



Press release

October 23, 2024

Nyfosa Interim report January–September 2024

JANUARY–SEPTEMBER 2024

- Income increased 3 percent to MSEK 2,744 (2,672).
- Net operating income increased 4 percent to MSEK 1,886 (1,812).
- Profit from property management amounted to MSEK 955 (946) or SEK 4.56 per share (4.71), down 3 percent.
- Operating cash flow amounted to MSEK 880 (968) or SEK 4.41 per share (5.07), down 13 percent.
- Changes in values of properties amounted to MSEK –661 (–754).
- Changes in the value of financial instruments amounted to MSEK –299 (–46).
- Loss for the period amounted to MSEK –154 (profit: 49). Earnings per share, less interest on hybrid bonds, amounted to SEK –0.99 after dilution (0.01).

JULY–SEPTEMBER 2024

- Income increased 4 percent to MSEK 920 (886).
- Net operating income increased 4 percent to MSEK 678 (651).
- Profit from property management amounted to MSEK 388 (324) or SEK 1.80 per share (1.61), up 12 percent.
- Operating cash flow amounted to MSEK 240 (264) or SEK 1.15 per share (1.38), down 17 percent.
- Changes in values of properties amounted to MSEK –151 (–33).
- Changes in the value of financial instruments amounted to MSEK –301 (–63).
- Loss for the quarter amounted to MSEK –123 (profit: 140). Earnings per share, less interest on hybrid bonds, amounted to SEK –0.65 after dilution (0.65).

UNCHANGED FORECAST

For 2024, profit from property management based on the current property portfolio, announced acquisitions and divestments and exchange rates on the balance-sheet date is forecast to amount to MSEK 1,300 after interest on hybrid bonds. This forecast was presented in the interim report for January–June 2024.

SIGNIFICANT EVENTS DURING THE PERIOD

- In May, Nyfosa completed a directed share issue of 17 million ordinary shares, which raised approximately SEK 1.7 billion for the company. The share issue took place on the basis of the authorization from the Annual General Meeting held on April 23, 2024.
- In July, it was announced that CEO Stina Lindh Høk will leave Nyfosa. To ensure an orderly handover, Stina will continue as CEO until a new CEO takes office, however no later than February 1, 2025.
- In September, the remaining 50 percent of the shares in the Norwegian property company Samfosa AS were acquired. The wholly owned subsidiary forms a new segment under the name Bratsberg.

- In September, senior unsecured green bonds of MSEK 500 were issued, with maturity in January 2028.
- In September, bonds of a nominal MSEK 314 were repurchased.

SIGNIFICANT EVENTS AFTER THE PERIOD

- The early redemption of bonds of a nominal MSEK 418 took place in October.
- In October, an agreement was signed to divest six office properties in Luleå and Gävle at a selling price of MSEK 940. Closing is planned for November 15, 2024.

COMMENTS FROM THE CEO

The third quarter saw a rapid improvement in the capital market, which we were able to use to strengthen Nyfosa's financial position by issuing green bonds. The net operating income was the highest ever reported during one single quarter, and the profit from property management increased during the quarter compared to 2023. With a lower net loan-to-value ratio and improved liquidity, Nyfosa stands ready to embrace new investment opportunities.

Transactions

In July, Nyfosa signed an agreement to acquire the remaining 50 percent of the shares in our Norwegian joint venture. As of the end of September, through its subsidiary Bratsberg, Nyfosa now owns a property portfolio in the Grenland region south of Oslo valued at MSEK 1,405, which has an annual rental value of MSEK 134 and an economic occupancy rate of 94.2 percent. With this transaction, we are strengthening Nyfosa's cash flow while at the same time increasing our flexibility in Norway. Bratsberg is well-established and active on the market in the region. Recently, a new project started within the portfolio to reconstruct and extend the offices in central Skien.

After the end of the period, we divested six office properties in Gävle and Luleå for MSEK 940, whereby the sales price was below book value by MSEK 4, corresponding to 0.4 percent, including deduction of deferred tax. This divestment allows us to release capital for new investments, all aimed at strengthening Nyfosa's cash flow.

Property management

The net operating income was the highest ever reported during one single quarter. In the like-for-like portfolio, net operating income increased by 7 percent in Sweden, while it remained unchanged in Finnish Kielo. We note that the leasing market remains somewhat sluggish due to the recession and is accompanied by slightly more discussions about the need to reduce space, particularly noticeable for office tenants in Finland. As usual, we are working across the regions with many ongoing discussions that we believe have the potential to result in new rentals. The occupancy rate increased marginally during the quarter from 90.9 percent to 91.0 percent.

Property valuations

Recent falls in property valuations are continuing to level off. For the Swedish property portfolio, the yield requirements in the third quarter remained unchanged compared to the previous quarter, whilst in Finland we noted a minor upward adjustment in the office segment, which in total resulted in changes in value of minus 0.4 percent, corresponding to MSEK -151. The average yield requirement was 6.84 percent for the entire portfolio.

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

Financing

During the third quarter, we continued our efforts to improve our financial position and reduce financing costs. By issuing MSEK 500 in new green bonds and by redeeming existing bonds maturing in 2025 after the end of the period, we will move from a margin of 400 basis points to 250. Furthermore, we have repurchased MSEK 200 in bonds maturing in 2026 and commenced the bank refinancing for 2025. Meanwhile, the central bank's first cut in the policy rate had an impact in the quarter. The average interest rate has decreased and amounted to 5.0 percent on the balance sheet date.

Despite the divestment made in October, the forecast for profit from property management in 2024 of MSEK 1,300 after interest on hybrid bonds, remains unchanged.

This is my final comment as CEO of Nyfosa. I am proud of my legacy. Nyfosa is in a strong position and has excellent conditions to continue to develop. With the company's opportunistic mindset, there should be business opportunities on the market to take advantage of in the coming year. I would also like to take this opportunity to thank all my colleagues and business partners for the fantastic years we have had together. Good luck Nyfosa!

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 October 23, 2024 at 12.00 p.m. CEST.

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 September 30, 2024, Nyfosa's property value amounted to SEK 40.2 billion. Nyfosa's share has been listed on Nasdaq Stockholm Large Cap since 2018. Read more at www.nyfosa.se.

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