

K-FAST HOLDING AB

ANNUAL REPORT

2022

*The property company that is committed at all levels welcomes
you home.*



K-FASTIGHETER



K-FAST HOLDING AB - corp. ID no.: 556827-0390

INTRODUCTION

THE JOURNEY HAS ONLY JUST BEGUN

K-Fastigheter is a young and expansive company founded in 2010 with the vision of owning and managing the market's most attractive rental apartments. There are now over 700 employees in the Group.

Through our conceptual construction and the fact that we control the entire chain from project development, prefab operations, construction and finally management, we are able to work on continuous improvements. To continuously look for opportunities to improve and find smart and cost-effective solutions is part of our culture.

Everyone who works in the Group is able to contribute to this work with entrepreneurial ideas, and there are opportunities to grow in various roles over time.

We build our housing to be great homes for our tenants and we build to own the properties ourselves. This approach allows us to contribute to develop the societies and locations where we are active. As a part of the K-Fastigheter family, you are part of this progress. We take a long-term and expansive approach, and are on the lookout for new employees who can join us on our journey. This

is a journey that started with the idea of changing construction and the housing industry, to become the Nordics' largest operator in conceptual construction for our own management.

“We take a long-term and broad-based approach and are on the lookout for new employees who can join us on our journey.”

K-Fastigheter can be found on multiple social media.

Follow us to find out more about us and our operations. Search for “K-Fastigheter” and “K-Prefab”. Also visit our careers page to find out more about job opportunities at K-Fastigheter.



K-FASTIGHETER IN BRIEF

K-Fastigheter's vision is to become one of the Nordic region's largest operators and a leading property owner of sustainable, innovative and cost-efficient concept buildings that meet the wants and needs of tenants seeking to make a home or secure effective premises for many years to come. Our housing is to be distinguished by high standard, home comfort and security on the market. K-Fastigheter primarily builds for our own long-term ownership of rental apartments. Our aim is that over 80 percent of rental income should be housing-related. We are growing fast and contribute new rental apartments to the market, and are active from Gävle in the north to the Copenhagen region in the south.

Our operations are conducted through the four business areas project development, construction, prefab and management. By controlling the entire value chain from project development to management, the different business areas can work efficiently together, ensuring continuous improvements of processes and concept buildings. K-Fastigheter works with three concept buildings for housing: Low-Rise buildings, Apartment Blocks and Lateral Low-Rise apartments, plus a new fourth concept building for commercial premises, mainly offices, known as K-Commercial.

Based in Hässleholm, Sweden, and with production facilities and local offices in strategically selected locations, the Group currently has approximately 700 employees. K-Fast Holding AB's Class B share has been listed on the Nasdaq Stockholm exchange since November 2019 under the ticker KFAST B.

The largest shareholders are Jacob Karlsson AB, Erik Selin Fastigheter Aktiebolag and Capital Group.



OUR VALUES



Long-term

We adopt an unlimited time frame in what we do. In our relationships, both internally and externally, we work with a long-term perspective to ensure that we are a profitable, successful and sustainable company, and a long-term collaboration partner.



Innovation

We are curious and open to new ideas and solution-oriented. By having the courage to try out new approaches and by assuming that anything is possible, we become a little better every day.



Considerate

We strive for job satisfaction based on loyalty, honesty and responsibility. We continuously seek out carefully considered solutions based on cost-consciousness, safety culture and the environment

SIGNIFICANT EVENTS IN 2022

Positive for K-Fast Kilen

K-Fast Kilen, which is 51% owned by K-Fastigheter and 49% by Kilenkryset AB, made further progress in 2022. For example, planning permission was obtained for Phase 1 of the Måsen project in Strängnäs, which comprises a total of 174 apartments distributed over two Lateral Low-Rise buildings and three Apartment Blocks where construction has already begun. Construction has also started on 53 apartments in Lateral Low-Rise buildings at Oppeby Gård in Nyköping. In December 2022, the company acquired approximately 300 building rights in Örebro, of which half will be included in K-Fastigheter.



Expanded portfolio of rental apartments

In 2022, K-Fastigheter's portfolio of rental apartments was expanded by 985 to total 3,708 at year end. In total, housing represents 88 percent of contractual rent. The financial occupancy rate at the end of the year was 97.3%.

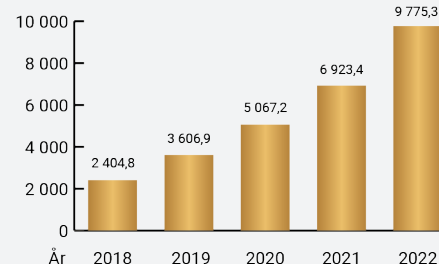
More satisfied tenants

K-Fastigheter regularly conducts customer satisfaction surveys on a range of different aspects of its housing provision. The results of the 2022 survey indicate that 84% of tenants would recommend moving into K-Fastigheter's properties. This is an increase of close to five percentage points. Extensive work on increasing customer satisfaction is underway.

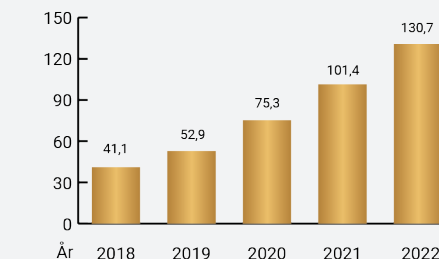
K-Prefab sets new sales record

K-Prefab set a new record in 2022, generating total sales of SEK 1,250 million. However, profit margin decreased due to increased material costs and lower margins on internal projects. New contracts are index-linked, which reduces vulnerability. Since K-Fastigheter acquired the company, major investments have been made in personnel, climate and efficiency with the aim of preparing K-Prefab for the future. The acquisition of GH Sydgolv further enhanced K-Prefab's offering. In 2022, significant synergies between K-Fastigheter and K-Prefab materialized as a result of K-Fastigheter completing its frame production through K-Prefab. In January 2023, Stefan Paulsson was appointed CEO of K-Prefab after having served as Interim CEO since April 2022.

Book value properties, SEK m, 2018–2022



Profit from property management, SEK m, 2018–2022



Expansion in Denmark

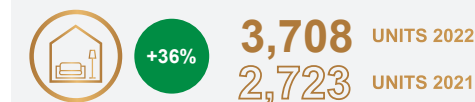
In 2022, K-Fastigheter welcomed its first tenants in Denmark. During the year, we continued to welcome tenants in completed projects and K-Fastigheter acquired and started construction on 153 apartments in the Ballerup project. In the Copenhagen region, the company held 163 completed apartments and 301 apartments under construction at the end of the financial year.

K-Commercial - a fourth concept building

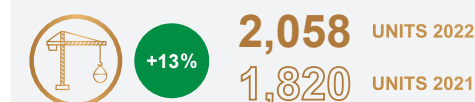
The first construction of the company's fourth concept building started in the year. K-Commercial is a concept building for commercial premises, mainly offices, that has been developed alongside subsidiary K-Prefab to complement the company's three residential concept buildings. K-Commercial reveals the synergies between K-Fastigheter and K-Prefab, which enables the Group's overall competencies to be used to develop an entirely new concept. Construction of the first building is currently underway in Hässelholm, which will house the Group's head offices as well being let to external operators.

Selected key performance measures	2022	2021
Financial		
Interest coverage ratio	2.2	3.4
Equity/assets ratio, %	33.9%	36.9%
Debt-to-equity ratio, %	55.4%	51.8%
Profit from property management, SEK m	130.7	101.4
Long-term net asset value (NAV), SEK m	5,768.3	4,976.1
Share-related		
Profit from property management per share, SEK	0.61	0.47
Growth in profit from property management per share, %	28.9%	29.8%
Long-term net asset value (NAV) per share, SEK	26.79	23.11
Growth in long-term net asset value (NAV), per share, %	15.9%	35.9%

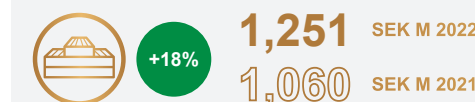
Number of apartments under management



Number of homes in production



Turnover in prefab operations



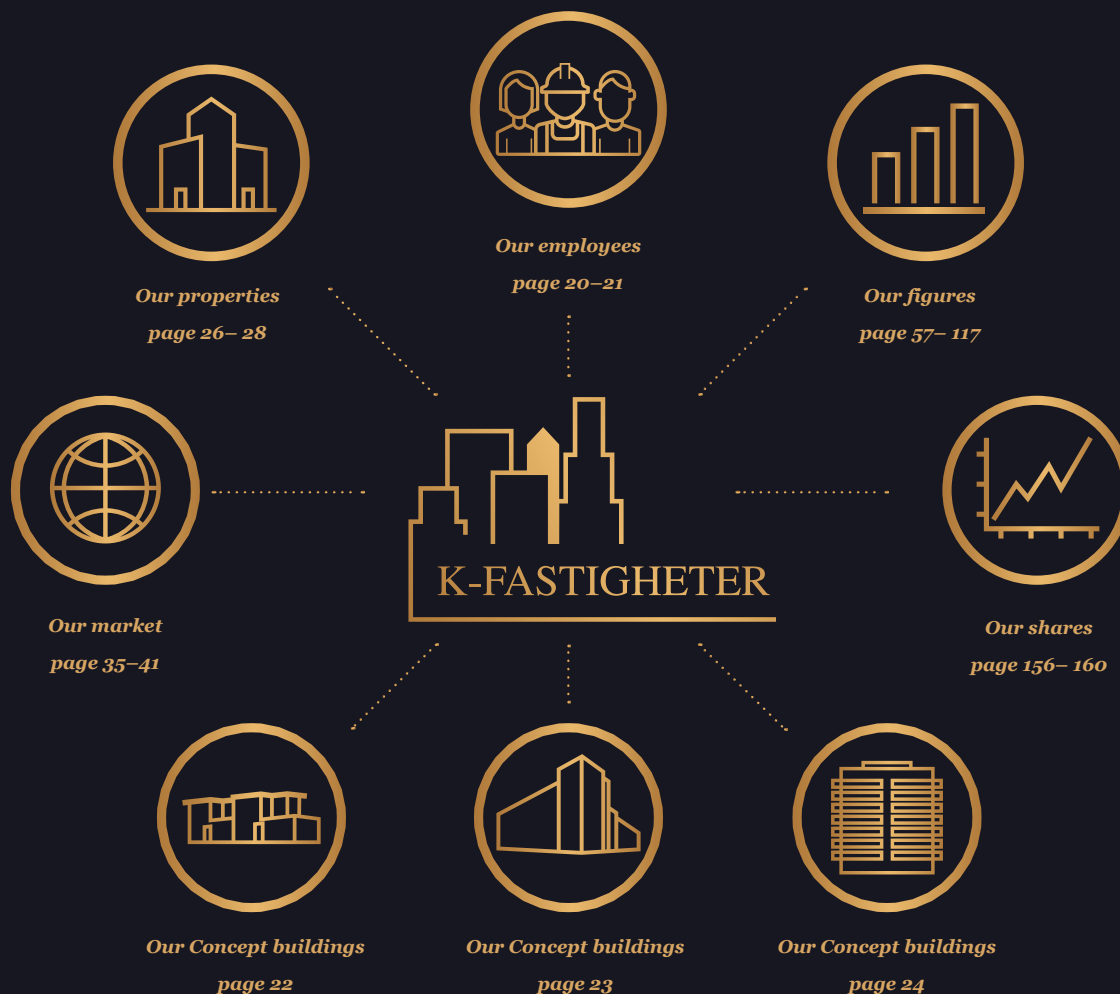
New building rights in attractive locations

In 2022, K-Fastigheter had 764 acquired building rights. Building rights were acquired in Örebro, Höganäs, Västerås, Ballerup in Copenhagen, and Kävlinge. The building rights in Örebro are K-Fastigheter's first in Örebro, with the acquisition taking place through the company K-Fast Kilen AB. Of the approximately 300 building rights in Örebro, half were included in K-Fastigheter, while the company will carry out the construction and management of all buildings.



CONTENTS

Introduction	2-4
The journey has only begun	2
K-Fastigheter in brief	3
Significant events in 2022	4
Contents	5
A message from the CEO	6-8
Operations	9
Map of where we are located	10
Value creation	11
Business model	12
Cornerstones	13-14
Commitments	15
Four business areas	16-19
Organization and employees	20-21
Our concept buildings	22-25
Property portfolio	26-28
Current earning ability	29
Financing and valuation	30-33
Subsidiaries and associated companies	34
Market overview	35-35
Corporate Governance	42-56
Financial Statements	57
Directors' Report	58-68
Consolidated Financial Statements	69-72
Parent Company Financial Statements	73-76
Supplementary disclosures - Notes	77-116
Signatures of Board of Directors and Auditors	117
Auditor's Report	118 - 123
Sustainability Report	124 - 140
Risks and risk management	141
Reconciliation table and definitions	149
Key performance measures	150-154
Glossary	155
Share and shareholders	156-160
Information for shareholders	161-162



K-Fast Holding AB (publ): The Annual Report of ("K-Fastigheter") comprises pages 57- 123 (the Administration Report and appurtenant financial reports) and has been audited by Ernst & Young AB. "K-Fastigheter", "K-Fast Group" and "the Group" refer to K-Fast Holding AB with or without subsidiaries and associated companies depending on the context. The Annual Report is published in Swedish and English, with the Swedish version being the original. Cover: Apartment Block at Fredriksskans in Gävle. Design: OAS. Photos: K-Fastigheter, Oskar Gydell, Fotograf Daniel, and Exakta Creative.



CEO COMMENTS

2022 was a challenging year in many ways in the wake of soaring inflation, a war close to our borders, rising interest rates and tough economic conditions for households and businesses. However, I can conclude that K-Fastigheter's business model has been able to withstand these challenges even if we have naturally also been affected by tougher market conditions.



OUR UNIQUE BUSINESS MODEL STANDS STRONG

We are sensitive to the current market situation and the uncertainty it brings, but we are also very confident in our proven business model.

K-Fastigheter's business model with cost-efficient production of rental apartments for proprietary ownership has been shown to stand strong, and we have delivered positive value growth despite lower market values on our properties.

I dare say that by controlling the entire chain from project development through prefabrication and construction to management, we are better equipped to continue to start rental housing developments compared to many other industry operators. Naturally, this is provided that construction starts meet our internal requirements in terms of acquisition cost in relation to

market value, what we have come to call PTV (production-to-value), and yield on cost.

The internal efficiency, collaboration between, and integration of our business areas have played an important role in enabling us to face increased costs. I can't thank all the people throughout the Group enough who have made this possible through their hard work and innovative thinking. In this context, the acquisition of K-Prefab has been important to the Group and K-Prefab alike. Since the acquisition of K-Prefab, we have made significant investments in efficiency, personnel and climate across our production sites. Alongside a strong order book, this means that I take a positive view of K-Prefab's ability to continue to deliver attractive frame solutions to external customers, as well as internally within the Group. ►►

“I can't thank all the people throughout the Group enough who have made this possible through their hard work and innovative thinking.”



Jacob Karlsson, CEO of K-Fast Holding AB

I strongly believe in rental property as a form of housing and am convinced that rental property is a wise long-term investment that can generate solid and stable cash flows. In difficult times, rental property tends to be a more attractive form of housing than privately owned property. In many ways, our new homes compete with tenant-owned apartments, and given the current interest rate climate for individuals and housing associations, rental properties should strengthen their relative competitiveness. We hope that the slowdown in construction will result in more efficient planning permission processes for municipalities as the pressure on these authorities eases. Shorter planning permission processes are key to maintaining satisfactory construction levels in Sweden that satisfy the ongoing demand for new housing.

K-Fastigheter continuously evaluates acquisitions of potential building rights with a close fit to our concept buildings on attractive markets. I am hopeful that we will make further acquisitions

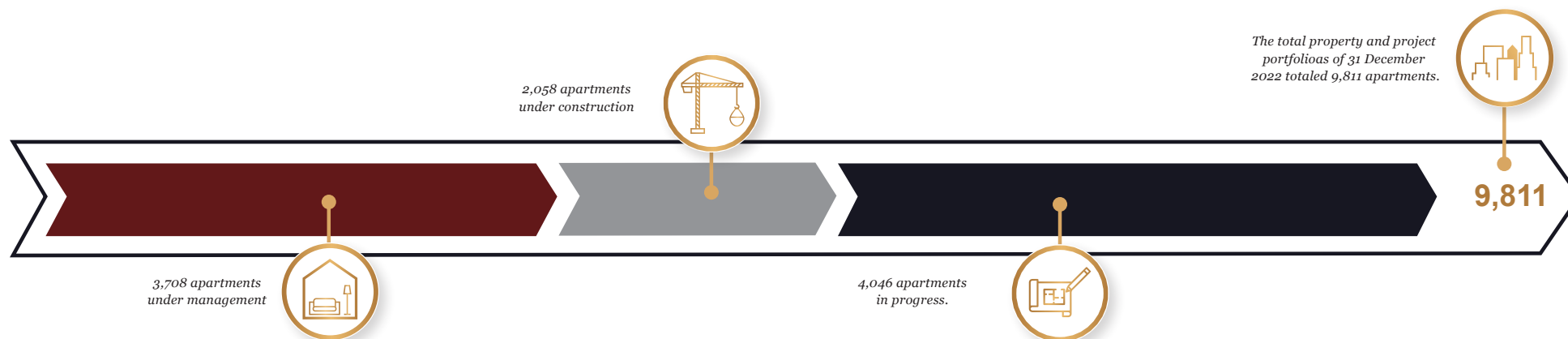
in 2023 and beyond, when the right opportunities arise. This could relate to individual projects in existing neighborhoods or combinations of our concept buildings in neighborhoods developed independently by ourselves or alongside other operators. It is notable that the proportion of our property portfolio completed after 2010 continues to increase, accounting for 85 percent, with the majority of properties completed in the last three years. Given the current market conditions, the return requirements on our properties have increased, leading to lower valuations. Despite this, we managed to report positive value growth, a sign of our strength.

In uncertain times, it is particularly important to work actively with the credit and derivatives portfolio. K-Fastigheter's credit portfolio comprises traditional bank loans spread across around a dozen Nordic banks. Successful and long-term partnerships with many banks are crucial in times of market upheaval. These loans have

effective interest rate hedges in place via interest rate derivatives. These conditions and the fact that K-Fastigheter has no bond financing with the associated refinancing risk, gives us a sense of security and confidence.

I strongly believe that with its unique business model, K-Fastigheter will be able to continue to start construction projects and generate good business even in the current market conditions. There is an underlying need for new housing, and K-Fastigheter wants to and shall contribute to social progress by offering attractive rental housing in Sweden and Denmark. ■

- Jacob Karlsson, March 2023



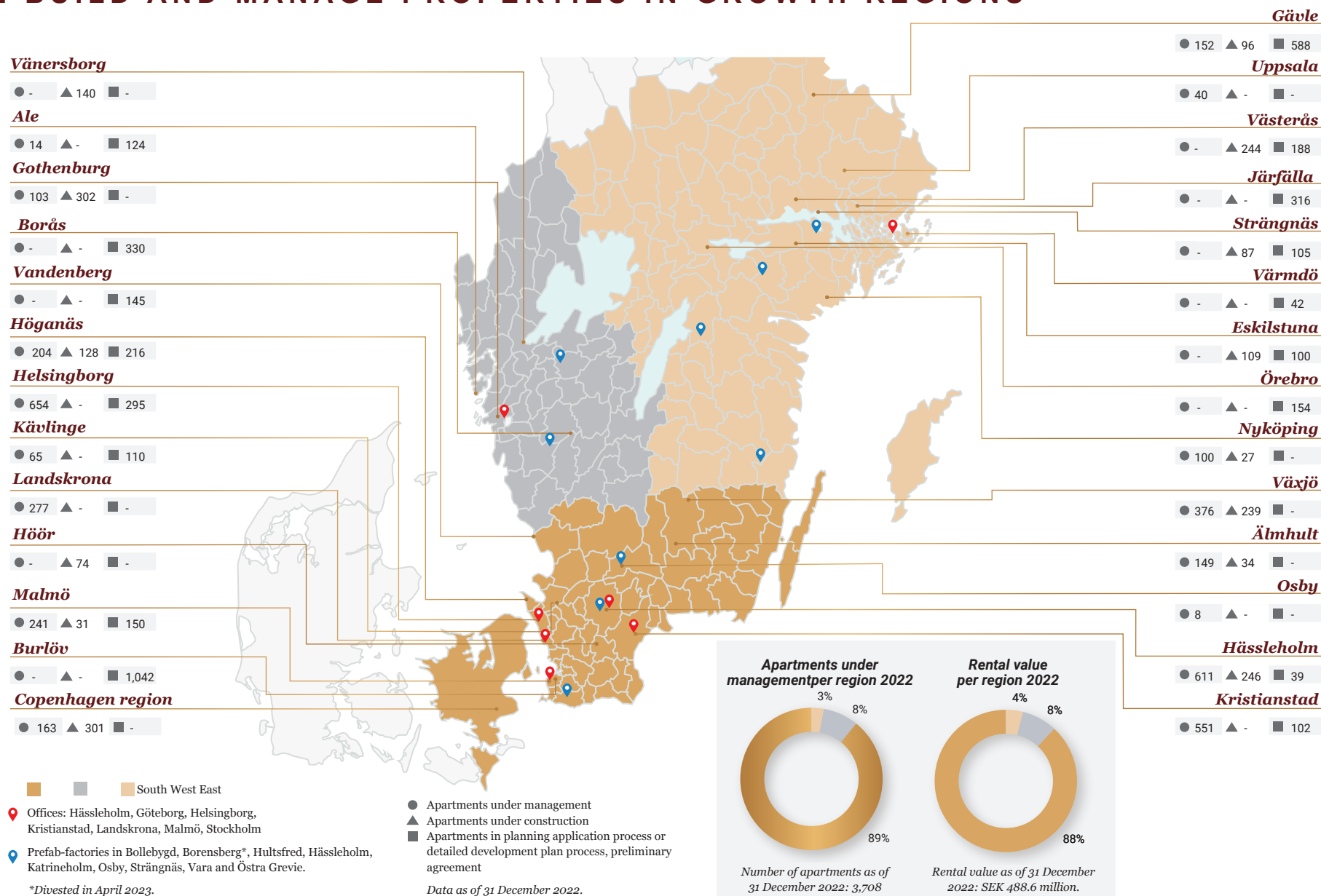
OPERATIONS

K-Fastigheter is a project development, construction and property company focused primarily on rental housing properties. Organized in the four business areas project development, construction, prefab and management, K-Fastigheter creates attractive homes with a high degree of comfort. The Group's focus on building proprietary concept buildings make it possible to create value through cost control and financial efficiency throughout the chain, from building rights, construction materials, and construction methods to management over the lifespan of the property.

Our proprietary concept buildings are Low-Rise, Lateral Low-Rise and Apartment Block, which we continuously improve through the experience the organization acquires on an ongoing basis. Through our construction of high-quality rental apartments we help to meet society's need for new housing and satisfy our tenants' requirements for attractive, comfortable and safe homes.



WE BUILD AND MANAGE PROPERTIES IN GROWTH REGIONS



STRONG CHAIN OF VALUE CREATION

VALUE CREATION THROUGHOUT THE VALUE CHAIN

Our vision

K-Fastigheter's vision is to be one of the Nordic region's largest operators on the rental market, and a leading property owner of sustainable, innovative and cost-efficient concept buildings characterized by a market-leading combination of high standards, comfort and security.

Our business concept

K-Fastigheter's business concept is committed and cost-efficient development, construction, management and long-term ownership of the market's most attractive residential properties in terms of condition, standard and service levels. The Group offers internally produced and acquired rental housing in the Nordics, in locations with strong long-term demand for rental housing and commercial premises.

Our strategy

Through its business areas, the Group shall generate value growth based on the following fundamentals:

Growth: The Group's development is achieved by working across functions in the four business areas.

Profitability: To ensure high and sustained profitability, the business areas collaborate in the areas of structure and systems support (financing, tendering etc.). The brand/position: K-Fastigheter is a challenger in a sector that stands to benefit from innovation throughout the value chain. The company's commitment aims to ensure that it is perceived as responsive, aware, innovative and knowledgeable.

Overarching goals

K-Fastigheter's overarching goal is to generate value for the company's shareholders. Over a business cycle, value creation is measured as growth in long-term net asset value per share.

Operational targets	Target achievement			Comment
	2022	2021	2020	
In the long term, rental income from housing is to comprise at least 80 percent of K-Fastigheter's total rental income	88%	87%	86%	Rental income in 2022 amounted to SEK 384.2 million (265.9) for the year, an increase of 44 percent compared to the previous year. The increase was primarily due to more apartments under management, which increased by 36 percent to 3,708 (2,723) apartments between the years.
Number of annual construction starts for management by the Group shall be 1,300 apartments by the end of 2023.	1,012	996	912	There were 1,012 (996) apartment construction starts in 2022.
At the end of 2023, K-Fastigheter shall manage at least 5,000 apartments in the Nordics.	3,708	2,723	2,237	At the end of 2022, K-Fastigheter had 3,708 apartments under management, 2,058 in construction and 4,046 apartments in project development.
Financial targets	Target achievement			Comment
	2022	2021	2020	
Over an economic cycle, achieve average annual growth in long-term NAV per share of at least 20 percent including potential value changes.	✗	✓	✓	At the end of the year, the long-term net asset value (NAV) amounted to SEK 5,768.3 million (4,976.1), corresponding to SEK 26.79 per share (23.11). Long-term net asset value per share increased by 16 percent compared to 31 December 2021. The target was not reached for the individual year, but relates to an entire economic cycle.
Over an economic cycle, achieve average annual growth in profit from property management per share of at least 20 percent.	✓	✓	✓	Profit from property management amounted to SEK 130.7 million (101.4), up 29 percent year-on-year. Growth in profit from property management per share was 29% compared to 31 December 2021.
At an overarching level, the Group's financial risk is limited by means of a sound capital structure and a stable and positive cash flow, which, over time, secures the Group's short and long-term capital supply.				
The equity/assets ratio shall amount to a minimum of 25 percent.	✓	✓	✓	As of 31 December 2022, the equity/assets ratio totaled 33.9 percent (36.9).
Interest cover shall amount to a minimum of 1.75 x.	✓	✓	✓	As of 31 December 2022, the interest coverage ratio was a multiple of 2.2 (3.4).
The debt-to-equity ratio may amount to at most 70 percent relative to the Group's total assets and liabilities.	✓	✓	✓	As of 31 December 2022, the debt-to-equity ratio totaled 55.4 percent (51.8).

The Group's sustainability targets can be found on page 129– 130.

K-FASTIGHETER'S BUSINESS MODEL

The resources we use



Capital

- K-Fastigheter finances its operations in various ways, including internal cash flow, equity and bank borrowing in Nordic banks.
- In 2022, K-Fastigheter invested approximately SEK 2,800 million in properties, production facilities, construction and equipment.



Human capital

- K-Fastigheter has more than 700 employees who contribute to developing operations.



Natural resources

- K-Fastigheter uses land, input goods, construction materials and energy to build and maintain properties, with approximately 3,700 completed homes, approximately 2,000 homes under construction and approximately 4,000 homes in project development plus commercial premises.

Core operations

The Project Development business area

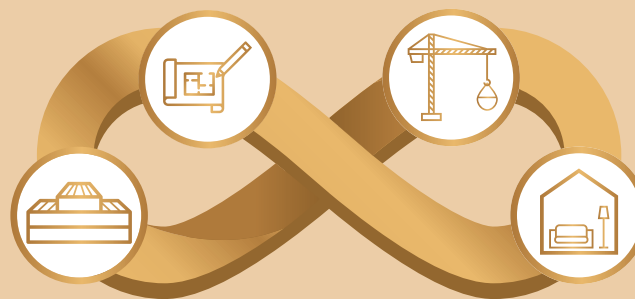
acquires land and building rights in attractive locations for future construction of the company's concept buildings, and subsequently develops detailed plans and secures planning permission.

Read more about the business area on page 16.

The Construction business area

in collaboration with other business areas, builds and develops the cost-efficient residential properties Low-Rise, Lateral Low-Rise and Apartment Block concept buildings and K-Commercial, which increases the Group's in-house production capacity.

Read more about the business area on page 17.



The Prefab business area

manufactures prefabricated concrete elements and complete frame solutions to K-Fastigheter and other customers, including leading Swedish construction companies with high demands on quality, cost efficiency and climate adaptations.

Read more about the business area on page 18.

The Property Management business area

develops cost-efficient local property management operations. The focus is on efficient management of K-Fastigheter's proprietary concept buildings and holdings of acquired buildings. In combination with tenant requests, the Group's internal evaluation provides access to important information for product development of concept buildings.

Read more about the business area on page 19.

The value we create



Customers

- In 2022, K-Fastigheter increased its holding of apartments by close to 1,000 through proprietary construction and acquisitions.
- K-Prefab operations are market-leading in terms of using climate-positive concrete frames.



Social

- K-Fastigheter actively contributes to society by providing new housing and through various collaborations that promote social well-being and safety, reduce criminality and outsidership, and by paying various taxes and fees.



Shareholders

- Long-term net asset value per share (NAV) for 2022 was SEK 26.79, an increase of 16% compared to 2021.
- Profit from property management per share amounted to SEK 0.61 for the full year 2022, an increase of 29% year-on-year.



Environment

- 95 percent of electricity in the properties is sourced from fossil-free production and from 2021 onwards, solar panels are installed on all new-build Lateral Low-Rise and Apartment Block buildings. Solar panels were installed on K-Prefab's production plant outside Hässleholm in 2022.
- K-Fastigheter ensures its concept buildings are resource-efficient through the efficient use of land and a high degree of prefabrication which minimizes construction waste.
- K-Prefab has reduced its CO2 emissions by 35 percent and contributes to the construction sector's Road map 2045 for a climate neutral sector.

K-FASTIGHETER'S FOUR CORNERSTONES



1

Innovation through repetition and development of our concept buildings

Innovation is a prerequisite for ensuring the company's development and success. At the same time, innovation does not need to mean that we have to reinvent the wheel. K-Fastigheter operates in a sector where properties often are built as prototypes – no property is identical to another. K-Fastigheter contributes innovation by constructing its proven concept buildings repetitively, while introducing continuous improvements and developments. We achieve this by collating the views of our tenants and proposals from employees in project development, construction, prefab and management.

Our main focus is on building proprietary concept buildings. As a complement to the construction of our concept buildings, we can also acquire existing residential properties or, where applicable, construct properties on acquired land with existing planning permission. In connection with the acquisition of existing residential properties, this may include apartments of a standard lower than we, or our tenants, find acceptable. Under our renovation program K-Fast 2.0, we upgrade such apartments continuously in connection with tenant turnover to ensure that furnishings, fittings and technical installations maintain a standard similar to that offered in the properties we have developed in-house.

2

Relationships with key stakeholders

We apply the experiences of our tenants and production and property management staff to continuously develop our construction and property management operations, and improve cost efficiency and quality. K-Fastigheter has an experienced project development organization, which facilitates initial contacts with municipalities and other stakeholders. We are familiar with the applicable regulatory frameworks and take specific requirements for each project into account, which enables us to shorten lead times and streamline the construction process.

We strive to have our own management personnel in all towns where we own properties. During the build-up phase in a particular

town, we employ local property management personnel. We work actively to develop our building rights to foster variation in architectural expression and types of title deeds. We also encourage business tenants in our properties, which ensures that residents and visitors are present in our buildings throughout the day.

3 **Sustainability**

K-Fastigheter's proprietary concept buildings afford us control over all parts of the production process, from early project development to the property management of the completed building. Through the repeated production of conceptual housing solutions with a high degree of prefabrication, material waste can be almost completely eliminated, benefiting both the environment and production finances. By using the same materials and products in new production projects and for K-Fast 2.0 renovations, we increase purchasing volumes and improve our scope for negotiation. We are also able to quickly replace white goods in the event of breakdowns, and can quickly assemble repair equipment as the same equipment is used for our various concept buildings.

Initiatives aimed at reducing the carbon footprint are underway throughout the construction industry. K-Fastigheter's unlimited time frame means that we will continue to grow while retaining our focus on environmental, social and financial sustainability. Everything we do leads to more clear commitments resulting from our efforts to continuously evaluate the best solutions from a lifecycle perspective. This includes choice of construction materials and methods, minimizing energy and water consumption in the property holding, reducing our dependence on fossil fuels by installing solar panels and purchasing fossil-free electricity, and increasing the reuse of input goods. Assuming social responsibility by creating attractive, secure and safe neighborhoods is an important part of our work.

4 **Growth and participating in social development**

We want to play a part in social development by contributing to meeting society's demand for new housing by offering attractive homes at the right price. K-Fastigheter's housing concept ensures cost control and financial efficiency throughout the chain, from building rights to property management, and over a building's lifespan. Before commencing new construction, we analyze the type of apartments needed in the relevant location. On 31 December 2022, the Group had 109 completed investment properties distributed over a total of 241,270 square meters of residential and 46,599 square meters of commercial space. At the same time, the Group had 25 ongoing construction projects, distributed over 135,434 square meters of residential space and 1,140 square meters of commercial space, as well as the construction of Hässleholm Rusthållaren 3 & 4, which is classified as a business property.



K-FASTIGHETER'S COMMITMENT

Working with an unlimited time frame implies responsibility. K-Fastigheter is involved in the entire value chain, from establishment and initial contacts regarding land acquisition, through its proprietary standardized and industrial production and construction process, to long-term ownership and property management.

The business areas collaborate across functions to ensure continuous product development. The four business areas carry out regular reviews based on the joint process, and each business area provides feedback before planning applications are submitted.

Collaboration for profitability

- K-Fastigheter's business areas collaborate to create a combined offering of attractive and cost-efficient concept buildings, developed in-house, with high-quality rental apartments, and occasionally commercial premises. The Group shall also offer prefabricated components to leading construction and property companies. We create the right conditions for developing homes that are better and more efficient in every way through a process of standardization, introducing smart and sustainable solutions, and by being responsive to the needs of our customers, suppliers and employees. In this way, the Group's combined experience and knowledge is applied and re-used in project development, construction processes and property management alike.
- Through efficient project development, production, construction, acquisitions and long-term property management of concept buildings, K-Fastigheter offers space-efficient rental housing. The Group's concept buildings are mainly built in grade A and B locations in towns with sustained strong demand for rental housing in Sweden and the other Nordic countries, using in-house resources or in collaboration with local partners.

- K-Fastigheter identifies building rights and attractive property holdings on the basis of its collective experience and expertise, and through its ongoing relationships with land and property owners. Thorough groundwork allows the Group to utilize building rights that are well-suited to K-Fastigheter's concept buildings and ensures a cost-efficient industrialized construction process with standardized methods and short construction times.
- Through efficient and customer-adapted production and increased property management of apartments with a high level of service and good availability, K-Fastigheter shall generate increasing economies of scale. K-Fastigheter's operations shall be rational and efficient, but should also be perceived as personal. Digital assistance, that is, the use of digital and mobile tools and communications solutions, are used where technology adds value to the employees' day-to-day efforts. Standardized

methods and construction materials mean that potential faults can quickly be identified, addressed and prevented.

- With a perpetual perspective and the capacity to generate value through the Group's apartments offering the market's best combination of high standards, comfort and safety, K-Fastigheter shall be viewed as the industry leader by priority stakeholders.
- K-Fastigheter's long-term perspective is fundamental to the Group's sustainability work, which means that we supply the market's best floor structures and construct high-quality buildings that streamline property management over time, preserve the surrounding environment and ensure good relations with tenants and key stakeholders. Shareholder value is generated in compliance with applicable laws and regulations, ethical and statutory, and with respect for the environment.



K-FASTIGHETER'S FOUR BUSINESS AREAS

PROJECT DEVELOPMENT

In the Project Development business area, the work starts with identifying and acquiring land and building rights for future construction of the company's concept buildings. The company can also acquire properties with attractive development potential. The business area then carries out work associated with producing detailed plans and securing planning permission. The goal is to create and realize value, today and in the future.

In 2022, the business area's operations were characterized by high activity in terms of developing the existing land bank. At the end of the year, the project development portfolio comprised 4,046 apartments at various stages. At a pace with the company's expansion, the geographical spread of the company's project development has widened. In Sweden, projects range from Gävle in the north to Skåne in the south. In addition to the business area's work on existing projects, a business development manager coordinates and leads the work associated with acquiring building rights and land. In order to ensure our continued expansion, it is important to continuously acquire building rights and land in the long and short term.

It is critical that processing times for planning permissions in the municipalities where we operate keep pace with market demand in order to maintain a high output of construction-ready projects. Unfortunately, processing times by municipalities have increased which has led K-Fastigheter to participate in the Bygg i Tid (Build in Time) initiative alongside other housing sector operators. The aim of Bygg i Tid is to proactively propose reforms aimed at speeding up the planning process, rather than just highlighting that planning permission is taking longer than usual.

The business area is responsible for the work associated with



Åsa Fredin

Head of Project Development business area.

“Working conceptually provides us with a significant advantage throughout the process and is the foundation of efficient project development. Proceeding from the same foundation, our concept buildings take many different forms and can be adapted to suit local conditions. Here, I would

submitting planning applications and maintaining contacts with various stakeholders, as well as reviewing the ideal location of buildings from a perspective of cost-efficiency and while maintaining respect for the existing natural features of the location. Through solid preliminary work, K-Fastigheter develops safe homes for its tenants, the opportunity to utilize various building rights and a financially efficient construction and development process. The Group has rationalized a high proportion of the initial work by using concept buildings with a high degree of shared and standardized materials and processes. Each project is subject to specific conditions, and the business area has extensive experience of satisfying various legal requirements as well as residents' and society's expectations. Project development is characterized by a high level of expertise where employee experience in a range of areas contributes to establishing relationships with various operators, as well as rationalizing the planning application process.

Continuous product development takes place based on the valuable experience garnered from the construction process, as well as

like to highlight my colleagues' ability to utilize previous experience, and their willingness to try out new solutions in order to improve our projects.

I am delighted that we have chosen to join the Bygg i Tid initiative alongside some of our sector peers. My colleagues and myself, who are all working on these issues on a daily basis, see an urgent need to reduce processing times and speed up the planning process. My hope for 2023 is that K-Fastigheter, in addition to existing projects, will access a number of new building rights to start work on. All with the aim of developing attractive homes for our tenants.”

ongoing feedback from tenants, managers and property managers on previously completed projects. This ensures that K-Fastigheter has good insight into which solutions, materials choices and products work and which require improvement. The goal is to find the most effective solutions, as early as possible.

Factors such as efficient land use, a high rate of prefabrication which reduces materials waste, and careful choice of heating methods, allows K-Fastigheter to reduce its environmental footprint and contribute to the development of attractive and secure neighborhoods, as well as meeting statutory requirements.

K-Fastigheter is continuously on the lookout for landowners with buildable land for sale. This could be land with existing detailed planning permission that is a close fit with the company's concept buildings, or land where detailed planning permission is not yet in place. Contact us if you are interested of selling your land parcel.

To find out more about the Bygg i Tid initiative's proposals aimed at reducing planning approval times, visit <https://www.initiativbyggitid.se/>.

CONSTRUCTION

The Construction business area is responsible for construction and completion of the company's projects. Working with a high degree of prefabrication, repetitive processes and specialized tasks ensures efficient cost control and an effective construction process. The company constructs three proprietary residential concept buildings: Low-Rise, Lateral Low-Rise and Apartment Block, as well as a proprietary concept building for commercial premises, K-Commercial.

2022 was a challenging year for the entire Group, including the Construction business area. Sharply rising inflation impacted construction-related products and the Construction Cost Index for Buildings rose by 15.6 percent in 2022. The impact of Covid-19 remained significant in 2022, mainly with regard to delivery of materials and products for ongoing and future construction. The purchasing department worked hard to parry rising materials costs as a result of inflation and delayed deliveries in the wake of production chain disruption following Covid-19 and the war in Ukraine. Focused and hard work throughout the organization has kept building costs down despite challenging external conditions. Building starts in the year have gone ahead with attractive calculations.

By concentrating on a select number of concept buildings that are constructed repeatedly, K-Fastigheter has accumulated extensive experience and know-how relating to the risks, bottlenecks and other potential efficiency pitfalls in the construction process, and is therefore able to take proactive steps to avoid these. This also entails a limited number of material categories, which generates economies of scale in purchasing, improves the handling process and minimizes waste. The work associated with rationalizing

the construction process will continue in 2023. Towards the end of 2022, work started to set new sustainability targets for the Construction business area.

K-Fastigheter strategically and continuously introduces improvements, on the basis of lessons learned from construction projects which are documented and evaluated by the Project Development and Prefab business areas and used in the design of future construction projects. K-Fastigheter's apartments have a consistently high standard and are equipped with modern appliances, such as integrated dishwashers, washing machines and dryers and built-in microwaves. Including washing machines and dryers in apartments raises the tenants' living standards and reduces the need for a shared laundry room, allowing more space in the building to be used for residential purposes. K-Fastigheter consistently selects materials based on the Group's experience of what tenants perceive as adding value and improving well-being, as well as what ensures long-term management improvements and cost efficiency. Many of the selected materials are exclusive and have a comparatively high purchasing cost, but a longer service life. Based on K-Fastigheter's long-term perspective, selecting sustainable materials is justified at all levels.

In 2022, a large proportion of construction operations (in addition to frame assembly from K-Prefab) took place using subcontractors. Only a minor part was carried out using our own staff, and we are completing a reorganization in 2023 aimed at ensuring that all construction takes place using subcontractors in addition to the frame assembly conducted by in-house staff from the subsidiary K-Prefab. This allows the various regions to operate in line with each other, as in-house staff has previously only been available in region South. Following the reorganization, K-Fastigheter's construction organization consists of project managers, purchasing managers, construction engineers and aftermarket staff working in the regions South, East and West.



Eric Johansson

Head of Construction business area.

"The past year has been challenging in many ways, with sharply rising prices and problems associated with materials and goods shortages, as well as delayed deliveries."

I can conclude that we have handled this efficiently even if it has required hard work and extensive innovation. The fact that we have successfully completed projects as well as started new ones in the current market climate shows that our focus on conceptual building is solid. I have said it before, but I would like to emphasize it again. I dare to say that we are Sweden's fastest construction and property company, from planning permission to tenants moving in. I am immensely proud of this.

Regions East and West are gradually playing a greater role in our operations, even if South still represents around half of ongoing construction projects - 2,058 apartments distributed over 25 projects at year end. Construction of 1,012 of these apartments started in 2022. During the year, we started construction of our first project with the new concept building K-Commercial. The development and construction of K-Commercial in partnership with K-Prefab reveals the synergies that exist within the Group following the acquisition of K-Prefab. In 2022, we also completed our first in-house project in Denmark and started our third proprietary construction, which is exciting as the Copenhagen area is a dynamic growth region."

PREFAB

The Prefab business area conducts operations through the subsidiary K-Prefab AB. K-Prefab is a nationwide frame contractor that offers complete concrete frame solutions for residential buildings, industry and warehousing. Prefabrication frames ensure better working conditions, superior cost- and quality control, reduces waste and improves compatibility, production and just-in-time delivery for projects. K-Prefab supplies both external and internal operators.

The business area manufactures concrete frames and solutions for various types of building and customers. The frame system consists of well-isolated exterior walls, homogeneous interior walls, elevator shafts and joists with embedded installations for electricity, water, waste management and ventilation. External wall units, balconies and staircases are also included in the Prefab business area. In 2022, the company started in-house stair production at the Vara plant as part of its efforts to broaden its offering to the market. Assembly on behalf of customers largely takes place using in-house personnel in various assembly teams.

A large proportion of the elements included in K-Fastigheter's three concept buildings for residential properties are manufactured at Prefab's facilities. During the year, work has been underway to develop solutions that enable delivery of frames from Prefab for Low-Rise concept buildings. K-Fastigheter's fourth concept building, K-Commercial, has been developed jointly within the Group and demonstrates the synergies that exist between K-Fastigheter and K-Prefab.

2022 was a turbulent year with changing market conditions and sharp rises in materials prices, high energy prices, inflation and the effects of the war in Ukraine. Sickness absences were high at the start of 2022 due to Covid-19, which affected production efficiency. These factors decreased profit margins in many projects and contributed to lower business area profit despite the record sales. Towards the end of the year, the situation stabilized and all future contracts are index-linked.

Since K-Fastigheter acquired K-Prefab, and gained its fourth business area, the company has invested heavily in efficiency, personnel and climate. This includes investments in new staff rooms, new concrete stations, new, ??spännbäddar??. solar panels as well as rationalized warehousing facilities. These operational investments and adjustments mean that K-Prefab is now well equipped for the future, with secure order levels for 2023.

K-Prefab has focused on reducing its climate footprint, mainly by reducing CO₂ emissions. The company has set a sustainability goal of reducing its climate impact by 50 percent over three years. At the end of 2022, the decrease amounted to 35 percent.

In April 2022, Stefan Paulsson was appointed Interim CEO of K-Prefab, and Stefan was appointed CEO in January 2023.



Stefan Paulsson
CEO K-Prefab.

"In 2022, hard work and a quest for continuous improvements to our products and offering allowed us to navigate changing market conditions while continuing to make investments and setting a new sales record. This is a sign of our strength, which leads me to take a positive view of 2023. The integration into K-Fastigheter as a Group is starting to bear fruit, and we are continuously finding lasting synergies that benefit both K-Prefab and the Group as a whole. In addition to intra-Group sales, we will continue to sharpen our offering to the market. All with the aim of being the obvious choice and a safe collaboration partner in construction of housing, industrial and warehouse premises."

PROPERTY MANAGEMENT

The Property Management business area manages the properties the Group has built or acquired. The properties K-Fastigheter build are constructed for proprietary long-term ownership, and the business area contributes stable and long-term cash flow through efficient management and high occupancy rates.

The business area's operations currently encompass properties in the Öresund region including the Copenhagen area and southern Småland, Western Götaland, Mälardalen and Gävle. In locations where K-Fastigheter does not have its own staff, property services are purchased from local collaboration partners, while financial management is handled by the company itself. In projects involving new production, the company collaborated with real estate agents for marketing and letting in 2022. In 2023, K-Fastigheter will establish an internal organizational unit to handle letting and marketing of the company's new production. Where applicable, the company will continue to work in partnership with real estate agents.

The Group has the clear ambition of building long-term relationships with individual tenants. We identify tenants' wants and needs through close contact on local markets and in digital marketing campaigns, which allows tenants to state their preferences and build a relationship with the company, with the aim of minimizing the number of tenants moving out and other disruptions. The focus of K-Fastigheter's administration is on achieving satisfied tenants who feel secure in both their homes and their neighborhoods, and in always being able to get in touch with K-Fastigheter representatives should something unforeseen occur. For this reason, K-Fastigheter works purposefully with local property management, both with proprietary and contracted personnel.



Martin Johansson

Head of Property Management business area.

“Our management organization is expanding as more apartments come under management.

Welcoming new colleagues

to our operations is a very enjoyable aspect of the work as we gradually grow. At year end, we managed just over 3,700 apartments, almost 1,000 more than last year. By summer 2023, we are set to exceed 4,000 apartments under management. A lot of work goes into streamlining our processes and routines in order to manage the growth we are experiencing in apartments and tenants. Satisfied tenants are a priority, and we

are delighted that customer satisfaction increased in the existing holding in 2022, although some work still remains to be done to improve this further, both for our existing holdings and when tenants move in to new production. In 2023, we will establish an in-house organizational unit to handle new production lets nationwide. This is an exciting and important step for K-Fastigheter that I really look forward to.

Since we are working with a holding comprised of entirely new production or relatively recent construction, an important part of our work relates to streamlining property management in order to optimize operations. In parallel, we also work to optimize the operational efficiency of the entire holding. In order to focus sharply on energy efficiency, we reorganized management in 2022, including the creation of a dedicated Energy & Technology team.”

In order to maintain a high level of service and accessibility, the Group has offices in Helsingborg, Landskrona, Kristianstad, Malmö, Gothenburg and Stockholm in addition to its head office in Hässleholm. The company is currently establishing an office in Växjö. In other locations, K-Fastigheter engages external property managers until critical mass is reached. Because K-Fastigheter uses a high degree of standardization and works with a limited number of materials, every component of the property portfolio produced in-house is well documented, which ensures short lead times for repairs and high reliability in the properties.

K-Fastigheter's properties are managed expediently and efficiently,

with personal service. The business area has digitalized multiple processes, a project continuously ongoing. To ensure progress and product development, K-Fastigheter obtains continuous feedback from tenants and other stakeholders, including sector peers.

K-Fastigheter is a property owner and landlord founded on stable operations and satisfied customers. Each year, K-Fastigheter conducts a customer satisfaction survey that includes questions about interiors, public spaces and service levels. The results of the 2022 survey indicate that more than 84 percent of tenants are satisfied with K-Fastigheter as a landlord and would recommend moving into its properties.

ORGANIZATION AND EMPLOYEES

K-Fastigheter's organization shall be characterized by growth, engagement and responsibility, and support the Group's strategies and objectives. Operations are organized into four business areas: Project Development, Construction, Prefab and Property Management. The relevant managers report to, and are part of, Group management. Prefab is organized as a subsidiary with its own Board, CEO and management. There are also shared functions for Business development, Accounting and Finance, IT, Legal Counsel, HR and Communications/IR/Marketing. In order to increase efficiency and ensure an organization that can make quick decisions and remain sensitive to local markets, Group operations are divided into three regions, South (including Denmark), West and East.

K-Fastigheter continues to grow and an important factor to continue to ensure success is that the Group needs to work towards securing the engagement and participation of all employees. A high degree of involvement and open communication creates trust, engagement and clarity. Engaged, motivated and competent employees engenders confidence, which increases the number of satisfied tenants and customers. Long-term, Innovative and Caring are key words intended to guide all Group employees in their daily work, how they view themselves in their role, how they behave, and how they are experienced by others. In 2023, the company decided to acquire a digital tool to complete regular employee surveys, which allows us to evaluate the company and strive to become a little better each day.

K-Fastigheter's HR policy is based on that the results our employees achieve are most important, not who they are or where they come from. The Group seeks to reflect the surrounding world, which strengthens the company and our staff.

In order for K-Fastigheter to be the obvious choice for our tenants, employees and other stakeholders, we evaluate all processes, whether relating to construction projects, production plants or administrative tasks, to ensure that we always do a little better next time.

Working environment

At the end of 2022, there were 732 (691) employees in the Group, of which 69 (60) women and 663 (631) men. A majority work in production, assembly and management.

K-Fastigheter strives to maintain a safe working environment, from a physical, social and psychological perspective, guided by the words "We are each other's working environment." K-Fastigheter works to create a working environment where all employees feel

safe and well. Staff that feel good do a great job and care for the Group's customers more effectively. Engagement, security and competencies in the relevant areas of expertise create the right conditions for all staff to share responsibility for their own and the company's development.

K-Prefab employs several HSEQ specialists, and numerous internal audits, trainings etc. were carried out at construction sites, factories and offices in 2022. K-Prefab works actively with health and safety in its day-to-day operations. The whole Group held a safety week with themed trainings for all employees, where the aim was to increase practical competencies in safety and strengthen the safety culture.



To be an attractive employer, K-Fastigheter works with development plans that encourage employees to develop their competencies. It is important to keep up-to-date with progress in the various business areas and for the Group as a whole, and K-Fastigheter needs to equip its staff to meet the demands placed on them by these developments and by the expectations of different stakeholders.

K-Fastigheter prioritizes the health of its employees. In 2022, the company completed a wellness program where all employees were invited to participate. Organizing the wellness program into different groups ensured a high rate of participation. All employees are encompassed by an annual wellness allowance in addition to specific campaigns.

In 2022, the Group implemented our values from management to individual members of staff, introduced new routines for performance reviews as well as a large number of personnel activities at company and business area level. This included celebrating K-Fastigheter's 10-year jubilee, which had been delayed as a result of the pandemic.

As an expanding Group, K-Fastigheter continuously seeks to recruit new employees and maintain a strong corporate culture. The Group has an effective recruitment system with a large database of interested candidates. It is important to secure the inflow of new personnel by conducting a wide search and use complementary search channels in addition to traditional recruitment. This is achieved through internal competence development, collaborations with specialist recruitment firms, partnerships with vocational and academic institutions and a recruitment training program for one of K-Prefab's factories. Internal recruitment is encouraged with the aim of developing the Group and the individuals within it, and there are many good examples of staff who have progressed their



careers internally in management and specialist roles across all business areas.

A great on-boarding program for new staff creates a foundation for a positive working environment, and engenders faster and better results. K-Fastigheter intends to continue to develop its current

routines and processes. In 2022, we introduced Group-wide onboarding days for new recruits.

K-FASTIGHETER'S CONCEPT BUILDINGS

K-Fastigheter works with three different proprietary concept buildings for rental apartments, and one for commercial premises, mainly offices. The three residential concept buildings are Low-Rise, Lateral Low-Rise and Apartment Block. The K-Commercial concept building is a new project developed alongside K-Prefab, with the first construction currently underway in Hässleholm which will house the Group's head office as well as other business premises.

By working with concept buildings with a high degree of prefabrication, K-Fastigheter streamlines processes while existing concept buildings can be adapted and combined according to local conditions.

Low-Rise – flexible buildings with a wide range of choice

K-Fastigheter's flexible one to three-story multi-family dwellings can be constructed either as semi-detached houses terraced houses or link houses with one or two-story apartments. The apartments are available in four sizes: one bedroom, living room and kitchen totaling 60 square meters; two bedrooms, living room and kitchen totaling 75 square meters; three bedrooms, living room and kitchen totaling 90 square meters; and three bedrooms, living room and kitchen totaling 94 square meters on two stories.

The Low-Rise housing units are built using the same methods as for traditional single-family houses. However, the Low-Rise housing units can be built as link or terraced houses, or placed on top of one another to create two-story houses with access balconies. The Low-Rise housing units offer very high functional economy, where efficient project development entirely eliminates communal spaces.



Low-Rise in Nyköping

In Nyköping, K-Fastigheter's project Oppeby Gård was constructed in stages, with the final stage completed in the fourth quarter 2022. There are a total of 84 Low-Rise apartments distributed over 28 1-bedroom apartments, 36 2-bedroom apartments and 20 3-bedroom two-storey apartments.

Structural details:

Ground level foundation plate, aerated three-layer wooden frame, delivered in prefabricated units. From the construction of the Low-Rise buildings in the Magasinet 1 project in Hässleholm onwards, frames will be manufactured in concrete and delivered by K-Prefab.

Low-Rise in Älmhult

In the Röret project in Älmhult, K-Fastigheter combined the construction of Low-Rise and Apartment Block buildings. There are 16 Low-Rise apartments distributed over a range of 1- to 3-bedroom apartments. Tenants moved in during 2022.



Read more about the company's concept buildings and vacant apartments in new production and the existing holding at www.k-fastigheter.se/en

Lateral Low-Rise – variation and space efficiency

K-Fastigheter's neighborhood-structure multi-family dwellings can be constructed with up to ten stories in height. There are two standard space-efficient apartment formats within Lateral Low-Rise buildings: one bedroom, living room and kitchen totaling 51 square meters and two bedrooms, living room and kitchen totaling 68 square meters. It is also possible to include apartment alternatives that are either larger or smaller. To meet market demand and offer the best possible use of building rights, K-Fastigheter has chosen to make its Lateral Low-Rise as adaptable as possible with regard to floor plans and with opportunities for underground garages and commercial premises on the ground floor.

The design of the Lateral Low-Rise concept has focused sharply on achieving a substantial living space in relation to the façade area. The Lateral Low-Rise concept has a significantly smaller façade area in relation to living space than the average for newly produced apartments in Sweden. In connection with construction, this is significant because a smaller façade entails lower consumption of materials and fewer working hours required to complete the project. In a long-term management perspective, a smaller façade area reduces maintenance costs and exposes a smaller area to cold, which reduces the building's total energy consumption.

Structural details:

Supporting concrete structure with concrete floor units and separating walls between apartments and lightweight external wall units.



Lateral Low-Rise in Höganäs

In the new neighborhood Tornlyckan in Höganäs, K-Fastigheter is currently building two Lateral Low-Rise four-storey houses. The development will offer a total of 41 apartments, divided over a range of 1- to 3-bedroom apartments.

Tenants are scheduled to move in during December 2023.

Lateral Low-Rise in Malmö

In Limhamn, K-Fastigheter has developed the Dammsnäckan neighborhood. The area is a mix of Lateral Low-Rise and Low-Rise buildings, creating an attractive mix of buildings. There are a total of 89 Lateral Low-Rise apartments distributed over 10 1-bedroom apartments, 44 2-bedroom apartments and 25 3-bedroom apartments.



Apartment Block and Apartment Block Plus - residential buildings for all locations

K-Fastigheter's apartment blocks are square-footprint multi-family dwellings which can be constructed with heights of four to ten stories. The Apartment Blocks have four apartments on each floor: two with two rooms and kitchen totaling 62 square meters and two with three rooms and kitchen totaling 71 square meters. All apartments are equipped with spacious 27 square-meter balconies facing two directions. The Apartment Block is particularly suited for construction on difficult terrain, and multiple designs are available for the ground floor. For example, on plots with uneven terrain, the ground floor can be constructed to include a semi-basement. The Apartment Blocks can also be extensively adapted to meet the different requirements set for different building rights regarding story height, any premises, internal or external refuse rooms and storage rooms for the apartments.

The Apartment Block is also available in an adaptation known as Apartment Block Plus. Apartment Block Plus is a rectangular structure containing six apartments per story. Apartment Block Plus is a hybrid, which allows for more choice, and can be built as a freestanding apartment block, or as two buildings connected at the gables, which creates a structure similar to K-Fastigheter's Lateral Low-Rise housing units.

The Apartment Block has been designed for cost-efficient long-term property management, including wall structures that provide access to all drain stacks from the staircase, which makes it possible to replace drain stacks without requiring tenants to move out. Thanks to innovative construction, a high degree of prefabrication and balcony constructions that remove the need for scaffolding, the Apartment Block construction process is very time effective.

Apartment Block in Kristianstad

In the Hammar neighborhood, K-Fastigheter has built two six-storey Apartment Blocks. The two houses comprise 48 apartments divided over a range of 1- and 2-bedroom apartments. Tenants moved in during spring 2022.



Structural details:

Entirely concrete structure with sandwich exterior walls, uniform walls separating apartments and floor units. The roof is available in three options: pent, pitched or hipped. The façade color can be individualized and there is a selection of balcony railings to choose from.



Apartment Block i Gävle

In Gävle, K-Fastigheter has built a total of 96 apartments in Fredriksskans. The project, which was completed in stages in 2022, consists of a range of 1- to 2-bedroom apartments distributed over four Apartment Blocks.

K-Commercial – for modern offices

The Group has developed a fourth concept building. As a complement to the residential buildings, K-Fastigheter has developed a concept building for commercial premises under the name of K-Commercial.

K-Commercial is a multi-storey building constructed with prefabricated concrete elements. The floor plan can be adjusted according to customer requirements, including uses such as reception, restaurant, gym or traditional office spaces, due to the open plan design. The office floors can be adjusted to accommodate one or several companies by dividing the floor plan into separate spaces, making K-Commercial an attractive solution for small and large businesses alike.

K-Commercial is constructed with a stabilizing external and inner core where four wall panels create a window opening that stretches from floor to ceiling. The façade design is modern and provides excellent natural light on every floor. The structure of the façade acts as a stabilizing feature due to the robust characteristics of the prefabricated concrete. The outer core of the building is connected to the inner core which contains the elevator, stairs and entrances to all floors. The construction of the floors allows for a high degree of flexibility, making K-Commercial suitable for many different types of building rights. The rate of prefabrication is considered to be very high as the repetition of concrete elements is unique in the sector.

Structural details:

Ground level foundation plate with adjacent two-storey garage. Sandwich element in the façade, homogeneous joists and interior walls, all in concrete. The roof is constructed as an insulated, ??pappat låglutande?? roof. Concrete elements positioned on this create a roof terrace. Façade colors can be customized.



K-Commercial in Hässleholm

In Hässleholm, K-Fastigheter is constructing its first building in the K-Commercial concept. In addition to external tenants, the Group's head office will be housed in the building.

K-FASTIGHETER'S PROPERTY PORTFOLIO

On 31 December 2022, the Group's property portfolio comprised 109 completed investment properties* distributed over a total of 241,270 square meters of residential and 46,599 square meters of commercial space. In addition, the Group had 25 ongoing construction projects, distributed over 135,434 square meters of residential and 1,140 square meters of commercial space, as well as the construction of Håssleholm Rusthållaren 3 & 4, which encompass 8,000 square meters of lettable area, much of which will be home to the Group's new head office and will therefore be classified as business property. Furthermore, K-Fastigheter has 23 projects in progress in the project development phase, at various stages of building permit application or project planning, of which 12 are projects for which K-Fastigheter has yet to take possession of the land.

Of the property portfolio, 85 percent of properties were constructed after 2010. Newsec assesses that all of the properties are in category A or B locations in the communities where the Group operates. As of 31 December 2022, contractual rent amounted to

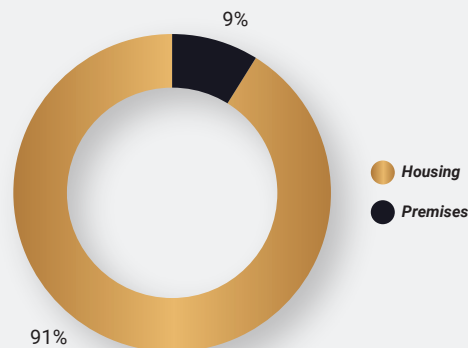
SEK 475.6 million, with an estimated operating surplus of SEK 360.6 million, corresponding to a surplus ratio of some 76 percent. The corresponding potential surplus ratio is approximately 81 percent for newly produced concept buildings and approximately 70 percent for other properties in the portfolio. Of the contractual rent, 88 percent pertains to housing or related rentals (such as parking) divided between the 3,708 apartments under management at the end of the year. Contractual rent from commercial tenants is distributed over some 170 commercial contracts, with the largest tenant accounting for approximately 1 percent of total contractual rental income and the 10 largest commercial tenants accounting for approximately 5 percent of total contractual rental income.

At the end of the year, the book value of completed investment properties totaled SEK 9,775.3 million (6,923.4), with an average direct return requirement of 4.03 percent (3.82). The book value of new construction projects in progress amounted to SEK 2,606.1 million (1,940.0), and undeveloped land and building rights amounted to SEK 695.1 million (722.3). On completion,

the estimated market value of new construction projects in progress amounted to SEK 6,251.4 million (5,335.5), and to just over SEK 11,600 million (15,250) for properties currently in project development. The average direct return requirement for construction in progress amounted to 4.01 percent (3.77) at the end of the year.

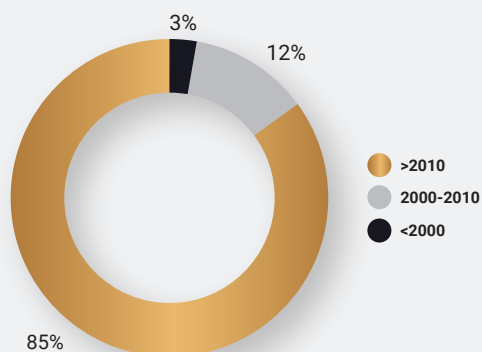
K-Fastigheter's management operations are divided into three regions: South, West and East. 88 percent of property values are located in region South, encompassing Skåne, Denmark and southern Småland. Region West encompasses Halland and the Västra Götaland region. Region East includes the Mälardalen region and Nyköping and Gävle. As of 31 December 2022, 92 percent of the market value and 93 percent of the contractual rent related to investment properties in Sweden and 8 percent of the market value and 7 percent of the contractual rents related to investment properties in Denmark.

K-Fastigheter's property value per category, % (31 December 2022)

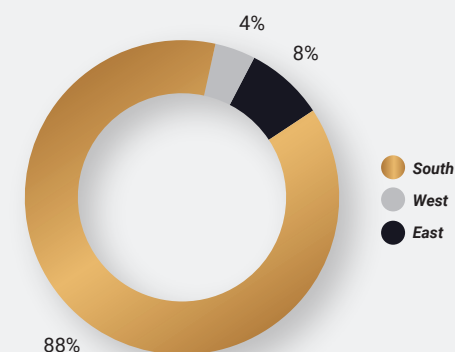


* Investment properties are properties held for the purpose of generating rental income, or value growth, or a combination of both.

K-Fastigheter's property value per year of construction, % (31 December 2022)



K-Fastigheter's property value per geography, % (31 December 2022)



Year-end property value was SEK 9,775.3 million.

PROPERTY PORTFOLIO AS OF 31 DECEMBER 2022

Investment properties

Per building category	No. of apartments	Lettable area, m ²			Property value		Rental value		Occupancy rate	Contractual rent	Property costs		Operating surplus	
		Housing	Premises	Total	SEK m	SEK/m ²	SEK m	SEK/m ²	%	SEK m	SEK m	SEK/m ²	SEK m	SEK/m ²
Concept buildings	2,399	150,515	2,240	152,755	6,166.6	40,369	284.2	1,860	98.2%	279.2	40.6	266	238.6	1,562
Other	1,309	90,755	30,388	121,143	3,496.2	28,860	193.3	1,596	96.2%	185.9	45.7	378	140.2	1,157
Total excluding development properties	3,708	241,270	32,628	273,898	9,662.8	35,279	477.5	1,743	97.4%	465.1	86.3	315	378.8	1,383
Development properties	0	0	13,971	13,971	112.5	8,055	11.1	796	94.5%	10.5	3.4	244	7.1	508
Total including development properties	3,708	241,270	46,599	287,869	9,775.3	33,958	488.6	1,697	97.3%	475.6	89.7	312	385.9	1,340

Per geographical region														
South	3,299	216,015	35,366	251,381	8,635.6	34,353	431.3	1,716	97.4%	420.1	80.0	318	340.1	1,353
West	117	5,664	10,413	16,077	365.7	22,749	20.0	1,243	96.6%	19.3	4.0	247	15.3	954
East	292	19,591	820	20,411	774.0	37,921	37.3	1,828	97.0%	36.2	5.8	283	30.4	1,491
Total	3,708	241,270	46,599	287,869	9,775.3	33,958	488.6	1,697	97.3%	475.6	89.7	312	385.9	1,340

Property administration	25.2	88
Operating surplus incl. property administration	360.6	1,253

Construction projects in progress¹⁾

By concept building	No. of apartment	Lettable area, m ²			Property value		Rental value		Investment (including land), SEK m ²⁾		
		Housing	Premises	Total	SEK m	SEK/m ²	SEK m	SEK/m ²	Estimated	Accrued	Carrying amount
Concept buildings	1,998	131,456	0	131,456	6,080.5	46,255	289.6	2,203	4,407.9	2,095.6	2,945.8
Other	60	3,978	1,140	5,118	170.9	33,383	9.0	1,766	165.7	112.5	122.9
Total	2,058	135,434	1,140	136,574	6,251.4	45,773	298.6	2,187	4,573.6	2,208.1	3,068.7

Per geographical region											
South	1,053	71,063	0	71,063	3,109.4	43,755	150.7	2,121	2,281.7	1,236.5	1,686.3
West	442	28,572	0	28,572	1,423.0	49,804	65.1	2,277	1,019.0	679.8	947.6
East	563	35,799	1,140	36,939	1,719.0	46,537	82.8	2,242	1,272.9	291.8	434.7
Total	2,058	135,434	1,140	136,574	6,251.4	45,773	298.6	2,187	4,573.6	2,208.1	3,068.7

¹⁾ Data relates to K-Fastigheter's share of potential joint venture.

²⁾ Accrued investment refers to the total costs incurred in each construction project. The carrying amount refers to the consolidated value adjusted for Group eliminations and includes the calculated change of SEK 951.5 million in the value of investment properties.

PROPERTY PORTFOLIO AS OF 31 DECEMBER 2022

Project development in progress¹⁾

By concept building	No. of apartments	Lettable area, m ²			Property value		Rental value		Investment (including land), SEK m ²⁾		
		Housing	Premises	Total	SEK m	SEK/m ²	SEK m	SEK/m ²	Estimated	Accrued	Carrying amount
Concept buildings	4,024	253,707	1,415	255,122	11,547.8	45,264	575.2	2,255	8,797.4	95.0	95.0
Other	22	1,738	0	1,738	53.0	30,495	3.0	1,709	45.8	0.0	0.0
Total	4,046	255,445	1,415	256,860	11,600.8	45,164	578.2	2,251	8,843.2	95.0	95.0

Per geographical region

South	1,954	116,995	615	117,610	5,259.7	44,721	261.1	2,220	3,975.6	35.6	35.6
West	599	38,446	0	38,446	1,727.9	44,944	90.3	2,348	1,262.6	6.3	6.3
East	1,493	100,004	800	100,804	4,613.2	45,765	226.8	2,250	3,605.0	53.1	53.1
Total	4,046	255,445	1,415	256,860	11,600.8	45,164	578.2	2,251	8,843.2	95.0	95.0

Summary¹⁾

	No. of apartments	Lettable area, m ²			Property value		Rental value		Carrying amount	
		Housing	Premises	Total	SEK m	SEK/m ²	SEK m	SEK/m ²	SEK m	
Completed investment properties	3,708	241,270	46,599	287,869	9,775.3	33,958	488.6	1,697	9,775.3	
New construction in progress	2,058	135,434	1,140	136,574	6,251.4	45,773	298.6	2,187	3,068.7	
Project development in progress	4,046	255,445	1,415	256,860	11,600.8	45,164	578.2	2,251	95.0	
New construction in progress, other									124.4	
Undeveloped land									13.1	
Site leaseholds									18.0	
Total	9,811	632,149	49,154	681,303	27,627.6	40,551	1,365.5	2,004	13,094.6	

¹⁾ Data relates to K-Fastigheter's share of potential Joint venture.

²⁾ Accrued investment refers to the total costs incurred in each construction project. The carrying amount refers to the consolidated value adjusted for Group eliminations and includes the calculated change of SEK 951.5 million in the value of investment properties.

Information on completed investment properties includes estimates and judgments. Contractual rent refers to the contract value on the balance sheet date recalculated at an annualized rate. Rental value refers to contractual rent plus estimated rent for vacant spaces. Property costs refer to budgeted property costs on an annual basis and are exclusive of property administration. The estimates and judgments involve uncertainties and the disclosures above should not be viewed as a forecast.

Details of construction projects and project development in progress on this page and the previous page are based on assessments of the size, focus and scope of construction projects and project development in progress, and of when projects are scheduled to commence and be completed. These details are also based on estimates regarding future investments and rental value. These estimates and judgments should not be viewed as a forecast. The estimates and judgments entail uncertainties regarding the execution, design and scale, scheduling, project costs and future rental value of the projects. Details of projects in progress are reviewed regularly and estimates and judgments are adjusted as a result of projects in progress being completed or new ones being added, as well as due to changes in conditions. Financing has not been secured for projects where construction has yet to commence, meaning that financing of construction investments in project development represents a source of uncertainty.

CURRENT EARNINGS ABILITY

The table below presents the earnings ability of K-Fastigheter's property management operations on a 12-month basis as of 31 December 2022. Earnings ability is not a forecast for the current year or the next twelve months but is to be viewed solely as a theoretical snapshot and is presented for illustrative purposes only. Current earnings ability does not include an assessment of future rent trends, vacancy rates, property costs, interest rates, changes in value, acquisitions or divestments of properties, or other factors.

Current earnings ability is based on properties held as of 31 December 2022 and their financing, meaning that current earnings ability illustrates the earnings of the management operations, on an annual basis, at that point in time. Transactions and completion of construction in progress with a transfer and completion date after 31 December 2022 have therefore not been included in the calculation.

Current earning ability, SEK m

SEK m	2022 31 Dec	2021 31 Dec	2020 31 Dec	2019 31 Dec	2018 31 Dec
Rental value	488.6	328.0	265.1	196.6	133.4
Vacancy	-13	-9.8	-23.4	-6.1	-0.9
Rental income	475.6	318.2	241.7	190.5	132.5
Operating costs	-69.6	-42.7	-35.6	-27.0	-19.4
Maintenance	-15.5	-11.0	-9.0	-7.3	-5.6
Property tax/ground rent	-4.3	-3.5	-3.0	-2.6	-1.6
Property administration	-25.2	-22.7	-19.2	-15.0	-12.8
Operating surplus	361	238.2	174.9	138.6	93.0
Central administration	-12.3	-10.2	-11.2	-9.6	-4.3
Net interest income	-160.9	-73.0	-51.4	-46.9	-29.0
Profit from property management	187.8	155.0	112.3	82.1	59.7

Current earnings ability is updated on an ongoing basis in the Group's quarterly reports.

The Income Statement for the management operations is also affected by developments in the value of the property portfolio, as well as by upcoming property acquisitions and/or divestments. Additional items affecting earnings include changes in the value of derivatives. None of the above has been taken into account in current earnings ability, nor in the item Profit from participations in associated companies.

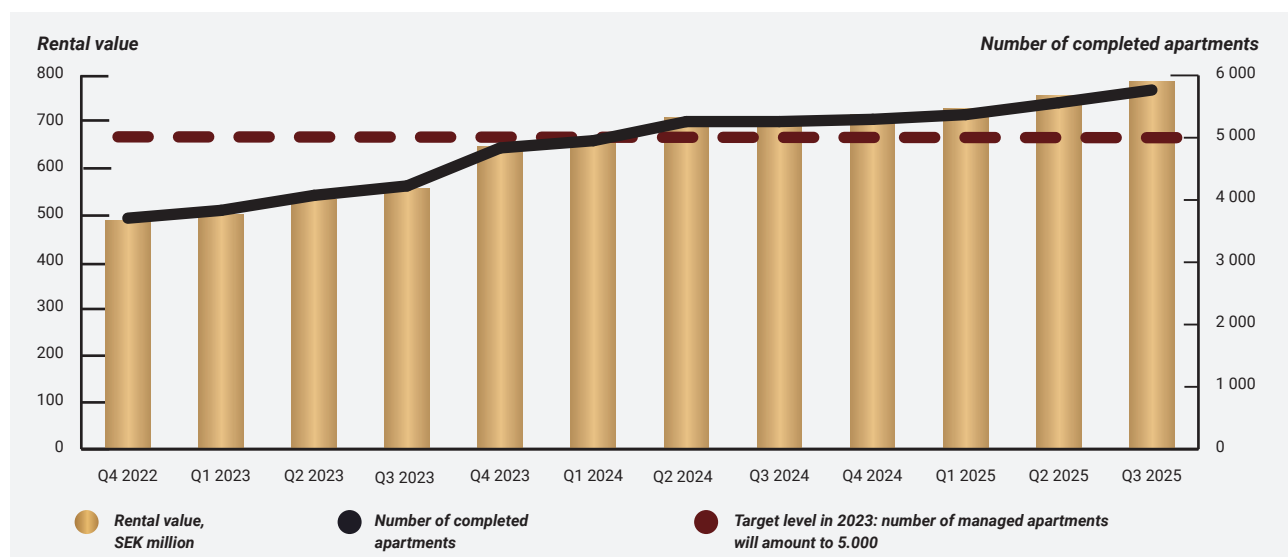
Earnings ability is based on contractual rental income from the property portfolio, estimated property costs for the year based on historical outcomes for properties under management, as well as property administration costs and central administration costs relating to the Property Management business area estimated for the year based on the current scale of administration. Costs for interest-bearing liabilities have been based on current interest-bearing liabilities and current interest rates (including effects of

derivative instruments) at the end of the year.

Expected rental trend and number of apartments

The following diagram illustrates the number of apartments and current rental values for completed investment properties as of 31 December 2022 plus expected rental values of construction projects in progress of investment properties and acquired but not yet handed over investment properties as of 31 December 2022 at a pace with these properties being completed or handed over.

Information on completed investment properties and construction projects in progress includes estimates and judgments. Rental value refers to contractual rent plus estimated rent for vacant spaces. The estimates and judgments involve uncertainties and the information in the diagram should not be viewed as a forecast.



FINANCING AND VALUATION

Financing

K-Fastigheter's assets consist primarily of apartments located in several larger towns in the Öresund Region, Western Götaland and the Mälardalen region. The operations are characterized by long-term stable cash flows as the risk is spread over a large number of customers and relatively diversified geography. A high proportion of K-Fastigheter's apartments have been newly produced in the past ten years. On the whole, this means that K-Fastigheter's assets can be leveraged to a higher degree than for commercial properties, properties in smaller towns and/or properties in poorer condition.

Financial targets	Financial targets	Financial covenants	Actual 31 Dec 2022
Debt-to-equity, %	max. 70%		55.4%
Equity/assets ratio, %	min. 25%	min. 25%	33.9%
Interest coverage ratio, multiple*	min. multiple of 1.75	min. multiple of 1.50	multiple of 2.2

* Relates to rolling 12 months at the end of the period.

Finance policy

K-Fastigheter's finance policy stipulates how financial activities are to be conducted and how operations are regulated and monitored on the basis of clearly defined targets and risk levels with respect to currency risk, interest-rate risk, financing risk, liquidity risk and credit risk (see Note 22 in the Directors' Report).

The finance policy serves to establish uniform guidelines and frameworks for the financial activities of the Group in connection with borrowing, debt management and liquidity management. These guidelines form the basis for effective control and cost-efficient management of financial cash flows and risks, while achieving a favorable long-term trend in net financial items and a positive effect on the Group's earnings.

Financial targets

At an overarching level, the Group's financial risk is limited by means of a sound capital structure and a stable and positive cash flow, which, over time, secures the Group's short and long-term capital supply. To achieve a sound capital structure and a stable and positive cash flow, the Board of Directors has set the following financial targets:

- The Group equity/assets ratio shall amount to at least 25 percent.
- Interest cover shall amount to a minimum of 1.75 x.
- The debt-to-equity ratio may amount to at most 70 percent relative to the Group's total assets and liabilities.

These financial targets also correspond generally to the financial covenants that the Group is obliged to monitor and report under the terms of its loan agreements.

Liabilities and derivatives portfolio

At the end of the year, K-Fastigheter financed its assets exclusively through bilateral loans with Nordic banks. Consolidated interest-bearing liabilities amounted to SEK 8,461.4 million (5,943.9), of which SEK 2,049.9 million (947.5) were classified as current interest-bearing liabilities at year end. Interest-bearing liabilities are distributed between first mortgages for completed investment properties of SEK 5,743.2 million (4,017.8), construction credits of SEK 1,591.2 million (1,057.9), leasing liabilities of SEK 93.1 million (92.7), operating and acquisition credits of SEK 783.8 million (525.6) and a promissory note relating to the acquisition of K-Prefab of SEK 250.0 million (250.0). The debt-to-equity ratio for the Group amounted to 55.4 percent (51.8) and the loan-to-value ratio for completed investment properties totaled 58.2 percent (57.1).

At the end of the year, the Group had contracted credit agreements of SEK 9,671.6 million (7,282.4), of which SEK 5,743.2 million (4,017.8) related to the financing of completed investment and business properties, of which SEK 1,706.9 million (790.2) mature for renegotiation within the next 12 months. In addition to the financing of completed investment and business properties, contracted credit agreements comprise building credits of SEK 2,867.1 million (2,132.1) and operating and acquisition credits of SEK 1,061.3 million (882.5), of which SEK 292.5 million (382.5) and SEK 93.8 million (100.0) relates to acquisition financing of

Credit and interest maturity structure, 31 Dec 2022 (excl. construction credits and operating credits)

Term	Interest maturity		Credit maturity		Derivatives maturity		
	Amount, SEK m	Average interest, %	Credit agreements, SEK m	Utilized, SEK m	Interest rate derivatives, SEK m	Interest, %	Value, SEK m
0-1 year	2,071.7	3.69%	1,706.9	1,706.9	100.0	0.69%	2.1
1-2 year	300.0	1.73%	1,545.1	1,545.1	300.0	0.33%	15.1
2-3 year	200.0	2.04%	1,697.0	1,697.0	200.0	0.64%	13.8
3-4 year	1,200.0	2.36%	866.1	866.1	1,200.0	0.96%	95.4
4-5 year	1,200.0	2.46%	344.6	344.6	1,200.0	1.06%	112.2
> 5 years	1,407.7	2.47%	219.8	219.8	1,407.7	1.07%	166.4
Total	6,379.5	2.72%	6,379.5	6,379.5	4,407.7		404.9

K-Prefab and Mjöbäck's Entreprenad AB respectively. At the end of the period, building credits and operating and acquisition credits had been utilized at an amount of SEK 1,591.2 million (1,057.9) and SEK 783.8 million (525.6) respectively.

As per 31 December 2022, the average credit term for the Group's interest-bearing liabilities, relating to acquisition financing and completed investment properties and operational premises was 2.4 years (2.8).

K-Fastigheter currently works exclusively with variable interest rate loans. Interest rate derivatives, primarily interest rate swaps, are used to adjust the period of fixed interest. Nominally, the swap portfolio totaled SEK 4,407.7 million (3,200.0) at the end of the year. At the end of the year, the fair value of the interest derivative portfolio was SEK 404.9 million (36.4). The average interest period for the Group's interest-bearing liabilities related to acquisition financing, investment and business properties was 3.4 years (4.4), and the average interest rate was 2.72 percent (1.85), including the effects of interest rate derivatives, and 3.85 percent (1.40) excluding the effects of interest rate derivatives. The total proportion of variable interest in relation to interest bearing liabilities related to acquisition financing, investment and business properties was 27 percent (29), and the interest rate sensitivity in the event of a 1 percentage point shift in loan rates amounted to SEK 17.2 million (14.0).

Interest on building credits is capitalized as a construction expense. During the year, interest expenses on construction credits of SEK 49.2 million (27.5) were capitalized. The average interest expense in relation to contracted building credits amounted to 3.92 percent (1.90) at the end of the year.

In order to increase the degree of hedging and to hedge new loans

as building credits are converted into long-term financing, during 2022 we have continued to focus on restructuring elements of the swap portfolio. This has been achieved by closing older swaps and using the accrued market value in new swaps with shorter terms but with a higher swap volume and fixed interest rates that are far lower than the market interest rate for equivalent swaps at a given time and with a particular term. The average period of fixed interest has not been affected because the shorter terms in the swap portfolio have been mitigated by the higher degree of hedging and the total average interest rate has been positively impacted because the new swaps have lower fixed interest rates than the variable interest on the underlying loans in the debt portfolio. Efforts to restructure the swap portfolio will also continue in the future and are made possible thanks to the positive market value generated in the portfolio in recent years.

Valuation

Investment properties are reported at fair value in the Consolidated Statement of Financial Position and the change in value is reported in the Consolidated Income Statement.

All investment properties have been assessed as being at level 3 in the value hierarchy in accordance with IFRS 13 Fair Value Measurement. The fair value of the properties is based on external and internal valuations by means of a combination of the yield capitalization and location price methods. Properties under construction and project properties are valued at cost with additions/deductions for expected unrealized value changes, calculated as the estimated fair value less the estimated cost, where 20 percent of the assessed change in value is recognized when the building permit has gained legal force and a general construction contract has been signed, while the remaining 80 percent is recognized successively during construction in relation to the costs incurred. The fair value is the estimated amount that would be



received in a single transaction at the time of valuation between knowledgeable parties who are independent of each other and who have an interest in completing the transaction following the usual marketing measures, where both parties are presumed to have acted with insight and wisdom, and without coercion.

As of 31 December 2022, all of the Group's completed properties have been valued by the external independent assessor, Newsec Advise AB, in accordance with the recommendations of RICS and IVSC, to reach a market value in accordance with the internationally accepted definition developed by these organizations.

In all instances, the basis for the valuation consists of data regarding the condition of the property, leases, fixed operating costs, vacancies and planned investments, as well as an analysis of existing tenants. An assessment is made of the location, rent trend, vacancy rates and direct return requirements for relevant markets, and normalized operation and maintenance costs are taken into account. Data on the properties' land area, detailed development plans for undeveloped land and development properties are collected from public sources.

The value of property stocks is updated quarterly, when existing values are updated with current rents, vacancies and market data from the external independent valuer, Newsec Advise AB, in the form of direct return levels and operating and maintenance costs.

The properties are inspected on an ongoing basis. The purpose is to assess the standard and condition of the properties, and the attractiveness of commercial premises.

Yield capitalization method

When valuing properties using the yield capitalization method,

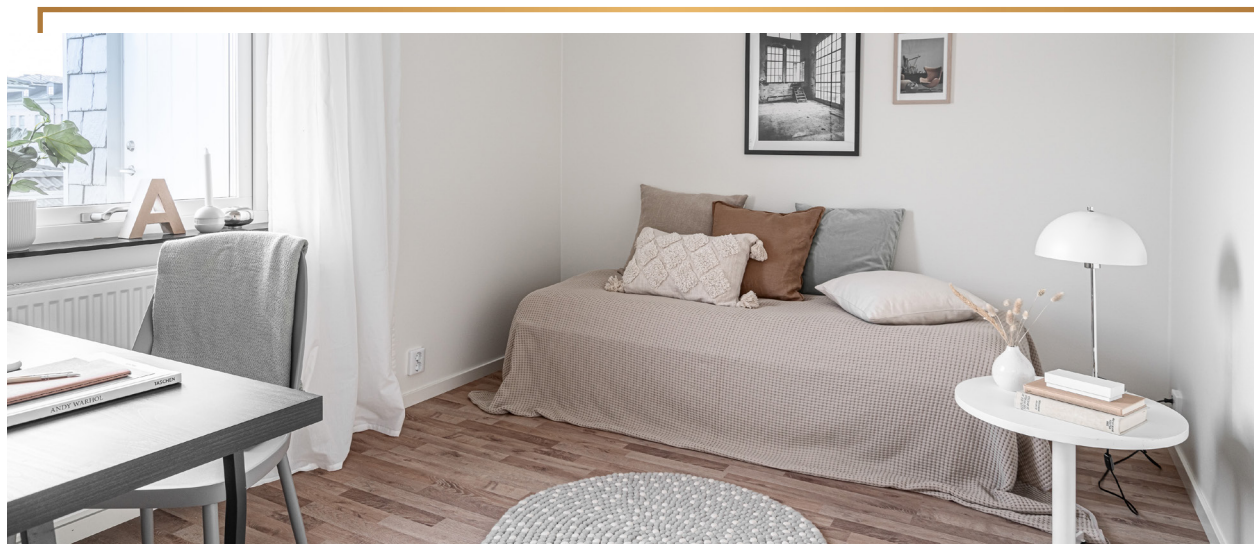
each property is valued individually by calculating the present value of anticipated future cash flows, that is, future rent payments less estimated operating and maintenance payments, as well as the residual value in year ten or fifteen depending on if it is an older property or a newly constructed property. Estimated rent payments, as well as operating and maintenance payments are derived from actual income and costs. Cash flow is market-adjusted by taking into account any changes in the letting ratio and letting levels, operating and maintenance payments, as well as market-based levels of the cost of capital and direct return.

All cash flow calculations are based on a long term rate of inflation of 2.0 percent (the Riksbank's inflation target). In the year, short-term cost inflation was adjusted from 2.0 percent to 4.0 percent for 2023, to subsequently fall back to 2.0 percent in 2024. The

corresponding rent inflation has been adjusted to 3.5 percent for 2023, 2.5 percent for 2024 and 2.0 percent for 2025.

Rent payments

Future rent levels are based on current levels and potential rent increases associated with investments and inflation. For 2023, we have assumed a general rental increase of 5.0 percent for apartments including water and heating and 3.5 percent for apartments excluding water and heating. Adjustments occur in connection with actual rental increases being set in the first quarter 2023. Rent levels for commercial contracts are estimated based on the current rent level including indexation, which means that rent levels shadow inflation forecasts. For the advance valuation of ongoing new construction, rent levels are adjusted by the future expected rent inflation upon completion. Vacancies are assessed for



each property based on the current vacancy status with a gradual adaptation to market-based vacancies and individual conditions.

Operating and maintenance costs

The assessment of disbursements for normal operations, maintenance and repairs, property tax, ground rent and property administration, has been made on the basis of actual outcomes for the relevant property or for a property of a similar design, and on the basis of Newsec Advise AB's statistics and experience of comparable objects. The assessment includes the properties' purpose, age and maintenance status. Disbursements for operations, administration and maintenance are expected to increase in line with assumed rate of inflation.

Investment needs

The property's investment needs are assessed on the basis of maintenance plans, the condition of the property and planned or current projects.

Direct return requirement and interest rate

The properties' direct return requirement has been assessed on the basis of each property's unique risk, which can be broken down into two parts – general market risk and specific property risk. The market risk is linked to general economic developments and is influenced by, among other things, how investors prioritize between different asset classes and financing opportunities. The specific property risk is influenced by the location of the property, the type of property, the standard of the housing units/premises, the quality of the installations, the type of tenants and the nature of the contract. The cost of capital corresponds to the interest rate that the owner of the property is required to pay on capital tied up in the property. The interest rate requirement is based on experiential assessments of the market's interest rate requirements for similar

properties, which is, in practice, derived by inflation-adjusting the estimated direct return requirement.

For completed investment properties, the direct return requirement on valuation units varies from 3.45 percent (3.25) to 7.04 percent (6.75), with a total weighted average of 4.03 percent (3.82) and, for properties under construction valued in advance, from 3.51 percent (3.31) to 4.57 percent (5.50), with a weighted average of 4.01 percent (3.77). The return requirement varies mainly due to the distribution between types of premises (housing/commercial) and geographical considerations. For completed investment properties, the average cost of capital applied for the year was 6.25 percent (5.90) and, for project properties under construction valued in advance, 6.20 percent (5.83).

Residual value

The residual value comprises the operating surplus during the remaining economic life of the asset, which is based on the year following the last year calculated. Residual value is calculated for each property through perpetual capitalization of the estimated market operating surplus and the estimated market operating direct return requirement for each property. The return requirement comprises the risk-free interest rate and each property's unique risk. The cost of capital/discount rate is used to discount the residual value of the properties to present value.

The location price method

The location price method is based on market analyses of conveyances of properties that are considered comparable. The method applies prices paid for similar properties on a free and open market. The comparison should take into account the value change between the transfer date for the property and the date of valuation. The location price method is used primarily to support the yield capitalization method.

Valuation assumptions, weighted average	2022	2021
Calculation period, number of years	10-15	10-15
Annual long-term inflation, %	2.00%	2.00%
Cost inflation coming year, %	4.00%	2.00%
Long-term rent trend, % annually	2.00%	2.00%
Rent inflation coming year, %	3.50%	2.00%
Cost of capital, %	6.23%	5.87%
Direct return requirements, residual value, %		
Housing, %	3.90%	3.67%
Commercial premises, %	5.45%	5.06%
Long-term vacancy ratio, %		
Housing, %	0.26%	0.27%
Commercial premises, %	5.78%	5.84%
Rental value, SEK/m ²	1,749	1,602
Operating and maintenance costs, year 1, SEK/m ²	289	239

Average direct return requirement for calculating residual value

Geographical region	Housing		Commercial	
	Completed	New construction	Completed	New construction
South	2.25-4.75%	3.50-4.55%	4.85-7.04%	5.00-5.50%
West	3.50-4.25%	3.45-4.35%	5.80-6.70%	5.50-6.00%
East	3.80-3.95%	3.75-4.25%	4.95-5.50%	5.00-6.00%
Denmark	4.25-4.35%	4.25-4.30%	-	-

Category	Completed	New construction
Housing	2.25-4.75%	3.45-4.55%
Offices	4.95-6.70%	-
Stores	4.95-7.04%	-
Restaurants	4.95-6.30%	-
Warehouses	5.08-7.04%	-
Other	4.85-6.64%	5.00-6.00%

SUBSIDIARIES AND ASSOCIATED COMPANIES



K-FAST KILEN AB

K-Fastigheter and the construction and property group Kilenkrysset AB has a joint venture with the aim of operating in the Mälardalen region to construct K-Fastigheter's concept buildings for long-term management. This involves residential building rights developed by Kilenkrysset as well as units acquired from other operators. Towards the end of 2022, the company acquired approximately 300 building rights in Örebro that were included in ongoing joint projects. K-Fastigheter holds 51 percent of the share capital

Read more about K-Fast Kilen: k-fastigheter.com

homevision

HOMESYSTEM SVERIGE AB

K-Fastigheter has a 30 percent holding in Homesystem Sverige AB. Other owners are Panghus Invest AB (60 percent) and Homesystem's founder Jacob Bergström (10 percent). Under the Homevision brand, the company develops customized digital solutions for safer homes and related services that make life easier for tenants and property owners.

Read more about Homevision: homevision.se



HOMESTATE AB

Together with Balder and One Partner Group, K-Fastigheter has an equal holding in the company HOMEstimate AB, which commenced operations in 2019. HOMEstimate's ambition is to offer solutions in the long-stay segment, which entails leasing furnished apartments to companies as a homely and affordable alternative to long-term hotel stays.

Read more about HOMEstimate at: homestate.se/en



PVS MARK&VA AKTIEBOLAG

Since the second quarter of 2021, K- 2021 holds 50 percent in PVS Mark&Va Holding AB, a land developer and machinery business based in Malmö. The remaining 50 percent is owned by the founders Gadaf Peci and Alexander Karlsson Böös. PVS is active in land and foundation analysis and project planning by assuming total responsibility for construction.

Read more about PVS: pvsab.se



MJÖBÄCKS ENTREPRENAD AB

K-Fastigheter holds 25 percent in Mjööbäcks Entreprenad AB. The other owners are Julia Nergården with 50.1 percent and Göran Nergården with 24.9 percent. Mjööbäcks produces the well-known single family home Mjööbäcksvillan and constructs proprietary housing projects, mainly in western Sweden. K-Fastigheter acquired its holding in the third quarter of 2021.

Read more about Mjööbäcks: mjobacks.se



AWAIO AB

Awaio is an app that makes it easy to collate and share different office alternatives that enable companies and individuals to customize their working lives in an easy, cost-efficient and sustainable manner. K-Fastigheter's holding in Awaio is 5 percent.

Read more about Awaio: awaio.com



NOVUM SAMHÄLLS-FASTIGHETER AB

K-Fastigheter holds 50 percent of the shares and votes in Novum Samhällsfastigheter AB, with Novum Fastigheter AB holding the remaining shares. The company develops and manages premises for publicly funded operations. These include retirement homes, residential care homes, schools, preschools and other specialized properties. The projects are usually based on early needs analyses drawn up together with tenants based on the operations' future needs for premises.

Read more about Novum Samhällsfastigheter at: novumfastigheter.se

Further information on K-Fastigheter's associated companies can be found on the company's website.

MARKET OVERVIEW

2022 was a turbulent year in many ways. Like for society as a whole, the property sector was affected by market unrest. While new construction starts are now lower, underlying demand for new housing remains unchanged, and rental apartments have an important role to play in this development.

This section is based on a Newsec report produced on assignment by K-Fastigheter. The section contains links to sources used.



Macroeconomics 2022

The global economy has faced major challenges in recent years. At present, prospects look set to gradually improve as inflation has now peaked in the US and Eurozone. However, core inflation in Sweden remains significantly above the Riksbank's target, as inflation has spread to a range of goods and services. The labor market remained surprisingly strong, particularly in the US, which could mean that some remaining inflation risk still exists.

The outlook for inflation and monetary policy is uncertain. In all likelihood, inflation will fall in most countries this year, in part as a result of monetary policy measures imposed by central banks.

Consumer confidence has fallen due to high inflation and rising interest rate costs, which has resulted in reduced consumer spending and lower GDP growth. Sweden's GDP growth was 2.4 percent in 2022, corresponding to a decrease compared to the previous year when growth stood at 5.25 percent. In 2023, growth is expected to slow further and may even become negative. There have been significant labor shortages following the pandemic, which has contributed to creating a relatively resilient labor market with low unemployment in Sweden compared to other countries. However, conditions deteriorated in the second half of 2022 when redundancies increased. Unemployment settled at 7.5 percent for 2022, a decrease in year-on-year terms.

Just like Sweden, Denmark was also affected by geopolitical and macroeconomic conditions. GDP growth receded in 2022, settling at 3.4 percent for the full year, slightly higher than expected. Inflation remains high, just like in Sweden, peaking at 10.1 percent in October 2022. Like the Swedish Riksbank, the Danish central bank raised base rates in the year, reaching 1.4 percent in



December. As the Danish krona is linked to the Euro, Denmark's interest rate policy is indirectly influenced by the European central bank.

Possible recession in 2023 – although milder than expected

Monetary policy tightening will have a negative effect on growth and employment figures, in line with the goal of cooling the economy. Even if we have yet to see the full impact of fiscal tightening, the downturn looks set to be milder than previously expected. In Europe, the main reason is that the economic impact of the war have been less pronounced than anticipated. Energy prices have not skyrocketed as forecast. However, gas and electricity prices remain high, although significantly lower than indicated by forward pricing last fall.

Nevertheless, an economic downturn remains the likely scenario for 2023. Household demand is falling and tighter monetary policy will continue to lead to slowed market activity over the coming months. External demand is likely to be weak once the US and UK slide into recession. China's growth outlook has improved recently and will marginally boost the outlook for Europe.

The Chinese upturn will be led by the service sector and will not have the same strong stimulating effect on the western economies as previously. An obvious source of uncertainty in Europe is the unfolding war in Ukraine – and the effects of a potential escalation.

Global stock markets climb ahead of expected interest rate peaks – although uncertainty remains

Global stocks have climbed as markets expect central bank base rates to peak soon; the market is looking at what lies beyond the current period of tightening, the coming upturn. The same optimism appears to be reflected in the bond markets. At the start of 2023, expectations led to falling inflation, which meant that bond rates declined from their peaks last fall. However, there is a risk that the markets have moved too quickly – which occurred several times last year.

The tug-of-war generated by the hawkish central banks is far from over. Both the Fed and ECB have signaled that more interest rate hikes are likely. This would indicate a bumpy ride for some time to come, as new interest rate increases will raise investor concerns once more.

Demographics

Sweden has historically experienced good and solid population growth, with average annual growth of approximately 0.8 percent over the last 20 years. In 2022, Sweden's population grew by 0.6 percent, down slightly on the previous year, but still representing a stable increase.

In the period 2020-2040, Sweden's population is expected to increase by some 8 percent to reach just under 11.4 million in 2040, corresponding to average annual growth of approximately 0.4 percent. Population is expected to exceed 11 million as early as 2032. The population forecast shows that the older segment of the population is expected to increase at the same time as the proportion of people of working age decreases. An aging population will have a significant impact on housing construction looking ahead, and on housing adapted to the needs of this demographic group.

On K-Fastigheter's markets, population growth was above the national average in the period 2006- 2022, with only Kristianstad and Borås experiencing lower population growth. However, all locations saw positive population growth in the period.

Employment and wages

Despite increased redundancies towards the end of 2022, the labor market withstood the many challenges presented in the year and unemployment fell to 6.6 percent in December 2022, down on the previous year. Unemployment also fell on all of K-Fastigheter's markets and the decrease was above the national average in a majority of locations. With the slowing economic activity there is a risk that employment will also fall looking ahead, which implies a risk of rising unemployment in 2023. At the same time, many employers are still experiencing labor shortages of skilled workers when recruiting.

Population growth and unemployment in K-Fastigheter's locations	Population 2022	Population trend 2006–2022, %	Unemployment* 2022, %	Population 2006
Sweden				
Borås	114,445	4%	6.5% (-0.2%)	109,880
Eskilstuna	107,918	17%	11.4% (-0.9%)	103,684
Gävle	103,493	12%	9.3% (-0.4%)	99,788
Gothenburg	596,841	7%	7.2% (-0.6%)	556,640
Helsingborg	150,975	7%	10.2% (-0.5%)	140,547
Hässleholm	52,369	1%	9.1% (-0.2%)	51,667
Höganäs	28,103	9%	5.3 (-0.4%)	25,847
Höör	17,297	16%	5.1% (-0.4%)	16,192
Kristianstad	86,738	4%	9.5% (-0.6%)	83,191
Landskrona	47,004	5%	10.0% (-1.1%)	44,611
Malmö	357,377	9%	12.3% (-1.0%)	328,494
Nyköping	58,021	6%	7.8% (-0.6%)	54,924
Strängnäs	38,526	11%	6% (-0.7%)	34,609
Västerås	158,653	8%	8.4% (-0.9%)	147,420
Växjö	97,137	9%	7.1% (-0.4%)	89,500
Älmhult	18,092	9%	7.2% (-0.6%)	16,618
Örebro	158,057	8%	7.7% (-0.6%)	146,631
Total, Sweden	10,521,556	5%	6.6% (-0.6%)	9,995,153
Denmark				
Hovedstaden Region	1,889,272	15%	2.8% (-0.2%)	1,636,749
Sjælland Region	849,629	4%	2.5% (-0.1%)	816,118

*Figures in brackets indicate change compared to the same month in the previous year. Unemployment relates to December 2022.

Source: Newsec, Statistics Sweden, Statistics Denmark'

Disposable income and employment have a strong impact on households' willingness to pay for consumption and housing. Following a sharp decrease in 2020 due to the pandemic, household disposable income increased once more in 2021 and 2022. Household disposable income increased on a majority of K-Fastigheter's markets. Given the high rate of inflation in 2022, however, the trend was negative in real terms.

Swedish property market 2022 – second strongest year ever, despite major challenges

In 2022, the transaction market was characterized by volatility and a high level of uncertainty. The year came off to a strong start, although activity on the transaction market slowed in the third quarter to recover once more in the final quarter of the year. Despite the uncertain macroeconomic conditions, 2022 was a strong year with total transaction volumes reaching approximately SEK 220 billion divided over just over 600 deals. Compared to the record year 2021, transaction volumes were down by 45 percent, while they remained strong from a historical perspective. The Swedish property market is still considered to be very attractive by international investors, who provided 24 percent of total transaction volumes. This represented an increase on the previous year, when foreign investment contributed 16 percent of total volumes.

The Stockholm region remains the largest geographical segment, providing some 41 percent of total transaction volumes, down slightly on 2021 when Stockholm generated 47 percent. Larger regional cities as well as other smaller locations increased their share in 2022, at 28 and 17 percent of total transaction volumes respectively. The corresponding share for 2021 was 22 and 11 percent respectively. Malmö and Gothenburg made relatively stable progress in the year, representing 5 and 9 percent of total transaction volumes respectively.

In terms of segments, housing provided a majority of transaction volumes at 24 percent. Nevertheless, this represents a reduction compared to 35 percent in 2021. The housing downturn was most noticeable in the second half of the year, mainly driven by

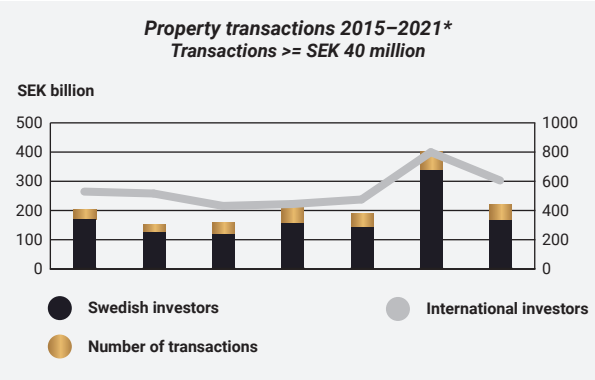
a deteriorated macroeconomic outlook, as housing is one of few segments that is not entirely protected from inflation. The Social housing segment generated the second highest turnover, 21 percent of total transaction volumes. The Warehousing, Logistics and Industry segments made relatively stable progress in the year, providing 21 percent of transaction volumes in total. The Office segment experienced its weakest year in the last 10-year period, generating 13 percent of total transaction volumes, against 21 percent in the previous year. Other segments (such as Hotel and Land) contributed 10 percent of total transaction volumes.

Housing market

Housing remains the largest segment on the transaction market. A total of some 165 housing transactions were completed in Sweden, with total volumes of just under SEK 46.0 billion in 2022.

However, the housing market still faces some challenges. Rising inflation and increased construction costs, alongside the removal of investment support for new production, have made it difficult to start new construction projects. In addition, the share of transactions for new housing starts decreased in relation to total pure housing starts in 2022, and sales of housing projects in the early stages of development have slowed since April 2022. Only two housing transactions relating to new production were completed in the fourth quarter.

Nevertheless, demand for housing in Sweden remains significant. There is considerable need for housing because the rate of construction has not kept pace with expected demand. Overall, the prospects remain favorable for the housing sector in the long term.



Housing type in K-Fastigheter's locations

Region	Rental apartments	Tenant-owner apartments	Property rights/single-family houses
Borås	46%	18%	36%
Eskilstuna	49%	19%	32%
Gävle	46%	23%	31%
Gothenburg	54%	29%	17%
Helsingborg	47%	27%	26%
Hässleholm	34%	11%	55%
Höganäs	28%	9%	63%
Höör	23%	6%	70%
Kristianstad	40%	12%	47%
Landskrona	51%	19%	30%
Malmö	46%	40%	14%
Nyköping	37%	27%	36%
Strängnäs	36%	17%	47%
Västerås	38%	31%	30%
Växjö	47%	18%	35%
Älmhult	35%	9%	56%
Örebro	57%	17%	26%
Total, Sweden	38%	24%	38%

In Sweden, there is a total of just over 5 million housing units, of which 42 percent comprise single family dwellings and 52 percent multi-family dwellings. Other housing units comprise specialty housing and other housing. Rental apartments is the dominant housing form in Sweden, with a share of 58 percent of all multi-family dwellings. Only 33 of Sweden's 290 municipalities hold multi-family dwellings that include more tenant-owner apartments than rental apartments.

Danish property market in 2022

Transaction volumes in Denmark decreased by 21 percent last year compared to 2021. Following several years of strong progress, Danish GDP fell in the fourth quarter 2022 as a result of increased energy prices and reduced household consumption. The trend look set to continue in the first quarter of 2023, with lower wages in real terms, falling house prices and tighter credit terms. Consumer confidence fell sharply during the fall and has not recovered yet. As a prominent shipping nation, the Danish economy benefited from high freight fees during the pandemic. However, exports were negatively affected when freight rates decreased last year.

Inflation will slow gradually although, like for its Nordic neighbors, Danish core inflation has still to peak. Although the Danish krona is tied to the Euro, the country's balance of trade surplus puts the currency under pressure. Accordingly, the Danish central bank may need to keep base rights slightly lower than the ECB level, although the difference compared to the European central bank will remain modest.

Construction activity has slowed, with the commensurate negative impact on housing investment. This is expected to lead to a significant slowdown in the first quarter of 2023. Higher interest rates and tighter credit terms led to falling property transactions

towards the end of 2022. Following several years of solid growth, prices on houses and apartments have fallen and are likely to continue to slow in 2023. However, household debt declined after many consumers refinanced long-term mortgages to reduce their borrowing. This should make the Danish market less vulnerable than the Swedish market. The market can be expected to recover by 2024 at the latest.

The Danish housing market

According to information from the Danish Property Federation which measures market statistics for rental apartments, average vacancies have stabilized at 3.5 percent in Denmark.

In central Copenhagen, vacancies are at 4.2 percent and fell to 1.8 percent for the rest of the Copenhagen area. Demand for housing remains high in Copenhagen, with demand exceeding construction starts. Just over 5,800 housing units were constructed in Copenhagen in 2021, while the number of households increased by close to 6,200 in the same period, which means that the rate of construction will lag behind demographic demand looking ahead.

In the remainder of Denmark's major cities progress was more complex. Household growth outstripped new housing starts in Aalborg and the Triangle region, and these regions experienced falling vacancies in 2022. In Århus and Odense, the situation was the reverse, as the number of new neighborhoods outstripped population growth. The change in vacancies in 2022 reflects changes in demographics and housing construction. The rate of new housing starts in Copenhagen peaked in 2019 with 6,700 new housing units. In 2020 and 2021, 5,800 new housing units were completed and the figures for 2022 showed signs of a continued slowdown.

The Danish government recently presented a proposal for a rent ceiling. Rents in newly constructed private rental apartments currently shadow the consumer price index, which increased by 8.8 percent in 2022. Rent increases of 8-9 percent would hit household finances hard, which has led the Danish government to introduce a temporary rent ceiling for privately owned rental apartments.

In practice, this implies a maximum rent increase of 4 percent annually for a period of two years. The government also proposed changes to rent indexation, which currently does not shadow the price of goods meaning that it does not increase at the same rate. The proposed changes would mean that rent levels would not be affected by rising food prices. This measure could potentially slow rental growth on the market.



Focus: K-Fastigheter's locations

Continued housing shortages

The country is continuing to experience housing shortages. The National Board of Housing, Building and Planning survey for 2022 shows that 204 of 290 municipalities in Sweden reported a housing shortage, a decrease against 3 municipalities in 2021. There are currently municipal-level housing shortages in all of K-Fastigheter's locations. The two main obstacles cited are high production costs and a shortage of land with zoning plans.

Following a high rate of construction in recent years, the trend stagnated slightly in 2022 as a result of increased construction costs and the abolition of investment support. Nationwide housing starts were 60,000 housing units according to the

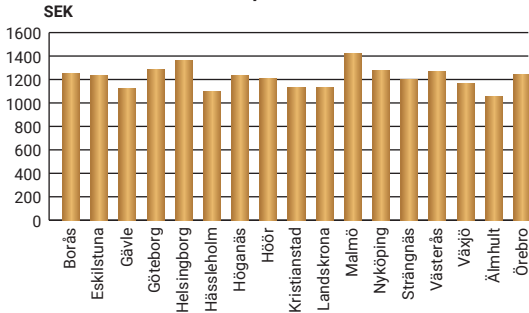
National Board of Housing, Building and Planning forecast, a figure that is expected to halve in 2023. However, the rate of housing units completed was high in the year and this is expected to continue in 2023. Given the current market conditions, most of the municipalities on K-Fastigheter's markets report positive construction rates for new housing starts and completed units, with a number of municipalities almost doubling housing construction in 2022 compared to last year's figure.

Despite the prevailing conditions, the outlook for increased construction in the near future is positive, as inflation and rising construction materials costs are both expected to decrease in 2023.

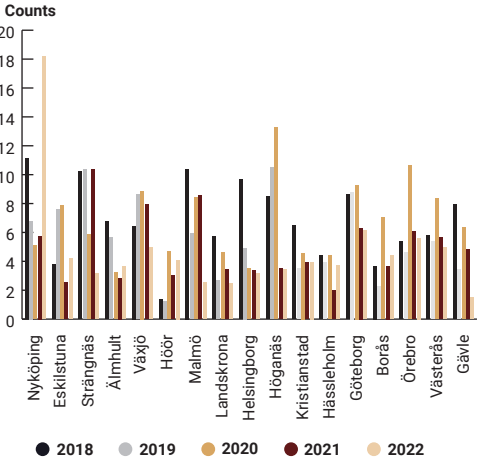
Rent levels

In 2022, rents increased by slightly more than in the previous year, with an average change in rent of 1.7 percent compared to 1.4 percent in 2021. Rent negotiations for 2023 between the Swedish

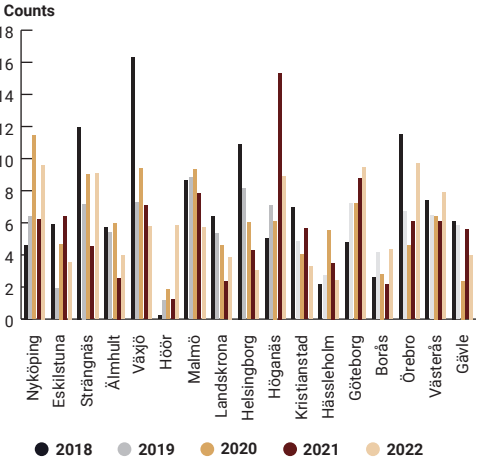
Average rent
Rental apartments 2022



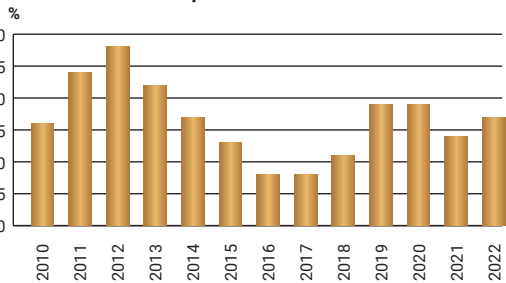
Commenced housing units per
1,000 inhabitants, 2018–2022



Completed housing units per
1,000 inhabitants, 2018–2022



Change in rent
Rental apartments 2010–2022



Source: Swedish National Board of Housing, Building and Planning, Statistics Sweden, adapted by Newsec Relates to new construction in the last four quarters until the end of the fourth quarter 2022.

Tenants' Union and landlords have been tougher than in many years due to high inflation. A majority of rent negotiations have led to rent increases of between 3.5 -5.0 percent with some local variations, while historically high rent increases have also occurred.

In terms of average annual rent for rental apartments in 2022, Malmö reported the highest level of approximately SEK 1,418/ square meter, closely followed by Helsingborg where the average rent was around SEK 1,362/square meter. In Älmhult and Hässleholm, the corresponding figure was approximately SEK 1,100 per square meter and SEK 1,050 per square meter respectively. For new rental apartments, rents are higher in the respective locations. In general, the prospects for continued growth are considered good in all K-Fastigheter's regions, with high demand and potential for rent increases, and low vacancy risk.

Region	Unemployment 2022*	Change compared to 2020	Disposable income 2021 (average, all household)	Trend income 2020
Borås	6.5%	-0.2%	SEK 41,833/month	5.73%
Eskilstuna	11.4%	-0.9%	SEK 38,241/month	4.60%
Gävle	9.3%	-0.4%	SEK 39,133/month	0.04%
Gothenburg	7.2%	-0.6%	SEK 43,700/month	5.15%
Helsingborg	10.2%	-0.5%	SEK 43,225/month	4.89%
Hässleholm	9.1%	-0.2%	SEK 38,200/month	2.28%
Höganäs	5.3%	-0.4%	SEK 51,966/month	10.31%
Höör	5.1%	-0.4%	SEK 43,916/month	4.50%
Kristianstad	9.5%	-0.6%	SEK 40,591/month	4.80%
Landskrona	10.0%	-1.1%	SEK 39,466/month	3.14%
Malmö	12.3%	-1.0%	SEK 40,741/month	6.91%
Nyköping	7.8%	-0.6%	SEK 40,833/month	-2.85%
Strängnäs	6%	-0.7%	SEK 47,558/month	7.60%
Västerås	8.4%	-0.9%	SEK 43,341/month	4.58%
Växjö	7.1%	-0.4%	SEK 41,916/month	4.55%
Älmhult	7.2%	-0.6%	SEK 43,541/month	6.09%
Örebro	7.7%	-0.6%	SEK 39,016/month	3.47%
Total, Sweden	6.6%	-0.6%	SEK 44,716/month	5.86%
Hovedstaden Region	2.8%	-0.2%	SEK 58,105/month	4.11%
Sjælland Region	2.5%	-0.1%	SEK 50,904/month	2.79%

* Dec 2022.

Source: Newsec, Statistics Sweden, the Swedish Public Employment Service, AKR, Labor Force Surveys, Statistics Denmark.

CORPORATE GOVERNANCE

K-Fast Holding AB is a Swedish public limited liability company whose Class B shares have been listed on the Nasdaq Stockholm exchange since 29 November 2019.



CORPORATE GOVERNANCE REPORT

This Corporate Governance Report is not included in the formal Annual Report, and constitutes a separate report. The Corporate Governance Report has been reviewed by the company's auditor.

Through great openness, K-Fast Holding AB's Board of Directors and management seek to help individual shareholders follow the company's decision-making paths and to clarify where the organization's responsibilities and authorities lie. This includes maintaining an efficient organizational structure, systems for internal control and risk management, as well as transparent internal and external reporting.

The Corporate Governance Report has been prepared in accordance with the provisions of the Annual Accounts Act and the Swedish Code of Corporate Governance ("the Code"). The company has followed the Code, Nasdaq Stockholm's Regulations for Issuers and generally accepted stock market practice since the company's listing on the Nasdaq Stockholm exchange in 2019. The Code is based on the principle of "follow or explain". This means that K-Fastigheter does not have to comply with every rule in the Code at all times, but can choose other solutions judged to better respond to the circumstances of the individual case, provided that the company openly reports every such deviation, describes the solution instead chosen by the company and states the reasons. The Code also means that some information shall be made available on the company's website.

The Board's opinion is that K-Fastigheter followed the Code in 2022 with the following exception:

- The year of birth of the members of the Board and Management is not reported as these data are of no significance in assessing expertise and experience. Education, Board assignments and

work experience are reported as these are of significance in assessing expertise and experience.

- the announcement of the Nomination Committee's composition ahead of the AGM 2023 was made closer to the AGM than six months and was announced on 25 November 2022.

Articles of Association

The company's name is K-Fast Holding AB and the company is public (publ) with the corporate ID number 556827-0390. The company's Board of Directors has its registered office in the Municipality of Hässleholm, Sweden. The object of the company's operations shall be, directly or indirectly via subsidiaries, to own and manage properties and securities, to conduct construction operations and related operations. Amendments to the Articles of Association are to be made in accordance with the provisions of the Companies Act. The latest changes were decided by the AGM 2021. The Articles of Association can be found at www.k-fastigheter.com.

Corporate governance structure

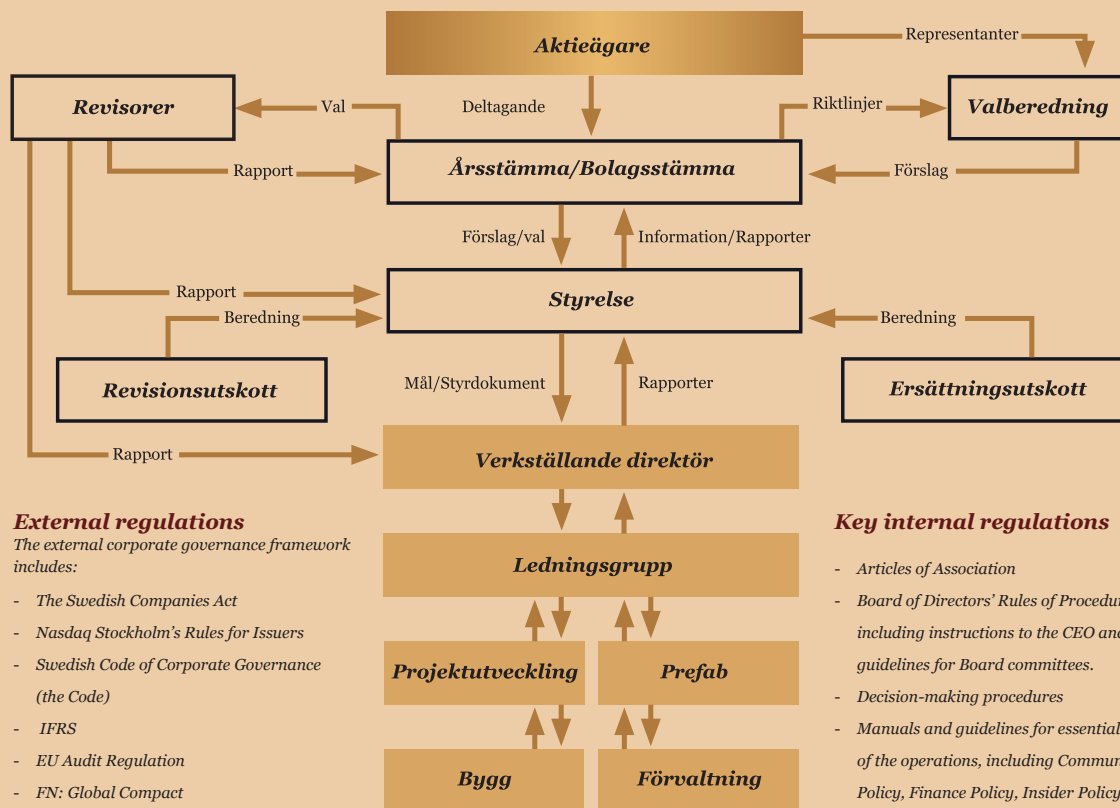
The objective of corporate governance is to ensure that the company is managed in as efficient a manner as possible for shareholders, but also to ensure that K-Fastigheter complies with applicable regulations. Corporate governance also aims to engender order and method, both for the Board and Group management. By having a clear structure and clear rules and processes, the Board is able to ensure that the focus of management and employees is on developing the business, and to thereby generate value for shareholders.

The Board and management strive for the company to live up to the requirements imposed by public authorities, Nasdaq Stockholm,

shareholders and other stakeholders. The Board also follows the ongoing debate on the subject and the recommendations issued by various operators, including the Swedish Securities Council or auditors.

At K-Fastigheter, corporate governance is primarily exercised through General Meetings and the Board. In a broader perspective, the issues also include Group management and its tasks, as well as the control and reporting functions within the Group.





Ultimately, the shareholders in K-Fast Holding AB make decisions regarding the Group's governance. At the AGM, shareholders appoint the Board of Directors, the Chairman of the Board and the auditors, determines the compensation paid to these, a decision is also made as to how the Nomination Committee shall be appointed. The Board is responsible to the owners for the Group's organization and the management of the Group's affairs. Shareholders exert their influence through the AGM and Extraordinary General Meetings.

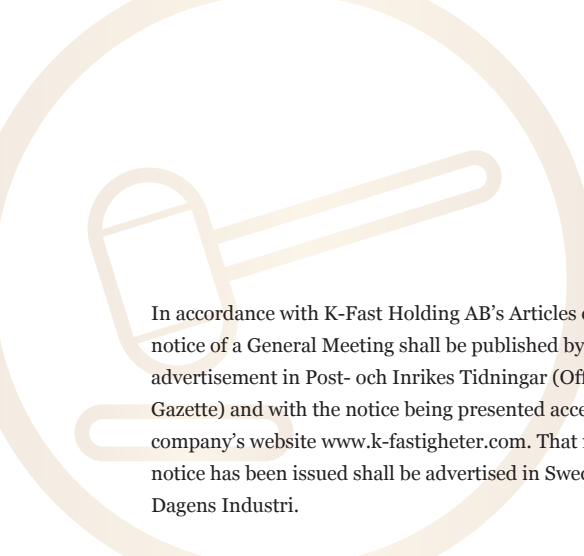
Management and responsibility is divided between the Board and the CEO in accordance with Swedish legislation, primarily the Companies Act and the Annual Accounts Act, Nasdaq Stockholm's Rules for Issuers, the Articles of Association and internal instructions and policy documents. The auditors report their audit to the AGM.

Shareholders' decision-making forums

According to the Companies Act, the AGM is the company's highest decision-making body. At the AGM, shareholders exercise their right to vote in matters such as the adoption of Income Statements and Balance Sheets, the disposition of the company's profit, approving discharge from liability for the members of the Board and the CEO, the election of Board members and auditors and the determination of fees to Board members and auditors. Board members are appointed and discharged in accordance with the Companies Act, and the Articles of Association contain no specific rules for this.

General Meetings

The AGM shall be held within six months of the end of each financial year. Beyond the AGM, Extraordinary General Meetings may be convened if the company's Board, Auditors or holders of at least 10 percent of all shares in K-Fast Holding AB request this.



In accordance with K-Fast Holding AB's Articles of Association, notice of a General Meeting shall be published by means of an advertisement in Post- och Inrikes Tidningar (Official Swedish Gazette) and with the notice being presented accessibly on the company's website www.k-fastigheter.com. That fact that such notice has been issued shall be advertised in Swedish financial daily Dagens Industri.

Resolutions of the AGM are normally approved through a simple majority. In certain matters, the Swedish Companies Act stipulates that proposals must be approved by a larger proportion of the shares represented and the votes cast at the Meeting.

Right to participate in Annual General Meeting

Shareholders wishing to attend the AGM must be included in the register maintained by Euroclear Sweden AB five working days before the AGM and announce their intention to participate to K-Fastigheter no later than the date specified in the notice convening the AGM. It is usually possible for shareholders to register for the AGM in several different ways, which are stated in the notice convening the AGM. To participate in the AGM, besides registering the intention to attend, nominee-registered shares must be registered under the shareholder's name in the register maintained by Euroclear Sweden AB by no later than four banking days prior to the AGM. Shareholders not present in person at the AGM may exercise their rights at the AGM through a proxy. Shareholders who are present in person at the AGM, or proxies for absent shareholders, may have at most two assistants.

Shareholder initiatives

A shareholder wishing to have a matter addressed by the AGM must request this in writing from K-Fastigheter's Board of

Directors. The matter will be raised at the AGM if the request has been received by the Board by no later than one week before the earliest date of convening the AGM according to the Companies Act, or at a later date, but in sufficient time for the matter to be included in the notice convening the AGM.

Voting rights

K-Fast Holding AB has two share classes: Class A and Class B shares. Class A shares entitle the holder to five votes per share and Class B shares entitles the holder to one vote per share. Both Class A and Class B shares entitle holders to equal participation in the company's assets and earnings.

On 31 December 2022, there were a total 215,331,168 shares in K-Fast Holding distributed between 22,500,000 Class A shares, 112,500,000 votes and 192,831,168 Class B shares representing 192,831,168 votes. The total number of votes on 31 December 2022 was: 305,331,168. Class B shares represented 63.2 percent of the votes and 89.6 percent of the share capital.

Additional information about the share and shareholders can be found on page 156- 160.

2022 Annual General Meeting

The AGM was held on 12 May 2022 in Hässleholm, Sweden. In addition to physical attendance, voting was also possible by postal ballot. A total of 112 shareholders, corresponding to some 92.3 percent of the total number of votes in the company, participated in the AGM. Minutes from the AGM are available on the company's website. At the Meeting shareholders reached resolutions regarding matters including:

- not to pay a dividend for the 2021 financial year
- re-election according to the Nomination Committee's proposal of

Ulf Johansson, Christian Karlsson, Jacob Karlsson, Sara Mindus, Jesper Mårtensson and Erik Selin as Board members, and Erik Selin as Board Chairman for the period until the end of the next AGM

- re-election of Ernst & Young Aktiebolag as auditor until the end of the next AGM with Stefan Svensson as the Authorized Public Accountant
- Board fees of SEK 200,000 for the ensuing term of office for Board members not employed by K-Fastigheter. Erik Selin will not receive any Board fees
- authorize the Board, in the period until the AGM 2023, on one or more occasions and with or without preferential rights for shareholders, to decide on one or more new share issues departing from shareholders' preferential rights of a maximum of 24,000,000 new Class B shares corresponding to one tenth of the total number of shares in the company
- authorize the Board, in the period until the AGM 2023, on one or more occasions, to decide to acquire Class B shares in the company corresponding to a maximum of one tenth of the total number of shares in the company.

2023 Annual General Meeting

The AGM of K-Fast Holding AB will be held on 15 May 2023. Information regarding the AGM will be published at www.k-fastigheter.com.

Ahead of the 2023 AGM, the Board proposes that no dividend be paid for the 2022 financial year.

Nomination Committee

At the Extraordinary General Meeting on 19 August 2019, resolutions were reached regarding principles for the appointment of a Nomination Committee. K-Fastigheter's Nomination Committee for the AGM 2023 was appointed in accordance with these principles. Departures from this took place as the composition of the Nomination Committee was announced less than six months prior to the AGM and the Code and the company's principles state that the Nomination Committee should be announced by no later than six months before the AGM. The Nomination Committee shall comprise the Board Chairman and representatives of the three largest shareholders in terms of votes at the end of the third quarter in the year before the AGM. A complete description of the principles for appointing and instructing the Nomination Committee can be found on the company's website, k-fastigheter.com.

The composition of the Nomination Committee has been published through a separate press release on 25 November 2022, as well as on K-Fastigheter's website, where shareholders can also read

Nomination Committee ahead of the 2023 Annual/General Meeting

Name / representing	Percentage of votes, 30 September 2022
Stefan Alvarsson / Jacob Karlsson AB	39.5%
Shahram Rahi / Erik Selin Fastigheter AB	39.3%
Johannes Wingborg / Länsförsäkringar Fondförvaltning AB (publ)	2.8%
Erik Selin, Chairman of the Board of K-Fast Holding AB	

* Independent in relation to the company and management/largest shareholder in terms of votes.

about their opportunity to submit proposals to the Nomination Committee.

The Nomination Committee is tasked with preparing and submitting proposals to the next AGM regarding the appointment of the Chairman of the Board and other Board members, as well as on remuneration to the Chairman of the Board and other members. The Nomination Committee is also tasked with evaluating the Board's work, based primarily on the report presented to the Nomination Committee by the Chairman of the Board. The Nomination Committee also proposes auditors for election and the fees to be paid to them.

For their work on K-Fast Holding AB's Board, members should have appropriate experience and skills in the operations conducted, to be able to identify and understand the risks that can arise in the operations and the regulations governing the operations conducted. The Nomination Committee must take into account K-Fastigheter's diversity policy, which agrees with item 4.1 of the Code, in its proposal regarding the election of Board members.

The Nomination Committee shall take the policy into account with the aim of achieving a suitable composition of the Board. When new Board members are elected, the suitability of the individual member shall be scrutinized to achieve a Board with a combined expertise sufficient for the company to be governed effectively. In accordance with point 4.1 of the Swedish Corporate Governance Code, the company's Board shall have an expedient composition with regard to the company's operations, stage of development and conditions otherwise, characterized by versatility and breadth relating to Directors' competencies, experience and background, and an even distribution between the sexes.

Stefan Svensson

Auditor K-Fastigheter

Auditor for K-Fastigheter and principal auditor since 2016. Authorized Public Accountant and member of FAR. Other major assignments: Brinova Fastigheter, Executive Property, Fitness24seven and ONE Nordic. Former major assignments: Bergendahl & Son and IKEA Centres.



In addition to Jacob Karlsson AB and Erik Selin Fastigheter Aktiebolag, each representing 39.5 percent and 39.3 percent respectively, of the votes, there is no other shareholder representing more than 10 percent of the votes.

Composition of the Board of Directors

Board members are normally appointed by at the AGM for the period until the end of the ensuing AGM. In accordance with K-Fast Holding AB's Articles of Association, the Board shall comprise at least three and at most eight members without deputies. In accordance with the Code, the Chairman of the Board shall be appointed by the AGM. At most one Board member elected by the AGM may be a member of K-Fastigheter's management or the management of a subsidiary. The majority of the members elected by the AGM shall be independent in relation to K-Fastigheter and

Group management. At least two of the Board members who are independent in relation to K-Fastigheter and Group management should also be independent in relation to K-Fastigheter's major shareholders. More information about the company's Board of Directors can be found on page 55.

Responsibilities of the Board of Directors

The Board of Directors is the company's second-highest decision making body after the AGM. In accordance with the Companies Act, the Board is responsible for K-Fastigheter's organization and the management of the company's affairs.

The Board shall continuously assess K-Fastigheter's financial situation. The Board shall ensure that the accounting, management of funds and financial conditions of K-Fastigheter in other regards are controlled in a satisfactory manner.

In accordance with the Code, the tasks of the Board include determining the company's overarching objectives and strategy, appointing, evaluating and where necessary dismissing the CEO, identifying how sustainability issues affect the company's risks

and business opportunities, establishing required guidelines for the company's conduct in society to ensure its long-term capacity to add value, ensuring that there are appropriate systems for the evaluation and control of the company's operations and the risks associated with the company's operations, ensuring there is satisfactory control of the company's compliance with laws and other regulations that apply to the company's operations, as well as the company's compliance with internal guidelines and ensuring that the company's publication of information is characterized by openness and is correct, relevant and reliable.

Board of Directors 2022

Since the AGM on 2 April 2019, the Board has comprised six members. The Board has a quorum when more than half of the number of Board members are present. In the event of a tied vote, the Chairman of the Board has the casting vote. The Board of K-Fast Holding AB consists of individuals with broad experience and competences relating to the property sector, business development, sustainability issues and financing. A number of the members have experience of Board work in other listed companies.

All Board members have undergone Nasdaq Stockholm's training for Directors and senior executives. The Board receives information on an ongoing basis regarding regulatory changes and issues related to operations and the Board's responsibilities in a listed company.

In addition to the complete Board of Directors acting as signatory for K-Fastigheter, two Board members in unison may sign or one Board member in unison with the company's Deputy CEO/CFO. If certain tasks are delegated to one or more of Board members or to others, the Board shall proceed with care and continuously assess whether the delegation of responsibility can be maintained.

The Chairman of the Board shall ensure that the work of the Board is performed efficiently and that the Board fulfills its duties.

Board of Directors' Rules of Procedure

In its work, the Board follows written Rules of Procedure. The Rules of Procedure are adopted annually and, among other things, regulate functions and the distribution of work between the Board members and the CEO and between the Board and its various

Board of Directors, composition, attendance and compensation

Name	Elected	Independent in relation to:		Attendance		Remuneration	
		The company and senior executives	Major shareholders	Board meetings	Audit Committee	Remuneration Committee	Meetings of the Board of Directors and Committees
Erik Selin, Chairman of the Board	2018	Yes	No	8 of 9	4 of 5	0 of 1	-
Ulf Johansson, member	2019	Yes	Yes	9 of 9	5 of 5	1 of 1	200,000
Christian Karlsson, member	2019	No	No	9 of 9	-	-	200,000
Jacob Karlsson, member	2010	No	No	9 of 9	-	-	-
Sara Mindus, member	2019	Yes	Yes	9 of 9	5 of 5	1 of 1	200,000
Jesper Mårtensson, member	2018	Yes	No	9 of 9	-	-	200,000

committees, as well as certain procedural issues concerning the convening of Board meetings. The Rules of Procedure also stipulate that the Board shall appoint an Audit Committee and a Remuneration Committee. The Chairman of the Board is also the Chairman of the committees. The Board meets in accordance with a schedule set annually. In addition to these regular meetings, the Board convenes if the Chairman considers it necessary or if a Board member or the CEO requests it. In accordance with the Companies Act, the Board has also established instructions for the CEO, including instructions on both internal reporting to the Board as well as on the company's external reporting to the market.

Audit Committee

The Board has appointed an Audit Committee comprising three members: Ulf Johansson, Sara Mindus and Erik Selin. Erik Selin is the Chairman of the Board and Sara Mindus is the Deputy Chairman of the Committee.

The Audit Committee shall, without this affecting the Board's responsibilities and tasks in other regards, including the monitoring of the company's financial reporting, monitor the efficiency of the company's internal control and risk management, keep itself informed regarding the audit of the Annual Report and consolidated accounts and on the conclusions of the Swedish Inspectorate of Auditors' quality control. The Committee shall also review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with other services than auditing.

Remuneration Committee

The Board has appointed a Remuneration Committee consisting of three members: Ulf Johansson, Sara Mindus and Erik Selin. Erik Selin is the Chairman of the Committee.

The principal tasks of the Remuneration Committee are to prepare Board decisions relating to remuneration principles, remuneration and other employment terms for Board members, the CEO and Group management, and to follow and evaluate programs for variable remuneration for management, and to follow and evaluate the application of remuneration guidelines for senior executives adopted by the AGM, as well as applicable remuneration structures and remuneration levels.

Chairman of the Board of Directors

The Board's Rules of Procedure state, among other things, that the Chairman of the Board shall ensure that the work of the Board is carried out efficiently and that the Board fulfills its obligations. This includes organizing and leading the work of the Board and fostering the best possible conditions for that work. In addition, the CEO shall ensure that Board members continuously update and deepen their knowledge of the company and that new members receive appropriate introduction and training. The Chairman of the Board shall be available as an adviser and discussion partner for the CEO, but shall also evaluate the work of the CEO and report on this assessment to the Board. In addition, the Chairman of the Board is tasked with ensuring that the work of the Board is evaluated annually and to inform the Nomination Committee regarding this evaluation.

At the AGM on 12 May 2022, Erik Selin was elected Chairman of the Board. The Chairman of the Board does not participate in the operational management of the company.

Work of the Board of Directors

During the financial year 2022, the Board held nine meetings where minutes were kept. The company's CEO and/or Deputy CEO and CFO should, as a general rule, attend Board meetings in



BOARD YEAR 2022

First quarter

Meeting 1, 17 February 2022

- Year-End Report/Annual Accounts
- Auditor's comments

Meeting 2, 31 March 2022

- Audit Report: Annual Accounts/ Audit, Corporate Governance Report, Sustainability Report, Remuneration Report, Internal Control, Significant Accounting.
- Notice convening the Annual General Meeting
- Approve Annual Report, Sustainability Report and Corporate Governance Report
- Internal controls
- Approval of the remuneration report

Second quarter

Meeting 3, 5 May 2022

- Approval of Interim Report January - March

Meeting 4, 12 May 2022

- (statutory Board meeting)

Third quarter

Meeting 5, 28 July 2022

- Approval of Interim Report January - June
- Financial position

Fourth quarter

Meeting 6, 10 November 2022

- Tax position
- Internal controls
- Auditor's observations regarding internal control
- Risk management
- Policy compliance
- Approve policy documents
- Meeting with Auditors, management not present
- Audit plan
- Approval of Interim Report January - September
- Recommendations to the Nomination Committee regarding election of Auditor

Meeting 7, 30 November 2022

- Financing matters

Meeting 8, 15 December 2022

- Financing matters

Meeting 9, 15 December 2022

- Financing matters

a reporting role. company employees, the auditor or other external consultants shall be co-opted to Board meetings to participate and to present matters when necessary. Board member Christian Karlsson is the Secretary of the Board of Directors.

At its meetings, the Board addressed fixed agenda items to be included in each Board meeting in accordance with the Board's Rules of Procedure. These include the business situation, budget, interim reports and annual accounts.

In addition to the scheduled meetings, the work of the Board includes ongoing financial review, evaluation of strategy, recommendations regarding remuneration levels, acquisition matters, as well as accounting and auditing issues.

During 2023, the Board will be evaluating its work. The most recent review was completed in fall 2021. The evaluation and the subsequent discussion by the Board will serve as basis for the ongoing development of the Board's working methods and for ensuring that the Board can make decisions that are as well-informed as possible. The evaluation of the Board follows the guidelines for Board evaluation in the Code.

Attendance at Board meetings

See information on page 47.

CEO

The company's CEO is Jacob Karlsson. In accordance with the provisions of the Companies Act, the CEO is responsible for the ongoing management of K-Fastigheter in accordance with the Board's guidelines and instructions.

Measures that, in view of the scope and nature of the company's operations, are unusual or of great importance, fall beyond the ongoing management and should therefore, as a general rule, be prepared and presented to the Board for decision. The CEO shall also take the actions necessary for the company's bookkeeping to be performed in accordance with legislation and for assets to be managed satisfactorily.

In relation to the Board, the CEO is a subordinate corporate body, and the Board itself can also determine matters included in ongoing management. The work and role of the CEO and the division of work between the Board and the CEO is set out in written Instructions to the CEO from the Board and the Board continuously evaluates the work of the CEO. For the presentation of the CEO, see page 55. For remuneration to the CEO, see page 51.

Conflict of interest

Board members or the CEO shall not address matters relating to contracts between themselves and the company or the Group. Nor is such individual permitted to address matters relating to contracts between the company and third parties, where a significant conflict of interest could arise for such individual in relation to the company. Contracts as outlined above correspond to court proceedings or other litigation process. It is the responsibility of Board members and the CEO, where applicable, to provide information in the event that a conflict of interest arises.

REMUNERATION REPORT

K-FAST HOLDING AB, FINANCIAL YEAR 1 JANUARY 2022–31 DECEMBER 2022

K-Fast Holding AB (“K-Fastigheter”) is a public limited company whose Class B shares are listed on the Nasdaq Stockholm. The Board of K-Fastigheter is required to propose guidelines for salary and other remuneration to Board members, the CEO and Deputy CEO to the AGM. Remuneration corresponds to transfer of securities and transfer of rights to acquire securities from the company at a future date. The guidelines relate to the period starting from the date of the AGM where the guidelines are adopted.

The Board shall propose new remuneration guidelines as required when material changes to the guidelines occur, subject to a minimum of every four years.

The applicable guidelines for remuneration to senior executives were adopted at the AGM on 19 May 2020. The guidelines are published on K-Fastigheter's website, k-fastigheter.com/en/corporate-governance/remuneration ("Guidelines").

The Board of K-Fastigheter is obliged to report paid and outstanding remuneration as stated in the guidelines for each financial year.

This report describes how the Guidelines were applied in 2022. The report also contains information about K-Fastigheter's

remuneration to the CEO and Deputy CEO. The report has been prepared in accordance with the company's Act and the Swedish Corporate Governance Board's rules governing remuneration to senior executives and incentive programs.

Total remuneration

Total remuneration to individual executives are shown in the table below.

K-Fastigheter's overarching goal is to generate long-term value growth for its shareholders. Over a business cycle, value creation is measured as growth in long-term net asset value per share. This will take place through project development, construction and management of rental apartments in select locations, and through local operations close to the company's partners and tenants in the locations where the company is established, and

by collaborating with public sector operators. Sustainability is central to K-Fastigheter's operations, focusing on environmental considerations by including energy-efficient solutions in the properties, and by being a responsible employer that attract and develops its employees. In order to support the company's business strategy, long-term interests and sustainability, and generate positive long-term value growth for its shareholders, the company shall offer competitive remuneration on market terms, but not be a salary leader in relation to comparable employers.

The Board assesses that total remuneration encompassed by the Guidelines and which has been paid out in the financial year complies with the Guidelines.

Executives	Basic remuneration, SEK	Variable remuneration, SEK	Other remuneration, SEK	Relative proportion basic and variable remuneration, %
Chairman of the Board	0	0	0	-
Ulf Johansson, Board Member	200,000	0	0	-
Christian Karlsson, Board Member	200,000	0	0	-
Sara Mindus, Board Member	200,000	0	0	-
Jesper Mårtensson, Board Member	200,000	0	0	-
CEO	1,215,487	0	142,827	-
Deputy CEO	1,055,042	190,000	390,388	14%

Annual change in remuneration

The annual change in remuneration to individual executives in the company's profit and average remuneration included in the measure 'full time equivalents' for the company's other employees in the last five financial years is reported below.

Board Members¹

Erik Selin²

SEK	2022	2021	2020	2019	2018
Basic remuneration	0	0	0	-	-
Variable remuneration	0	0	0	-	-
Other remuneration	0	0	0	-	-

Ulf Johansson³

SEK	2022	2021	2020	2019	2018
Basic remuneration	200,000	200,000	200,000	200,000	-
Variable remuneration	0	0	0	0	-
Other remuneration	0	0	0	0	-

Christian Karlsson⁴

SEK	2022	2021	2020	2019	2018
Basic remuneration	200,000	200,000	200,000	200,000	-
Variable remuneration	0	0	0	0	-
Other remuneration	0	0	0	0	-

Sara Mindus⁵

SEK	2022	2021	2020	2019	2018
Basic remuneration	200,000	200,000	200,000	200,000	-
Variable remuneration	0	0	0	0	-
Other remuneration	0	0	0	0	-

¹ Decisions relating to Directors' fees are made by the AGM.

² Elected Chairman at AGM 2019.

³ Elected Board member at AGM 2019.

⁴ Elected Board member at AGM 2019.

Jesper Mårtensson⁶

SEK	2022	2021	2020	2019	2018
Basic remuneration	200,000	200,000	200,000	200,000	-
Variable remuneration	0	0	0	0	-
Other remuneration	0	0	0	0	-

CEO and deputy CEO

Jacob Karlsson⁷

SEK	2022	2021	2020	2019	2018
Basic remuneration	1,215,487	1,207,606	1,219,411	1,219,679	608,411
Variable remuneration	0	0	0	0	0
Other remuneration	142,827	191,778	170,302	137,526	126,095

Martin Larsson⁸

SEK	2022	2021	2020	2019	2018
Basic remuneration	1,055,042	1,097,423	928,747	910,864	-
Variable remuneration	190,000	0	150,000	0	-
Other remuneration	390,388	372,888	346,382	362,333	-

K-Fastigheter's profit

The annual change in K-Fastigheter's profit over the last five financial years is presented below.

SEK m	2022	2021	2020	2019	2018
Profit for the year	907.4	1,044.4	474.5	365.3	244.8

⁵ Elected Board member at AGM 2019.

⁶ Elected Chairman in 2018 and re-elected Board member at AGM 2019.

⁷ CEO and Board member.

⁸ Deputy CEO since 2019. Employed in 2018.

Average remuneration for K-Fastigheter's other employees

The annual change in average remuneration for the measure 'full-time equivalents' for K-Fastigheter's other employees over the last five financial years is presented below.

SEK	2022	2021	2020	2019	2018
Average remuneration	455,426	422,126	498,951	421,918	420,027

Remuneration from other Group company

No remuneration to executives has been paid from other Group companies.

Shares and warrants

No shares or warrants were allocated or offered to executives.

Recovery of variable remuneration

No demands for recovery of variable remuneration were presented.

Departures from decision-making process

K-Fastigheter's Board has instituted a Remuneration Committee with the primary task of preparing Board decisions relating to remuneration principles, remuneration and other employment terms for the CEO and senior executives. Accordingly, the Remuneration Committee shall propose guidelines for remuneration to Board members, the CEO and senior executives, which the Board presents to the AGM for adoption at least every four years. The decision-making process is described in the Guidelines. There were no departures from the decision-making process.

Departures from the Guidelines

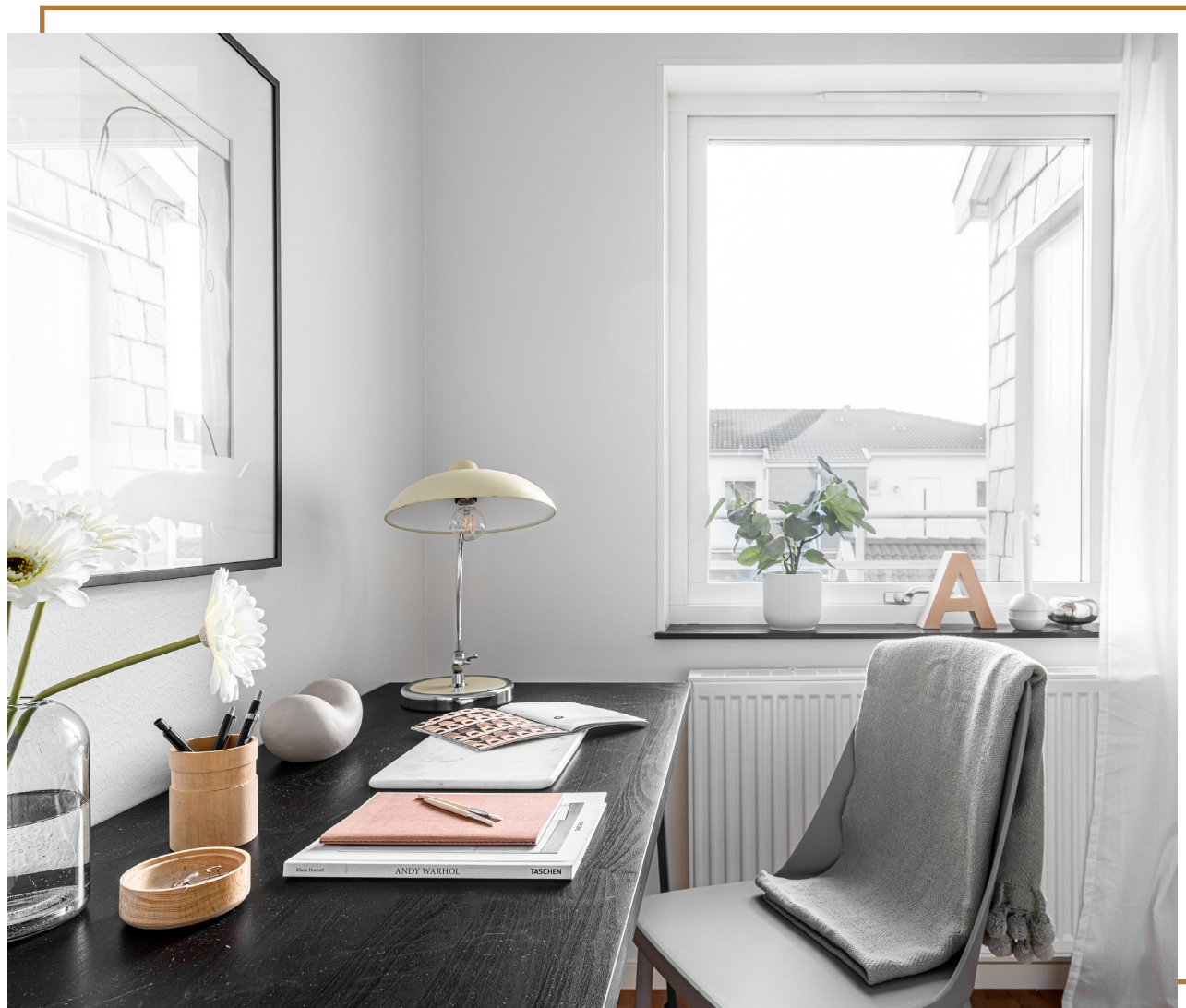
There were no departures from the Guidelines.

Comments from the AGM

There were no comments from the AGM in relation to the AGM's consideration of an earlier report. Accordingly, the Board has not considered any such comments.

Information in the Annual Report

The information referred to in Chap. 5, §§ 40–44 of the Annual Accounts Act (1995:1554) is reported on pages 82–83 of K-Fastigheter's Annual Report for 2022.



INTERNAL CONTROL AND RISK MANAGEMENT

BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROL

The Board's responsibility for internal control is regulated by the Companies Act, the Annual Accounts Act – which includes a requirement to provide information on the most important elements of K-Fastigheter's system for internal control and risk management in conjunction with the financial reporting to be included each year in the Corporate Governance Report – as well as by the Code. The Board shall safeguard that K-Fastigheter has good internal control and formalized procedures ensuring compliance with established principles for financial reporting and internal control and that appropriate systems are in place for the assessment and control of K-Fastigheter's operations and the risks with which the company and its operations are associated.

The overall purpose of internal control is to ensure, to a reasonable extent, that K-Fastigheter's operational strategies and objectives are followed up and that the owners' investment is protected. The internal control should also ensure that the external financial reporting is, with reasonable certainty, reliable and prepared in accordance with generally accepted accounting principles, compliance with applicable laws and regulations and compliance with the demands made on listed companies. The control environment constitutes the basis for internal control, which also includes risk assessment, control activities, information and communication, as well as follow-up.

CONTROL ENVIRONMENT

The Board bears the overall responsibility for internal control regarding financial reporting. To create and maintain a functioning control environment, the Board has adopted a number of policies and governance documents regulating financial reporting. These consist primarily of the Board's Rules of Procedure, instructions for

the CEO, instructions for the committees established by the Board and instructions for financial reporting.

The Board has also adopted a specific authorization structure and a Finance Policy. K-Fastigheter also maintains a finance manual containing principles, guidelines and procedural outlines for accounting and financial reporting. The Board has also established an Audit Committee tasked primarily with overseeing the company's financial reporting, monitoring the efficacy of K-Fastigheter's internal control, internal audit (if such a function has been established) and risk management, as well as with reviewing and monitoring the auditor's impartiality and independence.

The responsibility for the day-to-day work of maintaining the control environment rests primarily with K-Fastigheter's Deputy CEO and CFO, who reports to the Board on an ongoing basis and in accordance with established instructions. The Group's finance department plays an important role with regard to reliable financial information. It is responsible for complete, accurate and timely financial reporting. The CFO reports to the company's Deputy CEO and CFO who, in turn, reports to the CEO and the Board.

In addition to internal review and reporting, K-Fastigheter's external auditors are required to report to the CEO and Board during the financial year. The auditors' reports provide the Board with a good comprehension of, and reliable data regarding, the financial reporting in the Annual Report.

NEED FOR INTERNAL AUDIT

The efficacy of internal auditing is largely dependent on the company's organizational structure and the size of the organization. K-Fastigheter has a relatively small organization, the

administration of which is managed from the company's offices in Hässleholm. Group management reviews the Income Statement and Balance Sheet on a continuous basis. Combined, this means that maintaining a specific internal audit unit is not considered to be justified.

RISK ASSESSMENT AND CONTROL ACTIVITIES

The risk assessment includes identifying and evaluating the risk of material errors in K-Fastigheter's business processes, which include accounting and reporting at the Group and subsidiary levels. Risk assessment is performed on an ongoing basis and in accordance with established guidelines, focusing on the company's essential business processes. Within the Board, the Audit Committee is primarily responsible for the continuous assessment of the company's risk situation, after which the Board conducts an annual review of the risk situation.

Control activities are aimed at identifying and limiting risks. The Board is responsible for internal control and the review by Group management. This involves both internal and external control activities, as well as an analytical review of the company's policies and governance documents. Control activities are reviewed and documented at the process and role levels by means of a web application developed by the company, referred to as ICT (Internal Control Tools). ICT ensures that, in their specific roles, K-Fastigheter's employees have access to relevant information (and knowledge) at the right time to be able to conduct the stipulated control activities, and that assessment can be conducted systematically to ensure that the control system is maintained. The Group-wide guidelines for internal control are reviewed within all business areas and central units during the year, partly through an ongoing review of essential processes, partly through ICT for

internal control, after which a report is presented to the Board.

Uniform accounting and reporting instructions are applied by all units within K-Fastigheter.

INFORMATION AND COMMUNICATION

K-Fastigheter has information and communication paths aimed at promoting the accuracy of its financial reporting and enabling reporting and feedback from the operations to the Board and management, through, for example, governance documents in the form of internal policies, guidelines and instructions regarding financial reporting having been made available and known to the employees affected. The Board will receive further information relating to risk management, internal control and financial reporting from meetings and reports from the company's Auditors.

K-Fastigheter ensures that all employees acquaint themselves with the policies and instructions relevant to their work in the company. Among other things, such policies include laws and regulations applicable to the company's dissemination of information and the specific requirements imposed on individuals active in a listed company regarding, for example, insider information and trading. To prevent market abuse, K-Fastigheter has established procedures for appropriate handling and limiting the dissemination of information that has yet to be made public.

The Board tasks K-Fastigheter's CEO with overall responsibility for dealing with issues of insider information and the Board has appointed the company's Deputy CEO and CFO as responsible for managing insider logging. To coordinate and determine matters involving the assessment of possible insider information, the company maintains an Insider Committee consisting of the CEO, the Deputy CEO and CFO, the Head of Investor Relations and Board member Christian Karlsson.

K-Fastigheter's IR function is managed and supervised by the company's Deputy CEO and CFO and the company's Communications and IR Manager. The principal tasks of the IR function are to support the CEO and other senior executive in relation to various stakeholders, primarily capital market operators. The IR function also works together with the CEO in preparing K-Fastigheter's financial reports, shareholders' meetings, capital market presentations and other regular reporting.

The Board has adopted a Communication Policy specifying what is to be communicated, by whom and in what manner that information is to be published, ensuring that external information is accurate and complete. Instructions have also been prepared regarding how financial information should be communicated between management and other employees. Good information security procedures are also prerequisite to the accurate dissemination of information.

Financial information is provided in the form of:

- Interim and Year-end Reports, which are published as press releases
- Annual Report
- such press releases that K-Fastigheter is required to publish under applicable laws or the Rules of Nasdaq Stockholm
- presentations and telephone conferences for financial analysts, investors and the media in connection with Year-end and Interim Reports being published
- meetings with analysts and investors

All financial reports, presentations and press releases are published on the company's website www.k-fastigheter.com, at the time of publication.

FOLLOW-UP

Compliance with, and the efficacy of the internal controls are monitored on an ongoing basis through K-Fastigheter's tool for internal control.

The CEO ensures that the Board continuously receives reports on the company's operations, including the progress of its earnings and financial position, as well as information on significant events, including individual projects. The CEO also reports on these matters at each Board meeting.

The Board and Audit Committee review the annual and quarterly reports and conduct financial assessments in accordance with and approved plan. The Audit Committee reviews the financial reporting and other related issues and discusses these regularly with the external auditors.

WHISTLEBLOWER FUNCTION

K-Fastigheter has a whistleblower function for reporting cases of misconduct. The whistleblower function is available for all employees through K-Fastigheter's intranet. To ensure anonymity and correct processing of the information, the function is administrated by an external party.

BOARD OF DIRECTORS



Erik Selin

Chairman of the Board since 2018. Chairman of the Audit Committee and the Remuneration Committee.

Education: Upper-secondary education focusing on business administration.

Additional experience: Erik Selin has more than 25 years of experience of the real estate industry, including as founder of Erik Selin Fastigheter AB and Fastighets AB Balder.

Other ongoing assignments includes: Board member and CEO of Fastighets AB Balder, Chairman of the Board in Brinova Fastigheter AB, Collector Bank AB and Swedish Logistic Property AB. Board member of Hexatronic Group AB, I.A. Hedin Bil AB and Ernström C:o AB

Shareholding in K-Fastigheter, including related parties: 11,250,000 Class A shares and 63,750,000 Class B shares.

Independent: Independent in relation to the company and management, but not in relation to major shareholders.



Ulf Johansson

Board member since 2019. Member of the Audit Committee and Remuneration Committee.

Education: MBA from Uppsala University.

Additional experience: Since the early 1990's, Ulf Johansson has held positions as CFO at Diligenta International, Asticus, Platzter Fastigheter, Fastighets AB Balder and Stena Fastigheter.

Other ongoing assignments includes: Board Member in Stensborg Konsult AB and GUL Förvaltning AB.

Shareholding in K-Fastigheter, including related parties: 57,000 Class B shares.

Independent: Independent in relation to the company, management and major shareholders.



Christian Karlsson

Board member since 2019.

Education: Master of Laws from Lund University.

Other experience: Lawyer, partner and Chairman of the Board in Advokatfirman VICI.

Other ongoing assignments includes: Chairman of Björklunda Invest Sverige AB, Björklunda Service AB, Vittsjöluft Ventilation AB and plus four golf AB. Board member of Sparbanken Skåne AB and Björklunda Terminalen AB. Deputy board member in Betongteknik i Västervik AB and PCG Invest AB.

Shareholding in K-Fastigheter, including related parties: 31,254 Class B shares.

Independent: Independent in relation to the company, management and major shareholders.



Sara Mindus

Board member since 2019. Member of the Audit Committee and the Remuneration Committee.

Education: Master of Laws and Bachelor of Business Administration from Stockholm University.

Additional experience: Sara Mindus has more than 20 years' experience of business law at Advokatfirman Vinge and as partner of Hannes Snellman Attorneys.

Other ongoing assignments includes: Board Member and CEO in Sara Mindus AB. Board member of Besqab AB (publ), TF Bank AB (publ), Dreams AB, Colibri Ventures AB, Duco Förvaltning AB and Faboss Invest AB. Deputy Board member of several companies in the Mindus AB Group.

Shareholding in K-Fastigheter, including related parties: 1,875,000 Class B shares.

Independent: Independent in relation to the company, management and major shareholders.



Jesper Mårtensson

Board member since 2018.

Education: MA in Economics from University of Gothenburg.

Additional experience: Jesper Mårtensson has about 20 years' experience of the real estate industry in positions as Head of Business Development & Finance i Erik Selin Fastigheter AB, CFO at SveaReal AB and Key Account Financial Manager at Newsec Asset Management.

Other ongoing assignments includes: Chairman of Tommy Byggare AB, Frenbo AB and STS Education Group AB. Board member of several companies in the Erik Selin Fastigheter Aktiebolag Group.

Holding in K-Fastigheter, including closely related parties: 300,000 Class B shares.

Independent: Independent in relation to the company and management, but not in relation to major shareholders.



Jacob Karlsson

Founder of K-Fastigheter. President and CEO since 2010.

Education: Courses with financial orientation at Mid Sweden University, Linnaeus University and Lund University.

Additional experience: Prior to founding K-Fastigheter in 2010, Jacob Karlsson was investment adviser at Länsförsäkringar.

Other ongoing assignments include: Board member of HOMEstate AB, Mjölby Entreprenad AB, Novum Samhällsfastigheter AB, Skåneflyg AB, Swedish Logistic Property AB and Doxa AB.

Holding in K-Fastigheter, including closely related parties: 11,250,000 Class A shares and 64,301,361 Class B shares.

Independent: Independent in relation to the company, management and major shareholders.

Shareholding based on information as of 15 March 2023.

GROUP MANAGEMENT



**Jacob
Karlsson**

Born 1986. Founder of K-Fastigheter. President and CEO since 2010.

Education: Courses with financial orientation at Mid Sweden University, Linnaeus University and Lund University.

Additional experience: Prior to founding K-Fastigheter in 2010, Jacob Karlsson was investment adviser at Länsförsäkringar.

Other ongoing assignments include: Board member of HOMEstate AB, Mjölback's Entreprenad AB, Novum Samhällsfastigheter AB, Skåneflyg AB, Swedish Logistic Property AB and Doxa AB.

Shareholding in K-Fastigheter, including related parties: 11,250,000 Class A shares and 64,301,361 Class B shares.



**Martin
Larsson**

Born 1977. CFO since 2018 and deputy CEO since 2019.

Education: Bachelor's degree in international macroeconomics and Master's degree in international financial economics from Lund University.

Additional experience: Experience from Swedish and international banking operations since the early 2000's.

Other ongoing assignments includes: Owner and Board member of Martin Larsson Holding AB. Board member of Jefast Holding AB (publ). Board member of Emrahus AB and Embra Group AB.

Shareholding in K-Fastigheter, including related parties: 441,174 Class B shares.



**Leif
Astikainen**

Born 1967. HR Manager since 2021 and Vice President and HR Manager in the subsidiary K-Prefab AB.

Education: SBL Corporate management, construction & property at SSE Executive Education and Swedish Defense University's management program.

Additional experience: HR and management in the Finja group 2004–2020. Worked in DINOL and EFTEC and Major in the Swedish Armed Forces.

Other ongoing assignments includes: -

Shareholding in K-Fastigheter, including related parties: 40,000 Class B shares.



**Åsa
Fredin**

Born 1985. Head of Project Development Business Area since 2016.

Education: Upper secondary school.

Additional experience: Åsa Fredin was previously at the city-planning department at Håssleholm municipality, Sweden.

Other ongoing assignments includes: Owner and Board member of Åsa Fredin AB. Board member and deputy Board member of several of K-Fast Holding AB's wholly and partly owned companies.

Shareholding in K-Fastigheter, including related parties: 443,574 Class B shares.



**Martin
Johannesson**

Born 1974. Head of Property Management Business Area since 2021.

Education: M.Sc. (Eng.), Lund University

Additional experience: Experience from, among others, Akademiska Hus and from operational property management in roles such as property manager and head of property management with both commercial premises and housing.

Other ongoing assignments includes: -

Shareholding in K-Fastigheter, including related parties: 61,500 Class B shares.



**Eric
Johansson**

Born 1989. Head of Construction Business Area since 2019.

Education: Secondary education in technology & business.

Additional experience: Eric Johansson held positions including calculation engineer and project developer at Peab PGS AB.

Other ongoing assignments include: Owner, Board member and CEO of AALTO Holding AB. Board member and deputy Board Member of several of K-Fast Holding AB's wholly and partly owned companies.

Holding in K-Fastigheter, including closely related parties: 240,000 Class B shares.



**Jimmy
Fröberg**

Born 1985. Head of Group Accounting since 2022.

Education: Bachelor's degree in Economics – Auditor/Controller at Kristianstad University.

Additional experience: Jimmy Fröberg was previously Group Accounting Manager at Stena Fastigheter. Prior to that he worked as Group Financial Controller at Serneke and as Certified Public Accountant at PwC.

Other ongoing assignments includes: -

Shareholding in K-Fastigheter, including related parties: -



**Magnus
Persson**

Born: 1978. Business Development manager since 2021.

Education: Independent courses at Kristianstad University and Real Estate Science at Malmö University.

Additional experience: BoKlok/Skanska including Marketing area manager, Business Development manager and part of BoKlok's Swedish management team, Länsförsäkringar fastighetsförmedling, Modulenthus and NCC.

Other ongoing assignments includes: -

Shareholding in K-Fastigheter, including related parties: 70,500 Class B shares.



Johan Hammarqvist

Born 1975. Head of Investor Relations and Corporate Communications since 2022.

Education: Ecological Economics at Mälardalen University.

Additional experience: Johan Hammarqvist was previously Head of Communications at Eolus Vind AB ((publ). Prior to that, he worked as political editor at Norra Skåne and Skånska Dagbladet.

Other ongoing assignments includes: Board member and owner of Hammarqvist Konsult AB.

Shareholding in K-Fastigheter, including related parties: 4,600 Class B shares.



**Stefan
Paulsson**

Born 1982. CEO of K-Prefab AB and Head of Prefab Business Area since 2023.

Education: M.Sc. (Eng.), Lund University.

Additional experience: Employed by K-Prefab since 2006. Has held positions such as structural engineer Head of design department, regional manager, deputy CEO and COO.

Other ongoing assignments includes: -

Shareholding in K-Fastigheter, including related parties: 40,000 Class B shares.

Shareholding based on information as of 15 March 2023.

FINANCIAL STATEMENTS

Directors' Report	58	Note 18: Property, plant and equipment	96
Overview of acquisitions and current property projects	68	Note 19: Holdings in associated and jointly controlled companies	97
Consolidated Statement of Comprehensive Income	69	Note 20: Other non-current receivables and securities holdings	98
Consolidated Statement of Financial Position	70	Note 21: Deferred tax	98
Consolidated Statement of changes in Equity	71	Note 22 : Financial risks and finance policies	99
Consolidated Cash Flow Statement	72	Note 23: Inventories	106
Parent Company Income Statement	73	Note 24: Account receivables	106
Parent Company Balance Sheet	74	Note 25: Impairment, expected credit losses	106
Parent Company Statement of changes in Equity	75	Note 26: Other receivables	107
Parent Company Cash Flow Statement	76	Note 27: Prepaid costs and accrued income	107
Note 1 : Accounting principles	77	Note 28: Cash and Cash equivalents and Group Bank account	108
Note 2: Segment reporting	81	Note 29: Shareholders' Equity	108
Note 3 : Income	83	Note 30: Derivative Instruments	109
Note 4 : Leasing	84	Note 31: Other provisions and non-current and current liabilities	110
Note 5: Personnel and personnel expenses	85	Note 32: Prepaid costs and accrued income	110
Note 6: Operating costs	86	Note 33: Appropriations	110
Note 7: Depreciation/Amortization and Impairment	87	Note 34: Participations in Group companies	110
Note 8: Remuneration to the Auditors	87	Note 35: Receivables and liabilities, Group Companies	112
Note 9: Profit from holdings in associated and jointly controlled companies ..	87	Note 36: Pledged assets and contingent liabilities	112
Note 10: Financial income and expenses	88	Note 37: Cash Flow Statement	113
Note 11: Unrealized value change of investment properties	88	Note 38: Related-party transactions	114
Note 12: Income tax	89	Note 39: Business acquisitions	116
Note 13: Other comprehensive income	89	Note 40: Events after the end of the financial year	116
Note 14: Earnings per share	89	Note 41: Proposed distribution of earnings	116
Note 15: Intangible assets	90	Signatures of Board of Directors and Auditors	117
Note 16: investment properties	91	Auditor's Report	118
Note 17: Business properties	95		



DIRECTORS' REPORT

The Board of Directors and CEO of K-Fast Holding AB (publ), 556827-0390, with its registered office in the Municipality of Hüssleholm, Sweden, hereby submit the Annual Report and consolidated accounts for the financial year 2022. Amounts in the Annual Report are expressed in millions of Swedish kronor (SEK million). Numerical data in brackets refer to the corresponding value for the preceding financial year.

Operations

K-Fastigheter is a Swedish project development, construction, prefab and property management company founded in 2010. With commitment at all levels, the business concept is to create attractive homes offering a high degree of comfort. The Group has developed its own housing concepts meeting demands for high-quality housing from tenants and social planners. To increase cost efficiency and shorten construction times, the Group works with three concept buildings that are constructed solely for long-term ownership and active property management: Low-Rise, Lateral Low-Rise and Apartment Block.

The Group has a strong position in the Öresund region, the Western Götaland and the Mälardalen region. Our vision is to become one of the Nordic region's largest operators and a leading property owner of sustainably constructed, innovative and cost-efficient concept buildings meeting the wants and needs of tenants seeking to establish a home for many years to come. The housing offered by the Group is to be distinguished by the best combination of high standard, home comfort and security on the market.

K-Fastigheter's principal property segment is housing, which, at the end of 2022, constituted 84 percent of the area under property management and 88 percent of the contractual rent. During the financial year, K-Fastigheter commenced construction

of 1,012 apartments and completed 774. In addition, the Group has acquired 211 apartments, all to be handed over in 2022. At the end of the financial year, the Group had 3,708 apartments under management. Furthermore, the Group was active in 25 construction projects encompassing 2,058 apartments. The current construction and project portfolio encompasses some 6,100 apartments and guarantees employment for the Group's construction operations and prefab operations for many years to come.

Through the subsidiary K-Prefab, whose operations comprise construction, production and assembly of primarily prefabricated concrete frames for housing construction, the Group is self-sufficient in terms of the most high-cost item relating to its construction of housing for proprietary management, i.e. the frames. K-Prefab also makes significant external sales to the Swedish construction industry. With its 10 production sites from Östra Greve to Strängnäs and local assembly teams, K-Prefab supplies all the Group's construction projects. Furthermore, sustainability has been a strategic priority for K-Prefab for some time.

Overarching goals

K-Fastigheter's overarching goal is to generate value for the company's shareholders. Over a business cycle, value creation is measured as growth in long-term net asset value per share.

Operational targets

- In the long term, rental income from housing is to comprise at least 80 percent of K-Fastigheter's total rental income.
- The number of apartments to be managed by the company and on which construction has commenced is to amount to 1,300 annually before the end of 2023.
- At the end of 2023, K-Fastigheter is to manage at least 5,000 apartments in the Nordic region.

Financial targets

- Over an economic cycle, growth in long-term net asset value per share is to average at least 20 percent annually, including any value transfers.
- Over an economic cycle, annual growth in profit per share from property management is to average at least 20 percent.

The target is for growth in net asset value and profit from property management to be generated while maintaining a stable and sound financial position and with balanced financial risk-taking, meaning that:

- The equity/assets ratio shall amount to a minimum of 25 percent over time.
- The interest coverage ratio shall not fall below a multiple of 1.75 over time.
- The loan-to-assets ratio shall not exceed 70 percent over time.

Parent Company and organization

The Group's Parent Company is K-Fast Holding AB. At the end of the financial year, the Group comprised 90 wholly-owned subsidiaries and 11 associated company groups. The number of employees amounted to 732 (691), of which 69 were women (60) and 663 were men (631).

Operations are organized into four business areas: Project Development, Construction, Prefab and Property Management, where the relevant Business Area Managers report to the CEO, and are part of Group management.

There are also Group-wide functions for Business Development, Accounting and Finance, IT, IR/Communication and market, Legal and HR. The Group's heads of Business Development, Accounting, Finance, IR/Communications, Market and HR are members of the Group management team.

The head office is located in Hässleholm, Sweden. There are also offices in Malmö, Gothenburg, Stockholm, Helsingborg, Kristianstad and Landskrona, as well as production facilities in Hässleholm, Osby, Östra Grevie, Bollebygd, Vara, Hultsfred, Borensberg, Strängnäs and Katrineholm.

Since 29 November 2019, the company's Class B shares have been listed on Nasdaq Stockholm.

Consolidated comprehensive income

Income

Total income for the full-year 2022 was SEK 1,406.0 million (1,252.7). Rental Income amounted to SEK 384.2 million (265.9) for the year, an increase of 44 percent compared to 2021. The increase was primarily due to more apartments under management, which increased by 36 percent to 3,708 (2,723). The financial letting ratio gradually improved in the year and was 97.3 percent (97.0) at the end of the period. The average letting ratio was 95.8 percent (92.7) in the year. The letting ratio is generally slightly lower initially in the projects that have been completed and

where tenants have moved in over the past year, while the financial letting ratio remains very high in the parts of the holding that have been under management for an extended period. The fact that the average occupancy rate for the year was lower than the occupancy rate at the beginning and at the end of the year was primarily attributable to the timing of tenants moving in during the year (relatively few tenants moved in during December 2021 and 2022).

Income from project and construction operations for the full-year amounted to SEK 2,038.8 million (1,659.7), of which SEK 1,037.6 million (683.6) related to construction for Group companies that has been capitalized for the Group's own purposes. SEK 1,001.2 million (976.1) related to assignments for external orders, of which Prefab's income comprised SEK 993.5 million (972.2). The change on the previous year was mainly due to increased activity in the construction of apartments for proprietary management, which affects construction of Group companies. At the end of the year, production of apartments for property management was 2,058 apartments (1,820), representing an increase of 13 percent compared to the end of the financial year 2021. In Prefab, total

income for the year amounted to SEK 1,251.0 million (1,059.9), of which SEK 249.6 million (81.5) related to intra-Group sales. The increase is partly due to organic growth, primarily from increased intra-Group sales as all of the intra-Group constructions are placed in Prefab, and partly due to the acquisitions of Strängnäs Prefab and GH Sydgolv. The level of activity at Prefab is still relatively high given the increasingly challenging construction environment and occupancy is good for 2023, partly due to increased intra-Group sales.

Operating costs

Property management costs totaled SEK 144.7 million (93.1) for the full-year, corresponding to an increase of 55 percent compared to the preceding year. The increase was mainly due to more properties under management, which drives direct property costs and property administration, although increased electricity and heating costs during the year also contributed. Furthermore, the increase was also due to the inclusion of centralized management-related costs in property administration activities from the end of the first half-year 2022. These costs amounted to SEK 7.8 million in the second half of 2022. Operating costs for management operations normally vary according to a seasonal pattern, where costs are higher in the first and fourth quarters compared to the rest of the year.

Costs relating to the project and construction operations comprise direct project-related costs and fixed costs for the construction and Prefab organization. The part of operations involving external construction and production has been reported in the Income Statement. Project and contracting operations for Group property management activities have been capitalized as work for the Group's own purposes and have been reported net in the Income Statement under Project and contracting costs. Total project and contracting costs were SEK 1,975.9 million (1,565.4) for the full

Five year summary

SEK m	2022	2021	2020	2019	2018	2017	2016
Group							
Net sales	1,406.0	1,252.7	215.1	187.3	124.8	130.9	135.0
Profit for the year	907.4	1,044.4	474.5	365.3	244.8	372.6	175.6
Total assets	15,272.0	11,482.7	7,659.6	5,373.7	3,347.1	2,213.6	1,383.9
Equity/assets ratio, %	33.9%	36.9%	41.9%	41.7%	29.3%	34.4%	28.6%
Number of employees	732	691	76	68	53	34	26
Parent Company							
Profit for the year	304.2	93.5	-9.0	107.6	10.2	38.1	2.5
Total assets	4,222.7	3,429.7	3,025.0	2,490.7	992.8	301.3	177.7
Equity/assets ratio, %	45.9%	47.6%	50.9%	42.2%	5.1%	16.0%	8.0%
Number of employees	42	26	17	13	6	3	1

year, of which SEK 1,037.6 million (683.6) was capitalized on own account and SEK 938.3 million (881.8) recognized in the Income Statement. The increase was mainly due to increased activity in the construction of apartments for proprietary management.

Operating expenses for the year include expensed lease charges attributable to low-value leases of a total SEK 9.4 million (2.7). Other lease charges were capitalized in accordance with IFRS 16 Leases. The Group has no short-term leases or variable lease charges.

Gross profit

Consolidated gross profit for the full-year 2022 amounted to SEK 323.1 million (277.9), divided into gross profit from property management of SEK 251.9 million (176.1) and gross profit from project and contracting operations of SEK 71.2 million (101.8).

Gross profit from property management was positively affected by increased rental income and negatively affected by a lower surplus ratio. The surplus ratio for the full year amounted to 65.6 percent (66.2). The surplus ratio for the year was positively affected by gradual improvements in the average occupancy rate and negatively affected by general cost increases, such as heating costs and reallocation of intra-Group costs. The average occupancy rate was 95.8 percent (92.7) in the year, and the occupancy rate was 97.3 percent (97.0) at the end of the year.

Gross profit in Project and contracting sales for the year was SEK 5.0 million (19.8) for the Construction business area, and SEK 66.3 million (81.9) for Prefab. In the year, gross profit in the Construction business area was positively impacted by high activity in intra-Group projects and negatively impacted by increased organization costs incurred to support future growth. Prefab's gross profit was positively affected by increased income from external

and intra-Group sales, while increased raw materials prices, mainly for steel, cement and mold materials, fuel prices and increased personnel costs associated with the Covid-19 pandemic, had a negative effect on profit.

Central administration

Central administration, which includes Group-wide management, business development, project development, IR/communications and market, HR, IT and finance, totaled SEK 54.9 million (40.7) for the year. The increase is driven in almost equal measure by non-recurring costs and continuous investments in the organization to support future growth. However, in the second half of 2022, costs decreased in comparison with the first half of the year as a result of lower non-recurring costs and the fact that, from the end of

June 2022 onwards, management and project development costs were allocated to property administration costs, and project and construction costs. Allocated costs, which include management and staff costs for the Property Management business area and total costs for the Project Development business area, amounted to SEK 7.8 million and SEK 3.3 million respectively for the second half-year for the Administration and Project Development business areas respectively.

Depreciation/amortization and impairment

Depreciation/amortization and impairment for the year amounted to SEK 62.6 million (58.2), of which depreciation/amortization and impairment attributable to Prefab's operations totaled SEK 55.4 million (50.8), of which SEK 11.3 million (11.0) from amortization





of intellectual property rights for the year. Total depreciation/ amortization for the period was SEK 59.3 million (53.3). Impairment for the period amounted to SEK 3.2 million (4.9) and relates to obsolescence of construction components in connection with the Group's K-Fast 2.0 renovation program of SEK 3.0 million (1.3) and impairment of receivables of SEK 0.2 million (3.6).

Profit from participations in Group, associated and jointly controlled companies

Profit from participations in associated and jointly controlled companies for the year amounted to SEK 2.5 million (23.3). Profit/ loss was primarily affected by K-Fastigheter's share of profit in PVS Mark & VA Holding AB, Mjölback's Entreprenad AB and Novum Samhällsfastigheter AB, which amounted to SEK 3.8 million (22.0) in the year.

Net interest income

Net interest income for the year was SEK -124.8 million (-75.6). At the end of the year, the average interest rate for acquisition financing, investment and business properties was 2.72 percent (1.85), including the effects of interest rate derivatives. During the year, interest expenses on construction credits of SEK 49.2 million (27.5) was capitalized. The average interest expense in relation to contracted building credits amounted to 3.92 percent (1.90) at the end of the year. Interest expenses compared to the previous year were negatively affected by increased interest-bearing liabilities relating to acquisitions of investment properties and new construction, as well as by higher base rates. Credit margins were stable during the year.

The interest coverage ratio amounted to 2.2 (3.4) for the year. The ratio was affected by lower net interest income which could not be fully offset by increased gross profit in property management, while

central administration costs increased and gross profit on project and contracting activities decreased in the year.

Profit before changes in value and profit from property management

Profit before changes in value for the full-year 2022 totaled SEK 83.3 million (126.6), corresponding to a decrease of 34 percent compared to 2021. Results were positively affected by improved gross profit in the management operations and negatively affected by lower gross profit in the project and contracting activities as well as increased central administration costs, increased depreciation/ amortization and impairment, lower profit from associated and jointly controlled companies and lower net interest income.

Profit from property management amounted to SEK 130.7 million (101.4) for the year, an increase of 29 percent compared to the preceding year. Profit from property management per share amounted to SEK 0.61 (0.47), which is an increase of 29 percent year-on-year. Profit from property management was positively affected by continued growth in rental income, and negatively affected by a lower surplus ratio, increased central costs and reduced net interest income.

Changes in value

Unrealized value changes in investment properties for the year were SEK 699.0 million (1,139.1), distributed over SEK 5.1 million (431.7) for properties under management and SEK 693.9 million (707.4) for construction projects in progress.

During the second half of 2022, the direct return requirement in external valuations of completed properties and properties under construction increased by approximately 0.25 percent due to changed market conditions. At the same time, both actual outcomes

and assumptions regarding future cost and rent inflation have increased, which, together with continued efforts to continuously improve the operating surplus of our completed investment properties, has offset the impairment. The total market value of completed properties and properties under construction decreased by 1.6 percent in the second half-year, and the full-year decrease was 0.5 percent for comparable properties. The fact that the change in the value of construction projects in progress is stable from one year to another, despite depreciation, is primarily due to an increase in the rate of internal construction. At the end of the year, the direct return requirement in the valuation of new construction in progress amounted to 4.01 percent (3.77).

Of unrealized value changes for properties under management, SEK 89.7 million (58.5) related to acquisitions in the year. Of the remaining unrealized value changes in investment properties, improved net operating income contributed SEK 424.8 million (79.5), mainly due to changed rental assumptions, while revised valuation assumptions contributed SEK -509.9 million (297.2). Unrealized value changes relating to land and building rights decreased at a pace with utilization. In total, the average direct return requirement for properties under management was 4.03 percent (3.82).

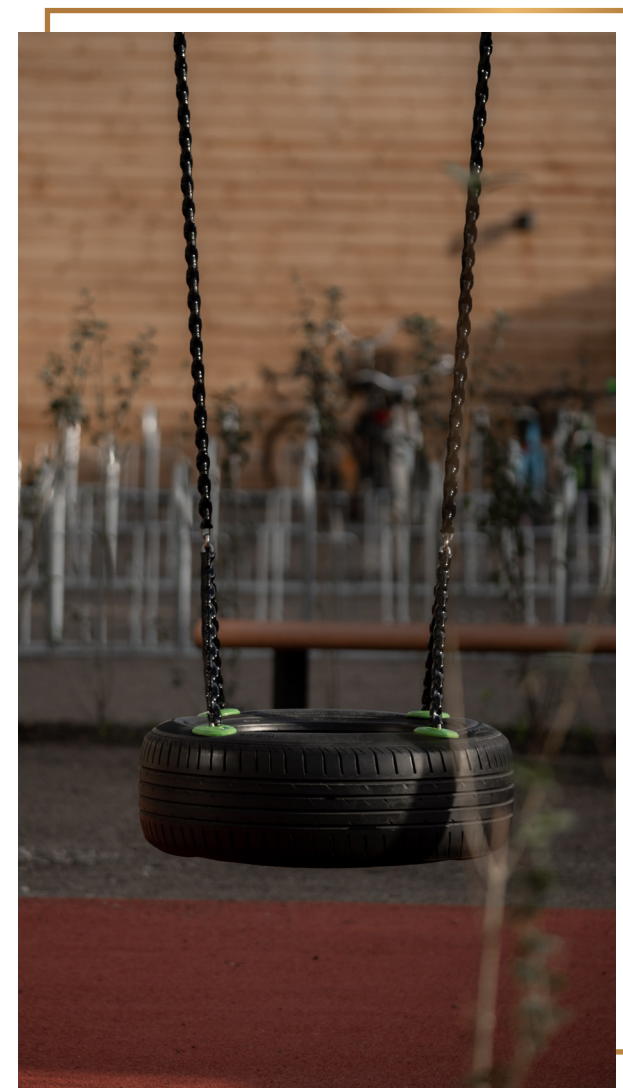
The average direct return requirement for K-Fastigheter's entire property portfolio, including undeveloped land and building rights and new construction in progress, amounted to 4.02 percent (3.80) at the end of the year. Given the general increase in the second half of 2022, the increase in the average annual direct return requirement was not higher mainly because K-Fastigheter's property portfolio increasingly comprises homes in better locations. For more information, see the Property portfolio and Valuation sections.

Value changes in derivatives totaled SEK 364.1 million (66.0) in the year, divided over interest rate derivatives of SEK 365.8 million (66.8) and exchange rate derivatives of SEK -1.7 million (-0.9). Progress in the year was primarily due to higher interest rates, which had a positive impact on the market value of the Group's interest rate derivatives, and a weaker SEK, which had a negative impact on the Group's exchange rate derivatives. The Group's derivatives consist of interest rate and currency derivatives, intended to mitigate the Group's interest rate and currency risks. The fair value of the Group's derivatives was SEK 399.1 million (36.4) at the end of the year. The value change in interest rate derivatives does not affect cash flow, and at maturity the value of the derivatives is always zero.

Tax

Current tax for the year amounted to SEK 11.6 million (9.7). Deferred tax amounted to SEK 227.4 million (277.7), primarily affected by unrealized changes in values in properties. The current tax has been calculated in accordance with the applicable tax rate in Sweden, 20.6 percent. The applicable tax rate in Denmark is 22.0 percent.

As of 31 December 2022, K-Fastigheter's accumulated tax loss carry-forwards were estimated at SEK 63.7 million (104.6), comprising the primary basis of the Group's deferred tax assets totaling SEK 16.4 million (17.1). The deferred tax liability relates primarily to temporary differences between fair value and the residual tax base of the properties. As of 31 December 2022, fair value of the properties exceeded taxable residual value by SEK 4,621.4 million (3,730.3), comprising the primary basis for the deferred tax liability of SEK 1,033.5 million (796.4) at the end of the year.



Profit, comprehensive income and other comprehensive income for the year

Profit for the year was SEK 907.4 million (1,044.4), corresponding to SEK 4.13 (4.85) per share attributable to Parent Company shareholders.

Comprehensive income for the year totaled SEK 934.8 million (1,048.1). In other comprehensive income includes translation differences relating to K-Fastigheter's foreign operations, which totaled SEK 27.4 million (3.8) in the year. The full amount relates to items that can be reversed in a later period.

The Group's financial position

Intangible assets

Intangible assets comprise goodwill and other intangible assets primarily arising in connection with the acquisition of K-Prefab. At the end of the year, goodwill amounted to SEK 443.6 million (440.6) and other intangible assets, comprising the value of K-Prefab's customer relations, amounted to SEK 36.6 million (44.1). Other Intangible assets are amortized over five years.

Investment and business properties

Investment properties encompass properties where tenants can move in (completed investment properties), undeveloped land and land under development, site leaseholds (measured at fair value in accordance with IFRS 16) and construction in progress.

On 31 December 2022, the Group's property portfolio comprised 109 completed investment properties distributed over a total of 241,270 square meters of residential and 46,599 square meters of commercial space. In addition, the Group had 25 ongoing construction projects, distributed over 135,434 square meters of residential and 1,140 square meters of commercial space. Furthermore, K-Fastigheter has 23 projects in progress in the

project development phase, at various stages of building permit application or project planning, of which 12 are projects for which K-Fastigheter has yet to take possession of the land.

At the end of the year, the value of investment properties totaled SEK 13,094.6 million (9,603.7), distributed over completed investment properties of SEK 9,775.3 million (6,923.4), undeveloped land and building rights of SEK 695.1 million (722.3), site leases of SEK 18.0 million (18.0) and construction in progress of SEK 2,606.1 million (1,940.0).

During the full-year, SEK 1,886.2 million (1,366.5) was invested in new construction, extensions and remodeling. In total, 14 projects were completed, as well as two out of five stages in the construction of Höganäs Stubbarp 33:27 and Älmhult Kedjan 1, and were reclassified from construction projects in progress to completed investment properties, with total value of SEK SEK 2,005.0 million (1,162.2). In addition, construction has started on 13 building projects.

During 2022, acquisitions totaled SEK 830.3 million (292.6). These comprise undeveloped land and land parcels held for development, as well as the completed properties Kristianstad Stafvre 7 and others, Hässleholm Badaren 10, Höje-Taastrup 4ee-4ef (DK) and Karlstrup By 56 (DK), which were acquired for a total of SEK 562.4 million. Sales of building rights totaled SEK 9.5 million (51.0) in the year.

In addition, the total value of investment properties was positively impacted by unrealized changes in value of SEK 699.0 million (1,139.1), distributed over SEK 5.1 million (431.7) for properties under management and SEK 693.9 million (707.4) for construction projects in progress.

Business properties

At the end of the year, the value of the business properties amounted to SEK 447.6 million (448.8). Business properties mainly comprise K-Prefab's production premises. During the year, an additional SEK 15.4 million was invested in upgrading facilities and increasing production capacity in K-Prefab.

Equipment

Equipment, totaling SEK 193.6 million (189.8) as of 31 December 2022, mainly comprises machinery and equipment related to the Group's Construction and Prefab operations, construction equipment and leased capitalized right-of-use assets in accordance with IFRS 16. The Group made total net investments of SEK 36.0 million (61.0) in equipment during the year.

Holdings in associated and jointly controlled companies and other non-current receivables

Profit from holdings in associated and jointly controlled companies decreased from SEK 234.4 million to SEK 223.2 million in 2022, primarily attributable to dividends from associated companies of SEK 19.5 million (0.0). Net acquisitions in the year (including dissolution of negative goodwill) totaled SEK 5.8 million (184.0), and total profit from shares in associated companies was SEK 2.5 million (10.9).

Non-current receivables of SEK 22.6 million (9.1) primarily comprised unsettled intra-Group transactions with the previous owner of K-Prefab.

Deferred tax asset

Deferred tax receivables as of 31 December 2022 amounted to SEK 16.4 million (17.1), mainly deriving from loss carry-forwards

expected to be utilized in coming years, and positive values on interest rate derivatives.

Inventories

Inventories amounted to SEK 60.2 million (51.7) as of 31 December 2022, primarily comprising K-Prefab's raw materials and finished goods.

Operating receivables

The Group's operating receivables consist primarily of other receivables of SEK 168.8 million (175.5), mainly comprising advance payments and deposits relating to agreed property acquisitions yet to be handed over, which decreased from SEK 98.7 million to SEK 77.6 million in the year, and accrued but not invoiced income, totaling SEK 41.0 million (29.0). Rent and customer receivables amounted to SEK 93.2 million (105.3) at the end of the year of which SEK 6.3 million (1.5) related to rent receivables. The remainder comprised customer receivables, mainly related to K-Prefab's operations. The proportion of rent and customer receivables due for more than 90 days totaled SEK 7.9 million (10.1). Provisions of SEK 4.0 million (4.3) were made in accordance with the Group's loss-sharing model based on historical outcomes and management's assessment of future credit losses (Stage 2) and provisions of SEK 2.3 million (1.2) were made on the basis of individual assessments (Stage 3). Total bad debt loss amounted to SEK 3.0 million (2.3) in the year.

Operating receivables primarily comprised prepaid costs and accrued income of SEK 36.7 million (29.0).

Cash and cash equivalents

At the end of the year, cash and cash equivalents amounted to SEK 35.4 million (94.0). In addition, K-Fastigheter has an unutilized overdraft facility of SEK 277.4 million (356.9). The decrease was

mainly due to acquisitions in the year and a continued high rate of new construction.

Equity and net asset value

At the end of the year, consolidated equity attributable to the Parent Company's shareholders amounted to SEK 5,169.6 million (4,233.7), corresponding to SEK 23.92 per share (19.66). The increase is explained by the comprehensive income for the year of SEK 934.8 million (1,048.1).

At the end of the year, the long-term net asset value (NAV) amounted to SEK 5,768.3 million (4,976.1), corresponding to SEK 26.79 per share (23.11). The long-term net asset value per share increased by 16 percent compared with 31 December 2021.

As of 31 January 2022, there were 215,331,168 (215,331,168) shares outstanding distributed between 22,500,000 Class A shares (22,500,000) and 192,831,168 Class B shares (192,831,168). There was an average of 215,331,168 shares (215,331,168) outstanding in 2022.

Deferred tax

At the end of the year, the Group's deferred tax amounted to SEK 1,033.5 million (796.4). The deferred tax liability derives primarily from temporary differences between fair value and the residual tax value for completed properties and properties under construction.

Interest-bearing liabilities

At the end of the year, consolidated interest-bearing liabilities amounted to SEK 8,461.4 million (5,943.9), of which SEK 2,049.9 million (947.5) was classified as current interest-bearing liabilities. Interest-bearing liabilities are distributed between first mortgages for completed investment properties of SEK 5,743.2 million (4,017.8), building credits of SEK 1,591.2 million (1,057.9), leasing liabilities of SEK 93.1 million (92.7), operating and acquisition

credits of SEK 783.8 million (525.6) and a promissory note relating to the acquisition of K-Prefab of SEK 250.0 m (250.0). The debt-to-equity ratio for the Group amounted to 55.4 percent (51.8) and the loan-to-value ratio for completed investment properties totaled 58.2 percent (57.1).

At the end of the year, the Group had contracted credit agreements of SEK 9,671.6 million (7,282.4), of which SEK 5,743.2 million (4,017.8) related to the financing of completed investment and business properties, of which SEK 1,706.9 million (790.2) mature for renegotiation within the next 12 months. In addition to the financing of completed investment and business properties, contracted credit agreements comprise building credits of SEK 2,867.1 million (2,132.1) and operating and acquisition credits of SEK 1,061.3 million (882.5), of which SEK 292.5 million (382.5) and SEK 93.8 million (100.0) relates to acquisition financing of K-Prefab and Mjölback's Entreprenad AB respectively. At the end of the period, building credits and operating and acquisition credits had been utilized at an amount of SEK 1,591.2 million (1,057.9) and SEK 783.8 million (525.6) respectively.

As per 31 December 2022, the average credit term for the Group's interest-bearing liabilities, relating to acquisition financing and completed investment properties and operational premises was 2.4 years (2.8).

The average interest period for the Group's interest-bearing liabilities related to acquisition financing, investment and business properties was 3.4 years (4.4), and the average interest rate was 2.72 percent (1.85), including the effects of interest rate derivatives, and 3.85 percent (1.40) excluding the effects of interest rate derivatives. The total proportion of variable interest in relation to interest bearing liabilities related to acquisition financing, investment and business properties was 27 percent

(29), and the interest rate sensitivity in the event of a 1 percentage point shift in loan rates amounted to SEK 17.2 million (14.0). The average interest expense in relation to contracted building credits amounted to 3.92 percent (1.90) at the end of the year.

Derivative instruments

K-Fastigheter currently works exclusively with variable interest rate loans. In order to manage the interest rate risk, interest rate derivatives, primarily interest rate swaps, are used to adjust the interest period. Over time, changes in value arise in the interest rate derivative portfolio, primarily due to changed market interest rates. In the Balance Sheet, derivative instruments are reported at fair value as current or non-current assets or liabilities based on the term of the derivative, even where no amount is to be settled in cash.

Nominally, the swap portfolio totaled SEK 4,407.7 million (3,200.0) at the end of the year. At the end of the year, the fair value of the interest derivative portfolio was SEK 401.7 million (36.4).

In addition to interest rate derivatives, K-Fastigheter uses exchange rate derivatives to manage currency risk in the Danish operations. At the end of the period, fair value of the currency derivatives portfolio amounted to SEK -2.6 million (0.5).

Operating liabilities

Operating liabilities consisted primarily of accounts payable of SEK 198.3 million (177.2), other liabilities of SEK 109.1 million (70.4), invoiced but not yet accrued revenue of SEK 19.2 million (69.1), and accrued costs and prepaid income of SEK 206.2 million (178.2). Operating liabilities primarily related to ongoing construction operations and personnel-related liabilities.

Consolidated cash flow

Consolidated cash flow from operating activities for the full year 2022 amounted to SEK 150.1 million (325.3) and was positively affected by improved gross profit from property management, and negatively by lower gross profit in project and construction activities, increased central administration costs and lower net interest income, as well as lower capital tied up, mainly because K-Prefab's operations are structurally cash flow positive with higher operating liabilities than operating receivables.

The investment operations were primarily affected by company acquisitions totaling SEK 812.7 million (1,189.1), mainly comprising ongoing acquisitions of building rights as well as four management properties, and investments in ongoing new construction of SEK 1,941.8 million (1,326.3). Cash flow from investing activities amounted to a total outflow of SEK -2,749.0 million (-2,515.4).

In addition to being financed through cash flow from operating activities, the Group's financing activities in 2022 were primarily financed through increased interest-bearing liabilities of SEK 2,539.3 million (1,776.3) following amortizations of SEK 179.8 million (133.2). In total, cash flow from investing activities amounted to SEK 2,540.4 million (1,776.3), meaning that consolidated cash and cash equivalents for the year decreased by SEK 58.6 million (-413.8) to SEK 35.4 million (94.0) at the end of the year.

Investments

Apart from what has been reported under acquisitions and consolidated cash flow, two sections that are closely correlated, no significant investments were made in non-current assets during the year. Beyond investments in non-current assets, in 2022, the Group invested primarily in developing the organization and strengthening processes, systems and functions in business

development, management, finance, HR, IT, markets, legal and project development, investments which were mainly apparent in the increased central administration costs in the year.

Parent Company

The Parent Company owns no properties of its own. The company maintains Group-wide functions for business development, administration, financing, markets, IR/communication, IT, HR, legal, project development and parts of property management.

Parent Company sales primarily relate to services invoiced to Group companies, totaling SEK 32.7 million (0.1) in the year. The Parent Company's gross profit/loss for the full-year 2022 was SEK -34.1 million (-40.4). The increase in gross profit/loss was due to increased intra-group invoicing offset by increased costs for strengthening the central organization in order to meet future growth.

Parent Company profit/loss before tax was SEK 345.4 million (116.7) after net Group contributions paid of SEK 38.6 million (87.9). Profit was positively affected by value changes in interest rate derivatives and exchange rate derivatives totaling SEK 365.8 million (66.8), and dividends of SEK 19.5 million (0.0) from associated and jointly controlled companies.

As of 31 December 2022, Parent Company assets and liabilities consisted primarily of shares, receivables and liabilities relating to Group companies, and derivative instruments. Receivables from Group companies totaled SEK 2,362.9 million (2,058.1) at the end of the year, and liabilities to Group companies were SEK 1,012.0 million (823.3), where current receivables and liabilities mainly comprised balances in the Group's bank account.

As of 31 December 2022, equity amounted to SEK 1,937.5 million (1,633.3), positively affected by profit for the year. At the end of the year, cash and cash equivalents in the Parent Company amounted to SEK 0.0 million (69.0) and interest-bearing liabilities to SEK 1,205.1 million (949.6), of which SEK 456.3 million (17.9) was classified as current liabilities.

Effects of the Covid-19 pandemic and the war in Ukraine

Preparing financial statements in accordance with IFRS requires Group management to make assessments, estimates and judgments that affect how accounting principles are applied and the carrying amounts for assets, liabilities, income and expenses. The estimates and judgments are based on historical experience and other factors that appear reasonable under the prevailing circumstances. The results of these estimates and judgments are then applied in assessing the carrying amounts of assets and liabilities, which would not otherwise be evident from other sources. Actual outcomes may deviate from these estimates and judgments.

K-Fastigheter has a stable business model building on cross, construction, Prefab and property management, which generates profitability at all stages. The Group holds a strong position on the market for rental apartments in the Öresund region, the Västra Götaland region and the Mälardalen region. K-Fastigheter has an attractive property portfolio with 88 percent of contractual rental income deriving from housing and with commercial income being spread between a large number of individual contracts.

As of 31 December 2022, K-Fastigheter had a stable financial position (equity/assets ratio of 34 percent and debt-to-equity ratio of 55 percent) and favorable liquidity with available cash and cash equivalents of SEK 300 million.

In connection with the preparation of this Annual Report, the actual impact of the Covid-19 pandemic particularly in January and February 2022, and the war in Ukraine which has been underway since February 2022, have had a limited effect on K-Fastigheter's operations in the year. The impact of the war in Ukraine on K-Fastigheter's future operations remains uncertain, and this will be reviewed regularly and reported in future Interim Reports. Additional information may also be presented through press releases.

Risks and risk management

For a more detailed description, see Risks and risk management on pages 137-144.

Proposed distribution of earnings

The retained earnings of the Parent Company is at the disposal of the Annual General Meeting. K-Fastigheter prioritizes growth above dividends. Ahead of the 2022 Annual General Meeting, the Board of Directors proposes that no dividend be paid for the 2020 financial year. The Board of Directors proposes that the available profit is appropriated as follows:

	SEK
Share premium reserve	1,372,919,498
Retained earnings	202,943,604
Profit for the year	304,209,836
Total	1,880,072,938
To be appropriated such that the following is carried forward	1,880,072,938



Significant events during and following the financial year

The following table shows completed acquisitions of building rights and investment properties, construction starts and completed projects and renovations under K-Fastigheter's renovation concept K-Fast 2.0 during 2022. Over the year, these were presented in K-Fastigheter's interim reports as significant events.

Significant events in 2022

- On 23 March 2022, K-Fastigheter announced the appointment of Johan Hammarqvist as the new Head of Investor Relations and Communications at K-Fastigheter. Johan Hammarqvist, who is a member of Group management, joined K-Fastigheter from the position as Head of Communications at Eolus Vind AB. Johan Hammarqvist was appointed in May 2022.
- On 8 April 2022, K-Fastigheter announced the appointment of Stefan Paulsson as Interim CEO of K-Prefab AB. Stefan Paulsson was previously Deputy CEO and Chief Operating Officer of K-Prefab. As acting CEO of K-Prefab AB, Stefan Paulsson will join the Group's management team.
- K-Fastigheter's Annual General Meeting was held on 12 May 2022. All Board members were re-elected for another year and Erik Sehlin was re-elected Chairman. The Annual General Meeting authorized the Board to, in the period until the next AGM, issue a maximum of 24,000,000 new Class B shares, and repurchase a maximum of one tenth of the total number of Class B shares in the company.
- On 24 May 2022, K-Fastigheter announced that planning permission has been obtained for the Group's new commercial concept, K-Commercial. The building in central Hässleholm will cover a gross area of approximately 8,000 square meters and be home to K-Fastigheter's new head office, for example. Construction began in the second quarter and is expected to be complete in 2024.

- On 9 June 2022, K-Fastigheter announced that Jimmy Fröberg has been appointed Head of Group Accounting. Jimmy Fröberg, who is a member of Group management, joined K-Fastigheter from Stena Fastigheter, where he was Group Accounting Manager. Prior roles include authorized public accountant at PWC and Group Financial Controller at Serneke. Jimmy Fröberg was appointed in September 2022.
- On 28 December 2022, K-Fastigheter announced the acquisition of the building rights for part of Almby 12:43 in Örebro. The building rights, which have a legally binding zoning plan, comprise approximately 300 apartments. It is expected that possession and construction will take place gradually between 2023 and 2025, and that the rental value after completion will amount to approximately SEK 41 million. K-Fast Kilén AB will acquire the building rights from Lantmännen Fastigheter AB, based on an underlying property value of SEK 111 million. K-Fast Holding AB holds 51 percent ownership of K-Fast Kilén AB, with Kilénkrysset owning the remaining 49 percent.
- On 29 December 2022, K-Fastigheter announced the acquisition of the building right of part of the property Vapenrocken 1 in Viksång, in Västerås. The building rights, which have a legally binding zoning plan in place, comprise approximately 180 rental apartments. It is expected that possession and construction will take place during the second half of 2023 and that the rental value on completion will be approximately SEK 26 million. The acquisition, based on an underlying property value of SEK 49 million, is carried out from Fastighets AB Balder and involves an exchange transaction in which K-Fastigheter divests the investment property Rådhuset 6 in Helsingborg to Balder. Possession and divestment are scheduled to commence during fall 2023. The sale of Rådhuset 6, which primarily consists of commercial premises, is being made at an underlying property value of SEK 136 million. The underlying property value is

without deduction for deferred tax and in line with the book value as of Q3 2022.

Significant events after the end of the year

- On 19 January 2023, K-Fastigheter announced the appointment of Stefan Paulsson as CEO of K-Prefab AB. Stefan has been acting CEO since 11 April 2022.
- K-Fastigheter's Board of Directors intends to propose to the Annual General Meeting that no dividend be paid.



Acquired/divested investment properties

Property	Municipality	Possession/ completion	Number of apartments	Area m ²	Annually Rental value, SEK m	Purchase price, SEK million
Stafvre 7 etc.	Kristianstad	Mar 2022	105 + two pre-schools	8,966	14.4	227.0
Badaren 10	Hässleholm	Feb 2022	38	2,402	2.5	34.0
Høje-Taastrup 4ee 4ef	Høje-Taastrup (DK)	Apr 2022	36	3,561	9.1	DKK 110.0 m
Karlstrup By 56	Karlstrup (DK)	Nov 2022	32	3,302	7.6	DKK 91.4 m
Rådhuset 6 (agreed divestment)	Helsingborg	fall 2023	7	3,242	7.7	136.0

Acquired building rights

Property	Municipality	Construction scheduled to commence	Number of apartments	Area m ²	Estimated yearly rental value, SEK million	Purchase price, SEK million
Notarien 21	Eskilstuna	2022	109	6,919	15.3	23.4
1bt Pederstrup By	Ballerup (DK)	2022	153	11,014	28.0	DKK 80.5 m
Krösenet 16*	Kävlinge	2022	36	3,100	Property right	10.1
Stataren 2 / Olympia 14**	Höganäs	2024/2025	163	9,930	22.7	50.8
Skymningen 2 and 3	Höganäs	2022/2023	94	5,863	12.1	27.2
Part of Almby 12:43**/***	Örebro	2023	308	18,820	41.2	111.0
Part of Vapenrocken 1**	Västerås	2023	188	11,844	26.3	49.0

*JV with Er-Ho Bygg

** Property not yet transferred.

*** Joint venture through K-Fast Kilen AB

K-Fast 2.0

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
Number of apartments renovated	5	3	3	6	17
Increase in rental value, SEK m	0.1	0.1	0.1	0.1	0.4

Projects where construction has commenced

Property	Municipality	Scheduled completion	Number of apartments	Area m ²	Estimated yearly rental value, SEK million
Östra Vildrosen 1	Västerås	Q4 2023/ Q2 2025	125	9,660	19.8
Sågklingen 14	Västerås	Q3 2025	119	7,413	17.2
Kohagen 1 – phase 2	Vänersborg	Q2 2024	80	5,466	10.7
Skymningen 2	Höganäs	Q4 2023	41	2,836	5.7
Oppeby Gård 1:9*	Nyköping	Q2 2024	27	1,740	3.5
1bt Pederstrup By	Ballerup (DK)	Q2 2024–Q3 2025	153	11,014	28.0
Rusthållaren 3 & 4**	Hässleholm	Q2 2024	Commercial	8,000	13.8
Fogdaröd 8:32	Höör	Q4 2023/Q1 2024	74	4,961	9.9
part of Måsen*	Strängnäs	Q4 2023/Q3 2025	87	5,548	12.3
Limkokaren 17	Hässleholm	Q2 2024	70	4,403	9.0
Part of Magasinet 1	Hässleholm	Q2 2024	31	2,447	4.5
Notarien 21	Eskilstuna	Q3 2025	109	6,919	15.3
Alderholmen 4:34	Gävle	Q1/Q2 2025	96	5,659	14.7

*K-Fastigheter's share of the construction in the JV with Kilenkryset

**Business property, of which approximately 50 percent is expected to comprise external lets.

Project completions

Property	Municipality	Move in	Number of apartments	Area m ²	Rental value SEK m
Trollet 1	Växjö	Feb 2022	48	3,408	6.1
Oppebygård 1:17	Nyköping	Feb-Nov 2022	100	7,277	12.4
Flora 13	Höganäs	Mar 2022	71	3,847	7.8
Stubbarp 33:27–phase 3(3)	Höganäs	Mar 2022	25	1,820	3.0
Hammar 9:197	Kristianstad	Mar-Apr 2022	48	3,144	6.0
Magasinet 1&4–Byggmax	Hässleholm	Apr 2022	Commercial	2,487	2.1
Kokhuset 1	Hässleholm	Jun 2022	38	2,808	4.9
Vallensbaek Strand	Vallensbaek/DK	Jun-Jul 2022	95	7,746	18.6
Fullerö 21:103	Uppsala	Jun 2022	40	2,472	4.7
Stubbarp 39:5	Höganäs	Jul/Oct 2022	42	3,380	5.7
Fredriksskans 2:79	Gävle	Jul-Nov 2022	92	5,966	11.5
Hässjan 1	Malmö	Jul 2022	31	2,036	4.7
Röret 1	Älmhult	Jul 2022	38	2,471	4.3
Saltmästaren 2	Kävlinge	Nov 2022	65	3,878	7.7
Getramsen 3	Kristianstad	Dec 2022	19	2,166	3.5
Kedjan 1 phase 1(of 2)	Älmhult	Dec 2022	22	1,170	2.1

CONSOLIDATED FINANCIAL STATEMENTS

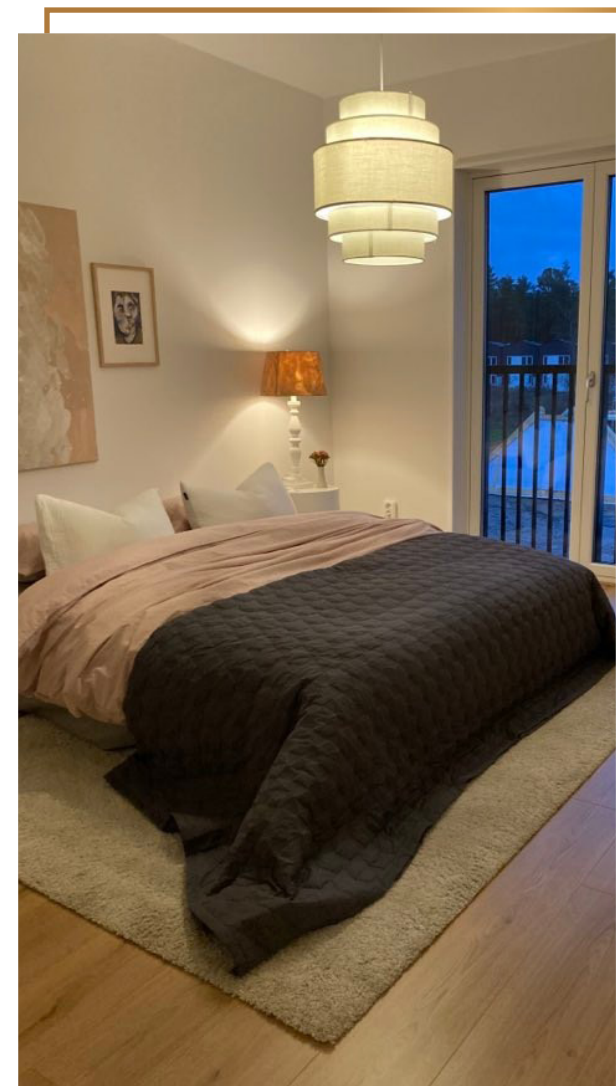
GROUP COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income

SEK m	Note	2022 Jan- Dec	2021 Jan- Dec
Rental income	3	384.2	265.9
Project and contracting income	3	1,001.2	976.1
Net sales		1,385.4	1,242.1
Other operating income		20.6	10.7
Operating costs		-97.5	-52.3
Maintenance		-13.5	-12.4
Property tax		-8.4	-5.7
Property administration		-25.2	-22.7
Property management costs	4, 5, 6	-144.7	-93.1
Project and contracting costs	4, 5, 6	-938.3	-881.8
Gross profit		323.1	277.9
of which, gross profit from property management (operating surplus)		251.9	176.1
of which, gross profit from project and contracting operations		71.2	101.8
Central administration	4, 5, 6, 8	-54.9	-40.7
Depreciation/amortization and impairment	7	-62.6	-58.2
Profit from participations in associated and jointly controlled companies	9	2.5	23.3
Net interest income	10	-124.8	-75.6
Profit before changes in value		83.3	126.6
of which, profit from property management*		130.7	101.4
Change in value of investment properties	11	699.0	1,139.1
Change in value, derivatives	10	364.1	66.0
Profit before tax		1,146.4	1,331.7
Tax on profit for the year	12	-239.0	-287.3
Profit for the year		907.4	1,044.4
Other comprehensive income	13	27.4	3.8
Comprehensive income for the year		934.8	1,048.1
Comprehensive income for the year attributable to			
Parent Company shareholders		916.6	1,048.1
Non-controlling interests	30	18.2	0.0
Profit after tax per share, SEK/share**	14	4.13	4.85

* Profit from property management does not include any component attributable to non-controlling interests

** There are no potential shares, e.g. convertibles in the company, and accordingly no dilution effect.



GROUP FINANCIAL POSITION

Consolidated Statement of Financial Position

Assets, SEK m	Note	2022 31 Dec	2021 31 Dec
Property, plant and equipment			
Intangible assets	15	480.2	484.7
Investment properties	16	13,094.6	9,603.7
Business properties	17	447.6	448.4
Equipment	18	193.6	189.8
Total property, plant and equipment		14,216.0	10,726.6
Financial non-current assets	22		
Holdings in associated and jointly controlled companies and other non-current receivables	19, 20	245.8	243.5
Derivative instruments	22	399.1	37.0
Deferred tax asset	21	16.4	17.1
Total financial non-current assets		661.3	297.5
Total non-current assets		14,877.3	11,024.1
Current assets	22		
Inventories	23	60.2	51.7
Accounts receivable	24, 25	93.2	105.3
Other current receivables	25, 26	169.2	178.6
Prepaid costs and accrued income	27	36.7	29.0
Cash and cash equivalents	28	35.4	94.0
Total current assets		394.6	458.6
Total assets		15,272.0	11,482.7

Equity and liabilities, SEK m	Note	2022 31 Dec	2021 31 Dec
Equity	29		
Share capital		57.4	57.4
Other capital contributions		1,372.9	1,372.9
Currency translation reserve		29.7	2.3
Profit brought forward including the profit for the year		3,690.3	2,801.1
Equity attributable to Parent Company shareholders		5,150.3	4,233.7
Non-controlling interests	30	19.3	0.0
Total Equity		5,169.6	4,233.7
Non-current liabilities	22		
Deferred tax liability	21	1,033.5	796.4
Non-current interest-bearing liabilities	22	6,411.5	4,996.4
Other provisions and non-current liabilities	31	74.7	13.7
Total non-current liabilities		7,519.8	5,806.5
Current liabilities	22		
Current interest-bearing liabilities	22	2,049.9	947.5
Accounts payable	22	198.3	177.2
Other current liabilities	31	128.3	139.6
Accrued costs and prepaid income	32	206.2	178.2
Total current liabilities		2,582.7	1,442.5
Total liabilities		10,102.4	7,249.0
TOTAL EQUITY AND LIABILITIES		15,272.0	11,482.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Attributable to Parent Company shareholders						Total Equity
	Number of shares outstanding	Share capital	Other capital contributions	Currency translation reserve	Profit brought forward	Non-controlling interests	
Equity, as of 1 January 2021	35,888,528	57.4	1,372.9	-1.4	1,781.0	0.0	3,209.8
Profit for the year					1,044.4	0.0	1,044.4
Other comprehensive income				3.8			3.8
Comprehensive income for the year				3.8	1,044.4	0.0	1,048.1
Repurchase of own shares					-24.3		-24.3
Share split	179,442,640						
Total transactions with shareholders	179,442,640	0.0	0.0				0.0
Equity, as of 31 December 2021	215,331,168	57.4	1,372.9	2.3	2,801.1	0.0	4,233.7

SEK m	Attributable to Parent Company shareholders						Total Equity
	Number of shares outstanding	Share capital	Other capital contributions	Currency translation reserve	Profit brought forward	Non-controlling interests	
Equity, as of 1 January 2022	215,331,168	57.4	1,372.9	2.3	2,801.1	0.0	4,233.7
Profit for the year					889.2	18.2	907.4
Other comprehensive income				27.4			27.4
Comprehensive income for the year				27.4	889.2	18.2	934.8
Total transactions with shareholders	0	0.0	0.0				0.0
Shareholder contribution from non-controlling interests						1.1	1.1
Total transactions with non-controlling interests						1.1	1.1
Closing balance as of 31 December 2022	215,331,168	57.4	1,372.9	29.7	3,690.3	19.3	5,169.6

The Annual General Meeting on May 19, 2021 decided to effect a 6:1 share split. The share split was completed on June 7, 2021.

Acquisitions of Treasury shares relate to K-Fastigheter's share (25%) of the market value of the 1,428,600 shares in K-Fast Holding AB owned by Mjölback's Entreprenad AB.

CONSOLIDATED CASH FLOW STATEMENT

SEK m	Note	2022 Jan-Dec	2021 Jan-Dec
Operating activities			
Profit before changes in value		83.3	126.6
Adjustment for items not affecting cash flow	37	56.4	23.3
Tax paid		-7.1	-4.3
Cash flow from operating activities before changes in working capital		132.7	145.6
Change in operating receivables		24.4	37.1
Change in operating liabilities		-6.9	142.5
Cash flow from operating activities		150.1	325.3
Investing activities			
Investments in intangible assets	15	-3.6	0.0
Investments in Group, associated and jointly controlled companies	19,34	-9.0	-858.8
Property investments	16, 17	-803.7	-330.3
Investments in construction in progress	16	-1,941.8	-1,326.3
Investments in machinery and equipment	18	-20.8	-50.4
Divestment of properties	16	14.7	51.0
Change in other financial non-current assets	20	-4.3	-0.5
Dividend from associated companies	9	19.5	0.0
Cash flow from investing activities		-2,749.0	-2,515.4
Financing activities			
Borrowings	22	2,719.0	1,909.6
Loan amortizations		-179.8	-133.2
Capital contributions		1.1	0.0
Cash flow from financing activities		2,540.4	1,776.3
Cash flow for the year	37	-58.6	-413.8
Translation differences in cash and cash equivalents		0.0	0.1
Opening cash and cash equivalents		94.0	507.6
Closing cash and cash equivalents		35.4	94.0

Cash and cash equivalents in the Cash Flow Statement refer in their entirety to cash and bank balances.



PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

SEK m	Note	2022 Jan-Dec	2021 Jan-Dec
Operating income			
Net sales	3	32.7	0.1
Total operating income		32.7	0.1
Operating costs			
Administration costs	4, 5, 6, 8	-66.4	-40.3
Amortization and depreciation	7	-0.4	-0.2
Total operating costs		-66.8	-40.5
Gross profit		-34.1	-40.4
Profit from participations in associated and jointly controlled companies	9	19.5	-0.2
Net interest income	10	17.8	2.7
Profit before changes in value		3.2	-37.9
Change in value, derivatives	10	380.8	66.8
Appropriations	33	-38.6	87.9
Profit before tax		345.4	116.7
Tax on profit for the year	12	-41.2	-23.3
Profit for the year		304.2	93.5
Parent Company Statement of Comprehensive Income			
Profit for the year		304.2	93.5
Other comprehensive income	13	0.0	0.0
Comprehensive income for the year		304.2	93.5



PARENT COMPANY BALANCE SHEET

Assets, SEK m	Note	2022 31 Dec	2021 31 Dec
Non-current assets			
Intangible non-current assets			
Intangible non-current assets	15	2.3	0.0
Total intangible non-current assets		2.3	0.0
Property, plant and equipment			
Property, plant and equipment	18	0.1	0.2
Total property, plant and equipment		0.1	0.2
Financial non-current assets	22		
Participations in Group companies	34	1,167.6	1,009.0
Receivables from Group companies	35	902.1	849.6
Participations in and receivables from associated companies and other non-current receivables and participations	19,20	203.8	190.2
Derivative instruments	22	401.7	36.4
Deferred tax asset	21	2.7	0.0
Total financial non-current assets		2,678.0	2,085.3
Total non-current assets		2,680.3	2,085.5
Current assets	22		
Receivables from Group companies	35	1,460.8	1,208.5
Receivables from associated companies	20	0.0	5.4
Other current receivables	26	70.3	59.4
Prepaid costs and accrued income	27	11.1	2.0
Cash and cash equivalents	28	0.0	69.0
Total current assets		1,542.3	1,344.2
TOTAL ASSETS		4,222.7	3,429.7

Equity and liabilities, SEK m	Note	2022 31 Dec	2021 31 Dec
Equity	29		
Restricted equity			
Share capital		57.4	57.4
Unrestricted equity			
Share premium reserve		1,372.9	1,372.9
Retained earnings		202.9	109.5
Profit for the year		304.2	93.5
Total Equity		1,937.5	1,633.3
Non-current liabilities	22		
Deferred tax liability	21	51.4	7.5
Non-current interest-bearing liabilities	22	748.8	931.7
Other provisions and non-current liabilities	31	0.0	2.4
Total non-current liabilities		800.2	941.6
Current liabilities	22		
Current interest-bearing liabilities	22	456.3	17.9
Accounts payable	22	4.1	1.4
Liabilities to Group companies	35	1,012.0	823.3
Other current liabilities	31	3.8	7.2
Accrued costs and prepaid income	32	8.8	5.0
Total current liabilities		1,485.0	854.8
Total liabilities		2,285.2	1,796.4
TOTAL EQUITY AND LIABILITIES		4,222.7	3,429.7

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

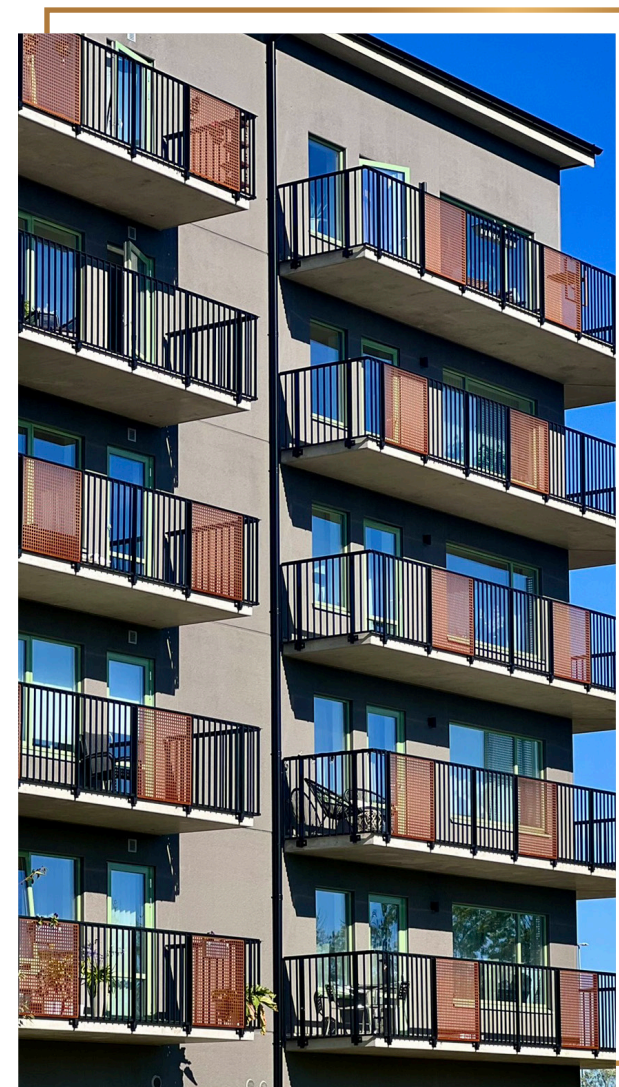
SEK m	Number of shares outstanding	Share capital	Other capital contributions	Profit brought forward	Total equity
Equity, as of 1 January 2021	35,888,528	57.4	1,372.9	109.5	1,539.8
Profit for the year				93.5	93.5
Other comprehensive income				0.0	0.0
Comprehensive income for the year				93.5	93.5
Share split*	179,442,640				
Total transactions with shareholders	179,442,640	0.0	0.0	0.0	0.0
Equity, as of 31 December 2021	215,331,168	57.4	1,372.9	203.0	1,633.3
Profit for the year				304.2	304.2
Other comprehensive income				0.0	0.0
Comprehensive income for the year				304.2	304.2
Total transactions with shareholders	0	0.0	0.0	0.0	0.0
Closing balance as of 31 December 2022	215,331,168	57.4	1,372.9	507.2	1,937.5

*The Annual General Meeting on May 19, 2021 decided to effect a 6:1 share split. The share split was completed on June 7, 2021.



PARENT COMPANY CASH FLOW STATEMENT

SEK m	Note	2022 Jan-Dec	2021 Jan-Dec
Operating activities			
Profit before changes in value		3.2	-37.9
Adjustment for items not affecting cash flow	37	0.4	3.3
Tax paid		0.0	0.0
Cash flow from operating activities before changes in working capital		3.6	-34.6
Change in operating receivables		-14.5	55.0
Change in operating liabilities		3.1	1.1
Cash flow from operating activities		-7.8	21.5
Investing activities			
Investments in Group companies	34	-158.6	-125.8
Investments in associated companies	19	-7.7	-190.1
Investments in intangible assets	15	-2.5	0.0
Investments in machinery and equipment	18	0.0	0.1
Change in receivables and liabilities to Group companies	35	-101.2	-290.0
Change in receivables from associated companies	26	-5.4	5.3
Cash flow from investing activities		-275.4	-600.4
Financing activities			
Borrowings	22	279.5	100.0
Loan amortizations		-24.2	-17.9
Change in non-current liabilities	31	-2.5	-4.0
Group contributions received	33	-38.6	87.9
Cash flow from financing activities		214.2	165.9
Cash flow for the year	37	-69.0	-413.0
Opening cash and cash equivalents		69.0	482.0
Closing cash and cash equivalents		0.0	69.0



SUPPLEMENTARY DISCLOSURES – NOTE 1

NOTE 1: ACCOUNTING PRINCIPLES

General information

The financial statements for K-Fast Holding AB as of 31 December 2022 were adopted by the Board of Directors on 30 March, 2023 and will be submitted to the Annual General Meeting on 15 May 2023 for approval. K-Fast Holding AB, Corp. ID No. 556827-0390, is the Parent Company in a Group with subsidiaries as presented in Note 34 Shares in Group companies.

The company is a public limited liability company that was formed and has its registered offices in Sweden. The head office and principal business location is Bultvägen 7, SE-281 43 Hässleholm, Sweden. The company's business concept is committed and cost-efficient development, construction, management and long-term ownership of the market's most attractive residential properties in terms of condition, standard and service levels.

The Accounting Principles are described under each Note with the aim of increasing the reader's understanding of the relevant reporting area. General Accounting Principles and information relating to the Consolidated Financial Statements follows.

Accounting principles

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretation statements issued by the IFRS Interpretation Committee (IFRIC), as adopted by The EU. The Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary accounting rules for groups" has also been applied.

The Annual Report of the Parent Company has been prepared

in accordance with the Annual Accounts Act, recommendation RFR 2 of the Swedish Financial Reporting Board (Accounting Legal Entities) and associated statements by the Swedish Financial Reporting Board. The Parent Company applies the same accounting principles as the Group except in the instances mentioned below in the section "Parent Company accounting principles. The deviations occurring between the principles applied by the Parent Company and the Group are caused by limited opportunities to apply IFRS in the Parent Company as a consequence of the Annual Accounts Act.

The functional currency for the Parent Company is Swedish kronor, which is also the reporting currency for the Parent Company and the Group. The financial statements are presented in Swedish kronor rounded to the nearest SEK million unless otherwise stated.

The stated accounting principles for Group have been applied consistently to all periods presented in the consolidated financial statements, unless stated otherwise below. The Group's accounting principles has been applied consistently in the reporting and consolidation of subsidiaries.

Significant estimates and judgments

Preparing financial statements in accordance with IFRS requires Group management to make assessments, estimates and judgments that affect how accounting principles are applied and the carrying amounts for assets, liabilities, income and expenses. The estimates and judgments are based on historical experience and other factors that appear reasonable under the prevailing circumstances. The results of these estimates and judgments are then applied in estimating the carrying amounts of assets and liabilities, which would not otherwise be evident from other sources. Actual outcomes may deviate from these estimates and judgments. Estimates and judgments are reviewed regularly. Changes in

estimates are reported 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 both the current period and future periods.

Revised accounting principles and disclosures

New and revised standards adopted by the EU

Revisions to IFRS 3 imply updated references due to earlier changes in the conceptual framework. A new exemption is also being introduced, relating to liabilities and contingent liabilities within IAS 37 Provisions, Contingent Liabilities and Contingent assets, and IFRIC 21 Levies. The revision also clearly states that contingent liabilities shall not be included in any acquisition analysis.

Changes to IAS 16 Property, Plant and Equipment clarify that income earned before a property, plant and equipment item is in a condition suitable for its intended use cannot reduce the cost of the asset and shall be recognized under profit. The revision also clarifies that IAS 2 Inventories applies to recognition of goods manufactured in the period.

The changes in IAS 37 Provisions, Contingent Liabilities and Contingent Assets clarify the items of expenditure associated with a particular contract that shall be taken into account when identifying and recognizing loss-making contracts.

The amendments came into force on 1 January 2022 and the revised Accounting Principles did not impact K-Fastigheter's financial reporting.

Other EU-approved new and revised standards and interpretation statements from the IFRS Interpretations Committee are currently not assessed to affect K-Fastigheter's earnings or financial position to a significant degree.

Changes in Swedish regulatory frameworks

Changes introduced in 2022 did not have any material impact on K-Fastigheter's reporting, and mainly led to slightly increased disclosure requirements.

New standards effective from 2023

IFRS 17 Insurance Contracts is a new standard introduced in 2023. Revisions will be made to IAS 1 Presentation of Financial Statements relating to information regarding accounting principles, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, where 'estimates' will be defined to clarify the distinction between Accounting Policies, Changes in Accounting Estimates and Errors and IAS 12 Income Taxes, which essentially means that companies recognize deferred tax on all temporary differences. However, an exemption is made in areas such as temporary differences arising upon initial recognition of an asset or liability, provided that certain conditions are satisfied.

The changes came into force on 1 January 2023, and the revised accounting principles are not expected to impact K-Fastigheter's Financial Statements.

Other EU-approved new and revised standards and interpretation statements from the IFRS Interpretations Committee are currently not assessed to affect K-Fastigheter's earnings or financial position to a significant degree. This also applies to Swedish regulatory frameworks.

Classification etc.

Non-current assets and liabilities consist, essentially, of amounts expected to be recovered or paid after more than 12 months of the Balance Sheet date.

Current assets and liabilities consist, essentially, of amounts expected to be recovered or paid within 12 months of the balance sheet date. Current liabilities to credit institutions include one year's agreed amortization, as well as credits maturing in upcoming financial years.

In the Parent Company, loans from/to Group companies are reported as non-current, as there are no established amortization plans.

Consolidation principles

Subsidiaries, investment objects, are companies over which the Group has a controlling influence. A controlling influence refers to K-Fast Holding AB being exposed to, or being entitled to, variable returns on its engagement in the investment object and being able to affect that return through its influence over the investment object.

Subsidiaries are reported in accordance with the acquisition method. The method entails the acquisition of a subsidiary classified as a business combination being viewed as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The analysis determines, in part, the cost of the shares or business and, in part, the fair value on the acquisition date of the acquired identifiable assets, as well as the assumed liabilities and contingent liabilities. The purchase price also includes the fair value of all assets or liabilities resulting from an agreement on a conditional purchase price. Acquisition-related expenses are expensed as they

are incurred. For each acquisition, the Group determines whether all non-controlling interests in the acquired company are reported at fair value or at the holding's proportional share of the acquired company's net assets. The cost of the subsidiary's shares and the cost of the business comprise their fair values on the date of transfer of the assets, the incurred or assumed liabilities and the issued equity instruments provided as consideration in exchange for the acquired net assets and transaction expenses directly attributable to the acquisition.

In business combinations under shared controlling interests, the acquisition is reported at historical cost, meaning that assets and liabilities are reported at the values at which they have been included in each company's Balance Sheet. In this way, no goodwill arises. Other acquisitions are company acquisitions.

For asset acquisitions, the cost, including acquisition expenses, of the acquired assets are allocated to the individual acquired assets and liabilities based on their fair value at the time of acquisition. Deferred tax is not reported on the initial temporary differences. Complete deferred tax is reported on temporary differences arising following the acquisition. On the ensuing balance sheet date, acquired investment properties are reported at fair value, which may deviate from the cost.

In connection with an acquisition, an assessment is made as to whether the acquisition is an acquisition of a business or of assets. The transaction is considered to be an asset acquisition if it pertains to properties but does not include the organization and processes required to perform the property management operations. Although there are rental contracts relating to these properties, there are no employees in the company to conduct business operations.

In connection with business combinations where the cost exceeds the net value of the acquired assets, assumed liabilities and contingent liabilities, the difference is reported as goodwill. When the difference is negative, this is reported directly in the Income Statement.

Subsidiaries' financial statements are included in the consolidated accounts from the point in time at which the controlling influence arises and until the date on which the controlling influence ceases.

Intra-Group receivables and liabilities, income or expenses and unrealized gains or losses arising from intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated accounts.

Changes in share of ownership in a subsidiary with no change in controlling influence

Transactions with shareholders without a controlling influence and not resulting in a loss of control are reported as equity transactions – that is, as transactions with the owners in their role as owners. In acquisitions from shareholders without a controlling influence, the difference between the fair value of the purchase price paid and the actual acquired share of the carrying amount of the subsidiary's net assets is reported in equity. Gains and losses on divestments to holders without a controlling interest are also reported in equity.

Foreign currency

Financial reporting in foreign operations

Assets and liabilities in foreign operations are converted to SEK at the exchange rate prevailing on the record date. Income and expenses in foreign operations are converted to SEK at an average exchange rate constituting an approximation of the exchange rates at the time of the respective transactions. Translation differences

that arise upon currency conversion of foreign operations are recognized as translations reserves under Other comprehensive income.

Transactions denominated in foreign currency

Transactions denominated in foreign currency are converted to the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency are converted to the functional currency at the exchange rate prevailing on the record date. Exchange rate differences are recognized in the Income Statement, with the exception of long-term internal transactions, which are included in net investments in subsidiaries and recognized in Other comprehensive income. Non-monetary assets and liabilities recognized at historical cost are converted at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities recognized at fair value are converted to the functional currency at the exchange rate prevailing at the time of valuation at fair value.

Impairment

The Group's recognized assets are assessed on each balance sheet date to determine whether there are any indications of impairment. IAS 36 is applied regarding impairments of assets other than financial assets, which are reported in accordance with IFRS 9, assets for sale and divestment groups are recognized in accordance with IFRS 5, inventories and deferred tax receivables. If any such indication exists, the asset's recoverable amount is calculated. For exempted assets in accordance with the above, the valuation is tested in accordance with the relevant standard.

If it is not possible to assign significant independent cash flows to an individual asset when assessing impairment needs, the assets

are grouped at the lowest level at which it is possible to identify significant independent cash flows, a so-called cash-generating unit. Impairment is recognized when the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. Impairment is charged to the Income Statement.

The recoverable value of assets belonging to the category of loan receivables and accounts receivable, which are reported to amortized cost, is calculated as the present value of future cash flows discounted by the effective interest rate that applied on the initial recognition of the asset.

Short-maturity assets are not discounted. The recoverable value of other assets is the highest of fair value less sales expenses and value in use. On calculating the value in use, future cash flows are discounted applying a discount factor that takes into account risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows that are substantially independent of other assets, the recoverable value is calculated of the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment of assets included in the scope of IAS 36 is reversed if there is both an indication that the need for impairment no longer prevails and if there has been a change in the assumptions on which the calculation of the recoverable amount was based. Goodwill impairment is, however, never reversed. A reversal is made only to the extent that the carrying amount of the asset, following reversal, does not exceed the amount that would have been recognized, less depreciation where applicable, if no impairment had been applied. Impairments of loan receivables and accounts receivable recognized at amortized cost are reversed if a subsequent increase in the recoverable amount can objectively be

attributed to an event occurring following the application of the impairment.

Parent Company accounting principles

The Annual Report for the Parent Company has been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2—Accounting for Legal Entities. The recommendation means that the Parent Company, in the Annual Report for the legal entity, shall apply all IFRS and statements approved by the EU as far as possible within the framework of the Annual Accounts Act and with regard to the relationship between accounting and taxation. IFRS 16 is not currently applied by the Parent Company. The recommendation states which exceptions and additions apply in relation to IFRS.

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

The stated accounting principles for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

Classification and presentation

The Parent Company's Income Statement and Balance Sheet are arranged in accordance with the diagrams presented in the Annual Accounts Act. The difference compared to IAS 1, Presentation of Financial Statements, which applies to the presentation of the Consolidated Financial Accounts, mainly relates to recognition of financial income and expenses, as well as equity.

Anticipated dividends

Anticipated dividends from subsidiaries are reported in cases where the Parent Company alone is entitled to determine the size of dividends and the Parent Company has determined the size of

the dividend prior to the Parent Company publishing its financial statements.

Group contributions and shareholder contributions

The Parent Company recognizes Group contributions and shareholder contributions in accordance with RFR 2. Shareholder contributions are posted directly against equity for the recipient

and are capitalized in shares and participations for the donor, to the extent that impairment is not required. Group contributions are recognized as year-end allocations in the Income Statement. The tax effect is reported in accordance with IAS 12 in the Income Statement.



SUPPLEMENTARY DISCLOSURES – NOTE 2

NOTE 2: SEGMENT REPORTING

Accounting principles

An operating segment is a part of the Group that conducts operations from which it can generate income and incur expenses and for which standalone financial information is available. An operating segment's profit is also reviewed by the Company's highest executive decision-maker to assess profit and to be able to allocate resources to the operating segment. In the Group, the Board of Directors and Group management have been identified as the highest executive decision maker. Each operating segment is managed separately as each segment requires different technologies, resources, and marketing methods. All transactions between segments are conducted on a professional basis and are based on prices charged to customers that are not related parties in connection with standalone sales of identical goods or services (that is, transactions between parties that are independent of one another, that are well informed and that have an interest in conducting the transactions).

The Group has identified four operating segments: Project Development, Construction, Prefab and Property Management.

Project Development

The value and profit attributable to value changes on newly developed properties, sales gains in a newly-constructed property if this is sold with title as tenant-owned apartments or an investment property or value generation by refining land.

Construction

Profit generated in any of the Group's construction companies and profit from associated companies active in construction.

Prefab

Profit generated in any of the Group's prefab companies.

Property Management

Profit from property management of rental properties, profit from sales of investment properties, profit from associated companies active within property management, as well as value changes in investment properties and interest rate derivatives.

The Group applies the same valuation principles in its segment reporting in accordance with IFRS 8 as in its financial reports.



SUPPLEMENTARY DISCLOSURES – NOTE 2, CONT.

Jan–Dec 2022

Income Statement, SEK m	Property Management	Project Development	Construction	Prefab	Other*	Group
Income	396.6	3.2	792.9	1,251.0	-1,037.6	1,406.0
Expenses	-144.7	-3.3	-787.9	-1,184.7	1,037.6	-1,082.9
Gross profit	251.9	-0.1	5.0	66.3	0.0	323.2
Central administration costs	-12.3	-9.2	-15.2	-19.5	1.3	-54.9
Depreciation/amortization and impairment	-4.1	0.0	-3.1	-55.4	0.0	-62.6
Profit from holding in associated companies**	0.0	0.0	0.0	0.0	2.5	2.5
Net interest income	-104.8	0.0	-0.2	-19.7	0.0	-124.8
Profit before changes in value	130.7	-9.3	-13.5	-28.2	3.8	83.4
Change in value, properties	5.1	693.9	0.0	0.0	0.0	699.0
Change in value, derivatives	365.8	0.0	-1.7	0.0	0.0	364.1
Profit before tax	501.6	684.5	-15.2	-28.2	3.8	1,146.5
Tax	-76.4	-142.9	-1.0	1.1	-19.7	-239.0
Profit for the year	425.2	541.6	-16.2	-27.1	-15.9	907.4

31 December 2022

Balance Sheet, SEK m	Property Management	Project Development	Construction	Prefab	Other*	Group
Non-current assets	13,541.8	0.0	27.9	1,077.6	230.0	14,877.3
Current assets	66.4	0.0	12.7	234.0	81.5	394.6
Total assets	13,608.2	0.0	40.6	1,311.7	311.5	15,272.0
Non-current liabilities	6,859.8	0.0	1.7	597.5	60.8	7,519.8
Current liabilities	1,524.0	0.0	134.5	449.9	474.2	2,582.6
Total liabilities	8,383.8	0.0	136.3	1,047.3	535.0	10,102.3

* Other relates to eliminations, corresponding to the scope of intra-Group revenue related to the Group's extensive intra-Group construction, and information that cannot be broken down by the respective operating segments.

** Profit from participations in associated and jointly controlled companies.

Jan–Dec 2021

Income Statement, SEK m	Property Management	Project Development	Construction	Prefab	Other*	Group
Income	269.2	0.0	607.2	1,059.9	-683.6	1,252.7
Expenses	-93.1	0.0	-587.4	-978.0	683.6	-974.8
Gross profit	176.1	0.0	19.8	81.9	0.0	277.9
Central administration costs	-10.2	-10.2	-10.2	-10.2	0.0	-40.7
Depreciation/amortization and impairment	-3.3	0.0	-4.0	-50.8	0.0	-58.2
Profit from holding in associated companies**	0.0	0.0	0.0	0.0	23.3	23.3
Net interest income	-61.2	0.0	-0.1	-14.3	0.0	-75.6
Profit before changes in value	101.4	-10.2	5.6	6.6	23.3	126.6
Change in value, properties	431.7	707.4	0.0	0.0	0.0	1,139.1
Change in value, derivatives	66.0	0.0	0.0	0.0	0.0	66.0
Profit before tax	599.1	697.2	5.6	6.6	23.3	1,331.7
Tax	-102.5	-145.7	-0.1	-8.7	-30.2	-287.3
Profit for the year	496.5	551.5	5.4	-2.2	-6.9	1,044.4

31 December 2021

Balance Sheet, SEK m	Property Management	Project Development	Construction	Prefab	Other*	Group
Non-current assets	9,715.4	0.0	24.1	1,077.8	206.8	11,024.1
Current assets	67.0	0.0	-0.1	258.9	132.8	458.6
Total assets	9,782.3	0.0	24.0	1,336.8	339.6	11,482.7
Non-current liabilities	5,051.7	0.0	1.2	734.8	18.8	5,806.5
Current liabilities	951.8	0.0	88.0	377.6	25.1	1,442.5
Total liabilities	6,003.5	0.0	89.2	1,112.4	43.9	7,249.0

SUPPLEMENTARY DISCLOSURES – NOTE 3

NOTE 3: INCOME

Accounting principles

Rental income

Rental income, which is classified as operating leases in its entirety, relates to income from lease contracts where the Group is lessee. Rental income includes rent, supplements for investments and property tax, as well as additional billing such as heating, water, cooling, waste management etc. as these items have not been deemed to be of material significance from an accounting perspective and have therefore not been reported separately. Both rental income and additional billing are recognized on a straight line basis in the Consolidated Income Statement according to the terms of the lease agreement. The total cost of discounting is recognized as a reduction in rental income on a straight line basis over the lease term. Rental income and additional billing paid in advance are recognized as prepaid income in the Balance Sheet.

As of 31 December 2022, the contractual rental income amounted to SEK 475.6 million (318.2), of which commercial premises accounted for SEK 53.5 million (41.8). The largest individual contract, for which the largest individual tenant is responsible, accounted for approximately one percent of consolidated rental income.

Future minimum lease fees for non-cancellable leases

The Group has entered into lease agreements regarding commercial premises, housing and parking spaces, which are reported as operating leases. The leases regarding housing, parking spaces and certain commercial premises are currently running with a notice period of 3-9 months. Annual rental income 2022 for these contracts amounted to SEK 423.4 million (272.3). The Group has rental agreements with an annual rental income of SEK 38.1 million (35.9) where the agreements have a remaining maturity of between 1 and 5 years. The Group has annual rental income of SEK 14.0 million (10.0), where the agreements have a remaining maturity of more than 5 years.

Income from contracted construction

Income from contracted construction operations is recognized over time with reference to progress towards completion for each performance commitment. The Group's performance creates or enhances an asset (construction of a building) controlled by the customer when the asset is created or improved, upon which the income for execution shall be recognized over time in accordance with the appropriate method. Progress towards completion for each performance commitment is calculated based on the percentage of the expenses disbursed compared with the total calculated expenses for each performance commitment (input method). When the outcome of a construction contract cannot be reliably estimated, income is recognized to the extent expenses have been incurred that are expected to be recovered. When it is probable that the total contract expenses will exceed the total income, the expected loss is recognized immediately as an expense. When the value of the service performed for the customer corresponds directly to the right to invoice the service, income is recognized for the invoiced amount.

The Group largely conducts construction operations for its own purposes, developing rental apartments. On individual occasions, residential properties are developed and sold. Income is reported when control of the property has been transferred to the buyer. The properties normally have no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until ownership has transferred to the buyer. Income is therefore reported at the time when ownership transfers to the buyer. Income is recognized at the contractual transaction price. Normally, compensation falls due for payment when the title of ownership has been transferred. Although there are exceptions where payment terms may be extended, payment terms never exceed 12 months. Accordingly, the transaction price is not adjusted for the effects of significant financing components.

Contractual income

The Construction and Prefab segment have income from contracts with customers, these constitute the entire income item of SEK 1,001.2 million (976.1) for projects and construction operations. Revenue is recognized over time.

Parent Company

Income in the Parent Company primarily relates to services invoiced to Group companies. The Parent Company has no contractual income.

Rental income by geographical area, SEK m	2022	2021
Region South	333.2	257.2
Region West	18.0	6.9
Region East	18.5	1.9
Denmark	14.6	0.0
Rental income	384.2	265.9

Rental income by property category, SEK m	2022	2021
Housing (incl. garages/parking spaces)	336.4	223.5
Premises	47.9	42.3
Rental income	384.2	265.9

Project and construction income and capitalized work on own account, SEK m	2022	2021
External project and construction contract income	1,001.2	976.1
Capitalized work on own account	1,037.6	683.6
Total	2,038.8	1,659.7
of which Sweden	1,825.9	1,539.7
of which Denmark	212.9	120.0

Other operating income, SEK m	2022	2021
Property Management business area	12.2	3.3
Construction business area	0.4	1.3
Prefab business area	7.9	6.1
Other operating income	20.6	10.7

SUPPLEMENTARY DISCLOSURES – NOTE 4

NOTE 4: LEASES

Accounting principles

K-Fastigheter applies IFRS 16 Leases. The Group recognizes Right-of-use assets and leasing liabilities attributable to all lease contracts, with the exception of agreements shorter than 12 months and/or of minor value (USD 5,000).

Straight-line amortization of right-of-use assets, and interest expenses on liabilities, are recognized in the Income Statement. While the right-of-use assets are depreciated on a straight-line basis over the lease term or the economic lifetime, whichever is longer, the liability is adjusted by the portion of the leasing fee for a period that is not allocated as an interest cost.

The leases assessed by the Group as significant were leases for cars, high-value IT equipment, site leaseholds and rental agreements. The rights-of-use assets attributable to site leases are measured at fair value in accordance with IAS 40. The corresponding amount has been recognized as a non-current lease liability in accordance with IFRS 16. The weighted average borrowing rate used is 2.05 percent for vehicles and IT equipment, 2.08 percent for site leaseholds, and 2.15 - 2.79 percent for rental agreements depending on the term of the underlying rental contract.

Lease agreements regarding items such as photocopiers, rental agreements with shorter terms and low-value office and IT equipment, have not been assessed as material, and the Group applies the simplification rule in the Balance Sheet due to the lower value. For information regarding lease agreements as lessee, see Rental income Note 3 Income.

In the full year 2022, the Group expensed total leasing fees of SEK 27.8 million (13.3), of which SEK 11.4 million (9.1) was attributable

to depreciation, SEK 7.0 million (1.5) to interest expenses and SEK 9.4 million (2.7) to low-value leases. The Group has no short-term leases or variable lease charges.

Parent Company

The Parent Company has lease contracts relating to vehicles and IT equipment. IFRS 16 has not been applied in the Parent Company, which applies RFR 2. In cases where the Parent Company is lessor,

this means that lease charges are expensed on a straight line basis over the term of the lease. The cost of lease agreements is recognized under Other external expenses. Accordingly, right-of-use assets and lease liabilities are not recognized in the Balance Sheet.

SEK m	Right-of-use assets					Lease liability
	Site leaseholds	Vehicles	IT Equipment	Rental agreements	Total	
As of 1 January 2022	18.0	12.7	0.2	61.3	92.2	92.7
Additional agreements	0.0	13.2	0.0	0.0	13.2	13.2
Amortization and depreciation	0.0	-4.0	-0.2	-7.2	-11.4	0.0
Terminated agreements	0.0	-1.5	0.0	0.0	-1.5	-1.4
Revaluations of agreements	0.0	0.0	0.0	0.0	0.0	0.0
Interest costs	0.0	0.0	0.0	0.0	0.0	7.0
Leasing fees	0.0	0.0	0.0	0.0	0.0	-18.4
Reclassification	0.0	-4.9	0.0	4.9	0.0	0.0
As of 31 December 2022	18.0	15.5	0.0	58.9	92.5	93.1

Maturity analysis (excluding residual value)

SEK m	Site leaseholds	Vehicles	IT Equipment	Rental agreements	Total
2023	0.4	3.9	0.0	6.3	10.7
2024	0.4	2.1	0.0	7.5	10.0
2025	0.4	0.7	0.0	8.3	9.4
2026	0.4	0.0	0.0	5.2	5.6
2027	0.4	0.0	0.0	4.1	4.5
>2028	6.4	0.0	0.0	0.0	6.4
Total	8.3	6.9	0.0	31.5	46.6

SUPPLEMENTARY DISCLOSURES – NOTE 5

NOTE 5: EMPLOYEES AND PERSONNEL EXPENSES

Accounting principles

Current employee benefits are calculated without discounting and are recognized as expenses when the associated services are received. Remunerations to employees consist of salaries, paid vacation, paid absence due to illness and other remunerations, as well as pensions. The Group's pension plans are, in their entirety, defined contribution plans.

For defined-contribution pension plans, the Group pays fees to publicly or privately managed pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment commitments once the fees have been paid.

When they fall due for payment, the fees are reported as personnel expenses. Prepaid fees are reported as an asset to the extent that cash repayments or reductions of future payments may benefit the company.

As of 31 December 2022, the Group had 732 employees (691), of whom 69 were women (60) and 663 were men (631). At the end of the year, there were 42 (26) employees in the Parent Company, of

Average number of employees

	Group		Parent Company	
	2022	2021	2022	2021
Women	70	67	18	12
Men	665	594	16	10
Total	735	661	34	22

whom 22 were women (14) and 20 were men (12). Including the Chairman of the Board, K-Fast Holding AB had 6 Board Members (6), of whom 1 was a woman (1). Including the CEO, the Group had 11 senior executives (11), of whom 2 were women (2).

Remuneration to the CEO, as well as other members of Group management, complies with the guidelines adopted by the Annual General Meeting on 12 May 2021. Salaries and other terms of employment shall be market-based and competitive, but not wage-leading in comparison to comparable companies. The CEO's remuneration is proposed by the Remuneration Committee and is determined by the Board of Directors. Remuneration to other

Salaries, fees and benefits

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Chairman of the Board	0.0	0.0	0.0	0.0
The Board	0.8	0.8	0.8	0.8
CEO				
Basic salary	1.2	1.2	1.2	1.2
Benefits	0.1	0.2	0.1	0.2
Deputy CEO				
Basic salary	1.2	1.1	1.2	1.1
Benefits	0.2	0.1	0.2	0.1
Other senior executives				
Basic salary	8.8	7.8	4.3	3.6
Benefits	0.5	0.3	0.3	0.1
Other employees				
Basic salary	298.2	261.2	14.4	6.2
Benefits	3.2	2.6	0.7	0.0
Total	314.4	275.3	23.2	13.3

members of Group management is proposed by the CEO and approved by the Remuneration Committee. Compensation to the CEO is paid only in the form of fixed basic salary. Remuneration to other members of Group management is paid primarily in the form of fixed base salary, but can also be paid as variable salary or performance-based compensation corresponding to a maximum 50 percent of the fixed salary per calendar year.

The retirement age of the CEO and other members of Group management is 65. Pension commitments shall be fee-based, meaning that the company has no further obligations once the annual premiums have been paid.

Statutory social security expenses, including payroll tax

SEK m	Group		Parent Company	
	2022	2021	2022	2021
The Board	0.3	0.3	0.3	0.3
CEO	0.4	0.4	0.4	0.4
Deputy CEO	0.5	0.4	0.5	0.4
Other senior executives	3.4	3.1	1.6	1.3
Other employees	99.4	88.6	5.0	2.0
Total	104.0	92.8	7.9	4.5

Contractual pension expenses

SEK m	Group		Parent Company	
	2022	2021	2022	2021
The Board	0.0	0.0	0.0	0.0
CEO	0.0	0.0	0.0	0.0
Deputy CEO	0.2	0.3	0.2	0.3
Other senior executives	1.9	2.3	0.8	0.7
Other employees	26.9	23.2	1.5	0.4
Total	29.0	25.8	2.5	1.4

SUPPLEMENTARY DISCLOSURES – NOTES 5–6

For the CEO, a mutual notice period of 12 months applies. On termination by the company, the CEO is also entitled to severance pay amounting to six months' salary.

For the Deputy CEO and other senior executives, a mutual notice period of between three and twelve months generally applies.

Remuneration to senior executives and other benefits during the year

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Chairman of the Board Erik Selin	0.0	0.0	0.0	0.0
Board Member Sara Mindus	0.2	0.2	0.2	0.2
Board Member Ulf Johansson	0.2	0.2	0.2	0.2
Board Member Jesper Mårtensson	0.2	0.2	0.2	0.2
Board Member Christian Karlsson	0.2	0.2	0.2	0.2
CEO	1.4	1.4	1.4	1.4
Deputy CEO	1.6	1.5	1.6	1.5
Other senior executives*	11.3	10.4	5.4	4.4
Total	15.1	14.1	9.2	8.1

* 2022: 9 people; 2021: 9 people

NOTE 6 OPERATING COSTS

Accounting principles

Costs are recognized in the period to which they relate.

The Group's property expenses comprise costs that arise in connection with property management such as utilities (electricity, district heating, cooling, gas, water), property maintenance, waste management, repairs, maintenance, property tax and other operating expenses. Property costs are recognized in the period to which they relate.

Costs relating to project and construction operations comprise direct project-related costs and fixed costs for project development, construction and the prefab organization. The part of operations involving external construction has been reported in the Income Statement. Project and construction operations for Group property management activities have been capitalized as work for the Group's own purposes and have been reported net in the Income Statement under 'Project and construction contract costs'.

Central administration comprises the Group's costs related to Group management, business development, Legal Counsel, HR, IT, marketing and communication, accounting and finance.

Property management costs

SEK m	Group	
	2022	2021
Operating costs	-97.5	-52.3
Maintenance costs	-13.5	-12.4
Property tax	-8.4	-5.7
Direct property costs	-119.4	-70.3
Property administration	-25.2	-22.7
Property management costs	-144.7	-93.1

Project and construction contract costs

SEK m	Group	
	2022	2021
External project and construction contract costs	-938.3	-881.8
Internal project and construction contract costs	-1,037.6	-683.6
Project and construction contract costs	-1,975.9	-1,565.4

Central administration

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Other external costs	-26.5	-19.9	-28.3	-18.6
Personnel costs	-29.5	-21.6	-38.1	-21.6
Other operating costs	0.0	0.0	0.0	0.0
Reversals, leases	1.0	0.8	-	-
Central administration	-54.9	-40.7	-66.4	-40.3

SUPPLEMENTARY DISCLOSURES – NOTES 7–9

NOTE 7: DEPRECIATION/ AMORTIZATION AND IMPAIRMENT

Accounting principles

The Accounting Principles relating to depreciation, amortization and impairment are presented under each asset class.

Depreciation/amortization and impairment

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Depreciation, intangible non-current assets	-11.3	-11.0	-0.3	0.0
Depreciation, business properties	-21.1	-19.3	0.0	0.0
Depreciation, equipment, tools, fixtures and fittings	-15.5	-13.9	-0.1	-0.2
Obsolescence, investment properties	-3.0	-1.3	0.0	0.0
Impairment, receivables	-0.2	-3.6	-	-
Depreciation, right-of-use assets	-11.4	-9.1	-	-
Total depreciation/amortization and impairment	-62.6	-58.2	-0.4	-0.2

NOTE 8: REMUNERATION TO THE AUDITORS

Accounting principles

The audit engagement refers to the review of the Annual Report and the accounting, as well as the administration by the Board of Directors and the CEO. Other duties are also included that the company's auditors are expected to perform, as well as advice or other assistance necessitated by observations in connection with such review or the execution of other such tasks. Everything else is consultation. Audit costs are included in Group-wide expenses, which are billed to subsidiaries.

Ernst & Young AB

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Audit engagement	2.8	3.1	2.5	2.2
Other services	0.1	0.2	0.1	0.2
Total	2.9	3.3	2.6	2.4

NOTE 9 PROFIT FROM PARTICIPATIONS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Accounting principles

Dividends paid are recognized as a liability after the approval of the dividend by the Annual General Meeting. Impairment of shares in associated and jointly controlled companies are performed in conjunction with the payment of dividends.

Profit from holdings in associated and jointly controlled company

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Dividends	0.0	2.8	19.5	0.0
Impairment	0.0	-2.6	0.0	-0.2
Negative difference from favorable purchase price	0.0	12.5	0.0	0.0
Profit share in associated companies	2.5	10.6	0.0	0.0
Total	2.5	23.3	19.5	-0.2

SUPPLEMENTARY DISCLOSURES – NOTES 10–11

NOTE 10 FINANCIAL INCOME AND EXPENSES

Accounting principles

Financial income and expenses comprise interest income on bank funds and receivables, interest expenses on liabilities, value changes in derivatives, as well as profit from sales of securities. Interest income on receivables and interest expenses on liabilities is calculated applying the effective interest method.

The effective interest rate is the rate at which the present value of all future incoming and outgoing payments over the interest period are equal to the carrying amount of the receivable or liability. Interest income and interest expenses include the accrued amounts of transaction expenses and any discounts, premiums and other differences between the original carrying amount of the receivable or liability respectively and the amount settled on maturity. The interest rate component in financial lease payments is reported in the Consolidated Statement of Comprehensive Income through the application of the effective interest method. Loan expenses directly attributable to the construction or production of an asset that takes considerable time to complete for its intended use or for sales are included in the cost of the asset. Loan expenses are capitalized on the condition that it is likely that this will lead to future economic benefits and the costs can be measured reliably.

Unrealized value changes on current assets of SEK 15.0 million (3.2) relate to unrealized exchange rate gains on intra-Group receivables due to the Danish operations, which have been classified as extended equity from 31 December 2020 and thereby charged to equity.

Realized value changes on short-term derivatives are recognized in

the Income Statement, under Depreciation/amortization (exchange rate losses) and Net interest income.

Interest income and similar Income Statement items

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Interest income from Group companies	0.0	0.0	47.3	26.8
Other interest income	11.9	0.8	12.0	0.7
Total	11.9	0.8	59.3	27.5

Interest costs and similar Income Statement items

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Interest expenses to Group companies	0.0	0.0	-5.1	-0.5
Other interest expenses and similar Income Statement items	-136.6	-75.6	-36.4	-26.7
Total	-136.6	-75.6	-41.5	-27.2

Change in value, derivatives and other

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Unrealized value change in non-current derivative instruments	211.4	66.0	213.1	66.8
Unrealized value change in Current Assets	0.0	0.0	15.0	3.2
Realized value change in non-current derivative instruments	152.7	0.0	152.7	0.0
Realized value change in current derivative instruments	0.0	-1.9	0.0	-0.8
Total	364.1	64.1	380.8	69.2

NOTE 11: VALUE CHANGE IN INVESTMENT PROPERTIES

Accounting principles

For Accounting Principles relating to investment properties, see Note 16.

Value change in investment properties

SEK m	2022	2021
Change in net operating income	424.8	79.5
Investment properties under construction	679.2	707.8
Building rights	0.0	-3.5
Change in return requirement	-509.9	297.2
Acquisitions	89.7	58.5
Currency effects	15.0	-0.4
Total	699.0	1,139.1

SUPPLEMENTARY DISCLOSURES – NOTES 12–14

NOTE 12: INCOME TAX

Accounting principles

Income tax comprises current and deferred tax (see Note 21 Deferred tax). Income tax is reported in the Income Statement except when the underlying transaction is reported in other comprehensive income or directly against equity, upon which the associated tax effect is reported in other comprehensive income or in equity.

The current tax has been calculated in accordance with the applicable tax rate in Sweden, 20.6 percent. The applicable tax rate in Denmark is 22.0 percent, which means that Danish subsidiaries are translated at 20.6 percent. The deferred tax has been assessed

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Current tax	-11.6	-9.7	-0.1	0.0
Deferred tax	-227.4	-277.7	-41.2	-23.3
Total	-239.0	-287.3	-41.2	-23.3
Reported profit before tax	1,146.4	1,331.7	345.4	116.7
Tax rate, %	20.6%	20.6%	20.6%	20.6%
Tax in accordance with applicable tax rate	-236.2	-274.3	-71.2	-24.0
Tax attributable to previous years	-1.6	0.0	-0.1	0.0
Effects of other tax rates for foreign subsidiaries	-2.5	-1.1	0.0	0.0
Non-taxable income	1.7	11.2	4.0	13.8
Non-deductible costs	-8.0	-25.1	-0.2	0.0
Other unrecognized income and expenses	7.5	2.0	26.2	-12.9
Reported tax cost	-239.0	-287.3	-41.2	-23.3

at 20.6 percent, the tax rate applicable on the date on which the tax is expected to be realized. Current tax refers to tax to be paid or received in respect of the taxable earnings for the year in question. Taxable profit for the year differs from the reported profit for the year in that it has been adjusted for non-taxable and non-deductible items.

The tax cost comprises the following components:

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Current tax				
- On profit for the year	-11.6	-9.7	-0.1	0.0
Deferred tax cost/income				
- Untaxed reserves	0.5	-5.8	0.0	0.0
- Tax-loss carry forwards	-8.1	0.3	2.7	-10.2
- Derivatives	-43.5	-12.9	-43.9	-13.1
- Properties, completed	-39.4	-108.3	0.0	0.0
- Properties, under construction	-145.3	-147.0	0.0	0.0
- Surplus value from business combinations	2.0	2.1	0.0	0.0
- Other items	6.3	-6.0	0.0	0.0
Reported in the Income Statement	-239.0	-287.3	-41.2	-23.3
Average tax rate	20.8%	21.6%	11.9%	19.9%

NOTE 13: OTHER COMPREHENSIVE INCOME

Other comprehensive income for the Group includes translation differences relating to K-Fastigheter's foreign operations, which totaled SEK 27.4 million (3.8) in the year. The full amount relates to items that can be reversed in a later period.

In 2022, there was no effect from Other comprehensive income relating to the Parent Company.

NOTE 14 EARNINGS PER SHARE

As of 31 December 2022, no incentive programs existed and no dilution occurred during the year.

SEK m	Group	
	2022	2021
Profit after tax attributable to Parent Company shareholders, SEK m	889.2	1,044.4
Average number of shares	215.3	215.3
Total	4.13	4.85

SUPPLEMENTARY DISCLOSURES – NOTE 15

NOTE 15 INTANGIBLE ASSETS

Accounting principles

Goodwill

Goodwill arises in connection with business combinations when the transferred settlement exceeds the fair value of acquired net assets. Goodwill is recognized at cost less accumulated impairment and corresponds to an intangible non-current asset with an indefinite useful life. This means that goodwill is not amortized, but tested annually for impairment. All goodwill is allocated to the cash-generating units that benefit from the synergies from the business combination. In connection with divestments of Group companies, the residual recognized value of goodwill attributable to the divested unit is included in capital gains.

Other intangible non-current assets

Other intangible non-current assets comprise customer relationships and software programs, which are recognized at fair value in connection with acquisitions. The value of these customer relationships is amortized over the useful life of the asset, which is estimated at 5 years.

Impairment testing

Goodwill is tested for impairment at least annually, or more often if there is an indication that the recognized amount may not be recoverable. When testing for impairment, goodwill is divided over the cash generating units expected to benefit from the synergies arising from the acquisition. If the recoverable amount for a cash generating unit is assigned a lower value than the recognized amount, goodwill attributable to the cash generating unit is reduced. Recognized goodwill impairment cannot be reversed in later periods.

Impairment testing 2022

Management's assessments are based on historical experience and current information regarding market developments. For the cash generating units that have been acquired and where goodwill has arisen, cash flows after the forecast period have been extrapolated at an assumed sustainable growth rate of 3.0 percent (3.0), which is in line with the estimated sustainable growth rate. This also takes into account changes in working capital and investment requirement. Expected future cash flow according to these assessments form the basis for the calculation. The present value calculation of future cash flows is based on a cost of capital of 9.8 percent (9.4) after tax. The reasonable cost of capital has also been reconciled against an external assessment. The calculations show that there is no impairment need for the acquired units given these conditions. A sensitivity analysis indicates that if the long-term growth rate is halved, or alternatively the cost of capital is increased by 1 percent to 10.8 percent after tax, there would still be no impairment need.

Acquisitions 2022

During the year, GH Sydgolv AB was acquired and classified as a business combination. Goodwill amounts to SEK 3.0 million.

Goodwill

SEK m	Group	
	2022	2021
Opening cost	440.6	0.0
Acquisitions	3.0	440.6
Impairment	0.0	0.0
Closing amortized cost	443.6	440.6

Other intangible non-current assets

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Opening cost	55.1	0.0	0.0	0.0
Acquisitions	0.0	55.1	0.0	0.0
Purchasing	3.8	0.0	2.5	0.0
Closing amortized cost	58.9	55.1	2.5	0.0
Opening accumulated amortizations	-11.0	0.0	0.0	0.0
Amortizations for the year	-11.3	-11.0	-0.3	0.0
Closing accumulated amortization	-22.3	-11.0	-0.3	0.0
Closing residual value according to plan	36.6	44.1	2.3	0.0

SUPPLEMENTARY DISCLOSURES – NOTE 16

NOTE 16: INVESTMENT PROPERTIES

Accounting principles

Investment properties are properties that are held for the purpose of collecting rental income or increased value or a combination of these. Investment properties are initially reported at cost, which includes expenses directly attributable to the acquisition and loan expenses. Investment properties are recognized in accordance with the fair value method.

The fair value of the investment properties is based primarily on external valuations made by valuation institutes and valuation experts accredited by Samhällsbyggarna or MRICS and, in some cases, on internal valuations based on the market knowledge amassed by company executives, as well as on detailed analyses of equivalent completed transactions in the same market.

Fair value is based on market value, which is the estimated amount that would be received in a single transaction at the time of valuation between knowledgeable parties who are independent of each other and who have an interest in implementing the transaction following the usual marketing measures, where both parties are presumed to have acted with insight and wisdom, and without coercion. Both unrealized and realized value changes are recognized in the Income Statement.

Income from property sales is normally reported on the transfer date unless the risks and benefits have passed to the buyer on an earlier occasion. Control of the asset may have been transferred at an earlier time than the transfer date and, if this was the case, the property sale will be reported at this earlier date. When assessing the income recognition date, what has been agreed between the parties regarding risks, benefits and commitment has been

taken into account in the ongoing administration. Additionally, circumstances beyond the control of the seller and/or buyer and that could affect the outcome of the transaction are taken into account.

If the Group initiates remodeling of an existing investment property for continued use as investment property, the property continues to be reported as an investment property. The property is recognized in accordance with the fair value method and is not reclassified to property, plant and equipment while remodeling is in progress. Additional expenses in connection with renovations and extensions are added to the carrying amount only if it is probable that the future financial benefits associated with the asset will benefit the Group and if the cost can be reliably calculated. Other additional expenses are reported as expenses in the period in which they are incurred. Decisive for the assessment when an additional expense is added to the carrying amount is whether it pertains to exchanges of identified components or parts thereof, in connection with which such expenses are capitalized. Even in cases where a new component is created, the expense is added to the carrying amount.

The Group reclassifies a property from an investment property only when there is a change in the area of use. A change in the area of use occurs when the property meets or ceases to meet the definition of an investment property and there is evidence of the change in area of use.

The Group's property portfolio

On 31 December 2022, the Group's property portfolio comprised 109 completed investment properties distributed over a total of 241,270 square meters of residential and 46,599 square meters of commercial space. In addition, the Group had 25 ongoing

construction projects, distributed over 135,434 square meters of residential and 1,140 square meters of commercial space. Furthermore, K-Fastigheter has 23 projects in progress in the project development phase, at various stages of building permit application or project planning, of which 12 are projects for which K-Fastigheter has yet to take possession of the land.

Valuation

Investment properties are reported at fair value in the Consolidated Statement of Financial Position and the change in value is reported in the Consolidated Income Statement. All investment properties have been assessed as level 3 in the value hierarchy in accordance with IFRS 13 Fair Value Measurement. The fair value of the properties is based on external and internal valuations by means of a combination of the yield capitalization and location price methods. The fair value is the estimated amount that would be received in a single transaction at the time of valuation between knowledgeable parties who are independent of each other and who have an interest in completing the transaction following the usual marketing measures, where both parties are presumed to have acted with insight and wisdom, and without coercion.

Properties under construction and project properties are valued at cost with additions/deductions for expected unrealized value changes, calculated as the estimated fair value less the estimated cost, where 20 percent of the assessed change in value is recognized when the building permit has gained legal force and a general construction contract has been signed, while the remaining 80 percent is recognized successively during construction in relation to the costs incurred.

As of 31 December 2022, all of the Group's completed investment properties have been valued by the external independent assessor,

SUPPLEMENTARY DISCLOSURES – NOTE 16, CONT.

Newsec Advise AB, in accordance with the recommendations of RICS and IVSC, to reach a market value in accordance with the internationally accepted definition developed by these organizations. With regard to internally valued properties, all are located on markets where K-Fast Holding AB has been active for several years and where comparable market data could be obtained from external valuations, from Newsec Advise AB and from completed transactions. In all instances, the basis for the valuation consists of data regarding the condition of the property, leases, fixed operating costs, vacancies and planned investments, as well as an analysis of existing tenants. An assessment is made of the

Investment properties

SEK m	2022	2021
Opening carrying amount	7,663.7	5,792.9
Acquisitions	762.4	286.5
Investments	28.8	40.2
Sales and obsolescence	-9.9	-52.1
Reclassifications	2,005.0	1,162.2
Exchange rate fluctuations	33.3	2.4
Unrealized changes in value	5.1	431.6
Closing carrying amount	10,488.3	7,663.7

Construction in progress

SEK m	2022	2021
Opening carrying amount	1,940.0	1,060.6
Investments	1,857.4	1,326.3
Sales and obsolescence	-1.3	0.0
Acquisitions	67.9	6.1
Reclassification as completed investment properties	-2,005.0	-1,163.5
Exchange rate fluctuations	53.2	3.2
Unrealized changes in value	693.9	707.4
Closing carrying amount	2,606.1	1,940.0

location, rent trend, vacancy rates and direct return requirements for relevant markets, and normalized operation and maintenance costs are taken into account. Data on the properties' land area, detailed development plans for undeveloped land and development properties are collected from public sources.

The value of the property holding is updated quarterly through existing values being updated with current rents, vacancies and market data from the external independent valuers, Newsec Advise AB, in terms of direct return levels and operation and maintenance costs.

Investment properties

SEK m	2022	2021
Opening carrying amount	9,603.7	6,853.5
of which, completed investment properties	6,923.4	5,067.2
of which, undeveloped land	722.3	707.7
of which, site leaseholds	18.0	18.0
of which, construction in progress	1,940.0	1,060.6
+ Acquisitions	830.3	292.6
+ New construction	1,857.4	1,326.3
+ Extensions and rebuilds	28.8	40.2
- Divestments	-9.5	-51.0
- Other reclassifications and obsolescence	84.8	3.1
+/- Unrealized value changes	699.0	1,139.1
of which, completed investment properties	5.1	431.7
of which, construction in progress	693.9	707.4
Closing carrying amount	13,094.6	9,603.7
of which, completed investment properties	9,775.3	6,923.4
of which, undeveloped land	695.1	722.3
of which, site leaseholds	18.0	18.0
of which, construction in progress	2,606.1	1,940.0

The properties are inspected on an ongoing basis. The purpose is to assess the standard and condition of the properties, and the attractiveness of commercial premises.

Yield capitalization method

When valuing properties using the yield capitalization method, each property is valued individually by calculating the present value of anticipated future cash flows, that is, future rent payments less estimated operating and maintenance payments, as well as the residual value in year ten or fifteen depending on if it is an older property or a newly constructed property. Estimated rent payments, as well as operating and maintenance payments are derived from actual income and costs. Cash flow is market-adjusted by taking into account any changes in the letting ratio and letting levels, operating and maintenance payments, as well as market-based levels of the cost of capital and direct return requirements. All cash flow calculations are based on a long term rate of inflation of 2.0 percent (the Riksbank's inflation target). In the year, short-term cost inflation was adjusted from 2.0 percent to 4.0 percent for 2023, to subsequently fall back to 2.0 percent in 2024. The corresponding rent inflation has been adjusted to 3.5 percent for 2023, 2.5 percent for 2024 and 2.0 percent for 2025.

Rent payments

Future rent levels are based on current levels and potential rent increases associated with investments and inflation. For 2023, we have assumed a general rental increase of 5.0 percent for residential properties including heating and water, and 3.5 percent for residential properties excluding heating and water. Adjustments occur in connection with actual rental increases being set in the first quarter 2023. Rent levels for commercial contracts are estimated based on the current rent level including indexation, which means that rent levels shadow inflation forecasts. For the

SUPPLEMENTARY DISCLOSURES – NOTE 16, CONT.

advance valuation of ongoing new construction, rent levels are adjusted by the future expected rent inflation upon completion. Vacancies are assessed for each property based on the current vacancy status with a gradual adaptation to market-based vacancies and individual conditions.

Operating and maintenance payments

The assessment of disbursements for normal operations, maintenance and repairs, property tax, ground rent and property administration, has been made based on actual outcomes for the property concerned or for a property of similar design, as well as Newsec AB's statistics and experience regarding comparable objects. The assessment includes the properties' purpose, age and maintenance status. Disbursements for operations, administration and maintenance are expected to increase in line with assumed rate of inflation.

Investment needs

The property's investment needs are assessed on the basis of maintenance plans, the condition of the property and planned or current projects.

Direct return requirement and interest rate

The properties' direct return requirement has been assessed on the basis of each property's unique risk, which can be broken down into two parts – general market risk and specific property risk. The market risk is linked to general economic developments and is influenced by, among other things, how investors prioritize between different asset classes and financing opportunities. The specific property risk is influenced by the location of the property, the type of property, the standard of the premises, the quality of the installations, the type of tenants and the nature of the contract.

The cost of capital corresponds to the interest rate that the owner of the property expects on capital tied up in the property. The interest rate requirement is based on experiential assessments of the

market's interest rate requirements for similar properties, which is, in practice, derived by inflation-adjusting the estimated direct return requirement.

For completed investment properties, the direct return requirement on valuation units varies from 3.45 percent (3.25) to 7.04 percent (6.75), with a total weighted average of 4.03 percent (3.82) and, for properties under construction valued in advance, from 3.51 percent (3.31) to 4.57 percent (5.50), with a weighted average of 4.01 percent (3.77). The return requirement varies mainly due to the distribution between types of premises (housing/commercial) and geographical considerations. For completed investment properties, the average cost of capital applied for the year was 6.25 percent (5.90) and, for project properties under construction valued in advance, 6.20 percent (5.83).

Residual value

The residual value comprises the operating surplus during the remaining economic life of the asset, which is based on the year following the last year calculated. Residual value is calculated for each property through perpetual capitalization of the estimated market operating surplus and the estimated market operating direct return requirement for each property. The return requirement comprises the risk-free interest rate and each property's unique risk. The cost of capital/discount rate is used to discount the residual value of the properties to present value.

The location price method

The location price method is based on market analyses of conveyances of properties that are considered comparable. The method applies prices paid for similar properties on a free and open market. The comparison should take into account the value change between the transfer date for the property and the date of valuation. The location price method is used primarily to support the yield capitalization method.

Valuation assumptions, weighted average

	2022	2021
Calculation period, number of years	10-15	10-15
Annual inflation, %	2.00%	2.00%
Cost inflation coming year, %	4.00%	2.00%
Long-term rent trend housing, % annually	2.00%	2.00%
Rent inflation coming year, %	3.50%	2.00%
Cost of capital, %	6.23%	5.87%
Direct return requirements, residual value, %		
Housing, %	3.90%	3.67%
Commercial, %	5.45%	5.06%
Long-term vacancy ratio, %		
Housing, %	0.26%	0.27%
Commercial, %	5.78%	5.84%
Rental value, SEK/m ²	1,749	1,602
Operating and maintenance costs, year 1, SEK/m ²	289	239

Average direct return requirement for calculating residual value, %

Geographical region	Housing		Commercial	
	Completed	New construction	Completed	New construction
South	2.25-4.75%	3.50-4.55%	4.85-7.04%	5.00-5.50%
West	3.50-4.25%	3.45-4.35%	5.80-6.70%	5.50-6.00%
East	3.80-3.95%	3.75-4.25%	4.95-5.50%	5.00-6.00%
Denmark	4.25-4.35%	4.25-4.30%	-	-

Category	Completed	New construction
Housing	2.25-4.75%	3.45-4.55%
Offices	4.95-6.70%	-
Stores	4.95-7.04%	-
Restaurants	4.95-6.30%	-
Warehouses/ industrial	5.08-7.04%	-
Other	4.85-6.64%	5.00-6.00%

SUPPLEMENTARY DISCLOSURES – NOTE 16, CONT.

Other

The completed investment properties and investment properties under construction are generally posted as collateral for loans and construction credits for financing those.

During 2022, interest expenses on construction credits of SEK 49.2 million (27.5) was capitalized on investment properties. As of 31 December 2022, the average interest rate on capitalized interest expenses was 3.92 percent (1.90).

As of 31 December 2022, the Group had investment commitments for the completion of construction projects in progress of SEK 2,365.4 million (1,957.2). For further specification of major ongoing construction projects, see page 68.

There is no restriction to the right to sell any investment properties or to appropriate rental income and compensation in connection with divestment.

K-Fast Holding AB has no contractual obligations to purchase, construct or exploit an investment property or to perform repairs, maintenance or improvements.

Sensitivity analysis

SEK m	Cash flow	Fair value
Direct return requirement +/-0.1%	-	241.3
Rental value ,+/-1%	4.9	121.2
Operating and maintenance costs ,+/-1%	0.9	21.1
Long-term vacancy ratio ,+/-1%	4.9	121.2

Value change in completed investment properties and building rights

	-10%	+10%
Property value, SEK m	-1,047.0	1,047.0
Loan-to-value ratio, completed investment properties,%	65%	53%
Debt-to-equity ratio, %	59%	52%

SUPPLEMENTARY DISCLOSURES – NOTE 17

NOTE 17 BUSINESS PROPERTIES

Accounting principles

In the Group, property, plant and equipment are reported at cost less accumulated depreciation and any write-downs. The cost includes the purchase price and expenses directly attributable to installing the asset, and ensuring it is in a condition to be used in accordance with the purpose of the procurement. Loan expenses directly attributable to the purchasing, construction or production of assets that take considerable time to complete for their intended use or for sales are included in the cost.

The carrying amount for a tangible non-current asset is removed from the Statement of Financial Position in the event of scrapping or disposal or when no future economic benefits are expected from the use or scrapping/disposal of the asset.

Additional expenses are added to the cost only if it is probable that the future financial benefits associated with the asset will benefit the Group and if the cost can be reliably calculated. All other additional expenses are reported as expenses in the period in which they are incurred.

An additional expense is added to the cost if the expense pertains to exchanges of identified components or parts thereof. Even in cases where a new component is created, the expense is added to the cost. Any non-amortized carrying amount on exchanged components, or parts of components, are scrapped and expensed in connection with the exchange.

Business properties are properties held for production,

warehousing or administrative purposes. For properties of mixed use, since part of the property is held for the purpose of generating rental income or value growth, while another part is used in the business, the Group makes an assessment of whether the parts can be sold individually. If this is the case, the property is divided into an investment property and a business property. If the assessment is that the parts cannot be sold individually, the property is classified as a investment property if the part used in the business amounts to at most 25 percent of the total property, otherwise the whole property is classified as a business property.

Depreciation principles

Assets are depreciated on a straight line basis over the asset's estimated useful life, with the exception of land which is not depreciated. Business properties are depreciated over 15-50 years depending on the components in the building and its age. Ground installations are depreciated over 20 years. For depreciation of individual components, see the following table:

Depreciation of components – business properties, years

SEK m	2022
Frames	50
Roofs	25
Facade	15
Installations (internal surfaces, bathroom, kitchen)	10
Installations (electricity, plumbing, ventilation)	15

SEK m	2022	2021
Opening amortized cost	471.3	34.2
Purchasing	6.4	437.0
Reclassifications	19.7	0.0
Closing amortized cost	497.4	471.3
Opening accumulated amortizations	-22.9	-3.3
Purchasing	0.0	-0.2
Amortizations for the year	-21.1	-19.3
Reclassifications	-5.9	0.0
Closing accumulated amortization	-49.8	-22.9
Closing residual value according to plan	447.6	448.4

SUPPLEMENTARY DISCLOSURES – NOTE 18

NOTE 18: MACHINERY AND EQUIPMENT

Accounting principles

In the Group, property, plant and equipment are reported at cost less accumulated depreciation and any write-downs. The cost includes the purchase price and expenses directly attributable to installing the asset, and ensuring it is in a condition to be used in accordance with the purpose of the procurement. Loan expenses directly attributable to the purchasing, construction or production of assets that take considerable time to complete for their intended use or for sales are included in the cost.

Machinery and equipment are recognized at cost after deductions for accumulated depreciation and any impairment.

The carrying amount for a property, plant and equipment item is removed from the Statement of Financial Position in the event of scrapping or disposal or when no future economic benefits are expected from the use or scrapping/disposal of the asset.

Profit or loss arising from the disposal or scrapping of an asset comprises the difference between the sales price and the asset's carrying amount less direct selling costs. Gains and losses are reported as other operating income/expense.

Additional expenses are added to the cost only if it is probable that the future financial benefits associated with the asset will benefit the Group and if the cost can be reliably calculated. All other additional expenses are reported as expenses in the period in which they are incurred.

An additional expense is added to the cost if the expense pertains to exchanges of identified components or parts thereof. Even in cases where a new component is created, the expense is added to the cost. Any non-amortized carrying amount on exchanged components, or parts of components, are scrapped and expensed in connection with the exchange.

Depreciation principles

Assets are depreciated on a straight line basis over the estimated useful life of the asset as follows:

- Construction equipment: 5-20 years
- Equipment, tools, fixtures and fittings: 3-20 years
- Machinery and other technical plant: 3-20 years
- Cars and other vehicles: 5-10 years

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Opening cost	262.6	28.4	0.7	0.6
Purchasing	49.4	64.7	0.0	0.1
Sales and obsolescence	-13.4	-3.7	0.0	0.0
Reclassification	-17.0	0.0	0.0	0.0
Through acquisitions of subsidiaries	16.8	173.1	0.0	0.0
Closing amortized cost	298.3	262.6	0.7	0.7
Opening depreciation	-72.8	-10.0	-0.5	-0.3
Sales and obsolescence	5.0	0.2	0.0	0.0
Through acquisitions of subsidiaries	-9.1	-39.7	0.0	0.0
Amortizations for the year	-27.7	-23.6	-0.1	-0.2
Closing accumulated amortization	-104.7	-72.8	-0.6	-0.5
Closing residual value according to plan	193.6	189.8	0.1	0.2

Leased assets

See also Note 4 Leases. The item machinery and equipment includes leased items that the Group holds under leases at the following amounts:

SEK m	Group	
	2022	2021
Cost	21.3	17.6
Accumulated depreciation/amortization	-5.8	-4.8
Carrying amount	15.5	12.8

SUPPLEMENTARY DISCLOSURES – NOTE 19

NOTE 19: HOLDINGS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Accounting principles

Associated companies are those in which the Group has a significant but not controlling influence, which generally applies to shareholdings corresponding to between 20 and 50 percent of the votes. Holdings in associated companies are reported in accordance with the equity method. On applying the equity method, the investment is initially valued at cost, and the carrying amount then increased or decreased to take into account the Group's share of the associated company's profit or loss after the acquisition date. In those cases where unrealized losses are eliminated, the underlying asset is also tested for impairment. The Group's carrying amount on holdings in associated companies includes goodwill, which is identified in connection with the acquisition.

Collaborative arrangements are those companies in which the Group holds a shared controlling influence over the governance of the company, which normally applies to shareholdings corresponding to 50 percent of the votes. All investments in collaborative arrangements are characterized as joint ventures, in which the Group is entitled more to a proportion of the arrangement's net assets than directly the underlying assets and the obligations for the underlying liabilities.

Holdings in joint ventures are reported in accordance with the equity method, meaning that the consolidated book value of the holding is adjusted by the Group's participation in profit for the year and to any dividends received (that is, they are reported in the Balance Sheet at cost adjusted for changes in the Group's participation in the net assets of the joint venture less any decreases in the fair value of individual participations).

Parent Company

Participations in subsidiaries and jointly controlled associated companies are reported in the Parent Company in accordance with the cost method less potential impairment.

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Opening carrying amount	234.4	37.3	189.2	0.1
Acquisitions	5.7	171.5	7.6	189.1
Shareholder contribution	0.1	2.3	0.1	0.0
Participation in associated companies' profit after tax	2.5	10.9	0.0	0.0
Negative difference from favorable purchase price	0.0	12.5	0.0	0.0
Dividend received	-19.5	0.0	0.0	0.0
Closing carrying amount	223.2	234.4	196.9	189.2

Holdings in associated and jointly controlled companies

Group	Corp. ID No.	Reg. office	Proportion of equity, %	Proportion of the votes, %	No. of participations	Carrying amount in the Parent Company (SEK million)	Carrying amount in the Group (SEK million)
Novum Samhällsfastigheter AB	559177-8542	Helsingborg	50	50	250	0.0	25.7
Fosie mark i Skåne AB	559196-0173	Malmö	31	31	310	0.0	0.1
Homestate AB	559179-2253	Jönköping	33	33	166	2.3	0.0
Homesystem Sverige AB	559336-6106	Stockholm	30	30	150	0.7	0.1
Ramsdalen 3:1 Fastighets AB	559306-2531	Hässleholm	33	33	50	0.2	0.1
Käglinge Holding AB	559030-5305	Malmö	50	50	250	0.0	0.0
Tygelsjö Ängar Holding AB	559085-3445	Malmö	49	49	245	0.0	0.0
Mjölback's Entreprenad AB	556135-1254	Svenljunga	25	25	112,750	187.6	181.5
OCAP Holding AB	559403-6138	Hässleholm	25	25	6,250	0.0	0.0
PVS Mark & VA Holding AB	559259-4914	Hässleholm	50	50	250	0.0	9.4
Tefyra Holding AB	559336-6072	Hässleholm	50	50	250	0.0	0.3
HME Huset 13 AB	559358-3866	Kävlinge	50	50	250	6.0	6.0
						196.9	223.2

SUPPLEMENTARY DISCLOSURES – NOTES 20–21

NOTE 20: OTHER NON-CURRENT RECEIVABLES AND SECURITIES HOLDINGS

Accounting principles

Long-term receivables are recognized according to the principles described in Note 22 Financial risks and finance policies for financial assets valued at amortized cost.

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Non-current receivables in associated and jointly controlled companies	5.4	0.0	5.4	0.0
Other non-current receivables	15.8	8.0	0.2	0.0
Other non-current securities holdings	1.4	1.1	1.3	1.0
Closing carrying amount	22.6	9.1	6.9	1.0

NOTE 21: DEFERRED TAX

Accounting principles

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences between the recognized and taxable values of assets and liabilities. The following temporary differences are not taken into account: initial recognition of assets and liabilities that are not business combinations and that do not, at the time of the transaction, affect recognized or taxable profit.

Nor are temporary differences taken into account that are attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the

foreseeable future. The assessment of deferred tax is based on how carrying amounts of assets or liabilities are expected to be realized or regulated. The book value of the Group's investment properties is assumed to be realized through the disposal of the properties at the end of their useful life. The tax rate on the gains is the same as would apply in a direct sale of the property as recognized in the Consolidated Statement of Financial Position, regardless of whether the Group would structure the sale as the disposal of a subsidiary, which would entail a different tax rate. The deferred tax is then calculated based on the temporary differences and tax consequences deriving arising from recovery through sales. Deferred tax is calculated applying the tax rates and tax regulations approved or in practice approved as of the balance sheet date.

Deferred tax receivables regarding deductible temporary differences and tax-loss carry forwards are reported only to the extent that it is probable that they will be utilized. The value of deferred tax receivables is reduced when it is no longer considered likely that they can be utilized.

When a company is acquired, the acquisition constitutes either a business combination or an asset acquisition. An asset acquisition is identified if the acquired company only owns one or more properties. Although there are rental contracts relating to these properties, there are no employees in the company to conduct business operations. When recognized as an asset acquisition, no deferred tax is recognized.

All loss carry-forwards in the Group have been capitalized with deferred tax receivables. There is no time limitation for utilizing the Group's loss carry-forwards. The Group has chosen not to capitalize non-utilized interest rate deductions as tax receivables, as the current assessment is that these will not be able to be utilized in future.

Parent Company

In the Parent Company, untaxed reserves are recognized inclusive of a deferred tax liability. In the consolidated accounts, however, untaxed reserves are broken down into deferred tax liability and equity.

Recognized in the Balance Sheet

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Deferred tax assets attributable to:				
Tax-loss carry forwards	13.4	21.7	2.7	0.0
Properties	0.3	0.2	0.0	0.0
Derivatives	0.5	-7.3	0.0	0.0
Other items	2.2	2.5	0.0	0.0
Total	16.4	17.1	2.7	0.0

Deferred tax liability attributable to:

Properties, completed	448.8	349.2	0.0	0.0
Properties, under construction	381.1	291.9	0.0	0.0
Surplus value from business combinations	138.5	143.0	0.0	0.0
Derivatives	51.4	0.0	51.4	7.5
Untaxed reserves	13.7	12.2	0.0	0.0
Total	1,033.5	796.4	51.4	7.5

SUPPLEMENTARY DISCLOSURES – NOTE 22

NOTE 22: FINANCIAL RISKS AND FINANCE POLICIES

Accounting principles

Financial instruments

Financial instruments are any kind of agreement giving rise to a financial asset in a company and a financial liability or equity instrument in another company. On the assets side, financial instruments recognized in the Balance Sheet include cash and cash equivalents, accounts receivable, receivables from associated and jointly controlled companies, derivative instruments, prepaid costs and accrued income and other short-term and long-term receivables. The liabilities side includes accounts payable, current and non-current interest-bearing liabilities, customer advances, invoiced but not accrued income, accrued expenses and prepaid revenue, derivative instruments, liabilities to associated companies and other current and non-current liabilities. Recognition depends on how the financial instruments have been classified.

Recognition and derecognition

A financial asset or liability is recognized in the Balance Sheet when the company becomes a party in accordance with the contractual terms of the instruments. Rent receivables and accounts receivable are recognized in the Balance Sheet when an invoice has been sent and the Group's right to compensation is unconditional. Liabilities are addressed when the counterparty has performed its undertaking and a contractual obligation to pay exists, even if the invoice has not yet been received. Accounts payable are recognized when an invoice is received.

Financial assets and financial liabilities are only offset and recognized at a net amount in the Balance Sheet where there is a legal right to offset the amounts and there is an intention to settle the items at a net amount, or to realize the asset and settle the liability at the same time.

A financial asset is removed from the Balance Sheet when the rights inherent in the agreement are realized or expire, or when the company loses control of them. The same applies for part of a financial asset. A financial liability is removed from the Balance Sheet when the obligation in the agreement has been met or otherwise been extinguished. The same applies for part of a financial liability.

Gains and losses on removal from the Balance Sheet and modifications are recognized in the Income Statement.

Financial assets

The classification of financial assets that are debt instruments is based on the Group's business model for the management of the asset and the nature of the asset's contractual cash flows.

The instruments are classified according to one of the following categories:

- amortized cost
- fair value via other comprehensive income, or
- fair value via the Income Statement.

Financial assets classified at amortized cost are initially valued at fair value plus transaction costs. Accounts receivable and lease receivables are initially recognized at the invoiced amount. Following initial recognition, the assets are valued in accordance with the effective interest method. All rental and accounts receivable are short-term, which means that the recognized value corresponds to fair value. In accordance with the business model, assets classified at amortized cost are held to collect contractual cash flows, which are only payments of principal and interest on the outstanding capital amount. The assets are covered by a loss reserve for expected credit losses.

Fair value via other comprehensive income encompasses assets

held, in accordance with the business model, both to be sold and to collect contractual cash flows that are only payments of principal and interest on the outstanding capital amount. On initial recognition, financial instruments in this category are measured at fair value. Fair value changes are reported in Other comprehensive income until the asset is removed from the Balance Sheet, since the amounts in other comprehensive income are reclassified to the Income Statement. The assets are covered by a loss reserve for expected credit losses.

All other debt instruments not measured at amortized cost or at fair value via other comprehensive income are classified at fair value in the Income Statement. Financial instruments in this category are initially recognized at fair value. Changes in fair value are reported in the Income Statement.

The Group's financial assets that are debt instruments consist of accounts receivable, financial investments and cash and cash equivalents and are all assigned to the amortized cost category.

Cash and cash equivalents

Cash and cash equivalents in the Group and Parent Company Balance Sheet and Cash Flow Statement refer in their entirety to cash and bank balances immediately accessible with banks and similar institutes, and short-term liquid investments with a term of less than three months from the acquisition date.

Financial liabilities

Financial liabilities are classified at amortized cost with the exception of derivatives and accounts payable. Financial liabilities reported at amortized cost are initially valued at fair value including transaction costs. After initial recognition, financial liabilities are valued at amortized cost in accordance with the effective interest method.

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Derivatives

This pertains to interest rate swap agreements classified at fair value via the Income Statement. In accordance with the IFRS valuation hierarchy, the fair value of derivatives has been measured in accordance with level 2. This level means that the valuation is based on input data other than quoted prices observable for assets or liabilities, either directly or indirectly.

The derivatives contracts include the possibility of netting commitments to the same counterparty. The Group does not apply hedge accounting.

Accounts payable

Accounts payable are commitments to pay for goods or services acquired from suppliers in the operating activities. Accounts payable are classified as current liabilities if they fall due for payment within a year or earlier (or during a normal business cycle if this is longer). If not, they are recognized as non-current liabilities. All accounts payable are short-term, which means that recognized value corresponds to fair value.

Impairment of financial assets

With the exception of those classified at fair value through the Income Statement or as equity instruments measured at fair value via other comprehensive income, the Group's financial assets are subject to impairment for expected credit losses. In accordance with IFRS 9, impairment for credit losses is forward-looking and a loss reserve is made when there is an exposure to credit risk, usually in connection with initial recognition. Expected credit losses reflect the present value of all cash flow deficits attributable to default, either for the subsequent 12 months or for the expected remaining term of the financial instrument, depending on the asset class and on credit deterioration since the initial reporting date.

Expected credit losses reflect an objective, probability-weighted outcome that takes several scenarios into account based on reasonable and verifiable forecasts.

The valuation of expected credit losses is based on various methods. The method for accounts receivable, contract assets and rent receivables is based on historical customer losses combined with forward-looking factors in accordance with a loss-sharing method. In the simplified model, a loss provision is made for the expected remaining maturity of the receivable or asset, which is expected to be less than one year for all of these claims. The Group's customers are a homogeneous group with a similar risk profile, which is why credit risk is initially assessed collectively for all customers. Any major individual receivables are assessed

per counterparty. The Group derecognizes a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been discontinued.

Other receivables and assets are impaired in accordance with a rating-based method through external credit rating for calculating expected credit losses on the basis of the probability of default, expected losses and exposure on default. Even on initial recognition, a loss provision is reported based on what can be expected statistically for the ensuing 12 months (stage 1). In cases where a significant increase in credit risk has occurred, the loss reserve for the entire remaining expected maturity is calculated instead (stage 2 or, if the exposure is considered credit impaired, stage 3).

- Stage 1 encompasses financial instruments where no significant increase in credit risk has occurred since initial recognition and counterparties covered by the Group's assessment of low credit

risk at the time of reporting.

- Stage 2 includes financial instruments where a significant increase in credit risk has occurred since initial recognition, but where there is no objective evidence on the reporting date that the claim is uncertain.
- Stage 3 includes financial instruments for which objective evidence has been identified that the claim is uncertain.

The Group has defined default as when payment of the claim is 90 days late or more, or if other factors indicate that payment is in default. Per the Balance Sheet date, no material increase in credit risk has been deemed to prevail for any receivables or assets. Such an assessment is based on whether payment is 30 days delayed or more, or, if a significant deterioration in rating occurs, entailing a rating below investment grade, meaning credit impairment on the receivables or assets. In cases where the amounts are not deemed insignificant, a provision is made for expected credit losses for these financial instruments too.

For assets and receivables with deteriorated credit, an individual assessment is made, taking into account historical, current and forward-looking data. If there has been an essential increase in credit risk since initial recognition, a loss reserve is reported for the remaining term of the asset (stage 2). For assets deemed to be impaired, reserves continue to be made for expected credit losses over the remaining term (stage 3). For assets and receivables with deteriorated credit, the calculation of interest income is based on the carrying amount of the assets, net following loss reserves, unlike the gross amount as in the previous stages.

The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees. The financial assets are reported in the Balance Sheet at amortized

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

cost, that is, net of gross value and loss reserves. Changes in the loss reserve are reported in the Income Statement.

Finance policy

K-Fastigheter's finance policy stipulates how the financial activities are to be conducted where operations are regulated, and is followed up on the basis of clearly defined targets and risk levels with respect to currency risk, interest-rate risk, financing risk, liquidity risk and credit risk.

The finance policy serves to define uniform guidelines and frameworks for the financial activities that arise within the Group in connection with borrowing, debt management and liquidity management. These guidelines are to form the basis for effective control and the cost-efficient management of financial flows and risks, while achieving the Group's financial targets.

The finance policy shall be revised and approved annually and any deviations from finance policy guidelines shall be decided by the Board of Directors.

Overarching goals

K-Fastigheter's overarching goal is to generate value for the company's shareholders. Over a business cycle, value creation is measured as growth in long-term net asset value per share.

Financial targets

- Over an economic cycle, growth in long-term net asset value per share is to average at least 20 percent annually, including any value transfers.
- Over an economic cycle, annual growth in profit per share from property management is to average at least 20 percent.

Operational goals

- In the long term, rental income from housing is to comprise at least 80 percent of K-Fastigheter's total rental income.
- The number of apartments to be managed by the company and on which construction has commenced is to amount to 1,300 annually before the end of 2023.
- At the end of 2023, K-Fastigheter is to manage at least 5,000 apartments in the Nordic region

Financial mitigation goals

At an overarching level, the Group's financial risk is limited by means of a sound capital structure and a stable and positive cash flow, which, over time, secures the Group's short and long-term capital supply.

To achieve a sound capital structure and a stable and positive

cash flow, the Board of Directors has set the following financial mitigation goals:

- Debt-to-equity ratio may amount to at most 70 percent relative the market value of the Group's investment properties
- Equity/assets ratio shall amount to at least 25 percent over time
- Interest coverage ratio shall amount to a minimum of 1.75 x over time

These financial targets also correspond generally to the financial covenants that the Group is obliged to monitor and report under the terms of its loan agreements.

Currency risk

Currency risk refers to the risk of negative impacts on the Group's cash flow, Income Statement and Balance Sheet as a result of changes in exchange rates.

	2022	2021	Financial targets	Financial covenant
Interest-bearing liabilities at the end of the year in accordance with the Balance Sheet, SEK million	8,461.4	5,943.9		
Total equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK m	15,272.0	11,482.7	< 70%	< 70%
A/B Debt-to-equity ratio at the end of the year, %	55.4%	51.8%		
A Equity at the end of the year in accordance with the Balance Sheet, SEK m	5,169.6	4,233.7		
B Equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK m	15,272.0	11,482.7	< 25%	< 25%
A/B Equity/assets ratio at the end of the year, %	33.9%	36.9%		
A Profit before changes in value for the year in accordance with the Income Statement, SEK million	83.3	126.6		
B Depreciation/amortization and impairment during the year in accordance with the Income Statement, SEK million	-62.6	-58.2	> multiple of	> multiple of
C Net interest income for the year in accordance with the Income Statement, SEK million	-124.8	-75.6	1.75	1.50
(A-B-C)/-C Interest coverage ratio during the year, multiple	2.2	3.4		

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

The Group's operations are conducted in Sweden and Denmark use SEK as their functional currency. The Group primarily manages exchange rate exposure by natural matching of assets and liabilities, and income and expenses, in the same currency, and through financial instruments.

Interest-rate risk

Interest-rate risk refers to the risk that changes in market interest rates will have negative effects on net interest expenses and profit, and the risk of locking-in interest expenses that are too high relative to the market for long periods, thus reducing the possibility of compensating for adverse events in profit and tax.

The Group manages interest-rate risk by setting target levels for average fixed interest and for the share of variable interest in the loan portfolio as a whole. Interest rate derivatives are used to adjust the period of fixed interest. Furthermore, ongoing dialog is conducted primarily with the banks' interest analysts to monitor the interest market.

As of 31 December 2022, the average period of fixed interest was

3.4 years (4.4) and the interest rate sensitivity in the event of a 1 percentage point shift in the loan rates amounted to SEK 17.2 million (14.0). As a percentage of the total debt portfolio, variable interest accounted for 27 percent (29). At the end of the year, the average interest rate amounted to 2.72 percent (1.85) including interest-rate derivatives and to 3.85 percent (1.40) excluding interest-rate derivatives.

Financing and refinancing risk

The (re)financing risk is managed through diversification of the total debt portfolio with financially stable counterparties and with varying maturities. Target levels are set for the minimum number

of banks, maximum size and minimum rating per bank, maximum percentage with a maturity of less than 12 months and average capital tied up. At the end of the year, the average capital tied up was 2.4 years (2.8) and 27 percent (17) of the loans matured within 12 months.

At the end of 2022, the Group had loan agreements to credit institutions totaling SEK 9,671.6 million (7,282.4), of which SEK 1,061.3 million (882.5) constituted overdraft facilities and covered

loans and SEK 2,867.1 million (2,132.1) constituted construction credits. Remaining credit agreements, SEK 5,743.2 million (4,017.8), consist of bilateral agreements with Swedish banks with the aim of financing the Group's completed investment and business properties. Of credit agreements for financing of the Group's completed investment and business properties, credits for a total SEK 1,706.9 million (790.2) expired during 2023, credits K-Fastigheter believes it will be possible to renegotiate or extend due to the Group's good relationship with its partner banks. The debt-to-equity ratio for the Group amounted to 55.4 percent (51.8).

Existing loan agreements with credit institutions contain financial conditions (covenants) stipulating maximum debt-to-equity ratio, loan-to value ratio, minimum equity/assets ratio and minimum interest coverage ratio. K-Fastigheter fulfilled these conditions at all follow-up reviews in 2022.

Future liquidity flows

Future liquidity attributable to credit is shown below. When calculating credits, as well as the variable legs of interest rate swaps, the Stibor rate as of the Balance Sheet date applying to the underlying agreement has been used. Outstanding loan liabilities and credit margin have been assumed to be the same as of the Balance Sheet date up to respective maturity, when are assumed to have been repaid.

Future liquidity maturity credits

SEK m	Maturity credits	Interest credits	Interest rate derivatives	Total
2023	1,706.9	218.8	-71.7	1,854.0
2024	1,545.1	161.0	-67.6	1,638.5
2025	1,697.0	116.2	-61.4	1,751.8
2026	866.1	30.3	-50.7	845.8
2027	344.6	20.1	-32.1	332.6
>2028	219.8	41.0	-24.7	236.1
	6,379.5	587.4	-308.1	6,658.7

Credit and interest maturity structure as of 31 December 2022 (excluding construction credits, overdraft facilities and custody account credits)

Term	Interest maturity		Credit maturity		Swap maturity		
	Amount, SEK million	Average interest, %	Amount, SEK million	Utilized, SEK m	Interest rate derivatives, SEK m	Average interest, %	Value, SEK m
0-1 years	2,071.7	3.69%	1,706.9	1,706.9	100.0	0.69%	2.1
1-2 years	300.0	1.73%	1,545.1	1,545.1	300.0	0.33%	15.1
2-3 years	200.0	2.04%	1,697.0	1,697.0	200.0	0.64%	13.8
3-4 years	1,200.0	2.36%	866.1	866.1	1,200.0	0.96%	95.4
4-5 years	1,200.0	2.46%	344.6	344.6	1,200.0	1.06%	112.2
> 5 years	1,407.7	2.47%	219.8	219.8	1,407.7	1.07%	166.4
Total	6,379.5	3.85%	6,379.5	6,379.5	4,407.7		404.9

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Liquidity risk

Liquidity risk refers to the risk of not being able to fulfill payment commitments on maturity without expenses for securing liquidity increasing significantly.

The liquidity risk is managed through appropriate payment flow systems and credit facilities and loan pledges from the partner banks, and by setting a target level for the minimum level in the liquidity reserve. In addition, a monthly cash flow forecast is prepared and reported.

At the end of the year, the Group's cash and cash equivalents amounted to SEK 35.4 million (94.0). In addition, there is an unutilized overdraft facility of SEK 277.4 million (356.9).

Credit risk

Credit risk refers to the risk that a counterparty or issuer is unable to fulfill its commitments to the Group. The Group is exposed to credit risk through holdings of derivative instruments (if these have a positive value) and surplus liquidity that is invested. Credit risk also occurs in relation to rent receivables and accounts receivable, as well as other receivables.

Credit risk is managed by setting a minimum creditworthiness for the Group's counterparties (ascribed rating or credit control), which is done when signing an agreement and then on an ongoing basis for larger commitments.

Maturity analysis for financial liabilities

For the maturity structure of interest-bearing liabilities see under "Interest-rate risk" above. Other operating liabilities fall due for payment as below. Liabilities to Group and associated companies are recognized as non-current unless there is a fixed repayment plan.

With regard to long-term debt K-Fastigheter assesses that there is no significant difference between fair value and carrying amounts.

All long-term and short-term interest-bearing liabilities accrue variable interest.

Derivatives are valued at fair value in the Balance Sheet and according to IFRS fair value hierarchy Level 2.

Maturity analysis for financial liabilities

For the maturity structure of interest-bearing liabilities see under "Interest-rate risk" above. Other operating liabilities fall due for payment as below. For leasing liabilities, see Note 4 Leasing.

Liabilities to Group and associated companies are recognized as non-current unless there is a fixed repayment plan.

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Matures within 1 year	522.0	495.0	16.7	13.6
Matures after 1 year	63.3	4.8	1,012.0	825.7
Total	585.3	499.7	1,028.7	839.3



SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Breakdown of financial assets and liabilities as of 31 December 2022

Group SEK m	Financial assets/ liabilities measured at fair value in the Income Statement	Financial assets/ liabilities valued at amortized cost	Total carrying amount	Fair value
Receivables from Group companies	0.0	15.8	15.8	15.8
Receivables from associated companies	399.1	0.0	399.1	399.1
Derivative instruments	0.0	93.2	93.2	93.2
Current tax receivables	0.0	5.8	5.8	5.8
Other current receivables	0.0	161.9	161.9	161.9
Prepaid costs and accrued income	0.0	36.7	36.7	36.7
Cash and cash equivalents	0.0	35.4	35.4	35.4
Total receivables	399.1	348.7	747.8	747.8
Non-current interest-bearing liabilities	0.0	6,559.1	6,559.1	6,559.1
Other non-current liabilities	0.0	63.3	63.3	63.3
Current interest-bearing liabilities	0.0	1,902.3	1,902.3	1,902.3
Advances from customers	0.0	3.4	3.4	3.4
Accounts payable	0.0	198.3	198.3	198.3
Other current liabilities	0.0	94.8	94.8	94.8
Income invoiced but not vested	0.0	19.2	19.2	19.2
Accrued costs and prepaid income	0.0	206.2	206.2	206.2
Total liabilities	0.0	9,046.7	9,046.7	9,046.7

Breakdown of financial assets and liabilities as of 31 December 2021

Group SEK m	Financial assets/ liabilities measured at fair value in the Income Statement	Financial assets/ liabilities valued at amortized cost	Total carrying value	Fair value
Other non-current receivables	0.0	8.0	8.0	8.0
Derivative instruments	37.0	0.0	37.0	37.0
Accounts receivable	0.0	105.3	105.3	105.3
Receivables from associated companies	0.0	3.1	3.1	3.1
Other current receivables	0.0	175.5	175.5	175.5
Prepaid costs and accrued income	0.0	29.0	29.0	29.0
Cash and cash equivalents	0.0	94.0	94.0	94.0
Total receivables	37.0	414.9	451.9	451.9
Non-current interest-bearing liabilities	0.0	4,996.4	4,996.4	4,996.4
Other non-current liabilities	0.0	4.8	4.8	4.8
Current interest-bearing liabilities	0.0	947.5	947.5	947.5
Advances from customers	0.0	1.9	1.9	1.9
Accounts payable	0.0	177.2	177.2	177.2
Other current liabilities	0.0	68.6	68.6	68.6
Income invoiced but not vested	0.0	69.1	69.1	69.1
Accrued costs and prepaid income	0.0	178.2	178.2	178.2
Total liabilities	0.0	6,443.6	6,443.6	6,443.6

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Breakdown of financial assets and liabilities as of 31 December 2022

Parent Company SEK m	Financial assets/ liabilities measured at fair value in the Income Statement	Financial assets/ liabilities valued at amortized cost	Total carrying value	Fair value
Receivables from Group companies	0.0	2,362.9	2,362.9	2,362.9
Receivables from associated companies	0.0	5.4	5.4	5.4
Other non-current receivables	0.0	0.5	0.5	0.5
Derivative instruments	401.7	0.0	401.7	401.7
Current tax receivables	0.0	2.2	2.2	2.2
Other current receivables	0.0	68.1	68.1	68.1
Prepaid costs and accrued income	0.0	11.1	11.1	11.1
Cash and cash equivalents	0.0	0.0	0.0	0.0
Total receivables	401.7	2,450.3	2,852.0	2,852.0
Non-current interest-bearing liabilities	0.0	748.8	748.8	748.8
Current interest-bearing liabilities	0.0	456.3	456.3	456.3
Accounts payable	0.0	4.1	4.1	4.1
Liabilities to Group companies	0.0	1,012.0	1,012.0	1,012.0
Other current liabilities	0.0	3.8	3.8	3.8
Accrued costs and prepaid income	0.0	8.8	8.8	8.8
Total liabilities	0.0	2,233.8	2,233.8	2,233.8

Breakdown of financial assets and liabilities as of 31 December 2021

Parent Company SEK m	Financial assets/ liabilities measured at fair value in the Income Statement	Financial assets/ liabilities valued at amortized cost	Total carrying value	Fair value
Receivables from Group companies	0.0	2,058.1	2,058.1	2,058.1
Receivables from associated companies	0.0	5.4	5.4	5.4
Derivative instruments	36.4	0.0	36.4	36.4
Current tax receivables	0.0	0.7	0.7	0.7
Other current receivables	0.0	58.7	58.7	58.7
Prepaid costs and accrued income	0.0	2.0	2.0	2.0
Cash and cash equivalents	0.0	69.0	69.0	69.0
Total receivables	36.4	2,193.8	2,230.2	2,230.2
Non-current interest-bearing liabilities	0.0	931.7	931.7	931.7
Other non-current liabilities	0.0	2.4	2.4	2.4
Current interest-bearing liabilities	0.0	17.9	17.9	17.9
Accounts payable	0.0	1.4	1.4	1.4
Liabilities to Group companies	0.0	823.3	823.3	823.3
Other current liabilities	0.0	7.2	7.2	7.2
Accrued costs and prepaid income	0.0	5.0	5.0	5.0
Total liabilities	0.0	1,788.9	1,788.9	1,788.9

SUPPLEMENTARY DISCLOSURES – NOTES 23–25

NOTE 23 INVENTORIES

Accounting principles

As of 31 December 2022, Inventories are valued at the lowest of cost and net realizable value. For raw materials, all expenses are included that are directly attributable to the procurement of the goods in the cost. Borrowing costs are not included.

NOTE 24 ACCOUNTS RECEIVABLE

Accounting principles

Customer receivables are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets valued at amortized cost

Accounts receivable are recognized at the amount expected to be received. All overdue accounts receivable exceeding 30 days have been assessed individually in terms of loss risk. Impairments are applied for doubtful accounts receivable. See also Note 25 Impairment expected credit losses.

The 2022 profit for the Group was charged with SEK 3.0 million (2.3) in confirmed customer losses. The receivables are current in nature, which means that recognized amounts correspond to fair value.

Age distribution, SEK m	Group	
	2022	2021
Within 90 days	91.6	100.8
91-120 days	0.4	0.7
121 days -	7.5	9.4
Doubtful accounts receivable <90 days	-4.0	-4.3
Doubtful accounts receivable >90 days	-2.3	-1.2
Accounts receivable, net	93.2	105.3

NOTE 25 IMPAIRMENT, EXPECTED CREDIT LOSSES

Accounting principles

Impairment of asset takes place according to the principles described in Note 22 Financial risks and finance policies.

Financial instruments covered by the simplified method

The simplified method is used for accounts receivable and rental claims. Customer claims and rental claims due 0-90 days are classified as stage 2, while accounts receivable and rent receivables overdue by over 90 days are classified as a stage 3. Expected credit losses are calculated on the basis of the asset term.

For the simplified method, a *loss-sharing model* is used based on historical data on all claims in the stage 2. An average value has been calculated on customer losses recorded during the past six years (2017-2022). This percentage has then been adjusted for known future invoices in the form of management's assessment of the change in risk of future credit losses. This has resulted in total reserves of SEK 4.0 million (4.3) as of 31 December 2022.

For the accounts receivable in stage 3 (overdue over 90 days) individual tests have been made for each claim. This has resulted in total reserves of SEK 2.3 million (1.2) as of 31 December 2022.

Financial instruments covered by the simplified method

The general method is used for other financial assets (receivables from other companies, associated companies and jointly controlled companies, and cash and cash equivalents). For the general method, a *rating model* is used. Expected loan losses have been calculated over 12 months for stage 1 receivables, and on the term of the assets for receivables in stage 2 and stage 3.

Receivables from other companies, associated and jointly controlled companies

Regarding receivables from other companies, associated companies and jointly controlled companies, credit ratings are established if possible. If credit ratings cannot be determined, for example if the requisite information about the companies is unavailable, the S&P rating B is assigned. Loss given default is assumed to be 45 percent in line with Basel II's guidelines for exposure for non-financial companies. This has resulted in a reserve of SEK 1.0 million (1.1).

Cash and cash equivalents

Regarding cash and cash equivalents, credit ratings are obtained from the respective bank's website. Default rates are taken from S&P. Loss given default is assumed to be 45 percent in line with Basel II's guidelines for exposure for non-financial companies. This has resulted in a reserve of SEK 0.0 million (0.0).

Analysis of changes in financial instruments covered by the simplified method

SEK m	Stage 1 (0-30 days)	Stage 2 (0- 90 days)	Stage 3 (>90 days)
Opening balance (OB) Customer and rent receivables		100.8	10.1
Change		-9.2	-2.2
Closing Balance (CB) Customer and rent receivables		91.6	7.9
OB Receivables from other companies, associated companies and jointly controlled companies	118.7		
Change	-23.0		
CB Receivables from other companies, associated companies and jointly controlled companies	95.7		
OB Provision for expected credit losses	-1.1	-4.3	-1.2
Change in provision for expected credit losses	0.2	0.3	-1.1
CB Provision for expected credit losses	-1.0	-4.0	-2.3
Recognized net value	94.8	87.6	5.6

SUPPLEMENTARY DISCLOSURES – NOTES 26–27

NOTE 26 OTHER RECEIVABLES

Accounting principles

Other receivables are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets valued at amortized cost.

Receivables from associated companies and jointly controlled companies

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Receivables from associated companies and jointly controlled companies	0.4	3.1	0.4	5.4
Total	0.4	3.1	0.4	5.4

Other receivables

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Accrued, not invoiced income	41.0	29.0	0.0	0.0
Current tax receivables	6.9	0.0	0.0	0.0
Other receivables	120.9	146.5	69.9	59.4
Total	168.8	175.5	69.9	59.4

NOTE 27 PREPAID COSTS AND ACCRUED INCOME

Accounting principles

Prepaid costs and accrued income are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets valued at amortized cost.

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Other prepaid costs and accrued income	36.7	29.0	11.1	2.0
Total	36.7	29.0	11.1	2.0

SUPPLEMENTARY DISCLOSURES – NOTES 28–29

NOTE 28 CASH AND CASH EQUIVALENTS AND GROUP BANK ACCOUNT

Accounting principles

Cash and cash equivalents are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets valued at amortized cost.

The Group's cash and cash equivalents and other bank balances are placed only in Swedish and Danish banking and credit institutions with the highest credit rating, meaning that the risk of credit losses is assumed to be largely non-existent and the Group has therefore chosen not to make any provisions for expected credit losses on cash and cash equivalents and bank balances.

Group account

Most Group companies utilize K-Fast Holding AB's Group bank account, which means that Group company bank balances are recognized as receivables with Group companies, and utilized credit is recognized as a debt to Group companies. K-Fast Holding AB is legally responsible for the Group's transactions in the Group bank account.

SEK m	Group	
	2022	2021
Utilized credit, K-Fast Holding AB	1,102.5	957.4
Available credit, K-Fast Holding AB	-1,132.1	-888.7
Total Group bank balances relating to the Group account	-29.6	68.6
Available amount, K-Fast Holding AB	300.0	300.0
Total Group bank balances relating to the Group account, including unutilized credit	270.4	368.6

NOTE 29 EQUITY

The share capital in Parent Company K-Fast Holding AB amounts to SEK 57.4 million (57.4) divided over 215,331,168 shares (215,331,168). On 7 June 2021, K-Fastigheter completed a 6:1 share split.

The shares have a quotient value of SEK 0.27 per share (0.27). The shares are divided between 22,500,000 Class A shares that each convey five votes and 192,831,168 Class B shares that each convey one vote. The total number of votes on 31 December 2022 was: 305,331,168. All shares registered as of the balance sheet date are fully paid-up. Other capital contributions consist of the surplus capital raised in connection with new share issues.

The specification of changes in equity are included in the Consolidated Statement of Changes in Equity.

No dividend was paid in 2022 or 2021.

Development of share capital

Date	Event	Change in number of shares	Total number of shares	Total number of outstanding shares	Quotient value per share, SEK	Change in share capital, SEK million	Total share capital, SEK million
2 November 2010	Company founded		500	500	100.0		0.1
19 August 2019	Bonus issue and share split	24,999,500	25,000,000	25,000,000	1.6	39.9	40.0
19 August 2019	Directed new share issue	260,587	25,260,587	25,260,587	1.6	0.4	40.4
16 September 2019	Directed new share issue	2,941	25,263,528	25,263,528	1.6	0.0	40.4
29 November 2019	New share issue	8,625,000	33,888,528	33,888,528	1.6	13.8	54.2
26 August 2020	New share issue	2,000,000	35,888,528	35,888,528	1.6	3.2	57.4
As 7 June 2021	Share split 6:1	179,442,640	215,331,168	215,331,168	0.27	0.0	57.4
31 December 2022			215,331,168	215,331,168	0.27		57.4

	Quotient value, SEK		No. of shares	
	2022	2021	2022	2021
Shares	0.27	0.27	215,331,168	215,331,168

	Outstanding number of shares at the end of the year*		Average number of outstanding shares*	
	2022	2021	2022	2021
Shares	215,331,168	215,331,168	215,331,168	215,331,168

*Adjusted for share split as per 7 June 2021.

SUPPLEMENTARY DISCLOSURES – NOTE 30

NOTE 30 NON-CONTROLLING INTERESTS

Financial information in summary for the Group's significant non-controlling holdings is presented below. Recognized amounts are based on the amounts presented in the Consolidated Financial Statements. Only net assets including non-controlling holdings have been included.

K-Fast Kilen AB (Corp. ID no. 559305-2136) is a property company focused on residential properties in Region East. Non-controlling holdings in K-Fast Kilen AB amounted to 49.2% (49.2%).

Ownership share	2022	2021
K-Fast Holding AB, share %	50.8	50.8
Non-controlling interests, share %	49.2	49.2
Total	100.0	100.0

Balance Sheet in summary, SEK m	2022	2021
Investment properties	162.3	11.9
Financial non-current assets	30.7	0.0
Current assets	34.5	2.7
Total assets	227.4	14.6

Non-current liabilities	168.3	0.0
Current liabilities	19.9	14.6
Total liabilities	188.2	14.6

Net assets	39.2	0.0
-------------------	-------------	------------

Carrying amount non-controlling interests	19.3	0.0
--	-------------	------------

Total Comprehensive Income in summary, SEK m	2022	2021
Income	0.0	0.0
Expenses	-0.8	-0.1
Changes in value	47.5	0.0
Tax	-9.7	0.1
Profit for the year	37.0	0.0

Profit for the period attributable to non-controlling interests	18.2	0
--	-------------	----------

Cash Flow in summary, SEK m	2022	2021
Cash flow from operating activities	4.0	13.1
Cash flow from investing activities	-150.4	-11.9
Cash flow from financing activities	168.3	0.0
Increase/decrease in cash and cash equivalents	21.8	1.2

SUPPLEMENTARY DISCLOSURES – NOTES 31–34

NOTE 31 OTHER PROVISIONS AND NON-CURRENT AND CURRENT LIABILITIES

Accounting principles

Provisions

A provision is reported in the Balance Sheet when the Group has an existing legal or informal commitment as a consequence of an event that has occurred and it is likely that an outflow of financial resources will be required to settle the commitment and that a reliable estimate of the amount can be made. Where the effect of when payment is made is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax reflecting current market assessments of the time value of money and, if applicable, the risks associated with the liability.

Other non-current and current liabilities

Other non-current and current liabilities are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial liabilities valued at amortized cost. Non-current liabilities have an expected maturity longer than one year, while current liabilities have a maturity shorter than one year.

Other provisions and non-current liabilities

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Other provisions	11.4	8.9	0.0	-0.1
Other non-current liabilities	63.3	4.8	0.0	2.5
Total	74.7	13.7	0.0	2.4

Other current liabilities

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Advances from customers	3.4	1.9	0.0	0.0
Income invoiced but not vested	19.2	69.1	0.0	0.0
Other current liabilities	105.7	68.6	3.8	7.2
Total	128.3	139.6	3.8	7.2

NOTE 32 ACCRUED COSTS AND PREPAID INCOME

Accounting principles

Accrued costs and prepaid income are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial liabilities valued at amortized cost.

Accrued costs and prepaid income

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Accrued personnel-related expenses	107.1	8.8	5.0	3.2
Accrued interest	6.5	2.1	0.7	0.3
Prepaid rental income	42.0	25.4	0.0	0.0
Other items	50.6	141.9	3.1	1.5
Total	206.2	178.2	8.8	5.0

NOTE 33 APPROPRIATIONS

SEK m	2022	2021
Change in accelerated depreciation	0.0	0.1
Group contributions received	66.2	130.3
Group contributions paid	-104.8	-42.5
Total	-38.6	87.9

NOTE 34 PARTICIPATIONS IN GROUP COMPANIES

Accounting principles

Shares in subsidiaries are recognized in the Parent Company according to the acquisition value method less accumulated depreciation increased or decreased by the change in capital. A subsidiary's carrying amount is tested for impairment at least annually, or more often if there is an indication that the recognized amount may not be recoverable. Depreciation and reversals of earlier depreciation is recognized in the Income Statement.

SEK m	2022	2021
Opening cost	1,009.0	883.2
Acquired shares	151.5	120.3
Divested shares	0.0	0.0
Shareholder contribution	7.1	5.5
Closing amortized cost	1,167.6	1,009.0

SUPPLEMENTARY DISCLOSURES – NOTE 34, CONT.

Company	Corp. ID No.	Reg. office	Proportion of equity, %	Share of votes, %	Acquisition value, SEK m
Property Hammar 9:197 AB	559242-0839	Kristianstad	100	100	1.3
Karlsson Fastigheter i Hässleholm AB	556827-7569	Hässleholm	100	100	1.0
K-Fast 21:an AB	559282-9898	Hässleholm	100	100	19.0
K-Fast Alderholmen 4:34 AB	559393-5165	Hässleholm	100	100	0.0
K-Fast Amerika Norra AB	556750-2272	Hässleholm	100	100	35.9
K-Fast Bygg Holding AB	559008-8950	Hässleholm	100	100	0.1
K-Fast Danmark Holding A/S	41221194	Copenhagen (DK)	100	100	6.1
K-Fast Elinegård AB	559094-9144	Hässleholm	100	100	18.8
K-Fast Flacksta AB	559314-5740	Hässleholm	100	100	0.0
K-Fast Flora AB	556750-0979	Hässleholm	100	100	14.5
K-Fast Fogdaröd AB	559347-7481	Hässleholm	100	100	0.0
K-Fast Fredriksdal AB	559076-5888	Hässleholm	100	100	17.7
K-Fast Fredriksskans AB	559219-4897	Hässleholm	100	100	5.4
K-Fast Getramsen AB	559317-1191	Hässleholm	100	100	3.5
K-Fast Getängen AB	556261-4544	Hässleholm	100	100	15.0
K-Fast Gävle Sättra AB	559103-8160	Hässleholm	100	100	0.1
K-Fast Göteborg 2 AB	559203-6262	Hässleholm	100	100	64.5
K-Fast Göteborg AB	559114-1568	Hässleholm	100	100	23.3
K-Fast Helsingborg AB	556915-0393	Hässleholm	100	100	14.7
K-Fast Hässjan AB	559023-2913	Hässleholm	100	100	7.6
K-Fast Högaflin AB	559023-2921	Hässleholm	100	100	6.6
K-Fast Jupiter AB	559314-5773	Hässleholm	100	100	1.0
K-Fast Kilan AB	559305-2136	Hässleholm	51	51	1.1
K-Fast Kirseberg AB	559283-1399	Hässleholm	100	100	22.1
K-Fast Kullavägen AB	556995-9587	Hässleholm	100	100	3.5
K-Fast Kävlinge 1 AB	559178-4490	Hässleholm	100	100	1.6
K-Fast Kävlinge 3 AB	559081-9693	Hässleholm	100	100	8.5
K-Fast Landskrona 1 AB	556837-4754	Hässleholm	100	100	47.1
K-Fast Landskrona 2 AB	556837-4747	Hässleholm	100	100	31.3
K-Fast Limkokaren AB	556959-7643	Hässleholm	100	100	22.0
K-Fast Magasinet AB	556978-8259	Hässleholm	100	100	23.5
K-Fast Malmö AB	556980-3553	Hässleholm	100	100	1.4
K-Fast Mariehäll AB	556978-7848	Hässleholm	100	100	78.8
K-Fast Motorn AB	559291-3023	Hässleholm	100	100	9.0
K-Fast Nocken AB	559093-6232	Hässleholm	100	100	9.2
K-Fast Notarien 21 AB	559088-7260	Hässleholm	100	100	8.5

Company	Corp. ID No.	Reg. office	Proportion of equity, %	Share of votes, %	Acquisition value, SEK m
K-Fast Nyköping AB	559144-8666	Hässleholm	100	100	0.2
K-Fast Parkerings AB	559077-1316	Hässleholm	100	100	0.1
K-Fast Pelikanen 27 AB	559150-8725	Hässleholm	100	100	0.7
K-Fast Rusthällaren 3-4 AB	556801-0010	Hässleholm	100	100	14.8
K-Fast Rådhuset AB	556532-9173	Hässleholm	100	100	79.9
K-Fast Skruven AB	556817-5557	Hässleholm	100	100	1.3
K-Fast Skymningen AB	559192-8444	Hässleholm	100	100	19.1
K-Fast Spoven 1 AB	556806-8471	Hässleholm	100	100	20.5
K-Fast Stortorget i Hässleholm	556419-6201	Hässleholm	100	100	46.3
K-Fast Stafvre AB	556639-9837	Hässleholm	100	100	123.8
K-Fast Surte AB	556922-6466	Hässleholm	100	100	14.3
K-Fast Sägklingan AB	559054-0539	Hässleholm	100	100	7.7
K-Fast T4 AB	556040-3957	Hässleholm	100	100	33.1
K-Fast Taket 2 AB	559225-7967	Hässleholm	100	100	1.0
K-Fast Torget AB	559027-5334	Malmö	100	100	8.9
K-Fast Trollet AB	559258-4642	Hässleholm	100	100	9.7
K-Fast Viken 2 AB	556806-0791	Hässleholm	100	100	53.2
K-Fast Viken AB	556995-8779	Hässleholm	100	100	12.8
K-Fast Viktoria 22 AB	559311-8515	Hässleholm	100	100	14.5
K-Fast Vildrosen AB	559136-9961	Hässleholm	100	100	24.5
K-Fast Vänersborg AB	559314-0121	Hässleholm	100	100	0.2
K-Fast Värdepapper AB	559096-4671	Hässleholm	100	100	0.1
K-Fast Yxan AB	559276-4483	Hässleholm	100	100	26.1
K-Fast Älmhult AB	556977-8664	Hässleholm	100	100	14.9
K-Fast Örnen 33 AB	559096-7195	Hässleholm	100	100	31.2
K-Fast Örnen 34 AB	559096-7245	Hässleholm	100	100	50.4
Christianstad Samhällsfastigheter AB	559375-4889	Hässleholm	100	100	0.0
Maglegårdens Fastigheter AB	556772-6384	Hässleholm	100	100	4.4
Maglegården 30 Fastighets AB	559375-4798	Hässleholm	100	100	0.0
Nyponfastigheten AB	556876-2909	Hässleholm	100	100	25.3
Påltua AB	556846-9703	Hässleholm	100	100	0.1
T4 Fastighets AB	556824-2969	Hässleholm	100	100	4.9
					1,167.6

SUPPLEMENTARY DISCLOSURES – NOTES 35–36

NOTE 35 RECEIVABLES AND LIABILITIES, GROUP COMPANIES

Accounting principles

Receivables and Liabilities to Group companies are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets liabilities valued at amortized cost.

As of 31 December 2022, the Parent Company had an outgoing receivable from a subsidiary of SEK 2,362.9 million (2,058.1), of which SEK 1,460.8 million (1,208.5) pertained to current receivables. In December 2022, the Parent Company loaned SEK 902.1 million (849.6) to subsidiaries for credit restructuring in the Group. Parent Company current receivables from Group companies primarily relate to Parent Company balances due to Group companies held in the Group bank account.

For receivables from the Group companies, there are no established amortization plans.

As of 31 December 2022, Parent Company liabilities to Group companies amounted to SEK 1,012.0 million (823.3), of which SEK 1,012.0 million (823.3) pertained to current liabilities. Parent Company liabilities to Group companies relate to Group company balances to the Parent Company in the Group account.

NOTE 36 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Accounting principles

A contingent liability is recognized when there is a possible commitment stemming from events and whose occurrence is confirmed only by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision because an outflow of resources is unlikely to be required.

Parent Company - Financial guarantees

The Parent Company's financial guarantee agreements consist primarily of guarantee commitments to the benefit of subsidiaries. Financial guarantees mean that the company has a commitment to compensate the holder of a debt instrument for losses that the holder incurs due to a specific debtor failing to pay on maturity in accordance with the terms of the agreement. In its recognition of financial guarantee agreements, the Parent Company applies RFR 2 p 72, a relief provision compared with the regulations in IFRS 9 with regard to financial guarantee agreements issued for the benefit of subsidiaries and associated companies. The Parent Company reports financial guarantee agreements as a provision in the Balance Sheet when the company has an obligation for which payment is likely to be required to settle the obligation.

Pledged assets

SEK m	Group		Parent Company	
	2022	2021	2022	2021
For own provisions and liabilities				
<i>Pertaining to liabilities to credit institutions</i>				
Mortgages	7,757.0	5,482.3	0.0	0.0
Chattel mortgages	125.0	100.0	0.0	0.0
For the benefit of Group companies				
Other pledged assets	1,595.8	978.2	1,586.4	935.7
Total pledged assets	9,477.9	6,560.4	1,586.4	935.7

Contingent liabilities

SEK m	Group		Parent Company	
	2022	2021	2022	2021
Guarantees in favor of Group companies	0.0	0.0	6,880.8	4,659.1
Other contingent liabilities	140.1	125.3	132.6	117.8
Total contingent liabilities	140.1	125.3	7,013.4	4,776.9

SUPPLEMENTARY DISCLOSURES – NOTE 37

NOTE 37 CASH FLOW STATEMENT

Accounting principles

The cash flow statement has been prepared in accordance with the indirect method, meaning that profit is adjusted for transactions not entailing incoming or outgoing payments during the period and for any income or expenses attributed to the investing or financing activities.

Cash and cash equivalents

The Group's cash and cash equivalents comprise cash and bank balances. Cash and cash equivalents are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets valued at amortized cost.

Cash and cash equivalents

SEK m	Group		Parent Company	
	2022	2021	2022	2021
The following components are included in cash and cash equivalents:				
Cash and bank balances	35.4	94.0	0.0	69.0
Total according to the Balance Sheet	35.4	94.0	0.0	69.0
Total according to the Cash Flow Statement	35.4	94.0	0.0	69.0
Interest received and paid				
Interest received	11.9	0.8	59.3	27.5
Interest paid	-136.6	-75.6	-41.5	-27.2
Total	-124.8	-74.8	17.8	0.3
Adjustment for items not affecting cash flow				
Amortization and depreciation	59.3	53.3	0.4	0.2
Change in provisions	2.5	-7.0	0.0	0.0
Other	-5.3	-0.5	0.0	5.3
Total	56.4	45.7	0.4	5.5
Change in financial liabilities				
Opening balance, financial liabilities	5,911.7	3,884.1	915.6	901.0
Borrowings	2,719.0	1,909.6	279.5	100.0
Amortization	-179.8	-133.2	-26.7	-21.9
Change derivatives	-362.1	-66.0	-365.8	-66.8
Acquisition/divestment of operations	17.5	313.9	0.0	0.0
Change financial leasing	0.5	1.0	0.0	0.0
Currency effects	-44.6	2.4	0.8	3.2
Closing balance, financial liabilities	8,062.3	5,911.7	803.4	915.6

SUPPLEMENTARY DISCLOSURES – NOTE 38

NOTE 38 RELATED PARTY TRANSACTIONS

Related parties

Related parties refers to:

- CEO
- Board Members
- other individuals in the management of the company or significant subsidiaries and who control or exercise substantial influence over financial and operational decisions in the company or subsidiary
- legal entities controlled by the aforementioned individuals
- shareholders controlling more than 10 percent of shares or votes in the company.

Transactions with related parties conducted under non-market conditions

There were no related party transactions that were not on market terms. No guarantees have been pledged or received. Outstanding balances are normally settled with cash and cash equivalents.

Remuneration to key senior executives

Remuneration to key senior executives includes the following:

SEK m	2022	2021
Chairman of the Board Erik Selin	0.0	0.0
Board Member Ulf Johansson	0.2	0.2
Board Member Christian Karlsson	0.2	0.2
Board Member Sara Mindus	0.2	0.2
Board Member Jesper Mårtensson	0.2	0.2
CEO	1.4	1.4
Deputy CEO	1.6	1.5
Other senior executives*	11.3	10.4
Total	15.1	14.1

* (2022: 9 people; 2021: 9 people)

SUPPLEMENTARY DISCLOSURES – NOTE 38, CONT.

Ongoing agreements, 2022

Agreement between law firm VICI AB, in which Board Member Christian Karlsson is a partner, and K-Fast Holding AB regarding various legal consultations including corporate law and transactions. Total purchases 2022: SEK 1.4 million (3.6).

Agreement between Jacob Karlsson AB and K-Fast Bygg Holding AB relating to administrative services. Total sales in 2022: SEK 0.2 million (0.2).

Block rental agreement with Homestate AB relates to letting of apartments. Total sales in 2022: SEK 2.2 million (1.4).

Construction agreement signed between PVS Mark & VA Holding AB and several Group companies relating to ground works in connection with several started construction projects. Total purchasing 2022: SEK 46.5 million (26.9).

Transactions 2022

During 2022, there were no material transactions with closely related parties in addition to the above ongoing agreements.

Summary of close party transactions in addition to remuneration to key senior executives

Group, SEK m	2022			31 December 2022		
Affiliate relation	Sales to related parties	Purchases from related parties	Other	Receivables from related parties	Liabilities to related parties	Contingent liabilities To related parties
Associated company	2.2	0.7	19.5	5.4	0.0	8.5
Jointly controlled companies	0.0	46.5	0.0	1.4	1.1	47.8
Other related parties	0.2	1.4	0.0	0.2	0.2	0.0
Total	2.3	48.6	19.5	7.0	1.3	56.2

Group, SEK m	2021			31 December 2021		
Affiliate relation	Sales to related parties	Purchases from related parties	Other	Receivables from related parties	Liabilities to related parties	Contingent liabilities to related parties
Associated company	0.0	0.0	0.0	3.2	0.0	10.3
Jointly controlled company	0.0	26.9	0.0	0.0	0.5	0.0
Other related parties	0.4	3.7	0.0	0.2	0.0	0.0
Total	0.4	30.7	0.0	3.4	0.5	10.3

Parent Company, SEK million	2022			31 December 2022		
Affiliate relation	Sales to related parties	Purchases from related parties	Other	Receivables from related parties	Liabilities to related parties	Contingent liabilities to related parties
Associated company	0.0	0.7	19.5	5.4	0.0	8.5
Jointly controlled company	0.0	0.0	0.0	0.0	0.1	47.8
Other related parties	0.0	1.0	0.0	0.0	0.1	0.0
Total	0.0	1.7	19.5	5.4	0.2	47.8

Parent Company, SEK m	2021			31 December 2021		
Affiliate relation	Sales to related parties	Purchases from related parties	Other	Receivables from related parties	Liabilities to related parties	Contingent liabilities to related parties
Associated company	0.0	0.0	0.0	5.4	0.0	10.3
Jointly controlled company	0.0	0.0	0.0	0.0	0.0	0.0
Other related parties	0.0	3.7	0.0	0.0	0.0	0.0
Total	0.0	3.7	0.0	5.4	0.0	10.3

SUPPLEMENTARY DISCLOSURES – NOTES 39–41

NOTE 39 BUSINESS COMBINATIONS

In connection with an acquisition, an assessment is made to determine whether the transaction relates to a business combination or an acquisition of assets. Business combinations are defined in accordance with IFRS 3, which means that acquired assets and liabilities shall comprise independent operations/business activity. When an acquisition takes place of a group of assets or net assets that do not comprise operations/business activity, it is classified as an asset acquisition. Most of K-Fastigheter's completed acquisitions comprise asset acquisitions.

In 2022, GH Sydgolv AB was acquired and classified as a business combination. The acquisition was not considered material due to its size. Goodwill amounted to SEK 3.0 million. Business combinations completed in 2021 are reported below. Otherwise, please refer to the Annual Report Note 1 Accounting principles.

Acquisitions 2021

Finja Prefab AB and Finja Prefabfastigheter Sverige AB, now K-Prefab AB and K-Prefab Fastigheter AB, were acquired and classified as a business combination in 2021. This means that acquired assets, liabilities and contingent liabilities are valued at fair value as of the acquisition date.

Goodwill mainly relates to expected positive profit effects in the form of lower costs for prefabricated concrete elements and frame construction in connection with K-Fastigheter's construction of concept buildings and more efficient production planning and product development in K-Prefab. Goodwill is not expected to be tax deductible.

Acquired net assets at the acquisition date:	SEK m
Business properties	370.0
Other Assets	340.2
Cash and cash equivalents	0.8
Deferred tax	-67.7
Interest-bearing liabilities	-5.7
Other liabilities	-224.8
Identified net assets	412.9

Intangible non-current assets	55.1
Goodwill	440.6
Total purchase price	908.5

Purchase price comprises:	
Cash	433.5
Acquisition loan	225.0
Vendor loan	250.0
Total purchase price	908.5

Effect of acquisition on Group cash flow:	
Cash element of purchase price	658.5
Cash (acquired)	-0.8
Transaction costs	-0.4
Net cash flow	657.3

NOTE 40. EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events have occurred since the end of the financial year beyond those reported in the Directors' Report.

NOTE 41. PROPOSED DISTRIBUTION OF EARNINGS

The unrestricted equity of the Parent Company is at the disposal of the Annual General Meeting.

K-Fastigheter prioritizes growth above dividends. Ahead of the 2022 Annual General Meeting, the Board of Directors proposes that no dividend be paid for the 2020 financial year. The Board of Directors proposes that the available profit is appropriated as follows:

	SEK
Share premium reserve	1,372,919,498
Retained earnings	202,943,604
Profit for the year	304,209,836
Total	1,880,072,938

To be appropriated such that the following is carried forward	1,880,072,938
Total	1,880,072,938

SIGNATURES OF BOARD OF DIRECTORS AND AUDITOR

The Board of Directors and CEO hereby certify that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The Annual Report and the consolidated accounts present a true and fair picture of the position and earnings of the Parent Company and the Group. The Directors' Report for the Group and the Parent Company provides a true and fair view of the development of the Group's and the Parent Company's operations, financial position and profit, describing the significant risks and uncertainties faced by the Parent Company and Group companies.

The Income Statement and Balance Sheet of the Group and of the Parent Company are subject to approval by the Annual General Meeting on 15 May 2023.

Hässleholm, Sweden, 30 March 2023

Erik Selin

Chairman of the Board

Ulf Johansson

Board Member

Christian Karlsson

Board Member

Sara Mindus

Board Member

Jesper Mårtensson

Board Member

Jacob Karlsson

Board Member and CEO

Our audit report was submitted on 30 March 2023

Ernst & Young AB

Stefan Svensson

Authorized Public Accountant

AUDITOR'S REPORT

The auditor shall review K-Fastigheter's Annual Report and accounting, as well the administration of the company by the Board and the CEO. K-Fast Holding AB is the Parent Company of a group and K-Fastigheter's auditor also reviews the Consolidated Accounts, as well as the mutual relationships between the Group companies. After each financial year, the auditor shall submit an Audit Report and a Consolidated Audit Report to the AGM.



AUDIT REPORT

To the general meeting of the shareholders of K-Fast Holding AB (publ), corporate identity number 556827-0390

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of K-Fast Holding AB (publ) except for the corporate governance statement on pages 43-56 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 57-117 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 31st of 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 31st of 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 43-56. 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 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

Property Valuation

Description

The fair value of the Group's investment properties reported in the Statement of Financial Position at 31 December 2022 amount to SEK 13 094,6 million. The valuations are made through a combination of local price analyses and market simulations of future cash flows. The properties were valued externally at year-end. The properties' direct return requirements are assessed on the basis of each property's unique risk and transactions made in the market for objects of a similar nature.

In view of the many assumptions and assessments made in connection with the valuation of investment properties, we believe that this area is to be considered of particular importance in our audit. A description of the valuation of the property holdings is shown in the Annual Report under Note 16.

How our audit addressed this key audit matter

In our audit of the fair value of the Group's investment properties we have evaluated and examined the external property valuation process by, among other things, evaluating the valuation method. With the support of our internal property valuation specialists, we have examined a sample of the external property valuations and assessed the reasonableness of assumptions made, such as direct return requirements, vacancy rates, rental income and operating costs. We have made comparisons with available market data. For a selection of investment properties, we have examined inputs on revenue and operating expenses and calculations in the external valuations at the property level. We have evaluated the external valuers' competence and objectivity.

We have reviewed supplementary disclosures made in the Annual Report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including

the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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 1–56 and 124–162. 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 intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of 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.

Goodwill

Description

At 31 December 2022 the Group's consolidated statements of financial position includes goodwill amounting to SEK 443,6 million. Break-down of goodwill is found in note 39 in the Annual Report.

The Group has assessed goodwill for impairment at 31 December 2022. As disclosed within Note 15 of the Annual Report, the assessment of the impairment of the Group's goodwill and other intangible assets incorporated significant judgments and estimates, specifically concerning factors such as forecast cashflows, discounts rates and terminal growth rates.

These estimates and assumptions incorporate future performance, market and economic conditions. Minor changes in certain assumptions can lead to significant changes in the recoverable amount of these assets.

Accordingly, we considered this to be a key audit matter due to the judgements required in the impairment testing of goodwill.

Our audit procedures included the following:

How our audit addressed this key audit matter

- Assessed the cash flow forecasts, assumptions and estimates used by the Group, by considering the reliability of the Group's historical cash flow forecasts, our knowledge of the business and corroborating data with external information and other internal data sources where possible;
- Involved our valuation specialists to assess whether the methodology applied was in accordance with International Financial Reporting Standards and to evaluate the key assumptions applied in the impairment models. These included the discount rates, growth rates and terminal value assumptions;
- Tested the mathematical accuracy of the impairment testing models including the consistency of relevant data with latest approved forecasts;
- Performed sensitivity analysis on key assumptions including discount rates, terminal growth rates and forecast cashflows; and
- Reviewed supplementary disclosures made in the Annual Report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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.
- 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, actions taken to eliminate threats or related safeguards applied.
- 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.

Revenue and results recognition in construction projects

Description

Revenue and results recognition in construction projects 2022 revenue in the Group's construction operations amount to approximately SEK 1001,2 million. Refer to Note 3 in the Annual Report.

In all material respects revenue is related to construction projects and is recognized over time, i.e., applying percentage-of-completion. This means that recognized revenue and costs in construction projects are based on assumptions and estimates on future outcome as documented in the project forecasts. These forecasts include estimates of costs for, e.g., labour, material, subcontractors and warranty obligations.

Given the elements of assumptions and estimates makes this a key audit matter.

How our audit addressed this key audit matter

We have assessed the revenue process and the process for construction projects. We have also evaluated processes, routines and methodology for project completion. We have performed analytical reviews of revenue and margins reported and evaluated management's routines for follow-up of the projects financial results and also discussed the latter with management.

On a sample basis, we have examined revenue and the recognized project costs on which the determination of completion ratio is based. We have also tested the mathematical accuracy of the percentage-of-completion profit calculation.

We have discussed with K-Fast the principles, methods and assumptions on which estimates are based. For selected projects, we have performed more in-depth procedures including, e.g., reading contract excerpts, review of project forecasts and discussions with project leaders and controllers on judgements, assumptions and estimates.

We have considered the financial report disclosures in relation to Revenue and results recognition in construction projects.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's 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 K-Fast Holding 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.

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 skepticism 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 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 K-Fast Holding AB (publ) for the financial 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 K-Fast Holding 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 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 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 audit 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 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 43–56 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that 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.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of K-Fast Holding AB (publ) by the general meeting of the shareholders on the 12th of May 2022 and has been the company's auditor since the 4th of January 2017.

Malmö 30th of March, 2023

Ernst & Young AB

Stefan Svensson

Auktoriserad revisor

SUSTAINABILITY AND VALUE CREATION

This is K-Fastigheter's Sustainability Report, which should be read alongside the Group's business model on page 12 and the description of the risks the company faces and how these are analyzed and managed on page 141.

For information relating to responsibility and limitations of sustainability reporting, please refer to the company's website, k-fastigheter.com. K-Fastigheter's Sustainability Report follows the financial year and is published annually. This Sustainability Report has not been subject to third-party review.

K-FASTIGHETER'S INITIAL ASSUMPTIONS

K-Fastigheter's long-term perspective is fundamental to the Group's sustainability work. The overarching goal is to create great homes that many people can enjoy. In K-Fastigheter's buildings, tenants shall be able to create safe and secure homes where they can thrive and develop. K-Fastigheter's buildings and neighborhoods, including local workplaces, traffic solutions and the natural environment, create positive and inclusive residential neighborhoods.



K-FASTIGHETER'S SUSTAINABILITY REPORT

Sustainability is an important area for K-Fastigheter. Responsible and sustainable operations are part of the company's business model and long-term strategy. The sustainability work is divided into three focus areas related to the Group's stakeholders:



Homes for the many



Sustainable & environmental considerations over a life cycle



Long-term relationships

K-Fastigheter has signed the UN Global Compact's governance framework for companies relating to human rights, labor law, the environment and anti-corruption. The principles are based on the UN Declaration of Human Rights, ILO's fundamental conventions regarding human rights in the workplace, the Rio Declaration and the UN anti-corruption convention.

Sustainability is integrated into K-Fastigheter's operations and the Group's work is mainly governed by its Code of Conduct, which is based on UN Global Compact and policy documents, which shadow the Group's business concept, goals and other policies to ensure that operations are conducted in a long-term sustainable manner. The Code of Conduct is available as two separate Codes, one for the Group's employees and one for the Group's suppliers and collaboration partners.

THE UN GOALS FOR SUSTAINABLE DEVELOPMENT

The business sector plays an important role in meeting the UN's 17 global goals for sustainable development. The impact different companies have on sustainable development varies according to sector and the scale of operations. However, all businesses can contribute towards reaching the goals. K-Fastigheter's operations have varying impact on the potential to reach the goals, and the company has identified the key areas with the greatest impact and potential for meeting the goals.



ORGANIZATION FOR SUSTAINABILITY

The Board holds ultimate responsibility for K-Fastigheter's sustainability agenda and the continuous sustainability work. K-Fastigheter's CEO delegates operational responsibility to each business area manager. For development and support, the company has established a steering committee consisting of K-Fastigheter's CEO, deputy CEO/CFO, Head of Construction, Head of Property Management, and the IR and Communications Manager. This collaborative model is an important prerequisite for achieving the intended results.

The Group's framework is based on the 17 global sustainability targets included in the UN's Agenda 2030 and other significant matters affecting K-Fastigheter's stakeholders. The framework also includes overarching goals and indicators for measuring the Group's work in areas where K-Fastigheter is currently considered to have the greatest effect and social impact, with the aim of benefiting the Group's stakeholders.

For K-Fastigheter's wholly-owned subsidiaries, the same sustainability governance and goals apply as for K-Fast Holding AB. For the sustainability work carried out in associated companies, see the relevant company websites.

MATERIALITY ANALYSIS

The Group regularly updates its assessment of key sustainability issues from a stakeholder perspective. The Board assesses that K-Fastigheter's sustainability work is making satisfactory progress and that reporting of goals and measures will increase in scope, mainly relating to the EU Taxonomy.

STAKEHOLDER DIALOG

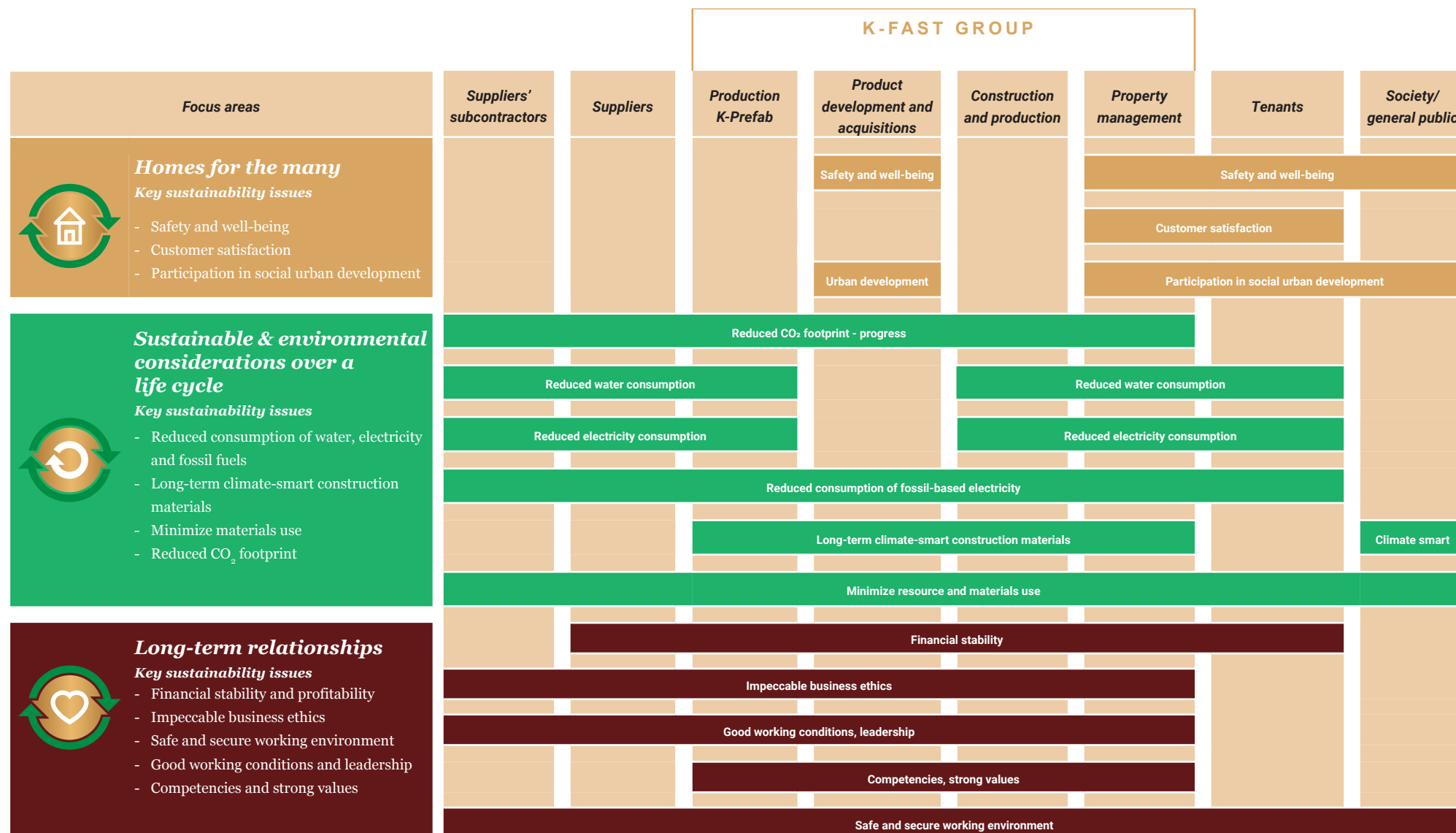
K-Fastigheter's main stakeholders are its employees, various collaboration partners, tenants and the capital markets.

K-Fastigheter's stakeholder dialog focuses on ascertaining key stakeholders' views on the operations from a sustainability perspective, the conditions applying to existing operations, and how the various units work with planning and achieving set goals. A number of different methods, including interviews, surveys and dialog with the company's employees, management and Board are used to collate the views of stakeholders such as shareholders, lenders, collaboration partners and employees.



STAKEHOLDER GROUP	CHANNELS FOR DIALOG	KEY SUSTAINABILITY ISSUES
 <i>Society</i>	- Stakeholder reviews and in-depth interviews - Local collaborations, continuous dialog for long-term engagement - Collaborations with authorities and organizations	- Energy production and consumption, water consumption and climate adaptations - Local social engagement - Compliance with legislation and regulations - Health and safety - Transparency - Well-being and safety in residential areas
 <i>Employees, suppliers and collaboration partners</i>	- Workplace meetings - Internal training - Communication via Group intranet - Group websites - Continuous dialog - Code of Conduct - Annual performance reviews	- Ethics and anti-corruption - K-Fastigheter as an employer and workplace - Competencies, diversity and equal opportunities - Product performance from a life cycle perspective - Well-being, health and safety
 <i>Tenants and customers</i>	- Stakeholder reviews and in-depth interviews - Customer survey, including annual survey - Apartment viewings - Continuous dialog through multiple channels, including personal meetings, apps, websites and social media	- Energy and emissions - Sustainable and safe living - Customer satisfaction - Continuous communication - Participation in social progress - Development of products that increase customers' competitiveness
 <i>Capital markets</i>	- Shareholder meetings - Financial statements - Stakeholder reviews and in-depth interviews - Investor and analyst meetings - Group websites - Press releases	- Financial performance - Energy and emissions - Ethics and anti-corruption - Sustainability and commitment for long-term construction and management - K-Fastigheter as a workplace - Transparency

K-FASTIGHETER'S SUSTAINABILITY WORK IN THE VALUE CHAIN



TARGETS TO BE REACHED BY THE END OF 2023

Focus area	Category	UN targets	Partial targets	Actual 2022	Plan to 2023
Homes for the many 	 Satisfied customers	  	- At least 80% of K-Fastigheter's surveyed tenants shall be satisfied or very satisfied with their apartment, building and K-Fastigheter.	- The service index was 81% and the new production index was 81%.	- K-Fastigheter measures customer satisfaction in new production and existing property management (Service index). Survey results are systematically integrated across all business areas to achieve maximum customer satisfaction.
			- At least 80% of reported faults shall be addressed within 24 hours. - Tenant turnover shall be below 15%.	- 61% of reported faults had been addressed and concluded by K-Fastigheter's staff within 24 hours. - In 2022, approximately 28 percent of K-Fastigheter's tenants moved between, or from, the company's apartments.	- K-Fastigheter measures and follows up fault management on a weekly basis, using its own staff and external contractors. - K-Fastigheter measures customer satisfaction in new production and existing property management (Service index). The results of the surveys are systematically integrated into all business areas in order to achieve maximum customer satisfaction.
Sustainable & environmental considerations over a life cycle 	 Social urban development	 	- At least 80% of K-Fastigheter's surveyed tenants shall be satisfied or very satisfied with their neighborhood and with K-Fastigheter's support of tenants' environmental initiatives.	- The proportion of tenants that were satisfied or very satisfied with their neighborhood was 88%. The proportion satisfied with K-Fastigheter's contribution to their individual environmental work was 91%.	- K-Fastigheter measures, follows up and implements measures that contribute to increase the attractiveness of housing through a strong sustainability focus from planning to finished neighborhood.
			- More than 95% of the properties' electricity consumption shall be derived from fossil-free energy sources. - Electricity consumption in K-Fastigheter's offices and production plants shall be sourced from our own solar panels/fossil-free energy sources. - All new-build Lateral Low-Rise and Apartment Block buildings shall source electricity from solar panels. - Water consumption for the total property holding shall be reduced to match the average for the Group's proprietary concept buildings.	- Fossil-free energy sources provided approximately 95% of K-Fastigheter's electricity consumption in investment properties. All electricity purchased for K-Prefab's production plants was derived from fossil free energy sources. - 100% of the electricity consumption in K-Fastigheter's offices in Håssleholm, Helsingborg and Kristianstad is derived from solar panels/fossil-free energy. In 2022, solar panels were fitted to one of K-Prefab's production plants, which is expected to cover 30% of current consumption. - From the third quarter 2021, solar panels have been installed on all new build Lateral Low-Rise buildings and Apartment Blocks. In 2022, six properties with solar panels were completed in accordance with an earlier decision. - In 2022, average consumption in buildings constructed by K-Fastigheter decreased compared to 2021.	- All electricity agreements in the properties were switched to fossil free production in 2022 for final implementation by the end of 2023. K-Prefab continues to buy only fossil free electricity. - Maintain purchasing of fossil free electricity. Planned investment in additional solar panels for K-Prefab's production plants. - Continue to fit solar panels according to plan. - Digitalized measurement technology to be introduced across all of K-Fastigheter's holdings. This enables instantaneous monitoring of water consumption, and provides an early indication of above-average water consumption in individual units.
Long-term climate-smart construction materials 	 Efficient energy and water consumption		- The ten largest suppliers of construction materials shall have been reviewed from a sustainability perspective under K-Fastigheter's updated Code of Conduct.	- The Code of Conduct is available as two separate Codes, one for the Group's employees and one for the Group's suppliers. Internal training takes place on an ongoing basis.	- Clear routines for training of employees and collaboration partners are implemented on an ongoing basis.
					

Focus area	Category	UN targets	Partial targets	Actual 2022	Plan to 2023
Sustainable & environmental considerations over a life cycle 	 Minimize materials use	 	The cost associated with waste as a proportion of production at K-Fastigheter's plants and construction sites shall be reduced by 10% compared to 2020.	In 2022, K-Prefab's estimated environmental gains totaled 1,800 CO₂ in line with 2021. However, the total volume of waste K-Prefab generated decreased by around 35% compared to 2021.	The work to increase the volume of recycled materials continues alongside the company's collaboration partners.
	 Reduce CO₂ footprint	 	- Compared to 2020, K-Fastigheter shall double its production of renewable energy and use the electricity produced to operate and heat the Group's vehicles and properties, and sell surplus energy. - By 2023, the Prefab business area will halve its CO₂ footprint compared to 2019, by means including investments in fossil-free heating and production plants.	- K-Prefab's efforts to reduce the climate impact from reinforcement bars, binding agents and waste mean that the company's EPDs, which were updated in 2022, indicate an average 35% reduction in the CO₂ footprint. - K-Prefab is at the leading edge in terms of climate-improved concrete and satisfies Level 3. This means a minimum reduction of 30% in CO₂ emissions compared typical sector levels. - Three production plants are currently entirely fossil-free in terms of heating. Seven production plants use biodiesel to operate trucks and vehicles.	Plans are in place for another two production plants to switch to fossil free heating. The work to optimize the company's climate footprint in connection with construction is ongoing.
Long-term relationships 	 Financial stability		- The Group equity/assets ratio shall amount to at least 25 percent. - Interest cover shall amount to a minimum of 1.75 x. - The debt-to-equity ratio may amount to at most 70 percent relative to the Group's total assets and liabilities.	As of 31 December 2022, the equity/assets ratio amounted to 33.9 percent, interest cover to 2.2 x and the debt-to-equity ratio to 55.4 percent.	The aim is to ensure growth in NAV and profit from property management while maintaining a stable and sound financial position, and balanced risk-taking.
	 Safe and secure working environment		All employees and hired staff shall have relevant training and experience for their work assignments.	All new employees receive training relating to specific work tasks and the Group's regulatory frameworks, HSEQ work and Code of Conduct.	All the Group's sites adhere to a clear regulatory framework for ensuring safety in the workplace, and continuously provide training and exercises in order to introduce new employees to the regulatory framework and HSEQ measures. The training also includes the Group's Code of Conduct, which all employees, suppliers and collaboration partners are required to sign and follow.
			There were no reported accidents and injuries in the workplace.	In 2022, 5 serious accidents and 1 serious incident in the prefabricated operations were reported to the Swedish Work Environment Authority. Several were related to risks when working at heights. Extensive investigations into the causes were completed and preventative measures introduced. In other operations, there were 2 accidents and 1 incident.	Clearer routines for registering cases of discrimination/harassment are in the process of being implemented.
			- Zero tolerance of accidents. - Zero tolerance of incidents. - Zero tolerance of discrimination.	- In 2022, the Group continued its preventative health and safety work, including themed safety weeks focused on "Great Building Behavior". This forms part of the company's long-term efforts to build a positive safety culture and reduce operational risks. The company conducted a short employee survey during the health and safety weeks. The results of the survey have been communicated to the employees and identified improvements have been implemented. - No incidences of discrimination were reported in 2022.	The company is currently conducting a Group-wide employee survey which will be evaluated once completed, and an action plan for improvements produced.
	 Impeccable business ethics		There were no reported incidents of corruption in K-Fastigheter.	No incidences of corruption were reported in 2022.	Control activities in connection with acquisitions or other business transactions are updated continuously to reflect applicable legislation and ensure the highest standards of business ethics.

K-Fastigheter's responsibility for the sustainability work includes the Group's operations. The Group also strives to contribute to positive progress in a wider perspective, including by making demands on suppliers and developing sustainable neighborhoods. The goals are updated when required.

INCREASED EFFICIENCY REDUCES CLIMATE FOOTPRINT



LIFE CYCLE OF THE BUILDING

K-Fastigheter strives to construct its buildings with sustainable materials in order to create sustainable neighborhoods and contribute to a circular economy. A sustainable building entails much more than just energy efficiency. Buildings are to be produced in financially and environmentally viable ways and work well from a social perspective, now and in the future. It should be possible to use our concept buildings, and for them to remain functional, for many generations. The estimated life span is about 100 years, meaning that the architecture, materials and construction methods we use today should be enjoyed and last for a very long time. In addition, we strive to facilitate future renovations and adaptations to changing needs at the planning stage.

The use of concept buildings forms the basis for a long-term sustainable economy. Even if every location is unique, we can recycle experience and solutions from previous projects. Furthermore, our familiarity with the details of the building's

infrastructure allows us to minimize waste and optimize the property management of the completed building.

Alongside our tenants, employees and collaboration partners, K-Fastigheter works to realize solutions to reduce dependence on fossil fuels and other climate-negative factors, while also aiming to improve quality and cost-efficiency over time.

CLIMATE FOOTPRINT

The construction and property industry generates a high proportion of society's overall environmental impact. According to the Swedish National Board of Housing Building and Planning, the sector represents between 10 to 30 percent of the environmental impact in Sweden in the areas measured in its environmental indicators. In addition, the sector contributes to emissions in other countries through imports of construction products. Operators in the construction and property industry have significant potential to influence climate emissions from buildings from a life cycle perspective, by measures relating to areas such as materials production, transport, energy, heating, waste and construction.

K-Prefab strives to increase its internal production of fossil-free energy including by fitting more solar panels to its buildings. One plant was installed in 2022 and more are planned. The operations are committed to the construction industry standard Byggföretagens Färdplan 2045, a sector-wide plan to ensure a climate-neutral and competitive construction industry that supports

Sweden's goal of achieving net zero greenhouse gas emissions by 2045.

ENVIRONMENTAL CERTIFICATION

K-Prefab's operations are certified according to ISO 14001 and seek to minimize any negative environmental impact, including avoiding materials and methods that could generate an environmental hazard when better alternatives are available, and to reduce/increase the efficiency of transports. Five factories are currently entirely fossil free in terms of heating. Seven factories use biodiesel to operate trucks and vehicles.

Construction and construction materials

The fact that K-Fastigheter constructs concept buildings with a high degree of prefabrication optimizes resource utilization and quality, and ensures a positive working environment. By using a standardized process in K-Fastigheter's proprietary production facilities, consumption of materials, logistics and other resources can be planned in detail, reducing waste, emissions and inventories, while also streamlining flows and lowering costs in areas that do not create value.

K-Fastigheter's construction uses quality materials that are sustainable in the long term. The Group's Low-Rise buildings are currently constructed using wooden frames, and the core of the Low-Rise and Apartment Block buildings is constructed using concrete, a tried and tested material that is both durable and safe and has favorable climate characteristics, but which consists largely of cement which is energy-intensive in production. Efforts



are underway to reduce the environmental impact of cement production, including reusing concrete from demolished buildings, making products from residual concrete and replacing a proportion of cement with ground granulated blast furnace slag (ggbfs).

By building prefabricated construction elements using concrete and wood from its own production facilities, K-Fastigheter is able to control the process. Building indoors frees the process from interruptions caused by the weather. Another advantage of prefabricated manufacturing methods is more optimized products requiring smaller quantities of materials, helping reduce the number of shipments of building materials, while making it easier to handle the waste that always arises during production. Furthermore, production times can be shortened compared to frames molded on site.

K-Prefab's goal is to gradually transition to use only concrete ballast in its concrete. This means that natural gravel can be set aside for purposes where concrete ballast cannot be used. In total, nearly 90 percent of current ballast at the Group's plants comprises ungraded crush rock, and this proportion may increase in coming years.

Since 2020, K-Fastigheter satisfies the demand to sort certain types of waste, and to store it separately from other types of waste. The aim of the sorting requirement is to rise higher in the waste hierarchy and improve preparation procedures for reuse and materials recycling Towards the end of 2022, work started to set new sustainability targets.

Reduced emissions

K-Fastigheter's operations contribute indirectly to greenhouse gas emissions, mainly at supplier level in connection with procurement of cement for concrete manufacture, and transport of materials to our own and customers' construction sites.

K-Fastigheter's prefab operations continuously seek to optimize the type and volume of binding agents used in concrete products,

thereby reducing CO₂ emissions. The Group made further progress in 2022. The work associated with replacing a proportion of cement with ground granulated blast furnace slag continued and has been complemented by adaptations in the production process.

Emissions data for 2022 includes Scope 1, data from proprietary vehicles, based on standard calculations of actual consumption. For the full year 2022, this consumption corresponded to 1,501 tons CO₂e for K-Prefab's operations and approximately 121.3 tons CO₂e for the rest of the Group. All electricity for the Group's production plants is derived from fossil free production. Increased energy efficiency is part of the improvement work and energy consumption in the prefab operations reduced significantly in 2022. K-Prefab continuously strives to optimize transports from production to the customer by locating production close to customers and a high rate of **??fyllnadsgrad??**. Climate data from transports is regularly followed up and reported by transporters.

K-Fastigheter does not conduct operations requiring permits according to the Swedish Environmental Code. However, a reporting requirement applies to refrigerants. The Group's tenants may conduct operations that require permits or notice. In 2022, K-Fastigheter did not register any infringements of environmental legislation or related regulations.

Biodiversity

Questions relating to biodiversity are gaining in significance in society, both from a moral and utilitarian perspective. Biodiversity and the ecosystem services nature provides are a prerequisite for sustainable development that create benefits for all humans in a number of ways. As part of society, K-Fastigheter needs to contribute to protecting biodiversity and, wherever possible, develop environments around our properties that mitigate biodiversity loss or otherwise contribute to local flora and fauna. K-Fastigheter assesses that questions relating to biodiversity will become increasingly important for planning approval processes in future.

SUSTAINABILITY PRINCIPLES

The business sector's operational methods change over time as society develops and new risks emerge. Sustainability risk is an area where demands from customers and partners, legislators, as well as planetary limitations, are changing the rules of play for companies. Future climate change due to greenhouse gas emissions, for example, represents a clear sustainability risk where K-Fastigheter needs to act to reduce its climate footprint and plan for coming changes. This means that climate measures are part of the risk management process in accordance with the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). This involves identifying the potential effects of climate change on property costs and value growth.

Activities

Ahead of reporting in line with TCFD's recommendations, K-Fastigheter has identified the following important risks and planned activities to mitigate these risks:

Risk	Activity
Increased energy costs	→ Increased energy efficiency and increased internal production of renewable energy, e.g. solar panels
Increased demands on reporting of emissions	→ More information to be included in financial reports and on the Group's website
Physical effects on properties such as flooding, increased sea levels, heat waves and other extreme weather	→ Improved information sourcing and strengthened collaborations with municipalities and experts
Increased cost of replacing fossil fuels in vehicles	→ Digital tools for coordination and planning to ensure more efficient transports
Increased recycling	→ Continued development of ongoing projects, such as mixing in concrete to replace cement
Decisions by authorities, e.g. tax increases and more stringent demands on measures to mitigate climate change	→ Improved information sourcing and strengthened collaborations with municipalities and experts

HOMES FOR THE MANY



INDOOR ENVIRONMENT

All three of K-Fastigheter's concept buildings, as well as apartments upgraded in accordance with K-Fast 2.0, are constructed with an attractive and sustainable selection of materials and surfaces to create pleasant and sustainable living environments. All of the homes are, for example, equipped with kitchen worktops and window sills in stone and with energy-efficient appliances, including a washing machine, dryer, dishwasher and built-in microwave as standard.

Cost efficient renovation and improved standard with K-Fast 2.0

K-Fastigheter has developed a proprietary concept that the Group applies in raising the standard of the older apartments in

its holdings. K-Fast 2.0 safeguards the quality and durability of vital building infrastructure, such as wiring, plumbing and other types of technical installations. Surfaces and equipment are also adapted so that the long-term operating costs can be minimized in a way that meets the tenants' expectations of a modern living environment. By using the same selection of materials as for our newly-produced buildings, we also generate increased volumes and better negotiating conditions for our procurement organization.

ENERGY CONSUMPTION

Demand for fossil-free energy is increasing, and K-Fastigheter participates in this trend by installing solar panels on suitable properties. From the third quarter 2021 onwards, solar panels will be installed on all new build Lateral Low-Rise buildings and Apartment Blocks. In 2022, the company completed six properties with solar panel systems. K-Prefab's production plant in Hässleholm which produces lightweight elements such as separating walls and **??takkassetter??** is self-sufficient in terms of electricity, which is produced by the plant's solar panels. In 2022, solar panels were fitted to K-Prefab's production plant outside Hässleholm which manufactures concrete elements, including a range of wall panels, joists and balconies as well as **??plintgrunder??**, which will provide around 30 percent of annual electricity consumption. Further investments in solar panels are planned or considered for all proprietary plants.

To limit K-Fastigheter's long-term environmental impact and keep property management costs down, the concept buildings have been designed to minimize energy consumption. The concept buildings are included in energy class B according to classification dating from September 2020.

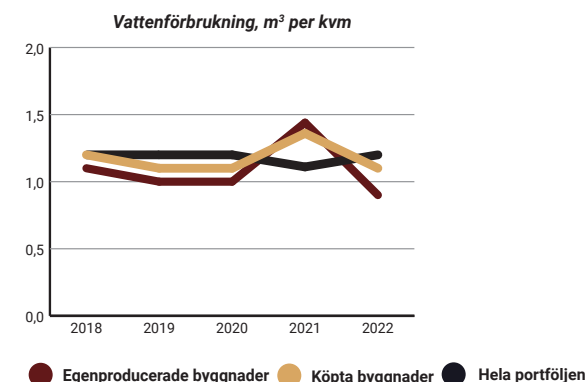
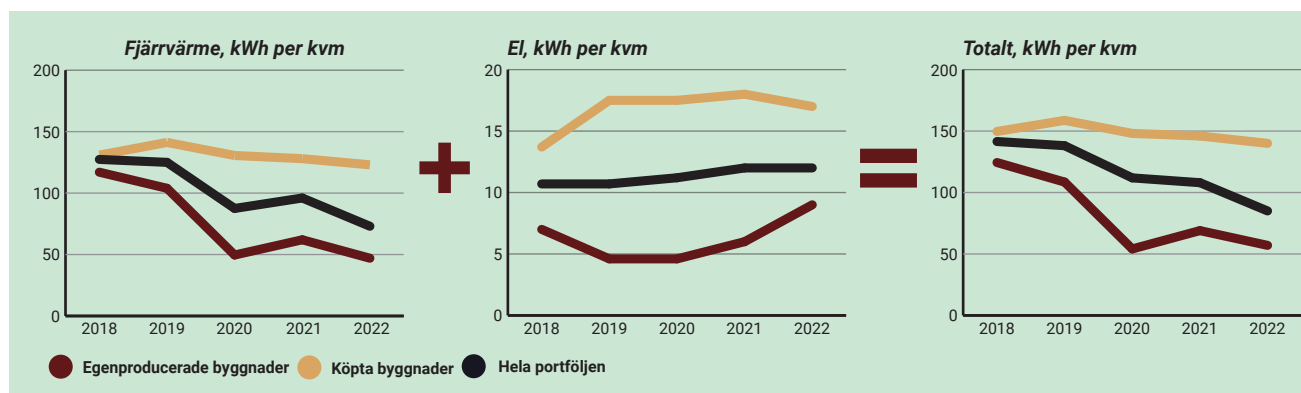
When purchasing electricity, the Group chooses suppliers that provide electricity from renewable sources, primarily wind- and hydropower. In 2022, 95% of all property electricity was derived from renewable production. From 2023 onwards, all electricity agreements will be for renewable electricity production. In order to sharpen the energy focus in its properties, K-Fastigheter reorganized management processes in 2022, including the establishment of a dedicated Energy & Technology team.

WATER CONSUMPTION

Water consumption in K-Fastigheter's proprietary buildings was 25 percent lower than in acquired properties in 2022.

2022 (distributed over entire holding)

	Water m ³ /m ²	District heating kWh/m ²	Electricity kWh/m ²
Entire holding	1.0	73	12
Buildings constructed by K-Fastigheter	0.9	47	9
Acquired buildings	1.2	123	17



LONG-TERM RELATIONSHIPS



FINANCIAL STABILITY

K-Fastigheter takes a structured approach to its financing, mainly through conventional bank loans. The Group's financial reports are presented in the Administration Report on pages 58-67.

CONTINUOUS PERSONAL AND PROFESSIONAL DEVELOPMENT

K-Fastigheter aims to support its employees' long-term development on the basis of individual needs, the company's operations and future market requirements. Employees who enjoy going to work every day are fundamental to the Group's success and health, wellness and continued training also play an important role in the terms of employment. In 2023, a Group-wide employee survey will be conducted for the first time.

Compliance with and awareness of the Group's Code of Conduct and other policies is reviewed annually and has been included in the company's internal training program. The content of these documents is also reviewed annually to ensure it corresponds to the company's operations and key issues.

WORKING ENVIRONMENT

It is K-Fastigheter's objective that no workplace accidents should occur and the Group works preventively to minimize risks in and

around the working environment. In 2022, K-Fastigheter and K-Prefab held health and safety weeks to further strengthen this work.

TRANSPARENCY AND ETHICS

An important part of K-Fastigheter's sustainability work is to encourage employees and other representatives, internally and externally, to behave in a manner compatible with K-Fastigheter's fundamental values. Accordingly, K-Fastigheter has introduced a number of policy documents, including a Code of Conduct that addresses areas such as sustainability, anti-corruption, business ethics and a Whistleblower Policy.

Our employees play an important role in sounding the alarm if they suspect illegal activities or other regulatory breaches or activities that run contrary to K-Fastigheter's ethical guidelines. This gives us the opportunity to prevent such behaviors and to take remedial measures if something has gone awry. Our employees (including suppliers and collaboration partners) can report potential departures confidentially through an independent whistleblower function.

K-Fastigheter's business system/intranet is intended to facilitate internal communication and a proportion of administration, and increase engagement on Group-wide issues such as sustainability.

DIVERSITY

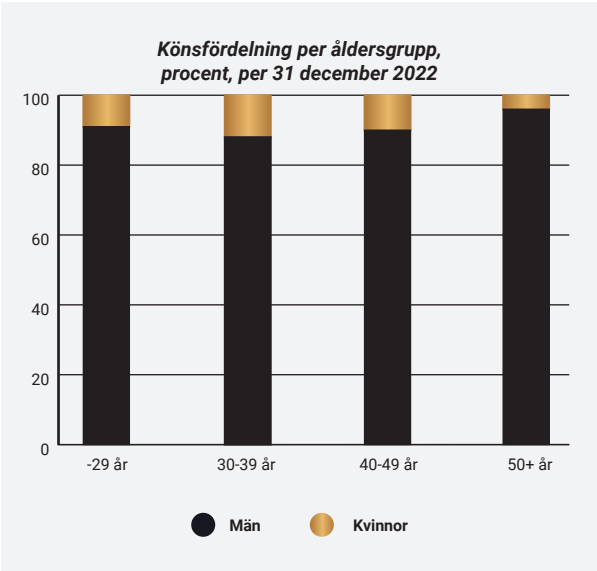
K-Fastigheter believes that everyone, regardless of sex, ethnicity, religion or other beliefs, sexual orientation, age, transgender identity or functional disability should be able to participate in working life on equal terms. It is important that the equal value of all individuals is respected. K-Fastigheter does not see differences, we focus on the person. Their results are what count. Accordingly, K-Fastigheter has adopted a HR policy that includes a diversity



policy, and an associated plan of action for achieving equal rights and opportunities for all employees.

HUMAN RIGHTS

K-Fastigheter respects and follows a number of conventions relating to human rights which means that child labor, unpaid overtime, forced labor and other infringements of human rights are counteracted. Risks can arise, mainly when employing subcontractors. Accordingly, K-Fastigheter continuously evaluates its suppliers and subcontractors to ensure they comply with the Group’s Code of Conduct.



At the end of 2022, there were 732 (691) employees in the Group, of which 69 (60) women and 663 (631) men. 656 employees are party to collective agreements (616).

SPONSORSHIP AND COMMUNITY ENGAGEMENT

K-Fastigheter collaborates with various parties to create the conditions necessary for tenants to feel at home. This includes providing clear information about agreements and other terms, rapid feedback in the event of any faults in the home or its surroundings, and cooperation with parties such as the municipality, other property companies or local associations to increase engagement, service and security in the area.

We attach great importance to safety and well-being in and around our properties and therefore sponsor youth activities and safety-building initiatives where we can find common ground for objectives and implementation. We prioritize collaborations where the Group’s employees participates actively in organizations/ associations that report results and benefits of our sponsorship or support. On this basis, K-Fastigheter contributes financially or with other resources. K-Fastigheter also contributes to other projects that benefit society. Some examples of K-Fastigheter’s engagement follow:

K-Fastigheter partners with OV Helsingborg HK in a Handball School for all (HFA), a partnership that offers handball training, homework support and other social activities for children aged 7–10 living in deprived areas of Helsingborg. More information about HFA: <https://ovhelsingborg.myclub.se>

We believe that community and an understanding of other people’s circumstances are important for ensuring safe neighborhoods, as well as engendering self-respect and respect for the surrounding community. Through a partnership with Dandelion, K-Fastigheter participates in a project for underprivileged children in South Africa. In the latest initiative alongside Dandelion, K-Fastigheter is co-financing the construction of an entirely new orphanage. More information about Dandelion: <http://www.dandelionchild.nu/>

K-Fastigheter has collaborated with the ‘Her House’ foundation for a number of years. The aim is to support women to find safe housing when leaving womens’ shelters. When women who have lived in Swedish womens’ shelters are ready to return to living independently, they can be faced with problems associated with securing housing. Here, K-Fastigheter can provide a helping hand. More information about Her House can be found at: www.herhouse.se.

The Group also contributes to developing the city of Hässleholm where the company’s head offices are located, including through membership in and financing of HesseCity and BID Hässleholm, with the aim of developing the city center, retailing, tourism and jobs. K-Fastigheter also contributes to the funding of improved exterior lighting in locations in and around Hässleholm that are considered unsafe.

REPORTING ACCORDING TO THE EU TAXONOMY DIRECTIVE

K-Fast Holding AB (publ) is subject to the EU taxonomy directive. This stipulates requirements for providing information about the extent to which operations are eligible for and comply with the taxonomy directives. The purpose of the taxonomy is to identify the proportion of investments that are environmentally sustainable, and is an important tool for reaching the EU's six environmental goals.

In order for operations to be classified as environmentally sustainable, they need to make a material contribution to at least one of the taxonomy's six environmental goals, do no harm to any of the other goals, and satisfy the requirements outlined in the defined social minimum protective measures.

The review criteria for the first two environmental goals, mitigation of and adaptation to climate change, have been determined. The

THE SIX ENVIRONMENTAL GOALS ACCORDING TO THE EU TAXONOMY

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy, including preventing waste and increased use of secondary raw materials
5. Pollution prevention and control
6. Protection and restoration of biodiversity and sound ecosystems, and the recreation of damaged ecosystems

type of economic activities encompassed by the taxonomy directive are defined on the basis of these criteria.

Economic activity

K-Fastigheter develops and builds rental apartments for proprietary management, and develops, produces and assembles concrete frames for its own and external construction. Operations are focused on southern Sweden and the Västra Götaland, Mälardalen and Copenhagen regions. K-Fastigheter's operations are eligible for the first two environmental goals as it is a construction and property company.

K-Fastigheter's operations are mainly eligible for the economic

	Total, SEK m	Proportion of economic activity	
		eligible in the taxonomy, %	not eligible in the taxonomy, %
Sales	1,385.4	28%	72%
Operating expenses	1,082.9	5%	95%
Capital expenditure	2,831.4	94%	6%

activities Construction of new buildings (7.1) and Acquisition and ownership of buildings (7.7). Other activities may also be relevant, but are currently not considered to be significant.

Accounting principles

K-Fastigheter's operations relating to project development, construction and management of proprietary rental apartments are considered to be eligible under the EU taxonomy directive, while the Prefab business area's external operations are not considered eligible.

The proportion of the company's operations that is environmentally sustainable according to the EU taxonomy directive is determined by three financial key performance indicators: turnover, capital expenditure and operating expenses. The company is required to identify the proportion of these KPIs that complies with the EU taxonomy directive by contributing to one of the environmental goals, adheres to the directive's minimum protective measures and simultaneously does no significant harm to any of the other environmental goals.

In the company's assessment, because principles for detailed reporting have yet to be correctly determined and because assumptions can also be regarded as uncertain, K-Fastigheter has chosen to exercise restraint in it reporting and has not included the proportion of operations that complies with the taxonomy directive in its current sustainability reporting.

As a result of active sustainability work throughout the value chain, from project development and construction to management of our rental apartments, we foresee considerable potential for ensuring that a high proportion of our economic activities comply with the directive as principles and reporting progress.

In 2021, K-Fastigheter signed Global Compact, the UN's international principles aimed at companies relating to human rights, labor law, the environment and anti-corruption. The Group's Code of Conduct, which applies to both employees and suppliers and collaboration partners, is also based on Global Compact and shadows the Group's business concept, goals and other policies to ensure that operations are conducted in a long-term sustainable manner. We also work continuously to identify and manage risks, relevant business ethics and other questions relating to labor law

and human rights. This means that the company can be considered to be in compliance with the taxonomy directive's requirements for minimum protective measures.

Sales

Sales include all income associated with the investment properties included in the economic activity outlined above. Income relates to rental income including customary additions. This income is presented in Note 3. Income and total sales correspond to Group comprehensive income. The proportion of sales not included in the taxonomy primarily comprises the Prefab business area's income from external sales.

Capital expenditure

Capital expenditure of SEK includes acquisitions and capitalized investment expenses associated with the management properties included in the economic activity outlined above. These expenses are indicated in Note 16 Investment properties, and comprise Acquisitions and investments in investment properties and Construction in progress. The proportion of investments not eligible in the taxonomy primarily relates to capital expenditure for investments in business properties and property, plant and equipment in the Construction business area and Prefab's operations. Total capital expenditure is indicated under Investment activities in the Group's cash flow.

Operating expenses

Operating expenses include costs of property maintenance, ongoing repairs and maintenance to ensure the basic standard and functionality of the properties. The proportion not included in the taxonomy primarily consists of the Prefab business area's costs for external sales and property administration, and operating costs for electricity, heating, water and waste in the Group's management properties.



ECONOMIC ACTIVITIES – SALES

Sales – Economic activities

	Codes	Absolute sales	Proportion of sales	Criteria for significant contribution						Criteria for do no significant harm (DNSH)						Minimum protective measures	Taxonomy-eligible proportion of sales 2022	Taxonomy-eligible proportion of sales 2021
		SEK m	%	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Y/N	%	%
A. Operations eligible in the taxonomy																		
A.1 Taxonomy-eligible operations, SEK m																		
7.1 Construction of new buildings		0															0%	
7.7 Acquisition and ownership of buildings		0															0%	
Sales, taxonomy-eligible operations (A.1)		0																
A.2 Non-taxonomy eligible operations																		
7.1 Construction of new buildings		0																
7.7 Acquisition and ownership of buildings		384.2	28%															
Sales, non-taxonomy eligible operations (A.2)		384.2	28%															
Total (A.1+A.2)		384.2	28%															
A. Operations not eligible in the taxonomy																		
A. Sales, operations not eligible in the taxonomy		1,001.2	72%															
Total (A+B)		1,385.4	100%															

ECONOMIC ACTIVITIES – OPERATING EXPENSES

Operating expenses – Economic activities	Codes	Absolute operating expenses	Proportion of operating expenses	Criteria for significant contribution						Criteria for do no significant harm (DNSH)						Minimum protective measures	Taxonomy-eligible proportion of operating expenses 2022	Taxonomy-eligible proportion of operating expenses 2021
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
A. Operations eligible in the taxonomy		SEK m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%
A.1 Taxonomy-eligible operations, SEK m																		
7.1 Construction of new buildings		0															0%	
7.7 Acquisition and ownership of buildings		0															0%	
Operating expenses, taxonomy-eligible operations (A.1)		0																
A.2 Non-taxonomy eligible operations																		
7.1 Construction of new buildings		0																
7.7 Acquisition and ownership of buildings		50.8	5%															
Operating expenses, non-taxonomy eligible operations (A.2)		50.8	5%															
Total (A.1+A.2)		50.8	5%															
A. Operations not eligible in the taxonomy																		
A. Operating expenses, operations not eligible in the taxonomy		1,032.2	95%															
Total (A+B)		1,082.9	100%															

ECONOMIC ACTIVITIES – CAPITAL EXPENDITURE

Capital expenditure – Economic activities	Codes	Absolute capital expenditure	Proportion of capital expenditure	Criteria for significant contribution						Criteria for do no significant harm (DNSH)						Minimum protective measures	Taxonomy-eligible proportion of capital expenditure 2022	Taxonomy-eligible proportion of capital expenditure 2021
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
A. Operations eligible in the taxonomy		SEK m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%
A.1 Taxonomy-eligible operations, SEK m																		
7.1 Construction of new buildings		0															0%	
7.7 Acquisition and ownership of buildings		0															0%	
Capital expenditure, taxonomy-eligible operations (A.1)		0																
A.2 Non-taxonomy eligible operations																		
7.1 Construction of new buildings		1,857.4	66%															
7.7 Acquisition and ownership of buildings		791.2	28%															
Capital expenditure, non-taxonomy eligible operations (A.2)		2,648.6	94%															
Total (A.1+A.2)		2,648.6	94%															
A. Operations not eligible in the taxonomy																		
A. Capital expenditure, operations not eligible in the taxonomy		182.8	6%															
Total (A+B)		2,831.4	100%															

RISKS AND RISK MANAGEMENT

The Group continuously identifies and evaluates risks that could affect operations and its profit and financial position. This work and identified risks are described in the section Risks and risk management.



CONTINUOUS RISK ASSESSMENT

K-Fastigheter's operations may be affected, directly or indirectly, by a number of risks and external factors, which, individually or in combination, may have a negative impact on the Group's current and future earnings and financial position.

K-Fastigheter's management systematically identifies and evaluates the Group's material risks. The risks are categorized as strategic, operational and financial, and compliance-related risks. For risks that are considered to have a relatively high probability of occurrence combined with a relatively large impact on the Group, an individual within the Group has been assigned responsibility for these and an action plan has been drawn up. Each quarter, these action plans where the risks are managed through mitigating, exporting and eliminating measures, are reviewed by Group management and a report is presented to the Board by the Audit Committee.

In addition, the Board and management have produced a number of governance documents and policies, and a web-based control application. The aim is to establish a regulatory framework, provide information and facilitate communication with the Group's employees, and to facilitate regulatory compliance with the aim of mitigating, exporting or, as far as possible, eliminating potential risks in the operations.





OPERATIONAL RISKS

These include operational risks in the Group's Project Development, Construction, Prefab and Property Management activities, as well as in HR and IT.

In this area, the Group manages risks by, for example:

- maintaining close collaboration between the business areas to actively adapt K-Fastigheter's products according to tenants' wishes and to mitigate rent and vacancy risks and, by making active choices in the project development and construction phases to foster future cost-efficiency in property management, both in terms of ongoing operation and future maintenance.
- working proactively and on a broad front, with projects progressing in parallel to mitigate the risk in individual projects.
- working primarily with the Group's own concept buildings, developed in-house, which mitigates the risk of design defects and the risk of increased expenditure in the development and construction phases.
- working proactively in the letting process and in close collaboration between the Construction and Property Management business areas to safeguard a smooth process when our new customers move in.
- working actively to foster support for, and the conditions necessary for, K-Fastigheter's employees to be able to focus on what is essential – generating customer satisfaction (internally and externally) and thereby return to shareholders.
- working actively to maintain K-Fastigheter's company culture, which is the Group's growth engine.



STRATEGIC RISKS

These include strategic risks in the Group's governance, planning and resource allocation, market conditions, relations with the surrounding world and political factors.

In this area, the Group manages risks by, for example:

- conducting an active dialog within management and between management and the Board.
- continuously complementing, broadening and developing the competencies of the employees.
- conducting an active and transparent dialog with the Group's stakeholders, which include customers, shareholders, the media, suppliers, banks, Auditors and public authorities to maintain positive relationships and to understand different external trends and currents.
- focusing operations on project development, construction and property management of residential properties in growth regions and municipalities with a population of more than 50,000 inhabitants.
- actively broadening the Group's geographical market.
- continuously develop existing concept buildings and review the potential to develop new concept buildings, like the most recent addition K-Commercial, as well as upgrade the existing holding to continue to attract customers and broaden the customer base.
- • actively broaden the Group's supplier base to minimize risk in relation to individual suppliers or input goods.



FINANCIAL RISKS

These include risks involving the Group's property valuation, market risks, liquidity risks, accounting and reporting, capital structure and tax issues.

In this area, the Group manages risks by, for example:

- working actively with the financial policy, adopted by the Board of Directors, which stipulates financial targets and target figures for currency, interest, financing, liquidity and credit risks.
- identifying, assessing and managing significant accounting and reporting processes, which are documented in the Group's financial manual.
- collaborating actively with, and consulting, specialists and advisers in banking, law, valuation and the financial sector.



COMPLIANCE RISK

Among other things, this encompasses the Group's compliance with ethical and legal rules, as well as with requirements regarding accounting and reporting.

In this area, the Group manages risks by, for example:

- actively working with the Group's Code of Conduct.
- participating actively in the HSEQ work, to attract the most skilled employees and to have employees who are healthy on retirement.
- collaborating actively with, and consulting, specialists and advisers in law, IT and financial compliance.

SOME SPECIFIC RISKS



Operational risks

Access to input goods

This relates to the risk that a certain type of input goods required for K-Fastigheter's production becomes unavailable. For example, access to cement, reinforcement bars or other input goods that ensure optimal capacity utilization of K-Fastigheter's production and management. The Covid-19 pandemic and Russia's invasion of Ukraine are examples of events that have affected various supply chains both in terms of goods flows and pricing, factors that K-Fastigheter has been required to manage.

K-Fastigheter has well-established relationships with several suppliers to ensure the supply of input goods and materials in the event of shorter delivery or production problems. In the event of

more extensive disruptions, K-Fastigheter is able to hire additional suppliers even if this were to increase costs slightly in the short term.

Furthermore, purchasing is a central function in K-Fastigheter, and the Group has established a purchasing organization and created a framework for selecting and reviewing suppliers to improve control and planning, and ensure compliance with the Group's Code of Conduct, focusing on human rights, working conditions, environmental aspects and anti-corruption.

New construction

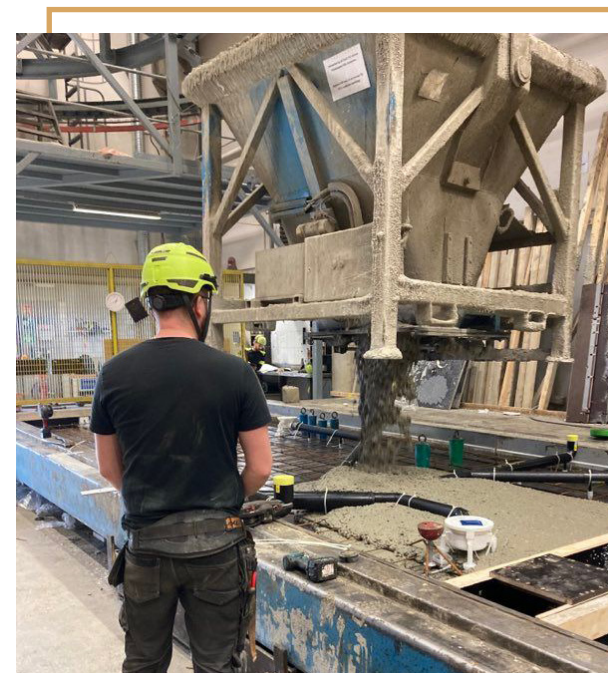
The construction of a new property is a complicated process, often extending over several years. During the process, several events/risks may arise cause the partial or complete revaluation of the project. Such events include political decisions, decisions in the planning and building permit process, conditions at the construction site, availability of materials and labor.

K-Fastigheter works actively with the above risks by managing several parallel projects simultaneously (as of 31 December 2022 there were 25 projects under construction for housing, one for commercial premises and 23 projects in project development (construction or project development is underway in a total of 27 locations), long-term and mutual cooperation with public authorities and suppliers and by primarily constructing the Group's concept buildings developed in-house, meaning that K-Fastigheter's construction projects are repetitive and therefore time and cost-efficient. The financing of construction projects is also always secured before construction commences, either through loans having been approved or through sufficient cash and cash equivalents having been deemed to be available.

Rental income

Rental income is affected by tenants' ability to pay, the letting ratio of the properties, as well as the possibility of charging market based rent. A reduction in the ability to pay or an increase in vacancies would entail a risk of reduced income and lower profit for the Group.

K-Fastigheter works with this risk actively by developing projects, constructing and actively owning and managing attractive, space-efficient apartments that attract a broad customer base, in markets experiencing economic and demographic growth. Given continued



demand for housing through new production on the markets where the Group operates, there is positive potential to continue to develop the property portfolio in future through new construction and by maintaining agreed rent levels on existing properties.

Historically, vacancy levels in the ongoing property management operations have been very low and, given the continued demand for new housing, there are no signs that vacancies would increase significantly in the future. As of 31 December 2022, total rental income from housing was approximately 88 percent. Commercial rent income was distributed over some 170 commercial contracts, with the largest tenant comprising approximately one percent of total contractual rental income and the ten largest commercial tenants comprising approximately five percent of total contractual rental income.

Operating and maintenance costs

Operating expenses primarily comprise tariff-linked expenses, such as expenses for electricity, cleaning, water and heating. Of K-Fastigheter's property holding, 85 percent was constructed after 2010 and the remainder is in good condition or will be renovated in future according to the K-Fast 2.0 program, which ensures continued low operating and maintenance costs.

Inflation

High levels of inflation affect the economy as a whole. Prices are rising and household purchasing power falling, which could affect tenants' ability to rent their preferred type of housing. This also affects operating costs in K-Fastigheter's management properties, as well as construction costs. K-Fastigheter's high surplus ratio reduces the impact of cost inflation on operating and maintenance costs compared to many other operators. Rising inflation implies higher interest rates as the Swedish Riksbank tries to mitigate

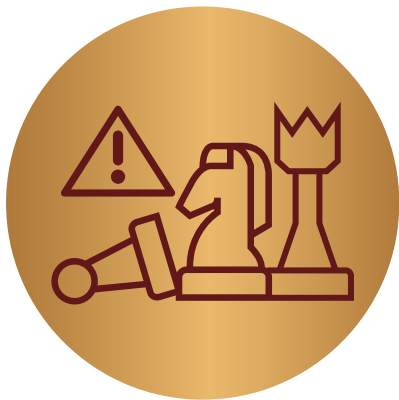
inflation, leading to increased borrowing costs. This means that inflationary trends affect K-Fastigheter. The Financial risks section describes how K-Fastigheter manages interest rate exposure.

Cyber risk

Cyber risk comprises the risk of being exposed to IT attacks, operational stoppages and information leaks. The risks are managed by using modern soft- and hardware with reliable

redundancy, which is handled on an ongoing basis by K-Fastigheter's IT Manager and staff, contracted professional IT providers, including the systematic work of testing vulnerability, contingency and incident planning and training our staff to raise security awareness in the organization.





Strategic risks

Key individuals and corporate culture

K-Fastigheter's operations are conducted as a relatively small organization with a limited number of key individuals, with the most central individual being the founder and CEO, Jacob Karlsson. For K-Fastigheter's employees, a strong driving force is that the Group has successfully built a strong corporate culture based on deep commitment, drive, mutual loyalty and a long-term approach.

The Group has, however, grown rapidly in recent years with the risk that K-Fastigheter's corporate culture could be exposed to stresses and become eroded, which could have consequences for the Group's future growth.

K-Fastigheter works actively with this risk by continuously fostering the corporate culture, both in daily life and by raising it as a strategic issue in the management team and on the Board of Directors, where the issue always has a special status. Furthermore, the Group actively works to ensure short- and long-term recruitment supply, and to develop staff and managers to remain an attractive employer.

Access to land for development

In order for K-Fastigheter to be able to construct its concept buildings, it needs access to suitable building rights on terms that the Group considers acceptable. In recent years, competition from operators developing rental and tenant-owned apartments has been tangible. Conditions changed in 2022 when housing starts declined, which could lead to an increase in the supply of building rights. However the number of transactions has been relatively low. A shortage of suitable building rights can ultimately have a serious impact on future potential growth.

In K-Fastigheter's assessment, the potential for acquiring suitable building rights has improved slightly as there is less competition over potential building rights and the company is now established over a larger geographical area. The Group also has good financial and organizational opportunities to handle both larger and less developed building rights, which further reduces the risks.

As of 31 December 2022, K-Fastigheter had 4,046 apartments in project development.

Climate and the environment

Climate and environmental risk related to K-Fastigheter's operations are estimated to mainly include the physical environment which affects people and buildings, and production

and prices of natural resources in the form of materials and energy. The planing process determines which climate adaptations may become necessary in connection with new construction, and are governed by detailed plans.

K-Fastigheter assesses that the Group could be affected in several ways, including an increased investment requirement in properties to meet actual and political demands relating to the climate and environment.





Financial risks

Market value of the properties

K-Fastigheter recognizes investment properties at fair value and property value changes are recognized in the Income Statement. Historically, changes in the value of K-Fastigheter's properties have significantly impacted profit for the period/year. The value of a property is primarily affected by the trend in rental income, operating and maintenance expenses, investment needs and the market return requirement for comparable properties. A lower operating surplus due to increased vacancies or operating costs, or an increased return requirement, implies a downward adjustment of price.

K-Fastigheter's stocks consist primarily of newly-constructed and attractive housing situated in good micro-locations in growing towns and cities and several geographical markets, which, combined, reduces the risk of all parameters related to a property's valuation. Furthermore, K-Fastigheter values all properties on a quarterly basis in order to monitor market progress.

Interest rates

Interest expenses are the largest-single current expense in K-Fastigheter's operations.

K-Fastigheter works with interest rate risk partly by maintaining a good dialog with Nordic banks to secure market-based loan terms, and partly by reducing the interest rate risk by means of interest rate derivatives. As of 31 December 2022, the proportion of variable interest in the loan portfolio amounted to 27 percent, and the average interest fixing period was 3.4 years. In the event of an increase in the market interest rate of one percent, and assuming an unchanged loan and derivatives portfolio, interest expenses would increase by SEK 17.2 million.

Financing

K-Fastigheter is dependent on the financing of existing investment properties and upcoming new construction. The risk of not securing adequate future financing is mitigated by means of a good dialog with Nordic commercial banks, as well as by signing longer credit agreements with a diversified maturity structure.

As of 31 December 2022, K-Fastigheter had engagements with twelve Nordic banks and the average fixed interest period for capital was 2.4 years. The listing of the company's share on Nasdaq Stockholm also broadened the capital base further.

Cash and cash equivalents

The risk of having insufficient cash and cash equivalents to meet current and future payment obligations is managed by preparing a monthly liquidity forecast, which is continuously reviewed, and by contracting the required limits and credits for ongoing operations. Furthermore, no new projects are initiated without financing having been secured.

As of 31 December 2022, K-Fastigheter's available cash and cash equivalents totaled over SEK 300 million, including unutilized overdraft facilities.

Credit

Credit risk arises in K-Fastigheter's operations primarily through the Group's tenants', customers' and suppliers' ability to pay. Tenants' and customers' creditworthiness is tested in accordance with established criteria in connection with new rental or customer agreements being signed. For key suppliers, a credit assessment is performed when a new collaboration is established. For key commercial tenants, customers and suppliers alike, creditworthiness is monitored continuously through the requisite credit monitoring services.

Currency

K-Fastigheter owns properties in Denmark. As the properties are simultaneously under management and in construction, this gives rise to exchange rate exposure. During construction, currency risk arises in the form of exchange rate differences on translation of foreign subsidiaries' assets and liabilities to the currency of the Parent Company. For finished properties, currency risk arises with regard to income and costs. Translation differences are mainly managed by borrowing in local currency, equivalent to net assets.



Compliance risks

Political and legal risks

This refers to risks related to identifying changes in legislation, regulations and directives, which affects K-Fastigheter's ability to adapt its operations according to legislation and other regulations, and decisions by authorities relating to areas such as tax, subsidies and support, planning and construction measures, the environment, security, permitted construction materials and construction standards, lettings and the regulated rental market for apartments.

In part, these risks have a major impact on how K-Fastigheter conducts its operations and, in part, they are difficult to manage as they are often changed at short notice. K-Fastigheter addresses the political risks primarily by keeping the organization abreast of ongoing political trends and by engaging specialists and advisers to manage the effects of changing laws and regulations.

SENSITIVITY ANALYSIS

K-Fastigheter's earnings are affected by a number of factors. The table below shows a theoretical effect on cash flow and fair value based on K-Fastigheter's current earnings ability as of 31 December 2022 given a change based on four parameters. Each variable in the table has been addressed individually and on the assumption that the other variables remain unchanged. The sensitivity analysis should be read together with the information on current earnings capacity on page 29.

K-Fastigheter measures the Group's properties at fair value, recognizing changes in value in the Income Statement. This means that earnings, in particular, but also financial position can be affected both positively and negatively over time. The table below shows the theoretical value change when increasing or decreasing the property value based on the property value as of 31 December 2022 and its effect on the debt-to-equity ratio at the date.

SEK m	Cash flow	Fair value
Direct return requirement +/- 0.1%	-	241.3
Rental value +/- 1%	4.9	121.2
Operating and maintenance costs +/- 1%	0.9	21.1
Long-term vacancy ratio +/- 1%	4.9	121.2

Value change in completed investment properties, SEK m

	-10%	10%
Property value, SEK m	-1,047.0	1,047.0
Loan-to-value ratio, completed investment properties, %	65%	53%
Debt-to-equity ratio, %	59%	52%



RECONCILIATION TABLE AND DEFINITIONS

As a complement to the financial measures defined in IFRS, K-Fastigheter uses alternative key performance indicators to assist investors in their evaluation of the Group. These are described in the section Reconciliation table and definitions.



KEY PERFORMANCE INDICATORS

In the Annual Report, K-Fastigheter presents certain financial measures that are not defined in accordance with IFRS.

K-Fastigheter believes that these measures provide valuable additional information to investors and management as they enable assessment of the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measurements used by other companies. Therefore, these financial measures should not be considered as a replacement for measures defined in accordance with IFRS. The table below presents financial key performance indicators (KPIs) that are not defined in accordance with IFRS.

Data per share

When calculating data per share, the average number of shares has been applied, while the calculation of assets, equity and NAV per share is based on the average number of outstanding shares. The number of outstanding shares at the end of the year and the average number of outstanding shares in the period have been adjusted for the 6:1 share split on 7 June 2021.

No. of shares

Registered number of shares – number of shares at a specific point in time. Outstanding number of shares – the number of registered shares less repurchased Treasury shares at a specific point in time. Average number of shares – weighted average number of outstanding shares in a specific period. The number of historical shares have been recalculated including the share split element in June 2021.

Compared to the Annual Report 2021, the definition of the KPI loan-to-value ratio for completed investment properties has been added to highlight the Group's financial risk in the finished property portfolio.

	2022	2021	2020	2019
Property-related KPIs				
Rental value, SEK m	488.6	328.0	265.1	196.6
Financial occupancy rate, %	97.3%	97.0%	91.2%	96.9%
Average financial occupancy rate, %	95.8%	92.7%	92.0%	96.8%
Surplus ratio, %	65.6%	66.2%	67.2%	68.4%
Loan-to-value ratio, completed investment properties, %	58.2%	57.1%	59.3%	62.5%
Lettable area, m ²	287,869	213,952	169,545	130,486
Number of apartments under management	3,708	2,723	2,237	1,711
Number of construction starts, apartments	1,012	996	912	518
Number of apartments under construction	2,058	1,820	1,311	700
Number of apartments in project development	4,046	5,869	3,880	1,340
Financial KPIs				
Interest coverage ratio, multiple	2.2	3.4	2.4	3.7
Equity/assets ratio, %	33.9%	36.9%	41.9%	41.7%
Debt-to-equity ratio, %	55.4%	51.8%	50.2%	49.2%
Period for which capital is tied up, years	2.4	2.8	2.6	3.2
Period of fixed-interest, years	3.4	4.4	3.8	3.3
Average interest, %	2.72%	1.85%	1.77%	1.90%
Net investments, SEK m	2,707.0	1,608.1	1,888.6	1,061.0
Profit from property management, SEK m	130.7	101.4	75.3	52.9
Long-term net asset value (NAV), SEK m	5,768.3	4,976.1	3,661.2	2,540.2
Share-related KPIs				
Profit from property management per share, SEK	26.79	23.11	17.00	12.49
Growth in profit from property management per share, %	15.9%	35.9%	36.1%	54.4%
Profit after tax per share for the year, SEK	23.92	19.66	14.91	11.01
Long-term net asset value (NAV), SEK	0.61	0.47	0.36	0.34
Growth in long-term net asset value (NAV), per share, %	28.9%	29.8%	6.3%	24.6%
Profit after tax for the year per share, SEK	4.13	4.85	2.29	2.36
Number of shares outstanding at the end of the year, millions*	215.3	215.3	215.3	203.3
Average number of shares outstanding during the year, millions*	215.3	215.3	207.5	155.0

* The number of outstanding shares at the end of the year and the average number of outstanding shares in the period have been adjusted for the 6:1 share split on 7 June 2021.

RECONCILIATION TABLE AND DEFINITIONS

K-Fastigheter uses alternative key performance indicators as a complement to allow investors to evaluate the Group's progress and the conditions for meeting its financial commitments. The following KPIs are updated on a quarterly basis and the reports are published on www.k-fastigheter.com.

Compared to the Annual Report 2021, the definition of the KPI loan-to-value ratio for completed investment properties has been added to highlight the Group's financial risk in the finished property portfolio.

Property-related KPIs

Rental value, SEK m	2022	2021	2020	2019	Definition	Motivation
A Contract value on an annual basis at end of the year, SEK million	475.6	318.2	241.7	190.5	Closing annual rent plus estimated market rent for vacant space.	Rental value is used to illustrate the K-Fastigheter's potential income.
B Vacancy value on an annual basis at end of the year, SEK million	13.0	9.8	23.4	6.1		
A+B Rental value at end of the year, SEK million	488.6	328.0	265.1	196.6		
Financial occupancy rate, %						
A Contract value on an annual basis at end of the year, SEK million	475.6	318.2	241.7	190.5	Contractual annual rent for leases valid at the end of the year in relation to rental value.	This key figure illustrates the financial degree of utilization of K-Fastigheter's properties.
B Vacancy value on an annual basis at end of the year, SEK million	13.0	9.8	23.4	6.1		
A/(A+B) Financial letting ratio at the end of the year, %	97.3%	97.0%	91.2%	96.9%		
Average financial occupancy rate, %						
A Rental income for the year, SEK million	384.2	265.9	203.9	156.8	Rental income during the year in relation to the rental value.	This key figure illustrates the financial degree of utilization of K-Fastigheter's properties.
B Rental value for the year, SEK million	401.0	286.7	221.7	161.9		
A/B Average financial letting ratio at the end of the year, %	95.8%	92.7%	92.0%	96.8%		
Surplus ratio, %						
A Gross profit from property management for the year in accordance with the Income Statement, SEK million	251.9	176.1	137.0	107.3	Operating surplus in relation to rental income.	This KPI illustrates the profitability of the property management operations.
B Rental income for the year in accordance with the Income Statement, SEK million	384.2	265.9	203.9	156.8		
A/B Surplus ratio over the year, %	65.6%	66.2%	67.2%	68.4%		
Loan-to-value ratio, completed investment properties, %						
A Interest-bearing liabilities related to completed investment properties at the end of the year in accordance with the Balance Sheet, SEK m	5,693.3	3,950.8	3,004.7	2,254.0	Interest-bearing liabilities related to completed investment properties as a percentage of total assets at the end of the year.	Loan-to-value ratio is used to illustrate K-Fastigheter's financial risk.
B Completed investment properties at the end of the year in accordance with the Balance Sheet, SEK million	9,775.3	6,923.4	5,067.2	3,606.9		
A/B Debt-to-equity ratio, completed investment properties at the end of the year, %	58.2%	57.1%	59.3%	62.5%		
Lettable area at the end of the year, m ²	287,869	213,952	169,545	130,486	Total area available for lease	KPI to illustrate K-Fastigheter's capacity to achieve operational targets.
Total number of apartments under management at the end of the year	3,708	2,723	2,237	1,711	Total number of apartments under management at the end of the year.	
Number of construction starts in the year	1,012	996	912	518	Total number of apartments where construction has started in the year.	
Number of apartments under construction at the end of the year	2,058	1,820	1,311	700	Total number of apartments under construction at the end of the year.	
Total number of apartments under project development at the end of the year	4,046	5,869	3,880	1,340	Total number of apartments in ongoing projects at the end of the year.	

Financial KPIs

Interest coverage ratio, multiple					Definition	Motivation
A Profit before changes in value for the year in accordance with the Income Statement, SEK million	83.3	126.6	57.9	79.3	Profit before changes in value with reversal of depreciation/ amortization and impairment and net interest income, and divided by net interest income (incl. realized change in value of current derivative instruments).	This key figure illustrates financial risk by highlighting the sensitivity of the company's performance to interest rate fluctuations.
B Depreciation/amortization and impairment during the year in accordance with the Income Statement, SEK million	-62.6	-58.2	-8.5	-15.2		
C Net interest income for the year in accordance with the Income Statement, SEK million	-124.8	-75.6	-47.7	-35.3		
(A-B-C)/-C Interest coverage ratio during the year, multiple	2.2	3.4	2.4	3.7		
Equity/assets ratio, %					Equity as a percentage of total assets at the end of the year.	The KPI highlights financial risk.
A Equity at the end of the year in accordance with the Balance Sheet, SEK m	5,169.6	4,233.7	3,209.8	2,238.5		
B Total equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK million	15,272.0	11,482.7	7,659.6	5,373.7		
A/B Equity/assets ratio at the end of the year, %	33.9%	36.9%	41.9%	41.7%		
Debt-to-equity ratio, %					Interest-bearing liabilities as percentage of total assets at the end of the year.	Debt-to-equity ratio is used to illustrate K-Fastigheter's financial risk.
A Interest-bearing liabilities at the end of the year in accordance with the Balance Sheet, SEK million	8,461.4	5,943.9	3,848.4	2,644.3		
B Total equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK m	15,272.0	11,482.7	7,659.6	5,373.7		
A/B Debt-to-equity ratio at the end of the year, %	55.4%	51.8%	50.2%	49.2%		
Average interest, %					Estimated annual interest for interest-bearing liabilities as a percentage of interest-bearing liabilities at the end of the year excluding overdrafts and building credits.	Average interest is used to illustrate the interest rate risk for K-Fastigheter's interest-bearing liabilities.
A Interest expense calculated at annual rate at the end of the year, SEK million	173.2	87.8	55.7	44.3		
B Interest-bearing liabilities at the end of the year in accordance with the Balance Sheet, SEK million	6,379.5	4,750.3	3,145.1	2,331.9		
A/B Average interest rate at the end of the year, %	2.72%	1.85%	1.77%	1.90%		
Net investments, SEK m					K-Fastigheter's total net investments in property management and new construction projects in progress during the year.	KPI to illustrate K-Fastigheter's capacity to achieve operational targets.
A Acquisitions during the year, SEK million	830.3	292.6	1,034.5	557.7		
B New construction projects during the year, SEK million	1,857.4	1,326.3	824.1	499.7		
C Extensions and remodeling during the year, SEK million	28.8	40.2	31.0	5.9		
D Sales during the year, SEK million	-9.5	-51.0	-1.0	-2.3		
A+B+C+D Net investments during the year, SEK million	2,707.0	1,608.1	1,888.6	1,061.0		

Financial KPIs, cont.

Profit from property management, SEK m	2022	2021	2020	2019	Definition	Motivation
A Gross profit from property management for the year in accordance with the Income Statement, SEK million	251.9	176.1	137.0	107.3	Gross profit from property management less central administration costs and depreciation/amortization and impairment attributable to the Property management business area and net financial items respectively.	This KPI illustrates the profitability of the property management operations
B Central administration attributable to property management during the year in accordance with the Income Statement, SEK million	-12.3	-10.2	-11.2	-14.0		
C Depreciation/amortization and impairment attributable to property management during the year in accordance with the Income Statement, SEK million	-4.1	-3.3	-2.8	-5.1		
D Net interest income for the year in accordance with the Income Statement, SEK million	-104.8	-61.2	-47.7	-35.3		
A+B+C+D Net investments during the year, SEK million	130.7	101.4	75.3	52.9		
Long-term net asset value (NAV), SEK m						
A Equity at the end of the year in accordance with the Balance Sheet, SEK m	5,150.3	4,233.7	3,209.8	2,238.5	Reported equity with reversal of deferred tax, interest rate derivatives and Non-controlling interests.	An established measure of K-Fastigheter's and other listed companies' long-term net asset value, facilitating analyses and comparisons.
B Derivatives at the end of the year in accordance with the Balance Sheet, SEK million	-399.1	-37.0	27.2	12.8		
C Deferred tax liability at the end of the year in accordance with the Balance Sheet, SEK m	1,033.5	796.4	451.2	310.3		
D Deferred tax asset at the end of the year in accordance with the Balance Sheet, SEK m	16.4	17.1	27.0	21.4		
A+B+C-D Long-term net asset value (NAV) at the end of the year, SEK million	5,768.3	4,976.1	3,661.2	2,540.2		
Period for which capital was tied up at the end of the year, years	2.4	2.8	2.6	3.2	The period for which capital is tied up with regards to liabilities to credit institutions pertaining to investment and business properties at the end of the year.	This KPI is used to illustrate the (re-) financing risk related to K-Fastigheter's interest-bearing liabilities
Period of fixed-interest at the end of the year, years	3.4	4.4	3.8	3.3	The period for which capital is tied up with regard to liabilities to credit institutions pertaining to investment and business properties at the end of the year.	This KPI is used to illustrate the interest rate risk for K-Fastigheter's interest-bearing liabilities.

Share-related KPIs

Long-term net asset value (NAV), SEK	2022	2021	2020	2019	Definition	Motivation
A Long-term net asset value (NAV) at the end of the year in accordance with the Balance Sheet, SEK million	5,768.3	4,976.1	3,661.2	2,540.2	Long-term net asset value (NAV) in relation to the number of shares outstanding at the end of the year.	Used to illustrate K-Fastigheter's long-term net asset value (NAV) per share in a manner that is uniform for listed companies.
Number of shares outstanding at the end of the year, millions	215.3	215.3	215.3	203.3		
A/B Long-term net asset value (NAV) per share at the end of the year, SEK	26.79	23.11	17.00	12.49		
Growth in long-term net asset value (NAV), per share, %						
A Long-term net asset value (NAV) per share at the end of the year in accordance with the Balance Sheet, SEK	26.79	23.11	17.00	12.49	Percentage change in long-term net asset value (NAV) per share during the period.	Used to illustrate growth K-Fastigheter's long-term net asset value (NAV) per share in a manner that is uniform for listed companies.
A Long-term net asset value (NAV) per share at the end of the previous year in accordance with the Balance Sheet, SEK	23.11	17.00	12.49	8.09		
A/B-1 Growth in long-term net asset value (NAV) per share for the year,%	15.9%	35.9%	36.1%	54.4%		
Equity per share, SEK						
A Equity attributable to Parent Company shareholders at the end of the year in accordance with the Balance Sheet, SEK million	5,150.3	4,233.7	3,209.8	2,238.5	Equity less minority share of equity, in relation to the number of shares outstanding at the end of the year.	Used to illustrate K-Fastigheter's equity per share in a manner that is uniform for listed companies.
Number of shares outstanding at the end of the year, millions	215.3	215.3	215.3	203.3		
A/B Equity per share at the end of the period, SEK	23.92	19.66	14.91	11.01		
Profit from property management per share, SEK						
A Profit from property management for the year in accordance with the Income Statement, SEK million	130.7	101.4	75.3	52.9	Profit from property management in relation to number of shares outstanding during the year.	Used to illustrate K-Fastigheter's profit from property management per share in a manner that is uniform for listed companies.
B Average number of shares outstanding during the year, millions	215.3	215.3	207.5	155.0		
A/B Profit from property management per share at the end of the year, SEK	0.61	0.47	0.36	0.34		
Growth in profit from property management per share, %						
A Profit from property management during the year per share, SEK	0.61	0.47	0.36	0.34	Percentage change in profit from property management per share during the year.	Used to illustrate growth in K-Fastigheter's profit from property management in a manner that is uniform for listed companies.
B Profit from property management for the preceding year per share, SEK	0.47	0.36	0.34	0.27		
A/B-1 Growth in profit from property management per share during the year, %	28.9%	29.8%	6.3%	24.6%		
Profit after tax per share for the year, SEK						
A Profit after tax attributable to Parent Company shareholders in accordance with the income statement, SEK million	889.2	1,044.4	474.5	365.3	Profit for the year in relation to the average number of shares outstanding during the year.	Used to illustrate K-Fastigheter's earnings per share in a manner that is uniform for listed companies.
B Average number of shares outstanding during the year, millions	215.3	215.3	207.5	155.0		
A/B Profit after tax per share for the year, SEK	4.13	4.85	2.29	2.36		
Number of shares outstanding at the end of the year, millions*	215.3	215.3	215.3	203.3		
Average number of shares outstanding during the year, millions*	215.3	215.3	207.5	155.0		

* The number of outstanding shares at the end of the year and the average number of outstanding shares in the period have been adjusted for the 6:1 share split on 7 June 2021.

GLOSSARY

Industry-related definitions

Living area (BOA)

Living area is primarily used by property owners to denote the space for which payment can be received on letting. Living area or living space refers to the space in a building that can be used as housing. Combined, living area and secondary space comprise the total space in the building.

Apartments under production

Refers to the time from the commencement of construction until the completion of the building. An apartment is considered completed once a final inspection has been conducted.

Gross floor area (GFA)

Gross floor area is used in many contexts such as in relation to planning provisions, property valuations and the calculation of charges. The gross floor area is the total area of all of floors in the building and is limited by the external surface of the building components.

Building rights

A building right is the maximum degree of development permitted on an area of land in accordance with a detailed development plan. In housing, a building right corresponds to an apartment, a terraced housing unit or a detached single-family house. To control a building right, an agreement relating to acquisition of the land is required, or an option to acquire the land.

Commencement of construction

K-Fastigheter defines the commencement of construction as the point in time at which planning permission becomes effective, and the construction contract is signed.

Property

Property held with title or site leasehold.

Property costs

The item includes both direct property costs, as well as expenses for the operation, maintenance, ground rent and property tax, as indirect property expenses in the form of leasing and property administration.

Completed housing units

Refers to housing units where final inspection has taken place and tenants have moved in.

Degree of completion

Recorded expenses in relation to calculated total expenses in housing projects in progress.

Rental income

Invoiced rent plus surcharges, as compensation for heating and property tax.

Rental value

Rental income plus estimated market rent for unlet premises.

Public properties

Properties with directly or indirectly tax-financed tenants accounting for the least 70 percent of rental income.

Lettable area

Total area available for letting.

Development properties

Refers to K-Fastigheter's holdings of land and building rights for future housing development and capitalized project development properties.

Surplus ratio

Operating surplus as a percentage of rental income.



SHARE AND SHAREHOLDERS

K-Fast Holding AB's Class B shares (ticker: KFAST B) were launched on Nasdaq Stockholm in the Real Estate segment on 29 November 2019. On 31 December 2022, K-Fastigheter's market capitalization was SEK 4,539.2 million. At the end of the year, there were approximately 7,600 shareholders (5,800).

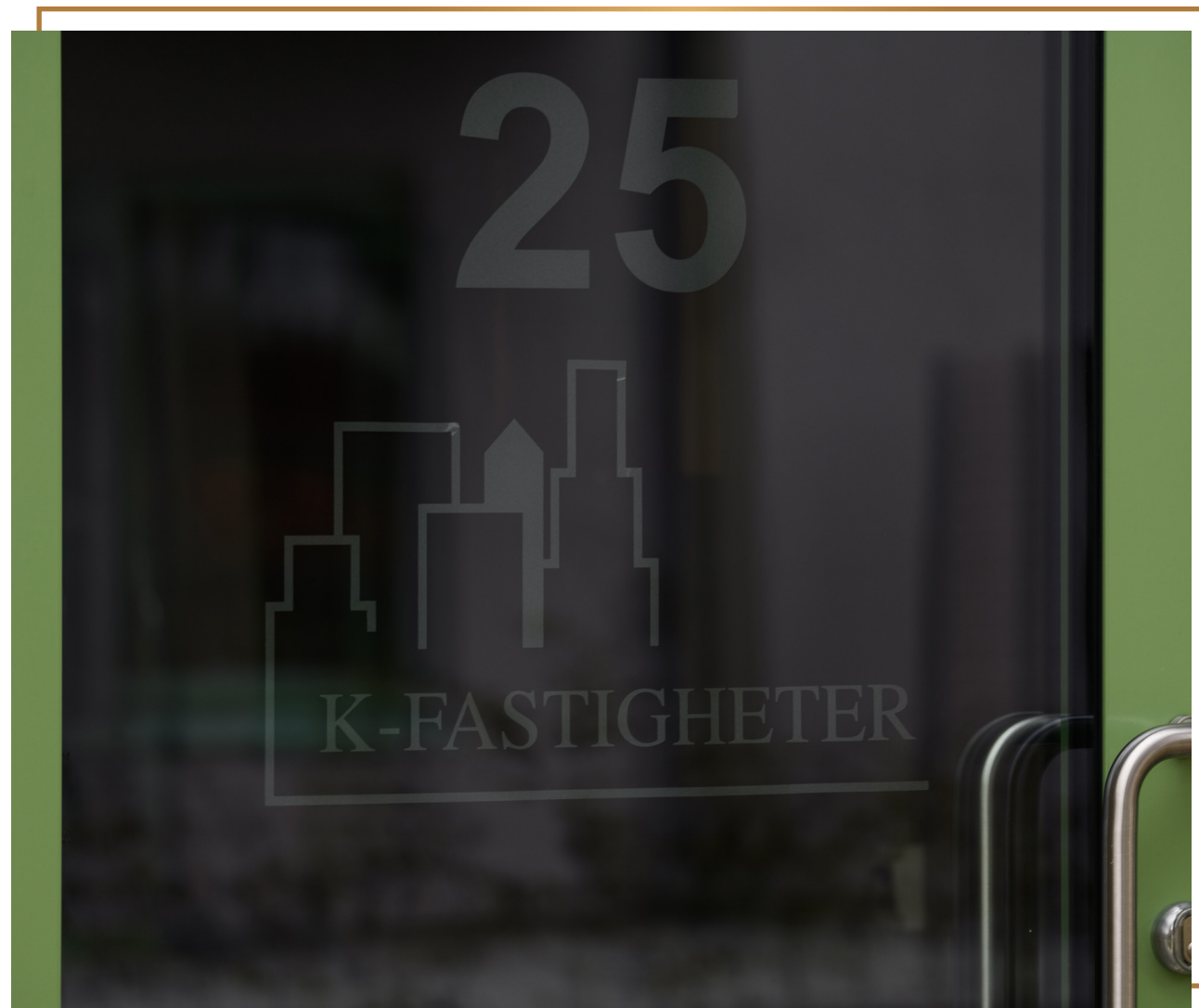


THE KFAST CLASS B SHARE ON NASDAQ STOCKHOLM

On 31 December 2022, there were a total of 215,331,168 shares in K-Fast Holding AB, of which 22,500,000 Class A shares and 192,831,168 Class B shares. The total number of votes on 31 December 2022 was: 305,331,168. All KPIs and share-related information have been adjusted for the number of shares after the share split in June 2021. Each Class A share carries five votes and each Class B share carries one vote. All shares carry equal rights to participate in the company's assets and earnings and to any surplus on liquidation. Neither Class A nor Class B shares are subject to any transfer restrictions.

Marketplace	Nasdaq Stockholm
Name of share	K-Fast Holding B
Ticker	KFAST B
ISIN code	SE0016101679
Segment	Mid Cap
Sector	Real Estate
Currency	SEK
Total number of shares outstanding	215,331,168
Total number of Class B shares listed on Nasdaq Stockholm	192,831,168
As of 31 December 2022	SEK 23.54
Market price 31 December 2022	SEK 5,068.9 million

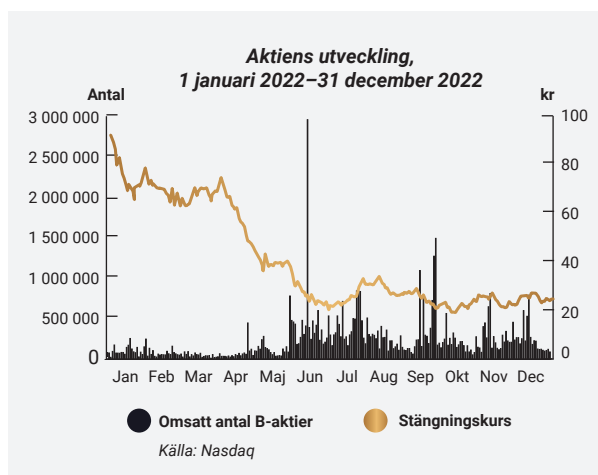
Based on the market value of all shares in the company as of 31 December 2022.



THE K-FASTIGHETER SHARE

Share price performance and trading

During the period 1 January – 31 December 2022, approximately 58.4 million KFAST Class B shares were traded on Nasdaq Stockholm. The daily turnover of K-Fastigheter's shares on Nasdaq Stockholm averaged 231,000 shares and the average price paid was SEK 38.55. The highest price paid during the period was SEK 92.05 on 4 January 2022, and the lowest price paid was SEK 17.01 on 13 October 2022. On 31 December 2022, the share price was SEK 23.54 (last paid). Market value of all shares in the company, based on the last price paid for a class B share on 31 December 2022, amounted to SEK 5,068.9 million.



More information about the share capital and about analysts monitoring K-Fastigheter regularly, can be found at:
www.k-fastigheter.com/en/investors/the-share

Share data	2022	2021
Profit from property management per share, SEK	0.61	0.47
Growth in profit from property management per share, %	28.9	29.8
Profit after tax per share for the year, SEK	4.13	4.85
Long-term net asset value (NAV), SEK	26.79	23.11
Growth in long-term net asset value (NAV), per share, %	15.9	35.9
Profit after tax for the year per share, SEK	4.13	4.85
Equity per share, SEK	23.92	19.66
Number of shares outstanding at the end of the year, millions*	215.3	215.3
Average number of shares outstanding, millions	215.3	215.3

Shareholders

As of 31 December 2022, a majority of the total share capital was held by main owners Jakob Karlsson and Erik Selin through companies. Other owners include Swedish institutions, funds and private investors.

As of 31 December 2022, K-Fast Holding AB had some 7,600 shareholders (5,800). The ten largest shareholders accounted for 91.9 percent (92.1) of the votes and 88.5 percent (88.8) of the share capital. Members of K-Fast Holding AB's Board of Directors and Group management held a total of 22,500,000 Class A shares (22,500,000) and 132,066,480 Class B shares (131,403,822), corresponding to a total of 244,566,480 votes (243,903,822) in the company. The shareholdings of each of the executives are presented on pages 55 and 56. The company holds no Treasury shares.

Ten largest shareholders (in order of total voting power) as per 31 December 2022

Name	Number of Class A shares*	Number of Class B shares*	Total number of shares	Percentage of share capital, %	Percentage of votes %
Jacob Karlsson AB	11,250,000	64,301,361	75,551,361	35.1%	39.5%
Erik Selin Fastigheter AB	11,250,000	63,750,000	75,000,000	34.8%	39.3%
Capital Group	0	12,909,607	12,909,607	6.0%	4.2%
Länsförsäkringar funds	0	7,747,464	7,747,464	3.6%	2.5%
Fourth AP Fund	0	6,102,766	6,102,766	2.8%	2.0%
SEB funds	0	3,323,115	3,323,115	1.5%	1.1%
Carnegie Fonder	0	2,930,907	2,930,907	1.4%	1.0%
Nergården families**	0	2,868,600	2,868,600	1.3%	0.9%
ER-HO Förvaltning AB	0	2,283,000	2,283,000	1.1%	0.7%
VPF First Nordic Real Estate	0	1,869,612	1,869,612	0.9%	0.6%
Ten largest shareholders	22,500,000	168,086,432	190,586,432	88.5%	91.9%
Other shareholders	0	24,744,736	24,744,736	11.5%	8.1%
Total	22,500,000	192,831,168	215,331,168	100.0%	100.0%
of whom, Board of Directors and Group management	22,500,000	132,066,480	154,566,480	71.8%	80.1%

* Each Class A share carries five votes and each Class B share carries one vote.

** Through Mjölback's Entreprenad Holding AB and Väst kustStugan AB.

The ownership structure as of 31 December 2022, based on data from Euroclear Sweden and K-Fastigheter.

Dividend policy

K-Fastigheter's overarching objective is to generate optimal long-term total returns for shareholders. This is achieved by reinvesting in operations to generate further growth through investments in new construction, property acquisitions and investments in existing properties. Accordingly, dividends will be low or absent for the next few years.

Authorization to repurchase shares

The Annual General Meeting for 2022 authorized the Board of K-Fast Holding to, in the period until the next AGM is held, decide to repurchase Class B shares up to a maximum of 10 percent of the total number of shares in the company. The purpose of the authorization is to create the right conditions for the Board to reach expedient decisions regarding the effective utilization of the company's capital and liquidity. At the end of 2022, this authorization had not been utilized.

Authorization to complete new share issue

The AGM 2022 authorized the Board, in the period until the next AGM, on one or more occasions and with or without preferential rights for shareholders, to decide on new share issues of a maximum of 24 million new Class B shares. At the end of 2022, this authorization had not been utilized.

Stock market information and insider rules

K-Fastigheter has prepared procedures for providing all public and stock market stakeholders simultaneous access to insider information regarding the company. The Board of Directors has also established insider rules with the aim of preventing market abuse.

The Board of K-Fastigheter has adopted a communications policy and an insider policy to ensure accurate and high quality information disclosure, and management of insider information, both externally and internally. The Chairman handles general shareholder-related matters, while the CEO bears overall responsibility for the company's external communications. Policies and guidelines regarding publication of information and insider rules, as well as updates and changes, are made accessible and known to the employees concerned and Group management reviews the regulations with employees. The company's regulations are formulated in accordance with Swedish legislation, the regulations of Nasdaq Stockholm and the Swedish Code of Corporate Governance and the EU Market Abuse Regulation.

All financial reports and press releases are published on the company's website in connection with publication.

Individuals with insider status

The individuals included in the Board and Group management, as well as the company's Authorized Public Accountant, hold positions that entail access to unpublished information that could affect the share price and are persons that have insider status in K-Fastigheter. These individuals are obliged to provide information about any changes in their own or any related parties' holdings of share-based financial instruments in K-Fastigheter. K-Fastigheter maintains a logbook as required under the EU Market Abuse Directive.

K-FASTIGHETER AS AN INVESTMENT

- An attractive property portfolio exposed to the rental housing market in Swedish growth regions and the Copenhagen region
- Proven business model generating favorable returns. Value is created through in-house project development, construction of proprietary concept buildings with prefabricated concrete frames and property management with an unlimited time frame
- A clear and stable positive earnings trend with a sustainable, long-term net asset value
- The Group's concept buildings satisfy growing demand for high-quality rental apartments
- Sustainability is integrated throughout K-Fastigheter's operations
- Resource efficiency and cost-optimization, combined with an awareness of the Group's environmental footprint, provide the foundation for the Group's continuous development.

Share capital and capital structure

As of 31 December 2022, K-Fast Holding AB's share capital totaled SEK 57,421,644.80 (57,421,644.80). The total number of shares was 215,331,168 (35,888,528). On 7 June 2021, K-Fast Holding AB completed a share split, where each existing share was split into six shares of the same share class.

Investor relations

K-Fastigheter strives to be accessible and to provide shareholders and other stakeholders with accurate information in a timely manner. Financial results and other important messages are published regularly. K-Fastigheter's website, www.k-fastigheter.com, contains a variety of materials for shareholders, including the current share price, press releases and information about the company's financial development.

K-Fastigheter maintains a quiet period of 30 days prior to the release of the Group's quarterly reports. During this period, the Group's representatives do not meet representatives of the financial media, analysts or investors.

Analysts monitoring K-Fastigheter regularly

Company	Name
Carnegie	Fredric Cyon and Erik Granström
Danske Bank	Stefan Andersson
Nordea	Staffan Bülow

IR contact

Johan Hammarqvist
tel.: +46 (0) 70 873 09 00.
e-mail: johan.hammarqvist@k-fastigheter.se.

Change in share capital and number of shares	Event	Change in share capital, SEK	Change in number of shares	Of which Class A shares	Of which Class B shares	Total number of shares	Of which Class A shares	Of which Class B shares	Quota value, SEK	Total share capital, SEK
23 November 2010	New formation	50,000	500	-	-	500	-	-	100	50,000
19 August 2019	Bonus issue and share split 1:50,000	39,950,000	24,999,500	3,750,000	21,250,000	25,000,000	3,750,000	21,250,000	1.6	40,000,000
19 August 2019	New share issue to key individuals	416,939	260,587	0	260,587	25,260,587	3,750,000	21,510,587	1.6	40,416,939.20
16 September 2019	New share issue to key individual	4,706	2,941	0	2,941	25,263,528	3,750,000	21,513,528	1.6	40,421,644.80
29 November 2019	New share issue in connection with listing	12,000,000	7,500,000	0	7,500,000	32,763,528	3,750,000	29,013,538	1.6	52,421,644.80
5 December 2019	Exercise of over-allotment option	1,800,000	1,125,000	0	1,125,000	33,888,528	3,750,000	30,138,528	1.6	54,221,644.80
26 August 2020	New share issue	3,200,000	2,000,000	0	2,000,000	35,888,528	3,750,000	32,138,528	1.6	57,421,644.80
As 7 June 2021	Share split, 6:1	0	179,442,640	18,750,000	160,692,640	215,331,168	22,500,000	192,831,168	0.27	57,421,644.80

The shareholder list is updated each quarter and can be found at: www.k-fastigheter.com/en/investors/the-share
Transactions by insiders and their affiliates are reported to the Swedish Financial Supervisory Authority:
<https://fi.se/en/our-registers/pdmr-transactions/>

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING 2023

15 May 2022

FINANCIAL CALENDAR 2023

2 May 2023 Interim Report January-March

25 July 2023 Interim Report January-June

9 November 2023 Interim Report January-September

2023 Annual General Meeting

The AGM of K-Fast Holding AB will be held on 15 May 2023.

For more information and registration, see K-Fastigheter's website, www.k-fastigheter.com.

Notice of the Annual General Meeting is to be communicated within the statutory period through an advertisement in Post- och Inrikes Tidningar (Swedish official gazette) and on the Company's website. That fact that such notice has been issued shall be advertised in Swedish financial daily Dagens Industri. The notice will contain instructions on what shareholders should do to attend the Annual General Meeting or submit a power of attorney. Shareholders who have chosen to register their shares with a proxy must temporarily have Euroclear Sweden AB reregister the shares in the shareholder's own name to be entitled to attend the Meeting

K-Fast Holding AB is a public company.
Corp. ID No.: 556827-0390
LEI code: 549300VToUXKWES37P59.
Domiciled in Hässleholm, Sweden.

The Annual Report is published in Swedish and English. The Swedish version is the original version and takes precedence over the English should the translation differ from the original. All values are expressed in Swedish kronor (SEK). "Kronor" is shortened SEK and millions of kronor to "SEK million". Because amounts and values have been rounded, tables/diagrams do not always add up precisely. Figures in brackets refer to the preceding year unless otherwise stated.

On 7 June 2021, K-Fastigheter completed a 6:1 share split. On 31 December 2022, there were a total of 215,331,168 shares in K-Fast Holding AB, of which

Communications from K-Fastigheter

Our communications with the financial market shall be characterized by open, relevant and accurate information to shareholders, investors and investors and analysts, thereby increasing knowledge about the Group's operations and shares. Information in the form of press releases (statutory and non-statutory), quarterly reports, annual reports and more in-depth information is available on the IR pages on the Group's website, www.k-fastigheter.com. Shareholders and other stakeholders may subscribe for press releases and financial reports. The general information on the IR pages of the website, such as shareholder listings, is normally updated in connection with the quarterly reports. In the event of any major changes, the website is updated immediately.

For 30 days prior to the publication of a financial report, K-Fastigheter observes a silent period, meaning that the Group's representatives do not meet the financial media, analysts or investors during this period. More information about K-Fastigheter's operations, financial reporting and press releases can be found at www.k-fastigheter.com.

For information about the Group's properties and current offering,

22,500,000 Class A shares and 192,831,168 Class B shares.

The total number of votes on 31 December 2022 was: 305,331,168. All KPIs and share-related information in this report have been adjusted for the number of shares after the share split.

This report contains forward-looking information based on K-Fastigheter's current expectations. Although management believes the expectations reflected in such forward-looking information to be reasonable, no guarantee can be provided that these expectations will prove correct. Consequently, future outcomes may vary considerably compared to what is presented in the forward-looking information due to factors such as changing economic conditions, market developments and competition considerations, changes in legal requirements and other policy measures, and exchange rates fluctuations.

and information to tenants, please refer to www.k-fastigheter.se/en/ and the Group's social media channels. More information about K-Prefab's operations and offering can be found at www.kprefab.se/en/

Follow the Group on social media

Our social media channels serve as a complement to press releases and financial reports. Through these channels, we seek to provide better insight and complementary perspectives on what is happening in the Group and to communicate with our most important stakeholders. Since we use the channels in slightly different ways, you can select those that are best suited to your needs.



LinkedIn

www.linkedin.com/company/12603996

www.linkedin.com/company/kprefab/

Our LinkedIn pages provide financial news, short updates about our progress and vacant positions.



Facebook

www.facebook.com/kfastigheter/

On our Facebook page, you will find information about vacant properties, ideas for your home, short company news with fun facts and events that we think may be of interest to many people.



Instagram

www.instagram.com/k_fastigheter/

www.instagram.com/kprefab/

On our Instagram accounts we publish pictures and texts about current events, brief reflections, vacancies and where there are opportunities to move in and establish a home.

Notices of general meetings, minutes and communications from General Meetings are available at www.k-fastigheter.com

ÅRSREDOVISNING
ÅRSREDOVISNING
ÅRSREDOVISNING
ÅRSREDOVISNING
ÅRSREDOVISNING
ÅRSREDOVISNING
ÅRSREDOVISNING
ÅRSREDOVISNING
ÅRSREDOVISNING
ÅRSREDOVISNING
ÅRSREDOVISNING



K-FASTIGHETER

An unlimited time frame implies responsibility. K-Fastigheter is involved in the entire value chain, from establishment and initial contacts regarding land acquisition, through its proprietary standardized and industrial production and construction process, to long-term ownership and property management. As a property company, K-Fastigheter's objective is to add value for tenants by creating attractive homes with superior comfort. The Group's operations encompass active property management, project development and proprietary construction operations.

To enhance cost efficiency and cut construction times, K-Fastigheter has chosen to work with three concept buildings, developed in-house and constructed for proprietary management. K-Fastigheter provides some 3,700 homes in several locations in the Öresund region, the Västra Götaland region and the Mälardalen region, and evaluates new markets as production capacity increases. The Group's property portfolio has a book value of SEK 13 billion, with an annual rental value of about SEK 500 million. Since November 2019, the company's Class B shares have been traded on Nasdaq Stockholm under the (ticker: KFAST B).

*Read more at
k-fastigheter.com/en
www.k-fastigheter.se/en
www.kprefab.se/en*

K-Fast Holding AB

Corp. ID No.: 556827-0390
Address: Bultvägen 7, SE-281 43 Hässleholm, Sweden
Telephone: +46 (0)10 33 00 069
e-mail: ir@k-fastigheter.se
Website: www.k-fastigheter.com

K-Fastigheter's

Address: Bultvägen 7, SE-281 43 Hässleholm, Sweden
Telephone: +46 (0)10 33 00 069
e-mail: info@k-fastigheter.se
Website: www.k-fastigheter.se

K-Prefab

Address: Hyllie Stationstorg 13, SE-215 32 Malmö, Sweden
Telephone: +46 (0)10 455 22 00
e-mail: info@kprefab.se
Website: www.kprefab.se