



Press release

February 21, 2024

Nyfosa Year-end report January–December 2023

JANUARY–DECEMBER 2023

- Income increased 13 percent to MSEK 3,553 (3,151).
- Net operating income increased 17 percent to MSEK 2,445 (2,092) or SEK 12.80 per share (10.95).
- Profit from property management declined 19 percent to MSEK 1,239 (1,533) or SEK 6.15 per share (7.80).
- Changes in the value of properties had an impact of MSEK –1,352 (–439) on earnings.
- Loss for the year amounted to MSEK –639 (profit: 1,694). Earnings per share, less interest on hybrid bonds, amounted to SEK –3.67 per share after dilution (8.61).
- Operating cash flow declined 29 percent to MSEK 1,215 (1,714) or SEK 6.36 per share (8.97).
- Net leasing was MSEK –8 (5).
- The Board proposes that no dividend be paid for the 2023 financial year. The dividend last year was SEK 4.00 per share with quarterly payment of SEK 1.00 per share, corresponding to MSEK 764.

OCTOBER–DECEMBER 2023

- Income increased 4 percent to MSEK 882 (848).
- Net operating income increased 10 percent to MSEK 632 (576) or SEK 3.31 per share (3.01).
- Profit from property management declined 24 percent to MSEK 293 (384) or SEK 1.45 per share (1.95).
- Changes in the value of properties had an impact of MSEK –598 (–1,491) on earnings.
- Loss for the quarter amounted to MSEK –688 (–882). Earnings per share, less interest on hybrid bonds, amounted to SEK –3.69 per share after dilution (–4.68).
- Operating cash flow declined 49 percent to MSEK 247 (487) or SEK 1.29 per share (2.55).
- Net leasing was MSEK 10 (–4).

FORECAST

For 2024, profit from property management with the current property portfolio, announced acquisitions and divestments and exchange rates on the balance-sheet date is expected to amount to MSEK 1,200 after interest on hybrid bonds.

SIGNIFICANT EVENTS DURING THE QUARTER

- Nine light-industrial and warehouse properties in Sweden were divested for MSEK 761. The annual rental value was estimated to amount to MSEK 55, of which 25 percent was vacant.
- Early redemption of bonds for a nominal amount of MSEK 275 and maturity in 2024. Following the transaction, the company does not have any bonds that mature in 2024.
- Seven properties with premises for warehouses, industry, retail and offices in Sweden were divested for MSEK 299. The annual rental value amounted to MSEK 27, of which 4 percent was vacant.

SIGNIFICANT EVENTS AFTER THE QUARTER

- Nyfosa's Chairman of the Board, Johan Ericsson, has declined re-election. The Nomination Committee of Nyfosa unanimously proposed that the current Board member David Mindus be elected the new Chairman of Nyfosa's Board of Directors at the Annual General Meeting.

COMMENTS FROM THE CEO

We have now concluded a cautious year on the property market, a year most notably characterized by rapid interest rate hikes. Nyfosa's rental income and net operating income rose, whilst interest rates negatively affected earnings. During the fourth quarter, we completed a number of value-adding transactions, refinanced bank debt, and repurchased bonds; all aimed at ensuring our financial stability and enabling a higher cash flow per share. Due to the steep interest rate rises during the year, as well as the need to ensure Nyfosa's financial strength and increase the company's scope and latitude to do business in 2024, the Board of Directors proposes that no dividend be paid for the 2023 financial year.

Property management

Our property management continued its positive development in the fourth quarter and net operating income increased by 10 percent compared with the fourth quarter of the previous year. We signed new leases with a total value of MSEK 43 and received notice of termination of leases for MSEK 31 and bankruptcies for MSEK 2, which resulted in positive net leasing of MSEK 10 for the quarter. We continue to see a stable demand for our premises, including the signing of leases with public authorities and local health centers with lease terms of up to 15 years.

Property valuations

The market value of our properties continued to fall during the quarter as a result of higher yield requirements. The yield requirement for the portfolio rose to 6.76 percent compared with 6.39 percent the previous year. As before, higher net operating income and project development have reduced the impact of the higher yield requirements. We have reported changes in property valuations of MSEK -598 for the fourth quarter and MSEK -1,352 in total for 2023, which corresponds to - 3.3 percent for the year.

Financing

During the fourth quarter, we reduced bank debt by SEK 1 billion, in addition, bonds of MSEK 275 were redeemed early. In 2024, we have no further loans maturing. During the quarter, we continued working to gradually increase the proportion of interest-hedged debt, which amounted to 52 percent at the year-end. The average interest rate on swaps carried out during the quarter was 2.42 percent and an average maturity of 4.5 years. The above measures taken, together with essentially an unchanged STIBOR since the third quarter, have resulted in lower interest expenses, which, in turn, has led to an increase in operating cash flow of 15 percent compared with the previous quarter.

One effect of the interest rate hikes witnessed during 2023 is a lower interest-coverage ratio of 2.0 for the year as a whole. Due to our new interest rate strategy and given further interest rate hikes appear unlikely, we expect the interest-coverage ratio to amount to 2.1 for 2024.

During the quarter, we made another adjustment in our finance policy, which meant that the limit of a maximum loan-to-value ratio of 65 percent was replaced with a maximum net loan-to-value ratio of 60 percent.

Nyfosa AB

Street address Hästholmsvägen 28, 131 30 Nacka, Sweden **Tel** +46 (0)8 406 64 00
Postal address Box 4044, 131 04 Nacka **E-mail** info@nyfosa.se

Forecast

To provide greater transparency and clarity concerning the market conditions for the company in the future, the Board of Directors has resolved to issue a forecast for profit from property management, which will be followed up and revised on a quarterly basis. For 2024, profit from property management based on the current property portfolio, announced acquisitions and divestments, and exchange rates on the balance-sheet date are forecast to amount to MSEK 1,200 after interest on hybrid bonds.

Kielo in Finland

Since 2021, Nyfosa has built up a property portfolio in Finland that currently consists of high-quality properties containing offices, warehouses, light industry, and big-box retail, primarily located in growth regions. In 2024, Nyfosa Finland will gradually transition to operating under the Kielo brand. The brand was part of an acquisition made in 2021 and is already well-established on the Finnish market, and we view it as a solid base for our further development in Finland.

Market

Nyfosa constantly assesses interesting potential transactions, and I am delighted we were able to complete a number of value-adding transactions during the year. In total, we acquired properties for MSEK 1,002 and sold properties for MSEK 1,558. In the fourth quarter, we divested properties for MSEK 1,060, which was 6.4 percent above book value.

I believe 2024 will provide both buyers and sellers with better market conditions to do business and that the transaction market will pick up. As a transaction-oriented company, Nyfosa will continue to act on the offensive in the property market on both the buy and sell sides, with a focus on strengthening our operating cash flow per share. I view 2024 with great optimism!

Stina Lindh Hök, CEO

Contact information

Stina Lindh Hök, CEO

Tel: +46 (0)70 577 18 85. E-mail: stina.lindh.hok@nyfosa.se

Ann-Sofie Lindroth, CFO

Tel: +46 (0)70 574 59 25. E-mail: ann-sofie.lindroth@nyfosa.se

The information is inside information that Nyfosa AB is obligated to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for publication through the agency of the aforementioned contact persons on February 21, 2024 at 2.40 p.m. CET.

About Nyfosa

Nyfosa is a transaction-intensive property company that creates value by building sustainable cash flows and constantly evaluating new business opportunities. With our opportunistic strategy, we invest in properties in different geographies and categories. We are currently active on the Swedish and Finnish markets with a focus on commercial properties in high-growth municipalities. We manage and develop our properties in close collaboration with tenants and the surrounding community, with the perspective that sustainability and profitability go hand in hand. As of December 31, 2023, Nyfosa's property value amounted to SEK 39 billion. Nyfosa's share has been listed on Nasdaq Stockholm Large Cap since 2018. Read more at www.nyfosa.se.

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