



PRESS RELEASE

22 June 2022

K2A reduces manufacturing staff due to delayed construction starts

K2A Knaust & Andersson Fastigheter AB is pausing production at its K2A Trähus subsidiary and postponing a number of construction starts planned for 2022 and 2023.

As a result, the majority of the employees at K2A Trähus are being issued with redundancy notices. K2A is also postponing its operational growth target of 10,000 managed apartments and no longer has the target that this will be achieved in 2025. However, the company is reaffirming its existing financial growth targets.

Russia's invasion of Ukraine has contributed to a market situation that is uncertain and difficult to assess, with price increases combined with uncertainty about the supply of some building materials. K2A sees a significant risk that this situation will persist for some time and therefore believes that a number of construction starts must be postponed. This means most projects for which construction was due to start in 2022 and 2023 will be postponed.

On 31 March 2022, the company had a total of 15 projects with a total of 1,829 apartments under construction, of which 481 apartments are scheduled for completion in 2023 and 1,348 apartments in 2024. The time frame for these projects is unchanged. This is also the case for the time frames for future forward commitments, future projects in Stockholm and the Västerås Ångpannan property, where a police station and judicial centre will be built with construction expected to start in 2023.

As a result of the postponed construction starts, K2A has decided to issue redundancy notices to employees at the K2A Trähus subsidiary. The redundancies are expected to affect the majority of the employees working at the company's manufacturing facilities in Gävle and Valdemarsvik. No production will take place at these facilities from the end of 2022 and for an estimated 12 months thereafter.

"I deeply regret that we need to make these redundancies. It is unfortunately an inevitable consequence of the postponement of the projects that were due to start at the manufacturing facilities," says Johan Knaust, CEO of K2A.

Following K2A's decision to postpone construction starts, the operational growth target of 10,000 managed apartments by 2025 will be delayed. However, K2A has reaffirmed its financial growth targets, which means an

expected annual average growth of net operating income and EPRA NRV per ordinary share of 25 per cent and 20 per cent, respectively, between 2019 and 2025.

“Growth for 2022 and 2023 is secured through the projects that are already in production, which will be affected only to a limited extent by price increases, either because of fixed prices or a high percentage of completion. We anticipate slower growth in 2024 and 2025 now that we are postponing the start of some projects, but I still believe the financial growth targets will be achieved,” says Johan Knaust, CEO of K2A.

On 31 March 2022, K2A had cash and cash equivalents of SEK 572 million and unutilised credit facilities of SEK 1,479 million. This means K2A has at its disposal the requisite capital to finance the completion of ongoing projects under development.

This disclosure contains information that K2A Knaust & Andersson Fastigheter AB is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on 22-06-2022 15:00 CET

For further information:

Johan Knaust, CEO, +46 70 740 04 50, johan.knaust@k2a.se

Christian Lindberg, Deputy CEO, +46 707 23 39 48, christian.lindberg@k2a.se

Pontus Ekerljung, Public Relations Manager, +46 73 024 36 00, pontus.ekerljung@k2a.se

K2A Knaust & Andersson Fastigheter AB (publ) – the green real estate company – manages rental apartments in the long term for all types of housing and community service. The company’s markets are in Stockholm, the Mälardalen region and a number of university/college cities across the rest of Sweden. Refer also to www.k2a.se. K2A’s B share (K2A B) and preference share (K2A PREF) are listed on Nasdaq Stockholm.

