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PRESS RELEASE

Stockholm 25 May 2021

Aros Bostad intends to list its ordinary share on Nasdaq First Growth Market and launch an Initial Public Offering

Aros Bostadsutveckling AB (publ) ("Aros Bostad" or the "Company") today announces the intention to offer the Company's shares to the public in Sweden and to qualified investors in Sweden and internationally (the "Offering"), and in connection therewith, to list the shares on Nasdaq First North Growth Market in Stockholm, Sweden (the "Listing"). The Offering is expected to consist of new and existing ordinary shares in the Company. The Company's preference shares of series A and B are listed on Nasdaq First North Growth Market. The admission to trading of the Company's ordinary shares on Nasdaq Firth North Growth Market will be approved subject to customary liquidity requirements for the ordinary share being fulfilled and that Nasdaq Stockholm AB resolves to admit the ordinary shares to trading.

The Offering in brief

- The Offering is intended for the general public in Sweden and to institutional investors in Sweden and internationally.
- The Offering is expected to be comprised of ordinary shares to an amount of c. SEK 300 million as well as existing shares offered by the founders Johan Gustavsson, Samir Taha and Per Rutegård, as well as the First Swedish National Pension Fund (AP1) (the "**Selling Shareholders**").
- In order to cover a potential over-allotment, the Company has undertaken, through an over-allotment option granted to DNB Markets, to offer an additional number of shares of up to 15 per cent of the number of shares in the Offering (the "**Over-allotment option**").
- Rutger Arnhult via M2 Asset Management, Skandia, PriorNilsson Fonder, Bell Rock Capital Management and Cicero Fonder (together the "**Cornerstone investors**") have, subject to customary conditions, committed to subscribe for ordinary shares in the Offering for an amount of c. SEK 280 million at SEK 56 per share corresponding to a pre-money valuation of the Company's ordinary shares of c. SEK 1.8 billion.
- Furthermore, M2 Asset Management has entered into an agreement with shareholders First Swedish National Pension Fund (AP1), Johan Gustavsson, Samir Taha, Per Rutegård and Thomas Hollaus to purchase existing shares for an amount of c. SEK 110 million outside the Offering and conditional upon the completion of the Offering, meaning M2 Asset Management's ownership in the Company will amount to c. ten per cent after the Offering is completed.
- The Listing is expected during the second quarter of 2021.
- DNB Markets, a part of DNB Bank ASA, Sweden branch, has been appointed as Sole Global Coordinator and Sole Bookrunner, and Baker McKenzie as legal advisor, in connection to the Offering.

Magnus Andersson, CEO, Aros Bostad:

"I am very proud of Aros Bostad's strong growth journey. The start of 2021 has featured high activity on the residential housing market, and we are well positioned for continued growth. The pending listing of Aros Bostad's ordinary shares and the capital injection it brings allows further growth through own projects and an even stronger 2021."

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Johan A. Gustavsson, Chairman and founder:

"In the past few years, Aros Bostad has seen a significant increase in the number of new projects and residential units sold. With the ambition of continued growth and continued creation of value for our shareholders, customers and partners, the Board of Directors believes that a listing of the ordinary shares of Aros Bostad is a logical next step on this journey."

Background and motive

Aros Bostad is a residential developer in the Stockholm region with a business model based on acquiring and developing real estate and housing with the purpose of creating modern, functional, and attractive housing in well-located geographical areas. The Company was founded in 2006 and its primary market is the greater Stockholm area, including Stockholm county and Uppsala. The Company's focus has transferred from historically having converted commercial buildings to housing, to focusing on developing and producing new residential units and housing. The Company's project portfolio has historically been built up through fund structures in collaboration with institutional investors, as well as through own acquisitions. Aros Bostad had, as per Q1 2021, a total of 30 projects with a total development area of c. 390,000 sqm, corresponding to c. 4,600 units. Per the same date, the Company had 623 units in ongoing production, of which several are included in projects that are, as of today, already sold out.

Since November 2018, Aros Bostad has had preference shares listed on Nasdaq First North Growth Market. In September 2019, First Swedish National Pension Fund (AP1) acquired a large stake in the Company through a directed issue of ordinary shares for an amount of c. SEK 150 million. The directed issue of ordinary shares to AP1 was part of Aros Bostad's continued ambition to create favourable conditions for further expansion of the Company's project portfolio through value-adding building rights acquisitions, in addition to strengthening the shareholder base with a well-renowned institutional investor.

As a result of Aros Bostad's growing landbank, the Company intends to develop a larger share of the projects on the balance sheet to enable further financial growth going forward, hence the intention to carry out the Offering. The Board of Directors and the Selling Shareholders believe that the timing is right to widen the shareholder base of the Company's ordinary share and to apply for a listing of the ordinary share on Nasdaq First North Growth Market. The Offering and the listing are expected to benefit Aros Bostad's continued growth as well as providing the Company with a wider access to the capital market in combination with a diversified shareholder base of Swedish and international shareholders. The Company also expects that a listing on Nasdaq First North Growth Market will increase the awareness of Aros Bostad among municipalities, counterparties, the public and potential future co-workers.

About the Offering

The Offering is intended for the general public in Sweden and institutional investors in Sweden and certain other jurisdictions internationally in accordance with current rules and applicable exceptions. The Offering will not be targeting USA. The Offering is expected to be comprised of ordinary shares to an amount of c. SEK 300 million as well as existing shares offered by the Selling Shareholders.

The Cornerstone investors have, subject to certain customary conditions, committed to subscribe for ordinary shares in the Offering for an amount of c. SEK 280 million at SEK 56 per share corresponding to a pre-money valuation of the Company's ordinary shares of c. SEK 1.8 billion.

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The admission to trading of the Company's ordinary shares on Nasdaq First North Growth Market will be approved subject to customary liquidity requirements for the ordinary share being fulfilled and that Nasdaq Stockholm AB resolves to admit the ordinary shares to trading.

The Listing is expected during the second quarter of 2021.

Sale of shares outside the Offering

Rutger Arnhult via M2 Asset Management has entered into an agreement with shareholders Johan Gustavsson, Samir Taha, Per Rutegård, Thomas Hollaus and the First Swedish National Pension Fund (AP1) to purchase existing shares for an amount of c. SEK 110 million outside the Offering and conditional upon the completion of the Offering, meaning M2 Asset Management's ownership in the Company will amount to c. ten per cent after the Offering is completed.

Complete terms

Complete terms, guidelines and instructions for the Offering will be included in the prospectus that the Company will publish in connection to the Offering. The prospectus will be published on Aros Bostad's website, www.arosbostad.se, as well as on DNB Markets' website <https://www.dnb.no/emisjoner>.

About Aros Bostad

Aros Bostad is a residential developer within the Stockholm area focusing on developing modern, functional and sustainable residential housing in attractive geographical areas, with timeless choices of materials and designs. The Company acquires and develops land into building rights and subsequently into residential housing. With a long-term perspective and responsibility for the entire value chain, Aros Bostad creates a safe deal for home buyers as well as stable returns for the investors. The Company was founded in 2006 and its primary geographical market is the greater Stockholm area and Uppsala. The Company's project portfolio has historically been built up through fund structures in collaboration with institutional investors, as well as through own acquisitions. Aros Bostad has residential development projects in different stages of development corresponding to c. 4,600 units.

Main investors in Aros Bostad's funds is primarily institutional capital from AP1, Varma, SEB Trygg-Liv, SEB Pensionsstiftelse, Östersjöstiftelsen as well as several prominent and financially strong entrepreneurs and investors.

The Company's class A and B preference shares are listed on Nasdaq First North Growth Market.

Vision

By developing long-term sustainable housing to satisfied customers, we create the highest possible returns for our investors.

Mission

We want to understand how people want to live, today and tomorrow. Based on this, we develop the cityscape with long-term sustainable housing.

Value proposition

Aros Bostad's value proposition describes what the customer can always expect from the Company. All our customers should feel proud of their new home and feel confident in their purchase, from the

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first viewing through the process of moving in. Each project is carefully taken care of and driven by competence and presence, to ensure sustainable living.

Selected key ratios

Financial key ratios – IFRS

| | Q1 2021 | Q1 2020 | 2020 | 2019 |
|----------------------------------|---------|---------|-----------|---------|
| Net revenue ¹ | 68,162 | 4,450 | 13,007 | 24,900 |
| Operating profit, % ² | 82.8 | neg. | neg. | 53.9 |
| Profit before tax | 56,368 | -12,420 | -40,280 | 9,511 |
| Total assets | 734,296 | 800,093 | 1,009,219 | 810,165 |
| Equity ratio, % ³ | 79.7 | 67.5 | 52.5 | 68.2 |

Thousands unless otherwise stated

Financial key ratios – Segment reporting⁴

| | Q1 2021 | Q1 2020 | 2020 | 2019 |
|---------------------|---------|---------|---------|---------|
| Net revenue | 19,622 | 15,007 | 45,166 | 207,818 |
| Operating profit, % | 53.4 | 16.0 | 98.5 | 10.8 |
| Profit before tax | 10,027 | 1,787 | 41,962 | 19,381 |
| Total assets | 816,414 | 739,318 | 821,182 | 809,299 |
| Equity ratio, % | 82.3 | 81.9 | 80.7 | 74.6 |

Thousands unless otherwise stated

Operational KPIs

| | Q1 2021 | Q1 2020 | 2020 | 2019 |
|--|---------|---------|-------|-------|
| Units sold | 94 | 35 | 301 | 136 |
| Units booked | – | 4 | 76 | 25 |
| Unit starts | 102 | – | 290 | 289 |
| Units completed | – | 161 | 333 | – |
| Units in production | 623 | 403 | 521 | 564 |
| Share of units sold or booked in production, % | 69 | 67 | 65 | 70 |
| Projects in project portfolio | 30 | 22 | 29 | 22 |
| Building rights in project portfolio | 4,608 | 3,193 | 4,546 | 3,264 |

¹ Revenue from project management in fund projects and revenue from completion of own projects

² EBIT in relation to revenue

³ Equity in relation to total assets

⁴ The table shows Aros Bostad's key ratios in accordance with segment reporting for fiscal years 2020, 2019 and for the period January 1 – March 31, 2021 and 2020. The difference between applying segment reporting and IFRS is that the income from sales of residential units, in accordance with the previous applied accounting method, is accounted for when the project is sold to the tenant-owner association. The income is then reported according to the percentage-of-completion method. As a consequence of changing reporting method, it is the homebuyer of the apartment, and not the tenant-owner association, that is identified as Aros Bostad's customer. After the change of accounting standard, the income is reported when the customer moves in. Before the customer moves in, the residential unit is treated as a current asset under the line-item development properties. Aros Bostad intends to continue to report in accordance with both accounting methods and finds that segment reporting gives a more complete view of the Company's business, which is also in line with the Company's internal reporting.

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Financial and operational targets

Aros Bostad has clear financial and operational targets for the business. The Company focuses on risk management as well as continuous monitoring of cash flows of the project portfolio, paving the way for sustainable value creation in combination with balanced growth and financial profitability.

Project targets

Each project should, through project development, project-specific marketing and sales efforts as well as through cost-efficient execution, maximise the market value of the project, and ultimately result in solid returns in combination with a balanced project risk.

Units in production

The number of units in production should amount to 800-1,000 each year.

Equity ratio

The long-term equity ratio should exceed 30 per cent.

Project margin

The project margin, defined as project profits divided by project costs, should amount to, at least, 20 per cent over time. The target is based on the historical average of project margins as well as the current business plan for the project portfolio.

Advisers

DNB Markets, a part of DNB Bank ASA, Sweden branch, has been appointed as Sole Global Coordinator and Sole Bookrunner, and Baker McKenzie as legal adviser, in connection to the Offering.

Erik Penser Bank is the Company's Certified Adviser:

- E-mail: certifiedadviser@penser.se
- Telephone: +46 8 463 83 00

Key contacts

For more information about the Company and the Offering, please visit www.arosbostad.se or contact:

- Magnus Andersson, CEO, e-mail: magnus.andersson@arosbostad.se, telephone: +46 8 400 230 50
- Ken Wendelin, CFO/Deputy CEO, e-mail: ken.wendelin@arosbostad.se, telephone: +46 73 518 02 70
- Anna Åkerlund, Head of Communications, e-mail: anna.akerlund@arosbostad.se, telephone: +46 70 778 28 97

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This press release does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the Company. The information in this press release is only intended to describe the background of the Offering and does not claim to be complete or exhaustive. No assurance is made with respect to the information in the press release as regards its accuracy or completeness. DNB Markets, a part of DNB Bank ASA, Sweden Branch ("**DNB**"), is acting for Aros Bostad in connection with the Offering and not for anyone else. DNB will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offering or any other matter referred to herein.

This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. A prospectus is intended to be prepared in connection with the Offering which will be scrutinized and approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) which is the national competent authority in Sweden under the Prospectus Regulation.

In the United Kingdom, this press release and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "**qualified investors**" (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/ EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the Group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Growth Market rule book for issuers.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Aros Bostad have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**EU Target Market Assessment**"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the shares in the Company has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of such shares to eligible counterparties and professional clients are appropriate (the "**UK Target Market Assessment**" and, together with the EU Target Market Assessment, the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the shares in the Company may decline and investors could lose all or part of their investment; the shares in the Company offer

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no guaranteed income and no capital protection; and an investment in the Company's shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in the Company.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in the Company and determining appropriate distribution channels.