

**K-FAST HOLDING AB**

ANNUAL REPORT

2023

*K-Fastigheter - more than a property company.*



**K-FASTIGHETER**



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

## INTRODUCTION

# EXPANSIVE, CURIOUS AND FORWARD-LOOKING

***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. At the end of 2023, the Group had 550 employees.***

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. The potential for career advancement and personal development that K-Fastigheter offers has been

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

recognized, and we won the award Career Company 2024\* in the year.

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.

\* Read more about K-Fastigheter as a career company:  
[www.karriarforetagen.se/foretag/k-fastigheter/](http://www.karriarforetagen.se/foretag/k-fastigheter/)



**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 pages 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 create a great home or secure effective premises. Our housing is distinguished by high standards, home comfort and security. K-Fastigheter builds for long-term proprietary ownership of rental apartments. Our aim is that over 80 percent of rental income should be housing-related. We are a growth company and provide a continuous supply of new rental apartments to the market. We are active from Gävle in the north to the Copenhagen region in the south.***

However, K-Fastigheter is more than a property company. In an integrated process, we are growing our operations through the four business areas project development, prefab, building and management. The Prefab operations are carried out through the subsidiary K-Prefab, which also makes sales to the external market. To enhance cost efficiency and cut construction times, we have chosen to work with three residential concept buildings, developed in-house and constructed for proprietary management. These are Low-Rise buildings, Apartment Blocks and Lateral Low-Rise apartments. A fourth concept building, K-Commercial, for commercial premises, is under development. At the end of 2023, the carrying amount of the Group's property holding was SEK 14.9 billion, with an annual rental value of SEK 661 million.

Based in Hässleholm, Sweden, and with production facilities and local offices in strategically selected locations, the Group currently has approximately 550 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 Erik Selin Fastigheter Aktiebolag, Jacob Karlsson AB 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 taking the initiative, 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 2023

## Record number of new apartments in 2023

In 2023, K-Fastigheter's portfolio of rental apartments grew by as much as 31 percent. At the end of 2023, we had 4,876 apartments under management, against 3,708 percent at the end of 2022. As many as 806 of the 1,176 apartments constructed by the building business area were completed in the final three months of 2023. In total, housing and associated letting such as parking spaces provided 92 percent of contractual rent at the end of the year. Rental value increased by 35 percent to SEK 661.0 million at year end. Of the property holding, 66 percent was built after 2020 and a total of 88 percent after 2010.



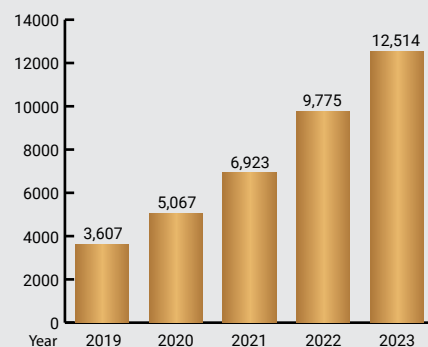
## First apartments completed in collaboration with Kilenkrysset AB

K-Fastigheter's collaboration with Kilenkrysset AB, involving the construction and management of K-Fastigheter's concept buildings in Nyköping, Strängnäs and Örebro through the company K-Fast Kilen AB, continued in the year. The first apartments were completed in 2023, and the finished holding comprised 63 apartments at year end. Furthermore, an additional 681 apartments were in ongoing construction and project development at the end of the year. K-Fast Kilen is 51 percent owned by K-Fastigheter and 49 percent by Kilenkrysset AB.

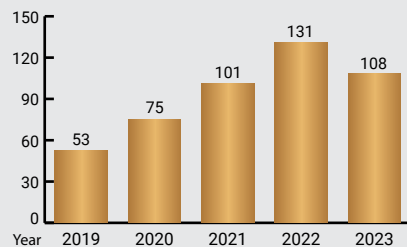
## Strong business model on a challenging market

Despite falling property values for completed investment properties, project development and new construction, we succeeded in creating significant construction value in the year. Unrealized value from percentage of completion revenue recognition in project development and construction amounted to SEK 330.6 million in 2023, helping to offset falling property values and revealing the strength of K-Fastigheter's unique business model.

### Carrying property value completed investment properties



### Profit from property management, SEK m, 2019–2023



## New issue strengthens Balance Sheet

In September, the Board decided to complete a directed new issue aimed at strengthening the Balance Sheet and enabling acquisitions of building rights, as well as starting new construction of the Group's concept buildings. A total of 24,000,000 Class B shares were issued, raising SEK 323 million after transaction expenses.

## Subsidiary K-Prefab appoints new CEO

Stefan Paulsson was appointed new CEO of the subsidiary K-Prefab in January 2023. Stefan has been acting CEO since 11 April 2022. Stefan was employed in what is now K-Prefab AB since 2006, and has held positions such as Structural Engineer, Head of Design Department, Regional Manager, Deputy CEO and COO. As Head of the Prefab Business Area, Stefan Paulsson is part of Group management.

Selected key figures	2023	2022
<b>Financial</b>		
Interest coverage ratio	1.7	2.2
Equity/assets ratio, %	30.3%	33.9%
Debt-to-equity ratio, %	60.2%	55.4%
Profit from property management, SEK m	108.3	130.7
Long-term net asset value (NAV), SEK m	5,803.5	5,768.3
<b>Share-related</b>		
Profit from property management per share, SEK	0.49	0.61
Growth in profit from property management per share, %	-19.3%	28.9%
Long-term net asset value (NAV) per share, SEK	24.25	26.79
Growth in long-term net asset value (NAV), per share, %	-9.5%	15.9%

## Number of apartments under management



**4,876** UNITS  
2023  
**3,708** UNITS  
2022

## Number of apartments in production



**1,549** UNITS  
2023  
**2,171** UNITS  
2022

## More services provided in-house

In 2023, we established a new internal organization to manage letting of the Group's new production. In the past, we have used an external broker service for this purpose. An increasing number of property-related services that have previously been managed by external partners, are now being provided in-house. This increases efficiency and creates more value for our tenants.

## New building rights acquired and K-Fastigheter moves into Lund

In 2023, K-Fastigheter acquired new building rights in Eskilstuna, Ale, Lund, and two projects in Gothenburg. A total of approximately 575 rental apartments are currently planned in these projects which are at various development stages. The acquisition in Lund is K-Fastigheter's first in the city, while we already have properties and/or building rights in the other locations.



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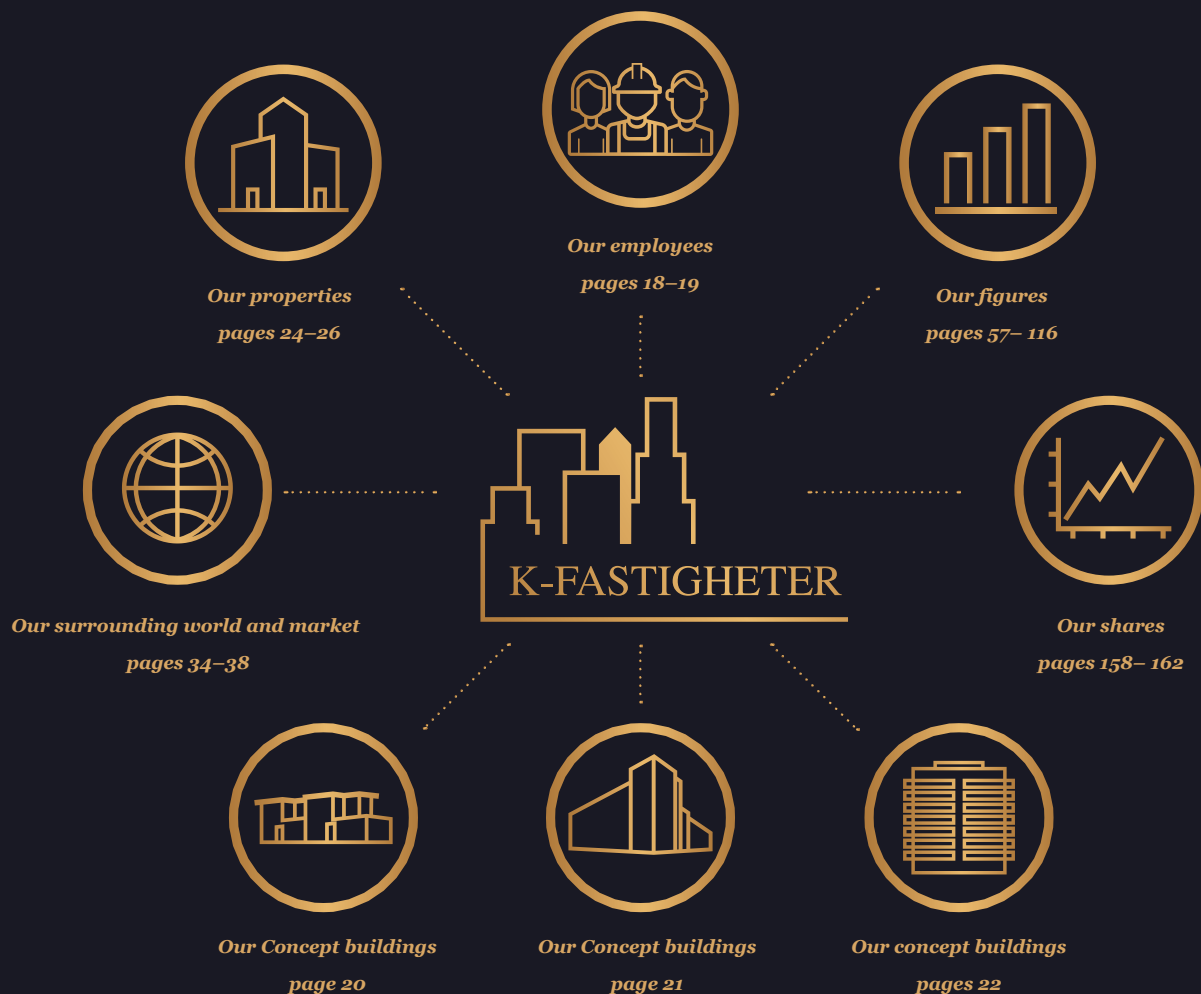
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*K-Fast Holding AB (publ): The Annual Report of ("K-Fastigheter") comprises pages 54- 121 (the Directors' Report and appurtenant financial statements) and has been audited by Ernst & Young AB. "K-Fastigheter", "K-Fast Group" and "the Group" refer to K-Fast Holding AB with or without subsidiaries and associated companies depending on the context. The Annual Report is published in Swedish and English. The Swedish version is the original. Cover: Apartment block in the Hällan neighborhood in Hässeholm. Design: OAS. Photos: K-Fastigheter, Oskar Gydell and Fotograf Daniel.*



## CEO COMMENTS

*In 2023, market conditions were challenging at the same time as we demonstrated that our business model can deliver in these circumstances too. A high rate of completions enabled us to welcome many new tenants to their new homes which is always very pleasing.*



## A MESSAGE FROM THE CEO

# FACING THE FUTURE FROM A POSITION OF STRENGTH

*We have put an eventful 2023 behind us. The year involved hard work in challenging market conditions, but we also set a new record in the period with as many as 806 apartments completed in the final three months of the year alone.*

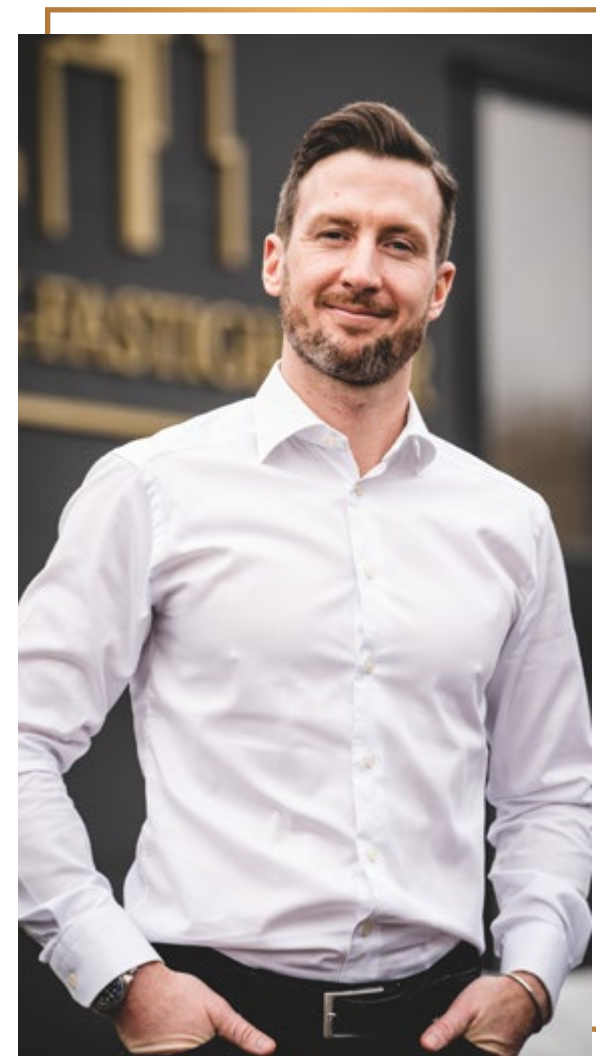
During the year, we increased our holding of apartments by 1,168, by as much as 31 percent, to 4,876 apartments, which allowed us to welcome many new tenants into their new homes. This is one of the most enjoyable aspects of being a property sector operator. At year-end, rental values totaled SEK 661 million, an increase of 35 percent. In terms of market value, as much as 66 percent of the property holding as of 31 December 2023 was constructed after 2020. This means that we are in a good position to face the future.

During the year, vacancy rates unfortunately deteriorated. This was in part due to high vacancies in a small number of projects, and

delays related to other new production projects in some locations. At the same time, it is clear that progress is positive in our succession letting. Reducing the number of vacancies is a priority, and this will take some time to fully resolve. When completions become less concentrated in 2024 compared to 2023, the letting operations will be provided with a better starting point.

Just as it will take some time to catch up and fully eliminate vacancies, rent increases aimed at offsetting higher costs will not happen overnight. I anticipate that this will be compensated for, but that it will take place over time. Improved vacancy rates alongside offsetting increased costs through higher rents will contribute to improve profit from property management. The management organization expanded in the year. In order to manage the large number of apartments completed in the fourth quarter, we hired personnel before we had generated the commensurate revenue. In 2024, we will have an organization that corresponds to the ▶▶▶

*“There is still extensive underlying demand for new housing in Sweden, and my faith in rental apartments remains solid.”*



Jacob Karlsson, CEO of K-Fast Holding AB

number of apartments under management, which will be reflected in profit from property management.

Interest rates are now stabilizing. Furthermore, base rate cuts are on the horizon. This is a positive development that provides the property and construction sector with a new normal to proceed from. K-Fastigheter remains aligned with around a dozen different banks, entirely without bond financing. At the end of the year, interest-bearing liabilities related to acquisition financing and completed investment and business properties were 91 percent hedged at an average interest rate of 3.22 percent. The average fixed interest period was 3.5 years.

At the end of the year, our financial and operational targets expired. I am able to conclude that we succeeded in achieving most of the targets over an economic cycle. Net asset value has increased by 378 percent since the reference year 2018, and annual growth per share was 25 percent. Profit from property management increased by 163 percent and annual growth per share was 12 percent, which was below our annual growth target of 20 percent. For all years, we exceeded the minimum level for equity/assets and debt-to-equity, while our interest coverage ratio of 1.7 for the full year of 2023 was slightly below our target level of 1.75. Interest coverage, which continues to exceed the levels stipulated in our loan agreements, is set to improve gradually at a pace with stronger profit from property management.

With regard to our operational goals, we clearly exceeded the target of 80 percent of rental revenue derived from residential properties. The target of 1,300 annual construction starts by the end of 2023 was revised downwards to the previous target of 1,000 in connection with the Interim Report for the first quarter 2023. For 2023, we did not reach our target of 1,000 construction starts for reasons including lengthy planning approval processes and more challenging funding conditions. We started construction of a total of 450 apartments in 2023. The target of 5,000 apartments under management was essentially reached at the beginning of February 2024 when we had 4,999 apartments under management. This is incredible progress, and I cannot thank all the Group's current and previous employees enough, who have all contributed to making this possible. New goals will be presented in connection with our Interim Report for the first quarter 2024.

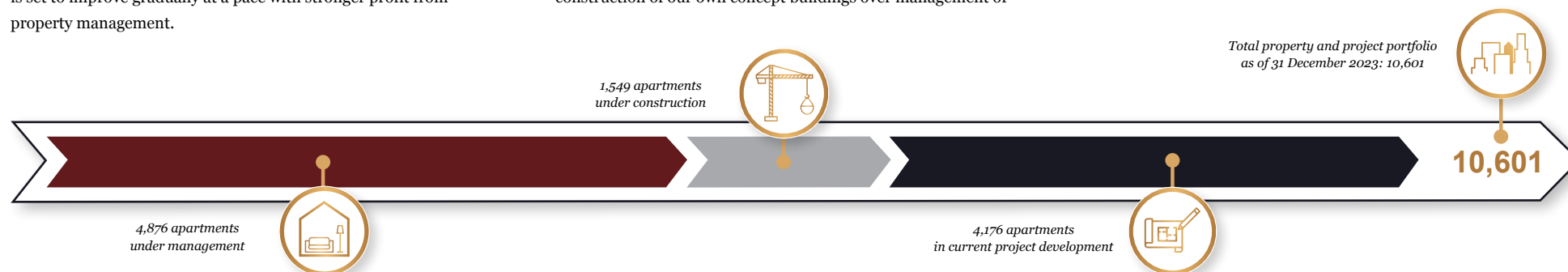
In 2023, we strengthened our Balance Sheet through a new issue of SEK 331 million and the divestment of office premises in Helsingborg. During 2024, we will continue to strengthen the Balance Sheet in various ways with the aim of starting new construction projects and capitalizing on opportunities to acquire building rights when they arise. In the first few months of the year, we have already completed a number of divestments and a directed new issue. For our part, it is a strategic choice to prioritize new construction of our own concept buildings over management of

commercial and residential properties not constructed according to our proprietary concepts.

There is still extensive underlying demand for new housing in Sweden, and my faith in rental apartments remains solid. Through our efficient process for controlling the construction chain from foundation to finished home, K-Fastigheter is able to continue to start new construction projects even in the current climate, while simultaneously satisfying our direct return requirement. K-Fastigheter's business model has proven strong in challenging market conditions and we are moving into more favorable market conditions from a position of strength.

We strive to be an attractive employer where each individual can have an influence and opportunities for personal development within the Group. Accordingly, I am very proud that we were awarded the prize Career Company 2024. This is evidence that we are on the right path, and will help us to recruit the best and most motivated employees to join us on our development journey. A journey where we offer our tenants great and secure homes in the form of rental apartments of a high standard. ■

**- Jacob Karlsson, April 2024**

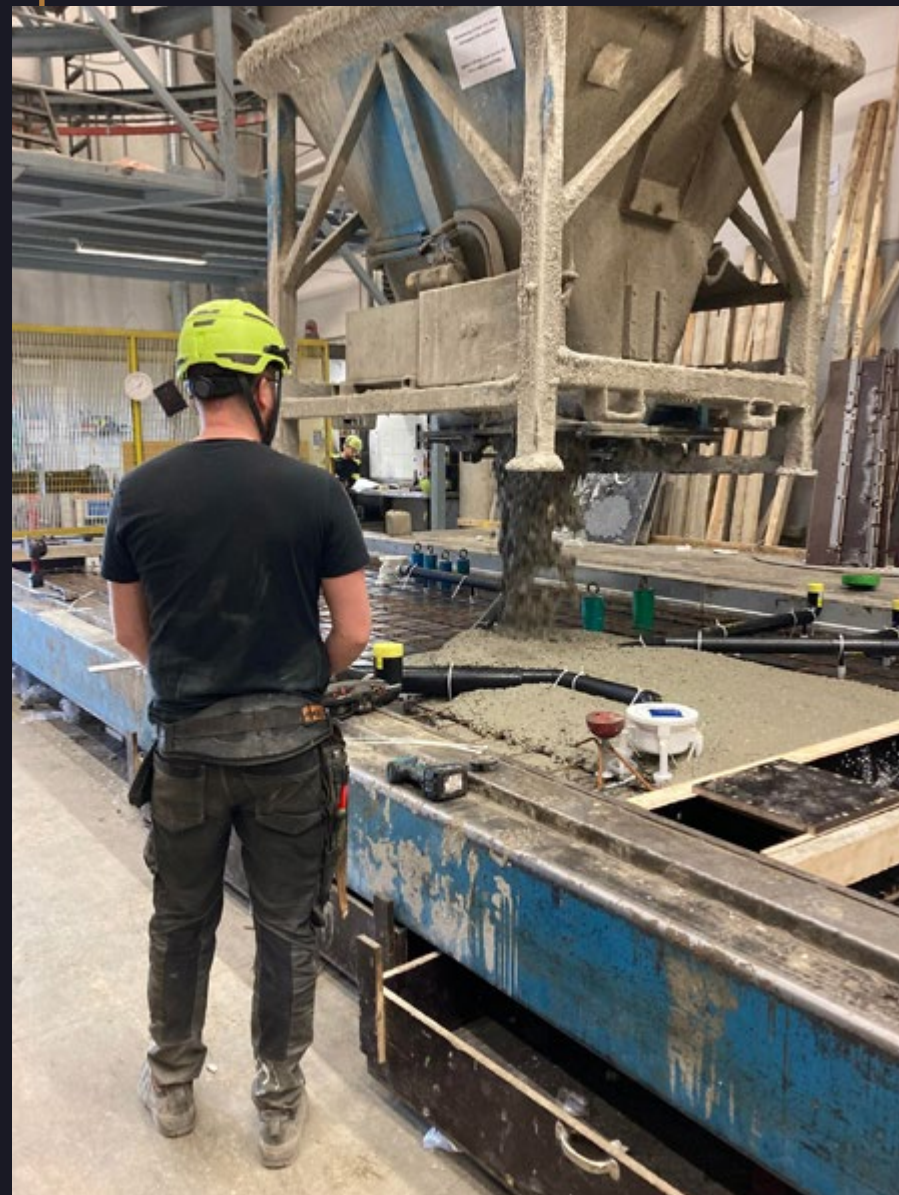


## OPERATIONS

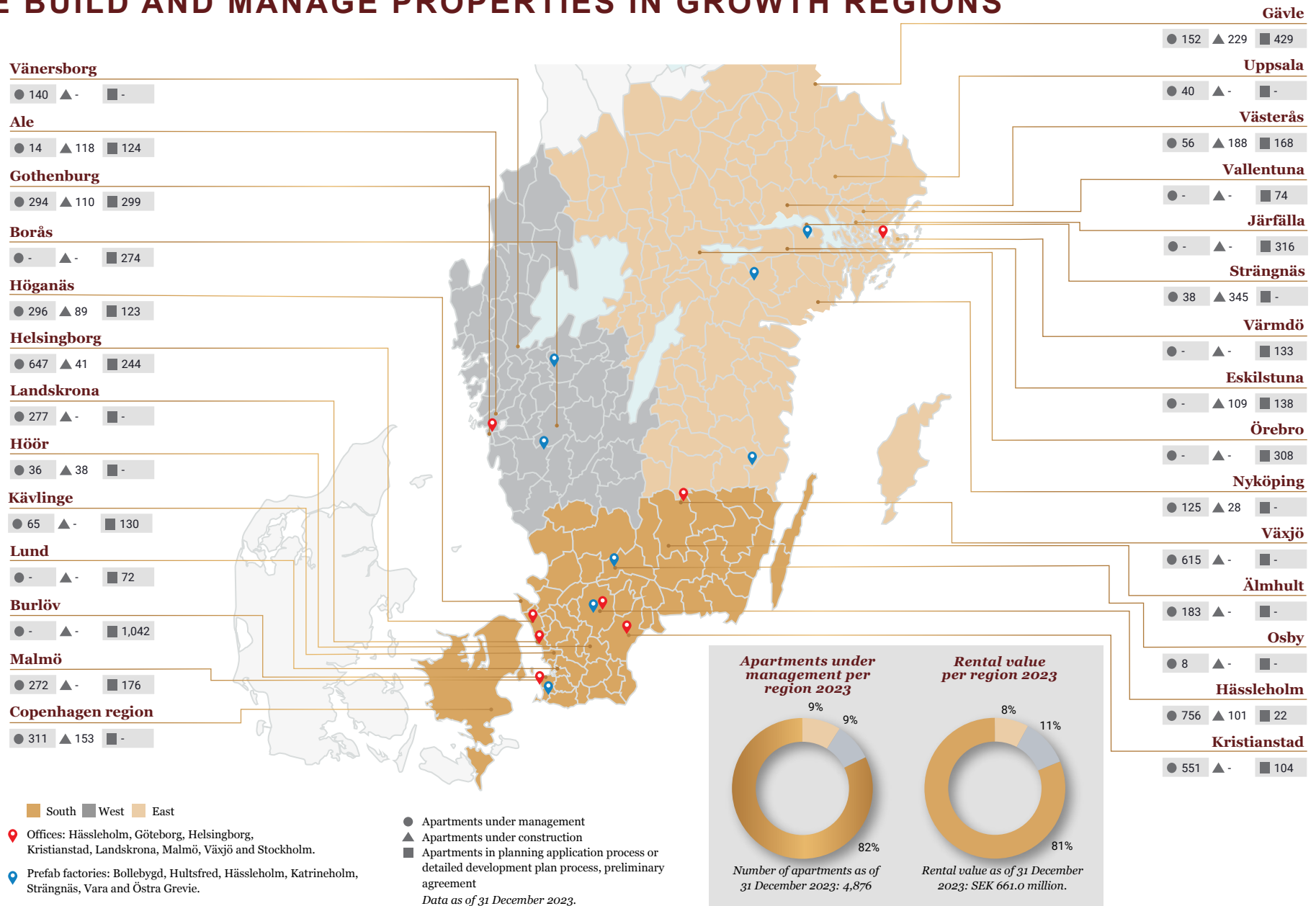
*K-Fastigheter is a project development, construction and property company focused primarily on rental housing properties. Organized in the four business areas project development, prefab, building and management, K-Fastigheter creates attractive homes with a high degree of comfort.*

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.

### 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.).

**Brand/positioning:** 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
	2023	2022	2021	
In the long term, rental income from housing is to comprise at least 80 percent of K-Fastigheter's total rental income	92%	88%	87%	Rental income in 2023 amounted to SEK 480.2 million (384.2) for the year, an increase of 25 percent compared to the previous year. The increase was primarily due to more apartments under management, which increased by 31 percent to 4,876 apartments (3,708) apartments between 2022 and 2023.
Number of annual construction starts for management by the Group shall be 1,000 apartments by the end of 2023.	450	1,125	996	There were 450 (1,125) apartment construction starts in 2023.
At the end of 2023, K-Fastigheter shall manage at least 5,000 apartments in the Nordics.	4,876	3,708	2,723	At the end of 2023, K-Fastigheter had 4,876 apartments under management, 1,549 in construction and 4,176 apartments in project development.
Financial targets	Target achievement			Comment
	2023	2022	2021	
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 5,803.5 million (5,768.3), corresponding to SEK 24.25 per share (26.79). Long-term NAV per share decreased by 9 percent compared to 31 December 2022. From the reference year 2018, NAV per share has increased by an average 25% per annum.
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 108.3 million (130.7), a decrease of 17 percent. Growth in profit from property management per share was -19% compared to 31 December 2022. From the reference year 2018, profit from property management per share increased by an average 12% per annum
<i>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.</i>				
The equity/assets ratio shall amount to a minimum of 25 percent.	✔	✔	✔	As of 31 December 2023, the equity/assets ratio totaled 30.3 percent (33.9).
Interest cover shall amount to a minimum of 1.75 x.	✘	✔	✔	As of 31 December 2023, the interest coverage ratio was a multiple of 1.7 (2.2).
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 2023, the debt-to-equity ratio totaled 60.2 percent (55.4).

The Group's sustainability targets can be found on pages 122–124.

## K-FASTIGHETER'S BUSINESS MODEL

***K-Fastigheter's business model is based on an unlimited time frame where the company controls the entire chain from project development to property management.***

This is carried out through the four business areas: project development, prefab, building and 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. Through standardized and repetitive construction processes, K-Fastigheter is able to build cost-efficiently and at high quality.

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 according to proven proprietary concepts repetitively, while introducing continuous improvements and developments. We achieve this by collating the views of our tenants and proposals from employees throughout the chain: project development, prefab, building and management.

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.

Our main focus is on building proprietary concept buildings. As a complement, the portfolio includes acquired residential properties and properties in construction on the basis of acquired planning permission. In the older acquired holding, this may include apartments of a standard lower than we, or our tenants, require. 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.

We strive to have our own management personnel in all cities where we own properties. During the build-up phase in a particular city, we employ local property management personnel.

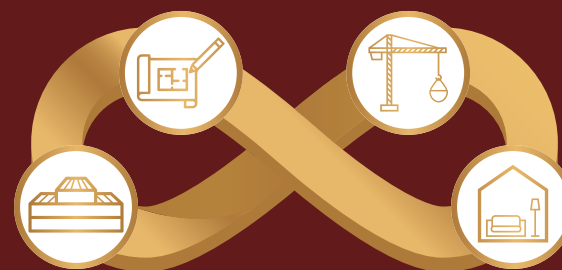
### OUR BUSINESS AREAS

**The Project Development business area** acquires primarily building rights, but also land 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 13.*

**The Building business area** collaborates with other business areas to build and develop the cost-efficient residential concept buildings Low-Rise, Lateral Low-Rise and Apartment Block, as well as K-Commercial, primarily for offices.

*Read more about the business area on page 15.*



**The Prefab business area** manufactures prefabricated concrete elements and complete frame solutions. The business area supplies K-Fastigheter as well as external customers, including several of Sweden's leading construction companies.

*Read more about the business area on page 14.*

**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. Internal evaluation processes, in combination with tenant requirements, provide the Group with important information for further product development of the concept buildings.

*Read more about the business area on page 16.*

# K-FASTIGHETER'S FOUR BUSINESS AREAS

## PROJECT DEVELOPMENT

**The work in the Project Development business area begins by identifying and acquiring primarily building rights but also, where applicable, land without planning permission. This is for the future construction of the company's concept buildings. The business area then produces detailed plans and secures planning permission. The goal is to create and realize value, today and in the future.**

In 2023, the business area continued to actively develop the company's land bank. At the end of the year, the project development portfolio comprised 4,176 apartments at various stages. At a pace with the company's expansion, the geographical spread of the land bank has increased, as well as locations where project development is undertaken. 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 in the long and short term.

The business area is responsible for 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.

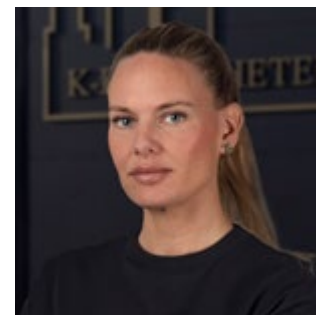
Continuous product development takes place based on the valuable experience garnered from the construction process, as well as ongoing feedback from tenants, managers and property managers on previously completed projects. This ensures that K-Fastigheter has good insight into which solutions, materials 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.

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 are often lengthy, and projects always run the risk of becoming subject of appeals, which leads to further delays to lead times. As a result of the long processing times, K-Fastigheter has joined the initiative Bygg i Tid (Build in Time) 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.

*K-Fastigheter is continuously on the lookout for landowners with buildable land for sale. This mainly relates to land with existing detailed planning permission and land ready for construction that is suitable for the company's various concept buildings. Land without detailed planning permission may also be of interest. 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.initiativetbyggitid.se>*



**Åsa Fredin**  
Head of Project Development  
business area.

*"The foundation of our work is finding solutions that create secure and comfortable homes of a high standard for our*

*tenants. Starting the work from our concept buildings ensures efficient project development, which provides us with an advantage. Proceeding from the same foundation, our concept buildings take many different forms and can be adapted to suit local conditions and requirements. In project development, we continuously build on our experience from within the organization in order to find new solutions that improve our projects, both in relation to individual projects and for all future projects generally.*

*In 2023, we secured several new projects through the acquisitions of building rights. I hope that we will be able to continue to benefit from lower prices of building rights in order to extend our land bank further in 2024. All with the aim of developing attractive homes for our tenants*

*I consider it an important step on our journey that K-Fastigheter has chosen to join the Bygg i Tid (Build in Time) initiative alongside some of our sector colleagues. For my colleagues and myself, who work on these issues on a daily basis, there is an urgent need to reduce processing times and speed up the planning process."*

## 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, properties for public use, industry and warehousing, infrastructure and agriculture. 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 delivers both extranally and internally.***

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. Assembly on behalf of customers largely takes place using in-house personnel in various assembly teams.

All frame elements included in K-Fastigheter's three residential concept buildings are now supplied by Prefab. In 2024, the first concept Low-Rise buildings will be completed with frames manufactured internally in the Group. K-Fastigheter's fourth concept building, K-Commercial, has been developed jointly within the Group and demonstrates the synergies that exist within the Group's business areas.

2023 was a challenging year with deteriorated market conditions due to a slow-down in housing construction. This led to lower

volumes compared to the previous year, and to offset this we have gradually adapted headcount while the various production plants have intensified their collaborative processes in order to optimize efficiency. In 2023, we also divested the production facility in Borensberg. Intensive and goal-oriented sales work focused on housing construction and other frame deliveries are generating an expected pronounced turnaround in the second half of 2024, while produced volumes will be lower in the first half of the year. The rationalizations introduced in 2023 mean that Prefab is well-equipped to manage gradually increasing volumes in 2024.

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 casting tables, solar panels as well as rationalized warehousing facilities.



**Stefan Paulsson**  
CEO K-Prefab.

***“The sharp slowdown in housing construction in Sweden led to reduced prefab volumes in 2023 compared to 2022.***

***We met this downturn by gradually adapting operations while also diversifying. This has allowed us to deliver frame solution for projects including defense, infrastructure and properties for public use, as well as housing. I believe that the adaptations make us well-prepared for a coming market upturn in the second half of 2024, due to our increased efficiency, sharpened customer focus and optimized collaborations between our production plants. Our ability to deliver within the Group as well as to external customers is a strength. Internally generated volumes provide us with a foundation that our competitors do not have access to, making us a secure and stable partner for our external customers.”***

## BUILDING

**The Building 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.**

2023 was a record year for the business area. In total, 1,176 apartments were handed over to the management organization, of which as many as 806 were handed over in the final three months of the year. Focused work throughout the organization has kept building costs down despite cost increases in wider society. Excluding increased costs for construction credits, building costs have essentially remained unchanged on the previous year. Frame deliveries from the prefab business area are an important component of this. Construction of 450 of apartments started in 2023.

By concentrating on construction of a select number of concept buildings with repetitive elements, K-Fastigheter has amassed extensive experience and knowledge of the risks, bottlenecks and other efficiency traps in the specific construction processes 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. We continuously work to increase the efficiency of the construction process.

K-Fastigheter strategically and continuously introduces improvements, on the basis of lessons learned from construction



### Eric Johansson

Head of the Building business area.

*"It is extremely inspiring to lead our building operations, which set a new record in terms of completed apartments in the year. As many as 806 apartments were completed in the fourth quarter, which was very demanding for our employees. I can conclude that our co-workers really took far-reaching responsibility for the process, and were able to deliver good projects to the management organization. The rate of completed apartments will be more evenly distributed in 2024, compared to the accumulation of completions we saw at the end of 2023. This gives us the opportunity to pursue continuous improvements in areas such as*

*customer satisfaction, the environment and health and safety, while simultaneously developing the collaborative process with our other business areas.*

*Efficient working methods are a pre-requisite for keeping expenses under control at a time when costs have risen significantly in society as a whole. I am delighted that we have been able to offset cost increases with increased efficiency and innovation in the construction process. Higher costs of construction credits were the main driver behind the overall cost increase. Our ability to remain innovative and efficient in our standardized construction process, ensures favorable conditions for further construction starts even in more challenging market conditions. At year end, we had 1,549 apartments in construction of which construction started on 450 in the year."*

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.

Construction, in addition to frame assembly by the prefab business area, takes place with the help of subcontractors. K-Fastigheter's construction organization consists of project managers, purchasing managers, construction engineers and aftermarket staff working in the regions South, East and West.

## 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 comprised properties ranging from Copenhagen in the south to Gävle in the north at year end. The company had 4,876 apartments under management at the end of the year, against 3,708 at the end of 2022. A majority of the properties under management were located in the Öresund region at year end, with 66 percent (in terms of market value) were constructed after 2020. In locations where K-Fastigheter does not have in-house personnel, property-related services are contracted from external collaboration partners. In 2023, an increasing proportion of property-related services and letting previously provided from external sources has moved to internal operations. Our experience is that in-house management at all levels is more efficient and generates more value for our tenants. In 2023, for example, we launched an internal organization for managing the letting of the company's new production projects, which had previously been handled by external estate agents. The increase in the number of apartments and our ambition to work with internal personnel as far as possible, led to an increase in headcount in the business area in the year.

The company has the clear ambition of nurturing long-term relationships with individual tenants, and to be an accessible resource when potential problems arise. The focus of K-Fastigheter's administration is on achieving satisfied tenants who feel secure in their homes and their neighborhoods, and that



**Martin Johannesson**  
Head of Property Management  
business area.

*"The management operations have expanded sharply in recent years. In 2023 alone, we added 1,168 new apartments under management. This means that the number of apartments increased by an incredible 31 percent to 4,876*

*in 2023. This has meant that the organization has expanded, and in order to service the significantly more extensive portfolio we have employed new personnel, which has led to increased costs before revenue has had a chance to catch up.*

*Welcoming new tenants into their homes is one of the most enjoyable aspects of being active in the property sector. It was incredibly inspiring to take part in setting a new record in the number of new tenants moving in during a quarter.*

*In the final three months of 2023 alone, we added 806 new apartments under management, which placed extensive demands on our organization with many of us, regardless of job description, participating in the process of helping tenants move in to their new homes. I can conclude that we met this challenge together satisfactorily.*

*The work of streamlining our processes and routines in order to manage the growth we are experiencing in apartments and tenants is ongoing. As part of this process, we launched an in-house organization for letting our new apartments in the year, while a high proportion of property management and operations is now handled in house. Satisfied tenants is a priority, and I am firmly convinced that our employees offer significant benefits compared to contracted staff from external partners, including creating the right conditions for satisfied tenants. In 2023, customer satisfaction increased across all our indexes and we are particularly proud and pleased to achieve this while more tenants moved in to their new homes in a shorter space of time than ever before."*

are always able to get in touch with K-Fastigheter representatives and access services when needed. Accordingly, the company focuses sharply on local management, primarily using in-house staff, and in some cases subcontracted personnel.

In order to maintain a high level of service and accessibility, the Group has offices in Helsingborg, Landskrona, Kristianstad, Malmö, Gothenburg, Växjö and Stockholm in addition to its head office in Hässleholm. Since 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 2023 survey indicate that approximately 85 percent of tenants would recommend others to move into K-Fastigheter's 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: prefab, project development, building and property management. The relevant managers report to the CEO, and are part of, Group management. Prefab is organized as a subsidiary (K-Prefab) with its own CEO and management. K-Prefab is the only business area that supplies external customers, as well as making internal deliveries within the Group. There are also shared functions for Business Development, Accounting and Finance, Procurement, 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.

To continue to ensure continued success for K-Fastigheter, 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 Considerate 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. The Group uses a digital tool to complete regular employee surveys, which allows us to evaluate the company and strive to become a little better each day.

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.

The most important factor for the company is the results our employees achieve, not who they are or where they come from. The Group seeks to reflect the surrounding world, which strengthens the company and our employees.

In order for K-Fastigheter to be the obvious choice for our tenants, co-workers 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 2023, there were 550 (732) employees in the Group, of which 65 (69) women and 485 (663) men. A majority of these work in production, assembly and management. The lower headcount was due to cutbacks in the prefab business area over the past year, to reflect an adjustment to the volumes produced.

K-Fastigheter strives to maintain a safe working environment, from a physical, social and psychological perspective, guided by the

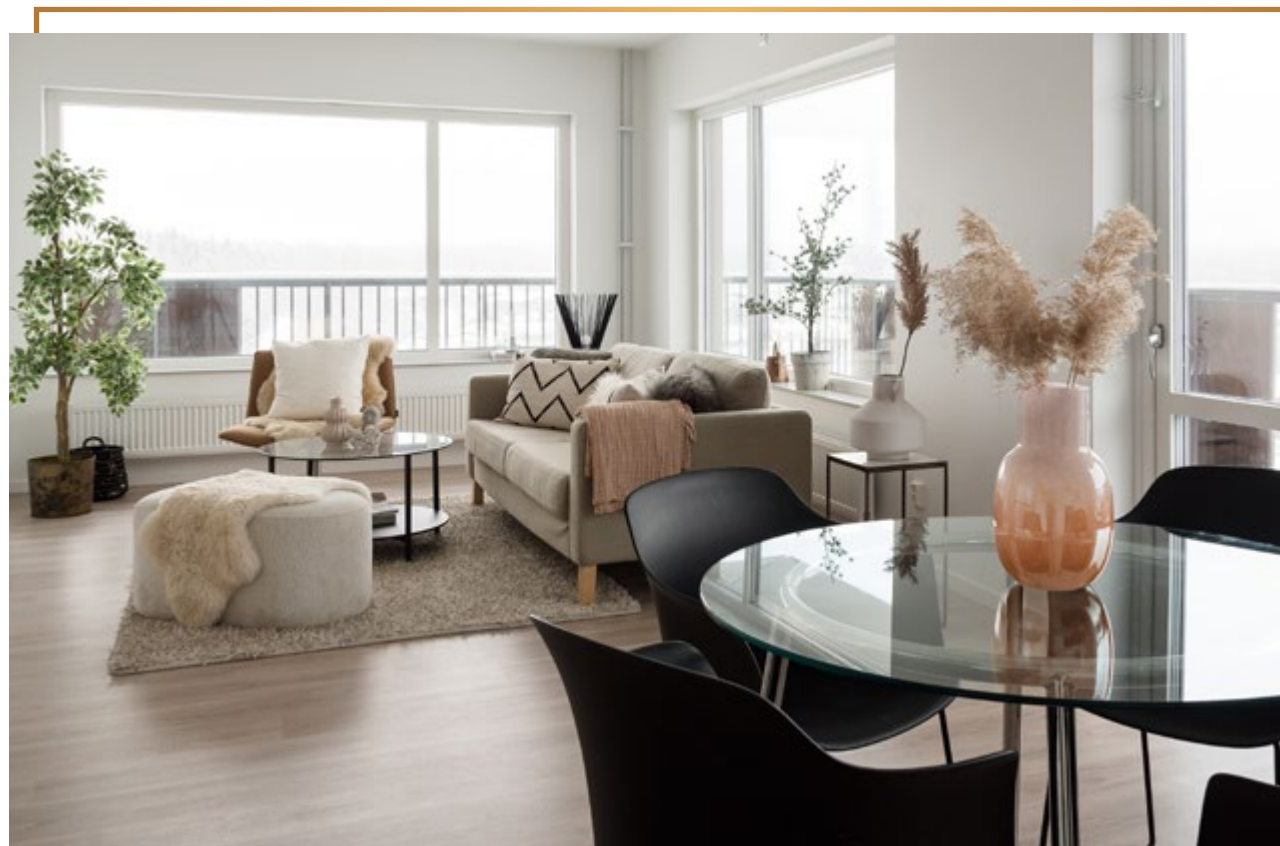


words "We are each other's working environment." K-Fastigheter works to create a working environment where all employees feel safe and well. Staff that feel good do a great job and care for the Group's customers more effectively. Engagement, security and competencies in the relevant areas of expertise create the right conditions for all employees 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 2023. 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. K-Fastigheter prioritizes the health of its employees. All employees are allocated an annual well-being allowance and have the potential to join campaigns or activities, as well as other various employee initiatives at both Group and business area level. K-Fastigheter systematically carries out performance reviews and schedules development talks.

As a 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. K-Fastigheter has been awarded Career Company of the Year 2024.

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. For example, at different times in the year K-Fastigheter holds Group-wide onboarding days for recently recruited salaried staff. Two such onboarding days were held in 2023.

## 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 concept building K-Commercial has been developed alongside the subsidiary K-Prefab. The first building is being constructed in Hässleholm and will contain the Group's head office and other 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 one to three-story buildings can be constructed either as semi-detached houses or terraced houses with one or two-story apartments. In addition, they can be stacked to create two-story buildings with access balconies. Low-Rise buildings constructed prior to the Magasinet 1 project in Hässleholm, which will be completed in summer 2024, are available in four different sizes: 1-bedroom apartments, 2-bedroom apartments, 3-bedroom apartments, and 3-bedroom two-story apartments where parts of the frame is supplied by an external supplier. The apartments currently being constructed with a frame supplied internally by the Prefab business area, are available as 1-bedroom apartments of 55 square meters, 2-bedroom apartments of 68 square meters and 3-bedroom apartments of 89 square meters over two stories.

### **Structural details:**

Ground level foundation plate with prefab frame. Façade color can be individualized.



### **Low-Rise in Åhus**

*In Åhus in the municipality of Kristianstad, K-Fastigheter constructed the Tätörten neighborhood. This includes a total of 58 Low-Rise apartments distributed over 16 1-bedroom apartments, 25 2-bedroom apartments and 17 3-bedroom apartments.*

*Read more about the company's concept buildings and vacant apartments in new production and the existing holding at [www.k-fastigheter.se/en](http://www.k-fastigheter.se/en)*

### **Low-Rise in Höganäs**

*In Stubbarp in the municipality of Höganäs, K-Fastigheter has constructed Low-Rise buildings in several phases. This includes 134 Low-Rise apartments, where the first were completed in summer 2022, and the final apartments were built in October 2023. The apartments are offered as 1, 2 and 3 bedroom apartments.*



## 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 for Lateral Low-Rise buildings: one bedroom, a living room and a kitchen totaling 51 square meters and two bedrooms, a living room and a 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 Gothenburg

*In Sävenäs, near Östra Sjukhuset in Gothenburg, K-Fastigheter constructed two Lateral Low-Rise buildings. The first includes 102 apartments and was completed in fall 2021, while the second includes 192 apartments where tenants moved in during December 2023. The apartments in Phase 2 are available as 1, 2 and 3 bedroom apartments.*

### Lateral Low-Rise in Malmö

*In Limhamn, K-Fastigheter has developed the Höfånget neighborhood. The Lateral Low-Rise building comprises 97 apartments, ranging from studios to 2-bedroom apartments. In total, K-Fastigheter has 272 apartments under management in Malmö.*



## 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 Block has 4 apartments on each story: two 1-bedroom apartments over 62 square meters and two 2-bedroom apartments over 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 because 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 garbage 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 Helsingborg

*In Helsingborg, K-Fastigheter constructed the Nyponrosen neighborhood. This includes a total of two Apartment Blocks plus commercial premises. The commercial premises are located on the ground floor, with apartments from the first story upwards. In total, Nyponrosen consists of 64 1-bedroom and 2-bedroom apartments and five commercial premises.*

### Apartment Block Plus in Hässleholm

*In Hässleholm, K-Fastigheter constructed 43 apartments in the Oden neighborhood. The building offers studios, 1-bedroom, 2-bedroom and 4-bedroom apartments. Adjacent to the Oden neighborhood, the completed project Limkokaren 16 comprises Low-Rise buildings, as well as Limkokaren 17 which is a Lateral Low-Rise building that will be completed in summer 2024. The neighborhood provides an example of the potential for varying one or several adjacent building rights by making use of the company's various concept buildings.*



### 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.

## 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-story 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 very high as the repetition of concrete elements is unique in the sector.

### Structural details:

Ground level foundation plate with adjacent two-story garage. Sandwich element in the façade, homogeneous joists and interior walls, all in concrete. The roof is constructed as an insulated, low-pitched roof with roofing felt. 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

*From the current report onwards, accounting of property-related key performance indicators has changed to reflect the inclusion of 100 percent of the property holding in property-related key performance indicators for part-owned companies consolidated in K-Fastigheter Group's financial statements, and the inclusion of the percentage ownership stake in property-related key performance indicators for part-owned companies not consolidated in K-Fastigheter Group's financial statements. As of 31 December 2023, only part-owned company K-Fast Kilen AB was included, which is 51 percent owned by K-Fastigheter and 49 percent by Kilenkryssset AB. Only the comparative figures for no. of construction starts, apartments, no. of apartments under construction and no. of apartments in project development were affected by the above changes.*

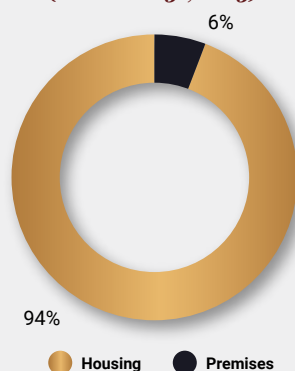
On 31 December 2023, the Group's property portfolio comprised 121 wholly-owned and 2 part-owned completed investment properties<sup>1</sup>, distributed over a total of 318,664 square meters of residential and 44,142 square meters of commercial space. Furthermore, the Group had 17 ongoing construction projects, distributed over 99,450 square meters of residential space and 975 square meters of commercial space, as well as the construction of Hässleholm Rusthållaren 3 & 4. Rusthållaren encompasses 8,000 square meters of lettable area, much of which will be home to the Group's new head office. Furthermore, K-Fastigheter has 24 projects in progress in the project development phase, at various stages of building permit application or project planning, of which 15 are projects for which K-Fastigheter has yet to take possession of the land.

Of the property holding, 66 percent was built after 2020 and a total of 88 percent after 2010. Newsec assesses that all the properties are in category A or B locations in the communities where the Group operates. As of 31 December 2023, contractual rent amounted to SEK 607.7 million, with an estimated operating surplus of SEK 431.3 million, corresponding to a surplus ratio of some 71 percent. The corresponding potential surplus ratio is approximately 74 percent for newly produced concept buildings and approximately 64 percent for other properties in the portfolio. Of the contractual rent, 92 percent pertains to housing or related rentals (such as parking) divided between the 4,876 apartments under management at the end of the year. Contractual rent from commercial tenants is distributed over some 165 commercial contracts, with the largest

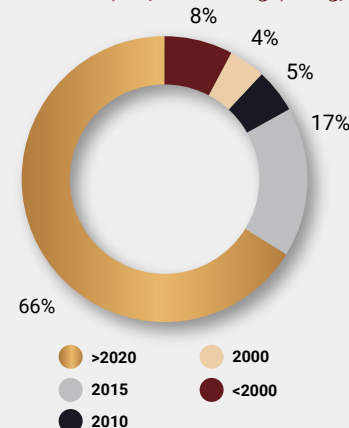
tenant accounting for approximately 1 percent of total contractual rental income and the 10 largest commercial tenants accounting for approximately 4 percent of total contractual rental income.

As of 31 December, the part-owned holding exclusively comprised K-Fastigheter's partnership with Kilenkryssset AB, which is a collaboration relating to the construction and management of K-Fastigheter's concept buildings in Nyköping, Strängnäs and Örebro. As of 31 December 2023, the completed holding comprised a total of 63 apartments with a market value of SEK 174.2 million, and a rental value of SEK 9.0 million. Furthermore, an additional 681 apartments were in construction and project development at the end of the period. K-Fastigheter holds 51 percent of part-owned

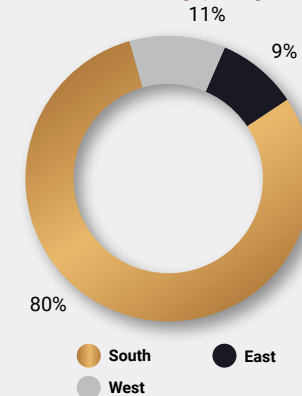
**Property value by category, % (December 31, 2023)**



**Property value per year of construction, % (December 31, 2023)**



**Property value by geography, % (December 31, 2023)**



Year-end property value was SEK 12,514.0 million.

<sup>1</sup> Investment properties are properties held for the purpose of generating rental income, value growth, or a combination of both.

company K-Fast Kilen AB, implying that the joint venture was consolidated in K-Fastigheter's financial statements.

At the end of the year, the book value of completed investment properties totaled SEK 12,514.0 million (9,775.3), with an average direct return requirement of 4.37 percent (4.03). The book value of new construction projects in progress amounted to SEK 1,760.8 million (2,606.1), and undeveloped land and building rights amounted to SEK 578.1 million (695.1). On completion, the estimated market value of new construction projects in progress amounted to SEK 4,611.1 million (6,251.4), and to just over SEK 11,610 million (11,600) for properties currently in project development. The average direct return requirement for construction in progress amounted to 4.33 percent (4.01) at the end of the year.

K-Fastigheter's management operations are divided into three regions: South, West and East. 80 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 2023, 91 percent of the market value and 91 percent of the contractual rent related to investment properties in Sweden and 9 percent of the market value and 9 percent of the contractual rents related to investment properties in Denmark.



*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 pages 24-27 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.*

# PROPERTY PORTFOLIO AS OF 31 DECEMBER 2023

## Investment properties

Per building category	Lettable area, m <sup>2</sup>				Property value		Rental value		Occupancy rate	Contractual rent	Property costs		Operating surplus	
	Apartments	Housing	Premises	Total	SEK m	SEK/m <sup>2</sup>	SEK m	SEK/m <sup>2</sup>	%	SEK m	SEK m	SEK/m <sup>2</sup>	SEK m	SEK/m <sup>2</sup>
Concept buildings	3,514	224,298	3,436	227,734	9,120.2	40,048	452.7	1,988	90.6%	410.4	74.1	325	336.3	1,477
Other	1,362	94,366	40,706	135,072	3,393.7	25,125	208.2	1,542	94.7%	197.3	53.3	395	144.0	1,066
<b>Total, excluding development properties</b>	<b>4,876</b>	<b>318,664</b>	<b>44,142</b>	<b>362,806</b>	<b>12,514.0</b>	<b>34,492</b>	<b>661.0</b>	<b>1,822</b>	<b>91.9%</b>	<b>607.7</b>	<b>127.4</b>	<b>351</b>	<b>480.3</b>	<b>1,324</b>
of which part-owned companies (K-Fastigheter >50%)*	63	4,269	0	4,269	174.2	40,807	9.0	2,114	91.5%	8.3	1.5	356	6.7	1,578

Per geographical region														
South	4,017	263,927	32,977	296,904	10,025.9	33,768	534.3	1,800	91.6%	489.6	105.7	356	383.8	1,293
West	448	27,099	10,011	37,110	1,377.6	37,122	70.6	1,904	93.3%	65.9	12.0	324	53.9	1,452
East	411	27,638	1,154	28,792	1,110.5	38,568	56.0	1,945	93.2%	52.2	9.6	333	42.6	1,480
<b>Total</b>	<b>4,876</b>	<b>318,664</b>	<b>44,142</b>	<b>362,806</b>	<b>12,514.0</b>	<b>34,492</b>	<b>661.0</b>	<b>1,822</b>	<b>91.9%</b>	<b>607.7</b>	<b>127.4</b>	<b>351</b>	<b>480.3</b>	<b>1,324</b>

Property administration	49.0	135
<b>Operating surplus incl. property administration</b>	<b>431.3</b>	<b>1,189</b>

## Construction projects in progress

Per geographical region	Lettable area, m <sup>2</sup>				Property value		Rental value		Investment (including land), SEK m**		
	Apartments	Housing	Premises	Total	SEK m	SEK/m <sup>2</sup>	SEK m	SEK/m <sup>2</sup>	Estimated	Accrued	Carrying amount
South	422	28,331	686	29,017	1,327.5	45,749	68.1	2,347	1,135.8	697.5	772.0
West	228	14,150	289	14,439	685.0	47,441	35.7	2,475	521.6	245.8	317.7
East	899	56,969	0	56,969	2,598.6	45,615	132.6	2,328	1,960.6	747.6	1,022.3
<b>Total</b>	<b>1,549</b>	<b>99,450</b>	<b>975</b>	<b>100,425</b>	<b>4,611.1</b>	<b>45,916</b>	<b>236.4</b>	<b>2,354</b>	<b>3,617.9</b>	<b>1,690.9</b>	<b>2,112.1</b>
of which part-owned companies (K-Fastigheter >50%)*	373	23,476	0	23,476	1,054.8	44,931	54.4	2,319	786.1	270.3	387.1

## Project development in progress

Per geographical region	Lettable area, m <sup>2</sup>				Property value		Rental value		Investment (including land), SEK m**		
	Apartments	Housing	Premises	Total	SEK m	SEK/m <sup>2</sup>	SEK m	SEK/m <sup>2</sup>	Estimated	Accrued	Carrying amount
South	1,913	113,382	0	113,382	4,910.1	43,306	273.6	2,413	3,925.2	13.8	13.8
West	398	25,446	0	25,446	1,089.4	42,810	62.7	2,464	908.9	1.2	1.2
East	1,865	115,108	800	115,908	5,611.3	48,411	299.5	2,584	4,435.3	178.8	191.7
<b>Total</b>	<b>4,176</b>	<b>253,936</b>	<b>800</b>	<b>254,736</b>	<b>11,610.7</b>	<b>45,579</b>	<b>635.8</b>	<b>2,496</b>	<b>9,269.4</b>	<b>193.8</b>	<b>206.6</b>
of which part-owned companies (K-Fastigheter >50%)*	308	19,842	0	19,842	902.9	45,507	49.4	2,488	1,051.0	0.0	0.0

## Summary

	Lettable area, m <sup>2</sup>				Property value		Rental value		Carrying amount
	Apartments	Housing	Premises	Total	SEK m	SEK/m <sup>2</sup>	SEK m	SEK/m <sup>2</sup>	SEK m
Completed investment properties	4,876	318,664	44,142	362,806	12,514.0	34,492	661.0	1,822	12,514.0
New construction in progress	1,549	99,450	975	100,425	4,611.1	45,916	236.4	2,354	2,112.1
Project development in progress	4,176	253,936	800	254,736	11,610.7	45,579	635.8	2,496	206.6
New construction in progress, other									7.1
Undeveloped land									13.1
Site leaseholds									18.0
<b>Total</b>	<b>10,601</b>	<b>672,050</b>	<b>45,917</b>	<b>717,967</b>	<b>28,735.8</b>	<b>40,024</b>	<b>1,533.2</b>	<b>2,136</b>	<b>14,870.9</b>

\* Relates to K-Fast Kilen AB as of 31 December 2023, which is 51% owned by K-Fastigheter.

\*\* 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 accrued change of SEK 514.1 million in the value of investment properties.

## CURRENT EARNINGS ABILITY

The table to the right presents the earnings ability for K-Fastigheter's completed investment properties plus investment properties under construction as of 31 December 2023. Projects where construction has not started have not been included. Earnings ability is not a forecast for the current year or later periods 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 and properties under construction as of 31 December 2023 and their financing, meaning that current earnings ability illustrates the earnings of the management operations, on an annual basis, at that point in time. 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 and estimated 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.

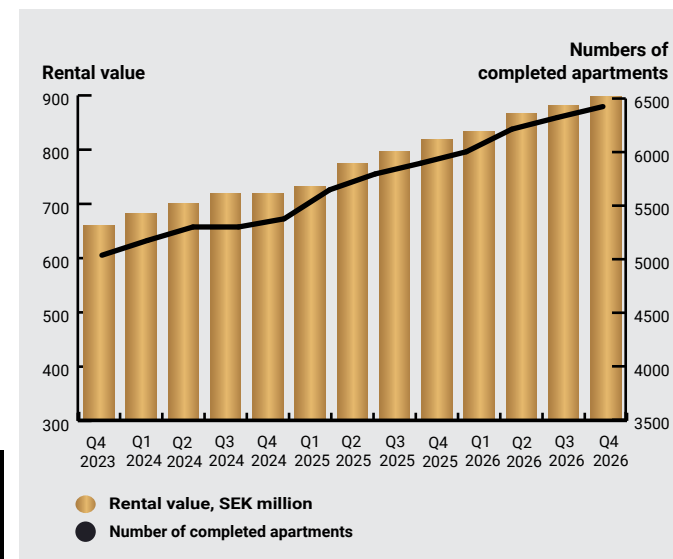
SEK m	2018 31 Dec	2019 31 Dec	2020 31 Dec	2021 31 Dec	2022 31 Dec	2023 31 Dec	New construction in progress	Total
Rental value	133.4	196.6	265.1	328.0	488.6	661.0	236.4	897.4
Vacancy	-0.9	-6.1	-23.4	-9.8	-13.0	-53.3	-4.7	-58.0
Rental income	132.5	190.5	241.7	318.2	475.6	607.7	231.7	839.4
Operating costs	-19.4	-27.0	-35.6	-42.7	-69.6	-103.1	-29.9	-133.0
Maintenance	-5.6	-7.3	-9.0	-11.0	-15.5	-20.0	-4.7	-24.7
Property tax/ground rent	-1.6	-2.6	-3.0	-3.5	-4.3	-4.3	0.0	-4.3
Property administration	-12.8	-15.0	-19.2	-22.7	-25.2	-49.0	-13.6	-62.6
Operating surplus	93.0	138.6	174.9	238.2	361.0	431.3	183.6	614.8
Central administration	-4.3	-9.6	-11.2	-10.2	-12.3	-10.9		-10.9
Net interest income	-29.0	-46.9	-51.4	-73.0	-160.9	-286.4	-144.3	-430.7
Profit from property management	59.7	82.1	112.3	155.0	187.8	134.0	39.2	173.3
Minority share of profit from property management *	0.0	0.0	0.0	0.0	0.0	-0.1	3.6	3.4

### Expected rental trend and number of apartments

The diagram to the right illustrates the number of apartments and current rental values for completed investment properties as of 31 December 2023 plus expected rental values of ongoing construction projects relating to investment properties as of 31 December 2023 at a pace with these properties being completed.

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.

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



\* Relates to K-Fast Kilen AB as of 31 December 2023, which is 51% owned by K-Fastigheter.

# 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.

## Finance policy

K-Fastigheter's finance policy stipulates how financial activities are to be conducted and how operations are regulated and monitored

Financial targets	Financial targets	Financial covenants	Actual 31 Dec 2023
Debt-to-equity, %	max. 70%		60.2%
Equity/assets ratio, %	min. 25%	min. 25%	30.3%
Interest coverage ratio, multiple*	min. multiple of 1.75	min. multiple of 1.50	multiple of 1.7

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

## Credit and interest maturity structure, 31 December 2023 (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	1,197.5	4.18%	2,569.1	2,569.1	300.0	0.33%	6.7
1-2 year	500.0	2.13%	2,861.0	2,861.0	500.0	0.64%	7.6
2-3 year	2,000.0	2.80%	1,020.7	1,020.7	2,000.0	1.31%	78.2
3-4 year	2,000.0	3.15%	340.8	340.8	2,000.0	1.65%	47.1
4-5 year	500.0	2.38%	0.0	0.0	500.0	0.89%	56.4
> 5 years	1,071.7	4.32%	477.6	477.6	1,071.7	2.83%	-38.8
<b>Total</b>	<b>7,269.1</b>	<b>3.22%</b>	<b>7,269.1</b>	<b>7,269.1</b>	<b>6,371.7</b>		<b>157.3</b>
Of which part-owned companies*	0.0		0.0	0.0			

\* Relates to K-Fast Kilen AB as of 31 December 2023, which is 51% owned by K-Fastigheter. At the end of 2023, construction credits for completed jointly-owned properties had not yet been rearranged. Approximately SEK 111.3 million of existing construction credits related to completed jointly-owned investment properties.

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. All covenants were met in the year.

## 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 10,117.8 million (8,461.4), of which SEK 3,462.8 million (2,049.9) were classified as current interest-bearing liabilities at year end. Interest-bearing liabilities are distributed between first mortgages for completed investment and business properties of SEK 6,747.9 million (5,743.2), building credits of SEK 2,077.9 million (1,591.2), leasing liabilities of SEK 92.1 million (93.1), operating and acquisition credits of SEK 949.9 million (783.8) 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 60.2 percent (55.4) and the loan-to-value ratio for completed investment properties totaled 62.5 percent (58.2). The increase in the debt-to-equity ratio and loan-to-value ratio was primarily due to lower valuations of completed investment properties.

At the end of the year, the Group had contracted credit agreements of SEK 10,781.7 million (9,671.6), of which SEK 6,747.9 million (5,743.2) related to the financing of completed investment and business properties, of which SEK 2,319.1 million (1,706.9) 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 2,937.6 million (2,867.1) and operating and acquisition credits of

SEK 1,096.3 million (1,061.3), of which SEK 202.5 million (292.5) and SEK 68.8 million (93.8) relates to acquisition financing of K-Prefab and Mjölback's Entreprenad AB respectively. At the end of the year, building credits and operating and acquisition credits had been utilized at an amount of SEK 2,077.9 million (1,591.2) and SEK 949.9 million (783.8) respectively.

As per 31 December 2023, the average credit term for the Group's interest-bearing liabilities, relating to acquisition financing and completed investment properties and operational premises was 2.8 years (2.4).

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 6,371.7 million (4,407.7) at the end of the year. The fair value of the interest derivative portfolio at the end of the year was SEK 157.3 million (404.9). The average interest period for the Group's interest-bearing liabilities related to acquisition financing, investment and business properties was 3.5 years (3.4), and the average interest rate was 3.22 percent (2.72), including the effects of interest rate derivatives, and 5.47 percent (3.85) 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 9 percent (27), and the interest rate sensitivity in the event of a 1 percentage point shift in loan rates amounted to SEK 6.5 million (17.2).

Interest on building credits is capitalized as a construction expense. During the year, interest expenses on building credits of SEK 178.5 million (49.2) were capitalized. The average interest expense in relation to contracted building credits amounted to 5.95 percent (3.92) 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 2023 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. As well as signing new swap agreements, we expanded the swap portfolio by SEK 1,964.0 million, reduced the proportion of variable interest from 27 percent to 9 percent, and reduced interest sensitivity from SEK 17.2 million to SEK 6.5 million while the debt portfolio for completed investment properties and acquisition credits increased by 17 percent in 2023. 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.

## 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 was based exclusively on external valuations in 2023, 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 2023, 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). Short-term cost inflation was reduced from 6.0 percent in the year to 2.0 percent for 2024. The corresponding rent inflation has been adjusted from 3.5 percent to 4.0 percent for 2025, 2.5 percent for 2026 and 2.0 percent for 2027.

### **Rent payments**

Future rent levels are based on current levels and potential rent increases associated with investments and inflation. For 2024, we assume general rental growth of between 3.5 to 5.45 percent for housing including, and excluding, heating and water, based on actual rent levels for the holding not subject to collective rent negotiations, and on outcomes or anticipated outcomes between parties in the holding subject to collective rent negotiations. Adjustments occur in connection with actual rental increases being set in the first quarter 2024. 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 operation, repairs and maintenance, 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 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 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 3.85 percent (3.45) to 7.30 percent (7.04), with a total weighted average of 4.37 percent (4.03) and, for properties under construction valued in advance, from 4.05 percent (3.51) to 4.73 percent (4.57), with a weighted average of 4.33 percent (4.01). 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 6.45 percent (6.25) and, for project properties under construction valued in advance, 6.40 percent (6.20).

## 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	2023 31 Dec	2022 31 Dec
Calculation period, number of years	10-15	10-15
Annual inflation, %	2.00%	2.00%
Cost inflation coming year, %	2.00%	4.00%
Long-term rent trend, % annually	2.00%	2.00%
Rent inflation coming year, %	4.00%	3.50%
Cost of capital, %	6.44%	6.23%
Direct return requirements, residual value, %		
Housing, %	4.26%	3.90%
Commercial premises, %	5.49%	5.45%
Long-term vacancy ratio, %		
Housing, %	0.26%	0.26%
Commercial premises, %	5.73%	5.78%
Rental value, SEK/m <sup>2</sup>	1,872	1,749
Operating and maintenance costs, year 1, SEK/m <sup>2</sup>	331	289

## Average direct return requirement for calculating residual value

Geographical region	Housing		Commercial	
	Completed	New construction	Completed	New construction
South	3.35-5.05%	4.00-4.70%	5.25-7.30%	5.28-5.50%
West	3.80-4.65%	4.20-4.50%	5.50-7.15%	5.50-6.20%
East	4.05-4.75%	4.05-4.25%	5.00-5.50%	5.00-6.00%
Denmark	4.75%	4.54%	-	-

Category	Completed	New construction
Housing	3.35-5.05%	4.00-4.70%
Offices	5.35-7.15%	-
Stores	5.22-7.30%	-
Restaurants	5.45-6.65%	-
Warehouses/ industrial	5.35-7.10%	-
Other	5.00-6.82%	5.30-6.20%

# MARKET OVERVIEW

*2023 was a challenging year in the property sector. Rising interest rates and an increased required rate of return led to higher costs.*

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



## Macroeconomic developments 2023

In 2023, the global economy faced a series of challenges and changes. Globally, this was a period of turbulence and uncertainty, driven by geopolitical tensions and economic upheaval.

Like in the rest of the world, the Swedish economy faced challenges such as inflation and its associated effects. Despite earlier concerns regarding inflation, which reached 10.2 percent in December 2022, 2023 turned out more positive than expected with a gradual reduction in inflation to 2.3 percent in December. The Swedish Riksbank's decision in November to keep base rates unchanged at 4.0 percent, indicated a degree of stabilization although speculation regarding the precise timing of future interest rate cuts characterized discussions.

Unemployment rose to 6.7 percent in December, and the number of bankruptcies reached its highest level since 1999, generating challenges on the domestic market. At the same time, credit market tightening led to more restrictive financing requirements. This affected companies and private individuals, particularly in the property sector.

Nevertheless, cautious optimism about the future prevails, with expectations of GDP growth of 0.6 percent in 2024, in contrast to the negative growth of -0.5 percent expected for 2023. This optimism reflects the adaptations being made to the prevailing economic conditions and the hope of more stable future economic conditions.

Denmark returned relatively low inflation of 0.7 percent in December, with a relatively low base rate of 3.6 percent since September 2023. Unemployment increased to 86,000, or 2.9 percent, in 2023 – a smaller increase than anticipated, although the

forecast for 2024 indicates rising unemployment which highlights the continued uncertainty.

## Changing financial climate

Interest rate hikes had a significant impact on the cost of borrowing in the year, which affected both private individuals and businesses. For existing variable-interest loans due for refinancing after reaching maturity, this resulted in a noticeable increase in funding costs. The situation was worsened by bond market actors demanding higher returns to offset the increased risk, which resulted in higher costs of issuing new debt. This development led to a bond market slowdown in the first few months of the year. In the second half of the year, the market started to come back to life and several new bond issues had been completed by year end. Whether these developments will lead to a more active transaction market looking ahead remains to be seen, although some glimmers of light are emerging in the form of speculation about possible interest rate cuts in 2024.

Over the past year, refinancing was particularly challenging for operators with reduced creditworthiness. This placed significant pressure on property transactions and resulted in financial challenges that negatively affected property values. Investors' required rate of return also rose, as investors sought higher yields to justify the increased risk. These factors generated a complex and challenging environment in the year, with a sharper focus on properties in prime locations.

## Property shares rise strongly at year end

For most of 2023, property shares remained under pressure due to the prevailing uncertainty regarding inflation and interest rate policy. When US numbers in November pointed to a downturn in inflation, a dramatic turnaround in many property shares ensued,



a trend that continued until the final day of trading in December when the property index reached its peak for the year. This positive progress was particularly palpable as several of the larger property companies saw double-digit share price increases.

This clear shift in market sentiment indicates how rapidly investor views can change when key indicators such as inflation and interest rate policy signal a more favorable environment for property investments. It also issues a reminder of the importance of macroeconomic factors for market trends and investor reactions.

## Demographics

In 2023, Swedish population growth slowed to the lowest level since 2005. In November the population totaled SEK 10.56 million, growth of only 0.3 percent year-on-year. The slower growth rate was attributable to increased emigration and lower birth numbers. The population is expected to grow to 10.9 million by 2030, mainly driven by immigration and a limited natural population growth. One ongoing demographic change relates to the growing proportion of elderly people, which is expected to have major social and economic consequences.

The proportion of people over 80, which currently comprises 5 percent, is expected to increase to 7.4 percent by 2030. At the same time the able-bodied proportion of the population is expected to grow from 50.9 percent to 52.5 percent, a trend that reflects both the aging population and adjustments to labor market policy. These trends emphasize the need to adapt community services and labor market strategies to meet future needs.

In the regions where K-Fastigheter is active, only a few fall below the national population growth trend. Regions that stand out are Strängnäs and Malmö, which returned peak population growth in the period, while Gävle and Hässleholm fell below the national average.

## Employment and the labor market

There was a significant increase in bankruptcies in Sweden in the year, which reached the highest level since the financial crisis in the 1990s. Over 8,200 limited companies entered into liquidation, a dramatic increase on the previous year. This affected several sectors, particularly the construction industry. Factors that contributed to the increase include price rises, higher interest rates,

Population growth and unemployment in K-Fastigheter's locations	Population 2023	Population trend 2006–2023, %	Unemployment* 2023, %	Population 2006
<b>Sweden</b>				
Borås	114,747	15%	6.9% (0.4%)	109,880
Eskilstuna	107,713	17%	11.1% (-0.3%)	103,684
Gävle	103,581	12%	9.2% (-0.1%)	99,788
Gothenburg	604,325	23%	7.2% (0.0%)	556,640
Helsingborg	151,403	23%	10.7% (0.5%)	140,547
Hässleholm	52,245	6.0%	9.2% (0.2%)	51,667
Höganäs	28,209	19%	5.5% (0.2%)	25,847
Höör	17,325	17%	5.4% (0.3%)	16,192
Kristianstad	86,616	13%	9.7% (0.1%)	83,191
Landskrona	47,167	18%	10.4% (0.4%)	44,611
Malmö	361,974	31%	12.7% (0.4%)	328,494
Nyköping	58,278	16%	7.6% (-0.2%)	54,924
Strängnäs	58,278	25%	6% (0.0%)	34,609
Västerås	159,663	20%	8.3% (-0.1%)	147,420
Växjö	97,600	24%	7.3% (0.2%)	89,500
Älmhult	17,997	17%	6.7% (-0.6%)	16,618
Örebro	159,437	24%	7.5% (-0.2%)	146,631
<b>Total, Sweden</b>	<b>10,557,682</b>	<b>16%</b>	<b>6.7% (0.0%)</b>	<b>9,995,153</b>
<b>Denmark</b>				
Hovedstaden region	1,913,497	17%	3.0% (0.2%)	1,636,749
Sjælland region	852,587	4.0%	2.6% (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

a weak SEK and uncertain conditions in the surrounding world. At the same time, salary levels increased in real terms in November, which offered a ray of light for wage earners. However, it remains to be seen how the economic situation will develop looking ahead,

and how bankruptcies will affect the labor market and overall economic growth.

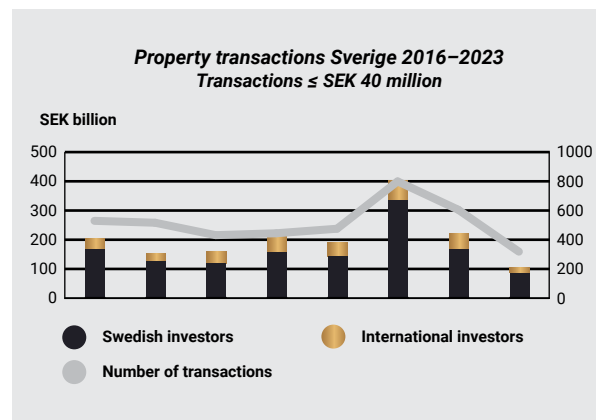
## Swedish property market in 2023

In 2023, the Swedish property market slowed compared to the growth years of 2021 and 2022. The downturn was mainly driven by inflation and interest rate uncertainty, which increased caution amongst property sector operators. Despite some increase in bond market activity towards the end of the year, considerable uncertainty remains regarding any tangible sector recovery.

However, interest in the Swedish property market from foreign investors remained strong in 2023, with a 29 percent increase in foreign investors' share of transactions, compared to 22 percent in 2022. The year was characterized by weaker transaction activity overall, with a limited number of transactions in the first half-year, followed by some improvement in the fourth quarter. A total of 328 transactions (deals over SEK 40 million) were completed in the year, a reduction of almost 50 percent compared to 2022. Total transaction volumes were SEK 104 billion. In the property segments, warehousing, logistics and industrial dominated and provided a majority of total transaction volumes at 27 percent. The housing and office sectors provided 22 percent and 17 percent of total volumes respectively. The Other sector, comprising areas such as hotels and land, generated 14 percent, while properties for public use and retail provided 12 percent and 8 percent respectively. Approximately 45 percent of total property transactions were completed in the Stockholm region. Approximately 30 percent of volumes were invested in regional towns, with the rest of Sweden providing 14 percent. Gothenburg and Malmö represented 7 percent and 4 percent respectively.

### The Swedish housing market

In 2023, the housing segment remained significant on the Swedish property market, with transaction volumes totaling approximately



SEK 22.5 billion. Despite the challenges that arose in the year, such as rising interest rates and a downturn in construction activity, housing continued to attract investors due to stable rental growth and low vacancies. However, the prevailing economic conditions and higher interest rates led to increased investor caution, resulting in higher required rates of return. New production and housing development projects encountered obstacles due to higher construction costs and more stringent financing terms, which in turn led to fewer new projects and delays to completion.

The government has taken some active steps by initiating a review of presumed rent levels with the aim of supporting new production of housing and reinvigorating the housing market. The measures include plans to adapt rent setting for new production of housing units as well as introducing reforms to private letting regulations. The aim is to address the prevailing challenges on the housing market, and the measures are expected to be introduced in the second half of 2024.

In Sweden, a significant majority of the housing stock consists of rental apartments, close to 2,000,000 housing units. Property rights/small houses and tenant-owned apartments represent 27 percent and 24 percent of the nation's total housing stock respectively, which means that the total number of housing units is approximately 5.2 million. Generally, the division between types of housing reflect similar patterns for K-Fastigheter's various geographical regions, with the exception of smaller locations such as Höganäs, Höör and Älmhult, where property rights/small houses dominate. In Malmö, the distribution between rental apartments and tenant-owned apartments is relatively even, with a smaller proportion of property rights/small houses.

### Housing type in K-Fastigheter's locations

Region	Rental apartments	Tenant-owner apartments	Property rights/single-family houses
Borås	47%	18%	35%
Eskilstuna	50%	19%	31%
Gävle	46%	23%	31%
Gothenburg	54%	30%	17%
Helsingborg	48%	27%	25%
Hässleholm	34%	11%	55%
Höganäs	29%	9%	62%
Höör	24%	7%	70%
Kristianstad	41%	12%	47%
Landskrona	49%	21%	30%
Malmö	47%	40%	14%
Nyköping	38%	27%	35%
Strängnäs	36%	18%	46%
Västerås	39%	31%	31%
Växjö	48%	18%	34%
Älmhult	36%	9%	55%
Örebro	57%	17%	26%
Total, Sweden	39%	24%	37%

## Danish property market in 2023

Following a strong recovery after the pandemic, Denmark's economic growth faced a series of challenges in 2023. The country experienced a slowdown in economic activity due to factors including high inflation, weaker external demand and more restrictive financial conditions. The Danish economy remained resilient despite the slowdown, in part supported by strong pharmaceuticals exports, particularly by Novo Nordisk.

At the end of the year, the Danish government revised the GDP growth forecast for 2023 to 1.2 percent, up on the previous forecast of 0.6 percent. Danish companies reported strong results and robust cash flows, which enabled continued investments despite increased costs due to higher interest rates. This has created a relatively stable economic climate despite the challenging conditions.

Like in the rest of Europe, the Danish transaction market slowed in the period. Total transaction volumes fell by 60 percent compared to 2022, reaching approximately DKK 27.5 billion in 2023. Of the various property segments, housing provided the largest share at 43 percent of total volumes, while industrial and office properties provided 25 percent and 21 percent respectively. Retail properties provided 6 percent of volumes, while hotels and other properties comprised 2 percent. No transactions in properties for public use were completed in the year, which was due to the less active market for this segment compared to the rest of the Nordics.

In geographical terms, Copenhagen and "other parts of Denmark" dominated total transaction volumes, with a distribution of 46 percent and 42 percent respectively. Other major cities such as Odense, Århus and Ålborg represented a smaller proportion at 12

percent of total transaction volumes. Foreign investors provided approximately 33 percent of invested volumes in the year, a relatively low proportion compared to the previous year.

## The Danish housing market

The Danish housing market underwent a period of volatility in 2023. Following a slow start to the year with falling prices, there has been a slight recovery with modest price increases since April. These developments signal increased activity, which has come as a surprise to experts and first time buyers alike.

In July, prices had decreased by 10 percent on the previous summer. However, a combination of high employment and salary growth contributed to the market moving forwards again. Nevertheless, significant regional differences remain within the country. While prices on the cheaper parts of the market were more resilient in the downturn, the more expensive areas in the capital region have already made a robust recovery.

In the year, the EU published a report indicating increased household vulnerability to interest rate hikes and falling house prices, particularly for variable interest and interest-only loans. The Danish government's new housing policy and property tax, which will be implemented in 2024, intends to achieve a more fair and transparent system. This may lead to increased property tax in metropolitan areas and lower tax in less densely populated areas, which may ameliorate the significant price differential between cities such as Copenhagen and Århus on the one hand, and smaller regional towns on the other.

Government funding of EUR 1.5 billion from 2022 to 2025 has been earmarked for increasing the supply of attractively priced

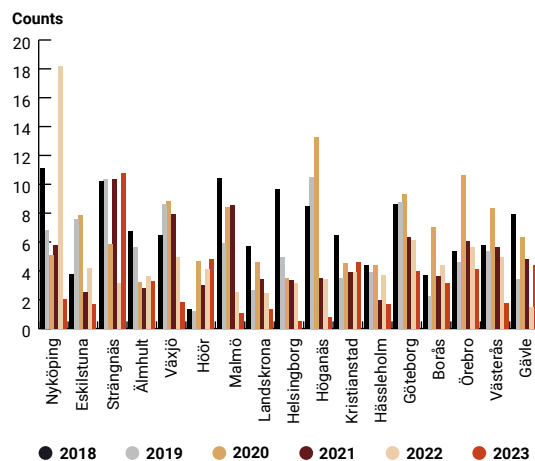
rental apartments, with a particular focus on social housing. Despite an initially modest response to the support programs, interest and applications are expected to increase.



## Focus: K-Fastigheter's locations

The declining rate of construction in Sweden points to continued and extensive housing shortages. 180 of the country's 290 municipalities report an existing housing deficit. There is an estimated need for 538,000 new housing units in the period until 2030, which translates into annual demand for approximately 67,300 units. This underscores the importance of stimulating housing production through government and municipal measures. Although construction starts for new housing have slowed, this has not yet fully fed through to the number of completed housing units on the market. Expectations for 2023 indicate a record number of completed housing units, close to 60,000, the highest figure for ten years. However, the slowing rate of construction starts risks gradually reducing volumes of completed housing units going forward, which is likely to worsen existing challenges on the housing market.

Commenced housing units per 1,000 inhabitants, 2018–2023



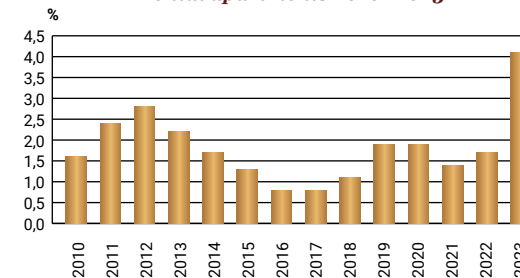
According to the National Board of Housing, Building and Planning, there is a housing deficit in all K-Fastigheter's areas with the exception of three individual municipalities.

## Rent levels

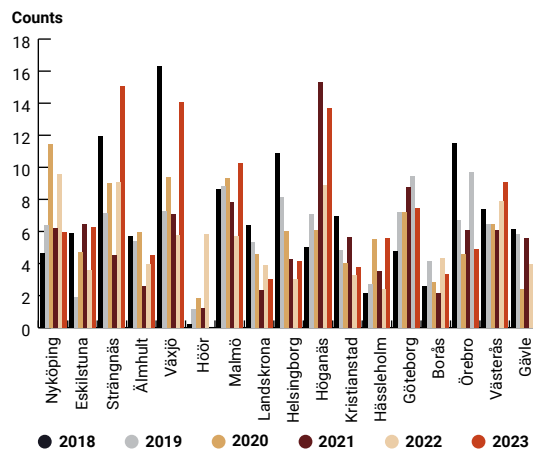
In 2023, the market for rental apartments saw significant rental growth of 4.1 percent on average, partly be ascribed to high inflation and increased costs for property owners. Amongst K-Fastigheter's locations, Landskrona stood out by registering the biggest increase, with average rent up from SEK 1,130/m<sup>2</sup>/year to SEK 1,242/m<sup>2</sup>/year – an increase of close to 10 percent. Malmö reported the highest average rent level of K-Fastigheter's regions, where an increase of 6 percent resulted in average rent of SEK 1,503/m<sup>2</sup>/year in 2023. Helsingborg and Västerås followed closely behind, with average rent of SEK 1,432/m<sup>2</sup>/year and SEK 1,366/m<sup>2</sup>/year. The trend of rising rents reflects higher costs faced by

developers and housing contractors, which has led to continued rent increases for new production in the year.

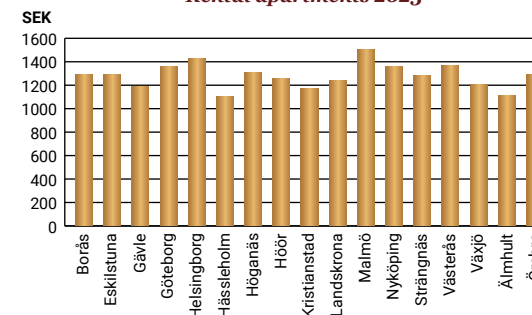
Change in rent Rental apartments 2010–2023



Completed housing units per 1,000 inhabitants, 2018–2023



Average rent Rental apartments 2023



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 2023.

Region	Unemployment 2023*	Change compared to 2022	Disposable income 2022 (average, all household)	Trend income 2022-2021
Borås	6.9%	0.4%	SEK 43,908/month	-3.2%
Eskilstuna	11.1%	-0.3%	SEK 39,183/month	-5.5%
Gävle	9.2%	-0.1%	SEK 40,725/month	-4.0%
Gothenburg	7.2%	0.0%	SEK 45,167/month	-4.6%
Helsingborg	10.7%	0.5%	SEK 45,233/month	-3.4%
Hässleholm	9.2%	0.2%	SEK 40,092/month	-3.1%
Höganäs	5.5%	0.2%	SEK 55,817/month	-0.9%
Höör	5.4%	0.3%	SEK 45,367/month	-4.7%
Kristianstad	9.7%	0.1%	SEK 42,125/month	-4.2%
Landskrona	10.4%	0.4%	SEK 42,067/month	-1.7%
Malmö	12.7%	0.4%	SEK 41,867/month	-5.2%
Nyköping	7.6%	-0.2%	SEK 42,783/month	-3.3%
Strängnäs	6.0%	0.0%	SEK 49,967/month	-3.0%
Västerås	8.3%	-0.1%	SEK 44,825/month	-4.6%
Växjö	7.3%	0.2%	SEK 45,017/month	-0.9%
Älmhult	6.7%	-0.6%	SEK 43,858/month	-7.1%
Örebro	7.5%	-0.2%	SEK 40,550/month	-4.1%
<b>Total, Sweden</b>	<b>6.7%</b>	<b>0.0%</b>	<b>SEK 46,425/month</b>	<b>-4.2%</b>
Hovedstaden region	3.0%	0.2%	SEK 56,380/month	-3.0%
Sjælland region	2.6%	0.1%	SEK 48,992/month	-3.8%

\* Dec 2023.

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 2023 with the following exception: The year of birth of Board members was not reported as this information is of no significance for assessing expertise and experience. Education, Board assignments and work experience are reported as these are of significance in assessing expertise and experience.

## 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](http://www.k-fastigheter.com).

## Corporate governance structure

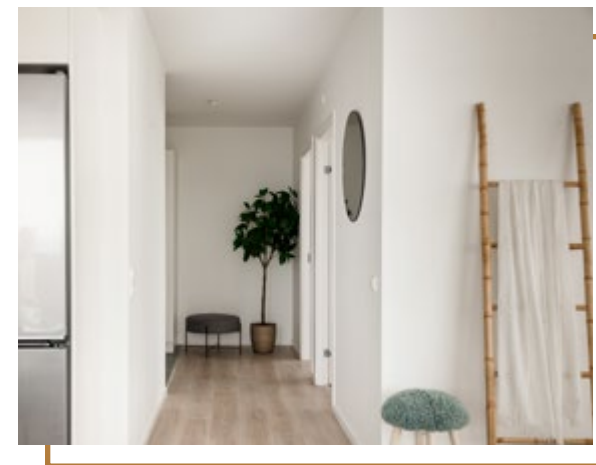
The objective of corporate governance is to ensure that the company is managed in as efficient a manner as possible for shareholders, but also to ensure that K-Fastigheter complies with applicable regulations. Corporate governance also aims to engender order and method, both for the Board and Group management.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

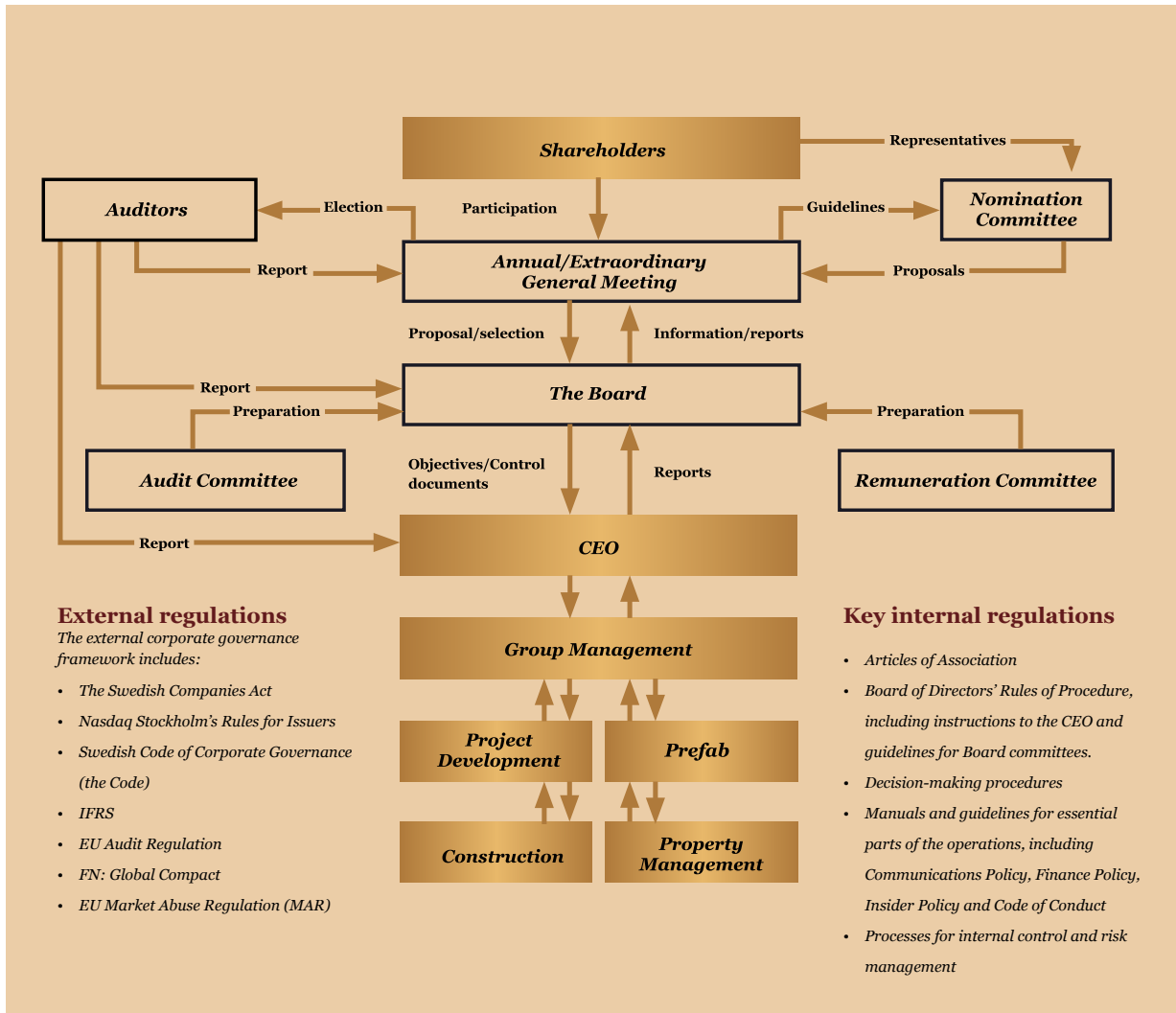
The Board and management strive for the Company to live up to the requirements imposed by public authorities, Nasdaq Stockholm, shareholders and other stakeholders. The Board also follows the ongoing debate on the subject and the recommendations issued by various operators, including the Swedish Securities 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.





## Shareholder influence

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](http://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 or, following a Board decision, via postal ballot. 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 entitle 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 2023, there were a total 239,331,168 shares in K-Fast Holding distributed between 22,500,000 Class A shares, corresponding to 112,500,000 votes, and 216,831,168 Class B shares, corresponding to 216,831,168 votes. The total number of votes on 31 December 2023 was 329,331,168. Class B shares represented 65.6 percent of the votes and 90.6 percent of the share capital.

Additional information about the share and shareholders can be found on page 158–163.

## 2023 Annual General Meeting

The AGM was held on 15 May 2023 in Hässleholm, Sweden. In addition to physical attendance, voting was also possible by postal ballot. A total of 97 shareholders, corresponding to some 91.8 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 2022 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 according to the Nomination Committee's proposal of Ernst & Young Aktiebolag as auditor until the end of the next AGM with Peter von Knorring as 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 2024, 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.

## Extraordinary General Meeting 2023

An Extraordinary General Meeting was held on 24 October 2023 in Hässleholm. In addition to physical attendance, voting was also possible by postal ballot. A total of 30 shareholders, corresponding to approximately 86.9 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 adopted resolutions regarding the following matters:

- Adopting the Board's proposal regarding a directed new issue of 5,820,000 Class B shares to Erik Selin Fastigheter AB. This was part of the directed new issue decided by the Board on 28 September 2023 relating to 24,000,000 Class B shares under the mandate for a new issue adopted at the AGM 2023.

## 2024 Annual General Meeting

The AGM of K-Fast Holding AB will be held on 14 May 2024. Information regarding the AGM will be published at [www.k-fastigheter.com](http://www.k-fastigheter.com).

Ahead of the 2024 AGM, the Board proposes that no dividend be paid for the 2023 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 2024 was appointed in accordance with these principles.

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 13 November 2023, as well as on K-Fastigheter's website, where shareholders can also read 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.

### Nomination Committee ahead of the 2024 Annual General Meeting

Name / representing	Percentage of votes, 30 September 2023
Stefan Alvarsson / Jacob Karlsson AB	37.3%
Shahram Rahi / Erik Selin Fastigheter AB	37.1%
Olof Nyström / Fourth AP-Fund	3.6%
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.

The Board shall be composed of individuals with expedient experience and competencies appropriate for K-Fast Holding AB's operations with the aim of identifying and understanding the risks that may arise in the operations and the regulatory frameworks that govern them. 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.

In addition to Jacob Karlsson AB and Erik Selin Fastigheter Aktiebolag, who at the time of determining the right to appoint members of the Nomination Committee each represented 37.3 percent and 37.1 percent of the votes respectively, there were no other shareholder representing more than 10 percent of the votes.



**Peter von Knorring**  
Auditor K-Fastigheter

*Auditor in Charge for K-Fastigheter since 2023. Authorized Public Accountant and member*

*of FAR. Included in EY's sector group Real Estate, Hospitality and Construction (RHC).*

*Examples of other major assignments: CA Fastigheter, Hyresbostäder i Norrköping, Telenor Sverige AB, Nimlas Group. Examples of former major assignments: Heimstaden, Heimstaden Bostad, Siemens Energy.*

## External auditors

In accordance with the company's Articles of Association, adopted on 19 May 2021, the AGM of the company shall appoint one or two auditors, with or without deputy auditors, or one or two registered firms of auditors. The company's auditors are appointed for the period extending until the end of the next AGM.

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 for the Group and Parent Company to the AGM.

The most recent election of auditor took place at the Annual General Meeting on 15 May 2023, when Ernst & Young AB was reelected. Peter von Knorring is the Authorized Public Accountant.

## 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 51.

## 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 2023

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, legal, 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.

### 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	12 of 13	6 of 6	0 of 1	-
Ulf Johansson, member	2019	Yes	Yes	13 of 13	6 of 6	1 of 1	200,000
Christian Karlsson, member	2019	No	No	13 of 13	-	-	200,000
Jacob Karlsson, member	2010	No	No	13 of 13	-	-	-
Sara Mindus, member	2019	Yes	Yes	12 of 13	6 of 6	1 of 1	200,000
Jesper Mårtensson, member	2018	Yes	No	13 of 13	-	-	200,000

If certain tasks are delegated to one or more Board members, or to other parties, 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 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.



## BOARD YEAR 2023

### First quarter

#### Meeting 1, 16 February 2023

- Year-end Report 2023
- Rules of Procedure for the Board
- Instruction to the CEO, Instruction to the Audit and Remuneration Committee

#### Meeting 2, 30 March 2023

- Audit Report
- Notice convening the Annual General Meeting
- Approve Annual Report and Corporate Governance Report and Sustainability Report
- Market and competition
- Evaluation of the Board's and CEO's work
- Evaluation of bonus-related considerations

### Second quarter

#### Meeting 3, 2 May 2023

- Interim Report January-March 2023

#### Meeting 4, 15 May 2023

- (statutory Board meeting)

#### Meeting 5, 19 May 2023

- Financing matters

#### Meeting 6, 25 June 2023

- Financing matters

### Third quarter

#### Meeting 7, 25 July 2023

- Interim Report January-June 2023

#### Meeting 8, 17 September 2023

- Capital-related matters

#### Meeting 9, 22 September 2023

- Financing matters

#### Meeting 10, 27 September 2023

- Capital-related matters

#### Meeting 11, 28 September 2023

- Capital-related matters

### Fourth quarter

#### Meeting 12, 9 November 2023

- Internal control, Risk management
- Policy compliance and adopting policy documents
- Interim Report January-September 2023
- Financing matters

#### Meeting 13, 20 December 2023

- Evaluation of salary review and bonus-related considerations
- Determining authorization scheme
- Evaluation of the need for a special review function
- Approve policy documents

At the AGM on 15 May 2023, 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 2023, the Board held thirteen meetings where minutes were kept. The company's CEO and/or Deputy CEO and CFO should, as a general rule, attend Board meetings in 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.

In December 2023, the Board evaluated its work. 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 46.

## 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 54. For remuneration to the CEO, see page 50.

## 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 2023–31 DECEMBER 2023

***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](https://k-fastigheter.com/en/corporate-governance/remuneration). New guidelines will be adopted at the 2024 AGM.

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 2023. 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	-
Jacob Karlsson, CEO	2,424,000	0	143,196	-
Martin Larsson, Deputy CEO	1,347,540	150,000	408,166	10%

## 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 Members<sup>1</sup>

#### Erik Selin<sup>2</sup>

SEK	2023	2022	2021	2020	2019
Basic remuneration	0	0	0	0	0
Variable remuneration	0	0	0	0	0
Other remuneration	0	0	0	0	0

#### Ulf Johansson<sup>3</sup>

SEK	2023	2022	2021	2020	2019
Basic remuneration	200,000	200,000	200,000	200,000	200,000
Variable remuneration	0	0	0	0	0
Other remuneration	0	0	0	0	0

#### Christian Karlsson<sup>4</sup>

SEK	2023	2022	2021	2020	2019
Basic remuneration	200,000	200,000	200,000	200,000	200,000
Variable remuneration	0	0	0	0	0
Other remuneration	0	0	0	0	0

#### Sara Mindus<sup>5</sup>

SEK	2023	2022	2021	2020	2019
Basic remuneration	200,000	200,000	200,000	200,000	200,000
Variable remuneration	0	0	0	0	0
Other remuneration	0	0	0	0	0

<sup>1</sup> Decisions relating to Directors' fees are made by the AGM.

<sup>2</sup> Elected Chairman at AGM 2019.

<sup>3</sup> Elected Board member at AGM 2019.

<sup>4</sup> Elected Board member at AGM 2019.

#### Jesper Mårtensson<sup>6</sup>

SEK	2023	2022	2021	2020	2019
Basic remuneration	200,000	200,000	200,000	200,000	200,000
Variable remuneration	0	0	0	0	0
Other remuneration	0	0	0	0	0

### CEO and deputy CEO

#### Jacob Karlsson<sup>7</sup>

SEK	2023	2022	2021	2020	2019
Basic remuneration	2,424,000	1,215,487	1,207,606	1,219,411	1,219,679
Variable remuneration	0	0	0	0	0
Other remuneration	143,196	142,827	191,778	170,302	137,526

#### Martin Larsson<sup>8</sup>

SEK	2023	2022	2021	2020	2019
Basic remuneration	1,347,540	1,055,042	1,097,423	928,747	910,864
Variable remuneration	150,000	190,000	0	150,000	0
Other remuneration	408,166	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	2023	2022	2021	2020	2019
Profit for the year	-398.1	907.4	1,044.4	474.5	365.3

<sup>5</sup> Elected Board member at AGM 2019.

<sup>6</sup> Elected Chairman in 2018 and re-elected Board member at AGM 2019.

<sup>7</sup> CEO and Board member.

<sup>8</sup> 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	2023	2022	2021	2020	2019
Average remuneration	472,780	455,426	422,126	498,951	421,918

### **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 81–82 of K-Fastigheter's Annual Report for 2023.



# 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 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 Group Finance Director 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](http://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 to the Board.

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 and website. 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 include:** Board member and CEO of Fastighets AB Balder, Chairman of the Board in Brinova Fastigheter AB, Norion Bank and Swedish Logistic Property AB. Board member of Hexatronic Group AB, I.A. Hedin Bil AB and Neudi&Co.

**Shareholding in K-Fastigheter, including related parties:** 11,250,000 Class A shares and 68,570,000 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 1990s, Ulf Johansson has held positions as CFO at Diligenta International, Asticus, Platzer Fastigheter, Fastighets AB Balder and Stena Fastigheter.

**Other ongoing assignments include:** 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.

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

**Other ongoing assignments include:** 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 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 include:** 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 Mindustri 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 include:** Chairman of Tommy Byggare AB and Frenbo AB. Board member of several companies in the Erik Selin Fastigheter Aktiebolag Group.

**Shareholding in K-Fastigheter, including related parties:** 250,000 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, Mjölback's Entreprenad AB, Novum Samhällsfastigheter AB, Swedish Logistic Property AB and Doxa AB.

**Shareholding in K-Fastigheter, including related parties:** 11,250,000 Class A shares and 65,352,000 Class B shares.

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

Shareholding based on information as of 20 March 2024.

# 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, Mjölby's Entreprenad AB, Novum Samhällsfastigheter AB, Swedish Logistic Property AB and Doxa AB.

**Shareholding in K-Fastigheter, including related parties:** 11,250,000 Class A shares and 65,352,000 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 include:** Owner and Board member of Martin Larsson Holding AB. Board member in Emrahus AB and Embra Group AB.

**Shareholding in K-Fastigheter, including related parties:** 446,174 Class B shares.



**Leif Astikainen**

*Born: 1967. COO of the Group since 2023. HR Manager of the Group since 2021. Prior to that, Deputy CEO and Head of HR 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 include:** -

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



**Åsa Fredin**

*Born 1985. Project Development, Business Area Manager since 2016.*

**Education:** Upper secondary school.

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

**Other ongoing assignments include:** 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:** 353,574 Class B shares.



**Martin Johansson**

*Born 1974. Property Management, Business Area Manager 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 include:** -

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



**Eric Johansson**

*Born 1989. Construction Business Area Manager 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.

**Shareholding in K-Fastigheter, including related parties:** 240,000 Class B shares.



**Stefan Paulsson**

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

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

**Additional experience:** Employed in what is now K-Prefab AB since 2006. Has held positions such as Structural Engineer, Head of Design Department, Regional Manager, Deputy CEO and COO.

**Other ongoing assignments include:** -

**Shareholding in K-Fastigheter, including related parties:** 40,000 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 include:** -

**Shareholding in K-Fastigheter, including related parties:** -

Shareholding based on information as of 20 March 2024.

## GROUP MANAGEMENT



**Camilla  
Wiksten**

*Born: 1975. Legal Counsel since 2021.*

**Education:** Master of Laws from Lund University.

**Additional experience:** Legal Counsel at RWE Renewables, Ingka Group and IKEA Centres. Attorney at Kilpatrick Townsend. Clerk at the District Court of Stockholm.

**Other ongoing assignments include:-**

**Shareholding in K-Fastigheter, including related parties:** 24,062 Class B shares.



**Johan  
Hammarqvist**

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

**Education:** Ecological Economics at Mälardalen University.

**Additional experience:** Head of Communications at Eolus Vind AB (publ). Prior to that, political editor at Norra Skåne.

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

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



**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 include: -**

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



**Henrik  
Gustafsson**

*Born: 1970. Head of Procurement since 2023.*

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

**Additional experience:** Head of Procurement since 2017 in the subsidiary K-Prefab AB. Prior to that, a range of positions at AB Sydsten, including Head of Business Area and Deputy CEO.

**Other ongoing assignments include:** Board member in a wholly-owned subsidiary of K-Fast Holding AB.

**Shareholding in K-Fastigheter, including related parties:** 56,200 Class B shares.



**Mathias  
Holm**

*Born: Born: 1975. Head of Group IT since 2023.*

**Education:** Courses in business administration focused on the service sector, environmental accounting and leadership at Dalarna University and courses in business administration and economics focusing on the Baltics at Gotland University.

**Additional experience:** Head of IT at Huddinge Samhällsfastigheter, Head of IT at Grafair Flight Management AB, Systems Manager at Fastighetsnåra IT for Järfällahus.

**Other ongoing assignments include: -**

**Shareholding in K-Fastigheter, including related parties:** 4,000 Class B shares.

Shareholding based on information as of 20 March 2024.

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# DIRECTORS' REPORT

***The Board of Directors and CEO of K-Fast Holding AB (publ), 556827-0390, with its registered office in the Municipality of Hässleholm, Sweden, hereby submit the Annual Report and consolidated accounts for the financial year 2023. 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 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 2023, constituted 88 percent of the area under property management and 92 percent of the contractual rent. During the financial year, K-Fastigheter commenced construction

of 450 apartments and completed 1,176. During the year, the Group divested 7 apartments. At the end of the financial year, the Group had 4,876 apartments under management. Furthermore, the Group was active in 17 construction projects encompassing 1,549 apartments. The current construction and project portfolio encompasses some 5,700 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 eight production sites from Östra Grevie in the south to Strängnäs in the north and local assembly teams, K-Prefab is able to deliver to all the Group's construction projects. Furthermore, sustainability has been a strategic priority 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 1,000 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:

- Over time, the equity/assets ratio is not to be less than 25 percent.
- Over time, the interest coverage ratio is not to be less than a multiple of 1.75.
- Over time, the loan-to-assets ratio is not to exceed 70 percent.

## Sustainability goals

For reporting of K-Fastigheter's sustainability goals, see pages 121-138.

## Parent Company and organization

The Group's Parent Company is K-Fast Holding AB. At the end of the financial year, the Group comprised 95 wholly-owned subsidiaries and 11 associated company groups. The number of employees amounted to 550 (732), of whom 65 were women (69) and 485 were men (663).

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, Procurement, IT, IR/Communications and Market, Legal and HR. The Group's heads of Business Development, Accounting, Finance, Procurement, IR/Communications and 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, Växjö and Landskrona, as well as production facilities in Hässleholm, Östra Grevie, Bollebygd, Vara, Hultsfred, 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 was SEK 1,094.8 million (1,406.0).

#### Five year summary

SEK m	2023	2022	2021	2020	2019	2018	2017	2016
<b>Group</b>								
Net sales	1,094.8	1,406.0	1,252.7	215.1	187.3	124.8	130.9	135.0
Profit for the year	-398.1	907.4	1,044.4	474.5	365.3	244.8	372.6	175.6
Total assets	16,807.2	15,272.0	11,482.7	7,659.6	5,373.7	3,347.1	2,213.6	1,383.9
Equity/assets ratio, %	30.3%	33.9%	36.9%	41.9%	41.7%	29.3%	34.4%	28.6%
Number of employees	550	732	691	76	68	53	34	26
<b>Parent Company</b>								
Profit for the year	29.0	304.2	93.5	-9.0	107.6	10.2	38.1	2.5
Total assets	3,932.4	3,426.9	3,429.7	3,025.0	2,490.7	992.8	301.3	177.7
Equity/assets ratio, %	58.2%	56.5%	47.6%	50.9%	42.2%	5.1%	16.0%	8.0%
Number of employees	73	42	26	17	13	6	3	1

Rental income amounted to SEK 480.2 million (384.2) for the year, an increase of 25 percent compared to 2022. The increase was primarily due to more apartments under management, which increased by 31 percent to 4,876 (3,708). The financial letting ratio gradually declined in the year due to the high rate of completion, reaching 91.9 percent (97.3) at the end of the year. The letting ratio is generally slightly lower initially in projects that have been completed and where tenants 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, which means that we expect the letting ratio to improve gradually in 2024 as a result of a lower rate of completion compared to 2023.

Income from project and construction operations for the year amounted to SEK 2,022.0 million (2,038.8), of which SEK 1,419.0 million (1,037.6) related to construction for Group companies that has been capitalized for the Group's own purposes. The increase was due to continued high activity in the construction of apartments for proprietary management.

At year-end 1,549 apartments (2,171) were under construction. External income for project and contracting operations amounted to SEK 603.0 million (1,001.2) during the year, of which Prefab's income was SEK 594.2 million (993.5). In Prefab, total income for the year amounted to SEK 982.3 million (1,251.0), of which SEK 381.9 million (249.6) related to intra-Group sales. Prefab's income decreased in the year, partly as a result of increasingly challenging market conditions, and partly due to delays in a handful agreed projects. Despite this, Prefab was able to maintain and increase total income, mainly as a result of higher internal sales.

### Operating costs

Property management costs totaled SEK 179.7 million (144.7) for the full-year, corresponding to an increase of 24 percent compared to the preceding year. Costs for the year include potential electricity subsidies of SEK 3.2 million that K-Fastigheter has applied for. The increased costs compared to the previous year were primarily due to more apartments under management and because the company included central management-related costs in property administration from the end of the first half 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.

The costs for the project and construction operations comprise direct project and production related expenses, and fixed costs associated with the Building and Prefab organizations. The part of operations involving external construction and production was reported in the Income Statement. Project and contracting operations for proprietary property management activities were capitalized as work for the Group's own purposes and recognized net in the Income Statement under project and contracting costs. Total project and contracting costs were SEK 2,345.1 million

(1,975.9) for the full year, of which SEK 1,825.8 million (1,037.6) was capitalized on own account and SEK 519.3 million (938.3) recognized in the Income Statement. The increase in capitalized expenses for the Group's own purposes was mainly due to increased activity in the building operations for proprietary management apartments, and the decrease in costs recognized in the Income Statement was primarily due to lower external sales in Prefab.

Operating costs for the year include expensed lease charges attributable to low-value leases of a total SEK 13.7 million (9.4). 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 2023 amounted to SEK 395.8 million (323.1), divided into gross profit from property management of SEK 306.1 million (251.9) and gross profit from project and contracting operations of SEK 89.7 million (71.2).

Gross profit for property management was positively affected by increased rental income, and negatively affected by a lower surplus ratio. The surplus ratio for the year amounted to 63.7 percent (65.6). The decrease in the surplus ratio was mainly due to lower average occupancy of 92.6 percent (95.8) for the year, and increased property administration costs for preparing the organization ahead of future expansion, particularly in the fourth quarter of 2023 when tenants moved into some 800 apartments. Gross profit for the year was SEK 30.6 million (5.0) for the Building business area, and SEK 58.6 million (66.3) for Prefab. During the year, gross profit in the Building business area was positively impacted by a high level of activity in intra-Group projects. The Prefab business area's gross profit was positively affected by more stable costs compared to 2022, and negatively affected by reduced income and productivity

due to personnel cutbacks during the year with the aim of adapting the organization to current sales levels.

### Central administration

Central administration, which includes Group-wide management, Business Development, IR/Communications, Market, HR, Procurement, IT and Finance, totaled SEK 55.6 million for the year (54.9). The relatively stable level of central administration costs compared to the previous year was partly due to lower non-recurring costs, and to the fact that from the end of June 2022, management and project development costs have been allocated to property administration costs and project and construction costs respectively. Allocated costs, which include costs relating to management and staff functions in the Property Management business area, and all costs in the Project Development business

area, totaled SEK 31.9 million (7.8) and SEK 6.9 million (3.3) respectively in 2023, where the comparative figure represents six months 2022.

### Depreciation, amortization and impairment

Depreciation/amortization and impairment for the year amounted to SEK 80.5 million (62.6), of which depreciation/amortization and impairment attributable to Prefab's operations totaled SEK 54.3 million (55.4), of which SEK 11.4 million (11.0) from amortization of intangible assets for the year. Total depreciation/amortization for the period was SEK 61.5 million (59.3). Impairments amounted to SEK 19.0 million (3.2) and related to SEK 16.5 million in impairment of inventories in business properties for the divestment of Prefab's operations in Borensberg, obsolescence in connection with K-Fastigheter's renovation concept K-Fast 2.0 of SEK 2.1 million





(3.0), and impairment of receivables of SEK 0.4 million (0.2).

### **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 25.9 million (2.5). 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 14.8 million (3.8) in the year, and the divestment of a completed tenant-owner association in Hässleholm, which affected profit by SEK 10.9 million.

### **Net financial items and net interest income**

Net financial items amounted to SEK -218.2 million (124.8) for the year, of which net interest income comprised SEK -220.2 million (124.8). At the end of the year, the average interest rate for acquisition financing, investment and business properties was 3.22 percent (2.72), including the effects of interest rate derivatives. During the year, interest expenses on building credits of SEK 178.5 million (59.1) were capitalized. The average interest expense in relation to contracted building credits amounted to 5.95 percent (3.92) at the end of the year. Interest expenses were negatively affected by increased interest-bearing liabilities for new construction, and higher base rates, in year-on-year terms. The interest rate stabilized towards the end of the year as a result of stabilizing market rates and increased interest hedging, where the fixed rate for completed hedges was lower than the variable rate. The average credit margin for acquisition financing, investment and business properties increased to 1.49 percent (1.40) in the year.

The interest coverage ratio for the year was a multiple of 1.7 (2.2), a figure adversely affected by lower net interest income which was not fully offset by increased gross profit. With a gradually

improving occupancy rate looking ahead, interest coverage ratio is expected to increase.

### **Profit before changes in value and profit from property management**

Profit before changes in value for the full-year 2023 amounted to SEK 67.3 million (83.3), a decrease of 19 percent compared to 2022. Profit was positively affected by improved gross profit in property management, project and contracting operations and increased profit from shares in associated and jointly controlled companies, and was negatively affected by increased depreciation, amortization and impairment, and lower net interest income.

Profit from property management amounted to SEK 108.3 million (130.7) for the year, a decrease of 17 percent compared to the previous year. Profit from property management per share was SEK 0.49 (0.61, a decrease of 19 percent compared to 2022). Profit from property management was positively affected by continued growth in rental income, and negatively affected by a lower surplus ratio and reduced net interest income.

### **Changes in value**

Unrealized value changes in investment properties for the year were SEK -316.3 million (699.0), distributed over SEK -654.8 million (5.1) for properties under management and SEK 330.6 million (693.9) for construction projects in progress.

During the year, the direct return requirement in external valuations of completed properties and properties under construction increased by approximately 0.4 percentage points to 0.5 percentage points due to changed market conditions. To some extent, this was offset by average rental increases of 5.25 percent ahead of 2024, which was higher than the assumptions

used in valuations in the year. All in all, the change means that the market value for completed properties and properties under construction during the year decreased by 4.2 percent. Since the second quarter 2022, the corresponding downturn was some 0.6 percentage points, negatively affected by an increased direct return requirement of a total of approximately 0.6 to 0.7 percentage points and increased costs for operations and maintenance, offset by increased rents and expectations of future rent inflation.

The direct return requirement on valuation of completed investment properties at the end of the year was 4.37 percent (4.03), and 4.33 percent (4.01) for investment properties in ongoing construction. 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 4.36 percent (4.02) at the end of the year. Given the general increase in direct return requirement, the increase in the average annual direct return requirement for the year 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.

Of unrealized value changes for properties under management, SEK 8.3 million (89.7) related to net acquisitions in the year. Of the remaining unrealized value changes in investment properties, improved net operating income contributed SEK 91.4 million (424.8), primarily due to increased valuation assumptions, while changed valuation conditions contributed SEK -729.9 million (-509.9). Unrealized value changes relating to land and building rights decreased at a pace with utilization.

Changes in the value of derivatives amounted to SEK -262.6 million (364.1) divided over interest rate derivatives of SEK -265.2 million

(365.8) and exchange rate derivatives of SEK 2.6 million (-1.7). Progress in the year was mainly due to lower market interest rates towards the end of the year, which affected market value of the Group's interest rate derivatives negatively, and a stronger SEK, which affected the Group's exchange rate derivatives positively. 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 141.4 million (399.1) 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 +1.3 million (-11.6). Deferred tax amounted to SEK +112.3 million (-227.4), 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, which means that Danish subsidiaries are translated at 20.6 percent.

As of 31 December 2023, K-Fastigheter's accumulated tax loss carry-forwards were estimated at SEK 58.5 million (63.7), which together with a negative value of derivatives of SEK 85.3 million (2.6) and leasing of SEK 90.9 million (0.0) comprise the basis of the Group's deferred tax assets, which amounted to SEK 54.3 million (16.4). The deferred tax liability relates primarily to temporary differences between fair value and the residual tax base of the properties. On 31 December 2023, the fair value of the properties exceeded their tax base by SEK 4,460.0 million (4,621.4), comprising the primary basis for the deferred tax liability of SEK 953.2 million (1,033.5) at year end.



## **Profit, comprehensive income and other comprehensive income for the year**

Profit for the year was SEK -398.1 million (907.4), corresponding to SEK -1.96 (4.13) per share attributable to Parent Company shareholders.

Comprehensive income for the year totaled SEK -392.8 million (934.8). In other comprehensive income includes translation differences relating to K-Fastigheter's foreign operations, which totaled SEK 5.3 million (27.4) 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 (443.6) and other intangible assets, comprising the value of K-Prefab's customer relations, amounted to SEK 27.7 million (36.6). Impairment testing was carried out at year end, which showed that there was no need for impairment. For more information regarding the Group's impairment testing, see Note 15. Other Intangible assets are amortized over five years.

### **Investment 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 2023, the Group's property portfolio comprised 121 wholly-owned and 2 part-owned completed investment properties, distributed over a total of 318,664 square meters

of residential and 44,142 square meters of commercial space. In addition, the Group had 17 ongoing construction projects, distributed over 99,450 square meters of residential and 975 square meters of commercial space. Furthermore, K-Fastigheter has 24 projects in progress in the project development phase, at various stages of building permit application or project planning, of which 15 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 14,870.9 million (13,094.6), distributed over completed investment properties of SEK 12,514.0 million (9,775.3), undeveloped land and building rights of SEK 578.1 million (695.1), site leases of SEK 18.0 million (18.0) and construction in progress of SEK 1,760.8 million (2,606.1).

During the full-year, SEK 2,151.9 million (1,886.2) was invested in new construction, extensions and remodeling. In total, thirteen projects were completed, as well as six out of thirteen stages in the construction of Höganäs Stubbarp 39:5, Västerås Östra Vildrosen 1, Höör Fogdaröd 8:32, Strängnäs Storspoven 1 and Nyköping Opppeby Gård 1:9, having been reclassified from construction projects in progress to completed investment properties, corresponding to a value of SEK 3,103.1 million (2,005.0). In addition, construction has started on five building projects.

During 2023, acquisitions totaled SEK 210.9 million (830.3). These exclusively comprise acquisitions of undeveloped land and land for development. Sales of properties totaled SEK 136.0 million (9.5) in the year.

In addition, the total value of investment properties was negatively impacted by unrealized changes in value of SEK -324.2 million

(699.0), distributed over SEK -654.8 million (5.1) for properties under management and SEK 330.6 million (693.9) for construction projects in progress.

### **Business properties**

At the end of the year, the value of the Business properties amounted to SEK 537.1 million (447.6). Business properties mainly comprise K-Prefab's production premises. The value increase for business properties was primarily due to reclassification of Hässleholm Rusthällaren 3 & 4, relating to the construction of new head offices for the Group. During the year, an additional SEK 26.4 million was invested in upgrading facilities and increasing production capacity in K-Prefab.

### **Equipment**

Equipment, totaling SEK 181.4 million (193.6) as of 31 December 2023, 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 5.6 million (36.0) in inventories during the year.

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

Profit from holdings in associated and jointly controlled companies increased in 2023, from SEK 223.2 million to SEK 260.7 million. Net acquisitions in the year totaled SEK 3.3 million (5.8), and total profit from shares in associated companies was SEK 25.9 million (2.5).

Non-current receivables of SEK 33.3 million (22.6) primarily comprised unsettled intra-Group transactions with the previous owner of K-Prefab.

### Deferred tax asset

Deferred tax receivables amounted to SEK 54.3 million (16.4) as of 31 December 2023 and mainly derived from loss carry-forwards, which are expected to be utilized in coming years, and negative value of interest rate derivatives and leasing.

### Inventories

Inventories amounted to SEK 30.7 million (60.2) as of 31 December 2023, primarily comprising K-Prefab's raw materials and finished goods.

### Operating receivables

The Group's operating receivables consist primarily of other receivables of SEK 122.8 million (168.8), mainly comprising advance payments and deposits relating to agreed property acquisitions yet to be handed over, which decreased from SEK 77.6 million to SEK 61.0 million in the year, and accrued but not invoiced income, totaling SEK 31.6 million (41.0).

Rent and customer receivables amounted to SEK 51.2 million (93.2) at the end of the year of which SEK 6.4 million (6.3) related to rent receivables. The remainder comprises accounts receivables, mainly related to K-Prefab's operations. The proportion of rent and customer receivables due for more than 90 days totaled SEK 6.3 million (7.9). Provisions of SEK 3.3 million (4.0) 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 2.1 million (2.3) were made on the basis of individual assessments (Stage 3). Total bad debt loss amounted to SEK 5.6 million (3.0) in the year.

Furthermore, Operating receivables primarily comprise prepaid costs and accrued income of SEK 46.3 million (36.7).

### Cash and cash equivalents

At the end of the year, cash and cash equivalents amounted to SEK 5.8 million (35.4). In addition, K-Fastigheter has an unutilized overdraft facility of SEK 147.3 million (277.4). 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 5,100.4 million (5,169.6), corresponding to SEK 21.08 per share (23.92). The decrease was attributable to comprehensive income for the period of SEK -392.8 million (934.8) and the share issue in October 2023 which increased equity by a total of SEK 323.0 million after transaction expenses.

At the end of the year, the long-term net asset value (NAV) amounted to SEK 5,803.5 million (5,768.3), corresponding to SEK 24.25 per share (26.79). The long-term net asset value per share decreased by 9 percent compared with 31 December 2022.

As of 31 January 2023, there were 239,331,168 (215,331,168) shares outstanding distributed between 22,500,000 Class A shares (22,500,000) and 216,831,168 Class B shares (192,831,168). There were an average of 221,047,606 shares (215,331,168) outstanding in 2023.

### Deferred tax

At the end of the year, the Group's deferred tax amounted to SEK 953.2 million (1,033.5). 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

Consolidated interest-bearing liabilities amounted to SEK 10,117.8 million (8,461.4), of which SEK 3,462.8 million (2,049.9) were classified as current interest-bearing liabilities at year end. Interest-bearing liabilities are distributed between first mortgages for completed investment and business properties of SEK 6,747.9 million (5,743.2), building credits of SEK 2,077.9 million (1,591.2), leasing liabilities of SEK 92.1 million (93.1), operating and acquisition credits of SEK 949.9 million (783.8) 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 60.2 percent (55.4) and the loan-to-value ratio for completed investment properties totaled 62.5 percent (58.2). The increase in the debt-to-equity ratio and loan-to-value ratio was primarily due to lower valuations of completed investment properties.

At the end of the year, the Group had contracted credit agreements of SEK 10,781.7 million (9,671.6), of which SEK 6,747.9 million (5,743.2) related to the financing of completed investment and business properties, of which SEK 2,319.1 million (1,706.9) 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 2,937.6 million (2,867.1) and operating and acquisition credits of SEK 1,096.3 million (1,061.3), of which SEK 202.5 million (292.5) and SEK 68.8 million (93.8) 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 2,077.9 million (1,591.2) and SEK 949.9 million (783.8) respectively.

As of 31 December 2023, the average credit term for the Group's interest-bearing liabilities, relating to acquisition financing and

completed investment properties and business premises, was 2.8 years (2.4).

The average interest period for the Group's interest-bearing liabilities related to acquisition financing, investment and business properties was 3.5 years (3.4), and the average interest rate was 3.22 percent (2.72), including the effects of interest rate derivatives, and 5.47 percent (3.85) excluding the effects of interest rate derivatives. The interest rate stabilized in the fourth quarter as a result of stabilizing market rates and increased interest hedging, where the fixed rate for completed hedges was lower than the variable rate. The average interest expense in relation to contracted building credits amounted to 5.95 percent (3.92) at the end of the year. The total proportion of variable interest in relation to interest bearing liabilities related to acquisition financing, investment and business properties was 9 percent (27), and the interest rate sensitivity in the event of a 1 percentage point shift in loan rates amounted to SEK 6.5 million (17.2).

### 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.

Nominally, the swap portfolio totaled SEK 6,371.7 million (4,407.7) at the end of the year. At the end of the year, the fair value of the interest derivative portfolio was SEK 157.3 million (404.9).

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 year, the fair value of the currency derivatives portfolio was SEK 0.8 million (-2.6).

### Operating liabilities

Operating liabilities primarily consist of accounts payable of SEK 234.5 million (198.3), other liabilities of SEK 76.1 million (109.1), invoiced but not yet accrued revenue of SEK 59.5 million (19.2), and accrued costs and prepaid income of SEK 174.8 million (206.2). Operating liabilities primarily relate to ongoing construction operations and personnel-related liabilities.

### Consolidated cash flow

Group cash flow from operating activities was SEK 203.6 million (150.1) for the full year 2023, positively affected by improved gross profit in the Property Management, Project Development and Contracting operations, and increased working capital tied-up, mainly because K-Prefab's operations are structurally cash flow positive with operating liabilities normally exceeding operating receivables, and negatively affected primarily by lower net interest income.

The investment operations were primarily affected by company acquisitions totaling SEK 410.1 million (812.7), mainly comprising ongoing acquisitions of building rights, and investments in ongoing new construction of SEK 2,000.4 million (1,941.8). Cash flow from investing activities amounted to a total outflow of SEK -2,312.3 million (-2,749.0).

In addition to being financed through cash flow from operating activities, in 2023 the Group's financing activities were primarily financed through increased interest-bearing liabilities of SEK 1,755.9 million (2,539.3) following amortizations of SEK 518.9 million (179.8) and capital contributions through acquisitions of SEK 323.0 million (1.1). In total, cash flow from investing

activities amounted to SEK 2,078.9 million (2,540.4), meaning that consolidated cash and cash equivalents for the year decreased by SEK 29.8 million (58.6) to SEK 5.8 million (35.4) 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 2023, the Group invested primarily in developing the organization and strengthening processes, systems and functions in business development, management, finance, HR, IT, procurement, 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, Procurement, IR/Communication, IT, HR and Legal, as well as for all employees in the Property Management and Project Development business areas.

Parent Company sales primarily relate to services invoiced to Group companies, totaling SEK 100.7 million (32.7) in the year. The Parent Company's gross profit/loss for the full-year was SEK 2.3 million (-34.1). 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 -41.1 million (345.4) after net Group contributions paid of SEK 1.4 million (-38.6). Profit was negatively affected by value change in interest rate and exchange rate derivatives totaling SEK -243.8 million (365.8).

As of 31 December 2023, 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 2,218.6 million (1,567.1) at the end of the year, and liabilities to Group companies were SEK 169.1 million (216.2), where current receivables and liabilities mainly comprised balances in the Group's bank account.

As of December 31, 2023, equity was SEK 2,289.4 million (1,937.5), which was negatively affected by profit for the year. At the end of the year, cash and cash equivalents in the Parent Company amounted to SEK 0.5 million (0.0) and interest-bearing liabilities to SEK 1,447.0 million (1,205.1), of which SEK 1,338.8 million (456.3) was classified as current liabilities.

### Effects of 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 has a strong position on the market for rental apartments in the Öresund region, the Västra Götaland region, the Copenhagen region and the Mälardalen region. K-Fastigheter has an attractive property portfolio with 92

percent of contractual rental income deriving from housing and with commercial income being spread between a large number of individual contracts.

At the time of preparing the current Annual Report, the war in the Ukraine has been underway for almost two years. To date, the war has had a significant but not material effect on K-Fastigheter's operations, and has so far mainly affected the pricing of certain input goods, maybe above all steel and energy prices. It has also had the indirect effect of increasing energy and fuel prices, as well as interest expenses to an increasing extent.

The impact of the war in Ukraine on K-Fastigheter's future operations remains uncertain, but assessments will be carried out regularly and will be 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 139-146 which constitutes part of this Directors' Report.

### Sustainability Report

In accordance with §11, Chapter 6, of the Annual Accounts Act, K-Fastigheter has chosen to present the statutory Sustainability Report separately from the Directors' Report. The parts that are required to be included in a Sustainability Report can be found on pages 121-138.

### 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 2023 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	1,689,483,286
Retained earnings	507,153,440
Profit for the year	28,992,799
<b>Total</b>	<b>2,225,629,526</b>
<b>To be appropriated such that the following is carried forward</b>	<b>2,225,629,526</b>



## Significant events during and following the financial year

### Significant events in 2023

- 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.
- On 3 May 2023, K-Fastigheter announced that Leif Astikainen had been appointed to the new position of Chief Operating Officer of K-Fast Holding AB. Leif already holds the role of HR Manager for the Group, deputy CEO of K-Prefab AB and is part of Group management.
- On 3 May 2023, K-Fastigheter announced that Henrik Gustafsson had been appointed to the new position of Chief Procurement Officer for the Group. Henrik was previously Chief Procurement Officer for K-Prefab AB and will join Group management.
- K-Fastigheter's Annual General Meeting was held on 15 May 2023. 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 11 September 2023, K-Fastigheter announced the appointment of Colliers to assist with the divestment of four properties in the Copenhagen region, comprising a total of 311 apartments. The sale forms part of efforts aimed at strengthening the Group's financial position and putting the conditions in place for continued expansion through the acquisition of building rights and project construction starts. K-Fastigheter will retain its presence in the Copenhagen region even after the potential divestment of the relevant properties, through a construction

project relating to a total of 153 apartments in Ballerup.

K-Fastigheter foresees continued positive potential for future acquisitions of building rights in the Copenhagen area.

- On 28 September 2023, K-Fastigheter completed a directed new issue of 18,180,000 new Class B shares with a settlement date of 2 October 2023. The subscription price was SEK 13.80 per share through an accelerated bookbuilding process. In addition to a strong support from existing shareholders several new institutional investors participated. The directed new issue raised SEK 250.9 million before issue expenses for K-Fastigheter. In connection with the directed new issue, an announcement was made that Erik Selin Fastigheter AB, in order to facilitate the required subscription under the directed new issue, and following approval by the Extraordinary General Meeting on 24 October 2023, intends to subscribe for 5,820,000 new Class B shares, raising SEK 80.3 million before issue expenses for K-Fastigheter with a settlement date of 26 October 2023.
- On 24 October 2023, K-Fastigheter held an Extraordinary General Meeting that resolved to approve the Board decision relating to a new issue to Erik Selin Fastigheter AB.
- In November, K-Fastigheter was awarded Career Company 2024 by Karriärföretagen.

### Significant events after the end of the year

- On 19 January, K-Fastigheter divested two preschools in Kristianstad and a residential care home in Hässleholm. The total rental value of both properties was SEK 3.8 million, and the purchase consideration was SEK 50.8 million.
- In February, K-Fastigheter signed an agreement with the owners of Mjölback's Entreprenad AB relating to the redemption of 20 percent of K-Fastigheter's holding in Mjölback's Entreprenad during February, corresponding to 5 percent of the company's

total number of shares. Remuneration corresponds to the shares' proportion of the company's equity as of 30 June, 2023.

- On 7 March 2024, K-Fastigheter published a press release announcing that the company had signed a Letter of Intent with an institutional investor relating to the divestment of a property portfolio in Denmark. The customary sales process with a technical and financial review is underway, and provided that the parties enter into a binding transfer agreement, the properties are expected to be handed over in the second quarter 2024.
- On 13 March 2023, K-Fastigheter completed a new share issue of 6,662,000 new Class B shares. The subscription price in the directed new issue was SEK 19.19 per share, equivalent to the closing rate on 13 March 2024. The net proceeds from the new issue are intended to enable continued expansion through the acquisition of building rights and start of new construction projects. The directed new issue raised approximately SEK 128 million before issue expenses for K-Fastigheter. Part of the issue, corresponding to 842,000 shares, was conditional on subsequent approval by the Extraordinary General Meeting
- On 13 March 2024, K-Fastigheter convened an Extraordinary General Meeting for 8 April 2024. The aim of the Extraordinary General Meeting was to authorize the Board resolution regarding the issue of 842,000 shares. The Extraordinary General Meeting on 8 April 2024 resolved to authorize the Board resolution relating to the new issue of 842,000 shares.

## Significant events in the financial year and after the end of the year (cont.)

The following table shows completed acquisitions of building rights and investment properties, construction starts and completed

### Acquired/divested investment properties

Property	Municipality	Transfer date/Completion	Number of apartments	Area, m <sup>2</sup>	Yearly rental value SEK m	Purchase price SEK m
Rådhuset 6 (divested)	Helsingborg	Dec 2023	7	3,242	7.5	136.0
Part of Stafvare 7 (divested)	Kristianstad	Jan 2024	-	1,126	3.1	40.0
Maglegården 30 (divested)	Hässleholm	Jan 2024	-	382	0.7	10.8

### Acquired/transferred building rights

Property	Municipality	Scheduled construction start	Number of apartments	Area, m <sup>2</sup>	Estimated annual rental value, SEK m	Purchase price SEK m
Sättra 108:20	Gävle	2024-2026	562	36,266	82.5	131.1
Förvaltaren 2*	Eskilstuna	2024	88	4,793	12.1	19.0
Utby 3:113	Ale	2023	118	7,372	18.4	12.0
Part of Sandryggen 1*	Lund	2024	72	4,320	12.0	36.0
Rickeby 1:48 */**	Vallentuna	2024	74	2,322	10.6	14.6
Hackmästaren 1	Kävlinge	2024	20	1,225	2.6	7.0
Gårdsten 7:5	Gothenburg	Q1/Q2 2024	126	7,250	17.4	30.0
Sävenäs 131:14	Gothenburg	Q1/Q2 2024	173	9,957	31.6	37.7

\*Property not yet transferred

\*\*Joint venture with Titania

### Projects where construction has commenced

Property	Municipality	Scheduled completion	Number of apartments	Area, m <sup>2</sup>	Estimated annual rental value, SEK m
Skymningen 3	Höganäs	Q3 2024	53	3,027	6.5
Viktoria 22	Helsingborg	Q4 2025	41	3,182	9.6
Måsen phase 2*	Strängnäs	Q1/Q4 2026	209	13,174	31.2
Sättra 108:20 phase 1	Gävle	Q2 2026	133	8,780	19.7
Utby 3:113	Ale	Q2 2026	118	7,372	18.4

\*K-Fast Kilen AB

projects and renovations under K-Fastigheter's renovation concept K-Fast 2.0 during 2023. Over the year, these were presented in K-Fastigheter's interim reports as significant events.

### Completed projects

Property	Municipality	Move in	Number of apartments	Area, m <sup>2</sup>	Rental value, SEK m
Kedjan 1 (phase 2)	Älmhult	Jan 2023	34	2,113	3.7
Högaffeln 1	Malmö	Feb 2023	31	1,786	4.2
Kohagen 1 (phase 1)	Vänersborg	March 2023	60	3,978	7.1
Spoven 1	Växjö	Apr/May 2023	83	4,697	9.6
Smörjhallen 1	Hässleholm	May 2023	37	2,863	5.4
Kommissarien 1	Hässleholm	May/Oct 2023	41	3,191	6.0
Oden 8	Hässleholm	June 2023	43	2,325	4.6
Limkokaren 16	Hässleholm	July 2023	24	1,982	3.3
Trollet 2	Växjö	Jul-Dec 2023	156	10,265	16.8
Stubbarp 39:5 (phase 1 and 2 of 3)	Höganäs	Oct-Dec 2023	51	3,452	6.9
Kildebrönde By 17b	Greve (DK)	Nov 2023	148	10,380	26.2
Sävenäs 131:13	Gothenburg	Dec 2023	192	11,997	32.1
Kohagen 1 (phase 2)	Vänersborg	Dec 2023	80	5,488	10.6
Skymningen 2	Höganäs	Dec 2023	41	2,839	6.0
Östra Vildrosen 1 (phase 1 of 3)	Västerås	Dec 2023	56	4,933	9.2
Fogdaröd 8:32 (phase 1 of 2)	Höör	Dec 2023	36	2,386	4.9
Storspoven 1 (phase 1 of 3)*	Strängnäs	Dec 2023	38	2,543	5.4
OppebyGård 1:9 (phase 1 of 2)*	Nyköping	Dec 2023	25	1,726	3.6

\*K-Fast Kilen AB

### K-Fast 2.0

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023
Number of apartments renovated	8	8	11	13	40
Increase in rental value, SEK m	0.2	0.2	0.3	0.3	1.0

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	2023 Jan-Dec	2022 Jan-Dec
Rental income	3	480.2	384.2
Project and contracting income	3	603.0	1,001.2
<b>Net sales</b>		<b>1,083.2</b>	<b>1,385.4</b>
Other operating income		11.6	20.6
Operating costs		-104.9	-97.5
Maintenance		-15.4	-13.5
Property tax		-10.4	-8.4
Property administration		-49.0	-25.2
<b>Property management costs</b>	4, 5, 6	<b>-179.7</b>	<b>-144.7</b>
Project and contracting costs	4, 5, 6	-519.3	-938.3
<b>Gross profit</b>		<b>395.8</b>	<b>323.1</b>
<i>of which, gross profit from property management (operating surplus)</i>		306.1	251.9
<i>of which, gross profit from project and contracting operations</i>		89.7	71.2
Central administration	4,5,6,8	-55.6	-54.9
Depreciation, amortization and impairment	7	-80.5	-62.6
Profit from participations in associated and jointly controlled companies	9	25.9	2.5
Net financial items	10	-218.2	-124.8
<i>of which net interest income</i>		-220.2	-124.8
<b>Profit before changes in value</b>		<b>67.3</b>	<b>83.3</b>
<i>of which, profit from property management*</i>		108.3	130.7
Change in value of investment properties	11	-316.3	699.0
Change in value, derivatives	10	-262.6	364.1
<b>Profit before tax</b>		<b>-511.6</b>	<b>1,146.4</b>
Tax on profit for the year	12	113.6	-239.0
<b>Profit for the year</b>		<b>-398.1</b>	<b>907.4</b>
Other comprehensive income	13	5.3	27.4
<b>Comprehensive income for the year</b>		<b>-392.8</b>	<b>934.8</b>
<b>Comprehensive income for the year attributable to</b>			
Parent Company shareholders		-427.4	916.6
Non-controlling interests	30	34.6	18.2
<b>Profit after tax per share, SEK/share**</b>	14	<b>-1.96</b>	<b>4.13</b>

\* 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.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets, SEK m	Note	2023 31 Dec	2022 31 Dec
<b>Property, plant and equipment</b>			
Intangible assets	15	471.3	480.2
Investment properties	16	14,870.9	13,094.6
Business properties	17	537.1	447.6
Equipment	18	181.4	193.6
<b>Total non-current assets</b>		<b>16,060.6</b>	<b>14,216.0</b>
<b>Financial non-current assets</b>			
	22		
Holdings in associated and jointly controlled companies and other non-current receivables	19, 20	293.9	245.8
Derivative instruments	22	141.4	399.1
Deferred tax asset	21	54.3	16.4
<b>Total financial non-current assets</b>		<b>489.6</b>	<b>661.3</b>
<b>Total non-current assets</b>		<b>16,550.3</b>	<b>14,877.3</b>
<b>Current assets</b>			
	22		
Inventories	23	30.7	60.2
Accounts receivable	24, 25	51.2	93.2
Other current receivables	25, 26	123.0	169.2
Prepaid costs and accrued income	27	46.3	36.7
Cash and cash equivalents	28	5.8	35.4
<b>Total current assets</b>		<b>256.9</b>	<b>394.6</b>
<b>Total assets</b>		<b>16,807.2</b>	<b>15,272.0</b>

Equity and liabilities, SEK m	Note	2023 31 Dec	2022 31 Dec
<b>Equity</b>			
	29		
Share capital		63.8	57.4
Other capital contributions		1,689.4	1,372.9
Profit brought forward including the profit for the year		3,292.7	3,720.0
<b>Equity attributable to Parent Company shareholders</b>		<b>5,045.9</b>	<b>5,150.3</b>
Non-controlling interests	30	54.5	19.3
<b>Total Equity</b>		<b>5,100.4</b>	<b>5,169.6</b>
<b>Non-current liabilities</b>			
	22		
Deferred tax liability	21	953.2	1,033.5
Non-current interest-bearing liabilities	22	6,655.0	6,411.5
Other provisions and non-current liabilities	31	90.9	74.7
<b>Total non-current liabilities</b>		<b>7,699.2</b>	<b>7,519.8</b>
<b>Current liabilities</b>			
	22		
Current interest-bearing liabilities	22	3,462.8	2,049.9
Accounts payable	22	234.5	198.3
Other current liabilities	31	135.7	128.3
Accrued costs and prepaid income	32	174.8	206.2
<b>Total current liabilities</b>		<b>4,007.7</b>	<b>2,582.7</b>
<b>Total liabilities</b>		<b>11,706.9</b>	<b>10,102.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,807.2</b>	<b>15,272.0</b>

## 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 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	
<b>Comprehensive income for the year</b>				<b>27.4</b>	<b>889.2</b>	<b>18.2</b>	<b>934.8</b>	
Shareholder contribution from non-controlling interests						1.1	1.1	
<b>Total transactions with shareholders</b>						<b>1.1</b>	<b>1.1</b>	
<b>Closing balance as of 31 December 2022</b>	<b>215,331,168</b>	<b>57.4</b>	<b>1,372.9</b>	<b>29.7</b>	<b>3,690.3</b>	<b>19.3</b>	<b>5,169.6</b>	

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 2023	215,331,168	57.4	1,372.9	29.7	3,690.3	19.3	5,169.6	
Profit for the year					-432.7	34.6	-398.1	
Other comprehensive income				5.3			5.3	
<b>Comprehensive income for the year</b>				<b>5.3</b>	<b>-432.7</b>	<b>34.6</b>	<b>-392.8</b>	
New issue after deductions for transaction expenses	24,000,000	6.4	316.6				323.0	
Shareholder contribution from non-controlling interests					0.0	0.5	0.5	
<b>Total transactions with shareholders</b>	<b>24,000,000</b>	<b>6.4</b>	<b>316.6</b>		<b>0.0</b>	<b>0.5</b>	<b>323.5</b>	
<b>Closing balance as of 31 December 2023</b>	<b>239,331,168</b>	<b>63.8</b>	<b>1,689.4</b>	<b>35.0</b>	<b>3,257.6</b>	<b>54.5</b>	<b>5,100.4</b>	

## CONSOLIDATED CASH FLOW STATEMENT

SEK m	Note	2023 Jan-Dec	2022 Jan-Dec
<b>Operating activities</b>			
Profit before changes in value		67.3	83.3
Adjustment for items not affecting cash flow	38	44.6	56.4
Tax paid		-11.5	-7.1
<b>Cash flow from operating activities before changes in working capital</b>		<b>100.4</b>	<b>132.7</b>
Change in operating receivables		109.7	24.4
Change in operating liabilities		-6.5	-6.9
<b>Cash flow from operating activities</b>		<b>203.6</b>	<b>150.1</b>
<b>Investing activities</b>			
Investments in intangible assets	15	-3.0	-3.6
Investments in Group, associated and jointly controlled companies	19, 35	-11.2	-9.0
Property investments	16, 17	-398.9	-803.7
Investments in construction in progress	16	-2,000.4	-1,941.8
Investments in machinery and equipment	18	-8.2	-20.8
Divestment of properties	16	142.3	14.7
Change in other financial non-current assets	20	-32.9	-4.3
Dividend from associated companies	9	0.0	19.5
<b>Cash flow from investing activities</b>		<b>-2,312.3</b>	<b>-2,749.0</b>
<b>Financing activities</b>			
Borrowings	22	2,274.8	2,719.0
Loan amortizations		-518.9	-179.8
Capital contributions		323.0	1.1
<b>Cash flow from financing activities</b>		<b>2,078.9</b>	<b>2,540.4</b>
<b>Cash flow for the year</b>	<b>38</b>	<b>-29.8</b>	<b>-58.6</b>
Translation differences in cash and cash equivalents		0.1	0.0
Opening cash and cash equivalents		35.4	94.0
<b>Closing cash and cash equivalents</b>		<b>5.8</b>	<b>35.4</b>

*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 AND STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	2023 Jan-Dec	2022 Jan-Dec
<b>Operating income</b>			
Net sales	3	100.7	32.7
<b>Total operating income</b>		<b>100.7</b>	<b>32.7</b>
<b>Operating costs</b>			
Administration costs	4,5,6,8	-97.9	-66.4
Amortization and depreciation	7	-0.6	-0.4
<b>Total operating costs</b>		<b>-98.5</b>	<b>-66.8</b>
<b>Gross profit</b>		<b>2.3</b>	<b>-34.1</b>
<b>Profit from financial items</b>			
Profit from participations in associated and Group companies	9,34	39.3	19.5
Net financial items	10	161.3	17.8
<b>Profit before changes in value</b>		<b>202.9</b>	<b>3.2</b>
Change in value, derivatives	10	-245.4	380.8
Appropriations	33	1.4	-38.6
<b>Profit before tax</b>		<b>-41.1</b>	<b>345.4</b>
Tax on profit for the year	12	70.1	-41.2
<b>Profit for the year</b>		<b>29.0</b>	<b>304.2</b>
<b>Parent Company Statement of Comprehensive Income</b>			
<b>Profit for the year</b>		<b>29.0</b>	<b>304.2</b>
Other comprehensive income	13	0.0	0.0
<b>Comprehensive income for the year</b>		<b>29.0</b>	<b>304.2</b>

## PARENT COMPANY BALANCE SHEET

Assets, SEK m	Note	2023 31 Dec	2022 31 Dec
<b>Non-current assets</b>			
<b>Intangible non-current assets</b>			
Intangible non-current assets	15	4.8	2.3
<b>Total intangible non-current assets</b>		<b>4.8</b>	<b>2.3</b>
<b>Property, plant and equipment</b>			
Property, plant and equipment	18	1.2	0.1
<b>Total property, plant and equipment</b>		<b>1.2</b>	<b>0.1</b>
<b>Financial non-current assets</b>	<b>22</b>		
Participations in Group companies	35	1,235.7	1,167.6
Receivables from Group companies	36	1,234.7	902.1
Participations in and receivables from associated companies and other non-current receivables and participations	19, 20	215.8	203.8
Derivative instruments	22	159.2	401.7
Deferred tax asset	21	21.4	2.7
<b>Total financial non-current assets</b>		<b>2,866.8</b>	<b>2,678.0</b>
<b>Total non-current assets</b>		<b>2,872.8</b>	<b>2,680.3</b>
<b>Current assets</b>	<b>22</b>		
Receivables from Group companies	36	984.0	665.0
Other current receivables	26	52.0	70.3
Prepaid costs and accrued income	27	23.0	11.1
Cash and cash equivalents	28	0.5	0.0
<b>Total current assets</b>		<b>1,059.4</b>	<b>746.5</b>
<b>TOTAL ASSETS</b>		<b>3,932.4</b>	<b>3,426.9</b>

Equity and liabilities, SEK m	Note	2023 31 Dec	2022 31 Dec
<b>Equity</b>	<b>29</b>		
Restricted equity			
Share capital		63.8	57.4
Unrestricted equity			
Share premium reserve		1,689.5	1,372.9
Retained earnings		507.1	202.9
Profit for the year		29.0	304.2
<b>Total Equity</b>		<b>2,289.4</b>	<b>1,937.5</b>
<b>Non-current liabilities</b>	<b>22</b>		
Deferred tax liability	21	0.0	51.4
Non-current interest-bearing liabilities	22	108.1	748.8
<b>Total non-current liabilities</b>		<b>108.1</b>	<b>800.2</b>
<b>Current liabilities</b>	<b>22</b>		
Current interest-bearing liabilities	22	1,338.8	456.3
Accounts payable	22	11.5	4.1
Liabilities to Group companies	36	169.1	216.2
Other current liabilities	31	3.4	3.8
Accrued costs and prepaid income	32	12.2	8.8
<b>Total current liabilities</b>		<b>1,535.0</b>	<b>689.2</b>
<b>Total liabilities</b>		<b>1,643.2</b>	<b>1,489.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,932.4</b>	<b>3,426.9</b>

## 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 2022	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
<b>Comprehensive income for the year</b>				<b>304.2</b>	<b>304.2</b>
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Equity, as of 31 December 2022	215,331,168	57.4	1,372.9	507.2	1,937.5
Profit for the year				29.0	29.0
Other comprehensive income				0.0	0.0
<b>Comprehensive income for the year</b>				<b>29.0</b>	<b>29.0</b>
New issue after deductions for transaction expenses	24,000,000	6.4	316.6		323.0
<b>Total transactions with shareholders</b>	<b>24,000,000</b>	<b>6.4</b>	<b>316.6</b>	<b>0.0</b>	<b>323.0</b>
<b>Closing balance as of 31 December 2023</b>	<b>239,331,168</b>	<b>63.8</b>	<b>1,689.5</b>	<b>536.2</b>	<b>2,289.4</b>

## PARENT COMPANY CASH FLOW STATEMENT

SEK m	Note	2023 Jan-Dec	2022 Jan-Dec
<b>Operating activities</b>			
Profit before changes in value		202.9	3.2
Adjustment for items not affecting cash flow	38	-38.7	0.4
Tax paid		0.0	0.0
<b>Cash flow from operating activities before changes in working capital</b>		<b>164.2</b>	<b>3.6</b>
Change in operating receivables		-312.5	-14.5
Change in operating liabilities		-36.9	3.1
<b>Cash flow from operating activities</b>		<b>-185.2</b>	<b>-7.8</b>
<b>Investing activities</b>			
Investments in Group companies	35	-92.7	-158.6
Investments in associated companies	19	-11.6	-7.7
Investments in intangible assets	15	-3.0	-2.5
Investments in machinery and equipment	18	-1.2	0.0
Divested Group companies		125.8	0.0
Change in receivables and liabilities to Group companies	36	-396.8	-101.2
Change in receivables from associated companies		0.0	-5.4
<b>Cash flow from investing activities</b>		<b>-379.5</b>	<b>-275.4</b>
<b>Financing activities</b>			
Capital contributions		323.0	0.0
Borrowings	22	759.7	279.5
Loan amortizations		-518.9	-24.2
Change in non-current liabilities	31	0.0	-2.5
Group contributions received		1.4	-38.6
<b>Cash flow from investing activities</b>		<b>565.2</b>	<b>214.2</b>
<b>Cash flow for the year</b>	<b>38</b>	<b>0.5</b>	<b>-69.0</b>
<b>Translation differences in cash and cash equivalents</b>		<b>0.0</b>	<b>0.0</b>
Opening cash and cash equivalents		0.0	69.0
<b>Closing cash and cash equivalents</b>	<b>28</b>	<b>0.5</b>	<b>0.0</b>

# SUPPLEMENTARY DISCLOSURES – NOTE 1

## NOTE 1: ACCOUNTING PRINCIPLES

### General information

The financial statements for K-Fast Holding AB as of 31 December 2023 were adopted by the Board of Directors on 9 April, 2024 and will be submitted to the Annual General Meeting on 14 May 2024 for approval. K-Fast Holding AB, Corp. ID No. 556827-0390, is the Parent Company in a Group with subsidiaries as presented in Note 35 Participations 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 Bultvågen 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. For a more detailed description of material judgments and assumptions in areas of material significance, refer to Note 3 Income, Note 15 Intangible assets and Note 16 Investment properties.

### Revised accounting principles and disclosures

#### New and revised existing standards

Additional new or revised EU-approved standards and interpretation statements from the IFRS Interpretations Committee are currently not assessed to affect K-Fastigheter's profit or financial position to a significant degree. The accounting principles and calculation methods remain unchanged on the previous year's Annual Report.

#### New standards effective from 2024 and onwards

New and revised IFRS standards with future application are not expected to have a material effect on K-Fastigheter's financial statements.

#### 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. The Parent Company's accounting principles remain unchanged on the Annual Report from the previous year.

## 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 appropriations 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 of the operating segments is managed separately as each operating segment requires different technologies and other resources, as well as 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.

#### Building

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 are reported in this segment.

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.

### 2023 Jan-Dec

Income Statement, SEK million	Property Management	Project Development	Building	Prefab	Other*	Group
Income	485.8	7.5	1,445.1	982.3	-1,825.8	1,094.8
Expenses	-179.7	-6.9	-1,414.5	-923.7	1,825.8	-699.0
<b>Gross profit</b>	<b>306.1</b>	<b>0.5</b>	<b>30.6</b>	<b>58.6</b>	<b>0.0</b>	<b>395.8</b>
Central administration costs	-10.9	-0.1	-16.6	-23.7	-4.3	-55.6
Depreciation, amortization and impairment	-2.8	0.0	-4.2	-70.8	-2.8	-80.5
Profit from holding in associated companies**	0.0	0.0	2.4	0.0	23.4	25.9
Net interest income	-184.2	0.0	2.5	-26.5	-10.0	-218.2
<b>Profit before changes in value</b>	<b>108.3</b>	<b>0.4</b>	<b>14.8</b>	<b>-62.5</b>	<b>6.3</b>	<b>67.3</b>
Change in value, properties	-646.9	330.6	0.0	0.0	0.0	-316.3
Change in value, derivatives and other	-262.2	0.0	-0.4	0.0	0.0	-262.6
<b>Profit before tax</b>	<b>-800.9</b>	<b>331.0</b>	<b>14.4</b>	<b>-62.5</b>	<b>6.3</b>	<b>-511.6</b>
Tax	187.3	-68.1	-0.7	12.1	-17.0	113.6
<b>Profit for the year</b>	<b>-613.6</b>	<b>262.9</b>	<b>13.7</b>	<b>-50.3</b>	<b>-10.7</b>	<b>-398.1</b>

### 31 December 2023

Balance Sheet, SEK million	Property Management	Project Development	Building	Prefab	Other*	Group
Non-current assets	15,209.3	0.0	32.5	1,044.6	263.9	16,550.3
Current assets	34.3	0.0	9.1	137.9	75.7	256.9
<b>Total assets</b>	<b>15,243.6</b>	<b>0.0</b>	<b>41.6</b>	<b>1,182.5</b>	<b>339.6</b>	<b>16,807.2</b>
Non-current liabilities	7,449.2	0.0	1.7	239.3	8.9	7,699.2
Current liabilities	3,109.0	0.0	140.0	666.5	92.3	4,007.7
<b>Total liabilities</b>	<b>10,558.2</b>	<b>0.0</b>	<b>141.7</b>	<b>905.8</b>	<b>101.2</b>	<b>11,706.9</b>

\* Other comprises Group-wide items and eliminations.

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

### 2022 Jan-Dec

Income Statement, SEK million	Property Management	Project Development	Building	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
<b>Gross profit</b>	<b>251.9</b>	<b>-0.1</b>	<b>5.0</b>	<b>66.3</b>	<b>0.0</b>	<b>323.1</b>
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
<b>Profit before changes in value</b>	<b>130.7</b>	<b>-9.3</b>	<b>-13.5</b>	<b>-28.2</b>	<b>3.8</b>	<b>83.3</b>
Change in value, properties	5.1	693.9	0.0	0.0	0.0	699.0
Change in value, derivatives and other	365.8	0.0	-1.7	0.0	0.0	364.1
<b>Profit before tax</b>	<b>501.6</b>	<b>684.5</b>	<b>-15.2</b>	<b>-28.2</b>	<b>3.8</b>	<b>1,146.4</b>
Tax	-76.4	-142.9	-1.0	1.1	-19.7	-239.0
<b>Profit for the year</b>	<b>425.2</b>	<b>541.6</b>	<b>-16.2</b>	<b>-27.1</b>	<b>-15.9</b>	<b>907.4</b>

### 31 December 2022

Balance Sheet, SEK million	Property Management	Project Development	Building	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
<b>Total assets</b>	<b>13,608.2</b>	<b>0.0</b>	<b>40.6</b>	<b>1,311.7</b>	<b>311.5</b>	<b>15,272.0</b>
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	2,582.7
<b>Total liabilities</b>	<b>8,383.8</b>	<b>0.0</b>	<b>136.3</b>	<b>1,047.3</b>	<b>535.0</b>	<b>10,102.4</b>

# 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 2023 contractual rental income amounted to SEK 607.7 million (475.6), of which commercial premises comprised SEK 57.0 million (53.5). The largest individual contract, for which the largest individual tenant 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 for these contracts amounted to SEK 568.4 million (423.4). The Group has rental agreements with an annual rental income of SEK 23.2 million (38.1), where the agreements have a remaining maturity of between 1 and 5 years. The Group has annual rental income of SEK 16.1 million (10.0), where the

agreements have a remaining maturity of more than 5 years.

#### Income from contracting

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 Building and Prefab segments generate income from contracts with customers. These constitute the entire income item of SEK 603.0 million (1,001.2) 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 million	Group	
	2023 Jan-Dec	2022 Jan-Dec
Region South	381.5	333.2
Region West	26.2	18.0
Region East	35.6	18.5
Denmark	37.0	14.6
<b>Rental income</b>	<b>480.2</b>	<b>384.2</b>

Rental income by property category, SEK million	2023	2022
	Jan-Dec	Jan-Dec
Housing (incl. garages/parking spaces)	425.1	336.4
Premises	55.1	47.9
<b>Rental income</b>	<b>480.2</b>	<b>384.2</b>

Project and construction income and capitalized work on own account, SEK m	2023	2022
	Jan-Dec	Jan-Dec
External project and construction contract income	603.0	1,001.2
Capitalized work on own account	1,419.0	1,037.6
<b>Total</b>	<b>2,022.0</b>	<b>2,038.8</b>
<i>of which Sweden</i>	<i>1,805.1</i>	<i>1,825.9</i>
<i>of which Denmark</i>	<i>216.9</i>	<i>212.9</i>

Other operating income, SEK m	2023	2022
	Jan-Dec	Jan-Dec
Property Management business area	5.6	12.2
Building business area	2.5	0.4
Prefab business area	3.5	7.9
<b>Other operating income</b>	<b>11.6</b>	<b>20.6</b>

## 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 Group assesses lease agreements related to vehicles assigned a higher value, site leases and rental agreements to be of material significance. 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 3.90 percent for vehicles, 2.08 percent for site leaseholds and 2.65 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 2023, the Group expensed total leasing fees of

SEK 29.4 million (27.8), of which SEK 13.3 million (11.4) was attributable to depreciation, SEK 2.4 million (7.0) to interest expenses and SEK 13.7 million (9.4) to low-value leases. The Group has no short-term leases or variable lease charges.

#### Parent Company

In essence, the Parent Company is party to lease contracts relating to vehicles. 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 2023	18.0	15.5	0.0	58.9	92.5	93.1
Additional agreements	0.0	15.8	0.2	0.0	16.0	15.9
Amortization and depreciation	0.0	-5.1	-0.2	-8.0	-13.3	0.0
Terminated agreements	0.0	-4.1	0.0	-0.2	-4.3	-2.3
Revaluations of agreements	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0	0.0	0.0	2.4
Leasing fees	0.0	0.0	0.0	0.0	0.0	-16.9
Reclassification	0.0	0.0	0.0	0.0	0.0	0.0
<b>As of 31 December 2023</b>	<b>18.0</b>	<b>22.1</b>	<b>0.0</b>	<b>50.8</b>	<b>90.9</b>	<b>92.1</b>

#### Maturity analysis (excluding residual value)

SEK m	Site leaseholds	Vehicles	IT Equipment	Rental agreements	Total
2024	0.4	4.7	0.0	9.6	14.6
2025	0.4	3.5	0.0	9.3	13.2
2026	0.4	1.3	0.0	5.7	7.3
2027	0.4	0.1	0.0	4.8	5.3
2028	0.4	0.1	0.0	4.8	5.2
>2028	4.5	0.0	0.0	26.4	30.9
<b>Total</b>	<b>6.4</b>	<b>9.7</b>	<b>0.0</b>	<b>60.5</b>	<b>76.5</b>

## 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 2023, the Group had 550 employees (732), of whom 65 were women (69) and 485 were men (663). At the end of the year, there were 73 (42) employees in the Parent Company, of whom 32 were women (22) and 41 were men (20). In 2023,

#### Average number of employees

	Group		Parent Company	
	2023	2022	2023	2022
Women	68	70	28	18
Men	591	665	34	16
<b>Total</b>	<b>659</b>	<b>735</b>	<b>62</b>	<b>34</b>

all employees in the Group's subsidiaries, with the exception of employees in K-Fast Bygg Holding AB, K-Prefab AB and GH Sydgvolv AB, were relocated to the Parent Company. 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 13 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 15 May 2023. 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 members of Group management is proposed by the CEO and

#### Salaries, fees and benefits

SEK m	Group		Parent Company	
	2023	2022	2023	2022
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	2.4	1.2	2.4	1.2
Benefits	0.1	0.1	0.1	0.1
Deputy CEO				
Basic salary	1.5	1.2	1.5	1.2
Benefits	0.1	0.2	0.1	0.2
Other senior executives				
Basic salary	11.8	8.4	8.5	3.9
Benefits	0.8	0.5	0.6	0.3
Other employees				
Basic salary	277.7	298.7	25.3	14.8
Benefits	3.1	3.2	0.4	0.7
<b>Total</b>	<b>298.3</b>	<b>314.4</b>	<b>39.8</b>	<b>23.2</b>

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 67. 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	
	2023	2022	2023	2022
The Board	0.3	0.3	0.3	0.3
CEO	0.8	0.4	0.8	0.4
Deputy CEO	0.6	0.5	0.6	0.5
Other senior executives	4.4	3.3	3.1	1.5
Other employees	94.4	99.6	8.6	5.2
<b>Total</b>	<b>100.5</b>	<b>104.0</b>	<b>13.3</b>	<b>7.9</b>

#### Contractual pension expenses

SEK m	Group		Parent Company	
	2023	2022	2023	2022
The Board	0.0	0.0	0.0	0.0
CEO	0.0	0.0	0.0	0.0
Deputy CEO	0.3	0.2	0.3	0.2
Other senior executives	2.0	1.8	1.1	0.7
Other employees	22.7	26.9	1.7	1.5
<b>Total</b>	<b>25.0</b>	<b>29.0</b>	<b>3.1</b>	<b>2.5</b>

## 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	
	2023	2022	2023	2022
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 Jacob Karlsson	2.6	1.4	2.6	1.4
Deputy CEO Martin Larsson	1.9	1.6	1.9	1.6
Other senior executives*	14.5	11.3	10.2	5.4
<b>Total</b>	<b>19.8</b>	<b>15.1</b>	<b>15.5</b>	<b>9.2</b>

\* 2023: 11 people; 2022: 11 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 administration includes costs for activities such as letting, financial management and central expenses for the Group's Property Management business area. 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, HR, Procurement, IT, Market and Communication, Accounting and Finance.

### Property management costs

SEK m	Group	
	2023 Jan-Dec	2022 Jan-Dec
Operating costs	-104.9	-97.5
Maintenance costs	-15.4	-13.5
Property tax	-10.4	-8.4
<b>Direct property costs</b>	<b>-130.7</b>	<b>-119.4</b>
Property administration	-49.0	-25.2
<b>Property management costs</b>	<b>-179.7</b>	<b>-144.7</b>

### Project and construction contract costs

SEK m	Group	
	2023 Jan-Dec	2022 Jan-Dec
External project and construction contract costs	-519.3	-938.3
Internal project and construction contract costs	-1,818.9	-1,034.3
<b>Project and construction contract costs</b>	<b>-2,338.2</b>	<b>-1,972.6</b>

### Central administration

SEK m	Group		Parent Company	
	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec
Other external costs	-26.9	-26.5	-37.1	-28.3
Personnel expenses	-30.2	-29.5	-60.8	-38.1
Other operating costs	0.0	0.0	0.0	0.0
Reversals, leases	1.5	1.0	-	-
<b>Central administration</b>	<b>-55.6</b>	<b>-54.9</b>	<b>-97.9</b>	<b>-66.4</b>

## 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	
	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec
Depreciation, intangible non-current assets	-12.0	-11.3	-0.5	-0.3
Depreciation, business properties	-22.4	-21.1	0.0	0.0
Depreciation, equipment, tools, fixtures and fittings	-13.9	-15.5	-0.1	-0.1
Impairment receivables (assets)	-19.0	-3.2	-	-
Depreciation, right-of-use assets	-13.3	-11.4	-	-
<b>Total depreciation/amortization and impairment</b>	<b>-80.5</b>	<b>-62.6</b>	<b>-0.6</b>	<b>-0.4</b>

### 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.

#### Remuneration to the auditors

SEK m	Group		Parent Company	
	2023	2022	2023	2022
<b>Ernst &amp; Young AB</b>				
Audit engagement	3.4	2.8	3.2	2.5
Tax consultancy	0.0	0.0	0.0	0.0
Other services	0.4	0.1	0.4	0.1
<b>Christensen Kjaerulff</b>				
Audit engagement	0.7	0.5	0.0	0.0
Tax consultancy	0.0	0.0	0.0	0.0
Other services	0.2	0.1	0.0	0.0
<b>Total</b>	<b>4.7</b>	<b>3.5</b>	<b>3.6</b>	<b>2.6</b>

### NOTE 9: PROFIT FROM PARTICIPATIONS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

#### Accounting principles

For a description of the accounting principles applied, see Note 19.

#### Profit from participation in associated and jointly controlled companies

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Dividends	0.0	0.0	0.0	19.5
Profit share in associated companies	25.9	2.5	0.0	0.0
<b>Total</b>	<b>25.9</b>	<b>2.5</b>	<b>0.0</b>	<b>19.5</b>

## 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 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.

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	
	2023	2022	2023	2022
Interest income from Group companies	0.0	0.0	141.4	47.3
Other interest income	126.1	11.9	123.5	12.0
<b>Total</b>	<b>126.1</b>	<b>11.9</b>	<b>264.8</b>	<b>59.3</b>

#### Interest expenses and similar Income Statement items

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Interest expenses to Group companies	0.0	0.0	-47.6	-5.1
Other interest expenses and similar Income Statement items	-346.4	-136.6	-55.9	-36.4
<b>Total</b>	<b>-346.4</b>	<b>-136.6</b>	<b>-103.5</b>	<b>-41.5</b>

#### Change in value, derivatives and other

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Unrealized value change in non-current derivative instruments	-350.7	211.4	-334.8	213.1
Unrealized value change in current Assets	2.0	0.0	-1.6	15.0
Realized value change in non-current derivative instruments	88.1	152.7	91.1	152.7
Realized value change in current derivative instruments	0.0	0.0	0.0	0.0
<b>Total</b>	<b>-260.6</b>	<b>364.1</b>	<b>-245.4</b>	<b>380.8</b>

### 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	Group	
	2023	2022
Change in net operating income	91.4	424.8
Investment properties under construction	323.9	679.2
Change in return requirement	-729.9	-509.9
Acquisitions	0.4	89.7
Divestments	7.9	0.0
Currency effects	-10.0	15.0
<b>Total</b>	<b>-316.3</b>	<b>699.0</b>

## 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.

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.

#### Income tax

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Current tax	1.3	-11.6	0.0	-0.1
Deferred tax	112.3	-227.4	70.1	-41.2
<b>Total</b>	<b>113.6</b>	<b>-239.0</b>	<b>70.1</b>	<b>-41.2</b>
Reported profit before tax	-511.6	1,146.4	-38.4	345.4
Tax rate, %	20.6%	20.6%	20.6%	20.6%
Tax in accordance with applicable tax rate	105.4	-236.2	7.9	-71.2
Tax attributable to previous years	3.3	-1.6	0.0	-0.1
Effects of other tax rates for foreign subsidiaries	2.9	-2.5	0.0	0.0
Non-taxable income	90.8	1.7	78.5	4.0
Non-deductible costs	-109.4	-8.0	-70.5	-0.2
Other unrecognized income and expenses	20.5	7.5	54.2	26.2
<b>Reported tax cost</b>	<b>113.6</b>	<b>-239.0</b>	<b>70.1</b>	<b>-41.2</b>

The tax cost comprises the following components:

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Current tax				
- On profit for the year	1.3	-11.6	0.0	-0.1
Deferred tax cost/income				
- <i>Untaxed reserves</i>	4.0	0.5	0.0	0.0
- <i>Tax-loss carry forwards</i>	2.6	-8.1	1.1	2.7
- <i>Net interest income</i>	0.0	0.0	0.0	0.0
- <i>Leasing</i>	-0.4	0.0	0.0	0.0
- <i>Derivatives</i>	72.5	-43.5	69.0	-43.9
- <i>Properties, completed</i>	111.4	-39.4	0.0	0.0
- <i>Properties, under construction</i>	-80.0	-145.3	0.0	0.0
- <i>Surplus value from business combinations</i>	0.0	2.0	0.0	0.0
- <i>Other items</i>	2.2	6.3	0.0	0.0
Reported tax in the Income Statement	113.6	-239.0	70.1	-41.2
<b>Average tax rate, %</b>	<b>22.2%</b>	<b>20.8%</b>	<b>182.3%</b>	<b>11.9%</b>

### NOTE 13: OTHER COMPREHENSIVE INCOME

Other comprehensive income for the Group includes translation differences relating to K-Fastigheter's foreign operations, which totaled SEK 5.3 million (27.4) in the year. The full amount relates to items that can be reversed in a later period.

In 2023 and 2022, there was no effect from Other comprehensive income relating to the Parent Company.

### NOTE 14: EARNINGS PER SHARE

As of 31 December 2023, no incentive programs existed and no dilution occurred during the year.

#### Earnings per share

SEK m	Group	
	2023	2022
Profit after tax attributable to Parent Company shareholders, SEK m	-432.7	889.2
Average number of shares, m	221.0	215.3
<b>Total</b>	<b>-1.96</b>	<b>4.13</b>

# 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. Other intangible non-current assets are amortized over the useful life of the assets, 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 2023

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 10.2 percent (9.8) 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 11.2 percent after tax, there would still be no impairment need.

#### Acquisitions

No intangible non-current assets were acquired in the year. In the previous year, K-Fastigheter acquired GH Sydgv AB, which was classified as a business combination. Goodwill amounted to SEK 3.0 million.

#### Goodwill

SEK m	Group	
	2023	2022
Opening cost	443.6	440.6
Acquisitions	0.0	3.0
Impairment	0.0	0.0
<b>Closing amortized cost</b>	<b>443.6</b>	<b>443.6</b>

#### Other intangible non-current assets

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Opening cost	58.9	55.1	2.5	0.0
Acquisitions	0.0	0.0	0.0	0.0
Purchasing	3.0	3.8	3.0	2.5
<b>Closing amortized cost</b>	<b>61.9</b>	<b>58.9</b>	<b>5.5</b>	<b>2.5</b>
Opening accumulated amortizations	-22.3	-11.0	-0.3	0.0
Amortizations for the year	-12.0	-11.3	-0.5	-0.3
<b>Closing accumulated amortization</b>	<b>-34.2</b>	<b>-22.3</b>	<b>-0.8</b>	<b>-0.3</b>
<b>Closing residual value according to plan</b>	<b>27.7</b>	<b>36.6</b>	<b>4.8</b>	<b>2.3</b>

# 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.

In 2023, the fair value of the investments was exclusively based on external valuations carried out by made by valuation institutes and valuation experts accredited by Samhällsbyggarna or MRICS.

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 in connection with change 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 2023, the Group's property portfolio comprised 121 wholly-owned and 2 part-owned completed investment properties, distributed over a total of 318,664 square meters of residential and 44,142 square meters of commercial space. In addition, the Group had 17 ongoing construction projects, distributed over 99,450 square meters of residential and 975 square meters of commercial space. In addition, K-Fastigheter has 24 ongoing development projects at various stages of building permit application or project planning, of which eight are projects for which K-Fastigheter has yet to take possession of the land.

Completed investment properties are properties where tenants can move in, and construction projects in progress and projects include all construction in progress and projects to be completed. All of the properties are held to generate rental income or value growth, or a combination of these.

### 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 was based exclusively on external valuations in 2023, 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

#### Investment properties

SEK m	Group	
	2023	2022
Opening carrying amount	10,488.3	7,663.7
Acquisitions	166.7	762.4
Investments	161.0	28.8
Sales and obsolescence	-137.5	-9.9
Reclassifications	3,103.1	2,005.0
Exchange rate fluctuations	-16.7	33.3
Unrealized changes in value	-654.8	5.1
<b>Closing carrying amount</b>	<b>13,110.2</b>	<b>10,488.3</b>

#### Construction in progress

SEK m	2023	2022
Opening carrying amount	2,606.1	1,940.0
Investments	1,990.8	1,857.4
Sales and obsolescence	0.0	-1.3
Acquisitions	44.2	67.9
Reclassification as completed investment properties	-3,217.6	-2,005.0
Exchange rate fluctuations	6.7	53.2
Unrealized changes in value	330.6	693.9
<b>Closing carrying amount</b>	<b>1,760.8</b>	<b>2,606.1</b>

## SUPPLEMENTARY DISCLOSURES – NOTE 16, CONT.

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 development properties are valued at cost with the addition/deduction of expected unrealized value change, calculated as estimated fair value according to the yield capitalization method less estimated acquisition costs, where 20 percent of the estimated value change is recognized when the building permit has gained legal force and a turnkey contract has been signed, while the remaining 80 percent is recognized gradually during construction in relation to the costs incurred.

### Investment properties

SEK m	Group	
	2023	2022
<b>Opening carrying amount</b>	<b>13,094.6</b>	<b>9,603.7</b>
<i>of which, completed investment properties</i>	9,775.3	6,923.4
<i>of which, undeveloped land</i>	695.1	722.3
<i>of which, site leaseholds</i>	18.0	18.0
<i>of which, construction in progress</i>	2,606.1	1,940.0
+ Acquisitions	210.9	830.3
+ New construction	1,990.8	1,857.4
+ Extensions and rebuilds	161.0	28.8
- Divestments	-136.0	-9.5
- Other reclassifications and obsolescence	-126.0	84.8
+/- Unrealized value changes	-324.2	699.0
<i>of which, completed investment properties</i>	-654.8	5.1
<i>of which, construction in progress</i>	330.6	693.9
<b>Closing carrying amount</b>	<b>14,870.9</b>	<b>13,094.6</b>
<i>of which, completed investment properties</i>	12,514.0	9,775.3
<i>of which, undeveloped land</i>	578.1	695.1
<i>of which, site leaseholds</i>	18.0	18.0
<i>of which, construction in progress</i>	1,760.8	2,606.1

As of 31 December 2023, all the Group's completed investment properties had been valued by independent external valuer Newsec Advise AB, in accordance with RICS and IVSC's recommendations and with the aim of determining market value according to the internationally recognized definition provided by these organizations. The value of the property holding is updated quarterly in line with existing values being updated according to current rents, vacancies and market data from the external independent valuer Newsec Advise AB, in terms of direct return levels and operation 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

Valuations applying the yield capitalization method value each property individually by calculating the present value of anticipated future cash flows, that is, future rent payments less estimated operating and maintenance costs, as well as the residual value in year 10 or 15 depending on whether its an older property or a new-build. 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). Short-term cost inflation was reduced from 6.0 percent in the year to 2.0 percent for 2024. The corresponding rent inflation has been adjusted from 3.5 percent to 4.0 percent for 2025, 2.5 percent for 2026 and 2.0 percent for 2027.

### Rent payments

For 2024, we assume general rental growth of between 3.5 to 5.45

percent for housing including, and excluding, heating and water, based on actual rent levels for the holding not subject to collective rent negotiations, and on outcomes or anticipated outcomes between parties in the holding subject to collective rent negotiations. Adjustments occur in connection with actual rental increases being set in the first quarter 2024. 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 payments

The assessment of disbursements for normal operation, repairs and maintenance, 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

## SUPPLEMENTARY DISCLOSURES – NOTE 16, CONT.

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 to 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 adjusting the assessed direct return requirements to inflation.

For the completed investment properties, the return requirements on the valuation units included vary from 3.85 percent (3.45) to 7.30 percent (7.04), with a total weighted average of 4.37 percent (4.03) and, for project properties valued in advance, from 4.05 (3.51) percent to 4.73 (4.57) percent, with a weighted average of 4.33 percent (4.01). 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 6.45 percent (6.25) and, for project properties under construction valued in advance, 6.40 percent (6.20).

### Residual value

Residual value comprises operating surplus for the remaining economic life, which is based on the year following the last year of calculation. 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

	2023	2022
Calculation period, number of years	10-15	10-15
Annual long-term inflation, %	2.00%	2.00%
Cost inflation coming year, %	2.00%	4.00%
Long-term rent trend housing, % annually	2.00%	2.00%
Rent inflation coming year, %	4.00%	3.50%
Cost of capital, %	6.44%	6.23%
Direct return requirements, residual value, %		
Housing, %	4.26%	3.90%
Commercial, %	5.49%	5.45%
Long-term vacancy ratio, %		
Housing, %	0.26%	0.26%
Commercial, %	5.73%	5.78%
Rental value, SEK/m <sup>2</sup>	1,872	1,749
Operating and maintenance costs, year 1, SEK/m <sup>2</sup>	331	289

### Average direct return requirement for calculating residual value, %

Geographical region	Housing		Commercial	
	Completed	New construction	Completed	New construction
South	3.35-5.05%	4.00-4.70%	5.25-7.30%	5.28-5.50%
West	3.80-4.65%	4.20-4.50%	5.50-7.15%	5.50-6.20%
East	4.05-4.75%	4.05-4.25%	5.00-5.50%	5.00-6.00%
Denmark	4.75%	4.54%	-	-

Category	Completed	New construction
Housing	3.35-5.05%	4.00-4.70%
Offices	5.35-7.15%	-
Stores	5.22-7.30%	-
Restaurants	5.45-6.65%	-
Warehouses/ industrial	5.35-7.10%	-
Other	5.00-6.82%	5.30-6.20%

## 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 2023, interest expenses on construction credits of SEK 178.5 million (59.1) was capitalized on investment properties. As of 31 December 2023, the average interest rate on capitalized interest expenses was 5.95 percent (3.92).

As of 31 December 2023, the Group had investment commitments for the completion of construction projects in progress of SEK 1,927.0 million (2,365.4).

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%	-	317.8
Rental value ,+/-1%	6.6	151.3
Operating and maintenance costs ,+/-1%	1.2	28.2
Long-term vacancy ratio ,+/-1%	6.6	151.3

### Value change in completed investment properties and building rights

	-10%	+10%
Property value, SEK m	-1,251.4	1,251.4
Loan-to-value ratio, completed investment properties,%	69%	57%
Debt-to-equity ratio, %	65%	56%

# 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 an 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. Buildings are depreciated over 15 - 100 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

Years	
Tillage	40-100
Frame and foundation	40-100
Frame completions/interior walls	40-100
Heating and sanitation	15-25
Power lines	15-60
Inner surface area	10-20
Ventilation	15-50
Facade	15-60
Roof	25-60
Kitchen fittings and appliances	10-20

### Business properties

SEK m	Group	
	2023	2022
Opening amortized cost	497.4	471.3
Purchasing	26.4	6.4
Divestments	-38.7	0.0
Reclassifications	113.5	19.7
<b>Closing amortized cost</b>	<b>598.6</b>	<b>497.4</b>
Opening accumulated amortizations	-49.8	-22.9
Purchasing	0.0	0.0
Divestments	10.4	0.0
Amortizations for the year	-22.4	-21.1
Reclassifications	0.2	-5.9
<b>Closing accumulated amortization</b>	<b>-61.5</b>	<b>-49.8</b>
<b>Closing residual value according to plan</b>	<b>537.1</b>	<b>447.6</b>

## 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

#### Machinery and equipment

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Opening cost	298.3	262.6	0.7	0.7
Purchasing	47.4	49.4	1.2	0.0
Sales and obsolescence	-41.8	-13.4	0.0	0.0
Reclassification	0.6	-17.0	0.0	0.0
Through acquisitions of subsidiaries	0.0	16.8	0.0	0.0
<b>Closing amortized cost</b>	<b>304.6</b>	<b>298.3</b>	<b>1.9</b>	<b>0.7</b>
Opening depreciation	-104.7	-72.8	-0.6	-0.5
Sales and obsolescence	9.0	5.0	0.0	0.0
Reclassification	-0.2	0.0	0.0	0.0
Through acquisitions of subsidiaries	0.0	-9.1	0.0	0.0
Amortizations for the year	-27.3	-27.7	-0.1	-0.1
<b>Closing accumulated amortization</b>	<b>-123.2</b>	<b>-104.7</b>	<b>-0.7</b>	<b>-0.6</b>
<b>Closing residual value according to plan</b>	<b>181.4</b>	<b>193.6</b>	<b>1.2</b>	<b>0.1</b>

#### 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	
	2023	2022
Cost	29.3	21.3
Accumulated depreciation/amortization	-7.2	-5.8
<b>Carrying amount</b>	<b>22.1</b>	<b>15.5</b>

## SUPPLEMENTARY DISCLOSURES – NOTE 19

### NOTE 19: PARTICIPATION 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. Participation 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. For a description of the impairment principles applied, see Note 1.

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	
	2023	2022	2023	2022
Opening carrying amount	223.2	234.4	196.9	189.2
Acquisitions	3.3	5.7	3.3	7.6
Shareholder contribution	8.4	0.1	8.3	0.1
Participation in associated companies' profit after tax	25.9	2.5	0.0	0.0
Dividend received	0.0	-19.5	0.0	0.0
<b>Closing carrying amount</b>	<b>260.7</b>	<b>223.2</b>	<b>208.5</b>	<b>196.9</b>

#### Participations 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	27.6
Fosie mark i Skåne AB	559196-0173	Malmö	31	31	310	0.0	0.1
Homestate AB	559179-2253	Jönköping	33	33	166	3.9	0.0
Homesystem Sverige AB	559336-6106	Stockholm	30	30	150	0.7	0.0
Ramsdalen 3:1 Fastighets AB	559306-2531	Hässleholm	33	33	50	0.2	0.1
Östra Station i Kävlinge AB	559082-3406	Kävlinge	22	22	11,050	7.0	7.0
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	192.0
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	11.8
Tefyra Holding AB	559336-6072	Hässleholm	50	50	250	0.0	11.3
HME Huset 13 AB	559358-3866	Kävlinge	50	50	250	9.0	10.9
						<b>208.5</b>	<b>260.7</b>

## 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.

#### Other non-current receivables and securities holdings

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Non-current receivables in associated and jointly controlled companies	6.2	5.4	6.2	5.4
Other non-current receivables	25.9	15.8	0.0	0.2
Other non-current securities holdings	1.1	1.4	1.0	1.3
<b>Closing carrying amount</b>	<b>33.3</b>	<b>22.6</b>	<b>7.2</b>	<b>6.9</b>

### 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.

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.

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.

#### 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	
	2023	2022	2023	2022
<b>Deferred tax assets attributable to:</b>				
Tax-loss carry forwards	12.1	13.4	3.8	2.7
Net interest income	0.0	0.0	0.0	0.0
Properties	0.2	0.3	0.0	0.0
Leasing	18.7	0.0	0.0	0.0
Derivatives	21.5	0.5	17.6	0.0
Other items	1.8	2.2	0.0	0.0
<b>Total</b>	<b>54.3</b>	<b>16.4</b>	<b>21.4</b>	<b>2.7</b>

#### Deferred tax liability attributable to:

Properties, completed	326.1	448.8	0.0	0.0
Properties, under construction	469.0	381.1	0.0	0.0
Surplus value from business combinations	133.5	138.5	0.0	0.0
Leasing	19.0	0.0	0.0	0.0
Derivatives	0.0	51.4	0.0	51.4
Untaxed reserves	9.6	13.7	0.0	0.0
Other items	-4.0	0.0	0.0	0.0
<b>Total</b>	<b>953.2</b>	<b>1,033.5</b>	<b>0.0</b>	<b>51.4</b>

## 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.

##### 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 writes off 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 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

## SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

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
- 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.

The Group's operations are conducted in Sweden and Denmark and the functional currency of the Group is SEK. 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.

	2023	2022	Financial targets	Financial covenant
Interest-bearing liabilities at the end of the year in accordance with the Balance Sheet, SEK million	10,117.8	8,461.4		
Total equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK m	16,807.2	15,272.0	<70%	<70%
<b>A/B Debt-to-equity ratio at the end of the year, %</b>	<b>60.2%</b>	<b>55.4%</b>		
A Equity at the end of the year in accordance with the Balance Sheet, SEK m	5,100.4	5,169.6		
B Equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK m	16,807.2	15,272.0	>25 %	>25 %
<b>A/B Equity/assets ratio at the end of the year, %</b>	<b>30.3%</b>	<b>33.9%</b>		
A Profit before changes in value for the year in accordance with the Income Statement, SEK million	67.3	83.3		
B Depreciation/amortization and impairment during the year in accordance with the Income Statement, SEK million	-80.5	-62.6	> multiple of	> multiple of
C Net interest income for the year in accordance with the Income Statement, SEK million	-220.2	-124.8	1.75	1.50
<b>(A-B-C)/-C Interest coverage ratio during the year, multiple</b>	<b>1.7</b>	<b>2.2</b>		

## SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

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 2023, the average period of fixed interest was 3.5 years (3.4) and the interest rate sensitivity in the event of an increase of 1 percentage point shift in the loan rates amounted to SEK 6.5 million (17.2). As a percentage of the total debt portfolio, variable interest accounted for 9 percent (27). At the end of the year, the average interest rate amounted to 3.22 percent (2.72) including interest-rate derivatives and to 5.47 percent (3.85) 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 2.8 years (2.4) and 35 percent (27) of the loans matured within 12 months.

At the end of 2023, the Group had loan agreements to credit institutions totaling SEK 10,781.7 million (9,671.6), of which SEK 1,096.3 million (1,061.3) constituted overdraft facilities and covered loans and SEK 2,937.6 million (2,867.1) constituted construction credits. Remaining credit agreements, SEK 6,747.9 million (5,743.2), 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 2,319.1 million (1,706.9) expired during 2024, 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 60.2 percent (55.4).

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 2023.

### 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
2024	2,569.1	351.5	-159.9	2,760.6
2025	2,861.0	242.6	-149.9	2,953.6
2026	1,020.7	58.2	-111.4	967.6
2027	340.8	40.9	-58.2	323.6
2028	0.0	24.3	-20.9	3.4
>2029	477.6	358.3	-44.2	791.7
	<b>7,269.1</b>	<b>1,075.7</b>	<b>-544.4</b>	<b>7,800.5</b>

#### Credit and interest maturity structure as of 31 December (excluding construction credits, overdraft facilities and custody account credits)

Term	Interest maturity		Credit maturity		Swap maturity		
	Amount, SEK m	Average interest, %	Amount, SEK m	Utilized, SEK m	Interest rate derivatives, SEK m	Average interest, %	Value, SEK m
0-1 years	1,197.5	4.18%	2,569.1	2,569.1	300.0	0.33%	6.7
1-2 years	500.0	2.13%	2,861.0	2,861.0	500.0	0.64%	7.6
2-3 years	2,000.0	2.80%	1,020.7	1,020.7	2,000.0	1.31%	78.2
3-4 years	2,000.0	3.15%	340.8	340.8	2,000.0	1.65%	47.1
4-5 years	500.0	2.38%	0.0	0.0	500.0	0.89%	56.4
> 5 years	1,071.7	4.32%	477.6	477.6	1,071.7	2.83%	-38.8
<b>Total</b>	<b>7,269.1</b>	<b>3.22%</b>	<b>7,269.1</b>	<b>7,269.1</b>	<b>6,371.7</b>		<b>157.3</b>

## 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 5.8 million (35.4). In addition, there is an unutilized overdraft facility of SEK 147.3 million (277.4).

### 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	
	2023	2022	2023	2022
Matures within 1 year	544.9	522.0	27.1	16.7
Matures after 1 year	86.0	63.3	169.1	1,012.0
<b>Total</b>	<b>630.9</b>	<b>585.3</b>	<b>196.2</b>	<b>1,028.7</b>

## SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Breakdown of financial assets and liabilities as of 31 December 2023

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	25.9	25.9	25.9
Derivative instruments	141.4	0.0	141.4	141.4
Accounts receivable	0.0	51.2	51.2	51.2
Receivables from associated companies	0.0	6.4	6.4	6.4
Other current receivables	0.0	113.9	113.9	113.9
Prepaid costs and accrued income	0.0	46.3	46.3	46.3
Cash and cash equivalents	0.0	5.8	5.8	5.8
<b>Total receivables</b>	<b>141.4</b>	<b>249.5</b>	<b>390.8</b>	<b>390.8</b>
Non-current interest-bearing liabilities	0.0	6,832.7	6,832.7	6,832.7
Other non-current liabilities	0.0	86.0	86.0	86.0
Current interest-bearing liabilities	0.0	3,285.1	3,285.1	3,285.1
Advances from customers	0.0	3.2	3.2	3.2
Accounts payable	0.0	234.5	234.5	234.5
Liabilities to associated companies	0.0	6.7	6.7	6.7
Other current liabilities	0.0	66.2	66.2	66.2
Income invoiced but not vested	0.0	59.5	59.5	59.5
Accrued costs and prepaid income	0.0	174.8	174.8	174.8
<b>Total liabilities</b>	<b>0.0</b>	<b>10,748.7</b>	<b>10,748.7</b>	<b>10,748.7</b>

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 value	Fair value
Other non-current receivables	0.0	15.8	15.8	15.8
Derivative instruments	399.1	0.0	399.1	399.1
Accounts receivable	0.0	93.2	93.2	93.2
Receivables from associated companies	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
<b>Total receivables</b>	<b>399.1</b>	<b>348.7</b>	<b>747.8</b>	<b>747.8</b>
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
<b>Total liabilities</b>	<b>0.0</b>	<b>9,046.7</b>	<b>9,046.7</b>	<b>9,046.7</b>

## SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

### Breakdown of financial assets and liabilities as of 31 December 2023

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	2,218.6	2,218.6	2,218.6
Receivables from associated companies	0.0	7.3	7.3	7.3
Derivative instruments	159.2	0.0	159.2	159.2
Current tax receivables	0.0	0.0	0.0	0.0
Other current receivables	0.0	52.0	52.0	52.0
Prepaid costs and accrued income	0.0	23.0	23.0	23.0
Cash and cash equivalents	0.0	0.5	0.5	0.5
<b>Total receivables</b>	<b>159.2</b>	<b>2,301.4</b>	<b>2,460.6</b>	<b>2,460.6</b>
Non-current interest-bearing liabilities	0.0	108.1	108.1	108.1
Current interest-bearing liabilities	0.0	1,338.8	1,338.8	1,338.8
Accounts payable	0.0	11.5	11.5	11.5
Liabilities to Group companies	0.0	169.1	169.1	169.1
Other current liabilities	0.0	3.4	3.4	3.4
Accrued costs and prepaid income	0.0	12.2	12.2	12.2
<b>Total liabilities</b>	<b>0.0</b>	<b>1,643.2</b>	<b>1,643.2</b>	<b>1,643.2</b>

### 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
<b>Total receivables</b>	<b>0.0</b>	<b>2,450.3</b>	<b>2,852.0</b>	<b>2,852.0</b>
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
<b>Total liabilities</b>	<b>0.0</b>	<b>2,233.8</b>	<b>2,233.8</b>	<b>2,233.8</b>

## SUPPLEMENTARY DISCLOSURES – NOTES 23–25

### NOTE 23: INVENTORIES

#### Accounting principles

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. As of 31 December 2023 and 2022, the entire inventories were valued at cost.

### 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 2023 profit for the Group was charged with SEK 5.6 million (3.0) in confirmed accounts receivables losses. The receivables are current in nature, which means that recognized amounts correspond to fair value.

#### Accounts receivable

Age distribution, SEK m	Group	
	2023	2022
Within 90 days	50.3	91.6
91-120 days	0.2	0.4
121 days-	6.1	7.5
Doubtful accounts receivable <90 days	-3.3	-4.0
Doubtful accounts receivable >90 days	-2.1	-2.3
<b>Accounts receivable, net</b>	<b>51.2</b>	<b>93.2</b>

### 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 (2017-2023). This percentage has then been adjusted for known future invoices in the form of management's assessment of increased risk for future credit losses. The adjustment has taken into account the effect of the anticipated slowdown in the economic cycle. This has resulted in total reserves of SEK 3.3 million (4.0) as of 31 December 2023.

For the accounts receivable in stage 3 (overdue over 90 days) individual tests have been made for each receivable. This has resulted in total reserves of SEK 2.1 million (1.2) as of 31 December 2023.

#### 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 provision of SEK 0.8 million (1.0).

#### 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		91.6	7.9
Change		-41.3	-1.6
<b>Closing Balance (CB) Customer and rent receivables</b>		<b>50.3</b>	<b>6.3</b>
OB Receivables from other companies, associated companies and jointly controlled companies	95.7		
Change	-17.1		
<b>CB Receivables from other companies, associated companies and jointly controlled companies</b>	<b>78.6</b>		
OB Provision for expected credit losses	-1.0	-4.0	-1.2
Change in provision for expected credit losses	0.2	0.7	-0.9
<b>CB Provision for expected credit losses</b>	<b>-0.8</b>	<b>-3.3</b>	<b>-2.1</b>
<b>Recognized net value</b>	<b>77.8</b>	<b>47.0</b>	<b>4.2</b>

## 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.

#### Other receivables

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Receivables in associated and jointly controlled companies	0.2	0.4	0.1	0.4
Accrued, not invoiced income	31.6	41.0	0.0	0.0
Current tax receivables	8.9	6.9	0.0	0.0
Other receivables	82.2	120.9	51.9	69.9
<b>Total</b>	<b>123.0</b>	<b>169.2</b>	<b>52.0</b>	<b>70.3</b>

### 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.

#### Prepaid costs and accrued income

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Other prepaid costs and accrued income	46.3	36.7	23.0	11.1
<b>Total</b>	<b>46.3</b>	<b>36.7</b>	<b>23.0</b>	<b>11.1</b>

## 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	
	2023	2022
Utilized credit, K-Fast Holding AB	1,698.1	1,102.5
Available credit, K-Fast Holding AB	-1,762.5	-1,132.1
Total Group bank balances relating to the Group account	-64.4	-29.6
Available amount, K-Fast Holding AB	100.0	300.0
<b>Total Group bank balances relating to the Group account, including unutilized credit</b>	<b>35.6</b>	<b>270.4</b>

### NOTE 29: EQUITY

The share capital in Parent Company K-Fast Holding AB amounts to SEK 63.8 million (57.4) divided over 239,331,168 shares (215,331,168). On 28 September 2023 and 24 October 2023, K-Fastigheter completed two directed new issues totaling 24,000,000 shares.

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 216,831,168 Class B shares that each convey one vote. The total number of votes on 31 December 2023 was 329,331,168. 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 2023 or 2022.

	Quotient value, SEK		No. of shares	
	2023	2022	2023	2022
Shares	0.27	0.27	239,331,168	215,331,168

	Outstanding number of shares at the end of the year*		Average number of outstanding shares*	
	2023	2022	2023	2022
Shares	239,331,168	215,331,168	221,047,606	215,331,168

\*Adjusted for directed new issues on 28 September 2023 and 24 October 2023

#### 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 m	Total share capital, SEK million
23 November 2010	New formation		500	500	100.0		0.1
19 August 2019	Bonus issue and split	24,999,500	25,000,000	25,000,000	1.6	39.9	40.0
19 August 2019	New share issue	260,587	25,260,587	25,260,587	1.6	0.4	40.4
16 September 2019	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	Split 6:1	179,442,640	215,331,168	215,331,168	0.27	0.0	57.4
28 September 2023	New share issue	18,180,000	233,511,168	233,511,168	0.27	4.8	62.2
24 October 2023	New share issue	5,820,000	239,331,168	239,331,168	0.27	1.6	63.8
<b>31 December 2023</b>			<b>239,331,168</b>	<b>239,331,168</b>	<b>0.27</b>		<b>63.8</b>

## SUPPLEMENTARY DISCLOSURES – NOTE 30

### NOTE 30: NON-CONTROLLING INTERESTS

Financial information in summary for the Group's significant non-controlling interest is presented below. Recognized amounts are based on the amounts presented in the Consolidated Financial Statements. Only net assets including non-controlling interest 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 interest in K-Fast Kilen AB amounted to 49.2% (49.2%).

Ownership share	2023	2022
K-Fast Holding AB, share %	50.8	50.8
Non-controlling interests, share %	49.2	49.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Balance Sheet in summary, SEK m	2023	2022
Investment properties	551.4	162.3
Financial non-current assets	0.2	30.7
Current assets	17.7	34.5
<b>Total assets</b>	<b>569.3</b>	<b>227.4</b>

Non-current liabilities	429.9	168.3
Current liabilities	28.7	19.9
<b>Total liabilities</b>	<b>458.6</b>	<b>188.2</b>

<b>Net assets</b>	<b>110.7</b>	<b>39.2</b>
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<b>Carrying amount non-controlling interests</b>	<b>54.5</b>	<b>19.3</b>
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Total Comprehensive Income in summary, SEK m	2023	2022
Income	2.1	0.0
Expenses	-4.7	-0.8
Changes in value	91.8	47.5
Tax	-18.8	-9.7
<b>Profit for the year</b>	<b>70.4</b>	<b>37.0</b>

<b>Profit for the period attributable to non-controlling interests</b>	<b>34.6</b>	<b>18.2</b>
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Cash Flow in summary, SEK m	2023	2022
Cash flow from operating activities	80.0	4.0
Cash flow from investing activities	-358.6	-150.4
Cash flow from financing activities	261.6	168.3
<b>Increase/decrease in cash and cash equivalents</b>	<b>-17.0</b>	<b>21.8</b>

## SUPPLEMENTARY DISCLOSURES – NOTES 31–35

### 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	
	2023	2022	2023	2022
Other provisions	4.9	11.4	0.0	0.0
Other non-current liabilities	86.0	63.3	0.0	0.0
<b>Total</b>	<b>90.9</b>	<b>74.7</b>	<b>0.0</b>	<b>0.0</b>

##### Other current liabilities

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Advances from customers	3.2	3.4	0.0	0.0
Liabilities to associated companies	6.7	0.0	0.0	0.0
Income invoiced but not vested	59.5	19.2	0.0	0.0
Other current liabilities	66.2	105.7	3.4	3.8
<b>Total</b>	<b>135.7</b>	<b>128.3</b>	<b>3.4</b>	<b>3.8</b>

### 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	
	2023	2022	2023	2022
Accrued personnel-related expenses	84.8	107.1	8.9	5.0
Accrued interest	11.4	6.5	1.0	0.7
Prepaid rental income	38.4	42.0	0.0	0.0
Other items	40.1	50.6	2.3	3.1
<b>Total</b>	<b>174.8</b>	<b>206.2</b>	<b>12.2</b>	<b>8.8</b>

### NOTE 33: APPROPRIATIONS

SEK m	Parent Company	
	2023	2022
Group contributions received	70.7	66.2
Group contributions paid	-69.3	-104.8
<b>Total</b>	<b>1.4</b>	<b>-38.6</b>

### NOTE 34: PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

#### Accounting principles

Profit from participations in Group companies is recognized according to the principles described in Note 35 Participations in Group companies.

##### Appropriations

SEK m	Parent Company	
	2023	2022
Realized gains on divestments	45.9	0.0
Impairment	-6.6	0.0
<b>Total</b>	<b>39.3</b>	<b>0.0</b>

### NOTE 35: 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.

##### Profit from participations in Group companies

SEK m	Parent Company	
	2023	2022
Opening cost	1,167.6	1,009.0
Acquired shares	92.7	151.5
Divested shares	-79.9	0.0
Impairment	-6.6	0.0
Shareholder contribution	61.9	7.1
<b>Closing amortized cost</b>	<b>1,235.7</b>	<b>1,167.6</b>

## SUPPLEMENTARY DISCLOSURES – NOTE 35 CONT.

Company	Corp. ID No.	Reg. office	Proportion of equity, %	Proportion of votes, %	Cost, SEK m
Christianstad Samhällsfastigheter AB	559375-4889	Hässleholm	100	100	0.0
Property Hammar 9:197 AB	559242-0839	Kristianstad	100	100	2.1
Helsingborg Långeberga Fastighets AB	559437-2772	Hässleholm	100	100	0.0
Karlsson Fastigheter i Hässleholm AB	556827-7569	Hässleholm	100	100	1.0
K-Fast 21:an AB	559282-9898	Hässleholm	100	100	22.5
K-Fast Alderholmen 4:34 AB	559393-5165	Hässleholm	100	100	1.9
K-Fast Amerika Norra AB	556750-2272	Hässleholm	100	100	35.9
K-Fast Bygg Holding AB	559008-8950	Hässleholm	100	100	7.0
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	1.0
K-Fast Flora AB	556750-0979	Hässleholm	100	100	15.2
K-Fast Fogdaröd AB	559347-7481	Hässleholm	100	100	0.5
K-Fast Fredriksdal AB	559076-5888	Hässleholm	100	100	17.7
K-Fast Fredriksskans AB	559219-4897	Hässleholm	100	100	8.2
K-Fast Getramsen AB	559317-1191	Hässleholm	100	100	5.9
K-Fast Getängen AB	556261-4544	Hässleholm	100	100	15.0
K-Fast Gårdsten 7:5 AB	559202-4359	Hässleholm	100	100	10.2
K-Fast Gävle AB	559103-8160	Hässleholm	100	100	0.1
K-Fast Göteborg 2 AB	559203-6262	Hässleholm	100	100	66.2
K-Fast Göteborg AB	559114-1568	Hässleholm	100	100	25.2
K-Fast Helsingborg AB	556915-0393	Hässleholm	100	100	15.6
K-Fast Hässjan AB	559023-2913	Hässleholm	100	100	8.8
K-Fast Högafln AB	559023-2921	Hässleholm	100	100	9.3
K-Fast Jupiter AB	559314-5773	Hässleholm	100	100	3.6
K-Fast Kiln AB	559305-2136	Hässleholm	51	51	1.7
K-Fast Kirseberg AB	559283-1399	Hässleholm	100	100	22.2
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	10.1
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	2.4

Company	Corp. ID No.	Reg. office	Proportion of equity, %	Share of votes, %	Cost, SEK m
K-Fast Nocken AB	559093-6232	Hässleholm	100	100	9.2
K-Fast Notarien 21 AB	559088-7260	Hässleholm	100	100	9.2
K-Fast Nyköping AB	559144-8666	Hässleholm	100	100	1.0
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	15.2
K-Fast Skruven AB	556817-5557	Hässleholm	100	100	1.3
K-Fast Skymningen AB	559192-8444	Hässleholm	100	100	19.3
K-Fast Smörslottsgatan AB	559114-1469	Hässleholm	100	100	12.3
K-Fast Spoven 1 AB	556806-8471	Hässleholm	100	100	22.1
K-Fast Stafvre AB	556639-9837	Hässleholm	100	100	123.8
K-Fast Stortorget i Hässleholm AB	556419-6201	Hässleholm	100	100	46.7
K-Fast Surte AB	556922-6466	Hässleholm	100	100	14.3
K-Fast Sägklingan AB	559054-0539	Hässleholm	100	100	7.7
K-Fast Sätra 108:20 AB	559130-0735	Hässleholm	100	100	56.8
K-Fast Sävenäs 131:14 AB	559114-1477	Hässleholm	100	100	12.3
K-Fast T4 AB	556040-3957	Hässleholm	100	100	33.1
K-Fast Taket 2 AB	559225-7967	Hässleholm	100	100	4.3
K-Fast Torget AB	559027-5334	Malmö	100	100	8.9
K-Fast Trollet AB	559258-4642	Hässleholm	100	100	9.7
K-Fast Utby 3:113 AB	559190-7083	Hässleholm	100	100	1.1
K-Fast Viken 2 AB	556806-0791	Hässleholm	100	100	53.2
K-Fast Viken AB	556995-8779	Hässleholm	100	100	20.0
K-Fast Viktoria 22 AB	559311-8515	Hässleholm	100	100	14.6
K-Fast Vildrosen AB	559136-9961	Hässleholm	100	100	24.5
K-Fast Vänersborg AB	559314-0121	Hässleholm	100	100	4.3
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	21.7
K-Fast Örn 33 AB	559096-7195	Hässleholm	100	100	31.7
K-Fast Örn 34 AB	559096-7245	Hässleholm	100	100	52.7
Maglegårdens Fastigheter AB	556772-6384	Hässleholm	100	100	0.0
Maglegården 30 Fastighets AB	559375-4798	Hässleholm	100	100	4.4
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
					<b>1,235.7</b>

## SUPPLEMENTARY DISCLOSURES – NOTES 36–37

### NOTE 36: 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 2023, the Parent Company had an outgoing receivable from a subsidiary of SEK 2,218.6 million (1,567.1), of which SEK 984.0 million (665.0) pertained to current receivables. As of 31 December 2023, the Parent Company loaned SEK 1,234.7 million (902.1) to subsidiaries for credit restructuring in the Group. In addition, the Parent Company has receivables from Group companies regarding the Parent Company's balances towards Group companies in the Group account.

For receivables from the Group companies, there are no established amortization plans.

As of 31 December 2023, Parent Company liabilities to Group companies amounted to SEK 169.1 million (216.2), of which SEK 169.1 million (216.2) pertained to current liabilities. Parent Company liabilities to Group companies relate to Group company balances to the Parent Company in the Group account.

### NOTE 37: 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	
	2023	2022	2023	2022
<b>For own provisions and liabilities</b>				
Mortgages	9,132.9	7,757.0	0.0	0.0
Chattel mortgages	125.0	125.0	0.0	0.0
<b>For the benefit of Group companies</b>				
Other pledged assets	0.0	0.0	1,938.4	1,586.4
<b>Total pledged assets</b>	<b>9,257.9</b>	<b>7,882.0</b>	<b>1,938.4</b>	<b>1,586.4</b>

#### Contingent liabilities

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Guarantees in favor of Group companies	0.0	0.0	8,331.3	6,880.8
Other contingent liabilities	12.3	63.7	57.4	132.6
<b>Total contingent liabilities</b>	<b>12.3</b>	<b>63.7</b>	<b>8,388.7</b>	<b>7,013.4</b>

## SUPPLEMENTARY DISCLOSURES – NOTE 38

### NOTE 38: 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	
	2023	2022	2023	2022
<b>The following components are included in cash and cash equivalents:</b>				
Cash and bank balances	5.8	35.4	0.5	0.0
<b>Total according to the Balance Sheet</b>	<b>5.8</b>	<b>35.4</b>	<b>0.5</b>	<b>0.0</b>
<b>Total according to the Cash Flow Statement</b>	<b>5.8</b>	<b>35.4</b>	<b>0.5</b>	<b>0.0</b>
<b>Interest received and paid</b>				
Interest received	126.1	11.9	264.8	59.3
Interest paid	-346.4	-136.6	-103.5	-41.5
<b>Total</b>	<b>-220.2</b>	<b>-124.8</b>	<b>161.3</b>	<b>17.8</b>
<b>Adjustment for items not affecting cash flow</b>				
Amortization and depreciation	61.5	59.3	0.6	0.4
Impairment	16.5	0.0	0.0	0.0
Change in provisions	-6.5	2.5	0.0	0.0
Profit from participations in associated and Group companies	-25.9	-2.5	-39.3	0.0
Other	-1.0	-2.8	0.0	0.0
<b>Total</b>	<b>44.6</b>	<b>56.4</b>	<b>-38.7</b>	<b>0.4</b>
Opening balance, financial liabilities	8,062.3	5,911.7	803.4	915.6
Borrowings	2,274.8	2,719.0	759.7	279.5
Amortization	-518.9	-179.8	-517.9	-26.7
Change derivatives	257.7	-362.1	242.5	-365.8
Acquisition/divestment of operations	-113.4	17.5	0.0	0.0
Change leasing	-0.9	0.5	0.0	0.0
Currency effects	14.8	-44.6	0.1	0.8
<b>Closing balance, financial liabilities</b>	<b>9,976.4</b>	<b>8,062.3</b>	<b>1,287.7</b>	<b>803.4</b>

## SUPPLEMENTARY DISCLOSURES – NOTE 39

### NOTE 39: 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	2023	2022
Chairman of the Board Erik Selin	0.0	0.0
Board Member Sara Mindus	0.2	0.2
Board Member Ulf Johansson	0.2	0.2
Board Member Jesper Mårtensson	0.2	0.2
Board Member Christian Karlsson	0.2	0.2
CEO Jacob Karlsson	2.6	1.4
Deputy CEO Martin Larsson	1.9	1.6
<i>Other senior executives (2023: 11 people; 2022: 11 people)</i>	14.5	11.3
<b>Total</b>	<b>19.8</b>	<b>15.1</b>

## SUPPLEMENTARY DISCLOSURES – NOTE 39, CONT.

### Ongoing agreements, 2023

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 2023: SEK 1.3 million (1.4).

Agreement between Jacob Karlsson AB and K-Fast Holding AB relating to administrative services. Total purchases 2023: SEK 0.2 million (0.2).

Construction agreement signed between PVS Mark & VA Holding AB and the K-Fast Group relating to ground works in connection with several ongoing construction projects. Total purchases 2023: SEK 46.6 million (46.5). Total sales in 2023: SEK 0.8 million (1.6).

Rental agreements signed between Homestate AB and the K-Fast Group. Total sales in 2023: SEK 2.3 million (2.2).

Rental agreements signed between Novum Samhällsfastigheter AB and K-Fast Rådhuset AB. Total sales in 2023: SEK 0.3 million (0.4).

### Transactions 2023

In 2023, K-Fast Holding AB acquired the building right Göteborg Sävenäs 131:14 from the Erik Selin Fastigheter AB Group. Total purchase consideration SEK 37.7 million.

### Summary of close party transactions in addition to remuneration to key senior executives

Group, SEK m		2023			31 December 2023	
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	2.3	0.0		1.4	0.0	8.0
Jointly controlled companies	1.1	46.6		0.3	19.3	0.0
Other related parties	0.2	1.3		0.2	0.0	0.0
<b>Total</b>	<b>3.6</b>	<b>47.9</b>		<b>1.8</b>	<b>19.3</b>	<b>8.0</b>

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
<b>Total</b>	<b>2.3</b>	<b>48.6</b>	<b>19.5</b>	<b>7.0</b>	<b>1.3</b>	<b>56.2</b>

Parent Company, SEK m		2023			31 December 2023	
Affiliate relation	Sales to related parties	Purchases from related parties		Receivables from related parties	Liabilities to related parties	Contingent liabilities to related parties
Associated company	0.1	0.1		0.1	0.0	8.0
Jointly controlled companies	0.0	0.0		0.0	0.0	0.0
Other related parties	0.2	0.4		0.2	0.0	0.0
<b>Total</b>	<b>0.3</b>	<b>0.5</b>		<b>0.3</b>	<b>0.0</b>	<b>8.0</b>

Parent Company, 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	0.0	0.7	19.5	5.4	0.0	8.5
Jointly controlled companies	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
<b>Total</b>	<b>0.0</b>	<b>1.7</b>	<b>19.5</b>	<b>5.4</b>	<b>0.2</b>	<b>56.2</b>

## SUPPLEMENTARY DISCLOSURES – NOTES 40–41

### NOTE 40: EVENTS AFTER THE END OF THE FINANCIAL YEAR

After the end of the financial year, the following significant events occurred:

On 11 September 2023, a press release from K-Fastigheter examined the possibilities of divesting a property portfolio in Denmark. On 7 March 2024, K-Fastigheter announced in a press release that a Letter of Intent had been signed with an institutional investor relating to the divestment of the portfolio. The customary sales process, including a technical and financial review, is currently underway, and provided that the parties enter into a binding transfer agreement, the properties are expected to be handed over in the second quarter 2024. The deal is based on underlying property values of approximately SEK 1,070 million. The properties' market value amounted to approximately SEK 1,145 million at the end of the fourth quarter 2023. The aim of the divestment is to strengthen the Balance Sheet and to enable the continued acquisition of building rights and start of new construction projects.

On 13 March 2024, K-Fastigheter completed a directed new issue of 6,662,000 new Class B shares. The subscription price was SEK 19.19 per share, corresponding to the closing rate on 13 March 2024. The net proceeds from the new issue are intended to enable continued expansion through the acquisition of building rights and start of new construction projects. Existing shareholders AP2, Capital SMALLCAP World Fund, Clearance Capital Limited, First Nordic Real Estate, Odin Fonder and AP3 signed up for the new issue. The directed new issue raised SEK 128 million before issue expenses for K-Fastigheter. Part of the issue, corresponding to

842,000 shares, was conditional on subsequent approval by the Extraordinary General Meeting

On 13 March 2024, K-Fastigheter convened an Extraordinary General Meeting for 8 April 2024. The aim of the Extraordinary General Meeting was to authorize the Board's decision regarding the issue of 842,000 shares.

The Extraordinary General Meeting on 8 April 2024 resolved to approve the Board decision relating to a new issue of 842,000 shares.

### 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 2023 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	1,689,483,286
Retained earnings	507,153,440
Profit for the year	28,992,799
<b>Total</b>	<b>2,225,629,526</b>
To be appropriated such that the following is carried forward	2,225,629,526
<b>Total</b>	<b>2,225,629,526</b>

## 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 statutory

Sustainability Report, which encompasses the parts of the Annual Report indicated on pages 121-138, has been approved by the Board for publication.

The Income Statement and Balance Sheet of the Group and the Parent Company are subject to approval by the Annual General Meeting on 14 May 2024.

**Hässleholm, Sweden, 9 April 2024**

**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 9 April 2024  
**Ernst & Young AB**

**Peter von Knorring**  
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.*



# AUDITOR'S REPORT

*To the Annual General Meeting of the shareholders of K-Fast Holding AB (publ), Corp. ID No. org nr 556827-0390*

## REPORT ON THE ANNUAL 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 x-y for the year 2023. The annual accounts and consolidated accounts of the company are included on pages x-y and z-x 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 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages x-y. 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.

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.



## Property Valuation

### Description

The fair value of the Group's investment properties reported in the Statement of Financial Position at 31 December 2023 amount to SEK 14 870,96 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 among other things:

- Evaluated and examined the property valuation process.
- Evaluated 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.
- 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.

## Goodwill

### Description

At 31 December 2023 the Group's consolidated statements of financial position includes goodwill amounting to SEK 443,6 million. Break-down of goodwill is found in note 15 in the Annual Report.

The Group has assessed goodwill for impairment at 31 December 2023. 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.

### How our audit addressed this key audit matter

Our audit procedures included among others the following:

- Assessed the cash flow forecasts, assumptions and estimates used by the Group, by considering the reliability of the Group's cash flow forecasts based of our knowledge of the business.
- With support from our valuation specialists assessed the methodology applied and evaluated the key assumptions applied in the impairment models. These include in particular discount rates and growth rates.
- Tested the mathematical accuracy of the impairment testing models including the consistency of relevant inputs.
- Performed sensitivity analysis on key assumptions.
- We have reviewed supplementary disclosures made in the Annual Report.

## 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 603,0 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

Our audit procedures included among others the following:

- Evaluated and examined the process for revenue and result recognition in construction projects.
- Performed analytical reviews of revenue and margins reported and evaluated management's routines for follow-up of the projects financial results.
- 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 discussions with project leaders and controllers on judgements, assumptions and estimates.
- We have reviewed supplementary disclosures made in the Annual Report.

## 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 A-B, C-D and E-F. 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.

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.

## 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 2023 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.

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 2023.

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 ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable 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 x-y 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 15th of May 2023 and has been the company's auditor since the 4th of January 2017.

**Norrköping, 9<sup>th</sup> of April, 2024**

**Peter von Knorring**

*Authorized Public Accountant*



# SUSTAINABILITY AND VALUE CREATION

*This is K-Fastigheter's Sustainability Report which follows the financial year and is published annually.*

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. The business area Prefab shall deliver attractive frame solutions to intra-Group projects and external customers.



# 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. K-Fastigheter's CEO, deputy CEO/CFO, the Heads of the Pefab, Building and Property Management business areas, and the IR and Communications Manager work collaboratively to optimize development and support. This collaboration is an important prerequisite for K-Fastigheter 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 completed measures will continue to increase in scope, mainly relating to the EU Taxonomy and future CSRD reporting. A double materiality analysis has been completed within the framework of future CSRD reporting, although this does not form the basis for this report.

## STAKEHOLDER DIALOG

K-Fastigheter's main stakeholders are its employees, various collaboration partners, tenants and the capital markets. K-Fastigheter's stakeholder dialog on these issues focuses on ascertaining key stakeholders' views on the Group's sustainability work, the conditions applying to existing operations, and how the various units work with planning and achieving set goals. A number of methods such as interviews, surveys and conversations are used to gather views from a range of stakeholders.



## INTRESSENTGRUPP

## CHANNELS FOR DIALOG

## KEY SUSTAINABILITY ISSUES



### ***Society***

- Stakeholder reviews and in-depth interviews
- Local collaborations, continuous dialog for long-term engagement
- Collaborations with authorities and organizations
- Commitment to community development

- 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



### ***Employees, suppliers and collaboration partners***

- Workplace meetings
- Internal training
- Communication via Group intranet
- Group websites
- Continuous dialog
- Code of Conduct
- Annual performance reviews
- Employee surveys

- 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



### ***Tenants and customers***

- 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
- Feedback from Prefab's customers for continuous improvement

- Energy and emissions
- Sustainable and safe living
- Customer satisfaction
- Continuous communication
- Participation in social progress
- Development of products that increase customers' competitiveness

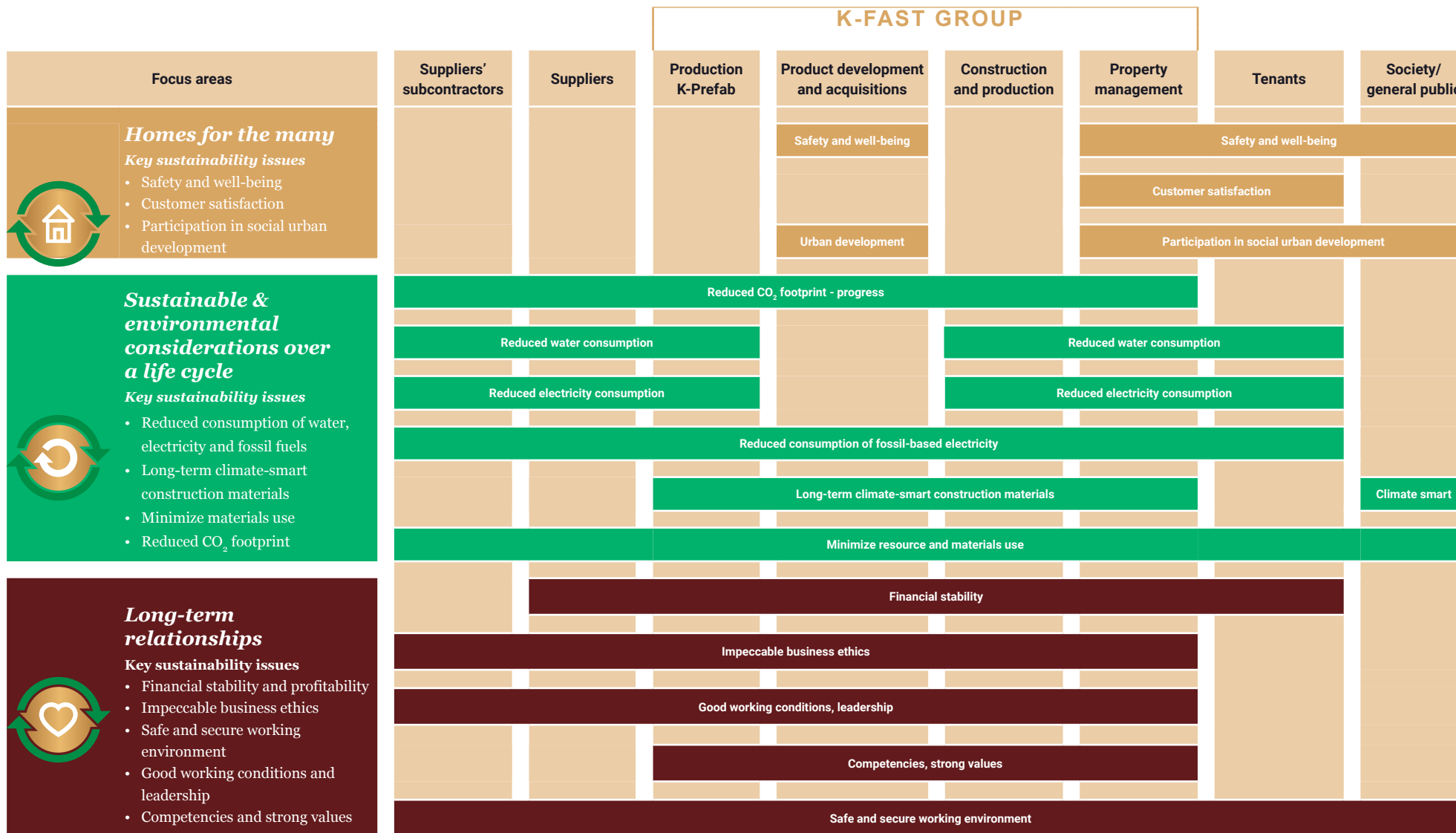


### ***Capital markets***




















- 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 2023
<b>Homes for the many</b> 	 <b>Satisfied customers</b>	  	<ul style="list-style-type: none"> <li>- At least 80% of K-Fastigheter's surveyed tenants shall be satisfied or very satisfied with their apartment, building and K-Fastigheter.</li> </ul>	<ul style="list-style-type: none"> <li>- The service index was 82% and the new production index was 85%.</li> </ul>
		 	<ul style="list-style-type: none"> <li>- At least 80% of reported faults shall be addressed within 24 hours.</li> <li>- Tenant turnover shall be below 15%.</li> </ul>	<ul style="list-style-type: none"> <li>- 69% of reported faults had been addressed and concluded by K-Fastigheter's staff within 24 hours.</li> <li>- In 2023, approximately 36 percent of K-Fastigheter's tenants moved between, or from, the company's apartments.</li> </ul>
		 	<ul style="list-style-type: none"> <li>- 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.</li> </ul>	<ul style="list-style-type: none"> <li>- The proportion of tenants that were satisfied or very satisfied with their neighborhood was 87%. The proportion satisfied with K-Fastigheter's contribution to their individual environmental work was 91%.</li> </ul>
	 	<ul style="list-style-type: none"> <li>- More than 95% of the properties' electricity consumption shall be derived from fossil-free energy sources.</li> <li>- Electricity consumption in K-Fastigheter's offices and production plants shall be sourced from our own solar panels/fossil-free energy sources.</li> <li>- All new-build Lateral Low-Rise and Apartment Block buildings shall source electricity from solar panels.</li> <li>- Water consumption for the total property holding shall be reduced to match the average for the Group's proprietary concept buildings.</li> </ul>	<ul style="list-style-type: none"> <li>- Fossil-free energy sources provided all 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.</li> <li>- 100% of the electricity consumption in K-Fastigheter's offices in Hässleholm, Helsingborg and Kristianstad is derived from solar panels/fossil-free energy. In 2023, the solar panels on the largest of Prefab's factories were operational. This generated savings of 337 MWh and 181 tons CO<sub>2</sub>.</li> <li>- From the third quarter 2021, solar panels have been installed on all new build Lateral Low-Rise buildings and Apartment Blocks. In 2023, 21 properties were constructed with solar panels, in accordance with the installation target for new Lateral Low-Rise and Apartment Blocks.</li> <li>- In 2023, average consumption decreased in acquired buildings, while average consumption increased slightly in buildings constructed by K-Fastigheter compared to 2022.</li> </ul>	
<b>Sustainable &amp; environmental considerations over a life cycle</b> 	 <b>Efficient energy and water consumption</b>		<ul style="list-style-type: none"> <li>- According to K-Fastigheter's Code of Conduct, the ten largest suppliers of construction materials are subject to review from a sustainability perspective.</li> </ul>	<ul style="list-style-type: none"> <li>- 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.</li> </ul>
	 <b>Long-term climate-smart construction materials</b>		<ul style="list-style-type: none"> <li>- 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.</li> </ul>	<ul style="list-style-type: none"> <li>- In 2023, K-Prefab's estimated environmental benefit corresponded to approximately 1,250 tons CO<sub>2</sub>. The total volume of waste K-Prefab generated decreased by around 13% compared to 2021.</li> </ul>
	 <b>Minimize materials use</b>	 		

Focus area	Category	UN targets	Partial targets	Actual 2023
cont.  Sustainable & environmental considerations over a life cycle	 <b>Reduce CO<sub>2</sub> footprint</b>		<ul style="list-style-type: none"> <li>- 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.</li> </ul>	<ul style="list-style-type: none"> <li>- 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 CO<sub>2</sub> footprint.</li> <li>- During the year, the Prefab operations contributed to optimizing the climate footprint of the frame on the Group's concept buildings.</li> <li>- K-Prefab is at the leading edge of climate-improved concrete and satisfies Level 3, which means a minimum reduction in CO<sub>2</sub> emissions of 30% compared to reported typical sector values.</li> <li>- K-Fastigheter has started to produce climate declarations for its properties. The results show that the climate footprint of the buildings is significantly better than the sector average.</li> <li>- Six factories are currently entirely fossil-free in terms of heating. Five factories use biodiesel to operate trucks and vehicles.</li> </ul>
			<ul style="list-style-type: none"> <li>- By 2023, the Prefab business area will halve its CO<sub>2</sub> footprint compared to 2019, by means including investments in fossil-free heating and production plants.</li> </ul>	
Long-term relationships	 <b>Financial stability</b>		<ul style="list-style-type: none"> <li>- The Group equity/assets ratio shall amount to at least 25 percent.</li> <li>- Interest cover shall amount to a minimum of 1.75 x.</li> <li>- The debt-to-equity ratio may amount to at most 70 percent relative to the Group's total assets and liabilities.</li> </ul>	<ul style="list-style-type: none"> <li>- As of 31 December 2023, the equity/assets ratio amounted to 30.3 percent, interest cover to 1.7 x and the debt-to-equity ratio to 60.2 percent.</li> </ul>
			<ul style="list-style-type: none"> <li>- All employees and hired staff shall have relevant training and experience for their work assignments.</li> </ul>	
	 <b>Safe and secure working environment</b>		<ul style="list-style-type: none"> <li>- There were no reported accidents and injuries in the workplace.</li> </ul>	<ul style="list-style-type: none"> <li>- All new employees receive training relating to specific work tasks and the Group's regulatory frameworks, HSEQ work and Code of Conduct.</li> <li>- In 2023, two serious incidents in the Prefab operations were reported to the Swedish Work Environment Authority, which involved elements became dislodged during loading which caused a risk of crushing injury. Extensive investigations into the causes have been completed and preventative measures introduced. In other operations, there were 2 accidents and 2 incident.</li> </ul>
			<ul style="list-style-type: none"> <li>- Zero tolerance of accidents.</li> <li>- Zero tolerance of incidents.</li> <li>- Zero tolerance of discrimination.</li> </ul>	
 <b>Impeccable business ethics</b>		<ul style="list-style-type: none"> <li>- At least 80% of employees shall be satisfied or very satisfied with K-Fastigheter as an employer.</li> <li>- All employees and hired staff shall receive training in the Code of Conduct.</li> </ul>	<ul style="list-style-type: none"> <li>- The Group completed health and safety weeks. This forms part of the company's long-term efforts to build a positive safety culture and reduce operational risks. The content of the health and safety weeks varied for different parts of the organization. In the Prefab operations, the focus was "Stop and think" in production, assembly and office work to underline the importance of taking personal responsibility in the health &amp; safety work. During the week, fire safety trainings and first aid/CPR were also completed. In the rest of the operations, the focus was on safety inspections, well-being initiatives, and threats and violence.</li> <li>- During the year, a new digital tool was introduced to facilitate control and follow-up of the health &amp; safety work in K-Fastigheter's construction projects.</li> <li>- No incidences of discrimination were reported in 2023.</li> </ul>	
		<ul style="list-style-type: none"> <li>- There were no reported incidents of corruption in K-Fastigheter.</li> </ul>		<ul style="list-style-type: none"> <li>- Training relating to the regulatory framework and the Code of Conduct is provided regularly. E-learning tools were introduced in the Prefab operations, and all employees completing training on the Code of Conduct, health &amp; safety, and standards of behavior.</li> <li>- In 2023, a Group-wide employee survey was conducted for the first time. The employee engagement index obtained a score of 3.8 of 5. The results were evaluated and an action plan for improvement produced.</li> </ul>
				<ul style="list-style-type: none"> <li>- No incidences of corruption were reported in 2023.</li> </ul>

## NEW SUSTAINABILITY TARGETS IN 2024

At the end of 2023, K-Fastigheter's financial and operational targets expired. This included sustainability targets. A new business plan with new targets for the period 2024-2028 is being produced and will be presented in connection with the publication of the Interim Report for the first quarter 2024.

# 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. For example, our Apartment Block concept building has been designed with wall structures that provide access to all drain stacks from the staircase, which makes it possible to replace stacks without requiring tenants to move out.

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.

K-Fastigheter assesses that the Group will be affected in multiple way looking ahead, including increased demands for sustainable investments to reduce the negative impact on the environment. With 88 percent of the holding constructed after 2010, and increasingly sustainable production of concrete frames and systematic sustainability work, K-Fastigheter has a good starting point for reducing the negative impact on the environment and to meet the demands and regulatory requirements introduced and that are expected in the area of climate and environmental initiatives.

## CLIMATE FOOTPRINT

The construction and property sector generates a high proportion of society's environmental impact through its energy consumption and emissions from various parts of the process, such as import of construction products and components. 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.

Group-wide efforts are made to increase in-house production of fossil-free energy by means including more solar panels. Two of the Group's Prefab facilities, and Lateral Low-Rise and Apartment Block concept buildings constructed after the third quarter 2021, have been equipped with solar panels. K-Prefab's 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. Six factories are currently entirely fossil-free in terms of heating. Five 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 concept buildings are largely constructed using concrete, a material that is tried-and-tested, durable and safe, with positive climate properties, but which includes cement which has a significant environmental impact. Continuous work is underway to reduce the volume of cement used in the elements manufactured by K-Fastigheter wherever possible. This includes optimizing recipes and replacing cement with other binding agents such as ground granulated blast furnace slag and fly ash.

By building prefabricated construction elements using concrete and wood from its own production facilities, K-Fastigheter is able to control the process. Manufacturing indoors in a controlled environment means that the work is not dependent on weather conditions and temperature, compared to molding frames on site. 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

## 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 CO<sub>2</sub> emissions. The Group made further progress in 2023. The work associated with replacing a proportion of cement with ground granulated blast furnace slag continued and has been complemented by adaptations to the production process.

Emissions data for 2023 includes Scope 1, data from proprietary vehicles, based on standard calculations of actual consumption. For the full year 2023, consumption corresponded to 1,778 tons CO<sub>2</sub>e in K-Prefab's operations, and approximately 170 tons CO<sub>2</sub>e for the rest of the Group. All electricity for the Group's production plants is derived from fossil free production. Increased energy efficiency forms part of the company's improvement work. The Prefab operations continuously strive to optimize transports from production to the customer by locating production close to customers and ensuring high capacity utilization. In partnership with our transporter, electrically powered vehicles were tested for shorter transports in 2023. 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, however, conduct operations that require permits or notice. In 2023, 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. This includes the type of land where construction takes place.

## SUSTAINABILITY-RELATED RISKS

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 gradually 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 change with regard to areas such as property-related costs and value growth.

Examples of key sustainability risks and planned risk mitigation measures are indicated below.

Risk	Management
Increased energy costs in property management and Prefab operations	Increased energy efficiency and increased internal production of renewable energy, e.g. solar panels.
Increased demands on reporting of sustainability data	Systems for gathering and verification of relevant data
Physical effects on properties such as flooding, torrential rain, heat waves and other extreme weather	Improved information gathering, continuous monitoring of changes, and strengthened collaborations with municipalities and experts
Increased customer demands on sustainable products	Continued product development of concrete frames in the Prefab operations to reduce the climate footprint and continuous improvement of the Group's concept buildings
Increased recycling	Continued development of ongoing projects, for example by replacing cement in concrete with recycled materials
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
Difficulty recruiting employees with the right competencies	Being an attractive employer by offering attractive terms and continuous training opportunities
Personal injury in the Prefab operations and on construction sites	Systematic HSEQ work with the aim of continuous improvement
Changed requirements for obtaining financing related to climate change and sustainability	Effective dialog with Nordic merchant banks and adaptations to meet requirements
Increased costs for input goods due to more stringent environmental demands	Efficient procurement of large volumes. Efforts to reduce the volume of input goods such as steel and cement through product development
Unethical behavior such as fraud and bribes	Code of Conduct, strong corporate culture and whistleblower tools

# 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. Of the property holding, 88 percent was built after 2010 and a total of 66 percent after 2020.

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

The roll-out of fossil-free electricity production in Sweden continues, and K-Fastigheter contributes by installing solar panels on suitable properties. All Lateral Low-Rise buildings and Apartment Blocks constructed after the third quarter 2021 are built with solar panels in place. In 2023, the company completed 21 properties with solar panel systems. K-Prefab's production plant in Hässleholm, which produces lightweight elements such as separating walls and ceiling cassettes, is self-sufficient in terms of electricity, which is produced by the plant's solar panels. K-Prefab's largest production plant located outside Hässleholm has solar panels that produced 337 MWh of electricity, generating savings of 181 tons CO<sub>2</sub> in 2023. The production facility manufactures concrete elements, including various wall panels, joists and balconies as well as plinth foundations. Further investments in solar panels may be made in other proprietary plants.

To limit K-Fastigheter's long-term environmental impact and keep property management costs down, the concept buildings have been

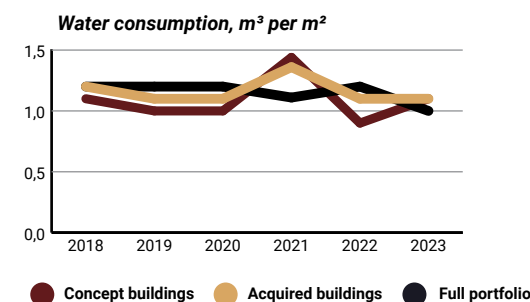
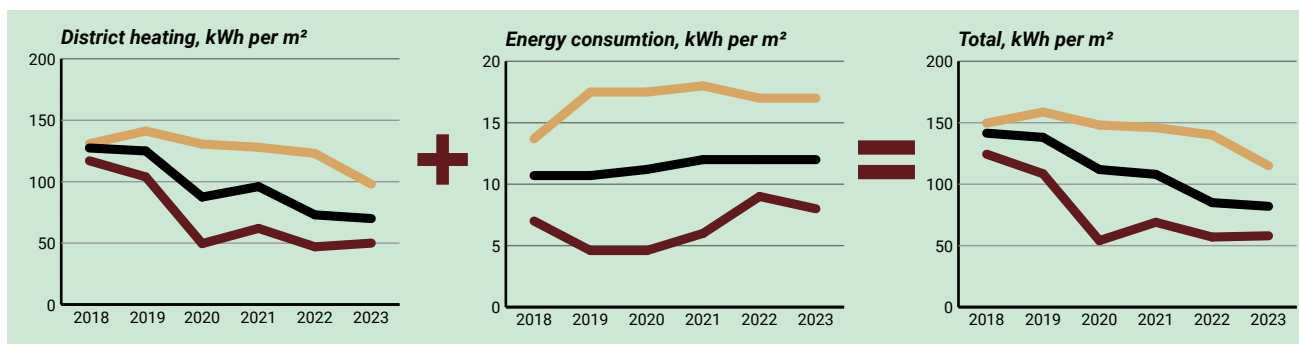
designed to minimize energy consumption. The concept buildings are included in energy class B according to classification dating from September 2020.

When purchasing electricity, the Group chooses suppliers that provide electricity from renewable sources, primarily wind- and hydropower. Since 2023, all electricity agreements relate to renewable energy. In 2022, 95% of all property electricity was derived from renewable production. In order to sharpen the focus on energy in our properties, a dedicated Energy & Technology team works to optimize the properties' energy consumption.

## WATER CONSUMPTION

Water consumption in K-Fastigheter's proprietary buildings was approximately 25 percent lower than in acquired properties in 2023.

	Water m <sup>3</sup> /m <sup>2</sup>	District heating kWh/m <sup>2</sup>	Electricity kWh/m <sup>2</sup>
<b>2023 (distributed over entire holding)</b>			
Entire holding	1.07	70	12
Buildings constructed by K-Fastigheter	1.10	50	8
Acquired buildings	1.04	98	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 Directors' Report on pages 55–65.

### 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, the Group introduced a new digital system for measuring employee engagement throughout the company. The response rate was high and measured average engagement of 3.8 of 5 in the Group. We achieved excellent results in several areas, including Meaningful participation, Manager relations and Colleague relations. Areas where more work remains to be done include health consideration related to workload and dietary habits. Each department produced an action plan based on its results alongside the employees, and works to maintain and develop engagement in various areas.

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 2023, 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 anonymously and confidentially report potential departures through an independent whistleblower channel.

K-Fastigheter's business system/intranet is intended to facilitate internal communication and a proportion of administration, and



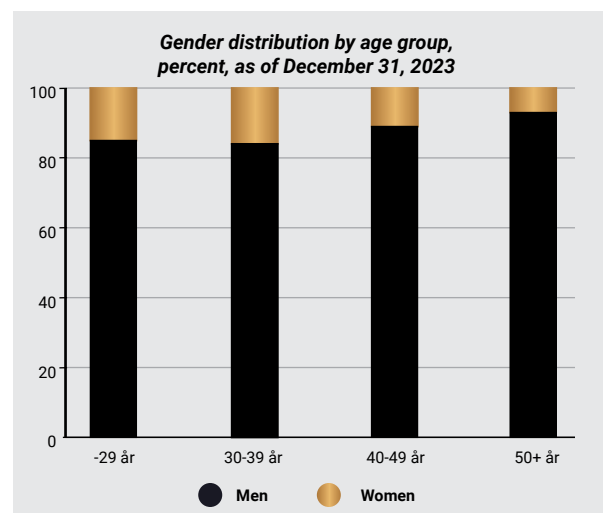
increase engagement on Group-wide issues such as sustainability.

## 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



At the end of 2023, there were 550 (732) employees in the Group, of which 65 (69) women and 485 (663) men. 332 employees are party to collective agreements (656).

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.

## 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 participate 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: [www.ovhelsingborg.myclub.se](http://www.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: [www.dandelionchild.nu](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](http://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.

## PREPARATIONS FOR CSRD REPORTING

In 2023, we started preparing the Group for forthcoming CSRD reporting. A double materiality analysis was completed to identify the Group's material impact, risks and opportunities by consequential and financial materiality with the aim of supporting the design of future sustainability reporting. The double materiality analysis does not form the basis of the contents of this report

## 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 type of economic activities encompassed by the taxonomy directive are defined on the basis of these criteria.

### 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

## 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.

	Total, SEK million	Proportion of economic activity	
		eligible in the taxonomy, %	not eligible in the taxonomy, %
Sales	1,083.2	44%	56%
Operating expenses	699.0	26%	74%
Capital expenditure	2,421.7	98%	2%

## 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 are aligned 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. We have chosen to report only on Goal 1 Climate Change Mitigation (CCM) under the EU taxonomy, as this target is most relevant to our operations. In terms of capital expenditure, K-Fastigheter could contribute to Goals 2 and 4, but as

all material capital expenditure is captured by Goal 1 K-Fastigheter only reports Goal 1. All operations fall within the framework of the taxonomy Goal 1 and the activities that comprise a majority of our operations are included under CCM 7.7 Acquisitions and ownership of buildings and CCM 7.1 Construction of new buildings. However, other activities may also be relevant to a lesser extent.

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 its 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 that is not taxonomy-eligible 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 that is not taxonomy-eligible 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 that is not taxonomy-eligible 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

Economic activities (1)	Code (2)	Absolute sales (3)	Proportion of sales (4)	Criteria for significant contribution						Criteria for do no significant harm (DNSH)						Minimum protective measures (17)	Proportion, taxonomy-aligned (A.1.) or encompassed by the taxonomy (A.2.) sales, year 2022 (18)	Category enabling operations (19)	Category transition activities (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
Unit		SEK m	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. Operations, taxonomy-eligible (applicable)</b>																			
<b>A.1 Environmentally sustainable (aligned) operations</b>																			
Construction of new buildings	CCM 7.1	0		N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
Acquisition and ownership of buildings	CCM 7.7	0		N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
<b>Sales, environmentally sustainable (aligned) (A.1)</b>		<b>0</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	<b>0</b>		
<b>A.2. Non-sustainable (non-aligned) taxonomy-eligible operations</b>																			
Construction of new buildings	CCM 7.1	0		EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL								0		
Acquisition and ownership of buildings	CCM 7.7	480.2	44%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								28%		
<b>Sales, non-sustainable (non-aligned) taxonomy-eligible operations (A.2)</b>		<b>480.2</b>	<b>44%</b>	-	-	-	-	-	-								<b>28%</b>		
<b>A. Sales, taxonomy-eligible operations (applicable) (A.1 + A.2)</b>		<b>480.2</b>	<b>44%</b>	-	-	-	-	-	-								<b>28%</b>		
<b>B. Operations, not taxonomy-eligible (not applicable)</b>																			
Sales, operations not taxonomy-eligible		603.0	56%																
<b>Total (A+B)</b>		<b>1,083.2</b>	<b>100%</b>																
	<b>Taxonomy-aligned per goal (aligned)</b>	<b>Goals, taxonomy-eligible (non-aligned)</b>																	
CCM	0%	44%																	
CCA	0%	0%																	
WTR	0%	0%																	
CE	0%	0%																	
PPC	0%	0%																	
BIO	0%	0%																	

# ECONOMIC ACTIVITIES – OPERATING EXPENSES

Economic activities	Code (2)	Absolute operating expenses (3)	Proportion of operating expenses (4)	Criteria for significant contribution						Criteria for do no significant harm (DNSH)						Minimum protective measures (17)	Proportion, taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) sales, year 2022 (18)	Category enabling operations (19)	Category transition activities (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
Unit		SEK m	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. Operations, taxonomy-eligible (applicable)</b>																			
<b>A.1 Environmentally sustainable (aligned) operations</b>																			
Construction of new buildings	CCM 7.1	0	0	N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
Acquisition and ownership of buildings	CCM 7.7	0	0	N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
<b>Operating expenses, environmentally sustainable (aligned) (A.1)</b>		<b>0</b>	<b>0</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>0</b>		
<b>A.2. Non-sustainable (non-aligned) taxonomy-eligible operations</b>																			
Construction of new buildings	CCM 7.1	0		EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								0		
Acquisition and ownership of buildings	CCM 7.7	71.8	10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5%		
<b>Operating expenses, non-sustainable (non-aligned) taxonomy-eligible operations (A.2)</b>		<b>71.8</b>	<b>10%</b>	-	-	-	-	-	-								<b>5%</b>		
<b>A. Operating expenses, taxonomy-eligible operations (applicable) (A.1 + A.2)</b>		<b>71.8</b>	<b>10%</b>	-	-	-	-	-	-								<b>5%</b>		
<b>B. Operations not taxonomy-eligible (not applicable)</b>																			
A. Operating expenses, operations not taxonomy-eligible		627.2	90%																
<b>Total (A+B)</b>		<b>699.0</b>	<b>100%</b>																
	<b>Taxonomy-aligned per goal (aligned)</b>	<b>Goals, taxonomy-eligible (eligible)</b>																	
CCM	0%	10%																	
CCA	0%	0%																	
WTR	0%	0%																	
CE	0%	0%																	
PPC	0%	0%																	
BIO	0%	0%																	

# ECONOMIC ACTIVITIES – CAPITAL EXPENDITURE

Economic activities (1)	Code (2)	Absolute capital expenditure (3)	Proportion of capital expenditure (4)	Criteria for significant contribution						Criteria for do no significant harm (DNSH)						Minimum protective measures (17)	Proportion, taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) capital expenditure, year 2022 (18)	Category enabling operations (19)	Category transition activities (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
Unit		SEK m	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. Operations, taxonomy-eligible (applicable)</b>																			
<b>A.1 Environmentally sustainable (aligned) operations</b>																			
Construction of new buildings	CCM 7.1	0.0		N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
Acquisition and ownership of buildings	CCM 7.7	0.0		N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0	-	-
<b>Capital expenditure, environmentally sustainable (aligned) (A.1)</b>		<b>0.0</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	<b>0</b>		
<b>A.2. Non-sustainable (non-aligned) taxonomy-eligible operations</b>																			
Construction of new buildings	CCM 7.1	2,035.0	84%	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL								66%		
Acquisition and ownership of buildings	CCM 7.7	327.8	14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								28%		
<b>Capital expenditure, non-sustainable (non-aligned) taxonomy-eligible operations (A.2)</b>		<b>2,362.8</b>	<b>98%</b>	-	-	-	-	-	-								<b>94%</b>		
<b>A. Capital expenditure, taxonomy-eligible operations (applicable) (A.1 + A.2)</b>		<b>2,362.8</b>	<b>98%</b>	-	-	-	-	-	-								<b>94%</b>		
<b>A. Operations not eligible in the taxonomy (not applicable)</b>																			
A. Capital expenditure, operations not taxonomy-eligible		58.9	2%																
<b>Total (A+B)</b>		<b>2,421.7</b>	<b>100%</b>																
	<b>Taxonomy-aligned per goal (aligned)</b>	<b>Goals, taxonomy-eligible (non-aligned)</b>																	
CCM	0%	98%																	
CCA	0%	0%																	
WTR	0%	0%																	
CE	0%	0%																	
PPC	0%	0%																	
BIO	0%	0%																	

# AUDITOR'S STATEMENT REGARDING THE STATUTORY SUSTAINABILITY STATEMENT

*To the general meeting of the shareholders of K-Fast Holding AB (publ), corporate identity number 556827-0390*

## **Engagement and responsibility**

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2023 on 121–138 and that it has been prepared in accordance with the Annual Accounts Act.

## **The scope of the audit**

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability 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.

## **Opinions**

A statutory sustainability statement has been prepared.

**Norrköping, 9<sup>th</sup> of April, 2024**

**Ernst & Young AB**

**Peter von Knorring**

*Authorized Public Accountant*



# 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 investment properties, 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 appointed a Purchasing Manager at Group level in 2023 who forms part of Group management. 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 actively manages the aforementioned risks by pursuing multiple parallel projects (as of 31 December 2023, K-Fastigheter had 17 housing projects in construction, one commercial premises project, and 24 development projects across a total of 22 locations), through the long-term and mutual cooperation with public authorities and suppliers, and by focusing on construction of the Group's proprietary concept buildings, which means that K-Fastigheter's construction projects are repetitive and therefore time- and cost-efficient.

#### 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 structurally



increase significantly in the future. As of 31 December 2023, total rental income from housing was approximately 92 percent of total income. Commercial rent income was distributed over some 165 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, 88 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

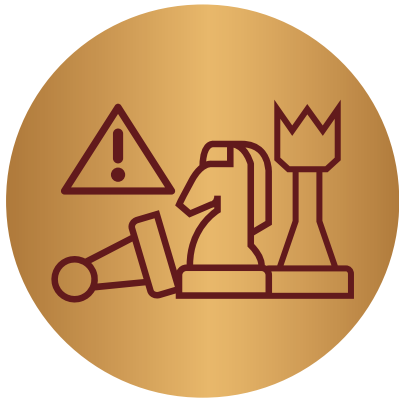
redundancy, which is handled on an ongoing basis by K-Fastigheter's IT Manager and staff, contracted professional IT providers, including the systematic work of testing vulnerability, contingency and incident planning and training our staff to raise security awareness in the organization.

### **Working environment**

The construction and management of properties gives rise to the risk of workplace accidents both internally within the organization,

and with external suppliers. K-Fastigheter works systematically with risk prevention in the working environment and strives to secure a workplace with zero personal injuries. The work proceeds from the Group's HSEQ policy and Code of Conduct.





## 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. Accordingly, it is pleasing that in 2023 K-Fastigheter was awarded the prize Career Company 2024 by Karriärföretagen.

### 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 and 2023 as 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 2023, K-Fastigheter had 4,176 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. Climate change risk in the form of flooding, torrential rain, increased snowfall and heat waves may affect property valuations and property management finances, which means that it is necessary

to monitor progress and take appropriate measures when risks are identified. Examples of climate-related expenses that may affect property management finances include adaptations to manage potential flooding and torrential rain, higher funding costs, increased energy costs due to changed legislation aimed at reducing emissions, and increased demands on ongoing reporting of a property's climate impact. In the short term, however, climate change is not considered to constitute a material physical risk for K-Fastigheter given the location of its property holding.

The main short-term climate impact can be found in construction of our properties and in the Prefab operations. The manufacture of concrete frame solutions, transports, construction materials, energy consumption and waste generation all have a negative climate impact. K-Fastigheter assesses that the group will be affected in multiple ways going forward, through more stringent environmental demands aimed at reducing the negative impact on the climate and environment, including increased demands on sustainable investments. This may take the form of higher costs of energy and other input goods, more stringent financing requirements, and tightened legislation in areas such as increased resource and energy efficiency.

The subsidiary K-Prefab, which also delivers products to the external market, must remain a leading-edge operator in terms of environmentally sustainable concrete frames in order not to lose market share. This will continue to generate need for investments and rationalizations in the operations in order to attract customers with high demands on sustainable frame solutions. K-Prefab has demonstrated a strong ability to adapt operations to customer requirements and legislation, and is expected to continue to do so.

With 88 percent of the holding constructed after 2010, and increasingly sustainable production of concrete frames and systematic sustainability work, K-Fastigheter has a good starting point for reducing the negative impact on the climate and environment and to satisfy the demands and regulatory requirements introduced, and expected, in the area of climate and environmental initiatives.



## 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 the Group's profit. 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 2023, the proportion of variable interest in the loan portfolio amounted to 9 percent, and the average interest fixing period was 3.5 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 for interest-bearing debt related to the Group's acquisition financing, investment and business properties would increase by SEK 6.5 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 2023, K-Fastigheter had engagements with twelve Nordic banks and the average fixed interest period for capital was 2.8 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 2023, K-Fastigheter's available cash and cash equivalents totaled some SEK 150 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 capacity as of 31 December 2023 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 26.

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 following table shows the theoretical value change when increasing or decreasing the property value based on the property value as of 31 December 2023 and its effect on the debt-to-equity ratio at the date.

SEK m	Cash flow	Fair value
Direct return requirement +/- 0.1%	-	317.8
Rental value +/- 1%	6.6	151.3
Operating and maintenance costs +/- 1%	1.2	28.2
Long-term vacancy ratio +/- 1%	6.6	151.3

## Value change in completed investment properties, SEK m

	-10%	10%
Property value, SEK m	-1,251.4	1,251.4
Loan-to-value ratio, completed investment properties, %	69%	57%
Debt-to-equity ratio, %	65%	56%



# RECONCILIATION 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 and Definitions.*



## KEY PERFORMANCE MEASURES

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. Accordingly, these financial measures should not be considered as a replacement for measures defined in accordance with IFRS. The table to the right presents financial measures 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 new share issues of 24,000,000 Class B shares as of 28 September 2023 and 24 October 2023.

### Number 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.

Compared with the 2022 Annual Report, the definitions of the alternative key performance indicators have not changed.

*From the current report onwards, accounting of property-related key performance indicators has changed to reflect the inclusion of 100 percent of the property holding in property-related key performance indicators for part-owned companies consolidated in K-Fastigheter Group's financial statements, and the inclusion of the percentage ownership stake in property-related key performance indicators for part-owned companies not consolidated in K-Fastigheter Group's financial statements. As of 31 December 2023, only part-owned company K-Fast Kilen AB was included, which is 51 percent owned by K-Fastigheter and 49 percent by Kilenkrysset AB. Only the comparative figures for no. of construction starts, apartments, no. of apartments under construction and no. of apartments in project development were affected by the above changes.*

	2023	2022	2021	2020	2019
<b>Property-related KPIs</b>					
Rental value, SEK m	661.0	488.6	328.0	265.1	196.6
Financial occupancy rate, %	91.9%	97.3%	97.0%	91.2%	96.9%
Average financial occupancy rate, %	92.6%	95.8%	92.7%	92.0%	96.8%
Surplus ratio, %	63.7%	65.6%	66.2%	67.2%	68.4%
Loan-to-value ratio, completed investment properties, %	62.5%	58.2%	57.1%	59.3%	62.5%
Lettable area, m <sup>2</sup>	362,806	287,869	213,952	169,545	130,486
Number of apartments under management	4,876	3,708	2,723	2,237	1,711
Number of construction starts, apartments	450	1,125	996	912	518
Number of apartments under construction	1,549	2,171	1,820	1,311	700
Number of apartments in project development	4,176	4,346	5,950	3,880	1,340
<b>Financial KPIs</b>					
Interest coverage ratio, multiple	1.7	2.2	3.4	2.4	3.7
Equity/assets ratio, %	30.3%	33.9%	36.9%	41.9%	41.7%
Debt-to-equity ratio, %	60.2%	55.4%	51.8%	50.2%	49.2%
Period for which capital is tied up, years	2.8	2.4	2.8	2.6	3.2
Period of fixed-interest, years	3.5	3.4	4.4	3.8	3.3
Average interest, %	3.22%	2.72%	1.85%	1.77%	1.90%
Net investments, SEK m	2,226.8	2,707.0	1,608.1	1,888.6	1,061.0
Profit from property management, SEK m	108.3	130.7	101.4	75.3	52.9
Long-term net asset value (NAV), SEK m	5,803.5	5,768.3	4,976.1	3,661.2	2,540.2
<b>Share-related KPIs</b>					
Profit from property management per share, SEK	24.25	26.79	23.11	17.00	12.49
Growth in profit from property management per share, %	-9.5%	15.9%	35.9%	36.1%	54.4%
Profit after tax per share for the year, SEK	21.08	23.92	19.66	14.91	11.01
Long-term net asset value (NAV), SEK	0.49	0.61	0.47	0.36	0.34
Growth in long-term net asset value (NAV), per share, %	-19.3%	28.9%	29.8%	6.3%	24.6%
Profit after tax for the year per share, SEK	-1.96	4.13	4.85	2.29	2.36
<b>Number of shares</b>					
Number of shares outstanding at the end of the year, millions*	239.3	215.3	215.3	215.3	203.3
Average number of shares outstanding during the year, millions*	221.0	215.3	215.3	207.5	155.0

\* Adjusted for new issue of 24,000,000 Class B shares as of 28 September 2023 and 24 October 2023.

# 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](http://www.k-fastigheter.com).

## Property-related KPIs

Rental value, SEK m	2023	2022	2021	2020	2019	Definition	Motivation
A Contract value on an annual basis at end of the year, SEK million	607.7	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	53.3	13.0	9.8	23.4	6.1		
<b>A+B Rental value at end of the year, SEK million</b>	<b>661.0</b>	<b>488.6</b>	<b>328.0</b>	<b>265.1</b>	<b>196.6</b>		
<b>Financial occupancy rate, %</b>							
A Contract value on an annual basis at end of the year, SEK million	607.7	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	53.3	13.0	9.8	23.4	6.1		
<b>A/(A+B) Financial letting ratio at the end of the year, %</b>	<b>91.9%</b>	<b>97.3%</b>	<b>97.0%</b>	<b>91.2%</b>	<b>96.9%</b>		
<b>Average financial occupancy rate, %</b>							
A Rental income for the year, SEK million	480.2	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	518.3	401.0	286.7	221.7	161.9		
<b>A/B Average financial letting ratio at the end of the year, %</b>	<b>92.6%</b>	<b>95.8%</b>	<b>92.7%</b>	<b>92.0%</b>	<b>96.8%</b>		
<b>Surplus ratio, %</b>							
A Gross profit from property management for the year in accordance with the Income Statement, SEK million	306.1	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	480.2	384.2	265.9	203.9	156.8		
<b>A/B Surplus ratio over the year, %</b>	<b>63.7%</b>	<b>65.6%</b>	<b>66.2%</b>	<b>67.2%</b>	<b>68.4%</b>		
<b>Loan-to-value ratio, completed investment properties, %</b>							
A Interest-bearing liabilities related to completed investment properties at the end of the year in accordance with the Balance Sheet, SEK m	7,822.8	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	12,514.0	9,775.3	6,923.4	5,067.2	3,606.9		
<b>A/B Debt-to-equity ratio, completed investment properties at the end of the year, %</b>	<b>62.5%</b>	<b>58.2%</b>	<b>57.1%</b>	<b>59.3%</b>	<b>62.5%</b>		
<b>Operational capacity KPIs</b>							
Lettable area at the end of the year, m <sup>2</sup>	362,806	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	4,876	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	450	1,125	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	1,549	2,171	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	4,176	4,346	5,950	3,880	1,340	Total number of apartments in ongoing projects at the end of the year.	

## Financial KPIs

Interest coverage ratio, multiple	2023	2022	2021	2020	2019	Definition	Motivation
A Profit before changes in value for the year in accordance with the Income Statement, SEK million	67.3	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	-80.5	-62.6	-58.2	-8.5	-15.2		
C Net interest income for the year in accordance with the Income Statement, SEK million	-220.2	-124.8	-75.6	-47.7	-35.3		
<b>(A-B-C)/-C Interest coverage ratio during the year, multiple</b>	<b>1.7</b>	<b>2.2</b>	<b>3.4</b>	<b>2.4</b>	<b>3.7</b>		
Equity/assets ratio, %							
A Equity at the end of the year in accordance with the Balance Sheet, SEK m	5,100.4	5,169.6	4,233.7	3,209.8	2,238.5	Equity as a percentage of total assets at the end of the year.	The KPI highlights financial risk.
B Total equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK million	16,807.2	15,272.0	11,482.7	7,659.6	5,373.7		
<b>A/B Equity/assets ratio at the end of the year, %</b>	<b>30.3%</b>	<b>33.9%</b>	<b>36.9%</b>	<b>41.9%</b>	<b>41.7%</b>		
Debt-to-equity ratio, %							
A Interest-bearing liabilities at the end of the year in accordance with the Balance Sheet, SEK million	10,117.8	8,461.4	5,943.9	3,848.4	2,644.3	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.
B Total equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK m	16,807.2	15,272.0	11,482.7	7,659.6	5,373.7		
<b>A/B Debt-to-equity ratio at the end of the year, %</b>	<b>60.2%</b>	<b>55.4%</b>	<b>51.8%</b>	<b>50.2%</b>	<b>49.2%</b>		
Average interest, %							
A Interest expense calculated at annual rate at the end of the year, SEK million	233.9	173.2	87.8	55.7	44.3	Estimated annual interest for interest-bearing liabilities as a percentage of interest-bearing liabilities at the end of the year excluding operational and building credits.	Average interest is used to illustrate the interest rate risk for K-Fastigheter's interest-bearing liabilities.
B Interest-bearing liabilities at the end of the year in accordance with the Balance Sheet, SEK million	7,269.2	6,379.5	4,750.3	3,145.1	2,331.9		
<b>A/B Average interest rate at the end of the year, %</b>	<b>3.22%</b>	<b>2.72%</b>	<b>1.85%</b>	<b>1.77%</b>	<b>1.90%</b>		
Net investments, SEK m							
A Acquisitions during the year, SEK million	210.9	830.3	292.6	1,034.5	557.7	K-Fastigheter's total net investments in investment properties and new construction projects in progress during the year.	KPI to illustrate K-Fastigheter's capacity to achieve operational targets.
B New construction projects during the year, SEK million	1,990.8	1,857.4	1,326.3	824.1	499.7		
C Extensions and remodeling during the year, SEK million	161.0	28.8	40.2	31.0	5.9		
D Sales during the year, SEK million	-136.0	-9.5	-51.0	-1.0	-2.3		
<b>A+B+C+D Net investments during the year, SEK million</b>	<b>2,226.8</b>	<b>2,707.0</b>	<b>1,608.1</b>	<b>1,888.6</b>	<b>1,061.0</b>		

## Financial KPIs, cont.

Profit from property management, SEK m	2023	2022	2021	2020	2019	Definition	Motivation
A Gross profit from property management for the year in accordance with the Income Statement, SEK million	306.1	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	-10.9	-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	-2.8	-4.1	-3.3	-2.8	-5.1		
D Net interest income for the year in accordance with the Income Statement, SEK million	-184.2	-104.8	-61.2	-47.7	-35.3		
<b>A+B+C+D Net investments during the year, SEK million</b>	<b>108.3</b>	<b>130.7</b>	<b>101.4</b>	<b>75.3</b>	<b>52.9</b>		
Long-term net asset value (NAV), SEK m							
A Equity at the end of the year in accordance with the Balance Sheet, SEK m	5,045.9	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	-141.4	-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	953.2	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	54.3	16.4	17.1	27.0	21.4		
<b>A+B+C-D Long-term net asset value (NAV) at the end of the year, SEK million</b>	<b>5,803.5</b>	<b>5,768.3</b>	<b>4,976.1</b>	<b>3,661.2</b>	<b>2,540.2</b>		
<b>Period for which capital was tied up at the end of the year, years</b>	<b>2.8</b>	<b>2.4</b>	<b>2.8</b>	<b>2.6</b>	<b>3.2</b>	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
<b>Period of fixed-interest at the end of the year, years</b>	<b>3.5</b>	<b>3.4</b>	<b>4.4</b>	<b>3.8</b>	<b>3.3</b>	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 key figure 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	2023	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	5,803.5	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	239.3	215.3	215.3	215.3	203.3		
<b>A/B Long-term net asset value (NAV) per share at the end of the year, SEK</b>	<b>24.25</b>	<b>26.79</b>	<b>23.11</b>	<b>17.00</b>	<b>12.49</b>		
<b>Growth in long-term net asset value (NAV), per share, %</b>							
A Long-term net asset value (NAV) per share at the end of the year in accordance with the Balance Sheet, SEK	24.25	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	26.79	23.11	17.00	12.49	8.09		
<b>A/B-1 Growth in long-term net asset value (NAV) per share for the year, %</b>	<b>-9.5%</b>	<b>15.9%</b>	<b>35.9%</b>	<b>36.1%</b>	<b>54.4%</b>		
<b>Equity per share, SEK</b>							
A Equity attributable to Parent Company shareholders at the end of the year in accordance with the Balance Sheet, SEK million	5,045.9	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	239.3	215.3	215.3	215.3	203.3		
<b>A/B Equity per share at the end of the period, SEK</b>	<b>21.08</b>	<b>23.92</b>	<b>19.66</b>	<b>14.91</b>	<b>11.01</b>		
<b>Profit from property management per share, SEK</b>							
A Profit from property management for the year in accordance with the Income Statement, SEK million	108.3	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	221.0	215.3	215.3	207.5	155.0		
<b>A/B Profit from property management per share at the end of the year, SEK</b>	<b>0.49</b>	<b>0.61</b>	<b>0.47</b>	<b>0.36</b>	<b>0.34</b>		
<b>Growth in profit from property management per share, %</b>							
A Profit from property management during the year per share, SEK	0.49	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	0.61	0.47	0.36	0.34	0.27		
<b>A/B-1 Growth in profit from property management per share during the year, %</b>	<b>-19.3%</b>	<b>28.9%</b>	<b>29.8%</b>	<b>6.3%</b>	<b>24.6%</b>		
<b>Profit after tax per share for the year, SEK</b>							
A Profit after tax attributable to Parent Company shareholders in accordance with the income statement, SEK million	-432.7	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	221.0	215.3	215.3	207.5	155.0		
<b>A/B Profit after tax per share for the year, SEK</b>	<b>-1.96</b>	<b>4.13</b>	<b>4.85</b>	<b>2.29</b>	<b>2.36</b>		
<b>Number of shares outstanding at the end of the year, millions*</b>	<b>239.3</b>	<b>215.3</b>	<b>215.3</b>	<b>215.3</b>	<b>203.3</b>		
<b>Average number of shares outstanding during the year, millions*</b>	<b>221.0</b>	<b>215.3</b>	<b>215.3</b>	<b>207.5</b>	<b>155.0</b>		

\* The number of outstanding shares at the end of the year and the average number of outstanding shares in the year have been adjusted for the new share issues of 24,000,000 Class B shares as of 28 September 2023 and 24 October 2023 respectively.

# 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.

### 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 2023, K-Fastigheter's market capitalization was SEK 5,199.6 million. At the end of the year, there were over 6,900 shareholders.*



## THE KFAST CLASS B SHARE ON NASDAQ STOCKHOLM

On 31 December 2023, there were a total of 239,331,168 shares in K-Fast Holding AB, of which 22,500,000 Class A shares and 216,831,168 Class B shares. The total number of votes on 31 December 2023 was 329,331,168. All key figures and share-related information have been adjusted for the number of shares after the new issues as of 28 September and 24 October 2023. 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.

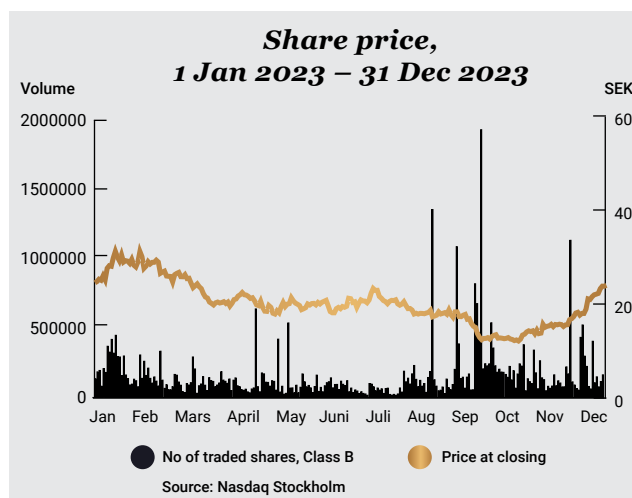
Marketplace	Nasdaq Stockholm
Name of share	K-Fast Holding B
Ticker	KFAST B
ISIN code	SE0016101679
Segment	Mid Cap
Sector	Real Estate
Currency	SEK
Total number of shares outstanding	239,331,168
Total number of Class B shares listed on Nasdaq Stockholm	216,831,168
As of 31 December 2023	SEK 23.98
Market capitalization as of 31 December 2023	SEK 5,199.6 million



# THE K-FASTIGHETER SHARE

## Share price performance and trading

During the period 1 January – 31 December 2023, approximately 39.8 million KFAST Class B shares were traded on Nasdaq Stockholm. The daily turnover of K-Fastigheter's shares on Nasdaq Stockholm averaged 158,400 shares and the average price paid was SEK 20.20. The highest price paid during the period was SEK 32.74 on 17 January 2023 and the lowest price paid was SEK 12.00 on 4 October 2023. On 31 December 2023, the share price was SEK 23.98 (last paid). Market value of all shares in the company, based on the last price paid for a Class B share on 31 December 2023, amounted to SEK 5,739.2 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](http://www.k-fastigheter.com/en/investors/the-share)

Share data	2023	2022
Profit from property management per share, SEK	0.49	0.61
Growth in profit from property management per share, %	-19.3	28.9
Profit after tax per share for the year, SEK	-1.96	4.13
Long-term net asset value (NAV), SEK	24.25	26.79
Growth in long-term net asset value (NAV), per share, %	-9.5	15.9
Equity per share, SEK	21.08	23.92
Number of shares outstanding at the end of the year, millions	239.3	215.3
Average number of shares outstanding, millions	221.0	215.3

## Shareholders

As of 31 December 2023, a majority of the total share capital was held by main owners Jakob Karlsson and Erik Selin through companies. Other shareholders include institutions, funds and private investors.

As of 31 December 2023, K-Fast Holding AB had some 6,900 shareholders (7,600). The ten largest shareholders accounted for 90.7 percent (91,9) of the votes and 87.2 percent (88.5) 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 137,711,852 Class B shares (132,066,480), corresponding to a total of 250,211,852 votes (244,566,480) in the company. The shareholdings of each of the executives are presented on pages 51-53. The company holds no Treasury shares.

### Ten largest shareholders (in order of total voting power) as per 31 December 2023

Name	Number of Class A shares*	Number of Class B shares*	Total number of shares	Percentage of share capital	Percentage of votes %
Erik Selin Fastigheter AB	11,250,000	68,570,000	79,820,000	33.4%	37.9%
Jacob Karlsson AB	11,250,000	65,352,000	76,602,000	32.0%	36.9%
Capital Group	0	15,781,928	15,781,928	6.6%	4.8%
Fourth AP Fund	0	11,489,409	11,489,409	4.8%	3.5%
Länsförsäkringsfunds	0	8,900,535	8,900,535	3.7%	2.7%
SEB funds	0	3,654,352	3,654,352	1.5%	1.1%
Odin Fonder	0	3,586,930	3,586,930	1.5%	1.1%
Third AP Fund	0	3,144,791	3,144,791	1.3%	1.0%
Clearance Capital	0	2,847,951	2,847,951	1.2%	0.9%
First Fondene	0	2,761,675	2,761,675	1.2%	0.8%
<b>Ten largest shareholders</b>	<b>22,500,000</b>	<b>186,089,571</b>	<b>208,589,571</b>	<b>87.2%</b>	<b>90.7%</b>
Other shareholders	0	30,741,597	30,741,597	12.8%	9.3%
<b>Total</b>	<b>22,500,000</b>	<b>216,831,168</b>	<b>239,331,168</b>	<b>100.0%</b>	<b>100.0%</b>
of whom, Board of Directors and Group management	22,500,000	137,711,852	160,211,852	66.9%	76.0%

\* The ownership structure as of 31 December 2023, 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 2023 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 2023, this authorization had not been utilized.

## Authorization to complete new share issue

The AGM 2023 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 2023, this authorization had been utilized to issue 18,180,000 Class B shares.

## 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, Group management and the Group CFO, 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 registered as senior executives of K-Fastigheter. These individuals are obliged to report changes to their and closely related parties' holdings of share-related financial instruments in K-Fastigheter. K-Fastigheter maintains a log book in accordance with the demands stipulated in the EU Market Abuse Regulation.

## K-FASTIGHETER AS AN INVESTMENT

- An attractive property portfolio exposed to the rental housing market in Swedish growth regions and the Copenhagen area
- 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 2023, K-Fast Holding AB's share capital totaled SEK 63,821,646.80 (57,421,644.80). The total number of shares was 239,331,168 (215,331,168). The most recent changes in share capital took place on 28 September and 24 October 2023 when a directed new issue was completed of a total of 24,000,000 Class B shares.

## 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](http://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.

## IR contact

Johan Hammarqvist

tel.: +46 (0) 70 873 09 00.

e-mail: [johan.hammarqvist@k-fastigheter.se](mailto:johan.hammarqvist@k-fastigheter.se).

The shareholder list is updated each quarter and can be found at: [www.k-fastigheter.com/en/investors/the-share](http://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/>

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	Quotient 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
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
28 September 2023	New share issue	4,848,000	18,180,000	0	18,180,000	233,511,168	22,500,000	211,011,168	0.27	62,269,644.80
24 October 2023	New share issue	1,552,002	5,820,000	0	5,820,000	239,331,168	22,500,000	216,831,168	0.27	63,821,646.80

# INFORMATION FOR SHAREHOLDERS

## FINANCIAL CALENDAR 2024

25 April 2024	Interim Report January-March
23 July 2024	Interim Report January-June
25 October 2024	Interim Report January-September

## 2024 Annual General Meeting

The AGM of K-Fast Holding AB will be held on 14 May 2024. For more information and registration, see K-Fastigheter's website, [www.k-fastigheter.com](http://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: 549300VT0UXKWES37P59.  
Domiciled in Håssleholm, 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.*

*K-Fastigheter completed new issues on 28 September and 24 October 2023 respectively. On 31 December 2023, there were a total of 239,331,168 shares in*

*Notices of general meetings, minutes and communications from General Meetings are available at [www.k-fastigheter.com](http://www.k-fastigheter.com)*

## Communications from K-Fastigheter

Our communications with the financial market shall be characterized by open, relevant and accurate information to shareholders, 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](http://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](http://www.k-fastigheter.com).

For information about the Group's properties and current offering, and information to tenants, please refer to [www.k-fastigheter.se](http://www.k-fastigheter.se) and the Group's social media channels. More information about K-Prefab's operations and offering can be found at [www.kprefab.se/en/](http://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](https://www.linkedin.com/company/12603996)

[www.linkedin.com/company/kprefab/](https://www.linkedin.com/company/kprefab/)

Our LinkedIn pages provide financial news, short updates about our progress and vacant positions.

### Facebook



[www.facebook.com/kfastigheter](https://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](https://www.instagram.com/k_fastigheter)

[www.instagram.com/kprefab](https://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.

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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 4,900 homes from Copenhagen in the south to Gävle in the north, and evaluates new markets as production capacity increases. The Group's property portfolio has a book value of SEK 14.9 billion, with an annual rental value of about SEK 661 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](https://k-fastigheter.com/en)  
[www.k-fastigheter.se/en](https://www.k-fastigheter.se/en)  
[www.kprefab.se/en](https://www.kprefab.se/en)

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