

“Foundation for growth with a balanced risk-taking.”



Summary of October – December 2019

- Net sales for projects run entirely by SSM increased to 36.1 MSEK (58.2).
- Net operating profit was 1.0 MSEK (-33.6).
- 165 tenants moved into the West Side Solna co-op project. The result will be delayed somewhat since the project is being run as a JV, result for the quarter was impacted by 23.1 MSEK. Tenants will continue moving in during 2020.
- Cash flow from operating activities totaled 33.5 MSEK (-2.8). Sale of Bromma Boardwalk project to Niam had a 27.1 MSEK impact on cash flow.
- Land allocation for 150 co-op units in Sjöstadshöjden, Hammarby (Stockholm). Bromma Square project divested to existing JV-partner, resulting in a decrease of 355 building rights in SSM's portfolio.
- Conditional agreement with majority of bondholders to extend current bond loan by 2 years.
- Full refinancing of property credits of 114.0 MSEK through 2-year agreement with Collector Bank.
- Peter Wågström appointed new Board member, CFO Casper Tamm to leave the company at latest in Q2 2020.

Summary of January – December 2019

- Net sales for projects run entirely by SSM totaled 212.3 MSEK (652.5).
- SSM divested its contracting operations and a review of SSM's operations and current market situation was carried out. The review confirmed SSM's strong core but led to significant, non-cash impairment losses for the year.
- Operating loss excluding revaluations and non-recurring items was -59.2 MSEK (65.3). Excluding revaluations and non-recurring items, the operating loss totaled -415.5 MSEK (51.8).
- Based on the review, SSM plans focus on rental projects and selected co-op projects in the near future.
- Cash flow from operating activities was -63.9 MSEK (172.4).
- Production started for 178 rental units at Täby Tur and project taken over by property company Willhem.
- Mattias Lundgren appointed Interim CEO in June 2019. Mattias took over as permanent President & CEO in January 2020.

Significant events after the balance sheet date

- Eurodevelopment, sold 11,600,000 shares (corresponding to 29.55% of the share capital and votes in SSM) to Amasten Fastighets AB through subsidiary and 3,800,000 shares (corresponding to 9.7% of the share capital and votes in SSM) to Gösta Welandsson.
- SSM summoned a meeting with its bondholders to resolve on amending the terms and conditions of the bonds.
- Erik Lemaitre, EVP Business Development and member of SSM's Group Management, announced he would leave SSM.
- Agreement signed regarding divestment of the Järnet and half of the Älvsjö Quarters projects, letter of intent regarding the sale of Tellus Towers to parties related to SSM.
- Notice to attend an EGM on March 11, 2020 to resolve on the Board's proposal on a rights issue and to conclude the sale of projects.
- Based on the company's new 5-year business plan, the Board has established new financial targets: Operating margin >10.0%, debt/equity ratio >40.0%, return on equity >15.0%. The dividend policy remains unchanged at >30% of the year's profits after tax.
- SSM's Finance Manager Ola Persson appointed CFO from March 1, 2020.

Nyckeltal

(MSEK)

	Okt-dec		Jan-dec	
	2019	2018	2019	2018
Nettoomsättning	36,1	58,2	212,3	652,5
Nettoomsättning JV	580,4	-34,8	634,3	434,5
Rörelseresultat	1,0	-33,6	-415,5	51,8
Periodens resultat efter skatt	-20,4	-46,4	-447,5	15,3
Rörelsemarginal, %	2,7	-57,7	-195,7	7,9
Räntetäckningsgrad, ggr	0,2	-3,1	-7,4	1,5
Soliditet, %	34,0	57,0	34,0	57,0
Räntabilitet på eget kapital, %	-24,8	-23,5	-82,4	2,0
Resultat per aktie, SEK	-0,52	-1,18	-11,40	0,39
Antal förvärvade byggrätter	150	-200	-318	100
Resultatavräknade bostäder, antal	165	2	179	244
Produktionsstartade bostadsrätter, antal	-	-	-204	-
Bostadsrätter i produktion, antal	440	899	440	899
Sålda bostadsrätter i pågående produktion, antal	435	871	435	871
Sålda bostadsrätter i produktion, %	98,9	96,9	98,9	96,9
Produktionsstartade hyresrätter, antal	-	-	-94	270
Hyresrätter i produktion, antal	178	272	178	272

CEO's comments



“Foundation for growth with balanced risk-taking.”

“Focus on rental projects with selected co-op projects in the near future.”

“Positive results for Q4, FY results impacted by, non cash-flow, revaluations.”

Foundation for growth with balanced risk-taking

Having been President & CEO of SSM since June 2019, it is now time for us to close the books. It's been an eventful year during which we've built a platform for the future. We carried out a comprehensive review of our operations and strategies, optimized the business model, adopted a new business plan, created the conditions for long-term stable financing in both bond and property loans, secured an exit with positive cash flow from the Bromma Square and Bromma Boardwalk projects and last but not least, delivered homes to our customers on schedule in the West Side Solna project.

Optimized business model, new 5-year business plan to strengthen balance sheet

SSM has a strong core in the form of its target group, housing concept, home market and location of building rights near rail-bound public transport. With an optimized business model that includes, among other things, an adjusted financial policy, lower risk-taking, a new sales strategy that involves not selling cooperative apartments until the final city plan is approved and the divestment of the company's contracting operations, we will gradually develop SSM's strong core going forward. Our business plan focuses on generating cash flow and strengthening the balance sheet. For this reason, SSM will focus on business that generates positive cash flow in the near future. In practice, this means prioritizing rental projects sold onwards via forward funding. As a result, during Q3, we changed the definition of projects where production has started to include only projects where construction has started, which led to significant non-cash revaluations

Creating conditions for long-term stable financing

In addition to the business review, one of my central tasks has been and continues to be creating the best possible conditions for long-term stable financing of the company's operations. In December, SSM signed an agreement with a majority of the company's bondholders regarding a two-year extension of existing bond loans. The formal voting process in this regard is currently underway.

At the end of the year, the company's real estate loans were also refinanced by pooling a number of loans spread at different banks into a two-year property loan. As a final component of creating long-term stability, the Board has also summoned shareholders to an Extraordinary General Meeting with the aim of increasing the company's equity through a new share issue in an interval of 100 - 400 MSEK. It is SSM's assessment that a refinancing solution will be in place in time to pay the bond loan that is due in May 2020.

Positive results for Q4, full-year results impacted by revaluations/non-recurring items

The operating profit for the quarter was 1.0 MSEK (-33.6). During the year, three projects, West Side Solna, Metronomen and Täby Turf that together include 618 homes, were in production. Property company Willhem took over the Täby Turf rental project during Q3 2019, which had a positive impact on cash flow but a marginal effect on profits. Between September and December 2019, 178 out of a total of 252 tenants moved into their new homes in the West Side Solna cooperative apartment project. Tenants will continue moving in during 2020. The 23.1 MSEK impact on results for the quarter will be delayed somewhat since the project is being run as a joint venture. Tenants will continue moving in during 2020.

The loss for the year was impacted by significant revaluations and non-recurring items and amounted to -415.5 MSEK (51.8). Impairment losses totaled -312.7 MSEK for the year. In addition to the above, final contracting expenses, costs for completed projects and negative participations from joint venture projects had a negative effect of -59.1 MSEK on profit/loss for the year.

Good market demand, good projects and satisfied customers

The housing market in Greater Stockholm is characterized by a housing shortage and a stabilized housing market. My assessment is that SSM's projects match the needs of the market well and with a more stable financial position, SSM will be able to gradually realize the value contained in its strong portfolio of building rights in the coming years.

Mattias Lundgren
President & CEO

Housing market in Greater Stockholm

“Household confidence returned 2019 in a market with housing shortage.”

Considerable need for housing in Greater Stockholm area

Population-wise, the Greater Stockholm area is among the fastest growing regions in Europe. Official forecasts indicate that the Stockholm region will grow from its current population of 2.4 million to 2.8 million within the next 10 years. According to the Swedish Housing Agency, the current rate of production of new-build housing does not meet the real needs of the region, despite the fact that housing production is expected to increase somewhat in 2020.

Return of household confidence in the housing market

After a strong 2019 during which SEB's Housing Price Indicator increased from 0 to 43, the year 2020 has gotten off to a more cautious start with households expecting stagnant prices. The Central Bank of Sweden's increase in interest rate and a more negative economic outlook are possible reasons for the more neutral sentiment, according to SEB in its January report.

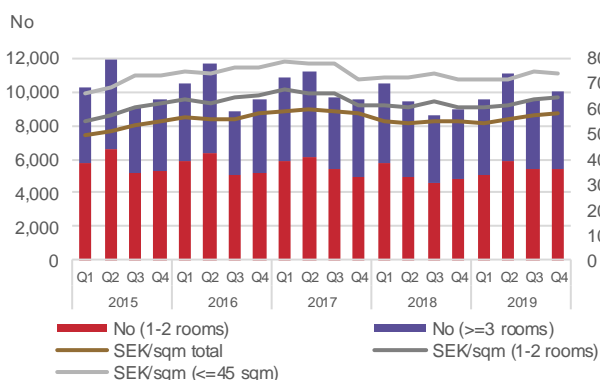
Greater share of new-build rentals

During 2019, the number of people on the waiting list of the Stockholm Housing Agency increased to 674,720 (635,730), of which 13.0 percent were actively searching. The number of homes allocated by the agency increased to 15,030 (13,455) during the year. The share of new-build rentals allocated by the agency was 22.1 percent (19.3).

Increasing prices and stable transaction volumes for co-ops

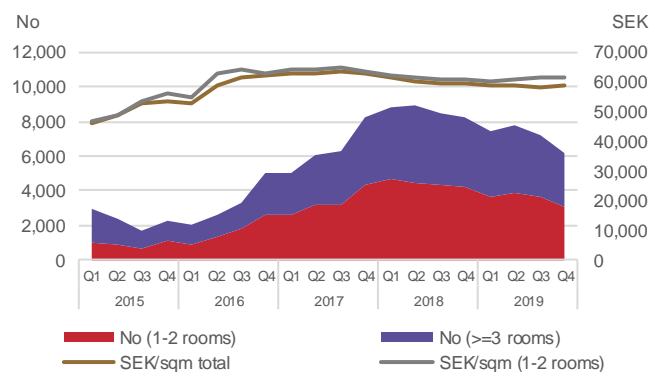
According to Svensk Mäklarstatistik, a real estate consultancy, reports that transaction volumes for sold cooperative apartments increased during the year, with a total of 40,718 (36,481) units sold, 54.0 (57.0) percent of which were one and two-room apartments. During Q4, 10,000 units were sold in the region, of which 5,382 (5,049) were one and two-room apartments. The average price per square meter for one and two-room apartments sold during the quarter increased year-on-year to 64,251 (61,078) SEK and for units of up to 45 square meters, the average price was 74,238 (71,556) SEK. According to statistics from Booli, one of Sweden's leading real estate search engines, some 1,461 (1,029) new-build cooperative apartments were sold in the Greater Stockholm area during Q4. At the same time, the number of new-build cooperative apartments for sale continued to decline, dropping to 6,168 (7,848) end of 2019.

Price & number of sold cooperative apartments, Greater Stockholm area



Source: Svensk Mäklarstatistik, January 2020

Price & number of cooperative apartments (new production) for sale, Greater



Source: Booli, January 2020

Project portfolio

PROJECTS WHERE PRODUCTION HAS STARTED

Project	Type of tenancy	Number of homes	Floor space (m ²)	Location	Start of production	Occupation	Sold		Sales rate on 31/12 2019, %
							During Q4 2019	Total	
West Side Solna (JV)	Co-op	252	11 906	Solna	Q3 2017	Q3 2019 – Q1 2020	-	252	100,0
Metronomen (JV)	Co-op	188	7 612	Telefonplan	Q1 2018	Q1 2020 – Q4 2020	1	183	97,3
Total		440	19 518					435	98,9
Täby Turf	Rental	178	8 701	Täby	Q3 2019	Q3 2021 – Q4 2021	n/a	178	100,0
Total		178	8 701					178	100,0

PROJECTS UNDER DEVELOPMENT

Project	Type of tenancy	Number of homes	Floor space (m ²)	Location	Status	Status of land acquisition	Earliest	
							production start	occupation
Platform West	Co-op	109	4 901	Täby	City plan has legal force	Acquisition agreement	2020	2021
Sollentuna Hills	Rental	94	5 890	Sollentuna	Consultation	Acquisition agreement	2020	2023
Sollentuna Quarters	Rental	94	5 070	Sollentuna	Consultation	Acquisition agreement	2020	2023
Elverket Nacka (JV)	Rental	486	19 019	Nacka	Consultation	Land registration	2021	2023-2024
Kandidaten (JV)	Rental	77	2 300	Bromma	Planning	Land allocation	2021	2022
Spånga Studios	Rental	167	6 440	Spånga	Consultation	Land registration	2021	2024
The Loft (JV)	Rental	120	2 968	Täby	Planning	Acquisition agreement	2021	2023
Järla Station (JV)	Co-op	159	6 644	Nacka	Start	Land registration	2022	2024
Kosmopoliten	Co-op	204	10 122	Kista	Consultation	Land allocation	2022	2024
Tellus Towers (JV)	Co-op	911	37 661	Telefonplan	Early consultation	Land reservation	2022	2025
Tellus Towers	Rental	323	14 013	Telefonplan	Early consultation	Land reservation	2022	2025
Urbaniten	Co-op	250	12 700	Hägersten	Consultation	Acquisition agreement	2022	2025
Wiking	Rental	150	7 000	Sollentuna	Planning	Land registration	2023	2025
Järnet	Co-op	240	11 550	Ullsunda	Prestudy	Land allocation	2024	2026
Älvsjö Quarters	Rental	516	21 000	Älvsjö	Prestudy	Land registration	2024	2027
Sjöstadshöjden	Co-op	150	12 000	Hammarby Sjöstad	Prestudy	Land allocation	2025	2027
Total		4 050	179 278					
Total		4 668	207 497					

PROJECTS UNDER EVALUATION

Project	Type of tenancy	Number of homes	Floor space (m ²)	Location	Status	Status of land acquisition	Earliest	
							production start	occupation
Akalla City	Rental	190	8 700	Akalla	Planning	Land registration	n/a	n/a
East Side Spånga	Rental	237	7 500	Spånga	Prestudy	Land registration	n/a	n/a
Tentafabriken	Co-op	72	1 828	Sollentuna	Prestudy	Acquisition agreement	n/a	n/a
Täby Market	Co-op	134	4 205	Täby	City plan has legal force	Acquisition agreement	n/a	n/a
Örjan	Rental	170	5 370	Spånga	Prestudy	Land registration	n/a	n/a
Total		803	27 603					

The information about each project in the table is in all material aspects the company's current assessment of each project in its entirety. These assessments and the final outcome of each project may change due to factors both within and beyond the company's control such as the design of city plans, government decisions and market developments as well as the fact that several of the projects are in the planning phase and the plan for each project may change.

During Q3 2019, SSM carried out a review of the company's operations and market situation. As a result, several existing projects have been designated to become rental projects and a number of projects are under evaluation. Projects under development have been removed from the project portfolio pending results from the evaluation.

(1). Sales indicate the number of signed agreements with end customers.

(JV). SSM participates in joint ventures. SSM currently has joint venture agreements with Partners Group (Tellus Towers, Järla Station and Metronomen), Alecta (West Side Solna), Studentbacken (Tentafabriken, The Loft and Kandidaten) and Libu Invest (Elverket Nacka). As per December 31, 2019 about half of SSM's building rights were within the framework of joint venture agreements.

Project portfolio

“A large portion of the customers in West Side Solna moved in during Q4 2019.”

During Q3 2019, SSM changed the definition of projects where production has started to include only projects where construction has begun.

At the end of the quarter, there were three projects in production corresponding to 618 homes. Two of the projects, West Side Solna and Metronomen, are cooperative apartment projects with a total of 440 units.

Between September and December 2019, 178 tenants moved into West Side Solna and tenants will continue to move in during 2020. In the Metronomen project, tenants will take possession of their homes in March 2020.

The Täby Turf rental project, which was sold earlier via forward funding to property company Willhem, was taken into possession by Willhem during Q3 2019. Tenants are expected to move in towards the end of 2021.

The sales rate in SSM's cooperative apartment projects was 98.9 percent at the end of the quarter, which will limit the possibility of new sales for the moment.

During 2019, adjustments were made to SSM's project portfolio as a result of the business review carried out during the quarter. As a result, a larger number of building rights than before have been designated to be developed as rental units. The Bromma Boardwalk project was taken over by Niam at the same time as seven other projects were removed from the project portfolio for further evaluation. Two of these projects, Bromma Square and Bromma Tracks II, were divested respectively discontinued during Q4 (see pages 8-9 for information about the financial effects of the divestments). The remaining projects are currently under evaluation.

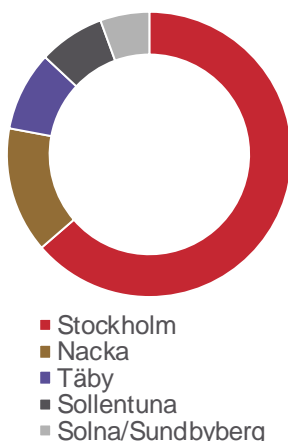
In January 2019, the Stockholm City Planning Committee decided to continue planning work for the Tellus Towers project. Currently, planning work is underway with the committee to produce supplementary documentation for regular consultations.

During Q4 2019, SSM won a land allocation from the City of Stockholm for 150 building rights in Sjöstadshöjden, Hammarby.

At the end of the year, the project portfolio included 4,668 building rights. Approximately half of the 4,050 building rights under development will be rental units.

Currently, the Platform West cooperative apartment project and SSM's other rental projects are closest to starting production in the near future.

Building rights by municipality



Building rights by rentals and co-op units

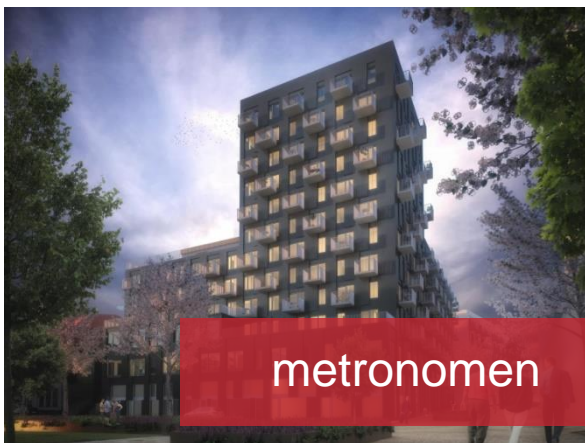


Project in production

West Side Solna is made up of 252 centrally-located co-ops near the subway, shopping and recreation. The project has an Urban Score of 100 points. The units will be one to four-room units of 23 – 97 m², of which 91 percent will be one and two-room units of 23 – 56 m². Most of the homes will have a private balcony, and shared spaces include a terrace and an outdoor pool. The project is sold out and tenants began moving in at the end of September 2019 and moves will culminating in Q4 2019/Q1 2020. As communicated earlier, there have been some disputes related to the project involving buyers seeking to terminate their pre-purchase agreements. Stockholm's District Court denied the buyers' claims and ruled in favor of the Brf WSS housing association. In its judgment, the District Court confirmed Brf WSS's assessment that the pre-purchase agreements were valid and held that termination was unfounded. The housing association has started to sell the disputed units at prices at par with the original prices. At the time of publishing this report, about 90 percent of the pre-purchase agreements had been signed. The project is being run together with Alecta



west side solna



metronomen

Metronomen (Telefonplan) includes 188 cooperative apartments located at Telefonplan in a lively urban area under development. The neighborhood is also home to the Konstfack University College of Arts, Crafts and Design and the project has an Urban Score of 100 points. Some 91 percent of the units are one and two-room units of 29 – 63 m² with private balconies. Social spaces include a shared rooftop terrace. The sales rate in the project was 97.3 percent at the end of the quarter. Due to delays in the schedule for the project, some 40 buyers have begun litigation against the Brf Metronomen housing association with the intent to leave the project. The case will be heard in court in the summer of 2020. The first tenants are expected to move in at the end of Q1 2020. The project is a joint venture with Partners Group.

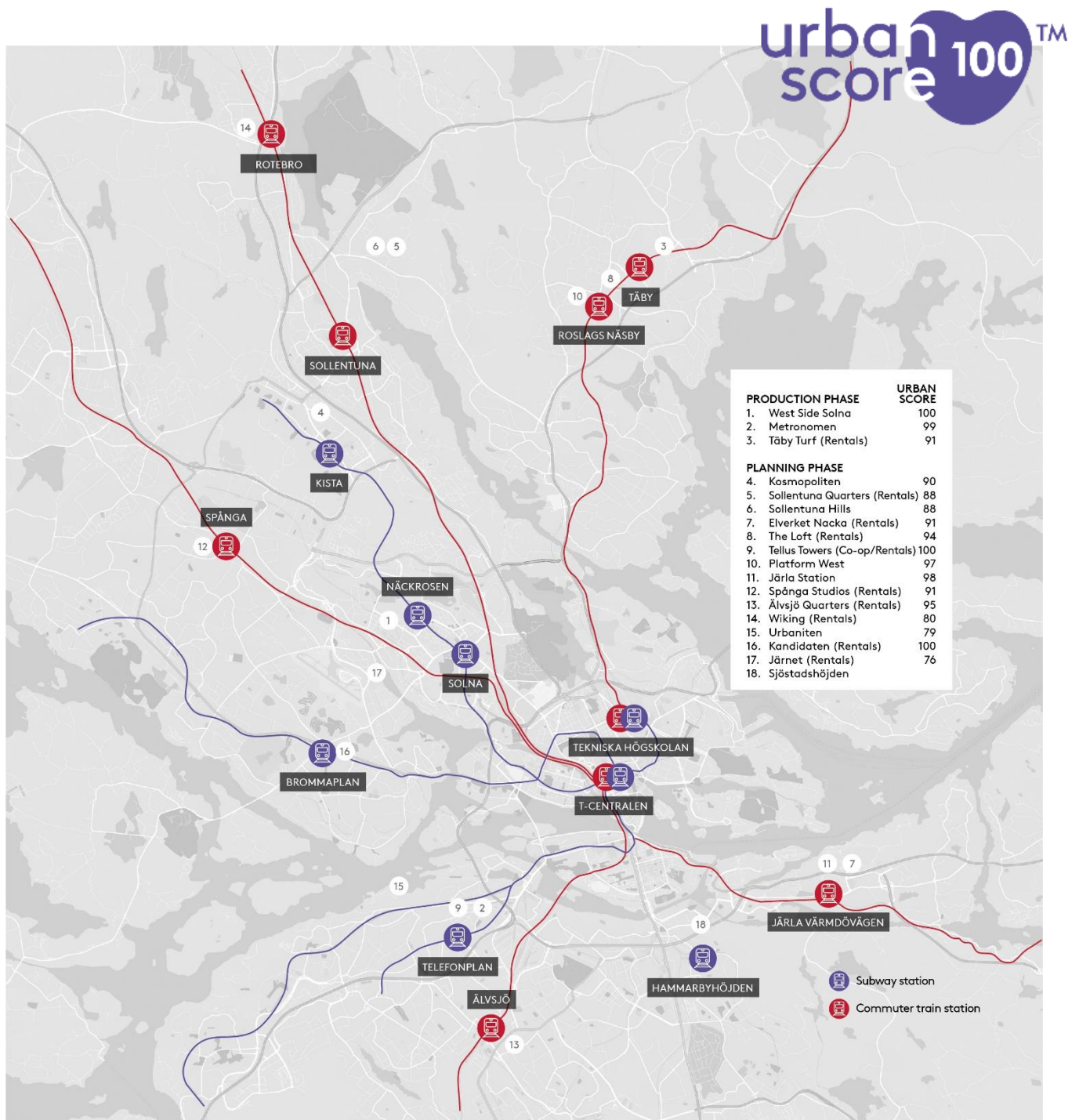
Täby Turf (Täby) which has 178 rental units, is part of the new Täby Park district that will include at least 6,000 homes. It has an attractive location close to Täby Centrum and 400 m from the Galoppfältet light rail station. The project has an Urban Score of 91 points and the architecture of the buildings will feature an exciting design including different heights and facades made of different materials including brick and plaster. The homes will be one to three-room units of 35 – 70 m², of which 85 percent will be one and two-room units of 35 – 48 m². The project also includes three retail premises and a daycare center for 40 – 60 children. The project was sold via forward funding to property company Willhem for 473.0 MSEK. Willhem took possession of the project in Q3 2019. SSM will recognize revenue from the Täby Turf project gradually during the construction period and the project will have a marginal impact on earnings for 2019. Tenants are expected to move in during 2021.



täby turf

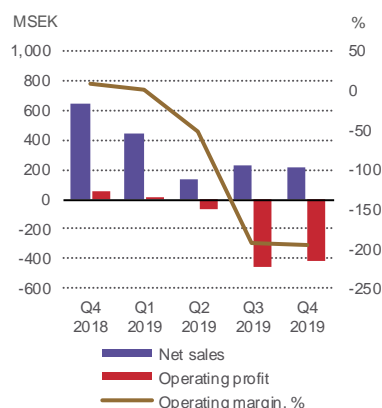
Project portfolio

SSM offers smart, affordable homes that target people age 20 to 44 with average incomes. To ensure that SSM's offering to the target group remains attractive and accessible, the company is constantly optimizing its concept. In 2018, SSM launched Urban Score, a transparent index that ranks four relevant areas for the target group: *mobility, everyday services, community* and *well-being*. In addition to making it easier for buyers to make informed housing decisions, Urban Score indicates the company's strategic direction in acquiring building rights. SSM's goal is for all projects to have an Urban Score higher than 75.



Comments on the results

Net sales, operating profit, operating margin, LTM



October – December, 2019

Adjustment of previously-applied accounting policies for the development of cooperative apartments

From Q4 2018 and in line with Nasdaq's recommendations, SSM has applied the completed contract method, with retroactive application, for reporting housing cooperative projects where revenue is recognized in the period when the home has been completed and the customer has taken possession. See also Note 8, Retroactive recalculation of financial reports.

Net sales and profit/loss

Net sales in the Group totaled 36.1 MSEK (58.2). Sales during the quarter consisted of 10.7 MSEK in recognized revenue from the Täby Turf rental project. Production in the project started and property company Wilhelm took possession in the previous quarter, initiating revenue recognition according to the percentage of completion method, which is used by the company to recognize revenue from rental projects sold with forward funding.

Other revenue chiefly comprised time and administration invoiced to joint venture projects, rent received from SSM's own properties and re-invoicing to joint ventures.

The *gross profit* was 4.0 MSEK (-13.3). Revenue for Täby Turf was recognized according to the percentage of completion method, but without profit recognition during the quarter.

After the final revenue recognition of the Bromma Boardwalk, which was divested in Q3 2019, a positive effect of 3.0 MSEK on profit/loss was taken up as revenue.

The *cost of sales and administration* was -19.6 MSEK (-13.8). The gross cost of overhead, salaries, depreciation and amortization fell to -27.5 MSEK (-35.5). The period contained non-recurring expenses of approximately -2.1 MSEK related to an organizational adaptation. See also Note 5, Sales and administration expenses.

Participations in joint ventures amounted to 16.5 MSEK (-6.6). During the quarter, homebuyers took possession of an additional 165 cooperative apartments, which means that 23.1 MSEK was recognized in revenue for the West Side Solna joint venture project. SSM's share of forecast cost increases of -5.7 MSEK for the Metronomen project was expensed during the period. See also Note 6, Participations in joint ventures, for summaries of the income statement and balance sheet for joint ventures.

The Group's operating profit was 1.0 MSEK (-33.6), mainly because positive participations from joint ventures offset the cost of sales and administration.

The loss for the quarter was -20.4 MSEK (-46.4), and in addition to the above, it was affected by a net financial expense of -20.9 MSEK (-7.2) and a tax expense for the quarter of -0.6 MSEK (-5.6). The reduction in net financial items was due to non-recurring expenses associated with the refinancing of the bond and property loans, which had an impact of -13.0 MSEK on the quarter.

January – December 2019

Net sales and profit/loss

Net sales sales in the Group totaled 212.3 MSEK (652.5). Sales chiefly consisted of 131.0 MSEK in recognized revenue from the Täby Turf rental project. Other revenue during the quarter primarily comprises compensation for costs for the divested Bromma Boardwalk joint venture project, time and administration invoiced to joint venture projects, rent received from SSM's own properties and re-invoicing to joint ventures.

The *gross loss* was -179.5 MSEK (32.0). The gross loss for the period is largely due to the review of SSM's operations that took place in Q3 2019. The decision resulted in a revaluation of balance sheet items for most of the Group's project properties, leading to non-cash impairment losses totaling -153.7 MSEK. See also the section Revaluations of project properties and joint venture assets on page 14. In addition to write-downs resulting from the revaluations, non-recurring costs totaling -34.1 MSEK also had a negative impact on the gross profit:

- The divestment of the Bromma Boardwalk project had a net negative effect of -12.1 MSEK on profit/loss, but with positive cash flow in Q4 2019;
- Final contracting costs for the Turbinhallen and Bromma Tracks I projects had a negative effect of -17.3 MSEK on profit/loss;
- Provisions of -4.7 MSEK were made for estimated winding up costs for the Bromma Tracks II project.

The *cost of sales and administration* was -68.8 MSEK (-51.4). The gross cost of overhead, salaries, depreciation and amortization dropped to -123.9 MSEK (-141.7). Non-recurring expenses totaled -9.5 MSEK, including approximately -6.3 for the change of CEO, some -2.1 MSEK for organizational adaptations and about -1.1 MSEK for the divestment of the contracting business. See also Note 5, Sales and administration expenses.

Participations in joint ventures amounted to -33.0 MSEK (64.3). During the period, homebuyers took possession of 179 cooperative apartments, of which 178 were homebuyers in the West Side Solna project, which means that 24.0 MSEK was recognized in revenue for the project. The negative participation is partly due to the previously-mentioned review of SSM's operations. The decision resulted in a revaluation of balance sheet items for participations in and receivables from joint ventures, leading to non-cash impairment losses totaling -24.8 MSEK in Q3 2019. See also the section Revaluations of project properties and joint venture assets on page 14. In addition to the above, SSM's share of the forecast cost increases for the Metronomen project, -25.0 MSEK, were expensed during the period. See also Note 6, Participations in joint ventures, for summaries of the income statement and balance sheet for the joint ventures.

Other operating expenses totaled -134.2 MSEK (6.9), also due to the previously-mentioned review of SSM's operations. There was a revaluation of a previously partially recognized earnout for the sale of the Tellus Towers project to the joint venture with Partners Group, leading to non-cash impairment losses totaling -134.2 MSEK. See also the section Revaluations of project properties and joint venture assets on page 14.

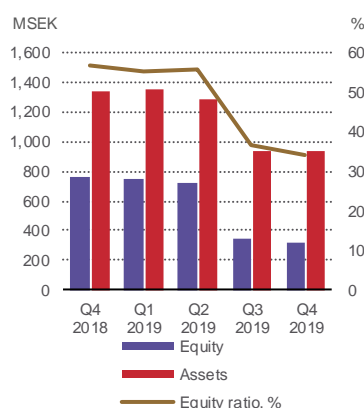
The *Group's operating loss* was -415.5 MSEK (51.8), mainly due to the review of SSM's operations. The decision resulted in a revaluation of balance sheet items for most of the Group's project properties and participations in and receivables from joint ventures, leading to non-cash impairment losses totaling -312.7 MSEK.

In addition to the above, final contracting costs for the Turbinhallen and Bromma Tracks projects, compensation for costs for the divested project Bromma Boardwalk, provisions for estimated winding up costs for the Bromma Tracks II project and negative participations from the Metronomen joint venture project had a negative effect on the result of an additional -59.1 MSEK, according to the explanation above.

The *loss for the quarter* was -447.5 MSEK (15.3), and in addition to the above, it was affected by a net financial expense of -33.8 MSEK (-30.3) and tax income for the quarter of 1.8 MSEK (-6.2). Net financial items included a capital gain from the repurchase of 8.9 MSEK of SSM's own bonds and non-recurring expenses of -13.0 MSEK for the refinancing of the bond and property loans.

Financial position, investments and cash flow

Equity, balance sheet total and debt/equity ratio



Total assets and equity

On the balance sheet date, SSM had 4,668 building rights (6,507) in its project portfolio. The lower number of building rights is mainly the result of the review of SSM's operations that was carried out, which resulted in a decision to optimize the business model, given current market conditions. The optimization resulted in the removal of a number of projects from the business plan due to changed market conditions. At the end of the period, 618 homes (1,171) were in production. As of Q3 2019, the Kosmopoliten project was assigned the status "Project under development" due to the change of the definition "Project where production has started" which now refers to projects where construction has started. The sales rate for cooperative apartments in production was 98.9 percent (96.9). The value of cooperative apartments in production where no binding pre-purchase agreements had been signed at the end of the quarter was 19.6 MSEK (83.2). These homes are expected to be completed in 2020.

Capital tied up in project properties and completed properties was 316.6 MSEK (467.0) as at December 31, 2019. The change from the end of one accounting period to the end of the next is chiefly due to the review of SSM's operations that was conducted in Q3 2019. The decision resulted in a revaluation of balance sheet items for most of the Group's project properties, leading to non-cash impairment losses totaling -153.7 MSEK. See also the section Revaluations of project properties and joint venture assets on page 14. In addition to the above, the divestment of the Bromma Boardwalk project meant that values recognized in the balance sheet for project properties were reduced by an additional -27.1 MSEK.

Capital tied up in joint ventures and claims on joint ventures amounted to 259.8 MSEK (393.8) on December 31, 2019. These balance sheet items were also affected by the review of SSM's operations in Q3, according to the above. The decision resulted in a revaluation of balance sheet items for participations in and receivables from joint ventures, leading to non-cash impairment losses totaling -159.0 MSEK. See also the section Revaluations of project properties and joint venture assets on page 14. Between the periods, an additional capital contribution of 45.0 MSEK was made to the joint venture with Partners Group, mainly to finance production in the Metronomen project. In addition to the above, the divestment of the joint venture part of the Bromma Square project meant that values recognized in the balance sheet for project properties were reduced by an additional -44.8 MSEK.

Right-of-use assets increased by 30.2 MSEK as remaining rental and leasing commitments are now primarily included in the balance sheet, according to the new IFRS 16 rules. Cash and cash equivalents were reduced to 155.3 MSEK as at December 31, 2019 (274.8), partly due to capital contributions according to the above and the negative cash flow generated by the operating activities before the change in working capital between the end of one accounting period until the end of the next. The asset side of the balance sheet contracted 404.4 MSEK compared with December 31, 2018, primarily due to made revaluations that entailed non-cash impairment losses totaling -312.7 related to the value of assets on the balance sheet. The Group's equity was 319.2 MSEK (766.7) on the balance sheet date and the debt/equity ratio was 34.0 percent (57.0).

Financing and debt

SSM's operations are capital intensive and access to capital is a basic condition required to develop the Group further. In addition to equity, the Group currently uses two external sources of funding: bonds and loans from credit institutions. The Group's interest-bearing liabilities totaled 482.3 MSEK (493.0) on the balance sheet date, of which the bond loan accounted for 368.3 MSEK (396.4). SSM's own outstanding bonds were repurchased for a nominal amount of 31.0 MSEK in Q2 2019. In Q4 2019, SSM reached an agreement with the majority of the bondholders of the company's outstanding bond loan of 400.0 MSEK. According to the agreement, the bond loan was extended to 2022, i.e. by two years, at the same rate of interest. At the same time, the company undertook to repay 100.0 MSEK no later than May 2020, and thereafter at least 75.0 MSEK every six months until 2022, and not pay any dividends until the bond loan has been repaid. In February 2020, SSM initiated a voting procedure to amend the terms and conditions of the bond loan in line with the agreement with the majority of the bondholders. The agreement is subject to a capital contribution of 100.0 MSEK through a new share issue or in some other way. On February 17, the Board resolved on a resolved on a new issue of shares with preferential rights to its shareholders. The size of the rights issue has not been determined but will be set by the Board of Directors at a minimum of approximately MSEK 100 and a maximum of approximately MSEK 400. Outstanding bonds are still recognized as a short-term liability. SSM has entered into an agreement with Collector Bank AB regarding a 114.0 MSEK loan facility for the refinancing of the company's property loans. The loan has a duration of 24 months, starting from year-end 2019. Cash and cash equivalents amounted to 155.3 MSEK (274.8) on December 31, 2019. It is the Company's assessment that a contribution of equity of a minimum of approximately 100 MSEK and a maximum of approximately 400 MSEK could be available to the company before May 9, 2020 through the issues of share. Accordingly, the CEO and the Board of Directors have determined that the principle of a going concern shall be applied when preparing the financial statements.

Cash flow

Cash flow from operating activities was 31.9 MSEK (-2.8) for Q4 and -65.5 MSEK (172.4) for the year. The positive cash flow is mainly attributable to the divestment of the Bromma Boardwalk project that contributed 27.1 MSEK as well as amortization of loans from the West Side Solna joint venture project of 20.0 MSEK. The review of SSM's operations that was conducted during Q3 and revaluations of several project properties and participations in and receivables from joint ventures have not impacted cash flow. Instead, the negative cash flow during the 12-month period is due to the negative cash flow from operating activities before the change in working capital. An additional capital contribution of 45.0 MSEK was made to the joint venture with Partners Group, mainly to finance production in the Metronomen project during the 12-month period. Cash flow from financing operations for the period January to December totaled -10.7 MSEK (-239.6). Amortizations during the period are mainly attributable to refinancing debts to credit institutions of 95.9 MSEK that was carried out during Q4 as part of the loan from Collector Bank and repurchasing outstanding bonds of 21.8 MSEK during Q2 2019.

Other information

Seasonal variations

SSM's operations are affected by seasonal variations to a minor degree. However, major housing cooperative projects may have a material effect on sales and profit/loss in individual quarters, depending on when the projects are completed. This effect on sales and profit/loss should therefore be considered over a longer life cycle.

Parent Company

The Parent Company had limited operations in the period January to December 2019 and the comparative period alike. As part of the review of SSM's operations carried out during Q3 2019, the Parent Company's participations in Group companies were also revalued, leading to non-cash impairment losses totaling -239.2 MSEK. The loss for the period was -268.8 MSEK (46.0).

Assets chiefly comprise participations in and receivables from Group companies and amounted to 773.2 MSEK (1,059.5) at the end of the period. The asset side on the balance sheet contracted by 286.3 MSEK compared with December 31, 2018, mainly due to the revaluation of the Parent Company's participations in Group companies leading to non-cash impairment losses totaling -239.2 MSEK. Equity was SEK 374.3 MSEK (643.1) on the balance sheet date.

The Parent Company had 3 employees (3) at the end of the period.

Employees

The average number of employees in the Group was 48 people (66) during the quarter, of which 20 (25) were women. For the period January to September 2019, the average number of employees was 60 people (71), of which 25 (26) were women. The decrease is mainly due to SSM's divestment of its contracting operations during Q3 2019 as well as natural wastage.

Transactions between related parties

During the quarter, SSM did not engage in any material transactions with related parties, except for customary transactions between Group companies and joint ventures. These transactions were carried out on market terms

Risks and uncertainties

SSM faces different kinds of risks, such as risks associated with the external environment and strategic, operational and financial risks that may affect the company's ability to implement strategies and reach goals. When assessing the future development of the Group, it is important to consider risk factors alongside opportunities for profit growth. The review of SSM's operations that was conducted in Q3 2019 resulted in a decision to optimize the business model, given current market conditions, to meet identified risks and challenges better.

The main risks to which the Group's operations are exposed include strategic risks, such as macroeconomic developments and reduced demand for housing, as well as operational risks, such as price and project risks. SSM is also exposed to a number of financial risks, including risks relating to the Group's liquidity and debt financing. The objective of the Group's risk management is to identify, measure, control and limit risks in its operations.

More information about the company's risk management is provided on pages 58 – 62 of SSM's 2018 Annual Report as well as in Note 15.

Shares and share capital

The company's registered share capital on the balance sheet date was 39.3 MSEK divided into 39,252,542 registered shares. There is one share class in the company and each share has a quota value of 1 SEK (1).

At the end of the period, shares corresponding to 68.9 percent of the capital and votes in the company were held by Eurodevelopment Holding AG. No other owner held more than 10.0 percent of the capital and votes.

Revaluation of project properties and joint venture assets in Q3

During Q3 2019, SSM carried out a review of its operations that led to a decision to optimize the company's business model based on current market conditions. The work on the review of the business model and the analysis of the market conditions resulted in a revaluation of balance sheet items for several of the Group's project properties and receivables from joint ventures. This resulted in the recognition of a non-cash impairment loss totaling -312.7 MSEK that had a negative effect on profit/loss in Q3 2019. For a review and breakdown of the total negative effect on profit/loss according to the above, see the interim report for Q3 2019.

IFRS 8 – segment reporting

Until now, SSM has only had one operating segment: housing development through cooperative apartments. As SSM is now expanding its product mix to include rental projects, in the future, SSM may have two segments. It is the Executive Management Team's way of monitoring and governing the operations that determines whether the company is considered to have one or several segments. If and when the company's operations are monitored and governed based on several segments, the company shall include segment reporting in its financial reports. The Executive Management Team is continuing to monitor operations based on the principle of one operating segment, so there will be no change for the year 2019. The company has initiated an analysis of its accounting and reporting principles, which also includes the need for segment reporting from Q1 2020.

Proposed dividend

The Board of Directors proposes that the Annual General Meeting resolve on a dividend of 0.00 SEK (0.00) per share.

Significant events after the reporting period

On January 15, the company's main owner, Eurodevelopment, sold 11,600,000 shares (corresponding to 29.55% of the share capital and votes in SSM) to Amasten Fastighets AB through subsidiary and 3,800,000 shares (corresponding to 9.7% of the share capital and votes in SSM) to Gösta Welandsson with subsidiaries.

On February 4, 2020, SSM summoned a meeting with its bondholders through a procedure in writing to resolve on amending the terms and conditions of the bonds.

Erik Lemaitre, EVP Business Development and member of SSM's Executive Management Team, announced he would leave SSM for another position during Q2 2020 at the latest.

Agreement signed regarding divestment of the Järnet and Älvsjö Quarters projects, letter of intent regarding the sale of Tellus Towers to parties related to SSM.

Notice to attend an Extraordinary General Meeting on March 11, 2020 to resolve on the Board's proposal on a rights issue of shares or convertibles and to conclude the sale of the Järnet and Älvsjö Quarters projects.

Based on the company's new 5-year business plan, the Board of Directors has established new financial targets: Operating margin >10.0%, debt/equity ratio >40.0%, return on equity >15.0%. The dividend policy remains unchanged at >30% of the year's profits after tax.

SSM's Finance Manager Ola Persson is appointed CFO from March 1, 2020.

The Group's statement of comprehensive income

(MSEK)	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Net sales	36.1	58.2	212.3	652.5
Expenses for production and management	-32.1	-71.5	-391.9	-620.4
Gross profit	4.0	-13.3	-179.5	32.0
Sales and administration expenses	-19.6	-13.8	-68.8	-51.4
Earnings from joint ventures	16.5	-6.6	-33.0	64.3
Other income/-cost	-	-	-134.2	6.9
Operating profit	1.0	-33.6	-415.5	51.8
Financial income	3.2	2.8	19.4	12.2
Financial expenses	-24.1	-10.0	-53.2	-42.5
Net financial items	-20.9	-7.2	-33.8	-30.3
Pre-tax profit	-19.9	-40.8	-449.3	21.4
Tax	-0.6	-5.6	1.8	-6.2
EARNINGS FOR THE PERIOD	-20.4	-46.4	-447.5	15.3
Profit attributable to				
Parent company shareholders	-20.4	-46.4	-447.5	15.3
Minority interest	-0.0	0.0	-0.0	0.0
PROFIT FOR THE PERIOD	-20.4	-46.4	-447.5	15.3
Earnings per share, before and after dilution (SEK)	-0.52	-1.18	-11.40	0.39
Number of shares at end of period	39,252,542	39,252,542	39,252,542	39,252,542
Average number of shares during the period	39,252,542	39,252,542	39,252,542	39,252,542

In the Group, there are no items reported under Other comprehensive income which is why total comprehensive income is the same as the profit for the period.

The Group's statement of financial position

(MSEK)	31/12/2019	31/12/2018
ASSETS		
<i>Fixed assets</i>		
<i>Intangible assets</i>		
Software	2.6	2.9
Total intangible assets	2.6	2.9
<i>Tangible assets</i>		
Machinery and equipment	0.2	0.3
Right-of-use assets	30.2	-
Total tangible assets	30.4	0.3
<i>Financial assets</i>		
Participations in joint ventures	130.6	140.3
Receivables from joint ventures	129.3	253.5
Other long-term receivables	82.4	102.0
Total financial assets	342.3	495.8
Total fixed assets	375.3	499.0
<i>Current assets</i>		
<i>Inventories</i>		
Warehouse property	313.8	467.0
Completed homes	2.8	-
Total inventories	316.6	467.0
<i>Other current assets</i>		
Accounts receivable	16.4	42.3
Recognized, non-invoiced revenue	0.4	1.0
Receivables from joint ventures	19.1	16.9
Tax receivables	0.9	1.0
Other receivables	47.3	32.7
Prepaid costs and accrued income	8.5	9.6
Liquid funds	155.3	274.8
Total current assets	564.5	845.2
TOTAL ASSETS	939.8	1,344.2

The Group's statement of financial position, cont.

(MSEK)	2019-12-31	2018-12-31
EQUITY AND LIABILITIES		
Equity		
Share capital	39,3	39,3
Paid-up capital	506,5	506,5
Profit brought forward	-226,6	220,9
Equity attributable to Parent Company shareholders	319,2	766,7
Minority interest	0,0	0,0
Total equity	319,2	766,7
Liabilities		
<i>Long-term liabilities</i>		
Bond issues	-	396,4
Liabilities to credit institutions	114,0	-
Other long-term liabilities	26,0	-
Provisions	5,5	7,7
Deferred tax liabilities	0,5	0,5
Total long-term liabilities	146,0	404,6
<i>Current liabilities</i>		
Liabilities to joint ventures	-	0,1
Bond issues	368,3	-
Liabilities to credit institutions	-	96,6
Advance payments from customers	10,2	-
Accounts payable – trade	27,8	27,5
Provisions	19,0	12,5
Current tax liabilities	1,4	2,5
Other liabilities	13,4	10,6
Accrued costs and prepaid income	34,6	23,1
Total current liabilities	474,6	172,9
TOTAL EQUITY AND LIABILITIES	939,8	1 344,2

The Group's statement of changes in equity

Attributable to Parent Company shareholders						
(MSEK)	Share capital	Other paid-in capital	Profit brought forward	Total	Minority interest	Total equity
Equity, January 1, 2018	39,3	506,5	205,7	751,4	0,0	751,5
Profit						
Profit for the year			15,3	15,3	0,0	15,3
Total profit			15,3	15,3	0,0	15,3
Total transactions with shareholders	-	-	-	-	-	-
EQUITY, DECEMBER 31, 2018	39,3	506,5	220,9	766,7	0,0	766,7
Equity, January 1, 2019	39,3	506,5	220,9	766,7	0,0	766,7
Profit						
Profit for the year			-447,5	-447,5	-	-447,5
Total profit			-447,5	-447,5	-	-447,5
Total transactions with shareholders	-	-	-	-	-	-
EQUITY, December 31, 2019	39,3	506,5	-226,6	319,2	0,0	319,2

The Group's cash flow statement

(MSEK)	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
<i>Cash flow from current activities</i>				
Operating profit before financial expenses	1,0	-33,6	-415,5	51,8
Items not affecting liquidity	39,1	-6,8	327,3	-15,8
Recognized profits in joint ventures	-16,5	6,6	33,0	-64,3
Received dividend from joint ventures	-	-0,0	-	87,2
Received interest	2,4	0,0	2,4	1,7
Paid interest	-24,2	-8,9	-51,0	-40,9
Paid income taxes	-0,1	-0,2	0,8	-0,3
Cash flow before changes in operating capital	1,7	-43,0	-103,0	19,3
<i>Cash flow from changes in operating capital</i>				
Decrease/increase in property projects	-20,9	66,3	-7,8	263,8
Decrease/increase in accounts receivables	51,1	-25,8	26,0	-14,4
Decrease/increase in other current receivables	-12,5	-23,5	-6,3	-13,1
Decrease/increase in supplier liabilities	15,9	8,1	1,4	-39,7
Decrease/increase in current liabilities	-3,6	15,0	24,2	-43,5
Total change in operating capital	30,1	40,1	37,5	153,1
CASH FLOW FROM CURRENT ACTIVITIES	31,9	-2,8	-65,5	172,4
<i>Cash flow from investment activities</i>				
Investments in intangible assets	-0,1	-0,9	-1,3	-2,6
Investments in financial assets	-41,2	-30,8	-108,0	-90,6
Decrease of financial assets	66,0	2,9	66,0	89,1
Cash flow from investment activities	24,7	-28,7	-43,3	-4,1
<i>Cash flow from financing activities</i>				
Dividend	-	-	-	-0,1
Increase in long-term liabilities	114,0	-0,9	114,0	-0,5
Amortization of long-term liabilities	-1,4	-32,8	-6,2	-239,1
Amortization of short-term liabilities	-96,6	-	-118,5	-
Cash flow from financing activities	15,9	-33,8	-10,7	-239,6
Decrease/increase in liquid funds	72,5	-65,3	-119,5	-71,3
Liquid funds, opening balance	82,8	340,1	274,8	346,1
LIQUID FUNDS AT THE END OF THE PERIOD	155,3	274,8	155,3	274,8

Parent Company's statement of comprehensive income

(MSEK)	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Net sales	1,8	5,9	13,9	21,2
Costs for production and management	0,0	-0,2	-0,1	-0,2
Gross profit	1,8	5,8	13,8	21,0
Sales and administration costs	-8,8	-11,9	-39,9	-33,5
Operating profit	-7,0	-6,2	-26,1	-12,5
Earnings from Group companies	-	50,0	-	50,0
Depreciation of assets	-0,0	-	-239,2	-
Interest income and similar profit/loss items	7,1	12,2	42,2	44,1
Interest expenses and similar profit/loss items	-19,1	-9,0	-45,7	-35,6
Profit after financial items	-19,0	47,0	-268,8	46,0
Tax	-	-0,0	-	-0,0
PROFIT FOR THE PERIOD	-19,0	46,9	-268,8	46,0

In the Parent Company, there are no items reported under Other comprehensive income which is why total comprehensive income is the same as the profit for the period.

Parent Company's statement of financial position

(MSEK)	2019-12-31	2018-12-31
ASSETS		
<i>Fixed assets</i>		
Participations in Group companies	233,1	472,3
Receivables from Group companies	471,8	503,0
	3,0	3,0
Total fixed assets	707,9	978,3
<i>Current assets</i>		
Account receivables	-	0,2
Receivables from Group companies	57,0	50,0
Receivables from joint ventures	-	0,6
Tax receivables	-	0,2
Other assets	0,3	-
Prepaid expenses and accrued revenue	7,3	1,9
Cash and bank balances	0,8	28,4
Total current assets	65,4	81,2
TOTAL ASSETS	773,2	1 059,5
(MSEK)	2019-12-31	2018-12-31
EQUITY AND LIABILITIES		
<i>Shareholders' equity</i>		
Share capital	39,3	39,3
Share premium	506,5	506,5
Share-based payments	-	4,6
Unrestricted equity	97,4	46,8
Profit/loss for the period	-268,8	46,0
Total equity	374,3	643,1
<i>Long-term liabilities</i>		
Bond issues	-	396,4
Total long-term liabilities	-	396,4
<i>Current liabilities</i>		
Bond issues	368,3	-
Liabilities to Group companies	0,6	1,7
Accounts payable – trade	9,8	3,6
Other liabilities	0,1	5,1
Accrued expenses and prepaid liabilities	20,2	9,6
Total current liabilities	398,9	20,0
TOTAL EQUITY AND LIABILITIES	773,2	1 059,5

Parent Company's changes in equity

(MSEK)	Restricted equity	Unrestricted equity		
	Share capital	Paid-in capital	Profit brought forward	Total equity
Equity, January 1, 2018	39,3	506,5	51,4	597,2
Profit				
Profit for the year			46,0	46,0
Total profit			46,0	46,0
Total transactions with shareholders	-	-	-	-
EQUITY, DECEMBER 31, 2018	39,3	506,5	97,4	643,1
Equity, January 1, 2019	39,3	506,5	97,4	643,1
Profit				
Profit this period			-268,8	-268,8
Total profit			-268,8	-268,8
Total transactions with shareholders	-	-	-	-
EQUITY, DECEMBER 31th, 2019	39,3	506,5	-171,5	374,3

Parent Company's cash flow statement

(MSEK)	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
<i>Cash flow from current activities</i>				
Operating profit before financial expenses	-7,0	-6,2	-26,1	-12,5
Received interest	7,1	12,2	33,0	44,1
Paid interest	-18,4	-8,3	-42,8	-32,8
Paid income taxes	0,2	0,0	0,2	0,0
Cash flow before changes in operating capital	-18,1	-2,3	-35,8	-1,1
<i>Cash flow from changes in operating capital</i>				
Decrease/increase in other current receivables	-22,4	-2,6	-11,9	0,7
Decrease/increase in supplier liabilities	5,9	1,2	6,2	0,6
Decrease/increase in current liabilities	7,5	6,2	4,5	-2,2
Total change in operating capital	-9,0	4,7	-1,2	-0,9
CASH FLOW FROM CURRENT ACTIVITIES	-27,1	2,4	-37,0	-2,1
<i>Cash flow from investment activities</i>				
Investments in financial assets	17,3	4,6	31,2	-50,2
Cash flow from investment activities	17,3	4,6	31,2	-50,2
<i>Amortization of short-term liabilities</i>				
Cash flow from financing activities	-0,0	-	-21,8	-
Decrease/increase in liquid funds	-9,8	7,0	-27,6	-52,2
Liquid funds, opening balance	10,6	21,4	28,4	80,6
LIQUID FUNDS AT THE END OF THE PERIOD	0,8	28,4	0,8	28,4

Note 1 General Information

SSM Holding AB (publ), corporate identity no. 556533-3902, is the Parent Company of the SSM Group. SSM has its registered office in Stockholm at Torsgatan 13, PO box 517, 101 30 Stockholm, Sweden. The operations of the Parent Company comprise Group-wide functions and the organization of the CEO and administrative staff. The organization of project and property management is performed by the Group's subsidiaries. The Parent Company does not directly own property. SSM acquires, develops, sells and produces residential property in the Greater Stockholm area. All amounts are reported as MSEK unless otherwise stated. Figures in parentheses are for the previous year.

Note 2 Accounting policies

Basis for preparing the reports

The consolidated accounts for the SSM Group have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the cost method. This interim report was prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company's financial statements have been prepared in accordance with RFR 2 Reporting for Legal Entities and the Swedish Annual Accounts Act. The same accounting policies and methods of calculation were used in this interim report as in the latest annual report.

Important estimates and assessments

For information on important estimates and assessments made by the company management when preparing the consolidated financial statements, see Note 2 in SSM's 2018 Annual Report.

Effects of new IFRS standards;

IFRS 16 Leases has replaced IAS 17 Leases and has been applied from January 1, 2019. The Group has applied the simplified transition method, the modified retrospective approach, and has not restated comparative figures. The lease model for lessees in IFRS 16 means that nearly all leases are recognized in the statement on financial position. The right-of-use assets (the lease asset) and the liability are measured as the present value of all future lease payments. The income statement includes depreciation of the right-of-use assets and interest expenses. Short-term leases (12 months or less) and leases with low-value underlying assets are not included in the statement on financial position. These have been included in operating profit/loss in the same way as operating leases. Cash flow from financing activities is charged when the lease liability is amortized. For lessors, IFRS 16 does not entail any material changes.

The new standard affects the Group's reporting of operating leases. Operating leases refer to cars and office premises. Leases for premises contain indexation of future rents and certain other variable fees. Other than that, only low-value leases have been identified, such as leases for office equipment and similar. Rights-of-use assets are measured using an amount corresponding to the lease liability (adjusted for prepaid and accrued leasing fees). In its application of IFRS 16, the Group has used the following practical solutions, which are allowed according to the standard:

The same discount rate has been used for a portfolio of leases with reasonably similar characteristics:

Operating leases with a remaining term of less than 12 months from January 1, 2019 have been reported as short-term leases;

Direct acquisition costs for rights-of-use assets have been eliminated during the transition; and

Historical information has been used when determining the term of a lease where there is an option to extend or terminate the lease.

The Group has also decided not to apply IFRS 16 to agreements that have not been identified as leases in accordance with IAS 17 and IFRIC 4.

SSM is also a lessee of site leaseholds, which means changes to the reporting under IFRS 16. The change does not have any impact on profit/loss, but site leasehold fees are reclassified on the income statement from an operating expense in *Expenses for production and management* to an estimated financial item in net financial expenses. The balance sheet is also affected, as the present value of future site leasehold fees is recognized as an asset and a liability.

For lease commitments, the Group reports right-of-use assets totaling 30.2 MSEK as at December 31, 2019 and 44.8 MSEK as at January 1, 2019. The change of dates is chiefly due to space and time-related changes in leases for head offices. In the year-end report, the asset is referred to as a right-of-use asset instead of Other financial assets, which was the reference used in the previous quarters of 2019. The reporting of leases with SSM as the lessor remain unchanged in all material respects.

Note 3 Financial instruments – fair value

Information on the fair value of lending and borrowing. The carrying amounts and fair values of non-current borrowings are as follows:

The fair value of current borrowing corresponds to the carrying value as the discount is insignificant. Fair values are based on discounted cash flows using a discount rate corresponding to the estimated effective interest rate for alternative borrowings and classified in Level 2 of the fair value hierarchy, see the note Financial instruments by category in SSM's Annual Report. The difference between the carrying amount and the fair value consists of transaction costs for each credit, distributed over the period of the credit.

There were no transfers between levels or valuation categories in the period.

(MSEK)	2019-12-31	2018-12-31
Bond issue	368,3	396,4
Liabilities to credit institutions	114,0	96,6
Other long-term liabilities	26,0	-
TOTAL LIABILITIES	508,3	493,0

	Fair value	
(MSEK)	2019-12-31	2018-12-31
Bond issue	369,0	400,0
Liabilities to credit institutions	114,0	96,6
Other long-term liabilities	26,0	-
TOTAL LIABILITIES	509,0	496,6

Note 4 Net sales and major customers

Group-wide information. The distribution of revenue from products and services is shown below:

Analysis of revenue by revenue type	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Project revenue, contracted	12,6	36,0	147,8	580,7
Sale of other construction services	8,7	9,0	34,6	42,0
Sale of other construction goods	10,7	9,1	13,0	13,0
Other revenue	4,1	4,1	16,9	16,8
TOTAL	36,1	58,2	212,3	652,5
Total revenue from large customers	21,8	36,1	173,3	580,4
No. of large customers (>10% of revenue)	3	2	4	3

Note 5 Sales and administration expenses

Group-wide information. The distribution of revenue from products and services is shown below:

	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Overhead costs	-7,5	-14,9	-35,2	-49,8
Salaries	-15,7	-20,4	-80,0	-91,1
Administration, balanced	2,2	9,4	20,8	41,5
Time, balanced	5,7	12,3	34,3	48,8
Depreciations/amortization	-4,3	-0,2	-8,7	-0,8
Sales and administration costs	-19,6	-13,8	-68,8	-51,4

Non-recurring costs in connection with the change of CEO amounted to -6.3 MSEK for Q2 2019. During Q3, non-recurring costs attributable to the divestment of SSM's contracting operations amounted to -1.1 MSEK and for Q4, there were additional costs of approximately -2.1 MSEK related to the adapting the organization.

Note 6 Participations in joint ventures

JV-projects are reported using the equity method, which means that revenues are not included in Group accounting but only in SSM's share of profits. The information below shows the amounts as presented in the JV entities' accounting adjusted for differences in accounting principles between the Group and the JV entities. During Q4 2019, SSM acquired Profi Fastigheter's JV share in the Turbinhallen project, which is why the project has now been consolidated in the Group. SSM also sold its JV share in the Bromma Square project to JV partner Profi Fastigheter.

ALECTA

Consolidated share amounts to 30,0%

Summarized income statement	Jan-Dec	
	2019	2018
Net Sales	615,6	-
Costs for production and management	-540,2	-7,8
Other operating expenses	-0,2	-0,7
Operating profit/loss	75,2	-8,5
Depreciation, amortization and impairment	-	-
Financial income	0,1	-
Financial expenses	-6,4	-3,3
Profit/loss before tax	68,9	-11,8
Tax on profit/loss for the year	-	-
Profit/loss for the year	68,9	-11,8

Summarized balance sheet	2019-12-31	2018-12-31
Current assets		
Liquid funds	176,9	35,0
Projektfastigheter	236,4	477,5
Other receivables	56,4	0,5
Total current assets	469,7	513,0
Current liabilities	-29,2	-22,2
Total current liabilities	-29,2	-22,2
Fixed assets	-	-
Long-term financial debt	-310,6	-437,4
Other long-term liabilities	-7,3	-
Total assets and long-term liabilities	-317,9	-437,4
Net assets	122,6	53,4

STUDENT HILL

Consolidated share amounts to 50,0%

	Jan-Dec	
Summarized income statement	2019	2018
Net Sales	-	-
Costs for production and management	-1,7	-2,8
Other operating expenses	-0,1	-
Operating profit/loss	-1,8	-2,8
Depreciation, amortization and impairment	-	-
Financial income	-	-
Financial expenses	-1,0	-0,3
Profit/loss before tax	-2,9	-3,1
Tax on profit/loss for the year	-	-
Profit/loss for the year	-2,9	-3,1

Summarized balance sheet	2019-12-31	2018-12-31
Current assets		
Liquid funds	3,8	3,0
Projektfastigheter	-	-
Other receivables	28,2	0,3
Total current assets	31,9	3,3
Current liabilities	-34,2	-3,4
Total current liabilities	-34,2	-3,4
Fixed assets	0,9	0,9
Long-term financial debt	-	-1,3
Other long-term liabilities	-	-
Total assets and long-term liabilities	0,9	-0,3
Net assets	-1,4	-0,5

PROFI Turbinhallen

Consolidated share amounts to 50,0%

	Jan-Dec	
Summarized income statement	2019	2018
Net Sales	1,3	414,6
Costs for production and management	-0,9	-258,9
Other operating expenses	-	-0,0
Operating profit/loss	0,4	155,7
Depreciation, amortization and impairment	-	-
Financial income	-	-
Financial expenses	-	-3,0
Profit/loss before tax	0,4	152,7
Tax on profit/loss for the year	-	-
Profit/loss for the year	0,4	152,7
Summarized balance sheet	2019-12-31	2018-12-31
Current assets		
Liquid funds	-	4,3
Projektfastigheter	-	-
Other receivables	-	6,7
Total current assets	-	11,0
Current liabilities	-	-
Total current liabilities	-	-
Fixed assets	-	0,1
Long-term financial debt	-	-
Other long-term liabilities	-	-
Total assets and long-term liabilities	-	0,1
Net assets	-	11,0

PARTNERS GROUP

Consolidated share amounts to 50,0%

	Jan-Dec	
Summarized income statement	2019	2018
Net Sales	-	0,2
Costs for production and management	-63,1	-32,4
Other operating expenses	-2,9	-5,5
Operating profit/loss	-66,0	-37,7
Depreciation, amortization and impairment	-	-
Financial income	0,1	0,0
Financial expenses	-0,2	-0,3
Profit/loss before tax	-66,1	-37,9
Tax on profit/loss for the year	-0,1	-0,1
Profit/loss for the year	-66,2	-38,1

Summarized balance sheet	2019-12-31	2018-12-31
Current assets		
Liquid funds	29,3	25,1
Projektfastigheter	661,9	541,6
Other receivables	21,3	8,7
Total current assets	712,5	575,5
Current liabilities	-380,8	-42,1
Total current liabilities	-380,8	-42,1
Fixed assets	-	-
Long-term financial debt	-100,1	-325,5
Other long-term liabilities	-0,4	-0,4
Total assets and long-term liabilities	-100,4	-325,9
Net assets	231,3	207,5

PROFI Bromma Square

Consolidated share amounts to 50,0%

	Jan-Dec	
Summarized income statement	2019	2018
Net Sales	15,4	19,7
Costs for production and management	-2,8	-6,2
Verkligt värde förändring	-	21,5
Other operating expenses	-1,0	-1,4
Operating profit/loss	11,6	33,7
Depreciation, amortization and impairment	-	-
Financial income	0,1	0,0
Financial expenses	-6,4	-10,7
Profi/loss before tax	5,3	23,0
Tax on profit/loss for the year	-1,6	-4,7
Profit/loss for the year	3,7	18,3

Summarized balance sheet	2019-12-31	2018-12-31
Current assets		
Liquid funds	-	4,0
Projektfastigheter	-	-
Other receivables	-	2,4
Total current assets	-	6,4
Current liabilities	-	-11,1
Total current liabilities	-	-11,1
Fixed assets	-	275,1
Long-term financial debt	-	-233,8
Other long-term liabilities	-	-7,2
Total assets and long-term liabilities	-	34,2
Net assets	-	29,4

LIBU Elverket

Consolidated share amounts to 50,0%

	Jan-Dec	
Summarized income statement	2019	2018
Net Sales	2,0	-
Costs for production and management	-3,3	3,0
Other operating expenses	-0,0	-0,0
Operating profit/loss	-1,4	3,0
Depreciation, amortization and impairment	-	-
Financial income	2,2	-
Financial expenses	-3,4	-5,0
Profit/loss before tax	-2,6	-2,0
Tax on profit/loss for the year	-	-
Profit/loss for the year	-2,6	-2,0
Summarized balance sheet	2019-12-31	2018-12-31
Current assets		
Liquid funds	0,6	0,6
Projektfastigheter	385,2	417,4
Other receivables	4,7	0,3
Total current assets	390,4	418,2
Current liabilities	-1,4	-
Total current liabilities	-1,4	-
Fixed assets	-	-
Long-term financial debt	-387,6	-412,4
Other long-term liabilities	-	-1,8
Total assets and long-term liabilities	-387,6	-414,2
Net assets	1,5	4,0

Note 7 Assets pledged as security and contingent liabilities*Assets pledged as security*

Shares in SSM Fastigheter AB have been pledged as collateral for issued bonds and the Group-wide value is -55,1 MSEK (123,5). Mortgages have been pledged totaling 97,2 MSEK (97,2) and floating charges totaling 0,0 MSEK (23,7). As collateral for office rent, funds have been deposited in a blocked account to an amount of 3,0 MSEK (3,0).

Contingent liabilities

Guarantees of 185.6 MSEK (119.4) have been pledged to housing cooperatives that are not consolidated in the Group. The above refers to housing cooperatives that are controlled by joint ventures and are consolidated as part of the relevant joint venture. Guarantees of 11.2 MSEK (10.3) have been pledged to joint ventures. Guarantees for guarantee commitments for the benefit of the seller's right to payment under sales agreements entered into with acquiring companies or associations. In connection with the divestment of rental property projects, SSM provided rent guarantees.

SSM is occasionally party to a dispute. No ongoing dispute is expected to have a material impact on the Group's financial position and profit.

Note 8 Retroactive recalculation of financial reports

Due to the changed consolidation principle for housing associations, the point in time that SSM recognize project revenue and project costs has been affected. Revenue arising out of the construction and transfer of a residential property is recognized at the point in time when control is transferred to the homebuyer, which is usually when the individual owner of a cooperative apartment takes possession of the home. At this point in time, SSM's right to receive the purchase price for the cooperative apartment in question also arises. The recognized revenue is based on the actual revenue per home sold within the housing cooperative project and is recognized when the owner of each home takes possession. Recognized revenue per sold home is based on the home's proportion of the property's total cost at completion of the project. During the construction period, accrued costs are recognized as inventory assets in project properties, and the housing association's liabilities are recognized as short-term or long-term interest-bearing liabilities in SSM's balance sheet. SSM considers that the point in time when the housing association receives the final investment on its long-term interest-bearing financing as the moment when control of the housing association is no longer considerable, and the housing association should no longer be included in the Group's consolidated accounts.

Additional information on the adjustment of previously applied accounting principles for the housing development of cooperative apartments was presented in SSM's Annual Report 2018, Note 30, *Retrospective recalculation of financial reports* and in a press release published February 6, 2019 entitled *SSM applies new accounting principle for housing development through housing associations*.

Translation effects from the retrospective restatement of the comparative period for the *Group's statement of comprehensive income* for July – September and January – September 2018 and the *Group's statement of financial position* on September 30, 2018 are set out below.

Signatures of the Board of Directors

The Board of Directors and the CEO confirm that this Full-year Report provides an accurate overview of the operations, financial position and performance of the Group and the Parent Company, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, February 19, 2020

Anders Janson
Chairman

Bo Andersson
Member

Per Berggren
Member

Sheila Florell
Member

Ulf Morelius
Member

Ulf Sjöstrand
Member

Jonas Wikström
Member

Peter Wågström
Member

Mattias Lundgren
President & CEO

Auditor's report

SSM Holding AB (publ) corp. reg. no. 556533-3902

Introduction

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other matter

We would like to draw attention to the disclosure on pages 2 and 12 in the interim report on the status of the company's financial situation. We have not modified our statement in this regard.

Stockholm February 19, 2020

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

Definitions of key ratios

Number of shares

Number of shares registered at the end of the period, adjusted for the share split.

Balance sheet total

Sum of assets.

Gross margin

Gross profit in relation to net sales.

Gross profit

Net sales less the cost of production and management.

Equity per share

Equity attributable to the Parent Company shareholders in proportion to the number of shares outstanding at the end of the period, adjusted for the share split.

Liquidity ratio

Current assets excluding inventories, divided by current liabilities at the end of the period.

Net sales, JV

Total net sales for SSM's joint ventures.

Net sales including JV

Net sales for the Group and for joint ventures.

Earnings per share after tax

Profit after tax in relation to the average number of outstanding shares.

Return on equity

Profit after tax in relation to average equity.

Interest coverage ratio

Profit after financial revenue in relation to financial expenses.

Operating margin

Operating profit as a percentage of net sales.

Operating profit

Profit before financial items.

Debt/equity ratio

Total debt in relation to equity.

Equity ratio

Equity in relation to total assets.

Dividend per share, SEK

Dividend in Swedish kronor in relation to the number of shares outstanding at the end of the period, adjusted for the share split.

Number of employees

Number of contracted employees at the end of the period.

Total apartments in production

Number of apartments on which production has started but not yet finished.

Completed apartments

Number of homes that have been taken in possession by the end customer.

Sales value of sold apartments

Down payments plus long-term loans attributed to sold homes and sales value of sold rental projects. The value corresponds to gross revenue and deviates from net sales in several items.

Building right

The forecast for the most recent period regarding the number of apartments in the company's projects that can be developed in the company's projects.

Production start

The time at which the Group decides to start the production of a project.

Project

A project is included in the project portfolio when the company has acquired, agreed to acquire, or has the option to directly or indirectly acquire a property in order to develop.

Accumulated number of sold apartments

Total number of apartments in production that are sold through pre-purchase agreements or grant agreements to a housing association or commercial property owner.

Sold apartments

Number of apartments sold during the period through binding pre-purchase agreements or grant agreements.

Sold share in production

Number of apartments sold compared to the number of apartments in production.

SSM applies the guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APMs). The guidelines aim to make APMs in financial reports more comprehensible, reliable and comparable, thereby increasing their usefulness. According to these guidelines, an APM is a financial measurement of historical or financial performance, financial position, financial results or cash flows other than financial measurements defined or specified in the applicable financial reporting framework, IFRS and the Swedish Annual Accounts Act. Reconciliation of APMs is available at ssmlivingroup.



SSM Holding

In brief

SSM produces functionally-smart and affordable housing with attractive shared spaces, near the city and close to public transport for the company's target group – tomorrow's urbanites.

The company's vision is a housing market with room for as many people as possible.

SSM is the leading residential developer in its niche in the Greater Stockholm area and has about 4,500 building rights in its project portfolio.

SSM was listed on Nasdaq Stockholm on April 6, 2017.

Financial targets & dividend policy

SSM's financial goals aim to maintain stable, long-term profitability and create value to deliver good returns for shareholders.

- Operating margin >10 percent
- Debt/equity ratio >40 percent
- Return on equity >15 percent

SSM's dividend policy aims to secure both the owners' return on capital employed and the company's need for funds to develop the business.

- Dividend >30 percent of the year's profits after tax

Financial calendar

Interim Report Q1 2020	May 14, 2020
AGM 2020	May 14, 2020
Interim Report Q2 2020	August 27, 2020
Interim Report Q3 2020	November 19, 2020

Download SSM's financial reports at ssmlivinggroup.com

Get in touch

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The information in this report is such that SSM Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 07:30 CET on February 20, 2020.

SSM

www.ssmlivinggroup.com

