

 SIBS

Year-end report

January – December 2022



Year-end report January - December 2022

January - December 2022

- Net sales increased to SEK 1,384,307 thousand (852,963), of which rental income (including SIBS' share in joint ventures) amounted to SEK 54,997 thousand (28,276).
- Operating profit/loss amounted to approximately SEK 336,678 thousand (666,740).
- The market value of our completed properties totalled SEK 2,439,900 thousand (1,100,500)
- Construction starts on 970 apartments (1,376).
- Expanding of the development rights portfolio with an additional 1,442 apartments (4,651).
- Specific energy use of buildings in operation for at least one year: median of 37 kWh/m² and average of 42 kWh/m².
- Solar power generated: 302 MWh.

October - December 2022

- Net sales for the quarter increased to SEK 501,921 thousand (290,247), of which rental income for the period (including SIBS' share in joint ventures) totalled SEK 18,270 thousand (-).
- Operating profit/loss amounted to SEK 887 thousand (352,542).
- 276 apartments (127) were completed during the quarter.
- The change in the development rights portfolio during the quarter was -52 (4,073).
- Expanding of the development rights portfolio with an additional 220 apartments (83).

Significant events during the fourth quarter

- Silver award for the Rehouse Niwa project in the Sweden Green Building Council's prestigious Green Building of the Year competition.
- SIBS carried out a share issue, as unanimously decided by the shareholders at the Extraordinary General Meeting. As of 28 November, 33,555 shares had been subscribed for through the share issue, amounting to an issue price of approximately SEK 150 million. On the same day, SIBS notified the Swedish Companies Registration Office of the partial registration of 29,308 shares in connection with the share issue. The partial registration increased the number of SIBS shares from 555,555 to 584,863. The share capital has increased from SEK 555,555 to SEK 584,863.
- Sveaviken won a land allocation competition for rental apartments under the Mallbo scheme in Malmö. Sveaviken therefore has a land allocation in the City of Malmö and a land allocation agreement should be signed in the spring of 2023. Completion is tentatively scheduled for the end of 2024/start of 2025, at which time a ground lease will be signed.

Significant events after the end of the reporting period

- Magnus Sundell is taking up the position of Deputy CEO of SIBS AB and Carl Saidac of Deputy CEO of the subsidiary Sveaviken Bostad.
- SIBS will build 495 apartments, in partnership with property developer Donard Living, in two developments located within commuting distance of central London. Production has started at the SIBS factory and construction should begin in the second half of 2023. The deal falls within the Industrial Sales business area, in the Module Sales product category.

590

COMPLETED
APARTMENTS
JAN-DEC 2022

1,978

APARTMENTS
UNDER
CONSTRUCTION

**SEK MILLION
2,440**

MARKET VALUE
OF COMPLETED
PROPERTIES INCL.
JOINT VENTURES

970

PRODUCTION STARTED
APARTMENTS
JAN-DEC 2022

1,471

APARTMENTS
UNDER
MANAGEMENT

11,937

DEVELOPMENT
RIGHTS IN THE
PORTFOLIO

KEY RATIOS

SEK thousand	Jan-Dec 2022	Jan-Dec 2021	Oct-Dec 2022	Oct-Dec 2021
Rental income including SIBS' share in joint ventures	54,997	28,276	18,270	9,125
Rental income	46,219	16,602	17,500	4,498
Annual rental value of completed properties*	111,890	51,184	111,890	51,184
Estimated normalised annual operating surplus for completed properties*	94,962	44,018	94,962	44,018
Occupancy rate (economic) by %	99%	99%	99%	99%
Change in value of investment properties	1,470	259,100	-4,170	36,539
Profit/loss from associated companies and SIBS' share in joint ventures	390,546	419,607	-23,912	285,600
Operating profit/loss	336,678	666,739	887	352,542
Profit/loss after tax	270,551	542,926	-12,942	329,861
Market value of completed investment properties	2,263,000	640,000	2,263,000	640,000
Market value of completed properties*	2,439,900	1,100,500	2,439,900	1,100,500
Construction starts on apartments during the period	970	1,376	-	470
Apartments completed during the period	590	478	276	127
Apartments under management	1,471	881	1,471	881
Apartments under construction	1,978	1,645	1,978	1,645
Apartments under project development	9,959	8,850	9,959	8,850
Total apartments	13,408	11,376	13,408	11,376
Changes in the apartment development rights portfolio during the period	1,442	4,651	-56	4,073
Lettable area of completed properties, m ² *	52,222	37,759	14,463	5,595
Equity/assets ratio	31.4%	44.2%	31.4%	44.2%
Adjusted equity/assets ratio (adjusted for cash and cash equivalents)	32.2%	47.0%	32.2%	47.0%
Loan-to-value ratio of completed properties	59.0%	59.0%	59.0%	59.0%

* SIBS' share

A word from the CEO

2022 will be remembered as another volatile year with great uncertainty for both people and businesses. In a turbulent environment, we have felt the full benefit of our flexible business model in a very tangible way. There has been a sharp increase in demand for our unique industrial construction concept both within and outside Sweden. We have adapted our business to the changes in the market, which has opened up new avenues even in these challenging times. We are leaving 2022 behind us with a developed and strengthened business that has a proven capacity to seize new opportunities. At the same time, we feel humble in the face of the difficult situation in Europe and the rest of the world, which is likely to continue in 2023.

During the quarter, our focus remained the commissioning of our new factory in Malaysia, with successful results. We have tripled our production capacity since the start, paving the way for rapid deliveries of homes and new opportunities. We concentrated on our ongoing projects during the quarter and did not have any new construction starts. The quarter ended with an operating profit of approximately SEK 1 million, bringing the full-year operating profit to SEK 337 million.

The world is in a position that it hasn't been in for decades and this is having a clear impact on the Swedish market. A long period of low market interest rates has been followed by a rapid and significant rise, and inflation is at its highest level for around 30 years. Uncertainty about how economic conditions will develop in the coming years is high and is influenced by many complex factors.

However, although market conditions for new residential projects in Sweden have quickly deteriorated, we are seeing very strong demand for SIBS products from other geographical markets and segments. Since the outset, we have had our eyes on a number of markets outside Sweden to which our product is very well suited, and this is where we are now increasingly shifting our focus.

Establishing ourselves in a global arena

In 2022, our partner in the UK and Ireland, Donard Living, carried out an extensive evaluation of SIBS, which led to the signing of an agreement of intent aimed at a multi-year collaboration. We are delighted that we are now starting 2023 with a first deal under this



partnership, which covers 495 apartments in two developments near London. The deal falls within our newly established Industrial Sales business area, in the Module Sales product category, which includes design, module production and shipping, and assistance until completion. Construction is expected to start in the second half of 2023, with the majority of the modules to be delivered during the year and the remainder early next year. In addition to the collaboration with Donard, we have entered into discussions, which are at various stages, with other global customers in this business area.

In the Swedish market, we are operating in line with current market conditions, and I can confirm that our underlying business is stable. Our ongoing projects are continuing on schedule and there is good capacity in the factory. We have a 100% occupancy rate for our existing properties with a low turnover. We also have very high quality management that combines efficiency, digitisation and close dialogue with our tenants.

SIBS' business model is flexible and can be rebalanced in keeping with changing market conditions. As the domestic market has now changed, we have increased our focus on industrial sales. These include large and conceptual projects in several geographical markets, and bespoke properties on behalf of external developers. This is allowing us to scale up our business across multiple geographical segments and to continue growing in step with the market.

The company continually evaluates alternative opportunities to expand its operations, while exploring its options for the most effective possible financing for such an expansion. These financing options may include raising additional risk-bearing capital, borrowing and/or other types of debt. SIBS has also been mandated by the Board to explore market interest in a possible strategic sale of some of the wholly-owned properties in the portfolio. Our completed properties have been an important part of our business so far, clearly demonstrating the high quality delivered by SIBS and validating our concept.

Built for growth

SIBS has been built from the start to be the company we envisioned a few years ahead. We therefore already made choices with the global arena in mind. Among other things, we chose to build our modules with a steel structure instead of wood, partly because this structure can withstand being transported considerably better, and partly because there are more countries that approve steel frames in their domestic regulations. We also chose to locate the factory in Penang, Malaysia, where there is some of the best industrial production knowledge in the world, and also due to our long-standing personal relationships, proximity to our suppliers, and the fact that it is that much closer to the world market.

We invested in the development of a high-tech, flexible building system and have developed a process to adapt our system to different countries' regulations. These are complex frameworks. Small changes to the regulations can have a big impact on construction, but our flexible building system is able to handle this. We have the right product to suit many markets and high standards that meet the requirements in many different locations and of many different target groups.

A leading position in the international arena

SIBS' position at the forefront of the international arena for design automation in the industrial construction field has been confirmed by factors such as the growing number of requests from

a diversified geographical market. There are a number of attractive geographical markets where SIBS is well placed for expansion. We choose markets carefully, however, as certain criteria must be met to ensure that the figures look good for any potential new operations.

A strong organisation

I would like to thank our fantastic staff for their efforts during the year. It has been demanding, but together we have taken SIBS forward and I am confident that we will continue to develop strongly in 2023. It is likely that this year will also be marked by continued turbulence, but I am sure that we in the SIBS Group are well prepared to deal with whatever might happen. The current challenging times call for humility, but I am very proud of the way we are adapting our business to the market and, not least, supporting each other during a period when cooperation and secure relationships are crucial for development. We are well positioned for continued growth and will expand our business in a gradual and balanced way, while carefully spreading our risks.



Erik Thomaesus
CEO SIBS AB

This is SIBS

VISION

Setting a new standard in construction

Our long-term objective is to drive the development of tomorrow's construction industry, where construction projects cost less, are completed faster and are more predictable. Taking months, not years, to build new homes. Our ambition is to lead developments within ConstructionTech – the combination of automated design systems and industrial construction, which transforms generated drawings into finished buildings with precision.

We're moving beyond traditional construction towards industrial intelligence, transforming the way we design, build, deliver and manage properties.

PURPOSE

To create beautiful, pleasant and affordable homes for the many

How and where we live is strongly linked to our security, our quality of life and our overall well-being. SIBS delivers beautiful, pleasant and affordable homes that are accessible to more people through affordable rent and the right location.

Against the backdrop of a global shortage of affordable housing, new societal challenges are arising. SIBS helps solve these challenges by creating homes, neighbourhoods and communities with room for all.

MISSION

Developing and making construction more efficient through technology

Through ConstructionTech, we are reinventing a traditional industry, making it more cost-effective, productive and digital. With an improved construction industry, we can make high-quality housing that is both energy efficient and designed to be circular, and available on a global scale.

OUR CORNERSTONES

Scalable Optimised growth

Everything we do is scalable, enabling rapid development that benefits our partners, investors and tenants.

Digital Digitisation at every step

Our proprietary processes and systems have enabled us to be digital from the start and develop smart solutions and concepts from scratch.

Sustainable Designed for circularity

We strive for a circular approach in both our business and production. Our perspective is always long-term.

Focused No compromises

By using digitisation from start to finish and streamlined industrial production, we reduce construction time without compromising quality. This is proven by our nearly 1,800 completed homes.

SIBS' business model

Building on SIBS' leading expertise and patented Construction Tech systems, we are optimising our assets and focusing on three business areas with distinct concepts. SIBS has inherently automated processes with high predictability and precision. At the same time, the business strategy offers opportunities for a high

degree of variety to meet different needs in different markets, projects and for different customers. We are constantly working to develop a robust and adaptive business. Through our business strategy, we are building a long-term sustainable company that meets today's needs while staying ahead into the future.



Scandinavian Industrialized Building Systems

ConstructionTech

Building systems: Flexible and scalable design automation software that transforms automatically generated drawings into finished buildings
Production systems: Processes and production machines developed in-house to be integrated with the software



Industrial Sales

In the Industrial Sales business area, SIBS sells and delivers projects in line with the Project Sales or Module Sales concept to a global market. The business area includes both the group's concept houses and bespoke properties tailored to the customer's needs and wishes.



SIBS is one of the leading industrial producers of housing in the global market. With a scalable capacity of up to around 5,000 homes per year, we deliver either turnkey houses or modules, providing assistance all the way to the turnkey stage.

Products

Project Sales

Turnkey houses

Design and production of modules to be transported to the construction site. SIBS is responsible for assembly, completion and commissioning.

Module Sales

Modules with turnkey assistance

Design and production of modules to be transported to the construction site. The customer is responsible for assembly, completion and commissioning. SIBS assists until the commissioning stage.



Property Development & Management

The development and management of rental housing and commercial properties within the group in the Nordic market. This business area covers the entire value chain of property development from acquisition to turnkey.



Through the wholly-owned subsidiary Sveaviken Bostad, we develop, build, own and manage properties within the group. At Sveaviken, we have built nearly 1,800 apartments in Sweden. We have refined and developed the concept of quality assurance for the whole chain and the final product.

Brands



Sveaviken
Bostad

Develops, owns and manages homes within the group in the Nordic market.

rehouse

Concept houses for rapid delivery of housing where the need is greatest. Development and management for the group and for external parties.

rehotel

A hotel property concept. Develops and lets hotels to reputable operators.



The Home Factory

Develops and builds turnkey, production-ready factories.



Develops and builds turnkey, production-ready factories. Also includes a license for the SIBS building system.

Commitment throughout the entire value chain



Sveaviken
Bostad

MARKET ANALYSIS AND ACQUISITION

Our well-founded analyses are the basis of the geographical locations we select. With in-depth knowledge of trends and driving-forces, we act today to meet the needs of tomorrow. Specific expertise within areas such as structural engineering and environmental strategy analysis makes us market leaders within our field. With a focus on the tenant, we develop homes that contribute to the good society.

Value creation

Well-balanced market analysis and a stringent acquisition process are the foundation on which we create value. Analysis and acquisitions made at an early stage are decisive in terms of how much value is created subsequently.



moko

DESIGN AND PLANNING

Our buildings are to contribute to an attractive urban environment, which is why architecture is a top priority. Our modular design and construction system offers greater flexibility in construction and significantly shorter planning and production times. There is also a great focus on energy efficiency. Our key employees within architecture, construction and installation are all experts in SIBS's construction system.

Value creation

Our processes are cost-effective and quality assured. The construction system development and multi-disciplinary approach to planning creates a great deal of value.



SIBS
Malaysia

PRODUCTION

About 90% of the work takes place in our factories in Malaysia. Ambitious quality control and efficient processes result in very good cost control and a safe work environment. The production and process equipment developed by SIBS is produced in Malaysia and we are constantly optimising our flows. We focus on function, design and sustainable energy, and the modules comply with sound transmission class A.

Value creation

Efficient knowledge feedback and process development generates optimised processes with high levels of cost control. As well as a product with high customer value.



frontlog

LOGISTICS AND TRANSPORT

Frontlog is responsible for transport and logistics of the modules from the factory. The predictability of production means that we can plan, synchronise and optimise shipments. With a skilfully managed transport flexibility, we reduce costs at the same time as ensuring minimal environmental impact. Our shipments by land are approximately one tenth of those of buildings constructed on-site.

Value creation

Profound knowledge and a structured procurement process means that we find the most cost-effective shipments. Optimisation of the logistics flow results in fewer shipments and high delivery precision.



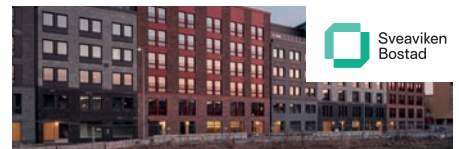
moby

ASSEMBLY AND COMPLETION

MOBY assembles and completes the buildings. Our method results in significantly less time spent at the construction site due to the high level of completion of our modules. The work environment is both safer and better as the work involves fewer elements, there are fewer shipments and lifting takes place at the work site. In terms of construction time, we are industry-leading with a 50% shorter construction time compared with conventional methods.

Value creation

A high level of completion, detailed planning and predictable deliveries reduces the construction time and number of shipments. It reduces disruption in the area, decreases environmental impact and offers fast delivery.



Sveaviken
Bostad

LONG-TERM MANAGEMENT

With a focus on the residents, we take a long-term, sustainable approach to management. Our management is dependable and accessible. The buildings more than exceed the energy requirements set by the Swedish building standards thanks to solar panels, ground source heating and an energy efficient construction system. Valuable experiential feedback is reinforced by the fact that the value chain is within the group.

Value creation

Our sustainable, functional and aesthetically pleasing properties create value for many people. They contribute to a more sustainable society and provides more people with access to new premium homes with a reasonable rent.

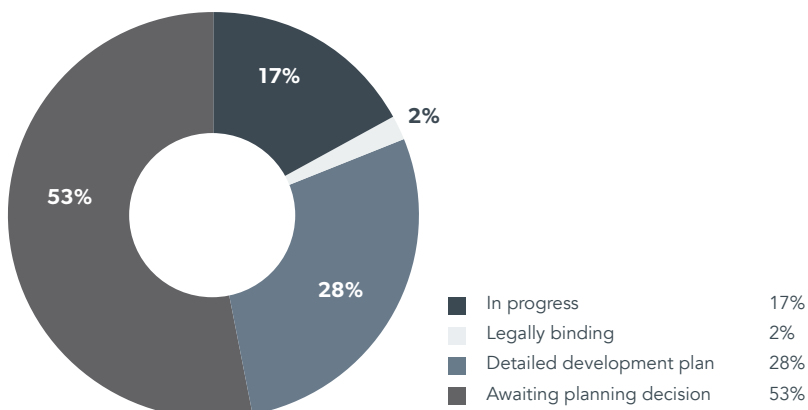
Project portfolio

Project name	Municipality	Number of homes	Current status	Estimated construction start
Nykvarn Centrum*	Nykvarn	147	In progress	In progress
Helsingborg*	Helsingborg	39	In progress	In progress
Vegaterrassen*	Haninge	121	In progress	In progress
Brädgården*	Nyköping	462	In progress	In progress
Mariefred station phase 1**	Strängnäs	239	In progress	In progress
Enköping Centrum*	Enköping	328	In progress	In progress
Barkarby 2*	Järfälla	208	In progress	In progress
Stockrosen*	Nyköping	434	In progress	In progress
Mariefred station phase 2**	Strängnäs	161	Legally binding	2023
Linköping*	Linköping	48	Legally binding	2023
Svanholmen	Stockholm	300	Detailed development plan	2023
Portkvarteren	Lund	100	Detailed development plan	2024
Hyllie	Malmö	120	Legally binding	2024
Tangenten Sorgenfri	Malmö	400	Detailed development plan	2024
Enköping station**	Enköping	500	Detailed development plan	2024
Maltesholm	Stockholm	100	Detailed development plan	2024
Rogaland	Stockholm	400	Detailed development plan	2024
Eskilstuna	Eskilstuna	300	Detailed development plan	2024
Rulletten	Sollentuna	300	Detailed development plan	2024
Hemmesta	Värmdö	300	Detailed development plan	2024
Kallfors	Södertälje	350	Detailed development plan	2024
Söderby 2	Haninge	280	Detailed development plan	2025
Kornboden	Rimbo	200	Awaiting planning decision	2025
Skiffern	Huddinge	280	Awaiting planning decision	2025
Tumba	Botkyrka	560	Awaiting planning decision	2025
Kassmyra	Botkyrka	2,000	Awaiting planning decision	2025
Kassmyra	Botkyrka	2,000	Awaiting planning decision	2026
Sjödalen	Huddinge	100	Detailed development plan	2026
Konservatorn	Stockholm	160	Awaiting planning decision	2026
Kungsbacka	Kungsbacka	1,000	Awaiting planning decision	2026
Total		11,937		

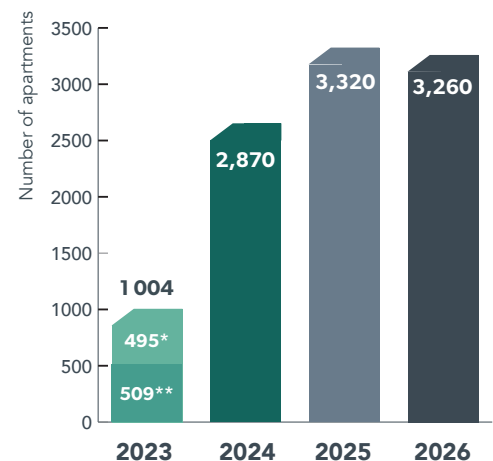
* Joint venture (50/50) with Slättö

** Joint venture (50/50) with Nordsten Sveafastigheter

PROJECT STATUS



UPCOMING CONSTRUCTION STARTS

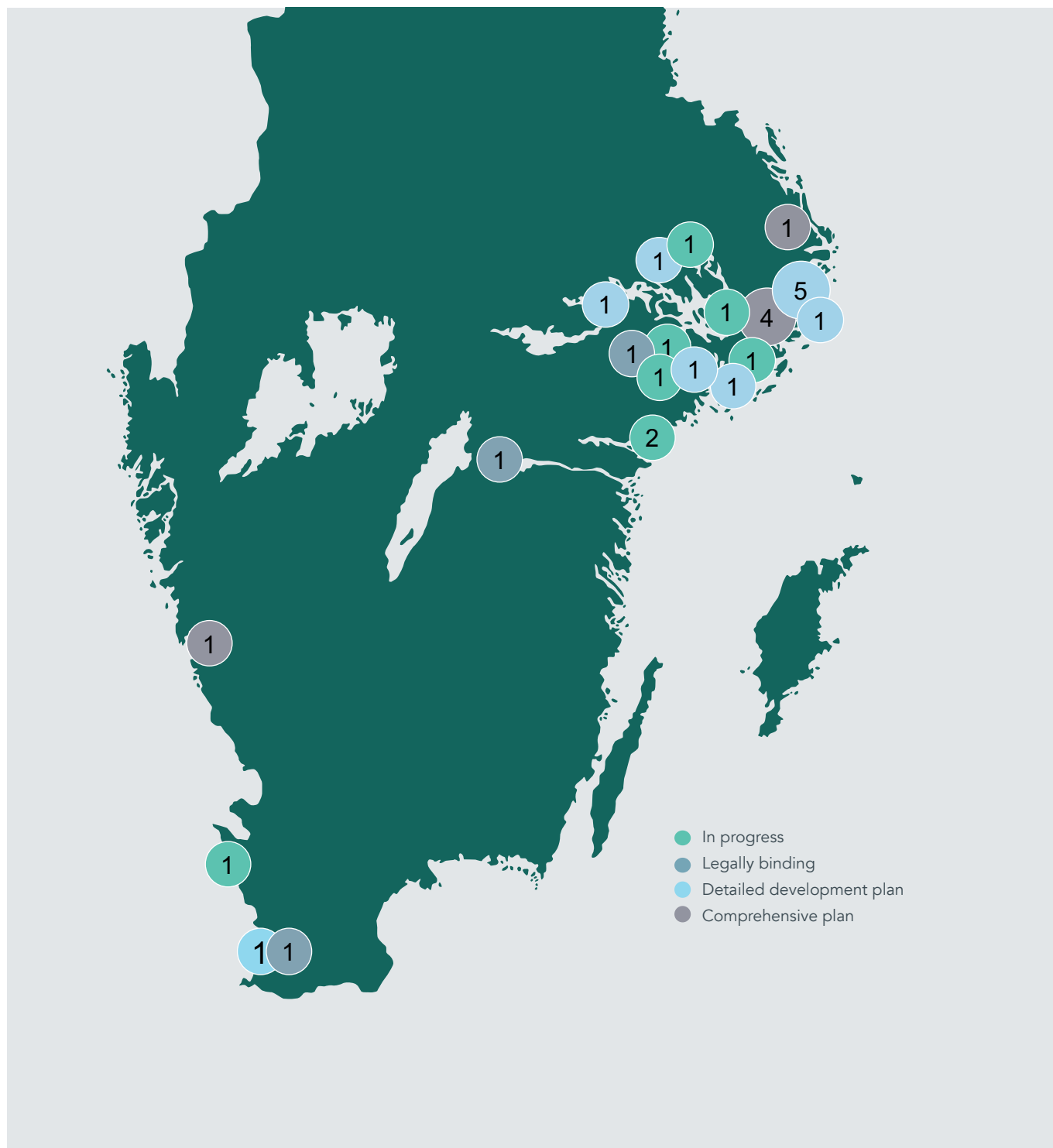


*Construction starts in the UK

**Construction starts in Sweden

A strengthened development rights portfolio with projects in strategic priority locations

Our portfolio is expanded strategically with careful selection of areas where our homes are needed most. Our geographic focus includes mainly Greater Stockholm and Gothenburg and Malmö and the surrounding area, as well as major university cities.



SIBS and Donard embark on the first two projects in the UK



From left:
Erik Thomaesus, SIBS
Steven Flannery, Donard Living
Martin Davison, Donard Living
Paul Thornton, Donard Living
David Österström, SIBS

In 2022, SIBS announced a clear strategic shift towards a global market. As part of this shift, we have entered into a partnership with Donard Living so that we can move into the UK and Ireland. The first deal within the framework of the long-term collaboration is now being implemented.

SIBS, in partnership with property developer Donard Living, will build 495 apartments in two developments located within commuting distance of central London. Production has started at the SIBS factory and construction should begin in the second half of 2023. The deal falls within our newly established Industrial Sales business area, in the Module Sales product category, which covers the integrated value chain from design to module production and shipping, and assistance until completion.

A leading global player in a growing market

SIBS identified the UK and Ireland early on as a suitable geographical market to move into, as there is a strong need for new housing and the price of land is high. The UK is one of several countries where the general perception of modular construction is beginning to change from scepticism to creating demand. The now high quality of modular housing means that the method offers a number of advantages over traditional construction. Modular construction is clearly a growing segment, in which SIBS' unique strengths and scalable capacity make us one of the world's leading players.

"Donard Living has a strong pipeline of residential development projects. SIBS' unique combination of high land use rates, low production costs, world-leading delivery capacity and very high standard housing is just right for the market. The partnership with SIBS is a perfect fit for Donard Living's experience in the identification, acquisition and financing of residential development projects in the UK and Ireland. Our collaboration combines our respective strengths," says David Österström, COO, SIBS.

Sustainable costing with high use rates, low production costs and a premium product

All in all, the SIBS system and production method offer ideal conditions for sustainable costing, which is a prerequisite in markets where land and construction costs are high. UK land prices are among the highest in the world. The SIBS building system offers high added value, as with its unique flexibility, its land use rate is significantly higher than for other modular construction methods.

In addition to cost-effective production, the fact that the modules are around 90% completed in the factory greatly reduces the need for on-site work. The more limited need for tradesmen and specialists also reduces the risk of construction delays. Working with Donard, SIBS will provide assistance up to the commissioning stage, to maintain quality levels and ensure a fast rate of construction on site.

Adaptation to country-specific regulations

SIBS has developed a process to adapt the building system to different countries' regulations. These are complex frameworks where minor regulatory changes can have major consequences for construction. With our design automation system, we can comply with the requirements and regulations, lowering the barriers to entry to a new market. Furthermore, we can apply the changes implemented to new geographical markets with similar regulatory frameworks.

Donard is also managing several projects in Ireland with public and private partners. Ireland is a market suffering from a severe housing shortage, meaning that Donard expects to quickly make significant progress there, which bodes well for its partnership with SIBS.

About Donard Living

Donard Living develops and manages residential properties in the UK and Ireland. The business is focused on urban growth areas that are close to good transport infrastructure. Donard Living strives to deliver quality, affordable and sustainable homes on a large scale.

Energy monitoring in 2022



Energy efficient buildings

Since the start of 2016, SIBS has been particularly focused on energy efficient construction. To this end, we have implemented a building system that boasts good U-values, FTX ventilation (exhaust and supply air ventilation with heat recovery) and other smart solutions, such as underfloor heating in every apartment. This enables lower temperatures in the heating circuit, in turn allowing us to make our heat pumps more efficient. Our properties are also fitted with solar panels, energy efficient appliances, low-flow fixtures and LED lighting, which helps to reduce energy consumption.

Reduced energy use

As a result of these measures, we saw an actual 7% reduction in energy use in 2022 compared with 2021. This shows the positive impact of our focus on energy optimisation, and also underlines the importance of continuing to implement measures that can contribute to a more sustainable future.

2022

Average specific energy use ¹	42 kWh/m ²
Median specific energy use	37 kWh/m ²
Total solar power generated	302 MWh

¹ Measured energy use adjusted for degree days, indoor temperature (based on individual metering and billing and a few temperatures above 21 degrees) and occasional cases of high hot water use.

A parametric building system designed for flexibility and a high capacity

SIBS has been built from the start to be the company we envisioned a few years ahead. We therefore already made choices with the global arena in mind with a view to revolutionising the way we build homes. This has put us at the forefront of industrial construction, with a unique flexibility combined with a scalable capacity of up to 5,000 homes per year.

We decided early on to make sure that we could operate in a global market by developing a flexible parametric building system and automated planning, production using customisable machines developed in-house, bespoke logistics, and modules made of steel and concrete that can withstand shipping and are suitable for use in multiple countries. We also attracted innovative individuals in the industrial construction field who were not wedded to outdated ideas and were driven to dare to try new solutions. We are clearly development-oriented as a result and have a group that covers the entire industrial value chain.

Easy adaptation to different countries' regulations

Sweden is a module manufacturing pioneer and was therefore a natural place for us to start developing housing. Nothing in our production depends on us building solely for the Swedish market, however. Our design automation is now world-leading. The planning stage configurators, and easy adaptations to production and logistics, are what make us flexible and able to adapt to different countries' requirements and regulations.

Our configurators are now set up to manage Swedish building regulations and we are constantly working to develop and update the building system based on changing customer needs, changes in standards and feedback from production. Managing different building regulation systems is complex, as minor changes to the regulations require completely different construction solutions, in terms of both systems and production. We can nevertheless set up the configurators to manage another country's building regulations with relative ease.

Moreover, once we have implemented one country's building codes, we can apply the same principles in other countries with similar codes and conditions. At the same time, at the factory, production has access to new drawings, including material specifications, and can adapt to new conditions by making small

and simple adjustments. This puts us in a good position to enter new geographical markets where there are low barriers to entry and the market conditions are right.

We combine product flexibility with streamlined production

We adapt design and production to each project's priorities. If volume is the priority, conceptual housing can be produced of a high quality, but with limited variation, at a very high rate. If variation and a high utilization rate are the priorities, we adapt accordingly. Our parametric building system is based on a 100x100 mm design grid, which, as a module manufacturer, gives us more options for variation, adaptation and land use than other modular builders.

We build homes whose appearance varies depending on the requirements of the market, customers and detailed development plans, while also benefiting from standardised technological solutions. In this way, we can combine product flexibility with streamlined production, without mass-producing identical multi-family houses.

A high completion rate, efficiency and quality assurance

Our design automation and configuration system is one of a kind. It enables significant time savings, high quality standards throughout the entire process and buildability. By integrating the entire value chain within the business, and bringing together the foremost design, industrial construction, production and building experts, we ensure that our multi-disciplinary team is able to monitor projects from the design stage all the way through to commissioning. This, together with the parametric building system, means that we are already able to achieve an extremely high degree of completion at the factory. Not only do we produce everything contained inside the apartments, including finished shafts, we also deliver complete modular corridors, entrances, lift shafts, stairwells, foundations, balconies and roofs.

We have a quality-assured and streamlined value chain whose production capacity is both scalable and one of the highest in the world. At the same time, through our development, we have reduced our risks and costs compared with both traditional and modular construction methods. We are well on our way to achieving our ambition of revolutionising housing construction.

Production in pursuit of the perfect flow, the best work environment and the finest quality

SIBS' factories are designed and developed in consultation with four mechanical engineers, Song Ping Ong, Lawrence Chua, CY Lau and KM Pan, who are also co-founders of SIBS Malaysia. The factories feature a unique flow based on machines developed in-house and, together with an advanced construction system, manufacturing is developed – and its quality rigorously assured – throughout the production process. Occupational health and safety (OHAS) is a key consideration, and the authorities score the factories highly during their regular checks.

SP Ong is CEO of SIBS Malaysia and has accumulated more than 25 years of experience in developing industrial machinery for a range of global enterprises. The working relationship with SIBS founders Erik and Pär Thomaeus was born 20 years ago via the company Nolek, which was family-owned at that time but was later sold to Indutrade.

When Erik contacted his former colleagues in 2017 with a proposal to develop and construct the first SIBS factory, it was an opportunity they simply couldn't resist. That same year saw the commencement of SIBS Malaysia, with a mission to establish efficient, quality-assured and flexible production of housing modules with scalable capacity. The production line would also be designed with ergonomically adapted work stations to provide the best possible work environment.

Focus on flow and safety

"In our previous jobs, we worked on building specialist machines, which we sold to some of the biggest companies in the world. In addition to function, it was important to ensure that the products looked modern and exclusive. That was the selling point. In our factories today, we base our operations on what we actually need, what is best for our employees and the flow in the factory; we focus more on safety and functionality than on design. We know what really matters," explains SP Ong.

"We're a tight team in every link of the SIBS value chain: from the development of the building system and the drawings, through production and freight, to construction and administration. We trust each others' skills and we share the same goals, which means that we enjoy a high level of confidence."



SP ONG, CEO SIBS MY

"We have a demanding product, unlike any other made in Malaysia. The volume and weight of the modules make big demands of the factory building. The flow through the factory is fast and the modules have to undergo quality checks before moving further along the production line, more than 300 quality points being digitally measured and documented. We hold meetings every week, where we check through the quality system and identify areas with potential for improvement. We give our employees plenty of encouragement: we celebrate successes together and make sure that they have a good work environment where they can enjoy their work," he continues.

Our technical background makes our products unique

"All factories have their own preferences and our strength is that we have drawn on everything we have learned previously in developing machines and production for global enterprises in Japan, the United States, Europe and Asia, and developed it for our own production setup. Our products and manufacturing machines are unique. They match our line production perfectly, they are automated or semi-automated and they are extremely fast. Everything is specially built; you cannot buy our machines anywhere else."

Developing machines in-house can create independence

"The best thing about working with machines developed in-house is that we are fully independent when it comes to developing and improving them. We're learning all the time and can make small adjustments and run quality checks on an ongoing basis – which also ensures we get exactly what we need. We can influence how fast we build, at the same time as focusing on OHAS. We have our own team that is devoted to developing and servicing the machines. We're always learning and continuously developing the processes: minimising noise, improving safety and finding smart new solutions. This makes the entire setup extremely flexible and adaptable to the construction system and the various product requirements of the modules."

Cooperation is the key

"It's fantastic to be able to work with friends here in Malaysia. We're a tight team in every link of the SIBS value chain: from the development of the building system and the drawings, through production and freight, to construction and administration. We trust each others' skills and we share the same goals, which means that we enjoy a high level of confidence. We understand one another, identify problems and work together to develop and manufacture the best possible products. This is a major key to our success. It's great to be able to work with smart people who support one another. This is why I feel privileged and proud of what we are doing," concludes SP Ong.

Other information

Related-party transactions

There have been no transactions with related parties that have not been carried out at arm's length.

Seasonal trends

SIBS' activities are not affected by any clear seasonal trends. Larger projects may have an impact on income and profit/loss during specific quarters, however. Changes in income and profit/loss should therefore be assessed over a longer cycle.

Bonds

SIBS has an unsecured green bond issue totalling SEK 600 million that was listed on 25 November 2020 on Nasdaq Stockholm's Sustainable Bond List under the name SIBS 01 GB.

Personnel

The number of permanent employees, including probationary employees, in the group at the end of the period, was 974, consisting of 49 women and 925 men.

Segment reporting

The group's activities are divided into two operating segments, Property Management and Other Group. Each segment is monitored in terms of operational activities, with regular reporting to the group management. The group management monitors operating results and, on the asset side, the value of properties and investments.

Risks and uncertainties

SIBS' activities are affected by a number of external environmental factors, the effect of which on its profit/loss and financial position can be controlled to varying degrees. The goal of SIBS' risk management is to identify, measure, control and limit the risks affecting its activities. Significant risks include credit risk (the risk that a counterparty will be unable to meet its financial obligations towards the company), liquidity risk (the risk that the company

will experience a shortage of cash, for example due to the company's inability to renew its credit lines), market risk (changes in conditions in the company's customer markets that may, among other things, lead to a fall in profitability) and interest rate and currency risks (changes in the fixed income and currency markets that may have a material adverse financial effect on the company). Read more about the company's risks in Note 43 to the Annual Report 2021, available on the company's website.

Ownership structure as at 31 December 2022

Owners	Number of shares	Ownership by %
Industrium AB	146,550	25.1
Neptunia Invest AB	101,054	17.3
Landera AB	92,268	15.8
Ramstedt Gruppen AB	70,891	12.1
Exoro Capital AB	49,934	8.5
Other shareholders	124,166	21.2
Total	584,863	100.0

Events after the end of the reporting period

📅 Magnus Sundell is taking up the position of Deputy CEO of SIBS AB and Carl Saidac of Deputy CEO of the subsidiary Sveaviken Bostad.

📅 SIBS will build 495 apartments, in partnership with property developer Donard Living, in two developments located within commuting distance of central London. Production has started at the SIBS factory and construction should begin in the second half of 2023. The deal falls within the Industrial Sales business area, in the Module Sales product category.

Group income statement

SEK thousand	Jan-Dec 2022	Jan-Dec 2021	Oct-Dec 2022	Oct-Dec 2021
Rental income	46,219	16,602	17,500	4,498
Project and contracting income	1,338,088	836,361	484,421	285,748
Net sales	1,384,307	852,963	501,921	290,247
Property expenses	-8,119	-2,757	-1,676	-733
Project and contracting activity expenses	-1,314,355	-797,801	-432,740	-240,568
Gross profit/loss	61,833	52,405	67,505	48,946
Work carried out by the company on its own behalf and capitalised	104,802	93,280	27,737	25,000
Development expenses	-104,802	-93,280	-27,736	-25,000
Administrative expenses	-108,129	-52,037	-35,991	-16,485
Non-project-related depreciation/amortisation	-15,995	-13,446	-4,096	-3,376
Operating profit/loss before change in value	-62,291	-13,078	27,419	29,085
Change in value of investment properties	1,470	259,100	-4,170	36,539
Other operating income	6,967	1,449	1,428	1,338
Other operating expenses	-14	-338	122	-21
Profit/loss from associated companies	390,546	419,607	-23,912	285,600
Operating profit/loss	336,678	666,740	887	352,542
Financial income	4,898	560	4,390	520
Financial expenses	-109,511	-66,839	-47,528	-16,210
Profit/loss before tax	232,065	600,461	-42,251	336,852
Taxes	38,486	-57,534	29,309	-6,991
Profit/loss for the period	270,551	542,926	-12,942	329,861
Attributable to:				
The parent company's shareholders	266,380	545,693	-12,970	332,628
Non-controlling interests	4,171	-2,767	28	-2,767
Total profit/loss for the period	270,551	542,926	-12,942	329,861
PROFIT/LOSS FOR THE PERIOD	270,551	542,926	-12,942	329,861
Other comprehensive income				
<i>Items that may be reclassified to the income statement</i>				
Revaluation of owner-occupied properties	20,317	20,232	-12,022	20,232
Translation differences	22,193	7,519	-9,188	16,851
Other comprehensive income for the year, net after tax	42,510	27,751	-21,210	37,083
Total comprehensive income for the period	313,061	570,676	-34,152	366,944
Comprehensive income attributable to:				
The parent company's shareholders	304,609	573,443	-35,227	369,711
Non-controlling interests	8,452	-2,767	1,075	-2,767
Total comprehensive income for the period	313,061	570,676	-34,152	366,944

Commentary on the comprehensive income statement Year-end report January - December 2022

Rental income increased during the period to SEK 46,219 thousand (16,602) and operating expenses to SEK 8,119 thousand (2,757). These increases are due to SIBS managing a larger portfolio of rental housing.

The group recorded project and contracting income of SEK 1,338,088 thousand (836,361) and SEK 1,314,355 thousand (797,801) of expenses. The income and expenses relate to projects in which the group does not have a controlling interest.

Throughout the year, the group continued its work on the development of the building system and its processes. Development expenses amounted to SEK 104,802 thousand (93,280) and are capitalised in the balance sheet under Capitalised development expenses.

Administrative expenses amounted to SEK 108,129 thousand (52,037) and the SEK 15,995 thousand (13,446) of depreciation/amortisation charges recognised in the income statement primarily consist of the amortisation of development expenses.

Changes in the value of investment properties include changes in value up to the date of disposal or the ceasing of control.

Condensed consolidated statement of financial position

SEK thousand	Jan-Dec 2022	Jan-Dec 2021
ASSETS		
Non-current assets		
Capitalised development expenses	366,704	272,627
Investment properties	2,809,172	679,998
Owner-occupied properties	500,545	273,995
Right-of-use assets	3,239	2,159
Expenses incurred through improvements to other people's property	92	41
Machinery and equipment	82,280	33,690
Deferred tax assets	59,767	12,054
Shares in associated companies	727,844	673,191
Other non-current receivables	7,716	7,716
Total non-current assets	4,557,359	1,955,471
Current assets		
Inventories	134,892	58,610
Trade receivables	5,569	246,700
Income earned but not invoiced	46,530	238,025
Debts due from associated companies	317,605	299,058
Other receivables	192,966	62,696
Cash and cash equivalents	122,556	178,926
Total current assets	820,118	1,084,016
TOTAL ASSETS	5,377,477	3,039,487

Condensed consolidated statement of financial position

SEK thousand	Jan-Dec 2022	Jan-Dec 2021
EQUITY AND LIABILITIES		
Equity		
Parent company's shareholders		
Share capital	585	556
Other capital contributions	618,801	486,944
Reserves	44,393	1,883
Retained earnings including profit/loss for the period	1,014,404	850,049
Total equity attributable to the parent company's shareholders	1,678,183	1,339,431
Non-controlling interests	12,792	4,340
Total equity	1,690,975	1,343,771
Non-current liabilities		
Non-current interest-bearing liabilities	2,288,346	955,195
Deferred tax liabilities	47,562	39,652
Other liabilities	357,975	-
Provisions for other liabilities and charges	4,294	6,821
Total non-current liabilities	2,698,177	1,001,668
Current liabilities		
Current interest-bearing liabilities	178,920	179,096
Invoiced unearned income	145,547	2,414
Trade payables	253,547	126,853
Debts owed to associated companies	186,000	77,429
Other liabilities	224,311	308,257
Total current liabilities	988,325	694,048
TOTAL EQUITY AND LIABILITIES	5,377,477	3,039,487

Commentary on the consolidated balance sheet

Year-end report January - December 2022

Investment properties

The investment properties item increased over the period to SEK 2,809,172 thousand (679,998). This increase is mainly due to the acquisition of properties and changes in value.

Shares in associated companies

Shares in associated companies amounted to SEK 727,844 thousand (673,191). The change during the period is down to the increased collaboration in joint ventures and changes in the value of underlying projects.

Accrued expenses not invoiced/Invoiced expenses not accrued

These items contain receivables and debts due from companies that are not wholly owned.

The net change in these items during the period is the result of the additional projects managed through joint ventures.

Non-current liabilities

The non-current liabilities are mostly made up of bonds and fully financed projects that are wholly owned by the group.

Group cash flow statement

SEK thousand

	Jan-Dec 2022	Jan-Dec 2021	Oct-Dec 2022	Oct-Dec 2021
Operating activities				
Profit/loss after financial items	232,065	600,460	-42,250	336,852
- Depreciation/amortisation and impairments	33,881	30,223	-	7,849
- Capital gains/losses	928	-48,552	-	-84,435
- Capitalised interest	2,880	3,515	720	720
- Change in fair value through profit and loss	42,133	-259,100	51,553	-36,539
- Share in profit/loss of associated companies and JVs	-390,546	-362,953	23,912	-194,508
- Unrealised exchange rate differences and other items	-563	3,748	1,799	-7,016
	-79,222	-32,659	35,734	22,923
Income tax paid	-4,032	-6,980	-2,411	-322
Cash flow from operating activities before changes in working capital	-83,254	-39,639	33,323	22,601
Cash flow from changes in working capital				
Decrease(+)/increase(-) in inventories	-71,619	-2,861	-71,485	-717
Decrease(+)/increase(-) in current receivables	344,775	-280,359	66,069	-172,797
Decrease(-)/increase(+) in current liabilities	-104,598	168,155	-202,514	157,309
Total change in working capital	168,558	-115,065	-207,930	-16,205
Cash flow from operating activities	85,304	-154,704	-174,607	6,396
Investing activities				
Capitalised development expenses	-102,121	-89,918	-25,055	-24,042
Investments in investment properties	-384,074	-14,567	-24,751	-13,059
Acquisition of owner-occupied properties	-201,928	-138,782	-3,418	-39,589
Acquisition of, and capital contributions to, associated companies	-9,125	-52,122	-94,600	-42,813
Sale of shares in associated companies and joint ventures	-	-	-	-
Acquisition/sale of subsidiaries	-280,747	-106,407	-125,340	-97,224
Loans to associated companies	-	-	-	-
Acquisition of property, plant and equipment	-56,761	-10,869	-37,503	2,963
Change in long-term securities	-	397	-	-
Cash flow from investing activities	-1,034,756	-412,269	-310,667	-213,764
Financing activities				
Dividends	-100,000	-	-	-
Share issues	131,886	250,000	131,886	250,000
Bonds issued	-	236,865	-	-
Other borrowings	-	-	-	-
Bank loans taken out	731,965	47,254	250,935	5,523
Bank loan repayments	-11,104	-17,211	-4,088	-2,716
Lease liability repayments	-5,452	-	-5,452	-
Loans to associated companies	144,855	-	84,150	-
Cash flow from financing activities	892,870	516,908	457,431	252,807
CASH FLOW FOR THE PERIOD	-57,302	-50,065	-27,843	45,439
Cash and cash equivalents at the start of the period	178,926	228,151	151,079	133,065
Exchange rate differences in cash and cash equivalents	932	840	-680	424
Cash and cash equivalents at the end of the period	122,556	178,928	122,556	178,928

Condensed consolidated statement of changes in equity

SEK thousand	Jan-Dec 2022	Jan-Dec 2021
Equity		
Opening equity attributable to the parent company's shareholders	1,339,431	515,987
Profit/loss for the period	266,380	545,693
Other equity	-59,514	277,751
Share issues	131,886	-
Total equity attributable to the parent company's shareholders	1,678,183	1,339,431
Non-controlling interests	4,340	7,107
Profit/loss for the period	8,452	-2,767
Total equity attributable to non-controlling interests	12,792	4,340
Closing equity	1,690,974	1,343,771

Condensed parent company income statement

SEK thousand	Jan-Dec 2022	Jan-Dec 2021	Oct-Dec 2022	Oct-Dec 2021
Net sales	26,724	3,113	4,411	106
Work carried out by the company on its own behalf and capitalised	106,766	93,280	27,737	25,000
Other operating income	4,085	35	4,000	-
	137,575	96,429	36,147	25,106
Operating expenses				
Other operating expenses	-3	-332	-30	-6
Development expenses	-106,766	-93,280	-26,096	-25,000
Administrative expenses	-50,369	-35,874	-14,960	-11,332
Operating profit/loss	-19,563	-33,058	-4,939	-11,232
Profit/loss from financial investments	400	-	400	-
Profit/loss from shares in group companies	-70,000	245,748	-70,000	245,748
Interest income and similar income statement items	2,963	6,262	1,070	1,722
Interest expenses and similar income statement items	-55,879	-59,322	-15,840	-15,628
Profit/loss after financial items	-142,079	159,629	-89,309	220,609
Tax	17,267	-	17,267	-
PROFIT/LOSS FOR THE PERIOD	-124,812	159,629	-72,042	220,609

Condensed parent company balance sheet

SEK thousand	Jan-Dec 2022	Jan-Dec 2021
Non-current intangible assets		
Capitalised expenses	372,031	275,990
	372,031	275,990
Property, plant and equipment		
Expenses incurred through improvements to other people's property	92	41
Equipment	389	370
	481	411
Non-current financial assets		
Shares in group companies	237,810	205,260
Debts due from group companies	316,284	637,141
Shares in associated companies	35	35
Deferred tax assets	17,267	-
Other non-current receivables	7,716	7,716
	579,112	850,152
Total non-current assets	951,624	1,126,552
Current assets		
Current receivables		
Trade receivables	744	-
Debts due from group companies	145,591	-
Debts due from associated companies	30,692	31,633
Other receivables	6,084	4,793
	183,111	36,426
Cash at bank and in hand	122,546	149,788
Total current assets	265,658	186,214
TOTAL ASSETS	1,257,281	1,312,766

Condensed parent company balance sheet

SEK thousand	Jan-Dec 2022	Jan-Dec 2021
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	585	556
Reserve for development expenses	372,030	275,990
	372,615	276,545
Non-restricted equity		
Other capital contributions	237,000	237,000
Retained earnings	-350,632	-314,222
Share premium reserve	381,801	249,944
Profit/loss for the period	-124,812	159,630
	143,357	332,353
Total equity	515,972	608,898
Non-current liabilities		
Debts owed to group companies	-	29,319
Non-current interest-bearing liabilities	596,280	593,400
	596,280	622,719
Current liabilities		
Current interest-bearing liabilities	40,000	-
Trade payables	9,185	2,963
Debts owed to group companies	63,984	66,536
Other liabilities	31,861	11,650
	145,030	81,149
TOTAL EQUITY AND LIABILITIES	1,257,282	1,312,766

Segment reporting

	Property Management*		Other Group		Adjustments		Group total		Property Management*	Other Group	Adjustments	Group total
SEK thousand	Jan-Dec 2022	Oct-Dec 2022	Jan-Dec 2022	Oct-Dec 2022	Jan-Dec 2022	Oct-Dec 2022	Jan-Dec 2022	Oct-Dec 2022	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021
Rental income	54,997	18,270	-	-	-8,778	-771	46,219	17,499	28,276	-	-11,674	16,602
Project and contracting income	-	-	1,338,088	484,421	-	-	1,338,088	469,403	-	836,361	-	836,361
Total income	54,997	18,270	1,338,088	484,421	-8,778	-771	1,384,307	469,403	28,276	836,361	-11,674	852,963
Project and contracting activity expenses	-	-	-1,314,355	-432,741	-	-	-1,314,355	-432,741	-	-797,801	-	-797,801
Property expenses	-12,499	739	-	-	4,380	-2,414	-8,119	-1,675	-5,450	-	2,693	-2,757
Gross profit/loss	42,498	19,009	23,733	51,680	-4,398	-3,185	61,833	34,896	22,826	38,560	-8,981	52,405
Work carried out by the company on its own behalf and capitalised	-	-	104,802	27,736	-	-	104,802	27,736	-	93,280	-	93,280
Development expenses	-	-	-104,802	-27,736	-	-	-104,802	-27,736	-	-93,280	-	-93,280
Administrative expenses	-11,874	-2,082	-96,255	-32,773	-	-1,137	-108,129	-35,992	-3,308	-51,391	2,662	-52,037
Non-project-related depreciation/amortisation	-	-	-15,996	-4,096	-	-	-15,996	-4,096	-	-13,446	-	-13,446
Operating profit/loss before change in value	30,624	16,927	-88,518	14,811	-4,398	-4,321	-62,292	-5,101	19,518	-26,277	-6,319	-13,078
Change in value of investment properties	-111,382	-24,155	112,852	66,489	-	-46,504	1,470	-4,170	65,789	193,311	-	259,100
Other operating income	-	-	6,967	1,428	-	-	6,967	1,428	-	1,449	-	1,449
Other operating expenses	-	-	-10	-7	-	130	-10	123	-	-338	-	-338
Profit/loss from associated companies	-	-	386,148	-28,087	4,398	4,212	390,546	12,781	-	413,288	6,319	419,607
Operating profit/loss	-80,758	-7,228	417,439	54,634	-	-46,483	336,681	5,060	85,307	581,433	-	666,740
Financial income	-	-	4,848	4,344	-	-	4,848	4,344	-	560	-	560
Financial expenses	-32,597	-18,130	-76,914	-28,398	-	-1,000	-109,511	-47,528	-9,306	-57,533	-	-66,839
Profit/loss before tax	-113,356	-25,358	345,374	30,579	-	47,483	232,018	-38,124	76,001	524,460	-	600,461
Taxes	22,882	6,536	15,604	13,416	-	9,356	38,486	21,757	-13,799	-43,735	-	-57,534
Profit/loss for the period	-90,474	-18,821	360,978	43,995	-	-38,127	270,504	-16,366	62,202	480,725	-	542,927
ASSETS												
Capitalised development expenses	-	-	366,704	366,704	-	-	366,704	366,704	-	272,627	-	272,627
Investment properties	2,263,006	2,263,006	546,166	546,166	-	-	2,809,172	2,809,172	1,294,494	-	-614,496	679,998
Shares in associated companies	-	-	727,844	727,844	-	-	727,844	727,844	-	673,191	-	673,191
Other assets	97,561	97,561	1,376,195	1,376,195	-	-	1,473,756	1,473,756	222,189	1,191,483	-	1,413,672
Total assets	2,360,567	2,360,567	3,016,909	3,016,909	-	-	5,377,476	5,377,476	1,516,683	2,137,301	-614,496	3,039,488
EQUITY AND LIABILITIES												
Equity	234,407	234,407	1,456,567	1,456,567	-	-	1,690,974	1,690,974	295,205	1,048,567	-	1,343,772
Interest-bearing liabilities	1,614,896	1,614,896	1,210,344	1,210,344	-	-	2,825,240	2,825,240	521,481	612,810	-	1,134,291
Other liabilities	511,264	511,264	349,996	349,996	-	-	861,262	861,262	699,997	-138,572	-	561,425
Total equity and liabilities	2,360,567	2,360,567	3,016,909	3,016,909	-	-	5,377,476	5,377,476	1,516,683	1,522,805	-	3,039,488

*In the Property Management segment, rental income, and property and administrative expenses from the group's joint ventures have been included and adjusted for in the adjustments column.

Notes

NOTE 1 ACCOUNTING POLICIES

SIBS applies the International Financial Reporting Standards (IFRS), as adopted by the EU. This interim report has been drafted in accordance with IAS 34 Interim reporting as well as the Swedish Annual Accounts Act. The accounting policies and methods applied are the same as those described in SIBS' 2021 Annual Report.

The parent company is compliant with the Swedish Annual Accounts Act and RFR 2 (Accounting for Legal Entities). The application of RFR 2 means that the parent company applies all the IFRS and statements approved by the EU in the interim report on the legal entity, as far as possible within the framework of the Swedish Annual Accounts Act and Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation.

New standards from 2022.

None of the amended IFRS applicable from 2022 have had any impact on SIBS' financial reporting. The same accounting policies, estimates, judgements and calculation methods were used in the interim report as in the last annual report.

NOTE 2 JOINT ARRANGEMENTS

Projects carried out under a syndicate type arrangement, i.e. one based on joint ownership and control, are classified as "joint arrangements". Joint control exists when decisions require the unanimous consent of the parties that collectively share control.

In the case of SIBS' collaborative projects, SIBS and its other collaboration partners have joint control over the projects and the related agreements give the parties a right to the projects' net assets. These projects are identified as joint ventures and are accounted for in accordance with the equity method. This means that holdings in joint ventures are initially recognised at cost in the consolidated statement of financial position. The carrying amount is then increased or decreased to reflect the group's share of the profit/loss and other comprehensive income from joint ventures after the acquisition date. The group's share of the profit/loss is included in the consolidated profit/loss and the group's share of other comprehensive income is included in the consolidated other comprehensive income.

NOTE 3 INVESTMENT PROPERTIES

	Jan-Dec 2022	Jan-Dec 2021
Opening value	679,998	393,000
Property investments	385,886	14,566
Property acquisitions	2,003,087	276,879
Change in value	-49,723	259,100
Investment subsidies	-206,297	-31,000
Reclassifications of JVs	-3,779	-232,547
Closing value	2,809,172	679,998

Investment properties are valued by working with external valuation agencies and applying the company's documented internal valuation process.

Properties are initially valued at the start of construction by external valuation agencies and their market value is then continuously monitored.

Property valuations are determined using the yield method. The yield method is based on calculating the present value of the estimated future cash flows in the form of net operating income. The net operating income is based on market-led assumptions.

NOTE 4 SHARES IN ASSOCIATED COMPANIES

	Jan-Dec 2022	Jan-Dec 2021
Shares in associated companies		
Opening cost	673,191	258,117
Acquisitions/Contributions	18,904	52,122
Share in profit/loss of associated companies	390,545	419,607
Dividends	-400	-3,005
Reclassifications	-354,396	-53,650
Closing carrying amount	727,844	673,191

Stockholm, 24 February 2023
SIBS AB (publ)

Erik Thomaeus
CEO

This interim report has not been audited by the company's auditors.

Definitions and glossary

Loan-to-value ratio

Group investment property-to-property loan ratio.

Operating surplus

Rental income less property expenses. A key performance indicator that is useful for measuring management profitability before central expenses, financial income and expenses and unrealised changes in value.

Interest coverage ratio

The operating surplus less central administrative expenses as a proportion of net interest income/expenses. The interest coverage ratio is used to show the income statement's sensitivity to changes in interest rates and central expenses.

Equity/assets ratio

Equity as a percentage of the balance sheet total at period-end.

Adjusted equity/assets ratio

Equity at period-end as a proportion of the balance sheet total adjusted for cash and cash equivalents. The equity/assets ratio is used as a key performance indicator to indicate long-term financial stability.

Residential floor area

The residential floor area refers to the surface area of a building that is usable for residential purposes. The residential floor area is the surface area from which rental income may be earned.

Gross floor area

The gross floor area is the sum of the surface area of every floor and is bounded by the outside of the encompassing building components. The gross floor area is used in many contexts, e.g. planning decisions, property valuations and fee calculations.

Planning permission

Planning permission refers to a permit to build a new building, or rebuild, extend or change the use of a building or facility. The purpose of this permit is to ensure that the project adheres to local land use and construction rules. In the project summary, planning permission refers to a planning permission that has become enforceable.

Development rights

The assessed possibility of building a property. The granting of development rights requires ownership of the land or some form of contract or agreement, such as a purchase agreement, land allocation agreement or cooperation agreement.

Detailed development plan, planning decision and awaiting planning decision

The planning process for detailed development plans is regulated by the Swedish Planning and Building Act. It is the municipality that decides on starting planning work. The planning process may be initiated through a planning decision on when the planning work may begin, or by the municipality itself taking the initiative to starting the planning work. The planning decision states guidelines for the continued planning. In connection with the planning work being initiated the municipality will assess whether a planning programme is necessary. A potential planning programme is presented in a programme consultation before it is forwarded for approval.

The municipality will present a planning proposal together with the property owner/developer which will thereafter be sent for consultation. A consultation will normally be in progress for about six weeks. After the consultation the municipality will establish a consultation presentation where all opinions that have been received during the consultation are compiled and discussed. A reworked planning proposal is communicated a second time by being sent out for review. The review period is at least two weeks.

After the review period the municipality will compile and go through the opinions that have been received in a review statement. After the review only smaller adjustments may be made to the planning proposal before a decision for adoption. After the adoption the detailed development plan may be appealed.

The time for appeal is three weeks from when the municipality announced the decision. If the detailed development plan is not annulled or appealed, or if appeals are rejected in the higher instances, it becomes legally enforceable. This means that the detailed development plan governs land use and construction within the area.

Legally binding

A detailed development plan is a physical planning document that sets out how a limited area of a municipality or the equivalent should be built on and how it may be used. In project summaries, legally binding refers to a detailed development plan that has become legally enforceable.

Specific energy use

Measured energy use adjusted for degree days, indoor temperature (based on individual metering and billing and a few temperatures above 21 degrees) and occasional cases of high hot water use

Parametric modularisation

SIBS' proprietary modular design and construction system automates large parts of the planning process and industrialises construction. It offers greater design flexibility and significantly shorter planning and construction times. The method is almost as flexible as the site-built approach. This allows the construction of all types of apartment buildings without the limitations that other industrial home builders are often subject to.

ConstructionTech

ConstructionTech is the combination of automated design systems and industrial construction, which transforms generated drawings into finished buildings with precision. Our technical platform has scalable functionality that allows the final product to be easily adapted to different conditions. This allows us to move away from traditional approaches to real estate development, where each construction project has its own process. This makes the production of comfortable and affordable homes smarter, more flexible and more cost-effective. The scalable building system - the core of ConstructionTech - is also integrated into our factory. Thanks to the structured on-site work and digital systems support, we can produce homes of varying sizes quickly and with a high degree of completion.

Contact information

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Next financial report

The 2022 Annual Report will be published on 21 April 2023.

This information is the kind of inside information that SIBS AB (publ) is obliged to make public in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act.

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