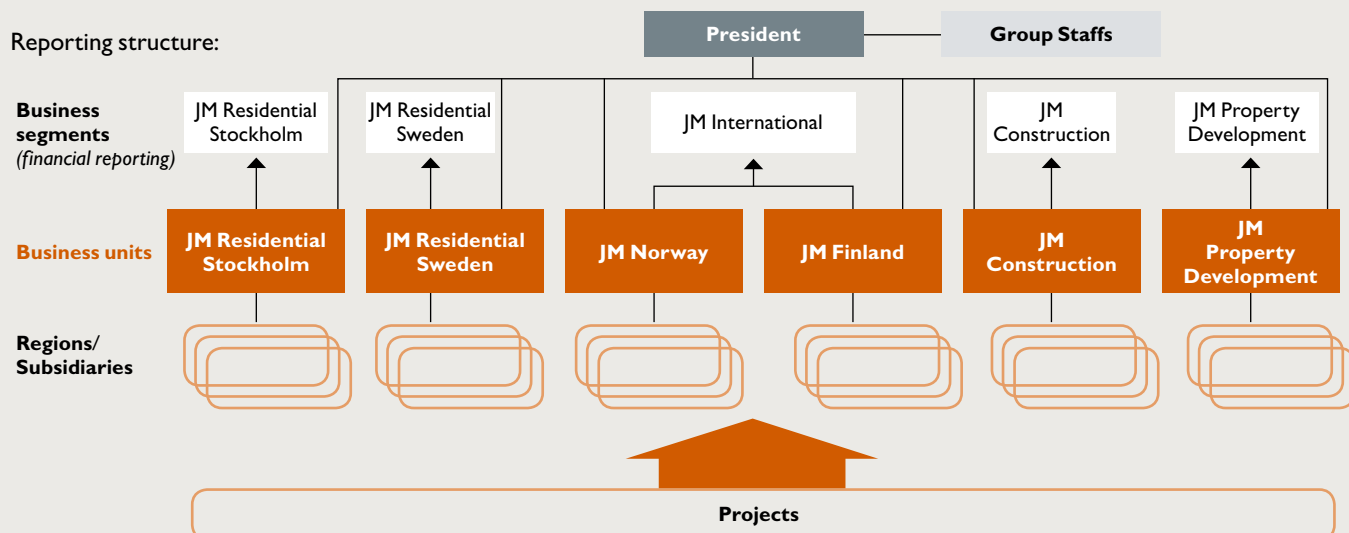
Order of delegation – President's right of decision

The Board has delegated to the President the right of decision for:

- Purchases and sales of development and project properties up to SEK 100m
- Investments in existing project property up to SEK 400m for implementation of housing projects, or SEK 200m for implementation of office projects
- Housing starts for residential projects, up to a total project expense of SEK 400m excluding the purchase price for the property and housing starts of individual stages up to SEK 400m
- Submission of tenders and if won signing external contracting contracts up to SEK 400m
- Raising of new loans that are not linked to acquisition of a property, up to a total of SEK 400m per year for loans with a maturity shorter than one year, up to a total of SEK 250m per year for loans with maturities between one and ten years.

The Board makes the decision in other cases. These amounts are chosen to meet the Board's needs to exercise control and management's need for freedom of action. The President has the right to further delegate some of the above decision rights. Matters requiring decisions are prepared in part by the Business Committee, consisting of business unit and regional managers from

Reporting structure:



the entire Group, and by the Executive Management. JM's operations as well as its governance and report structure are presented above.

CONTROL FRAMEWORK

Financial reporting

The President shall ensure that the Board receives progress reports on JM's operations, including JM's financial performance, financial position and liquidity as well as information about the status of larger projects and other significant events. These reports shall be of such a nature that the Board can make a well-informed evaluation. The financial reports the Board receives are presented in the Communication and Monitoring section on page 126.

The Board of Directors' description of internal control and risk management of financial reporting**Governance structure**

The Board has ultimate responsibility for establishing an effective internal control and risk management system. The responsibility for maintaining an effective control environment and regular work with internal control and risk management is delegated to the President. Risk management is an integrated part of decision-making at all levels within JM and incorporated as a natural element in JM's business processes.

For a detailed description of JM's risk management procedures please refer to pages 32–35 and 79.

The Board has placed particular focus on effective control structures. The quality of JM's processes and systems for ensuring good internal control is based on the control environment, which includes the Board's adopted rules of procedure and instructions for financial reporting. The Audit Committee facilitates closer contact between the Board and the external auditors and Internal Audit, enabling the Board and its committees to learn about the Company's financial position in different ways. The Audit Committee meets four to five times a year. The external auditors also participate in Board meetings twice a year.

The main task of JM's central Internal Audit function is to examine the suitability of the operation and its efficiency by checking compliance with business-critical requirements in JM's Operations System. JM's Operations System is a comprehensive process-oriented work structure with the purpose of ensuring the efficiency of JM's business processes. The Internal Audit has the special task of examining the financial risks associated with larger projects. The Board ensures that JM has solid project and financial management through the work of Audit Committee.

As part of the objective to develop standardized working methods and processes within the Group, work is ongoing to achieve Structured Project Development (see page 30 for more information). JM's management and support processes are regularly reviewed as a means to further systematize JM's structural capital in the form of processes, documentation and systems, thus facilitating the work of all employees.

A Code of Conduct has been implemented for JM employees. Its objective is to clarify and provide guidance for the values that should be followed at JM. The Whistleblower Function ensures the reporting of suspected irregularities, and the Ethical Council provides guidance in the event of difficulties interpreting the ethical guidelines and JM's Code of Conduct.

A plan was implemented earlier for the follow-up of compliance with JM's Code of Conduct for suppliers.

Control environment

JM's core values and corporate culture comprise the basis of internal controls with respect to financial reporting. Control environment refers to both the infrastructure with system support that was built for internal control and governance as well as JM's core values. The control environment consists, for example, of the organization, channels for decisions, authorities and responsibilities documented and communicated in normative documents such as internal policies, guidelines, manuals and codes. Examples include the allocation of duties between the Board and the President and other bodies the Board establishes, the order of delegation and authorization regulations, instructions for approval powers and accounting and reporting instructions.

Risk assessment

The Company applies a method or process for risk assessment and risk management to ensure that those risks to which the Company is exposed are managed within the established frames and that the risks are handled within the framework of existing processes/systems. JM's Operations System, which describes JM's business from a process perspective with established business-critical requirements, along with procedures for control, monitoring and follow-up of projects, comprises an important element of risk management.

Control activities

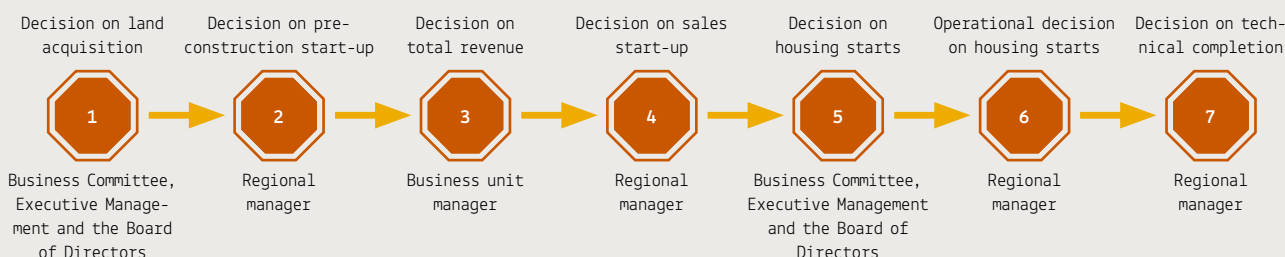
The risks identified with respect to financial reporting are managed via the Company's control activities, which are documented in process and procedure descriptions. These are in JM's Operations System, which governs a unified process and the use of a common business system. The purpose of control activities is to continually improve while preventing, detecting and correcting errors and deviations.

Examples of control activities in which risk assessments are managed:

- The Operations System that documents the operation's processes and established business-critical demands
- Project reviews before initiating acquisitions, pre-construction, production and sales starts
- Business committee meetings and Group Executive Management meetings preparing for investments in properties and initiation of residential production projects. Business unit managers, heads of corporate staff units and regional managers/subsidiary managers participate at these meetings (monthly)
- Forecast reviews with business unit managers (quarterly)
- Close monitoring of large projects at which the President, CFO, head of the Internal Audit, business unit managers and regional managers/subsidiary managers participate (quarterly)
- Group management meetings in larger projects (quarterly)
- Board meetings at subsidiaries
- The Internal Audit's review and control of the business-critical requirements and review of the economic risks in the larger projects (ongoing)
- Special review of compliance with JM's Code of Conduct for suppliers through, for example, on-site visits
- The Whistleblower Function ensures systematic and professional management of reported irregularities
- Ethical Council, which provides guidance in the event of difficulties interpreting the ethical guidelines and JM's Code of Conduct.

The decision process can be seen below:

DECISION GATES IN STRUCTURED PROJECT DEVELOPMENT



Communication and Follow-up

The Company has implemented information and communication channels to encourage completeness and accuracy in financial reporting; for example, by notifying concerned personnel about normative documents such as internal policies, guidelines, manuals and codes for financial reporting through JM's Intranet and Operations System.

The external auditors report their audit of internal control to the Board once a year in connection with the reporting in the third quarter.

JM's principal normative documents are the Rules of Procedure for the Board of Directors, Instructions for the Allocation of Duties between the Board and the President, Instructions for Financial Reporting and JM's Authorization Regulations.

Other normative documents such as policies, guidelines, instructions and manuals for financial reporting are available on JM's Intranet as well as in the Operations System.

The most important documents for financial reporting are:

- JM's Authorization Regulations
- Schedule and instructions for forecasts and financial statements
- Financial statement and forecast processes
- Instructions for purchases and sales
- Treasury Policy
- Controlling within JM
- Accounting principles
- Procedure descriptions.

The Board of Directors receives financial reports in conjunction with the interim reports.

In addition to the outcome and forecast reports, the Audit Committee receives financial audit reports for larger projects. In connection with the delegation rules, the Board of Directors/Investment Committee receive regular estimates regarding acquisition and project investments and purchases/sales of properties. In addition, the Board of Directors' various Committees serve an important function in follow-up of activities.

The Board follows up and continuously reviews internal control to ensure that it works satisfactorily through the Company's central Internal Audit function. The results of the conducted audits and proposals for any measures that need to be taken are regularly reported to the Audit Committee. The Board of Directors also receives the opinions from the Company's external auditors.

REMUNERATION PRINCIPLES

Remuneration to the Board of Directors and Executive Management

Following a proposal from the Nomination Committee, the 2019 Annual General Meeting decided on fees to the Board Members who are not employed by the Company as follows:

- remuneration will be SEK 840,000 to the Chairperson of the Board of Directors and SEK 335,000 to regular Board members who are not employed by the Company;
- remuneration for work in the Audit Committee will be SEK 125,000 to the Chairperson and SEK 95,000 to the members;
- remuneration for work in the Investment Committee will be SEK 100,000 to the Chairperson and SEK 75,000 to the members;
- remuneration for work in the Compensation Committee will be SEK 65,000 to the Chairperson and each member.

Recommendations for remuneration guidelines for JM's Executive Management and other persons in the Company's management will be presented for resolution at the 2020 Annual General Meeting. The Board of Directors will decide on salary, pension benefits and other remuneration for the President, and the Compensation Committee decides on such matters for the Executive Management excluding the President. Information about remuneration guidelines for JM's Executive Management can be found in the Board of Directors' Report on page 76. Information about remuneration to the President and Executive Management can be found in Note 3 on page 92 of the Group Notes.

About 500 of JM's managers and leaders, including the President and Executive Management, are covered by a performance-based part of the salary system. The total salary comprises a basic and a variable component with a maximum result for the variable component that, depending on position, varies between one and five monthly salaries. In addition to the financial result of the operations, which carries the greatest weight, the variable salary component is also based on individual target fulfillment, work environment targets and the Customer Satisfaction Index. The principle is that the basic salary combined with a normal result for the variable component should result in a competitive salary. A long-term variable remuneration program is available to 20 to 30 key staff members in addition to the Executive Management.

2019 Convertible program

The 2019 Annual General Meeting resolved that JM would raise a debenture loan with a maximum nominal value of SEK 160,000,000 by issuing a maximum of 700,000 convertible debentures aimed at all employees in Sweden. The purpose of the 2019 Convertible Program is to enhance and strengthen the employee's interest in JM's operations and future financial performance through an ownership commitment. Increased employee motivation and participation in JM's operations is in the interest of the Company, the employees and existing shareholders.

Upon expiry of the subscription period, the loan amounts to about SEK 33m through the issue of approximately 153,800 convertible debentures. In accordance with IAS 32, the liability and equity components of the convertible debenture loan are reported separately, which means that the debenture loan is initially reported in the balance sheet as a liability with the nominal amount excluding the equity component. The convertible debenture loan was settled against cash in June 2019.

The subscribed convertible bonds may be converted to one ordinary share at a price of SEK 212. Conversion of convertible bonds may occur during the period from June 1, 2022, through April 21, 2023, with the exclusion of the period January 1 through the record date for dividends each year, or if the Annual General Meeting should not resolve on a dividend one year, the date that falls three banking days after the Annual General Meeting.

Through conversion of convertibles, JM's share capital could increase by a maximum of SEK 153,778 through the issue of a maximum of 153,778 ordinary shares, each with a par value of SEK 1. This corresponds to dilution of about 0.2 percent of the shares and votes in the Company.

The convertible debenture loan falls due for payment on Monday, May 22, 2023, insofar as conversion has not already been undertaken.

Stockholm, February 11, 2020
Board of Directors

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders of JM AB, corporate identity number 556045-2103.

Engagement and responsibility

The Board of Directors is responsible for the Corporate Governance Report for the year 2019 on pages 118–127 and that it has been prepared in accordance with the Annual Accounts Act.

Scope of the examination

Our examination has been conducted in accordance with FAR's standard RevU 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 our review provides a reasonable basis for our opinion set out below.

Opinion

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

Stockholm, February 20, 2020

PricewaterhouseCoopers AB

Ann-Christine Hågglund
Authorized public accountant
Auditor-in-charge

Fredrik Kroon
Authorized public accountant

Executive Management



Johan Skoglund



Martin Asp



Sören Bergström



Maria Bäckman



Per Lundquist

IN JM AS	President and CEO	Business Unit Manager JM Norway and JM Finland. President of JM Norge AS	Business Unit Manager JM Construction	Chief Legal Counsel, Legal Affairs and Development	Director of Operations Development
EMPLOYED IN	1986	1996	1988	2000	2016
JOINED EXECUTIVE MANAGEMENT	2000	2011	2001	2012	2016
SHARES IN JM*	50,000	6,295	5,000	1,000	3,000
CONVERTIBLES IN JM	SEK 11,060,917	SEK 2,827,082	SEK 1,144,542	SEK 1,471,554	SEK 2,827,082
BORN	1962	1973	1956	1973	1967
EDUCATION	MSc. Eng., KTH Royal Institute of Technology, Stockholm, 1986; MSc. Program, Stockholm School of Economics, 1998.	MSc. Eng., LTU, 1997. MSc. Program, Stockholm School of Economics, 2000. BA Economics, Stockholm University, 2010.	MSc. Eng., KTH Royal Institute of Technology. MSc. Program, Stockholm School of Economics, 1996. Executive Management Program, Stockholm School of Economics, 2001.	LL.B., Stockholm University, 1997.	MSc. Eng., Institute of Technology at Linköping University, Applied Physics and Electrical Engineering, 1993.
PREVIOUS POSITIONS	33 years in various positions, such as site engineer, project manager, regional manager and business unit manager. President and CEO since 2002.	Foreman, pre-construction manager and project manager at JM and President of Kvarnholmen Utveckling AB.	Project Manager, President of three different subsidiaries and regional manager. Business Unit Manager, JM Production, 2002–2006. Business Unit Manager, JM Residential Sweden, 2007–2017. Director of Purchasing 2018. President JM Construction AB 2019.	Trainee Lawyer, Advokatfirman Lindahl. Clerk, District Court of Uppsala.	Senior Vice President Operations at Cramo AB. Toyota Material Handling Europe and Toyota Industries and Cap Gemini.
OTHER SIGNIFICANT ASSIGNMENTS	Board Member of Castellum AB through Annual General Meeting 2020, Svenskt Näringsliv and Mentor Sverige.				

* Shareholdings as of 2/11/2020.



Susanne Persson

Business Unit Manager JM Residential Sweden



Helena Söderberg

Director Human Resources



Pär Vennerström

Business Unit Manager JM Residential Stockholm and Business Unit Manager, JM Property Development



Anders Wimmerstedt

Production Director (Production, Central Purchasing, Logistics and Work Environment)



Claes Magnus Åkesson

Chief Financial Officer and Head of Investor Relations

2013	2010 **	2001	1984	1998
2018	2010	2014	2018	1998
1,857	1,300	4,000	0	27,774
SEK 339,750	SEK 300,905	SEK 0	SEK 817,530	SEK 7,523,433
1969	1967	1974	1964	1959
MSc Eng., Faculty of Engineering LTH at Lund University, 1992. Bachelor of Science Ecole National de Ponts et Chaussées Paris.	Degree in Human Resources, Uppsala University, 1991.	MSc. Eng., KTH Royal Institute of Technology, Roads and Water, 1999. Executive Management Program, Stockholm School of Economics, 2015.	Construction engineer. Executive Management Program, Stockholm School of Economics, 2017.	MSc. Econ., Stockholm School of Economics, 1984. Advanced Management Programme, INSEAD, France.
Skanska Group as trainee, project engineer and regional manager. PEAB Sweden as regional manager: Regional Manager, South Region, JM Residential Sweden, 2013–2017.	Nordic HR Director Alstom Transport and various HR positions within the Skanska Group.	Project Manager, Regional Manager Stockholm North-west, 2008–2009, Regional Manager Stockholm South, 2009–2014.	35 years in various positions at JM, including project manager, work supervisor and production manager. Since 2011 the Head of Residential Production Stockholm with overall responsibility for the development of production operations in JM Residential.	Ericsson Group, 1987–1998: Senior Controller Asia, Head of Finance and Treasury Malaysia and Region Controller Asia.
				Board member of Concentric AB and Handicare AB.

** Employed through July 2020.

Gradually raised dividend to shareholders

SHARE CAPITAL

The JM share is listed on Nasdaq Stockholm, Large Cap segment. The share capital amounts to SEK 69.6m, represented by 69.6 million shares, each with a par value of SEK 1 and equal voting rights.

GOAL FOR SHAREHOLDER VALUE

JM's shareholders will receive a higher total return, the total of the dividend and increased value, than shareholders in companies with a similar risk profile and business activities.

SHARE PRICE TREND AND RETURN

The JM share is included in the "SX8630 Real Estate Investment & Services" Index of Nasdaq Stockholm. During 2019, the JM share price increased by 60 percent compared to an increase of 59 percent for SX8630. The general index on the Nasdaq Stockholm Stock Exchange, OMX Stockholm PI, increased by 30 percent in 2019. The highest listed price for the JM share during the year was SEK 282.90 on December 27 and the lowest was SEK 162.35 on March 29. Dividend yield, proposed dividend in relation to the market price at the end of the year, was 4.5 percent (6.9). Total return in 2019 was 67 percent (–2).

TRADING AND MARKET CAPITALIZATION

JM shares were traded for a value of SEK 22.5bn (31.9) in 2019. Average daily trading was about SEK 90m (128). The turnover rate, the liquidity of the share, was 151 percent (260). The Company's market capitalization amounted to SEK 19.3bn (12.0) at the end of the year.

OWNERSHIP STRUCTURE

The number of shareholders as of December 31, 2019, was 20,383 (20,607). The ten largest shareholders accounted for 59.5 percent (46.5) of capital. Foreign shareholders represent 52.4 percent (54.6) and Swedish shareholders 47.6 percent (45.4) of the capital.

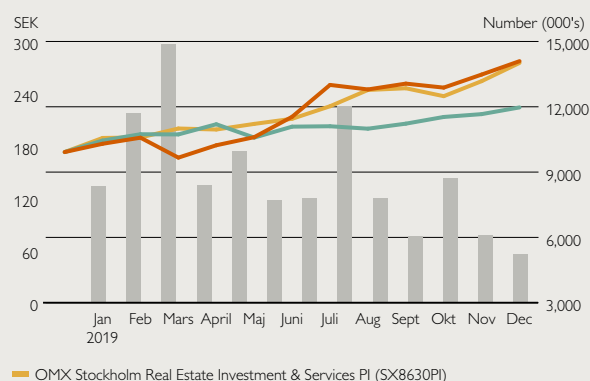
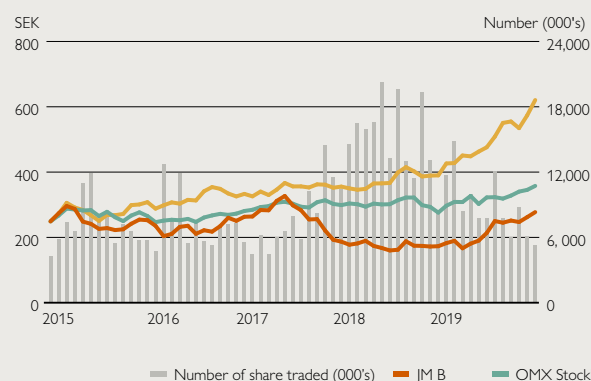
DIVIDEND POLICY

Over time, the dividend should reflect the earnings trend in total operating activities. The average dividend over a business cycle should correspond to 50 percent of consolidated profit after tax. Capital gains from property sales are a natural part of JM's project development operations and are therefore included in the calculation of dividends. The proposed dividend for 2019 amounts to SEK 12.50 (12.00) per share.

Total return, %	2019	Average per year 2015–2019	Average per year 2010–2019
JM	67	7	13
Nasdaq Stockholm	35	11	12
Total return JM, 2009–2018		%	Index
2019		67	333
2018		–2	199
2017		–25	202
2016		7	271
2015		5	252
2014		41	241
2013		62	171
2012		9	105
2011		–26	96
2010		30	130
1/1/2010		–	
Average, 5 years		7	
Average, 10 years		13	

Transfer to shareholders, SEK m	Dividend	Buy-back	Total
2010	208	–	208
2011	375	–	375
2012	542	359	901
2013	537	517	1 054
2014	558	500	1 058
2015	600	500	1 100
2016	602	500	1 102
2017	675	500	1 175
2018	765	–	765
2019	835	–	835
Total	5,697	2,876	8,573

SHARE PRICE DEVELOPMENT



SHARE DATA – SEGMENT REPORTING

SEK per share

	2019	2018	2017	2016	2015
Share price as of 12/31	277.40	173.00	186.90	263.20	252.70
Highest/lowest price paid during the year	282.90/162.35	212.60/144.55	336.50/184.20	263.20/179.40	314.80/201.60
Dividend yield as at 12/31 (%)	4.5	6.9	5.9	3.6	3.3
Market capitalization as at 12/31 (SEK m)	19,302	12,038	13,005	18,805	18,597
Diluted earnings per share	22.50	20.60	31.00	21.20	15.50
Development properties					
Market value	224	220	212	197	153
Carrying amount	128	119	108	100	96
Project properties					
Market value	25	29	19	12	7
Carrying amount	20	23	15	8	5
Interest-bearing net liabilities	6	8	-11	6	16
Shareholders' equity (reported)	105	98	89	72	63
Dividend	12.50 ¹⁾	12.00	11.00	9.50	8.25
Dividend in % of earnings per share	56	58	35	45	53
P/E ratio as at 12/31	12	8	6	12	16
Number of shares as at 12/31	69,583,262	69,583,262	69,583,262 ²⁾	71,448,330 ³⁾	73,594,000 ⁴⁾
Average number of shares, basic	69,583,262	69,583,262	70,642,592	72,526,479	74,601,637
Average number of shares, diluted	69,595,557	69,836,391	70,844,023	72,725,820	74,846,482

¹⁾ Proposed by the Board of Directors

²⁾ 1,476,421 repurchased shares not included

³⁾ 1,604,657 repurchased shares not included

⁴⁾ 1,579,524 repurchased shares not included

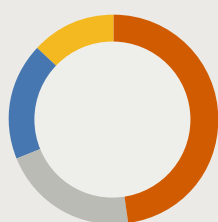
OWNERSHIP STRUCTURE AS AT 12/31/2019

Size of holding	Number of share-holders	% of all share-holders	Total number of shares owned	% of share capital
1 – 500	17,432	85.5	1,786,552	2.6
501 – 1,000	1,466	7.2	1,193,826	1.7
1,001 – 5,000	1,133	5.6	2,540,443	3.7
5,001 – 20,000	217	1.1	2,184,532	3.1
20,001 – 100,000	77	0.4	3,877,864	5.6
100,001 –	58	0.3	58,000,045	83.4
Total	20,383	100.0	69,583,262	100.0

CHANGE IN SHARE CAPITAL 2015–2019

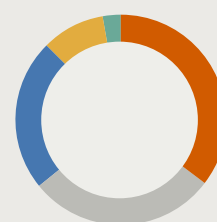
Year	Redemption repurchased shares, SEK m	Utilization convertible program, SEK m	Number of shares	Par value/share	Share capital, SEK m
2015	-2.1	0.1	75,173,524	SEK 1	75.2
2016	-2.2	0.0	73,052,987	SEK 1	73.0
2017	-2.0	0.0	71,059,683	SEK 1	71.0
2018	-2.4	0.0	69,583,262	SEK 1	69.6
2019	0.0	0.0	69,583,262	SEK 1	69.6

DISTRIBUTION OF OWNERSHIP BY COUNTRY



● Sweden, 48%
 ● Norway, 21%
 ● USA, 18%
 ● Other/Anonymous, 13%

DISTRIBUTION OF OWNERSHIP BY CATEGORY



● Swedish institutional investors, 35.4%
 ● Foreign institutional investors, 28.8%
 ● Other shareholders¹⁾, 23.4%
 ● Swedish private persons, 9.7%
 ● Anonymous ownership, 2.7%

¹⁾ Of which approximately 21% foreign ownership

LARGEST SHAREHOLDERS

	Share capital, %
OBOS BBL	20.4
Länsförsäkringar Fonder	7.9
BlackRock	6.1
Swedbank Robur Fonder	5.6
Handelsbanken fonder	5.1
Dimensional Fund Advisors	4.2
AFA försäkring	3.1
Vanguard	2.8
Pensionskassan SHB Försäkringsförening	2.2
XACT Fonder	2.1
Other shareholders	40.5
Total	100.0

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as at December 31, 2019.

The numbers have been rounded.

Number of shareholders: 20,383

Number of shares: 69,583,262

As per December 31, 2019, approximately 52 percent of the total share capital was owned by foreign investors.

JM's Annual General Meeting

Shareholders in JM AB are hereby invited to attend the Annual General Meeting to be held at 4 p.m. on Thursday, March 26, 2020, at JM's head office, Gustav III:s boulevard 64 in Solna, Sweden.

REGISTRATION

Shareholders who wish to participate at the Meeting must be entered in the register of shareholders maintained by Euroclear Sweden AB by Friday, March 20, 2020, and must have informed the Company of their intention to participate by Friday, March 20, 2020, using one of the following channels:

JM AB's website: www.jm.se/en (only for private individuals)
 Mail: Computershare AB, "JM AB AGM"
 Box 5267, SE-102 46 Stockholm, Sweden
 Telephone: +46 (0)8 518 01 551

In order to be entitled to participate at the Meeting, shareholders whose shares are registered in the name of a nominee must request that their shares be registered in their own name in the register of shareholders. This registration, which may be

temporary, must be effected by Friday, March 20, 2020. Admission cards to the Annual General Meeting will be sent out.

DIVIDEND

The Board of Directors proposes that a dividend of SEK 12.50 per share be paid to shareholders. The proposed record date for the dividend is Monday, March 30, 2020. If the Annual General Meeting resolves to adopt the recommendation the dividend will be sent by Euroclear Sweden AB on Thursday, April 2, 2020.

FINANCIAL CALENDAR

March 26	Annual General Meeting
April 28	Interim report January–March 2020
July 14	Interim report January–June 2020
October 22	Interim report January–September 2020

The reports are available in Swedish and English at jm.se/investors. They can also be ordered from JM AB, Finance and Treasury, Tel. +46 (0)8 782 87 00.

JM AB (publ), CIN 556045-2103, domiciled in Stockholm.

Accounting principles for sustainability, references and results

JM describes its work with sustainability and reports on fulfillment of financial, environmental and social goals and indicators through a sustainability report that is part of the annual report. The Sustainability Report has been prepared according to both GRI Standards at the core level and the new requirements on sustainability reports in the Annual Accounts Act (1995:1554) and presents the achieved results for the accounting period given our commitments, strategies and sustainability governance. The aim of the report is to present, measure and take responsibility for what we have achieved in our work toward sustainable development with respect to both our internal and external stakeholders. Within JM's organization, the Sustainability Council, which is headed by the CEO, is responsible for the Sustainability Report. JM's Board of Directors issues the report.

SCOPE OF THE REPORT

The Sustainability Report refers to the 2019 financial year and encompasses the operations of the entire Group, including subsidiaries. JM's ambition is to provide a comprehensive account of its sustainability work and clearly present both negative and positive developments. The sustainability work draws on the policies and guidelines governing the manner in which the business is conducted based on our collaborations, for example Global Compact. We perform a materiality analysis to determine the issues that are most important and thus should be included in the work and the report taking into consideration JM's operations and our external and internal stakeholders. The GRI Indicators that are included in the report are listed with a page reference in a GRI index on pages 137–139.

More detailed information regarding calculation models, standards, limitations and assumptions used in the report are available at jm.se/sustainability.

MATERIALITY ANALYSIS

The materiality analysis is a method used to identify the issues within sustainability that are essential for the Company. It is based on a compilation of information from in-depth interviews with key staff members, survey responses from identified stakeholders, internal investigations and standards, de facto standards and legislative requirements in the area of sustainability. The information is evaluated based on the opportunities and risks for long-term value creation both within JM and in our surroundings. The results of the analysis are called JM's significant sustainability aspects. These form the basis for our sustainability work and what is reported.

SUSTAINABILITY REPORT

JM presents its Sustainability Report for 2019 in accordance with the requirements set out in the Annual Accounts Act according to the following:

The company's business model	Value generation in JM's business (page 24–26)
Policies	JM's aspects and governance within sustainability (page 135)
Significant risks, risk management	Risks and opportunities (pages 32–35, 79)
Results	JM's Group-wide targets (page 39), Facts and KPIs (pages 136–137), Sustainable purchasing and supply chains (pages 50–51), Responsible decisions at all levels (page 52)

The Sustainability Report includes all of JM's subsidiaries.

Stockholm, February 11, 2020
Board of Directors

Auditor's statement on the statutory sustainability report

To the general meeting of the shareholders in JM AB, corporate identity number 556045-2103

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2019 on the pages set out above and for that it has been prepared in accordance with the Annual Accounts Act.

Scope of the examination

Our examination has been conducted in accordance with FAR's recommendation RevR 12 The auditor's statement on the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and 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 a sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, February 20, 2020
PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorized Public Accountant
Auditor-in-charge

Fredrik Kroon
Authorized Public Accountant



STAKEHOLDER ENGAGEMENT

Stakeholder group	How we work	Examples of important aspects	How important aspects are handled	Link to JM's material sustainability aspects
Customers – existing and potential	• Customer surveys • Customer meetings • Occupancy surveys • Focus groups • At-home interviews • Web panels • Strategic intelligence • Market surveys	• Location • Safety and security • Good public transportation • Attractive green areas • Storage • Kitchen and bathroom • Choice of materials	These issues are handled in our project development process: • During land acquisition • During the planning process • During pre-construction • During purchasing	• Product responsibility • Resource efficiency • Small environmental impact
Employees – existing	• Personal development discussions • Code of Conduct game • Internal training, communication and dialogue • Employee survey • Work Environment Week • Improvement projects	• Sustainability • Company culture and ethics • Skills development • Gender equality • Work environment and job satisfaction • Health • Benefits	These issues are handled in our HR process: • Skills development • Work environment and health • Sustainability policy • JM's Code of Conduct • Ethical guidelines • Gender equality plan • Pension, insurance and other benefits	• Ethics and value creation • Work environment • Diversity and equal opportunity • Skills • Resource efficiency • Small environmental impact
Employees – potential	• Internships • Trainee program • Thesis projects • Cooperation with schools and universities • Labor market days • Recruitment	• Sustainability • Company culture and ethics • Skills development • Gender equality • Work environment and job satisfaction • Health • Benefits	These issues are handled in our HR process: • Skills development • Work environment and health • Sustainability policy • JM's Code of Conduct • Ethical guidelines • Gender equality plan • Pension, insurance and other benefits	• Diversity and equal opportunity • Skills • Small environmental impact
Shareholders and Investors	• One-on-one meetings • Telephone meetings • Analyst meetings • Ongoing communication • Capital Markets Day	• Company and product development • Value creation • Investments • Risk management • Work environment • Environment and sustainability • Markets and customers • Business ethics	These issues are handled in our communications planning	• Ethics and value creation • Product responsibility • Responsible suppliers • Work environment • Diversity and equal opportunity • Skills • Resource efficiency • Small environmental impact
Partners/ Suppliers	• Contract meetings • Supplier collaboration • Development projects • Questionnaires • Supplier inspections • Factory inspections • Workshops about the future • Urban Development days	• Social responsibility in the supply chain • Hazardous substances • Resource efficiency • Waste management • Environmental impact • Work environment • Delivery precision • Quality • Cooperation • Development work	These issues are handled in our purchasing process, our communications work and our process for sustainable supply chains	• Ethics and value creation • Product responsibility • Responsible suppliers • Work environment • Resource efficiency • Small environmental impact
Society – Officials and Politicians	• Municipal dialogues • Project meetings • Person-to-person meetings • Urban Development days • Mentor Sverige	• Social sustainability • Climate and energy • Transports and logistics • Contaminated soils • Waste management • Green and blue structures • Urban development issues	These issues are handled in our project development process: • During land acquisition • During the planning process • During pre-construction	• Ethics and value creation • Product responsibility • Responsible suppliers • Work environment • Resource efficiency • Small environmental impact
Special interest organizations	• Business networks • Industry forums • Development projects • Membership • Ongoing dialogue	• Solar panels • Climate and LCA • Certification and labeling • Chemicals and hazardous substances • Contaminated soils • Environmental issues	These issues are handled by our cooperation work based on our sustainability policy and our sustainability strategy	• Product responsibility • Resource efficiency • Small environmental impact

JM's ASPECTS AND TARGETS IN SUSTAINABILITY

Material sustainability aspects	Why material	Scope of aspect	Governance	Follow-up	Follow-up through GRI indicator	Scope of GRI indicator
Ethics and value creation (Sustainability governance – financial performance)	JM's long-term profitability is fundamental for long-term value creation in JM	JM creates value and ensures responsibility in the supply chain, in its own operations and at subcontractors	Ethical guidelines Code of Conduct Targets Financial governance Risk management (see Risks and risk management) Incident reporting Tax policy	Economic reporting Incident reporting	201-1 Direct economic value generated and distributed	Value: Entire Group Ethics: Entire supplier chain
Product responsibility (Sustainability governance – marketing and labeling)	JM develops residential units and residential areas that have a long life cycle and many stakeholders. Therefore, it is important that JM take responsibility for its products given the expectations and requirements of the stakeholders	JM has an impact on the design of housing and residential areas. This impact arises in the supply chain, its own operations, at subcontractors and in operations and management	Sustainability policy Quality policy Sustainability targets Quality control Sales staff and interior designers for projects in ongoing dialogue with customers Operational and maintenance instructions Resident information Environmental documentation of material choices Customer surveys are conducted regularly and compiled on an annual basis (see Customer Needs) Aftermarket service that handles customer feedback Customer advocate	JM's operations program and KPIs	417-1 Requirements for product and service information and labeling	Proprietary housing development in the entire Group
Responsible suppliers (Sustainability governance – social assessment of suppliers)	JM buys and uses large quantities of materials and construction goods. It is strategically important that they are manufactured under responsible conditions	JM contributes to the impact in the role of employer and customer. The impact arises in the supply chain and at subcontractors	Sustainability policy Supplier Code of Conduct Sustainability targets JM's purchasing process JM's procedures for its sustainability assessment and sustainability audit	Sustainability assessment Sustainability audits	414-1 New suppliers that were screened using social criteria	Supply chains and subcontractors with framework agreements in the entire Group
Work environment (Sustainability governance – work environment and safety)	JM's building operations consist of a work environment that has many different risks for accidents and work-related injuries	JM is responsible for the design and coordination of its own construction sites, where risks and the impact arise	Employee policy Code of Conduct Sustainability targets JM's systematic work environment measures Environmental product database Anti-drug program at JM's workplaces Corporate health care	Accident and injury statistics Neatness and order audit Internal Audit	403-9 Types of injury and rates of injury, lost days, and absenteeism, and number of work-related fatalities	Sweden and Norway
Equal opportunity and diversity (Sustainability governance – diversity and equal opportunity)	A long-term personnel policy is based on the protection of equal opportunity and diversity	The impact arises in the entire supply chain. JM is responsible for the design of its own operations	Employee policy Code of Conduct Equality plan Sustainability targets Recruiting procedures	Mapping of equality	405-1 Diversity of governance bodies and employees	Entire Group
Competence (Sustainability governance – training)	We believe a long-term employee policy should be a workplace that allows people to develop and contribute to long-term value creation	JM's own operations	Employee policy Code of Conduct Sustainability targets Job structure Procedures for competence development	Registration of skills and skills development	404-2 Programs for upgrading employee skills and transition assistance programs	Entire Group
Resource efficiency (Sustainability governance – waste)	It is strategically important that JM's operations, which are material-intensive, strive to use resources efficiently	The impact arises in the entire supply chain, including contractors and customers. JM is responsible for the governance of its own operations	Environmental policy Sustainability targets JM's procedures for project design, purchasing and production management	Environmental KPIs Waste statistics	306-2 Waste by type and disposal method	Housing development in Sweden
Small climate impact (Sustainability governance – energy and emissions)	It is strategically important that JM's operations, which generate direct and indirect emissions of greenhouse gases, strive to have a minimal impact on the climate	The impact arises in the entire building's life cycle. JM is responsible for governance of its own operations and indirectly to suppliers and customers	Environmental policy Sustainability targets JM's procedures for project design, purchasing and production management	Environmental KPIs Climate calculations Fuel statistics Energy statistics	305-1 Direct GHG emissions (Scope 1) 305-2 Indirect GHG emissions (Scope 2) 305-3 Indirect GHG emissions (Scope 3) CRE1 Building energy intensity CRE3 Greenhouse gas emissions intensity from buildings CRE4 Greenhouse gas emissions intensity from new construction	Housing development in Sweden

FACTS AND KPIS FOR SUSTAINABILITY

		2019	2018	2017
ETHICS AND VALUE CREATION, Group 201-1				
Direct economic value generated	Revenue (Segment reporting), SEK m	15,692	16,161	17,008
Direct economic value distributed	Production and operating costs, etc., SEK m (Note 2)	-11,426	-12,063	-12,520
	Wages, salaries, other remuneration and pension costs, SEK m (Note 3)	-1,777	-1,738	-1,660
	Financial income, SEK m (Note 7)	6	10	279
	Financial expenses, SEK m (Note 7)	-86	-79	-69
	Expensed tax and social security expenses, SEK m (Note 8)	-839	-853	-844
	Proposed dividend/dividend, SEK m	-870	-835	-765
Direct economic value retained	SEK m	700	603	1,429
RESPONSIBLE SUPPLIERS, 414-1				
Sustainability assessment	Percentage of new suppliers that were screened	100%	100%	100%
WORK-RELATED INJURIES, Sweden, Norway, 403-9				
Injuries ¹⁾	Number of work-related injuries (regardless of absence due to illness)	326 (JM) 69 (subcontractors)	375 (JM) 126 (subcontractors)	270 (JM) 101 (subcontractors)
Injury rate ¹⁾	Frequency of work-related injuries (regardless of absence due to illness) per million working hours	73.2 (JM) No statistics (subcontractors)	92.9 (JM) No statistics (subcontractors)	71.2 (JM) No statistics (subcontractors)
Lost day rate	Total number of leave-of-absence days due to occupational injuries relative to total number of work days for all employees	580 of total 464,641 days (JM) No statistics (subcontractors)	569 of total 504,692 days (JM) No statistics (subcontractors)	572 of total 417,316 days (JM) No statistics (subcontractors)
Absentee rate	Total number of days of absence relative to the total number of work days for all employees	Women 4,202 (3.6%) Men 15,367 (3.8%) Total 19,569 (3.8%)	Women 3,407 (3.0%) Men 15,374 (3.7%) Total 18,781 (3.6%)	Women 2,564 (2.6%) Men 16,281 (3.9%) Total 18,845 (3.7%)
Work-related fatalities	Number	0 (JM) 0 (subcontractors)	0 (JM) 0 (subcontractors)	1 (JM) 0 (subcontractors)
Near-accidents and observations ²⁾	Number	3,824	2,714	2,569
DIVERSITY AND EQUAL OPPORTUNITY, Sweden, Norway and Finland, 405-1				
Age and gender distribution ³⁾	Number	Women Men Total	Women Men Total	Women Men Total
	<i>Wage-earners</i>			
	≤ 25 years old	18 142 160	16 159 175	11 180 191
	26–35 years old	20 263 283	11 270 281	3 237 240
	36–45 years old	12 166 178	7 200 207	4 199 203
	46–55 years old	2 227 229	1 222 223	– 223 223
	≥ 56 years old	– 147 147	– 146 146	– 141 141
	Total	52 945 997	35 997 1,032	18 980 998
	<i>Salaried employees</i>			
	≤ 25 years old	21 26 47	27 33 60	23 35 58
	26–35 years old	175 255 430	1647 290 454	157 258 415
	36–45 years old	134 198 332	133 211 344	127 206 333
	46–55 years old	105 192 297	110 188 298	101 178 279
	≥ 56 years old	67 136 203	55 137 192	45 129 174
	Total	502 807 1,309	489 859 1,348	453 806 1,259
	<i>Managers</i>			
	≤ 25 years old	– – –	– – –	– – –
	26–35 years old	7 19 26	6 19 25	6 18 24
	36–45 years old	20 48 68	20 58 78	18 63 81
	46–55 years old	35 62 97	31 68 99	27 54 81
	≥ 56 years old	6 36 42	6 33 39	5 26 31
	Total	68 165 233	63 178 241	56 161 217
	<i>Executive Management</i>			
	≤ 25 years old	– – –	– – –	– – –
	26–35 years old	– 2 2	1 2 3	1 2 3
	36–45 years old	3 2 5	2 1 3	1 3 4
	46–55 years old	– 2 2	– 3 3	– 2 2
	Total	3 6 9	3 6 9	2 7 9
	<i>Board of Directors</i>			
	≤ 25 years old	– – –	– – –	– – –
	26–35 years old	– – –	– – –	– – –
	36–45 years old	– – –	– – –	– – –
	46–55 years old	1 1 2	– 1 1	– 1 1
	≥ 56 years old	2 3 5	3 3 6	3 3 6
	Total	3 4 7	3 4 7	3 4 7

¹⁾ The most common causes/risks of injury in 2019 were same-level falls (tripping, slipping), contact with sharp objects and injuries from self-handled objects. The most common types of injury in 2018 were crushing, squeezing or other soft tissue injuries, sores and sprains, twists or strains.

²⁾ The increase in reported near-accidents and observations is due to the digital reporting tool (online deviation system for building industry BIA).

³⁾ Data is obtained from JM's personnel system.

FACTS AND KPIS FOR SUSTAINABILITY, CONT.

		2019		2018		2017	
RESOURCE EFFICIENCY, Sweden, 306-2							
Construction waste to recycling	Tons (Part of)	7,022	(62%)	6,277	(58%)	6,465	(55%)
Construction waste to incineration	Tons (Part of)	2,869	(26%)	3,073	(29%)	3,752	(32%)
Construction waste to landfill	Tons (Part of)	338	(3%)	439	(4%)	647	(5%)
Unsorted waste	Tons (Part of)	993	(9%)	925	(9%)	884	(8%)
Hazardous waste	Tons (Part of)	25	(0.2%)	37	(0.3%)	35	(0.3%)
Total amount of construction waste ¹⁾	Tons	11,247		10,751		11,783	
SMALL CLIMATE IMPACT, Sweden							
JM's carbon dioxide emissions, 305-1, 305-2, 305-3	Tons CO ₂ e	Scope 1	3,282	4,241	4,775		
		Scope 2	1,369	1,481	1,428		
		Scope 3 ²⁾	9,686	13,161	16,138		
		Total	14,337	18,883	22,341		
Newly produced homes' carbon dioxide emissions from energy consumption, CRE3	Kg CO ₂ e/m ² Atemp and year	2	2	4			
Carbon dioxide intensity from new production, CRE4	Tons CO ₂ e/turnover (SEK m)	0.9	1.2	1.3			
Carbon dioxide intensity from new production, CRE4	Tons CO ₂ e/produced residential unit	6.00	6.58	6.35			
Newly produced homes' estimated energy consumption, CRE1	kWh/m ² Atemp	55	56	60			

¹⁾ Statistics from our waste contractors. The waste is classified by the waste contractor and reported in fractions in accordance with the Swedish Construction Federation's guidelines for waste sorting.

²⁾ JM includes in Scope 3 material transports to worksites, rented machinery, business travel and energy consumption in our newly constructed residential units for the first two years. The emissions in Scope 3 in 2017 were corrected after review by a third party.

2019 GRI Index

The intention of the GRI Index is to provide a cross-reference list to find where in the Annual Report the information is located. In some cases, supplementary or complete answers to a question are provided in the comment field of the index table. The information in the Sustainability Report has not been reviewed by a

third party. However, calculations of carbon dioxide emissions were reviewed by an external party within the framework of the Haga Initiative. Other calculations of indicators and KPIs have not been reviewed by an external party, with the exception of those that are included in the legal section of the Annual Report.

STANDARD DISCLOSURES

GRI code	Description/indicator	Reference (page number in the 2019 Annual Report)	External audit
ORGANIZATIONAL PROFILE			
102-1	Name of the organization	73	
102-2	Activities, brands, products, and services	9–16	
102-3	Location of headquarters	Inside of the cover	
102-4	Location of operations	9–11	
102-5	Ownership and legal form	130–131	Yes
102-6	Markets served	54–58	
102-7	Scale of the organization	73–79	Yes
102-8	Information on employees and other workers	44–49, 92, 136	
102-9	Supply chain	50–51	
102-10	Significant changes to the organization and its supply chain	50–51	
102-11	Precautionary principle or approach	37	
102-12	External initiatives that the organization supports or is part of	37–38	
102-13	Membership of associations	38	
STRATEGY			
102-14	Statement from senior decision-maker	2–3	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	50–52	
GOVERNANCE			
102-18	Governance structure	37, 118–127	Yes
STAKEHOLDER ENGAGEMENT			

GRI code	Description/indicator	Reference (page number in the 2019 Annual Report)	External audit
102-40	List of stakeholder groups	134	
102-41	Collective bargaining agreements	All employees in Sweden and Finland and 29% in Norway	
102-42	Identifying and selecting stakeholders	37, 134	
102-43	Approach to stakeholder engagement	37	
102-44	Key topics and concerns raised	134	
REPORT PRACTICE			
102-45	Entities included in the consolidated financial statements	97	Yes
102-46	Defining report content and topic boundaries	37, 133, 135	
102-47	List of material topics	133–135	
102-48	Restatements of information	–	
102-49	Changes in reporting	–	
102-50	Reporting period	73	
102-51	Date of most recent report	Annual Report 2018, published in 2019	
102-52	Reporting cycle	133	
102-53	Contact point for questions regarding the report	Maria Sandell, Head of Sustainability, JM AB	
102-54	Claims of reporting in accordance with the GRI Standards	133	
102-55	GRI content index	137–139	
102-56	External assurance	133	
ECONOMIC PERFORMANCE INDICATORS			
GRI 201	Economic performance		
201-1	Direct economic value generated and distributed	80–84, 136	Yes
GRI 103	Management approach	24–25, 37, 135	
ENVIRONMENTAL PERFORMANCE INDICATORS			
GRI 302	Energy		
CRE1	Building energy intensity	43, 137	
GRI 103	Management approach	24–25, 37, 135	
GRI 305	Emissions		
CRE3	GHG emission intensity from buildings	137	Yes
CRE4	GHG emission intensity from building process	137	Yes
305-1	Direct GHG emissions (Scope 1)	137	Yes
305-2	Direct GHG emissions (Scope 2)	137	Yes
305-3	Other indirect emissions (Scope 3)	137	Yes
GRI 103	Management approach	24–25, 37, 135	
GRI 306	Waste		
306-2	Waste by type and disposal method	41–43, 137	
GRI 103	Management approach	24–25, 37, 135	
SOCIAL PERFORMANCE INDICATORS			
GRI 403	Occupational health and safety		
403-1, CRE6	Occupational health and safety management system	47–48	
403-2	Hazard identification, risk assessment, and incident investigation	47–48	
403-3	Occupational health service	47–48	
403-4	Worker participation, consultation, and communication on occupational health and safety	47–48	
403-5	Worker training on occupational health and safety	47–48	
403-6	Promotion of worker health	47–48	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	47–48	
403-9	Work-related injuries	48, 136	
GRI 103	Management approach	24–25, 37, 135	
GRI 404	Training and education		

GRI code	Description/indicator	Reference (page number in the 2019 Annual Report)	External audit
404-2	Programs for upgrading employee skills and transition assistance programs	44–48	
GRI 103	Management approach	24–25, 37, 135	
GRI 405	Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	44, 122–123, 128–129, 136	
GRI 103	Management approach	24–25, 37, 135	
GRI 414	Supplier social assessment		
414-1	New suppliers that were screened using social criteria	50–51	
GRI 103	Management approach	24–25, 37, 135	
GRI 417	Marketing and labeling		
417-1	Requirements for product and service information and labeling	42–43, 50–51	
GRI 103	Management approach	24–25, 37, 135	

Global Compact

JM has signed the UN's Global Compact initiative, thus taking a clear stand on issues related to human rights, labor law, accountability for the environment and anti-corruption.

Ten principles of the UN's Global Compact	Reference
HUMAN RIGHTS	Pages 50–52
1. Support and respect the protection of internationally proclaimed human rights in the spheres the company can influence	
2. Make sure that the company is not complicit in human rights abuses	
LABOR LAW	Pages 44–52
3. Uphold freedom of association and the effective recognition of the right to collective bargaining	
4. Elimination of all forms of forced and compulsory labor	
5. Effective abolition of child labor	
6. Elimination of discrimination in respect of employment and occupation	
ENVIRONMENT	Pages 37, 40–43
7. Support a precautionary approach to environmental challenges	
8. Undertake initiatives to promote greater environmental responsibility	
9. Encourage the development and diffusion of environmentally friendly technologies	
ANTI-CORRUPTION	Pages 50–52
10. Work against corruption in all its forms, including extortion and bribery	

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Production: JM and Lindermyr Produktion

Text: JM, Evidens and Oskar Hammarkrantz

Graphic design: ANR BBDO

Repro and final art: Bildrepro and Hallvarsson & Halvarsson

Photo/illustrations: Sandra Birgersdotter Ek, Carbonwhite, Diakrit,
Johan Forsberg, Richard Hammarskiöld, Mattias Hamrén, Kristoffer Johnsson,
Gustav Kaiser, Magnus Liam Karlsson, Sanna Lindberg, Pixerymedia, Tomas

Lindell, Sightline, Sweco Architects, WEC360 and JM

Printing: Ätta 45 Tryckeri AB, 2019

Paper: Invercote Creato 260g/Galerie Art Matt 150g

