

Great neighbourhoods across generations

JohnMattson



Great neighbourhoods across generations

John Mattson is a property company with operations in three municipalities in the Stockholm region. Today, we have some 2,800 rental apartments in Lidingö and Sollentuna as well as leasehold properties in Slakthusområdet in Stockholm. Our ambition is to continue to grow in attractive market locations in the Stockholm region.

The business was founded in 1965 by master builder John Mattson and its core values — a long-term perspective, professionalism and commitment — are as strong today as they were then. Our vision is to create great neighbourhoods across generations. We make daily life easier for everyone by offering well-managed, attractive homes and safe neighbourhoods.

John Mattson has been listed on Nasdaq Stockholm, Mid Cap, since 2019.

55

year
history

3

municipalities in
Stockholm

2,800

rental properties
in our areas

8

billion
in property value

2020 in brief

- Acquisition of 541 apartments in Rotebro and Rotsunda in the municipality of Sollentuna.
- Acquisition of three leasehold properties in Slakthusområdet in the City of Stockholm. John Mattson is therefore established in three municipalities in the Stockholm region and active in development work for Slakthusområdet.
- Base upgrades of 218 apartments and total upgrades of 150 apartments. We have reached our goal of totally upgrading at least 130 apartments in 2020.



Totally upgraded apartments in Käppala, Lidingö, where extensive upgrades have been performed in 2020.

KEY METRICS	2020	2019
Rental revenues, SEK m	294.0	253.0
Net operating income, SEK million	196.0	152.8
Income from property management, SEK m	94.7	64.9
Income from property management, SEK/share	2.81	1.93
Growth in income from property management, SEK/share, %	45.8	159.0
Profit after tax, SEK/share	14.22	5.31
Property value at the end of the period, SEK m	7,958	6,365
Economic occupancy rate at the end of the period, %	94.5	94.9
LTV ratio at the end of the period, %	44.7	40.7
Interest coverage ratio, multiple	2.6	2.3
NAV, SEK/share	129.25	111.07
Growth in NAV, SEK/share, %	16.4	6.6
NNNAV, SEK/share	119.01	103.36

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About this report

John Mattson reports the Group's financial and non-financial information together in one report. The statutory annual report includes the administration report and financial statements on pages 36–76.

This annual report has been prepared in Swedish and translated into English. In event of any discrepancies between the Swedish and the translation, the former shall have precedence.

Well-established as a listed company

We are now well-established as a listed company following the listing on Nasdaq Stockholm in June 2019. In line with our growth strategy, we have also established operations outside Lidingö, and are now active in three municipalities in the Stockholm region. Our operations and performance proved resilient during this turbulent pandemic-struck year.

The rental property market remains strong and John Mattson has developed well during the past year. We are now established as a listed company and advancing our development to efficiently meet continued growth. The need for increased digitalisation has become particularly apparent during 2020.

Financial targets achieved

We have reached our financial targets of at least 10% growth in income from property management per share and at least 10% growth in net asset value per share.

Income from property management per share increased 46%, primarily through an improved net operating income, and new builds and acquisitions. Net asset value per share increased 16%. With a property value of SEK 8 billion at the end of the year, we are on target to reach our goal of at least SEK 10 billion in property value by the end of 2023.

Growth outside Lidingö

After just over ten years of focusing on Lidingö, we have grown and established a broader base in the Stockholm region. The company is now active in Sollentuna and the City of Stockholm.

In December 2019, 500 rental apartments in Rotebro and Rotsunda in the municipality of Sollentuna were acquired with possession taken in May 2020. We have got to know the new areas, properties and tenants. During the year, we have focused on improving the shared environments and measures to increase safety in Rotebro and Rotsunda.

In June, John Mattson acquired three leasehold properties in Slakthusområdet, a fantastic development area in Stockholm, that is now undergoing a transformation from an industrial area to, in the space of a few years, become an urban city district with a diverse

tapestry of businesses. John Mattson's leaseholds are in a prime location near the future metro station and park in the area, where we plan to develop new homes and workplaces.

Considering our strategy to grow in more municipalities within the Stockholm region, I am proud and pleased that we are now established in Sollentuna and part of the development of the exciting Slakthusområdet. It is a good start to our growth that will continue with full force in 2021.

Upgrades surpassing targets

During the year, our upgrade project in Käppala in Lidingö continued. The COVID-19 pandemic has led to us needing to evacuate tenants to a greater extent than planned. Since some project apartments in Käppala were vacant, we were able to offer tenants who so wished, in conjunction with the evacuations, the opportunity to switch immediately to a totally upgraded apartment and even to change the apartment size and location within the building. Our development work in the area has been very well received by the residents in Käppala.

We have completed total upgrades for 150 apartments in Käppala and Larsberg during the year, and thus surpassed the target of total upgrades for at least 130 apartments.

Sustainability in focus

During the year, we have continued implementation of the sustainability strategy decided in 2019, and have accelerated our strategic sustainability efforts. Better insight into our climate impact is required to guide future initiatives and investments.

At the end of the year, we mapped emissions in the company's value chain. We calculated the company's direct emissions as well as emissions from

purchased energy. The plan moving forward is to supplement this by calculating other indirect emissions and setting science-based climate targets in line with the Paris Agreement.

Employees have been involved in proposing measures to reduce the company's climate impact and reach climate neutrality, which has, inter alia, resulted in a nearly 10% reduction in household waste in our areas during the year.

As in 2020, we will adopt bonus targets in 2021 connected to sustainability for all employees. The aim being to steer operations toward our sustainability targets.

Outdoor Areas – part of our model for social sustainability

With our Outdoor Areas concept, we want to make it easier for people to make contact with each other by creating meeting places and social coherence. The aim is to promote positive development in our areas so that they become even more attractive for current and future tenants. We want to contribute to sustainable local communities where people are happy, and feel safe and a sense of community.

We arrange annual activities for tenants and other people in the local community such as flea markets, outdoor cinemas, sporting events, barbecue evenings, cleaning days and neighbourhood watch patrols. Unfortunately, we have had to limit these activities in 2020 due to COVID-19. In 2021, we plan to develop our societal sustainability work even further, and also add digital events.

The rental and property market

Conditions in the residential rental market were stable during the year and not noticeably affected by the pandemic. Demand remains very strong for rental apartments. The demand for rental properties has been very high in the

transaction market owing to the belief that these will remain good and safe investments even in the future.

Outlook

John Mattson intends to continue to grow in the Stockholm region. We are looking into older property portfolios, preferably with the need for upgrades, as well as development rights for new builds in locations with development potential and good transport links. Despite intense competition in the transaction market, we are optimistic for more acquisitions and continued growth.

Base upgrades of close to 200 apartments in Käppala in Lidingö were completed in 2021 and preparations to commence upgrades in Rotebro in Sollentuna in 2022 are under way. In parallel with the apartment upgrades, we are focusing on dynamic local communities and development programs for each area are being prepared to create *Great neighbourhoods across generations*.

I would like to warmly thank all the professional and committed employees who, based on our values, have delivered every day toward our shared goals.

My time at John Mattson will come to an end in 2021 as I am set to retire when a new CEO is appointed. I have had 25 fantastic years at the company, 15 of which have been spent as CEO. It feels like completely the right time to hand over the baton now that John Mattson is entering the next stage of the company's history – a listed company in growth.



SIV MALMGREN, CEO
John Mattson Fastighetsföretagen AB



I am proud and pleased that we are now established in Sollentuna and part of the development of Slakthusområdet. It is a good start to our growth that will continue with full force in 2021.

Long-term value creation

John Mattson's operations create value for tenants, shareholders, employees and the community. Sustainability efforts are integrated throughout our operations and we are constantly working, in collaboration with suppliers and other partners, to create great neighbourhoods and reduce our climate impact.

RESOURCES

Financial capital

- Equity
- Interest-bearing liabilities

Properties

- Buildings and land in connected areas with potential for infill development and adding value
- Energy, water, material and equipment for the administration and development of properties

Customers

- Residential tenants
- Commercial tenants

Employees and structural capital

- Process oriented organisation with in-house administration

Brands and relationships

- Strong brand with a history of over 50 years
- Sought-after residential areas
- Long-term relationships with customers, suppliers, the financial market, municipalities and other stakeholders

OPERATIONS

Vision

Great neighbourhoods across generations

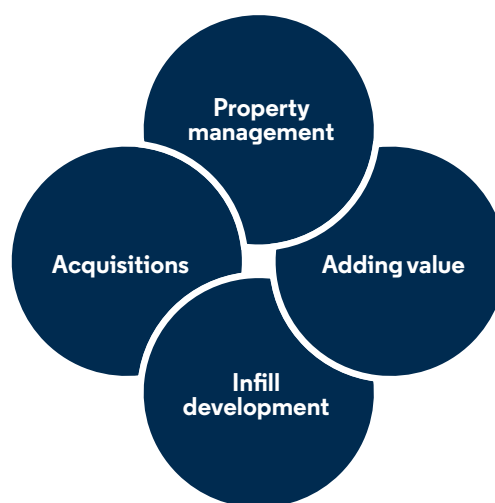
Business idea

Own, manage and develop residential properties and attractive local communities in the long term in the Stockholm region.

Values

A long-term perspective, professionalism and commitment permeate throughout operations. Our values guide our daily work and are the foundation for the company's corporate culture.

Strategy



John Mattson's strategy is based on four cornerstones, in which sustainability efforts are integrated in every part.

VALUE FOR STAKEHOLDERS

For the owners

- Value growth in the share
- Increased NAV per share

For the tenants

- Attractive homes in safe neighbourhoods
- Shared meeting places and events
- Well-maintained outdoor environments with a focus on greenery
- Long-term landlord, local management

For employees

- Skills development
- Attractive workplace and job satisfaction
- Opportunity to contribute to community development

For society at large

- Attractive and sustainable housing environments where people are content and wish to call home
- Safe environments and activities in the surrounding areas
- Urban development with master builder quality

For the environment

- Efficient use of resources
- Management and material with long lifespans and low climate impact
- Recycled food waste converted to biogas



EXAMPLES OF VALUE CREATION IN 2020

SEK **1.6** BILLION

increased property value,
of which SEK 0.5 billion in unrealised
changes in value

16%

increased net asset value
per share

81%

satisfied tenants

36

new build apartments

150

apartments with
total upgrades

81.5 TONNES

of recycled food waste
converted to biogas

Strategic targets

In 2020, income from property management per share increased 46%, and the net asset value per share rose 16%. The property value totalled SEK 8 billion at the end of the year.

Financial targets

An average annual growth in NAV per share of not less than **10%**, including distributions to shareholders, over a business cycle.

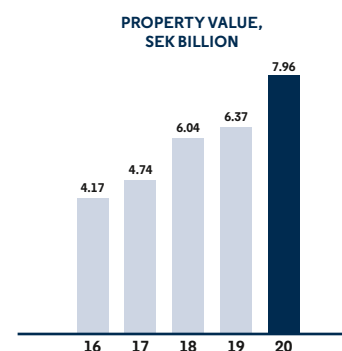
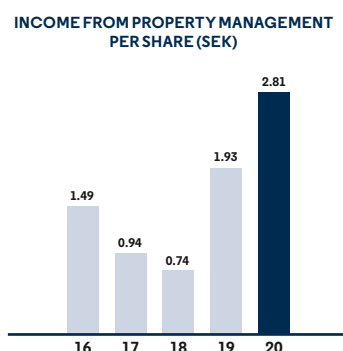
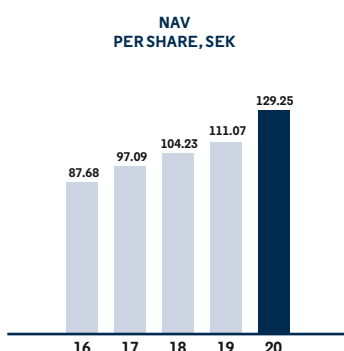
In 2020, growth in net asset value amounted to 16.4% per share.

An average annual growth in income from property management per share of not less than **10%** over a business cycle.

In 2020, growth in income from property management amounted to 45.8% per share.

The value of the Group's property holdings is to total at least **SEK 10 billion** by 2023.

The property value amounted to SEK 8.0 billion at 31 December 2020.



Financial risk mitigation – John Mattson aims for low financial risk. This means that:

- the long-term net loan-to-value ratio should not exceed 50%; and
- the long-term interest coverage ratio should not be less than 1.5.

Dividend policy – Over the long term, dividends are to amount to 50% of annual income from property management. John Mattson will prioritise value-creating investments over the forthcoming years, which means that dividends may drop below 50% or may not even transpire.

Operational targets

- Satisfied tenants, service and product index: in the upper quartile compared with sector
- Attractive areas according to the residents: in the upper quartile compared with sector
- Committed employees and efficient organisation: in the upper quartile in relation to comparable companies

Sustainability targets

- Set climate targets in accordance with the Science Based Targets initiative
- Develop the Outdoor Areas concept in all areas
- Increase the share of sustainable financing

Strategies for long-term value creation

John Mattson's strategy is based on four cornerstones. A long-term strategy permeates our operations and sustainability efforts are integrated in every part.

Strategy



Management with an overall perspective and closeness

– We know our properties and understand our customers. We apply an overall approach taking responsibility for the portfolio and activity in the outdoor areas. We maintain our properties based on a long-term lifecycle perspective. Efficient operations and management optimise the use of resources and ensure low costs.

[READ MORE ON PAGES 14–17](#)

Adding value with sustainable quality – We add value to our buildings by upgrading, extending and converting space to housing. We have a well-established two-step model for upgrades. All upgrades take place in dialogue with the tenants and adjusted rent levels are negotiated with Hyresgästföreningen (Swedish Union of Tenants).

[READ MORE ON PAGES 18–19](#)

Densification to add new qualities – We are increasing the housing density of our own land or adjacent to existing properties, often on already paved land. In this way, we are expanding the range of apartments and meeting the tenants' various needs. The local community is being provided with new attributes, and diversity and variation is increasing, contributing to great neighbourhoods.

[READ MORE ON PAGES 20–21](#)

Acquisitions with a long-term approach – We strive to acquire properties and development rights with development potential in attractive market locations in the Stockholm region, close to efficient infrastructure. Acquisitions are made based on a long-term approach.

[READ MORE ON PAGES 22–23](#)



Rental properties sought after by residents and investors

John Mattson's operations are concentrated to the Stockholm region. The region is characterised by economic growth and an increasing population. Demand for older and newly built rental properties is considerable throughout the Stockholm region.

John Mattson's primary market is in the Stockholm region. The property portfolio is currently located in Lidingö (Larsberg and the surrounding area and Käppala), the municipality of Sollentuna (Rotebro and Rotsunda) and in Stockholm (Slakthusområdet). The company has the ambition of establishing operations in more growth municipalities in regions where there is a political will to grow.

Challenging housing situation

The housing situation in the Stockholm region has long been characterised by shortages. According to Boverket's (National Board of Housing, Building and Planning) regional housing needs estimates, 25,000–30,000 properties will need to be constructed each year

Need for housing until 2025

67,000

new properties per year
in the Stockholm region

in the Stockholm region between 2020 and 2029¹). According to Boverket's indicators, the pace of construction in the region was essentially unchanged in 2020 compared with 2019, with building starts for some 14,000 properties. Rental properties account for about half of these properties. Boverket anticipates an unchanged pace of construction during 2021²). The number of properties being

constructed is in line with Boverket's expectations before the outbreak of the coronavirus pandemic, which indicates that the pandemic has only had limited impact on the pace of construction in the region during the year.

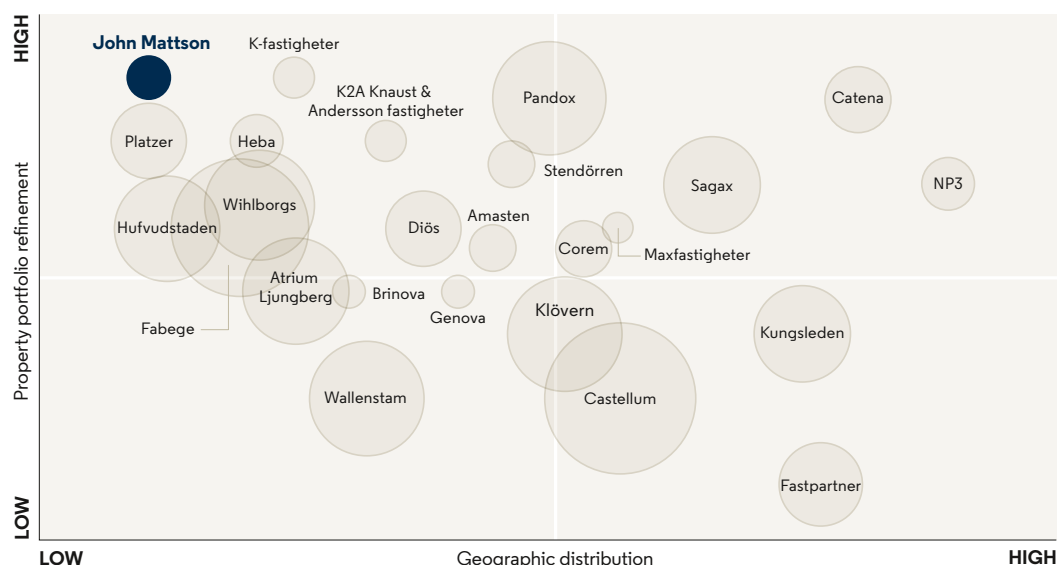
Rental properties fill a vital function

John Mattson believes in rental properties. Rental properties are flexible and comfortable and come with many attractive qualities, making them an important part of a well-balanced housing market. The tenant does not need to tie up capital in the home, and receives a high level of service since the landlord is responsible for both internal and external maintenance. This means that many households prioritise rental properties.

¹ National Board of Housing, Building and Planning (2020). Regional housing needs estimates 2020–2029. www.boverket.se/sv/samhallsplanering/bostadsmarknad/bostadsmarknaden/behov-av-bostadsbyggande/byggbehovsberakningar/ (in Swedish)

² National Board of Housing, Building and Planning (2020). National Board of Housing, Building and Planning's indicators December 2020. www.boverket.se/sv/om-boverket/publicerat-av-boverket/publikationer/2020/boverkets-indikatorer-december-2020/ (in Swedish)

John Mattson's positioning among listed property companies



High concentration and low risk in the property portfolio

John Mattson has a concentrated property portfolio – geographically and in terms of property type. 90% is made up rental properties. 81% of the properties are in Lidingö and 19% in Sollentuna. With professional management and well-managed, attractive homes and safe neighbourhoods, John Mattson has an attractive offering for its tenants. The properties are located in sought after areas in the greater Stockholm area, close to public transportation and green areas. At the same time, this provides a low risk in the property portfolio, despite a high level of concentration.

Mortgage repayment requirements and the bank's disposable income requirements mean that many households do not have the means to buy their own homes. For these households, the rental market is an alternative to meet housing requirements. This is particularly evident for younger people who are stepping on to the property ladder.

John Mattson strives to offer rental properties of different price classes in its areas. As such, the company wishes to meet the various needs of tenants for each housing area, which is important in avoiding segregated housing areas. In Larsberg for example, John Mattson has typical rent levels from SEK 1,245 to SEK 2,325 per square metre per year.

Considerable demand for rental properties

Since the rent for the properties is regulated by the utility value system, the rent level is typically lower than the generally expected market rents, particularly for older rental properties. This contributes to limited activity in the older portfolio through lock-in effects and entry barriers. This can be noted in, for example, longer queue times that affect younger households that rarely have the queue time required to obtain a first-hand contract for an apartment in the Stockholm region. Newly built rental properties, with higher rent levels but shorter queuing times, can in certain cases make it easier to enter the housing market.

The demand for rental properties continues to be very high in the Stockholm region. Statistics from the Stock-

holm Housing Agency show that slightly more than 17,500 homes were brokered in 2020, up 18% on 2019. At the same time, queue numbers grew, which is in line the trend of the last few years. By the end of the year, approximately 706,000 people were in the Stockholm Housing Agency's queue. The average queue time to obtain a property was 9.3 years. For new builds, the queue time averaged 6.7 years. In Lidingö, where John Mattson has most of its property portfolio, tenants who received apartments in 2020 had an average queue time of 8.7 years.

Transaction market remaining strong

Activity in the Swedish commercial property market remained high in 2020, despite uncertainty in certain industry segments due to the coronavirus pandemic. All in all, transactions with a total volume of SEK 162 billion were completed, which is higher than for the full-year 2019, when the volume amounted to around SEK 158 billion. Demand for residential properties was record high in 2020, with transactions corresponding to about SEK 55 billion. The housing segment also comprised the largest single segment of the total transaction volume with 34%.

Transaction volume for residential properties in the Stockholm region amounted to SEK 17 billion in 2020, compared with SEK 13 billion in 2019.

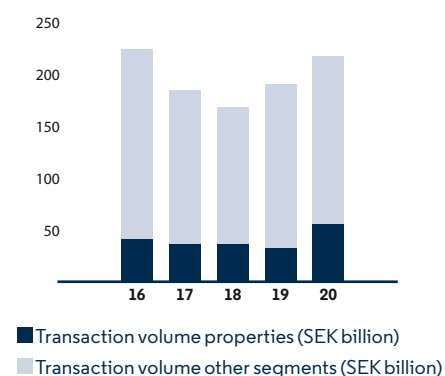
A strong transaction market for residential properties means that competition for the acquisition of existing property portfolios with potential for development

and infill development is fierce. John Mattson's competitors for acquisitions primarily comprise other listed property companies and private companies with institutional owners. Foreign property companies are also active in the Swedish rental property market.

John Mattson is competing for the acquisition of land for new builds with municipal and private property companies.

John Mattson has a strong offering to sellers of residential properties, particularly municipal property owners. John Mattson is a long-term supplier of rental properties managed with high quality and has a strong financial position. The company strives to maintain close collaboration with municipalities and other local stakeholders to contribute to creating attractive local communities through the company's societal sustainability efforts as well as through new builds.

TRANSACTION VOLUME



Our properties and areas



J OHN MATTSON's property portfolio is concentrated to Lidingö and Sollentuna. At the end of 2020, the portfolio consisted of over 2,800 apartments and three commercial properties. John Mattson also owns three leasehold properties in Slakthusområdet in the City of Stockholm.

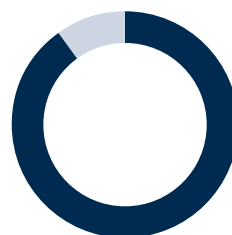
Of the approximately 216,000 square metres of lettable area, 90% comprised residential properties and 10% commercial premises. The apartments in Lidingö make up about 80% of John Mattson's total number of apartments, 19% of which have been constructed in the last 15 years.

The property value totalled SEK 8 billion at the end of 2020.

19%

of the total number of apartments
have been constructed in the
last 15 years.

PERCENTAGE OF HOUSING/COMMERCIAL PREMISES, AREA



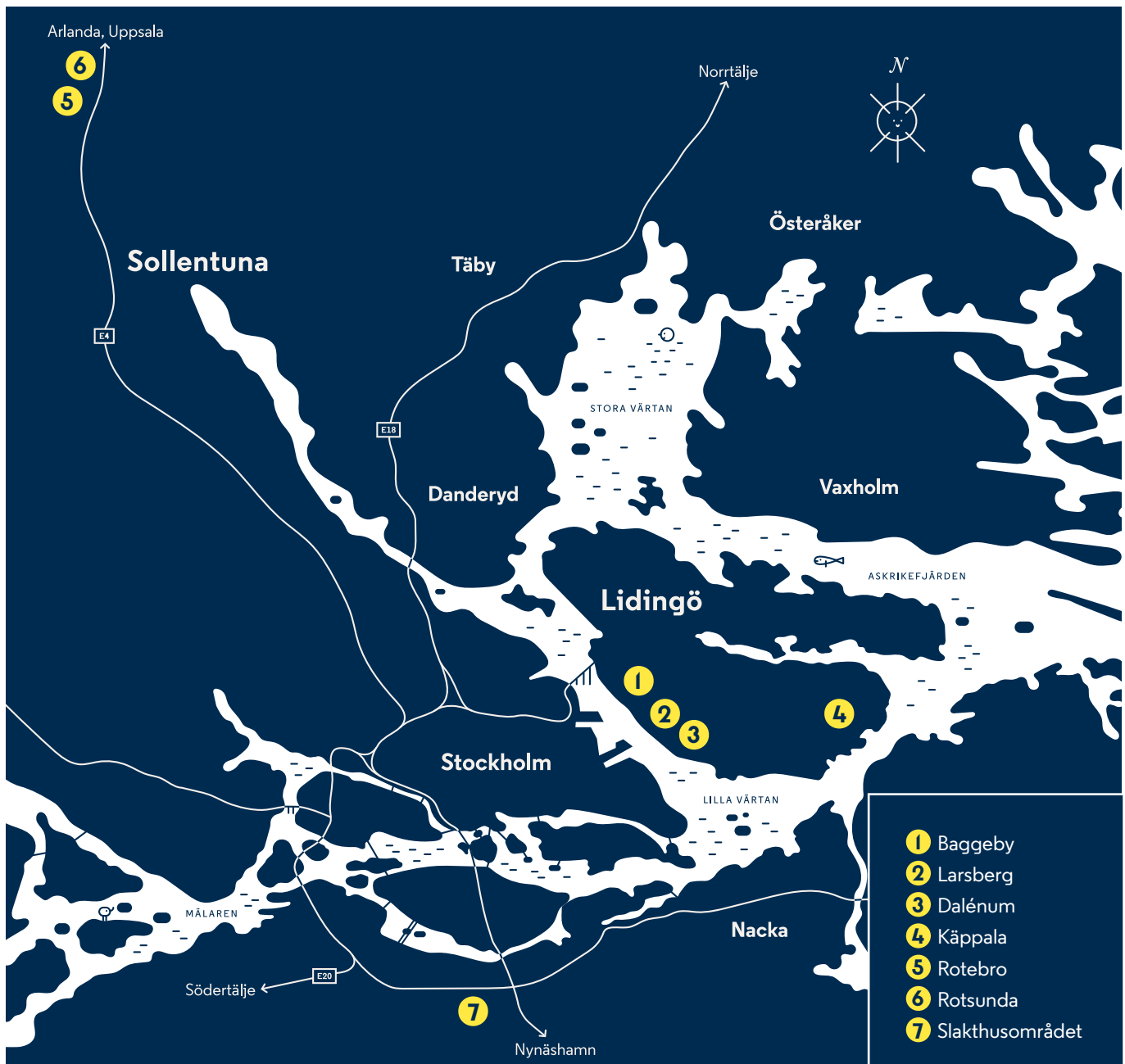
■ Housing, 90% ■ Commercial premises, 10%

NUMBER OF APARTMENTS PER AREA



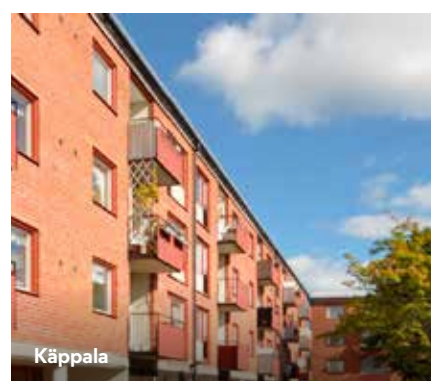
■ Larsberg/Baggeby/Dalénium, 1,770 ■ Rotebro/Rotsunda, 541
■ Käppala, 518 ■ Slakthusområdet, 0¹⁾

¹⁾ Three leasehold properties with a total of 6,500 square metres lettable area.



PROPERTY HOLDINGS 31 DEC 2020

	Buildings	Apartments	Property value	Lettable area	No. of renovated apartments		Rental value
	No.	No.	SEK m	thousand sq m	Base	Total/New Build	SEK m
Housing							
Larsberg/Baggeby/Dalén	26	1,770	5,514.4	131.9	812	958	215.5
Käppala	12	518	1,127.0	31.0	104	235	48.0
Rotebro/Rotsunda	29	541	824.3	37.0	–	–	42.5
Total residential properties	67	2,829	7,465.7	199.9	916	1,193	306.0
Commercial properties and other premises							
Larsberg	3	–	315.0	8.0	–	–	22.1
Total investment properties	70	2,829	7,780.7	207.9	916	1,193	328.1
Development projects for identified development rights and undeveloped land							
	4	–	177.2	8.0	–	–	8.4
Total	74	2,829	7,957.9	215.9	916	1,193	336.5



Lidingö

Larsberg

Larsberg in Lidingö is John Mattson's largest residential area with approximately 1,500 apartments. Master Builder John Mattson constructed the area toward the end of the 1960s. We own most of the land and properties at this location, which is also home to our head office. John Mattson's portfolio in Larsberg also comprises premises for university education and daily consumer goods.

Larsberg is a unique residential area close to water, parks and green areas, stores, services and schools as well as a train station along the Lidingö line that takes just 15 minutes to reach Stockholm's city centre.

In the past few years, we have increased the housing density with more residential properties; both in 2018 with Parkhusen that contains 80 apartments and in 2019 with U25 that contains 74 apartments. The apartments in U25 are intended for young adults between 18 and 25 years of age. All our older apartments in Larsberg are base upgraded, an initiative that was completed in 2018.

Baggeby

In Baggeby in Lidingö, John Mattson owns two properties with a total of approximately 80 apartments. The properties, which have a view over Värtahamnen, are located close to green walking paths, squares and schools. The area has its own station along the Lidingö line. Baggeby was built in the 1950s as one of the first large residential areas in southern Lidingö. Many of the premises in the area are now classified as cultural heritage buildings.

John Mattson's buildings were totally renovated in 2013 and 2018 respectively.

Dalénium

Dalénium is a new city district that is growing in the historical old AGA factory area in Lidingö. Many of the old factory premises have been retained and new premises have been built and are under development, including a 22-storey high rise by the quay.

John Mattson owns one property in Dalénium with approximately 150 apartments constructed in 2015 and containing a spacious courtyard. The area is characterised by proximity to greenery, water and

a seafront path with a view across the sea approach to Stockholm. Dalénium has its own station (AGA) along the Lidingö line, and boat connections to Nacka strand, Kvarnholmen and central Stockholm.

Käppala

In 2018, John Mattson acquired approximately 500 apartments in Käppala in southeast Lidingö. Käppala is located close to bathing locations, parks, forest and activity areas. There are also a number of schools here. The area has its own station along the Lidingö line and is close to the boat line to Nacka and central Stockholm.

At the end of the 1940s, large-scale development began in Käppala with the construction of houses and apartment buildings. John Mattson's portfolio comprises three-storey buildings that were constructed in the 1950s. In 2020, our portfolio has undergone extensive upgrades, efforts that will continue in 2021. Read more about the upgrades on pages 18–19.

We have also built a number of new apartments in Käppala in 2020. Read more on pages 20–21.



Sollentuna

Rotebro

In 2020, John Mattson took possession of the apartments in Rotebro that were acquired in 2019. There has been a rich industrial history in Rotebro since the end of the 1800s, and the area was transformed to one of the municipality of Sollentuna's largest commercial areas in the 1960s.

John Mattson owns a total of approximately 300 apartments built in the 1970s. The apartments comprise a coherent and well-maintained residential area with immediate proximity to the com-

muter train station, stores, services and a health centre.

The apartments require renovation and we plan to commence upgrades of all of the apartments in Rotebro starting 2022. Read more on page 19.

Rotsunda

In 2020, we also took possession of approximately 250 apartments in Rotsunda, that were acquired in 2019. The apartments are located around Rotsunda square close to green areas and are

only ten minutes walking distance from the commuter train station.

The construction of houses and apartment buildings began in Rotsunda in the 1940s. Construction expanded in the area during the 1980s and 1990s. Our three-storey building was constructed by master builder John Mattson in the 1950s.

Just as in Rotebro, the apartments in Rotsunda are in need of renovation. We plan on upgrading the apartments in Rotsunda when the upgrades are completed in Rotebro.

Stockholm

Slakthusområdet

In July 2020, John Mattson took possession of three leasehold properties in Slakthusområdet in the City of Stockholm. The expansive industry area is in transition to a dynamic city district, where culturally significant buildings are being preserved and developed, and thousands of new housing, workplaces, schools, stores, services and cultural buildings are being added.

John Mattson's leaseholds are in an attractive location near the future metro station and park in the area, where we plan to develop new homes and workplaces. Read more on page 23.





Nearby management with an overall perspective

With long-term ownership, strong presence and professional management, John Mattson is creating attractive and safe residential areas. We apply an overall approach taking responsibility for the buildings and activity in the outdoor areas.

JOHN MATTSON's management is based on the company's vision: to create great neighbourhoods across generations. This long-term perspective has been present since the company was founded in 1965. Our homes and premises are constructed to be sustainable, functional and attractive over time, which is what we call master builder quality. This long-term perspective also applies to management.

Nearby management with in-house administration

Property management is conducted in-house, and it is key that we are near at hand. We are physically present in the residential areas in which our skilled

employees meet with tenants on a daily basis. Our customer service agents oversee the areas and are responsible for ensuring it is clean and tidy in and around the buildings.

In addition to the head office and management offices in Lidingö, we also have local offices in Sollentuna.

Safety

Safety concerns are becoming increasingly significant in society. John Mattson works with safety issues in many ways, key to which is ensuring that it is clean and tidy in and around our properties. Clutter, damage and littering are taken care of immediately in line with the broken windows theory. The theory suggests that the risk for escalated issues

is reduced by adopted a zero-tolerance approach and taking action early and quickly, even for small offences.

Close collaboration with the municipality of Lidingö Stad and the municipality of Sollentuna is a crucial aspect of our safety efforts. In Lidingö, John Mattson participates in a liaison group together with the municipality, local businesses, schools, the police, the fire department and non-profit organisations. The aim is to lift up the area together and work for increased safety, with a particular focus on children and young adults. We also take part in the municipality's safety efforts in Sollentuna involving the ECS method (Effective Coordination for Safety between the municipality, the police and property companies).



We are creating meeting places and social coherence that is strengthens relationships between tenants as well as increases well-being and safety.

Each year, John Mattson makes a number of apartments available to the municipality of Lidingö Stad and the municipality of Sollentuna for social housing.

Outdoor Areas – our model for social sustainability

Social sustainability is a prioritised issue and something that we have worked with for many years. With our Outdoor Areas concept, we are creating meeting places and social coherence that strengthens relationships between tenants and increases well-being and safety. The aim is to promote positive development in our areas so that they become even more attractive for current and future tenants. This involves contributing to sustainable local communities where people are happy, and feel safe and a sense of community, across different generations and cultural backgrounds.

Together with our partners, we conduct activities each year such as flea markets, outdoor cinemas, basketball tournaments and barbecue evenings. We also carry out regular neighbourhood watch patrols together with the municipalities and the residents in which we identify improvements that can be made. Unfortunately, we have had to limit these activities in 2020 due to the COVID-19 pandemic.

John Mattson also supports local initiatives, with a particular focus on engaging young people. A result of this is youth activities with homework sessions, gaming and movie nights that the municipality of Lidingö Stad runs in Larsberg's community premises and which John Mattson supports financially.

Art – part of John Mattson

Master builder John Mattson was an avid art enthusiast and saw art as a way to create positive values for the company and for tenants. This tradition has been passed on and continues to be an important ingredient in our residential areas. Art contributes to well-being, pride and a sense of community, providing the area with an identity. Our experience is that art, just like a well-maintained outdoor environment, increases attraction and contributes to low management costs in the long term.

Artwork can today be found in and outside the entrances to most of our buildings, and art is planned for at an early stage when we design new builds. In the past few years, art has been installed in Baggeby, Dalénium and in many locations in Larsberg, including the newly built Parkhusen and U25. We



The art installation "Tornado" at the apartments for young adults U25 in Larsberg. Artist Gunilla Klingberg.



To make it easier for tenants to sort correctly, signage has been made clearer.

are now planning art installations in Käppala in Lidingö and in Rotebro and Rotsunda in Sollentuna.

Tenant dialogues

Ongoing tenant dialogues are a prerequisite for developing and continually improving operations. Clarity and sensitivity with communication with our tenants serve therefore as a guideline for our daily management.

The annual customer survey is a valuable tool for identifying areas to improve, and is the basis for short- and long-term action plans. Since we first started carrying out tenant surveys more than 25 years ago, John Mattson has always achieved scores over 80% for satisfied residential tenants.

The results of the survey conducted in 2020 show that tenants remain satisfied, our service index scored 81%. As we have devoted work to safety issues during the year, it is extra gratifying to see that tenants have experienced an increase in safety. Providing feedback to tenants following complaints and clarifying our contact channels are areas that we believe need to be developed.

The goal is to enhance the efficiency of our working methods and ensure system support for good tenant communication. Digitalisation is creating new opportunities to simplify communica-

tion and increase the level of service, and work is ongoing to develop communication via digital channels.

Efficient and sustainable management strengthens net operating income

John Mattson works proactively with property management and continuously makes value-generating investments and enhances property portfolio efficiency. Our employees have substantial knowledge of our properties and areas, that are well-maintained through higher standards for apartments, good maintenance of entrances, shared spaces and outdoor environments. These value-generating investments lead to well-being, safety and satisfied tenants. They also contribute to more efficient and sustainable property operations and increased net operating income.

In 2020, net operating income amounted to SEK 196 million, an increase of 28% compared with 2019.

Reduced climate impact

The largest cost item for management is energy use in the form of district heating, electricity and water. This is also one of the areas where John Mattson can contribute most from a sustainability perspective. Keeping down consumption and the costs of district heating, electricity and water is a priority, and we contin-

uously optimise system operations at the properties to reduce operating expenses as well as the strain on the environment. Heating is controlled automatically at the properties, adapting to the weather conditions, and only ecolabelled electricity is used for property operations. Motion-detecting LED lighting saves energy in the stairwells, garages and most shared spaces.

We are gradually phasing out fossil-driven company cars in favour of electric cars and our vehicle fleet for property management was supplemented during the year with additional electric vehicles. The vehicle fleet now comprises 60% electric vehicles.

District heating consumption declined in 2020 to 83 kWh (98) per square metre while electricity consumption increased 25 kWh (24) per square metre.

Facilitating climate-smart living

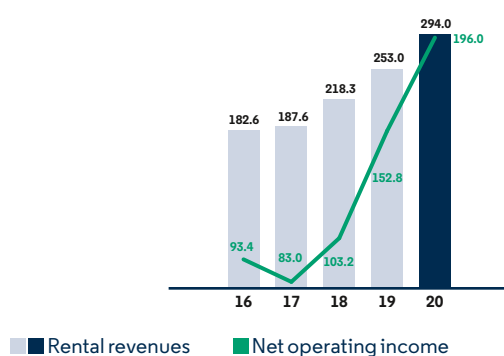
In the new builds, hot water is billed individually, which reduces consumption and allows tenants to affect their own living costs. In addition to waste sorting, most of the buildings also have underground containers to collect food waste that is transformed to biogas and biodiesel. To make it easier for tenants to sort correctly, signage has been made clearer.

For waste statistics, see page 27.



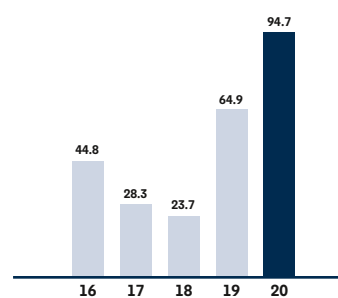
With higher standards for apartments, good maintenance of entrances, shared spaces and outdoor environments, the properties and areas are well-maintained. Value-generating investments lead to well-being, safety and satisfied tenants.

RENTAL REVENUES AND NET OPERATING INCOME, SEK M



Comments: Rental revenues have increased 61.0% between 2016 and 2020. The increase is a result of acquisitions, adding value and new construction of apartments.

INCOME FROM PROPERTY MANAGEMENT, SEK M



Comments: For 2020, income from property management was SEK 94.7 million (64.9), amounting to SEK 2.81 per share (1.93) and corresponding to growth of 45.8%.



Adding value for attractive living over time

John Mattson adds value to the property portfolio by upgrading existing apartments and converting unused areas to housing. This increases well-being for the tenants and contributes to lower operating expenses as well as increased rental revenues and property values.

A DDING VALUE to existing properties is a cornerstone of John Mattson's strategy and business model. Through the upgrades, tenants receive an attractive home in apartments that meets modern requirements for safety, functionality and sustainability. The apartments' positive technical status increases the management efficiency and contributes to increased tenant satisfaction, increased rental revenues, lower operating expenses and an increased property value.

In conjunction with the upgrades, we have also identified unused spaces that can be converted to apartments and which will contribute to increased rental revenues and property value.



John Mattson
has a goal of carrying out
total upgrades on at least
100 apartments per year.

The Larsberg model

The Larsberg model is John Mattson's established and successful strategy for upgrading apartments. The model dictates conducting upgrades in two steps: a base and a total upgrade. In the first stage, the initial base upgrade secures the building's technical status

through the replacement of electrical and plumbing systems as well as bathrooms. All apartments in the property are renovated and, if necessary, parts of the shared spaces like entrances, laundry rooms and outside spaces are also renovated. Rental increases are limited to base upgrades and, in the majority of cases, tenants are able to remain living in their apartments during the renovation.

The next step, the total upgrade, is performed when the tenant moves out or when the tenant wishes for it to be performed. This focuses on modernising the remaining aspects of the apartment and the installation of new kitchen interiors and renovation of all surfaces. Totally upgraded apartments result in higher

rental adjustments than base upgraded apartments.

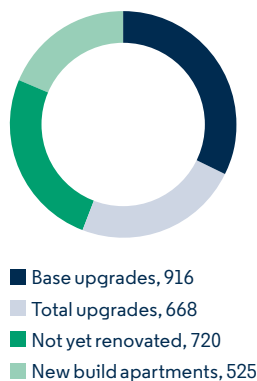
We are actively working with offering totally upgraded apartments to existing tenants who currently live in apartments with base upgrades. Many of our tenants select such an alternative to receive a higher standard and the opportunity of changing the size and location of their apartment. For John Mattson, this means that we can increase the percentage of totally upgraded apartments and offer differentiated rent levels.

The adjusted rent levels that result from base and total upgrades are negotiated with the Hyresgästföreningen (Swedish Union of Tenants) in advance.

Upgrades during the year and for the future

In 2020, a total of 218 apartments underwent base upgrades and 150 apartments underwent total upgrades. Most of the upgrades were in Käppala in Lidingö, where the majority of apartments were unrenovated and in major need of attention when they were acquired in 2018.

NUMBER OF APARTMENTS THAT HAVE BEEN UPGRADED



As such, we have carried out extensive renovation work in the area during 2020. In addition to upgrading the apartments, we have also renovated and improved the accessibility of the entrances and laundry rooms and improved the outdoor spaces in the area. The installation of energy-saving lighting in shared spaces and digital stairwell displays for

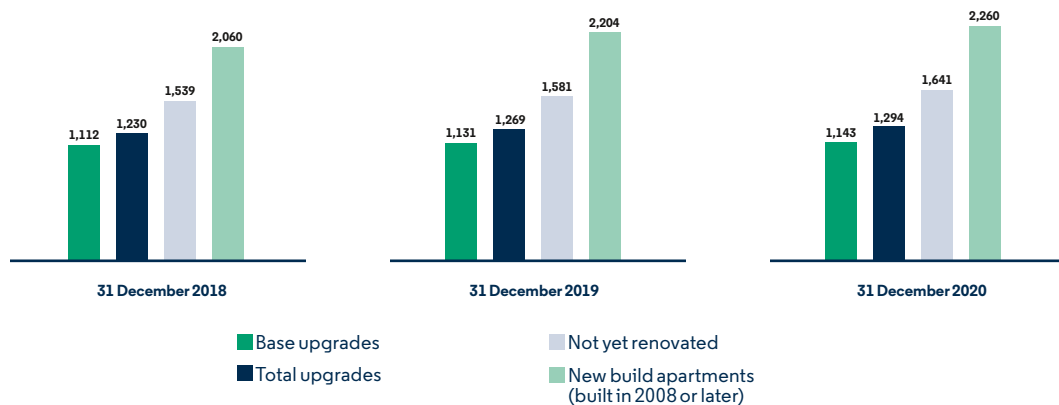
more efficient tenant communication are some examples of improvements that have been made. 36 new apartments have also been built in Käppala. Read more on page 20.

Base upgrades of about 200 additional apartments in Käppala will be completed in autumn 2021.

In Larsberg, where base upgrades were completed for the entire property portfolio in 2018, 36 apartments have been totally upgraded in 2020.

The apartments in Rotebro and Rotsunda that John Mattson took possession of in 2020 are located in well-maintained areas in Sollentuna. However, the apartments, built in the 1950s and 1970s respectively, are in need of renovation and upgrades will be carried out in the next few years to ensure that all of our properties in Sollentuna maintain a high technical standard far into the future. In 2022, we plan to commence upgrades in Rotebro, and thereafter, Rotsunda. The upgrades will contribute positively to the development of both areas.

RENTAL VALUE PER SQ M PER CATEGORY, SEK



Comments: In conjunction with the base and total upgrades, the net operating income per sq m increases approximately SEK 200 and SEK 400 respectively.



Densification creating growth and diversity

John Mattson works actively to identify land where infill development is possible and appropriate for the existing built-up area. The aim is to generate growth through value adding new construction that concurrently makes the areas more attractive. Development is conducted in close collaboration with the municipalities where we operate.

JOHN MATTSON'S strategy for infill development goes hand in hand with our work to promote an attractive and sustainable local community. New builds expand our range of apartments in terms of their standards and rent levels. New builds offer more people the opportunity to live in a rental property and satisfy the needs of different tenants. This also means that tenants can move to a new property in the same area when their circumstances change. Diversity in the area creates a more varied foundation for retail and service, which in turn attracts a varied service offering.

New builds on our own land and through land allocation

John Mattson's development work is partly about identifying the potential for new builds on our own land, and partly about maintaining a dialogue with selected municipalities in the Stockholm region for land allocation. John Mattson's experience of building quality rental properties and managing and developing residential areas in the long term makes us an attractive partner for municipalities and other players in their work with property and area development.

Since retail, schools, preschools and services are important aspects of strengthening an area's appeal, John

Mattson's new builds also encompass commercial and public service properties.

Completed projects

In Käppala in Lidingö, the construction of loft apartments in existing apartment buildings has been under way during the year. We have created 25 apartments in the attics of two buildings, and can see potential for additional new apartments with attic extensions in the area.

In addition to the loft apartments, eleven apartments were created in Käppala by converting unused premises and laundry rooms. The property portfolio in Käppala has thus expanded with a total of 36 apartments during the year.



John Mattson strives to construct on already paved land. This means that no undeveloped land is used and that green areas are not affected.

Potential development projects

The planning process is ongoing for some 150 new homes in the Fyrtornet 5 property in Larsberg in close dialogue with the municipality of Lidingö Stad. The planned residential property Ekporten will connect the residential areas of Larsberg and Dalén. Ekporten's apartments will offer attractive housing in close vicinity to nature, park areas and transportation. Construction start is planned for late 2022.

In July 2020, we took possession of three leasehold properties in Slakthusområdet in the City of Stockholm. Slakthusområdet is transitioning from an industrial area to a dynamic, small-scale city district. Culturally significant buildings are being preserved and developed, and new housing, workplaces, schools, stores, services and cultural buildings are being added. John Mattson's leaseholds are in a prime location near the future metro station and park in the area.

We are preparing a detailed development plan for the development of new housing and workplaces for the leaseholds. The approval of the detailed development plan is preliminarily expected in 2024.

In addition to the Ekporten and Slakthusområdet projects, we have identified additional potential for infill development in Larsberg and Käppala. We assess that the company's total development portfolio will comprise approximately 1,000 apartments. The carrying amount of identified development rights amounts to SEK 177.2 million.

Demand for sustainable new builds

Quality and a long-term perspective have been crucial cornerstones for John Mattson since the company was founded. This means high building and management quality together with sustainable material that is easy to maintain without compromising aesthetically. The choice of material for new builds is

based partly on environmental aspects using lifecycle analyses and partly on economic aspects, which creates advantages from a total cost and a sustainability perspective.

As part of our sustainability efforts, all John Mattson's new builds are environmentally certified according to Svanen, the official environmental certification of the Nordic region.

The ambition is that our new builds must not impact green areas, which is why we strive to build on land that has already been paved, such as for example, parking spaces. This means that undeveloped land is used. By preserving vegetation and planting new greenery when possible, we contribute to preserving biodiversity.

DEVELOPMENT PROJECTS AND IDENTIFIED DEVELOPMENT RIGHTS

Property/Area	Category	No. of Apts. ¹⁾	Additional lettable area ¹⁾	Carrying amount, SEK m	Possible construction start ²⁾	Project phase
Ekporten, Fyrtornet 5/Larsberg	New builds	150	8–9,000	–	2022	Ongoing planning process
Juno 2 & 3/Käppala	Attic extension	50	1,750	–	2022	Inquiry under way
Slakthusområdet ³⁾	New builds	100	9,000		after 2024	New detailed development plan needed
Total ongoing development projects		300	18,750–19,750	177.2		
Larsberg	New builds	500–600	30–35,000	–	after 2022	New detailed development plan needed
Käppala	New builds	150	10,000	–	after 2022	New detailed development plan needed
Total development rights identified		650–750	40,000–45,000	–		
Total development portfolio		950–1,050	58,750–64,750	177.2		

¹⁾ The number of apartments and the area are assessments by John Mattson and are therefore only preliminary. The figures could change during the course of the project.

²⁾ The possible construction start is an estimate of when the project could start if work on the detailed development plan progresses in line with the current plan.

³⁾ In collaboration with LaTerre. Number of apartments according to the City of Stockholm's definition.



Acquisitions for long-term ownership

In 2020, John Mattson took possession of 541 apartments in Sollentuna and acquired three leasehold properties in Slakthusområdet in the City of Stockholm. We are thereby established in three municipalities in Stockholm. The ambition is to continue growth by acquiring properties and development rights with development potential in attractive market locations in the Stockholm region.

PART OF John Mattson's strategy is to grow through the acquisition of properties and development rights. The aim is to add properties in locations with good development opportunities and easy access to transportation. All acquisitions are approached using a long-term ownership and management perspective. Important criteria for the evaluation of potential acquisitions include good prerequisites for efficient management, the opportunity to create value through and conversions and the potential for infill development with new builds.

John Mattson's long-term and sustainable operational model, in which we

assume significant social responsibility and ensure that our areas are developed in the best ways, makes us a responsible partner for the development of housing and the areas where we operate. Our success factors are healthy relationships with customers, municipalities, local businesses and other stakeholders. We strive for close collaboration to contribute to creating attractive local communities through our societal sustainability efforts as well as through new builds.

John Mattson drives development projects based on business integrity, a clear customer perspective and with excellent ordering and completion expertise.

Possession of apartments in Sollentuna

In May 2020, John Mattson took possession of 541 apartments in Rotebro and Rotsunda in the municipality of Sollentuna that were acquired in December 2019. Rotebro and Rotsunda are expansive areas of Sollentuna with positive population growth and high demand for housing. The properties in Rotsunda and Rotebro were built in the 1950s and 1970s, which means that large parts of the portfolio have the potential for upgrades. The property portfolio fits well with our management model of which long-term in-house management is a cornerstone.

PHOTO: BJÖRN MALMBERG/HUSFOTO AB



Slakthusområdet will become an urban city district with thousands of new properties, workplaces and schools. It is John Mattson's ambition to create tomorrow's housing here.

Part of the development of Slakthusområdet

In 2020, John Mattson acquired three leasehold properties in Slakthusområdet in southern Stockholm – one of Stockholm's larger development projects that will house a variety of operations in a varied and small-scale environment. The current industrial area is being developed into an urban city district and a destination for food-, drink- and event-related businesses. The development uses a sustainability approach and respects the area's unique heritage. Culturally historical buildings will be preserved and developed together with thousands of new housing units and workplaces together with schools, cultural activities and services. Public transportation is being expanded, connecting the area to nearby areas.

Work in the area conducted by the City of Stockholm began in 2010 and

is planned to be complete around 2033. In 2019, demolition of buildings commenced to make room for new buildings, streets, metro station entrances, parks and squares. These efforts will continue for many years to come in different stages.

John Mattson's leasehold properties in Slakthusområdet comprise almost 6,500 square metres of fully-let area. The leasehold properties are attractively and centrally located adjacent to the future metro station entrance and park. A detailed development plan is being prepared here with the aim of developing new housing and workplaces. The detailed development plan is preliminarily expected to be adopted in 2024. Slakthusområdet is an area with substantial potential and the project fits well with John Mattson's growth strategy.

Continued growth in the Stockholm region

With the acquisition of the Sollentuna portfolio and the leasehold properties in Slakthusområdet, we have grown outside Lidingö, and are now active in three municipalities in Stockholm. John Mattson's ambition is to grow further and establish itself in more municipalities in the Stockholm region. With extensive experience from our existing residential areas, we want to continue to develop sustainable and safe neighbourhoods and we work actively to identify interesting new builds and older properties as well as with the acquisition of development rights.

We see the advantage of acquiring a coherent portfolio that gives us the prerequisites to drive high-quality local management and in time create attractive areas and great neighbourhoods interwoven with housing, workplaces, retail, local services and culture.

541

acquired apartments

43.5

THOUSANDS SQ M

acquired area

47

MILLION

increased rental value through acquisitions

A focus on sustainability strengthens our long-term competitiveness

“John Mattson is in a strong position when it comes to social sustainability. We are now changing up a gear when it comes to environmental sustainability in order to more efficiently assess and manage climate-related opportunities and risks.”

SIV MALMGREN, CEO

John Mattson is on a growth journey with the ambition to establish itself in more locations in the Stockholm region. Increasing the pace of sustainability efforts is part of this change, with a focus on reducing climate impact and strengthening the company's long-term competitiveness.

Corporate responsibility

Our long-term perspective and the company's vision – great neighbourhoods across generations – has been present since the company was founded over 50 years ago. All properties and housing must be of master builder quality, which means being sustainable, functional and attractive over time. But for John Mattson, this is about more than just the buildings. We assume an overall perspective and take an active part in building long-term communities.

John Mattson's approach is based on the ten principles of the UN Global Compact for corporate sustainability in the areas of human rights, labour, environment and anti-corruption. The

company's core values and Code of Conduct guide us in our day-to-day work. We view managing sustainability issues such as respect for human rights, anti-corruption and compliance with rules and regulations as hygiene factors. Read more about sustainability governance on page 44.

Sustainability strategy

Since 2020, John Mattson has been working adapted to a sustainability strategy with four areas: dynamic and safe local communities, responsible material and waste management, energy efficient and fossil-free solutions and healthy and inspiring workplaces. These areas also comprise John Mattson's contribu-

tions to the UN Sustainable Development Goals. The strategy is based on a materiality analysis that was carried out in autumn 2019. In spring 2020, stakeholder dialogues were also carried out with employees and a number of investors to capture their insights on the prioritized sustainability areas. One of the conclusions reached from the stakeholder dialogues was that climate impact, construction material and energy consumption should be the highest priorities of John Mattson's sustainability agenda. Read more about our sustainability agenda below and on pages 26–29.

Dynamic and safe local communities

- Commitment for social issues creates value for tenants and local communities.



Responsible material and waste management

- Responsible material choices, reusing materials and efficient waste management reduce climate impact and increase the recycling rate.



Energy efficient and fossil-free solutions

- The energy consumption during the lifespan of a property is considerable. Energy classifications, choosing fossil-free energy types and efficient management of the properties reduce their climate impact.



Healthy and inspiring workplaces

- Proactive efforts for a healthy, safe and stimulating work environment for employees and suppliers are a prerequisite for well-being and commitment.



Dynamic and safe local communities



Focus moving forward

- Development of the Outdoor Areas concept
- Neighbourhood watch patrols in all areas
- Safe and inspiring outdoor areas (courtyards, playgrounds, lighting, meeting places and public spaces)
- Art installations in Käppala, Rotsunda and Rotebro
- Development of local squares with local services and meeting places

Together with partners, John Mattson is carrying out activities that lead to increased safety and better neighbourhoods. The flea market in Larsberg centre in Lidingö.

Pleasant indoor and outdoor environments

John Mattson is actively working to create attractive, safe housing and outdoor environments that contribute to satisfaction and well-being. We have excellent customer satisfaction in these areas and also have also been ranked by the evaluation company AktivBo as one of Sweden's leading landlords for outdoor environments. This inspires us to do our absolute most, not only in terms of growing and planting, but also when it comes to everything from asphalt paths, waste management and lampposts to snow clearance, signage and playgrounds.

Tenant surveys are regularly conducted to capture deficiencies that can be rectified. Following the possession of the properties in Rotsunda and Rotebro in Sollentuna, an introductory survey was carried

out by our new tenants in these locations. The survey showed that apartment maintenance and improving the outdoor environments are areas of priority.

Safety created in many different ways

The foundation of John Mattson's safety efforts is to ensure that is clean and tidy in and around the buildings. The municipality of Lidingö Stad and municipality of Sollentuna are important partners for increasing safety, taking physical as well as social measures, an important part of which is creating meaningful activities for young adults. John Mattson also works actively to combat improper rental conditions such as prohibited subletting, apartment exchange under false pretences and illicit trade with rental contracts.

The tenant survey for 2020 in Larsberg, Lidingö showed that 90% of tenants were

content in their areas and close to 85% believe that their properties and areas are very safe. The survey also showed that certain matters need to be improved. Read more on page 16.

Value created through physical meetings

We are convinced that physical meetings strengthen relationships and create the prerequisites for inclusion. John Mattson's residential areas are to be open and attractive for everyone. The Outdoor Areas concept is a part of our social sustainability efforts, where we carry out activities together with partners that lead to increased safety and better neighbourhoods. In such a way, physical meetings contribute to strengthening the local community. Read more on page 15.

81%

satisfied tenants¹⁾

9 of 10

tenants are satisfied in the area

¹⁾ The tenants' experiences of meetings with John Mattson's employees, services and products.

Energy efficient and fossil-free solutions

Making life easier for our tenants

John Mattson works goal-oriented to make it easier for tenants who want to live in a climate-smart manner. We provide food waste sorting stations and the food is then transformed to biofuel, and for our new buildings, warm water is measured and billed individually.

Since 2018, we have been installing charging points for electric vehicles in many locations, something that has been in demand from the tenants. We also participated in the launch of Lidingö's first carpool with electric cars in early 2021. The service will make life easier for people and contribute to fossil-free driving.

Management with low environmental impact

John Mattson's properties must be maintained, managed and taken care of with as little environmental impact as possible.

We are working continually to optimise operations to reduce operating expenses and the strain on the environment.

Climate impact of our own operations

We are gradually phasing out fossil-driven company cars in favour of electrically run vehicles. We have also implemented the sustainability label 'Kranmärkt' during the year, meaning that we consistently select tap water over bottled water for our offices and conference rooms.

Climate mapping providing guidance

Climate mapping of our entire value chain commenced at the end of the year, and John Mattson's own direct carbon emissions (Scope 1) and purchased energy (Scope 2) are now calculated in accordance with the GHG protocol; the most established standard for calculating reported GHG emissions.

Focus moving forward

- Scope 3 climate mapping in accordance with the Greenhouse Gas Protocol
- Climate targets in accordance with the Science Based Targets initiative
- Alternate energy sources and the completion of measures to increase energy efficiency
- Reduced energy consumption
- Environmental certification of new builds according to Svanen and existing properties according to Miljöbyggnad

Our plan moving forward is to supplement this by calculating other emissions in the value chain (Scope 3) in order to set relevant climate targets in accordance with the Science Based Targets initiative, an initiative aimed at supporting companies in setting science-based climate targets in line with the Paris Agreement.

Total GHG emissions, scopes 1 and 2, 2020		Emissions CO ₂ e (tonnes)
Own direct emissions (Scope 1)	Transportation ¹⁾	5.33
	Company cars in service	0.07
Purchased energy (Scope 2)	Heating ²⁾	1,393
	Electricity consumption ³⁾	54
Total		1,453

¹⁾ John Mattson's own service vehicles, primarily in conjunction with property maintenance.

²⁾ Purchased heating, which is to say heating for the entire property incl. apartments for the areas of Larsberg, Käppala, Rotebro and Rotsunda.

³⁾ Purchased electricity, which is to say electricity consumption for John Mattson's offices, commercial spaces and shared spaces (not apartments) in the areas of Larsberg, Käppala, Rotebro and Rotsunda.

Responsible material and waste management

Long-term properties

We tend to say that new buildings should have a lifespan of several centuries. When the properties are renovated or the company builds new properties, we select materials with long lifespans that age beautifully and are possible to maintain. We strive to retain as much as possible when we renovate.

Responsible construction and renovation

The choice of material for new builds is based partly on environmental aspects using lifecycle analyses and partly on

economic aspects, which creates advantages from a total cost and a sustainability perspective. John Mattson's new builds are environmentally certified according to Svanen and the aim is that existing properties are to be environmentally certified according to Miljöbyggnad. We set requirements for our suppliers to recycle construction waste in the right way.

Responsible management that saves money and the environment

Through continuous dialogue with tenants, we take responsibility for the

Focus moving forward

- Environmental requirements for material, transportation and waste management in every project
- Environmental certification of new builds according to Svanen and existing properties according to Miljöbyggnad
- Good waste sorting facilities for tenants

collection of household waste and the sorting of waste in the properties. In 2020, the weight of waste per apartment declined 9%. Read more on page 16.

81.5

TONNES

of recycled food waste converted to biogas

9%

reduction in waste (measured by weight) per apartment

100%

environmentally certified electricity in property operations

Healthy and inspiring workplaces



Focus moving forward

- More in-depth work on our core values
- Developed processes for increased clarity and streamlining
- Strengthened internal communication
- Sustainability strategy implemented throughout the organisation
- An increasingly digitalised working method

Employees are offered one hour of training per week in their working hours.

Attractive employer

John Mattson strives to offer a workplace that is characterised by a healthy approach to work, where staff enjoy working and are highly committed, and where each employee has a key role and the ability to influence. The foundations of our corporate culture exist in our core values that are based on taking professional and engaged long-term actions.

The year's employee survey showed very strong values for commitment and employee satisfaction. 90% of employees viewed their work as highly motivating.

By continuously following up on our values and operational targets and making them visible, we create motiva-

tion throughout our organisation and clarify our priorities. Employees see a clear link between their own goals and operational goals, and we manage an open and supportive climate providing feedback and appreciation in every-day work to inspire leaders and employees to actively contribute to the overall goals.

John Mattson continues to drive equality and equal treatment efforts in a goal-oriented manner, which is an important success factor for our ability to develop as a company. We maintain our position on Allbright's green list for equal management groups and work toward equal representation in all personnel groups.

Participation creating commitment

To steer John Mattson toward its goals and strengthen the feeling of participation, a bonus programme has been in place for all employees since 1997. All employees are also included in our development efforts by participating in workshops to contribute and provide their opinions on important strategical issues. During the year, we conducted dialogues on initiatives in our prioritised sustainability areas and action plans based on the results of our tenant surveys.

A learning organisation

The ongoing digitalisation means a change of working roles. To ensure an

90%

of employees view their work as highly motivating

4/2

number of woman/men in company management

increase of knowledge, internal training and coaching in digital tools and working methods is important, particularly as we are simultaneously developing our property portfolio. The organisation has been strengthened by recruiting to several new roles to meet the need for expertise for our journey of growth.

One measure that we need to improve our management of in the coming years is launching efficient digital tools that strengthen our prerequisites for maintaining dialogue and providing service. Digital tools also have the potential to simplify parts of our internal communication.

Safety, health and well-being

We work systematically with physical and psychosocial work environment issues with the goal of preventing accidents and work-related illness. We are aware that good health and well-being strengthens commitment, and to promote health, a preventive health care hour is offered each week encompassing massage, training and a health assessment. When shared activities are arranged, we always strive to include a health perspective in a natural way. Initiatives have included a conference along Sörmlandsleden (the Sörmland trail) during the year where we discussed the company's journey of growth during a hike.

It is equally important to care for the health and safety of our partners. For the procurement of contracts, we



All employees are included in our development efforts by participating in workshops to contribute and provide their opinions on important strategic issues.

partake in dialogue with our partners and address how John Mattson expects that safety should be taken into consideration before a contract is signed. Since January 2021, John Mattson has been

a member of Håll Nollan, an industry initiative in which just over 80 participants are working together toward the goal that nobody need injure themselves in the workplace.

Proactive prevention of infection

Much of the year was dominated by proactively minimising the risk of infection during the COVID-19 pandemic. Ensuring safety for the organisation and minimising the negative effects for our tenants and partners has been our focus as we rapidly undergo a transition to a new kind of everyday.

Preventive measures have included the renovation of apartment utilities in Käppala in Lidingö where several

adjustments have been made. Tenants that would otherwise have remained in their apartments were evacuated, hygiene procedures were strengthened and information meetings were conducted outdoors. For the many employees who meet our tenants on a daily basis, working procedures were rapidly reorganised in, for example, the signing of contracts and the leaving of keys outdoors.

94%

attendance
for all employees

4.2

employee confidence in
company management on a scale of 1 to 5

Opportunities and risks

John Mattson's concentration of residential property in attractive municipalities in the Stockholm region entails a clear reduction of business risk and stable cash flows.

Of John Mattson's rental value, 90% is attributable to residential properties in the Stockholm region, which generate stable cash flow with low vacancies. The Board has overriding responsibility for risk management, while operating activities are delegated to the CEO. The management's work with risk management aims to clarify and analyse the risks that

the company faces, and as far as possible to prevent or limit any negative effects. Risks are classified as strategic, operational and financial risks as well as risks linked to regulatory compliance. The primary tools for managing risk are the strategies that the company follows, which are made tangible in processes integrated in daily operations. The work

with values and on ensuring a high level of competence within the organisation are also key components in managing risks in daily operations. The prioritised areas for risk management based on John Mattson's operations are detailed below. More information regarding the financial risks is set out in the Administration report on page 37.

Sensitivity analysis

John Mattson's earnings are impacted by a number of factors. The table on the right presents a theoretical effect on income from property management with John Mattson's current earning capacity (current earning capacity should not be seen as a forecast) as per 31 December 2020 as the starting point, given a change occurring on the basis of four parameters. Actual earnings capacity can be found in John Mattson's year-end report for 2020.

Each variable in the table has been treated separately and assumes that other variables remain unchanged. The sensitivity analysis should be read together with the information on current earnings capacity published in the company's interim reports.

Full-year effect, next 12 months, SEK m	Change +/-	Impact on income from property management
Rent level	SEK 100 per sq m	+/-21.6
Economic occupancy rate	1 percentage point	+/-3.4
Property expenses	5%	+/-5.4
Underlying market interest rate	1%	-13.9/+15.4

The impact of a percentage change in property value on the LTV ratio is illustrated below.

Change in property value	-20%	-10%	0%	10%	20%
Change in value, SEK m	-1,592	-796	0	796	1,592
Loan-to-value (LTV) ratio, %	55.8	49.6	44.7	40.6	37.2

	Risk description	Management/possibility
Strategic risk	Acquisition risk Competition to acquire properties in attractive locations is intense. The largest strategic risk for John Mattson is the lack of objects at relevant prices, which could pose a hindrance to the desired growth rate.	John Mattson has clear strategies for acquisitions and infill development. All acquisitions are approached using a long-term ownership and management perspective. Long-term partnerships and strategic procurements are prioritised, as is being present and actively working in the markets where the company has its properties and in municipalities with clear growth plans. John Mattson maintains an ongoing dialogue with authorities and municipalities to be able to manage risks, such as planning risks, at an early stage. The primary tools for managing risk are the strategies that we follow and which are made tangible in processes.
	Planning risk There is a risk that John Mattson is not granted the permits or does not receive the required decisions from municipalities or authorities that allow managing and developing properties in the desired manner. For example, if the decisions received do not encompass the volume of housing units and/or premises that John Mattson had expected. Moreover, there is a risk that decisions are appealed and there are significant delays to planned projects as a consequence. A further risk entails that decision-making practices or the political will or municipality's focus may change in a direction that is less favourable for John Mattson.	
	Limited development right portfolio A limited development right portfolio could comprise a risk since it could slow John Mattson's future growth.	
	Sustainability agenda Through a strategic and transparent approach to sustainability issues, we strengthen our long-term competitiveness and provide guidance on future investments and initiatives. A clear sustainability agenda aligned with the UN's Sustainable Development Goals (SDGs) is required to be a relevant party for municipalities in collaborations and land allocations. Neglect or lack of clarity in the sustainability agenda, compared with the sector, could also lead to a limited investor base. In cases where tenants set sustainability requirements for property owners, a neglected or unclear sustainability agenda could impact occupancy rates and thereby John Mattson's performance.	
		John Mattson's values are based on a long-term approach, and the sustainable perspective is a self-evident and central part of the company's business. Our sustainability strategy has four focus areas that contribute to John Mattson's value creation, both financially and strategically. Climate mapping of our entire value chain was conducted in 2020, and in 2021, we will continue to calculate our climate-related emissions pursuant to the GHG protocol (Scope 3) to be able to set science-based climate targets aligned with the Science Based Targets initiative. Read more about our sustainability agenda on pages 26–29.

	Risk description	Management/possibility
Operational risk	<p>Project development The risks linked to John Mattson's project developments, such as apartment upgrades, extensions and conversions of unutilised spaces in residential properties, and new build projects pertain to developments in the rental market. Residential rents are set according to the utility value system, which means that rents do not necessarily correspond to what the market rent for the same apartment would have been. The norm for new housing production is to negotiate presumption rents with the Hyresgästföreningen (Swedish Union of Tenants). Where no agreement can be reached on presumption rents, John Mattson can set the rent level itself. Tenants can apply to the Regional Rent Tribunal to challenge the rent level. The risk is that set rent levels must be lowered, which could impact earnings.</p> <p>Other project development risks encompass the product design and implementation, which can affect the project in terms of time and cost. A prerequisite for completion of the project is access to resources in the form of contractors, consultants and own personnel.</p>	<p>John Mattson's property portfolio is situated in attractive locations in the Stockholm region. The risk of residential rent losses is assessed as very low over the next few years. Housing policy has high prominence in political debate and the rent setting system is one of the issues that is discussed intensely. One objective is that the rent level should reflect tenant demand in terms of service, standard and location to a much greater extent than today. A potential change in the utility value system is a possibility for John Mattson to eventually increase revenue and improve earnings with an unchanged low risk of losing rental revenue. John Mattson has set the rents for around 8% of its apartments.</p> <p>John Mattson's business partners are carefully selected and we work in close dialogue with internal and external parties. Well-functioning internal processes, including work environment and safety as well as a highly competent project organisation ensure efficient project implementation and that the end product maintains a high quality and is suitable for long-term property management. The handover from the project development organisation to John Mattson's property management organisation is conducted in an efficient manner.</p> <p>To attract and retain our employees, we strive to offer a workplace with a healthy approach to work, where staff enjoy working and are highly committed, and where each employee has a key role and the ability to influence. The year's employee survey showed very strong values for commitment and employee satisfaction, where 90% of the employees agreed that work was highly motivating. Read more on page 28.</p>
Financial risk	<p>Changes in value John Mattson initially recognises its properties at fair value with changes in value recognised in profit or loss. This can entail volatility in earnings. The market value of properties is determined by market supply and demand, and is also based on the property's assessed net operating income.</p> <p>Interest, refinancing and liquidity risks Risk is posed by the impact of changes in the level of interest rates and/or margin adjustments to the company's cost of financing. There is also a risk that it is not possible to refinance existing borrowings on reasonable terms. Moreover, liquidity risk could entail the company experiencing difficulty in discharging its undertakings pursuant to financial liabilities.</p>	<p>Of John Mattson's rental value, 90% is attributable to residential properties in the Stockholm region, which generate stable cash flows with low vacancies. Investment properties, which comprise 98% of the total property value, are subject to external valuation each quarter by Cushman & Wakefield. Development rights are valued internally on a quarterly basis.</p> <p>John Mattson's financial policy sets out how financial operations should be conducted, how the associated risks should be limited and defines the risks that the company is permitted to take. The financial policy is followed up continuously by management, the Audit and Finance Committee and the Board. The company's overall financial risk limitation is that the loan-to-value ratio should not persistently exceed 50%. The company believes that having a positive cash flow in the business is important for achieving the company's long-term objectives. Accordingly, the company has set a target that the interest coverage ratio should not persistently be below 1.5.</p> <p>In order to limit the interest-rate risk, derivative agreements are entered into in the form of interest-rate swaps. In order to limit refinancing risk, John Mattson endeavours to have an average remaining maturity for its interest-bearing liabilities in excess of two years as well as having several lenders. Liquidity risk is managed through overdraft facilities totalling SEK 109.8 million, of which SEK 56.1 million had been utilised at the end of 2020.</p>
Regulatory compliance	<p>Disputes can arise with tenants, suppliers or other business partners. A supplier that fails to complete its assignment or to meet the agreed contractual terms could impact John Mattson's performance.</p>	<p>This risk is managed through John Mattson's process compliance, highly skilled procurement and clear communication.</p>

More information regarding the company's financial risks is set out in the Administration report on page 37.

The John Mattson share

John Mattson's share is listed on Nasdaq Stockholm, Mid Cap and is traded under the symbol (ticker) "JOMA." John Mattson had a market capitalisation of SEK 4.6 billion at the end of the year.

Class of shares

John Mattson has one class of shares, common shares, and each share entitles the holder to one vote. The share capital amounted to SEK 11,223,344 and the number of shares totalled 33,670,032.

Share price performance

On 5 June 2019, the share was listed on Nasdaq Stockholm, Mid Cap. The issue price for the listing of John Mattson was SEK 90 per share. On 31 December 2020, the price stood at SEK 135.80 per share. The year's highest price for the John Mattson share was SEK 162.60 on 18 September and the year's lowest price was SEK 111.80 on 16 March.

Trading and turnover

In 2020, stock turnover amounted to 4.5 million shares with a total value of SEK

610 million. Of these, 87.7% were traded on Nasdaq Stockholm and the rest on other marketplaces.

Shareholder structure

At the end of the year, there were 2,077 known shareholders of John Mattson. The three largest shareholders are AB Borudan Ett, Tagehus Holding AB and Länsförsäkringar Fonder AB, who collectively own 57.7% of the John Mattson shares. Foreign ownership of John Mattson shares amounted to 8.1% at the end of the year.

Net asset value

At year end, NAV amounted to SEK 129.25 per share (111.07). NAV increased 16.4% during the year. NNNAV amounted to SEK 4,007.2 million (3,480.2) or SEK 119.01 per share (103.36) follow-

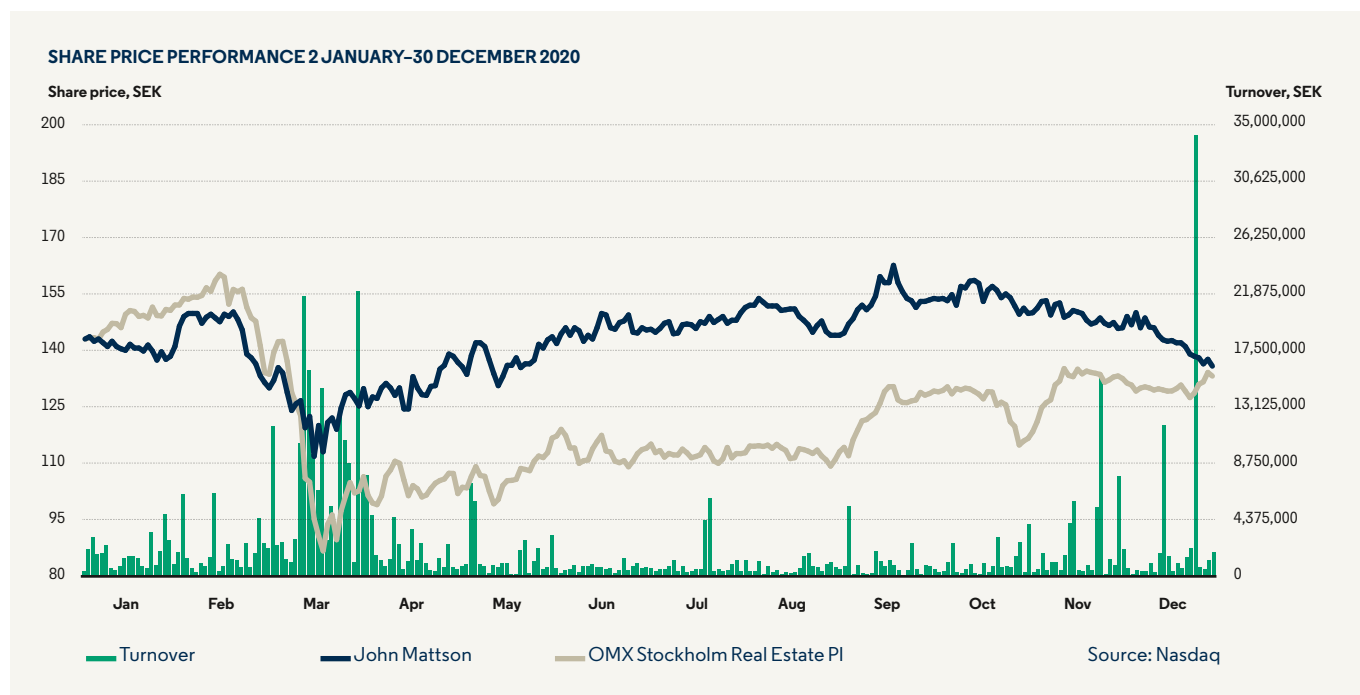
ing deductions for the estimated actual deferred tax liability.

Dividend policy

Over the long term, dividends are to amount to 50% of annual income from property management. John Mattson will prioritise value-creating investments over the forthcoming year, which means that dividends may drop below 50% or may not even transpire.

Information for the stock market

John Mattson's primary information channel is the company's website, corporate.johnmattson.se/en/. All press releases and financial reports are published here. Meetings are regularly arranged for analysts, shareholders, potential investors and financiers.



Shareholders 31 Dec 2020

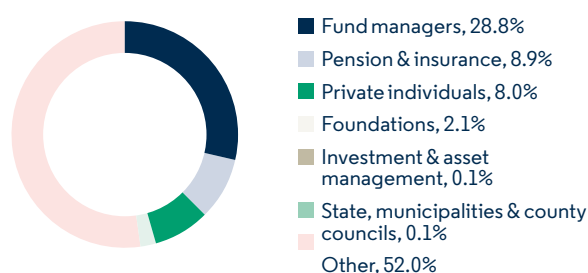
	No. of shares	Percentage
AB Borudan Ett	12,277,055	36.5%
Tagehus Holding AB	4,336,698	12.9%
Länsförsäkringar Fonder	2,798,145	8.3%
Första AP-fonden (AP1)	2,777,777	8.2%
Carnegie Fonder	2,240,609	6.7%
Prior & Nilsson Fonder	1,707,704	5.1%
Fidelity Investments (FMR)	1,696,200	5.0%
Other shareholders	5,835,844	17.3%
Total	33,670,032	100.0%
Of which, foreign shareholders	2,732,639	8.1%

Shareholder structure 31 Dec 2020

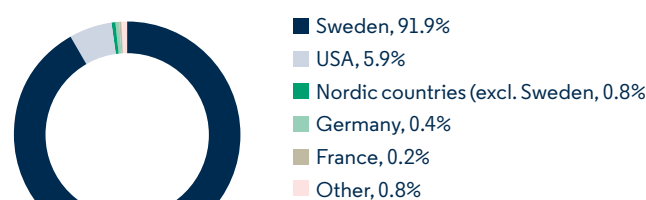
Size class	No. of shares	Capital/ votes	No. of known shareholders	Share of known shareholders
1–1,000	264,365	0.8%	1,829	88.1%
1,001–10,000	565,346	1.7%	153	7.4%
10,001–100,000	2,488,206	7.4%	76	3.7%
100,001–2,000,000	1,038,779	3.1%	8	0.4%
2,000,001–4,000,000	12,462,919	37.0%	9	0.4%
4,000,001–	16,613,753	49.3%	2	0.1%
Anonymous shareholding	236,664	0.7%		
Total	33,670,032	100.0%	2,077	100.0%

Source: Monitor of Modular Finance AB. Consolidated and compiled data from Euroclear, Morningstar, the Swedish Financial Supervisory Authority, Nasdaq and Millstream.

SHAREHOLDER CATEGORIES, 31 DEC 2020



SHAREHOLDING PER REGION 31 DEC 2020



Source: Monitor of Modular Finance AB. Consolidated and compiled data from Euroclear, Morningstar, the Swedish Financial Supervisory Authority, Nasdaq and Millstream.

Development of share capital

Year	Event	Change in No. of shares	Total No. of shares	Change in share capital (SEK)	Change in share capital (SEK)	Quotient value (SEK)
2010	Founded	1,000	1,000	100,000	100,000	100
2011	Bonus issue	–	1,000	9,900,000	10,000,000	10,000
2018	Share split 10,000:1	9,999,000	10,000,000	–	10,000,000	1
2018	New share issue	1,223,344	11,223,344	1,223,344	11,223,344	1
2019	Share split 3:1	22,446,688	33,670,032	–	11,223,344	0.33
2020		–	–	–	–	–

Net asset value

	31 Dec 2020		31 Dec 2019		31 Dec 2018	
	SEK m	SEK/ share ¹⁾	SEK m	SEK/ share ¹⁾	SEK m	SEK/ share ¹⁾
Equity according to balance sheet	3,413.7	101.39	2,934.8	87.16	2,756.0	81.85
Add back:						
Derivatives according to balance sheet	73.2	2.17	68.9	2.05	73.5	2.18
Deferred tax liability in balance sheet	865.1	25.69	735.9	21.86	679.8	20.19
NAV	4,352.0	129.25	3,739.6	111.07	3,509.3	104.23
Less:						
Derivatives according to balance sheet	-73.2	-2.17	-68.9	-2.05	-73.5	-2.18
Estimated actual deferred tax liability	-271.6	-8.07	-190.5	-5.66	-168.3	-5.00
NNNAV	4,007.2	119.01	3,480.2	103.36	3,267.4	97.04

¹⁾ The key metrics per share have been restated to take into account the 3:1 share split resolved by the AGM on 11 March 2019.

Analysts that monitor John Mattson

Analysts

Carnegie Investment Bank	Erik Granström and Fredric Cyon
Handelsbanken	Johan Edberg and Oscar Lindqvist

Share-related key metrics

	2020	2019
Income from property management, SEK/share ¹⁾	2.81	1.93
Growth in income from property management, SEK/share, %	45.8	159.0
Adjusted growth in income from property management, SEK/share, % ²⁾	26.5	63.6
Profit after tax, SEK/share ¹⁾	14.22	5.31
NAV, SEK/share ¹⁾	129.25	111.07
Growth in NAV, SEK/share, %	16.4	6.6
NNNAV, SEK/share ¹⁾	119.01	103.36
Equity, SEK/share ¹⁾	101.39	87.16
Market capitalisation (SEK/share)/NAV (SEK/share)	1.05	1.27

¹⁾ The key metrics per share have been restated to take into account the 3:1 share split resolved by the AGM on 11 March 2019.

²⁾ Income from property management has been adjusted for non-recurring costs linked to the completed stock exchange listing. An adjustment of SEK 9.9 million (19.6) was made to income from property management for the year.



Tree sculpture Ek-O by Johan Paalzow in the courtyard of Dalénium.
The tree, constructed of stainless steel, aluminium, wood and polyester, is a place for meetings, rest and play.

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Administration Report

The Board of Directors of John Mattson Fastighetsföretagen AB (publ), corporate identification number (556802-2858), hereby presents the Annual Report for the Group and Parent Company for the 2020 financial year. The registered office of the company is in the municipality of Lidingö Stad, Stockholm, Sweden. The Annual Report is presented in Swedish krona (SEK). The comparative year is 2019.

Information about the operations

John Mattson has been active in property management and property development for more than 50 years. The Group's mission is to own, manage and develop residential and commercial properties. The commercial premises should complement the residential portfolio and provide services to the residential tenants.

Property portfolio

John Mattson is a property owner with rental apartments in Lidingö and Sollentuna and leasehold properties in Slakthusområdet in Stockholm. The property portfolio mainly comprises residential properties. At the end of the financial year, the portfolio comprised 2,829 rental apartments with a lettable area of 215,900 sq m (171,500), broken down as 90% residential and 10% commercial premises.

Master Builder John Mattson constructed Larsberg in Lidingö toward the end of the 1960s. John Mattson still owns most of the land in Larsberg and has increased the area's housing density in recent years by adding a number of housing blocks. In 2018 and 2019, Parkhusen was completed with 80 new apartments as was U25 with 74 new apartments for young adults. Larsberg accounts for 54% of the company's total number of apartments. In the nearby areas of Baggeby and Dalén, John Mattson owns 83 and 146 apartments respectively and, in 2018, 481 apartments were acquired in the area of Käppala in southeast Lidingö.

At the end of 2019, John Mattson acquired 541 apartments in the municipality of Sollentuna for which possession was taken in May 2020, and three leasehold properties were acquired in Slakthusområdet in the City of Stockholm in 2020.

Demand for John Mattson's apartments is considerable. The proximity to green areas, public transport by rail and Stockholm's inner city in combination with the quality of housing offered by John Mattson means the occupancy rate in the portfolio is high. Demand for the company's apartments is expected to remain high.

John Mattson's apartment holdings consist of upgraded and new build apartments with the possibility of favourable returns for many years, as well as buildings that have yet to be upgraded and therefore, where the potential to add value is substantial.

Financial targets

The Board of Directors of John Mattson has decided on the following financial targets:

- An average annual growth in NAV per share of not less than 10%, including distributions to shareholders, over a business cycle.
- An average annual growth in income from property management per share of not less than 10% over a business cycle.
- To attain a property value corresponding to at least SEK 10 billion by 2023.

Strategy

John Mattson's strategy for achieving these financial targets is based on the following four cornerstones:

- An overall and personal approach to property management.
- Adding value to properties through upgrades and conversions.
- Infill development on our own land and adjacent to our existing buildings.
- Acquiring properties and development rights with development potential in attractive locations in the Stockholm region.

Investments

Over the last few years, the buildings in Larsberg and Baggeby have undergone extensive upgrades to ensure their technical quality and to generate a higher net operating income primarily through higher rent levels. Upgrades are implemented in two steps using the Larsberg model: base upgrades and total upgrades.

Base upgrades that secure the building's technical status through the replacement of electrical and plumbing systems as well as bathrooms are mainly carried out with the existing tenants in place. The following step, total upgrades, focuses on the remaining aspects of the apartment and the installation of new kitchen interiors and renovation of all surfaces. Total upgrades are carried out when tenants have vacated or requested it.

In conjunction with the upgrades, where possible, unused spaces are converted to housing.

At Larsberg, where base upgrades of the entire portfolio from the 1960s were completed in 2018, total upgrades are being carried out for vacated apartments or when tenants have requested it. John Mattson's objective is to complete total upgrades for an average of 100 apartments each year.

The acquisition of 481 apartments in Käppala in 2018 resulted in an increase in the percentage of unrenovated apartments in John Mattson's portfolio and extensive renovations started in the area in 2020. A total of some 400 apartments in Käppala are expected to have base upgrades completed by autumn 2021.

Planning is ongoing to be able to commence upgrades in Rotebro in 2022, and thereafter, Rotsunda.

John Mattson works actively to identify undeveloped land where infill development is possible and appropriate for the existing built-up area. Infill development is mainly confined to our own land, and the aim is to generate growth through value adding construction that concurrently makes the area more attractive. Property development is conducted in close collaboration with the municipality and local stakeholders.

During the year, total investments amounted to SEK 1,075.0 million (160.1), of which SEK 857.7 million (0.0) pertained to acquisitions of properties in the municipality of Sollentuna and leasehold properties in Slakthusområdet in the City of Stockholm. Investments in new builds amounted to SEK 33.4 million (95.7) and mainly pertained to the conversion of premises and laundry rooms to 11 ground floor apartments and the creation of 25 loft apartments. Investments in implemented base and total upgrades amounted to SEK 127.1 million (43.1) and encompassed 218 (0) apartments with base upgrades and 150 (65) apartments with total upgrades. At the end of the year, upgrades were being made to 27 apartments.

Organisation

John Mattson's organisation consists of 30 (25) employees, of whom 21 (14) are women. At 31 December 2020, the company's management group consisted of the Chief Executive Officer, Chief Financial Officer, Head of Business Development, Head of Project Development, Head of Property Management and Head of Communications. The organisation's primary area of operations is property management and project development, with accounting and communication as central support functions. Property managers, caretakers and customer service agents work within the property management department. Management is geographically based in Larsberg in Lidingö and is primarily conducted by John Mattson's own personnel. Further information on employees, salaries and benefits is provided in Note 7 to the consolidated financial statements.

Property valuation

Quarterly external valuations of all of the Group's properties are conducted by Cushman & Wakefield. More information about John Mattson's investment properties can be found in Note 12.

Significant events during the year

- John Mattson took possession of 541 apartments in Rotebro and Rotsunda in the municipality of Sollentuna.
- The company acquired three leasehold properties in Slakthusetområdet in the City of Stockholm.
- During the year, 218 apartments underwent base upgrades and 150 apartments underwent total upgrades. Upgrades are ongoing for 27 apartments.
- 25 new loft apartments were completed and eleven apartments were completed by converting unutilised premises and laundry rooms.

Financial strategy and risk management

John Mattson's reputation, earnings and cash flow are affected by changes in the external world and by the company's own actions. Risk management aims to clarify and analyse the risks that the company faces and, as far as possible, to prevent or limit any negative effects. The primary tools for managing risk are the strategies that the company follows, which are made tangible in processes integrated in daily operations. Values are also an important part of managing risks in daily operations and in ensuring a high level of competence in the organisation. John Mattson's risk sections can be found on pages 30–31 and include financial risks. A more detailed description of financial risks and John Mattson's financing strategy follows below.

Financing strategy

Trends in financial markets are of considerable significance to John Mattson's business operations and earnings. For this reason, it is important to define financial risks, put them in relation to other business risks, assess the risks and secure appropriate management that supports the overall business objectives.

John Mattson takes a long-term approach to its ownership of properties, which requires access to capital to be able to develop the property portfolio. The financial operations should be conducted in such a way that the need for long-term and current financing is secured at as low a cost as possible given the risk mandate, and so that they safeguard the company's interest payment capacity over time.

Financing risk

The company's financial policy specifies guidelines and regulations for how John Mattson's finance operations should be conducted. The financial policy is adopted annually by the Board of Directors and states how the various risks associated with finance operations should be limited and defines the risks that the company is permitted to take. The Board of Directors has also appointed a separate Audit and Finance Committee which, together with executive management, focuses on, among other things, preparing financing matters before they are addressed by the Board of Directors.

The company's overall financial risk limitation is that the loan-to-value ratio should not persistently exceed 50%. The company believes that having a positive cash flow in the business is important for achieving the company's long-term objectives. Accordingly, the company has set a target that the interest coverage ratio should not persistently be below 1.5. At the end of 2020, the loan-to-value ratio was 44.7% (40.7) and the interest coverage ratio was 2.6 (2.3).

Interest-rate risk is defined as the risk that changes in the level of interest rates will impact the company's cost of financing. Interest rate risk is attributable to the way current market interest rates develop. In order to limit the interest-rate risk, derivative agreements are entered into in the form of interest-rate swaps. To limit fluctuations in net interest expense, the company should have a mix of fixed-interest tenors for its loans and derivatives, while ensuring that the average fixed-interest tenor is in the range of one to five years and that a maximum of 50% is in the range of zero to one year. The volume-weighted average fixed-interest tenor was 2.2 years (3.2) at the end of 2020.

The company's financing primarily consists of equity and interest-bearing liabilities. In order to limit refinancing risk, defined as the risk that refinancing of existing liabilities will not be possible on reasonable terms, John Mattson endeavours to have a long average remaining maturity for its interest-bearing liabilities as well as several lenders. To ensure the necessary loan-to-maturity for the maturity structure, the company also strives to have an even loan maturity structure and that total borrowings should have an average loan-to-maturity (volume-weighted average remaining maturity) that exceeds two years. The volume-weighted average loan-to-maturity was 2.3 years (2.4) at the end of 2020.

John Mattson has a positive cash flow from operating activities in line with income from property management. Liquidity risk is the risk that the Group will encounter difficulty in fulfilling its obligations associated with financial liabilities. This risk is managed through overdraft facilities totalling SEK 160 million (160), of which SEK 56.1 million (31.3) had been utilised at the end of 2020. Moreover, a credit facility for SEK 500 million is in place for future financing needs.

COVID-19

Effects from the COVID-19 pandemic are assessed as only marginally impacting the Group since commercial properties only comprise some 10% of total rental value, of which the majority is attributable to activities that remain stable despite COVID-19, including grocery stores and universities. The company's smaller commercial tenants have not been significantly affected. The costs for rent discounts connected to COVID-19 have only had a marginal effect during 2020.

Dividend policy

Over the long term, dividends are to amount to 50% of income from property management. Because John Mattson will prioritise value-creating investments in the property portfolio over the years ahead, future dividends may in the short term drop below the long-term target or may not even transpire.

Sustainability

John Mattson has high ambitions and actively works with its long-term sustainability agenda in all areas of operation. Refer to pages 24–29 for more information about the company's sustainability agenda.

Guidelines for remuneration of senior executives

The Board of Directors is responsible for the company having a formal and transparent process in place for establishing principles, remuneration and other terms of employment for the company management.

John Mattson's Remuneration Committee prepares proposals for guidelines for remuneration and other terms of employment for the CEO and other senior executives as well as evaluates the application of the guidelines as resolved by the AGM. The members of the Remuneration Committee comprise three Board Members appointed by the Board of Directors.

The Board prepares proposed guidelines for resolution by the AGM, at least every fourth year. Remuneration of senior executives is market-based and competitive as well as proportionate to responsibilities and authorities. Remuneration comprises fixed salaries, any variable remuneration, pension benefits and other benefits. Salaries, benefits and pension premiums for 2020 are disclosed in Note 7. Variable cash remuneration for the CEO may not exceed six months' salary (calculated on the fixed monthly salary). Variable remuneration for the other senior executives may not exceed four months' salary (calculated on the fixed monthly salary) and is based on the outcomes relative to pre-set targets. Pension benefits to senior executives are either defined-contribution or defined-benefit unless the individual in question is encompassed by a defined-benefit pension in accordance with the provisions of a collective bargaining agreement. Variable remuneration is only pensionable to the extent it is required pursuant to the applicable provisions of collective bargaining agreements. For each senior executive, pension premiums may not exceed 50 per cent of the fixed base salary unless a higher provision is applicable according to the relevant collectively agreed pension plan.

Premiums and other benefits, such as health insurance and company car, may not total more than 5% of the total fixed annual salary of the respective senior executive.

In accordance with Chapter 8 Section 53 of the Swedish Companies Act, the Board of Directors has the right to depart from these guidelines in an individual case, if there are particular reasons to do so.

For the complete proposal regarding the proposed guidelines for senior executives, refer to John Mattson's website corporate.johnmattson.se/en/.

Refer to the Corporate Governance Report on pages 43–47 for more information on the guidelines for remuneration of senior executives.

FINANCIAL OUTCOME

Income statement

Revenue

The Group's revenue for the year amounted to SEK 294.0 million (253.0), corresponding to SEK 1,440 per sq m (1,509). The average economic occupancy rate during the period was 94.6% (95.3).

The total revenue increase of SEK 41.1 million was mainly attributable to acquired and newly built properties, which increased revenue by SEK 35.2 million (23.6) for the year. The increase was also due to general rent increases, which had a revenue impact of SEK 4.8 million (2.7) year-on-year. The general annual housing rent negotiations for 2020 resulted in increases of 1.9% and apply from 1 January 2020. Revenue also increased SEK 4.8 million (6.4) due in part to base and total upgrades. The earnings impact of the rent increases is reduced by a SEK 3.8 million increase in vacancy costs pertaining to ongoing residential upgrades in Käppala.

Housing rental revenues amounted to SEK 251.3 million (214.8), corresponding to SEK 1,381 per sq m (1,411). The average economic occupancy rate for apartments during the period was 95.8% (96.5). The remaining rental revenues pertained primarily to commercial premises, garages and parking places and amounted to SEK 42.7 million (38.2) for the period.

Property expenses

Property expenses totalled SEK 98.0 million (100.1), corresponding to SEK 495 per sq m (589), which is a cost reduction of SEK 94 per sq m or 16%. Operating expenses amounted to SEK 63.7 million (57.4). The increase for the period was mainly due to additional operating expenses arising from acquired properties. The largest cost item was tariff-based costs, which corresponded to around 35% of operating expenses.

Maintenance expenses amounted to SEK 12.3 million (19.4). The reduced expenses were due in part to COVID-19, since maintenance measures have been limited temporarily. Expenses during the year are therefore relatively low. Property administration expenses amounted to SEK 17.1 million (18.8).

Central administration

Central administration costs comprise costs for company management, business development and central support functions.

During the year, central administration costs amounted to SEK 41.7 million (38.0). Costs arose from changes in management during the first six months of the year.

In the final quarter of the year, central administration was charged with costs of SEK 6.9 million attributable to business development, including costs associated with non-completed transactions.

Changes in value

Properties

Unrealised changes in the value of the properties amounted to SEK 517.7 million (165.6), of which SEK 385.7 million (71.7) pertained to changed yield requirements. During the final quarter of the year, transactions in areas where the company's properties are located and in comparable areas were completed and impacted yield requirements. The value changes were also attributable to the properties acquired during the year in the municipality of Sollentuna and to an improved net operating income, linked to measures to raise rents in the form of upgrades.

Derivatives

Altogether, John Mattson has concluded interest-rate swaps to a nominal value of SEK 1,593.0 million (1,279.0). The interest-rate swaps expire between 2021 and 2028. The market value of interest-rate derivatives at the end of the period was a negative SEK 73.2 million (negative: 68.9). Unrealised changes in derivative values resulted in a negative change in value of SEK 4.3 million (positive: 4.6), primarily as a result of rising long-term market interest rates, which led to an increase in the interest-rate derivatives' deficit value during the year.

Net financial items

Net financial items amounted to an expense of SEK 59.6 million (expense: 49.8). Increased net financial items were attributable to financing the year's acquisitions. Ground rent is included in net financial items and amounted to SEK 0.9 million (–). Capitalised financial expenses for ongoing projects amounted to SEK 4.1 million (1.1). The average interest rate, including the effects of interest-rate derivatives, was 1.47% (1.87). The interest coverage ratio was a multiple of 2.6 (2.3) at the end of the year.

Tax for the year

Current tax for the period was an expense of SEK 1.8 million (expense: 0.4). Deferred tax amounted to an expense of SEK 127.5 million (expense: 56.0) and was impacted by unrealised value changes on properties and derivatives in a net negative amount of SEK 105.8 million (negative: 35.1) and changes in capitalised loss carryforwards of positive SEK 2.8 million (negative: 9.6).

Balance sheet

Investment properties

During the period, total investments amounted to SEK 1,075.0 million (160.1), of which SEK 857.7 (0.0) million pertained to the acquisition of the properties in Rotebro and Rotsunda in the municipality of Sollentuna and leaseholds in Slakthusområdet in the City of Stockholm. Investments in new builds amounted to SEK 33.4 million (95.7) and pertained mainly to attic extensions and conversions of business premises to apartments in Käppala, Lidingö. Investments in implemented base and total upgrades amounted to SEK 127.1 million (43.1) and encompassed 368 apartments (65).

Parent Company

The operations of the Parent Company, John Mattson Fastighetsföretagen AB (publ), primarily encompass shared Group services pertaining to strategy, communication, business development and accounting/finance.

Parent Company revenue amounted to SEK 13.5 million (8.4). Costs for central administration and marketing amounted to SEK 39.0 million (35.6). The loss before appropriations and tax amounted SEK 31.5 million (loss: 30.1).

Outlook for 2021

- Focus remains on potential acquisitions in the Stockholm region and discussions are being pursued with prioritised growth municipalities.
- Continued work on base upgrades in Käppala.
- Project planning of base upgrades in Sollentuna.
- Total upgrades in Käppala and Larsberg.
- Continued work on detailed development plans for infill development projects in Larsberg and Käppala.
- Slakthusområdet – detailed development planning.

Multi-year review

Group, SEK million	2020	2019	2018	2017	2016
Property-related key metrics					
Surplus ratio, %	66.7	60.4	47.3	44.2	51.2
Rental value at the end of the period, SEK m	336.5	275.1	257.4	193.7	185.4
Rental value, apartments, at the end of the period, SEK/sq m	1,485	1,485	1,411	1,346	1,285
Economic occupancy rate at the end of the period, %	94.5	94.9	96.5	97.4	98.6
Lettable area at the end of the period, thousand sq m	215.9	171.5	169.1	134.1	135.1
Investments in new builds, extensions and redevelopments, SEK m	217.4	160.1	287.5	319.2	134.7
Property value, at the end of the period, SEK/sq m	36,861	37,124	35,339	33,902	30,125
Total number of apartments	2,829	2,251	2,177	1,602	1,602
No. of upgraded apartments during the period	368	65	375	469	236
No. of unrenovated apartments at the end of the period	720	396	396	210	627
No. of upgraded apartments at the end of the period	1,584	1,366	1,366	1,091	673
Key financial metrics					
Rental revenues, SEK m	294.0	253.0	218.3	187.6	182.6
Net operating income, SEK million	196.0	152.8	103.2	83.0	93.4
Income from property management, SEK million	94.7	64.9	23.7	28.3	44.8
EBT, SEK m	608.1	235.2	233.4	299.0	425.6
Profit for the year, SEK m	478.8	178.8	222.3	233.9	332.2
Cash flow from operating activities, SEK m	115.9	46.2	21.9	37.6	61.5
Equity, SEK m	3,413.7	2,934.8	2,756.0	2,169.7	1,935.8
No. of employees	30	25	24	25	23
LTV ratio at the end of the period, %	44.7	40.7	41.0	37.5	35.8
Average interest rate at the end of the period, %	1.5	1.9	1.9	2.4	2.7
Interest coverage ratio during the period, multiple	2.6	2.3	1.6	1.7	2.3
Fixed-interest tenor, at the end of the period, years	2.2	3.2	3.5	4.5	4.8
Loan-to-maturity at the end of the period, years	2.3	2.4	3.3	0.6	0.7
NAV, SEK m	4,352.0	3,739.6	3,509.3	2,912.7	2,630.3
NNNAV, SEK m	4,007.2	3,480.2	3,267.4	2,705.2	2,410.3
Share-related key metrics (in SEK)¹⁾					
Average number of shares	33,670,032	33,670,032	31,860,153	30,000,000	30,000,000
No. of shares outstanding at the end of period	33,670,032	33,670,032	33,670,032	30,000,000	30,000,000
Income from property management, SEK/share	2.81	1.93	0.74	0.94	1.49
Growth in income from property management, SEK/share, %	45.8	159.0	-21.0	-36.9	12.5
Adjusted income from property management, SEK/share, growth, % ²⁾	26.5	63.6	44.1	-36.9	12.5
Profit for the year, SEK/share	14.22	5.31	6.98	7.80	11.07
NAV, SEK/share	129.25	111.07	104.23	97.09	87.68
Growth in NAV, SEK/share, %	16.4	6.6	7.3	10.7	8.1
NNNAV, SEK/share	119.01	103.36	97.04	90.17	80.34
Equity, SEK/share	101.39	87.16	81.85	72.32	64.53
Parent Company					
Net sales, SEK m	13.5	8.4	64.3	5.8	4.3
Equity, SEK m	1,231.7	1,245.3	1,254.3	901.3	901.4
Total assets, SEK m	1,993.5	1,807.2	1,768.3	1,384.9	1,396.3
Equity/assets ratio, %	61.8	68.9	70.9	65.1	64.6
Number of employees	6	5	0	0	0

¹⁾ At the AGM on 11 March 2019, a share split was resolved, whereby each existing share was divided into three new shares (split 3:1). Dividend and earnings per share data for periods prior to the split have been restated in this report based on the number of shares after the split was completed. The number of shares as per 31 December 2020 was 33,670,032.

²⁾ Adjusted income from property management for 2019 pertains to income from property management adjusted for non-recurring costs linked to the planned stock exchange listing.

The financial information for all periods recognised in this multi-year review have been restated to comply with IFRS.

Proposed appropriation of profits

The following profit is at the disposal of the Annual General Meeting (SEK):

Share premium reserve	362,776,656
Retained earnings	871,298,687
Loss for the year	-13,616,690
	1,220,458,652
To be appropriated as follows:	
To be carried forward	1,220,458,652
	1,220,458,652



Artwork: Passage at John Mattson's property in Dalénum on Lidingö.
Artist Roger Metto.

Corporate Governance Report 2020

Introduction

The corporate governance of John Mattson refers to ensuring that rights and responsibilities are distributed between the company's governance bodies in accordance with applicable laws, rules and processes. Efficient and transparent corporate governance provides the owners with the ability to uphold their interests concerning company management while clarifying the division of responsibility between management and the Board of Directors, but also throughout the company. This also leads to efficient decision making which makes it possible for John Mattson to act quickly when new business opportunities arise.

John Mattson is a Swedish public limited liability company that was listed on Nasdaq Stockholm, Mid Cap as of 5 June 2019. The company's corporate governance is based on Swedish law, in particular the Swedish Companies Act (2005:551), the Swedish Corporate Governance Code (the "Code"), the company's Articles of Association, internal regulations (instructions and policies) as well as Nasdaq Stockholm's Rule Book for Issuers. Additional information about John Mattson's corporate governance is available on the company website.

The Code applies to all Swedish companies whose shares are listed in a regulated market in Sweden. Companies are not required to comply with all of the regulations in the Code, companies can instead choose alternative solutions that they believe to be more appropriate for the company's specific circumstances under the condition that the company reports the deviation/s, describes the alternative solution and explains the reasons behind the deviation/s in the corporate governance report (the so-called "comply or explain approach"). John Mattson applied the Code with no deviations in 2020.

Shareholders

For information about the ownership structure, see pages 32–33 of this Annual Report.

Voting rights

There is only one class of share and all shares carry the same number of votes: one vote per share.

General meeting

In accordance with the Swedish Companies Act, the general meeting is the company's highest decision-making body, and shareholders exercise their voting rights in key issues, for example the adoption of the income statement and balance sheet, appropriation of the company's profits, discharging the Board of Directors and the CEO from liability, election of members of the Board and auditors as well as their remuneration.

The Annual General Meeting (AGM) must be held within six months of the end of the financial year. In addition to the AGM, official notice can be issued for extraordinary general meetings. According to the Articles of Association, notice for general meetings is to be issued in the form of an advertisement in Post- och Inrikes Tidningar and by making the notice available on the company's website. An advertisement that notification of the meeting has been issued is to simultaneously be made in Svenska Dagbladet. The Company's financial year runs from 1 January to 31 December.

Right to participate

To be able to participate in decisions, it is necessary for the shareholder to be present at the meeting, either in person or through a proxy. Further, it is necessary for the shareholder to be entered in the share register by a certain date before the meeting and that the application for participation is made to the company in a certain manner.

Shareholder initiatives

Shareholders who wish to have a particular matter addressed at the AGM are typically able to request this in good time before the meeting to John Mattson's Board of Directors at a separate address that is published on the company website.

2020 Annual General Meeting

At John Mattson's 2020 AGM, a resolution was passed authorising the Board to decide on the new issue of shares. Anders Nylander stepped down as Chairman of the Board and Johan Ljungberg was elected as the new Chairman of the Board. With the exception of Anders Nylander departure, the Board of Directors and auditors were elected in their entirety and guidelines for remuneration of senior executives were approved. A decision was also made to not issue any dividends for the 2019 financial year. The minutes from the AGM are available on John Mattson's website.

2021 Annual General Meeting

John Mattson's AGM on 22 April 2021 will be held digitally with postal voting due to the COVID-19 pandemic. The application to attend the AGM will be available on the company's website.

Nomination Committee

The Nomination Committee is appointed ahead of the AGM and comprises representatives for the three largest shareholders in terms of voting rights in the company as registered in the shareholders' register maintained by Euroclear, or otherwise known shareholders on the last day of trading in August each year, and the Chairman of the Board, who is also to convene the Nomination Committee to its first meeting. The representatives are appointed by the three largest shareholders in terms of voting rights in the company but represent all shareholders in the company.

The Nomination Committee must perform its assignment in accordance with the instructions decided on at the AGM, the Code and other applicable rules. The assignment includes submitting proposals for the Chairman of the meeting, the number of Board members, the election of the Chairman and other elected members of the Board, fees and other remuneration of each of the AGM-elected Board members and members of the Board's committees, election of auditors and auditors' fees. In as far as it is considered necessary, the Nomination Committee is to submit proposals for changes to the applicable rules for the Nomination Committee. The Nomination Committee must pay particular attention to the requirements of the Code regarding diversity and breadth on the Board of Directors and to strive for equal gender distribution.

No fees are to be paid to the members of the Nomination Committee. However, the company will defray reasonable costs associated with the work of the Nomination Committee.

The Nomination Committee ahead of the 2021 AGM

The Nomination Committee has held six minuted meetings. Three in the autumn of 2020 and three in 2021. John Mattson's Nomination Committee meets the requirements for independence in relation to the company. The Board members on the Nomination Committee and which owners appointed them is displayed in the table below. John Mattson's Nomination Committee can be contacted by email at valberedningen@johnmattson.se.

The Nomination Committee ahead of the 2021 AGM

- Jan-Erik Lindstedt, appointed by AB Borudan Ett (Chairman of the Nomination Committee)
- Johan Ljungberg, appointed by Tagehus Holding AB
- Magnus Strömer, appointed by Länsförsäkringar Fondförvaltning AB (publ)

Board of Directors

The Board of Directors is the company's next highest decision-making body after the general meeting. John Mattson's Board of Directors is to, in accordance with the Articles of Association, consist of no less than three and no more than seven members, with no deputy members. At the AGM on 21 April 2020, it was decided to re-elect Johan Ljungberg, Ulrika Danielsson, Håkan Blixt, Anna Sander and Christer Olofsson as Board members. Anders Nylander stepped down as Chairman of the Board and the AGM resolved to elect Johan Ljungberg as the new Chairman of the Board. In December, Anna Sander gave notice to step down from the Board of John Mattson. This was due to her new role as Head of Land Development for Uppsala municipality. For more information on the Board members and their assignments outside the Group as well as their shareholding in John Mattson, see the section "The Board of Directors and auditors", page 48.

Responsibility and work

The Board of Directors' tasks are regulated by the Swedish Companies Act, John Mattson's Articles of Association and the Code. The Board of Directors' work is also regulated by the rules of procedure that are adopted annually by the Board. The rules of procedure regulate the work distribution between the Board of Directors, the Chairman of the Board and the CEO. The Board of Directors also adopts instructions for the Board's committees and instructions for the CEO (including the instruction concerning the CEO's financial reporting).

The Board of Directors is responsible for John Mattson's organisation and administration of the company's internal affairs, which includes assuming responsibility for the preparation of overall long-term strategies and targets, budgets and business plans, the adoption of guidelines to ensure that John Mattson's operations create long-term value, evaluation and approval of financial statements, making decisions in matters concerning investments and sales, capital structure and dividend policy, the development and adoption of the company's essential policies, ensuring that a control system is in place for monitoring compliance with policies and guidelines, ensuring systems are in place for monitoring and controlling the company's operations and risks, significant changes in the company's organisation and operation, the appointment of the company's CEO and the establishment of salaries and other remuneration to the CEO and other senior executives in accordance with the guidelines for remuneration of senior executives that have been adopted by the General Meeting.

The Board of Directors has overriding responsibility for ensuring sustainability is a central and integrated element of John Mattson's governance. The sustainability perspective is integrated in John Mattson's established strategy and the business plan for 2021 includes a number of strategic sustainability goals. The Global Compact's ten principles for corporate sustainability comprise the foundation for taking responsibility, and the company's core values and code of conduct

guide the company's Board, management, employees and business partners in daily operations. The code of conduct is supplemented by specific policies in various areas, for example diversity, equality and work environment. John Mattson's strategic sustainability initiatives are conducted in four focus areas that contribute to the company's value creation, both financially and strategically. Read more on page 24. The Chairman of the Board is responsible for, inter alia, ensuring that Board members receive all the necessary documents and the information that they require to monitor John Mattson's position, performance, liquidity, financial planning and other development. It is the duty of the Chairman to complete assignments given by the AGM concerning the establishment of the Nomination Committee and to participate in these efforts. The Chairman of the Board must, in close collaboration with the CEO, monitor the company's financial performance and prepare Board meetings and act as Chairman at said meetings. The Chairman of the Board is also responsible for making sure that the Board evaluates its work and the work of the CEO on a yearly basis.

The Board of Directors meets in accordance with an annually prepared timetable. Besides from these meetings, Board members can be called to extraordinary Board meetings to manage issues that cannot be postponed until the next scheduled Board meeting.

Work of the Board in 2020

In 2020, John Mattson's Board of Directors held 16 meetings, of which one was statutory.

Evaluation of the work of the Board

The Chairman of the Board initiates an evaluation of the work of the Board once per year in accordance with the Board's rules of procedure. The 2020 evaluation has been carried out with each Board member giving responses to a questionnaire. In addition, the Chairman of the Board has had some individual contact with particular Board members. The purpose of the evaluation is to gain an insight into the opinions of the Board members concerning how the work of the Board is run and which measures that can be implemented to make the work of the Board more efficient. The aim is also to gain an insight into what type of issues that the Board believe should be given more attention, and in which areas there may be a requirement for additional experience and competence on the Board. The results of the evaluation have been reported within the Board and have been submitted to the Nomination Committee by the Board of Directors.

Remuneration Committee

In accordance with the Code, the Chairman of the Board can also act as the Chairman of the Committee. Other members elected at the general meeting should be independent in relation to the company and company management. The Board's Remuneration Committee

Board Member	Fee (SEK thousand)	Board	Meeting participation		
			Audit and Finance Committee	Remuneration Committee	Independent
Håkan Blixt	215	16/16	8/8	5/5	Yes
Ulrika Danielsson	240	16/16	8/8	5/5	Yes
Johan Ljungberg	415	16/16	8/8	5/5	No ¹⁾
Christer Olofsson	175	16/16	–	–	Yes
Anna Sander ²⁾	175	15/16	–	–	Yes
Anders Nylander ³⁾	95	4/16	–	–	Yes

¹⁾ Independent in relation to the company and its senior executives. Not independent in relation to the company's major shareholders.

²⁾ Anna Sander gave notice to step down from the Board of John Mattson in December 2020.

³⁾ Anders Nylander stepped down as Chairman of the Board at the AGM on 21 April 2020.

continually evaluates the remuneration conditions of leading executives against the background of applicable market conditions. The Committee prepares items within these areas to be decided on by the Board. The Remuneration Committee currently consists of three Board members: Johan Ljungberg (Chairman), Ulrika Danielsson and Håkan Blixt, who are all considered independent in relation to the company and its senior executives. The Committee's members are appointed by the Board once per year. The Remuneration Committee's primary tasks are to, inter alia, prepare the Board's decisions on matters pertaining to remuneration principles, remuneration and other terms of employment for the company management. Additionally, the Committee is tasked with monitoring and evaluating ongoing and concluded variable remuneration programmes for the company's management and following and evaluating the application of the guidelines for remuneration of senior executives that the AGM is legally obliged to resolve on, as well as the current remuneration structures and levels in the company. The Remuneration Committee is to meet at least twice a year.

In 2020, the Remuneration Committee held five meetings. Members of the Committee were present at all of the meetings. Issues addressed at the meetings included the company's guidelines for remuneration of senior executives and remuneration levels to the CEO and other senior executives as well as the company's incentive programmes for all employees, including the adjustments made to the criteria during the year.

Audit and Finance Committee

In accordance with the Swedish Companies Act, the Board will have an Audit Committee that consists of at least two members. The Committee's members may not be employed by John Mattson, and at least one of the members must possess accounting or auditing competence.

The Audit and Finance Committee currently consists of three Board members: Ulrika Danielsson (Chairman), who is considered to meet the requirement for accounting or auditing competence, Johan Ljungberg and Håkan Blixt. The Committee's members and their Chairman are appointed by the Board once per year. The Audit and Finance Committee is tasked with, inter alia, supervising John Mattson's financial reporting and submitting recommendations and proposals to ensure the reliability of the reporting. The Committee monitors compliance with John Mattson's financial policy and ensures access to capital. The Audit and Finance Committee also monitor the effectiveness of the company's internal controls and risk management. The Committee is also tasked with keeping informed regarding the audit of the annual report and the consolidated financial statements as well as the conclusions of the Swedish Inspectorate of Auditors' quality control. The results of the audit, and how the audit contributed to the reliability of the financial reporting as well as the function that the Committee has had, reviewing and monitoring the statutory auditor's impartiality and autonomy, particularly if the statutory auditor provides other services for the company than auditing are also included in the Committee's tasks. Moreover, the Committee is also tasked assisting the Nomination Committee with the preparation of proposals for resolution by the general meeting regarding the choice of auditors.

The Audit and Finance Committee meets at least four times a year.

In 2020, the Audit and Finance Committee held eight meetings. Members of the Committee were present at all of the meetings. Issues addressed at the meetings included compliance with the financial policy, the company's interim reports, the focus of the external audit and the company's internal controls concerning financial reporting.

Remuneration of Board members and the Board's committees

On 21 April 2020, the AGM set Board fees at SEK 375,000 for the Chairman of the Board and SEK 175,000 to each of the other members for the period up to the close of the 2021 AGM, allocated according to the table on the previous page. At the same AGM, it was resolved to set fees at SEK 50,000 to the Chairman and SEK 25,000 to other members of the Board's Audit and Finance Committee. Fees to members of the Board's Remuneration Committee were set at SEK 15,000 per member.

The CEO and other senior executives

The CEO is subordinate to the Board of Directors and responsible for John Mattson's ongoing administration and the daily operations of the company. The distribution of work between the Board of Directors and the CEO can be seen in the rules of procedure for the Board of Directors and the instruction for the CEO.

The CEO is responsible for leading operations in accordance with the Board of Directors' guidelines and instructions and ensuring that the Board of Directors is supplied with the necessary information and decision-data. The CEO leads the work in Group management and makes decisions based on consultation with its members. Additionally, the CEO presents items at the Board's meetings, and ensures that Board members are continually provided with the necessary information in order to monitor the financial position, performance, liquidity and development of the company and the Group.

The CEO and other senior executives are more closely presented on page 49.

Guidelines for remuneration of the CEO and other senior executives

The AGM on 21 April 2020 resolved to apply the following guidelines for remuneration of senior executives in the company for the period until the 2021 AGM.

The company offers remuneration and other terms of employment that enable John Mattson to recruit, motivate and retain senior executives with the skills John Mattson needs to implement its strategy and achieve the goals of its operations. Conformity to market conditions and competitiveness are general principles for remuneration of senior executives of the company. Remuneration paid to senior executives can comprise a fixed base salary, variable cash remuneration, long-term share-based incentive programmes (which in some cases can contain certain salary compensation, pension and other customary remuneration and benefits).

Senior executives means the CEO and executives who report direct to the CEO and who are part of the Group management. At present, the company's senior executives are the CEO, the CFO, the Head of Property Management, the Head of Business Development, the Head of Project Development and the Head of Communications.

Principles for fixed remuneration

Fixed salaries are based on the competence, responsibilities and performance of the senior executive, and must be market-based and competitive. Fixed salaries are evaluated on an annual basis by the Remuneration Committee.

Principles for variable remuneration

Variable remuneration is based on pre-determined individual and Group-wide objectives and can, for example, be a combination of revenue, cash-flow and activity goals. The goals are established on a yearly basis by the Remuneration Committee, with the intent that they will align with John Mattson's business strategy and financial targets.

Variable cash remuneration for the CEO may not exceed six months' salary (calculated on the fixed monthly salary). Variable remuneration for the other senior executives may not exceed four months' salary (calculated on the fixed monthly salary).

The general meeting of shareholders resolves on whether variable remuneration will be payable in the form of a long-term share-based incentive programme. Incentive programmes of this type must be designed for the purpose of promoting long-term value creation and of achieving an expanded community of interest between the interests of the participating senior executives and the interests of the shareholders. The vesting period under this type of incentive programme, or the period from the time the agreement is signed until the shares can be acquired, may not be less than three years. Incentive programmes that entail acquisition of shares must also be designed to promote own shareholdings in the company.

Each year, the Board of Directors evaluates whether or not a long-term share-based incentive programme should be proposed to the general meeting of shareholders.

During the 2020 financial year, remuneration for the CEO and other senior executives has been distributed in accordance with the table in Note 7.

Pension

The senior executives are offered pension conditions and pension levels in line with market rates.

Other benefits

Other customary benefits, for example a company car and healthcare insurance, must be in line with market conditions.

Notice period and severance pay

Between the company and the CEO, a notice period of 18 months will apply to termination by the company and six months upon resignation by the CEO. The CEO is entitled to a severance package equivalent to twelve months' fixed salary with deductions. For the other senior executives, a notice period of six months will apply.

Departures from the guidelines

The Board of Directors has the right to depart from these guidelines in an individual case, if there are particular reasons to do so. Should such a departure be made, information about and the reason for the departure will be reported at the next AGM.

Incentive programme and bonus programme

All of John Mattson's permanent employees (including senior executives) participate in a bonus programme within which they have the opportunity to receive an annual performance-based bonus no higher than one month's fixed salary. The outcome of the bonus depends on a defined increase in income from property management per share, a threshold for sustainability waste measured by cost and weight, and a service index measured from the perspective of customer satisfaction. Comparisons are made partly with previous years and partly in relation to industry averages. Senior executives have the opportunity to receive an additional bonus of two months' fixed salary per year, where one month's salary is paid conditional on individual change

and improvement targets being met, and one month's salary is paid conditional on a certain increase of net asset value and income from property management per share. Senior executives can therefore each be granted a maximum bonus of three months' fixed salary.

Audit

The auditor will examine the company's annual report and reporting as well as the administration of the Board and the CEO. Auditing of the company's financial reports and accounts as well as the administration of the Board and the CEO is carried out in accordance with Swedish accepted auditing standards.

According to John Mattson's Articles of Association, the company is to appoint one or two auditors with or without deputies or one or two registered auditing companies. At the AGM on 21 April 2020, Authorised Public Accountant Jonas Svensson was appointed as auditor and Authorised Public Accountant Ingemar Rindstig as deputy auditor for the period until the 2021 AGM.

After every financial year, the auditor is to submit an auditor's report on the accounts and the consolidated financial statements to the AGM. During one of the meetings of the Board and the auditor, no members of executive management should be present. The Audit and Finance Committee review and supervise the auditor's impartiality and autonomy. The auditors receive remuneration for their work in accordance with the resolution of the AGM. For the 2020 financial year, total remuneration to the company's auditor amounted to SEK 1.8 million.

Internal control over financial reporting and risk management

John Mattson's internal control regarding the financial reporting is designed to manage risks and ensure a high level of reliability in the processes around the preparation of the financial reports and to ensure compliance with the applicable reporting requirements and other requirements for John Mattson as a listed company. The Board of Directors is, in accordance with the Swedish Companies Act and the Code, responsible for the internal control of the company regarding financial reporting. John Mattson follows the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for evaluating a company's internal control over financial reporting, "Internal Control – Integrated Framework", that consists of monitoring five components: control environment, risk assessment, control activities, information and communication, as well as monitoring.

John Mattson runs an operative, decentralised and transparent organisation in which the financial department is centralised as a support function. This means that the company has resources in place, in the form of employees and systems, to establish standardised and efficient administrative procedures and processes. Processes are continuously evaluated in line with compliance.

Follow-ups of earnings and balances are made monthly. Clear documentation via policies and instructions together with recurrent follow-ups and regular discussions with the auditors ensure continuous efforts to improve these processes.

Management and reporting are examined by the company's auditors twice per year and reported to both the Audit and Finance Committee and the Board of Directors. Based on the above, no requirements for internal auditing are deemed necessary.

Control environment

The internal control is based on divisions of responsibility and work through the Board's rules of procedure, instructions for the committees, the CEO and the financial reporting and policies. Compliance with these is followed up on and evaluated continuously by the individual responsible. The overall control environment also means that a Group-wide risk assessment is carried out where risks are identified and examined. The management team is responsible for managing risks in a satisfactory manner.

Risk management

Identifying, assessing and managing risks connected to accounting and financial reporting must be built-in to John Mattson's essential processes. Using process mapping, processes including identified risks and controls are documented.

Control activities

For every identified risk, controls are implemented until the risk is deemed to be eliminated or reduced to an acceptable level. Control activities must be documented so that the methods taken are traceable.

Information and communication

Relevant information is to be communicated in the right manner, to the right individuals and at the right time. Communicating relevant information, both upwards and downwards in the hierarchy of an organisation as well as to external parties is an important part of maintaining healthy internal control. Meetings of the management team should be used as a forum for communication and the spread of information. Process managers must have sufficient knowledge of the significant risks and related control activities in the specific process.

Follow-up

The system of internal control and risk management is to be continuously followed up for the purpose of ensuring that the system is enforced, that changes are made when necessary and to examine changes in the working methods. The management team evaluate the Group-wide risk assessment and its management as well as whether or not the specific control activities that are carried out in respective essential processes remain relevant for managing the material risks that John Mattson faces.

Deviations in relation to the Code

John Mattson applies the Code. The Code is based on the "comply or explain" approach. This means that a company that applies the Code can deviate from specific regulations, but only if an explanation is given reporting the reasons for this deviation.

John Mattson applied the Code with no deviations in the 2020 financial year.

Board



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1 JOHAN LJUNGBERG

Member of the Board since 2018,
Chairman of the Board since 2020.

Born: 1972.

Training and education: Civil Engineering, KTH Royal Technical Institute and Tufts University.

Other current assignments: Chief Executive Officer and Chairman of Tagehus Holding AB, Chairman and Board member of companies in the Tagehus group, Chairman of Atrium Ljungberg AB and Board member of K2A Knaust & Andersson Fastigheter AB.

Shareholding in the Company

(including any shareholding of related parties):

4,336,698 shares as the majority shareholder in Tagehus Holding AB.

Independence status: Independent in relation to the company and its senior executives.

Not independent in relation to the company's major shareholders.

2 HÅKAN BLIXT

Member of the Board since 2012.

Member of the Remuneration Committee and the Audit and Finance Committee

Born: 1957.

Training and education: Master of Science in Geodesy and Geoinformatics, KTH Royal Institute of Technology

Other current assignments: Senior Asset Manager at Scius Partners AB Board member of SveaReal Holding AB (and its subsidiaries). Board member of Håkan Blixt Ensemble AB.

Shareholding in the Company

(including any shareholding of related parties): –

Independence status: Independent in relation to the company, its senior executives and major shareholders.

3 ULRIKA DANIELSSON

Member of the Board since 2018.

Chairman of the Audit and Finance Committee and Board member of the Remuneration Committee.

Born: 1972.

Training and education: Master of Science in Business Administration from the Gothenburg School of Business, Economics and Law

Other current assignments: CFO at Castellum Aktiebolag (and Board assignments at its subsidiaries).

Member of the Board and Chairman of the Audit

Committee of Alligator Bioscience AB and

Member of the Board of Slättö Förvaltning AB.

Board member and Chairman of the Audit Committee of Infranord AB.

Shareholding in the Company

(including any shareholding of related parties): –

Independence status: Independent in relation to the company, its senior executives and major shareholders.

4 CHRISTER OLOFSSON

Member of the Board since 2015.

Born: 1951.

Training and education: Master of Science in Civil Engineering, KTH Royal Institute of Technology.

Other current assignments: Board member of Olofsson & Partners AB and Olofs Holding AB.

Shareholding in the Company

(including any shareholding of related parties): –

Independence status: Independent in relation to the company, its senior executives and major shareholders.

Anna Sander, Board member of John Mattson since 2016, stepped down from the Board on 17 December 2020.

Group Management



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1 SIV MALMGREN

Chief Executive Officer.
Senior executive since 1996.
Born: 1959.

Training and education: Behavioural Science and MBA, Stockholm University
Other current assignments: –
Shareholding in the Company: 18,390 shares.

2 MARI EDBERG

Head of Communications.
Senior executive since 2020.
Born: 1964

Training and education: Bachelor of Science Business Administration, Uppsala University.
Other current assignments: –
Shareholding in the Company: –

3 DANIEL FORNBRANDT

Head of Business Development.
Senior executive since 2020.
Born: 1979.

Training and education: Master of Science in Business Administration and Economics, Uppsala University.
Other current assignments: –
Shareholding in the Company: –

4 CHRISTINA HANSSON

Head of Property Management.
Senior executive since 2019.
Born: 1972.

Training and education: Master of Science in Civil Engineering, Lund University.
Other current assignments: –
Shareholding in the Company: 330 shares.

5 MARTIN LANDERBY

Head of Project Development.
Senior executive since 2020.
Born: 1977

Training and education: Master of Science in Civil Engineering, KTH Royal Institute of Technology.
Other current assignments: –
Shareholding in the Company: –

6 MARIA SIDÉN

Chief Financial Officer.
Senior executive since 2014.
Born: 1976.

Training and education: Master of Science in Economics, Stockholm University.
Other current assignments: –
Shareholding in the Company: 12,546 shares.

In 2020, John Mattson's Group management has also included Anna Bellander (Head of Communications) and Erik Kronqvist (Head of Investor Relations).

Consolidated income statement

Amounts in SEK m	Note	2020	2019
Rental revenues	4	294.0	253.0
Operating expenses	5	-63.7	-57.4
Maintenance	5	-12.3	-19.4
Property tax		-4.9	-4.5
Property administration	5, 23	-17.1	-18.8
Net operating income		196.0	152.8
Central administration costs	5, 6, 7, 23	-41.7	-38.0
Ground rent	8, 9	-0.9	-
Interest expense	9	-58.7	-49.8
Income from property management		94.7	64.9
Change in value of investment properties	12	517.7	165.6
Change in the value of interest-rate derivatives	13	-4.3	4.6
EBT		608.1	235.2
Current tax	10	-1.8	-0.4
Deferred tax	10	-127.5	-56.0
Profit for the year		478.8	178.8

Consolidated statement of comprehensive income

Amounts in SEK m	Note	2020	2019
Profit for the year		478.8	178.8
Other comprehensive income		-	-
Comprehensive income for the year		478.8	178.8
Average No. of shares, thousand ¹⁾		33,670	33,670
Earnings per share (SEK)	16	14.22	5.31

¹⁾ A share split was conducted in 2019, whereby each share was split into 3 new shares (split 3:1). The total number of shares after the share split was 33,670,032. Amounts for earnings per share for previous periods have been restated in this report based on this number of shares.

Net profit for the year and comprehensive income for the year are attributable in full to the Parent Company's owners.

Net profit for the year and comprehensive income for the year are attributable in full to the Parent Company's owners. No dilution effects apply.

Consolidated balance sheet

Amounts in SEK m	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
<i>Property, plant and equipment</i>			
Investment properties	12	7,957.9	6,365.2
Right-of-use assets, leaseholds	8	46.6	–
Plant and equipment	11	6.2	1.9
<i>Financial assets</i>			
Other non-current receivables	13	5.1	4.9
Other non-current securities holdings	13	0.1	0.1
Total non-current assets		8,015.8	6,372.2
Current assets			
Rent receivables and accounts receivable	19	1.6	1.7
Other receivables		25.1	6.8
Prepaid expenses and accrued income		10.7	8.5
Cash and cash equivalents	14	6.0	9.8
Total current assets		43.4	26.7
TOTAL ASSETS		8,059.2	6,398.9
EQUITY AND LIABILITIES			
Equity			
Share capital	17	11.2	11.2
Other contributed capital		362.8	362.8
Retained earnings, including net profit for the year		3,039.7	2,560.8
Total equity attributable to Parent Company owners		3,413.7	2,934.8
Non-current liabilities			
Interest-bearing liabilities	18, 19	2,896.1	2,046.2
Provisions for pensions	7	0.5	0.5
Lease liability	8	46.6	–
Deferred tax liability	10	865.1	735.9
Derivatives	19	73.2	68.9
Total non-current liabilities		3,881.5	2,851.5
Current liabilities			
Interest-bearing liabilities	18, 19	664.7	555.4
Accounts payable	13, 19	29.0	17.3
Other current liabilities	20	12.1	4.2
Accrued expenses and deferred income	21	58.3	35.6
Total current liabilities		764.1	612.5
TOTAL EQUITY AND LIABILITIES		8,059.2	6,398.9

Consolidated statement of changes in equity

Amounts in SEK m	Attributable to the Parent Company's owners			Total equity
	Share capital ¹⁾	Other contributed capital	Retained earnings incl. net profit for the year	
Opening equity, 1 Jan 2019	11.2	362.8	2,382.0	2,756.0
Profit for the year	–	–	178.8	178.8
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	–	–	178.8	178.8
Transactions with the Group's owners	–	–	–	–
Total transactions with owners	–	–	–	–
Closing equity, 31 Dec 2019	11.2	362.8	2,560.8	2,934.8
Opening equity, 1 Jan 2020	11.2	362.8	2,560.8	2,934.8
Profit for the year	–	–	478.8	478.8
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	–	–	478.8	478.8
Transactions with the Group's owners	–	–	–	–
Total transactions with owners	–	–	–	–
Closing equity, 31 Dec 2020	11.2	362.8	3,039.7	3,413.7

¹⁾ At the AGM on 11 March 2019, a share split was resolved, whereby each existing share was divided into three new shares (split 3:1). Dividend and earnings per share data for periods prior to the split have been restated in this report based on the number of shares after the split was completed. The number of shares as per 31 December 2020 was 33,670,032.

Consolidated cash-flow statement

Amounts in SEK m	Note	2020	2019
Operating activities			
EBT		608.1	235.2
<i>Adjustment for non-cash items</i>	22		
Change in value of investment properties		-517.7	-165.6
Changes in derivative values		4.3	-4.6
Depreciation and disposals		1.7	1.2
Other non-cash items, etc.		-	0.1
Taxes paid	10	-2.3	-0.4
Cash flow from operating activities before changes in working capital		94.1	65.9
Cash flow from changes in working capital			
Change in operating receivables		-2.9	11.6
Change in operating liabilities		24.7	-31.2
Cash flow from operating activities		115.9	46.2
Investing activities			
Acquisition of investment properties, asset acquisitions ¹⁾		-855.4	-
Investments in equipment		-6.0	-1.5
Investments in investment properties, etc.		-217.4	-160.1
Cash flow from investing activities		-1,078.8	-161.5
Financing activities			
Borrowings		968.8	131.4
Repayments of borrowings		-9.7	-9.2
Cash flow from financing activities		959.2	122.3
Cash flow for the year		-3.7	7.0
Opening balance, cash and cash equivalents		9.8	2.8
Closing balance, cash and cash equivalents	14	6.0	9.8
Additional cash-flow statement disclosures			
Interest paid		-58.1	-48.4
¹⁾ Specification of acquisitions of investment properties, asset acquisitions			
Investment properties		857.7	
Operating receivables		17.2	
Cash and cash equivalents		5.2	
Acquired borrowings		-1.8	
Operating liabilities		-17.6	
Net assets acquired		860.7	-
Offset issue			
Purchase price paid		860.7	-
Less: Cash and cash equivalents in acquired operations		-5.2	
Net impact on cash and cash equivalents (positive = decrease)		855.4	-

Notes to the consolidated financial statements

Unless otherwise stated, amounts are in SEK million (SEK m)

Note 1. Significant accounting policies

This annual report and these consolidated financial statements encompass the Swedish Parent Company, John Mattson Fastighetsföretagen AB (publ), corporate identification number 556802-2858, and its subsidiaries.

The Group's main activity is to own, manage and develop residential and commercial properties. John Mattson's property portfolio is concentrated to Lidingö and Sollentuna and mainly consists of residential properties. The company also owns three leasehold properties in Slakthusområdet in the City of Stockholm.

The Parent Company is a limited liability company that is registered and has its headquarters in Lidingö Municipality, Sweden. The address to the Head Office is Larsbergsvägen 10, SE-181 10 Lidingö, Sweden.

The Board of Directors approved this annual report and these consolidated financial statements on 22 March 2021 and they will be presented for adoption by the Annual General Meeting on 22 April 2021.

Applied rules and regulations

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRS IC) as well as those adopted by the European Union (EU). The Group also applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups.

Unless otherwise indicated, the following accounting policies have been applied consistently in all periods that are presented in the consolidated financial statements.

Currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the presentation currency of the Parent Company and the Group. All amounts are stated in SEK million (SEK m) unless otherwise stated.

Classification

Essentially all significant non-current assets and non-current liabilities consist of amounts expected to be recovered or paid more than 12 months after the balance-sheet date. Essentially all significant current assets and current liabilities in the Parent Company and Group consist of amounts expected to be recovered or paid within 12 months of the balance-sheet date.

Some amounts have been rounded off, which means that tables and calculations do not always tally.

Consolidation

Subsidiaries are companies over which John Mattson has a controlling influence. A "controlling influence" entails that John Mattson is exposed to variable returns from the subsidiary, and can also affect the returns by means of its influence. Initial recognition of subsidiaries in the consolidated financial statements complies with the acquisition method. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group, and they are deconsolidated from the date that control ceases. Intra-Group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising from intra-Group transactions are eliminated in the preparation of the consolidated financial statements.

Acquisitions

In connection with acquisitions, an assessment is made of whether the acquisition is a business combination or an asset acquisition. A transaction qualifies as an asset acquisition if it pertains to properties, but excludes an organisation and the administrative processes required for property management. Other acquisitions are business combinations.

All of John Mattson's acquisitions of subsidiaries have been classified as asset acquisitions since the acquisition pertains to investment properties. For asset acquisitions, the purchase consideration, including acquisition costs for the individually acquired assets and liabilities, is based on the fair value at the acquisition date. Deferred tax is not recognised on initial temporary differences. Full deferred tax is recognised based on temporary differences arising after the acquisition. Acquired investment properties are recognised at the following balance-sheet date at fair value, which can deviate from cost.

Segment reporting

Operating segments are recognised in a manner that complies with the internal reporting submitted to the chief operating decision maker (CODM). The CODM is the function that is responsible for allocating resources and assessing the performance of the operating segments. In the Group, this function has been identified as the Chief Executive Officer. An operating segment is a part of the Group that conducts operations from which it can generate revenue and incur costs and for which separate financial information is available. John Mattson monitors the business as a single unit whose earnings in their entirety are reported to and evaluated by the CODM. Accordingly, the Group only reports one segment.

Revenue

Rental revenues

Rental contracts are classified in their entirety as operating leases. Rental revenues including surcharges are invoiced in advance and the rents are allocated straight line so that only the portion of the rents that fall due during the period is recognised as revenue. Where appropriate, recognised rental revenues have been reduced by the value of rent discounts granted. Should rental contracts grant a reduced rent over a specified period, this is allocated straight line over the particular contractual period. Surrender premia paid by tenants in conjunction with vacating leases prior to lease expiry are recognised as revenue when the agreement with the tenant expires and no commitments remain, which generally arises when the premises are vacated.

Rental revenues comprise invoiced rent including indexation, supplementary billing for investments and property tax and supplementary billing in the form of extra services such as heating, electricity, water, waste disposal, snow clearance, etc. John Mattson has analysed this to determine whether the company acts as principal or agent for these services and has concluded that the Group, in its role as landlord, acts primarily as the principal and that any service revenue included in invoicing is immaterial.

Leases

The Group is a lessor in respect of leases for premises and rental contracts for housing units as well as garage and parking spaces. Leases are recognised as operating leases, which entails that revenues are recognised on a current account basis. Properties leased out under operating leases are included in the item investment properties.

All leases, apart from a few exceptions, are recognised in the balance sheet as right-of-use assets. The recognised right-of-use asset is assigned the same value as the recognised lease liability. In its capacity

as lessee, John Mattson has identified leasehold agreements as being most material. Under IFRS 16, leaseholds are treated as perpetual leases and recognised at fair value and are not written down. The value of the right-of-use asset remains intact until the next renegotiation of the respective ground rent. The Group is also a lessee in respect of a few leases concerning office equipment, where all of the underlying assets are classified as low value. Lease payments arising from these leases are recognised as a cost on a straight-line basis over the lease term. Expenses for ground rents are recognised as a whole as a financial expense.

Central administration costs

Costs at a Group-wide level that are not directly related to property management, such as costs for Group management, business development, property development, financing and communication, are classified as central administration costs.

Remuneration of employees

Remuneration of employees comprises salaries, paid holiday, paid sick leave and other benefits as well as pensions.

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension obligations are secured through insurance with Alecta. For the 2020 financial year, the Group did not have access to information to enable it to recognise its proportional share of the plan. As a result, it was not possible to recognise it as a defined-benefit plan. Accordingly, the ITP 2 Pension Plan is recognised as a defined-contribution plan.

A defined-contribution plan is a pension plan under which the company pays fixed contributions into a separate legal entity, thereby discharging its obligation to the employee. Defined-contribution plans are recognised as costs in the period to which the premiums paid pertain.

Financial income and expenses

Calculations of interest income on receivables and interest expense on liabilities are based on the effective interest-rate method. The effective interest rate is the rate that exactly discounts future cash payments or receipts throughout the fixed-interest tenor to the carrying amount of the financial asset or financial liability. Financial income and expenses are recognised in the period to which the amounts pertain.

Taxes

The year's tax expense comprises current and deferred tax. Tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or directly in equity, in which case, the related tax is also recognised in other comprehensive income or equity.

The current tax charge is calculated based on taxable profit for the period. Taxable income differs from recognised profit, in that it has been adjusted for non-taxable income and non-deductible items. Current tax is tax that is to be paid or received in the current year adjusted with current tax attributable to previous periods.

Deferred tax is recognised on the difference between carrying amounts and the tax values of assets and liabilities. Change in the recognised deferred tax assets or liabilities is recognised in profit or loss as a cost or revenue except when the tax pertains to items recognised in other comprehensive income or directly in equity.

Investment properties

Investment properties, which are properties held to generate rental revenues and capital appreciation, are initially recognised at cost, including directly attributable transaction costs. Following initial recognition, investment properties are recognised at fair value. In addition,

properties under construction and properties subject to extensive redevelopment, and which are intended to be used as investment properties on completion of the works, are classified as investment properties and recognised on an ongoing basis at fair value. Fair value is primarily based on yield-based valuations according to the cash-flow model, which entails that the future cash flows that the property is expected to generate are projected and discounted to present value.

For more information about the valuation of John Mattson's investment properties, see Note 12 Investment properties.

Unrealised changes in value are recognised in the Statement of comprehensive income on the row Change in value of investment properties. The unrealised change in value is calculated on the basis of the period-end valuation compared with the valuation conducted at the beginning of the period, or alternatively, if the property was acquired during the period, at cost, taking investments during the period into account.

Additional expenditure is capitalised when it is probable that the Group will receive future financial benefits associated with the expenditure, which means that it is value enhancing, and the expenditure can be reliably determined. Other maintenance expenses and repair costs are expensed when incurred. In the case of major new builds, extensions or redevelopments, interest expense during the production period is capitalised.

The Group reclassifies a property from being an investment property only when its assigned use is changed. A change in assigned use occurs when the property fulfils or ceases to fulfil the definition of an investment property and there is evidence for the change in the assigned use.

Owner-occupied properties

Owner-occupied properties are properties held for production, storage or administrative purposes. For properties with a mixed use, when one part of the property is held to generate rental revenue or value appreciation and another is used in operations, John Mattson makes an assessment of whether the components can be sold separately. If this is the case, the property is divided into an investment property and an owner-occupied property. If it is concluded that the components cannot be sold separately, John Mattson classifies the property as an investment property if the part used in operations accounts for no more than 20% of the total property; otherwise, the entire property is classified as an owner-occupied property. John Mattson's property portfolio contains no properties classified as owner-occupied properties.

Borrowing costs

In the consolidated financial statements, John Mattson capitalises borrowing costs connected to major conversions or extensions insofar as they have arisen during the construction period. In other cases, borrowing costs are expensed in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment are recognised in the consolidated financial statements at cost less accumulated depreciation and impairment. Cost includes the purchase price and costs directly attributable to transporting the asset to the correct site and preparing it for the manner intended by the acquisition.

The carrying amount of an asset is derecognised from the balance sheet on disposal through scrapping or divestment, or when no future financial benefits are expected from the use or scrapping/divestment of the asset. Gains or losses arising on the divestment or disposal of an asset comprise the difference between the sale price and the carrying amount of the asset, less direct selling expenses. Profit and loss are recognised as other operating income/expense.

Additional expenditure

Additional costs are added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost can be calculated reliably. All other additional costs are expensed in the period in which they arise. Repairs are expensed on a current account basis.

Depreciation policies

Depreciation is applied straight-line over the asset's estimated useful life. The estimated periods of use for Plant and equipment are 3–5 years.

The depreciation methods used, residual values and useful lives are re-tested at every year end.

Impairment of non-financial assets

An impairment loss is determined in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and its value in use. When determining impairment requirements, assets are grouped down to the lowest level where separate identifiable cash flows (cash-generating units/CGUs) exist. When an impairment requirement has been identified for a CGU (group of CGUs), the impairment amount is allocated. Proportional impairment losses on the other assets included in the unit are subsequently recognised (group of CGUs).

Previously recognised impairment losses are reversed if the recoverable amount is deemed to exceed the carrying amount. However, the reversal must never exceed what the carrying amount would have been had no impairment been recognised in previous periods.

Financial instruments

Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial liability in another company. Recognition differs depending on how the financial instruments have been classified.

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party under the contractual terms and conditions for the instrument. Transactions involving financial assets are recognised on the trade date, which is the date on which the Group undertakes to acquire or divest the assets. Accounts receivable are recognised when invoices have been sent and the company has discharged its undertaking. Liabilities are recognised when the counterparty has executed its part of the agreement and there is a contractual obligation to pay. A financial asset is derecognised from the balance sheet (fully or partly) when the rights in the agreement have been realised or expire or when the company no longer has control over it. A financial liability is derecognised from the balance sheet (fully or partly) when the obligation in the contract is met or extinguished in another manner. A financial asset and a financial liability are recognised net in the balance sheet when a legal right exists to offset the recognised amounts and the intention is either to settle the item in a net amount or simultaneously realise the asset and settle the liability. Gains and losses resulting from derecognition from the balance sheet, as well as modification, are recognised in profit or loss.

Classification and measurement

Financial assets

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

Financial assets classified at amortised cost are held according to the business model of collecting contractual cash flows that only comprise payments of principal and interest payments on the principal outstanding. The cash flows from the financial assets only comprise interest payments on the principal outstanding. Financial assets that are classified at amortised cost are initially measured at fair value plus any transaction costs. Following initial recognition, the assets are measured according to the effective interest-rate method. The assets are covered by a loss allowance for expected credit losses.

Financial liabilities

Financial liabilities, with the exception of derivatives, are classified at amortised cost. Financial liabilities recognised at amortised cost are initially measured at fair value including transaction costs. Following initial recognition, they are measured at amortised cost using the effective interest-rate method.

Derivatives

Derivatives are recognised at fair value and the change is recognised in profit or loss. No hedge accounting is applied.

Impairment of financial assets

Financial assets, apart from those classified at fair value through profit or loss, are subject to impairment for expected credit losses. The impairment also encompasses lease receivables and contract assets that are not measured at fair value through profit or loss. Impairment of loan losses according to IFRS 9 is forward looking and a reserve for losses is posted when there is exposure to credit risk, normally on initial recognition of an asset or receivable. Expected credit losses reflect the present value of all deficits in cash flow attributable to default either for the forthcoming 12 months or for the expected remaining maturity of the financial instrument, depending on asset class and on credit deterioration since initial recognition. Expected credit losses reflect an objective, probability-weighted outcome taking several scenarios into account and based on reasonable and verifiable forecasts.

The modified retrospective approach is applied for receivables, contract assets and lease receivables. Using the modified retrospective approach, a loss allowance is recognised for the expected remaining maturity of the receivable or asset. A three-stage impairment model is applied for other items subject to expected credit losses. Initially, and at every balance-sheet date, a loss allowance is recognised for the forthcoming 12 months, alternatively for a shorter period depending on remaining maturity (stage 1). If there has been a material increase in credit risk since initial recognition, a loss allowance is recognised for the asset's remaining maturity (stage 2). For assets regarded as credit impaired, reserves continue to be posted for expected credit losses for the remaining maturity (stage 3). For credit-impaired assets and receivables, the calculation is based on interest income on the asset's carrying amount, net of loss allowances, in contrast to the gross amount used in the preceding stages.

The valuation of expected credit losses is based on different methods for different credit-risk exposures. The method for accounts receivable and contract assets is based on a historical loan loss percentage combined with forward looking factors. Other receivables and assets are impaired according to a rating-based method by means of an external credit rating. Expected credit losses are measured as the product of the probability of default, loss given default and exposure at default. Credit-impaired assets and receivables are assessed individually, whereby historical, current and forward-looking information is taken into account. The valuation of expected credit losses takes

into account any collateral and other credit enhancement in the form of guarantees.

Financial assets are recognised at amortised cost in the balance sheet; i.e. net of gross value and loss allowances. Changes in the loss allowance are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances at banks and equivalent institutions, as well as short-term liquid investments with a term of less than three months from the time of acquisition.

Provisions

A provision is recognised in the balance sheet when the company has an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability. Provisions are tested at each reporting date.

Deferred tax

Deferred tax is recognised on the difference between the carrying amounts of assets and liabilities in the financial statements and the tax values used when calculating taxable profit. Deferred tax is recognised in accordance with the so-called balance sheet liability method. Deferred tax liabilities are recognised for taxable temporary differences and deferred tax assets are recognised for deductible temporary differences insofar as it is probable that the amounts can be utilised to offset future taxable surpluses. However, deferred tax is not recognised if the temporary difference arises from the initial recognition of assets or liabilities in an asset acquisition. Deferred income tax is calculated based on statutory tax rates at the balance-sheet date that have been enacted or are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Cash flow

The cash-flow statement was compiled in accordance with the indirect method. This means that profit is adjusted for non-cash transactions as well as any revenue or expenses associated with investing and/or financing activities.

Note 2. Disclosures on new standards

For financial years starting on or after 1 January 2020, the IASB has introduced an amendment to IFRS 3 that impacts the boundary between business combinations and asset acquisitions by introducing a new definition of a business. In practice, the new definition means that if the purchase consideration for the shares in a company acquisition is essentially attributable to the market value of acquired properties, the acquisition comprises an asset acquisition. This means that any surplus that arises is allocated in full to properties and thus no goodwill arises. Moreover, no deferred tax is recognised at the acquisition date.

Note 3. Significant estimates and assessments

The preparation of financial statements requires that the management and the Board make judgements and assumptions that affect the amounts recognised for assets, liabilities, revenue and expenses, as well as other information disclosed. These judgements are based on experience and the various assumptions that are considered reasonable by the management and the Board in view of the prevailing circumstances. The actual results may subsequently deviate from these assessments and other conditions may arise. The following assessments are those deemed most significant in preparing the company's financial reports.

The financial statements are particularly sensitive to assessments that provide the basis for the valuation of the investment properties. Investment properties are recognised at fair value, which is determined by executive management based on the properties' market values. Significant estimates have thus been made concerning such items as the cost of capital and yield requirement that are based on the appraisers' experience-based assessments of market return requirements for comparable properties. Cash flow projections for operating, maintenance and administration costs are based on actual costs but also on experience from comparable properties. Future investments have been assessed based on actual requirements.

For more information about the input data and judgements made in the valuation of investment properties, see Note 12 Investment properties.

The Group measures expected credit losses for financial assets classified at amortised cost, including accounts receivable, lease receivables and contract assets. Expected credit losses comprise an assessment reflecting an objective, probability-weighted outcome based on reasonable and verifiable projections. During the year, the Group conducted an analysis of loss allowances for cash and cash equivalents. In view of the short maturity and the counterparties' high credit ratings, the loss allowance for cash and cash equivalents has been considered to represent an immaterial portion. The Group continuously monitors changed market conditions that would change the current assessment.

More information is available in the section "Credit risk" in Note 19.

In connection with company acquisitions, an assessment is made of whether the acquisition should be classified as an asset acquisition or a business combination. A transaction qualifies as an asset acquisition if it pertains to properties, but excludes an organisation and the administrative processes required for property management. Other acquisitions are business combinations. When property transactions are conducted, an assessment is made of when the transfer of risks and benefits will occur. This assessment is used as guidance when the transaction is to be recognised. For every single acquisition or sale, executive management makes an assessment of whether the transaction should be recognised as a business combination or an asset acquisition, and when it should be recognised.

Another matter of judgement in the financial statements pertains to the measurement of deferred tax. Taking into account the accounting regulations, deferred tax is recognised in nominal amounts without discounting. Current tax has been calculated based on a nominal tax rate of 21.4%. With respect to deferred tax, the full nominal tax rate of 20.6% is recognised, less deferred tax pertaining to historical asset acquisitions. When valuing loss carryforwards, an assessment is made of the likelihood that the deficit can be utilised to offset future profits.

Note 4. Rental revenues

All rental contracts are classified as operating leases.

Rental revenues	2020	2019
Housing	251.3	214.8
Premises, garages	41.1	36.3
Other revenue	1.6	1.8
Rental revenues as per income statement	294.0	253.0

The maturity structure of all leases pertaining to non-cancellable operating leases is presented in the table below.

Contractual future rental revenues from commercial premises	2020	2019
Contractual rental revenues within 1 year	33.4	21.7
Contractual rental revenues between 1 and 5 years	71.5	66.4
Contractual rental revenues later than 5 years	6.1	13.0
Total premises	111.0	101.1

Contractual future rental revenues from housing and parking ¹⁾	2020	2019
Housing	68.7	56.0
Parking	2.5	2.6
Total housing and parking	71.2	58.6

¹⁾ The amounts in the above table pertain to three months contracted rent, since housing and parking are normally subject to a notice period of three months.

Rental revenues	2020	2019
Larsberg, Lidingö	235.0	220.5
Käppala, Lidingö	29.9	32.4
Rotebro & Rotsunda, Sollentuna	26.7	–
Slakthusområdet, Stockholm	2.4	–
Total rental revenues	294.0	253.0

SEK/sq m ¹⁾	2020	2019
Larsberg, Lidingö	1,662	1,600
Käppala, Lidingö	966	1,079
Rotebro & Rotsunda, Sollentuna	1,111	–
Slakthusområdet, Stockholm	735	–
Total	1,440	1,509

¹⁾ The stated SEK/sq m figures pertain to the properties owned by John Mattson at the close of the period, whereby acquired properties and completed projects have been restated at the full-year rate.

Note 5. Expenses by type of cost

Operating expenses	2020	2019
Tariff-based operating expenses	22.4	21.6
Property upkeep	11.4	10.9
Other	29.9	24.9
Total	63.7	57.4
Property administration		
Personnel costs	7.3	8.3
Office-related expenses	4.1	2.6
Other	5.7	7.9
Total	17.1	18.8
Central administration costs		
Personnel costs	19.8	14.6
Advisory services	2.2	3.9
Audit costs	1.3	1.1
Other expenses ¹⁾	18.4	18.3
Total	41.7	38.0

¹⁾ Other costs for 2019 include non-recurring costs of SEK 9.9 million connected to the stock exchange listing.

Property expenses	2020	2019
Larsberg, Lidingö	67.2	79.8
Käppala, Lidingö	18.4	20.3
Rotebro & Rotsunda, Sollentuna	12.3	–
Slakthusområdet, Stockholm	0.1	–
Total property expenses	98.0	100.1

	Larsberg/ Baggeby/ Dalén, Lidingö		Käppala, Lidingö		Rotebro & Rotsunda, Sollentuna		Slakthusområdet, Stockholm		Total	
SEK/sq m ¹⁾	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating expenses	299	322	402	424	442	–	15	–	330	339
Maintenance	70	116	63	99	33	–	23	–	61	113
Property tax	24	26	26	27	24	–	26	–	25	26
Property administration	75	106	94	126	95	–	12	–	79	110
Total	468	570	585	675	594	–	75	–	495	589

¹⁾ The stated SEK/sq m figures pertain to the properties owned by John Mattson at the close of the period, whereby acquired properties and completed projects have been restated at the full-year rate.

Note 6. Auditors' fees

Ernst & Young AB	2020	2019
Auditing assignment	1.3	1.1
Other auditing activities	–	–
Tax advice	–	–
Other services	0.5	2.4
Total	1.8	3.5

Note 7. Employees and personnel costs

	2020		2019	
Avg. No. of employees	Avg. No. of employees	Of whom men, %	Avg. No. of employees	Of whom men, %
Parent Company	6	31	5	32
Subsidiaries	24	31	20	43
Total in Group	30	31	25	41

	2020		2019	
Gender distribution, Board of Directors and senior executives	No. on balance-sheet date	Of whom men, %	No. on balance-sheet date	Of whom men, %
Board Members	4	75	6	67
Chief Executive Officer	1	–	1	–
Other senior executives	5	33	6	50
Total in Group	10	49	13	54

	2020	2019
Board of Directors, CEO and other senior executives		
Salaries and other remuneration	–10.7	–8.8
Social security contributions	–7.3	–5.6
(of which, pension costs)	–3.3	–2.4
Total	–18.0	–14.4
Other employees		
Salaries and other remuneration	–11.5	–10.7
Social security contributions	–4.4	–4.7
(of which, pension costs)	–0.9	–1.0
Total	–15.9	–15.4
Total in Group	–33.9	–29.8

Salaried employees are secured through the ITP1 plan's defined-contribution plan. A number of salaried employees are secured through the ITP2 plan's defined-benefit pension plan. According to a statement from the Swedish Financial reporting Board, UFR10 Recognition of ITP2 Pension Plan financed through insurance in Alecta, this constitutes a multi-employer defined-benefit plan. For the 2020 financial year, the company did not have access to information to enable it to recognise its proportional share of the plan's commitments, plan assets and costs. As a result, the company was unable to recognise it as a defined-benefit plan. At the end of 2020, Alecta's surpluses measured in the form of the collective consolidation level for defined-benefit plans was preliminarily set at 148% (confirmed for 2019 at 148%). The ITP2 Pension Plan secured via insurance with Alecta is recognised as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually on the basis of such factors as salary, previously vested pension entitlement and estimated remaining period of employment. During 2020, the cost of defined-contribution pensions amounted to SEK 4.2 million (3.4).

	Base salary, Director fees	Variable remuneration	Pension costs	Other remuneration	Total
2020					
Chairman of the Board					
Johan Ljungberg	0.3	–	–	–	0.3
Board Member					
Anna Sander	0.2	–	–	–	0.2
Håkan Blixt	0.2	–	–	–	0.2
Christer Olofsson	0.2	–	–	–	0.2
Ulrika Danielsson	0.2	–	–	–	0.2
Anders Nylander	0.1	–	–	–	0.1
Chief Executive Officer					
Siv Malmgren	2.2	0.4	1.0	–	3.6
Other senior executives (4)	6.3	0.7	2.3	–	9.3
Total	9.6	1.1	3.3	–	14.0

	Base salary, Director fees	Variable remuneration	Pension costs	Other remuneration	Total
2019					
Chairman of the Board					
Anders Nylander	0.4	–	–	–	0.4
Board Member					
Anna Sander	0.2	–	–	–	0.2
Håkan Blixt	0.2	–	–	–	0.2
Christer Olofsson	0.2	–	–	–	0.2
Ulrika Danielsson	0.2	–	–	–	0.2
Johan Ljungberg	0.2	–	–	–	0.2
Chief Executive Officer					
Siv Malmgren	1.9	0.1	0.9	–	3.0
Other senior executives (4)	4.9	0.5	1.5	–	6.9
Total	8.2	0.6	2.4	–	11.2

Remuneration and terms and conditions for senior executives

Remuneration and benefits to Group management are prepared by the Remuneration Committee and decided by the Board. Remuneration comprises a base salary and variable remuneration under an incentive programme.

The Chief Executive Officer has a retirement age of 65 and a defined-contribution pension based on a fixed premium until further notice. In other respects, the terms of employment entail a period of notice of six months if notice is served by the CEO and of six months combined with 12 month's severance pay subject to deduction against earnings from other employment, if notice is served by the company. The CEO has an agreement concerning a direct pension that will be paid under separate conditions from 2021. Since the judgment is that these circumstances will not arise, the pension obligation has not been expensed. It is entered instead as a contingent liability in an amount of SEK 4.8 million. For the company's preceding CEO, there is an agreement signed in 2004 concerning a direct pension that started to be paid in 2010.

Remuneration of the Chief Executive Officer and other senior executives consists of base salary, variable remuneration, pension benefits and other benefits such as a company car. The term "other senior executives" refers to the individuals who, in addition to the CEO, constitute Group management.

Note 8. Right-of-use assets and lease liabilities

The Group's leaseholds comprise the most material leases where John Mattson is lessee. The Group is also a lessee in respect of a few leases concerning office equipment, where all of the underlying assets are classified as low value. The year's lease payments for these amounted to SEK 1.7 million (1.2). The leasehold agreements are recognised at the present value of future ground rents. An average discount rate of 3.00–3.25% is used to calculate present value. All leasehold agreements were acquired in 2020 in the municipality of Sollentuna and the City of Stockholm, and have a combined value of SEK 46.6 million. Ground rents for the year amounted to SEK 0.9 million (–).

Note 9. Financial expenses

	2020	2019
Ground rent	–0.9	–
Interest expense, external creditors	–58.1	–48.7
Other financial expenses	–0.7	–1.1
Total	–59.6	–49.8

The interest rate used for the borrowing costs that are to be capitalised is the weighted average interest rate that applies to the company's general borrowing during the financial year: 1.47% (1.87).

Note 10. Tax

Tax recognised in profit or loss

	2020	2019
Current tax		
Current tax on profit for the year	–1.8	0.0
Adjustments regarding prior years	–	–0.3
	–1.8	–0.4
Deferred tax		
Deferred tax relating to temporary differences, at applicable tax rate	–135.3	–46.5
Deferred tax on loss carryforwards, at applicable tax rate	2.9	–9.6
Revaluation, tax rate	5.0	–
	–127.5	–56.0
Tax recognised in profit or loss	–129.2	–56.4

No tax has been recognised directly against equity and the Group has no tax items that are recognised in other comprehensive income.

Effective tax	2020	2019
Reconciliation of effective tax rate		
EBT	608.1	235.2
Tax according to the Parent Company's current tax rate (21.4%)	–130.1	–50.3
Tax effect of:		
Non-taxable revenue	0.2	0.1
Non-deductible interest expenses	–9.7	–7.0
Non-deductible costs	–0.2	–1.5
Revaluation of tax rate to 20.6%	5.0	2.2
Tax attributable to preceding periods	–	–0.3
Other	5.7	0.6
Recognised tax	–129.2	–53.4
Effective tax rate, %	21.2%	24.0%

Disclosures about deferred tax assets and liabilities

The tax effects of temporary differences are specified in the tables below:

Deferred tax assets/ Deferred tax liabilities	31 Dec 2020	31 Dec 2019
Loss carryforwards	96.4	93.6
Derivatives	15.1	14.2
Investment properties	–975.1	–843.6
Untaxed reserves	–1.5	–0.1
Carrying amount	–865.1	–735.9

	Investment properties	Untaxed reserves	Loss carryforwards	Derivatives	Total
Gross changes					
Opening carrying amount, 1 Jan 2020	–843.6	–0.1	93.6	14.2	–735.9
Recognised:					
The year's change in profit or loss according to applicable tax rates	–136.6	0.4	2.9	0.9	–132.4
Assumed in conjunction with acquisitions		–1.8			–1.8
Revaluation of tax rate	5.1		–0.1	0.0	5.0
Closing carrying amount, 31 Dec 2020	–975.1	–1.5	96.4	15.1	–865.1
Opening carrying amount, 1 Jan 2019	–798.1	–0.1	103.2	15.2	–679.8
Recognised:					
The year's change in profit or loss according to applicable tax rates	–47.3		–10.0	–1.0	–58.3
Revaluation of tax rate	1.8		0.4	0.0	2.2
Closing carrying amount, 31 Dec 2019	–843.6	–0.1	93.6	14.2	–735.9

All fiscal loss carryforwards have been recognised in the balance sheet as deferred tax assets. Total loss carryforwards amounted to SEK 468.0 million (454.4).

Cont. Note 10

	2020		2019	
	Tax base, current tax	Tax base, deferred tax	Tax base, current tax	Tax base, deferred tax
Tax calculation for the Group				
Income from property management	94.7		64.9	
Tax deductible				
depreciation	-41.0	41.0	-36.3	36.3
new builds and redevelopments	-79.0	79.0	-24.8	24.8
Other fiscal adjustments	20.0	-1.2	44.4	-5.9
Taxable income from property management	-5.3	118.7	48.2	55.2
Changes in property values	-	517.7	-	165.6
Changes in derivative values	-	-4.3	-	4.6
Taxable earnings before loss carryforwards	-5.3	632.1	48.2	225.5
Loss carryforwards, opening balance	-454.4	454.4	-500.9	500.9
Loss carryforwards, closing balance	468.0	-468.0	454.4	-454.4
Taxable profit	8.2	618.5	1.8	271.9
Tax on profit for the year	-1.8	-127.4	-0.4	-56.0
Tax recognised in profit or loss	-1.8	-127.5	-0.4	-56.0

Current tax for the year was an expense of SEK 1.8 million (expense: 0.4). Deferred tax amounted to an expense of SEK 127.5 million (expense: 56.0) and was impacted by unrealised changes in net property and derivative values of a negative SEK 105.8 million (negative: 35.1). Other fiscal adjustments are not included in non-deductible interest expenses of SEK 45.4 million (32.8), for which the tax value has not been capitalised since the opportunities to utilise these adjustments in the future is deemed uncertain.

The Group's loss carryforwards are estimated at SEK 468.0 million (454.4), and comprise the basis for the Group's deferred tax assets. The deferred tax liability pertains primarily to temporary differences between the fair values and the fiscal residual values of properties. The properties' fair values exceed their fiscal values by SEK 6,076.6 million (4,679.8). The full nominal tax rate of 20.6% (20.6) is recognised as deferred tax liabilities, less deferred tax pertaining to historical asset acquisitions.

Nominal and estimated deferred tax liabilities 31 Dec 2020

	Tax base	Nominal tax liability	Actual tax liability/asset
Properties	-6,076.6	-1,251.8	-364.6
Derivatives	73.2	15.1	13.9
Loss carryforwards	468.0	96.4	79.6
Untaxed reserves	-7.2	-1.5	-0.4
Total	-5,542.6	-1,141.8	-271.6
Property, asset acquisitions ¹⁾	1,343.3	276.7	-
Total	-4,199.3	-865.1	-271.6
According to balance sheet		-865.1	

31 Dec 2019

	Tax base	Nominal tax liability	Actual tax liability/asset
Properties	-4,679.8	-964.0	-280.8
Derivatives	68.9	14.2	13.1
Loss carryforwards	454.4	93.6	77.3
Untaxed reserves	-0.3	-0.1	-0.1
Total	-4,156.8	-856.3	-190.5
Property, asset acquisitions ¹⁾	584.6	120.4	-
Total	-3,572.2	-735.9	-190.5
According to balance sheet		-735.9	

¹⁾ Amounts in the table above in respect of Property, asset acquisitions refer to the temporary difference that prevailed at the acquisition date and is thus not recognised as deferred tax.

The nominal tax liability recognised in the balance sheet was a net amount of SEK 865.1 million (735.9). However, the actual tax liability was calculated at SEK 271.6 million (190.5).

A tax rate of 6% has been assumed for the estimated, actual deferred tax on the Group's properties, based on a discount interest rate of 3%. This estimation was conducted with regard to the applicable tax legislation, which means that properties can be sold in a corporate wrapper with no tax consequences. The assumption underlying this assessment is that the properties will be divested on an ongoing basis over a 50-year period and where 90% of the properties will be sold using a corporate wrapper and 10% will be divested through direct property transfers. Tax deductions for the indirect transactions have been estimated at 5.5%. In respect of loss carryforwards and derivatives, the estimated actual tax liability was calculated based on a discount interest rate of 3%, whereby the assessment is that the loss carryforwards will be realised over a ten-year period and the derivatives will be realised over an eight-year period. This means that the estimated actual tax is 17% for loss carryforwards and 19% for derivatives.

Note 11. Property, plant and equipment

Plant and equipment	31 Dec 2020	31 Dec 2019
Opening balance, cost	12.1	10.6
Purchases during the year	6.4	1.5
Sales and disposals	-2.8	-
Closing balance, cost	15.7	12.1
Opening balance, accumulated depreciation	-10.1	-8.9
Depreciation for the year	-1.7	-1.2
Sales and disposals	2.4	-
Closing balance, accumulated depreciation	-9.5	-10.1
Closing carrying amount	6.2	1.9

Note 12. Investment properties

All of the Group's properties are held to generate rental revenues and capital appreciation, and are therefore classified as investment properties. Investment properties are recognised at fair value; i.e. estimated market value on the balance-sheet date. Fair values are established by assessing the market value of each individual object. The valuations have been performed by external appraisers for all properties except development properties, which correspond to 2% of the total property value. Cushman & Wakefield were engaged as external appraisers for the two years reported. The property portfolio is valued according to valuation hierarchy 3, which means that the input data used in the valuation is not observable.

Values are yield based according to the cash-flow model, which is based on estimates of a property's yield capacity. This method entails an analysis of expected future payment streams that management of the property is assumed to generate. As part of the cash flow calculation, a present value calculation is performed of payment streams that the property holdings are expected to generate. Every assumption about a property is assessed individually on the basis of the knowledge that is available concerning the property and the external appraisers' market information and experience-based assessments.

The calculations are normally prepared using a calculation period of ten years. For an assessment of residual value at the end of the calculation horizon, net operating income for 2031 has been calculated. A couple of the valuation objects comprise new build projects that are not liable for property tax for a period of 15 years from completion. For these properties, the calculation horizon has been extended to take this into account. In addition to assumed inflation of 2.0%, the assessment of a property's future earnings capacity has also taken into consideration any changes in rent levels, occupancy rates and property expenses. Yield requirements are individual for each property and depend on the analysis of completed transactions and the property's market position.

Change in property value	31 Dec 2020	31 Dec 2019
Property value at the beginning of the period	6,365.2	6,039.5
+ Acquisitions	857.7	-
+ Investments in new builds	33.4	95.7
+ Investments in base upgrades	72.3	18.1
+ Investments in total upgrades	54.7	25.1
+ Other investments in existing property	56.9	21.3
+/- Unrealised changes in value	517.7	165.6
Closing balance, property value	7,957.9	6,365.3

Specification of unrealised changes in value	31 Dec 2020	31 Dec 2019
Change in net operating income	19.9	49.7
Ongoing projects/development rights	79.4	44.8
Yield requirement	385.7	71.1
Acquired properties	32.6	-
Total	517.7	165.6

The unrealised change in the value of investment properties held on the balance-sheet date of 31 December 2020 was SEK 3,145.4 million (2,545.7). The year's changes in this respect are recognised in profit or loss on the row "Change in value of investment properties".

	31 Dec 2020	31 Dec 2019
Tax assessment value, investment properties	4,042.1	3,530.8
Fiscal residual value	1,881.3	1,685.4

Valuation model

- + Rent payments
- Operating and maintenance payments
- = Net operating income
- Deductions for investments
- = The property's cash flow

Rent payments

Rental inflows have been calculated based on existing rental contracts until the end of the contract. After this date, an assessment has been made of market terms and conditions concerning rent level and index clauses. The property leases that are assessed as being on market terms have been used as the basis for the value assessment throughout the calculation horizon; i.e. they have been assumed to be extended on unchanged terms and conditions after expiration of the current lease term. For other contracts, rent has been adjusted to the currently estimated future market rent level.

Operating and maintenance payments

The assessment of disbursements for operation, administration and maintenance has been made with historical outcomes as the starting point. The external assessment is also based on statistics, in addition to experience of comparable objects. The assessment has taken into account the properties' usage, age and maintenance status. It is estimated that disbursements for operation, administration and maintenance will increase in line with assumed inflation.

Investment requirements

John Mattson informs the external appraiser about ongoing and planned investments.

Valuation assumptions	31 Dec 2020	31 Dec 2019
Calculation period, number of years	10-15	10-15
Annual inflation, %	2.0	2.0
Cost of capital, %	4.2-8.2	4.5-8.3
Required yield, residual value, %		
Housing, %	2.3-4.0	2.4-4.1
Commercial, %	5.4-6.3	5.4-6.3
Long-term vacancy rate, %		
Housing, %	0.0-3.4	0.0-3.3
Commercial, %	1.9-4.0	1.9-6.0

Cont. Note 12

Cost of capital

The cost of capital comprises a nominal interest requirement based on total capital before tax. The interest requirement is based on experience-based assessments of market return requirements for similar properties. The cost of capital is used to discount the properties' residual value to present value.

Residual value

Residual value is the property's market value at the end of the calculation period less any remaining capital liability. The market value is essentially based on the property's yield capacity and value performance after the calculation period has ended and has been assessed on the basis of forecast net operating income for the first year after the calculation period has ended.

Sensitivity analysis, fair value SEK m		31 Dec 2020	31 Dec 2019
Market rent	+/-1%	110.8	86.2
Property expenses	+/- SEK 50 sq m	377.8	300.8
Long-term vacancy rate	+/-2%	221.6	172.5
Yield requirement, exit	-0.1%	287.8	227.1
Yield requirement, exit	+0.1%	-267.3	-211.6

There is no limitation on the right to sell any investment property or to dispose of rental revenues and the consideration received on divestment.

John Mattson has no contractual obligations to buy, construct or develop any investment property or to conduct repairs, maintenance or improvements.

For information regarding non-current assets pledged as collateral, see Note 24.

Note 13. Financial instruments

Measurement of financial assets and liabilities as per 31 Dec 2020

Rent receivables, accounts payable and similar balance sheet items have a maximum maturity of six months. These items are therefore recognised at amortised cost less any impairment; as a result, the fair value is considered to match the carrying amount.

Non-current interest-bearing liabilities are mainly subject to a short fixed-interest tenor, meaning that fair value does not materially deviate from nominal amounts.

This means that recognised amortised cost favourably matches fair value.

Fair value measurement

The financial instruments that are measured at fair value pertain to derivatives, and the fair value of financial assets in the form of endowment policies. These fair value measurements are performed on the basis of level 2 under IFRS 13.

Note 14. Cash and cash equivalents

	31 Dec 2020	31 Dec 2019
Cash at bank and in hand	6.0	9.8
Carrying amount	6.0	9.8

Note 15. Group companies

The Parent Company's, John Mattson Fastighetsföretagen AB (publ), holdings in direct and indirect subsidiaries that are included in the consolidated financial statements are shown in the table below: The company was listed on Nasdaq, Mid Cap as of 5 June 2019.

Company	Principal activity	31 Dec 2020	31 Dec 2019
John Mattson Fastighetsföretagen AB (publ.)	Parent Company of the Group	Parent Company	Parent Company
John Mattson Fastighets AB	Letting and management	100%	100%
John Mattson Tomt AB	Dormant company	Indirectly wholly owned	Indirectly wholly owned
John Mattson Projekt AB	Dormant company	Indirectly wholly owned	Indirectly wholly owned
John Mattson Skolfastigheter AB	Letting of commercial premises	100%	100%
John Mattson Butiksfastigheter AB	Letting of commercial premises	100%	100%
John Mattson Parkering AB	Letting, parking spaces	100%	100%
John Mattson Dalenum AB	Letting, housing	100%	100%
John Mattson Käppala AB	Main partner in limited partnerships	100%	100%
John Mattson Juno Herkules KB	Letting of housing and property management	0.1% ¹⁾	0.1% ¹⁾
John Mattson Sollentuna Holding AB	Merged on 31 Aug 2020 with Rotebro and Rotsunda	–	100%
John Mattson Rotebro and Rotsunda AB	Letting of housing and property management	100%	–
John Mattson Stockholm Holding AB	Holding company	100%	–
Hjälpslaktaren 1 Fastighets AB	Letting of commercial premises	Indirectly wholly owned	–
Hjälpslaktaren 2 Fastighets AB	Letting of commercial premises	Indirectly wholly owned	–
Hjälpslaktaren 8 Fastighets AB	Letting of commercial premises	Indirectly wholly owned	–

¹⁾ John Mattson Fastighetsföretagen AB is a limited partner in John Mattson Juno Herkules KB with a share of 0.1%. The wholly owned subsidiary John Mattson Käppala AB is a main partner with a share of 99.9%.

Note 16. Earnings per share

As per 31 December 2020, the company's registered share capital encompassed 33,670,032 shares (33,670,032) with a quotient value of SEK 0.33 (0.33). The calculation of earnings per share has been based on net profit for the year attributable to the Parent Company's shareholders, totalling SEK 478.8 million (178.8). This is divided by the weighted average number of shares at the time, namely 33,670,032 shares (33,670,032). No dilution occurs when calculating earnings per share; nor are there any non-controlling interests in the Group.

Earnings per share before and after dilution	31 Dec 2020	31 Dec 2019
Profit for the year/Comprehensive income for the year	478.8	178.8
Average number of shares outstanding before dilution effects	33,670,032	33,670,032
Earnings per share before dilution (SEK)	14.22	5.31

Net profit for the year is attributable in full to the Parent Company's owners. There are no non-controlling interests in the Group and no dilution effects apply.

Note 17. Equity

Share capital

As per 31 December 2020, the registered share capital amounted to 33,670,032 common shares (33,670,032). Holders of common shares are entitled to receive dividends that will be determined in the future and the shareholding entitles the holder to one vote per share at general meetings. All shares carry the same rights to John Mattson's remaining net assets. All shares are fully paid up and no shares are reserved for transfer. No shares are held by the company itself or by its subsidiaries. The quotient value of the shares is SEK 0.33 per share (0.33).

	31 Dec 2020	31 Dec 2019
No. of shares outstanding at the beginning of the year	33,670,032	11,223,344
Share split	–	22,446,688
No. of shares outstanding at year end	33,670,032	33,670,032

A share split was conducted in 2019, whereby each share was split into 3 new shares (split 3:1). The total number of shares after the share split was 33,670,032. Amounts for earnings per share for previous periods have been restated in this report based on this number of shares.

Note 18. Borrowings

	31 Dec 2020	31 Dec 2019
Non-current		
Liabilities to credit institutions	2,896.1	2,046.2
Carrying amount	2,896.1	2,046.2
Current		
Liabilities to credit institutions	664.7	555.4
Carrying amount	664.7	555.4
Total borrowings	3,560.8	2,601.6

Total borrowings include liabilities to credit institutions and other borrowing against collateral of SEK 3,560.8 million (2,601.6). Collateral for bank loans consisted of property deeds on the Group's investment properties.

Note 19. Financial risk

John Mattson aims for a low financial risk in its business. However, the company's earnings and cash flow are affected by changes in the external world as well as the company's own actions. Risk management aims to clarify and analyse the risks that the company faces, and as far as possible to prevent or limit any negative effects.

Through its own operations, the Group is exposed to various types of financial risks; credit risk, market risk (interest-rate risk and other price risk) as well as liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and endeavours to minimise potential unfavourable effects on the Group's financial results.

The Group's financial transactions and risks are managed in accordance with the financial policy adopted by the Board of Directors. The Group's overall objective for financial risks is to manage them within the framework of low risk, cost-effective borrowing and by securing the company's interest payment capacity over time.

Credit risk

Credit risk is the risk that the Group's counterparty is unable to meet its obligations and thus results in a financial loss for the Group. The Group's rent receivables and accounts receivable all pertain to properties in the Stockholm region. The Group's cash and cash equivalents are deposited with Swedish banks with a high credit rating.

Reserve for expected credit losses

The Group uses various methods for expected credit losses depending on the financial instrument. The Group defines default as when it is highly probable that the debtor will be unable to pay amounts owed. The Group writes off receivables when it is no longer adjudged possible that any funds will be obtained from debt-collection attempts.

The financial assets reserved by the Group for expected credit losses are shown below. In addition to the assets below, the Group also monitors provision requirements for other financial instruments, such as cash and cash equivalents. Should amounts not be regarded as immaterial, a reserve is also posted for expected credit losses for these financial instruments.

Rent receivables and accounts receivable

Expected credit losses for rent receivables and accounts receivable are calculated in accordance with the simplified approach. The Group uses due dates to assess whether the credit risk associated with rent receivables and accounts receivable has increased significantly since initial recognition. Receivables that are more than 90 days past due are regarded as credit impaired, and reserves for expected credit losses are posted following individual assessment. For other receivables, expected credit losses are based on the historical rate of loan losses combined with forward-looking factors.

Expected credit losses for rent receivables and accounts receivable are calculated in accordance with the simplified approach, and using a loss percentage model. Input data used is financial data for John Mattson for the preceding year. The forward-looking perspective also takes into account information regarding macroeconomic development. Finally, an individual assessment is made of whether receivables are considered to be credit impaired.

Maturity structure of rent receivables and accounts receivable (gross amounts before impairment for expected credit losses)

	31 Dec 2020	31 Dec 2019
Not past-due accounts receivable	0.1	0.7
Past-due accounts receivable 1–30 days	0.1	0.0
Past-due accounts receivable 31–90 days	0.3	0.1
Past-due accounts receivable >90 days	1.1	0.8
Carrying amount	1.6	1.7

Reserve for expected credit losses

	31 Dec 2020	31 Dec 2019
Opening carrying amount	0.8	0.6
Write-offs for the year	0.4	0.3
Year's other changes	–0.1	–0.1
Closing carrying amount	1.1	0.8

The year's confirmed credit losses amounted to SEK 0.2 million (0.0).

Market risk

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. IFRS divides market risks into three types: currency risk, interest-rate risk and other price risks. The market risks affecting the Group primarily consist of interest-rate risks. The Group has no items in foreign currency.

Interest-rate risk

Interest-rate risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market interest rates. A significant factor affecting the interest-rate risk is the fixed-interest tenor. The Group is primarily exposed to interest-rate risk in respect of the Group's loans to credit institutions.

The interest-rate maturity structure is allocated over time to ensure the stability of net financial items. Interest-rate derivatives in the form of interest-rate swaps are used to attain the desired interest-maturity structure.

The Group uses interest-rate derivatives in the form of swaps to be able to manage interest-rate risk and convert floating interest rates to fixed rates. The contractual cash flows arise at intervals of between three and six months to match interest expenses. See maturity tables below for an analysis of interest rate movements. Since interest-rate derivatives have been agreed with institutions that have good credit-worthiness, credit exposure towards institutions is regarded as limited.

Altogether, John Mattson has concluded interest-rate swaps to a nominal value of SEK 1,593 million (1,879, of which SEK 600.0 million of the contracted interest-rate swaps have a start date in 2020).

Notes to the consolidated financial statements

Cont. Note 19

Fixed-interest and loan-to-maturity, 31 December 2020

Maturity	Fixed-interest period		Credit maturity			Derivatives		
	Volume (SEK m)	Average interest rate (%) ¹⁾	Share (%)	Credit agreements volume (SEK m)	Utilised, SEK m	Share (%)	Volume (SEK m)	Average interest rate (%) ²⁾
0–1 year	1,561	1.74	44	675	665	19	0	–
1–2 years	561	1.54	16	1,765	1,171	33	154	–
2–3 years	471	0.51	13	775	775	22	471	–
3–4 years	0	0.00	0	475	475	13	0	–
4–5 years	468	1.86	13	475	475	13	468	–
> 5 years	500	1.13	14	0	0	0	500	–
Total	3,561	1.47	100	4,165	3,561	100	1,593	1.23

Fixed-interest and loan-to-maturity, 31 December 2019

Maturity	Fixed-interest period		Credit maturity			Derivatives		
	Volume (SEK m)	Average interest rate (%) ¹⁾	Share (%)	Credit agreements volume (SEK m)	Utilised, SEK m	Share (%)	Volume (SEK m)	Average interest rate (%) ²⁾
0–1 year	964	2.53	37	1,805	555	21	–14	–
1–2 years	0	0.00	0	695	577	22	0	–
2–3 years	499	1.59	19	520	520	20	154	–
3–4 years	171	1.21	7	475	475	18	171	–
4–5 years	0	0.00	0	475	475	18	0	–
> 5 years	968	1.48	37	0	0	0	968	–
Total	2,602	1.87	100	3,970	2,602	100	1,279	1.77

¹⁾ Average interest rate at the end of the year, including derivatives.

²⁾ Volume-weighted average interest rate for derivatives.

Based on the interest-bearing assets and liabilities that existed on the balance-sheet date, the table below shows the impact of an increase/decline in interest rates on earnings before tax.

	31 Dec 2020	31 Dec 2019
Market interest rate +1%, SEK m	15.4	9.6
Market interest rate +1%, SEK m	–13.9	–9.6

The impact on profit of a change in the value of interest-rate derivatives following an increase/decline in interest rates is shown in the table below.

	31 Dec 2020	31 Dec 2019
Market interest rate +1%, SEK m	66.0	69.2
Market interest rate +1%, SEK m	–70.3	–74.5

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in fulfilling its obligations associated with financial liabilities. This risk is managed through overdraft facilities totalling SEK 160 million (160), of which SEK 56.1 million (31.3) had been utilised at the end of 2020.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. For financial instruments carrying variable interest rates, the interest rate on the balance-sheet date has been used. Liabilities have been included in the earliest period when repayment can be demanded.

31 Dec 2020

Analysis of tenors	<6 months	6-12 months	1-3 years	3-5 years	>5 years	Total
Accounts payable	29.0	-	-	-	-	29.0
Interest-bearing liabilities	358.7	358.7	2,050.7	1,054.7	0.0	3,822.7
Other current liabilities	3.4	8.7	-	-	-	12.1
Accrued costs	58.3	-	-	-	-	58.3
Derivatives	-	-	8.9	36.0	30.3	75.1
Total	449.4	367.4	2,059.5	1,090.7	30.3	3,997.3

31 Dec 2019

Analysis of tenors	<6 months	6-12 months	1-3 years	3-5 years	>5 years	Total
Accounts payable	17.3	-	-	-	-	17.3
Interest-bearing liabilities	302.0	302.0	1,193.5	985.5	0.0	2,783.1
Other current liabilities	2.1	2.1	-	-	-	4.2
Accrued costs	35.6	-	-	-	-	35.6
Derivatives	-	-	8.6	8.6	53.4	70.6
Total	357.0	304.1	1,202.1	994.1	53.4	2,910.8

Since future interest payments are included in the tables of maturities, total amounts according to these tables exceed the balance sheet amount.

Financing risk

Financing risk entails difficulties in securing financing, or that financing is only available at highly unfavourable terms at a given point in time. To ensure requirements of financing and liquidity, John Mattson endeavours to continuously renegotiate credits and, where required, add new credits. As collateral for borrowings, John Mattson provides property deeds. Risk is also managed by having a low loan-to-value ratio, which amounted to 44.7% at year end (40.7). The company's stable cash flow contributes to a secure interest coverage level.

Credit agreements/frameworks that John Mattson has entered into are shown below.

	Amount, 31 Dec 2020	Utilised, 31 Dec 2020	Amount, 31 Dec 2019	Utilised, 31 Dec 2019
Binding loan agreements with banks	3,505.0	3,504.9	2,570.3	2,570.3
Credit commitments and overdraft facilities	660.0	56.1	1,400.0	31.3
Total	4,165.0	3,561.0	3,970.3	2,601.6

Capital management

The aim of the Group's strategy is to generate a healthy return to the shareholders under financial stability. The strategy is reflected in the financial targets, which were as follows in 2020:

- An average annual growth in EPRA NAV per share of not less than 10%, including value changes, over a business cycle.
- An average annual growth in income from property management per share of not less than 10% over a business cycle.
- The value of the Group's property holdings is to total at least SEK 10 billion by 2023.

Note 20. Other liabilities

	31 Dec 2020	31 Dec 2019
Employee withholding taxes and social security expenses	3.0	1.5
VAT	1.8	0.6
Tax liability	7.1	-
Other items	0.2	2.2
Carrying amount	12.1	4.2

Note 21. Accrued expenses and deferred income

	31 Dec 2020	31 Dec 2019
Prepaid rental revenues	27.2	21.8
Accrued interest expense	4.3	3.6
Accrued salaries, holiday pay and social security expenses	4.1	3.8
Accrued project expenses	18.6	1.5
Other accrued expenses and deferred income	4.1	4.8
Carrying amount	58.3	35.6

Note 22. Cash-flow statement

Adjustment for non-cash items	2020	2019
Depreciation	1.7	1.2
Unrealised change in value of investment properties	-517.7	-165.6
Unrealised changes in derivative values	4.3	-4.6
Provisions for pensions	-	0.1
Carrying amount	-511.7	-168.9

		Changes in items impacting cash flow	Changes in non-cash items	
Change in liabilities attributable to financing activities	31 Dec 2019	Cash flow for the period	Acquisitions	31 Dec 2020
Current interest-bearing liabilities	555.4	109.3	-	664.7
Non-current interest-bearing liabilities	2,046.2	442.8	407.2	2,896.2
	2,601.6	552.1	407.2	3,560.8

		Cash flow for the period	Acquisitions	
Change in liabilities attributable to financing activities	31 Dec 2018			31 Dec 2019
Current interest-bearing liabilities	0.0	555.4	-	555.4
Non-current interest-bearing liabilities	2,479.4	-433.2	-	2,046.2
	2,479.4	122.2	-	2,601.6

Note 23. Leases

The Group is a lessee for office equipment. For all leases where the Group is a lessee, the underlying assets have been classified as having a low value and these are expensed on a straight-line basis over the lease term. The year's lease payments for these amounted to SEK 1.7 million (1.4).

Note 24. Pledged assets and contingent liabilities

Pledged assets	31 Dec 2020	31 Dec 2019
Property deeds	3,660.0	2,741.0
Endowment policies to secure pensions	5.0	4.9
Total	3,690.0	2,745.9

Contingent liabilities	31 Dec 2020	31 Dec 2019
Contingent liabilities, pensions	4.8	4.8
Total	4.8	4.8

Note 25. Transactions with related parties

The Group's related parties include all Board Members and members of executive management as well as individuals and companies related to these parties.

All transactions with related parties are conducted on commercial terms.

Board Member Johan Ljungberg is a part-owner of John Mattson Fastighetsföretagen AB via Tagehus Holding AB. During the year, no direct or indirect transactions took place between John Mattson Fastighetsföretagen AB and Tagehus Holding AB.

For information on remuneration of senior executives, refer to Note 7 Employees and personnel costs.

Apart from the amounts shown in Note 7, there were no other transactions with related parties.

Note 26. Events after the balance-sheet date

After the balance-sheet date, CEO Siv Malmgren notified the Board of Directors of her intent to step down from her position and retire. Siv Malmgren will continue with her duties until such time as a new Chief Executive Officer is appointed. The recruitment process will begin immediately.

Parent Company income statement

Amounts in SEK m	Note	2020	2019
Revenue		13.5	8.4
Central administration and marketing costs	9	-39.0	-35.6
EBIT		-25.5	-27.2
Interest income	10	1.2	0.5
Interest expense	11	-7.2	-3.3
Loss after financial items		-31.5	-30.1
Appropriations	12	12.1	21.0
EBT		-19.4	-9.1
Deferred tax	13	5.8	0.1
Profit/loss for the year		-13.6	-9.0

Parent Company statement of comprehensive income

Amounts in SEK m	Note	2020	2019
Profit/loss for the year		-13.6	-9.0
Other comprehensive income		-	-
Comprehensive income for the year		-13.6	-9.0

Parent Company balance sheet

Amounts in SEK m	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Property, plant and equipment			
Plant and equipment	3	1.4	0.3
Financial assets			
Participations in Group companies	4	1,804.2	1,668.7
Other non-current receivables	8	0.8	3.0
Deferred tax assets	5	5.9	0.1
Total non-current assets		1,812.3	1,672.0
Current assets			
Receivables from Group companies	6	174.0	123.2
Other receivables	8	0.0	0.4
Prepaid expenses and accrued income	8	1.3	2.1
Cash and cash equivalents	7	5.9	9.5
Total current assets		181.2	135.2
TOTAL ASSETS		1,993.5	1,807.2
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	14	11.2	11.2
<i>Non-restricted equity</i>			
Share premium reserve		362.8	362.8
Retained earnings		871.3	880.3
Profit/loss for the year		-13.6	-9.0
Total equity		1,231.7	1,245.3
Current liabilities			
Accounts payable	8	1.4	3.4
Liabilities to Group companies	8	754.9	553.1
Other current liabilities	8	2.9	1.4
Accrued expenses and deferred income	8	2.6	4.0
Total current liabilities		761.8	561.9
TOTAL EQUITY AND LIABILITIES		1,993.5	1,807.2

Parent Company statement of changes in equity

Amounts in SEK m	Restricted equity	Non-restricted equity			Total equity
	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	
Opening equity, 1 Jan 2019	11.2	362.8	891.3	-11.0	1,254.3
Transfer, preceding year's earnings	-	-	-11.0	11.0	0.0
Profit/loss for the year	-	-	-	-9.0	-9.0
Other comprehensive income for the year	-	-	-	-	-
Comprehensive income for the year	-	-	-	-9.0	-9.0
Transactions with owners	-	-	-	-	-
Total	-	-	-	-	0.0
Closing equity, 31 Dec 2019	11.2	362.8	880.3	-9.0	1,245.3
Opening equity, 1 Jan 2020	11.2	362.8	880.3	-9.0	1,245.3
Transfer, preceding year's earnings	-	-	-9.0	9.0	-
Profit/loss for the year	-	-	-	-13.6	-13.6
Other comprehensive income for the year	-	-	-	-	-
Comprehensive income for the year	-	-	-	-13.6	-13.6
Transactions with owners	-	-	-	-	-
Total	-	-	-	-	-
Closing equity, 31 Dec 2020	11.2	362.8	871.3	-13.6	1,231.7

Parent Company cash-flow statement

Amounts in SEK m	Note	2020	2019
Operating activities			
EBT		-19.4	-9.1
<i>Adjustment for non-cash items</i>			
Depreciation and disposals		0.4	0.0
Taxes paid			
Cash flow from operating activities before changes in working capital		-19.0	-9.0
Cash flow from changes in working capital			
Change in operating receivables		-59.4	-52.5
Change in operating liabilities		199.8	47.9
Cash flow from operating activities		121.4	-13.6
Investing activities			
Acquisition of subsidiaries		0.0	-0.1
Investments in equipment		-1.4	-0.3
Disposal of equipment		-0.1	0.0
Cash flow from investing activities		-1.5	-0.4
Financing activities			
Shareholder contributions paid		-135.5	-
Group contributions received/paid		12.1	21.0
Cash flow from financing activities		-123.4	21.0
Cash flow for the year		-3.5	7.0
Opening balance, cash and cash equivalents		9.5	2.5
Closing balance, cash and cash equivalents		5.9	9.5
Additional cash-flow statement disclosures			
Interest received		1.2	0.5
Interest paid		7.2	3.3

Parent Company notes

Note 1. Significant accounting policies

The Parent Company prepares its annual financial statements in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. The Parent Company applies the same accounting policies as the Group with the exceptions and supplements stipulated in RFR 2. This means that the IFRS are applied together with the deviations presented below.

Participations in subsidiaries

Shares in subsidiaries are recognised in the Parent Company in accordance with the cost method. This means that transaction charges are included in the carrying amount of the holding. Carrying amounts are tested each quarter against the companies' equity. Where the carrying amount is less than the companies' consolidated fair value, an impairment loss is charged to profit or loss. Where an earlier impairment is no longer justified, it is reversed.

For calculating future cash flows, assumptions are made about future conditions that determine the recoverable amount. The recoverable amount is compared with the carrying amount of these assets and forms the foundation for any impairment losses or reversals. The assumptions that impact the recoverable amount the most are future earnings performance, discount interest rate and period of use. If changes occur in the future operating environment or in other conditions, assumptions may be impacted so that carrying amounts for the Parent Company's assets have to be amended.

Group and shareholder contributions

The Parent Company recognises Group contributions received and granted as appropriations. Shareholder contributions granted by the Parent Company are entered directly in the recipient's shareholders' equity and are recognised in shares and participations in the Parent Company. Shareholder contributions received are recognised as an increase in non-restricted equity.

Revenue

The company's revenue refers primarily to service income for invoicing of intra-Group services to subsidiaries. Revenue from this is recognised as the services are performed.

Dividends are recognised when the entitlement to receive payment is considered certain. Revenue from the sale of subsidiaries is recognised when control of the subsidiary has transferred to the buyer.

Leases

The Parent Company has chosen to use the relief rules permitted in RFR 2 for the recognition of leases in legal entities and thereby recognises all leases as operating leases.

Financial instruments

Due to the correlation between recognition and taxation, the rules concerning financial instruments according to IFRS 9 are not applied

in the Parent Company as a legal entity; instead the Parent Company applies the rules in accordance with the Annual Accounts Act's cost method. The Parent Company measures financial assets at cost and financial current assets according to the lowest value principle reduced by impairment for expected credit losses.

Impairment of financial assets

Financial assets, including intra-Group receivables, are impaired to account for expected credit losses. For the method used in respect of impairment of expected credit losses, see Note 1 to the consolidated financial statements. Expected credit losses on intra-Group receivables are estimated by assessing the counterparty's creditworthiness.

Taxes

In the Parent Company, deferred tax liabilities attributable to untaxed reserves are recognised in gross amounts in the balance sheet. Appropriations are recognised in gross amounts in profit or loss.

Note 2. Significant estimates and assessments

The Parent Company's principal asset item is the value of shares in Group companies. The subsidiaries representing major values include properties with a material surplus value. No impairment requirement has been identified.

Note 3. Property, plant and equipment

Plant and equipment	31 Dec 2020	31 Dec 2019
Opening balance, cost	0.4	-
Purchases during the year	1.8	0.4
Sales and disposals	-0.4	-
Closing balance, cost	1.4	0.4
Opening balance, accumulated depreciation	0.0	-
Depreciation for the year	-0.4	0.0
Sales and disposals	0.2	-
Closing balance, accumulated depreciation	-0.3	0.0

Note 4. Participations in Group companies

	31 Dec 2020	31 Dec 2019
Opening balance, cost	1,668.7	1,668.6
Shareholders' contributions	135.5	-
Acquisitions	0.0	0.1
Closing balance, cost	1,804.2	1,668.7

No impairment was carried out for Participations in Group companies.

cont. Note 4

Company	Corp. Reg. No.	Registered office	Principal activity	Owned percentage	31 Dec 2020	31 Dec 2019
John Mattson Fastighets AB	556056-6977	Lidingö	Letting and management	100%	1,262.0	1,262.0
John Mattson Skolfastigheter AB	556703-0357	Lidingö	Letting of commercial premises	100%	1.6	1.6
John Mattson Butiksfastigheter AB	556792-8568	Lidingö	Letting of commercial premises	100%	9.7	4.7
John Mattson Parkering AB	556902-1206	Lidingö	Letting, parking spaces	100%	0.1	0.1
John Mattson Dalenum AB	556909-1472	Lidingö	Letting, housing	100%	28.5	28.5
John Mattson Käppala AB	559161-7500	Lidingö	Main partner in limited partnerships	100%	371.3	371.3
John Mattson Juno Herkules KB	969646-6946	Lidingö	Letting of housing and property management	0%	0.5	0.5
John Mattson Sollentuna Holding AB	559229-6619	Lidingö	Dormant company	Merged	–	0.1
John Mattson Rotebro and Rotsunda AB	559087-2478	Lidingö	Letting of housing and property management	100%	130.1	–
John Mattson Stockholm Holding AB	559251-3286	Lidingö	Holding company	100%	0.5	–
					1,804.2	1,668.7

¹⁾ John Mattson Fastighetsföretagen AB is a limited partner in John Mattson Juno Herkules KB with a share of 0.1%.
The wholly owned subsidiary John Mattson Käppala AB is a main partner with a share of 99.9%.

Note 5. Deferred tax assets and tax liabilities

31 Dec 2020	Assets	Liabilities	Net
Loss carryforwards	5.9	–	5.9
Total	5.9	–	5.9

31 Dec 2019	Assets	Liabilities	Net
Loss carryforwards	0.1	–	0.1
Total	0.1	–	0.1

Reconciliation of net change in deferred tax	31 Dec 2020	31 Dec 2019
At start of year	–0.1	0.0
Recognised in profit or loss	–5.8	–0.1
Recognised in other comprehensive income	–	–
At year end	–5.9	–0.1

Note 6. Receivables from Group companies

	31 Dec 2020	31 Dec 2019
Opening balance, cost	123.2	127.0
Additional receivables	50.7	–
Receivables removed	–	–3.7
Closing balance, accumulated cost	174.0	123.2
Closing carrying amount	174.0	123.2

Note 7. Cash and cash equivalents

	31 Dec 2020	31 Dec 2019
Cash at bank and in hand	5.9	9.5
Carrying amount	5.9	9.5

Note 8. Financial instruments

Fair value estimation

Interest-bearing receivables and liabilities

For information purposes, fair value is calculated for interest-bearing receivables and liabilities by discounting principals from future cash

flows and by discounting interest payments to the current market interest rate. Since these are mainly subject to a short fixed-interest tenor, the fair value does not materially deviate from nominal amounts.

Current receivables and liabilities

For current receivables and liabilities, such as cash and cash equivalents, accounts receivable and accounts payable, which are expected to be settled within 12 months, the carrying amount is considered to be an approximation of the fair value.

Fair value measurement

The Parent Company does not have any financial instruments that are measured at fair value.

Reserve for expected credit losses

The Parent Company uses various methods for expected credit losses depending on the financial instrument. The Group defines default as when it is highly probable that the debtor will be unable to pay amounts owed. Receivables predominantly comprise receivables from Group companies for which no expected credit losses have been identified. The company monitors any provision requirements for all financial instruments, such as cash and cash equivalents. Should amounts not be regarded as immaterial, a reserve is posted for expected credit losses for these financial instruments.

Note 9. Employees and personnel costs

	2020	2019
Board of Directors, CEO and other senior executives		
Salaries and other remuneration	–10.7	–8.8
Social security contributions	–7.3	–5.6
(of which, pension costs)	–3.3	–2.4
Total	–18.0	–14.4

Since 1 January 2019, members of the management group are employed in the Parent Company. During the year, the average number of employees in the Parent Company amounted to six of whom 31% were men. For salary and remuneration paid to employees and senior executives, as well as information on the number of employees, see Note 7 to the consolidated financial statements.

Note 10. Interest income and similar profit/loss items

	2020	2019
Interest income from subsidiaries	0.1	0.4
Interest income from Group companies	1.2	0.0
Other interest income	–	0.0
Total	1.2	0.5

Note 11. Interest expense and similar profit/loss items

	2020	2019
Interest expense to subsidiaries	–4.4	–2.6
Interest expense to Group companies	–0.2	0.0
Other interest expenses	–2.0	–0.8
Other financial expenses	–0.6	0.0
Total	–7.2	–3.3

Note 12. Appropriations

	2020	2019
Group contributions paid	–	–
Group contributions received	12.1	21.0
Total	12.1	21.0

Note 13. Tax

	2020	2019
Current tax	–	–
Change in deferred tax relating to temporary differences	5.8	0.1
Recognised tax	5.8	0.1

	2020	2019
Reconciliation of effective tax rate		
EBT	–19.4	–9.1
Tax according to the Parent Company's current tax rate (21.4%)	4.2	2.0
Tax effect of:		
Non-taxable revenue	–	–
Non-deductible costs	–1.3	–1.9
Other	3.0	–
Recognised tax	5.8	0.1

Note 14. Equity

As per 31 December 2020, the registered share capital amounted to 33,670,032 common shares (33,670,032). Holders of common shares are entitled to receive dividends that will be determined in the future and the shareholding entitles the holder to one vote per share at general meetings. All shares carry the same rights to John Mattson's remaining net assets. All shares are fully paid up and no shares are reserved for transfer. No shares are held by the company itself or by its subsidiaries. The quotient value of the shares is SEK 0.33 per share (0.33).

Note 15. Transactions with related parties

A list of the Group's subsidiaries, which are also companies that are closely related to the Parent Company, is presented in Note 15 to the consolidated financial statements.

Transactions from the Parent Company to subsidiary Group companies consist solely of management fees, whereby Group-wide costs (rent, administration, etc.) are allocated from the Parent Company to the various subsidiaries. These are allocated on normal market terms. Related-party transactions other than management fees do not exist.

	Sales of goods/ services	Purchases of goods/ services	Interest	Receivables on the balance-sheet date	Liability on the balance-sheet date
Group companies					
2020	13.5	–3.9	–3.4	174.0	754.9
2019	8.4	–7.3	–2.1	123.2	553.1

Note 16. Auditors' fees

	2020	2019
Ernst & Young AB		
Auditing assignment	0.2	0.2
Other auditing activities	0.0	0.0
Tax advice	0.0	0.0
Other services	0.5	0.0
Total	0.7	0.2

Note 17. Events after the balance-sheet date

After the balance-sheet date, CEO Siv Malmgren notified the Board of Directors of her intent to step down from her position and retire. Siv Malmgren will continue with her duties until such time as a new Chief Executive Officer is appointed. The recruitment process will begin immediately.

Note 18. Proposed appropriation of profits

The following profit is at the disposal of the Annual General Meeting (SEK):

Share premium reserve	362,776,656
Retained earnings	871,298,687
Loss for the year	–13,616,690
	1,220,458,652

The Board proposes that the earnings be appropriated as follows:

To be carried forward	1,220,458,652
	1,220,458,652

Assurance of the Board

John Mattson Fastighetsföretagen AB (publ.)
556802-2858

To the best of the Board of Directors' knowledge, this annual report has been prepared in accordance with generally accepted accounting policies. The annual report provides a true and fair account of the Group's and Parent Company's financial position and the Administration Report provides a true and fair overall account of the development of the Group's business, financial position and earnings and describes the significant risks and uncertainties facing the Group.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as referred to

in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The consolidated financial statements provide a true and fair account of the Group's financial position and the Administration Report for the Group provides a true and fair overall account of the development of the Group's business, financial position and earnings and describes significant risks and uncertainties facing the Group.

Lidingö municipality, 22 March 2021

Johan Ljungberg
Chairman of the Board

Håkan Blixt
Board Member

Ulrika Danielsson
Board Member

Christer Olofsson
Board Member

Siv Malmgren
Chief Executive Officer

My Auditor's Report was submitted on 22 March 2021
Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of John Mattson Fastighetsföretagen AB (publ), corporate identity number 556802-2858

Report on the annual accounts and consolidated accounts

Opinions

I have audited the annual accounts and consolidated accounts of John Mattson Fastighetsföretagen AB (publ) except for the corporate governance statement on pages 43–47 for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 36–47 and 50–76 in this document.

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. My opinions do not cover the corporate governance statement on pages 43–47. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

I therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

My opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

I conducted my audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the Auditor's Responsibilities section. I am independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements. This includes that, based on the best of my 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in my professional judgment, were of most significance in my audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of my audit of, and in forming my opinion thereon, the annual accounts and consolidated accounts as a whole, but I do not provide a separate opinion on these matters. For each matter below, my description of how my audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements.

Valuation of investment properties

Description

The fair value of the Groups investment properties amounted to SEK 7 958 million on 31 December 2020. Unrealized change in investment properties during the year, recognized in the group's income statement is 518 million SEK.

As at 31 December 2020, all the properties in the portfolio have been valued by external valuation experts, except for building rights that are valued internally. All properties are valued quarterly, and each quarter the properties are valued by external valuation experts, except for building rights that are valued internally.

The valuations are prepared in accordance with the discounted cash flow model, whereby the future cash flows are forecasted. The required yields for the properties are assessed on each property's unique risk profile and observable transactions in the market for properties with a similar nature.

Valuation at fair value is by nature subject to subjective assessments where a seemingly minor change in the assumptions made that form the basis for the valuations can have a significant effect in reported values. Based on the high degree of assumptions and assessments which are made in connection with the property valuations, I assess this area to be a key audit matter in my audit.

A description of the valuation of the property portfolio is stated in note 12.

How my audit addressed this key audit matter

In my audit I have evaluated the company's process for property valuation.

I have evaluated the valuation methodology, and input data in the externally and internally prepared valuations. I have evaluated the skills and objectivity of the external experts.

I have with support from internal valuation specialist reviewed the valuation model used and reviewed the reasonability of the adopted assumptions such as yield requirements, vacancy rates, rental income and operating costs for a sample of properties and made comparisons to known market information.

The sample has been made based on risk criteria and size. I have discussed important assumptions and assessments with the entity's management.

For a sample of investment properties, I have tested input in the valuation model regarding rental income and operating costs and checked the calculations that are the basis for the valuation.

I have reviewed the disclosures provided in the annual accounts.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–35, 48–49 and 80–86. The Board of Directors and the Managing Director are responsible for this other information.

My opinion on the annual accounts and consolidated accounts does not cover this other information and I do not express any form of assurance conclusion regarding this other information.

In connection with my audit of the annual accounts and consolidated accounts, my responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure I also take into account my knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If I, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

My objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks,

and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to my audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. I also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify my opinion about the annual accounts and consolidated accounts. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my opinions.

I must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. I must also inform of significant audit findings during my audit, including any significant deficiencies in internal control that I identified.

I must also provide the Board of Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, I determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. I describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the administration of the Board of Directors and the Managing Director of John Mattson Fastighetsföretagen AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

I recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

I conducted the audit in accordance with generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the Auditor's Responsibilities section. I am independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

My objective concerning the audit of the administration, and thereby my opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

My objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby my 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, I exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on my professional judgment with starting point in risk and materiality. This means that I focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. I examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to my opinion concerning discharge from liability. As a basis for my opinion on the Board of Directors' proposed appropriations of the company's profit or loss I examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 43–47 has been prepared in accordance with the Annual Accounts Act.

My examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that my 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. I believe that the examination has provided us with sufficient basis for my opinions.

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

Jonas Svensson was appointed auditor of John Mattson Fastighetsföretagen AB by the general meeting of the shareholders on the 21 April 2020 and has been the company's auditor since the 5 November 2014.

Stockholm, 22 March 2021

Jonas Svensson
Authorized Public Accountant

Property list

John Mattson Fastighetsföretagen AB (publ)
556802-2858

Property holdings 31 Dec 2020

					Lettable area (sq m)		
Property designation	Street address	Site area sq m	Year built/ redeveloped	No. of Apts.	Living area, sq m	Area of premises sq m	Total area sq m
Lidingö, Larsberg/Baggeby/ Dalén							
Bodals gård 1	Larsbergsvägen 8	8,292 m ²	1934/2009	–	–	2,886 m ²	2,886 m ²
Fyrskippet 1	Larsbergsvägen 9	3,009 m ²	1966/2015	62	4,570 m ²	–	4,570 m ²
Sjömärket 1	Larsbergsvägen 11–13	6,951 m ²	1966/2017	122	9,134 m ²	–	9,134 m ²
Sjömärket 2	Larsbergsvägen 15–17	5,011 m ²	1967/2017	124	9,132 m ²	–	9,132 m ²
Sjöjungfrun 2	Larsbergsvägen 10–30	17,131 m ²	1967/2017	150	14,276 m ²	1,545 m ²	15,821 m ²
Fyrbåken 1	Larsbergsvägen 19–21	6,915 m ²	1967	124	9,231 m ²	244 m ²	9,475 m ²
Farleden 2	Larsbergsvägen 32–42	7,170 m ²	1967/2017	93	9,106 m ²	29 m ²	9,135 m ²
Fyrtornet 1	Larsbergsvägen 23	3,831 m ²	1968/2016	63	4,681 m ²	117 m ²	4,798 m ²
Fyrtornet 2	Larsbergsvägen 25	2,581 m ²	1968/2017	63	4,681 m ²	129 m ²	4,810 m ²
Fyrtornet 6	Larsbergsvägen 27	3,290 m ²	1968/2017	64	4,768 m ²	33 m ²	4,801 m ²
Fyren 1	Larsbergsvägen 44	2,872 m ²	1968/2016	59	4,418 m ²	165 m ²	4,583 m ²
Fyren 2	Larsbergsvägen 46	3,061 m ²	1968/2016	52	3,925 m ²	30 m ²	3,955 m ²
Fyren 3	Larsbergsvägen 48	3,754 m ²	1968/2015	52	3,925 m ²	86 m ²	4,011 m ²
Fyren 4	Larsbergsvägen 50	3,901 m ²	1969/2016	61	4,542 m ²	30 m ²	4,572 m ²
Fyrmästaren 1	Larsbergs parkv 1–7	5,144 m ²	1967/2008	114	7,551 m ²	–	7,551 m ²
Fyrtornet 5, P3	Larsbergsvägen 29	4,025 m ²	1968	–	–	1,531 m ²	1,531 m ²
Fyrmästaren 2	Larsbergstorg 4–6	724 m ²	1968/2015	34	1,813 m ²	905 m ²	2,718 m ²
Radiofyren 1	Agavägen 1	14,387 m ²	2011	–	–	3,698 m ²	3,698 m ²
Klockbojen 4	Larsbergstorg 7–9, Agavägen 14–34	11,558 m ²	1969/2014	150	10,332 m ²	1,670 m ²	12,002 m ²
Klockbojen 2	Agavägen 36–38	3,203 m ²	2018/2019	154	7,189 m ²	108 m ²	7,297 m ²
Barkassen 1	Barkassvägen 5–15	3,334 m ²	1956/2018	56	3,448 m ²	132 m ²	3,580 m ²
Galeasen 2	Farkostvägen 6	2,574 m ²	1955/2013	27	2,107 m ²	14 m ²	2,121 m ²
Tryckregulatorn 1	Perioskopvägen 1–9, Ackumuletorv. 12–14, Agavägen 60–64	5,200 m ²	2015	146	8,770 m ²	450 m ²	9,220 m ²
Total		127,916 m ²		1,770	127,599 m ²	13,801 m ²	141,400 m ²
Lidingö, Käppala							
Herkules 1	Merkurivägen 1–31	14,138 m ²	1958/2017/2020	215	11,148 m ²	–	11,148 m ²
Juno 2 & 3	Jupitervägen 29–45, 30–70	31,158 m ²	1960/2020	303	18,836 m ²	990 m ²	19,826 m ²
Total		45,296 m ²		518	29,984 m ²	990 m ²	30,974 m ²
Häganäs							
Tjörred 7:103	Nordhemvägen 14	1,023 m ²		–	–	–	–
Total		1,023 m ²		–	–	–	–
Sollentuna, Rotebro/Rotsunda							
Ringaren 2	Ytterbyvägen 4B, 4C	1,949 m ²	1992	14	1,171 m ²	5 m ²	1,176 m ²
Ritbordet 3, 4, 9	Gillbostråket 45–61, 27–43, 7–23	1,980 m ²	1977	72	4,518 m ²	165 m ²	4,683 m ²
Ritbordet 5, 6, 7, 8	Gillbostråket 91–97, 83–89, 73–79, 65–71	10,718 m ²	1977	32	2,688 m ²	–	2,688 m ²
Ritaren 10, 11, 18	Kung Hans väg 85–97, 49–81, 9–45	2,698 m ²	1976	108	6,060 m ²	327 m ²	6,387 m ²
Ritaren 4, 5, 6, 7, 8, 9	Sturevägen 108A–120, 96–106, 84–94 Kung Hans väg 185–191, 171–183, 159–169	20,004 m ²	1976	72	5,448 m ²	–	5,448 m ²
Regeln 1, Riset 1, Runan 1	Drabantstigen 1–5, 2, 4, 7–11	3,879 m ²	1972/2013	84	4,552 m ²	183 m ²	4,735 m ²
Riset 3, Ryttaren 1, Röken 3	Skvadronsvägen 1, 3 Rotsunda torg 1–7, Staffans Väg 16 Rotsunda torg 2, 4	5,195 m ²	1972/2016	66	4,185 m ²	1,041 m ²	5,226 m ²
Rosten 1, Ränseln 1, Röken 1, Röken 2	Rusthållarevägen 18, 20, 13–17, 3–11 Skvadronsvägen 2–6	6,196 m ²	1972	93	5,593 m ²	1,090 m ²	6,683 m ²
Total		52,619 m ²		541	34,215 m ²	2,811 m ²	37,026 m ²
Stockholm, Slakthusområdet							
Hjälpslaktaren 1	Hallivägen 13	–	1960	–	–	1,901 m ²	1,901 m ²
Hjälpslaktaren 2	Hallivägen 11, Styckmästaregatan 2	–	1960	–	–	1,970 m ²	1,970 m ²
Hjälpslaktaren 8	Slakthusgatan 8	–	1935	–	–	2,620 m ²	2,620 m ²
Total		–		–	–	6,491 m ²	6,491 m ²
Total		226,854 m ²		2,829	191,798 m ²	24,093 m ²	215,891 m ²

Reconciliation tables

Reconciliation tables		Jan-Dec 2020	Jan-Dec 2019
NNNAV, SEK/share			
A	NNNAV at the end of the period, SEK m	4,007.2	3,480.2
B	Number of shares outstanding at the end of the period, thousand	33,670	33,670
A/B	NNNAV, SEK/share	119.01	103.36
LTV ratio at the end of the period, %			
A	Interest-bearing debt at the end of the period according to balance sheet, SEK m	3,560.8	2,601.6
B	Cash and cash equivalents at the end of the period according to balance sheet, SEK m	6.0	9.8
C	Investment properties according to balance sheet at the end of the period, SEK m	7,957.9	6,365.2
(A-B)/C	LTV ratio at the end of the period, %	44.7	40.7
Equity, SEK/share			
A	Equity according to balance sheet at the end of the period, SEK m	3,413.7	2,934.8
B	Number of shares outstanding at the end of the period, thousand	33,670	33,670
A/B	Equity, SEK/share	101.39	87.16
Economic occupancy rate at the end of the period, %			
A	Annualised contract value at the end of the period, SEK m	318.1	261.2
B	Annualised vacancy value at the end of the period, SEK m	18.4	13.9
A/(A+B)	Economic occupancy rate during the period, %	94.5	94.9
Property value, at the end of the period, SEK/sq m			
A	Investment properties according to balance sheet at the end of the period, SEK m	7,957.9	6,365.2
B	Carrying amount of ongoing projects at the end of the period, SEK m	0.0	0.0
C	Lettable area at the end of the period, thousand sq m	215.9	171.5
(A-B)/C	Property value, at the end of the period, SEK/sq m	36,861	37,124
Income from property management, SEK/share			
A	Income from property management during the period, SEK m	94.7	64.9
B	Average number of shares outstanding during the period, thousand	33,670	33,670
A/B	Income from property management, SEK/share	2.81	1.93
Income from property management, SEK m			
A	Profit for the year	478.8	178.8
B	Current and deferred tax	129.2	56.4
C	Change in value of investment properties and interest-rate derivatives	513.4	170.3
A+B-C	Income from property management, SEK m	94.7	64.9
Average economic occupancy rate, %			
A	Rental revenues during the period, SEK m	294.0	253.0
B	Gross rent during the period, SEK m	310.9	265.5
A/B	Average economic occupancy rate, %	94.6	95.3
Average economic occupancy rate, apartments, %			
A	Rental revenues during the period, apartments, SEK m	251.3	214.8
B	Gross rent during the period, apartments, SEK m	262.3	222.7
A/B	Average economic occupancy rate, apartments, %	95.8	96.5
Average interest rate at the end of the period, %			
A	Annualised interest expense at the end of the period, SEK m	52.5	48.7
B	Interest-bearing debt at the end of the period, SEK m	3,560.8	2,601.6
A/B	Average interest rate at the end of the period, %	1.5	1.9
Rental value at the end of the period, SEK m			
A	Annualised contract value at the end of the period, SEK m	318.1	261.2
B	Annualised vacancy value at the end of the period, SEK m	18.4	13.9
A+B	Rental value at the end of the period, SEK m	336.5	275.1

Reconciliation tables

Reconciliation tables		2020	2019
Rental value, apartments, at the end of the period, SEK/sq m			
A	Annualised contract value, apartments, at the end of the period, SEK m	274.7	224.0
B	Annualised vacancy value, apartments, at the end of the period, SEK m	10.2	8.1
C	Lettable area of apartments at the end of the period, thousand sq m	191.8	156.3
(A+B)/C	Rental value, apartments, at the end of the period, SEK/sq m	1,485	1,485
Adjusted income from property management, SEK/share			
A	Income from property management during the period, SEK m	94.7	64.9
B	Non-recurring costs pertaining to listing, SEK m	0.0	9.9
C	Average number of shares outstanding during the period, thousand	33,670	33,670
(A+B)/C	Adjusted income from property management, SEK/share, for the period	2.81	2.22
Adjusted growth in income from property management, SEK/share, %			
A	Adjusted income from property management, SEK/share during the period	2.81	2.22
B	Income from property management, SEK/share during the preceding period	2.22	1.36
A/B-1	Adjusted growth in income from property management, SEK/share, %	26.5	63.6
NAV, SEK/share			
A	NAV at the end of the period, SEK m	4,352.0	3,739.6
B	Number of shares outstanding at the end of the period, thousand	33,670	33,670
A/B	NAV, SEK/share	129.25	111.07
NAV and NNNNAV, SEK m			
A	Equity according to balance sheet at the end of the period, SEK m	3,413.7	2,934.8
B	Derivatives according to the balance sheet at the end of the period, SEK m	73.2	68.9
C	Deferred tax liabilities according to the balance sheet at the end of the period, SEK m	865.1	735.9
A+B+C=D	NAV, SEK m	4,352.0	3,739.6
B	Derivatives according to the balance sheet at the end of the period, SEK m	-73.2	-68.9
E	Estimated actual deferred tax liability at the end of the period, SEK m	-271.6	-190.5
D-B-E	NNNAV, SEK m	4,007.2	3,480.2
Net interest-bearing liabilities at the end of the period, SEK m			
A	Annualised interest-bearing liabilities at the end of the period, SEK m	3,560.8	2,601.6
B	Cash and cash equivalents at the end of the period, SEK m	6.0	9.8
A-B	Net interest-bearing liabilities at the end of the period, SEK m	3,554.8	2,591.9
Interest coverage ratio during the period, multiple			
A	Income from property management during the period according to income statement, SEK m	94.7	64.9
B	Financial expense during the period, SEK m	58.7	49.8
(A-B)/-B	Interest coverage ratio during the period, multiple	2.6	2.3
Growth in income from property management, SEK/share, %			
A	Income from property management, SEK/share during the period	2.81	1.93
B	Income from property management, SEK/share during the preceding period	1.93	0.74
A/B-1	Growth in income from property management, SEK/share, %	45.8	159.0
Growth in NAV, SEK/share, %			
A	NAV at the end of the period, SEK/share	129.25	111.07
B	NAV at the end of preceding 12-month period, SEK/share	111.07	104.23
A/B-1	Growth in NAV, SEK/share, %	16.4	6.6
Surplus ratio during the period, %			
A	Net operating income during the period according to income statement, SEK m	196.0	152.8
B	Rental revenues during the period according to income statement	294.0	253.0
A/B	Surplus ratio during the period, %	66.7	60.4

Definitions

John Mattson Fastighetsföretagen AB (publ) applies the European Securities and Markets Authority's (ESMA) Guidelines on Alternative Performance Measures (APMs). Under these Guidelines, an APM is a financial measure of historic or projected earnings trends, financial

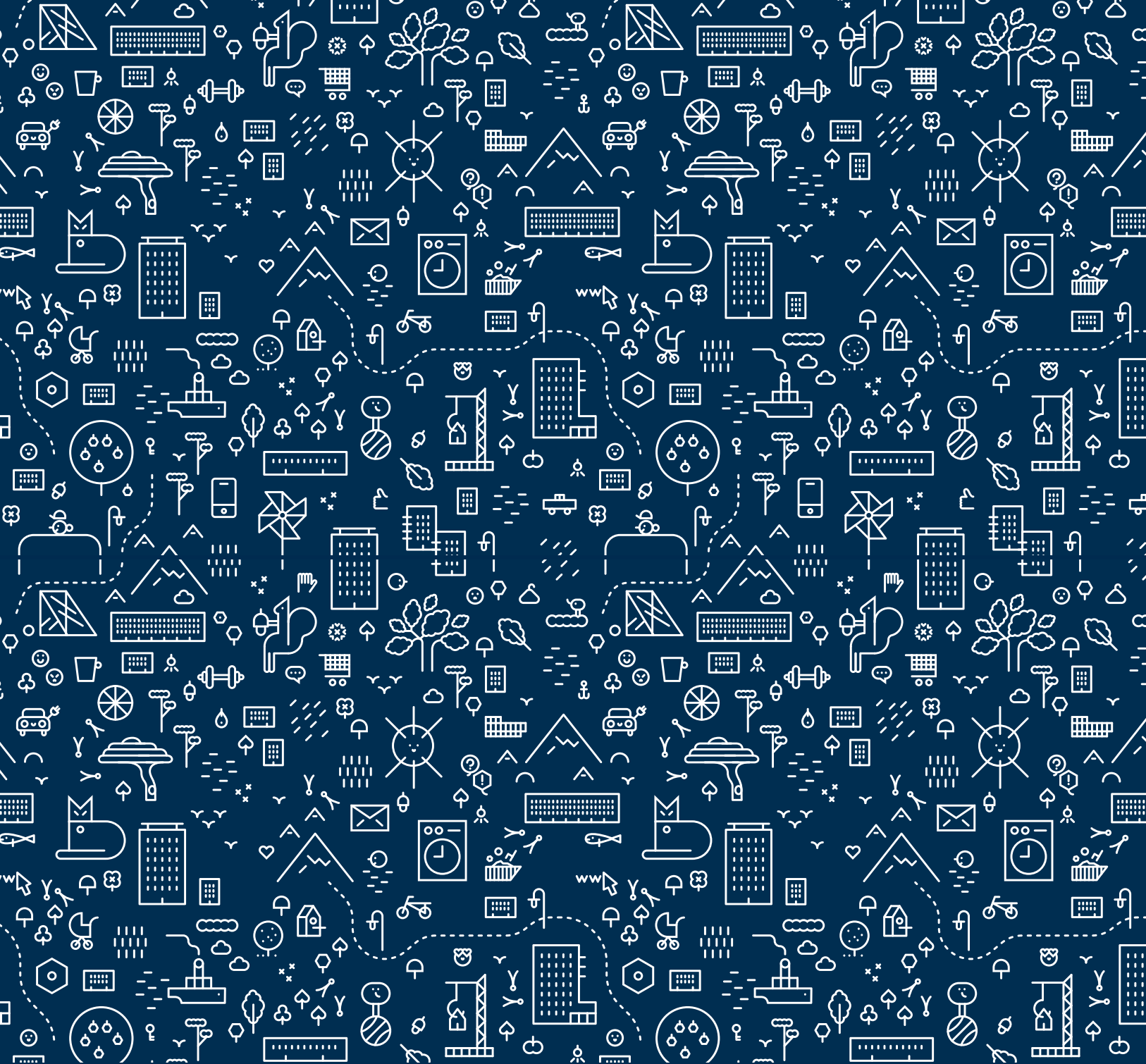
position, financial performance or cash flows that are neither defined nor specified in applicable rules for financial reporting, such as IFRS and the Annual Accounts Act.

Key metrics	Definition	Objective
NNNAV, SEK/share	Net asset value (NAV) excluding interest-rate derivatives and estimated actual tax liability at the end of the period divided by shares outstanding on the balance-sheet date.	Used to illustrate John Mattson's current net asset value per share in a manner compatible with other listed companies.
NNNAV, SEK m	NAV excluding interest-rate derivatives and estimated actual tax liability at the end of the period.	An established metric for the Group's net asset value that facilitates analyses and comparison.
LTV ratio at the end of the period, %	Interest-bearing liabilities, excluding lease liabilities for leasehold properties, less cash and cash equivalents as a percentage of the carrying amount for the properties at the end of the period.	Used to illustrate John Mattson's financial risk and shows how large a share of the operations is mortgaged with interest-bearing liabilities. This metric facilitates comparability with other property companies.
Equity, SEK/share	Recognised equity divided by the number of shares outstanding on the balance-sheet date.	This metric shows how large a share of John Mattson's recognised shareholders' equity that each share represents.
Economic occupancy rate at the end of the period, %	Annualised contracted rents in relation to contracted rents plus annualised discounts and vacancies at the end of the period.	This metric facilitates assessment of John Mattson's efficiency at using the floor area in its investment properties.
Property expenses, SEK m	This item includes direct property expenses, such as costs for operations, maintenance and property taxes, as well as indirect property expenses in the form of lettings and property administration.	Not an alternative performance measure.
Property value, at the end of the period, SEK/sq m	The fair value of properties excluding ongoing projects divided by lettable area for properties owned at the end of the period.	Used to illustrate John Mattson's average property value per sq m.
Income from property management	Profit excluding value changes and tax.	This metric facilitates increased understanding of the company's profit generation.
Income from property management, SEK/share	Earnings excluding value changes and tax divided by the average number of shares outstanding during the period.	This metric facilitates increased understanding of the trend in income from property management taking shares outstanding into account.
Average economic occupancy rate, %	Rental revenues for the period in relation to the period's gross rents.	This metric is used to measure John Mattson's efficiency during the period at using the floor area in its investment properties.
Average economic occupancy rate, apartments, %	Residential rental revenue for the period in relation to gross rents during the period.	This metric is used to measure John Mattson's efficiency during the period at using the residential floor area in its investment properties.
Average interest rate at the end of the period, %	Weighted average contractual interest rate for all credits in the debt portfolio, including interest-rate derivatives, excluding liabilities and interest rates pertaining to IFRS 16 Leases.	Used to illustrate John Mattson's financial risk.
Rental value, apartments, at the end of the period, SEK/sq m	Annualised contractual residential floor area plus the value of vacancies and discounts at period-end divided by lettable residential floor area for properties owned at the end of the period.	Used to illustrate John Mattson's revenue potential in respect of housing, per square metre.
Rental value at the end of the period, SEK m	Annualised contractual rent plus the annualised value of vacancies and discounts at the end of the period.	Used to illustrate John Mattson's revenue potential.
Contract value at the end of the period, SEK m	This item pertains to contracted annual rents for properties owned at the end of the period.	Not an alternative performance measure.
NAV, SEK m	Recognised equity, adding back interest-rate derivatives and deferred tax.	An established metric for the Group's net asset value that facilitates analyses and comparison.
NAV, SEK/share	Recognised equity, adding back interest-rate derivatives and deferred tax, and divided by the number of shares outstanding on the balance-sheet date.	Used to illustrate John Mattson's long-term net asset value per share in a manner compatible with other listed companies.
Net interest-bearing liabilities at the end of the period, SEK m	Interest-bearing liabilities, excluding lease liabilities for leasehold properties, less cash and cash equivalents at the end of the period.	Used to illustrate John Mattson's level of debt.
Interest coverage ratio during the period, multiple	Earnings before value changes with the addition of interest expenses in relation to interest expenses, excluding ground rents recognised as an interest expense under IFRS 16.	This metric is used to illustrate how sensitive John Mattson's earnings are to changes in interest rates; i.e. it shows how many times the company could pay the interest it incurs using profit from business operations.
Surplus ratio, %	Net operating income for the period as a percentage of recognised rental revenues.	Used to illustrate the proportion of John Mattson's revenue that remains after deducting property expenses. This metric is an efficiency ratio that is comparable over time and also between property companies.



Apartment after total upgrade at Käppala on Lidingö.

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Financial calendar 2021

22 April – Annual General Meeting
6 May – Interim report January–March
19 August – Interim report April–June
11 November – Interim report July–September

Information

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John Mattson Fastighetsföretagen AB (publ)
Tel +46 (0)8–613 35 00 | e-mail info@johnmattson.se

JohnMattson