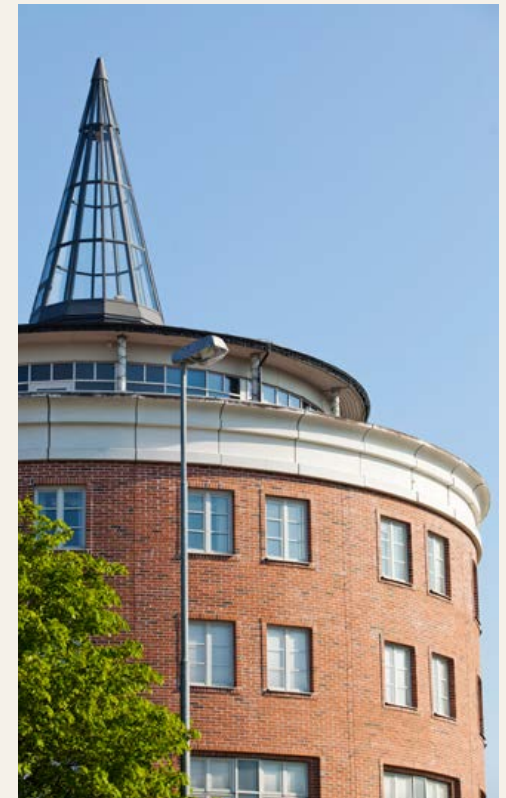


# NYFOSA

2022 ANNUAL REPORT

**AT NYFOSA, WE DO THE BUSINESS WE BELIEVE IN, REGARDLESS OF CATEGORY OR GEOGRAPHY. WE KNOW THAT EACH PROPERTY IS UNIQUE AND COMES WITH ITS OWN UNIQUE POTENTIAL. WE BUILD A DIVERSIFIED PORTFOLIO, THEREBY CREATING AND DEVELOPING A PROPERTY PORTFOLIO THAT HAS STRONG, SUSTAINABLE CASH FLOWS WITH INCREASING VALUES.**





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## Nyfosa 2022 Annual Report

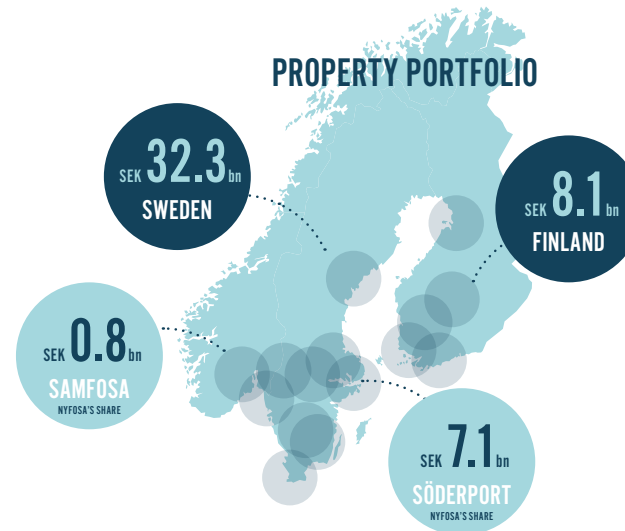
The Board of Directors and CEO of Nyfosa AB ("Nyfosa"), postal address Box 4044, SE-131 04 Nacka, Sweden and Corp. Reg. No. 559131-0833, hereby submit the Annual Report and consolidated annual accounts for the 2022 financial year. The Annual Report and the Sustainability Report are published in Swedish and English. The Swedish version is the original version.

The Board of Directors' Report (section marked with ■ in the Contents) as well as the Financial statements (section marked with ■ in the Contents) have been externally audited by the company's auditors.

## Sustainability Report 2022

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Nyfosa has decided to prepare the Statutory Sustainability Report as a separate report from the Annual Report. The sections marked with ■ in the Contents are Nyfosa's Sustainability Report and Statutory Sustainability Report. The Sustainability Report has been prepared in accordance with the GRI Standards and reviewed by external sustainability auditors.

# NYFOSA WILL BE THE SWEDISH PROPERTY COMPANY THAT IS THE BEST AT CREATING VALUE.



Total property value incl. Nyfosa's participations in joint ventures SEK 48.3 billion on December 31, 2022.

**+9.3%**

GROWTH IN DISTRIBUTABLE CASH FLOW PER SHARE 2022

**+28.1%**

GROWTH IN INCOME 2022

**+26.7%**

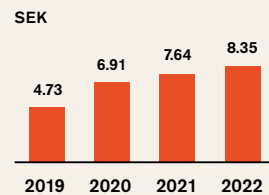
GROWTH IN NET OPERATING INCOME 2022

## KEY FIGURES

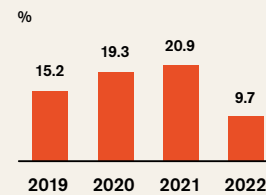
	2022	2021
Income, MSEK	3,151	2,459
Net operating income, MSEK	2,092	1,651
Surplus ratio, %	66.4	67.1
Profit from property management <sup>1</sup> , MSEK	1,533	1,302
Distributable cash flow, MSEK	1,596	1,436
Profit/loss, MSEK	1,694	3,112
Interest-coverage ratio, multiple	3.4	4.2
Property value on balance-sheet date, MSEK	40,466	37,147
NAV on balance-sheet date, MSEK	19,250	18,325
Net loan-to-value ratio, properties on balance-sheet date, %	57.7	55.2
<b>Key figures per share</b>		
Profit from property management <sup>1</sup> , SEK	7.80	6.90
Distributable cash flow, SEK	8.35	7.64
Profit/loss after dilution, SEK	8.61	16.49
NAV on balance-sheet date, SEK	100.78	95.93

<sup>1</sup>) The former term "Profit from property management excluding changes in value and tax in joint ventures" has been replaced with "Profit from property management." Refer to the Statement of profit/loss on page 66 and Definitions on pages 113–114.

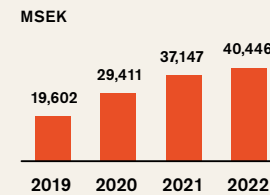
### DISTRIBUTABLE CASH FLOW PER SHARE



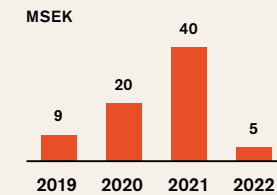
### RETURN ON EQUITY



### TREND IN PROPERTY PORTFOLIO



### NET LEASING



# TRANSACTIONS DURING THE YEAR

SEK **4.4** billion

ACQUIRED  
PROPERTIES  
2022

SEK **1.7** billion

DIVESTED  
PROPERTIES  
2022

SEK  
**2.1** bn

## ACQUISITIONS OF DIVERSIFIED PORTFOLIO IN FINLAND

43 properties located in several municipalities in Finland, with a focus on the Helsinki region, Turku and Jyväskylä for SEK 2.1 billion. Total of 222 thousand sqm and annual rental value of MSEK 311. Closing took place in April.

MSEK  
**947**

## DIVESTMENTS IN SMÅLAND AND ÖSTERGÖTLAND

13 properties located in a number of municipalities in Småland and Östergötland at a selling price of MSEK 947. Total of 111 thousand sqm and annual rental value of MSEK 76. Vacated in June.

SEK  
**1.4** bn

## ADDITIONAL PORTFOLIO ACQUISITIONS IN FINLAND

17 commercial properties in the Helsinki region, Tampere and several large cities across Finland for SEK 1.4 billion. Total of 100 thousand sqm and rental value of approximately MSEK 150. Closing took place in April.

MSEK  
**400**

## DIVESTMENT IN SOLNA

Office property in Solna with an occupancy rate of 44 percent was divested at a selling price of MSEK 400. Total of 10 thousand sqm and annual rental value of MSEK 20. Vacated in September.

MSEK  
**340**

## ACQUISITION WAREHOUSE/INDUSTRY IN KALMAR

Eight properties for warehouse and light industry purposes in Kalmar for MSEK 340 before the deduction of deferred tax of MSEK 20. Occupancy rate of 99.5 percent. Total of 36 thousand sqm and annual rental value of MSEK 26. Closing took place in August.

MSEK  
**411**

## THREE ACQUISITIONS IN SWEDEN AND FINLAND

Acquisitions involving three transactions for eight properties located in Västervik, Halmstad and the Finnish city of Turku for MSEK 411. Total area of 37 thousand sqm and annual rental value of MSEK 38. Closing took place between September and December.

NYFOSA

CEO'S STATEMENT

## CASH FLOW, CASH FLOW, CASH FLOW

Cash flow has always been Nyfosa's focus, and its importance became clearer than ever in 2022. The market conditions for the real estate sector changed extremely quickly over the year. Interest rate hikes, together with a cautious capital market, made financing both more expensive and more difficult. Despite this, Nyfosa increased its distributable cash flow per share by 9.3 percent during the year. Income rose by 28 percent and net operating income was the highest in the company's history, up 27 percent. And whilst the ongoing uncertainty in 2023 has ensured our feet remain firmly on the ground, we likewise see a busy period ahead for Nyfosa.

Nyfosa has historically witnessed a solid increase of its distributable cash flow, the measure we see as most important for our development. Our target is to increase the distributable cash flow by 10 percent per year and, for the period 2018–2022, the average increase per year was 19.6 percent. Based on this development, the Board of Directors proposes an increased dividend to shareholders of SEK 4.00 per share for the financial year 2022.

### Transactions

Most, around 70 percent, of the cash flow increase derives from transactions completed during the year. In essence, we have sold low-yield properties in Sweden and acquired high-yield properties in Finland. These transactions include acquisitions of two major portfolios in Finland containing properties which complement our existing portfolios well. These properties represent a good mix of modern offices, light industrial facilities, warehouses, and discount retail stores as well as properties with tax-financed leaseholders within areas such as healthcare and education. In 18 months, we have managed to build up a property portfolio in Finland with a value of just over SEK 8.1 billion and establish a locally staffed organisation, which strengthens our ability to continue identifying and executing sound business opportunities on the Finnish market.

In total, during the year we acquired properties for SEK 4.4 billion and divested for SEK 1.7 billion. This level of transaction activity is slightly lower than in 2022 due to a more cautious market containing fewer acquisition targets meeting our demands for returns and stable cash flows. We continue to witness similar market conditions in early 2023 with property valuations generally falling, which could well result in improved market conditions for sellers and buyers to do business.

Our first transaction of 2023 was completed in February with the acquisition of grocery and discount retail, warehousing, and light industrial facilities in Sweden. These properties represent stable additions predominantly in locations where Nyfosa already has a presence. We will continue to manage our portfolio and strengthen our cash flows by developing the properties and being active on the transaction market.

### Administration

Nyfosa has a broad tenant base across a range of sectors and properties in a number of regional markets in both Sweden and Finland. Such diversification spreads risk and, with Nyfosa's relatively low rental levels, we are of the view that our tenants are well-equipped to cope with the index-linked rent increases introduced at the turn of the year in accordance with the CPI. These increases of approximately SEK 75 per sqm have been well managed by the majority of our tenants. Net leasing was positive for 2022 and all regions are showing strong activity. I am positive about the rental situation in our property portfolio both for now and the future.

*“The uncertainties will continue well into 2023, however I am convinced that opportunities will arise.”*

The work in achieving our sustainability goals further intensified during the year with particular focus on measures aimed at both reducing energy use and carbon dioxide emissions whilst similarly contributing to profitability and adding value to the property portfolio. We have carried out a number of both large and small projects aimed at improving our portfolio in various ways, from general operational optimisations of properties to the installation of 25 solar panels. We have strengthened both our processes and knowledge, which has produced tangible results. Since 2020, energy use per sqm has decreased by 6 percent in comparable properties, meaning we are well on our way to achieving the goal of reducing energy use by 10 percent by 2025. Properties corresponding to 29 percent of total property value are environmentally certified. We are heading in the right direction, and the work continues.

### Property valuations

With the negative market development over the year, attention has turned to fluctuating property valuations. With successive demands for returns on investments, property valuations, which have for long been on the rise, have found themselves under pressure. Nyfosa reports a minor negative change in valuation of approximately –1 percent for the entire year as a consequence of rising yield requirements in valuations from 5.8 percent to 6.4 percent. It can be viewed as positive that we have managed to achieve a relatively large increase in returns without our properties having decreased significantly in value. The fact that the valuations of our properties are doing so well is primarily an effect of the positive development in Nyfosa's net operating income from leases, value-adding projects, and rent indexation.

### Financing and capital structure

Conditions on the capital markets became more strained during the year, making bank financing, which is Nyfosa's primary form of financing, even more important. Nyfosa's loan portfolio consists of 93 percent bank financing with the remainder in bonds. 42 percent of the loan portfolio is interest-hedged with a rate cap or swap with a remaining maturity of 2.2 years, and the interest coverage ratio is 3.4. I view the banking sector as stable and note signals of a degree of increased activity on the bond market, which is positive for the real estate sector.

Looking ahead, I believe that we will continue to operate in a more precarious, cautious market. The uncertainties will continue well into 2023, however I am convinced that opportunities will arise. I am certain that conditions will emerge for greater transaction activity during the year as property values have fallen somewhat. Interest rates continue to affect us, however we will leave no stone unturned in seeking opportunities to add value to our portfolios and, as always, focus on strengthening our cash flow.

Stina Lindh Hök, CEO

# TARGETS AND DIVIDEND POLICY

## FINANCIAL TARGETS

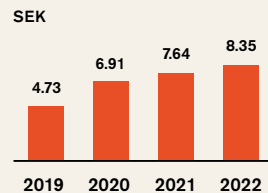
**Growth in cash flow per share**  
Annual growth in distributable cash flow per share of 10 percent over time.

Average growth per year for 2019–2022

**+19.6%**

Growth in 2022

**+9.3%**

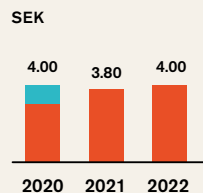


Distributable cash flow per share, SEK

## DIVIDEND PER SHARE

### Dividend policy

At least 40 percent of the distributable cash flow is to be distributed to the owners. Dividends are, on each occasion, to be considered in light of the company's business opportunities and may comprise a distribution in kind, buyback or cash dividend.



■ SEK 1.00 extra dividend

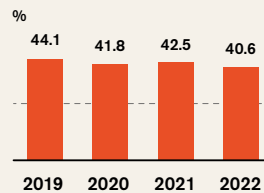
Proposed dividend 2022:

**SEK 4.00**

## FINANCIAL RISK LIMITS

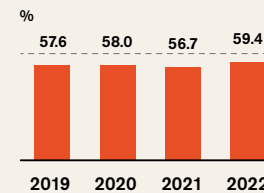
### Equity/assets ratio

At least 25 percent in the long term.



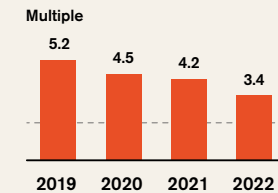
### Loan-to-value ratio

Not to exceed 65 percent.



### Interest-coverage ratio

Long term at least a multiple of 2.



## SUSTAINABILITY GOALS

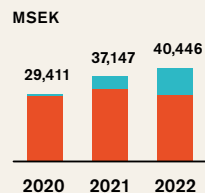
### TARGETS 2025

#### Sustainability certification

By 2025, properties corresponding to 50 percent of the property value will have sustainability certification and 100 percent by 2030.

#### Outcome 2022

70 properties with a value of SEK 11.8 billion had sustainability certification, corresponding to 29 percent of the total property value.

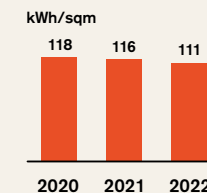


#### Streamlined consumption

By 2025, energy consumption per sqm will be reduced by 10 percent compared with 2020.

#### Outcome 2022

Energy consumption in the starting portfolio for 2020 was 117.6 kWh per sqm. Energy consumption in 2022 was 110.9kWh per sqm, corresponding to a 6 percent decline for the comparable property portfolio<sup>1</sup>.



### LONG-TERM TARGETS

#### Carbon emissions

Nyfosa will act to minimize the operation's carbon emissions.

#### Trend 2022

Carbon emissions in the comparable property portfolio<sup>1</sup> declined 43 percent per sqm compared with 2021. The decline was primarily an effect of investments in renewable energy and greater focus on streamlined consumption.

<sup>1</sup>) Comparable property portfolio refers to the properties that Nyfosa has owned for an entire financial year. Properties bought and sold during the year are excluded.



# BUSINESS MODEL

## STABLE AND SUSTAINABLE CASH FLOWS.

Building stable and sustainable cash flows has always been at the core of Nyfosa's business concept. This is how resilient operations and long-term value are created for the company's shareholders. New business opportunities are evaluated constantly, regardless of geography or property category.

### Broad investment strategy

Nyfosa is one of few Swedish listed property companies that has a business model without restrictions in terms of geography or property categories. The overall objective is to create sound and sustainable cash flow growth while constantly evaluating opportunities in the market. Our broad investment strategy means that the company is always ready to capitalize on transactions that arise. The opportunity to make acquisitions that are on the periphery of what other property companies and investors are looking for offers the potential to do good business.

### Evaluating many business opportunities

Nyfosa's business model is based on taking an active role in the transaction market, always with our ear to the ground and continuously evaluating a large number of business opportunities. By being perceived as an especially active property company in terms of both acquisitions and divestments, Nyfosa will become a natural and attractive business partner.

### Experienced management and business-centric organization

Nyfosa has a management team with immense experience of transactions that vary in nature and complexity, and is highly skilled in identifying values, assessing potential and weighing risks. Nyfosa also has a market-centric organization with short decision-making paths and well-established processes paired with extensive experience of conducting value-creating and sustainable property management and development.

### Development creates value

Nyfosa manages and develops the properties in close cooperation with the tenants and neighboring community from the perspective that sustainability and profitability are interlinked. As part of efforts to enhance the cash flows and reduce the environmental impact, Nyfosa continuously evaluates how we can best optimize each building, ranging from minor to large-scale actions. This involves a number of different initiatives, from refurbishment of properties and optimization of energy consumption to developing new zoning plans and building rights for projects.

## VALUE-CREATING BUSINESS MODEL

Nyfosa's business model is based on taking an active role in the transaction market and continuously evaluating a large number of business opportunities. The property portfolio is managed and developed from the perspective that there is a link between sustainability and profitability. This generates growing cash flows and sustainable development of the operations.



## VISION

Nyfosa will be the Swedish property company that is the best at creating value.

## BUSINESS CONCEPT

With its opportunistic approach and its agile, market-centric and bold organization, Nyfosa will create value by accumulating sustainable cash flows and continuously evaluating new business opportunities.

# STRATEGY

Nyfosa's strategy is based on its business concept and comprises five parts, all of which work together to achieve the company's targets, both financial and sustainable. Nyfosa's vision is to be the Swedish property company that is the best at creating value. We believe that taking a long-term and sustainable approach is paramount to realizing our vision.

## Active in the transaction market

Nyfosa works close to the transaction market to continuously evaluate new business opportunities. Our strong local presence and local knowledge is a key to continued growth. This creates a solid basis on which to assess the market trend, identify business opportunities at an early stage and make well-founded decisions. Combined with short and swift decision-making paths and well-established processes, we are able to simultaneously evaluate a large amount of business opportunities and swiftly complete transactions. We are currently evaluating business deals in Sweden, Finland and Norway.

**2022**

During the year, Nyfosa evaluated a large number of potential business deals and completed acquisitions for SEK 4.4 billion and divestments for SEK 1.7 billion in Sweden and Finland.

**TRANSACTIONS**

page. 11

## Prioritize commercial properties in high-growth regions

Nyfosa focuses on cash flow and stable returns at limited risk, where the organization can add value through active management. The investment strategy has no restrictions in terms of property category, size or geographic diversity, but it does have a pronounced priority for commercial properties in high-growth municipalities in Sweden and regional cities in Finland. It is here that Nyfosa can leverage favorable trends such as a growing population and the local business community.

**2022**

During the year, Nyfosa broadened the portfolio by adding commercial properties in regional cities in Finland, high-growth municipalities in Sweden and in Norway through a joint venture.

**PROPERTY PORTFOLIO**

page. 16

## With sustainability add value to the portfolio

Nyfosa manages, develops and enhances the property portfolio with the aim to increase the properties' cash flow and value. This active approach to property management is carried out professionally, profitably and sustainably in close cooperation between Nyfosa's local organization and the central functions, in close dialogue with tenants, society and other operators.

**2022**

Focus on energy consumption resulted in a six percent decline per sqm in a like-for-like portfolio since 2020. As a result of the ongoing process to environmentally certify the buildings, the share of buildings that had sustainability certification amounted to 29 percent of the portfolio's total value on the balance-sheet date.

**PROPERTY MANAGEMENT**

page. 20

## Act long term and close to the tenants

By being a responsible property owner and a reliable, locally established partner, we help to build relationships and create value in the markets where we are active. A critical part of this involves optimizing opportunities for the tenants by thinking creatively, responding quickly to tenants who have questions and providing personalized service. Nyfosa will have local offices close to the tenants.

**2022**

In 2022, Nyfosa has seen continued good demand for the company's premises and enjoyed positive net leasing during the year. A number of value-creating investments were completed in close collaboration with tenants.

**TENANTS**

page. 26

## Attract and develop the best employees

Solid expertise, business acumen and an established contact network is central to realizing our business concept and targets. By recruiting and developing motivated and experienced employees Nyfosa creates an effective, agile and market-centric organization. The company works actively to be an employer that offers a creative, open and stimulating work environment with a focus on proximity to business decisions, inclusion in business development and personal development for all employees.

**2022**

During the year, Nyfosa hired eight employees. The company has a plan for regular internal training in relevant issues. During the year, courses were held concerning such topics as right of tenancy, construction contract law and digital tools.

**ORGANIZATION**

page. 29

# TRANSACTIONS

## ACTIVE IN THE TRANSACTION MARKET

Nyfosa is always ready to do business. A market-centric organization and transaction-oriented employees guarantees what is necessary for a transaction-based business model focused on strong cash flows. In 2022, transactions for SEK 6.1 billion were completed, with emphasis on acquisitions in major regional cities in Finland.

### Cash flow focus

Transactions key in creating cash flow growth. Nyfosa is well-equipped to evaluate a large number of potential acquisitions in parallel, thereby facilitating a wide selection of transactions. Proactive and reliable, the company is an attractive partner for property owners, banks, advisors, and other players in the industry. The company's bank relationships mean generally good opportunities for flexible financing, which is essential for transaction operations. Nyfosa's stable cash flows and financial position are critical to running an agile transaction organization.

### An acquisition strategy that stands out

Nyfosa's acquisition strategy focuses on completing transactions that contribute to the best possible return and risk level in order to realize our goal of cash flow growth without limitations in terms of geographic diversity, property category or size of acquisition. Emphasis is on identifying business opportunities that lead to a diversified portfolio of properties that have good returns as well as development potential. Mixed property portfolios comprising different categories of properties or geographic spread suits Nyfosa well.

Competition for such portfolios may be slightly lower since fewer companies have strategies that allow for a diversified property portfolio. Moreover, the existing property portfolio is continuously evaluated and restructured to optimize the property portfolio and develop the composition based on market changes regarding returns and risks.

### Close to the market

The transaction organization has the expertise, resources and creativity to identify and realize the business opportunities that arise. A strong local presence and local knowledge is a key to continued growth. This creates a solid basis on which to assess the market trend, identify business opportunities at an early stage and make well-founded decisions. Many transactions take place outside the open market through direct contact with a seller.

In the Finnish market, the transaction process involves Brunswick Real Estate, a minority owner in Nyfosa's Finnish portfolio. Given its well-established position in the Finnish property market, excellent local knowledge and broad network of contacts, Brunswick is a key element in building the robust Finnish property portfolio.

Investments in the Norwegian market are carried out in a jointly owned company where the other partner is the property company Samfunnsbyggeren. There is excellent potential for growth with a partner that lends its immense knowledge about the Norwegian property market and considerable experience in terms of transactions.

### Established transaction process

The operations follow a well-established transaction process for implementing property transactions in a business-like and efficient manner. A considerable volume of business opportunities is always under review and an acquisition or divestment process can take from a few weeks to several years, depending on the complexity or other circumstances. Prior to a potential acquisition, the transaction is always analyzed based on its unique potential. Great emphasis is placed on identifying, analyzing and managing any risks associated with the property or the portfolio. Key factors that are given special consideration include the potential to add further value and to reduce the environmental impact.

## MARKET AND TRANSACTIONS 2022

2022 was a two-speed year in the property market. During the first half of the year, extremely strong transaction volumes were realized in many countries, while sluggish activity distinguished the second half of the year. In all, 2022 was a relatively strong year that nonetheless failed to live up to the record-breaking year of 2021. Total transaction volumes in all of Nyfosa's markets declined compared with the previous year with the exception of Finland where volumes were in line with 2021 but considerably weaker than the record years of 2017 and 2018. In Sweden, the transaction volume for property transactions exceeding MSEK 40 in 2022 amounted to SEK 219.6 billion compared with SEK 399.7 billion in 2021. In Finland, the equivalent transaction volume in 2022 totaled EUR 7.0 billion, compared with EUR 7.1 billion in 2021. In Norway, the transaction volume amounted to NOK 101.7 billion during the year, compared with NOK 167.3 billion in 2021. Most transactions were made in housing in Sweden and in housing in Finland, though the number of transactions in the residential segment plummeted during the second

half of the year in both countries. In Norway, the most traded property category involved offices.

The year's market situation meant fewer business opportunities, price levels that failed to correspond to the company's yield requirement and a drop in acquisition volumes compared with 2021. In a weak market that has fewer business transactions out on the market, Nyfosa's specific transaction focus, local presence and broad contact network is even more important in being able to identify and do good business and to act quickly when opportunities arise.

### Acquired properties, January – December 2022

The value of Nyfosa's property acquisitions for the year amounted to SEK 4.4 billion on the balance-sheet date.

Several closings were completed in the Finnish market in the middle of the year, including two major portfolios. The largest portfolio comprises properties located in several municipalities in Finland, with a focus on the Helsinki region, Turku and Jyväskylä. The acquisition price amounted to a

corresponding SEK 2.1 billion and the portfolio includes offices, retail, schools and healthcare with a diversified tenant base. The tenants include Delta Auto, Senate Properties, Kesko, Tokmanni, and the City of Helsinki. The occupancy rate is 87 percent, the rental value is MSEK 311 and the remaining lease term is 4.7 years.

The second portfolio comprises properties in the Helsinki region, Tampere and several large cities across Finland. The acquisition price amounted to a corresponding SEK 1.4 billion and the portfolio primarily comprises light industry and warehouse properties, as well as some big-box retail and offices. Among the larger tenants are several well-known companies such as Rusta, Motonet, Jysk, Senate Properties and Kesko. The occupancy rate is 91.5 percent, the rental value is MSEK 150 and the remaining lease term is 3.5 years.

Closing took place in August for eight properties for warehouse and light industry purposes in Kalmar. The acquisition price amounted to MSEK 320. The occupancy rate is 99.5 percent and the total average remaining lease term is

(Source: Newsec)

### CLOSINGS 2022 BY REGION AND PROPERTY CATEGORY

MSEK	Offices	Logistics/ Warehouse	Retail	Industry	Other	Total
Finland	1,374	57	1,083	644	768	3,926
Småland	–	218	–	110	–	328
Other	–	85	–	38	17	141
<b>Total</b>	<b>1,374</b>	<b>360</b>	<b>1,083</b>	<b>792</b>	<b>785</b>	<b>4,394</b>

### VACATED 2022 BY REGION AND PROPERTY CATEGORY

MSEK	Offices	Logistics/ Warehouse	Retail	Industry	Other	Total
Mälardalen	–127	–227	–	–	–	–354
Småland	–52	–210	–151	–	–	–413
Stockholm	–399	–	–99	–	–	–498
Other	–	–395	–	–74	–	–469
<b>Total</b>	<b>–577</b>	<b>–832</b>	<b>–251</b>	<b>–74</b>	<b>–</b>	<b>–1,735</b>

2.3 years. The largest tenants are Prestando Kalmar, Halltorp Rördelar and Kalmar Municipality. The total annual rental value amounts to approximately MSEK 26.

Closing took place for two properties in Halmstad in September. Region Halland is the largest tenant. The acquired properties have a total area of approximately 11 thousand sqm, comprising warehouses and industry in established industrial areas in Halmstad.

Closing on a small portfolio of warehouse and logistics properties in Turku took place at the end of the year.

### Divested properties, January – December 2022

A number of divestments were made during the year, partly to streamline the portfolio and partly to realize the increase in value that has been built up over time.

In the first quarter, two properties in Eskilstuna containing residential properties and commercial premises were divested, alongside a logistics property in Örebro that was part of a larger portfolio for which closing took place in 2021.

In June, a portfolio of 13 industrial, warehouse, office and retail properties situated in a number of municipalities in Småland and Östergötland was divested for a selling price of MSEK 947. The portfolio had an annual rental value of MSEK 76 and an occupancy rate of 93 percent.

The Skogskarlen 3 office property in Solna was divested at a selling price of MSEK 400 in September. The property had an annual rental value of MSEK 20 and an occupancy rate of 44 percent.

In October, a property in the center of Valsta, Märsta, was divested at a selling price of MSEK 101. The property had an annual rental value of MSEK 12 and an occupancy rate of 99 percent.

### Property valuation

The value of the properties has been assessed based on a market-adapted cash-flow estimate in which, by simulating the calculated future income and expenses, an analysis has been made of the market's expectations with respect to the subject property.

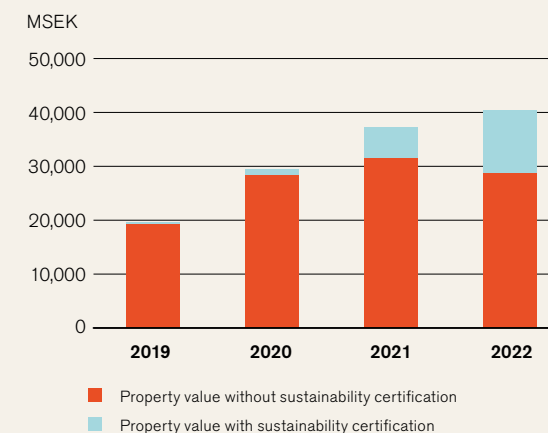
The yield requirement used in the estimate derives from sales of comparable properties. For additional information on valuation techniques, refer to Note 10.

The company engages external, independent appraisers every quarter to quality assure the fair value measurement of the company's properties. All properties are valued every quarter, except for those properties for which possession was taken during the current quarter or properties for which a sales agreement exists. In these cases, the agreed property value is used.

### CHANGES IN VALUE

MSEK	Jan 1–Dec 31	
	2022	2021
Property value at the beginning of the year	37,147	29,411
Acquired properties	4,394	6,243
Investments in existing properties	577	475
Divested properties	-1,735	-663
Realized changes in value	225	-42
Unrealized changes in value	-664	1,694
Translation effect, currency	503	28
<b>Property value at end of the year</b>	<b>40,446</b>	<b>37,147</b>

### SHARE OF PROPERTY VALUE WITH SUSTAINABILITY CERTIFICATION December 31, 2022



### SENSITIVITY ANALYSIS – CHANGE IN VALUE FOR CHANGES IN PARAMETERS IN THE PROPERTY VALUATION

December 31, 2022

	% points	MSEK
Change in net operating income <sup>1</sup>	+/-5.00	+/-1,975
Change in yield requirement	+/-0.25	+/-1,640
Change in discount rate	+/-0.25	+/-1,228

<sup>1</sup>) Refers to the appraisers' estimated net operating income in the valuation.

## SELECTION OF TRANSACTIONS 2022



SEK  
1.4<sub>bn</sub>

## PORTFOLIO ACQUISITION IN THE HELSINKI REGION

Modern offices in central Tampere with tax-funded tenant as well as a portfolio of light industry and big-box retail in prime locations around the Helsinki region.

**Acquisition** SEK 1.4 billion

**Rental value** approximately MSEK 150

**Area** 100 thousand sqm



MSEK  
411

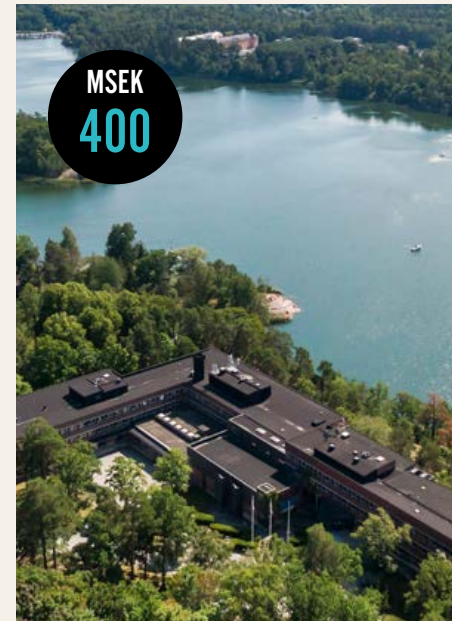
## THREE ACQUISITIONS IN SWEDEN AND FINLAND

Total of eight properties in Västervik, Halmstad and Turku comprising light industry and warehouses coupled with offices, all of which have solid cash flows and prime locations for their purposes.

**Acquisitions** MSEK 411

**Rental value** MSEK 38

**Area** 37 thousand sqm



MSEK  
400

## DIVESTMENT IN SOLNA

Assisted the Swedish Fortifications Agency in finding premises appropriate for the National Cyber Security Center. Capital for future acquisitions was made available through the divestment of property in Solna.

**Divestments** MSEK 400

**Rental value** MSEK 20

**Area** 10 thousand sqm



MSEK  
340

## INDUSTRY AND WARE- HOUSE IN KALMAR

Acquisition of eight properties for warehouse and light industry in Kalmar. A portfolio of stable cash flows in well-established locations.

**Acquisition** MSEK 340, before deduction of MSEK 20 in deferred tax

**Rental value** MSEK 26

**Area** 36 thousand sqm

# GROWTH IN FINLAND THROUGH PORTFOLIO ACQUISITION

Since entering the Finnish market in the summer of 2021, the company has built up a property portfolio in the country worth approximately SEK 8.1 billion. Through a large portfolio acquisition in February 2022, yet another major step was taken toward establishing the company as a strong, active player in the Finnish commercial properties arena.

## PORTFOLIO OF SUBSTANCE AND STABILITY

In February 2022, Nyfosa closed a transaction for SEK 2.1 billion involving the acquisition of 43 properties located in several municipalities in Finland, concentrated to the Helsinki region, Turku and Jyväskylä where Nyfosa was already established. In total, the transaction is for a total leasable area of 220 thousand sqm. The premises include offices, retail and warehouses as well as schools and health-care to secure a diversified tenant base, some of which are tax-financed operations. Among the larger tenants are the car dealer chain Delta Auto and the City of Helsinki.

“With strong cash flows in several different property categories, these properties are perfect for Nyfosa. The vast majority of the portfolio is situated in high-growth regions and several types of operations are conducted in the premises, which creates diversity and stability,” says Josephine Björkman, Head of Transactions at Nyfosa.

## NYFOSA IN FINLAND

When Nyfosa first entered the Finnish market in 2021, the move was based on a thorough analysis and a clear mission. The objective was to build up a property portfolio with a value of about SEK 7 billion within five years. That level was surpassed in less than two years.

“After monitoring the Finnish market for some time, we could see that there were attractive business opportunities and room for an opportunistic property company like Nyfosa. We saw business opportunities at reasonable acquisition levels—suitable properties with high returns in growing locations. The analysis was accurate. We have been able to complete several transactions, both large and small, that we are extremely satisfied with,” comments Stina Lindh Hök, CEO of Nyfosa.

In 2022, Nyfosa acquired and took possession of properties in Finland valued at more than SEK 3.9 billion and, at the end of the year, the properties in Finland accounted for 20 percent of Nyfosa’s total property value.

Property value  
**MSEK 8,145**

Rental value,  
**MSEK 927**

Area  
**523 thousand sqm**

Geographic presence  
**Tampere, Turku, the Helsinki region, Jyväskylä and Oulu**

On Jan 1, 2023



# PROPERTY PORTFOLIO

## PRIORITIZE COMMERCIAL PROPERTIES IN HIGH-GROWTH MUNICIPALITIES

Nyfosa focuses on cash flow and stable returns at limited risk, where there is potential to add value through active management. The existing portfolio comprises primarily properties of offices, warehouse/logistics, industry and retail in Sweden and Finland. Moreover, Nyfosa owns 50 percent of the property company Söderport in Sweden and Samfosa in Norway.

Nyfosa has a diverse property portfolio due to the company's focus on cash flow ahead of property category, size or region. The investment strategy has no restrictions, but it does prioritize commercial properties in high-growth municipalities in Sweden and regional cities in Finland. It is here that the company can leverage favorable trends such as a growing population and developments in the local business community.

This geographic diversity in the portfolio provides a large contact network of potential tenants and property players. Outside the central areas of the major cities, rent levels are typically lower but more stable over time which is also reflected in the property values. Nyfosa has high diversification even in terms of property categories with its property portfolio comprising offices, warehouses/logistics, industry and retail properties, focusing on the big-box and discount sectors.

At year-end, the property portfolio comprised 504 properties with a total property value of MSEK 40,446 and a rental value of MSEK 3,739 with a leasable area of 3,012 thousand

sqm. In addition to the wholly owned property portfolio, Nyfosa owns 50 percent of the property company Söderport in Sweden and Samfosa in Norway, for which Nyfosa's share of the property value amounts to SEK 7.9 billion. Söderport's and Samfosa's properties are not included in the tables and diagrams on page 17 but are presented separately on page 19.

### Property categories

#### Offices

The office properties are primarily situated in Swedish high-growth municipalities such as Karlstad, Luleå, Sundsvall, Västerås, Malmö and Växjö as well as Finnish regional cities such as Jyväskylä and Tampere. Office properties are of high quality and most are centrally located in each town.

#### Logistics/Warehouse

The logistics and warehouse premises are situated in towns such as Malmö, Haninge, Karlstad, Borås, Örebro and Växjö

### TOTAL PROPERTY PORTFOLIO

504

NO. OF  
PROPERTIES

3,012 thousand sqm

TOTAL  
LEASABLE  
AREA

MSEK 3,739 SEK 40.4 billion

RENTAL VALUE

PROPERTY VALUE

93.1%

ECONOMIC  
OCCUPANCY RATE





as well as regional cities in Finland. A considerable share of the properties are located in local and regional logistics hubs that are prime warehousing areas, and also industrial areas close to city centers.

#### Retail

The retail properties are primarily situated in expansive and popular big-box retail areas in attractive locations close to public transit. These commercial areas are primarily in Luleå, Borås, Västerås and Huddinge. Tenants include mainly established grocery, DIY and gardening and big-box retail. The retail properties are generally of high quality,

offer considerable flexibility in terms of use and have a high average occupancy rate. Nyfosa views select retail properties to be a good complement to other property categories in the portfolio.

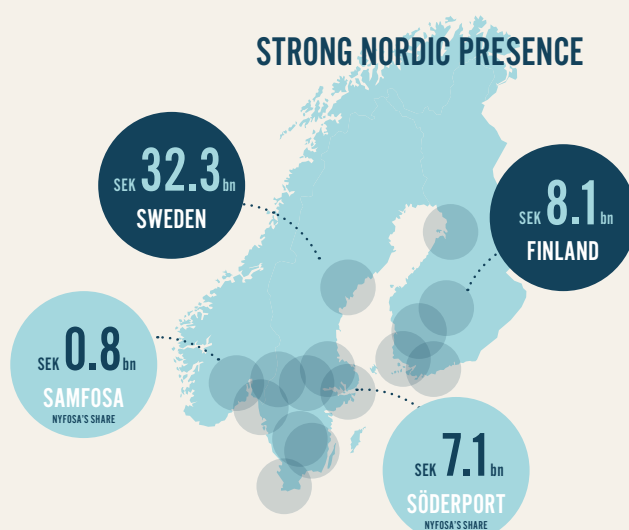
#### Industry

The industrial properties focusing on light industry are situated in high-growth regions in locations such as Växjö, Värnamo, Tampere, Kuopio and Oulu. A considerable portion of the properties are situated in attractive industrial areas with good access to public communication and a proximity to cities. A sizable portion of the properties are modern

buildings with a highly flexible range of applications. The tenants are typically active in such sectors as manufacturing, workshops and service.

#### Other

This category includes mixed properties with no clear category. There is also a small number of properties, such as premises for hotel operations, schools, restaurants and healthcare. Properties in this category are located in high-growth regions that have positive population growth, such as Karlstad, Uppsala, Luleå, Stockholm, Örebro, Malmö, Jyväskylä and Helsinki.



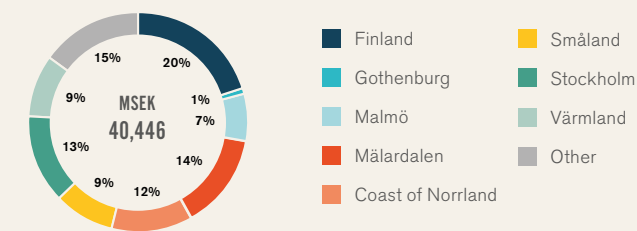
Total property value incl. Nyfosa's participations in joint ventures SEK 48.3 billion on December 31, 2022.

#### PROPERTY PORTFOLIO

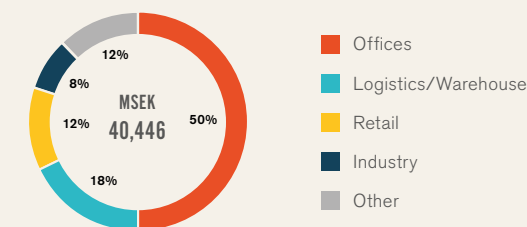
Region	Value, MSEK	SEK sqm	No. of properties	Leasable area, 000s sqm
Finland	8,145	15,562	91	523
Gothenburg	479	10,690	5	45
Malmö	2,972	11,138	53	267
Mälardalen	5,708	13,690	50	417
Coast of Norrland	5,046	12,780	65	395
Småland	3,450	9,516	67	363
Stockholm	5,279	22,137	46	238
Värmland	3,501	15,727	47	223
Other	5,866	10,837	80	541
<b>Total</b>	<b>40,446</b>	<b>13,430</b>	<b>504</b>	<b>3,012</b>

Property category	Value, MSEK	SEK sqm	No. of properties	Leasable area, 000s sqm
Offices	20,192	17,791	179	1,135
Logistics/Warehouse	7,255	8,750	120	829
Retail	4,770	12,589	73	379
Industry	3,273	8,926	76	367
Other	4,955	16,409	56	302
<b>Total</b>	<b>40,446</b>	<b>13,430</b>	<b>504</b>	<b>3,012</b>

#### PROPERTY VALUE BY REGION



#### PROPERTY VALUE BY CATEGORY



# EARNINGS CAPACITY

## CURRENT EARNINGS CAPACITY

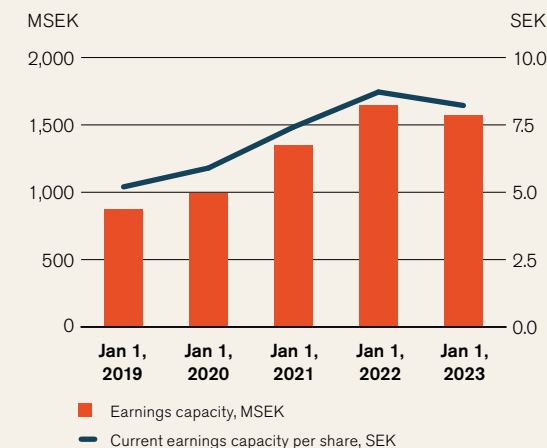
MSEK	Jan 1, 2023	Jan 1, 2022
Rental value	3,739	3,017
Vacancy amount	-280	-190
<b>Rental income according to leases</b>	<b>3,459</b>	<b>2,827</b>
Property expenses	-907	-728
Property administration	-136	-97
<b>Net operating income</b>	<b>2,416</b>	<b>2,002</b>
Central administration	-133	-113
Participations in joint ventures, profit from property management	257	241
Financial expenses	-913	-451
<b>Profit from property management</b>	<b>1,627</b>	<b>1,679</b>
Costs for hybrid bonds	-50	-38
<b>Current earnings capacity</b>	<b>1,577</b>	<b>1,641</b>
Current earnings capacity per share, SEK	8.26	8.59

Current earnings capacity is presented on a 12-month basis and is to be considered solely as a hypothetical instantaneous impression on a given date. It is presented only for illustrative purposes. The aim is to present annualized income and expenses based on the property portfolio, borrowing costs, capital structure and organization at a given point in time. The earnings capacity does not include an assessment of future periods in respect of rents, vacancy rates, property expenses, interest rates, changes in value or other factors impacting earnings, other than the index-linking found in existing leases. The current earnings capacity must be considered together with other information in the interim report.

## Information used as the basis for assessing current earnings capacity

- properties owned on the balance-sheet date, which means that agreed possessions and vacancies thereafter are not taken into account;
- rental value is based on annual contractual rental income, including indexes and supplements, from current leases on January 1;
- the vacancy amount also includes allocated rent discounts under current leases;
- property expenses, excluding property tax, are based on average actual outcome for the most recent 24 months, adjusted for the holding period;
- property tax is based on the current tax assessment value of the properties;
- costs for property and central administration have been calculated on the basis of the existing organization and the current size of the property portfolio;
- Nyfosa's shares of profit from property management from joint ventures is calculated using the same method as Nyfosa;
- the assessment of earnings capacity does not assume any financial income;
- financial expenses have been calculated on the basis of the company's average interest rate on the balance-sheet date, including allocated opening charges, a total of 3.8 percent. The item also includes ground rent;
- the exchange rate on the balance-sheet date was used to translate foreign operations.

## EARNINGS CAPACITY



## KEY FIGURES EARNINGS CAPACITY

MSEK	Dec 31, 2022	Dec 31, 2021
Property value on balance-sheet date, MSEK	40,446	37,147

MSEK	Jan 1, 2023	Jan 1, 2022
Rental value, MSEK	3,739	3,017
Leasable area, 000s sqm	3,012	2,780
No. of properties on balance-sheet date	504	447
Economic occupancy rate, %	93.1	94.6
Remaining lease term, years	3.7	3.9
Surplus ratio, %	69.9	70.8
Yield, %	6.0	5.4
Yield, excl. property administration, %	6.3	5.7

## JOINT VENTURES

In addition to the wholly owned portfolio, Nyfosa owns 50 percent of the shares in Samfosa AS and Söderport Property Investment AB. The holding is classified as Participations in joint ventures and Nyfosa's share in the company's earnings are recognized in profit after financial income and expenses. These participations contributed SEK 19.33 per share (16.92) to Nyfosa's NAV on the balance-sheet date.

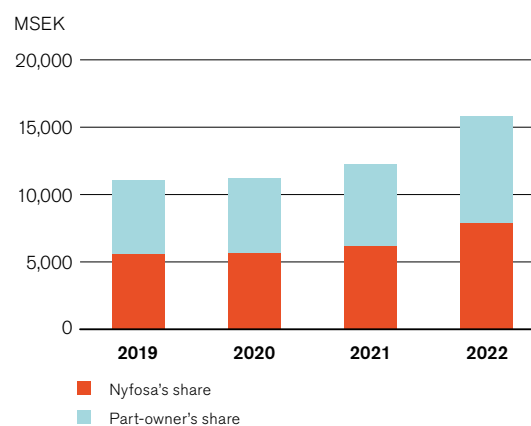
### Samfosa

Samfosa AS is a Norwegian property company that is jointly owned with Samfunnsbyggeren AS.

The property company Bratsberg AS was acquired in January 2022. The portfolio serves as a robust platform for continued growth in the country and encompasses a total of 13 properties and 10 projects situated in Skien, Porsgrunn, Grimstad and Horten, in the expansive Grenland region southwest of Oslo. As part of the transaction, Samfosa took over Bratsberg's organization.

The property portfolio is highly diverse with tenants conducting a wide variety of operations and a large number of leases. The largest tenants are Sats Vest and Scandic Hotel. At year-end, the value of the property portfolio was SEK 1,627 billion. The total rental value amounted to MSEK 120 and leases have an average remaining term of 4.7 years. The occupancy rate was 92.6 percent.

### PROPERTY VALUE IN JOINT VENTURES



### Söderport

Söderport Property Investment AB is a Swedish property company jointly owned with AB Sagax.

Söderport's property portfolio primarily comprises industrial, warehouse and office properties, which essentially presents a supplement to Nyfosa's wholly owned property portfolio. The focal point of the property portfolio is in the Stockholm region. The largest tenant is Volvo Personvagnar. Söderport does not have its own operational organization. Instead, it procures property management and financial administration from Sagax. A small part of property management is procured from Nyfosa.

At the start of the year, Söderport owned 78.1 percent of Torslanda Property Investment AB (TPI), whose shares are listed on Nasdaq First North Growth Market. In November 2022, following the acquisition of many shares, Söderport announced a cash mandatory bid offer to the other shareholders of TPI. At year-end, Söderport's shareholding was 99.0 percent. The TPI share was delisted in January 2023.

### KEY FIGURES FOR JOINT VENTURES

January–December, MSEK	Söderport		Samfosa	
	2022	2021	2022	2021
Rental income	907	853	103	–
Profit from property management	492	504	15	–
Changes in value	947	1,583	142	–
Profit	1,227	1,900	124	–
<i>of which, Nyfosa's share</i>	611	906	61	–
<b>December 31, MSEK</b>				
Investment properties	14,197	12,882	1,627	–
Cash and cash equivalents	273	386	32	–
Equity attributable to Parent Company shareholders	5,761	4,979	273	–
<i>of which, Nyfosa's share</i>	2,881	2,490	137	–
Interest-bearing liabilities	6,936	6,209	1,290	–
Deferred tax liabilities, net	1,465	1,192	37	–
Derivative liabilities, net	–153	124	–	–
Rental value	1,068	900	120	–
Economic occupancy rate, %	97	98	93	–
Average remaining lease term, years	4.2	4.6	4.7	–
Leasable area, 000s sqm	769	743	102	–

### PARTICIPATIONS IN JOINT VENTURES

December 31, MSEK	Söderport		Samfosa	
	2022	2021	2022	2021
Carrying amount at the beginning of the year	2,490	1,916	0	–
Dividends received	–335	–332	–	–
Share in profit of joint ventures	611	906	61	–
Acquisitions/impairment for the year	115	0	77	0
Translation effect, currency	–	–	–1	0
<b>Carrying amount at end of the year</b>	<b>2,881</b>	<b>2,490</b>	<b>137</b>	<b>0</b>

# PROPERTY MANAGEMENT

## WITH SUSTAINABILITY ADD VALUE TO THE PORTFOLIO

Nyfosa's property management creates value by adding value to a property portfolio, both big and small. The starting point is to optimize every property, satisfy the needs of the tenants and reduce the operation's climate impact.

Nyfosa works in a structured manner to manage, develop and add value to the existing property portfolio in close collaboration with tenants with the aim to increase the properties' cash flow and value. By focusing proactively on the properties, we can meet the tenants' changing needs by finding smart solutions and sustainable investments. The transaction-based business model does not influence an investment decision in management of the portfolio. This means that every property management decision is made from a long-term perspective, regardless of whether the property may be divested.

The business model also means that the organization must periodically manage large influxes of acquired property portfolios. With a high acquisition rate, it is imperative to have an effective process for the intake of new properties so that the properties are quickly transferred to the technical property management where work can begin on optimizing consumption.

### Adding value in several ways

Nyfosa's property portfolio offers many different development opportunities that are evaluated continuously—from minor investments to developing zoning plans. Optimization of the properties from a sustainability perspective is central to the task of property management. An investment often generates a lease with a longer lease term and higher rent levels. It is usually a matter of modifying the premises, creating more

modern and functional areas in conjunction with moving in, or extending a lease. At the same time, it presents opportunities for more efficient and sustainable operations. Nyfosa regularly analyzes how every property can be developed through conversion and extensions or by changing the area of use, which sometimes requires modifying zoning plans. A project may originate in the fact that a tenant's business is growing and needs larger premises.

### Sustainable property management

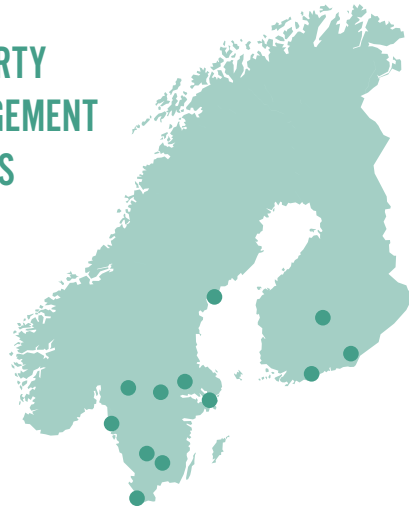
For Nyfosa, it is largely a question of adopting a holistic perspective so as to be able to implement the measures that deliver the best value and sustainability effect for each separate building. In 2022, the large-scale project of optimizing the buildings' energy consumption continued. Energy optimization entails controlling the function of all technical installations and then optimizing operations to achieve the right indoor climate using as little energy as possible.

Property management implements large and small initiatives that make a difference on an aggregated level. This also involves making conscientious choices in terms of material for refurbishments and tenant-specific modifications, being able to see improvement potential and protecting the local environment at and around our buildings. In this manner, the conditions are created for sustainable property ownership,

financially and environmentally. These measures are based on Nyfosa's focus areas and the sustainability certifications BREEAM In-Use and Miljöbyggnad i Drift (Green Building In Use) that serve as guidelines and inspiration within the organization to integrate more sustainable solutions at and around our buildings. The measures successively improve the standard of the building and its surroundings.

The newly formed central function Technology/Sustainability resulted in greater focus within the property management organization in terms of energy enhancement projects. Additional investments were made in the digitization of heating, cooling and ventilation control and monitoring, which contributed to both better efficiency and comfort for the tenants and the installation of solar panel facilities and geothermal heating. Read more on the following pages about various implemented measures and development projects.

## PROPERTY MANAGEMENT OFFICES



### BROAD REGIONAL PRESENCE

Nyfosa has a broad geographic presence with properties throughout Sweden and in major cities in Finland. We have our own property management office—currently nine offices—in key locations in Sweden with large property portfolios. In Finland, the company's partner Brunswick Real Estate leads operational activities relating to transactions, property management and sustainability together with Nyfosa's own staff.

The company's in-house personnel conduct key roles in the property management operations such as tenant relationships, technical management and leasing. This is supplemented with the purchase of external services, mainly in property operations, maintenance and upkeep. With experienced employees in both the in-house management team and external partners, combined with structured work methods, the company has the capacity to effectively manage a property portfolio that spans over many locations.

# OPTIMIZING OPERATIONS SAVES ENERGY IN MALMÖ

**IN FEBRUARY 2022**, the management team in Malmö initiated general optimization of the entire portfolio of 74 properties. This was one of many steps in the ongoing efforts to reduce Nyfosa's energy consumption and carbon emissions. Energy-efficient operations means adapting heating, cooling, lighting and ventilation to the needs of the tenants and the properties, all of which may vary greatly from building to building and among individual tenants. To date, the optimization has contributed

to a 2 million kWh reduction in energy consumption, which equates to approximately 7 percent for the Malmö portfolio.

"In Malmö, we have demonstrated that it is possible to save a vast amount of energy through genuine commitment and active property management. By gathering new insights for us and our tenants, we can reduce our consumption and act more energy efficiently," comments Daniel Bäckvall, Technical Property Manager, Malmö.



## SUSTAINABILITY GOALS AND OUTCOME

Nyfosa has set sustainability targets for efforts within a number of central areas where the company is considered to have a direct or indirect impact. The targets relate to sustainability certification of buildings, streamlined consumption and minimizing the operation's carbon emissions. Water and material consumption are other key areas in which Nyfosa works actively.

### SUSTAINABILITY CERTIFICATION

Goal	Outcome 2022
By 2025, properties corresponding to 50 percent of the property value will have sustainability certification and 100 percent by 2030.	70 properties with a value of SEK 11.8 billion had sustainability certification, corresponding to 29 percent of the total property value.



### STREAMLINED CONSUMPTION

Goal	Outcome 2022
By 2025, energy consumption per sqm will be reduced by 10 percent compared with 2020.	Energy consumption in the starting portfolio for 2020 was 117.6 kWh per sqm. Energy consumption in 2022 was 110.9kWh per sqm, corresponding to a 6 percent decline for the comparable property portfolio <sup>1</sup> .



### CARBON EMISSIONS

Goal	Outcome 2022
Nyfosa will act to minimize the operation's carbon emissions.	Carbon emissions in the comparable property portfolio <sup>1</sup> declined 43 percent per sqm compared with 2021. The decline was primarily an effect of investments in renewable energy and greater focus on streamlined consumption.



<sup>1</sup>) Comparable property portfolio refers to the properties that Nyfosa has owned for an entire financial year. Properties bought and sold during the year are excluded.

#### GOLVLÄGGAREN 2, VÄRNAMO



## CITYGROSS'S ENTIRE ELECTRICITY CONSUMPTION FROM SOLAR PANELS

**THE PROPERTY** Golvläggaren 2 in Värnamo was built in 2008 and has been owned and managed by Nyfosa since 2018. The property has a total leasable area of slightly more than 8,000 thousand sqm with Citygross as the only tenant. Part of efforts to minimize the operation's carbon emissions involved Nyfosa installing a 255-kw solar cell facility in 2021. The facility is expected to produce 223,000 kWh per year, which means that electricity consumption for Citygross' entire operations is covered. "This is a good example of how we, with relatively simple methods, can reduce carbon emissions while reducing electricity costs for our tenants," comments Jan Hultegård, Regional Manager in Värnamo.

Property listing:	Golvläggaren 2
City:	Värnamo
Area:	8,253 sqm
Tenant:	Citygross

## Sustainability certification

During the year, the share of Nyfosa's property portfolio that has sustainability certification increased to 29 percent of the property value. The purpose of sustainability certification is to generate competitive advantages in future leasing operations and to maintain the property portfolio's high credit rating. The review process ahead of a certification results in a well-documented environmental performance of the building, unveils improvement potential and constitutes good supporting material for further investments. The sustainability target sets a clear focus for the organization.

During the year, ten new certifications were secured and, of the acquired properties, five had a sustainability certification on the transfer date. A total of 70 properties with a value of SEK 11.8 billion had sustainability certification at year-end, corresponding to 29 percent of the total property value. A further 16 certifications are expected following completion of the certification processes in 2022.

16 percent of the property value are Energy Class A and B.

## Streamlined consumption

Heating and cooling the premises uses a large amount of energy. Making energy usage more efficient contributes to lower costs and a lower climate footprint. This is achieved through installing new technologies or analyzing technical settings. Nyfosa can follow up and report energy consumption in those properties where Nyfosa is the contract owner, which corresponds to 78 percent of the total area. Energy and environmental audits of the property portfolio are performed regularly in order to identify energy-saving potential. Energy, water and environmental data from the buildings is compiled and followed up via an energy monitoring system.

A review of the properties' technical installations makes it possible to reduce the environmental impact and lower operating expenses. Installations in the properties must function as intended in order to maintain a healthy indoor climate for tenants with as little environmental impact as possible. Functional testing paired with optimization has positive effects on the environmental impact with relatively little effort.

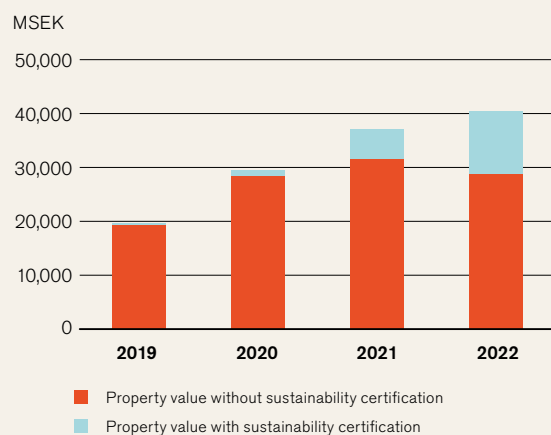
The return on investments to reduce energy consumption comes from lower operating expenses, and also lower carbon emissions. In addition, the environmental impact from the project itself in comparison with the investment's emissions reduction was evaluated. Ahead of every remodeling and tenant conversion, potential to reuse construction materials and products is investigated.

Energy consumption per sqm includes the properties owned during the entire financial year. The outcome for 2022 amounted to 110.9 kWh per sqm. Compared with the properties owned during all of 2020, energy usage was reduced by 6 percent.

Total energy consumption amounted to 281.2 GWh for 2022.

## SHARE OF PROPERTY VALUE WITH SUSTAINABILITY CERTIFICATION

December 31, 2022



## ENERGY CONSUMPTION, PER SQM

	2022	2021	2020
Energy consumption, kWh per sqm	110.9	115.5	117.6

## ENERGY CONSUMPTION, TOTAL

GWh	2022	2021	2020
Electricity	117.6	52.2	48.1
District heating	158.3	81.3	81.7
District cooling	5.5	3.3	3.1
<b>Total energy consumption (GWh)</b>	<b>281.2</b>	<b>136.8</b>	<b>133.0</b>

## ENERGY CLASS

Property value, Dec 31, MSEK	2022	2021
Energy class A	2,373	1,651
Energy class B	4,248	3,429

## Carbon emissions

Nyfosa works actively to reduce carbon emissions from operations through efficient use of resources and evaluating investments in, or purchase of, renewable energy. To monitor developments, carbon emissions are reported from buildings and in the operations as well as the emissions intensity in the buildings.

During the year, renewable district heating was procured for properties in several locations in the country. The renewable district heating has environmental product declaration (EPD) or is marked Bra Miljöval in accordance with the Swedish Society for Nature Conservation's environmental requirements. Buying more renewable energy not only reduces the carbon footprint, but the company demonstrates its demand for environment-improving products, which gives the suppliers the incentive to continue to develop such products.

Emissions intensity for 2022 amounted to 4.52 kg per sqm.

## Material used

Selecting robust material with a long lifetime often results in low climate impact from a lifecycle perspective. Extraction, manufacturing and transportation are taken into consideration as well as the possibility for reuse or materials recovery. By

selecting local materials that have a long lifetime for refurbishment and new building, the climate footprint is shrinks through reduced materials use and transportation, but also the maintenance costs of the building. Implementing a process and system for documenting materials used during conversion and extension as well as tenant-specific modifications of the premises creates conditions for measuring material usage in the projects. The objective is to report both material usage and waste from completed projects in the implemented system. This means that material use and waste is monitored in projects that surpass a contract costs of MSEK 5.

A pilot study was carried out in 2021 that encompassed nine projects of varying size and nature. The teaching from the pilot study is clear. It is vital to follow up projects since they have vast climate impacts in several stages. However, many suppliers have difficulty providing data, which makes it difficult to set goals and action plans within this area. Nyfosa holds frequent dialogues with contractors and is confident in the ability to work together to influence future projects in a more sustainable direction. The collection of data from completed projects is ongoing. After a project ends, the collected data is reviewed and dialogues held with contractors to determine which lessons to adopt in future projects with focus on sustainability.

## Water consumption

Making water usage more efficient contributes to lower costs and a smaller climate footprint. This is done through investments in technical systems and new fittings. Several small measures can be used to reduce water consumption, such as ensuring that taps and toilets do not leak and that water-efficient products are selected when these are to be replaced. To the extent that it is technically possible, the properties' water meter was connected to a digital platform in order to efficiently monitor consumption systematically and remedy water leaks.

To influence the tenant's water consumption, green leases are offered to provide a starting point for jointly reducing water consumption in both the buildings and in the tenants' operations.

The task of reading and collecting water consumption data in the buildings is still under development. This means that during the year, completeness of the reading improved, which is the main reason that water consumption per sqm increased from 0.21 cubic meters per sqm to 0.31 cubic meters per sqm.

Total water consumption in 2022 was measured to be 671 thousand cubic meters (240). The increase is attributed primarily to growth in the portfolio over the past two years, but also because the completeness of the readings increased in existing buildings.

### SCOPE 1

Tons CO <sub>2</sub>	2022	2021	2020
Passenger transport	43	29	112
Fossil fuels	258	0	5
Coolants	221	118	–
<b>Total emissions, tons CO<sub>2</sub></b>	<b>522</b>	<b>118</b>	<b>117</b>

Scope 1 relates to direct emissions that arise in the company's own operations from passenger transportation and coolants. In 2022, possession was taken of properties that use fossil fuels for heating purposes.

### WATER CONSUMPTION

	2022	2021	2020
Water consumption, m <sup>3</sup> /sqm	0.31	0.21	0.18

### SCOPE 2

Tons CO <sub>2</sub>	2022	2021	2020
Heating	7,912	6,573	4,700
Cooling	1,165	161	50
Electricity	–	1,596	–
<b>Total emissions, tons CO<sub>2</sub></b>	<b>9,077</b>	<b>8,330</b>	<b>4,750</b>

Scope 2 relates to indirect emissions occurring through heating, cooling and hot water in the properties. In 2021 and 2022, possession was taken of properties that are cooled via district cooling. As of January 1, 2022, electricity in accordance with Scope 2 was replaced with renewable electricity that is reported within Scope 3.

### SCOPE 3

Tons CO <sub>2</sub>	2022	2021	2020
Electricity	4,004	712	538
Business travel	5	3	3
<b>Total emissions, tons CO<sub>2</sub></b>	<b>4,009</b>	<b>715</b>	<b>541</b>

Scope 3 relates to indirect emissions that are a result of the company's operations but that occur beyond the company's boundaries. Renewable electricity is purchased for the entire portfolio as of January 1, 2022. The increase is also attributed to the fact that more suppliers can, as of 2022, report emissions from the entire production chain of the renewable electricity.

Source energy consumption: Mestro



## SELECTION OF PROPERTY MANAGEMENT PROJECTS



### ADAPTING TO TOMORROW'S WAY OF WORKING IN ÖRNSKÖLDSVIK

In Örnköldsvik, Nyfosa owns and manages several properties, many with vast development potential, including Handformaren 2 whose tenants include operations for the municipality of Örnköldsvik.

In discussions with the tenant, a project was initiated in early 2022 to design the premises according to the future needs of the operations, such as increasingly faster technical advances and new types of customer meetings. The new office premises encourages the development of operations, boosts creativity and both builds and reinforces a common culture. Thanks to the tenant alterations, the number of workplaces has expanded and in 2023, just over 50 more employees will move into the property. In conjunction with the completion in December 2022, a new ten-year lease was signed with Nyfosa.



### REUSE AND FIELDS IN MALMÖ

In the property Spindel 2 in Malmö, Nyfosa carried out a project during the year together with Hyllie Resurs to modify the premises in the property for Erikshjälpen's Secondhand business. The project focuses on circularity, and the refurbishment reused everything from inner walls to ventilation ducts from existing buildings as well as bike stands from other projects and properties in the portfolio. In addition, the property underwent energy optimization and space for fields has been made available outdoors to foster biological diversity.



### MODIFYING PREMISES FOR FINNISH SCHOOL

In spring 2022, Nyfosa started to develop the Vasarakatu 27 property in Jyväskylä when a 15-year lease was signed with Spesia vocational school that specializes in providing vocational training and coaching to students who need individual support. The property was renovated mainly to better customize the property to the operations. At this site, Nyfosa is developing a diverse learning environment with modern premises. The project includes about 3,000 sqm in new construction and 900 sqm in renovation. The renovated areas will be completed in stages and the project is scheduled for completion in June 2023.

# TENANTS

## ACT LONG TERM AND CLOSE TO THE TENANTS

By being a responsible property owner and a reliable, locally established partner, Nyfosa builds relationships and creates value. A critical part of this involves optimizing opportunities for our tenants by thinking creatively, responding quickly to tenants who have questions and providing personalized service.

### Property management close to tenants

Nyfosa builds long-term relationships with tenants by ensuring that they are satisfied and feel secure in carrying out their operations in the premises, regardless of the type of property, location or use. For Nyfosa, this means that we need to be accessible and ensure the quality of upkeep and maintenance. Nyfosa's property managers have a great deal of personal responsibility and a clear mandate to make decisions. This enables the local management team to make swift decisions within its region, including investments up to a certain limit. This is something believed to lead to greater efficiency, wise decisions and good service for the tenants.

The tenants must always be able to rely on the fact that Nyfosa's properties offer a work environment that is safe, accessible and healthy.

### Positive net leasing

It was another successful year for leasing based on the company's extensive footprint in the country and a creative approach to potential development. Net leasing totaled MSEK +5 for 2022. A number of leases were made possible by converting the use of premises, for example, from former

bank offices to dedicated offices and from retail space to schools. Net leasing comprises the annual rental value of new leases of MSEK 139, less annual rental value in terminated leases of MSEK 132 and confirmed bankruptcies among tenants of MSEK 2.

### Lease structure

The rental value on January 1, 2023, amounted to MSEK 3,739, of which vacancy rent and discounts was MSEK 280. The share of index-linked annual rental income amounted to about 92 percent. Nyfosa had 6,575 leases including 2,586 leases for garages and parking spaces. The average lease term was 3.7 years. The lease term in the Finnish portfolio was 3.3 years. A large share of rental income in the Finnish portfolio refers to "until further notice leases" that run on a 12-month basis, which is a common form of agreement in Finland. Tenants lease their premises on average for a longer period.

Nyfosa has a highly diverse tenant list featuring only a small number of dominant tenants. The ten largest tenants represent 11 percent of total rental income and are distributed between 171 leases. Among the largest tenants are the Swedish Transport Agency, Delta Auto Oy, Saab, Telia,

Social Insurance Agency, City Gross, the Swedish Police, the Swedish Public Employment Service and the City of Helsinki, meaning a large share of companies that conduct tax-financed operations. Of total rental income, tax-financed rent represented 26 percent.

The CPI in October 2022 was 384.04, representing an increase of 10.9 percent compared with October 2021. The corresponding figure in Finland is called the Cost-of-living Index (CLI) and this index had increased 8.3 percent in October 2022 compared with October 2021. Upward indexation of existing leases as per January 1, 2023, resulted in MSEK 228 in annual rental income for the Group and will have an effect on rental income from January 2023.

60 green appendices were signed during the year when new leases were signed or leases were renegotiated. The aim of these green appendices is to identify and follow up on various initiatives to reduce energy consumption in premises, such as more efficient heating and lighting.

## RENTAL INCOME

According to current leases on January 1, 2023

Region	Rental value, MSEK	Annual income, MSEK	Economic occupancy rate, %	Lease term, years
Finland	927	832	89.9	3.3
Gothenburg	48	42	90.6	5.6
Malmö	250	237	96.2	4.1
Mälardalen	500	469	94.3	3.4
Coast of Norrland	441	411	93.4	3.6
Småland	337	312	93.0	4.3
Stockholm	391	360	93.3	4.5
Värmland	311	297	95.8	3.1
Other	533	498	94.4	3.8
<b>Total</b>	<b>3,739</b>	<b>3,459</b>	<b>93.1</b>	<b>3.7</b>

Property category	Rental value, MSEK	Annual income, MSEK	Economic occupancy rate, %	Lease term, years
Offices	1,812	1,644	91.0	2.7
Logistics/Warehouse	640	586	93.0	4.1
Retail	482	458	96.0	4.9
Industry	346	334	96.8	4.8
Other	458	437	95.7	4.5
<b>Total</b>	<b>3,739</b>	<b>3,459</b>	<b>93.1</b>	<b>3.7</b>

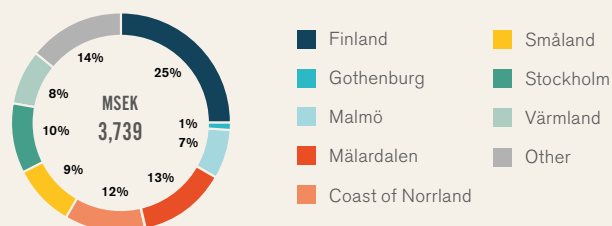
## NYFOSA'S LARGEST TENANTS

According to current leases on January 1, 2023

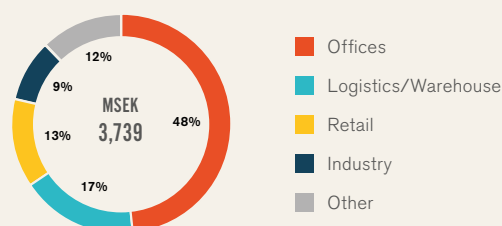
	Rental income, MSEK	Percentage of total rental income, %	No. of leases	Average remaining term, years
Swedish Transport Agency	48	1	9	1.3 <sup>1)</sup>
Delta Auto Oy	46	1	12	12.5
Saab AB	40	1	10	9.7
Telia Sverige AB	40	1	57	2.5
City Gross Sverige AB	39	1	4	8.1
Swedish Police	38	1	27	3.1
City of Helsinki	34	1	2	1.1
Fresk Försäljning AB	33	1	10	9.0
Swedish Public Employment Service	33	1	31	2.8
Social Insurance Agency	32	1	9	4.4
Other	3,076	89	6,404	3.5
<b>Total</b>	<b>3,459</b>	<b>100</b>	<b>6,575</b>	<b>3.7</b>

1) During 2022, one of the Swedish Transport Agency's leases was extended by 6 years, regarding 19,415 sqm in Örebro. The new lease starts on July 1, 2023 and is not included in the information. Total average remaining lease term for the Swedish Transport Agency will thus be 5.6 years.

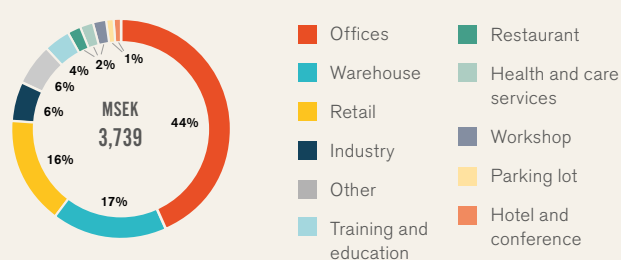
## RENTAL VALUE BY REGION



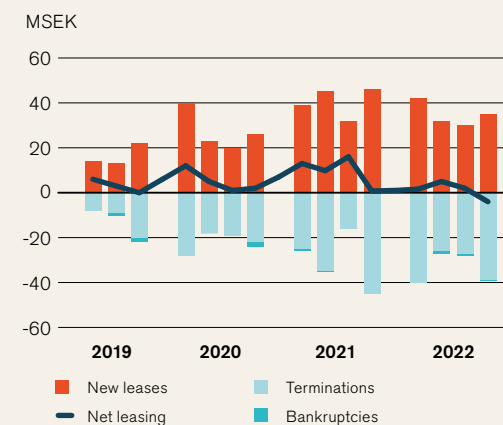
## RENTAL VALUE BY CATEGORY



## RENTAL VALUE BY TYPE OF PREMISES

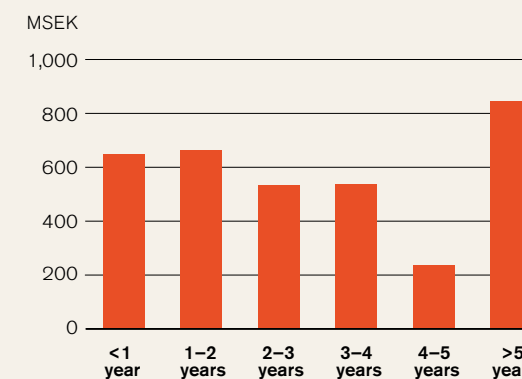


## NET LEASING



## LEASE MATURITY STRUCTURE

December 31, 2022



## EXTENDED LEASE WITH THE SWEDISH TRANSPORT AGENCY

The Swedish Transport Agency, one of Nyfosa's largest tenants, has leased the entire property Vindhjulet 3 in Örebro since 2016. The contract was extended during the year for a further six years starting from mid-2023. For Nyfosa, this means a long lease with a stable tenant that can continue to conduct its operations in an environment-friendly property that sources its energy from the sun and geenergy.

Property listing:	Vindhjulet 3
City:	Örebro
Area:	19,415 sqm
Tenant:	Swedish Transport Agency

*“We are pleased to support an important, long-term tenant like the Swedish Transport Agency through modifications of the property as their operations develop and change.”*

KRISTOFFER ERIKSSON,  
TECHNICAL PROPERTY MANAGER,  
ÖREBRO

# ORGANIZATION

## ATTRACT AND DEVELOP THE BEST EMPLOYEES

Nyfosa offers a creative, open and stimulating work environment with a focus on inclusion and personal development. The organization is efficient and relatively small with short decision-making paths where all employees have an awareness and understanding of the company's objectives and strategies.

Solid expertise, business acumen and an established contact network is central to realizing Nyfosa's business concept and targets. By recruiting and developing motivated, creative and experienced employees Nyfosa creates an effective, agile and market-centric organization. The organization possesses extensive knowledge of the property market and long experience of conducting property transactions and value creating investments in the property portfolio.

### Organization and employees

Nyfosa has a decentralized and efficient organization with short decision-making paths. The company's growth has cultivated flexibility via collaborations with external service providers within several areas. Most of Nyfosa's employees are permanent employees. In 2022, two students had part-time temporary employment. Otherwise, all employees had full-time employment with the option to work part-time.

The organization comprises Group Management, Group-wide functions and property management with regional property management offices.

### Group Management

Group Management comprises five people: the CEO, Head of Finance, Head of Financial Control, Head of Property Management and Head of Transactions.

### Group-wide functions

There are Group-wide functions for economy, finance, transactions, marketing/communication and legal issues, HR and IT. In 2022, 13 employees worked in these functions (excluding members of Group Management).

### Administrative body

The company's head office is located in Nacka, Stockholm, with local property management offices in Västerås, Örebro, Karlstad, Värnamo, Växjö, Gothenburg, Malmö and Sundsvall, as well as Helsinki and Jyväskylä. In 2022, 52 employees worked in the administrative body.



### Promoting gender equality

The number of Nyfosa employees has increased through new recruitments and by absorbing employees that come with completed acquisitions. The strategy for new recruitment is to achieve gender equality within all professions and not merely in terms of total figures. Efforts continue to achieve the long-term goal of at least 40 percent representation of women and men within each professional group. Only a few professions within the company have an uneven gender distribution. The management team comprises two men and three women, and the Board comprises five men and two women.

The average number of employees during 2022 was 80, of whom 47 are women. The percentage of women senior executives was 60 percent.

### Safe and stimulating work environment

Nyfosa is to promote good health and create a stimulating and safe work environment for all its employees. The cor-

porate culture is characterized by an open and stimulating work environment, a flexible work approach, inclusion and the opportunity for employees to influence their own situation through the flexibility of hybrid work. Equality efforts are a natural part of Nyfosa's operations. The conditions, rights and development opportunities of men and women must be equal within the entire company. Working conditions must facilitate for employees to combine parenthood with working life.

At Nyfosa, all employees, partners and customers will be treated with respect and no one is to feel violated, discriminated or uncomfortable on the grounds of gender, ethnicity, religion, sexual orientation, age, disability or transgender identity or expression. Nyfosa has zero tolerance for all forms of discrimination. Anti-discrimination efforts are governed through Nyfosa's whistleblower function and Code of Conduct. Employees are encouraged to report all forms of perceived discrimination to their immediate superior, HR Manager or via the whistleblower function.

### Continuous development

The same conditions, rights and development prospects are extended to everyone at the company, which is clearly seen in our recruitment and introduction work. Nyfosa focuses on involvement and personal development through continuous dialogue between manager and employee, which is followed up in systematic work environment activities.

Nyfosa views skills development for its employees as key to ensuring the quality of the operations and cultivating a stimulating, continuously learning organization. We have a plan for regular internal training in relevant issues. During the year, courses were completed on several topics, including right of tenancy, construction contract law and digital tools. Moreover, processes to create consistent and effective work methods within the organization are constantly evaluated.

Nyfosa also invests heavily in health-promoting benefits including health checks, medical expenses insurance, preventive counseling and a generous fitness allowance.

#### NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

	2022	2021	2020	2019
New employee hires, number employees	8	26	24	14
Employee turnover, %	8	10	6	22

#### SICK LEAVE, EMPLOYEES

	2022	2021	2020	2019
Total sick leave, %	2.05	2.32	0.92	0.94

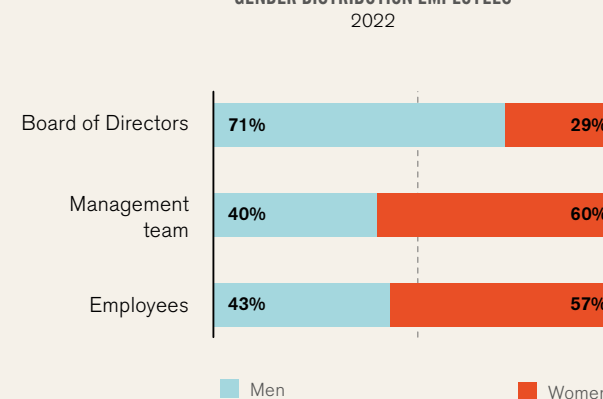
#### AGE DISTRIBUTION

Age	2022	2021	2020	2019
20–29	10	7	5	6
30–39	27	28	18	10
40–49	27	27	23	16
50–59	18	20	15	8
60–69	5	5	6	6

#### INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

	2022	2021	2020	2019
Number	0	0	0	0

#### GENDER DISTRIBUTION EMPLOYEES



### Business relationships

Nyfosa collaborates closely with external service providers, primarily within property and financial management, and views them as an extension of its own organization. Working with external service providers creates the flexibility needed as the property portfolio changes.

In property management, Nyfosa has a couple of providers in each region that work mainly in operations and maintenance. In terms of financial management, we collaborate with five suppliers who are involved in invoice administration, ongoing accounting and closing reports.

### Code of Conduct for Suppliers

Nyfosa adopts a Code of Conduct for Suppliers to ensure that the working conditions at the companies that supply goods and services to the company fulfill the stipulated requirements in terms of work environment and ethical standards and that the assignment is conducted in an

environmentally conscious manner. The Code of Conduct is based on Nyfosa's internal Code of Conduct and Sustainability Policy, and builds on internationally recognized conventions concerning human rights, labor and international environmental and anti-corruption regulations.

The Code of Conduct is attached ahead of certain procurements and contracts signed with suppliers in connection with major investments or management contracts. Some suppliers have confirmed the Code of Conduct on the company's website. A regular analysis is performed of the largest suppliers to uncover indications of money laundering, sanctions and other infractions that would rule out future collaborations.

### Whistleblower function

Nyfosa's organization must always act credibly, honestly and transparently. There is an expectation that our employees, business partners and others with whom the Group does

business with, and who have serious concerns about fraud, corruption or similar activities within the Group's operations, come forward and voice their concerns. Suspicions of irregularities can be reported anonymously through a whistleblower function, which is accessed via the company's website and intranet. Reported suspicions may either be investigated internally or handed over to the police.

#### PURCHASES FROM SUPPLIERS WHO HAVE ADOPTED THE CODE OF CONDUCT

	2022	2021
Percentage of total purchases, %	24	20

#### CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

	2022	2021
Number	0	0



Nyfosa as a workplace

## CLOSE TO DECISION MAKING

**Nyfosa works actively to be an employer that offers a creative, open and stimulating work environment with a focus on proximity to business decisions and inclusion in business development.**

"Nyfosa is still a relatively small organization in which the staff literally rub elbows with decision makers. This is something I believe our employees appreciate," says Stina Lindh Hök, CEO of Nyfosa.

"At Nyfosa, we believe in knowledge as a driver to achieve more, both in terms of the company and as employees. If you have the right expertise, you make good decisions, which in turn lead to better business and more sustainable communities. Know-how and experience also enable individuals to continue to grow and develop within an organization, to take on new tasks and contribute to success."

### Learning organization

"Nyfosa has extremely dedicated employees who have tons of energy, creativity and knowledge. I also see a strong desire to constantly develop and grow by learning more and new things. We come face to face with new challenges all the time, and benefit greatly from our learning organization and the exchange of knowledge among ourselves. We pair this with external training courses in areas where we need to further enhance our skills," says Stina Lindh Hök.

### Collaborations with universities

To be an attractive employer of tomorrow, we collaborate with local universities—presently with the KTH Royal Institute of Technology in Stockholm— by offering students internships or degree projects and the opportunity for extra work to students.

Through this collaboration, we can help to spread practical knowledge to the students while simultaneously boosting interest for the property sector and securing regrowth in the industry. Interns and part-time employees have on several occasions been offered permanent employment.

This demands continuously fostering a corporate culture of equality and striving to ensure that everyone has the right conditions to continue to grow and develop within the company.

"It is through our approach and corporate culture that we persuade people to remain and advance within the company, while also attracting new talented employees," says Stina Lindh Hök in closing.



# FINANCIAL PERFORMANCE

## CASH FLOW

### Total cash flow

During the year, operating activities contributed MSEK 1,644 (1,389) in positive cash flow, of which MSEK 1,309 (1,057) was attributable to the wholly owned portfolio and MSEK 335 (332) was a dividend from participations in joint ventures.

Cash flow allocated to investments amounted to MSEK 3,392 (6,051). Taking possession of and vacating properties, both directly and indirectly via companies, impacted cash by a net MSEK 2,586 (5,556). Investments in existing properties amounted to MSEK 577 (475). Investments in participations in joint ventures amounted to MSEK 192 (17).

Cash flow from financing activities amounted to MSEK 1,889 (4,884) and was attributable to net interest-bearing loans of MSEK 2,628 (3,925) and dividends to shareholders of MSEK –688 (–609).

Total cash flow for the year amounted to MSEK 140 (221).

Total cash flow, MSEK	2022	2021
Cash flow from operating activities	1,644	1,389
– of which distributable cash flow	1,596	1,436
Cash flow from investing activities	–3,392	–6,051
Cash flow from financing activities	1,889	4,884
<b>Total cash flow</b>	<b>140</b>	<b>221</b>

### Distributable cash flow

The distributable cash flow is based on profit before tax adjusted for non-cash items, such as revaluation effects and share in profit of joint ventures.

Dividends received from participations in joint ventures, interest paid to hybrid bond holders and tax paid are included in cash flow.

### Growth in cash flow per share

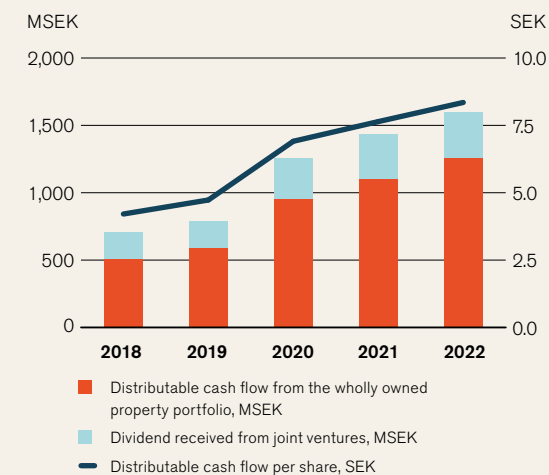
The company's target is to achieve annual growth in distributable cash flow per share of 10 percent over time. During the year, the distributable cash flow was impacted by rising market rates and higher electricity prices. Despite this, growth of 9.3 percent was achieved for the year.

The average growth per year for 2019–2022 was 19.6 percent.

## DISTRIBUTABLE CASH FLOW

MSEK	Full-year	
	2022	2021
Profit before tax	1,859	3,644
Adjustments for non-cash items	–507	–2,510
Dividend from holdings in joint ventures	335	332
Interest paid to hybrid bond holders	–37	–
Income tax paid	–54	–29
<b>Distributable cash flow</b>	<b>1,596</b>	<b>1,436</b>
– per share, SEK	8.35	7.64

## CASH FLOW PER SHARE



## FINANCING

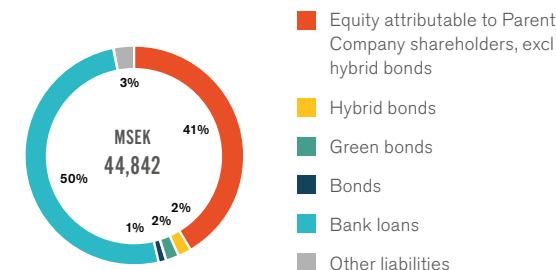
Nyfosa finances its assets through equity, bank loans with Nordic banks and financial institutions, and hybrid bonds issued in the Swedish capital market. Equity attributable to the Parent Company's shareholders amounted to MSEK 18,378 (17,236) on the balance-sheet date, of which hybrid bonds was MSEK 762.5 (800). Hybrid bonds of MSEK 37.5 (–) were repurchased during the year.

Interest-bearing loans from the credit and capital markets amounted to MSEK 24,033 (21,045), including allocated arrangement fees, of which bank loans with properties as collateral represented 93 percent (91), corresponding to MSEK 22,433 (19,172), and senior unsecured bonds 7 percent (9), corresponding to MSEK 1,600 (1,873).

The bonds are green bonds issued under a green finance framework. This framework has been drawn up in accordance with the Green Bond Principles set by the International Capital Markets Association (ICMA) and has been audited by an independent third party, CICERO Shades of Green.

The total net loan-to-value ratio of the properties was 57.7 percent (55.2). To support liquidity and growth, the company has four prearranged lines of credit with banks, which have not always been fully utilized. The total scope in these revolving credit facilities can amount to a maximum of MSEK 3,335 (4,647). This means that, against collateral in existing properties, Nyfosa can rapidly increase its borrowing at fixed terms to, for example, finance property acquisitions. After having utilized the credit scope, the company has the opportunity to renegotiate credit facilities to a standard bank loan, at which point the unutilized portion of the facilities increases. On the balance-sheet date, the company had utilized MSEK 1,048 (1,844) the total amount granted of MSEK 1,313 (2,521) against collateral in existing properties. To utilize the remaining MSEK 2,022 (2,126) under this credit framework, acquired properties are used as collateral. In addition to the revolving credit facilities, the company has unutilized overdraft facilities with banks totaling MSEK 200 (200).

### SOURCES OF FINANCING



### Changes in interest-bearing liabilities

New bank loans of MSEK 2,268 (2,136) were raised in Finland during the year in connection with financial closing of property acquisitions. Bank loans totaling MSEK 3,038 (690) were refinanced. Bonds of MSEK 873 (628) were repurchased on the basis of a new issue of green bonds of MSEK 600 (1,000).

### KEY FIGURES FOR INTEREST-BEARING LIABILITIES

	Dec 31	
	2022	2021
Loans with credit institutions, MSEK	22,433	19,276
Bonds, MSEK	1,600	1,873
Debt/equity ratio, multiple	1.3	1.2
Average interest <sup>1</sup> , %	3.5	1.9
Average remaining fixed-rate period, years	1.0	1.0
Average remaining loan maturity period, years	3.2	2.5
Interest-rate hedged portion of liabilities, %	42	45
Average interest-rate cap, %	1.6	1.5
Average interest swap, %	1.6	–
Fair value of derivatives, MSEK	372	22

1) Interest expense excluding opening charges charged to earnings over the term of the loan.

### REVOLVING CREDIT FACILITIES

MSEK	Frame-work	Amount granted	Amount utilized	Unutilized amount
Total	3,335	1,313	1,048	265

### AVAILABLE LIQUIDITY

MSEK	Dec 31	
	2022	2021
Cash and cash equivalents	690	534
Unutilized revolving credit facility <sup>1</sup>	265	676
Unutilized overdraft facilities	200	200
<b>Total</b>	<b>1,155</b>	<b>1,410</b>

1) Unutilized and previously granted loans on the balance-sheet date with existing properties as collateral. The loans are available to the company at short notice.

### CHANGES IN INTEREST-BEARING LIABILITIES FOR THE PERIOD

MSEK	Full-year	
	2022	2021
Interest-bearing liabilities at the beginning of the year	21,045	17,055
Bank loans raised	9,751	6,902
Repayment of bank loans	–6,770	–3,297
Bond loans issued	600	1,000
Bond loans repurchased	–873	–628
Changes in borrowing fees	–13	–4
Translation effect, currency	292	17
<b>Interest-bearing liabilities at end of the year</b>	<b>24,033</b>	<b>21,045</b>

Of utilized credit facilities, MSEK 1,082 (1,300) was refinanced to fixed-period bank loans with longer terms.

Repayments on existing bank loans in connection with divestments totaling MSEK 663 (303) for the period.

The next loan maturity in the loan portfolio is in November 2023. This is a secured bank loan of MSEK 834. A bond of MSEK 1,100 matures in April 2024 and the remaining MSEK 500 in January 2025.

### Fixed-rate periods and exposure to interest-rate changes

Nyfosa mainly has floating interest rates in its loan agreements. Exposure to increases in interest rates is managed by making use of derivative instruments, currently both interest-rate caps and swaps. The remaining term of signed derivative agreements was 2.2 years (2.3) on the balance-sheet date. Interest-rate caps offer the holder security in the form of a maximum impact on total interest expenses if STIBOR 3M and EURIBOR 6M rise. However, rising interest rates that do not reach the interest-rate cap will have full impact on earnings. The interest-rate cap is 1.5–2.0 percent (1.5–2.0), and an average of 1.56 percent (1.54).

Interest-rate swaps of a nominal MSEK 1,120 (–) were signed in the Finnish loan portfolio. Under these derivatives, Nyfosa pays a fixed annual rate of 1.57 percent (–).

As per December 31, 2022, 42 percent (45) of the total debt portfolio was hedged with an interest-rate cap or swap.

The sensitivity analysis shows that the estimate impact on earnings of STIBOR 3M and EURIBOR 6M changing 1.0 percentage point is an increase of MSEK 126 (174) in interest expenses, given existing derivative agreements. A rise in market rates of 2.0 percentage points would charge earnings with a MSEK 269 (342) increase in higher interest expenses, given existing derivative agreements. In both examples, the interest-rate cap means that the higher rate does not have a full impact on the statement of profit/loss.

### SENSITIVITY ANALYSIS, INTEREST-RATE EXPOSURE

December 31, 2022

Earnings effect of change in average interest on debt, MSEK <sup>3</sup>	Change, %	2022
Interest expenses assuming current fixed-interest periods and changed interest rates <sup>1</sup>	+/-2% points	+269/-373
Interest expenses assuming current fixed-interest periods and changed interest rates <sup>1</sup>	+/-1% point	+126/-195
Interest expenses assuming change in average interest rate <sup>2</sup>	+/-1% point	+/-241
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/-1% point	+/-180

1) Taking into account existing derivative agreements.

2) Average rate increases/decreases by 1 percentage point. Increase/decrease does not take into account eventual effects of the derivative portfolio.

3) Each variable in the table below has been addressed individually and on the condition that the other variables remain constant. The analysis refers to liability against the wholly owned property portfolio and does not pretend to be exact. It is merely indicative and aims to show the most relevant, measurable factors in the specific context.

### LOAN MATURITY AND FIXED-RATE PERIOD<sup>1</sup>

Year	Loan maturity, MSEK	Share, %	Interest-rate swaps, MSEK	Interest-rate caps, MSEK	Derivative volumes, MSEK	Share of liabilities, %
Within 1 year	834 <sup>2</sup>	3	0	1,576	1,576	7
1–2 years	8,193 <sup>3</sup>	34	0	4,008	4,008	17
2–3 years	4,846 <sup>4</sup>	20	0	2,342	2,342	10
3–4 years	5,138	21	0	1,086	1,086	4
4–5 years	3,438	14	1,120	0	1,120	5
>5 years	1,701	7	0	0	0	0
<b>Total</b>	<b>24,149</b>	<b>100</b>	<b>1,120</b>	<b>9,012</b>	<b>10,132</b>	<b>42</b>

1) Interest-bearing liabilities in the statement of financial position include allocated arrangement fees, which is the reason for the deviation between the table and the statement of financial position.

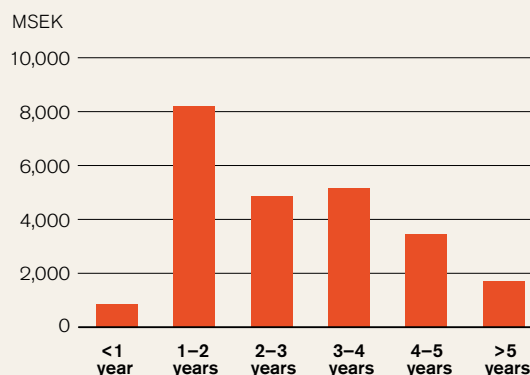
2) Bank loans of MSEK 834 mature in November 2023.

3) Bonds of MSEK 1,100 mature in April 2024. The remaining liabilities pertain to bank loans maturing in 2024.

4) Bonds of MSEK 500 mature in January 2025. The remainder pertains to bank loans.

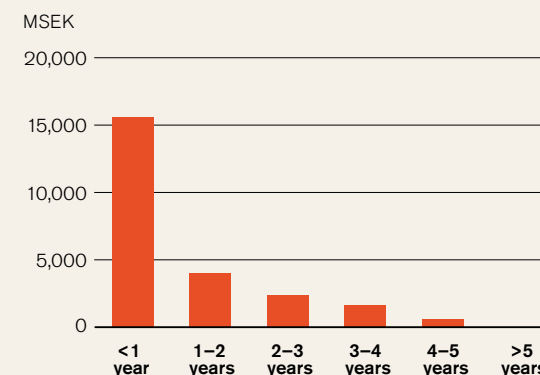
#### LOAN MATURITY

December 31, 2022



#### FIXED-RATE PERIOD

December 31, 2022



## EARNINGS PERFORMANCE

### Income

Income amounted to MSEK 3,151 (2,459), up 28.1 percent compared with last year. The larger portfolio was the main reason for the growth. Growth in the like-for-like portfolio amounted to MSEK 108.

The economic leasing rate for the year was 93.7 percent (93.7). In the like-for-like property portfolio, the economic leasing rate was 94.0 percent (93.4).

Income, MSEK	2022	2021
Like-for-like portfolio	2,211	2,103
Acquisitions and divestments	939	355
<b>Total</b>	<b>3,151</b>	<b>2,459</b>

Rent receivables for rents invoiced were settled in accordance with the contractual terms, except for a small number of invoices. About 92 percent of the annual rental income in Nyfosa's leases have clauses on annual indexation. The majority of these indexation clauses refer to 100 percent of the base rent and are to follow the CPI, or equivalent, for October. The upward indexation of the annual rent for 2023 in existing leases amounted to MSEK 228, which will impact earnings from January 1, 2023.

### Property expenses

Operating expenses amounted to MSEK 635 (439), which is an increase of 44.6 percent. The increase was due to a larger portfolio and higher energy prices in both Sweden and Finland. About 50 percent of total costs for electricity, heating and cooling are charged on to tenants.

Maintenance costs declined year-on-year. Total costs amounted to MSEK 143 (167), a decrease of MSEK 24.

Costs for property administration amounted to MSEK 129 (91), with the increase due to a larger property portfolio.

### Net operating income

Net operating income amounted to MSEK 2,092 (1,651), up 26.7 percent. The surplus ratio was 66.4 percent (67.1) and was primarily impacted by the higher energy prices during the year.

Net operating income, MSEK	2022	2021
Like-for-like portfolio	1,476	1,437
Acquisitions and divestments	616	214
<b>Total</b>	<b>2,092</b>	<b>1,651</b>

### Central administration and share in profit of joint ventures

Costs for central administration amounted to MSEK 161 (128).

Share in profit of joint ventures amounted to MSEK 672 (888), comprising profit from property management of MSEK 252 (218), and changes in value and tax of MSEK 381 (670). At the end of the year, the joint venture Söderport acquired additional shares in its subsidiary Torslanda Property Investment. The acquisition resulted in a non-recurring effect in the share in profit of MSEK 38.

## CONDENSED STATEMENT OF PROFIT/LOSS

MSEK	Full-year	
	2022	2021
<b>Income<sup>1</sup></b>	<b>3,151</b>	<b>2,459</b>
Property expenses		
Operating expenses	-635	-439
Maintenance costs	-143	-167
Property tax	-153	-112
Property administration	-129	-91
<b>Net operating income</b>	<b>2,092</b>	<b>1,651</b>
Central administration	-161	-128
Other operating income and expenses	14	5
Share in profit of joint ventures	672	888
- of which, profit from property management	252	218
- of which, changes in value	542	758
- of which, tax	-161	-88
- of which, other	38	-
Financial income and expenses	-664	-443
<b>Profit after financial income and expenses<sup>2</sup></b>	<b>1,953</b>	<b>1,973</b>
- of which, profit from property management <sup>2</sup>	<b>1,533</b>	<b>1,302</b>
Changes in value of properties	-439	1,652
Changes in value of financial instruments	345	19
<b>Profit before tax</b>	<b>1,859</b>	<b>3,644</b>
Tax	-165	-532
<b>Profit</b>	<b>1,694</b>	<b>3,112</b>

1) From 2022, income is divided into Rental income and Service income in accordance with IFRS 15. Refer to Note 1 on page 74 and Definitions on page 113.

2) From 2022, the former earnings measure Profit from property management was renamed Profit after financial income and expenses, and the former earnings measure Profit from property management, excluding changes in value and tax in joint ventures was renamed Profit from property management. This change provides better comparability with other listed Swedish property companies with significant holdings of participations in joint ventures.

### Financial income and expenses

Financial income and expenses amounted to MSEK –664 (–443). The increase was due to higher net debt, amounting to MSEK 23,342 (20,511) on the balance-sheet date, and higher interest rates. The average interest expense, excluding opening charges, amounted to 3.5 percent (1.9) on the balance-sheet date.

As per December 31, 42 percent of the total debt portfolio was hedged with an interest-rate cap or swap. The average interest-rate cap was 1.56 percent and the average swap was 1.57 percent.

The interest-coverage ratio was a multiple of 3.4 (4.2).

Financial income and expenses, MSEK	2022	2021
Interest income and interest expenses	–590	–373
Allocated borrowing costs, etc.	–74	–70
<b>Total</b>	<b>–664</b>	<b>–443</b>

### Profit from property management

Profit from property management amounted to MSEK 1,533 (1,302) or SEK 7.80 per share (6.90), up 13.0 percent.

### Changes in value

Changes in values of properties amounted to MSEK –439 (1,652).

The yield requirements of the valuations increased during the year as an effect of macroeconomic developments. The negative valuation effect caused by the higher yield requirements is largely offset by the improved future net operating income due to new leases, renegotiations and rent indexation.

The weighted yield requirement for externally valued properties on December 31, 2022 was 6.39 percent (5.83).

All properties are valued by external independent appraisers at every quarterly closing, except for the properties that were closed on in the past quarter.

Changes in value from financial instruments amounted to MSEK 345 (19), and refer to interest-rate caps and swaps that increased in value due to rising market interest rates.

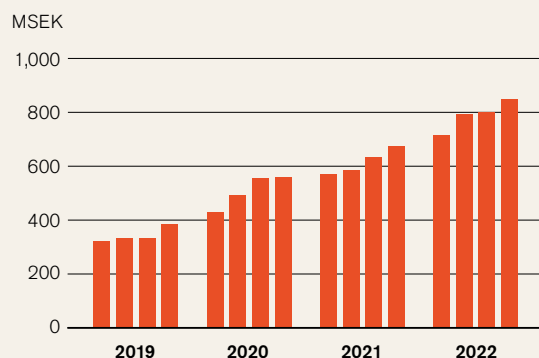
### Tax

The tax expense for the period was MSEK 165 (532). The effective tax rate was 8.9 percent (14.6). The deviation from the nominal tax rate of 20.6 percent was mainly due to the profit from participations in joint ventures comprising profit after tax, and thus did not constitute taxable income for Nyfosa, but was also due to non-taxable capital gains on the divestment of properties via companies, and the use of loss carryforwards changing over time.

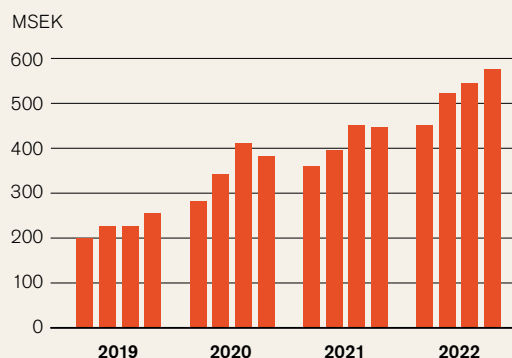
### Profit for the year

Profit for the year amounted to MSEK 1,694 (3,112), or SEK 8.61 per share (16.49) after dilution. The decrease was mainly an effect of higher interest expenses and negative changes in value.

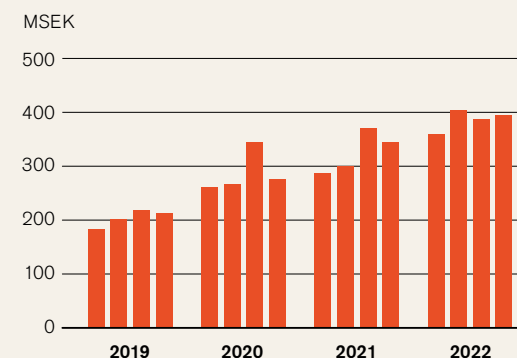
INCOME PER QUARTER



NET OPERATING INCOME PER QUARTER



PROFIT FROM PROPERTY MANAGEMENT PER QUARTER



### Parent Company

For 2022, the Parent Company reported profit after tax of MSEK 1,273 (2,223). The Parent Company's fees for central and property administrative services from Group companies amounted to MSEK 125 (102). Profit for the year is the same as comprehensive income for the year. At December 31, 2022, the Parent Company's equity totaled MSEK 11,924 (11,464), of which restricted equity was MSEK 96 (96). Intra-Group liabilities amounted to MSEK 7,794 (3,827) and intra-Group receivables amounted to MSEK 21,291 (17,067).

### Expectations concerning future development

Nyfosa does not provide a forecast on its future financial performance. In 2023, the company will continue its focused work on creating value by being transaction-based and capitalizing on the business opportunities that arise.

The conditions for the property sector changed quickly in 2022. The interest-rate scenario paired with a cautious capital market made financing both more costly and more difficult. Inflation and growing energy prices affected both the company and our tenants. Nyfosa's financial target is to create annual growth in distributable cash flow per share of 10 percent over time. Growth is created through property acquisitions and through property management operations such as leasing and investments in the existing property portfolio. Changed conditions such as significantly more costly financing, tenant bankruptcies or more expensive modifications impact the company's ability to achieve its financial growth target.

The assessment is that the cautious market will remain difficult to navigate for some time. The risk of doubtful rent receivables will remain high in the short term. Lower economic activity in society in the long term, or changed needs for premises among tenants, could affect demand for the company's premises. This could lead to an increase in long-term vacancies, downward pressure on rent levels and property values.

### The Board's proposed appropriation of profit

The following funds in the Parent Company Nyfosa AB are available for distribution by the Annual General Meeting (amounts in SEK).

Unrestricted equity, SEK	Dec 31, 2022
Share premium reserve	2,058,180,283
Hybrid bonds	762,500,000
Retained earnings	7,734,252,300
Profit for the year	1,273,490,944
<b>Total unrestricted equity</b>	<b>11,828,423,527</b>

### The following funds are available for distribution by the AGM

Ordinary dividend, SEK 4.00 per share <sup>1</sup>	764,091,252
To be carried forward	11,064,332,275
- of which to Share premium reserve	2,058,180,283
- of which to Hybrid bonds	762,500,000
<b>Total</b>	<b>11,828,423,527</b>

1) Quarterly payment of SEK 1.00 per ordinary share of class A.

# THE NYFOSA SHARE

Nyfosa's share has been listed on Nasdaq Stockholm Large Cap since November 2018. On the last day of trading, December 30, 2022, the closing rate of the share amounted to SEK 80.60, corresponding to a market capitalization of MSEK 15,396.

## Share price trend and volume of trading

The volume weighted average price of the Nyfosa share for 2022 was SEK 98.23. The price of the share decreased about 49 percent during the year. During the same period, the OMX Stockholm PI index decreased 25 percent, while the OMX Stockholm Real Estate Index increased 45 percent. A total of about 86 million Nyfosa shares were traded for a total value of SEK 8.5 billion in 2022. An average of 340,000 million shares were traded on every day of trading.

## Share capital

On December 31, 2022, Nyfosa's share capital amounted to MSEK 96, distributed among 191,022,813 shares with a quotient value of SEK 0.50 per share. According to the Articles of Association, the share capital shall amount to not less than MSEK 80 and not more than MSEK 320, distributed among not fewer than 160,000,000 shares and not more than 640,000,000 shares. The share capital in Nyfosa AB changed according to the table on page 41.

## Dividend policy and dividend proposal

At least 40 percent of the distributable cash flow<sup>1</sup> is to be distributed to the owners. Dividends are, on each occasion, to be considered in light of the company's business opportunities and may comprise a distribution in kind, buyback or cash dividend. For the 2022 financial year, the Board proposes that the AGM resolves on the distribution of a dividend of SEK 4.00 per share with quarterly payment of SEK 1.00 per share. The dividend corresponds to approximately 48 percent of the distributable cash flow.

## Shareholder information

At the end of the year, Nyfosa had 17,985 shareholders, of which Swedish investors, institutions and private individuals owned 75.5 percent of the shares and voting rights, and the remaining shares and votes were owned by foreign shareholders.

The ten largest owners jointly controlled 60.2 percent of the share capital and voting rights. The table on page 40 presents Nyfosa's largest shareholders on December 31, 2022, based on information from Modular Finance Monitor.

## Warrants program

Nyfosa has three long-term incentive programs (LTIP 2019, LTIP 2021 and LTIP 2022) based on warrants. A description of the warrants programs is provided in Note 6 on page 83.

In September, the Board offered to repurchase all outstanding warrants on the 2019/2023 (LTIP 2019) warrants program for market-based cash consideration of SEK 13.96 per option. Holders who decide not to accept the offer will remain in the program with no changes to the terms and conditions. The repurchase is for 1,064,300 warrants and total proceeds of MSEK 14 were generated, which were paid in October 2022.

The dilution from the existing warrants program amounted to 0.1 percent for the year.

<sup>1</sup>) Cash flow from operating activities before changes in working capital

## SHARE PERFORMANCE



## SPECIFICATION OF SHAREHOLDERS

December 31, 2022

Shareholders	Number of shares	Percentage share	
		Capital, %	Votes, %
AB Sagax	40,673,224	21.3	21.3
Länsförsäkringar Funds	18,304,964	9.6	9.6
Swedbank Robur Funds	12,889,761	6.8	6.8
Lannebo Fonder	8,598,231	4.5	4.5
SEB Funds	7,572,891	4.0	4.0
Handelsbanken Funds	7,390,520	3.9	3.9
Vanguard	7,130,543	3.7	3.7
BlackRock	6,498,818	3.4	3.4
Jens Engwall	4,903,915	2.6	2.6
Kåpan Pensioner	4,880,014	2.6	2.6
<b>Total ten largest owners</b>	<b>118,842,881</b>	<b>62.2</b>	<b>62.2</b>
Other shareholders	72,179,932	37.8	37.8
<b>Total</b>	<b>191,022,813</b>	<b>100.0</b>	<b>100.0</b>

Source: Modular Finance Monitor

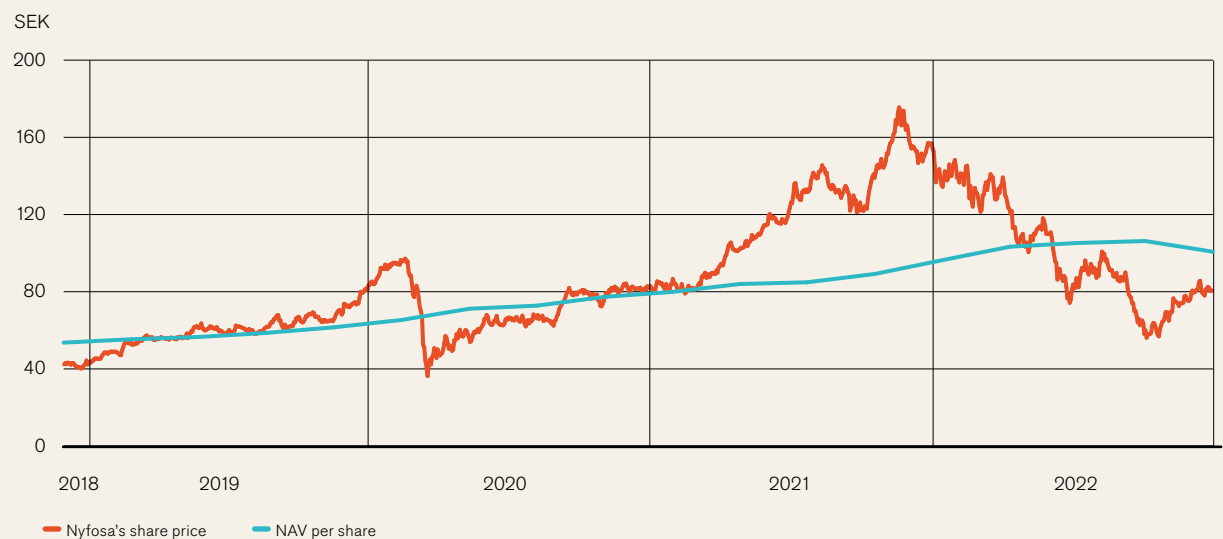
## OWNERSHIP STRUCTURE BY SIZE

December 31, 2022

Ownership structure	No. of shareholders	Share, %
1 – 500	13,818	76.83
501 – 1,000	2,035	11.31
1,001 – 5,000	1,663	9.25
5,001 – 10,000	189	1.05
10,001 – 20,000	108	0.60
20,001 – 50,000	57	0.32
50,001 –	115	0.66
<b>Total</b>	<b>17,985</b>	<b>100</b>

Source: Modular Finance Monitor

## NAV PER SHARE





## THE COMPANY'S SHARE CAPITAL TREND

Date	Event	Change in share capital (SEK)	Change in number of shares	Share capital after change (SEK)	Number of shares after change
October 17, 2017	New formation	–	–	50,000.00	500
May 21, 2018	Division of shares	–	99,500	50,000.00	100,000
May 21, 2018	New share issue	78,814,124.50	157,628,249	78,864,124.50	157,728,249
August 21, 2018	New share issue	5,000,000.00	10,000,000	83,864,124.50	167,728,249
February 17, 2020	New share issue	3,231,412.00	6,462,824	87,095,536.50	174,191,073
March 9, 2020	New share issue	5,155,000.00	10,310,000	92,250,536.50	184,501,073
June 9, 2021	New share issue	3,260,870.00	6,521,740	95,511,406.50	191,022,813

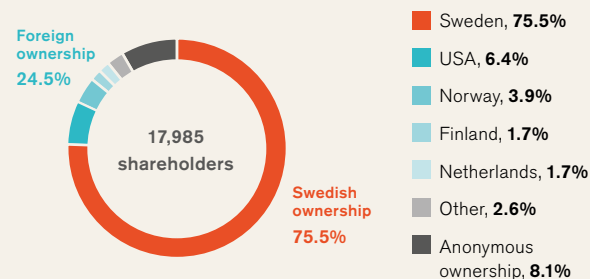
## WARRANTS PROGRAM (LTIP 2019, 2021, 2022)

December 31, 2022

Reconciliation of warrants	LTIP2019 Dec 31, 2022	LTIP2021 (I) Dec 31, 2022	LTIP2021 (II) Dec 31, 2022	LTIP2022 Dec 31, 2022	Total
Warrants outstanding at beginning of year	1,304,300	325,241	325,241	–	1,954,782
Warrants subscribed	–	–	–	422,150	422,150
Warrants repurchased	–1,064,300	–	–	–	–1,064,300
Warrants utilized	–	–	–	–	–
<b>Warrants outstanding at end of the period</b>	<b>240,000</b>	<b>325,241</b>	<b>325,241</b>	<b>422,150</b>	<b>1,312,632</b>

## GEOGRAPHIC DISTRIBUTION OF SHAREHOLDING

December 31, 2022



# RISKS AND RISK MANAGEMENT

Nyfosa is continuously exposed to various risks, which could be significant to the company's future operations, earnings and financial position. Nyfosa works systematically and continuously on managing these and other risks and uncertainties. The focus is on preventing risks and evaluating how risk management can be converted into opportunities.

Risk management is an integrated part of the business planning process at Nyfosa. Critical success factors for achieving the growth and sustainability objectives were identified in the company's long-term business plan. The main uncertainty factor is attributable to changes in value in the property portfolio. The value of the properties is affected not only by supply and demand in the market but also by a number of other factors, in part property-specific factors such as the occupancy rate, rent level and operating expenses, and in part such market-specific factors as the yield requirement and the cost of capital, which are derived from comparable transactions in the property market. Deterioration in either a property or the market could cause the value of the properties to decline, which could have a negative impact on Nyfosa's financial position and earnings.

Nyfosa divides material risks and uncertainties for the company into five categories.

<b>STRATEGIC RISKS</b>	Changed market conditions, changes in value of properties
<b>OPERATIONAL RISKS</b>	Property owner risks, emergency preparedness, transaction risks, retaining employees
<b>FINANCIAL RISKS</b>	Access to capital and managing changes in financial terms
<b>SUSTAINABILITY RISKS</b>	Work environment, reputation, internal processes and controls, environmental impact, climate change
<b>EXTERNAL ENVIRONMENT</b>	Macro conditions, crisis, changed regulations regulatory compliance



## RISKS AND RISK ASSESSMENT SUMMARY

Risk by category	Consequence	Probability	Management of risk	Change in management
<b>STRATEGIC RISKS</b>				
Changed market conditions	Major	Highly possible	Focus area	NEW
Changes in value of properties	Average	Highly possible	Focus area	→
Employees and expertise	Minor	Possible	Monitor	→
<b>OPERATIONAL RISKS</b>				
Rental income	Average	Possible	Focus area	→
Property expenses	Average	Possible	Focus area	↗
Property development	Minor	Probable	Monitor	→
Transaction risk	Minor	Improbable	Monitor	→
Tax	Average	Improbable	Monitor	→
IT and infrastructure	Average	Possible	Monitor	→
<b>FINANCIAL RISKS</b>				
Interest-rate risk	Major	Highly possible	Focus area	→
Financing and refinancing risk	Major	Probable	Focus area	→
Currency exposure	Average	Improbable	Monitor	→
Credit risk	Average	Possible	Monitor	NEW
<b>SUSTAINABILITY RISKS</b>				
Occupational health and safety	Minor	Improbable	Monitor	→
Reputation	Average	Improbable	Monitor	→
Internal processes and controls	Average	Improbable	Monitor	→
Environmental impact	Average	Improbable	Monitor	→
Climate issues	Average	Possible	Focus area	→
Pollutants and environmental damage	Average	Possible	Monitor	NEW
<b>EXTERNAL ENVIRONMENT</b>				
Macroeconomic	Major	Possible	Focus area	→
Crisis	Average	Possible	Monitor	→
Regulatory changes	Minor	Possible	Monitor	→
Regulatory compliance	Minor	Possible	Monitor	→

↗ = Increased monitoring  
 → = Unchanged monitoring  
 ↘ = Decreased monitoring

## STRATEGIC RISKS

Risk that changed market conditions or the company's strategy, including a high transaction level and sustainable development of the existing portfolios, does not support the financial target that is growth in distributable cash flow per share of 10 percent over time.

Description of the risk	Risk management	Exposure and outcome
<p><b>CHANGED MARKET CONDITIONS</b></p> <p>Nyfosa's financial target is to create annual growth in distributable cash flow per share of 10 percent over time. Growth is created through property acquisitions and through property management operations such as leasing and investments in the existing property portfolio. Changed conditions such as significantly more costly financing, tenant bankruptcies or more expensive modifications impact the company's ability to achieve its financial growth target.</p>	<p>The flexible and opportunistic business model means that the operations can rapidly adapt to new conditions. Close relationships with banks that inspire confidence in the company, thus allowing for rapid changes to new conditions.</p> <p>A diverse lease structure with no exposure to a small number of types of operations or tenants. Investments in the existing property portfolio primarily refer to tenant-specific modifications as stipulated in signed leases.</p>	<p>Nyfosa finances its assets through equity, bank loans with Nordic banks and loan funds, and hybrid bonds issued in the Swedish capital market.</p> <p>To support liquidity and growth, the company has four prearranged lines of credit with banks, which have not always been fully utilized. This means that, against collateral in existing properties, Nyfosa can rapidly increase its borrowing at fixed terms to, for example, finance property acquisitions.</p> <p>The average interest rate for loans from credit institutions and bonds on the balance-sheet date was 3.5 percent.</p>
<p><b>CHANGES IN VALUE OF PROPERTIES</b></p> <p>The property portfolio's total value is the largest asset item in the statement of financial position.</p> <p>The value is affected not only by supply and demand in the market, but by several other factors that are both property specific and market specific. Small changes in components that affect the value of specific property categories can in total have a major impact on the company's financial position to the extent that company's properties are not diversified. There is also a degree of subjectivity in the value because several components are based on assumptions regarding future rent levels and leasing potential.</p>	<p>The chosen strategy entails owning a large number of properties that are geographically diverse, thereby resulting in a balanced risk profile.</p> <p>The prioritized property category is commercial properties in high-growth municipalities where we can see an increase in relocation and business.</p> <p>To minimize the risk of errors in the value of the property portfolio, the company engages external appraisers to value all properties ahead of each quarterly closing.</p> <p>The assignment is shared by at least two appraisers.</p>	<p>A major negative change in value of the properties can result in breaching the credit terms of the loan agreements. In the event of this, the company risks higher financing costs, larger loan repayments or, as a final measure, that the loan is called in for payment.</p> <p>Valuation of the of property portfolio on the balance-sheet date resulted in a negative value change during the year. However, the amount was not significant for existing loan agreements.</p>
<p><b>EMPLOYEES AND EXPERTISE</b></p> <p>Nyfosa's organization has been deliberately built up with a relatively small number of people in order to create flexibility and proximity to business, which could lead to dependency on existing key talent.</p>	<p>Competency needs are evaluated continuously in order to adapt the organization to prevailing requirements, and active work is conducted to promote internal manager sourcing.</p> <p>To minimize the dependence on individuals, the company has documented job descriptions and clear process maps.</p>	<p>Should Nyfosa fail to retain qualified staff and senior executives, or if they are frequently on sick leave, this could adversely affect operations, earnings and financial position.</p> <p>During the year, special training was provided for property management personnel on tenancy and construction law.</p>

## OPERATIONAL RISK

The risk of not achieving the growth target for the organization's management of the existing property portfolio and transaction operations.

Description of the risk	Risk management	Exposure and outcome
<p><b>RENTAL INCOME</b></p> <p>The occupancy rate and level of rental income are largely dependent on the company's own actions, but are also affected by economic cycles. Rent levels and the occupancy rate are both highly affected by overall growth in the economy but also growth at regional and local levels where Nyfosa conducts operations. The risk of rent losses and vacancies is also affected by the type of tenants and the operations conducted in the premises.</p>	<p>The property portfolio is geographically diversified, with a large number of tenants with differentiated lease tenures.</p> <p>The risk of rent losses is managed by conducting credit assessments of tenants for all new leases and continuously during the lease term. If necessary, the lease may have to be supplemented with surety, a rental deposit or a bank guarantee.</p> <p>All rents are paid in advance on a quarterly or monthly basis.</p> <p>A certain level of vacancies may have a positive effect since it provides scope and flexibility in relation to existing tenants or new leases.</p>	<p>On the balance-sheet date, the lease portfolio consisted of 6,575 contracts, of which 2,586 pertained to garages and parking spaces. The average lease term was 3.7 years.</p> <p>Nyfosa has a highly diverse tenant list featuring only a small number of dominant tenants. The ten largest tenants represent 11 percent of total rental income and are distributed between 171 leases. Of total rental income, tax-financed rent represented 26 percent.</p> <p>The economic leasing rate for the year was 93.7 percent (93.7). Net leasing has been positive for the past four years.</p>
<p><b>PROPERTY EXPENSES</b></p> <p>Risks of cost increases beyond what Nyfosa can compensate for through contractually agreed rents, index and surcharges for onward invoicing. The risks extend also to unforeseen expenses and extensive renovation needs.</p>	<p>Property expense analyses are performed regularly during the year. Discrepancies are followed up.</p>	<p>Energy costs are the largest expenses for the company, except for interest expenses. Prices are governed by supply and demand alongside policy decisions, which could potentially change.</p> <p>Annual ground rent may be amended for future renegotiations.</p> <p>The basis for calculating property tax may be changed through policy decisions.</p> <p>About 92 percent of the annual rental income in leases have clauses on annual indexation. The majority of these indexation clauses refer to 100 percent of the base rent and are to follow the CPI, or equivalent, for October. The upward indexation of the annual rent for 2023 in existing leases amounted to MSEK 228.</p>
<p><b>PROPERTY DEVELOPMENT</b></p> <p>Investments are continuously made in the existing property portfolio in the form of modifications and improvements.</p> <p>Investment projects could be delayed or more expensive than the assessment in the investment decision or the tenant's payment capacity could decline.</p>	<p>Investments are generally carried out as a tenant conversion in conjunction with renegotiations or new leases.</p> <p>Regardless of whether the investment is associated with renegotiations or new leases, the tenant's credit rating is evaluated before a decision is made about the project.</p> <p>If an investment is made in the property's public space, a thorough assessment of the investment's impact on the property's long-term value is made.</p> <p>Those property development projects that are carried out are conducted together with established and experienced suppliers, with a high level of internal control in the investment process.</p>	<p>Higher costs for investment projects have a negative impact on the company's cash flow and delays of investment projects tie up capital longer than expected.</p> <p>Investments of MSEK 577 were made in the existing property portfolio for the year. The majority of investments were for tenant-specific modifications and improvements related to leases. The largest ongoing investment is in the Vasarakatu 27 property in Jyväskylä, Finland, where an expansion and renovation project is under way. The investment is connected to a 15-year lease signed with Spesia, which conducts education and training.</p>

Description of the risk	Risk management	Exposure and outcome
<p><b>TRANSACTION RISK</b></p> <p>The company's strategy is to be constantly active in the transaction market. This means that a large share of potential property acquisitions is constantly evaluated.</p> <p>There is a risk of misjudging the market, a property's potential or the development of a geographic area as well as risks linked to a seller or purchaser who acts unethically.</p>	<p>There is a well-defined acquisition process and extensive capacity in the company to evaluate potential business.</p> <p>With its broad geographic presence, the organization has an extensive contact network and is highly knowledgeable of the market's commercial property players.</p> <p>Nyfosa occupies a strong position in the transaction market, with unquestioned knowledge of complex portfolio transactions, which means that sellers and buyers often contact us.</p>	<p>Difficulties finding transactions may affect the company's ability to achieve the financial target.</p> <p>Incorrect business decisions could constitute losses for the company.</p> <p>The value of property acquisitions for the year amounted to MSEK 4,394 on the balance-sheet date, growth of 12 percent.</p> <p>A number of divestments were made during the year, partly to streamline the portfolio and partly to realize the increase in value that has been built up over time. Divested properties had a total value of MSEK 1,735 and the change in value realized was MSEK 225.</p>
<p><b>TAX</b></p> <p>Regulations governing the recognition of taxes and the application of these accounting regulations are complex. From time to time, Nyfosa has cases under review by, and ongoing dialog with, the Swedish Tax Agency regarding individual taxation matters.</p> <p>Because it is possible to appeal Tax Agency's tax rulings and the judicial bodies' interpretation and reviews take place in many stages, it can take a long time to establish the correct application of legislation. This may adversely affect Nyfosa and investors' assessment of Nyfosa.</p> <p>The Swedish Tax Agency's tax rulings as well as court rulings may entail that actions taken or completed transactions that were previously considered permissible according to the regulatory framework may need to be reappraised at a later juncture.</p> <p>In the case of future audits or reviews, there is a risk that the Swedish Tax Agency could object to Nyfosa's assessment, for example, with respect to the deductibility of certain costs, opportunities for depreciation for tax purposes or the opportunity to deduct loss carryforwards from previous years.</p>	<p>Nyfosa carefully follows political developments and continuously monitors developments in the regulatory area to identify proposals for regulatory changes at an early stage. This monitoring ensures that Nyfosa understands the effects of any regulatory changes well in advance and that Nyfosa is well prepared should new regulations require an adaptation of internal processes to ensure compliance with the new regulations.</p> <p>Nyfosa monitors the taxation laws and practices that are in effect whenever it files tax returns. To further safeguard the quality of both tax returns and financial statements, Nyfosa continuously checks its judgments of complex tax matters with external experts. All tax deductions are openly declared in tax declarations to reduce the risk of tax surcharges if the Tax Agency has a different opinion.</p> <p>Within Nyfosa, all functions work together through clear-cut processes to satisfy regulatory requirements for continuous reporting and payment of taxes and to identify and manage tax risks.</p>	<p>Even if tenants are responsible for their share of the property taxes due at all times in the majority of Nyfosa's leases, changes to the property tax and other taxes such as corporation tax, VAT and other state levies and tax-related contributions could have a negative impact on earnings.</p> <p>A future change in the tax situation for Nyfosa could have adversely impact earnings and financial position.</p> <p>During the year, none of the companies in the Group were part of a tax dispute. Nor were any review decisions received from the Tax Agency.</p>
<p><b>IT AND INFRASTRUCTURE</b></p> <p>Risks related to inadequate physical and digital IT infrastructure</p> <p>Risk of systems hacking</p>	<p>Nyfosa has chosen an external IT service provider. The supplier is well-established in the Nordic market.</p> <p>Nyfosa has ongoing dialogues regarding the company's information security.</p> <p>The company's Board adopts an information security policy every year.</p> <p>Management follows up every year that the accounting function's continuity plan is updated.</p> <p>A backup function has been implemented.</p>	<p>Delayed financial reporting to the market.</p> <p>Disruptions in operations.</p> <p>No availability incidents were reported in 2022. The company's server did not experience any incidents of unauthorized access.</p>

## FINANCIAL RISKS

The risk of not achieving the long-term growth target due to shortcomings in financial covenants for current financing or that the company breaches the financial risk limits, equity/assets ratio >25%, loan-to-value ratio <65% and interest-coverage ratio >2.0. The Board annually adopts a finance policy that stipulates, inter alia, general rules for the company's financing and how the risks associated with finance operations are to be limited.

Description of the risk	Risk management	Exposure and outcome
<p><b>INTEREST-RATE RISK</b></p> <p>Interest-rate risk means the risk that changes in interest rates result in such high interest expenses that the company breaches its financial risk limitation of the interest-coverage ratio being at least a multiple of 2.0.</p>	<p>Nyfosa mainly has floating interest rates in its loan agreements. Exposure to increases in interest rates is managed by making use of derivative instruments, currently interest-rate caps and swaps. The remaining term of derivative agreements was 2.2 years on the balance-sheet date. Interest-rate caps offer the holder security in the form of a maximum impact on total interest expenses if STIBOR 3M and EURIBOR 6M rise. The interest-rate cap is 1.5–2.0 percent, and an average of 1.56 percent. Interest-rate swaps with a fixed annual rate of 1.57 percent were signed in the Finnish debt portfolio.</p> <p>Interest-rate caps and swaps are entered into to adapt the company's fixed-rate periods to the decided finance policy and existing loan agreements.</p>	<p>Nyfosa finances its assets through equity, bank loans with Nordic banks and loan funds, and hybrid bonds issued in the Swedish capital market.</p> <p>Interest-bearing loans from the credit and capital markets amounted to MSEK 24,033 on the balance-sheet date, including allocated arrangement fees, of which bank loans with properties as collateral represented 93 percent, corresponding to MSEK 22,433, and senior unsecured bonds 7 percent, corresponding to MSEK 1,600.</p> <p>As per December 31, 2022, 42 percent of the total debt portfolio was hedged with an interest-rate cap or swap. The interest-coverage ratio was a multiple of 3.4. The average interest rate on the balance-sheet date was 3.5 percent.</p>
<p><b>LIQUIDITY AND REFINANCING RISK</b></p> <p>Nyfosa grows primarily through acquisitions, and the company finances growth through external capital and the accrued cash flow. A declining market or economic climate could adversely affect the company's growth opportunities if access to external capital is limited or is only possible at considerably higher costs.</p> <p>When existing bank loans and bonds are refinanced in the future, there is a risk that it will not be possible to secure new loans or renew loans, or only at less favorable terms.</p>	<p>To support liquidity and growth, the company has four prearranged lines of credit with banks, which have not always been fully utilized. This means that, against collateral in existing properties, Nyfosa can rapidly increase its borrowing at fixed terms to, for example, finance property acquisitions.</p> <p>The company engages in continuous discussions with existing and prospective financiers to ensure that the necessary financing can be obtained in all situations.</p> <p>The assessment is that a stable financial position combined with a strong statement of financial position and a high credit rating provides continued favorable potential for growth.</p>	<p>If raising loans becomes more difficult or more expensive, this would adversely impact the company's potential to acquire properties and implement investments and projects.</p> <p>The value of property acquisitions for the year amounted to MSEK 4,394 on the balance-sheet date, growth of 12 percent. The acquisitions were financed with generated cash flow and bank loans on terms reflecting the current market.</p>
<p><b>CURRENCY EXPOSURE</b></p> <p>Nyfosa is exposed to exchange rate risks due to investments and liabilities in EUR and NOK. The presentation currency is SEK and all balance-sheet items in foreign currencies have been translated to SEK, leading to translation differences in Other comprehensive income. Translation differences may have a material impact on the Group's comprehensive income. Other ongoing exchange rate effects are recognized in profit or loss.</p>	<p>Currency risk is managed by financing acquisitions of properties in EUR or NOK by raising borrowings in the same currency.</p> <p>Exposure to recurring income and expenses are managed by carrying them out in the same currency.</p>	<p>Net assets in foreign currency amounted to MEUR 336 and the share of equity in joint ventures including receivables from joint ventures to MNOK 155 on December 31, 2022.</p> <p>A translation difference of MSEK 269 (9) was recognized in Other comprehensive income for the year.</p>
<p><b>CREDIT RISK</b></p> <p>Credit risk is the risk that a counterparty may be unable to fulfill its commitments, thus resulting in a loss.</p>	<p>Tenants are notified of rents and these are paid in advance, which means that all of Group's rent receivables of MSEK 14 (13) have fallen due for payment.</p> <p>Cash and cash equivalents are only deposited in accounts with Nordic banks and credit institutions that have a credit rating of at least A- (S&amp;P) or A3 (Moody's).</p>	<p>On the balance-sheet date, the lease portfolio consisted of 6,575 contracts, of which 2,586 pertained to garages and parking spaces. The average lease term was 3.7 years.</p> <p>Nyfosa has a highly diverse tenant list featuring only a small number of dominant tenants. The ten largest tenants represent 11 percent of total rental income and are distributed between 171 leases. Of total rental income, tax-financed rent represented 26 percent.</p>

## SUSTAINABILITY RISKS

Risks related to occupational health and safety, the company's market reputation, the quality of internal processes, the impact of the operations on the environment and climate changes that affect the company's assets. All sustainability risks could have a negative impact on the company's financial performance.

Description of the risk	Risk management	Exposure and outcome
<p><b>OCCUPATIONAL HEALTH AND SAFETY</b></p> <p>A number of significant psychosocial stresses related to working life can be found in society.</p> <p>It is Nyfosa's responsibility to ensure a healthy work environment, both physically and psychosocially, for its employees and in its capacity as a purchaser of consulting services.</p>	<p>Nyfosa applies occupational health and safety legislation and other regulations and requirements relevant to the company.</p> <p>A reasonability assessment is performed for tenders submitted in procurement processes for services from suppliers and partners.</p> <p>The company regularly monitors sick leave, long-term sick leave and work-place accidents.</p> <p>As part of efforts to prevent ill health, Nyfosa offers a health and well-being package and regular health checks to all employees, and all of Nyfosa's employees are covered by medical expenses insurance.</p> <p>The company has an anonymous whistleblower function that can be used to report any improprieties.</p>	<p>A high level of sick leave could affect the operations.</p> <p>During the year, absence due to illness was 2.13 percent (2.32).</p>
<p><b>REPUTATION</b></p> <p>Nyfosa is to be a responsible company and a modern property owner. If the company contravenes laws or regulations or otherwise acts unethically, it could result in damage to Nyfosa's brand.</p>	<p>Nyfosa follows the Swedish Corporate Governance Code.</p> <p>The company has internal governing documents and policies that outline procedures and divisions of responsibility.</p> <p>The company has an anonymous whistleblower function on its external website and internal intranet that can be used to report any improprieties.</p> <p>The company has a code of conduct for its own organization and for suppliers.</p>	<p>A tarnish reputation among tenants, employees and other stakeholders.</p> <p>No cases were reported using the whistleblower function during the year.</p>
<p><b>INTERNAL PROCESSES AND CONTROLS</b></p> <p>Deficient procedures, irregularities or internal or external events could cause disruptions or damage to the operations.</p> <p>The company's business model is based on maintaining a relatively small organization. A large part of financial management and property operations is purchased from external service providers. There is the risk that internal processes and controls among these external service providers do not meet the requirements set by the company.</p>	<p>The company follows a risk management process based on a risk management policy adopted by the Board.</p> <p>Policy documents and analyses are in place for all material processes in the company's operations.</p> <p>The Code of Conduct contains guidelines for the conduct of employees in certain situations and includes an established whistleblowing procedure.</p> <p>Process descriptions, procedures and control functions for processes carried out by external service providers are stipulated in agreements and governing documents.</p> <p>Every year, the company's accounting function tests identified controls that are found in processes that impact the financial reporting.</p> <p>Every year the external auditors examine and test the company's process and controls.</p>	<p>Errors in the financial reporting.</p> <p>Financial losses due to irregularities.</p> <p>Both internal and external audits of the compliance of processes and efficiency of controls were carried out without any major observations.</p>



Description of the risk	Risk management	Exposure and outcome
<p><b>ENVIRONMENTAL IMPACT FROM THE COMPANY'S OWN OPERATIONS</b></p> <p>Nyfosa invests in properties by acquiring buildings that have already been constructed. These assets are managed responsibly to extent their lifetimes. This requires regular maintenance as well as remodeling and extensions to adapt the premises to current demand.</p> <p>Heating the buildings results in carbon emissions.</p> <p>Ineffective use of resources in properties creates negative effects for the environment.</p>	<p>The Board has established sustainability targets to which management is to steer the operations. These targets include certifying buildings, reducing energy consumption and reducing carbon emissions.</p> <p>Specific measures to enhance the cost efficiency of the operation of the premises include analyses to identify investments in energy optimization. Lower energy consumption reduces carbon emissions and also leads to lower operating expenses.</p> <p>A green appendix is offered for when major new leases are signed or leases are renegotiated, the aim of which is to identify and follow up on various initiatives to reduce energy consumption in premises, such as more efficient heating and lighting.</p>	<p>Damage to confidence in the company among tenants, employees and other stakeholders.</p> <p>Properties with sustainability certification had a total value of SEK 11.8 billion on the balance-sheet date, corresponding to 29 percent of the total property value.</p> <p>Energy consumption in 2022 was 110.9 kWh per sqm, corresponding to a 6 percent decline for the comparable property portfolio compared with 2020, the benchmark value for the company's goal to reduce energy consumption.</p>
<p><b>CLIMATE ISSUES</b></p> <p>The climate changes that have partly happened and that scientists predict will happen entail the risk of a negative impact on properties.</p> <p>Extreme weather conditions, rising sea levels and temporary flooding are examples of risks related to climate change.</p> <p>There are also transition risks related to changed regulations for emissions and emission allowances, where the risk of higher energy costs and GHG emissions are risks that will likely have the largest impact on operations.</p>	<p>Analyzing risks is part of the acquisition process for new properties.</p> <p>The company is monitoring developments in expertise to continuously keep this matter relevant and update procedures and work methods as necessary.</p> <p>Completed scenario analysis to identify and evaluate the risks that could affect the company's operations.</p>	<p>These risks may lead to damage to properties and people, lower property values, higher insurance premiums and higher energy costs.</p> <p>None of these occurred during the year.</p>
<p><b>POLLUTANTS AND ENVIRONMENTAL DAMAGE</b></p> <p>According to the Swedish Environmental Code, operators are responsible for any pollution and other environmental damage, including a responsibility for remediation. The Environmental Code also stipulates that if an operator cannot afford remediation for a property, then the property owner is responsible. Such a demand could be placed on the company.</p>	<p>Analyzing risks is part of the acquisition process for new properties.</p>	<p>Risks can entail sanitation and restoration expenses for the company.</p> <p>None of these occurred during the year.</p>

## EXTERNAL ENVIRONMENT

Risk that crises in the external environment, such as a virus outbreak, recession and trade wars adversely affect the company's operations.  
 Risk that regulatory changes adversely affect the company's operations, such as higher costs when transitioning to new regulatory compliance.

Description of the risk	Risk management	Exposure and outcome
<p><b>MACROECONOMIC</b></p> <p>Macroeconomic risks pertain to risks related to general decline in demand in the economy, inflation or deflation, or general difficulties securing financing, alternatively financing at a higher cost.</p>	<p>Market surveillance.</p> <p>Due diligence and negotiations with tenants.</p> <p>Internal reporting model for local market conditions.</p> <p>Business intelligence in management and the Board.</p>	<p>A weak economy adversely affects demand for premises, resulting in more vacancies, falling market rents and absence of indexation in existing agreements. Further, there is a greater risk that tenants will have trouble paying or even declare bankruptcy, which has an immediate adverse effect on the cash flow.</p> <p>The company has had positive net leasing for the past four years. Rent losses and late payments increased slightly during the pandemic but have returned to a normal level.</p> <p>Limited access to capital could inhibit the company's possibilities to conduct operations. Ultimately, a lower demand in the economy could cause property values to fall.</p> <p>The value of property acquisitions for the year amounted to MSEK 4,394 on the balance-sheet date, growth of 12 percent. The acquisitions were financed with generated cash flow and bank loans on terms reflecting the current market.</p>
<p><b>CRISIS</b></p> <p>Crises can arise when something happens in the work or within the organization that Nyfosa is unable to influence or predict. This includes terrorist attacks, cyber-attacks, virus outbreaks, extreme weather conditions and environmental disasters, or intelligence leaks.</p>	<p>Crisis management plan drafted by management and the Board, published on the intranet.</p> <p>Successions planning for senior executives</p> <p>Insurance coverage for full value of properties.</p> <p>Guidelines for information security, and create understanding and awareness among users that information is an asset to be handled carefully.</p> <p>Continuity plan for financial reporting and IT support.</p> <p>System for digitally processing the signing of company documents and external leases</p>	<p>Can lead to economic losses.</p> <p>To date, the ongoing war in Ukraine has not affected the company's operations. However, it cannot be ruled out that the operations will be impacted in both the short and long terms, for example, due to a change in climate in the capital and/or property markets in which the company operates.</p>



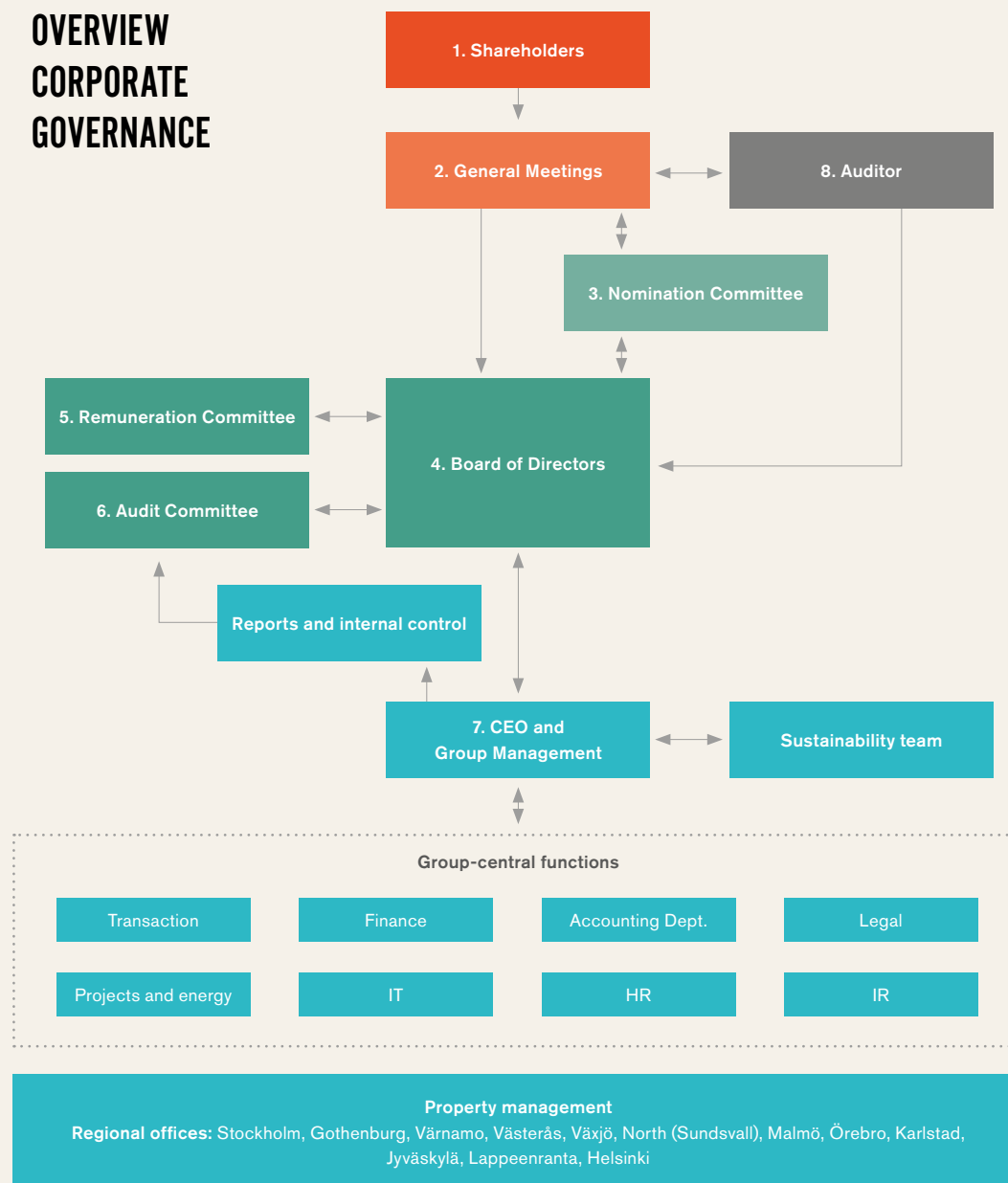
Description of the risk	Risk management	Exposure and outcome
<p><b>REGULATORY CHANGES</b></p> <p>There is a risk of amendments in regulatory frameworks, such as tax and EU regulations, MAR or GDPR, which means higher costs and could necessitate changes in operations.</p>	<p>Monitor updates and amendments in regulatory frameworks.</p> <p>Established network of advisors.</p>	<p>Changes in regulatory frameworks could affect future opportunities to complete investments, or make these more expensive, leading to lower returns in future. New bank legislation may affect access to financing, the price on borrowed capital and trigger credit terms that also involve higher financing costs.</p> <p>Amended tax levels and tax legislation, such as amendments to rules for depreciation deductions or bans on packaging of properties, could affect the company's tax expense in future.</p> <p>No effect on operations during the year.</p>
<p><b>REGULATORY COMPLIANCE</b></p> <p>Compliance with policies.</p>	<p>Market surveillance.</p> <p>Due diligence and negotiations with tenants.</p> <p>Internal reporting template within the organization pertaining to local market conditions.</p> <p>Network.</p> <p>Business intelligence in management and the Board.</p>	<p>Can lead to fines, tarnished reputation.</p> <p>Risk that improprieties or unethical behavior takes place internally, or among customers or suppliers. Can lead to loss of reputation.</p> <p>Nothing to report for the year.</p>

# CORPORATE GOVERNANCE REPORT 2022

Corporate governance at Nyfosa is based on Swedish law and other generally accepted good practice in the securities market as well as internal rules and guidelines. The Company also follows the Swedish Corporate Governance Code (the “Code”) and applied it without any deviations in 2022. This corporate governance report describes the governance of Nyfosa in 2022 unless otherwise stated.

A high level of corporate governance entails ensuring that Nyfosa conducts its operations sustainably, responsibly and as efficiently as possible. The overall goal is to increase value for shareholders to thus meet the requirements the owners have for their invested capital. The Board of Directors is responsible for the organization and the administration of the company's affairs. The CEO is responsible for ensuring that ongoing management of the company follows the Board's guidelines and instructions. The CEO, in dialogue with the Chairman of the Board, also compiles an agenda for Board meetings and is responsible for providing information and decision data to the Board.

## OVERVIEW CORPORATE GOVERNANCE



## 1 Shareholders

The Nyfosa share is listed on the Large Cap segment of Nasdaq Stockholm. The company's largest shareholder is AB Sagax with a holding and voting share of 21.3 percent. The remaining 78.7 percent is owned by institutional investors and private individuals in Sweden and abroad. None of these other shareholders, directly or indirectly, hold shares that represent one tenth or more of the votes for all shares in the company.

According to Nyfosa's Articles of Association, the company is also permitted to issue Class D ordinary shares and preference shares. However, no such shares had been issued as of December 31, 2022. More information about Nyfosa shares and major shareholders is provided on pages 39–41 of this Annual Report.

## 2 General Meetings

The General Meeting is Nyfosa's highest decision-making body, at which the shareholders exercise their voting rights. The Swedish Companies Act (2005:551) and the Articles of Association prescribe how notice of the Annual General Meeting (AGM) and Extraordinary General Meetings are to take place and who is entitled to participate in and vote at such Meetings. In addition to laws on a shareholder's right to participate in a General Meeting, Nyfosa's Articles of Association stipulate that shareholders must notify their intention to attend the General Meeting not later than the date indicated in the notice of the Meeting, and also give notification if they intend to be accompanied by an assistant. There are no restrictions on the number of votes that each shareholder may cast at the Meeting. General Meetings are held in Nacka or Stockholm. The Board is authorized to collect power of attorney according to the procedures stated in Chapter 7, Section 4, paragraph 2 of the Companies Act. The Board is also permitted, ahead of a General Meeting,

to decide that shareholders are to exercise their voting rights by post before the Meeting. The company does not apply any special arrangements to the function of the General Meeting, either based on the provisions of the Articles of Association or any shareholders' agreements known to the company. Resolutions adopted at a General Meeting are announced after the Meeting in a press release, and the minutes from the Meeting are published on the company's website.

### *2022 Annual General Meeting*

Several measures were approved on April 19, 2022, including the Board's proposed appropriation of profit, discharging the Board members and CEO from liability for the 2021 financial year, elections for the Board and auditor, remuneration of the Board and auditors, principles for appointing the Nomination Committee and introducing a long-term incentive program for employees in the Nyfosa Group ("LTIP 2022"). The 2022 AGM also resolved to amend the company's Articles of Association through the introduction of two new classes of shares, Class D ordinary shares and preference shares. All of the existing shares outstanding are Class A ordinary shares. The Meeting also authorized the Board to resolve to issue new Class A and Class D ordinary shares, as well as preference shares, on one or several occasions during the period up to the next AGM, to the extent that such a new issue can be made without amending the Articles of Association. For more information, refer to the company's website and the report from the AGM.

### *Extraordinary General Meeting in November 2022*

On November 15, 2022, an Extraordinary General Meeting resolved to authorize the Board, on one or more occasions for the period until the end of the next Annual General Meeting, to resolve to acquire a maximum number of ordinary shares of Class A so that the company holds a maximum of 10 percent of all shares in the company at any time following the acquisition. For more information, refer to the company's website and the report from the AGM. On December 31, 2022, the Board had not resolved to exercise the authority granted and instead evaluates the conditions as and when necessary.

## 3 Nomination Committee

The AGM of Nyfosa on May 9, 2019 adopted instructions for the Nomination Committee's composition and work within the company. According to these instructions, which apply until further notice, the Nomination Committee is to comprise the Chairman of the Board and four members appointed by the four largest shareholders in the company in terms of voting rights on July 31. If any of the four largest shareholders in terms of voting rights does not exercise their right to appoint a member, this right to appoint such a committee member is transferred to the next largest shareholder who is not already entitled to appoint a member of the Nomination Committee. The chairman of the Nomination Committee is to be the member representing the largest shareholder in terms of voting rights, unless the members agree otherwise. The composition of the Nomination Committee is to be announced not later than six months before the AGM. If a Committee member leaves or major changes take place in the ownership structure, the composition of the Nomination Committee may change to reflect this. Such a change will then be announced as soon as possible. The task of the Nomination Committee is to prepare proposals on the election of Board members and auditors, remuneration of the Board members and auditors, the election of the Chairman of the Meeting and any necessary w For more information about the current instructions for the Nomination Committee, visit the company's website.

The Nomination Committee ahead of the 2023 AGM comprised David Mindus, representing AB Sagax (Chairman of the Nomination Committee); Johannes Wingborg, representing Länsförsäkringar Fondförvaltning AB; Lennart Francke, representing Swedbank Robur Funds; Tobias Kaj, representing Lannebo Fonder; Suzanne Sandler, representing Handelsbanken Fonder; and Johan Ericsson, Board Chairman of Nyfosa AB. Tobias Kaj was appointed a member of the Nomination Committee on December 13, 2022, after Lannebo Fonder became the fourth-largest shareholder in Nyfosa.

The Nomination Committee applied the Code's rule 4.1 on diversity policy for its work. The aim of the diversity policy is to satisfy the importance of sufficient diversity on the Board

### NYFOSA'S 2023 ANNUAL GENERAL MEETING

Nyfosa's 2023 AGM will be held on April 25, 2023. More information about the AGM (including instructions on how to notify attendance) is available at [www.nyfosa.se](http://www.nyfosa.se).

of Directors in respect of gender, age and nationality, as well as experience, professional background and lines of business. The Nomination Committee has proposed to the AGM to be held on April 25, 2023 that the Board comprise two women and five men, entailing that the share of women is less than the targets set by the Swedish Corporate Governance Board. The selection of Board candidates has taken place without discrimination regarding, for example, age, sexual orientation, gender or religious affiliation. The Nomination Committee is of the opinion that the proposed Board, with regard to Nyfosa's operations, development stage and other conditions, has an appropriate composition, characterized by diversity and breadth regarding the director's competence, experience and background. Thus, the Nomination Committee considers that the proposal meets the Code's requirements for diversity and

breadth. Additional information is available in the Nomination Committee's reasoned statement regarding the Nomination Committee's proposals to the 2023 AGM, published on the company's website.

#### 4 Board of Directors

The Board is the company's highest administrative body, and its duties are regulated by the Swedish Companies Act, the Articles of Association and the Code. The Board of Directors is thus responsible for the company's organization and the administration of the company's affairs. The Board is also charged with monitoring financial and sustainability developments, ensuring the quality of financial reporting and the internal control and evaluating the operations based on the established objectives and guidelines adopted by

#### ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Board member	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Johan Ericsson <sup>1</sup> (Chairman of the Board)	23/24	–	4/4
Marie Bucht Toresäter	24/24	5/6	–
Lisa Dominguez Flodin	21/24	6/6	–
Jens Engwall	18/24	5/6	–
Mats Andersson <sup>2</sup>	12/24	–	2/4
Per Lindblad	24/24	–	3/4
Jenny Wärmé <sup>3</sup>	13/24	3/6	–
Patrick Gylling <sup>2</sup>	11/24	–	2/4
Claes Magnus Åkesson <sup>2</sup>	11/24	3/6	–

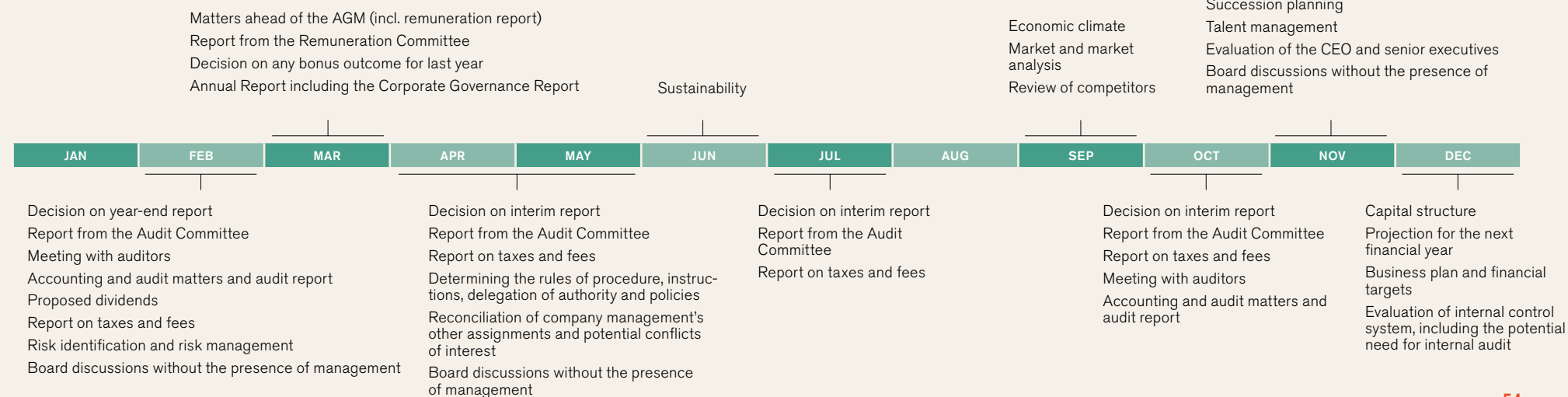
1) Was not permitted to participate in one of the meetings due to conflict of interest.

2) Elected to the Board at the AGM on April 19, 2022.

3) Stepped down from the Board at the AGM on April 19, 2022.

## MEETING PLAN FOR THE BOARD'S WORK DURING THE YEAR

The work of the Board follows the adopted rules of procedure pertaining to the year's scheduled Board meetings illustrated alongside. The Board also regularly addresses such as major acquisitions, divestments, investments and the CEO report and finance report.



the Board. Furthermore, the Board decides on significant investments and major changes in the Group's organization and operations. This work is based on rules of procedure adopted by the Board every year that regulate the distribution of work and responsibilities between the Board members and CEO. The Board also adopts a delegation of authority and instructions for financial reporting, the CEO and the Board's Committees, and decides on a number of general policies for the company's operations. These include an insider policy, finance policy, IT policy, information security policy, sustainability policy, communication policy and policy on related-party transactions. All of these internal governing documents are reviewed at least once annually and also regularly updated as necessary.

According to the Articles of Association, Nyfosa's Board of Directors is to comprise at least four and no more than ten members, with no deputy members. The Articles of Association contain no specific clauses governing the appointment or dismissal of Board members or regarding amendment of the Articles of Association. The members of the Board are elected by the AGM for the period until the end of the next AGM. The AGM held on April 19, 2022 reelected Jens Engwall, Johan Ericsson, Lisa Dominguez Flodin, Per Lindblad and Marie Bucht Toresäter as Board members, and Patrick Gylling and Claes Magnus Åkesson were newly elected as Board members. Mats Andersson and Jenny Wärmé declined reelection. Johan Ericsson was also reelected Chairman of the Board. Jens Engwall also had a consultancy agreement with the company during the year alongside his Board assignment. The consultancy agreement is to provide advisory services, in the first instance to the company's CEO, and also to continue to serve as the company's Board member in Söderport Property Investment AB and Torslanda Property Investment AB. The agreement came into effect on March 1, 2021 and expired on December 31, 2022. No other Board member has been or is employed in the Group. For more information about Nyfosa's Board members and information about their independence in relation to the company and management, refer to page 57. Information about the company's largest shareholders is provided on page 40.

#### *The work of the Board*

In addition to the statutory Board meeting, elected held immediately after the AGM, the Board meets at least six times a year (scheduled Board meetings). The dates of meetings and the main standing items on the agenda to be discussed at the scheduled meetings follow a set meeting plan in the Board's rules of procedure. Refer to the description on page 54. Extra Board meetings can be convened when required. Nyfosa's Board held 24 meetings during the year, one of which was a statutory Board meeting. For information about attendance at these meetings, refer to the table on page 54. Prior to each meeting, the Board members receive an agenda and written material for the items to be discussed at the meeting. The agenda ahead of each scheduled Board meeting included a number of standing items: The CEO's review of the operations, acquisitions, divestments and investments as well as financial reporting.

Besides regular Board matters, including major acquisitions, divestments and investments, the Board addressed issues related to raising capital, financing, the organization and sustainability in 2022.

#### *Evaluation of the Board and the CEO*

Once annually, in accordance with the Board of Directors' rules of procedure, the Chairman of the Board initiates an evaluation of the Board's work. The evaluation was carried out as a questionnaire, individual interviews with the company's Board members, CEO and auditor and a collective group evaluation. The purpose of the evaluation is to assess the results of the Board's and the Committees' work, the effectiveness of the work method and how it can be improved. The annual evaluation also aims to identify the type of matters that the Board should be given more scope to address and the areas that could potentially require additional experience and expertise on the Board. The result of the evaluation was discussed by the Board and reported to the Nomination Committee by the Chairman. The Board also continuously evaluates the work of the CEO. An evaluation is carried out at least once a year without the CEO attending.

#### *Remuneration of Board of Directors*

The AGM on April 19, 2022, resolved that the fees to the Board members be paid such that SEK 500,000 be paid to the Chairman of the Board and SEK 200,000 be paid to each of the Board members elected by the AGM who are not employed by the company. For work on the Audit Committee, fees were to be paid in the amount of SEK 70,000 to the Chairman of the Committee and SEK 35,000 to each of the other members of the Committee. For work on the Remuneration Committee, fees were to be paid in the amount of SEK 40,000 to the Chairman of the Committee and SEK 20,000 to each of the other members of the Committee.

#### *Board Committees*

The Board has established two committees from within its ranks: an Audit Committee and a Remuneration Committee, which both follow instructions adopted by the Board. These committees are sub-committees that prepare matters for the Board and do not have any own power of decision. The matters addressed at committee meetings are minuted and reported as necessary at the next Board meeting.

## **5 Remuneration Committee**

The main tasks of the Remuneration Committee are to assist the Board by presenting proposals, providing advice and preparing matters regarding remuneration of and other terms of employment for the company's CEO and principles for remuneration of company management. Furthermore, the task of the committee is to monitor and evaluate the outcome of variable remuneration programs, and Nyfosa's compliance with the remuneration guidelines adopted by the General Meeting. The Remuneration Committee in 2022 comprised Board members Mats Andersson, Johan Ericsson (Chairman), Patrick Gylling and Per Lindblad. Mats Andersson stepped down as a member after he declined re-election at the Annual General Meeting on April 19, 2022. As a result, Patrick Gylling was newly elected as a member after the Board's statutory meeting on April 19, 2022. The Remuneration Committee held four meetings in 2022 that addressed matters including

remuneration of senior executives, the structure of incentive programs, the buyback of warrants, the structure of the remuneration report and the review of the company's guidelines for remuneration of senior executives. For information about attendance at these meetings, refer to the table on page 54.

## 6 Audit Committee

The Audit Committee is to assist the Board in completing its supervisory role of audit matters. The Committee's main task is stipulated in the Companies Act. These include overseeing the company's financial reporting, risk management in the financial reporting and the effectiveness of internal control and governance as well as maintaining contact with and evaluating the work, qualifications and independence of the external auditor. The Committee is also to assist in preparing proposals for the General Meeting to resolve on the election and remuneration of auditors. The results of the Committee's work in the form of observations, recommendations and proposals for decision or action are continuously reported to the Board. The Audit Committee in 2022 comprised Board members Jens Engwall, Lisa Dominguez Flodin (Chairman), Marie Bucht Toresäter, Jenny Wärmé and Claes Magnus Åkesson. Jenny Wärmé stepped down as a member after she declined re-election at the Annual General Meeting on April 19, 2022. As a result, Claes Magnus Åkesson was newly elected as a member after the Board's statutory meeting on April 19, 2022. The Audit Committee held six meetings in 2022 and addressed matters on the company's internal control and governance, sustainability efforts and the handling of quarterly closing and interim reporting. For information about attendance at these meetings, refer to the table on page 54.

## 7 CEO and Group Management

The CEO is appointed by the Board and is responsible for the daily management of the company and the Group's activities in accordance with the Board's instructions. The CEO instruction states that the CEO is responsible for the administration of the Board and Board reporting as well as preparing matters that require a decision by the Board, for example, adopting the

interim report and Annual Report, decisions on major acquisitions, sales or investments and raising large loans. The CEO has appointed a Group Management team that is responsible for different parts of the operations. Nyfosa's Group Management currently comprises the CEO, Head of Financial Control, Head of Transactions, Head of Property Management and Head of Finance. The CEO functions as chairman of Group Management and makes decisions in consultation with other members of Group Management. The work of Group Management follows an annual cycle of eight scheduled meetings. Extra meetings are convened as required.

### *Guidelines for remuneration of senior executives*

The AGM on April 23, 2020 resolved on guidelines for the remuneration of Nyfosa's senior executives. These guidelines apply until further notice, but not longer than until the 2024 AGM. No decision on adjusting the guidelines was made in 2022.

Remuneration of senior executives may comprise a fixed and variable portion as well as pension benefits and other benefits. The fixed salary for senior executives is to be market-aligned and based on expertise, responsibility and performance. Variable remuneration is to be paid to senior executives where the Board believes that it encourages the right behaviors and does not jeopardize long-term value creation. The variable remuneration is to reward target-related performance and improvements in simple and transparent structures, and is to have a ceiling for a maximum outcome. Outcome is to be related to fulfillment of the company's financial targets and other measurable sustainability targets that support long-term shareholder value. Most established targets are to be the same for the senior executives but can, to less of an extent, refer to individual performance. Variable remuneration of senior executives must not exceed four months' salary and is not to be pensionable.

Senior executives may be offered incentive programs that are to primarily be share or share-price based to promote commitment to the development of the company and are to be implemented on market terms. For more information about outstanding incentive programs, visit the company's website.

The Board may derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. Any derogation from the guidelines for remuneration of senior executives by the Board is to be included in the remuneration report at the next AGM.

The amount of remuneration paid in 2022 is presented in Note 6. The remuneration report for 2022 is published on the website.

## 8 Auditor

The auditor is an independent reviewer of the company's financial statements and is to determine whether they are essentially accurate and complete and provide true and fair view of the company and its financial position and earnings. The auditor is also to review the administration by the Board and CEO as well as the company's sustainability report. The auditor reports to the AGM.

At the AGM on April 19, 2022, KPMG AB was elected to serve as auditor until the end of the next AGM. Auditor-in-Charge Mattias Johansson is an Authorized Public Accountant and member of FAR (institute for the accountancy profession in Sweden). The auditors participated in two Board meetings to present KPMG AB's audit process to Nyfosa and to provide Board members the opportunity to ask questions without the presence of management. The auditors also participated in all meetings of the Audit Committee. To ensure the objectivity and independence of the auditor, they are evaluated annually by the Audit Committee. The auditor annually confirms their independence in the auditor's report.

In addition to the audit assignment, KPMG was engaged for additional services in 2022, primarily outsourcing and financial administration advice. Such services have always, and solely, been provided insofar as they are consistent with the regulations in the Swedish Auditing Act (1999:1079) and FAR's rules of professional conduct pertaining to the objectivity and independence of auditors.



## BOARD OF DIRECTORS



### Johan Ericsson

Chairman of the Board

**Year of birth:** 1951

**Board member since:**  
May 7, 2018

**Education and professional experience:** Master in Business Administration, Stockholm School of Economics. FRICS. Previous experience from senior positions and various roles in the Catella group (1993–2015).

**Other ongoing assignments:** CEO of Solnaberg Property AB (publ) (and other board assignments in the Group), Chairman of Market Art Fair Intressenter AB (and other Board assignments in the Group), Fastighetsbolaget Emilshus AB and The Princess Estelle Cultural Foundation. Board member of Brinova Fastigheter AB (publ), AB Borudan Ett and Torekov By AB.

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 65,000

*Independent in relation to the company, Group Management and the company's major shareholders.*



### Lisa Dominguez Flodin

Board member

**Year of birth:** 1972

**Board member since:**  
May 7, 2018

**Education and professional experience:** Bachelor's degree in accounting and auditing, Mid Sweden University, Östersund, and MBA, San Jose State University. Previous experience as, inter alia, CFO of Grön Bostad AB (2016–2021), CEO of Cibus Nordic real Estate AB (publ) (2018) and Board member (including member of the audit committee) of NP3 Fastigheter AB (publ) (2014–2017) as well from senior positions at Oscar Properties AB (2017), Cityhold Property AB (2012–2016) and NBP Group (2011–2012).

**Other ongoing assignments:** CFO of Granitor (formerly Midroc), Board member of Cordim Europe AB (and other board assignments in the Group), Granitor Properties AB, LCF Financial Services AB and Flodin Kapital AB.

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 7,500

*Independent in relation to the company, Group Management and the company's major shareholders.*



### Marie Bucht Toresäter

Board member

**Year of birth:** 1967

**Board member since:**  
May 7, 2018

**Education and professional experience:** Master in Business Administration, Uppsala University. Previous experience from senior positions at, inter alia, Headlight International AB (2015–2017), Skanska ID (2013–2015), NCC Property Development Nordic AB (2012–2013) and Newsec Advice AB (1999–2012).

**Other ongoing assignments:** CEO of Novier AB, Novi Real Estate AB, Nordier Property Group AB, Norvier Property Advisors AB and Board member of MVB Holding AB and Novier Leasing & Development AB.

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 5,156

*Independent in relation to the company, Group Management and the company's major shareholders.*



### Jens Engwall

Board member

**Year of birth:** 1956

**Board member since:**  
November 15, 2017

**Education and professional experience:** Master of Engineering, Royal Institute of Technology, Stockholm. Experience as the founder and CEO of Nyfosa AB (2018–2020) and Hemfosa Fastigheter AB (2009–2018), CEO of Kungsleden AB (1993–2006) and experience from the property sector through, inter alia, previous positions at Skanska AB.

**Other ongoing assignments:** Chairman of the property company Söderport Property Investment AB and (other Board assignments in the Group), Board member of Bonnier Fastigheter AB, Chengde Intressenter AB, Kveldhus AB, Nordic Mezzanine Capital I AB and Hemfosa Gård AB.

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 4,903,915, of which 400,000 via companies

*Not independent in relation to the company and Group Management. Independent in relation to the company's major shareholders.*



### Per Lindblad

Board member

**Year of birth:** 1962

**Board member since:**  
May 7, 2018

**Education and professional experience:** Master of Science in Agriculture Economics, Swedish University of Agricultural Sciences (SLU), Uppsala. Previous experience from inter alia senior positions at SEB (2008–2017).

**Other ongoing assignments:** CEO of Landshypotek Bank Aktiebolag, Chairman of Lyckås Aktiebolag and Board member of Dina Försäkring AB, Swedish Bankers' Association and Cooperatives Sweden.

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 10,000

*Independent in relation to the company, Group Management and the company's major shareholders.*



### Claes Magnus Åkesson

Board member

**Year of birth:** 1959

**Board member since:**  
April 19, 2022

**Education and professional experience:** Master of Business Administration at the Stockholm School of Economics and Advanced Management Program at INSEAD, in France. CFO and head of Investor Relations (1998–2021) and senior advisor (2022) at JM AB. Previous experience includes positions as Chief Controller Asia, CFO Malaysia and Regional Controller Asia in the Ericsson Group (1987–1998).

**Other ongoing assignments:** Chairman of the Board of JM @ Home AB and Board member of Concentric AB, CM Åkesson AB and VIE Kapital AB.

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 2,500

*Independent in relation to the company, Group Management and the company's major shareholders.*



### Patrick Gylling

Board member

**Year of birth:** 1975

**Board member since:** April 19, 2022

**Education and professional experience:** Master of Economics at Hanken, Swedish School of Economics in Helsinki, Finland. Founder of the real estate company HGR Property Partners and the holding of key positions in Sveafastigheter, Morgan Stanley and Advium Corporate Finance.

**Other ongoing assignments:** Chairman of the Board of Cibus Nordic Real Estate AB (publ). CEO and co-founder of the real estate company Sirius Capital Partners, Board member of Livräntestalten Hereditas Ltd.

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 11,000

*Independent in relation to the company, Group Management and the company's major shareholders.*

## SENIOR EXECUTIVES



### Stina Lindh Hök

CEO

**Year of birth:** 1973

**Training and education:**

Master of Science in Engineering, KTH Royal Institute of Technology, Stockholm.

**Other ongoing assignments:** Board member of Fabege AB.

**Background:** Experience as Transaction Manager at Hemfosa Fastigheter AB (2010–2018) and of the property sector including at Atrium Ljungberg AB (2009–2010), Leimdörfer Fastighetsmarknad AB (2006–2008) and as head of property management at Fabege AB (2005).

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 74,210

**Warrants in the company as of Dec 31, 2022:** 241,000

### Anders Albrektsson

Head of Property Management

**Year of birth:** 1974

**Training and education:**

Real Estate Economics and Finance, KTH, Stockholm

**Other ongoing assignments:** No other assignments

**Background:** Head of Property Management Sweden, Newsec Property Asset Management AB (2016–2020), Customer Manager, Folksamuppdraget, Newsec AM (2007–2015), and Property Manager, Newsec AM (2005–2006).

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 1,000

**Warrants in the company as of Dec 31, 2022:** 45,000

### Johan Ejerhed

Head of Finance

**Year of birth:** 1976

**Training and education:**

Master of Engineering, international industrial economics (finance), Linköping University.

**Other ongoing assignments:** No other assignments

**Background:** Experience of project manager in structured real estate financing at SEB (2004–2018).

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 18,654

**Warrants in the company as of Dec 31, 2022:** 88,500

### Ann-Sofie Lindroth

Head of Financial Control

**Year of birth:** 1976

**Training and education:**

Master of Science in Business Administration, Lund University

**Other ongoing assignments:** Board member of Söderport Property Investment AB (and other board assignments within the group) and Torslanda Property Investment AB (publ).

**Background:** Previous experience as Controller and Head of Finance at Hemfosa Fastigheter AB (2012–2018), auditor at EY Real Estate (2004–2012), and real estate agent at Svensk Fastighetsförmedling (1996–1999).

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 9,626

**Warrants in the company as of Dec 31, 2022:** 179,000

### Josephine Björkman

Head of Transactions

**Year of birth:** 1975

**Training and education:**

M.Sc. International Business from the School of Business, Economics and Law at the University of Gothenburg.

**Other ongoing assignments:** Board member of One Publicus Fastighets AB (and other board assignments within the group) and Origa Care AB (publ)

**Background:** Head of Transactions at Jernhusen (2011–2017), Business Developer Manager at GE Real Estate Norden (2004–2011), Master black belt GE Real Estate Norden (2001–2004), analyst GE Capital London (1999–2001).

**Shareholding in the company as of Dec 31, 2022 (incl. any shares held by related parties):** 3,720

**Warrants in the company as of Dec 31, 2022:** 137,000

# MODEL FOR INTERNAL CONTROL AND GOVERNANCE

Nyfosa's transaction-based operations and diversified property management requires well-established processes and controls to minimize the risk of error. It also requires a corporate culture that fosters a good control environment.

Nyfosa's model for internal control and governance consists of three parts, and each part is a line of defense with responsibility for its level of internal control and governance.

The Board is the third line of defense and is responsible for ensuring that there are processes to identify and define risks within operations and to measure and control risk-taking. The Board's responsibility for the internal control and governance is regulated by the Companies Act, the Annual Accounts Act (1995:1554) and the Code.

The CEO and Group Management are the second line of defense for daily work on an overall level, ensuring effective governance and control.

The first line of defense is each manager at our property management office and the Group functions outlined in the image on page 52. These functions have roles with responsibilities for maintaining good internal control and governance in each of their respective areas.

Procedures and processes for internal control, governance and risk management are based on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). This framework has five basic components: Control environment, Risk assessment, Control activities, Information & communication and Monitoring activities.

## NYFOSA'S THREE LINES OF DEFENSE FOR INTERNAL CONTROL AND GOVERNANCE



## Control environment

Nyfosa's control environment is founded on governing documents, processes and structures that set the basis for establishing internal control and governance in the organization. The Board monitors and ensures the quality of the internal control and governance in accordance with the Board's rules of procedure, the instructions for the CEO and the Committees and the associated delegation of authority and authorization manual. In addition, the Board has adopted a risk management policy that includes fundamental guidelines governing risk management, internal control and governance. These guidelines pertain to, for example, risk assessment, risk measures, control activities, action plans, evaluation and reporting. The internal control and governance activities are also presented in other governing documents, such as Nyfosa's accounting manual, sustainability policy and finance policy. These activities include regular checks and follow-ups of outcome compared with expectations and previous years, and supervision of, for example, the account-

ing policies applied by Nyfosa. In addition, Nyfosa provides an anonymous whistleblower function for all employees, business partners, tenants, suppliers and other external contracts that is regulated in separate guidelines and monitored by the Chairman of the Audit Committee.

Since the Group's ongoing reporting and the preparation of the quarterly and annual accounts, etc., have been partly outsourced to external service providers (Newsec Property Asset Management, PrimeQ, Colliers and TietoAkseli), Nyfosa's accounting manual also addresses the collaboration with these providers. The responsibility for maintaining an effective control environment and the continuous work on risk assessment and internal control and governance regarding the financial reporting is delegated to the CEO. However, the Board has ultimate responsibility. The Audit Committee is responsible for monitoring the efficiency of the company's internal control, governance and risk management regarding the financial reporting. Group Management regularly reports to the Board and the Audit Committee following established

procedures. Responsibilities, authorities and governing documents comprise the control environment for the organization, together with laws and regulations. All internal governing documents are regularly updated to include changes in, for example, legislation, accounting standards or listing requirements.

## Risk assessment

Every year, Group Management performs a risk evaluation of strategic, financial and operational risks as well as sustainability and compliance risks. The risks identified as the most material are documented in a risk list that is evaluated and submitted to a risk owner. The risk analysis also includes an assessment of the control activities established throughout the operations to manage the risks. Taking into account these existing control activities, the probability of a risk occurring within a defined period of time is evaluated, as is its impact on established targets. The risk assessment provides insight into the consequences for the Group if no action is taken,

## GROUP-WIDE POLICIES AND GOVERNING DOCUMENTS

### Finance policy

Provides guidelines and regulations for conducting the finance operations of the company and its majority-owned subsidiaries. Also states the allocation of responsibilities and authorities, and contains strategies for how various financial risks are to be managed and stipulates risk mandates.

### Risk management policy

Describes roles, responsibilities, processes and procedures related to risk management in the Group. The goal of Nyfosa's risk management is to systematically identify, evaluate and prioritize strategic and operational risks to thereafter make decisions about their management, and to also take advantage of opportunities that improve the likelihood of reaching business goals.

### Information security policy

The aim is to raise awareness about security in everyday work with Nyfosa's information: a) to ensure that information is protected in accordance with its legal requirements, value and operational significance; and b) to prevent and avoid serious disruptions in operations and c) establish confidence for Nyfosa's brand.

### Insider policy

Summarizes work to maintain good corporate governance and the general public and market's confidence in the company, describes the primarily legal regulations banning insider trading, etc.

### Communication policy

Aims to ensure accurate, high-quality communication both internally and externally and compliance with laws, regulations and agreements.

### Sustainability policy

Describes the framework for Nyfosa's responsibilities in the relationships created in operations and the impact on surroundings and provides guidelines for work within financial, environmental and social sustainability.

### Policy for related-party transactions

Aims to minimize the risks of errors or improprieties due to related-party transactions and relationships.

### IT Policy

Aims to maintain an appropriate and efficient IT function that is to support the achievement of the company's business goals, protect operations, employees and customers as well as to ensure compliance with laws and regulations. This policy constitutes a framework for the management of IT resources, both internal and external, and applies to all of the company's employees, consultants and partners.

the risk-reducing measures that are in place and the level of risk that the organization wants to achieve by taking further action. The outcome of the risk analysis and accompanying action plan is presented to the Board annually. For a description of the Group's risks and risk management, refer to the section Risks and risk management on pages 42–51 in the Annual Report.

The Audit Committee is responsible for identifying and managing serious risks of error in the financial reporting. The outcome of the completed risk analysis and accompanying action plan for the financial reporting is presented to the Committee annually.

### Control activities

Control activities are established based on identified risks, with the aim of ensuring internal control and governance over the company's financial reporting. Identified risks are managed by implementing well-defined key processes with integrated control activities, such as dividing and delegating responsibility, collaboration and principles for distribution of responsibility between Nyfosa and external service providers and a defined decision-making process. Key processes include activities and controls intended to manage and minimize identified risks. In addition to these key processes, control activities comprise ongoing monitoring of financial results and financial position, company-wide controls and general IT controls.

### Information and communication

Nyfosa has built an organization, procedures and systems for information and communication aimed at providing the market with relevant, reliable, correct and up-to-date information about the Group's performance and financial position and ensuring that the financial reporting is correct and effective. For external disclosure of information, a communications policy has been adopted by the Board, designed to ensure that the company complies with the requirements for disseminating correct information to the market at the right time.

Internal governing documents clarify who is responsible for what, and the daily interaction between the officers concerned ensures that the necessary information and communication reaches all relevant parties. Group Management works daily within operations and are thus regularly updated on developments in all portions of the company's operations. The Board receives regular financial reports on the Group's financial position and earnings performance. In addition, the Board receives a report every year from Group Management on consolidated risks for the Group with an accompanying action plan, which in turn is followed up by the Board and Group Management once per year.

### Monitoring

The Board continuously evaluates the information provided by Group Management. The Group's financial position, investments and operating activities are normally discussed at each Board meeting and Group Management meeting. The Board is also responsible for monitoring the internal control and governance. This work includes ensuring that measures are taken to address any shortcomings, and following up proposals to address issues highlighted in connection with the external audit. Refer to the annual plan for the Board's meetings on page 54.

Follow-ups and separate evaluations are continuously carried out in accordance with an adopted risk management policy and accounting manual at various levels within the Group. The risk owner appointed in the risk management policy is responsible for the management of a specific risk by regularly analyzing developments, monitoring risk measures and providing status reports to Group Management. Approved measures and risk owners are also monitored based on the Board's and Group Management's annual follow-up of the action plan, at the same time as line managers are given the opportunity to highlight relevant risk information. The risk management process is in turn evaluated once a year to identify opportunities for improvement.

### Internal audit

In light of operations, organizational structure and the organization of the financial reporting, the Board has not found any reason to establish a separate internal audit function. The company's Group-wide controller function has been adapted to manage the internal control activities. The matter of establishing a separate internal audit function is discussed by the Board every year.

# FINANCIAL INFORMATION

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## MULTI-YEAR OVERVIEW AND KEY FIGURES

Property-related key figures	2022	2021	2020	2019
Income, MSEK	3,151	2,459	2,035	1,370
Property expenses, MSEK	-930	-717	-557	-415
Property administration, MSEK	-129	-91	-63	-50
Net operating income, MSEK	2,092	1,651	1,415	905
Surplus ratio, %	66.4	67.1	69.5	66.0
Profit from property management, MSEK	1,533	1,302	1,147	814
Property value on balance-sheet date, MSEK	40,446	37,147	29,411	19,602

Share-related key figures	2022	2021	2020	2019
Profit from property management per share, SEK	7.80	6.90	6.32	4.85
Distributable cash flow per share, SEK	8.35	7.64	6.91	4.73
Earnings per share before dilution, SEK	8.62	16.52	12.25	8.24
Earnings per share after dilution, SEK	8.61	16.49	12.25	8.24
Dividend paid to the Parent Company's shareholders, SEK	3.60	3.24	0.00	0.00
NAV per share on balance-sheet date, SEK	100.78	95.93	79.91	65.37
Adjusted NAV per share on balance-sheet date, SEK	93.63	89.76	75.33	60.11
Equity per share on balance-sheet date, SEK	92.22	86.04	72.27	58.32

Key financial data	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Return on equity, %	9.7	20.9	19.3	15.2
Equity/assets ratio, %	40.6	42.5	41.8	44.1
Loan-to-value ratio, properties, %	59.4	56.7	58.0	57.6
Net loan-to-value ratio, properties, %	57.7	55.2	56.9	54.6
Interest-coverage ratio for the period, multiple	3.4	4.2	4.5	5.2

Presented above are the key figures that provide supplementary information to investors and the company's management in their assessment of the company's performance. Key figures not defined by IFRS have been supplemented with a reconciliation. Refer to the reconciliations on pages 64–65 and definitions of key figures on pages 113–114.

# RECONCILIATION OF KEY FIGURES

## PROFIT FROM PROPERTY MANAGEMENT

	2022	2021	2020	2019
Profit before tax, MSEK	1,859	3,644	2,399	1,576
Changes in value of properties, MSEK	439	-1,652	-1,063	-472
Changes in value of financial instruments, MSEK	-345	-19	-1	7
Changes in value of tax and other items in Share in profit of joint ventures, MSEK	-420	-670	-187	-298
<b>Profit from property management, MSEK</b>	<b>1,533</b>	<b>1,302</b>	<b>1,147</b>	<b>814</b>
Interest on hybrid bonds, MSEK	-43	-4	0	0
<b>Adjusted profit from property management, MSEK</b>	<b>1,490</b>	<b>1,298</b>	<b>1,147</b>	<b>814</b>
Average number of shares, millions	191	188	182	168
<b>Profit from property management per share, SEK</b>	<b>7.80</b>	<b>6.90</b>	<b>6.32</b>	<b>4.85</b>

## INTEREST-COVERAGE RATIO

	2022	2021	2020	2019
Profit before tax, MSEK	1,859	3,644	2,399	1,576
Changes in value of properties, MSEK	439	-1,652	-1,063	-472
Changes in value of financial instruments, MSEK	-345	-19	-1	7
Share in profit of joint ventures, MSEK	-672	-888	-404	-491
Dividends received from participations in joint ventures, MSEK	335	332	300	200
Depreciation of equipment, MSEK	2	1	1	0
Financial expenses, MSEK	678	446	357	195
<b>Adjusted profit before tax, MSEK</b>	<b>2,296</b>	<b>1,864</b>	<b>1,587</b>	<b>1,016</b>
<b>Interest-coverage ratio, multiple</b>	<b>3.4</b>	<b>4.2</b>	<b>4.5</b>	<b>5.2</b>

## DISTRIBUTABLE CASH FLOW

	2022	2021	2020	2019
Profit before tax, MSEK	1,859	3,644	2,399	1,576
Changes in value of properties, MSEK	439	-1,652	-1,063	-472
Changes in value of financial instruments, MSEK	-345	-19	-1	7
Share in profit of joint ventures, MSEK	-672	-888	-404	-491
Dividends received from participations in joint ventures, MSEK	335	332	300	200
Depreciation of equipment, MSEK	2	1	1	0
Allocated arrangement fees for loans, MSEK	69	48	35	0
Income tax paid, MSEK	-54	-29	-11	-27
Interest on hybrid bonds, MSEK	-37	0	0	0
<b>Distributable cash flow, MSEK</b>	<b>1,596</b>	<b>1,436</b>	<b>1,254</b>	<b>793</b>
Average number of shares, millions	191	188	182	168
<b>Distributable cash flow per share, SEK</b>	<b>8.35</b>	<b>7.64</b>	<b>6.91</b>	<b>4.73</b>

## LOAN-TO-VALUE RATIO AND NET LOAN-TO-VALUE RATIO

	2022	2021	2020	2019
Interest-bearing liabilities, MSEK	24,033	21,045	17,055	11,282
Property value, MSEK	40,446	37,147	29,411	19,602
<b>Loan-to-value ratio, %</b>	<b>59.4</b>	<b>56.7</b>	<b>58.0</b>	<b>57.6</b>
Cash and cash equivalents, MSEK	691	534	312	588
<b>Net loan-to-value ratio, %</b>	<b>57.7</b>	<b>55.2</b>	<b>56.9</b>	<b>54.6</b>

## EQUITY/ASSETS RATIO

	2022	2021	2020	2019
Equity, MSEK	18,416	17,268	13,333	9,781
Total assets, MSEK	45,335	40,626	31,907	22,201
<b>Equity/assets ratio, %</b>	<b>40.6</b>	<b>42.5</b>	<b>41.8</b>	<b>44.1</b>



## NET ASSET VALUE

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Equity attributable to Parent Company shareholders, MSEK	18,378	17,236	13,333	9,781
Hybrid bonds, MSEK	-763	-800	0	0
Deferred tax, MSEK	1,333	1,252	760	627
Derivatives, MSEK	-372	-22	-3	-2
Deferred tax in joint ventures, 50%, MSEK	751	596	544	454
Derivatives in joint ventures, 50%, MSEK	-76	62	110	104
<b>NAV, MSEK<sup>1</sup></b>	<b>19,250</b>	<b>18,325</b>	<b>14,744</b>	<b>10,965</b>
Number of shares, millions	191	191	185	168
<b>NAV per share, SEK<sup>1</sup></b>	<b>100.78</b>	<b>95.93</b>	<b>79.91</b>	<b>65.37</b>
NAV, MSEK	19,250	18,325	14,744	10,965
Reversal of deferred tax, MSEK	-1,333	-1,252	-760	-627
Estimated actual deferred tax, MSEK <sup>2</sup>	576	541	341	98
Reversal of deferred tax in JV, Nyfosa's share, MSEK	-751	-596	-544	-454
Estimated actual deferred tax in JV, Nyfosa's share, MSEK <sup>2</sup>	142	126	119	100
<b>Adjusted NAV, MSEK<sup>3</sup></b>	<b>17,885</b>	<b>17,144</b>	<b>13,900</b>	<b>10,082</b>
Number of shares, millions	191	191	185	168
<b>Adjusted NAV per share, SEK<sup>3</sup></b>	<b>93.63</b>	<b>89.76</b>	<b>75.33</b>	<b>60.11</b>

1) From 2022, the key figures EPRA NRV and EPRA NRV per share are now referred to as NAV and NAV per share, respectively. This change provides better comparability with other listed Swedish property companies.

2) Assumptions include that loss carryforwards are expected to be used in the next five years with nominal tax of 20.6 percent. The property portfolio is expected to be realized over 50 years when the entire portfolio will be indirectly sold via companies and the purchaser's deduction for deferred tax is 7 percent. The discount rate was 3 percent.

3) From 2022, the key figures EPRA NTA and EPRA NTA per share are now referred to as Adjusted NAV and Adjusted NAV per share, respectively. This change provides better comparability with other listed Swedish property companies.

## EQUITY

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Equity attributable to the Parent Company's shareholders, MSEK	18,378	17,236	13,333	9,781
Hybrid bonds, MSEK	-763	-800	0	0
<b>Adjusted equity, MSEK<sup>1</sup></b>	<b>17,615</b>	<b>16,436</b>	<b>13,333</b>	<b>9,781</b>
Number of shares, millions	191	191	185	168
<b>Equity per share, SEK<sup>1</sup></b>	<b>92.22</b>	<b>86.04</b>	<b>72.27</b>	<b>58.32</b>

1) From 2022, the key figures EPRA NDV and EPRA NDV per share are now referred to as Adjusted equity and Adjusted equity per share, respectively. This change provides better comparability with other listed Swedish property companies.

## RETURN ON EQUITY

	2022	2021	2020	2019
Profit attributable to Parent Company shareholders, MSEK	1,689	3,112	2,225	1,382
Interest to hybrid bond holders, MSEK	-43	-4	0	0
<b>Adjusted profit for the year, MSEK</b>	<b>1,646</b>	<b>3,107</b>	<b>2,225</b>	<b>1,382</b>
Average equity attributable to Parent Company shareholders, MSEK	17,807	15,285	11,557	9,087
Average hybrid bonds, MSEK	-781	-400	0	0
<b>Adjusted equity, MSEK</b>	<b>17,026</b>	<b>14,885</b>	<b>11,557</b>	<b>9,087</b>
<b>Return on equity, %</b>	<b>9.7</b>	<b>20.9</b>	<b>19.3</b>	<b>15.2</b>

# CONSOLIDATED STATEMENT OF PROFIT/LOSS

MSEK	Note	2022	2021
Rental income		2,853	2,312
Service income		297	145
<b>Income<sup>1</sup></b>	4	<b>3,151</b>	<b>2,459</b>
Property expenses			
Operating expenses		-635	-439
Maintenance costs		-143	-167
Property tax		-153	-112
Property administration	2	-129	-91
<b>Net operating income</b>	5	<b>2,092</b>	<b>1,651</b>
Central administration	2, 5, 6	-161	-128
Other operating income and expenses	5	14	5
Share in profit of joint ventures	11	672	888
- Of which, profit from property management		252	218
- Of which, changes in value		542	758
- Of which, tax		-161	-88
- Of which, other		38	-
Financial income	7	14	3
Financial expenses	7, 13	-678	-446
<b>Profit after financial income and expenses<sup>2</sup></b>		<b>1,953</b>	<b>1,973</b>
<b>- Of which, profit from property management<sup>2</sup></b>		<b>1,533</b>	<b>1,302</b>
Changes in value of properties, realized	10	225	-42
Changes in value of properties, unrealized	10	-664	1,694
Changes in value of financial instruments, unrealized		345	19
<b>Profit before tax</b>		<b>1,859</b>	<b>3,644</b>
Current tax	8	-96	-49
Deferred tax	8	-70	-483
<b>Profit for the year</b>		<b>1,694</b>	<b>3,112</b>

MSEK	Note	2022	2021
<b>Statement of profit/loss and other comprehensive income</b>			
<b>Profit for the year</b>		<b>1,694</b>	<b>3,112</b>
<b>Other comprehensive income</b>			
Items that have or could be transferred to profit for the year			
Translation of foreign operations		269	9
<b>Comprehensive income for the year</b>		<b>1,962</b>	<b>3,121</b>
<b>Profit for the year attributable to:</b>			
Parent Company shareholders		1,689	3,112
Non-controlling interests		5	0
<b>Comprehensive income for the year attributable to:</b>			
Parent Company shareholders		1,955	3,120
Non-controlling interests		7	1
Profit for the year per share before dilution, SEK	9	8.62	16.52
Profit for the year per share after dilution, SEK	9	8.61	16.49

1) From 2022, income is divided into Rental income and Service income in accordance with IFRS 15. Refer to Note 1 on page 74 and Definitions on pages 113-114.

2) From 2022, the former earnings measure Profit from property management was renamed Profit after financial income and expenses, and the former earnings measure Profit from property management, excluding changes in value and tax in joint ventures was renamed Profit from property management. This change provides better comparability with other listed Swedish property companies with significant holdings of participations in joint ventures.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	Dec 31, 2022	Dec 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	10	40,446	37,147
Assets with right-of-use		501	237
Participations in joint ventures	11	3,018	2,490
Derivatives	3	372	22
Other assets		47	3
<b>Total non-current assets</b>		<b>44,385</b>	<b>39,898</b>
<b>Current assets</b>			
Rent receivables	4	32	14
Current receivables	4	228	179
Cash and cash equivalents	12	691	534
<b>Total current assets</b>		<b>950</b>	<b>727</b>
<b>TOTAL ASSETS</b>		<b>45,335</b>	<b>40,626</b>

MSEK	Note	Dec 31, 2022	Dec 31, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	96	96
Other contributed capital		3,760	3,760
Translation reserve		275	8
Hybrid bonds		763	800
Retained earnings including profit for the year		13,485	12,573
<b>Equity attributable to Parent Company shareholders</b>		<b>18,378</b>	<b>17,236</b>
<b>Non-controlling interests</b>		<b>39</b>	<b>32</b>
<b>Total equity</b>		<b>18,416</b>	<b>17,268</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	13	22,957	16,492
Liabilities attributable to right-of-use assets	13	484	229
Other non-current liabilities	13	62	48
Derivatives	3	–	–
Deferred tax liabilities	14	1,333	1,252
<i>Total non-current liabilities</i>		<i>24,837</i>	<i>18,021</i>
<i>Current liabilities</i>			
Current interest-bearing liabilities	13	1,076	4,553
Other current liabilities	13	1,006	783
<i>Total current liabilities</i>		<i>2,082</i>	<i>5,337</i>
<b>Total liabilities</b>		<b>26,919</b>	<b>23,357</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,335</b>	<b>40,626</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Equity attributable to the Parent Company's shareholders						Non-controlling interests	Total equity
	Share capital	Other contributed capital	Translation reserve	Hybrid bonds	Retained earnings incl. profit for the year	Total		
<b>Opening equity, Jan 1, 2021</b>	<b>92</b>	<b>3,760</b>	<b>–</b>	<b>–</b>	<b>9,481</b>	<b>13,333</b>	<b>–</b>	<b>13,333</b>
<b>Transactions with Parent Company shareholders</b>								
<b>Contributions from and distributions to shareholders</b>								
New share issue	3	–	–	–	740	743	–	743
Issue of warrants	–	–	–	–	3	3	–	3
Issue of hybrid bonds	–	–	–	800	–	800	–	800
Interest and other expenses on hybrid bonds	–	–	–	–	–9	–9	–	–9
Dividends resolved	–	–	–	–	–753	–753	–	–753
New share issue to non-controlling interests	–	–	–	–	–	–	31	31
<b>Total transactions with Parent Company shareholders</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>800</b>	<b>–19</b>	<b>784</b>	<b>31</b>	<b>814</b>
Profit for the year	–	–	–	–	3,112	3,112	0	3,112
Other comprehensive income for the year	–	–	8	–	–	8	1	9
<b>Comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>8</b>	<b>–</b>	<b>3,112</b>	<b>3,120</b>	<b>1</b>	<b>3,121</b>
<b>Closing equity, Dec 31, 2021</b>	<b>96</b>	<b>3,760</b>	<b>8</b>	<b>800</b>	<b>12,573</b>	<b>17,236</b>	<b>32</b>	<b>17,268</b>
<b>Opening equity, Jan 1, 2022</b>	<b>96</b>	<b>3,760</b>	<b>8</b>	<b>800</b>	<b>12,573</b>	<b>17,236</b>	<b>32</b>	<b>17,268</b>
<b>Transactions with Parent Company shareholders</b>								
<b>Contributions from and distributions to shareholders</b>								
Issue of warrants	–	–	–	–	4	4	–	4
Buyback of warrants	–	–	–	–	–14	–14	–	–14
Repurchased hybrid bonds	–	–	–	–38	4	–34	–	–34
Interest and other expenses on hybrid bonds	–	–	–	–	–44	–44	–	–44
Dividends resolved	–	–	–	–	–726	–726	–	–726
New share issue to non-controlling interests	–	–	–	–	0	0	0	0
<b>Total transactions with Parent Company shareholders</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–38</b>	<b>–776</b>	<b>–813</b>	<b>0</b>	<b>–813</b>
Profit for the year	–	–	–	–	1,689	1,689	5	1,694
Other comprehensive income for the year	–	–	266	–	–	266	3	269
<b>Comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>266</b>	<b>–</b>	<b>1,689</b>	<b>1,955</b>	<b>7</b>	<b>1,962</b>
<b>Closing equity, Dec 31, 2022</b>	<b>96</b>	<b>3,760</b>	<b>275</b>	<b>763</b>	<b>13,485</b>	<b>18,378</b>	<b>39</b>	<b>18,416</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	2022	2021
<b>Operating activities</b>			
Profit before tax		1,859	3,644
Adjustments for non-cash items	16	-507	-2,510
Dividend received from joint ventures		335	332
Interest paid to hybrid bond holders		-37	-
Tax paid		-54	-29
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,596</b>	<b>1,436</b>
Increase (-)/decrease (+) in operating receivables		-49	22
Increase (+)/decrease (-) in operating liabilities		97	-70
<b>Cash flow from operating activities</b>		<b>1,644</b>	<b>1,389</b>
<b>Investing activities</b>			
Direct and indirect acquisitions of investment properties	16	-4,313	-6,211
Direct and indirect divestments of investment properties	16	1,726	655
Investments in existing investment properties		-577	-475
Investments in joint ventures		-192	-17
Non-current receivables from joint ventures		-29	-
Other		-7	-2
<b>Cash flow from investing activities</b>		<b>-3,392</b>	<b>-6,051</b>
<b>Financing activities</b>			
New issue of shares/warrants		4	744
Repurchase of shares/warrants		-14	-
New issue of hybrid bonds		-	793
Repurchased hybrid bonds		-34	-
Dividends to shareholders		-688	-609
Loans raised	16	10,271	7,849
Repayment of loans	16	-7,643	-3,924
New share issue to non-controlling interests		1	30
Other		-8	-
<b>Cash flow from financing activities</b>		<b>1,889</b>	<b>4,884</b>
<b>Cash flow for the year</b>		<b>140</b>	<b>221</b>
Cash and cash equivalents at the beginning of the period		534	312
Exchange differences in cash and cash equivalents		16	1
<b>Cash and cash equivalents at the end of the period</b>		<b>691</b>	<b>534</b>
Interest received		5	0
Interest paid		-467	-358

# PARENT COMPANY STATEMENT OF PROFIT/LOSS

MSEK	Note	2022	2021
Net sales		125	102
Other external costs	5	-58	-48
Personnel costs	6	-93	-97
<b>Loss before financial income and expenses</b>		<b>-26</b>	<b>-43</b>
Profit from participations in joint ventures	7	0	1,288
Profit from participations in Group companies	7	1,215	874
Interest income and similar income items	7	166	125
Interest expenses and similar expense items	7	-107	-82
<b>Profit before appropriations</b>		<b>1,248</b>	<b>2,161</b>
<b>Appropriations</b>			
Group contributions paid/received		25	67
Provision to tax allocation reserve		0	0
<b>Profit before tax</b>		<b>1,273</b>	<b>2,228</b>
Current tax	8	0	0
Deferred tax	8	1	-5
<b>Profit for the year<sup>1</sup></b>		<b>1,273</b>	<b>2,223</b>

1) Other comprehensive income is the same as profit for the year.

# PARENT COMPANY STATEMENT OF FINANCIAL POSITION

MSEK	Note	Dec 31, 2022	Dec 31, 2021
<b>ASSETS</b>			
<b>Financial non-current assets</b>			
Participations in Group companies	17	0	0
Non-current receivables from Group companies		5,277	5,277
Participations in joint ventures	11	–	–
Deferred tax assets		–	–
<b>Total financial non-current assets</b>		<b>5,277</b>	<b>5,277</b>
<b>Total non-current assets</b>			
Current receivables from Group companies		16,014	11,790
Other current receivables		22	10
Cash and bank balances		258	280
<b>Total current assets</b>		<b>16,294</b>	<b>12,080</b>
<b>TOTAL ASSETS</b>		<b>21,571</b>	<b>17,357</b>

MSEK	Note	Dec 31, 2022	Dec 31, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	19	96	96
<b>Unrestricted equity</b>			
Share premium reserve		2,058	2,069
Hybrid bonds		763	800
Retained earnings		7,734	6,277
Profit for the year		1,273	2,223
<b>Equity</b>		<b>11,924</b>	<b>11,464</b>
<b>Untaxed reserves</b>			
		<b>0</b>	<b>0</b>
<b>Liabilities</b>			
Bonds		1,591	991
Other non-current liabilities		7	4
<b>Total non-current liabilities</b>		<b>1,598</b>	<b>995</b>
Bonds		0	873
Current liabilities to Group companies		7,794	3,827
Other current liabilities		255	197
<b>Total current liabilities</b>		<b>8,049</b>	<b>4,897</b>
<b>Total liabilities</b>		<b>9,647</b>	<b>5,893</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21,571</b>	<b>17,357</b>

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

MSEK	Restricted equity		Unrestricted equity		Total equity
	Share capital	Share premium reserve	Hybrid bonds	Retained earnings incl. profit for the year	
<b>Opening equity, Jan 1, 2021</b>	<b>92</b>	<b>1,326</b>	<b>–</b>	<b>7,039</b>	<b>8,458</b>
<b>Transactions with the company's shareholders</b>					
New share issue	3	747	–	–	750
Issue costs	–	–7	–	–	–7
Issue of hybrid bonds	–	–	800	–	800
Interest and other expenses on hybrid bonds	–	–	–	–9	–9
Dividends resolved	–	–	–	–753	–753
Issue of warrants	–	3	–	–	3
<b>Total transactions with the company's shareholders</b>	<b>3</b>	<b>743</b>	<b>800</b>	<b>–762</b>	<b>784</b>
<b>Profit for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,223</b>	<b>2,223</b>
<b>Closing equity, Dec 31, 2021</b>	<b>96</b>	<b>2,069</b>	<b>800</b>	<b>8,500</b>	<b>11,464</b>
<b>Opening equity, Jan 1, 2022</b>	<b>96</b>	<b>2,069</b>	<b>800</b>	<b>8,500</b>	<b>11,464</b>
<b>Transactions with the company's shareholders</b>					
Issue of warrants	–	4	–	–	4
Buyback of warrants	–	–14	–	–	–14
Repurchased hybrid bonds	–	–	–38	4	–34
Interest and other expenses on hybrid bonds	–	–	–	–44	–44
Dividends resolved	–	–	–	–726	–726
<b>Total transactions with the company's shareholders</b>	<b>–</b>	<b>–11</b>	<b>–38</b>	<b>–766</b>	<b>–814</b>
<b>Profit for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,273</b>	<b>1,273</b>
<b>Closing equity, Dec 31, 2022</b>	<b>96</b>	<b>2,058</b>	<b>763</b>	<b>9,007</b>	<b>11,924</b>



# PARENT COMPANY STATEMENT OF CASH FLOWS

MSEK	Note	2022	2021
<b>Operating activities</b>			
Profit before tax		1,273	2,228
Adjustments for non-cash items	16	-1,240	-2,029
Interest paid to hybrid bond holders		-37	-
Income tax paid		0	-3
<b>Cash flow from operating activities before changes in working capital</b>		<b>-4</b>	<b>196</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in operating receivables		-12	-2
Increase (+)/decrease (-) in operating liabilities		16	142
<b>Cash flow from operating activities</b>		<b>-1</b>	<b>336</b>
<b>Investing activities</b>			
Change in loans to Group companies		-4,223	-4,952
Change in loans from Group companies		5,207	3,594
<b>Cash flow from investing activities</b>		<b>983</b>	<b>-1,358</b>
<b>Financing activities</b>			
Issue of shares/warrants		4	744
Repurchase of shares/warrants		-14	-
Issue of hybrid bonds		-	793
Repurchased hybrid bonds		-34	-
Dividends to shareholders		-688	-752
Loans raised	16	1,300	1,000
Repayment of loans	16	-1,573	-628
<b>Cash flow from financing activities</b>		<b>-1,004</b>	<b>1,157</b>
<b>Cash flow for the year</b>		<b>-22</b>	<b>135</b>
Cash and cash equivalents at the beginning of the year		280	145
<b>Cash and cash equivalents at the end of the year</b>		<b>258</b>	<b>280</b>
Interest received		0	0
Interest paid		-65	-60

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1

### SIGNIFICANT ACCOUNTING POLICIES

#### General information

Nyfosa AB, Corporate Registration Number 559131-0833, is a public limited liability company with its registered office in Nacka. Operations are described in the Board of Directors' Report. The Annual Report and consolidated financial statement were approved for issue by the Board of Directors and the CEO on March 13, 2023 and will be submitted to the Annual General Meeting on April 25, 2023 for approval. The company's share has been traded on the Large Cap segment of Nasdaq Stockholm since November 23, 2018.

#### Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as adopted by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied. The financial statements are prepared based on the fair value of investment properties and derivatives, the nominal value for deferred tax and the cost of other assets and liabilities. The Parent Company applies the same accounting policies as the Group except for the cases stated below in the section "Parent Company accounting policies."

#### New accounting policies and new revised standards approved by the EU

##### *New and amended standards that came into effect in 2022*

New and amended standards and interpretations from the IFRS Interpretations Committee that entered into force did not have a material impact on Nyfosa's earnings or financial position.

##### *New standards and interpretations that come into effect in 2023 and beyond with relevance for Nyfosa*

The evaluation of the effects of amendments to IAS 1 pertaining to accounting policies and that apply to financial years beginning January 1, 2023 and later is not yet complete. Other new and amended standards and interpretations from the IFRS Interpretations Committee are not currently deemed to have a material impact on Nyfosa's earnings or financial position. The same applies to Swedish regulations.

#### Renaming of "income"

From 2022, income is divided into Rental income and Service income in accordance with IFRS 15. This entails a change compared with the previous classification of income into Rental income and Other property income. The change means that rent guarantees, credit losses on rent receivables and accounts receivable and other rental fees are now recognized as Rental income instead of Other property income. It means that insurance payments, damages received and government grants are now recognized as Other operating income instead of Other property income. Service income was previously recognized under rental income, but was presented as disclosures in the notes of the Annual Report. Comparison figures have been adjusted. The change did not have any earnings effect or other material

impact on key figures, etc. For definitions of rental income and service income, refer to page 75 and Definitions on pages 112–113.

#### Renaming of "profit from property management"

From 2022, the former earnings measure Profit from property management was renamed Profit after financial income and expenses. At the same time, the former earnings measure Profit from property management excluding changes in value and tax in joint ventures was renamed Profit from property management. This change provides better comparability with other listed Swedish property companies with significant holdings of participations in joint ventures.

#### Functional currency and presentation currency

The functional currency for the Parent Company is Swedish kronor (SEK), which is also the presentation currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest million.

#### Judgements and estimates in the financial statements

The preparation of the financial statements in accordance with IFRS requires that company management make judgements and estimates, and make assumptions that affect the application of the accounting policies and the amounts of assets, liabilities, income and expenses recognized. The actual outcome may deviate from these judgements and estimates. Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects the period in question and future periods.

#### Measurement of investment properties

Nyfosa's property portfolio is recognized in the statement of financial position at fair value, and the changes in value are recognized in profit or loss. The fair value is based on internal valuations that are performed continuously and the properties are also valued every quarter by an external independent appraiser. The value of the properties is affected not only by supply and demand in the market but also by a number of other factors, in part property-specific factors such as the occupancy rate, rent level and operating expenses, and in part such market-specific factors as the yield requirement and the cost of capital, which are derived from comparable transactions in the property market. Deterioration in either a property or the market could cause the value of the company's properties to decline, which could have a negative impact on the Nyfosa's operations, financial position and earnings.

Valuations require assessments of and assumptions about future cash flows and determination of the discount factor (yield requirement). An uncertainty interval of +/- 5–10 percent is usually applied to property valuations to reflect the uncertainty of assumptions and assessments made.

**NOTE 1** cont.

For significant assumptions and assessments affecting the measurement of Nyfosa's investment properties, refer to Note 10.

**Valuation of deferred tax**

Deferred tax is recognized at nominal value for the Group, calculated at the applicable tax rate. Actual tax is lower due to the time factor as well as the fact that properties can be sold more tax-efficiently.

The regulatory framework governing taxation of the type of business operated by Nyfosa is complex and comprehensive in terms of both income tax and VAT/property taxation. Moreover, interpretation and application of these regulations by courts of law can change over time. Changes in these regulations, or in their interpretation by judicial bodies, could impact Nyfosa's earnings and position either positively or negatively.

From time to time, Nyfosa has cases under review by, and ongoing dialogs with, the Swedish Tax Agency regarding individual taxation matters. The Tax Agency makes tax rulings that can be appealed and reviewed in administrative courts of appeal. The regulations governing the recognition of taxes, and the property sector's application of these accounting regulations, are also complex. The regulatory framework is complex, the Tax Agency's review possibilities are comprehensive and the judicial bodies' interpretation and reviews take place in many stages, which means that it can take a long time to establish the correct application of legislation in complex taxation matters. This may entail that actions taken or completed transactions that were previously considered permissible according to the regulatory framework may need to be reappraised at a later juncture. Nyfosa monitors the taxation laws and practices that are in effect whenever it files tax returns. Nyfosa's assessments and calculations in the tax area, and the accounting of these matters, are reassessed at the end of each reporting period.

**Classification of acquisitions**

Acquisitions of companies can be classified either as business combinations or as asset purchases. An individual assessment of the character of the acquisition is required for each individual transaction. Should the corporate acquisition essentially only comprise property(ies) and not significant processes, the acquisition is classified as an asset purchase. Other corporate acquisitions are classified as business combinations and thus include strategic processes associated with the operation. In the case of an asset purchase, deferred tax attributable to the property acquisition is not recognized. Instead, a possible discount for non-tax-deductible cost reduces the property's cost. During subsequent measurement of an acquired property at fair value, the tax discount will be replaced in full or in part by a recognized change in value of the property. When selling an asset subject to a tax discount, a negative change in value will arise, which matches in full or in part the tax discount provided.

Acquisitions of subsidiaries thus far have been deemed to be acquisitions of net assets and the cost was allocated to the individual identifiable assets and liabilities based on their fair value on the acquisition date.

**Distributable cash flow and Profit from property management**

There is a Group-level department focused on cash flow, with the goal of increasing the distributable cash flow 10 percent per share annually. Distributable cash flow is based on profit before tax excluding non-cash items in the earnings measure, such as changes in the value of properties and financial instruments, share in profit of joint ventures, depreciation of equipment, allocated opening charges for loans, including dividends received from holdings in joint ventures and tax paid, less interest to hybrid bond holders.

Profit from property management comprises profit before tax with reversal of changes in the value of properties and financial instruments in the Group and reversal of changes in value of tax and other items in share in profit of joint ventures.

**Classification etc.**

Non-current assets and non-current liabilities essentially comprise amounts expected to be recovered or paid more than 12 months after the balance-sheet date. Virtually 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.

**Operating segment reporting**

Nyfosa's operations comprise one operating segment, that is to say, the operations comprise a business that generates income and expenses and whose operating profit is regularly assessed by the company's chief operating decision maker as a basis for monitoring earnings and allocating resources. It is insignificant for the chief operating decision maker how much a specific property category or region contributes to earnings.

**Consolidated financial statements**

The Group's statement of financial position includes all subsidiaries. Subsidiaries are companies over which controlling influence is exercised, which is when Nyfosa has control over the investment object, is exposed or entitled to a variable return from its holding in the company and can exercise control over the investment to influence the return. When assessing whether controlling influence exists, potential vote-carrying shares are taken into account, as is whether the company has de facto control. The Group includes, in addition to the Parent Company, the Group companies given in Note 17 and their associated sub-groups.

The subsidiaries are consolidated according to acquisition method, meaning that a subsidiary's equity upon acquisition (defined as the fair value of assets less liabilities) is eliminated in its entirety. The Group's equity consists only of the portion of subsidiary equity that arose after the acquisition. The consolidated cost is determined on the basis of an acquisition analysis carried out in connection with the acquisition. Transaction costs are added to the cost of the acquired net assets.

The financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition, meaning that Group companies acquired and divested during the year are only included in earnings for the relevant portion of the financial year.

**Translation of foreign operations**

The financial statements for each of the foreign subsidiaries are recognized in the functional currency, which is the local currency in which operations are conducted. Foreign subsidiaries' financial statements are translated to SEK, with the statement of financial position translated to SEK at the exchange rate on the balance-sheet date, with the exception of equity, which is translated at the historic exchange rate on the date of acquisition. The statement of profit/loss is translated at the average exchange rate for the year. Translation differences are recognized in other comprehensive income.

**Joint ventures**

For accounting purposes, joint ventures are defined as companies in which the Group has common control through cooperation agreements with part-owners or one or more partners, whereby the Group is entitled to the net assets rather than a direct right to assets and commitments pertaining to liabilities. Holdings in

## NOTE 1 cont.

joint ventures are consolidated in the consolidated financial statements according to the equity method, which entails that the carrying amount of the share corresponds to the Group's share of the joint ventures' equity as well as any other remaining consolidated surpluses or deficits. The Group's share of the profit of joint ventures is recognized in the statement of profit/loss as "Share in profit of joint ventures," alongside adjustments for any depreciation/amortization, impairment and dissolution of acquired values.

**Income*****Rental income and service income***

Income has been divided into rental income and service income. Rental income includes rent charged, including indexation according to the lease and additional charges for investments and property tax. Service income refers to additional charges for electricity, heating, cooling, water, waste management and so on. Service income is recognized in the period it was performed and delivered to the tenant. Income from operational leases is invoiced ahead of time and allocated on a straight-line basis over the term of the lease. Rent discounts provided are recognized as a decrease in rental income straight line over the lease term. Income is paid in advance and prepaid rent is recognized as prepaid rental income in the statement of financial position.

***Other operating income***

Other operating income refers to income from secondary transactions in the normal business operations such as insurance payments and damages received, exchange-rate gains on receivables and operating liabilities.

***Income from property sales***

Income from the sale of properties or shares in property-owning companies are recognized in profit or loss under the heading "Changes in value of properties, realized" and correspond to the difference between the obtained selling price less selling expenses and the most recent carrying amount, plus investments implemented following the latest value date. Income from property sales is recognized on the closing date, unless the risks and benefits have been transferred to the buyer on an earlier occasion. If the risks and benefits have been transferred, the property sale is recognized at the earlier date. In assessing the date of revenue recognition, agreements between the parties governing risks and benefits, as well as involvement in ongoing management, are taken into account. Circumstances beyond the control of the seller and/or buyer that could affect completion of the transaction are also taken into consideration. Any provisions for such items as non-invoiced selling expenses or other remaining costs attributable to the transaction conducted are made on the sales date.

***Financial income***

Financial income consists of interest income and is recognized at the rate in which it is earned.

**Financial expenses**

Financial expenses refer to interest, fees and other expenses arising when Nyfosa takes up interest-bearing liabilities and ground rent. Financial expenses are charged to profit or loss for the period to which they are attributable. Borrowing costs are allocated over the term of the loan.

Derivatives are utilized to financially hedge the risks of interest-rate exposure to which the Group is exposed. Interest payments regarding fixed-income derivatives are recognized as interest expenses in the period to which they refer. Other changes in the fair value of fixed-income derivatives are recognized on a separate line in profit or loss.

**Income tax**

Income tax comprises current tax and deferred tax. Income tax is recognized in profit or loss except when the underlying transaction is recognized in other comprehensive income or in equity. Actual tax is calculated based on applicable tax rates of 20.6 percent in Sweden and 20.0 percent in Finland.

Current tax is tax that is to be paid or received in the current financial year, with the application of the tax rates that have been decided or are decided in practice on the balance-sheet date. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. Deferred tax is to include temporary differences on all assets and liabilities, except for temporary differences on properties on the closing date since the acquisition is an asset acquisition.

Swedish accounting legislation does not permit measuring properties at fair value in legal entities, which is why the change in value of properties only takes place at Group level and thus does not impact taxation. The remeasurement of fair value gives rise to deferred tax in the Group.

Temporary differences attributable to participations in subsidiaries and joint ventures that are not expected to be reversed in the foreseeable future are also not taken into consideration. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realized or settled. Deferred tax assets on deductible temporary differences and loss carryforwards are only recognized to the extent that it is likely that it will be possible to utilize these. Changes in the deferred tax asset/tax liability are recognized in profit or loss as deferred tax. Deferred tax assets and tax liabilities are offset where they relate to income tax levied by the same authority and where the Group intends to settle the tax in a net amount.

**Financial instruments**

Financial instruments recognized in the statement of financial position include such assets as cash and cash equivalents, rent and accounts receivables and derivatives. Liabilities include accounts payable, loans and notes payable, as well as derivatives.

***Recognition in and derecognition from the statement of financial position***

A financial asset or financial liability is recognized in the statement of financial position when the company becomes party to it in accordance with the instrument's contractual conditions. A receivable is recognized when the Group has performed and a contractual obligation for the counterparty to pay exists, even if an invoice has not been sent. Accounts receivable are recognized in the statement of financial position when an invoice has been sent. A liability is recognized when the counterparty has performed and a contractual obligation for the company to pay exists, even if an invoice has not yet been received. Accounts payable are recognized when the invoice has been received. A financial asset is derecognized from the statement of financial position when the rights in the contract are realized, have matured or the company loses control over them. The same applies to portions of a financial asset. A financial liability is derecognized from the statement of financial position when the obligation in the contract is met or eliminated in another manner. The same applies to a portion of a financial liability. A financial asset and a financial liability are offset and recognized in a net amount in the statement of financial position only when a legal right exists to offset the amounts and there is an intention to settle the item in a net amount or to simultaneously realize the asset and settle the liability. Acquisitions and divestments of financial assets are recognized on the date of transaction, meaning the date on which the company undertakes to acquire or divest the asset.

## NOTE 1 cont.

**Classification and measurement**

Financial instruments, which are not derivatives, are initially recognized at cost, corresponding to the fair value of the instrument plus transaction costs. Derivatives are initially measured at fair value without additions or deductions for transaction costs; transaction costs are recognized in profit or loss. The Group's financial instruments have been classified and measured as described below.

**Financial assets measured at amortized cost**

This category primarily includes cash and cash equivalents, rent receivables and other receivables. The business model comprises generating value by receiving contractual payments. Measurement is carried out at amortized cost by applying the effective interest method. The Group's credit loss reserves (loss allowance) are based on the company's expectations of tenants' payment capacity. The loss allowance totals an insignificant amount due to the short terms of the receivables.

**Financial liabilities measured at amortized cost**

Financial liabilities in this category primarily refer to loans, accounts payable and other liabilities. Other financial liabilities are measured at amortized cost by applying the effective interest method. The provision is posted in an amount that represents the best estimate of what will be required to settle the existing obligation on the balance-sheet date. 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. Interest expenses and exchange-rate gains and losses are recognized in profit or loss.

**Financial assets and liabilities measured at fair value through profit or loss**

Derivative instruments are measured at fair value through profit or loss. Fixed-income derivatives have been signed to manage exposure to fluctuations in market interest rates. Holdings of fixed-income derivatives give rise to changes in value depending on fluctuations in market interest rates. Fixed-income derivatives are initially recognized in the statement of financial position at cost on the transaction date and are subsequently measured at fair value according to level 2 of the fair value hierarchy (amount based on observable market data) with changes in value in the statement of profit/loss.

**Contingent liabilities**

Contingent liabilities are recognized when there is a possible obligation from business transactions and whose existence will be confirmed by the occurrence of one or several uncertain future events, or when there is a commitment that is not likely to be realized.

**Leases**

Leases under which the lessor accounts for essentially all risks and benefits associated with ownership are classified as operating leases. This means that all leases attributable to the company's investment properties are to be classified as operating leases. Refer to the policy on income and Note 4 for information on recognition of rental income according to leases.

Nyfosa is the lessee of passenger cars and site leaseholds. Payments of lease payments for passenger cars are expensed in profit or loss straight-line over the term. Site leasehold agreements are recognized as right-of-use assets and lease liabilities in the statement of financial position (refer to Note 13). Other leases are deemed insignificant.

**Investment properties**

Investment properties are properties held for the purpose of receiving rental income or an increase in value or a combination of the two. Properties under construction and conversion intended to be used as investment properties when the work is completed are also classified as investment properties.

**Measurement**

Investment properties are initially recognized at cost, which includes expenses directly attributable to the acquisition such as expenses for land registration and taking out mortgage deeds. Investment properties are measured at fair value in the statement of financial position. Fair value is based on the valuations of independent appraisers with recognized qualifications and satisfactory expertise in the valuation of properties of this type and in the relevant locations. Fair value is based on market value, which is the amount estimated to be received in a transaction at the time of valuation between knowledgeable parties who are independent of each other and who have an interest in the transaction being carried out after customary marketing in which both parties are assumed to have acted with insight, common sense and without coercion. Value assumptions and descriptions of valuation methods are given in Note 10.

**Changes in value**

Changes in value are recognized in profit or loss as unrealized or realized changes in value. Unrealized changes in value are calculated based on the value on the balance-sheet date compared with the year-earlier value or, if the property was acquired during the year, the value at acquisition, plus additional costs capitalized during the period. For properties sold during the year, unrealized changes in value are calculated based on valuation in the most recent interim report before the sale compared with the value at the end of the previous year, with adjustments for additional costs capitalized during the period. The calculation of realized changes in value is presented in the accounting policies for income from property sales.

**Equity****Dividends**

Dividends are recognized as a decrease in equity after the decision of the Annual General Meeting.

**Hybrid bonds**

Hybrid bonds are classified as equity. This assessment is based on the lack of any contractual obligation to settle bonds through cash payments or other financial assets. Nor are there any other conditions indicating that the bonds will be settled in cash or other financial asset. Nyfosa has the right to delay interest payments for an indefinite amount of time and hybrid bond holders are subordinated to all other creditors.

Issue costs and tax attributable to issue costs and interest to the hybrid bond holders are recognized directly in equity.

**Earnings per share**

The calculation of earnings per share before dilution is based on profit for the year in the Group attributable to the Parent Company's shareholders, less interest on hybrid bonds, in relation to the weighted average number of shares outstanding during the year.

**NOTE 1** cont.

When calculating earnings per share after dilution, the weighted average number of shares is increased if the subscription price of the options in the Group's incentive program during the reporting period have been lower than the average share price for the period. If there is a small difference between the subscription price and the average share price for the period, the dilutive effect is small. If there is a large share price difference, then the effect is greater.

***Non-controlling interests***

In non-wholly owned subsidiaries, non-controlling interests are recognized as external shareholders' share of the subsidiary's equity held as non-controlling interests. This item is included as part of Nyfosa's equity. The share in profit attributable to non-controlling interests is included in profit or loss and is provided as a separate disclosure in profit or loss. The effects of transactions with non-controlling interests are recognized in equity if they do not entail a change in the controlling interest.

**Statement of cash flow**

The statement of cash flows has been prepared using the indirect method, meaning that the net earnings are adjusted for transactions that did not entail receipts or disbursements during the period as well as for any income or costs pertaining to cash flows in investing or financing activities.

**Parent Company accounting policies**

A statement of profit/loss and a statement of profit/loss and other comprehensive income are presented for the Parent Company. For the Group, these two statements jointly comprise the statement of profit/loss and other comprehensive income. The Parent Company statement of profit/loss and statement of financial position have been prepared in accordance with the format stated in the Annual Accounts Act, while the statement of profit/loss and other comprehensive income, statement of changes in equity and statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

***Differences between the Group's and the Parent Company's accounting policies***

The differences between the Group's and the Parent Company's accounting policies are described below.

**Future changes to accounting policies**

Unless otherwise stated below, the Parent Company's accounting policies were changed in 2022 in accordance with what is stated above for the Group.

***Classification and measurement of financial instruments***

The Parent Company has chosen not to apply IFRS 9 to financial instruments. However, some of the principles in IFRS 9 are applicable, such as impairment, recognition/derecognition and the effective interest method for interest income and interest expenses.

In the Parent Company, financial non-current assets are measured at cost less any impairment and financial current assets according to the lowest value principle. The IFRS 9 impairment rules are applied to financial assets measured at amortized cost. Impairment of unlisted shareholdings that are not holdings in subsidiaries or joint ventures is recognized if the present value of expected future cash flows are lower than the carrying amount. The Parent Company does not have any listed shares.

***Classification and presentation format***

The Parent Company statement of profit/loss and statement of financial position have been prepared in accordance with the format stated in the Annual Accounts Act, while the consolidated statement of profit/loss, statement of profit/loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences compared with the consolidated financial statements that appear in the Parent Company statement of profit/loss and statement of financial position primarily relate to the recognition of non-current assets and equity.

***Subsidiaries***

Participations in subsidiaries are recognized in the Parent Company according to the cost method. This means that transaction costs are included in the carrying amount for holdings in subsidiaries. Conditional purchase considerations are measured based on the probability of the purchase consideration being paid. Any changes to the provision/receivable adjust the cost.

***Borrowing costs***

In the Parent Company, borrowing costs are charged to profit or loss for the period to which they are attributable.

***Financial guarantees***

The Parent Company's financial guarantees primarily comprise guarantees for subsidiaries. Financial guarantees entail that the company has a commitment to reimburse the holder of a debt instrument for losses incurred by the holder due to a named debtor not making payment when due according to the contractual terms. The Parent Company applies an exception rule, compared with the IFRS 9 rules, for the recognition of financial guarantees, as approved by the Financial Reporting Board. This exception rule refers to financial guarantees issued for subsidiaries. The Parent Company recognizes financial guarantees as provisions in the statement of financial position when the company has a commitment for which payment will probably be required to settle it.

## NOTE 2

## RELATED-PARTY TRANSACTIONS

**Related-party transactions**

During the year, an agreement was signed to divest a portfolio of 13 properties to the company Emilshus. Since the Chairman of Nyfosa's Board is also the Chairman of Emilshus, he did not participate in the decision regarding this transaction.

The Group owns participations in joint ventures, refer to Note 11. Samfosa is managed by its own organization and some personnel from the part-owner Samfunnsbyggeren AS. Söderport is managed by AB Sagax, except for property management which is managed by Nyfosa. The company Torslanda Property Investment AB, of which Söderport owns 99.0 percent, also purchases management services from Nyfosa and Sagax. Property management fees between the companies are based on market terms. Nyfosa's fee totals MSEK 3 per year. The Group had receivables of MSEK 29 from joint ventures on December 31, 2022. The terms of the loan are market-based and stipulated in a promissory note between the parties. Nyfosa also has a surety for liability of MNOK 310 pertaining to an external bank loan with Samfosa.

Nyfosa signed a consultancy agreement with Board member Jens Engwall during the year. His assignment under the agreement was to provide advisory services, in the first instance to the company's CEO, and also to serve as the company's Board member in Söderport Property Investment AB and Torslanda Property Investment AB. The agreement came into effect on March 1, 2021 and expired on December 31, 2022. Annual fees of MSEK 1 were paid.

Remuneration to Board members and senior executives for services performed is presented in Note 6. The Parent Company's related-party transactions pertain exclusively to transactions with companies within the Group.

## NOTE 3

## FINANCIAL RISKS AND RISK MANAGEMENT

Nyfosa has a central finance function for financial management, which is responsible for ensuring that the Group has sufficient financing through loans and credit lines, handling cash management and finance policy compliance.

The Group is exposed to various financial risks through its business activities. These are market, liquidity and credit risk attributable to financial instruments. The company's finance policy states the mandate and guidelines for managing financial risks and capital management. In order to minimize financial risks, the bullet points below act as guidelines for Nyfosa's finance policy:

- The company's total loan-to-value ratio may not exceed 65 percent
- The company's interest-payment capacity may not be lower than an interest-coverage multiple of 2
- The company must have at least four main creditors
- Not more than 25 percent of the loan liability may fall due for renegotiation during the same 12-month period
- The average term for the loans may not be shorter than 1.5 years.

## NOTE 3 cont.

The financial risk limits are continuously monitored by quarterly reports to the Board.

Surplus liquidity is to be invested in low-risk liquid assets until such time as the funds can be used for investments. Liquidity is only to be used for accelerated repayments if no investments or acquisitions are planned for the foreseeable future.

None of the companies in the Group itself are under any external capital requirements.

**Interest-rate risk**

Variations in market interest rates have a material impact on Nyfosa's earnings, meaning that managing interest-rate risk is a key part of the finance function's work.

For Nyfosa, interest-rate risk primarily pertains to the risk of excessively high interest expenses and thus lower earnings due to market interest rates. Interest-rate risk refers to the risk of choosing too high a percentage of fixed-rate periods in a scenario of falling rates or sustained low variable rates

The basis for the company's choice of strategy for managing interest-rate risk comprises the choice of an interest-rate maturity strategy for the loans combined with a selection of derivative instruments to alter the interest-rate risk.

The maturity structure of the loan portfolio, including derivative instruments, is to be a balance between short and long fixed-rate periods. Expected interest expenses and risks as well as the company's prospects and financial trend are assessed in order to determine the strategy for managing interest-rate risk. The strategy chosen is to be described in the benchmark portfolio.

The benchmark portfolio is the maturity structure of the fixed-rate periods that has been chosen as a benchmark, taking into consideration the company's economic and financial position and risk appetite. The finance function continuously monitors the outcome of the company's actual loan portfolio in relation to the benchmark portfolio. The benchmark portfolio and intervals for maximum deviations and interest-rate risk mandates are stipulated in the finance policy.

**Derivative instruments**

In its risk management, Nyfosa may use derivative instruments linked to the underlying loan portfolio. Derivative instruments are used only as a tool for risk management.

The derivatives comprise interest-rate caps recognized as the present value of the expected flows during the remaining maturity of the position. The estimated flows are calculated by viewing the strike level and forward rates of 3-month STIBOR and their volatility. If the forward rates (or the volatility) decline, the value of the derivative will decrease.

Earnings effect of change in average interest on debt, MSEK <sup>3</sup>	Change	2022	2021
Interest expenses assuming current fixed-interest periods and changed interest rates <sup>1</sup>	+/-2% points	+269/-373	+342/-38
Interest expenses assuming current fixed-interest periods and changed interest rates <sup>1</sup>	+/-1% point	+126/-195	+174/-19
Interest expenses assuming change in average interest rate <sup>2</sup>	+/-1% point	+/-241	+/-211
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/-1% point	+/-180	+/-28

1) Taking into account existing derivative agreements.

2) Average rate increases/decreases by 1 percentage point. Increase/decrease does not take into account eventual effects of the derivative portfolio.

3) Each variable in the table below has been addressed individually and on the condition that the other variables remain constant. The analysis refers to liability against the wholly owned property portfolio and does not pretend to be exact. It is merely indicative and aims to show the most relevant, measurable factors in the specific context.

## NOTE 3 cont.

## Fixed-rate periods

MSEK	Dec 31, 2022					Dec 31, 2021				
	Overdraft facilities <sup>1</sup>	Interest-rate swap	Interest-rate cap	Interest-rate cap Amount	Share, %	Over-draft facilities <sup>1</sup>	Interest-rate swap	Interest-rate cap	Interest-rate cap Amount	Share, %
<1 year	24,149	-1,120	-7,436	15,593	65	21,149	-	-7,925	13,224	63
1-2 years	0	0	4,008	4,008	17	0	-	1,575	1,575	7
2-3 years	0	0	2,342	2,342	10	0	-	4,008	4,008	19
3-4 years	0	0	1,086	1,086	4	0	-	2,342	2,342	11
4-5 years	0	1,120	0	1,120	5	0	-	0	0	0
>5 years	0	0	0	0	0	0	-	0	0	0
<b>Total</b>	<b>24,149</b>	<b>0</b>	<b>0</b>	<b>24,149</b>	<b>100</b>	<b>21,149</b>	<b>-</b>	<b>0</b>	<b>21,149</b>	<b>100</b>

1) The loans comprise undiscounted amounts. Interest-bearing liabilities in the statement of financial position include allocated arrangement fees, which is the reason for the deviation between the table and the statement of financial position.

## Liquidity and refinancing risk

Liquidity risk is the risk of not having sufficient payment capacity in the short and the long term to honor the Group's payment obligations. The finance department provides short-term liquidity forecasts on a week-by-week basis and also long-term rolling 12-month liquidity forecasts. The forecasts are updated continuously on a weekly and quarterly basis.

The Group has overdraft facilities to ensure flexible cash management and to effectively deal with peaks and troughs in payment streams.

Refinancing risk is the risk that financing or refinancing of the company's liabilities or operations cannot be obtained to the same extent or can only be obtained at a significantly higher cost. According to the finance policy, existing and prospective financiers are engaged in continuous discussions to ensure that the necessary financing can be obtained in all situations.

## Maturity structure, interest-bearing liabilities

MSEK	Dec 31, 2022			Dec 31, 2021		
	Loan maturity <sup>1,2</sup>	Share, %	Interest, loans	Loan maturity <sup>1,2</sup>	Share, %	Interest, loans
<1 year	834 <sup>3</sup>	3	820	4,352	21	358
1-2 years	8,193 <sup>4</sup>	34	677	2,254	11	303
2-3 years	4,846 <sup>5</sup>	20	355	7,289	34	222
3-4 years	5,138	21	237	4,602	22	70
4-5 years	3,438	14	91	2,651	13	30
>5 years	1,701	7	93	0	0	0
<b>Total</b>	<b>24,149</b>	<b>100</b>	<b>2,274</b>	<b>21,149</b>	<b>100</b>	<b>983</b>

1) The loans comprise undiscounted amounts. Interest-bearing liabilities in the statement of financial position include allocated arrangement fees, which is the reason for the deviation between the table and the statement of financial position.

2) Refers to final payment of the loan principal outstanding on the balance-sheet date, not including ongoing repayments.

3) Bank loans of MSEK 834 mature in November 2023.

4) Bonds of MSEK 1,100 mature in April 2024. The remaining liabilities pertain to bank loans maturing in 2024.

5) Bonds of MSEK 500 mature in January 2025. The remainder pertains to bank loans.

In addition to the financial liabilities whose undiscounted cash flows are presented in the table above, Nyfosa holds 63 site leasehold agreements whose annual ground rent amounts to MSEK 13 (7) undiscounted. These leases are considered to be perpetual by Nyfosa since Nyfosa does not have the right to terminate them. The site leasehold agreements are normally renegotiated at intervals of 10–20 years for the Swedish agreements, which will have an effect on the amount of ground rent.

Nyfosa has pledged assets for all loans from banks and credit institutions in the form of property mortgages and pledging of shares. In addition, the majority of the Group's credit agreements with creditors contain covenants concerning either a specific loan-to-value ratio and/or a specific interest-coverage ratio. Certain credit agreements contain covenants that pertain solely to the company raising the loan and its subsidiaries, while other credit agreements include covenants linked to the Nyfosa Group's earnings and/or financial position. The Group met the covenants included in the loan agreements for 2022 and 2021.

MSEK	Dec 31, 2022	Dec 31, 2021
Net loan-to-value ratio, properties, %	57.7	55.2
Remaining fixed-rate period, years	1.0	1.0
Remaining term for loans, years	3.2	2.5

## Offsetting of financial instruments

To limit counterparty risk, Nyfosa has entered into standardized netting agreements (ISDA agreements) with all derivative counterparties, which entails that in the event of the counterparty becoming insolvent or another incident arising Nyfosa can offset outstanding derivatives with positive and negative values ("netting"). No netting currently takes place.

MSEK	Financial assets		Financial liabilities	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Carrying amount in the statement of financial position	372	22	-	-
Amount encompassed by netting	-	-	-	-
<b>Amount after netting</b>	<b>372</b>	<b>22</b>	<b>-</b>	<b>-</b>

## Currency risk

Nyfosa has invested in properties in the Finnish and Norwegian markets and is thus exposed to currency risk. The presentation currency is SEK and all balance-sheet items in other currencies are translated to SEK and gave rise to a translation difference of MSEK 269 (9) on the balance-sheet date, which is recognized in Other comprehensive income. Translation differences may have a material impact on the Group's operations, financial position and operating earnings in SEK. Currency risk is managed by financing acquisitions of assets in foreign currency raising borrowings in the same currency. Transaction exposure in the Group is managed by matching income and expenses in the same currency.

Currency exposure comprises net assets in EUR and the share of equity in joint ventures, including receivables from joint ventures in NOK. In accordance with IAS 21, exchange rate effects for foreign operations are recognized under the heading Other comprehensive income. Others exchange rate



## NOTE 3 cont.

effects are recognized in profit or loss.

Currency exposure	Dec 31, 2022	Dec 31, 2021
Net assets in Finland	MEUR 336	MEUR 141
Share of equity incl. receivables from joint ventures in Norway	MNOK 155	MNOK 0

## Sensitivity analysis

Earnings effect of exchange rate fluctuations, MSEK	Change	Dec 31, 2022	Dec 31, 2021
SEK/EUR	+/-10%	+/-374	+/-144
SEK/NOK	+/-10%	+/-17	+/-0

## Credit risk – rental income

Credit risk is the risk that a counterparty may be unable to fulfill its commitments, thus resulting in a loss. Nyfosa has a wide spread of risks in its contract portfolio based on a large number of leases (6,575). The company has a small number of dominant tenants, with the ten largest tenants representing 11 percent of total rental income distributed between 171 leases. This means that exposure to the credit risk of individual tenants is very low. Rent receivables in the statement of financial position total MSEK 32 (14) pertaining to rent receivables for rent notices of MSEK 18 (10) and accounts receivable of MSEK 14 (4). Tenants are notified of rents and these are paid in advance, which means that all of Group's rent receivables have fallen due for payment.

Cash and cash equivalents are only deposited in accounts with Nordic banks and credit institutions that have a credit rating of at least A- (S&P) or A3 (Moody's).

## Items in the statement of financial position corresponding to the amount of credit risk

MSEK	Dec 31, 2022	Dec 31, 2021
Rent receivables	32	14
Current receivables	92	100
Cash and cash equivalents	691	534
<b>Total</b>	<b>815</b>	<b>648</b>

## NOTE 4

## INCOME

Leases expiring during the year ahead are expected to be renegotiated at corresponding rent levels. Contractual annual income expires as shown in the table below.

## Maturity structure of contractual annual income

Year of expiry	Dec 31, 2022			Dec 31, 2021		
	Contractual annual rent	Share, %	No. of leases	Contractual annual rent	Share, %	No. of leases
<1 year	649	19	3,636	463	16	3,183
1–2 years	661	19	1,123	621	22	1,325
2–3 years	533	15	750	429	15	725
3–4 years	538	16	590	415	15	539
4–5 years	234	7	163	227	8	160
>5 years	843	24	313	672	24	310
<b>Total</b>	<b>3,459</b>	<b>100</b>	<b>6,575<sup>1</sup></b>	<b>2,827</b>	<b>100</b>	<b>6,242</b>

1) Including a total of 2,586 leases (2,538) for garages and parking spaces.

## Contractual future annual income from existing leases

MSEK	Dec 31, 2022	Dec 31, 2021
Contractual income due for payment within one year	3,225	2,643
Contractual income due for payment between one and five years	6,910	5,627
Contractual income due for payment after five years	2,892	2,626
<b>Income, MSEK</b>	<b>2022</b>	<b>2021</b>
Sweden	2,491	2,352
Finland	660	107
<b>Total</b>	<b>3,151</b>	<b>2,459</b>

## Rent receivables

Rent receivables in the statement of financial position total MSEK 32 (14) pertaining to rent receivables for rent notices of MSEK 18 (10) and accounts receivable of MSEK 14 (4). Tenants are notified of rents and these are paid in advance, which means that all of Group's rent receivables have fallen due for payment.

MSEK	Dec 31, 2022	Dec 31, 2021
Rent receivables	32	14
Other current receivables	92	100
Prepaid expenses and accrued income	135	79
<b>Total current receivables</b>	<b>259</b>	<b>193</b>

## NOTE 5

## COSTS

Direct property expenses include operating expense items that pertain to heating, water, electricity and property upkeep. Other operating expenses mainly pertain to insurance, guard services and waste management. Another category of property expenses that are charged to operations is maintenance costs. Planned and ongoing maintenance is carried out continuously to retain the condition and standard of the properties. Property expenses also comprise the property tax imposed by the government, which in Sweden currently amounts to 1.0 percent of the tax assessment value for non-residential properties and 0.5 percent for industrial properties.

Indirect property costs are recognized in property administration and include costs for leasing operations and other property administration.

Central administration includes costs for administration of companies in the Group and costs pertaining to the listed Parent Company. These include costs for Nyfosa AB such as Group Management, the accounting and finance department, data, personnel, investor relations, annual reporting, fees to auditors, depreciation of equipment and installations, etc.

MSEK	2022	2021
Operating expenses	635	439
Maintenance costs	143	167
Property tax	153	112
Other external costs	185	118
Personnel costs	88	101
Depreciation/amortization	2	1
Other operating expenses	1	–
<b>Total operating expenses</b>	<b>1,207</b>	<b>937</b>

## Fees to auditors

Audit assignments are defined as the statutory auditing of the annual report and consolidated financial statement, as well as the administration of the Board of Directors and the CEO, and the audit and other review conducted in accordance with contracts or agreements.

This includes other assignments that are the responsibility of the company's auditors, as well as guidance and assistance occasioned by observations made in conjunction with such reviews or the completion of such other work assignments.

MSEK	2022	2021
Audit assignment	9	8
Auditing activities in addition to audit assignment	1	1
Tax consultancy	0	1
Other consultancy services	1	0
Other audit firm	0	0
<b>Total fees and remuneration of auditors</b>	<b>12</b>	<b>9</b>

## NOTE 6

## PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES

## Accounting policies

Employee benefits are recognized as services are provided in exchange for remuneration. Remuneration according to the incentive program, which is cash-settled and paid as non-pensionable salary, is recognized at the rate objectives are met over the duration of the program.

Liabilities and costs for severance pay are recognized when the company can no longer withdraw the offer of such remuneration.

When remuneration is provided to employees due to the employee having accepted an offer of remuneration in exchange for terminating employment, the time at which the company can no longer withdraw the offer of remuneration is the earliest of the following times:

- When the employee accepts the offer
- When a limit to the company's ability to withdraw the offer comes into effect

## Defined-contribution pension plans

The Group only provides defined-contribution pension plans, which means obligations are limited to the contributions the company undertakes to pay. The employee's pension depends on the contributions that the company pays to the pension plan or to an insurance company and the return generated by the contribution. Consequently, it is the employee who bears the risk that pension remuneration can be lower than expected and that the invested assets may be insufficient for the expected future pension remuneration. The company's obligations regarding contributions to defined-contribution plans are recognized as an expense in profit or loss at the rate in which they are earned by employees performing services for the company during a period.

## Incentive programs

Nyfosa currently has three long-term incentive programs based on warrants. The programs aim to create a remuneration structure which is competitive, to provide alignment for the management team with company strategy and, in addition to creating focus among employees on delivering exceptional performance that contributes to value creation for shareholders, also give employees more opportunities to take part in the company's success. The programs require that the participant is employed for the entire duration of the program. If employment ends, the company has the right to buy back the warrants at the lower of the market value and the cost. The company subsidizes by paying a cash bonus portion of the participant's premium. This subsidy corresponds to the amount that the participant decides to invest in each incentive program, up to a guaranteed level. However, no compensation is paid for the participant's tax expense, which means in practice that, through this premium subsidy, the company provides a cost cover contribution in each program that after tax paid corresponds to approximately 50 percent of the participant's acquisition costs. The subsidy is paid on two occasions, 50 percent each time, during the term of each program.

## NOTE 6 cont.

**Warrants program (LTIP 2019, 2021, 2022)**

December 31, 2022

Changes during the year, no.	LTIP 2019	LTIP 2021:1	LTIP 2021:2	LTIP 2022	Total
Warrants outstanding at the beginning of the year	1,304,300	325,241	325,241	0	1,954,782
Warrants subscribed	0	0	0	422,150	422,150
Buyback of warrants	-1,064,300	0	0	0	-1,064,300
Warrants exercised	-	-	-	-	-
<b>Warrants outstanding at year-end</b>	<b>240,000</b>	<b>325,241</b>	<b>325,241</b>	<b>422,150</b>	<b>1,312,632</b>

**LTIP 2019**

The warrants were transferred to the participants on two separate occasions at a price that, at the transfer date, corresponded to the market value, by applying a generally accepted valuation method calculated by an independent valuation agency.

*Basis for valuation:*

	May 2019	November 2019
Fair value at issuance, SEK	4.91	2.63
Average share price, SEK	60.46	65.02
Volatility, %	20.0 for the Nyfosa share, 13.5 for CREX	20.0 for the Nyfosa share, 13.5 for CREX
Risk-free interest, %	-0.48	-0.39
Dividends, %	0.9 for the Nyfosa share, 2.0 for CREX	0.8 for the Nyfosa share, 1.8 for CREX
Term, years	3.75	3.29

The warrant holders are entitled to subscribe for one new share for each warrant during a three-month period between October 25, 2022 and June 10, 2023. The subscription price per share on exercise of the warrants is based on the average price of the share at the date of issue of the warrants, plus upward or downward indexation according to the average performance of all listed property companies, calculated using Carnegie's Real Estate Index (CREX) based on an average index for the period May 10–23, 2019 compared with an average index for the period September 1–14, 2022. The subscription price was SEK 64.69 per share.

During the year, the Board offered to repurchase all outstanding warrants on the warrants program for market-based cash consideration of SEK 13.96 per option. Holders who decide not to accept the offer will remain in the program with no changes to the terms and conditions. The repurchase was for 1,064,300 warrants with total proceeds of MSEK 14.

**LTIP 2021**

The warrants were transferred to the participants at a price that corresponded to the market value, by applying a generally accepted valuation method calculated by an independent valuation agency.

*Basis for valuation:*

Fair value at issuance, SEK	Series I: 4.87, Series II: 7.14
Average share price, SEK	101.32
Volatility, %	22.0 for the Nyfosa share, 13.3 for real estate index
Risk-free interest, %	Series I: -0.20, Series II: -0.25
Dividends, SEK	Series I: quarterly dividend of SEK 0.75–0.95 per share
Term, years	3.00

The warrant holders are entitled to subscribe for one new share for each warrant (regardless of Series) during a three-month period between April 15, 2024 and December 9, 2024.

The subscription price per share on exercise of the Series I warrants is linked to Nyfosa's future share price trend and is to amount to SEK 124.10, corresponding to 122.5 percent of the average price of the share on the issue date of the warrants.

The subscription price per share on exercise of the Series II warrants is an amount corresponding to the volume weighted average share price on the trading day that Nyfosa publishes the interim report for the period January–March 2024 reduced by an amount corresponding to the highest of:

- (i) an amount corresponding to the average share price for the period between April 22 and May 4, 2021, multiplied by
  - a) the average total return index value for Nyfosa for the period between April 22 and May 4, 2021 (starting index value 100) in comparison with the index value for the trading day that Nyfosa publishes the interim report for the period January–March 2024,
  - b) reduced by the average total return index value for real estate companies listed on Nasdaq Stockholm during the same period (starting index value 100), and
- (ii) SEK 0.

The average price of the share on the issue date comprised the average closing rate for the period between April 22 and May 4, 2021, according to Nasdaq Stockholm's official share price list. The total return index that shall be applied contains all the real estate companies listed in Nasdaq Stockholm's real estate index (SX35GI) at the time and takes into account the companies' share price development and dividends paid.

## NOTE 6 cont.

**LTIP 2022**

The warrants were transferred to the participants at a price that corresponded to the market value, by applying a generally accepted valuation method calculated by an independent valuation agency. The fair value on issuance amounted to SEK 9.09 per warrant.

**Basis for valuation:**

Fair value at issuance, SEK	9.09
Average share price, SEK	105.00
Volatility, %	22.0 for the Nyfosa share, 17.0 for real estate index
Risk-free interest, %	1.43
Term, years	3.00

The warrant holders are entitled to subscribe for one new share for each warrant during a three-month period between April 14, 2025 and December 5, 2025.

The subscription price per share on exercise warrants is an amount corresponding to the volume weighted average share price on the trading day that Nyfosa publishes the interim report for the period January–March 2025 reduced by an amount corresponding to the highest of:

- (i) an amount equivalent to the average price of the share on the issue date, which comprises the average closing rate for the period between April 20 and May 2, 2022, according to Nasdaq Stockholm's official share price list, multiplied by
  - a) the difference between the average total return index value for Nyfosa's share from April 20, 2022 until May 2, 2022 (initial amount) and the trading day when Nyfosa publishes the interim report for January–March 2025 (final amount),
  - b) less the difference between the average total return index value for property companies listed on Nasdaq Stockholm from April 20 until May 2, 2022 (initial amount) and on the trading day when Nyfosa publishes the interim report for January–March 2025 (final amount), and
- (ii) SEK 0.

**Salaries and other remuneration of senior executives**

The 2020 AGM resolved on guidelines for the remuneration of Nyfosa's senior executives. These guidelines apply until further notice, but not longer than until the 2024 AGM. No decision on adjusting the guidelines was made in 2022. These guidelines include the fact that market-based and competitive forms of remuneration are to be applied that are simple, long-term and measurable. Remuneration may comprise a fixed and variable portion. The guidelines include requirements for the form of remuneration and a cap on variable remuneration. The Board may deviate from the guidelines if there are special reasons to do so in an individual case. Refer to the company's website for complete information.

**Employee benefits***Group*

<b>MSEK</b>	<b>2022</b>	<b>2021</b>
<b>Management team</b>		
Salaries and other remuneration, etc.	17	15
Pension costs, defined-contribution plans	3	2
Social security contributions	5	5
<b>Of which, CEO</b>		
Salaries and other remuneration, etc.	6	5
Pension costs, defined-contribution plans	1	0
Social security contributions	2	2
<b>Other employees</b>		
Salaries and other remuneration, etc.	51	54
Pension costs, defined-contribution plans	6	5
Social security contributions	17	18
<b>Total costs for employee benefits</b>	<b>98</b>	<b>100</b>

*Average number of employees*

<b>Average number of employees</b>	<b>2022</b>	<b>2021</b>
Average number of employees	80	70
Of whom, women	47	46
Percentage, women	58%	66%

## NOTE 6 cont.

## Parent Company

MSEK	2022	2021
<b>Management team</b>		
Salaries and other remuneration, etc.	17	15
Pension costs, defined-contribution plans	3	2
Social security contributions	5	5
<b>Of which, CEO</b>		
Salaries and other remuneration, etc.	6	5
Pension costs, defined-contribution plans	1	0
Social security contributions	2	2
<b>Other employees</b>		
Salaries and other remuneration, etc.	45	50
Pension costs, defined-contribution plans	4	5
Social security contributions	16	18
<b>Total costs for employee benefits</b>	<b>92</b>	<b>96</b>

## Average number of employees, Parent Company

Average number of employees	2022	2021
Average number of employees	67	64
Of whom, women	34	36
Percentage, women	51%	56%

## Remuneration of senior executives

Remuneration from Parent Company, SEK thousand	Basic salary/Board fee		Variable remuneration		Pension costs		Other remuneration		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Johan Ericsson <i>Chairman of the Board</i>	540	503	–	–	–	–	–	–	540	503
Stina Lindh Hök <i>CEO</i>	3,960	3,600	2,010	1,195	994	483	100	91	7,065	5,369
Jens Engwall <i>Board member</i>	235	1,841	589	589	–	81	–	36	824	2,547
Lisa Dominguez Flodin <i>Board member</i>	270	250	–	–	–	–	–	–	270	250
Marie Bucht Toresäter <i>Board member</i>	235	218	–	–	–	–	–	–	235	218
Per Lindblad <i>Board member</i>	220	205	–	–	–	–	–	–	220	205
Patrick Gylling <i>Board member</i> <sup>2</sup>	110	–	–	–	–	–	–	–	110	–
Claes Magnus Åkesson <i>Board member</i> <sup>2</sup>	118	–	–	–	–	–	–	–	118	–
Mats Andersson <i>Board member</i> <sup>1</sup>	110	205	–	–	–	–	–	–	110	205
Jenny Wärmé <i>Board member</i> <sup>1</sup>	118	218	–	–	–	–	–	–	118	218
<b>Other senior executives</b> <i>(4 (4) individuals)</i>	7,193	7,301	3,680	2,839	1,726	1,872	371	265	12,970	12,277
<b>Total</b>	<b>13,108</b>	<b>14,340</b>	<b>6,280</b>	<b>4,623</b>	<b>2,721</b>	<b>2,436</b>	<b>471</b>	<b>392</b>	<b>22,580</b>	<b>22,214</b>

1) Stepped down from the Board at the AGM on April 19, 2022.

2) Elected to the Board at the AGM on April 19, 2022.

## NOTE 7

## FINANCIAL INCOME AND EXPENSES

Of the Group's interest income, MSEK 5 (-) pertains to derivatives measured at fair value, while the remainder is attributable to receivables measured at amortized cost. Of the Group's interest expenses, MSEK 8 (-) pertains to derivatives measured at fair value, while the remainder is attributable to liabilities measured at amortized cost. The Group's other financial expenses primarily refer to borrowing costs allocated over the term of the loan agreement. Of the Group's other financial expenses, MSEK 6 (5) pertains to derivatives measured at fair value, while the remainder is attributable to liabilities measured at amortized cost.

The Parent Company's other financial expenses primarily refer to borrowing costs allocated over the term of the loan agreement and in 2021 included exchange-rate differences on repurchases of bonds.

## Group

MSEK	2022	2021
Interest income	10	1
Exchange-rate gains	3	0
Other financial income	1	2
<b>Financial income</b>	<b>14</b>	<b>3</b>
Interest expenses	-601	-374
Interest related to right-of-use assets	-13	-7
Exchange-rate losses	-4	-8
Other financial expenses	-61	-57
<b>Financial expenses</b>	<b>-678</b>	<b>-446</b>
<b>Net</b>	<b>-664</b>	<b>-443</b>

## Parent Company

MSEK	2022	2021
Dividend from Group companies	1,215	874
Profit from participations in joint ventures	0	1,288
Interest income	0	0
Interest income, Group	160	125
Other financial income	6	0
<b>Financial income</b>	<b>1,381</b>	<b>2,287</b>
Interest expenses	-71	-57
Interest expenses, Group	-22	-5
Other financial expenses	-15	-21
<b>Financial expenses</b>	<b>-107</b>	<b>-82</b>
<b>Net</b>	<b>1,274</b>	<b>2,205</b>

## NOTE 8

## INCOME TAX

## Group

Reconciliation of effective tax, MSEK	2022		2021	
Profit before tax		1,859		3,644
Tax according to applicable tax rate for Parent Company	-20.6%	-383	-20.6%	-751
Non-deductible costs	-0.5%	-9	-0.9%	-31
Tax-exempt income	1.7%	32	0.2%	6
Profit from participations in joint ventures	7.4%	138	5.1%	187
Capitalization of loss carryforwards not capitalized in prior years	4.1%	76	0.4%	13
Loss carryforwards for the year not capitalized	0.0%	0	-0.2%	-6
Non-taxable sales of properties	2.0%	38	0.4%	13
Tax attributable to prior years	0.0%	0	0.0%	-1
Effect of changed tax rate	0.0%	0	0.0%	1
Other	-3.1%	-58	1.0%	36
<b>Recognized effective tax</b>	<b>-8.9%</b>	<b>-165</b>	<b>-14.6%</b>	<b>-532</b>

Current tax expense	2022	2021
Current tax expense	-96	-49
Adjustment of tax attributable to prior years	0	-1
<b>Current tax expense</b>	<b>-96</b>	<b>-49</b>

Deferred tax expense	2022	2021
Deferred tax attributable to investment properties	-74	-463
Deferred tax attributable to derivatives	-70	-4
Deferred tax attributable to untaxed reserves	11	18
Deferred tax income attributable to the capitalized tax value of loss carryforwards during the year	76	13
Deferred tax expense due to utilization of previously capitalized loss carryforwards	-12	-47
<b>Total deferred tax expense</b>	<b>-70</b>	<b>-483</b>
<b>Total recognized tax</b>	<b>-165</b>	<b>-532</b>

## Parent Company

Reconciliation of effective tax	2022		2021	
Profit before tax		1,273		2,228
Tax according to applicable tax rate for Parent Company	-20.6%	-262	-20.6%	-459
Non-deductible costs		0		0
Tax-exempt income	20.7%	263	20.4%	454
Other		-		-
<b>Recognized effective tax</b>	<b>0.1%</b>	<b>1</b>	<b>-0.2%</b>	<b>-5</b>

## NOTE 9

## EARNINGS PER SHARE

During the year, 1,064,300 warrants were repurchased for total payment of MSEK 14, which was paid in October 2022. The dilution from the existing warrants program amounted to 0.1 percent for the year. Accordingly, the dilution effect was low and past key figures were not restated.

	2022	2021
Profit for the year attributable to the Parent Company's shareholders, MSEK	1,689	3,112
Interest on hybrid bonds, MSEK	-43	-4
Average weighted number of shares, millions	191	188
Average weighted number of shares after dilution, million	191	188
Earnings per share before dilution, SEK	8.62	16.52
Earnings per share after dilution, SEK	8.61	16.49

## NOTE 10

## INVESTMENT PROPERTIES

*Changes in value of investment properties*

MSEK	Total	
	Dec 31, 2022	Dec 31, 2021
<b>Fair value at the beginning of the year</b>	<b>37,147</b>	<b>29,411</b>
Cost of investment properties, asset purchase	4,394	6,243
Investments in existing properties	577	475
Divestment of investment properties	-1,735	-663
Realized changes in value of divested properties	225	-42
Unrealized changes in value of properties	-664	1,694
Translation differences, currency	503	28
<b>Fair value at the end of the year</b>	<b>40,446</b>	<b>37,147</b>

## NOTE 10 cont.

Realized and unrealized changes in value are recognized after profit from property management in profit or loss. The measurement of fair value for all investment properties is classified at Level 3 of the fair value hierarchy.

*Investments*

Investments of MSEK 577 (475) were made in the existing property portfolio in 2022. Nyfosa also has obligations to complete projects that have already started where the remaining investment volume amounts to approximately MSEK 403, in addition to what is reported in the statement of financial position.

*Determining fair value*

Nyfosa engages two external appraisers that each value a part of the portfolio. All properties are valued every quarter, except for those for which possession was taken during the most recent quarter or a sales agreement has been signed. In these cases, the agreed property value is used. The uncertain business environment did not have any significant impact on property values. Under the assignment agreements, the appraisers are to inspect each priority every three years.

*Valuation techniques*

The value of the properties has been assessed based on a market-adapted cash-flow estimate. The yield requirement used in the estimate derives from sales of comparable properties. The valuation was performed based on a combined location-price method, using reported benchmark purchases and the yield method, meaning a transaction-based method.

Significant factors when selecting required returns include an assessment of the object's future rent trend, changes in value and any development potential as well as the maintenance condition of the property. Key value parameters are location and rent level, as well as vacancy rates. For each property, a cash flow forecast is prepared that extends at least five years into the future. The expected receipts match the terms of prevailing leases. For vacant spaces, an estimate is performed by individually assessing each property. The expected disbursements are estimated on the basis of historical property expenses.

The inflation assumption in the valuation models on December 31, 2022 was 4.0 percent (2.0) for the Swedish properties and 4.4 percent (1.0–1.6) for the Finnish properties in 2023, and 2.0 percent for 2024 and beyond in both Sweden (2.0) and Finland (1.5–2.0). The valuation is based on a present-value calculation of the estimated cash flow and the present value of the market value at the end of the calculation period. Ongoing projects have been measured according to the same policy but less the remaining investment.

## NOTE 10 cont.

	Offices		Logistics/Warehouse		Retail		Industry		Other		Total	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Fair value, MSEK	20,192	19,348	7,255	7,725	4,770	3,829	3,273	2,164	4,955	4,079	40,446	37,147
Net operating income, excl. property admin <sup>1</sup> , MSEK	1,162	1,054	458	423	344	237	259	149	329	236	2,552	2,100
Yield, excl. property admin <sup>1</sup> , MSEK	5.8	5.4	6.3	5.5	7.2	6.2	7.9	6.9	6.6	5.8	6.31	5.65
Weighted average yield requirement <sup>2</sup> , %	6.1	5.6	6.5	6.1	6.9	6.3	7.3	6.7	6.3	5.7	6.39	5.83
Interval, yield requirement <sup>2</sup> , %	4.9–9.8	4.4–8.9	5.3–8.6	5.0–8.2	5.5–11.2	5.3–9.2	5.9–9.7	5.8–10.0	4.0–10.0	4.3–10.0	4.0–11.2	4.3–10.0
Weighted average discount rate for cash flow <sup>2</sup> , %	8.2	7.4	8.7	7.9	8.9	8.0	9.4	8.5	8.2	7.0	8.45	7.55
Interval, discount rate for cash flow <sup>2</sup> , %	4.8–12.0	4.0–10.5	5.3–10.8	4.3–10.2	6.3–13.4	5.5–10.8	6.0–11.2	4.0–12.0	5.0–11.8	4.0–10.1	4.8–13.4	4.0–12.0
Weighted average discount rate for residual value <sup>2</sup> , %	8.4	7.6	8.8	8.2	9.1	8.2	9.5	8.7	8.6	7.7	8.66	7.86
Interval, discount rate for residual value <sup>2</sup> , %	7.1–12.0	6.2–10.5	7.5–10.8	6.8–10.2	7.8–13.4	5.5–10.8	8.1–11.9	7.8–12.0	6.7–11.8	5.0–10.1	6.7–13.4	5.0–12.0

1) According to earnings capacity.

2) Pertains to appraisers assumptions in valuations.

## Sensitivity analysis – impact on fair value

	Change	Earnings effect, MSEK	
		2022	2021
Change in net operating income <sup>1</sup>	+/-5.00% points	+/-1,975	+/-1,642
Change in yield requirement	+/-0.25% point	+/-1,640	+/-1,575
Change in discount rate	+/-0.25% point	+/-1,228	+/-1,203

1) Refers to the appraisers' estimated net operating income in the valuation.

## The impact of investment properties on profit for the year in addition to revaluation effects

MSEK	2022	2021
Income	3,151	2,459
Direct costs for investment properties that generated income during the period	-872	-672
Direct costs for investment properties that did not generate income during the period	-58	-45



## NOTE 11

## PARTICIPATIONS IN JOINT VENTURES

In addition to the wholly owned portfolio, Nyfosa also owns participations in other property companies.

MSEK	Söderport		Kanoten 10		Samfosa		Total	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Carrying amount at the beginning of the year	2,490	1,916	0	0	0	–	2,490	1,916
Dividends received	–335	–332	–	–	–	–	–335	–332
Share in profit of joint ventures	611	906	0	0	61	–	672	906
Acquisitions for the year	115	17	0	0	77	0	192	17
Impairment for the year	–	–17	–	–	–	–	–	–17
Translation effect, currency	–	–	–	–	–1	0	–1	0
<b>Carrying amount at end of the year</b>	<b>2,881</b>	<b>2,490</b>	<b>0</b>	<b>0</b>	<b>137</b>	<b>0</b>	<b>3,018</b>	<b>2,490</b>

Joint ventures	Corp. Reg. No.	Registered office	Share	Carrying amount	
				Dec 31, 2022	Dec 31, 2021
Söderport Property Investment AB	559194-8681	Stockholm	50%	2,881	2,490
RandNyf Kanoten 10 Projektutveckling AB	559262-0644	Stockholm	50%	0	0
Samfosa AS	926,769,170	Oslo	50%	137	0

**Samfosa**

Nyfosa owns 50 percent of the participations in the Norwegian property company Samfosa AS. The remaining shares are owned by Samfunnsbyggeren AS. The holding is classified as Participations in joint ventures and Nyfosa's share in the Nyfosa's earnings are recognized in profit after financial income and expenses.

The property company Bratsberg AS was acquired in January 2022. The portfolio serves as a robust platform for continued growth in the country and encompasses a total of 13 properties and 10 projects situated in Skien, Porsgrunn, Grimstad and Horten, in the expansive Grenland region south-west of Oslo. As part of the transaction, Samfosa took over Bratsberg's organization. The property portfolio is highly diverse with tenants conducting a wide variety of operations and a large number of leases. The largest tenants are Sats Vest and Scandic Hotel. At year-end, the value of the property portfolio was about SEK 1,627 billion. The total rental value amounted to MSEK 120 and leases have an average remaining term of 4.7 years. The occupancy rate was 92.6 percent.

**Söderport**

Nyfosa owns 50 percent of the shares in property company Söderport. The remaining portion of the shares is owned by AB Sagax (publ). The holding is classified as Participations in joint ventures and Nyfosa's share in the Söderport's earnings are recognized in Nyfosa's profit after financial income and expenses.

Söderport's property portfolio primarily comprises industrial, warehouse and office properties, which essentially presents a supplement to Nyfosa's wholly owned property portfolio. The focal point of the property portfolio is in the Stockholm region. The largest tenant is Volvo Personvagnar. Söderport does not have its own operational organization. Instead, it procures property management and financial administration from Sagax. A small part of property management is procured from Nyfosa.

At the start of the year, Söderport owned 78.1 percent of Torslanda Property Investment AB (TPI), whose shares were listed on Nasdaq First North Growth Market. In November 2022, following the acquisition of many shares, Söderport announced a cash mandatory bid offer to the other shareholders of TPI. At year-end, Söderport's shareholding was 99.0 percent. The TPI share was delisted in January 2023.

MSEK	Söderport		Samfosa	
	2022	2021	2022	2021
Rental income	907	853	103	–
Profit from property management	492	504	15	–
Changes in value of properties and derivatives	947	1,583	142	–
Profit	1,227	1,900	124	–
of which, Nyfosa's share	611	906	61	–

## NOTE 11 cont.

	Söderport		Samfosa		
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	
Average remaining lease term, years	4.2	4.6	4.7		-
Leasable area, 000s sqm	769	743	102		-
Economic occupancy rate, %	97	98	93		-
Rental value	1,068	900	120		-
Investment properties	14,197	12,882	1,627		-
Cash and cash equivalents	273	386	32		-
Equity attributable to Parent Company shareholders	5,761	4,979	273		-
of which, Nyfosa's share	2,881	2,490	137		-
Interest-bearing liabilities	6,936	6,209	1,290		-
Deferred tax liabilities, net	1,465	1,192	37		-
Derivative liabilities, net	-153	124	-		-

## Parent Company

MSEK	Dec 31, 2022	Dec 31, 2021
Accumulated cost	-	412
Divestment to other Group companies	-	-412
<b>Carrying amount at the end of the year</b>	<b>-</b>	<b>-</b>

## NOTE 12

## CASH AND CASH EQUIVALENTS

MSEK	Dec 31, 2022	Dec 31, 2021
<i>The following subcomponents are included in cash and cash equivalents:</i>		
Cash and bank balances	691	534

## NOTE 13

## LIABILITIES

## Maturity structure, non-interest-bearing liabilities

The table includes non-interest-bearing liabilities in the statement of financial position in the rows Other non-current liabilities and Other current liabilities.

Year of expiry, MSEK	Dec 31, 2022	Dec 31, 2021
Less than 1 years after the balance-sheet date	1,006	783
1–5 years after the balance-sheet date	-	-
More than 5 years after the balance-sheet date	62	48
<b>Total</b>	<b>1,068</b>	<b>831</b>

## Other current liabilities, MSEK

	Dec 31, 2022	Dec 31, 2021
Accrued financial expenses	215	89
Prepaid rental income	355	356
Other accrued expenses and prepaid income	115	76
Accounts payable	41	48
Other current liabilities	281	214
<b>Total other current liabilities</b>	<b>1,006</b>	<b>783</b>

## Maturity structure, interest-bearing liabilities, excluding liabilities for right-of-use assets

The table includes non-interest-bearing liabilities in the statement of financial position in the rows Non-current interest-bearing liabilities and Current interest-bearing liabilities. Liabilities pertain to covered bank loans and non-covered bonds.

Year of expiry, MSEK	Dec 31, 2022	Dec 31, 2021
Less than 1 years after the balance-sheet date	834	4,352
1–5 years after the balance-sheet date	21,498	16,693
More than 5 years after the balance-sheet date	1,701	-
<b>Total</b>	<b>24,033</b>	<b>21,045</b>

## NOTE 13 cont.

## Changes in interest-bearing liabilities

MSEK	2022	2021
Interest-bearing liabilities at the beginning of the year	21,045	17,055
Bank loans raised	9,751	6,902
Repayment of bank loans	-6,770	-3,297
Bond loans issued	600	1,000
Bond loans repurchased	-873	-628
Changes in borrowing fees	-13	-4
Translation effect, currency	292	17
<b>Interest-bearing liabilities at end of the year</b>	<b>24,033</b>	<b>21,045</b>

## Ground rent

Ground rent pertains to the annual fee that the owner of a building on municipally owned land has to pay to the municipality. The charge for these leaseholds is currently calculated so that the municipality receives real interest on the estimated market value. The ground rent is allocated over time and is normally renegotiated at intervals of ten to 20 years for the Swedish ground rent. In Finland, site leasehold agreements are not renegotiated in the same way as in Sweden. Instead they are subject to annual indexation until the end of the agreement. Nyfosa has 63 site leasehold agreements on the balance-sheet date, of which 29 will be renegotiated within the next five years.

The entire ground rent is recognized as interest attributable to right-of-use assets among financial expenses in the statement of profit/loss. For reconciliation of financial expenses, refer to Note 7.

## Agreed ground rent

MSEK	Dec 31, 2022	Dec 31, 2021
Less than 1 years after the balance-sheet date	16	8
1-5 years after the balance-sheet date	53	22
More than 5 years after the balance-sheet date	186	58
<b>Total</b>	<b>255</b>	<b>88</b>
Effect of discounting with a discount rate of 3.25 percent	246	149
<b>Total liabilities according to the statement of financial position</b>	<b>501</b>	<b>237</b>
Of which non-current	484	229
Of which current	16	8

## NOTE 14

## DEFERRED TAX LIABILITIES/assets

Nyfosa recognized deferred tax liabilities in 2022 totaling a net MSEK 1,333 (1252). The amount is the net of deferred tax assets attributable to valued tax loss carryforwards and deferred tax liabilities attributable to temporary differences between carrying amounts and taxable values of the investment properties.

Deferred tax is recognized for temporary differences between the tax values and the accounting values. The deferred tax that existed in connection with asset purchases is, however, not to be recognized in the statement of financial position on the acquisition date according to applicable rules, known as the initial recognition exemption.

The residual value of investment properties for tax purposes totaled MSEK 18,916 (16,185) on December 31, 2022 and a total temporary difference of MSEK 14,765 (14,598) that is not included.

MSEK	Dec 31, 2022	Dec 31, 2021
<b>Deferred tax assets</b>		
<i>Loss carryforwards</i>		
At the beginning of the year	238	268
Recognized in profit or loss	64	-34
Acquired and divested assets	-4	3
<b>At the end of the year</b>	<b>298</b>	<b>238</b>
<i>Derivatives</i>		
At the beginning of the year	-4	-1
Recognized in profit or loss	-70	-4
Acquired and divested assets	-1	-
<b>At the end of the year</b>	<b>-76</b>	<b>-4</b>
<b>Deferred tax liabilities</b>		
<i>Properties</i>		
At the beginning of the year	-1,485	-1,028
Recognized in profit or loss	-63	-445
Acquired and divested assets	-7	-13
<b>At the end of the year</b>	<b>-1,555</b>	<b>-1,485</b>
<b>Deferred tax liabilities, net</b>		
At the beginning of the year	-1,252	-760
Recognized in profit or loss	-70	-483
Acquired and divested assets	-12	-9
<b>At the end of the year</b>	<b>-1,333</b>	<b>-1,252</b>

## NOTE 15

## FINANCIAL ASSETS AND LIABILITIES – BY CATEGORY AND FAIR VALUE

MSEK	Financial assets/liabilities measured at fair value through profit or loss		Financial assets measured at amortized cost		Financial liabilities measured at amortized cost		Total carrying amount	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Derivatives	372	22	–	–	–	–	372	22
Rent receivables	–	–	32	14	–	–	32	14
Current receivables	–	–	14	54	–	–	14	54
Cash and cash equivalents	–	–	691	534	–	–	691	534
<b>Total financial assets</b>	<b>372</b>	<b>22</b>	<b>736</b>	<b>602</b>	–	–	<b>1,108</b>	<b>624</b>
Liabilities to credit institutions	–	–	–	–	24,149	21,149	24,149	21,149
Accounts payable	–	–	–	–	41	48	41	48
Other liabilities	–	–	–	–	604	372	604	372
<b>Total financial liabilities</b>	–	–	–	–	<b>24,794</b>	<b>21,568</b>	<b>24,794</b>	<b>21,568</b>

## NOTE 16

## SPECIFICATIONS FOR THE STATEMENT OF CASH FLOWS

## Group

MSEK	2022	2021
<b>Adjustments for non-cash items for operating activities</b>		
Changes in value of properties	439	-1,652
Changes in value of financial instruments	-345	-19
Share in profit of joint ventures	-672	-888
Allocated borrowing fees for loans	69	48
Depreciation of tangible assets	2	1
<b>Total non-cash items for operating activities</b>	<b>-507</b>	<b>-2,510</b>

## Direct and indirect acquisitions of investment properties

MSEK	2022	2021
<i>Assets and liabilities acquired</i>		
Investment properties	4,362	6,248
Loss carryforwards	–	3
Operating receivables	23	119
Cash and cash equivalents	56	100
<b>Total assets</b>	<b>4,442</b>	<b>6,470</b>
Deferred tax liabilities	–	15
Current operating liabilities	73	144
<b>Total liabilities</b>	<b>73</b>	<b>159</b>
Purchase consideration paid	4,369	6,311
<b>Impact on cash and cash equivalents</b>	<b>4,313</b>	<b>6,211</b>

## NOTE 16 cont.

## Direct and indirect divestments of investment properties

MSEK	2022	2021
<i>Assets and liabilities divested</i>		
Investment properties	1,735	663
Operating receivables	8	3
Deferred tax assets	2	–
Cash and cash equivalents	0	0
<b>Total assets</b>	<b>1,746</b>	<b>667</b>
Deferred tax liabilities	–	–
Current operating liabilities	20	12
<b>Total liabilities</b>	<b>20</b>	<b>12</b>
Purchase consideration received	1,726	655
<b>Impact on cash and cash equivalents</b>	<b>1,726</b>	<b>655</b>

## Reconciliation of liabilities deriving from financing activities

Changes in loan portfolio, MSEK	2022	2021
Liabilities at the beginning of the period	21,045	17,055
Repayment	–7,643	–3,924
Loans raised	10,271	7,849
Other <sup>1</sup>	68	48
Translation effect, currency <sup>1</sup>	292	17
<b>Liabilities at the end of the period</b>	<b>24,033</b>	<b>21,045</b>

1) The items "Other" and "Translation effect, currency" do not affect cash flow. "Other" consists of the difference between paid and booked arrangement fees in the statement of financial position.

## Parent Company

MSEK	2022	2021
<b>Adjustments for non-cash items for operating activities</b>		
Dividend from subsidiaries	1,215	874
Capital gain on divestment of participations in joint ventures	–	1,088
Appropriations	25	67
<b>Total non-cash items for operating activities</b>	<b>1,240</b>	<b>2,029</b>

## NOTE 16 cont.

## Reconciliation of liabilities deriving from financing activities

Changes in loan portfolio, MSEK	2022	2021
Liabilities at the beginning of the period	1,864	1,491
Repayment	–1,573	–628
Loans raised	1,300	1,000
<b>Liabilities at the end of the period</b>	<b>1,591</b>	<b>1,864</b>

## NOTE 17

## SHARES IN GROUP COMPANIES

SEK thousand	Dec 31, 2022	Dec 31, 2021
Accumulated cost		
At the beginning of the year	50	50
<b>Carrying amount at the end of the year</b>	<b>50</b>	<b>50</b>

## Holdings in subsidiaries

Nyfosa AB's directly and indirectly owned subsidiaries, which are owned by Nyfosa Holding AB, are presented below. Other companies in the Group are presented in the annual accounts of each indirectly owned company.

## Directly owned subsidiaries

Company name	Corp. Reg. No.	Registered office	Number of shares/participations	Share, %	Carrying amount, SEK thousand Dec 31, 2022
Nyfosa Holding AB	559134-9443	Nacka	500	100	50

## Indirectly owned subsidiaries

Company name	Corp. Reg. No.	Registered office	Number of shares/participations	Share, %
Nyfosa LTIP AB	559168-5820	Nacka	50,000	100
Nyfosa NYAB 125 AB	559276-2446	Nacka	25,000	100
Nyfosa NYAB 126 AB	559276-2453	Nacka	25,000	100
Nyfosa NYAB 127 AB	559276-2461	Nacka	25,000	100
Nyfosa NYAB 128 AB	559276-2479	Nacka	25,000	100
Nyfosa NYAB 129 AB	559276-2487	Nacka	25,000	100
Nyfosa NYAB 130 AB	559276-2495	Nacka	25,000	100
Nyfosa NYAB 131 AB	559276-2503	Nacka	25,000	100

## NOTE 17 cont.

Company name	Corp. Reg. No.	Registered office	Number of shares/participations	Share, %
Nyfosa NYAB 132 AB	559276-2511	Nacka	25,000	100
Nyfosa NYAB 133 AB	559276-2529	Nacka	25,000	100
Nyfosa NYAB 134 AB	559276-2537	Nacka	25,000	100
Nyfosa NYAB 135 AB	559276-2545	Nacka	25,000	100
Nyfosa Torlunda 1:278 HoldCo AB	556983-3634	Nacka	500	100
Nyfosa Skogskarlen 3 Fastighets AB	559126-5771	Nacka	50,000	100
Nyfosa NYAB 80 AB	559248-4314	Nacka	25,000	100
Nyfosa Finland Invest AB	559279-3698	Nacka	25,000	100
Nyfosa NYAB 145 AB	559276-2685	Nacka	25,000	100
Nyfosa Ada AB	559276-2438	Nacka	25,000	100
Nyfosa Polly TopCo AB	559279-3706	Nacka	25,000	100
Nyfosa Vega TopCo AB	559262-7482	Nacka	25,000	100
Nyfosa Henry TopCo AB	559276-2669	Nacka	25,000	100
Nyfosa Idaho Holding AB	559226-9871	Nacka	50,000	100
Nyfosa BidCo Holding AB	559221-7748	Nacka	50,000	100
Nyfosa Nord TopCo AB	559221-7714	Nacka	50,000	100
Nyfosa Marianne AB	559207-1376	Nacka	50,000	100
Nyfosa Tetis AB	556847-5825	Nacka	11,700,000	100
Nyfosa Wera AB	556987-3945	Nacka	500	100
Nyfosa Svea Real Holding AB	559168-5911	Stockholm	50,000	100
Nyfosa Emelie AB	559196-0975	Nacka	500	100

## NOTE 18

## PLEGGED ASSETS AND CONTINGENT LIABILITIES

Nyfosa regularly pledges assets for its external liabilities include pledges of properties, pledges of shares as well as pledges in internal promissory notes.

## Group

MSEK	Dec 31, 2022	Dec 31, 2021
<b>Pledged assets</b>		
Property mortgages	29,347	22,776
Participations in Group companies	5,184	4,832
<b>Contingent liabilities</b>		
Sureties for liabilities in joint ventures	328	-

## NOTE 18 cont.

## Parent Company

MSEK	Dec 31, 2022	Dec 31, 2021
<b>Contingent liabilities</b>		
Sureties for Group companies	24,327	21,079

NOTE 19  
EQUITY

On December 31, 2022, Nyfosa's share capital amounted to MSEK 96, distributed among 191,022,813 shares with a quotient value of SEK 0.5 per share. According to the Articles of Association, the share capital shall amount to not less than MSEK 80 and not more than MSEK 320, distributed among not fewer than 160,000,000 shares and not more than 640,000,000 shares. The share capital in Nyfosa AB changed according to the table. The share capital amounted to 191,022,813 shares (191,022,813) on December 31, 2022. The quotient value was SEK 0.50 per share and each share entitles the holder to one vote. No shares are held in treasury.

Share capital trend	Date	Change in number of shares	Quotient value, SEK	Change in the share capital, MSEK
New formation	October 17, 2017	500	100.00	0
Division of shares	May 21, 2018	99,500	-	0
New share issue	May 21, 2018	157,628,249	0.5	79
New share issue	August 21, 2018	10,000,000	0.5	5
New share issue	February 17, 2020	6,462,824	0.5	3
New share issue	March 9, 2020	10,310,000	0.5	5
New share issue	June 9, 2021	6,521,740	0.5	3
<b>Total</b>		<b>191,022,813</b>	<b>0.5</b>	<b>96</b>

Nyfosa has hybrid bonds outstanding of a total of MSEK 762.5 under a framework of MSEK 2,000.

Hybrid bonds of MSEK 37.5 were repurchased during the year. The hybrid bonds are perpetual and Nyfosa governs the payment of interest and the principal of the instruments, which is why they are classified as equity instruments under IAS 32. Issue costs and tax attributable to issue costs and interest to the hybrid bond holders are recognized directly in equity. The bonds have a floating interest rate of 3M STIBOR + 475 basis points per annum until the first call date of November 18, 2025.

Dividends are recognized as a liability after the Annual General Meeting has determined the dividend.

## Dividends

For the 2022 financial year, the Board proposes that the AGM resolves on the distribution of an ordinary dividend of SEK 4.00 (SEK 3.80) per share with quarterly payment of SEK 1.00 per share.

## NOTE 19 cont.

*The Board's proposed appropriation of profit*

<b>Unrestricted equity, MSEK</b>	<b>Dec 31, 2022</b>
Share premium reserve	2,058
Hybrid bonds	763
Retained earnings	7,734
Profit for the year	1,273
<b>Total unrestricted equity</b>	<b>11,828</b>
<b>The following funds are available for distribution by the AGM</b>	
Ordinary dividend, SEK 4.00 per share <sup>1</sup>	764
To be carried forward	11,064
- of which to Share premium reserve	2,058
- of which to Hybrid bonds	763
<b>Total</b>	<b>11,828</b>

1) Quarterly payment of SEK 1.00 per share.

## NOTE 20

## SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

On February 24, 2023, Nyfosa announced that a property portfolio consisting of 13 properties had been acquired, including grocery and discount stores, warehouses and light industrial buildings. The acquisition price amounted to MSEK 706 and the annual rental value is MSEK 62.5. The majority of the properties are located in locations where Nyfosa currently has a local presence. The seller was Stenhus Fastigheter.

On March 2, the Nomination Committee announced its proposal of the re-election of Board members Jens Engwall, Johan Ericsson, Lisa Dominguez Flodin, Patrick Gylling, Per Lindblad, Marie Bucht Toresäter and Claes Magnus Åkesson, as well as the election of David Mindus as a new Board member. The Nomination Committee proposes the re-election of Johan Ericsson as Chairman of the Board. The Nomination Committee's proposal is that the number of Board members for the coming mandate period be expanded to eight (previously seven).

# THE BOARD'S ASSURANCE

The Board of Directors and CEO give their assurance that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international accounting standards stipulated in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards.

The Annual Report and the consolidated financial statements provide a true and fair view of the Parent Company's and the Group's financial position and earnings. The Board of Directors' Report for the Parent Company and the Group provides a fair review of the performance of the Parent Company's and the Group's operations, financial position and earnings, and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Nacka March 26, 2023  
Nyfosa AB  
(Corp. Reg. No. 559131-0833)

Johan Ericsson  
*Chairman of the Board*

Marie Bucht Toresäter  
*Board member*

Lisa Dominguez Flodin  
*Board member*

Jens Engwall  
*Board member*

Claes Magnus Åkesson  
*Board member*

Per Lindblad  
*Board member*

Patrick Gylling  
*Board member*

Stina Lindh Hök  
*Chief Executive Officer*

Our audit report was submitted on March 29, 2023

KPMG AB

Mattias Johansson  
*Authorized Public Accountant*



# AUDITOR'S REPORT

To the general meeting of the shareholders of Nyfosa AB (publ), corp. id 559131-0833

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Nyfosa AB (publ) for the year 2022, except for the corporate governance statement on pages 52–61. The annual accounts and consolidated accounts of the company are included on pages 9–10, 16–17, 19, 26–47 and 50–96 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 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 2022 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. Our opinions do not cover the corporate governance statement on pages 52–61. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the 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

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

## Valuation of investment property

See Note 1 Significant accounting policies and Note 10 Investment property on pages 74–78 and 87–88 in the annual account and consolidated accounts for detailed information and description of the matter.

### Description of key audit matter

Investment properties are held at fair value in the group's financial statements. The carrying value of these properties is MSEK 40,446 as per 31 December 2022.

The fair value of Investment properties as per 31 December 2022 has been determined based on valuations carried out by independent appraisers, except for those for which possession was taken during the fourth quarter 2022 or for those which a sales agreement is signed. In these cases, the agreed property value is used.

Given investment properties significant share of the group's total assets and the inherent elements of significant judgment and estimates required in the valuation process, valuation of Investment properties is a Key Audit Matter.

The risk is that the carrying value of Investment properties could be over- or underestimated and that deviations would directly influence profit for the year.

### Response in the audit

We have evaluated if the valuation methodology used is reasonable by comparing it to our experience of methods applied by other real estate companies and independent third party appraisers and which assumptions that are normal when valuing comparable objects.

We have assessed the competence and independence of third party appraisers used and we have read the engagement letters of the independent third party appraisers with the aim to evaluate if there where contractual terms that could influence scope or focus of the independent third party appraisers' engagement.

We have tested the controls established by the group to ensure that input data provided to the independent third party appraisers are accurate and complete.

We have, on a sample basis, tested individual valuations. When doing so, we made use of available market data from external sources, especially for yields, discount rates, rents and vacancies used. We have considered the impact on the valuations from the current macroeconomic conditions.

We have checked the accuracy of disclosures on Investment properties given by the group in notes 1 and 10 in the annual accounts and consolidated accounts, especially concerning elements of judgement and applied key assumptions.

## Acquisitions and disposals of property

See Note 1 Significant accounting policies and Note 10 Investment property on pages 74–78 and 87–88 in the annual account and consolidated accounts for detailed information and description of the matter.

### Description of key audit matter

The group's total investment in properties in 2022 amounted to MSEK 4,971 of which MSEK 4,394 were acquisitions. Disposals amounted to MSEK 1,735.

The risks in relation to acquisitions and disposals primarily relates to the period in which a transaction is recognized, and if specific conditions in the specific transactions have not properly accounted for, which could have significant impact on the group's reported profit and financial position.

### Response in the audit

We have evaluated the processes for acquisitions and disposals of properties. For significant transactions, we have examined contracts, evaluating the period of recognition, agreed the purchase price and, where applicable, evaluated that any specific conditions have been accounted for properly.

We have evaluated the accuracy of the disclosures related to transactions given by the group in note 1 and 10 in the annual accounts and consolidated 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 1–8, 11–15, 18, 20–25, 48–49, 101–111 and 113–115. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our 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 we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

### Responsibilities of the Board of Directors and the 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 intend 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 Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 our 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. We 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

## Report on other legal and regulatory requirements

### *Auditor's audit of the administration and the proposed appropriations of profit or loss*

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nyfosa AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

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

#### Basis for Opinions

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the 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.

We must also provide the Board of Directors with a statement that we 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 our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we 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. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the 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.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we 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 our professional judgment with starting point in risk and materiality. This means that we 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. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

## The auditor's examination of the Esef report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Nyfosa AB (publ) for year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Nyfosa AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying

out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

## The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 52-61 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our 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.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Nyfosa AB by the general meeting of the shareholders on the 19 April 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2017.

Stockholm March 29, 2023

KPMG AB

Mattias Johansson  
Authorized Public Accountant

# CEO COMMENTS

In 2022, we acquired properties for SEK 4.4 billion and divested for SEK 1.7 billion. With a constantly changing property portfolio, it can be a challenge piloting a long-term sustainability agenda. However, with clear processes and a great dedication, as a company we assume the responsibility for contributing both to a sustainable future and sustained profitability.

Nyfosa's vision is to be the Swedish property company best at creating value. We believe working with sustainability systematically creates the best conditions for doing sound business, just as focusing on the business contributes to sustainable property ownership. Reducing our climate impact means we have to work with a long-term perspective, which can likewise be used in our transaction-based operations. This means we shoulder our responsibility as a landlord, employer, business partner, lender as well as to our shareholders by taking a range of measures, which include following the Ten Principles of the UN Global Compact for corporate sustainability.

Throughout 2022, Nyfosa's property management continued in its efforts to reach its sustainability targets. Reinforcement through talent-based recruitment of our local property management team has resulted in more effective property management and operations. In addition, it has produced tangible results in lowering the energy consumption in the property portfolio. Since 2020, energy consumption per sqm has fallen by 6 per cent in like-for-like portfolios and, as such, we are making clear progress toward the goal of a 10 per cent reduction by 2025.

We put a great deal of energy and importance into identifying both the right measures to take and investments to make, whether for large or small projects, in order to strengthen our portfolio. These range from general optimizations of operations in the property portfolio to reusing materials and installing solar panel facilities. We currently have 25 solar panel facilities in operation that together generated approximately 1.4 GWh in

2022. As a company, we can further limit our climate impact via the careful selection of the products and services we purchase. For example, during the year, we procured renewable district heating for properties in several locations in Sweden. Aside from reducing our carbon emissions from heating, this helps create further incentives for district heating suppliers to continue to develop and improve their products.

During the year, the share of Nyfosa's property portfolio that has been certified as sustainable increased to 29 per cent of the property value. We believe being awarded a sustainability certification will be a competitive advantage in future leasing operations by providing the property portfolio with a high credit rating. This platform additionally provides us with the prerequisites to raise the share of green financing within the context of our green finance framework.

Since it started operating in 2018, Nyfosa has maintained a strong focus on growth. Despite our relatively short history, we have managed to take major steps towards creating a sustainability agenda that adds value to our operations and, with the ever stronger talent within the organization, we are well-equipped to drive the agenda forward. We continue to build resilient operations with a decreasing climate impact and to strengthen our position as a responsible and attractive employer and partner. This lays the foundations for strong, healthy growth and profitability as we advance further towards achieving our goals.

Stina Lindh Hök  
CEO



# SUSTAINABILITY – RESPONSIBILITY




Nyfosa is to conduct its operations with the aim of generating returns to the shareholders. Focus on profitability does not rule out sustainable business; rather the company feels that it is a prerequisite to make the right decisions when choosing the direction forward. For Nyfosa, sustainability is assuming responsibility in all relationships, as employer, landlord and lender, toward the climate and as manager of the shareholders' capital. This means that sustainability efforts are integrated in the entire organization and every part of the operations.

The CEO has the overriding responsibility for the sustainability agenda and is in charge of follow up at management level. Policies are adopted by the Board and guidelines by Group Management, which are updated regularly and available to all employees via the intranet. The sustainability team—comprised of the Head of Property Management, Head of Finance, Head of Financial Control and Head of Technology/Sustainability—leads strategic sustainability activities in the organization and prepares proposals for new sustainability targets. Reporting of sustainability efforts is made to the CEO, Group Management and the Board.

## Employees

The CEO is responsible for compliance with laws and regulations within labor law and the strategic HR work is prepared within the group management. Policies and guidelines for managers and employees have been created such as the Sustainability Policy, Personnel Handbook and Work Environment Manual. This is based on policy documents within the HR area, such as policies concerning personnel, gender equality and salaries, as well as the company's Code of Conduct. Nyfosa offers a creative, open and stimulating work environment with a focus on inclusion and personal development. The company has decided to have a relatively

## FOR NYFOSA, SUSTAINABILITY IS ASSUMING RESPONSIBILITY

Toward	How	Governance	Sustainable Development Goals
<b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Occupational health and safety</li> <li>• Learning and development</li> <li>• Gender equality</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Sustainability policy, Whistleblower function</li> </ul>	
<b>TENANTS</b>	<ul style="list-style-type: none"> <li>• Safety in and around buildings</li> <li>• Control of radon, legionella and moisture in buildings</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Authority inspections</li> </ul>	
<b>CREDIT AND CAPITAL MARKET</b>	<ul style="list-style-type: none"> <li>• Fulfillment of terms of agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Risk limits</li> <li>• Finance policy</li> </ul>	
<b>STOCK MARKET</b>	<ul style="list-style-type: none"> <li>• Return</li> <li>• Economic performance</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent reporting requirement</li> <li>• Internal control and governance</li> </ul>	
<b>SUPPLIERS</b>	<ul style="list-style-type: none"> <li>• Business ethics and anti-corruption</li> <li>• Employment</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Sustainability policy</li> </ul>	
<b>CLIMATE</b>	<ul style="list-style-type: none"> <li>• Reduced energy consumption</li> <li>• Reduced carbon emissions</li> <li>• Climate smart use of materials</li> <li>• Sustainable transportation</li> <li>• Surface water management</li> <li>• Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental policy</li> <li>• Sustainability goals</li> </ul>	

small and efficient organization with short decision-making paths, where all employees have an awareness and understanding of the company's objectives and strategy. Nyfosa is to promote good health, and create a healthy and safe work environment for all our employees. Gender equality efforts are to be a natural part of the operations and the conditions, rights and development opportunities of men and women must be equal within the entire company. Nyfosa is to help women and men to combine parenthood with working life. It is particularly important to make it possible to take parental leave or leave to care for children.

### Tenants

The Head of Property Management, a member of Group Management, has the overall responsibility for offering tenants security in and around the buildings. Each regional property management manager is responsible for relationships with the local tenant. Nyfosa believes in close dialogues with the tenants and has confidence in the company's property managers, that they treat the tenants in a manner that is professional and creates value. Nyfosa's tenants must always be able to rely on the fact that the facilities offer a work environment that is safe, accessible and healthy. The property management teams create and develop efficient procedures and methods for handling safety in and around buildings at Nyfosa's properties, and that the standard and function of the facilities complies with requirements from public authorities.

### Credit and capital market

Nyfosa's growth will take place in a manner whereby the financial risks are kept at a manageable level. This means the company must not assume too much debt relative to the properties' value. Nor must the costs of debt financing become too high in relation to earnings from property

management. The Head of Finance, a member of Group Management, regularly monitors that Nyfosa works within the stipulated risk limits. Compliance with covenants and the finance policy is regularly monitored and reported at every ordinary Board meeting. An annual investors report is prepared that contains information about Nyfosa's allocation of the green bonds and how well the conditions stipulated in the framework have been fulfilled.

### Stock market

Nyfosa's is to grow within the risk limits determined by the Board of Directors. This means the company must not assume too much debt relative to the properties' value. Nor must the costs of debt financing become too high in relation to earnings from operating activities. Investments made in the properties will contribute to an optimized operating expense through lower energy consumption, longer leases, less vacancies and/or lower financing costs.

### Suppliers

Nyfosa is to act with good business ethics, prevent money laundering and encourage all stakeholders in Nyfosa to come forward and report suspected misconduct within the company. A purchasing policy was adopted in 2021 that contains guidelines concerning which suppliers should be given priority. The sustainability policy includes guidelines for employees who make purchases or who have regular contact with suppliers related to managing the risk of money laundering and other irregularities. The largest suppliers are encouraged to confirm and apply Nyfosa's Code of Conduct for Suppliers, which is published on the company's website.

### Climate

Investments made in the properties will contribute to optimized operating expenses through lower energy

consumption. The task of gaining sustainability certification for the buildings contributes to greater insight into each building's unique status and results in documented data for deciding on possible streamlined consumption. Analyzing the properties to identify inefficient buildings in terms of energy consumption results in solid supporting documents for future measures. The sustainability policy contains separate information about the organization's environmental responsibility regarding the buildings.

### Overall standpoint

Nyfosa subscribes to Agenda 2030 and the Ten Principles of the UN Global Compact. The company's efforts are to contribute to sustainable development, both locally and globally. The aim of the 2030 Agenda's 17 Global Sustainable Development Goals is to eradicate extreme poverty, reduce inequality and injustice, promote peace and justice and solve the climate crisis. Nyfosa's greatest impact is in six of the global goals, refer to page 102.

# SUSTAINABILITY – GOVERNANCE

Every year, Nyfosa's Board adopts the company's sustainability policy and other related policies, see [www.nyfosa.se](http://www.nyfosa.se). The sustainability policy describes the framework for Nyfosa's responsibilities in the relationships created in operations. Good business ethics and trusting relations are important starting points both internally and in contacts with external parties. Nyfosa's employees play a key role in alerting us if they suspect someone in operations is violating the company's ethical guidelines. Misconduct could include economic irregularities and corruption, serious harassment or discrimination, safety risks in the workplace or suspected environmental crimes. Employees are encouraged to speak with their immediate supervisor first. If they prefer to be anonymous, they are offered a safe channel for reporting and dialogue through a whistleblower function, which is also available to external partners.

Continuous evaluation is taking place, in both the management team and on the Board, of how Nyfosa's sustainability agenda can make the best possible contribution to a sustainable society. With a growth strategy and opportunistic business concept, it is necessary to continuously return to, and reassess, previously adopted policies and goals.

Based on stakeholder dialogues and materiality analyses, the Board of Directors has adopted the overall sustainability goals that are most relevant for the organization to focus on: sustainability certification, reduced energy consumption and minimization of carbon emissions. In addition, internal sustainability targets have been defined, all of which contribute to realizing the overall goals.

## The Board's roll in sustainability-related efforts

The Board of Directors adopts and evaluates the sustainability policy, the environmental policy and the sustainability goals for the company. Sustainability is the topic of one ordinary Board meeting a year. The meeting addresses cur-

rent market issues in general, reporting requirements for the company and company-specific challenges and opportunities. Risks and risk management is the topic of one other ordinary Board meeting a year. The meeting includes discussions and evaluations of, among other matters, climate-related risks that are described on page 49 and pages 109–110.

Sustainability goals are adopted by the Board, and currently are to realize a higher share of properties that have sustainability certification, a reduction in energy consumption and lower carbon emissions. The goals are followed up in connection with a presentation of the quarterly closing.

The complete Sustainability Report is compiled annually in connection with preparation of the company's Annual Report. Subsequently, the Board of Directors takes part in the reporting.

Furthermore, the Board governs the company's focus on sustainability issues through a salary-related incentive program where a bonus is paid if the company achieves the sustainability goals. The same goals apply to all employees in order to minimize the risk of conflicting interests in the company's resource planning.

## Key sustainability areas

### *Stakeholder dialogue*

In 2020, a large-scale stakeholder dialogue was conducted to ascertain what Nyfosa's stakeholders regard as the most important aspects to focus on. The dialogue was conducted using a web survey that was distributed to a selection of the company's tenants, creditors, partners and suppliers, shareholders and to all employees and Board members of the company. The stakeholders were asked to evaluate twelve aspects based on their importance in terms of company focus. The compiled answers from the stakeholder dialogue confirmed that the stakeholders share the company's view concerning which aspects are important for the company. In other words, the stakeholders felt all aspects were important.

## GOVERNANCE'S SUSTAINABILITY EFFORTS

**Board of Directors:** Adopts and evaluates the sustainability policy, the environmental policy and the sustainability goals.

**CEO and Group Management:** Monitors the sustainability policy and sustainability targets.

**Sustainability team:** Leads the strategic sustainability efforts in the organization, proposes sustainability targets to the Board and defines internal sustainability targets within the framework of the goals adopted by the Board.

## ENVIRONMENTAL POLICY

### Environmental policy according to the sustainability policy

- Work actively to enhance the energy optimization of our buildings and premises.
- Be aware of the environmental risks and environmental liabilities associated with the properties and, when taking actions, draw up long-term sustainable solutions.
- Work with the tenants to achieve a healthy indoor environment.
- Implement environmentally compatible conversions.
- Subject our suppliers to environmental and sustainability requirements.
- Raise the level of environmental and sustainability expertise and awareness among our employees.



In addition to the large-scale stakeholder dialogue, the company has a constantly ongoing dialogue with creditors, shareholders, tenants and other stakeholders in sustainability-related issues. The ongoing dialogue has confirmed that the outcome from the stakeholder dialogue is still relevant to Nyfosa's sustainability efforts. A new stakeholder dialogue in the form of a survey is planned for 2023.

#### *Materiality analysis*

Group Management and the sustainability team have identified 13 aspects in which the company has a direct or indirect impact on its surroundings, in terms of employees, the environment and the community. Together with internal and external experts within each area, the aspects have been evaluated to determine within which aspects the company has the greatest impact. The analysis resulted in five areas believed to constitute the most important aspects to focus on at the moment.

Work related to the focus areas is governed by the Board setting a financial target related to economic performance and sustainability targets linked to sustainability certification, energy consumption and carbon emissions. Focus on economic performance is governed through the financial target to achieve growth in distributable cash flow per share of 10 percent over time. The sustainability targets lend focus to measures towards certification of building, reducing energy consumption and seeking ways to lower carbon emissions.

## SUSTAINABILITY ASPECTS

## FOCUS AREAS

### ENVIRONMENTAL SUSTAINABILITY

Optimize existing properties

- Sustainability certification
- Energy consumption
- Carbon emissions
- Materials use
- Sustainable transportation
- Surface water management
- Green structure and biodiversity

- **Sustainability certification**
- **Energy consumption**
- **Carbon emissions**
- **Policies related to environmental issues**

### SOCIAL SUSTAINABILITY

Create a workplace for growth and a safe environment

- Health and safety for employees
- Learning and development
- Gender equality

- **Policies related to work environment**

### ECONOMIC SUSTAINABILITY

Conduct a sound and consistently profitable operations

- Economic performance
- Transparent reporting
- Anti-corruption
- Guidelines and policies on environmental issues and health and safety

- **Economic performance**

# SUSTAINABILITY – REPORTING PRINCIPLES

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Nyfosa has decided to prepare the Statutory Sustainability Report as a separate report from the Annual Report. The sections marked with a green color code in the Contents on page 3 refer to Nyfosa's Sustainability Report and Statutory Sustainability Report, and the contents refer to the Parent Company and all subsidiaries. The reporting period for sustainability reporting otherwise follows the Annual Report, which is the full-year 2022. This form of reporting is done annually. The point of contact for reporting is Nyfosa's Head of Financial Control.

Nyfosa has selected to report parts of its sustainability agenda in accordance with the GRI Sustainability Reporting Standards 2021 (GRI Standards) prepared by the Global Sustainability Standards Boards (GSSB). The objective of GRI Standards is to create transparent reporting on how an organization contributes to a sustainable development and what has the greatest impact on profitability, the environment and humans, including human rights, and how the organization manages this. The reporting has been compiled in an index over GRI Standards on page 107. Compared with previous years, reporting according to Own indicator "Measures taken to maintain a high level of safety and security in and around the properties" has been deleted in connection with the transition to GRI 2021.

Risks and risk management as well as Task Force on Climate-related Financial Disclosures (TCFD) are presented on pages 109–111. The Sustainability Report has been subject to external audit, refer to page 112.

The point of contact and responsible for the company's Sustainability Report is Ann-Sofie Lindroth, Head of Financial Control.

## Explanatory key – environmental data

*Control* means that Nyfosa has the possibility to exercise an influence on carbon emissions when, for example, choosing agreements or suppliers.

*Area* refers to heated floor area in the buildings and is collected from each building's energy declaration.

*Start portfolio* means the properties that were owned throughout the 2020 financial year and is the benchmark value for the reduction of energy consumption per sqm.

*Comparable property portfolio* refers to the properties that Nyfosa has owned during an entire financial year. Properties bought and sold during the year are excluded.

## Sustainability certification

A property that has sustainability certification is a property in which one or more buildings in the property have a sustainability certification.

## Energy and water consumption

Nyfosa monitors and reports energy and water consumption in the properties where Nyfosa is the contract owner and has control over at least one of the media types: electricity, district heating, district cooling or water. Control can vary between energy classes and properties. For the report on 2022, this corresponds to 78 percent (49) of the total portfolio and encompasses both property energy and energy used in the operations. For the remaining buildings, the tenant has the main subscription and control.

Energy consumption is reported as GWh in total values and as kWh per sqm area for intensity values.

## Carbon emissions

Nyfosa's operations are transaction-based and since emissions are reported in actual values, emissions can vary considerably year to year. Nyfosa's emissions are reported in Scope 1, Scope 2 and Scope 3 in accordance with the GHG Protocol (Greenhouse Gas Protocol).

Reporting of carbon emissions related to heating, cooling and electricity refer to the properties where Nyfosa can follow up and report media consumption, which corresponds to 78 percent of the total area.

Reporting of passenger transportation pertains to company cars and service vehicles. Reporting of coolants pertains to equipment subject to reporting requirements in 2021 according to Swedish law. Reporting of fossil fuels pertains to incineration at any of Nyfosa's properties.

Reporting of business travel pertains to travel that Nyfosa's employees have carried out while on duty.

## Employees

There is no breakdown by region for all key figures related to employees due to the low number of employees. Gender distribution is reported for the total number of employees during the year and, for the same reason, there is no breakdown for forms of employment. The number of employees is reported as the total number of employees during the year. The same basic principle applies also for other key figures.

# GRI CONTENT INDEX

GRI reference	Description	Page	Comment
<b>GRI2 - GENERAL DISCLOSURES</b>			
<b>Organization and reporting practices</b>			
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2-2	Entities included in the organization's sustainability reporting	106	
2-3	Reporting period, frequency and contact point	106	
2-4	Restatements of information	106	
2-5	External assurance	112	
<b>Activities and workers</b>			
2-6	Activities, value chain and other business relationships	4, 9-10, 20-25, 29-31	
2-7	Employees	30	Deviation from reporting the division of forms of employment due to too few employees.
2-8	Workers who are not employees	29-32	Deviation due to incomplete information.
<b>Governance</b>			
2-9	Governance structure and composition	57-59	
2-10	Nomination and selection of Board members	53	
2-11	Chairman of the Board	54-55	
2-12	Role of the Board in overseeing the management of impacts	104	
2-13	Delegation of responsibility for managing impacts	56, 106	
2-14	Role of the Board in sustainability reporting	102	
2-15	Conflicts of interest	102	
2-16	Communication to the Board of critical concerns	102	
2-17	Collective knowledge of the Board	102	
2-18	Evaluation of the performance of the Board	55	
2-19	Remuneration policies	56	
2-20	Process to determine remuneration	56	
2-21	Annual total compensation ratio	29-30, 56, Note 8	
<b>Strategy, policies and practices</b>			
2-22	Goals for sustainable development	101	
2-23	Policy commitments	31, 104	
2-24	Embedding policy documents	31, 104	
2-25	Processes to remediate negative impacts	102-105	
2-26	Mechanisms for seeking advice and raising concerns	31, 104	
2-27	Compliance with laws and regulations	31	
2-28	Membership of associations	-	Not applicable for Nyfosa

GRI reference	Description	Page	Comment
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	104-105	
2-30	Collective bargaining agreements	-	No collective bargaining agreements.

<b>GRI3 - MATERIAL TOPICS</b>			
3-1	Process to determine material topics	104-105	
3-2	List of material topics	105	
3-3	Management of material topics	105	

## SPECIFIC INFORMATION

<b>GRI201 - ECONOMIC PERFORMANCE</b>			
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201-2	Financial implications and other risks and opportunities due to climate change	109	

<b>GRI205 - ANTI-CORRUPTION</b>			
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<b>GRI300 - ENVIRONMENT</b>			
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305-2	Energy indirect (Scope 2) GHG emissions	24	
305-3	Other indirect (Scope 3) GHG emissions	24	
305-4	GHG emissions intensity	24	

<b>GRI400 SOCIAL DISCLOSURES</b>			
401-1	New employee hires and employee turnover	30	
403-2	Hazard identification, risk assessment, and incident investigation	30	
405-1	Diversity of governance bodies and employees	30	
Own indicator	Purchases from Suppliers who have adopted the Code of Conduct	31	

<b>COMPANY-SPECIFIC DISCLOSURE - PRODUCT LIABILITY</b>			
GRI C1	Product liability (properties with sustainability certification)	23	

## Direct economic value generated and distributed

	2022	2021	2020	2019
Economic value generated				
Rental and other revenue	3,165	2,462	2,065	1,371
Profit from property management in joint venture	252	888	404	491
Changes in value, properties and derivative	487	1,671	1,064	465
<b>Total</b>	<b>3,903</b>	<b>5,019</b>	<b>3,504</b>	<b>2,326</b>
Suppliers, etc. <sup>1</sup>	-1,527	-1,194	-884	-657
Employees	-80	-78	-66	-43
Creditors incl. hybrid bonds	-703	-439	-357	-195
Society <sup>2</sup>	-835	-442	-412	-245
Shareholders <sup>3</sup>	-688	-753	0	0
<b>Remaining in the company</b>	<b>72</b>	<b>2,090</b>	<b>1,765</b>	<b>1,172</b>

1) Property expenses, excl. property tax, administration expenses excl. personnel-related costs and investments in existing properties.

2) Current and deferred tax, property tax, ground rent and social security costs.

3) Dividends resolved at the year's Annual General Meeting.

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

2022 is the first year that Nyfosa reports climate-related financial disclosure in accordance with the TCFD's recommendations. The report describes both the risks and opportunities that arise due to climate change and the initiatives taken to counter the changes. Because this is the first time the report has been prepared, some sections will be supplemented in future.

Climate-related risks and opportunities have previously been a part of the company's ordinary risk management. During the year, a new review was performed of relevant risks and opportunities that can impact the company's strategy and financial performance. Some risks and opportunities already impact the company and these are managed. Other risks and opportunities do not have an impact today but are expected to have in the future. The updated review of climate-related risks and opportunities was supplemented with an overall initial risk analysis of the probability of it occurring and what impact it would in that case have on the company's operations. The intention is to continue to work on a more in-depth risk analysis over the next few years.

Nyfosa works in a structured manner to manage, develop and add value to the existing property portfolio in close collaboration with tenants with the aim to increase the properties' earnings capacity and value. By focusing proactively on the properties, it is possible to meet the tenants' changing needs by finding smart solutions and sustainable investments. The identified risks and opportunities are probable in both the short and long term. The company's properties are managed from a long-term perspective to ensure as long a period of utilization as possible. Subsequently, climate-related risks and opportunities will in the long term have an impact on the company's assets.

## Material climate-related risks and opportunities

Because Nyfosa's operations involves managing already existing building and leasing premises in these buildings,

climate-related risks and opportunities related to new construction are not considered in the risk analysis. Consequently, the most significant financial exposure to climate-related risks and opportunities in terms of carbon emissions and energy consumption stems from the management of and utilization of the premises in the buildings.

District heating and electricity are primarily used to heat the premises, both of which produce various levels of carbon emissions depending on the energy source. Carbon emissions contribute to global warming, which has resulted in, among other conditions, sudden changes in weather and higher water levels that risk damaging the company's assets.

The greatest negative impact on the company's financial position is believed to be higher operating expenses should the price of emissions rights increase or if higher carbon taxes are levied. Operating expenses for energy and water will then most probably increase. Another possible risk concerns higher insurance premiums in the future should a situation arise where the risk of damage to our buildings from, for example, high water levels and extreme weather conditions be assessed differently than today.

From a short-term perspective, there is a risk of higher operating expenses and investment needs in order to, in the long term, maintain or increase earnings by applying new technologies and energy-efficient installations to contribute to lower operating expenses.

### Material climate-related risks and opportunities

1. Change in emissions-related taxes and regulations
2. Costs related to sudden weather conditions
3. Opportunities related to new and improved technologies that reduce energy consumption
4. Opportunities to invest in renewable energy

## Transition risks

This risk category includes risks related to the transition to lower carbon emissions from the operations. For the company, the transition will probably entail adapting to new regulations and investing in new technologies in the buildings.

*Risks related to changes in regulations concerning emissions and emission allowances.*

The cost of emission allowances is rising, which means that the company's energy costs will increase.

More reporting requirements concerning carbon emissions and energy consumption from our own operations places higher demands on the possibility of gathering data in a systematic manner. This will entail transition costs.

Higher insurance premiums on assets that do not reduce their energy consumption and GHG emissions.

*Risks related to transitions to new installations to reduce energy consumption and risks of more costly technology to achieve this.*

Adapting the buildings for lower energy consumption, and thereby lower GHG emissions, will in certain cases require investing in new technologies and installations in the buildings.

Replacing fully functioning technology with modern, more energy-efficient installations may entail higher GHG emissions to produce, transport and install. The destruction of existing installations will also have a climate impact.

A replacement installation necessitates advance depreciation of existing equipment and costs to install the new one.

Risks related to the impact on the company's reputation and demands from our existing and future tenants should our buildings not meet the expected lessening of environmental impact. The risks of losing the stock market's confidence should the company fail to meet the expected reduction in energy consumption and GHG emissions.

The result could be that capital is not available in the stock or capital market.

#### Physical climate risks

This risk category includes the risk of damages to the company's properties due to climate changes. The risks are divided into sudden and chronic risks.

*Sudden risks*, such as damage to assets due to extreme weather conditions, can burden the company's financial position should the insurance not cover the damages.

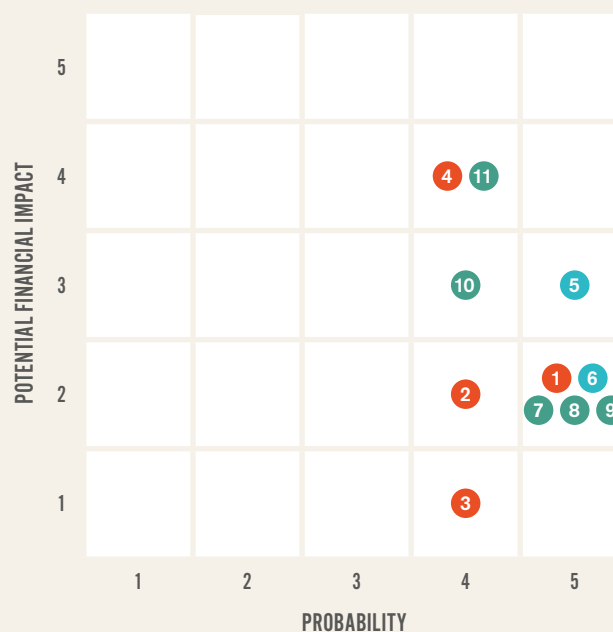
The value of assets situated in future risk zones will drop.

*Chronic risks*, such as warmer climate and higher water levels, could burden the company's financial position through higher costs for cooling the premises and higher insurance premiums in the event that the buildings are situated in flooding areas.

#### Climate-related opportunities

- More efficient energy and water usage. Greater focus on energy and water-conserving measures results in lower operating costs in the long term. An energy-efficient building can have a higher value.
- Energy sources: using energy sources with low carbon emissions produces less exposure to future higher carbon prices. Greater opportunities in the capital market with a green profile.
- Resilience: Using energy from renewable energy sources and investing in renewable energy sources such as solar cell installations on the buildings to diversify the energy sources. Solar cells are a part of the company's climate-related risks management.
- Green financing means lower financing costs and a broader investor base in the capital market.

## RISK SCENARIO<sup>1</sup>



<sup>1)</sup> The assessment in the risk scenario is the company's first.

#### TRANSITION RISKS

- 1 Changes in regulations concerning emissions, emission allowances and carbon taxes
- 2 Higher costs for insurance
- 3 Costs for new installations
- 4 Reputation among tenants, creditors, stock and capital market

#### PHYSICAL CLIMATE RISKS

- 5 Torrential rain and flooding
- 6 Higher temperatures

#### CLIMATE-RELATED OPPORTUNITIES

- 7 More efficient energy and water usage
- 8 Greater percentage of renewable energy
- 9 Lower carbon emissions
- 10 Greater demand for properties with sustainability certification
- 11 Green financing means lower financing costs and more investors in the capital market

## EXISTING PROCESSES AND FOCUS AREAS MOVING FORWARD

Governance	Strategy	Risk management	Indicators and goals
<p><b>The Board's monitoring of climate-related risks and opportunities.</b></p> <p>Described on page 104 Sustainability – Governance.</p>	<p><b>Climate-related risks and opportunities in the short, medium and long term.</b></p> <p>Described in Risks and risk management on pages 48–49 and TCFD on pages 109–110.</p>	<p><b>Process to identify and assess climate-related risks.</b></p> <p>Described in Risks and risk management on pages 48–49 and TCFD on pages 109–110.</p>	<p><b>Indicators to measure and control climate-related risks and opportunities.</b></p> <p>Described in Risks and risk management on pages 48–49 and TCFD on pages 109–110.</p>
<p><b>Group Management's role in the assessment and management of climate-related risks and opportunities.</b></p> <p>Described on page 104.</p>	<p><b>Climate-related risks and opportunities impact on the company's operations, strategy and financing plan.</b></p> <p>Described on pages 109–110, TCFD.</p>	<p><b>Process to manage climate-related risks.</b></p> <p>Described in Risks and risk management on pages 48–49 and TCFD on pages 109–110.</p>	<p><b>Reporting of Scope 1, 2 and 3 in accordance with the Greenhouse Gas Protocol.</b></p> <p>Refer to carbon emissions on page 24 and Streamlined consumption and Energy consumption on page 23.</p>
	<p><b>Describe the resilience of the company's strategy taking into account various physical climate-related risks.</b></p> <p>Refer to Risks and risk management on pages 48–49 and TCFD on pages 109–110.</p>	<p><b>The processes integration in the organization's overall risk management.</b></p> <p>Refer to Risks and risk management on pages 42–51.</p>	<p><b>Targets used to control climate-related risks and opportunities as well as the outcomes.</b></p> <p>Sustainability goals and outcome described on page 22.</p>

## AUDITOR'S LIMITED ASSURANCE REPORT ON NYFOSA AB'S SUSTAINABILITY REPORT AND STATEMENT REGARDING THE STATUTORY SUSTAINABILITY REPORT

To Nyfosa AB corporate ID 559131-0833

### Introduction

We have been engaged by the Board of Directors of Nyfosa AB to undertake a limited assurance engagement of Nyfosa AB's Sustainability Report for the year 2022. The company has defined the scope of the Sustainability Report to pages 9–10, 20–25, 29–32, 42–51 and 101–111 in this document, which also constitutes the Statutory Sustainability Report.

### Responsibilities of the Board of Directors and the Group Management

The Board of Directors and the Group Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 106 in the Sustainability Report and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that Nyfosa AB has developed. This responsibility also includes the internal control relevant to the preparation of Sustainability Report that is free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12. The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 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.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Nyfosa AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

### Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Group Management.

A Statutory Sustainability Report has been prepared.

Stockholm March 29, 2023

KPMG AB

Mattias Johansson  
Authorized Public Accountant

Torbjörn Westman  
Expert Member of FAR



# DEFINITIONS

## Return on equity

Profit for the most recent 12-month period less interest on hybrid bonds in relation to average equity, attributable to the Parent Company's shareholders and adjusted for average hybrid bonds, during the same period.

*Purpose:* The performance measure shows the return generated on the capital attributable to shareholders.

## Loan-to-value ratio, properties<sup>1</sup>

Interest-bearing liabilities at the end of the period in relation to the value of the properties (in the statement of financial position).

*Purpose:* The loan-to-value ratio is a measure of risk that indicates the degree to which the operation is encumbered with interest-bearing liabilities. The performance measure provides comparability with other property companies.

## Yield<sup>1</sup>

Net operating income according to earnings capacity in relation to the fair value of the properties on the balance-sheet date.

*Purpose:* The performance measure indicates the yield from operational activities in relation to the properties' value.

## Net operating income<sup>1</sup>

Net operating income comprises the income and expense directly connected to the property, meaning rental income and the expenses required to keep the property in operation, such as operating expenses, maintenance costs and personnel costs for those who take care of the property and tenant contacts.

*Purpose:* The measure is used to provide comparability with other property companies, but also to illustrate operational performance.

## Equity per share<sup>1</sup>

Equity, attributable to the Parent Company's shareholders less hybrid bonds, according to the statement of financial position, in relation to the number of shares outstanding on the balance-sheet date.

*Purpose:* The performance measure shows how large a share of the company's recognized equity each share represents.

## Economic occupancy rate

Income before rent discounts as a percentage of the rental value at the end of the period.

*Purpose:* The performance measure facilitates the assessment of rental income in relation to the total value of the leased and unleased floor space.

## Property

Properties held under title or site leasehold.

## Property value

The carrying amount of investment properties according to the statement of financial position at the end of the period.

*Purpose:* The performance measure facilitates better understanding of the value development in the property portfolio and the company's statement of financial position.

## Profit from property management<sup>1</sup>

Profit from property management comprises profit before tax with reversal of changes in the value of properties and financial instruments in the Group and reversal of changes in value of tax and other items in share in profit of joint ventures.

## Profit from property management<sup>1</sup> per share

Profit from property management less interest on hybrid bonds in relation to average number of shares outstanding.

## Rental income

Rent charged including indexation and additional charges for investments and property tax.

## Rental value

Rental income before rent discounts for leased areas and assessed market rent for the vacant floor space.

*Purpose:* The performance measure facilitates assessment of the total potential rental income since the assessed market rent for vacant floor space is added to the rental income charged.

## Adjusted NAV<sup>1</sup>

Equity, attributable to the Parent Company's shareholders, less hybrid bonds and with reversal of derivatives and adjusted for actual deferred tax liabilities instead of nominal deferred tax in both the Group and Nyfosa's participations in joint ventures.

*Purpose:* To show the fair value of net assets from a long-term perspective but under the assumption that assets are traded. Accordingly, assets and liabilities in the statement of financial position that are not adjudged to be realized, such as the fair value of derivatives, are excluded but the market value of deferred tax is included. The corresponding items in the company's participations in joint ventures are also excluded from the performance measure.

## Net loan-to-value ratio, properties<sup>1</sup>

The net of interest-bearing liabilities and cash and cash equivalents at the end of the period as a percentage of the fair value of the properties in the statement of financial position.

*Purpose:* The net loan-to-value ratio is a measure of financial risk that indicates the degree to which the operation is encumbered with interest-bearing liabilities, but taking into account bank balances. The performance measure provides comparability with other property companies.

## Net leasing

Signed new leases for the period less terminations and bankruptcies.

## Earnings per share

Profit after tax attributable to the Parent Company's shareholders less interest on hybrid bonds in relation to average number of shares outstanding.

## Revolving credit facility

An agreement between a lender and a borrower that gives the borrower the right to use funds for a certain period of time and up to a certain amount, and repay at its own discretion before a certain date.

<sup>1)</sup> Refers to alternative performance measures according to the European Securities and Markets Authority (ESMA).

**Interest-rate cap**

An interest hedging instrument whereby the lender pays a variable interest up to a predetermined interest-rate level. The aim of interest-rate caps is to reduce interest-rate risk.

**Interest-coverage ratio<sup>1</sup>**

Profit before tax with reversal of depreciation/amortization, financial expenses, changes in the value of properties and financial instruments in the Group and share in profit of joint ventures, including dividends received from holdings in joint ventures, in relation financial expenses.

*Purpose:* The interest-coverage ratio is a measure of financial risk that shows how many times the company can pay its interest charges with its profit from operational activities.

**Service income**

Fee charged for such services as electricity, heating, cooling, waste collection, snow clearing, water, etc.

**Debt/equity ratio, multiple<sup>1</sup>**

Interest-bearing liabilities as a percentage of equity.

*Purpose:* The debt/equity ratio is a measure of financial risk that shows the company's capital structure and sensitivity to movements in interest rates.

**Equity/assets ratio<sup>1</sup>**

Equity as a percentage of total assets.

*Purpose:* To show how large a share of the company's assets is financed by equity and has been included to enable investors to be able to assess the company's capital structure.

**Net asset value<sup>1</sup>**

Equity, attributable to the Parent Company's shareholders, less hybrid bonds and with reversal of derivatives and deferred tax liabilities in both the Group and Nyfosa's participations in joint ventures.

*Purpose:* To show the fair value of net assets from a long-term perspective. Accordingly, assets and liabilities in the statement of financial position that are not adjudged to be realized, such as the fair value of derivatives and deferred taxes, are excluded. The corresponding items in the company's participations in joint ventures are also excluded from the performance measure.

**Distributable cash flow<sup>1</sup>**

Profit before tax excluding non-cash items in the earnings measure, such as changes in the value of properties and financial instruments, share in profit of joint ventures, depreciation of equipment, allocated opening charges for loans, including dividends received from holdings in joint ventures and tax paid, less interest on hybrid bonds.

*Purpose:* The performance measure shows the amount of cash flow generated by the existing property portfolio under the company's management.

**Leasable area**

The total premises area that can potentially be leased.

*Purpose:* Shows the total area that the company can potentially lease.

**Vacancy rent**

Assessed market rent for vacant floor space.

*Purpose:* The performance measure states the potential rental income when all floor space is fully leased.

**Surplus ratio<sup>1</sup>**

Net operating income for the period as a percentage of total income.

*Purpose:* The surplus ratio shows the percentage of each Swedish krona earned that the company can keep. The performance measure is an indication of efficiency that is comparable over time and among property companies.

<sup>1)</sup> Refers to alternative performance measures according to the European Securities and Markets Authority (ESMA).

## FINANCIAL CALENDAR

### Interim report

January–March 2023

April 25, 2023

### 2023 Annual General Meeting

April 25, 2023

### Interim report

January–June 2023

July 11, 2023

### Interim report

January–September 2023

October 26, 2023

## CONTACT INFORMATION

### Nyfosa AB

Tel: +46 (0)8 406 64 00

Street address: Hästholmsvägen 28

Postal address: Box 4044, SE-131 04 Nacka, Sweden

[www.nyfosa.se](http://www.nyfosa.se)

### Stina Lindh Hök, CEO

Tel: +46 (0)70 577 18 85

E-mail: [stina.lindh.hok@nyfosa.se](mailto:stina.lindh.hok@nyfosa.se)

### Ann-Sofie Lindroth, CFO

Tel: +46 (0)70 574 59 25

E-mail: [ann-sofie.lindroth@nyfosa.se](mailto:ann-sofie.lindroth@nyfosa.se)

# NYFOSA

Street address: Hästholmsvägen 28

Postal address: Box 4044, SE-131 04 Nacka, Sweden

Tel: +46 (0)8 406 64 00

[www.nyfosa.se](http://www.nyfosa.se)