

# ANNUAL REPORT **2022**

 **BAL  
DER**



## CONTENTS

### INTRODUCTION

This is Balder..... 1  
 CEO's comments..... 2  
 Share and owners..... 4

### OPERATIONS

Uncertain development for the global economy... 10  
 Ongoing dialogue with customers..... 11

### VALUATION

Property portfolio..... 17

### FINANCE

Forecast and current earning capacity..... 21  
 Financing..... 22

### SUSTAINABILITY

Sustainability work..... 25  
 Properties..... 28  
 Areas..... 30  
 Partnerships..... 32  
 Coworkers..... 34  
 Finances..... 37  
 The EU taxonomy..... 38

### ASSOCIATED COMPANIES

Continued development in associated companies..... 40

### FINANCIAL INFORMATION

Contents..... 42  
 Report of the Board of Directors..... 43  
 Opportunities and risks..... 47  
 Financial statements..... 51  
 Accounting policies and notes..... 59  
 Audit Report..... 90

### CORPORATE GOVERNANCE

Chairman's statement..... 94  
 Corporate Governance Report..... 95  
 Auditor's opinion..... 100  
 Board of Directors..... 101  
 Management..... 102

### SUSTAINABILITY INFORMATION

Governance of sustainability work..... 103  
 Reporting under the taxonomy..... 109  
 GRI index..... 113  
 Auditor's opinion..... 116

### ADDITIONAL INFORMATION

Project list..... 117  
 Definitions..... 120  
 Annual General Meeting..... 121  
 Contact information and calendar..... 121

Balder's Annual Report for 2022 is issued by the Board of Directors and the CEO. The statutory annual accounts are presented on page 43–89. The Sustainability Report is presented on page 24–38, 47–50 and 103–112 and has been prepared in accordance with Chapter 6 of the Swedish Annual Accounts Act.





## AN ENGAGED, LONG-TERM PROPERTY MANAGEMENT AND URBAN DEVELOPMENT COMPANY

Number of employees

**1,161**

Number of properties

**1,841**

Equity/assets ratio, %

**40**

Number of sq.m. under construction

**314,184**

**PROPERTY VALUE**

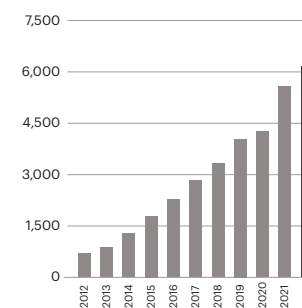
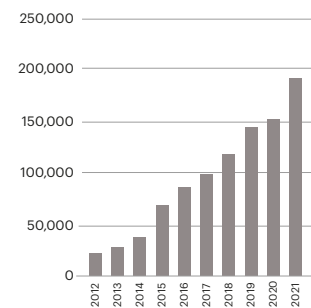
SEKm

**217,353**

**PROFIT FROM PROPERTY MANAGEMENT<sup>1)</sup>**

SEKm

**6,139**



<sup>1)</sup> Refers to profit from property management attributable to the parent company's shareholders.

### THIS IS BALDER

Fastighets AB Balder is a listed property group that owns, manages and develops properties in Sweden, Denmark, Finland, Norway, Germany and the UK. With a property value of SEK 217 billion and a diversified portfolio, Balder offers residentials, commercial properties and new construction projects in capital cities and other large cities. By being a long-term and stable owner, Balder creates attractive and safe areas in which people can live and do good business.

# STABLE OPERATIONS DESPITE UNCERTAIN TIMES

2022 was a very turbulent year, one that is difficult to assess in every way. We maintained a strong focus on our financing activities in order to secure stable financing in the long term.

In view of the tough conditions during the year, I feel that an increase of 11% per share in the profit from property management to SEK 5.48 (4.95) is good. The net asset value increased by just under 10% per share to SEK 92.10 (83.96).

The recent time has been significantly affected by Russia's invasion of Ukraine. This, combined with the continuing effects of the pandemic, has consequences including a risk of increased material prices for property development projects, and also of increased energy prices. Higher prices or shortages of materials may mean increased costs for both projects in progress and ongoing operation of the properties.

The current situation also has an impact on inflation, which has risen sharply in recent times. This has resulted in rising interest rates and higher financing costs. We have a diversified financing structure and a diversified property portfolio, which brings increased risk diversification. There is continued concern in the financial markets, which has led to a shift from the bond market to banking. Our strong earning capacity and diversified property portfolio poses a low operational risk, which is positive in a financing context.

For Balder, the most important financial goal is to increase the profit from property management and the earning capacity per share in the long term. This requires that our existing portfolio performs well and that we can identify new investments offering a reasonable yield.

Despite a turbulent external environment, operations performed very well for us during 2022. The projects

we chose to complete went largely according to plan, and property management delivered in a commendable way. We have also had successful sales of newly produced residentials, including the CAPREA project in Östermalm which will be ready for occupancy in 2023.

## **New financial goal**

Under current market conditions, it is particularly important to have a strong balance sheet and good capacity to make interest payments. The Board of Directors of Balder has therefore decided, as a complement to our current financial goals, to introduce a goal for our net debt in relation to EBITDA. The goal is that the net debt over time shall be no more than 11 times EBITDA. We will achieve this goal through a combination of reduced net debt and increased income from our existing property portfolio as well as the completion of projects.

## **Slowdown in investing activities**

Balder is a long-term, stable property owner, and we have built a lot over many years. Our overarching plans include many different kinds of projects in different stages, which are always evaluated on a project-by-project basis. Because of the current market situation, we have chosen to cancel or postpone a number of projects for the time being, and will start projects when it becomes profitable once again. Projects that are in the construction phase are being carried out mostly at fixed contract prices.



If we add up the outstanding amounts to invest in all projects in progress during 2023 and 2024, the investments will be more or less matched by funds received from the sales.

All in all, this means that from 2023 we will have a falling debt (at a constant exchange rate) combined with increased net operating income from existing properties and projects, resulting in the key ratio Net debt/EBITDA being improved, which will gradually enable us to withstand a slightly higher interest expense.

We have made the assessment until now that the best yield for Balder's shareholders is achieved through re-investing the profit generated. The objective remains the same, and I am optimistic with regard to the possibility over time of being able to find investments with a reasonably good yield.

### Sustainability

As a long-term property owner, we strive to assume social, environmental and financial responsibility. This includes not only minimising the environmental impact of operations, but also maximising the positive impact on society, both locally and globally.

Balder has signed Global Compact, the UN's set of international principles aimed at companies in the areas of human rights, labour law matters, the environment and anti-corruption. We have also set climate goals in line with the Paris Agreement, and shall halve emissions in our own operations by 2030, with 2022 as the base year, and also measure and reduce emissions in the value chain (Scope 3). We have also set a goal to achieve net zero emissions throughout the value chain (Scope 1, 2 and 3) by 2045.

### Forecast and focus for the future

We see 2023 as a year to focus on our existing portfolio and projects, and a year in which we will probably see a lower level of activity as regards property transactions. We will of course also keep working on financing, where we will adopt a longer-term approach than usual. Balder's well-diversified portfolio with its low level of risk at the operational level gives us good conditions in which to deliver a stable operating profit, which over time guarantees good financing.

We monitor developments closely in order to ensure that we are prepared for different scenarios, and we adapt our operations continually based on changing conditions.

Based on the uncertain times in which we are operating, we are choosing to present not only current earnings every quarter, but also to provide a forecast for the profit from property management in 2023, as we believe that this may be useful for investors. Our forecast is that the profit from property management in 2023 will be SEK 6,200 million, i.e. marginally higher than the profit from property management in 2022.

I would also like to take this opportunity to thank our stable organisation with just over 1,160 engaged co-responsibles for their amazing efforts during the year!

### ERIK SELIN

Chief Executive Officer

## EXAMPLES OF ACTIVITIES DURING 2022



### KARLATORNET HIGHEST IN THE NORDIC REGION

The Karlatornet tower reached a level of 68 floors and 221 meters at year-end and is the highest building in the Nordic region. When it reaches its full height of 246 metres, Karlatornet will also be the highest residential building in the EU. While the tower continues to grow in terms of height, the apartments lower down in the tower are being completed, and residents will start moving in during the second half of 2023. In addition to residentials, Karlatornet will house a hotel, restaurant and offices.



### CONSTRUCTION START FOR GOCO LIVING

During the year, construction started on Spina, the first of GoCo Living's three blocks, which will consist in total of around 470 rental apartments both rental and condominiums. The residential area will be a vibrant feature of GoCo Health Innovation City in Mölndal, just south of Gothenburg. The city district will bring together researchers, entrepreneurs and residents in an initiative that in many ways shows the way for a new kind of urban planning. The residential quarter is owned by Trenum and will be managed by Balder.



### EXPANDED PLANT FOR ELECTRIC MOTORS

Inmotion Technologies in Tyresö is expanding, and extending its facilities with a production plant covering 6,000 sq.m. This expansion is underpinned by strong demand for Inmotion's products in the field of electrical power for commercial electric vehicles. Construction work on the new plant started in February 2022 and the official opening is planned for summer 2023. Balder is both property owner and developer and has developed the new premises together with Inmotion.

# BALDER'S SHARE AND OWNERS

Balder's Class B share is listed on Nasdaq Stockholm, Large Cap.

The net asset value per share reported positive development during the year and was SEK 92.10 at year-end.

Balder's Class B share is listed on Nasdaq Stockholm, Large Cap. Balder's market capitalisation on 31 December totalled SEK 55,992 million (121,561). The price of Balder's Class B share was SEK 48.52 (108.63) at year-end, representing a fall of 55% during the year.

## Share capital

Balder performed a 6:1 share split during the year, with the effect that each share, regardless of share class, was divided into six (6) new shares (share split 6:1).

At the end of the year, Balder also carried out a directed new share issue of 35,000,000 Class B shares. The subscriber to the new share issue was AMF.

As of 31 December 2022, the total number of shares was 1,154,000,000 shares, of which 67,376,592 shares are Class A shares and 1,086,623,408 are Class B shares. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

All key ratios and share-related information in this report have been adjusted for the number of shares following the share split and the directed new share issue.



## ANALYSTS FOLLOWING BALDER

Staffan Bülow	Nordea
Erik Granström	Carnegie
Fredric Cyon	Carnegie
Markus Henriksson	ABG Sundal Collier
Jan Ihrfelt	Kepler Cheuvreux
Albin Sandberg	Kepler Cheuvreux
Johan Edberg	Handelsbanken
Stefan Andersson	Danske Bank
Lars Norrby	SEB
Emil Ekholm	Pareto
Viktor Hökenhammar	Pareto
Niklas Wetterling	DNB

THE BALDER SHARE'S PERFORMANCE	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Data per share</b>										
Average number of shares, thousands <sup>1)</sup>	1,119,192	1,119,000	1,083,090	1,080,000	1,080,000	1,080,000	1,041,588	976,518	970,716	957,222
Net profit for the year, SEK	9.09	16.54	6.13	8.30	8.62	6.45	5.06	4.83	3.02	1.69
Profit from property management, SEK	5.48	4.95	3.92	3.73	3.06	2.46	1.98	1.62	1.11	0.76
Outstanding number of shares, thousands <sup>1)</sup>	1,154,000	1,119,000	1,119,000	1,080,000	1,080,000	1,080,000	1,080,000	1,034,382	974,382	957,222
Shareholder's equity, SEK	78.16	69.35	52.02	45.38	37.17	28.98	23.20	17.21	11.68	8.69
Long-term net asset value (NAV), SEK	92.10	83.96	64.56	56.95	46.27	36.35	30.02	22.39	14.39	10.08
Share price on closing date, SEK	48.52	108.63	71.48	72.20	42.00	36.57	30.68	34.78	18.38	11.00
Change in share price, %	-55	52	-1	72	15	19	-12	89	67	77
Dividend, SEK	—	—	—	—	—	—	—	—	—	—
<b>Market capitalisation</b>										
Market capitalisation, SEKm	55,992	121,561	79,990	77,976	45,360	39,492	36,371	39,099	21,404	13,889

1) The number of outstanding shares at the end of the year and the average number of shares during the year were adjusted for the 6:1 share split on 25 May 2022 as well as the directed new share issue on 29 December 2022.

# WHY INVEST IN BALDER?

## 1. HISTORICALLY SUCCESSFUL INVESTMENTS

Since the beginning, Balder has invested in residentials, commercial properties and projects in capital cities and other large cities with positive developments. Investments are being made in particular in areas where the company is already active, with an emphasis on Stockholm, Gothenburg, Helsinki and Copenhagen.

The project portfolio has grown significantly in recent years, with many investments in major urban development projects such as Karlastaden in Gothenburg and Kungens Kurva in Stockholm.

## 2. A WELL-DIVERSIFIED PORTFOLIO WITH A FOCUS ON CAPITAL CITIES AND MAJOR CITIES WITH GROWTH POTENTIAL



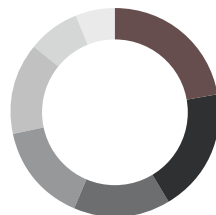
**CARRYING AMOUNT PER PROPERTY CATEGORY**  
total property portfolio, %

- Residential, 57
- Office, 16
- Other, 12
- Retail, 9
- Industrial/Logistics, 7



**CARRYING AMOUNT PER REGION**  
total property portfolio, %

- Helsinki, 26
- Gothenburg, 19
- Stockholm, 17
- Copenhagen, 12
- East, 10
- North, 10
- South, 6



**LETTABLE AREA PER REGION**  
total property portfolio, %

- Helsinki, 22
- Gothenburg, 19
- East, 15
- North, 15
- Stockholm, 14
- South, 8
- Copenhagen, 6



A HOUSE, STOCKHOLM, SWEDEN

# 3. A STRONG BALANCE SHEET AND LOW FINANCIAL RISK-TAKING

MULTI-YEAR SUMMARY	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Rental income, SEKm	10,521	8,956	8,134	7,609	6,714	5,915	5,373	2,711	2,525	1,884
Profit from property management, SEKm <sup>1)</sup>	6,139	5,543	4,244	4,023	3,304	2,804	2,265	1,780	1,275	854
Changes in value of investment properties, SEKm	5,530	13,111	3,453	9,577	8,007	5,336	4,932	3,388	3,050	854
Changes in value of derivatives, SEKm	1,617	511	-141	-180	-34	144	-114	227	-624	433
Net profit for the year, SEKm <sup>1)</sup>	10,175	18,508	6,641	8,958	9,308	7,118	5,474	4,916	3,128	1,738
Investment properties, SEKm	213,932	189,138	149,179	141,392	116,542	98,360	86,177	68,456	37,382	27,532
Development properties, SEKm	3,421	2,697	2,803	2,344	1,598	—	—	—	—	—
<b>Property-related key ratios</b>										
Rental value full year, SEK/sq.m.	2,060	1,836	1,893	1,921	1,802	1,724	1,583	1,508	1,325	1,216
Rental income full year, SEK/sq.m.	1,982	1,758	1,809	1,850	1,737	1,651	1,507	1,455	1,254	1,148
Economic occupancy rate, %	96	96	96	96	96	96	95	96	95	94
Vacancy rate, %	4	4	4	4	4	4	5	4	5	6
Surplus ratio, %	74	75	76	74	73	71	68	72	70	68
Carrying amount, SEK/sq.m.	34,540	32,979	32,114	31,613	28,013	24,952	21,473	18,622	17,172	13,985
Number of investment properties	1,841	1,678	1,362	1,298	1,185	1,148	1,220	1,177	486	498
Lettable area, thousand sq.m.	5,837	5,509	4,502	4,304	4,025	3,739	3,806	3,430	2,177	1,969
<b>Financial key ratios</b>										
Return on equity per share, %	12.1	27.3	12.4	20.1	26.1	24.7	24.6	32.3	29.7	21.5
Interest coverage ratio, times	4.7	4.9	5.3	5.2	4.6	4.3	3.7	5.1	3.4	2.9
Equity/assets ratio, %	40.0	40.4	38.6	38.3	38.4	35.5	36.1	34.1	35.5	37.3
Debt/equity ratio, times	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.5
Net debt to total assets, %	47.9	47.4	46.1	48.4	50.1	51.8	51.8	54.6	54.6	53.3
Net debt/EBITDA, times	13.4	12.9	12.7	13.0	12.9	12.9	13.2	18.1	12.1	12.2

1) Attributable to parent company's shareholders.



MURMÄSTAREN (ANNA WHITLOCK GYMNASIUM), STOCKHOLM, SWEDEN



## 4. LONG-TERM, ENGAGED OWNERS

The principal owners of Fastighets AB Balder are Erik Selin Fastigheter AB, which owns 34.1% of the capital and 47.8% of the votes, and Arvid Svensson Invest AB, which owns 8.6% of the capital and 14.6% of the votes, as well as a number of institutional investors. At the end of 2022, the total number of shareholders was around 29,000 (22,000), and 44% (45) of the share capital was owned by the Board of Directors and management.

### DIVIDEND POLICY

Balder's goal is to generate the best long-term total yield for its shareholders. The assessment continues to be that this is best achieved by reinvesting the profits in the business in order to create further growth. The dividend will therefore remain low or will not be declared at all in the next few years.

Balder will instead continue to improve important financial key ratios and to invest in existing properties, new construction and the acquisition of new properties. The Board of Directors proposes to the Annual General Meeting that no dividend for the share should be paid for the financial year 2022.

### OWNERSHIP LIST, 31/12/2022

Owners	Class A shares	Class B shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	49,855,968	343,265,400	393,121,368	34.1	47.8
Arvid Svensson Invest AB	17,495,352	81,255,240	98,750,592	8.6	14.6
AMF Försäkring och Fonder	—	80,155,650	80,155,650	6.9	4.6
Swedbank Robur Fonder	—	38,878,023	38,878,023	3.4	2.2
Länsförsäkringar Fondförvaltning AB	—	35,807,885	35,807,885	3.1	2.0
Handelsbanken Fonder	—	29,763,763	29,763,763	2.6	1.7
SEB Investment Management	—	25,271,431	25,271,431	2.2	1.4
Lannebo Fonder	—	21,454,474	21,454,474	1.9	1.2
CBNY Norges Bank	—	13,135,014	13,135,014	1.1	0.7
Folksam	—	11,933,025	11,933,025	1.0	0.7
Others	25,272	405,703,503	405,728,775	35.2	23.1
<b>Total</b>	<b>67,376,592</b>	<b>1,086,623,408</b>	<b>1,154,000,000</b>	<b>100</b>	<b>100</b>

## 5. GROWTH FOR THE BALDER SHARE SINCE THE STOCK EXCHANGE LAUNCH

Balder's most important goal is to increase the profit from property management per share over time. Over the past five years, the profit from property management has increased by an average of 17% per year and the net asset value by an average of 20% per year. During the same period, the share has been traded at an average of 102% of the net asset value and 16 times the profit from property management.

### Developments during the year

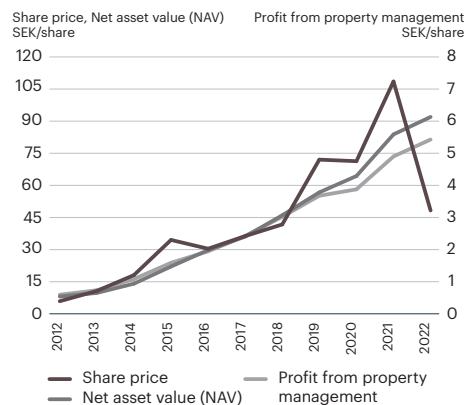
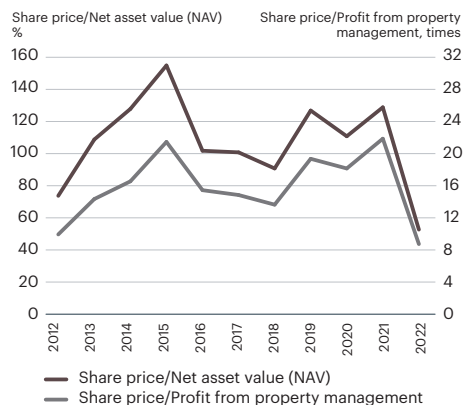
Equity per share totalled SEK 78.16 (69.35) as of 31 December, representing an increase of 13% (33)

during the year. The net asset value per share (NAV) during the period increased by 10% (30) to SEK 92.10 (83.96). The difference between equity and net asset value is that derivatives, net of deferred tax liabilities and deferred tax assets are reversed in net asset value. The share price/net asset value ratio was 53% (129) at year-end.

The profit from property management before tax attributable to the parent company's shareholders totalled SEK 6,139 million (5,543), which represents an increase of 11% (31) compared with the previous year. The profit from property management per

share increased by 11% (26) during the year.

608 million shares were traded during the year (348), representing an average of approximately 2,405,000 shares per trading day (1,368,000) or SEK 165 million (123) based on the average price during the year. The turnover represents an annual turnover rate of 53% (31), and if Erik Selin Fastigheter AB's shares are excluded, the annual turnover represents approximately 80% (48) of the outstanding shares. The proportion of foreign-owned shares is 27% (30).



### THE SHARE'S PERFORMANCE OVER TIME

The charts show the development of the share price in relation to net asset value and profit from property management. The chart on the left shows the price per share in relation to net asset value per share and profit from property management per share. The chart on the right provides an illustration of the price per share, net asset value per share and profit from property management per share.

## 6. SUSTAINABLE FINANCING

The EU taxonomy puts an additional focus on the importance of sustainability work in the property portfolio in areas such as energy efficiency improvement, climate adaptation measures and social sustainability-related issues in the supply chain. Balder's objective is to increase the proportion of activities within the business that can be aligned and classified as sustainable investments.

Balder has had green financing for several years in the form of green loans and green bonds. All properties that are built by new in-house production shall be certified according to the Miljöbyggnad Silver rating or equivalent. Activities during the year included the certification of 15 new properties as well as one existing property in Sweden. Balder also has an ESG risk rating from Sustainalytics of 13.8, which puts the company comfortably within the low-risk framework.



# OPERATIONS



# UNCERTAIN DEVELOPMENT FOR THE GLOBAL ECONOMY

Balder’s business is affected by trends and developments in the external environment, both locally and globally.

The past year has been largely characterised by the ongoing war in Ukraine, the effects of which include rising interest rates and energy prices, increased inflation and turbulence in the financial markets. This has an effect on economic development and investments in new projects. The year ahead is expected to see a slowdown in residential construction.

Balder is a long-term, stable property owner that has built a lot over many years. The company’s overarching plans include many different kinds of projects in different stages, which are always evaluated on a project-by-project basis. Because of the current market situation, the company has chosen to cancel or postpone a number of projects for the time being, and will start projects when it becomes profitable again.

Combined with the continued effects of the pandemic, there is also a risk of increased material prices for property development projects. Higher prices or material shortages can cause costs to increase for both projects in progress and the ongoing management of properties.

The current situation also has an impact on inflation, which has risen sharply in recent times. This has resulted in rising interest rates and higher financing costs. There is continued concern in the financial markets, which has led to a shift from the bond market to banking. Balder has a diversified financing structure and a diversified property portfolio, which brings increased risk diversification.

## DEVELOPMENT IN THE PROPERTY MARKET

KEY RATIOS 2022	Sweden	Denmark	Finland	Norway
Transaction volume, SEK billion	205	123	83	110
Yield from office properties, CBD <sup>1)</sup> , capital cities, %	3.5	3.4	3.8	3.9
Rental levels for offices, CBDs <sup>1)</sup> , capital cities, SEK/sq.m./year	8,500	3,200	4,800	6,400
Foreign buyers, %	31	64	50	17

1) CBD = Central Business District.  
Source: Colliers Research



## CONTINUED FOCUS ON CLIMATE ISSUES

The climate issue is still high on the agenda, with an even greater focus on climate-related risks and emissions. There are now stricter requirements from both investors and customers, with energy-efficient and environmentally certified properties being favoured when it comes to loans and other financing.

The EU taxonomy for sustainable investments is also contributing to a stronger focus on green financing. The purpose of the taxonomy is to help investors identify and compare environmentally sustainable investments through a common classification system. Balder’s business encompasses many economic activities that are highlighted in the taxonomy and has the opportunity to contribute to the green transition.

Balder adopts a methodical approach to reduce the company’s climate impact, for example by continuously optimising the running of its properties, increasing the proportion of renewable energy, reducing waste and increasing recycling and reuse. This reduces costs, while at the same time greater knowledge is acquired of physical and financial exposure to climate risks. All electricity purchased for properties in Sweden is green electricity, and all properties built in-house must be certified as a minimum according to the Miljöbyggnad Silver rating or equivalent. Balder monitors the development of rules and guidelines in order to adapt the business to the EU taxonomy and increase the proportion of activities that can be classified as environmentally sustainable.



## MAJOR OPPORTUNITIES WITH NEW TECHNOLOGY AND DIGITALISATION

A continued high tempo in digitalisation is contributing to the rapid development of new services and also brings opportunities for new ways of living and working. For property companies, this brings major opportunities in connection with the digitalisation of property management. The development of digital solutions for smart buildings remains strong and will bring new opportunities for property owners. By investing in digital solutions and new technology, opportunities are created to improve areas such as

control and follow-up on properties. But connected cities and properties do bring increased risks when it comes to cyber security.

Balder works continuously to increase the degree to which properties are digitalised, partly to improve security and to realise the opportunity for better control and optimisation of property management. There are also major opportunities to enhance the service levels to customers by being able to offer new kinds of services.



## SOCIAL SUSTAINABILITY INCREASINGLY IMPORTANT

As a property company, Balder has major opportunities to make a positive contribution to various social sustainability issues. These include creating increased participation, security and inclusion, and contributing to good conditions for education and work.

Balder has been working for many years with specific initiatives in the company’s residential areas and has dedicated area developers on site. There is a

strong focus on children and young adults, but also on safety and well-being, as well as helping tenants in various ways. Balder also collaborates with other property companies and actors in order to achieve even better results. During the year, Balder has strengthened the team working on social sustainability and recruited an employee with responsibility for social engagement.

# ONGOING DIALOGUE WITH CUSTOMERS

Having satisfied customers and tenants is one of Balder's most important goals. Surveys are conducted on an ongoing basis in order to be able to identify development opportunities and take action to further improve customer satisfaction.

Balder has long been undertaking structured, long-term work to measure how tenants perceive the company as a landlord and property manager. This is done in order to acquire insights and base data for decisions, so that the measures desired by tenants can be taken.

Balder mainly uses three different metrics to measure customer satisfaction. Customer Satisfaction Index, CSI, is an index that is calculated on the basis of responses to three internationally standardised questions. Balder also uses Serviceindex, which has been developed by AktivBo and is based on a large number of questions in the areas of Safety, Help when needed, Clean & tidy and Taking the customer seriously. Also measured is the NPS, Net Promoter Score, an international metric that defines the willingness to recommend and customer loyalty.

With Balder's property portfolio being so diversified, it is difficult to draw direct comparisons from the survey results at company level. Different properties have different conditions based on factors such as age, area of application and geographical location. Investments and measures prepared via the CSI surveys are done locally and therefore need to be measured and evaluated locally. There are, however, good opportunities for benefits of scale at company level as some of the measures undertaken locally can be conceptualised and reused at other locations.

The combination of Balder's size and the local presence provides an opportunity to be both the large, safe landlord and the local actor with the knowledge and desire to develop its areas.

Balder has three full-time employees working on customer-related measurement, analysis, results and action plans. Together with other specialists in the company,

they work continually to identify opportunities for improvement and measures to further improve customer satisfaction.

## Customer satisfaction survey 2022

In autumn 2022, Balder's commercial customers, primarily office and retail tenants, were asked to respond to a comprehensive CSI survey about well-being, safety, sustainability, customer service and treatment.

It has emerged from previous surveys that questions about contact and treatment are particularly important, and it is pleasing to note that the results show that the day-to-day work is appreciated by Balder's tenants. The biggest improvements were seen in questions about fault reports, where the biggest increases were recorded in questions on Remedied within a reasonable time and Quality of work performed.

The results from this comprehensive customer satisfaction survey show that overall satisfaction measured with the aid of the CSI continues to increase among commercial tenants.

In spring 2022, a survey was also conducted among Balder's residential tenants with a focus on sustainability. The aim was to acquire an understanding of how residential tenants perceive the company's work on sustainability at present, how this can be improved and also how the tenants themselves act when it comes to environmental issues.

85% of the tenants responded that they consider Balder to be an environment-friendly and environmentally aware landlord. Almost as many also feel that Balder provides tenants with very good conditions to lead environment-friendly lives themselves.



**“Balder’s basic philosophy, long-term ownership, relationship-building property management and local roots are appreciated by tenants.”**

**NIKLAS DABROWSKI**  
Customer Relationship Manager

## HI NIKLAS!



### Why do you do so many customer surveys?

Because we always want to have a basis for improvements and to create long-term relationships with our customers. The results from the CSI surveys are used as base data for decisions in the organisation, which gives added value for customers, the company and society.

### What do customers think of Balder as a landlord?

It's pleasing to note that customers' ratings of Balder improve year on year. In general, you can say that Balder's basic philosophy, long-term ownership, relationship-building property management and local roots are appreciated by tenants.

### There's been a lot of talk recently about rental negotiations for rental apartments. How is Balder dealing with this issue?

Balder is a stable, long-term property owner and landlord that strives to create attractive, safe and pleasant residential areas, now and in the future.

Our rental levels are based on so-called comparative rents in the utility value system. This means that the rent is set based on an apartment's quality and standard, and it must be comparable with other apartments in the location with the same utility value. Negotiations with the Tenants' Association take place all around the country on an ongoing basis.

This year we renegotiated rental levels ahead of 2023 and were able to achieve the first agreement in the industry. This was appreciated by our tenants, who received quick notifications and didn't have to go around being anxious about this.

# A FOCUS ON LONG-TERM PROPERTY MANAGEMENT

Balder offers residentials, commercial properties and new production projects in capital cities and other major cities.

Since the beginning in 2005, the company has grown to become a corporate group with more than 1,100 colleagues. By being a long-term and stable owner, Balder creates attractive and safe areas in which people can live and do good business.

With a wide variety of residentials and commercial premises in areas that are growing, Balder creates value through its customer-focused, efficient management. The company offers a wide range of premises and homes in different locations, designs and sizes, and at different rental levels.

## Property management that builds relationships

Balder aims to generate a good profit from property management through a high level of activity and efficient management. Having customers who are satisfied and stay in the company's properties is crucial for long-term financial sustainability.

In all areas where Balder owns properties, the company has its own employees who are responsible for management, letting and operations. This produces fast decision-making paths, proximity to the customer, good awareness of areas and properties, and the opportunity to adopt a long-term approach to property management and the development of areas and city districts.

Tenants are involved on an ongoing basis through surveys, discussions and meetings about ideas and suggestions relating to the development of the properties and entire areas. Based on this, measures are

ranked and prioritised in order to best contribute to increased customer satisfaction.

Every other year a CSI survey is conducted, the results of which form the basis of future activities and prioritisations. In addition to this, Balder has continuous dialogues with tenants, for example in the form of regular meetings.

## Wide variety of properties

Balder has a balanced and nuanced property portfolio, with ownership ranging from small and local to big and international. Balder owns all kinds of properties – residentials, offices, healthcare and education premises, car showrooms, hotels and so on. The portfolio is also very diversified within each property category. This creates good opportunities to maintain a steady and satisfactory occupancy rate.

Balder's property portfolio contains a wide variety of commercial space, ranging from office, retail and warehouse space to, for example, floor space adapted for restaurant and educational activities. When new tenants move in, or when needs change for existing tenants, modifications are undertaken in order to find the best solutions for each space and each customer.

Balder owns more than 60 hotel properties in total, making the company one of Sweden's biggest hotel property owners. In addition to hotels in the centre of Stockholm, Gothenburg and Malmö, the holding consists of hotel properties in central Copenhagen, Helsinki, Berlin, Leipzig, Erfurt and Gelsenkirchen.



## MURAL WITH LOCAL MOTIF

It emerged over the course of a week – the Skvader in Sundsvall. In Balder's residential area Bredsand, the artist Charlie Granberg has created a mural adapted to the area. The theme focuses on nature, and the central element is a skvader.

The skvader, a cross between a hare and a grouse is a well-known fictional creature from the region of Västernorrland. The artwork is part of Balder's work to create safe, pleasant and attractive residential areas.

The company continues to have a high occupancy rate, at around 96% in the commercial portfolio. In total, Balder has approximately 3,100 commercial customers and a total lettable area of approximately 2,935,000 sq.m.

#### Long-term leases

Thanks to a good distribution between residential and commercial properties, and the geographical distribution, rental risks are reduced. Balder believes that the risk of a sudden deterioration in respect of rental income is low, thanks to the lease structure. To counteract reduced rental income and a lower occupancy rate, there is a focus on maintaining long-term relationships with the company's existing customers.

Balder's ten largest leases account for 3.5% (3.9) of the total rental income, and their average lease term is 10.1 years (10.7). No single contract accounts for more than 0.5% (0.6) of Balder's total rental income, and no single customer accounts for more than 3.4% (3.5) of total rental income. The average lease term for the total commercial portfolio is 6.2 years (6.4).

#### Continued development of residentials and areas

Balder offers apartments in both central locations and on the outskirts of cities, both in the form of newly produced rental apartments and rental apartments in older properties. At the end of the year, the Group had about 45,300 residential contracts in total.

Balder carries out continuous, wide-ranging initiatives to develop the areas where the company owns properties. These include capturing and meeting tenants' demands and needs, both now and in the future. The properties are being upgraded on an ongoing basis, both internally and externally, including their communal areas and outdoor environments.

As a large, long-term property owner, Balder develops both small projects involving individual properties and bigger areas and city districts. Within the framework of property development, there is both new production of residentials and premises and a large number of projects involving the renovation of existing properties.



**“Our focus is on efficient property management and doing good business, with both heart and mind.”**

PETRA WIDÉN LINDH  
Head of Property Management, Residential

## HI PETRA!

### “ What are the most important focus areas for Balder's property management business? ”

I'd say that essentially it's efficient property management and a focus on doing good business, with both heart and mind. In property management, we work to build long-term relationships in order to increase safety and well-being. We strive at all times to streamline our work and our processes in order to achieve the best possible return.

#### What has stood out in the past year?

Despite a long period under the shadow of Covid, we've worked hard to improve our CSI. During the year, we've also received several newly built residential properties to manage. One example is Brogårdsstaden, just north of Stockholm, which has grown to become a totally new city district, where we'll be opening an area office in early 2023. As always, letting has been a top priority and our goal is always to have fully rented buildings.

We have relocated many of our area offices to improve accessibility for our tenants. We want to be there where our tenants are living and working.

Of course, I'd also like to highlight our work on social sustainability, which includes offering

young people in our residential areas both summer jobs and activities. We've had environmental courses, helped people to write CVs and had plenty of security patrols.

#### During the year, Balder was nominated as Residential Property Company of the Year, how does that feel?

It feels really great to be nominated and that our efforts are being recognised. At Balder, we work every single day to meet the various needs of our customers, and this nomination is an acknowledgement that our efforts are making a difference. Balder has previously been nominated in the Commercial category, but this is the first time we've been nominated as Residential Property Company of the Year, which is of course especially close to my heart.

#### What characterises Balder's work?

We adopt a commercial, long-term approach to everything we do. This creates peace of mind, which is particularly important in these times of increased turbulence in the world at large. At the same time, we're quick to respond and can redirect operations as required. All in all, this makes us stable in the long term.

## RESPONSIBLE URBAN DEVELOPMENT

With a continued upgrading of the existing property portfolio, combined with new land allocations and acquisitions, it is Balder's objective to be a long-term actor in the field of urban and property development.

Balder has a strong project portfolio for the production of new residentials in cities with strong growth and develops both small projects for individual properties and large areas and city districts. Offering both rental apartments and tenant-owner apartments increases the range of mixed forms of housing available, which also contributes to sustainable, responsible urban development.

Investments are being made in particular in areas where the company is already active, with an emphasis on Stockholm, Gothenburg, Helsinki and Copenhagen. The rates of growth and new occupancy have remained high in these markets in recent years, which is increasing demand for both residentials and commercial premises.

For Balder, it is important to control the whole value chain from land acquisition to the long-term management of buildings and environments. Development takes place in close collaboration with municipal authorities and other stakeholders. These processes extend over different phases and often take several years.

In 2022, Balder completed just over 2,000 residential properties, and at year-end had approximately 4,800 residential properties under construction in Sweden, Denmark and Finland, as well as approximately 72,000 sq.m. of commercial premises.

### COMPLETED RESIDENTIALS 2022

# 2,026



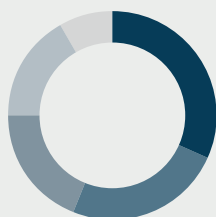


## TOTAL ACQUIRED, SEK MILLION

# 5,160

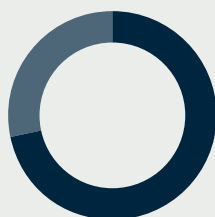
## TOTAL OCCUPANCY RATE, %

# 96



### ACQUISITIONS per property category, SEKm

- Retail, 1,636
- Industrial/Logistics, 1,263
- Residential, 974
- Other, 862
- Office, 424



### SALES per property category, SEKm

- Investment properties, 2,913
- Development properties, 1,136

### LEASE STRUCTURE, 31/12/2022

Maturity date	Number of leases	Share, %	Contracted rent, SEKm	Share, %
2023	1,748	36	567	5
2024	1,123	23	700	6
2025	753	16	789	7
2026	458	9	600	5
2027–	755	16	2,870	25
<b>Total</b>	<b>4,837</b>	<b>100</b>	<b>5,525</b>	<b>48</b>
Residential <sup>1)</sup>	45,297		5,945	51
Parking lots <sup>1)</sup>	11,172		48	0
Car park <sup>1)</sup>	6,303		82	1
<b>Total</b>	<b>67,609</b>		<b>11,600</b>	<b>100</b>

1) Normally has a period of notice of three months.



GREEN HILLS, SOLRØD, DENMARK

## GREEN MULTI-GENERATIONAL HOUSING

Green Hills is a modern residential property with room for all generations, built with a focus on sustainability, aesthetics, functionality and openness. Security, proximity and balance in everyday life are the priorities in this green setting in Solrød Syd, which offers the atmosphere of a coastal town, a vibrant leisure scene and magnificent natural experiences. The building is being certified according to DGNB Gold.

The property was designed by the award-winning architects from Danielsen Architecture, and Danielsen Urban Landscape created the green areas between the buildings.

The 294 rental apartments range in size from 2 to 6 rooms, and offer a range of different kinds of apartments and floor plans. Bovieran's accommodation for seniors is situated in the central courtyard.

# VALUATION



# BALDER'S PROPERTY PORTFOLIO

## PROPERTY PORTFOLIO AS OF 31/12/2022<sup>1)</sup>

	Number of investment properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Helsinki	742	1,286,469	3,370	2,620	3,222	96	52,932	24
Stockholm	92	817,454	1,839	2,249	1,751	95	34,267	16
Gothenburg	192	1,132,600	2,023	1,786	1,950	96	36,947	17
Copenhagen	25	340,868	1,014	2,974	1,009	100	22,811	10
South	86	459,649	810	1,762	772	95	12,901	6
East	448	896,827	1,621	1,807	1,575	97	21,704	10
North	256	903,499	1,350	1,494	1,289	95	20,061	9
<b>Total excluding projects</b>	<b>1,841</b>	<b>5,837,365</b>	<b>12,025</b>	<b>2,060</b>	<b>11,568</b>	<b>96</b>	<b>201,623</b>	<b>93</b>
Projects for own management			32		32		12,309	6
<b>Total investment properties</b>	<b>1,841</b>	<b>5,837,365</b>	<b>12,057</b>	<b>2,060</b>	<b>11,600</b>	<b>96</b>	<b>213,932</b>	<b>98</b>
Development properties							3,421	2
<b>Total property portfolio</b>	<b>1,841</b>	<b>5,837,365</b>	<b>12,057</b>	<b>2,060</b>	<b>11,600</b>	<b>96</b>	<b>217,353</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	1,349	2,902,326	6,402	2,206	6,170	96	110,483	51
Office	104	679,174	1,803	2,654	1,675	93	33,962	16
Retail	141	981,926	1,586	1,615	1,549	98	20,227	9
Industrial/Logistics	167	689,911	975	1,414	922	95	13,545	6
Other	80	584,027	1,260	2,157	1,251	99	23,406	11
<b>Total excluding projects</b>	<b>1,841</b>	<b>5,837,365</b>	<b>12,025</b>	<b>2,060</b>	<b>11,568</b>	<b>96</b>	<b>201,623</b>	<b>93</b>
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1) The above table refers to properties that Balder owned at the end of the year. Properties sold have been excluded and acquired properties have been adjusted to full-year values. Other properties include hotel, educational, nursing and mixed-use properties.

BOTANIK, VÄXJÖ, SWEDEN



# VALUATION

Balder owns approximately 1,800 investment properties, more than 1,300 of them residential properties. At the end of 2022, the market value of the investment properties was SEK 213,932 million.

The value of the investment properties is based on internal valuations. The valuation assumes that the rental trend for the property portfolio will reflect inflation over time. Commercial contracts contain an index clause, which means that the rent develops at the same rate as the consumer price index (CPI) during the term of the contract.

Residential properties have performed a little better than the CPI historically, but in its valuations Balder has assumed that rents develop in line with the inflation target. The total rental value of Balder's property portfolio as of 31 December totalled SEK 12,057 million.

## Valuation methods

Two different valuation methods are primarily used in the internal valuations. These are the yield method and the acquisition cost method. Properties in Sweden,

Denmark, Finland, Norway, Germany and the UK are valued using the yield method.

In Finland, the acquisition cost method is used in addition to the yield method. A small number of properties in the East region are valued using the sales comparison method.

## The yield method

When valuing according to the yield method, the market value of the properties reflects the future cash flow, which is calculated at current value using a yield requirement. The more predictable the future cash flow, the easier it is to determine the market value of the properties. The cash flows of residential properties are usually very predictable, as the income is divided among a large number of customers, which makes it easy to determine at what rent an apartment will be let

out at in the event of a vacancy. Balder's commercial contracts have an average contract term of 6.2 years.

Balder's ten biggest contracts account for 3.5% of the total rental income, and their average contract term is 10.1 years. These circumstances mean that a large proportion of Balder's future cash flows that form the basis of the market value are known.

The properties where the future cash flow is least predictable are mainly concentrated in the central areas of the major cities of Stockholm, Gothenburg and Malmö. It is in these properties that Balder is most dependent on future lettings and it is also here where an estimate must be performed in the valuations of what level of rent an object can command if it becomes vacant. The major cities offer good transparency for a comparison of rental rates, which means that rental rates can be determined with high degree

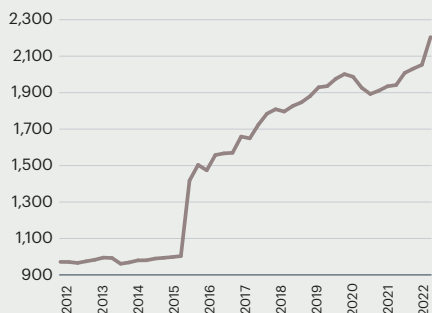
of certainty. The timing of subsequent letting is, however, more difficult to determine, which means that an assumption has to be made based on market demand, historical interest and similar premises.

An assessment is also made of the future development of the immediate surroundings as well as the property's position within its market segment. Properties under construction and projects for own management are valued at market value minus estimated contracting expenditure and project risk, which in some cases corresponds to a valuation at cost.

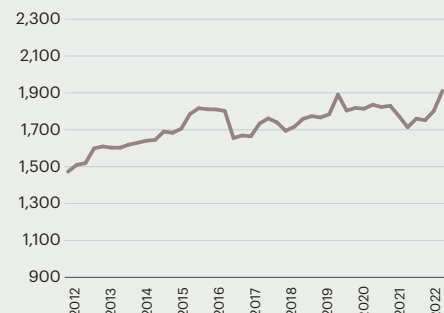
## The acquisition cost method

The acquisition cost method is applied for properties subject to rent control in Finland. Initially, these properties are valued at cost of acquisition plus transaction costs and subsequently at cost of acquisition minus

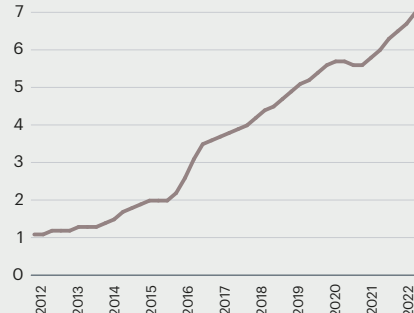
RENTAL VALUE, RESIDENTIAL, SEK/SQ.M.



RENTAL VALUE, COMMERCIAL, SEK/SQ.M.



NET OPERATING INCOME, ROLLING ANNUAL VALUE, SEK/SHARE



RESIDENTIAL AND COMMERCIAL PROPERTIES

Region	Mean value of yield requirement for estimation of residual value, %
Helsinki	4.51
Stockholm	4.40
Gothenburg	4.60
Copenhagen	3.57
South	4.92
East	4.92
North	5.52

depreciation and impairment losses. See also Note 12, Investment properties.

#### Operating and maintenance payments

When valuing properties, assumptions are made regarding future operating and maintenance payments. These assumptions are based on historic outcomes and future projections as well as estimated standardised costs. Operating and maintenance payments are adjusted annually in line with inflation.

#### Yield requirement and cost of capital

The yield requirements and cost of capital used in valuations have been derived from comparable transactions in the property market. Important factors when choosing a yield requirement are location, rental rate, vacancy rate and the condition of the property. Market assessments of properties always involve a certain degree of uncertainty in the assumptions and estimates made.

The uncertainty in respect of individual properties is normally considered to be in the range of +/- 5–10%. Balder continually monitors transactions completed in the market in order to substantiate and guarantee the internal valuations. Balder also conducts continual discussions with external actors regarding the acquisition and divestment of properties, which provides additional guidance.

As of 31 December, Balder's average yield was 4.6% (4.4). The yield requirement for commercial properties totalled an average of 5.2% (4.8) and for residential properties 4.1% (4.0).

#### Change in value of investment properties

During 2022, Balder acquired properties for a total value of SEK 5,160 million (20,637). Sales during the year totalled SEK 2,802 million (1,430), generating a profit of SEK 111 million (121). According to Balder's

internal valuations, the carrying amount of the investment properties at year-end totalled SEK 213,932 million (189,138), representing an unrealised change in value of SEK 5,419 million (12,990).

The biggest proportion of the market value is found in the Stockholm, Helsinki and Gothenburg regions, which between them represent a property value of SEK 124,146 million, excluding projects.

#### External valuations

In order to quality-assure its internal valuations, Balder allows parts of the portfolio to be valued externally on an ongoing basis and obtains second opinions<sup>1)</sup> on the internal valuations. Historically, deviations between Balder's internal and external valuations have been insignificant.

During the year, external valuations and second opinions were obtained for 64% of the property portfolio (excluding projects), representing approximately SEK 129 billion; approximately 90% of these were carried out during the fourth quarter. External valuations were obtained for 38% and second opinions for 26% of the property portfolio (excluding projects).

The difference between the external valuations and the internal valuations was less than 1%. The external valuations were carried out during the year by CBRE, Colliers, Cushman & Wakefield, Forum and Newsec. Second opinions were obtained during the year from JLL.

#### Development properties

A development property is a property that is owned for upgrading with a view to being divested. These properties are recognised at cost on an ongoing basis, and a profit/loss is recognised when each property is completed, sold and handed over to the buyer. As of 31 December, the value of Balder's development properties totalled SEK 3,421m (2,697).

1) Statement by external valuation company on the applicability of the valuation methods, the appropriateness of sources of information used and the quality and credibility of the valuation.



# FINANCE



# FORECAST AND CURRENT EARNING CAPACITY

The earning capacity is based on the property portfolio's contracted rental income, estimated property costs during a normal year as well as administrative expenses.

## Forecast for 2023

For 2023, the profit from property management<sup>1)</sup>, i.e. the profit before changes in value and tax, with the current real estate portfolio, acquisitions and divestments announced, and at current exchange rates, is expected to amount to SEK 6,200m. The forecast was announced in connection with the issuing of the year-end report for January-December 2022.

## Current earning capacity

Balder presents its earning capacity on a 12-month basis in the table. The costs of the interest-bearing liabilities are based on the Group's average interest rate level including the effect of derivative instruments.

Tax is calculated using the effective tax rate during each period. The current earning capacity should not be placed on a par with a forecast for the next twelve months. The earning capacity does not contain, for example, an estimate of rental, vacancy, currency or interest rate changes. Balder's income statement is also impacted by the development in the value of the property portfolio as well as future property acquisitions and/or property divestments. Additional items affecting the net profit are changes in value of derivatives. None of this has been considered in the current earning capacity. The earning capacity is based on the property portfolio's contracted rental income, estimated property costs during a normal year as well as administrative expenses.



## CURRENT EARNING CAPACITY ON A TWELVE-MONTH BASIS

SEKm	2022 31 Dec	2021 31 Dec	2020 31 Dec	2019 31 Dec	2018 31 Dec	2017 31 Dec
Rental income	11,600	9,710	8,545	8,000	7,000	6,240
Property costs	-2,735	-2,370	-2,225	-2,080	-1,885	-1,720
<b>Net operating income</b>	<b>8,865</b>	<b>7,340</b>	<b>6,320</b>	<b>5,920</b>	<b>5,115</b>	<b>4,520</b>
Surplus ratio	76%	76%	74%	74%	73%	72%
Management costs and administrative expenses	-1,035	-830	-675	-670	-595	-550
Profit from property management from associated companies	1,850	1,650	1,110	785	735	640
<b>Operating profit</b>	<b>9,680</b>	<b>8,160</b>	<b>6,755</b>	<b>6,035</b>	<b>5,255</b>	<b>4,610</b>
Net financial items including ground rent	-2,900	-1,750	-1,450	-1,330	-1,125	-1,060
Minus non-controlling interests	-560	-630	-630	-675	-565	-525
<b>Profit from property management<sup>1)</sup></b>	<b>6,220</b>	<b>5,780</b>	<b>4,675</b>	<b>4,030</b>	<b>3,565</b>	<b>3,025</b>
Tax <sup>2)</sup>	-1,305	-1,230	-970	-875	-750	-650
<b>Profit after tax</b>	<b>4,915</b>	<b>4,550</b>	<b>3,705</b>	<b>3,155</b>	<b>2,815</b>	<b>2,375</b>
<b>Profit from property management per share, SEK</b>	<b>5.39</b>	<b>5.17</b>	<b>4.18</b>	<b>3.73</b>	<b>3.30</b>	<b>2.80</b>

1) Attributable to parent company's shareholders.

2) Refers primarily to deferred tax, which has no effect on cash flow.

In the current earning capacity, the following exchange rates were used to translate foreign subsidiaries' income statement items: EUR: 11.13 DKK: 1.50 NOK: 1.06 GBP: 12.58.

# FINANCING

Balder’s green financing framework contributes to an increased focus on social, environmental and financial development. Through a diversified financing structure Balder secures financing that is sustainable in the long term.

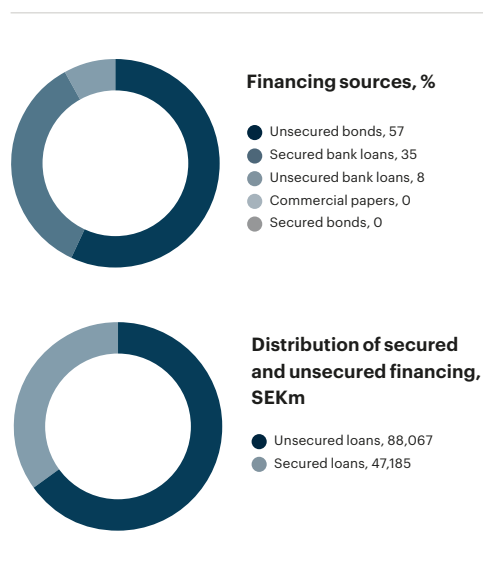
Balder has assets in Sweden, Denmark, Finland, Norway, Germany and the UK, which means that the Group is exposed to currency risks. To reduce the risks and secure financing that is sustainable in the long term, the company has a well-diversified financing structure with bonds and bank financing in several different currencies. Balder values long-term relationships with its credit providers and collaborates with a number of Nordic banks.

When a credit provider assesses the credit risk, factors considered include the properties’ location and the diversification of the property portfolio with regard to geography and asset types. Balder’s assets consist primarily of residential properties, which are characterised by cash flows that are stable in the long term since the risk is spread among a large number of customers. The long-term security in the cash flow from residential properties means these assets can be pledged to a higher degree than commercial properties.

Balder’s property portfolio currently consists of 57% residential properties, and a large proportion of these are located in Stockholm, Gothenburg, Helsinki, Copenhagen and some other growth areas in Sweden and Finland. The majority of Balder’s commercial properties are located in the central parts of Stockholm, Gothenburg and Malmö.

## Several financing sources

The single largest financing source is euro bonds issued in the European bond market, under Balder’s EMTN programme, followed by bank loans in various currencies, a domestic MTN programme, as well as a commercial paper programme in euros and Swedish kronor.



Aside from these financing sources, Balder has also issued hybrid capital with a maturity of 60 years. The hybrid capital is subordinate to other financial liabilities and therefore half of it is treated as equity by credit rating agencies when calculating key ratios. Balder repurchased 10% of the hybrid capital during the year. As of 31 December, 70% of loans were hedged with interest rate swaps and fixed-interest loans.

Balder has a green bond framework that provides an opportunity to issue green bonds, for the purpose of



FINANCIAL TARGETS		Goal	Outcome
Equity/assets ratio, %	min.	40.0	40.0
Net debt to total assets, %	max.	50.0	47.9
Interest coverage ratio, times	min.	2.0	4.7
Net debt/EBITDA, times	max.	11.0	13.4

FINANCIAL KEY RATIOS	31 Dec 2022	31 Dec 2021
Interest-bearing liabilities excl. Hybrid capital, SEKm	130,310	108,734
Hybrid capital, SEKm	4,942	8,693
Available liquidity including confirmed loan commitments, SEKm	25,771	12,622
Average fixed credit term, years	5.7	5.7
Average interest rate refixing period, years	3.5	3.6
Net debt to total assets (financial covenant <sup>1)</sup> < 65), %	47.9	47.4
Interest coverage ratio (financial covenant <sup>1)</sup> > 1.8), times	4.7	4.9
Secured debt/Total assets (financial covenant <sup>1)</sup> < 45), %	17.9	14.6
Net debt/EBITDA, times	13.4	12.9
Credit rating S&P	BBB Negative outlook	BBB Stable outlook

Calculation of net debt		
Interest-bearing liabilities excl. Hybrid capital, SEKm	130,310	108,734
Hybrid capital (50% is treated as equity by rating agencies), SEKm	2,471	4,346
Cash and cash equivalents and financial investments, SEKm	-6,553	-4,130
<b>Net debt</b>	<b>126,228</b>	<b>108,950</b>

<sup>1)</sup> Financial covenants refer to obligations that Balder has to its financiers in the form of financial key ratios.



financing in particular green and energy-efficient buildings, but also investments in measures to improve energy efficiency and in renewable energy.

Balder's green bond framework has been developed in line with the industry standard Green Bond Principles 2018. The framework has undergone an independent evaluation by Cicero Shades of Green and been awarded the rating Medium Green. The green bond framework is published at balder.se. A Green Bond Impact Report is also published annually with information about outstanding green bonds and an account of how the funds have been used. All conditions for the green bonds were fulfilled during the year.

In addition to green bonds, Balder has green loans with Swedish banks, both within the Balder Group and in associated companies, and a green loan agreement with the European Investment Bank for EUR 100 million for the development of two residential projects in Copenhagen with nearly zero-energy building (NZEB) standards.

Balder's MTN programme has a framework of SEK 15,000 million, and 4 issues were carried out during the year within the programme to a total value of SEK 1.8 billion. The EMTN programme has a framework of EUR 6,000 million, within which 2 issues of EUR 1,000 million were carried out during the year. At year-end, a total of SEK 10,437 million was outstanding within the MTN programme and EUR 3,217 million was outstanding within the EMTN programme.

There is continued concern in the financial markets, which has led to a shift from the bond market to banking. As of year-end, the available liquidity including confirmed loan commitments was SEK 25,771 million (12,662), corresponding to 92% of Balder's future maturities of interest-bearing liabilities within 18 months and 80% within 24 months.

At year-end, secured debt as a proportion of total assets was 17.9%. All financial targets were met at the turn of the year, net debt to total assets was 47.9%, the equity/assets ratio was 40.0% and the interest coverage ratio was 4.7 times. The fixed credit term at the turn of the year was 5.7 years, which is a high level compared with other property companies.

The financial commitments, covenants, that Balder has towards its financiers are net debt to total assets of 65%, an interest coverage ratio of 1.8 times and secured debt in relation to total assets of 45%. All commitments were fulfilled with a comfortable margin at year-end.

#### Investment grade rating

At the beginning of the year, Balder had an investment grade rating from S&P of BBB with a stable outlook. The rating reflects, among other things, the fact that Balder has a large property portfolio that is well-diversified in terms of both property types and geography, and that Balder has stable rental income,

a high and stable occupancy rate and a solid interest coverage capacity.

An investment grade rating from S&P means that Balder can continue to access both European and domestic capital markets, obtain long terms for tying-up of capital, diversify its funding base and thus secure long-term capital for continued growth. At the end of the year, the outlook was adjusted from stable to negative, to reflect the increased risk and a degree of uncertainty surrounding the refinancing of future debt maturities. Balder's subsidiary SATO also had its investment grade

rating from S&P adjusted to BBB with a negative outlook at the end of the year. Having a balance sheet that satisfies the criteria for an investment grade rating and continuous access to bond financing is not simply a matter of financing strategy, it is also very much in line with the risk profile that the Board of Directors is in general striving to achieve for the company. One example of this is the decision by Balder's Board of Directors to introduce an additional financial goal in respect of Net debt/EBITDA ahead of 2023. This key ratio shall be no more than 11 times over a period of time.

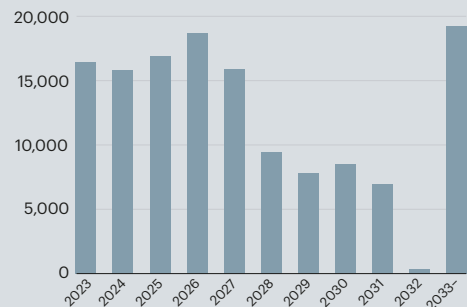
#### DEBT MATURITY STRUCTURE, 31/12/2022

Year	SEKm	Share, %
2023	16,327	12
2024	15,745	12
2025	16,814	12
2026	18,562	14
2027	15,822	12
2028	9,363	7
2029	7,756	6
2030	8,475	6
2031	6,941	5
2032	329	0
2033–	19,119	14
<b>Total</b>	<b>135,252</b>	<b>100%</b>

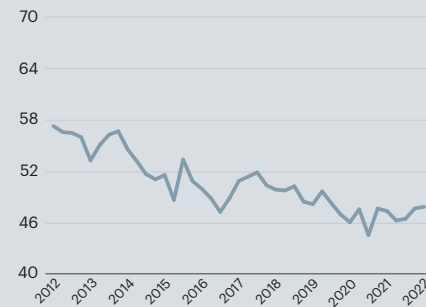
#### INTEREST MATURITY STRUCTURE, 31/12/2022

Year	SEKm	Interest, %	Share, %
2023	46,188	3.0	34
2024	4,573	1.8	3
2025	9,481	1.9	7
2026	14,451	2.3	11
2027	13,058	1.4	10
2028	8,589	1.6	6
2029	15,939	1.3	12
2030	8,281	1.8	6
2031	8,609	1.7	6
2032	2,804	2.3	2
2033–	3,279	1.4	2
<b>Total</b>	<b>135,252</b>	<b>2.1</b>	<b>100%</b>

DEBT MATURITY STRUCTURE, 31/12/2022, SEKm



NET DEBT TO TOTAL ASSETS, %



FIXED INTEREST TERM, YEARS



FIXED CREDIT TERM, YEARS



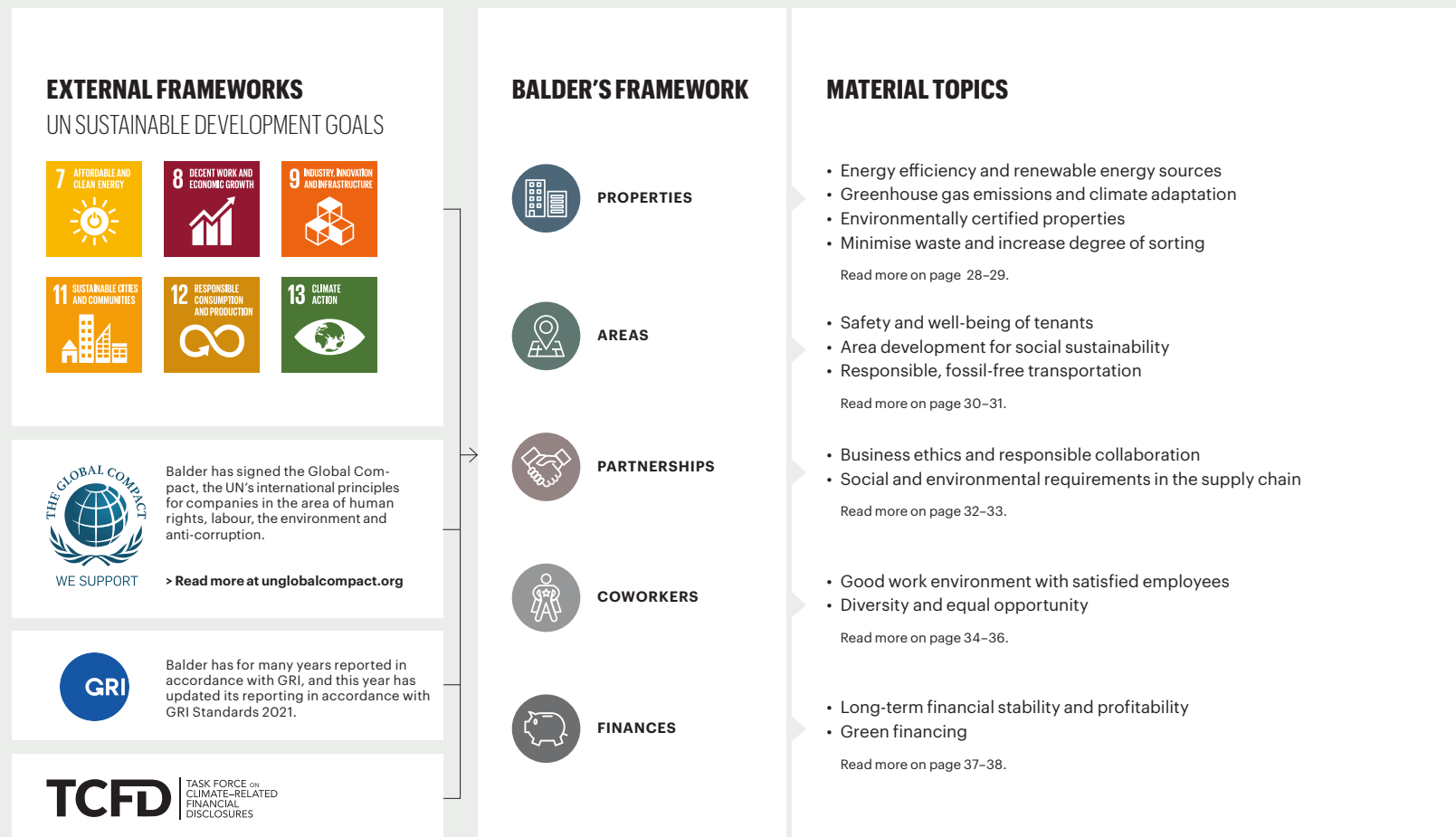
# SUSTAINABILITY



# BALDER'S SUSTAINABILITY WORK

Balder develops cities and properties where people are to live and work for many years to come. This brings a long-term responsibility to build, develop and manage. Balder's sustainability work focus on those issues that the company has the greatest opportunity to influence. At the same time, proactive activities that can reduce the company's risks in issues of social, climate, environmental as well as financial sustainability are prioritised.

Balder's framework for sustainability comprises five general elements that bring together the company's material topics in respect of social, environmental and economic sustainability.



# BALDER'S WORK ON SUSTAINABLE DEVELOPMENT GOALS

Agenda 2030 provides guidance in work to ensure that global development is sustainable in the long term. The business community has an important role to play, not least the construction and property sector. Balder strives to contribute to the fulfilment of the UN Sustainable Development Goals (SDG) and has selected six of the 17 goals that are considered most relevant to the company's business activities and where the company has the greatest opportunity to have an influence.

To link these more closely to the company's operations, the associated targets have also been analysed, in order to identify the areas where the company has the greatest opportunity to contribute to the goals being achieved.



## 11. SUSTAINABLE CITIES AND COMMUNITIES



### 11.1 Safe and affordable housing

Balder assumes an active role in the development of entire areas and city districts. By building new homes with varied forms of tenure, Balder contributes to developing residential areas and improving security.



### 11.3 Inclusive and sustainable urbanisation

A blend of workplaces and homes produces more job opportunities in the local environment and creates new meeting places.



### 11.6 Reduce the environmental impact of cities

Solutions for increased mobility, such as proximity to public transport, cycle paths and electric vehicle pools are given priority in the development of properties and areas, as are green areas and areas for sport and recreation. Balder is also striving to promote effective waste management and to keep the areas clean and tidy.



## 7. SUSTAINABLE ENERGY FOR ALL



### 7.2 Increase the share of renewable energy in the world

All electricity purchased for the properties in Sweden is green electricity, and Balder also owns several wind turbines in Sweden. More and more properties are also having solar panels and charging stations installed.



### 7.3 Double the rate of improvement in energy efficiency

Balder has a strong focus on efficient energy consumption and works continuously on operational optimisation and efficiency improvement, by such means as supplementing

with energy efficiency measures, such as supplementary insulation, replacing windows and so on. During the year, an analysis of the property portfolio and operations was also performed with reference to the EU taxonomy, which has resulted in a number of proposed measures to improve energy efficiency.



## 8. DECENT WORK AND ECONOMIC GROWTH



### 8.4 Improve resource efficiency in consumption and production

Balder strives to achieve sustainable purchasing, to following up on suppliers and to buy locally wherever possible. The company works continuously to reduce the volume of waste and increase recycling, and to develop circular flows in the construction process.



### 8.6 Promote employment, education and work placements for young people

A number of young people living in the company's areas are hired every year as summer workers. Balder also offers work experience and work placements to students on property-related study programmes and within the framework of various local initiatives.



### 8.5 Protect employees' rights and promote a safe and secure work environment for all

Balder strives to achieve greater diversity and equality, and a good work environment, where everyone is treated equally and offered opportunities for development. The company's standard agreement contains specific requirements that suppliers must comply with the international conventions that form the basis of Balder's code of conduct.



## 9. SUSTAINABLE INDUSTRY, INNOVATION AND INFRASTRUCTURE



### 9.2 Promote inclusive and sustainable industrialisation

Balder supports sustainable industrialisation and innovation, and works continuously with more efficient resource utilisation.



### 9.4 Upgrade all industry and infrastructure for increased sustainability

Balder also strives to increase the proportion of recycled and reused material in both renovation and new construction, and to increase the use of new technology by such means as

increased digitalisation of properties. Both in property management and new construction, the company depends on transport operations, and continual work is in progress to optimise these as much as possible to further reduce the environmental impact.



## 12. SUSTAINABLE CONSUMPTION AND PRODUCTION



### 12.4 Responsible management of chemicals and waste

Balder strives to minimise the volume of chemicals and waste, to use less harmful material and to apply the precautionary principle when selecting materials and handling chemicals.



### 12.5 Substantially reduce waste generation

To promote sustainable consumption and production, Balder strives to be careful in its consumption of materials, with a focus on increased recycling. Tenants are encouraged in various ways to increase recycling.

The company will also continue to increase the level of reuse and recycling, in renovation projects for example, to contribute to increased circularity, and to strive to increase levels of sorting at source and reuse.



## 13. CLIMATE ACTION



### 13.1 Strengthen resilience and adaptive capacity to climate-related disasters

Balder has initiated work to identify climate-related risks and opportunities in accordance with the recommendations from the Task Force on Climate-Related Financial Disclosures.



### 13.3 Improve knowledge of and capacity to climate change mitigation

In its continued work to identify climate-related risks and opportunities, Balder has the objective, among other things,

to draw up action plans at property level, and to make sure that all employees have relevant knowledge in this field.



## CLIMATE RISK ANALYSIS: BUILDINGS

In line with SDG 13, Balder's climate work is focused on minimising climate emissions from business operations. At the same time, it is important to deal with risks that accompany climate change and to work proactively with climate adaptation to strengthen the business's resilience.

The EU taxonomy has accelerated new processes in the business, including the launch of climate risk analyses in Balder's property portfolio. This includes screening of relevant climate risks based on future climate scenarios, vulnerability analysis and action plans. Examples of climate risks that can affect buildings are flooding from heavy rainfall, heat stress, heavy snowfall or landslides.

**PROPERTIES**

# ENERGY-EFFICIENT PROPERTIES MORE IMPORTANT THAN EVER

MATERIAL TOPICS

- Energy efficiency and renewable energy sources
- Greenhouse gas emissions and climate adaptation
- Environmentally certified properties
- Minimise waste and increase degree of sorting

Within the EU, properties account for 40% of total energy use and 36% of energy-related greenhouse gas emissions. Balder’s biggest climate impact takes place through the properties’ energy use. It is the top priority from an environmental perspective, and Balder is working continuously to improve follow-up and reduce energy demand. One way for Balder to quality-assure environmental performance is to have new and existing buildings environmentally certified.

To reduce energy use, measures taken include window replacements, supplementary insulation of façades, adjustment or replacement of ventilation units and the replacement of heating systems. The installation of smart technical control systems that improve both comfort and energy use is an ongoing process within Balder. Masthugget 11:13, in Gothenburg, is one current example of a major energy project in which energy use fell from 179 kWh/sq.m. to 114 kWh/sq.m. following the replacement of control system and units. In the property Högsbo 36:8 the upgrade of the control system resulted in energy savings of 23% between 2020 and 2022.

All electricity purchased for the properties in Sweden is produced from renewable sources. In June 2022, Balder acquired the wind turbine Båtsman in Stenungsund. Balder owns eleven wind turbines in total, which every year produce renewable energy corresponding to the household electricity needed for approximately 11,000 small apartments.

**Water use**

Supplies of fresh water did not use to be a major issue in the Nordic countries, but following the dry summers of recent years and reduced groundwater stocks, the issue has attracted more and more attention. Balder works continuously to improve follow-up and reduce water consumption. Measures include installing constant flow valves to mixer taps and shower heads, and proactive work is taking place to map out the risks of leaks.

Work to digitalise the properties has continued during the year, including the upgrading and connection of water meters for better monitoring. The increase in water use evident in the follow-up is partly due to the availability of more meters and more precise data in the

GOAL	OUTCOME 2022	OUTCOME 2021
Energy efficiency improvement 2% per sq.m./year <sup>1)</sup>	3% decrease	1% decrease
Reduced water use 2%/sq.m./year	18.3% increase	13.8% increase
All new production shall have environmental certification in accordance with the Miljöbyggnad Silver or equivalent	15 newly produced buildings received environmental certification in Sweden.	All buildings completed in Sweden received environmental certification, except Bovieran.

1) The goal of a 2% annual energy efficiency improvement relates to electricity, heating (degree-day correction) and district cooling, compared with the previous year.



BRO, STOCKHOLM, SWEDEN

ENERGY AND WATER	2022	2021	2020
Energy consumption total, MWh	333,803	341,494	286,162
Electricity consumption, MWh	116,987	118,312	106,624
Heating consumption, MWh	212,039	218,491	186,965
District cooling consumption, MWh	4,778	4,691	4,573
Water use, m <sup>3</sup> /sq.m. <sup>1)</sup>	0.7	0.6	0.5
Energy consumption total, kWh/sq.m.	102	109	102
Energy use total, degree-day corrected, kWh/sq.m. <sup>2)</sup>	104	108	109

Reported energy and water use refers to the parent company and subsidiaries with properties in Sweden and Denmark. The energy figures present purchased energy, in contrast to previous years, when key ratios were used to a greater extent, other data refer to energy consumption. Business electricity is included in the summary due to the difficulty in differentiating from property electricity.

1) Sq.m. refers to the total area in Atemp in all properties in Sweden and Denmark. Water use and cooling are distributed over the same sq.m. Atemp, in contrast to previous years, when only sq.m. in properties where Balder had contracts for cooling and water were used.  
2) Energy use total year is degree-day corrected.

WIND POWER PRODUCTION	2022	2021	2020
Total, MWh	22,220	17,740	21,050
Number of wind turbines	11	10	10

Renewable energy production takes place in 11 wind turbines, of which 4 in Köpingsvik, 6 in Falkenberg and 1 in Stenungsund, Sweden. The wind turbine in Stenungsund was purchased in June 2022.

## PROPERTIES

company’s systems. Tools are being installed in all new buildings for the individual metering of cold and hot water, and the same is being done on an ongoing basis in the existing portfolio.

### Material and waste management

Balder is striving to reduce the volume of waste that goes to incineration and landfill sites and to increase recycling, by such means as providing effective waste management facilities during construction and in the properties while they are being managed. Sorting of waste is encouraged and facilitated by making sure

that waste rooms are clean, light and safe and that information is clear. During renovations and new construction, Balder strives to minimise spillage and waste as far as possible. More detailed follow-up on waste statistics started during 2022, but was not completed, and this work will continue during 2023.

In connection with new production, building material assessment system, Byggvarubedömnin-gen, is used as part of the Miljöbyggnad certification. Balder also wants to contribute to increasing the circular flows in society and strives to identify occasions when it is possible to reuse materials.



### CLIMATE GOALS

Balder aims to halve emissions in its own operations by 2030, with 2022 as base year, and to measure and reduce emissions in the value chain (Scope 3). Balder has also set a goal to achieve net zero emissions throughout the value chain (Scope 1, 2 and 3) by 2045.

To achieve these goals, the company will, among other things, increase the pace in energy efficiency projects, continuously reduce the volume of purchased energy and take several measures to increase sustainability in property development projects. Other activities include buying eco-labelled district heating and switching the vehicle fleet on an ongoing basis to fossil-free vehicles.

From 2022, all of Balder’s consolidated subsidiaries in Sweden, Denmark, Finland, Norway, Germany and UK are included in the climate calculations. The base year of the climate target has been changed from 2020 to 2022, when the calculations were extended to include the entire group. This has made comparability with previous years’ calculations more difficult. Balder’s biggest emissions come from energy use by tenants and in own operation, property development as well as acquired and sold properties. Balder faces a challenge when total emissions increase as the business expands. A roadmap will be produced during 2023 to specify which measures are required for the business to achieve its climate goals. The goals will then be submitted to the Science Based Targets Initiative for approval.



### SECURITY REVIEW OF THE PROPERTIES

There are regular inspections of properties, and procedures are in place for systematic work on fire safety. Once a year, a large proportion of employees also gather to do what is known as a Night Run. This involves in-depth, preventive inspections of the properties to investigate how they are running at night. Items checked include lighting, locks, doors, ventilation units and water meters. This active property management measure increases security in and around the company’s areas.

### GREENHOUSE GAS EMISSIONS

Tonnes, CO <sub>2</sub> e	Source of emissions	2022 <sup>1)</sup>	2021	2020	Calculation method <sup>2)</sup>
<b>Scope 1</b>					
Direct emissions					
	Own heating production	1,267	—	—	Average-data
	Company vehicles	256	—	—	Average-data
	Refrigerant leakage	3	—	—	Supplier-specific
	<b>Total scope 1</b>	<b>1,526</b>	<b>283</b>	<b>221</b>	
<b>Scope 2</b>					
Indirect emissions					
	Electricity	34,884	—	—	Hybrid
	Heating	35,006	—	—	Hybrid
	Cooling	0,1	—	—	Hybrid
	<b>Total scope 2<sup>3)</sup></b>	<b>69,850</b>	<b>9,527</b>	<b>8,937</b>	
<b>Scope 3</b>					
Other indirect emissions <sup>4)</sup>					
Property development					
	New production	66,219	12,959	—	Average-data
	Rebuilding and renovation projects	14,689	23,953	—	Spend-based
	Other purchases of goods and services	5,014	—	—	Spend-based
Other emissions in Scope 3					
	Fuel- and energy-related activities	7,547	—	—	Average-data
	Waste management	4,388	1,954	—	Average-data
	Business travel	742	14	—	Average-data
	Employee commuting	2,755	—	—	Average-data
	Energy use by tenants	36,738	12,071	—	Average-data
	Investments <sup>5)</sup>	2,358	5,618	—	Spend-based
Acquired and sold properties <sup>6)</sup>					
	Property acquisitions	41,013	67,943	—	Average-data
	Divestment of properties	6,514	4,140	—	Average-data
	<b>Total Scope 3</b>	<b>187,979</b>	<b>128,652</b>	—	
<b>Total greenhouse gas emissions</b>		<b>259,355</b>	<b>138,462</b>		
<b>Intensity, kg CO<sub>2</sub>e/sq.m.<sup>7)</sup></b>					
Scope 1 and 2		12.3	3.8	4.3	
Scope 3		32.2	45	—	
Total, Scope 1, 2 and 3		44.4	23.6	—	

1) From 2022, all of Balder’s consolidated subsidiaries in Sweden, Denmark, Finland, Norway, Germany and the UK are included in the climate calculations. This is in contrast to 2021 and 2020, which included the company’s operations in Sweden and Denmark. It should be noted that the result for 2022 is not comparable with previous years’ calculations, as the scope has been extended to include the whole Group.

2) Balder reports in accordance with standard for the Greenhouse Gas Protocol (GHG), in tonnes of carbon dioxide equivalents (CO<sub>2</sub>e). The table shows the calculation method used to the greatest extent. More detailed calculation methods for emissions are described on page 112.

3) Relates to market-based method. If the location-based method is used, emissions in Scope 2 are 43,049 CO<sub>2</sub>e.

4) Balder reported emissions in Scope 3 for the first time for 2021, for the company’s activities in Sweden and Denmark.

5) Investments including emissions from scope 1 and scope 2 in non-consolidated associated companies and joint ventures.

6) In 2022, only properties where Balder is the first owner are included, in accordance with recommendations from Fastighetsägarna. Compared to 2021 when first ownership was not taken into account.

7) Sq.m. refers to the total lettable area in Balder’s property portfolio 31/12/2022.



**AREAS**

# SOCIAL INVESTMENTS CREATE SAFE AREAS

MATERIAL TOPICS

- Safety and well-being of tenants
- Area development for social sustainability
- Responsible, fossil-free transportation

As an urban and property developer, Balder has a major impact on the residential environment and the people who live and spend time in the city districts where the company owns properties.

To contribute to social sustainability in the company's areas, Balder is involved in a number of different projects, often together with local actors such as municipal authorities, schools, the police, local associations and the local business community. The objective of active area development is to create involvement and influence, which can increase safety and well-being in the city districts and areas where Balder owns properties.

Examples include various kinds of projects with security patrols, neighbourhood partnerships and security staff, as well as activities of a more social nature such as communal barbecue evenings and cultivation projects. Every year Balder also hires a number of young people as summer workers in the company's areas.

**Improved safety and well-being**

In autumn 2021, Balder once more conducted a major customer survey, CSI, via AktivBo. This survey takes

place on an ongoing basis every other year and involves half of all residential tenants and all commercial tenants. The results show that safety and well-being in the company's areas continues to increase among residential tenants, and that customer satisfaction as a whole has improved.

**Sustainable, responsible transports**

As a property owner, it is important to create the conditions for sustainable transport operations. This relates to traveling to and from the properties, for example with Balder's own service vehicles or in the form of deliveries, but also opportunities for those who live and work in Balder's properties to be able to optimise their travel.

Property development and new production, which make up large parts of Balder's business, involve a major environmental impact from transport operations and materials in connection with construction. At the same time, Balder is developing not only electric vehicle pools, but also bike pools and repair stations for bicycles in new properties. During the year Balder continued to install charging posts for electric vehicles to facilitate the transition to fossil-free travel.

GOAL	OUTCOME 2022	OUTCOME 2021
Create work opportunities in property management for young people	76 summer workers och 39 interns.	64 summer workers och 34 interns.
Perform measures for sustainable travel to and from properties	Approx. 70 new charging stations have been installed in Sweden.	Approx. 90 new charging stations and several electric car pools at properties in Sweden.



BERGSJÖN, GOTHENBURG, SWEDEN

## COLLABORATION FOR THE FUTURE OF BERGSJÖN

During the year, Balder entered into an agreement with Saab, the Framtiden Group and Business Region Gothenburg, with the aim of striving to create a safer Bergsjön area in Gothenburg with strong faith in the future. The objective is that Bergsjön no longer shall be considered to be a particularly socio-economically

vulnerable area. Since the company first became established in the area, Balder has undertaken a number of social initiatives, and this partnership offers greater opportunities to do even more. The joint initiatives are above all about investments in school, leisure and work.





## AREAS



### AUTUMN HOLIDAY ACTIVITIES IN BALDER'S AREAS

A large number of activities are arranged for children and young people in Balder's areas during all school holidays. During the autumn holiday, activities on offer included baking, dancing and handicrafts at Bergsjön in Gothenburg, or involvement in a football tournament at Dalaberg in Uddevalla. At Brogårdsstaden in Stockholm, Balder joined forces with Sparks Generation to offer a full day of activities for children of primary school age.



### CHILDREN'S CULTURE IN RESIDENTIAL AREAS

Balder works through social initiatives to create even safer and more pleasant residential areas. Social engagement has been part of Balder's DNA ever since the company was founded, and it is focused largely on children and young people. In 2022, a partnership was launched with Alfons Åbergs Kulturhus, through which Balder can offer tenants in the company's residential areas access to children's culture that contributes to children's development. Alfons Åbergs Kulturhus put on ten theatrical performances during the year in Balder's residential areas, and will also be broadcasting performances digitally in the future.



### SAFE STAIRWAYS PARTNERSHIPS

During the year, Balder initiated a partnership with the public housing company Mitthem and the police in Sundsvall to deal with the issue of safety in selected residential areas. The Safe Stairways work method is currently being used in a number of places around the country in order to improve safety and prevent crime and disorder in the residential environment. Balder has previously worked according to the Safe Stairways method in one of Gothenburg's residential areas together with other property owners and the police, with good results.

Balder has always had a strong sense of social engagement and wants all tenants to thrive and feel safe. The introduction of Safe Stairways in the company's residential areas in Sundsvall will supplement work already being undertaken such as security patrols, tenant dialogues, installation of electronic access systems, etc.



### ACTIVE ROLE IN AREA DEVELOPMENT

In August, Balder took part in Frihamnsdagarna, a democratic meeting place in Gothenburg. One item on the programme was "Balder's active role in the development of residential areas", which featured a discussion of how Balder, as a long-term, stable property owner, wants not only to influence build-ings and comfort in housing, but also to create social conditions for people to grow and feel well.

On stage was Deputy CEO Sharam Rahi together with area developers Sofie Gålbom and Martin Kesenci, and property manager Anneli Fredriksson. The group's main advice to other property owners that want to make a difference was:

- Long-term, responsible property management is about hard and soft values, and involves engagement that can never come to an end.
- Social initiatives are not a project with a beginning and an end, but a long-term engagement.
- Start with the specific area, the needs that exist there and what residents want. All residential areas are different and have different needs.
- Work to create relationships and trust. Be receptive and listen to those who live there, their experiences and desires.
- Focus on the opportunities that exist in the area, not just the challenges.
- Be visible and do a lot of work on site out in the areas.

 **PARTNERSHIPS**

# RESPONSIBILITY FOR SUSTAINABLE DEVELOPMENT

MATERIAL TOPICS

- Business ethics and responsible collaboration
- Social and environmental requirements in the supply chain

Social engagement is a natural element of Balder’s work and a way of contributing to sustainable development. To succeed with this, it requires a high level of engagement among employees, but also that the company collaborates with municipal authorities and other actors.

Balder engages in community-related issues at both local and regional level, and strives to ensure that people are safe and satisfied in and around its homes, offices and commercial premises.

Through involvement in Fastighetsakademin, a vocational training college in Gothenburg, Balder has a great opportunity to support students who show an interest in learning more about different professions in the property sector. Balder contributes with knowledge about its business activities in order to give the training courses a clearer connection to working life. The company also offers a number of work placements in various occupational roles.

Balder also collaborates with other actors in order to increase employment by offering work placements and mentoring. These initiatives are often linked to specific areas, to support young adults who find themselves outside the labour market.

Balder often collaborates with schools in the areas where the company offers residential. One example is the Backegårdsskolan, a school in Bergsjön, where the company offers all children breakfast before the school day.

**Business ethics as basis for sound business activities**

Balder’s Code of Conduct has been adopted by the company’s Board of Directors and offers guidance for all employees, and must be used as a tool in day-to-day activities, both internally and externally. The Balder Academy, the company’s digital training platform for its employees, has a mandatory course on bribery and on the Code of Conduct.

GOAL	OUTCOME 2022	OUTCOME 2021
No incidents of corruption	<10 incidents	No incidents
No incidents of discrimination	<5 incidents	No incident
<b>KEY RATIOS, BUSINESS ETHICS</b>		
Number of reported cases of whistleblowing	1 case	No cases



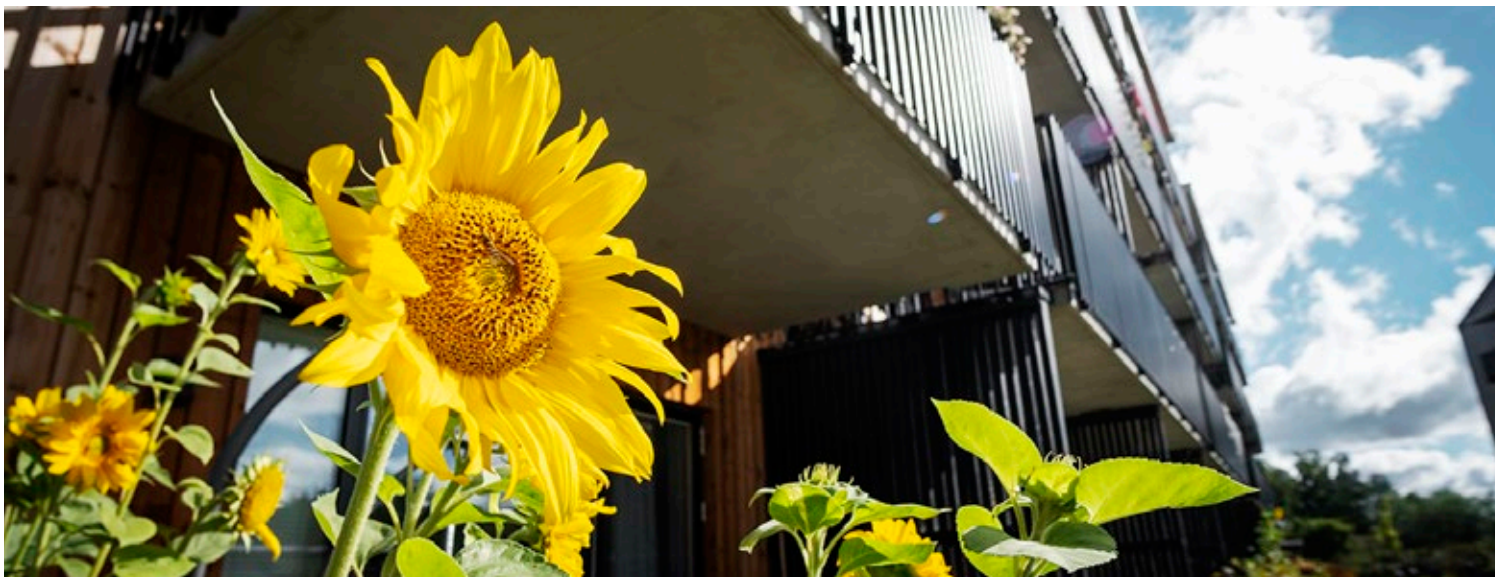
## COLLABORATION FOR LABOUR MARKET INITIATIVES

Balder supports Mitt Livs Val (My Life’s Choice), which is a charitable foundation that works for an inclusive society in which young people have the conditions to influence their future. They run study-related programmes and labour market preparation programmes for newly arrived young people in Stockholm and Gothenburg. Balder supports the Framåt! programme by providing premises. A number of colleagues are also engaged as CV coaches and job mentors. Several groups of young people have been on study visits to Balder’s offices in Stockholm and Gothenburg.





## PARTNERSHIPS



### UPDATED WHISTLEBLOWING FUNCTION

Balder's goal is to maintain a culture of openness and high ethics in the company. Honesty and respect for all of the company's stakeholders are prioritized. If there is any suspicion of infringements of the Code of Conduct or other policies, it is the responsibility of all employees to report this, either to their manager, to the HR manager or anonymously to the company's external whistleblowing service. It can, for example, concern financial crime, abuse of position, serious harassment, corruption, environmental crime or the like. The whistleblower service has been updated during the year, to further protect the privacy of whistleblowers and ensure that cases are handled in an impartial manner.

Balder does not tolerate any form of corruption, extortion or bribery. The company's business activities must be carried out in an open and honest way that does not in any way impede competitiveness or benefit any particular party. This applies internally and externally in relation to business partners, customers and other stakeholders. Situations in which personal interests come into conflict with the company's interests must be avoided, and all employees are expected to be careful with the company's resources and handle information with the best interests of the company in mind.

All forms of harassment, abuse and crimes are prohibited and must be reported to a line manager or handled according to the established whistleblowing procedure. Balder has a whistleblowing function, which provides an opportunity to submit anonymous reports of infringements. This is managed by an external party and was updated during the year.

All letting of apartments is handled according to the company's selection policy, which has been drawn up to produce an impartial assessment when choosing tenants. No stakeholder shall be disadvantaged in the selection process due to gender, sexual orientation, ethnic origin, religion or other belief, disability, transgender identity/expression or age.

#### Incidents during the year

Balder has employees in Sweden, Denmark, Finland and Norway, where follow-up of the company's goals and policies takes place annually. Via employee survey in 2022 it came to the company's attention that incidents of discrimination has occurred during working hours. The incidents have been handled based on the company's routines, prioritising the employees' psychosocial work environment. Incidents contrary to rules and business ethics have also been discovered during the year. Balder takes these events very seri-

ously and has dealt with the incidents which came to the company's attention through labor law measures.

During 2022, a public prosecution was initiated against some employees at Balder. The prosecution related to insider trading in the Collector share. Collector is an associated company of Balder, although the prosecution had nothing to do with Balder or the Balder share, but related to private trading in shares undertaken by the individuals concerned. The prosecution resulted in a conviction, which has been appealed. In addition to measures related to labour law, Balder has also taken additional measures in the form of a review of internal procedures. During the year, the Board of Directors also updated and reinforced the company's insider policy. The purpose is to clarify what the rules are for the purchase and sale of shares in Balder or associated companies. The policy has been distributed to all employees.

#### Responsibility in the supply chain

Balder works with a large number of suppliers in both product and service sectors. Suppliers are primarily in the construction, property and energy sectors. All major procurements are put out to competition and central procurement processes are conducted in order to increase control of suppliers and the whole procurement chain. During the year, the company has, for example, updated the requirements for the procurement of apartment renovations in order to make sure that only reputable suppliers are engaged.

When selecting suppliers and during follow-up on quality delivered, internal criteria are used to guarantee compliance with laws and regulatory requirements and also with the company's adopted policies and guidelines. In addition to the total cost of a purchase, consideration has to be given to quality, service, logistics and environment.



# ENGAGED EMPLOYEES DEVELOP THE COMPANY

## MATERIAL TOPICS

- Good work environment with satisfied employees
- Diversity and equal opportunity

Employees are Balder’s most important asset in conducting long-term property management with satisfied customers. Balder shall be an attractive employer with a good work environment and the ability to recruit and retain employees with the right competence.

It is also crucial that employees feel a sense of engagement for Balder, and feel that they have an opportunity to develop within the company. Balder works continuously to create the conditions to make this possible. All employees are offered wellness contributions and have annual employee appraisals in order to promote health and personal development.

### Digital training platform

Balder is dependent on employees with the right competence in order to continue to run and develop the business. Education and training is an important factor in developing employees and creating internal engagement. It is also a precondition for being able to retain employees and give them opportunities to grow and make a career internally within Balder.

The company has a large number of internal courses, which are updated on an ongoing basis together with other information for employees. The Balder Academy is the company’s digital training platform and offers, among other things, introduction courses for new employees, to provide them with an insight into how Balder works, what values the company has and what different functions within the company work with. For example, 30% of the Swedish organisation completed the digital course on the Code of Conduct in 2022.

All employees also get an adapted training package, depending on which role in the company the individual will be taking on. The training courses are available as a knowledge database in which employees can access the content at any time. The Balder Academy is also responsible for skills development when, for example, new roles and functions arise in the company.

Balder also has an internal training course for central functions that involves work placement in the area of property management. The purpose is to increase employees’ understanding of each other’s roles and hopefully to create an even better working climate.

GOAL	OUTCOME 2022	OUTCOME 2021
All employees must be trained in the Code of Conduct	1,052 employees (90%) in the Group, of whom 635 (100% in Sweden) received information about the Code of Conduct and the whistleblowing function in 2022.	The Code of Conduct is communicated at a review for new employees and is available as a digital course in Sweden.
Encourage environment-friendly travel	Approx. hundred new service vehicles being run on HVO, new charging posts at offices and hybrid pool vehicles for employees.	Reduced number of business trips due to the pandemic and digital meetings.





## COWORKERS

During the year, all leaders and managers gathered in Sweden for a two-day conference on leadership, with a focus on sharing experiences and creating a consensus on the company's development.

### Equality and diversity

It is extremely important that there is no harassment either within the organisation or with external parties, and that no employee is discriminated. Balder strives to create a good work environment based on equality and diversity, where the privacy of employees is safeguarded. The company strives to achieve workgroups comprising employees with different backgrounds and experiences, as this enriches the business and contributes to continued positive development.

### Opportunities for development

Balder has grown continuously since the beginning and the recruitment of new employees is therefore a constant theme. The company takes part in several job fairs at institutes of higher education and also offers opportunities for both work placements and degree projects. There are major opportunities to build a career in the company, and many employees change position internally every year.

### Travel-free meetings

When it comes to travel, Balder has a travel policy that aims to simplify booking and the choice of environment-friendlier means of transport. Alternatives to business trips, such as digital meetings, are also encouraged in order to help reduce emissions. The pandemic saw a dramatic increase in the use of digital meetings and a reduction in travel, and this has now become an established way of working in the organisation.



### INCREASED ACCESS TO WELLNESS AND HEALTH

The physical and psychological health of employees is a top priority for Balder, both at work and beyond. Several exercise challenges were organised during 2022 to encourage employees to take part in physical activity. The company has also supplemented the occupational healthcare service with a digital wellness and healthcare service that offers digital appointments with doctors, psychologists, physiotherapists, health coaches and personal trainers.

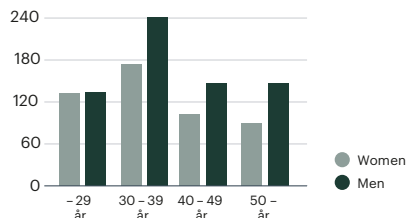
### BALDER NOMINATED FOR CAREER COMPANY 2023

The Career Companies award is presented to employers that offer unique career and development opportunities to students and Young Professionals, and also to Senior Professionals. The purpose is to help students and Young Professionals to find their next employer and to recognise those companies that are working successfully with their employer brand.

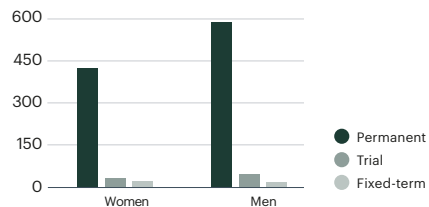


 **COWORKERS**

**GENDER DISTRIBUTION BY AGE GROUP, NUMBER**

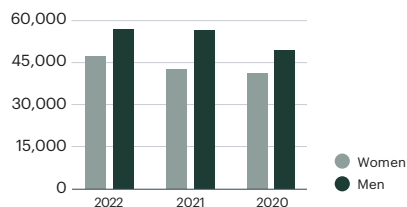


**EMPLOYEES PER EMPLOYMENT FORM, NUMBER**



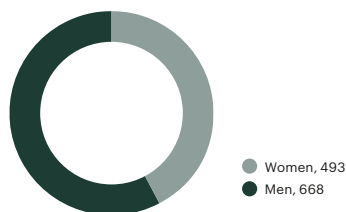
**PAY DIFFERENCES BETWEEN WOMEN AND MEN**

average salary, SEK



**NUMBER OF EMPLOYEES, WOMEN/MEN DISTRIBUTION**

total number of employees: 1,161

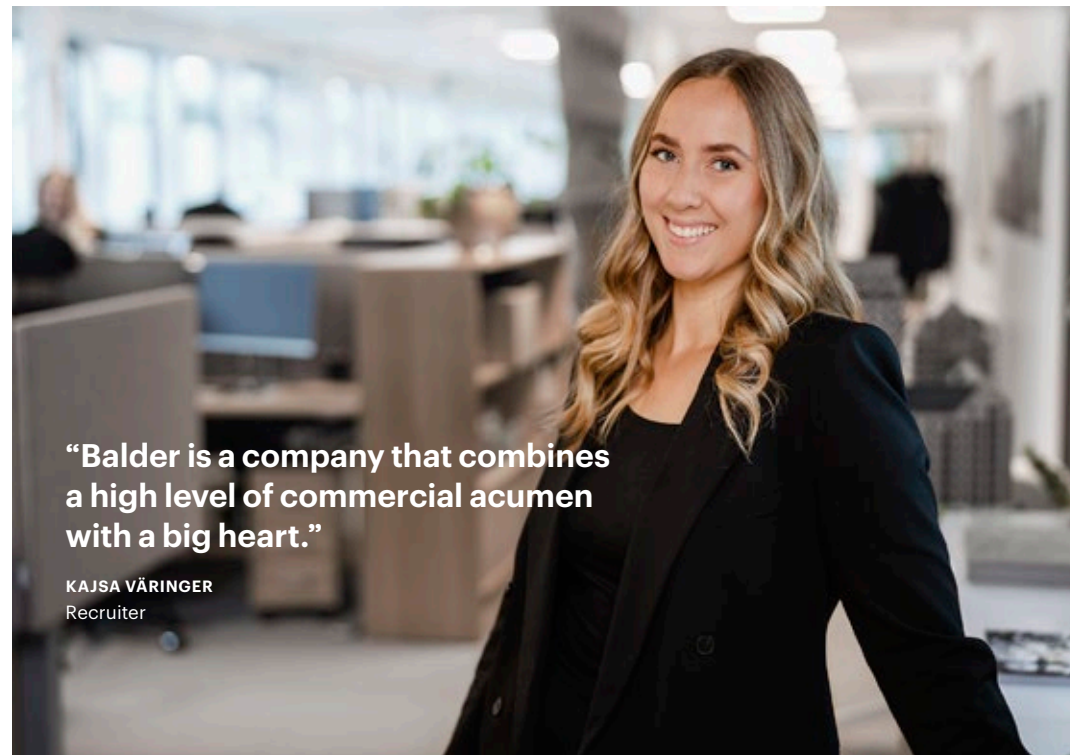


> The statistics concern the Group. Sweden, Denmark, Norway and Finland are reported separately on page 108.

**OTHER EMPLOYEE INFORMATION**

	2022	2021 <sup>1)</sup>	2020
Number of summer workers	76	64	36
Number of internships	39	34	28
Staff turnover, %	22	20	20
Number of training hours per employee, average	18	12	12

<sup>1)</sup> Statistics for 2021 have been corrected as more data was received



**“Balder is a company that combines a high level of commercial acumen with a big heart.”**

**KAJSA VÄRINGER**  
Recruiter

**HI KAJSA!**

**“ You work with recruitment at Balder, tell us a bit about that.**

That’s right! Over the past year we’ve built up an internal recruitment department, which now consists of four people. We serve as a support function for managers at Balder and work with recruitment at all locations and in all departments in Sweden.

**Why is it good to have an internal recruitment department?**

It’s a strength, as we’re so familiar with the company and know how to present Balder to potential

candidates. We work to support the organisation, enhance the candidate experience and quality-assure the recruitment process, which makes it possible to achieve more accurate recruitments.

**How would you present Balder as an employer?**

Balder is a company that combines a high level of commercial acumen with a big heart. As an employee here, you work in a dynamic environment where you’re given a lot of responsibility in your role, which creates good conditions for personal development. There’s a strong, progressive drive and lots of engaged colleagues.



# SUSTAINABLE FINANCES CREATE LONG-TERM PROFITABILITY

## MATERIAL TOPICS

- Long-term financial stability and profitability
- Green financing

Sustainable financing is a precondition for long-term profitability. It affects Balder’s opportunities to attract customers and competent employees, as well as the value of the company’s properties.

Finances and sustainability are becoming increasingly interwoven, as evidenced by the EU taxonomy, which is aiming to more clearly define sustainable activities and re-direct the focus towards green investments. Financial and climate-related risks are also closely interconnected for property companies.

### Sustainable financing

Balder has a framework for green bonds in order to finance projects that are in line with the company’s sustainability policy and contribute to a reduced environmental impact. The framework gives Balder the opportunity to issue green bonds, with the addition that the funds from the issue are only used to finance those projects and assets that fall within the framework for green bonds. This relates primarily to green and

energy-efficient buildings, but also investments in energy efficiency improvement measures and renewable energy.

Balder’s first green framework was drawn up in 2019 and will be updated in 2023. The framework has been developed in line with the standard Green Bond Principles 2018 and has undergone an independent evaluation by Cicero Shades of Green and been awarded the Medium Green rating. Every year, Balder publishes a Green Bond Impact Report with an account of how the funds have been used.

Balder secures financing that is sustainable in the long term through a diversified financing structure. Thanks to a strong cash flow, the company has the opportunity for flexibility, for example in terms of choice of letting form and when construction starts. Good financing is founded on a stable income statement and a stable balance sheet. Balder also has a goal that the net debt to total assets ratio shall not exceed 50% over time.

## FINANCIAL TARGETS

		Goal	Outcome
Equity/assets ratio, %	min.	40.0	40.0
Net debt to total assets, %	max.	50.0	47.9
Interest coverage ratio, times	min.	2.0	4.7
Net debt/EBITDA, times	max.	11.0	13.4



## ENVIRONMENTALLY CERTIFIED PROPERTIES

Balder is striving to increase the proportion of properties that are certified. The goal for new in-house production is that the properties shall be certified as a minimum in accordance with the Miljöbyggnad Silver rating or equivalent, which means, for example, BREEAM Very Good, LEED Excellent or Nordic Swan Ecolabel. Environmental certifications specify strict requirements in areas such as indoor environment, materials and energy use. Environmentally certified properties can also create the conditions for more secure and more beneficial financing. In 2022, 15 newly produced buildings and one existing building in Sweden received environmental certification.



## LOWESG RISK

Balder has an ESG risk rating from Sustainalytics of 13.8, which puts the company comfortably within the low-risk framework. Sustainalytics’ ESG risk rating measures a company’s exposure to significant, industry-specific ESG risks and how well a company is managing these. The analysis shows that Balder is performing well in relation to comparable companies when it comes to minimising significant ESG risks, by such means as strong governance and reporting. There will be an updating of the rating after the publication of Balder’s Annual Report in spring 2023.

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BERGSJÖ GLÄNTA, GOTHENBURG, SWEDEN



## REPORTING IN ACCORDANCE WITH THE EU TAXONOMY

In Europe, mitigation of climate change has accelerated and the EU taxonomy will steer towards sustainable investments. The EU taxonomy is a joint classification system that clarifies which financial activities are sustainable in a business operation. For an activity to be classified as sustainable, it needs to make a significant contribution to at least one of the taxonomy’s six environmental objectives, do no significant harm (DNSH) to any of the other objectives and meet the requirements in defined minimum safeguards.

Balder is covered by the disclosure requirements according to the taxonomy regulation and reports both the proportion of financial activity that is covered by the EU taxonomy (eligibility) and the proportion that is complying with the EU taxonomy (alignment). The activities that are listed for the property industry and are relevant for Balder are:

- 7.1. Construction of new buildings
- 7.2. Renovation of existing buildings
- 7.3. Installation, maintenance and repair of energy-efficient equipment
- 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings

- 7.6. Installation, maintenance and repair of renewable energy technologies
- 7.7. Acquisition and ownership of buildings

### EU taxonomy reporting

Balder’s report for the EU taxonomy includes all consolidated companies in the group where Balder has financial control. Balder has decided that all activities in 2022 are to be allocated to environmental objective 1 Climate change mitigation.

Balder’s business mainly covers the categories 7.1 and 7.7 where the largest share of turnover and expenses are generated. In 2022, Balder has been analysed economic activities linked to 7.7 Acquisitions and ownership of buildings. In the assessment of activity 7.7 investment properties built before 31 December 2020 are included. The properties deemed to meet the requirements for environmental objective 1 has an energy declaration with energy class A or meets national requirements for top 15% most energy efficient buildings. The buildings must also have undergone a climate risk analysis.

Balder operates in six different countries with diversified legislation and different limit values for which buildings that can be classified within the top 15%. It is a comprehensive work and Balder has chosen to take a cautious approach in reporting in the initial year.

The selection of properties that are aligned with the EU taxonomy are based on the company’s current interpretation of the regulations and may change as criteria are clarified. The company will gradually expand the reporting and include more economic activities that are aligned with the EU taxonomy.

### Climate risk analyses

To meet the requirements of the EU taxonomy, a climate risk analysis must be conducted at building level. This includes screening of climate risks, vulnerability analysis and action plan.

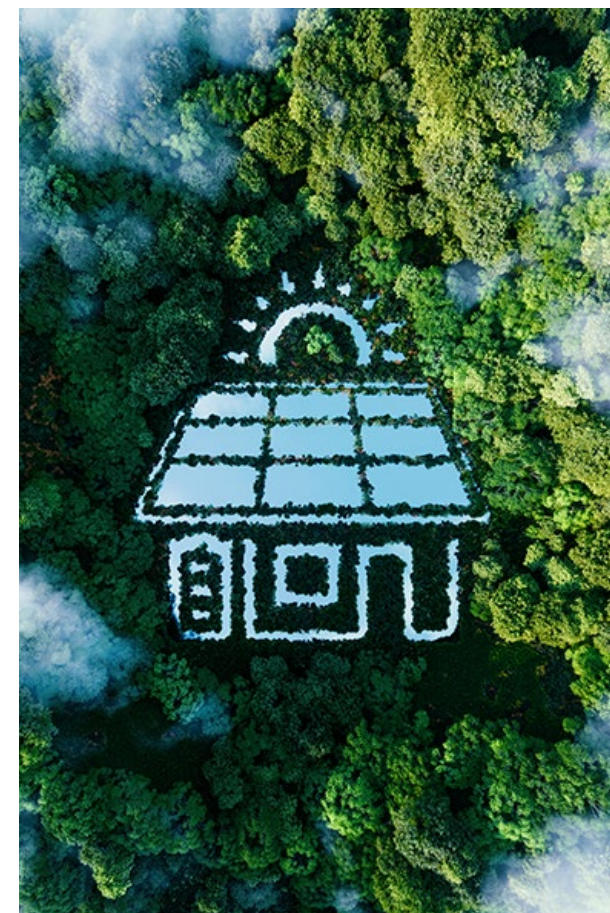
Balder conducted approximately 100 climate risk analyses during 2022 in Sweden, Denmark, Finland and Norway. For 54 of these, vulnerability analyses and action plans were also carried out. This is a working process that has been started in order to assess future physical climate risks and what climate adaptation measures should be undertaken to reduce long-term risks in the business.

### Minimum safeguards

The EU taxonomy’s minimum safeguards include social responsibility in the areas of fair competition, taxation, anti-corruption and human rights. Balder has conducted a review and is deemed to have processes at Group level in line with the latest guidelines from the EU’s platform for sustainable financing.

### Compilation 2022

The compilation for 2022 shows that Balder has 105 properties that can be classified as top 15% or Class A. 54 of these properties can be classed as aligned with the EU taxonomy, since a complete climate risk analysis has been conducted.



## THE EU’S SIX ENVIRONMENTAL OBJECTIVES

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

	Total, SEKm	EU taxonomy eligible, %	Of which proportion EU taxonomy aligned, %
Turnover	11,657	100	3
CapEx	14,514	100	0
OpEx	591	100	6

For more detailed information and accounting principles, see page 109–111.



# ASSOCIATED COMPANIES



# CONTINUED DEVELOPMENT IN ASSOCIATED COMPANIES

Balder is co-owner of associated companies that manage properties, associated companies that are project developers and the niche bank Collector.

Between them, the property-managing associated companies own a total of 591 investment properties (494) as well as project properties. Balder's share of the carrying amount totalled SEK 55,758 million (44,409), lettable area of approximately 1,306,000 sq.m. (1,100,000) and a rental value of SEK 2,648 million (2,018).

The profit from property management for all associated companies, i.e. profit excluding changes in value

and tax, totalled SEK 4,686 million (3,532), of which Balder's share totalled SEK 1,929 million (1,327). The companies' profit after tax totalled SEK 3,312 million (9,696), of which Balder's share totalled SEK 1,002 million (3,521). For more information about Balder's associated companies, see Note 14, Participations in associated companies/joint ventures.



## A FOCUS ON REUSE AND SUSTAINABILITY

Varvsstaden is an urban development project that is co-owned by Balder and PEAB. Varvsstaden features Malmö's century-old shipbuilding history and the aim is to create an attractive city district with an exciting mix of both modern urban environments and environments with a cultural historical value.

Great emphasis is placed on reuse and sustainability, and on retaining the character of the area. Many of the buildings that remain from the age of Kockums are being renovated for a new life as offices, retail outlets, restaurants or other

kinds of businesses. Magasinet was one of the very first buildings to be completed, now housing office premises.

When the area has been completed, most of the 180,000 sq.m. of Varvsstaden will comprise residential buildings with various forms of tenure. It is planned that a total of around 2,500 new homes will be created. Three new links over the water will connect the area with the centre of Malmö and a new public transport route will run through the area. Varvsstaden is expected to be fully completed by around 2035.

## LOGISTICS HUB OF THE FUTURE

At the Bårhultsmotet intersection in Härryda Municipality, on an area covering approximately 45 hectares, equivalent to about 80 football pitches, Balder will be working together with Next Step Group to create an arena for smart goods handling, collaboration and logistical solutions of the future.

Link40 is the name of the major freight and logistics hub that is to be created in Mölnlycke. The initiative will be a major contribution to the Swedish transport sector and is expected to create 1,000 new jobs in Härryda Municipality, with a total investment of around SEK 4 billion. The combined area covers around 240,000 sq.m. gross area.

The aim is to bring together the region's most prominent actors in the areas of business, academia and the transport sector to make it easier for the industry and society to make the transition to a sustainable freight and logistics sector, not just regionally and nationally, but also globally.



## HIGHEST BUILDING IN THE NORDIC REGION

At the turn of the year, Karlatornet reached the level of 68 floors, and even though there are still 5 floors until the tower's full height is reached, the building is already the highest not only in Sweden, but also in the Nordic region. When it reaches its full height of 246 metres, Karlatornet will also be the highest residential building in the EU.

While Karlatornet continues to grow upwards, the residential properties lower down in the tower are being completed, as residents will start moving in during 2023. Apart from residential, Karlatornet will also be housing a hotel, restaurant and offices in its connecting add-on buildings.

Karlatornet is jointly owned by Balder and Serneke and will house 611 homes, both tenant-owner apartments and condominiums. The tower will reach its full height in spring 2023 and Karlatornet will be fully completed in 2024.

**BALDER'S SHARE OF PROPERTY-MANAGING ASSOCIATED COMPANIES' PROPERTY PORTFOLIO <sup>1,2)</sup>**

31/12/2022	Number of investment properties <sup>3)</sup>	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Stockholm	157	213,838	392	1,834	374	95	7,610	14
Gothenburg	101	225,442	280	1,244	270	96	3,941	7
Öresund	165	154,569	235	1,518	227	97	3,800	7
East	70	114,925	160	1,391	157	98	2,506	4
Oslo	59	377,145	1,081	2,865	1,031	95	24,193	43
Other Norway	39	219,798	500	2,273	486	97	8,999	16
<b>Total excluding projects</b>	<b>591</b>	<b>1,305,717</b>	<b>2,648</b>	<b>2,028</b>	<b>2,544</b>	<b>96</b>	<b>51,049</b>	<b>92</b>
Projects for own management			0		0		4,708	8
<b>Total property portfolio</b>	<b>591</b>	<b>1,305,717</b>	<b>2,648</b>	<b>2,028</b>	<b>2,544</b>	<b>96</b>	<b>55,758</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	135	176,007	335	1,903	323	96	7,069	13
Office	150	693,067	1,736	2,505	1,665	96	35,460	64
Retail	75	153,496	206	1,342	198	96	2,854	5
Other	231	283,147	370	1,308	357	96	5,667	10
<b>Total excluding projects</b>	<b>591</b>	<b>1,305,717</b>	<b>2,648</b>	<b>2,028</b>	<b>2,544</b>	<b>96</b>	<b>51,049</b>	<b>92</b>
Projects for own management			0		0		4,708	8
<b>Total property portfolio</b>	<b>591</b>	<b>1,305,717</b>	<b>2,648</b>	<b>2,028</b>	<b>2,544</b>	<b>96</b>	<b>55,758</b>	<b>100</b>

1) Refers to properties that the associated companies owned at the end of the year. Properties sold have been excluded and acquired properties have been adjusted to full-year values.

Other properties include hotel, educational, nursing, industrial and mixed-use properties.

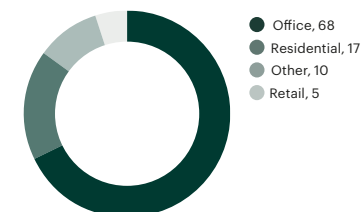
2) Refers to Balder's holding in Trenum AB, Fastighets AB Centur, Tulia AB, Sinoma Fastighets AB, Anthon Eiendom AS, Entra ASA, Tornet Bostadsproduktion AB, Brinova Fastigheter AB and Stenhus Fastigheter i Norden AB.

3) Refers to the entire associated companies' portfolio.

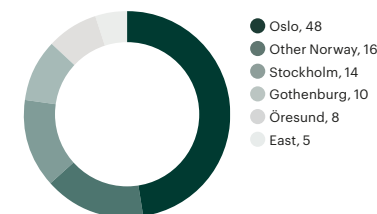
SEKm	31/12/2022	31/12/2021
<b>Assets</b>		
Properties	55,758	44,409
Other assets	2,441	1,526
Cash and cash equivalents	523	458
<b>Total assets</b>	<b>58,723</b>	<b>46,393</b>
<b>Equity and liabilities</b>		
Equity/shareholders' loans	24,241	21,506
Deferred tax liability	5,087	4,184
Interest-bearing liabilities	27,799	19,315
Other liabilities	1,596	1,388
<b>Total equity and liabilities</b>	<b>58,723</b>	<b>46,393</b>

SEKm	2022	2021
Rental income	2,358	1,738
Property costs	-342	-251
<b>Net operating income</b>	<b>2,016</b>	<b>1,488</b>

**CARRYING AMOUNT PER PROPERTY CATEGORY**  
associated companies, %



**CARRYING AMOUNT PER REGION**  
associated companies, %



## CONTENTS

Report of the Board of Directors.....	43
Opportunities and risks.....	47
Consolidated statement of comprehensive income.....	51
Consolidated statement of financial position.....	52
Consolidated statement of changes in equity.....	53
Consolidated cash flow statement.....	54
Parent company income statement.....	55
Parent company balance sheet.....	56
Parent company statement of changes in equity.....	57
Parent company cash flow statement.....	58

### Accounting policies and notes:

1 Accounting policies.....	59
2 Segment reporting.....	61
3 Distribution of income.....	63
4 Employees and staff costs.....	63
5 Remuneration to auditors.....	65
6 Operating costs distributed according to function and type of cost.....	65
7 Specification of property costs.....	65
8 Leases.....	66
9 Financial income and expenses.....	68
10 Income tax.....	68
11 Earnings per share.....	71
12 Investment properties.....	71
13 Other property, plant and equipment.....	73
14 Participations in associated companies/joint ventures.....	74
15 Other non-current receivables.....	77
16 Development properties.....	77
17 Trade receivables.....	77
18 Prepaid expenses and accrued income.....	78
19 Financial investments.....	78
20 Equity.....	78
21 Non-controlling interests.....	79
22 Financial risk management.....	80
23 Credit facility.....	85
24 Accrued expenses and prepaid income.....	85
25 Pledged assets and contingent liabilities.....	86
26 Cash flow statement.....	86
27 Participations in group companies.....	87
28 Receivables from/liabilities to group companies.....	88
29 Significant events after the end of the financial year.....	88
30 Related parties.....	88
31 Parent company information.....	88



# REPORT OF THE BOARD OF DIRECTORS

The Board of Directors and the CEO of Fastighets AB Balder (publ), corporate ID number 556525-6905, hereby submit the following annual accounts and consolidated accounts for the financial year 2022.

Fastighets AB Balder is listed on Nasdaq Stockholm, Large Cap segment. Unless otherwise specified, all amounts are in SEK million. Comparisons stated in parenthesis refer to the corresponding period of the previous year.

## Operations

Balder's business concept is to create value by acquiring, developing and managing residential properties and commercial properties based on local presence and to create customer value by meeting the needs of different customer groups for commercial premises and housing.

Balder shall strive to achieve a position in each region whereby the company is a natural partner for potential customers that are in need of new commercial premises and/or residential. Growth shall take place on the basis of continued profitability and positive cash flows.

## Financial targets

Balder's goal is to achieve a stable, good return on equity, while the equity/assets ratio over time shall be no less than 40% and the interest coverage ratio shall be no less than 2.0 times, and net debt to total assets should not exceed 50%. The outcomes for 2022 were 40.0% (40.4), 4.7 times (4.9) and 47.9% (47.4).

Balder's Board of Directors has decided to introduce an additional financial target in respect of Net debt/EBITDA ahead of 2023. This key ratio shall be no more than 11.0 times over a period of time.

## Employees and organisation

Balder's business areas consist of the regions Helsinki, Stockholm, Gothenburg, Copenhagen, South, East

and North. The regional organisations follow the same basic principles, but differ depending on the size and property holdings of each region. The regional offices are responsible for letting, operations, environmental matters and technical management.

The Balder Group, with Fastighets AB Balder as Parent Company, is composed of a large number of limited liability companies and limited partnership companies. Balder's operational organisation is supported by a central accounting, property management and finance function. On 31 December the Group had a total of 1,161 employees (1,040), of whom 493 were female (439). Balder's management team during the year consisted of six people, two of whom are female.

For information regarding adopted guidelines for remuneration to senior executives, see Note 4, Employees and staff costs. The Board of Directors will not propose any changes in the guidelines to the Annual General Meeting 2023.

## Significant events during the financial year

### Turbulent world

The past year has been largely characterised by the ongoing war in Ukraine, the effects of which include increased energy prices. The current situation has also had an impact on inflation, which has risen sharply in recent times. This has resulted in rising interest rates and higher financing costs.

Combined with the continued effects of the pandemic, there is a risk of increased material prices for property development projects. Higher prices or material shortages can cause costs to increase for both projects in progress and the ongoing management of properties.

The company monitors developments and continuously adapts its operation based on changing conditions.

## Acquisitions

Investment properties as well as condominiums and land were acquired with a property value of SEK 5,160 million (20,637).

## Divestments

Investment properties as well as condominiums and land were divested with a property value of SEK 2,913 million (1,551). The divestments relate primarily to Balder's subsidiary SATO Oyj, which divested approximately 2,000 apartments located in six different towns and cities in Finland. The divestment is a result of the strategy to concentrate the property portfolio on Helsinki, Tampere and Turku.

## Other information

A share split in the company's shares took place during the year, with the effect that each share, regardless of share type, was divided into six new shares (share split 6:1).

A directed new share issue of 35,000,000 Class B shares was implemented with a total value of SEK 1,778 million after issue costs. The subscriber to the new share issue was AMF.

## Investment properties

Balder's commercial properties are located primarily in the central areas of big cities, and the residential properties are located in metropolitan areas and in places that are growing and developing positively. On 31 December, Balder owned 1,841 investment properties (1,678) with a lettable area of 5,837,000 sq.m. (5,509,000) at a carrying amount of SEK 213.9 billion (189.1), including projects for own management. During the year, 31 investment properties (209) and condo-

miniums and land with a lettable area of 281,000 sq.m. (953,000) were acquired for SEK 5,160 million (20,637). 69 investment properties (3) were divested during the year, as well as condominiums and land to a value of SEK 2,913 million (1,551), which generated a profit of SEK 111 million (121).

When allocating the total property portfolio's carrying amount by region, the share for Helsinki totalled 26% (25), Gothenburg 19% (20), Stockholm 17% (18), Copenhagen 12% (11), East 10% (11) North 10% (10) and South 6% (6). Of the carrying amount, 43% (44) relates to commercial properties and 57% (56) to residential.

## Development properties

A development property is a property that is owned for upgrading with a view to being divested. These properties are recognised at cost on an ongoing basis, and a profit/loss is recognised when each property is completed, sold and handed over to the buyer. As of 31 December 2022, the value of Balder's development properties totalled SEK 3,421 million (2,697).

## Profit from property management

Profit from property management for the year totalled SEK 6,659 million (6,129), of which the effect of exchange rate fluctuations totalled SEK 111 million (-61). The profit from property management attributable to the parent company's shareholders increased by 11% and totalled SEK 6,139 million (5,543), representing an increase per share of 11% to SEK 5.48 (4.95). Profit from property management includes SEK 1,929 million (1,327) in respect of associated companies, which is included in the income statement in participations in profits from associated companies.

### Profit after tax

Profit after tax for the year totalled SEK 10,989 million (19,584). Profit after tax attributable to the parent company's shareholders totalled SEK 10,175 million (18,508), corresponding to SEK 9.09 per share (16.54). Profit before tax was impacted by unrealised changes in the value of investment properties of SEK 5,419 million (12,990), realised changes in the value of development properties of SEK 111 million (121), net profit from the sale of development properties of SEK 110 million (225), changes in value in interest rate derivatives of SEK 1,617 million (511) and profit from participations in associated companies of SEK 1,002 million (3,521).

### Rental income

Rental income increased by 17% to SEK 10,521m (8,956), of which the effect of changes in exchange rate fluctuations was SEK 258m (-136). This increase is due primarily to acquisitions and completed projects for own management.

The lease portfolio was estimated to have a rental value on a full-year basis of SEK 12,057 million (10,141) as of 31 December. The average rental level for the whole property portfolio totalled SEK 2,060/sq.m. (1,836) excluding project properties.

The rental income in a comparable portfolio increased by 3.9% (1.0) after adjustment for exchange rate fluctuations. The rental income shows a considerable diversification of risk with regard to tenants, sectors and locations. The economic occupancy rate as of the closing date was 96% (96). The total rental value

### Sensitivity analysis

Factor	Change	Profit/loss before tax, SEKm
Rental income	+/- 1%	+/- 116
Economic occupancy rate	+/- 1 percentage point	+/- 121
Interest rate level of interest-bearing liabilities	+ 1 percentage point	- 491
Property costs	+/- 1%	-/+ 27
Changes in value of investment properties	+/- 5%	+/- 10,697

of unlet areas on 31 December totalled SEK 458 million (431) on an annual basis.

### Property costs

Property costs for the year totalled SEK -2,725 million (-2,212), of which the effect of changes in exchange rates was SEK -67 million (39). Net operating income increased by 16% to SEK 7,796m (6,744), which implies a surplus ratio of 74% (75). The surplus ratio has during the year affected by increased costs for electricity and heating, but also from increased costs for property tax after new taxation decisions. Operating costs usually vary with the seasons. The first and fourth quarters have higher costs than the other quarters, while the third quarter usually has the lowest cost level.

### Management costs and administrative expenses

Management and administrative expenses for the year totalled SEK -1,019 million (-817), of which the effect of exchange rate fluctuations totalled SEK -31 million (16).

### Participations in profits from associated companies/joint ventures

The profit from participations in associated companies during the year totalled SEK 1,002 million (3,521) and Balder's share of the profit from property management of associated companies totalled SEK 1,929 million (1,327).

Profit before tax was impacted by unrealised changes in the value of properties and interest rate derivatives of SEK -433 million (3,110). The tax expense for the year totalled SEK -495 million (-916).

The profit from participations in associated companies/joint ventures was affected during the year by the write-down performed by Entra ASA of its property portfolio. Balder's part of Entra's net asset value (EPRA NRV) indicates no need for a write-down.

### Net financial items and changes in the value of derivatives

Net financial items, excluding changes in the value of derivatives, totalled SEK -2,031 million (-1,067), of which the effect of exchange rate fluctuations totalled SEK -48 million (20). Net financial items were affected during the year by repurchases of bonds and by changes in the value of financial investments, which had a net positive effect of SEK 69 million (582).

Changes in value of interest rate derivatives totalled SEK 1,617 million (511). The positive change in value during the year in respect of derivatives was due to long-term interest rates having increased during the year, which means that the difference in relation to the contracted interest rate level of the interest rate derivatives has decreased.

Derivatives are recognised on an ongoing basis at fair value in the balance sheet. Changes in value from derivatives arise when there are changed interest rate levels/exchange rates and do not affect cash flow, as long as they are not sold during the term. Balder has protected itself against higher interest rates, which means that the market value of derivatives increases in a situation of rising interest rates.

The value of derivatives (interest and currency) totalled SEK 1,982 million (-703) at year-end. The value of the derivatives will be released during the remaining term and recognised as an expense. The average interest rate for net financial items on the closing date was 2.1% (1.4).

### Changes in value of investment properties

Balder performed internal valuations of all investment properties as of 31 December. The investment properties in Sweden, Denmark, Finland, Norway, Germany

and the UK were valued using the yield method, which is based on a ten-year cash flow model.

Each property is individually valued by computing the present value of future cash flows, i.e. future rental payments minus estimated operating and maintenance payments. The cash flow is adapted to the market by taking account of any changes in letting levels and occupancy rates, as well as operating and maintenance payments.

The valuation is based on an individual assessment for each property of both future cash flows and the required yield.

In Finland, the acquisition cost method is used in addition to the yield method. Some properties in the East region are valued using the sales comparison method. Project properties for own management are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at cost. For a more detailed description of Balder's property valuation, see Note 12, Investment properties.

Market assessments of properties always involve a certain degree of uncertainty in the assumptions and estimates made. In order to quality-assure its internal valuations, the company allows parts of the portfolio to be valued externally on an ongoing basis and obtains second opinions on the internal valuations. A second opinion is a statement from an external valuation firm in respect of the suitability of the valuation methods, the information sources used and the quality and credibility of the valuation.

During the year, external valuations and second opinions were obtained for 64% of the property portfolio (excluding projects); approximately 90% of these were carried out during the fourth quarter. External valuations were obtained for 38% and second opinions for 26% of the property portfolio (excluding projects). The difference between the external valuations and the internal valuations was less than 1%. Historically, deviations between external and internal valuations have been insignificant.

As of 31 December, Balder's average yield requirement totalled 4.6% (4.4) excluding project properties for own management, which is 0.2 percentage points higher than at the end of the previous year. The average yield requirement for residential properties totalled 4.1% (4.0) and for commercial properties 5.2% (4.8). The increased estimated yield requirement is explained by the uncertain market situation and rising market interest rates. The reduction in value has, however, been mitigated by an increased operating surplus driven by an increase in the index for commercial premises and increased residential rents.

On 31 December, the carrying amount of the investment properties according to the individual internal valuation totalled SEK 213,932 million (189,138), which includes an unrealised change in value during the year of SEK 5,419 million (12,990). Of the unrealised change in value, the majority relates to agreed and completed divestments, as well as the valuation of project properties for own management. Remaining changes in value relate to the increase in net operating income.

#### Profit from divestment, development properties

The profit from the divestment of development properties is recognised in connection with the buyer taking possession of the property. In addition to the cost of acquisition, sales and marketing expenses are also included, which are recognised as expenses as they arise. During the year these totalled SEK -20 million (-20).

A total of six (7) projects were recognised in revenue during the year. The net profit from sales for the year totalled SEK 110 million (225) after the deduction of sales and marketing expenses.

#### Tax

The Group's total tax expense was SEK -1,999 million (-3,196), of which the effect of exchange rate fluctuations totalled SEK -57 million (37). The current tax expense for the year totalled SEK -613 million (-339), relating primarily to the property sales in SATO Oyj. The current tax expense attributable to parent com-

pany shareholders totalled SEK -421 million (-233).

The deferred tax expense for the year totalled SEK -1,386 million (-2,857).

Tax has been calculated using the current tax rate in each country. Deferred tax is calculated on the temporary differences arising after the acquisition date. The Group's deferred tax liability has been calculated as the value of the net of fiscal deficits and the temporary difference primarily between the carrying amounts and values for tax purposes of properties and interest rate derivatives.

The deferred tax liability totalled SEK 17,769 million (15,642). For more detailed information, see Note 10, Income tax.

#### Cash flow and financial position

Balder's assets on 31 December totalled SEK 263,775 million (229,933). These were financed by equity of SEK 102,909 million (88,567) and liabilities of SEK 160,866 million (141,366), of which SEK 135,252 million (117,426) are interest-bearing.

Cash flow from operating activities before changes in working capital totalled SEK 4,442 million (3,899). Investing activities burdened cash flow by a net figure of SEK -12,915 million (-29,879). Cash flow from financing activities totalled SEK 10,497 million net (25,117). Total cash flow for the year was SEK 2,632 million (-3,235). The exchange rate difference in cash and cash equivalents totalled SEK 46 million (67).

#### Liquidity

Apart from unutilised credit facilities of SEK 18,808 million (8,079), the Group's cash and cash equivalents, financial investments and unutilised credit facilities totalled SEK 6,963 million (4,543) as of 31 December. Available liquidity including confirmed credit commitments thus totalled SEK 25,771 million (12,622). The company continuously monitors the liquidity in short and long term, the Group's liquidity needs for the coming year are secured through the Group's strong cash flow and confirmed loan commitments.

#### Equity

Equity totalled SEK 102,909 million (88,567) on 31 December, of which non-controlling interests totalled SEK 12,715 million (10,961), corresponding to SEK 78.16 per share (69.35) excluding non-controlling interests. The equity/assets ratio was 40.0% (40.4).

#### Interest-bearing liabilities

The Group's interest-bearing liabilities totalled SEK 135,252 million (117,426) as of 31 December. The proportion of loans with interest maturity dates during the coming 12-month period totalled 34% (37) and the average fixed credit term was 5.7 years (5.7).

As part of its work to adapt liquidity planning to prevailing market conditions, Balder has continued to pre-finance future maturities. As of year-end, the available liquidity including confirmed loan commitments was SEK 25,771 million (12,662), corresponding to 92% of Balder's future maturities of interest-bearing liabilities within 18 months and 80% within 24 months.

Derivatives contracts have been concluded in order to limit the impact of a higher market interest rate. The above-mentioned derivatives are recognised at fair value on an ongoing basis in the balance sheet with changes in value recognised in the income statement. Changes in value during the year totalled SEK 1,617 million (511).

Interest-bearing liabilities are described in greater detail in Note 22, Financial risk management.

#### Rating

Balder has an investment grade rating from the S&P credit agency. In November, Standard & Poors confirmed its credit rating for Balder (BBB), but revised the outlook to negative reflecting increased uncertainty in the financial market.

The company has long been successful in building a real estate business with a size and diversification that are very suitable for both bond financing and secured bank loans. Having a balance sheet that satisfies the criteria for an investment grade rating and continuous access to bond financing is not simply a matter of

financing strategy, it is also very much in line with the risk profile that the Board of Directors is in general striving to achieve for the company. One example of this is the decision by Balder's Board of Directors to introduce an additional financial goal regarding Net debt/EBITDA ahead of 2023. The key ratio shall be no more than 11.0 times over a period of time.

#### Investments

Property investments during the year totalled SEK 14,171 million (26,742), of which SEK 5,160 million (20,637) relates to acquisitions and SEK 9,011 million (6,105) relates to investments in existing investment properties and projects for own management. Of total investments in investment properties, SEK 3,723 million (3,259) relates to Helsinki, SEK 1,219 million (2,679) to Stockholm, SEK 2,068 million (1,926) to Gothenburg, SEK 1,666 million (1,301) to Copenhagen, SEK 488 million (600) to South, SEK 3,500 million (4,299) to East and SEK 1,508 million (12,678) to North.

#### Associated companies/joint ventures

Balder is a partner in a large number of property managing and project developing companies as well as in the niche bank Collector; for further information, see Note 14, Participations in associated companies/joint ventures.

Balder's participations in the balance sheets and property portfolios of property-managing associated companies are reported and presented on page 41 in accordance with IFRS accounting policies. The property-managing associated companies own a total of 591 investment properties (494). Balder's share of the property portfolio's lettable area is approximately 1,306,000 sq.m. (1,100,000) with a rental value of SEK 2,648 million (2,018). The economic occupancy rate was 96% (95).

#### Parent Company

The parent company's operations consist primarily of the performance of Group-wide services. Balder has centralised the Group's credit supply, risk management

and cash management through the parent company having an internal bank function. Net sales in the parent company totalled SEK 491 million (414) during the year, of which intra-Group services represented SEK 380 million (323) and the remainder related primarily to management assignments for associated companies.

Profit after tax for the year totalled SEK 8,466 million (1,651). Dividend from subsidiaries totalled SEK 9,501 million (3), impairment of shares in subsidiaries totalled SEK -2,125 million (-), net interest items totalled SEK -2,842 million (968), of which exchange rate differences totalled SEK -2,851 million (-739), changes in value in respect of interest rate derivatives totalled SEK 1,507 million (446) and Group contributions paid/received totalled SEK 2,708 million (300). Recognised exchange rate differences related primarily to the translation of euro bonds, which from a Group perspective are used for the hedging of net investments in euros and Danish kroner. The parent company does not apply hedge accounting.

The parent company's financial investments and cash and cash equivalents, including unutilised credit facilities, totalled SEK 3,245 million (2,130) on 31 December. Net receivables from Group companies totalled SEK 44,122 million (38,754) on the closing date and interest-bearing liabilities SEK 52,199 million (55,285).

**Sustainability Report in accordance with the Swedish Annual Accounts Act**

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Fastighets AB Balder has chosen to produce the sustainability report as a separate report from the Annual Report. The scope of the sustainability report is described on page 112 of this document.

**Multi-year summary**

See page 6.

**The share and the owners**

In May 2022, Fastighets AB Balder implemented a 6:1 share split, and during December, Balder carried out a directed new share issue of 35,000,000 Class B shares, which raised SEK 1,778 million after issue costs. For existing shareholders, the share issue means a dilution effect of 3.13% in relation to the number of shares and 2.03% in relation to the number of votes. After the new share issue and as of 31 December, the share capital in Balder totalled SEK 192,333,333 distributed among 1,154,000,000 shares. Each share has a quota value of SEK 0.16667, of which 67,376,592 shares are Class A and 1,086,623,408 shares are Class B. The total number of outstanding shares is 1,154,000,000 as of 31 December. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

No shares were repurchased during the year.

All key ratios and share-related information in this report have been adjusted for the number of shares following the share split and the directed new share issue.

The largest owners are Erik Selin via company with 47.8% of votes and Arvid Svensson Invest AB with 14.6% of votes. There are no restrictions in the articles of association as to the form of transfer of shares or voting rights at the shareholders' general meeting.

**Report on the Board's work during the year**

The Board of Directors held 21 board meetings during the financial year, one of which was the statutory meeting. The work follows a formal work plan adopted by the Board of Directors. The formal work plan regulates the Board's working methods and the allocation of responsibility between the Board of Directors and CEO, as well as the forms of ongoing financial reporting. During the year, strategic questions and other important matters for the company's development were discussed, as well as ongoing financial reporting and decision-making matters. The company's auditors

participated in one board meeting and reported on their completed audit of the management's administration and of the accounts.

**Corporate governance**

Balder is governed by the corporate governance rules prescribed in the Swedish Companies Act, the Articles of Association and the listing agreement with Nasdaq Stockholm. The Board of Directors aims to make it easy for the individual shareholder to understand where in the organisation responsibility and authority lie. Corporate governance in the company is based on Swedish legislation, principally on the Swedish Companies Act, the listing agreement with the Swedish Stock Exchange, the Swedish Code of Corporate Governance as well as other rules and guidelines.

Some of the Code's principles are about creating a good basis for exercising an active balance of power between owners, the Board of Directors and Management, which Balder views as a natural element of the principles for the operation. See page 95-100 for the Corporate Governance Report.

**Remuneration to the CEO and other senior executives**

Guidelines for remuneration to senior executives were adopted at the last Annual General Meeting. The guidelines essentially state that competitive market salaries and other terms of employment shall be applied for company management. Remuneration shall be paid in the form of a fixed salary. Redundancy pay and severance payment shall not exceed 18 monthly salaries in total for the company's CEO, and for other members of company management the figure is a maximum of six months with no severance payment. Company management comprises the CEO and other members of Group Management. The Board of Directors shall be entitled to deviate from the guidelines if there are special reasons in an individual case to justify this.

The Board's proposal on guidelines for the next AGM corresponds with the current guidelines and shall apply until the 2024 AGM unless circumstances arise that necessitate an earlier revision. See also Note 4, Employees and staff costs.

**Significant events since the end of the financial year**

See Note 29 Significant events since the end of the financial year.

**Expectations regarding the future trend**

Balder's objective is to grow with maintained profitability by means of direct or indirect acquisitions together with the company's partners in locations that are considered to be of interest.

**Proposed distribution of earnings**

**The following amount in SEK is at the disposal of the Annual General Meeting:**

Retained earnings	20,034,420,717
Net profit for the year	8,465,892,898
<b>Total<sup>1)</sup></b>	<b>28,500,313,615</b>

1) See change in parent company's equity, page 57.

**The Board of Directors proposes that the amount be allocated as follows:**

Carried forward	28,500,313,615
<b>Total</b>	<b>28,500,313,615</b>



# OPPORTUNITIES AND RISKS

**RISK LEVEL ASSESSMENT**



Like all companies, Balder’s organisation and business operations are exposed to a number of risks. These risks are to varying degrees within the company’s control and are therefore managed differently to some extent. The main strategy, however, is to strive as far as possible to identify both risks and opportunities and to draw up action plans on this basis.

The risk analysis is performed continuously, at several levels within the company, depending on where different risks and opportunities arise and which parts of the business might be affected. Below is a summary of the main opportunities and risks that have been identified, together with a brief description of how Balder assesses and manages them.

AREA	DESCRIPTION	APPROACH	ASSESSMENT
<b>OPERATIONAL RISKS</b>			
<b>The risk of reduced occupancy rate, reduced rental income and negative rental development</b>	Balder’s income is affected by the occupancy rate of the properties, the possibility of charging competitive market rents and the ability of customers to pay. The occupancy rate and rental levels are determined largely by the economic trend. The risk of major fluctuations in vacancies and loss of rental income increases when the property portfolio contains more large individual customers.	Balder’s ten biggest contracts account for 3.5% of the total rental income, and their average contract term is 10.1 years. No single contract accounts for more than 0.5% of Balder’s total rental income, and no single customer accounts for more than 3.4% of total rental income. Balder’s leases for premises are usually wholly or partly linked to the consumer price index.  The effects of the pandemic eased during 2022. The economic situation has changed, however, and one of the consequences has been rising inflation, which affects both income and expenses. During the year, residential rents were negotiated for the year ahead. The rental increases in parts of the residential rental portfolio are lower than the inflation, which affects Balder negatively.	
<b>Risk of increased property costs due to increased operating and maintenance costs</b>	Property costs include direct costs such as costs of operation, media, maintenance and property tax. Extensive needs to perform repairs can have a negative impact on profits. Operating costs are primarily costs of electricity, cleaning, water and heating.  Many of these goods and services can only be purchased from one actor, which can affect the price. Regulatory factors such as stricter demands for reduced emissions and the transition to fossil-free types of energy can also affect energy costs. Other consequences of climate change, such as an increased risk of flooding and extreme weather conditions, can also generate increased costs when insuring properties in risk areas. Cost increases that are not compensated by regulation in leases or rental increases through re-negotiation can have a negative impact on profits. A change of +/- 1% in property costs would affect the total cost figure by SEK +/- 27 million.	Balder works constantly to achieve continuous improvement in cost-efficiency with the aid of rational technical solutions, practical initiatives and continuous follow-up. Each region is responsible for ensuring that the property portfolio is well-maintained and in good condition. Having a local presence increases the knowledge of each property’s needs for preventive measures, which is more cost-efficient in the long run than extensive repairs.  All electricity purchased for the properties in Sweden is green electricity from renewable sources. Balder has also initiated an analysis of the property portfolio based on the possible effects of climate change, in order to draw up action plans for properties where the risks of an impact are considered the greatest.	
<b>Risk of incorrect assessment of the rental market’s development and the execution of projects</b>	One way of increasing the yield is to produce new properties and develop existing ones through investments. Project development risks exist in assessments of the market’s development, but also in the design of the product and the execution of the project itself.	Quality-assured internal processes and a high level of competence in the project organisation guarantee high quality in both execution and the product itself. When commercial buildings are constructed, it is always a requirement that large parts of the property must be let before the investment commences. Most of the commercial projects in progress therefore have a high occupancy rate. The risks are also limited by the fact that investments are only made in markets where Balder has good market knowledge and where there is high demand for homes and commercial premises.  The conditions for newly produced rental apartments changed during 2022. Balder has therefore postponed the launch of several projects, and has also converted a number of projects to tenant-owner apartment projects.	

**RISK LEVEL ASSESSMENT**



AREA	DESCRIPTION	APPROACH	ASSESSMENT
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**IT AND DIGITALISATION**

<b>Risk of inadequate digital development</b>	Digitalisation in the property sector is primarily about digitalising the properties themselves in order to, for example, improve follow-up on consumption, etc., and to build smarter homes and offer commercial customers digital services that promote business.	The digitalisation process is relatively simple to undertake in connection with new production, where a lot can be integrated during the planning phase, for example fibre networks and sensors. Work to digitalise an existing property is a major challenge, but Balder is equipped for this. The company has continued to expand its operations by creating more roles with a focus on digitalisation in order to drive developments forward.	●
<b>Risk of inadequate IT security</b>	Inadequate IT security can have major consequences, for example in the form of data being destroyed or lost, confidential information being leaked, etc. There is also a certain risk of infringing statutory provisions on the processing of personal data.	Balder works with the layered security principle in order to minimise the areas for intrusion and in recent years has continuously extended the level of protection. Apart from tried and tested technologies such as firewalls, antivirus and backup systems, Balder has also supplemented its protection with sandboxing systems, advanced email filtering and virtualisation to secure the internal IT environment. Balder has also carried out extensive internal work in order to guarantee compliance with the requirements of GDPR, in terms of both internal systems and structures as well as employee training. An external audit of Balder's IT security was conducted in 2022. The results indicated a significant reduction in risk exposure compared with the previous year. Regarding general cyber security, improvements were noted compared with previous audits, which means, among other things, that Balder is equipped to respond quickly to threatening or abnormal events.	○

**FINANCIAL RISKS**

<b>Refinancing risk</b>	Balder's greatest financial risk is a lack of financing. Refinancing risk refers to the risk that financing cannot be obtained at all, or only at a significantly increased cost.	Balder conducts ongoing discussions with banks and credit institutions aimed at securing long-term financing and also renegotiating loans and diversifying the maturity structure of loans. Meanwhile, this work ensures that competitive long-term financing is maintained. Balder's average fixed credit term was 5.7 years (5.7). There were major changes in the bond market during 2022. As a consequence of this, Balder repurchased bonds and increased its bank financing. The company has a long-term plan and a liquidity buffer to secure bond loan maturities during 2023, 2024 and 2025.	○
<b>Interest rate risk</b>	The interest expense is Balder's single biggest cost item. Interest expenses are affected primarily by the current level of market interest rates and the credit institutions' margins, and also by what strategy Balder chooses for fixed terms for interest rates. A higher market interest rate means an increased interest expense, but this often also coincides with higher inflation and economic growth.	Higher interest expenses are partly offset by lower vacancy rates and higher rental income through increased demand, and by the fact that rents are indexed for the commercial portfolio. Balder has also chosen to use interest rate derivatives to limit the risk of financing costs increasing significantly in the event of higher market interest rates. In the event of an increase in the market interest rate of one percentage point and assuming an unchanged loan and derivative portfolio, the interest expense would increase by SEK 491 million. Of Balder's total loan stock at year-end, 66% (63) had a fixed interest rate period of more than one year. Rising interest rates over the past year have resulted in a lower rate of investment for Balder.	●
<b>Credit risk</b>	Credit risk is defined as the risk that Balder's counterparties, e.g. tenants, cannot fulfil their financial obligations towards Balder. Credit risk in financial operations arises, for example, in connection with the investment of excess liquidity, on entering into interest rate swap contracts and in connection with the issuing of credit agreements.	Balder conducts the customary credit checks before entering into a new lease and calculates the credit risk in connection with new letting and the adaptation of premises for an existing customer. In its financial operations, Balder only conducts transactions with Nordic banks with an S&P rating of at least A-. With other banks, transactions are only conducted with those with an S&P rating of at least AA-.	○
<b>Currency risk</b>	Balder owns properties via subsidiaries in Denmark, Finland, Norway, Germany and the UK. The companies have income and expenses in local currency and are thereby exposed to exchange rate fluctuations from the Group's perspective. Exchange rate fluctuations also occur when translating the foreign subsidiaries' assets and liabilities into the parent company's currency.	The translation differences are mainly handled through borrowing spread among different currencies based on the net assets in each currency. Loans taken out in the same currencies as the net assets in the Group reduce these net assets and thereby reduce translation exposure.	●

**RISK LEVEL ASSESSMENT**



AREA	DESCRIPTION	APPROACH	ASSESSMENT
<b>CHANGE IN VALUE</b>			
<b>Risk of negative development in value of properties</b>	The value of the properties is affected by a number of factors, including property-specific factors such as occupancy rate, rental level and operating costs, as well as market-specific factors such as yield requirements and cost of capital. Both property-specific and market-specific changes affect the value of investment properties, which in turn impacts on the Group's financial position and profits. 74% of the value of Balder's property portfolio is in the four metropolitan regions of Helsinki, Stockholm, Gothenburg and Copenhagen. The value of these properties can also be adversely affected if the technical obstacles to development, for example conversion to reduce emissions and manage climate change, are too high and expensive.	Balder carries out an internal valuation of the property portfolio in connection with quarterly reports. Parts of the property portfolio are also valued externally and compared with the internal valuation. In 2022, a significantly larger proportion of the portfolio was valued externally compared with previous years. Market assessments of properties always involve a certain degree of uncertainty in the assumptions and estimates made. The profit before tax would be affected by +/- SEK 10,697 million if there were a change in value of the investment properties of +/- 5%. The equity/assets ratio would be 41.5% in the event of a positive change in value and 38,3% in the event of a negative change in value. See also Note 12, Investment properties. Balder has also initiated an analysis of the impact of climate change on the properties, including the value trend, and this will become more detailed in future.	Medium
<b>TAX</b>			
<b>Risk of changes in tax legislation</b>	The possibility cannot be ruled out that tax rates will change in the future or that other changes will occur in state systems that affect property ownership. Changes in tax levels and tax legislation, for example new rules in respect of depreciation, a ban on the packaging of properties, and the opportunity to utilise loss carryforwards can affect Balder's future tax expense and thereby affect the profit.	Balder monitors the development of legislation in markets where the company is active and where relevant prepares the business and the financial statements for any adaptations that may be necessary.	Medium
<b>EXTERNAL ENVIRONMENT</b>			
<b>The risk of serious incidents in the external environment that change the conditions for the business</b>	In 2022, Russia launched an invasion of Ukraine, and the war has had a major impact on the global economy, in areas such as energy, interest rates and inflation.	As a consequence of factors including increased interest rates and inflation, to which Russia's invasion of Ukraine contributed, Balder has slowed down its investing activities significantly and postponed the start of projects. The company monitors developments and continuously adapts its operation based on changing conditions.	Medium
<b>ENVIRONMENT</b>			
<b>Risk of substances harmful to the environment and health, and material selection</b>	The use of chemical and biological substances is a challenge in the areas of property management and project development. Hazardous substances can be present in items such as paint and insulation. Occurrences of PCB, asbestos and elevated radon levels have been discovered due to materials selected in the construction of properties.	An ongoing inventory is kept of the existing portfolio, and action plans are drawn up to manage the risks in connection with planned renovations or as separate projects. For new production, log books are used for materials, such as the Building Material Assessment or Sunda Hus, to assess and log the use of materials. There are procedures and instructions for the safe handling of chemicals in order to create a safe work environment for employees.	Low
<b>Climate emissions and stricter requirements to reduce emissions</b>	There are greenhouse gas emissions in many parts of the business, including from energy use, new production, renovation and transport operations. Stricter requirements for emission calculations, limits on emissions in new production and a possible future climate tax can all have an impact.	Balder calculates the company's climate emissions in order to acquire knowledge of where the material impact actually is, and works actively to reduce emissions. Balder has defined a climate goal in accordance with the Science Based Targets initiative, and will increase the pace of the transition by setting out a roadmap with measures to achieve the climate goal.	Medium

**RISK LEVEL ASSESSMENT**



AREA	DESCRIPTION	APPROACH	ASSESSMENT
<p><b>Climate-related risks</b></p>	<p>An increased in the frequency of extreme weather, rising sea levels, heat stress and increased precipitation are all climate risks that can cause damage to infrastructure and properties. This can result in higher insurance costs, higher charges for cooling, as well as increased costs of remediation and renovation in connection with extreme weather.</p>	<p>Investigations into which climate adaptations might be necessary are conducted in the planning process and managed in detailed development plans. Aside from this, Balder strives to review work on climate risks, including the preparation of plans for how existing properties that may be in the risk zone should be registered and what action plans need to be prepared. This work entails, among other things, plans to further reduce emissions from the business, as well as plans describing, for example, how properties situated in areas where the risk of flooding is considered to be high are to be equipped to deal with this. To increase transparency in this work, Balder is also continuing to develop the company's reporting of emissions and other climate-related metrics, and during the year has also incorporated the climate issue into the risk management process in accordance with the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). Potential effects of climate change have been identified in terms of both property costs and value growth, and work has started on action plans to manage these. Read more on page 107.</p>	
<p><b>SOCIAL CONDITIONS AND EMPLOYEES</b></p>			
<p><b>Risk of deficiencies in the skills supply and work environment</b></p>	<p>As Balder has grown, both geographically and in terms of the number of colleagues, challenges have arisen, including the new recruitment and retention of existing colleagues, identifying and utilising Group-wide resources and developing common work methods. Another challenge resulting from the company's strong growth is to get every colleague to feel that they are part of Balder's corporate culture.</p>	<p>Balder is striving to continue to increase equal opportunity and diversity in the organisation, in order to reflect society in the best way possible. In order to attract new employees, Balder continuously participates in job fairs at institutes of higher education, and offers work placements and opportunities for students to do their degree projects.</p> <p>In 2022, the company introduced a new work method to ensure a uniform process for employee appraisals and follow-up, as well as a standardised method for onboarding new employees.</p>	
<p><b>Supply chain and respect for human rights</b></p>	<p>The services, materials and products used in construction and property projects form part of a global supply chain in which there can be risks in terms of human rights, working conditions, the environment and business ethics.</p>	<p>Clear purchasing and procurement procedures, clear specification of requirements and continuous follow-up are significant activities when it comes to managing risks. In 2022, for example, the company updated the requirements for the procurement of apartment renovations in order to make sure that only reputable suppliers are engaged. Balder's Code of Conduct is based on the principles of the UN's Global Compact and deals with issues relating to the work environment and human rights.</p>	
<p><b>BUSINESS ETHICS AND ANTI-CORRUPTION</b></p>			
<p><b>Risk of corruption, fraud and bribery</b></p>	<p>In property companies, there are risks that employees commit violations in their professional role and in relationships with customers, suppliers and business partners.</p>	<p>Balder has a Code of Conduct and procedures that are intended to offer guidance and ensure respectful, ethical business relationships, both internally and externally. Internal criteria and controls that ensure compliance with requirements are used when selecting and following up on suppliers. There is an independent whistleblowing function for the reporting of infringements, and this was updated in 2022. Balder has also updated its insider policy and informed all employees. Work will continue to establish a more Group-wide policy framework over the next year.</p>	

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Note	2022	2021
Rental income	2, 3	10,521	8,956
Property costs	2, 6, 7	-2,725	-2,212
<b>Net operating income</b>		<b>7,796</b>	<b>6,744</b>
Management costs and administrative expenses	4, 5, 6	-1,019	-817
Participation in profits from associated companies/joint ventures	14	1,002	3,521
– of which profit from property management		1,929	1,327
– of which changes in value		-433	3,110
– of which tax		-495	-916
Other income/expenses		-17	553
– of which unrealised change in value of long-term financial asset		–	611
<b>Profit before net financial items</b>		<b>7,763</b>	<b>10,001</b>
<i>Financial items</i>			
Financial income	9	528	822
Financial expenses	9	-2,559	-1,889
– of which lease expense/ground rent	8	-76	-69
<b>Net financial items</b>		<b>-2,031</b>	<b>-1,067</b>
<b>Profit including changes in value and tax in associated companies/joint ventures</b>		<b>5,732</b>	<b>8,934</b>
– of which Profit from property management	2, 3, 4, 5, 6, 7, 8, 9	6,659	6,129
<i>Changes in value</i>			
Changes in value of investment properties, realised	12	111	121
Changes in value of investment properties, unrealised	12	5,419	12,990
Changes in value of derivatives	22	1,617	511
Profit from divestment of development properties	16	1,136	1,667
Expenses from divestment of development properties	16	-1,027	-1,442
<b>Changes in value, total</b>		<b>7,257</b>	<b>13,847</b>
<b>Profit before tax</b>		<b>12,988</b>	<b>22,781</b>
Income tax	10	-1,999	-3,196
<b>Net profit for the year</b>		<b>10,989</b>	<b>19,584</b>
<i>Net profit for the year attributable to</i>			
The parent company's shareholders		10,175	18,508
Non-controlling interests	21	814	1,076
		<b>10,989</b>	<b>19,584</b>

SEKm	Note	2022	2021
<b>Other comprehensive income – items that may be reclassified to profit or loss</b>			
Translation difference relating to foreign operations (net after hedge accounting)		1,005	377
Cash flow hedges after tax		414	183
Participation in other comprehensive income from associated companies/joint ventures		466	602
<b>Comprehensive income for the year</b>		<b>12,875</b>	<b>20,746</b>
<i>Comprehensive income for the year attributable to</i>			
The parent company's shareholders		10,903	19,399
Non-controlling interests		1,972	1,348
		<b>12,875</b>	<b>20,746</b>

SEKm	Note	2022	2021
Profit from property management		6,659	6,129
Minus non-controlling interests' participation in the profit from property management		-521	-586
<b>Profit from property management attributable to parent company's shareholders</b>		<b>6,139</b>	<b>5,543</b>
Profit from property management per share after dilution, SEK		5.48	4.95
Profit after tax per share after dilution, SEK	11	9.09	16.54
Profit after tax per share before dilution, SEK	11	9.09	16.54

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEKm	Note	31 Dec 2022	31 Dec 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	12, 25	213,932	189,138
Leases; right of use	8	1,881	1,600
Other property, plant and equipment	13	272	186
Participations in associated companies/joint ventures	14	31,620	28,824
Other non-current receivables	15	2,505	1,736
Derivatives	22	1,645	—
<b>Total non-current assets</b>		<b>251,855</b>	<b>221,484</b>
<b>Current assets</b>			
Development properties	16	3,421	2,697
Trade receivables	17	198	388
Other receivables		378	360
Prepaid expenses and accrued income	18	1,034	874
Derivatives	22	337	—
Financial investments	19	2,576	2,831
Cash and cash equivalents	26	3,977	1,299
<b>Total current assets</b>		<b>11,920</b>	<b>8,449</b>
<b>Total assets</b>		<b>263,775</b>	<b>229,933</b>

SEKm	Note	31 Dec 2022	31 Dec 2021
<b>Equity and liabilities</b>			
<b>Equity</b>	20		
Share capital		192	187
Other contributed capital		12,501	10,729
Translation differences		493	-1
Cash flow reserve		351	117
Retained earnings including net profit for the year		76,657	66,574
<b>Equity attributable to the parent company's shareholders</b>		<b>90,194</b>	<b>77,606</b>
Non-controlling interests	21	12,715	10,961
<b>Total equity</b>		<b>102,909</b>	<b>88,567</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities <sup>1,2)</sup>	22	118,721	104,268
Other non-current liabilities		1,385	1,251
Lease liability	8	1,832	1,554
Deferred tax liability	10	17,769	15,642
Derivatives	22	—	582
<b>Total non-current liabilities</b>		<b>139,707</b>	<b>123,297</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities <sup>1)</sup>	22	16,531	13,158
Trade payables		652	897
Lease liability	8	55	52
Derivatives	22	—	121
Other liabilities		620	984
Accrued expenses and prepaid income	24	3,300	2,858
<b>Total current liabilities</b>		<b>21,159</b>	<b>18,069</b>
<b>Total liabilities</b>		<b>160,866</b>	<b>141,366</b>
<b>Total equity and liabilities</b>		<b>263,775</b>	<b>229,933</b>

1) Interest-bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.

2) The line item Non-current interest-bearing liabilities includes Hybrid capital of SEK 4,942 (8,693). 50% of the Hybrid capital, or equivalent to SEK 2,471 million (4,346), is treated as equity by the ratings agencies and thereby reduces interest-bearing liabilities when calculating the debt/equity ratio and net debt to total assets, and increases equity when calculating the equity/assets ratio.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Attributable to parent company's shareholders					Total	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Cash flow reserve	Translation differences	Retained earnings incl. net profit for the year			
<b>Opening equity, 01/01/2021</b>	<b>187</b>	<b>10,729</b>	<b>15</b>	<b>-789</b>	<b>48,068</b>	<b>58,209</b>	<b>9,676</b>	<b>67,885</b>
Net profit for the year					18,508	18,508	1,076	19,584
Other comprehensive income			103	788		890	271	1,162
<b>Total comprehensive income</b>			<b>103</b>	<b>788</b>	<b>18,508</b>	<b>19,399</b>	<b>1,348</b>	<b>20,746</b>
Transactions with non-controlling interests					-2	-2	-23	-25
Dividends to non-controlling interests							-129	-129
Shareholder contributions from non-controlling interests							6	6
Non-controlling interests arising from the acquisition of subsidiaries							85	85
<b>Total transactions with the company's owners</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-2</b>	<b>-2</b>	<b>-62</b>	<b>-64</b>
<b>Closing equity, 31/12/2021<sup>1)</sup></b>	<b>187</b>	<b>10,729</b>	<b>117</b>	<b>-1</b>	<b>66,574</b>	<b>77,606</b>	<b>10,961</b>	<b>88,567</b>
<b>Opening equity, 01/01/2022</b>	<b>187</b>	<b>10,729</b>	<b>117</b>	<b>-1</b>	<b>66,574</b>	<b>77,606</b>	<b>10,961</b>	<b>88,567</b>
Net profit for the year					10,175	10,175	814	10,989
Other comprehensive income			234	494		728	1,157	1,886
<b>Total comprehensive income</b>			<b>234</b>	<b>494</b>	<b>10,175</b>	<b>10,903</b>	<b>1,972</b>	<b>12,875</b>
Transactions with non-controlling interests					-91	-91	-92	-183
New share issue	6	1,772				1,778		1,778
Dividends to non-controlling interests							-131	-131
Shareholder contributions from non-controlling interests					-2	-2	5	3
Non-controlling interests arising from the acquisition of subsidiaries							0	0
<b>Total transactions with the company's owners</b>	<b>6</b>	<b>1,772</b>	<b>—</b>	<b>—</b>	<b>-93</b>	<b>1,685</b>	<b>-218</b>	<b>1,467</b>
<b>Closing equity, 31/12/2022<sup>1)</sup></b>	<b>192</b>	<b>12,501</b>	<b>351</b>	<b>493</b>	<b>76,657</b>	<b>90,194</b>	<b>12,715</b>	<b>102,909</b>

1) For more information, see Note 20, Equity.

## CONSOLIDATED CASH FLOW STATEMENT

SEKm	Note	2022	2021
<b>Operating activities</b>			
Net operating income		7,796	6,744
Other income/expenses		-17	-58
Management costs and administrative expenses		-1,019	-817
Sales expenses, development properties		-20	-20
Reversal of depreciation and amortisation		52	45
Interest received	26	528	240
Interest paid	26	-2,388	-1,892
Tax paid		-491	-342
<b>Cash flow from operating activities before change in working capital</b>		<b>4,442</b>	<b>3,899</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		394	48
Change in operating liabilities		214	-2,422
<b>Cash flow from operating activities</b>		<b>5,050</b>	<b>1,526</b>
<b>Investing activities</b>			
Acquisition of investment properties		-5,160	-17,610
Acquisition/divestment of property, plant and equipment		-138	-70
Acquisition of financial investments		-1,077	-630
Acquisitions/capital contributions/borrowing from and lending to associated companies/joint ventures		-1,518	-8,883
Investments in existing properties and projects		-10,742	-7,420
Transactions with non-controlling interests		-183	-25
Divestment of investment properties		2,913	1,551
Divestment of development properties		1,136	1,667
Divestment of financial investments		1,238	860
Divestment of shares in associated companies/joint ventures		1	100
Dividend paid from associated companies/joint ventures		614	583
<b>Cash flow from investing activities</b>		<b>-12,915</b>	<b>-29,879</b>

SEKm	Note	2022	2021
<b>Financing activities</b>	26		
New share issue		1,778	—
Dividend paid to non-controlling interests		-131	-129
Amortisation of lease liability		-17	-1
Shareholder contributions from non-controlling interests		3	6
Borrowings		26,896	33,085
Amortisation/redemption of loans		-18,032	-7,843
<b>Cash flow from financing activities</b>		<b>10,497</b>	<b>25,117</b>
<b>Cash flow for the year</b>		<b>2,632</b>	<b>-3,235</b>
Opening cash and cash equivalents		1,299	4,468
Exchange rate difference in cash and cash equivalents		46	67
<b>Closing cash and cash equivalents</b>	26	<b>3,977</b>	<b>1,299</b>

Available liquidity, SEKm	Note	2022	2021
Cash and cash equivalents		3,977	1,299
Unutilised overdraft facilities	23	410	413
Unutilised credit facilities		18,808	8,079
Financial investments	19	2,576	2,831
<b>Available liquidity including confirmed credit commitments</b>		<b>25,771</b>	<b>12,622</b>



## PARENT COMPANY INCOME STATEMENT

SEKm	Note	2022	2021
Net sales	3	491	414
Administrative expenses	4, 5	-492	-421
<b>Operating profit</b>		<b>-2</b>	<b>-7</b>
<b>Profit from financial items</b>			
Impairment of shares in subsidiaries	27	-2,125	—
Dividends from subsidiaries		9,501	3
Interest income and similar profit/loss items	9	3,045	3,155
– of which unrealised change in value of long-term financial asset		—	611
Interest expenses and similar profit/loss items	9	-5,887	-2,188
– of which exchange rate differences		-2,851	-739
Changes in value of derivatives	22	1,507	446
<b>Profit before appropriations and tax</b>		<b>6,039</b>	<b>1,410</b>
<b>Appropriations</b>			
Group contribution		2,708	300
<b>Profit before tax</b>		<b>8,746</b>	<b>1,710</b>
Income tax	10	-281	-59
<b>Net profit for the year/comprehensive income<sup>1)</sup></b>		<b>8,466</b>	<b>1,651</b>

1) The Parent Company has no items that are recognised in Other comprehensive income and therefore total comprehensive income corresponds to net profit for the year.

## PARENT COMPANY BALANCE SHEET

SEKm	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	28	25
<b>Financial assets</b>			
Participations in Group companies	25, 27	13,589	15,518
Participations in associated companies/joint ventures	14, 25	18,464	17,448
Other non-current receivables	15	1,122	985
Derivatives	22	851	—
Receivables from Group companies	28	92,204	83,490
<b>Total financial assets</b>		<b>126,229</b>	<b>117,440</b>
Deferred tax assets	10	—	34
<b>Total non-current assets</b>		<b>126,258</b>	<b>117,500</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Other receivables		186	97
Prepaid expenses and accrued income	18	195	191
Derivatives	22	335	—
<b>Total current receivables</b>		<b>716</b>	<b>288</b>
Financial investments	19	812	1,323
Cash and cash equivalents	26	2,083	457
<b>Total current assets</b>		<b>3,611</b>	<b>2,068</b>
<b>TOTAL ASSETS</b>		<b>129,869</b>	<b>119,568</b>

SEKm	Note	31 Dec 2022	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	20		
<b>Restricted equity</b>			
Share capital		192	187
<b>Non-restricted equity</b>			
Share premium reserve		9,062	7,289
Retained earnings		10,973	9,322
Net profit for the year		8,466	1,651
<b>Total equity</b>		<b>28,693</b>	<b>18,449</b>
<b>Provisions</b>			
Deferred tax liability	10	244	—
<b>Total provisions</b>		<b>244</b>	<b>—</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions <sup>1, 2)</sup>	22	46,271	43,870
Derivatives	22	—	321
Liabilities to Group companies	28	48,082	44,736
<b>Total non-current liabilities</b>		<b>94,352</b>	<b>88,928</b>
<b>Current liabilities</b>			
Liabilities to credit institutions <sup>1)</sup>	22	5,928	11,415
Trade payables		11	6
Other liabilities		41	195
Accrued expenses and prepaid income	24	600	576
<b>Total current liabilities</b>		<b>6,579</b>	<b>12,191</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>129,869</b>	<b>119,568</b>

1) Interest-bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.

2) The line item Non-current interest-bearing liabilities includes Hybrid capital of SEK 4,942 (8,693). 50% of the hybrid capital, or equivalent to SEK 2,471 million (4,346), is treated as equity by the ratings agencies and thereby reduces interest-bearing liabilities when calculating the debt/equity ratio and net debt to total assets, and increases equity when calculating the equity/assets ratio.

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEKm	Number of shares	Restricted equity		Non-restricted equity		Total equity
		Share capital	Share premium reserve	Retained earnings	Net profit for the year	
<b>Opening equity, 01/01/2021</b>	<b>1,119,000,000</b>	<b>187</b>	<b>7,289</b>	<b>7,707</b>	<b>1,615</b>	<b>16,798</b>
Net profit for the year/comprehensive income	—	—	—	—	1,651	1,651
Appropriation of profits	—	—	—	1,615	-1,615	—
<b>Total transactions with the company's owners</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,615</b>	<b>-1,615</b>	<b>—</b>
<b>Closing equity, 31/12/2021<sup>1)</sup></b>	<b>1,119,000,000</b>	<b>187</b>	<b>7,289</b>	<b>9,322</b>	<b>1,651</b>	<b>18,449</b>
<b>Opening equity, 01/01/2022</b>	<b>1,119,000,000</b>	<b>187</b>	<b>7,289</b>	<b>9,322</b>	<b>1,651</b>	<b>18,449</b>
Net profit for the year/comprehensive income	—	—	—	—	8,466	8,466
New share issue	35,000,000	6	1,772	—	—	1,778
Appropriation of profits	—	—	—	1,651	-1,651	—
<b>Total transactions with the company's owners</b>	<b>35,000,000</b>	<b>6</b>	<b>1,772</b>	<b>1,651</b>	<b>-1,651</b>	<b>1,778</b>
<b>Closing equity, 31/12/2022</b>	<b>1,154,000,000</b>	<b>192</b>	<b>9,062</b>	<b>10,973</b>	<b>8,466</b>	<b>28,693</b>

1) For more information, see Note 20, Equity.

## PARENT COMPANY CASH FLOW STATEMENT

SEKm	Note	2022	2021
<b>Operating activities</b>			
Operating profit		-2	-7
Reversal of depreciation/impairment		6	6
Interest received	26	719	1,093
Interest paid	26	-1,265	-1,038
Tax paid		-2	-3
<b>Cash flow from operating activities before change in working capital</b>		<b>-543</b>	<b>52</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		-218	-134
Change in operating liabilities		-1	-2,357
<b>Cash flow from operating activities</b>		<b>-762</b>	<b>-2,440</b>
<b>Investing activities</b>			
Acquisition of property plant and equipment		-9	-9
Acquisition of participations in Group companies/shareholder contributions paid		-196	-5,142
Acquisition of financial investments		-144	-630
Change in lending to Group companies		7,940	5,706
Change in lending to associated companies/joint ventures		-89	871
Divestment of financial investments		331	860
Acquisitions/capital contributions to associated companies/joint ventures		-378	-8,411
<b>Cash flow from investing activities</b>		<b>7,453</b>	<b>-6,756</b>

SEKm	Note	2022	2021
<b>Financing activities</b>	26		
New share issue		1,778	—
Borrowings		5,137	11,156
Amortisation/redemption of loans		-11,981	-2,863
<b>Cash flow from financing activities</b>		<b>-5,065</b>	<b>8,293</b>
<b>Cash flow for the year</b>		<b>1,626</b>	<b>-903</b>
Opening cash and cash equivalents		457	1,359
<b>Closing cash and cash equivalents</b>	26	<b>2,083</b>	<b>457</b>

Available liquidity, SEKm	Note	2022	2021
Cash and cash equivalents		2,083	457
Unutilised overdraft facilities	23	350	350
Unutilised credit facilities		9,632	4,500
Financial investments	19	812	1,323
<b>Available liquidity including confirmed credit commitments</b>		<b>12,877</b>	<b>6,630</b>

# NOTES ON THE FINANCIAL STATEMENTS


## NOTE 1 ACCOUNTING POLICIES

### General information

The financial statements for Fastighets AB Balder, as of 31 December 2022, were approved by the Board of Directors and Chief Executive Officer on 3 April 2023 and will be submitted for adoption by the Annual General Meeting on 11 May 2023.

Fastighets AB Balder (publ), corporate identity number 556525-6905, with its registered office in Gothenburg, constitutes the parent company of a Group with subsidiaries according to Note 27, Participations in Group companies. The company is a limited liability company registered in Sweden, and the address of the company's head office in Gothenburg is Fastighets AB Balder, Box 53121, 400 15 Gothenburg, Sweden. The visiting address is Parkgatan 49. Balder is a listed property company which aims to meet the needs of different customer groups for commercial premises and housing based on local presence.

The accounting policies are described in association with each note in order to provide a better understanding of each accounting area. The general accounting policies and information about the consolidated accounts are set out below. Accounting policies, risks, estimates and judgements are then presented more specifically for each note in order to provide the reader with a greater understanding of each income statement and balance sheet item.

– Accounting policies are indicated by 

– Risks are indicated by 

– Estimates and judgements are indicated by 

### Accounting policies

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and statements on interpretations announced by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The Swedish Financial Accounting Standards Council's recommendation RFR 1, Complementary Accounting Rules for Groups, was also applied.

The annual accounts of the parent company have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Accounting Standards Council's recommendation RFR 2 (Accounting for Legal Entities) and statements from the Swedish Financial Reporting Board. The parent company applies the same accounting policies as the Group except in the cases specified below in the section entitled "Parent Company accounting policies". The deviations that occur between the parent company and Group accounting policies are due to limitations in the possibilities of applying IFRS in the parent company as a consequence of the Annual Accounts Act.

The parent company's functional currency is the Swedish krona (SEK), which is also the presentation currency of the parent company and the Group.

Unless otherwise specified, the financial statements are presented in Swedish kronor rounded off to millions of kronor.

Preparation of financial statements in conformity with IFRS requires company management to make estimates and assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses.

The estimates and assumptions are based on historical experiences and a number of other factors that are considered reasonable in the prevailing circumstances. The

result of these estimates and assumptions is subsequently used to estimate the carrying amounts of assets and liabilities that are not otherwise clear from other sources. The actual outcome may diverge from these estimates and judgements.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which they arise if the change affects that period alone or, alternatively, in the period in which they arise and during future periods if the change affects both the period in question and future periods.

Assumptions made by company management in the application of IFRS, which have a material impact on the financial statements, and estimates which may give rise to significant adjustments in subsequent financial statements are presented in more detail in Note 10, Income tax and in Note 12, Investment properties.

Unless otherwise stated below, the accounting principles set out for the Group have been applied consistently for all periods presented in the Group's financial statements. The Group's accounting policies have been applied consistently in the reporting and consolidation of subsidiaries.

### Classification, etc.

Non-current assets and non-current liabilities essentially consist of amounts that are expected to be recovered or paid after more than twelve months, calculated from the end of the reporting period. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within twelve months, calculated from the end of the reporting period. Current liabilities to credit institutions include the interest-bearing liabilities that formally mature within one year and one year's agreed amortisation. The company's interest-bearing liabilities are non-current in nature, as they are continually extended, see Note 22, Financial risk management. In the parent company, receivables and liabilities from/to Group companies are recognised as non-current, as there is no approved amortisation plan.

### Basis of consolidation

Subsidiaries are all companies (including structured companies) over which the Group has control. The Group controls a company when it is exposed to or has the right to a variable return from its holding in the company and can affect the return through its control of the company. When determining whether control exists, potential voting shares that can be called upon or converted without delay should be considered.

Subsidiaries are reported according to the acquisition method. This method means that acquisition of a subsidiary that is classified as a business combination is treated as a transaction by which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The analysis establishes the cost of the shares or entity, as well as the fair value on the acquisition date of the company's identifiable assets, liabilities assumed and contingent liabilities. The consideration also includes the fair value of all assets or liabilities which are a result of an agreement on contingent consideration. Expenses relating to the acquisition are recognised as expenses as they arise. For each acquisition, the Group determines if non-controlling interests in the acquired entity are recognised at fair value or at the non-controlling interest's proportionate share of the acquired company's net assets. The cost of acquisition of a subsidiary's shares and operations consists of the fair values of the assets on the date of exchange, liabilities incurred or assumed and equity instruments issued as consideration in exchange for the

acquired net assets, as well as transaction costs that are directly attributable to the acquisition.

In business combinations where the cost of acquisition exceeds the net value of acquired assets, and liabilities and contingent liabilities assumed, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the income statement. When a company is acquired, the acquisition constitutes either the acquisition of an entity or the acquisition of an asset. An acquisition of an asset is identified if the acquired company only owns one or more properties. There are leases for these properties, but no members of staff are employed in the company who can conduct business. In a business combination based on joint control, de facto control, the acquisition is recognised at historical cost, which means that assets and liabilities are recognised at the values they have been carried at in each company's balance sheet. In this way, no goodwill arises.

When an acquisition occurs of a group of assets or net assets which do not constitute an entity, the cost for the group is allocated according to the individually identifiable assets and liabilities in the group based on their relative fair values on the acquisition date.

The subsidiaries' financial statements are included in the consolidated accounts from the date on which control arises until the date on which control ceases.

### Transactions with non-controlling interests and eliminations

Transactions with non-controlling interests that do not result in a loss of control are recognised as equity transactions, i.e. transactions with owners in their capacity as owners. In the case of acquisitions from non-controlling interests, the difference between the fair value of consideration paid and the proportion of the carrying amount of the subsidiary's net assets actually acquired is recognised in equity. Gains and losses on investments to non-controlling interests are also recognised in equity.

Intra-Group receivables and liabilities, income or expenses, and unrealised gains or losses arising from transactions between Group companies, are eliminated in full on preparation of the consolidated accounts.

### Foreign currency

#### Financial statements of foreign operations

Assets and liabilities in foreign operations are translated to Swedish kronor at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate that represents an approximation of the prevailing exchange rates on the date of each transaction.

Translation differences arising on currency translation of foreign operations are recognised via other comprehensive income as a translation reserve.

#### Transactions in foreign currency

Transactions in foreign currencies are converted to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency used in the primary economic environments where the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Exchange differences are recognised in the income statement, apart from non-current internal balances, which are treated as a part of the net investment

Contd. **Note 1 Accounting policies**

in subsidiaries and are recognised via other comprehensive income. Non-monetary assets and liabilities that are recognised at historical cost are translated at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities that are recognised at fair value are translated into the functional currency at the rate prevailing on the date of fair value measurement.

#### Impairments

The carrying amounts of the Group's assets, with the exception of investment properties, financial instruments and deferred tax assets, are tested on each balance sheet date to determine if there is any indication of an impairment requirement. If any such indication exists, the asset's recoverable amount is estimated. For exempted assets, as above, the carrying amount is tested in accordance with each standard.

If it is impossible to determine significant independent cash flows to an individual asset, the assets should be grouped, in conjunction with impairment testing, at the lowest level at which it is possible to identify significant independent cash flows – this is known as a cash generating unit. An impairment is recorded when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. An impairment loss is recognised in the income statement.

Assets with short maturities are not discounted. The recoverable amount of other assets is the higher of the fair value minus selling expenses and the value in use. In calculating value in use, future cash flows are discounted using a discount factor that takes into account the risk-free rate of interest and the risk associated with the specific asset. For an asset that does not generate cash flows, which is significantly independent of other assets, the recoverable amount is estimated for the cash generating unit to which the asset belongs.

#### Provisions

A provision is recognised in the balance sheet when the Group has an existing legal or informal obligation as a result of past events, and it is probable that an outflow of financial resources will be required to settle the obligation and that the amount can be reliably estimated. In cases where the effect of payment timing is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks specific to the liability.

#### New and amended standards applied for the first time in 2022

New standards, interpretations or amendments that came into force on 1 January 2022 have not had a material impact on the Group's financial statements.

#### New and amended standards that have not yet been applied by the Group

A number of new standards and interpretations come into force for the financial year that commences on 1 January 2023 or thereafter and have not been applied in the preparation of this financial statement. It is not considered that any of the published standards that have not yet come into force will have any significant impact on the Group.

#### Parent Company accounting policies

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. This recommendation means that the parent company in the annual accounts for the legal entity should apply all rules of the International Financial Reporting Standards and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act, and taking into account the connection between recognition and taxation. The recommendation states which exemptions and amendments are applied with regard to IFRS.

#### Differences between the accounting policies of the parent company and the Group

The accounting policies set out for the parent company have been applied consistently for all periods presented in the parent company's financial statements. In those instances where the accounting policies deviate from the Group's accounting policies, this is specified in the notes or below.

#### Classification and presentation

The parent company's income statement and balance sheet are prepared in accordance with the layout described in the Swedish Annual Accounts Act. The difference from IAS 1 Presentation of Financial Statements, which is applied in the presentation of the consolidated financial statements, relates primarily to recognition of financial income and expenses and of equity.

#### Anticipated dividends

Anticipated dividends from subsidiaries are recognised in cases where the parent company has the exclusive right to decide on the size of the dividend and the parent company has made a decision on the size of the dividend before having published its financial statements.

#### Group contributions and shareholders' contributions

The company recognises Group contributions and shareholders' contributions in accordance with the Swedish Financial Reporting Board's recommendation RFR 2. Shareholders' contributions are recognised directly in equity at the recipient and are capitalised as shares and participations at the donor, if impairment is not required. Group contributions are recognised as income in the income statement of the recipient and as an expense for the donor. The tax effect is recognised in accordance with IAS 12 in the income statement.

#### Income

Recognised in accordance with the principles described in Note 3, Distribution of income.

#### Leases

Recognised in accordance with the principles described in Note 8, Leases.

#### Taxes

Recognised in accordance with the principles described in Note 10, Income tax.

#### Associated companies/joint ventures

Recognised in accordance with the principles described in Note 14, Participations in associated companies/joint ventures.

#### Subsidiaries

Recognised in accordance with the principles described in Note 27, Participations in Group companies.

#### Financial guarantees

Recognised in accordance with the principles described in Note 25, Pledged assets and contingent liabilities.

## NOTE 2 SEGMENT REPORTING



### ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocation of resources and evaluation of the operating segments' results. In the Group, this function has been identified as the management team, which takes strategic decisions. Management primarily follows up on operating segments in terms of their operating surplus, where the distribution of shared property administration expenses has taken place through the cost principle.

The Group's internal reporting of the operations is divided into the segments Helsinki, Stockholm, Gothenburg, Copenhagen, South, East and North, which are harmonised with the Group's internal reporting system. SATO's property portfolio is divided between the regions of Helsinki and East. Property ownership in Norway is classified under region North, the properties in Denmark under region Copenhagen and the properties in Germany and the UK under region South.

Regions	Helsinki		Stockholm		Gothenburg		Copenhagen		South		East		North		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>SEKm</b>																
Rental income	2,606	2,387	1,618	1,451	1,776	1,632	899	769	715	600	1,727	1,352	1,180	765	10,521	8,956
Property costs	-813	-732	-393	-287	-448	-365	-217	-181	-191	-138	-444	-330	-218	-179	-2,725	-2,212
<b>Net operating income</b>	<b>1,793</b>	<b>1,655</b>	<b>1,225</b>	<b>1,165</b>	<b>1,327</b>	<b>1,268</b>	<b>683</b>	<b>587</b>	<b>524</b>	<b>462</b>	<b>1,282</b>	<b>1,022</b>	<b>962</b>	<b>586</b>	<b>7,796</b>	<b>6,744</b>
<b>Changes in value of investment properties and net profit from sale of development properties</b>																
Commercial properties	198	56	620	1,876	898	1,594	199	83	570	515	285	199	412	1,040	3,181	5,362
Residential properties	867	1,071	-514	1,183	363	1,567	1,379	1,549	-113	312	341	1,570	26	497	2,349	7,749
Development properties	—	—	—	35	49	134	45	44	—	11	—	—	15	—	110	225
<b>Net operating income including changes in value of investment properties and net profit from sale of development properties</b>	<b>2,859</b>	<b>2,782</b>	<b>1,330</b>	<b>4,259</b>	<b>2,636</b>	<b>4,563</b>	<b>2,306</b>	<b>2,263</b>	<b>981</b>	<b>1,300</b>	<b>1,908</b>	<b>2,790</b>	<b>1,415</b>	<b>2,123</b>	<b>13,436</b>	<b>20,079</b>
<b>Non-allocated items:</b>																
Other income/expenses															-17	553
Management costs and administrative expenses															-1,019	-817
Participations in profits of associated companies/joint ventures															1,002	3,521
<b>Operating profit</b>															<b>13,402</b>	<b>23,336</b>
Net financial items															-2,031	-1,067
Changes in value of derivatives															1,617	511
Income tax															-1,999	-3,196
<b>Net profit for the year</b>															<b>10,989</b>	<b>19,584</b>
Other comprehensive income															1,886	1,162
<b>Comprehensive income for the year</b>															<b>12,875</b>	<b>20,746</b>

Contd. **Note 2** Segment reporting

Regions	Helsinki		Stockholm		Gothenburg		Copenhagen		South		East		North		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>SEKm</b>																
<b>Assets</b>																
Commercial properties	2,874	1,945	27,458	25,383	29,350	27,241	3,006	2,577	10,449	9,451	6,761	5,362	13,990	11,951	93,889	83,911
Residential properties	53,708	45,717	7,533	7,809	10,630	9,427	22,908	18,144	2,452	2,449	16,059	15,127	6,753	6,555	120,044	105,228
<b>Investment properties</b>	<b>56,582</b>	<b>47,662</b>	<b>34,990</b>	<b>33,192</b>	<b>39,980</b>	<b>36,669</b>	<b>25,915</b>	<b>20,721</b>	<b>12,901</b>	<b>11,900</b>	<b>22,820</b>	<b>20,489</b>	<b>20,743</b>	<b>18,506</b>	<b>213,932</b>	<b>189,138</b>
Development properties	—	—	1,113	785	2,056	1,536	151	345	101	29	—	1	—	—	3,421	2,697
<b>Total property portfolio</b>	<b>56,582</b>	<b>47,662</b>	<b>36,103</b>	<b>33,977</b>	<b>42,036</b>	<b>38,205</b>	<b>26,066</b>	<b>21,067</b>	<b>13,002</b>	<b>11,929</b>	<b>22,820</b>	<b>20,490</b>	<b>20,743</b>	<b>18,506</b>	<b>217,353</b>	<b>191,835</b>
<b>Non-allocated items:</b>																
Property, plant and equipment															272	186
Leases; right of use															1,881	1,600
Other receivables															4,115	3,359
Participations in associated companies/joint ventures															31,620	28,824
Derivatives															1,982	—
Cash and cash equivalents and financial investments															6,553	4,130
<b>Total assets</b>															<b>263,775</b>	<b>229,933</b>
<b>Equity and liabilities</b>																
<b>Non-allocated items:</b>																
Equity															102,909	88,567
Lease liability															1,887	1,606
Deferred tax liability															17,769	15,642
Interest-bearing liabilities															135,252	117,426
Derivatives															—	703
Non-interest-bearing liabilities															5,958	5,989
<b>Total equity and liabilities</b>															<b>263,775</b>	<b>229,933</b>
<b>Investments (including company acquisitions)</b>																
Commercial properties	601	786	1,125	2,262	1,166	1,121	86	9	400	482	1,277	2,553	1,280	10,292	5,934	17,505
Residential properties	3,122	2,473	94	417	902	805	1,580	1,292	88	118	2,223	1,746	228	2,386	8,237	9,237
<b>Investment properties</b>	<b>3,723</b>	<b>3,259</b>	<b>1,219</b>	<b>2,679</b>	<b>2,068</b>	<b>1,926</b>	<b>1,666</b>	<b>1,301</b>	<b>488</b>	<b>600</b>	<b>3,500</b>	<b>4,299</b>	<b>1,508</b>	<b>12,678</b>	<b>14,171</b>	<b>26,742</b>
Development properties	—	—	563	326	861	484	235	440	71	65	—	1	—	—	1,731	1,315
<b>Total property portfolio</b>	<b>3,723</b>	<b>3,259</b>	<b>1,782</b>	<b>3,005</b>	<b>2,929</b>	<b>2,411</b>	<b>1,901</b>	<b>1,740</b>	<b>559</b>	<b>665</b>	<b>3,500</b>	<b>4,300</b>	<b>1,508</b>	<b>12,678</b>	<b>15,902</b>	<b>28,057</b>

The Group's registered office is in Sweden. Income from external customers in Sweden totals SEK 4,712 million (4,188) and total income from external customers in other countries totals SEK 5,809 million (4,768). The total of non-current assets, other than financial instruments and deferred tax receivables that are located in Sweden, is SEK 106,502 million (97,114) and the total of such non-current assets located in other countries is SEK 111,123 million (94,906). For detailed information about external customers in each country, see Note 3, Distribution of income.



## NOTE 3 DISTRIBUTION OF INCOME



### ACCOUNTING POLICY

#### Group – Rental income and service income

Rental income refers to income from leases in which the Group is the lessor. Rental income includes rent, supplements for investments and property tax, as well as other additional charges such as heating, water, air conditioning, waste management, etc. as it is not considered necessary to report these separately. Both rental income and additional charges are recognised on a straight-line basis in the consolidated income statement based on the terms and conditions of the lease. The aggregated cost of discounts provided is recognised as a reduction in rental income on a straight-line basis over the lease term. Rental income and additional charges that are paid in advance are recognised as prepaid income in the balance sheet.

#### Group – Income from divestments of investment properties and development properties

For policies in respect of income and profits from divestments of investment properties and development properties, see Note 12, Investment properties and Note 16, Development properties.

#### Parent company – Service assignments

The parent company's net sales consist of property management services for subsidiaries and associated companies. This income is recognised in the period to which it relates.

There is no division between rental income and income from contracts with customers, as this income is not significant. The categories of rental income presented below include service income.

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Rental income	10,521	8,956	—	—
Service assignments	—	—	491	414
<b>Total</b>	<b>10,521</b>	<b>8,956</b>	<b>491</b>	<b>414</b>

### Rental income distributed by country

SEKm	Group	
	2022	2021
Sweden	4,712	4,188
Denmark	899	769
Finland	4,062	3,531
Norway	714	343
Germany	53	48
UK	80	77
<b>Total</b>	<b>10,521</b>	<b>8,956</b>

### Rental income distributed by property category

SEKm	Group	
	2022	2021
Residential	5,574	5,166
Office	1,565	1,512
Retail	1,391	802
Industrial/Logistics	843	—
Other	1,116	1,454
Projects for own management	32	22
<b>Total</b>	<b>10,521</b>	<b>8,956</b>

### Rental income distributed by region

SEKm	Group	
	2022	2021
Helsinki	2,606	2,387
Stockholm	1,618	1,451
Gothenburg	1,776	1,632
Copenhagen	899	769
South	715	600
East	1,727	1,352
North	1,180	765
<b>Total</b>	<b>10,521</b>	<b>8,956</b>

## NOTE 4 EMPLOYEES AND STAFF COSTS



### ACCOUNTING POLICY

#### Employee benefits

##### Short-term benefits

Employee benefits are calculated without discount and recognised as an expense when the related services are received.

##### Pensions

Pension plans are classified as either defined contribution or defined benefit. Most of the plans are defined contribution plans. Defined benefit plans only occur in exceptional cases.

##### Defined contribution plans

For defined contribution pension plans, the Group pays contributions to privately managed pension insurance plans. The Group has no other payment commitments once the contributions have been paid, i.e. the individual bears the risk. The contributions are recognised as staff costs when they fall due for payment. Prepaid contributions are recognised as an asset to the extent that cash repayment or a reduction of future payments may be credited to the Group.

##### Redundancy compensation

A provision is recognised in connection with redundancies of staff only if it can be proven that the company is obliged to terminate a period of employment before the normal time or if compensation is paid in order to encourage voluntary redundancy.

At year-end, the Group had 1,161 employees (1,040), of whom 493 were female (440). The number of employees in the parent company at year-end was 468 (426), of whom 170 were female (152).

During 2022, the parent company had five Board members (5) including the Chairman, of whom 1 (1) was female. The parent company had 6 senior executives (6), of whom 2 (2) were female. During 2022, all companies in the Group had 49 Board members and senior executives (46), of whom 15 were female (13).

Contd. **Note 4** Employees and staff costs

**Average number of employees with geographical distribution per country**

	Group		Parent Company	
	2022	2021	2022	2021
Average total number of employees	1,133	986	466	414
of whom female	478	413	167	143
of whom male	655	573	299	271
of whom Sweden (of whom male)	621 (398)	579 (380)	466 (299)	414 (271)
of whom Finland (of whom male)	395 (191)	310 (142)	—	—
of whom Denmark (of whom male)	97 (49)	82 (39)	—	—
of whom Norway (of whom male)	20 (17)	15 (12)	—	—

**SALARIES, FEES AND BENEFITS**

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Chairman of the Board	1.1	1.1	0.2	0.2
Other Board members	5.1	3.2	0.3	0.3
Chief Executive Officer				
Basic salary	15.6	15.1	0.9	1.1
Benefits	0.0	0.1	—	—
Deputy CEO				
Basic salary	2.8	0.8	0.8	0.7
Benefits	0.0	0.0	—	—
Other senior executives				
Basic salary	30.5	26.8	6.8	7.0
Benefits	0.5	0.5	0.3	0.3
Other employees				
Basic salary	553.0	409.3	227.5	191.2
Benefits	12.3	15.8	3.3	2.7
<b>Total</b>	<b>620.9</b>	<b>472.7</b>	<b>240.1</b>	<b>203.5</b>

**Statutory social security contributions including payroll tax**

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Board of Directors	0.5	0.5	0.1	0.1
Chief Executive Officer	5.1	4.7	0.4	0.4
Deputy CEO	1.1	0.2	0.3	0.2
Other senior executives	10.1	8.8	2.3	2.5
Other employees	179.7	120.2	76.0	63.3
<b>Total</b>	<b>196.5</b>	<b>134.5</b>	<b>79.1</b>	<b>66.5</b>

**Contractual pension expenses**

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Chief Executive Officer	1.1	1.2	0.3	0.3
Deputy CEO	0.5	0.0	—	—
Other senior executives	3.0	2.8	0.6	0.7
Other employees	46.8	48.7	18.1	14.7
<b>Total</b>	<b>51.3</b>	<b>52.7</b>	<b>19.0</b>	<b>15.7</b>
<b>Total staff costs</b>	<b>868.8</b>	<b>659.9</b>	<b>338.2</b>	<b>285.7</b>

**Remuneration to senior executives and other benefits during the year**

SEKm	01/01/2022 – 31/12/2022				01/01/2021 – 31/12/2021			
	Basic salary, directors' fee	Benefits	Pension expense	Total	Basic salary, directors' fee	Benefits	Pension expense	Total
Christina Rogestam, Chairman of the Board	0.2	—	—	0.2	0.2	—	—	0.2
Fredrik Svensson, Board member	0.1	—	—	0.1	0.1	—	—	0.1
Sten Dunér, Board member	0.1	—	—	0.1	0.1	—	—	0.1
Anders Wennergren, Board member	0.1	—	—	0.1	0.1	—	—	0.1
Chief Executive Officer	0.9	—	0.3	1.2	1.1	—	0.3	1.4
Deputy CEO	0.8	—	—	0.8	0.7	—	—	0.7
Management team (4 persons)	6.8	0.3	0.6	7.7	7.0	0.3	0.7	8.0
<b>Total</b>	<b>9.0</b>	<b>0.3</b>	<b>0.9</b>	<b>10.2</b>	<b>9.3</b>	<b>0.3</b>	<b>1.0</b>	<b>10.6</b>

No variable remuneration is paid to any of the company's senior executives.

A defined benefit pension plan agreement has been entered into with the CEO which means that an amount of SEK 0.3 million (0.3) will be paid annually to the CEO from the age 55 until the age of 65. Future payments will be limited according to agreement by the fund's assets. The payments are not dependent on future employment. The current value of the commitment totalled SEK 3.4 million (3.5). The commitment has been secured by a provision to a pension fund, whose plan assets totalled SEK 3.4 million (3.5). The value of the pension commitment has been calculated in accordance with the Swedish Pension Obligations Vesting Act, which does not correspond with IAS 19. The difference in cost according to the two methods of calculation is not, however, significant.

Remuneration to senior executives follows the guidelines adopted at the latest Annual General Meeting. The remuneration must be at competitive market rates. Remuneration is paid in the form of a fixed salary. Pension terms must be at competi-

tive market rates and based on defined contribution pension solutions. Other benefits relate to car benefits. Redundancy pay and severance payment shall not exceed 18 months' salary in total. The CEO's salary and benefits are determined by the Board. Salaries and benefits of other senior executives are determined by the CEO. In the event of termination of the CEO's employment, a mutual period of notice of six months applies. In the event of termination by the company, a severance payment of 12 months' salary is paid (not qualifying for pension or holiday pay). A mutual period of notice of six months applies for other members of the management team. There is no severance payment.

The Board of Directors has the right to depart from the guidelines adopted by the Annual General Meeting for remuneration to senior executives, if special grounds exist.

## NOTE 5 REMUNERATION TO AUDITORS

The audit assignment refers to the review of the financial statements and accounting records as well as the administration of the Board of Directors and CEO. This item also includes other duties that the company's auditors are obliged to perform as well as advice or other assistance that is occasioned by review or implementation of such other duties. Everything else is consultancy. Audit expenses are included in Group-wide expenses, which are levied on the subsidiaries.

SEKm	Group		Parent Company	
	2022	2021	2022	2021
<b>PwC</b>				
Audit assignment	9.0	8.1	3.8	3.5
–of which to ÖhrlingsPricewaterhouseCoopers AB	3.8	3.5	3.8	3.5
Auditing work apart from the audit assignment	1.4	1.3	1.2	1.2
–of which to ÖhrlingsPricewaterhouseCoopers AB	1.2	1.2	1.2	1.2
Tax advice	0.2	0.9	0.1	0.8
–of which to ÖhrlingsPricewaterhouseCoopers AB	0.1	0.8	0.1	0.8
Other services	0.2	0.0	–	–
–of which to ÖhrlingsPricewaterhouseCoopers AB	–	–	–	–
<b>Deloitte</b>				
Audit assignment	3.1	2.6	–	–
Tax advice	–	0.0	–	–
Other services	0.6	0.2	–	–
<b>EY</b>				
Audit assignment	2.6	1.5	–	–
Other services	0.1	0.0	–	–
<b>Other audit companies</b>				
Audit assignment	0.7	0.7	–	–
Tax advice	0.2	0.2	–	–
<b>Total</b>	<b>18.1</b>	<b>15.4</b>	<b>5.2</b>	<b>5.4</b>

## NOTE 6 OPERATING COSTS DISTRIBUTED ACCORDING TO FUNCTION AND TYPE OF COST



### ACCOUNTING POLICY

#### Property costs

The Group's property costs comprise costs that arise in connection with property management such as media (electricity, district heating, air conditioning, gas, water), property maintenance, cleaning, repairs, maintenance, property tax and other operating costs. These property costs are recognised in the period to which they relate.

#### Management costs and administrative expenses

Management costs and administrative expenses comprise the Group's administrative expenses such as HR, office, property, IT, consultancy and marketing expenses as well as the depreciation of equipment. These costs are recognised in the period to which they relate.

Group, SEKm	2022	2021
Property costs	2,725	2,212
Management costs and administrative expenses	1,019	817
<b>Total</b>	<b>3,743</b>	<b>3,029</b>

Group, SEKm	2022	2021
Staff costs	869	660
Depreciation	52	45
Media expenses	966	763
Property tax	422	351
Maintenance and other costs <sup>1)</sup>	1,435	1,211
<b>Total</b>	<b>3,743</b>	<b>3,029</b>

1) Refers to operating costs and administration excluding staff costs.

## NOTE 7 SPECIFICATION OF PROPERTY COSTS

Group, SEKm	2022	2021
Operating and maintenance costs <sup>1)</sup>	1,337	1,098
Media expenses <sup>2)</sup>	966	763
Property tax	422	351
<b>Total</b>	<b>2,725</b>	<b>2,212</b>

1) Operating costs include staff costs relating to property maintenance.

2) Includes depreciation of wind farms.

## NOTE 8 LEASES



### ACCOUNTING POLICIES – LEASES WHERE THE GROUP IS THE LESSOR

Leases in which a significant element of the risks and benefits of ownership are retained by the lessor are classified as operational leases. Lease payments received during the lease term are recognised in the statement of comprehensive income on a straight-line basis over the lease term.

Leases in which the financial risks and benefits associated with ownership are essentially assigned from the lessor to the lessee are classified as finance leasing. A finance lease is recognised in the balance sheet at the beginning of the lease term at the lower of the lease object's fair value and the current value of the minimum lease charges.

At present the Group only has leases that are classified as operating leases.

The Group lets out its investment properties under operating leases. The future non-retractable lease payments are as set out in the table below.

Commercial leases are usually entered into for 3–5 years with a period of notice of 9 months. Residential leases usually have a period of notice of 3 months.

The average lease term in the portfolio's commercial leases totalled 6.2 years (6.4).

Group, SEKm	2022	2021
Residential, parking lots, car park (within one year)	6,075	5,312
<i>Commercial premises</i>		
Within one year	5,525	4,398
1–5 years	18,211	14,965
>5 years	17,780	14,712
<b>Total</b>	<b>47,591</b>	<b>39,387</b>



### ACCOUNTING POLICIES – LEASES WHERE THE GROUP IS THE LESSEE

#### Accounting principles for the Group

The Group's leases consist essentially of site leasehold agreements and leases. There are also a number of leases relating to the renting of offices within the Group. In addition to these leases, there are smaller leases in the form of leases for cars and office equipment, etc. These leases have been defined by the Group as agreements in which the underlying asset is of low value. For these agreements, the practical exemption in IFRS 16 has been applied, which means that the lease charge is recognised as an expense on a straight-line basis over the lease term in the income statement and no right of use asset or lease liability is thus recognised in the balance sheet. There are no leases shorter than 12 months (short-term leases) in the Group.

A right of use asset and a lease liability are recognised in the balance sheet attributable to all leases that have not been defined as agreements in which the underlying asset is of low value.

#### Site leasehold rights and leases

Site leasehold rights and leases are treated as perpetual leases and are recognised at fair value. A right of use asset will thus not be depreciated, but its value will remain until renegotiation of each ground rent takes place. Right of use assets attributable to site leasehold agreements do by definition form part of the value of the investment properties, but the Group has chosen to recognise these in a separate line item in the balance sheet in the item "Leases: right of use". A non-current liability is recognised in the balance sheet in the item "Lease liability" corresponding to the value of the right of use asset. The lease liability is not amortised, but the value remains unchanged until renegotiation of each ground rent takes place. Leases are recognised as rights of use or a lease liability on the date on which the leased asset became available for use by the Group, which normally takes place on the date of taking possession. The cost of ground rents is recognised in full in the income statement as a financial expense, as these are considered to constitute interest according to IFRS 16.

#### Rent of office premises

For all leases, a right of use asset and a corresponding lease liability are recognised on the date on which the leased asset is available for use by the Group. The lease liability includes the current value of lease payments in the form of fixed charges. When valuing the liability, options to extend are included if it is very likely that these will be exercised.

Each lease payment is divided between amortisation of the liability and financial expense. The financial expense must be divided over the lease term so that each accounting period is charged with an amount corresponding to a fixed interest rate for the debt recognised during each period.

Right of use assets are initially recognised at the cost of acquisition and include the following:

- Initial value of lease liability
- Lease charges paid at or before the start of the lease term
- Initial direct expenses
- Expenses for restoring the asset to the condition prescribed in the terms of the lease

Right of use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Leases run for periods of 2–10 years, but there are options to extend or terminate.

#### Reporting in subsequent periods

The lease liability is revalued if there are any changes to the lease or if there are changes in cash flow that are based on the original terms of the lease. Changes in cash flow based on original terms of the lease arise when the Group changes its initial assessment of whether options to extend and/or terminate will be exercised, there are changes in previous assessments if an option to purchase will be exercised or lease charges changed because of changes in an index or interest rate. A revaluation of the lease liability results in a corresponding adjustment of the right of use asset. If the carrying amount of the right of use asset has already been reduced to zero, the remaining revaluation is recognised in the income statement. The right of use asset undergoes impairment testing whenever events or changes in conditions indicate that the carrying amount of an asset cannot be recovered.

#### Accounting principles for the parent company

The parent company essentially has leases in respect of cars. IFRS 16 is not applied in the parent company, but RFR 2 is applied instead (IFRS 16 Leases p. 2–12). In instances where the parent company is the lessee, this means that lease charges are recorded as an expense on a straight-line basis over the lease term. The cost of the lease is recognised in the item "Administrative expenses". The right of use and the lease liability are thus not recognised in the balance sheet.

Contd. **Note 8** Leases

Leases; right of use	Group	
	2022	2021
Ground rent/leases	1,827	1,540
Office premises	54	59
<b>Total</b>	<b>1,881</b>	<b>1,600</b>
<b>Lease liability</b>		
Long-term lease liability	1,832	1,554
Current lease liability	55	52
<b>Total</b>	<b>1,887</b>	<b>1,606</b>

#### Site leasehold agreements

Use of right assets – site leasehold rights are by definition part of the value of the investment properties. The Group has chosen to recognise data linked to use of right assets and site leasehold rights separately from other data about the development properties in both the notes and the balance sheet. In the balance sheet, site leasehold rights are included in the item "Leases: right of use". For information about other development properties, see Note 12, Development properties. The change in the right of use asset attributable to site leasehold rights is set out in the table below:

Use of right assets – site leasehold rights	Group	
	2022	2021
Beginning of the period	1,540	1,465
Acquisitions	215	55
Divestments	-17	—
Change in ground rent and effect of changed exchange rates	88	20
<b>Fair value of site leasehold rights at end of period</b>	<b>1,827</b>	<b>1,540</b>

A lease liability attributable to site leasehold rights totals SEK 1,830 million (1,545) and is recognised as a lease liability under the item non-current liabilities at SEK 1,788 million (1,506) and current liabilities at SEK 43 million (39).

#### Rent of premises

Use of right assets in respect of rent of premises total SEK 54 million (59). The change in use of right assets associated with office premises, including the effect of changed exchange rates, totalled SEK -5 million (-7) during the year.

Leases run for periods of 2-10 years, but there are options to extend or terminate.

Information about all leases	Group	
	2022	2021
<b>The following amounts relating to leases are recognised in the income statement:</b>		
<i>Management costs and administrative expenses</i>		
Amortisation of rights of use (office premises)	-14	-12
<b>Total</b>	<b>-14</b>	<b>-12</b>
<i>Financial expenses</i>		
Interest expenses, rent of premises	-1	-1
Interest expenses – ground rent	-75	-68
<b>Total</b>	<b>-76</b>	<b>-69</b>

Total cash flow in respect of leases was SEK -97 million (-89), of which amortisation of lease liability totalled SEK -18 million (-1).

For information about the lease liability's maturity linked to rent of premises, see Note 22, Financial risk management.

The part of the lease liability attributable to site leasehold rights comprises contractual non-discounted cash flows of annual ground rents of SEK -75 million (-68), which are paid annually in perpetuity. The annual ground rent that will be paid in future will be affected by changes in the ground rent.

## NOTE 9 FINANCIAL INCOME AND EXPENSES



### ACCOUNTING POLICY

Financial income and expenses consists of interest income on bank balances and receivables as well as interest expenses on liabilities.

Interest income from receivables and interest expenses from debts are calculated using the effective interest method. The effective interest is the interest that means that the current value of all future payments received and made during the fixed-rate interest term are equal to the reported value of the receivable or debt. Interest income and interest expenses include allocated amounts of transaction costs and possible discounts, premiums and other differences between the initial carrying amount of the receivable or liability and the amount that is settled at maturity. The interest component in financial lease payments is recognised in the consolidated statement of comprehensive income by application of the effective interest method.

Borrowing costs directly attributable to the production of an asset that requires a significant time to complete for use or sale are included in the cost of the asset. Capitalisation of borrowing costs takes place provided that it is likely to lead to future economic benefits and that the costs may be measured in a reliable manner.

Financial income SEKm	Group		Parent Company	
	2022	2021	2022	2021
Interest income <sup>1)</sup>	159	157	58	98
Interest income, subsidiaries	—	—	2,154	1,271
Other financial income <sup>2)</sup>	369	665	834	1,786
<b>Total</b>	<b>528</b>	<b>822</b>	<b>3,045</b>	<b>3,155</b>

1) Interest income is primarily attributable to receivables from associated companies.

2) Other financial income relates primarily to dividends, as well as profit from repurchases of bonds during the year of SEK 233 million.

Financial expenses SEKm	Group		Parent Company	
	2022	2021	2022	2021
Interest expenses, borrowings	2,196	1,592	1,126	854
Interest expenses, interest rate derivatives	55	159	58	133
Interest expenses, subsidiaries	—	—	896	411
Leases/ground rent	76	69	—	—
Other financial expenses <sup>1)</sup>	232	69	957	52
Exchange rate differences <sup>2)</sup>	—	—	2,851	739
<b>Total</b>	<b>2,559</b>	<b>1,889</b>	<b>5,887</b>	<b>2,188</b>

1) Other financial expenses in the parent company totalled SEK 957 million, of which impairment of shares in associated companies/joint ventures amounted to SEK 551 million and refers to the impairment of Stenhus Fastigheter i Norden AB. Realised and unrealised value changes on listed shares are included in the group with SEK 164 million.

2) The recognised exchange differences relate primarily to the translation of euro bonds, which from a Group perspective are used for hedging of net investments in foreign operations.

## NOTE 10 INCOME TAX



### ACCOUNTING POLICY

#### Group – Taxes

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except when an underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity. Current tax is tax that must be paid or received in respect of the current year, using the tax rates which are enacted or which in practice are enacted on the balance sheet date. This also includes adjustment of current tax attributable to previous periods.

Deferred taxes are estimated in accordance with the liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts. The following temporary differences are not considered: temporary differences arising on the initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and which on the transaction date did not affect the recognised or taxable result. Furthermore, temporary differences are not taken into consideration that are attributable to investments in subsidiaries and which are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is measured using the tax rates and tax regulations which are enacted or are in practice enacted on the balance sheet date. Deferred tax assets and liabilities are recognised net if they concern the same tax authority (country).

Deferred tax assets relating to deductible temporary differences and loss carry-forwards are only recognised to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

When a company is acquired, the acquisition constitutes either the acquisition of an entity or the acquisition of an asset. An acquisition of an asset is identified if the acquired company only owns one or more properties. There are leases for these properties, but no members of staff are employed in the company who can conduct business. When recognising an asset acquisition, no deferred tax is recognised. All of Balder's completed acquisitions during the year were classified as asset acquisitions and therefore no deferred tax is recognised relating to properties in respect of these acquisitions.

#### Parent company – Taxes

In the parent company, untaxed reserves are recognised including deferred tax liability. In the consolidated accounts however, untaxed reserves are allocated between tax liability and equity.

Contd. **Note 10** Income tax



## ESTIMATES AND JUDGEMENTS

### Deferred tax

Balder has loss carryforwards at its disposal, which it is estimated can be utilised against future profits, under current tax rules. However, Balder cannot provide any guarantees that current or new tax rules will not restrict the possibilities of utilising the loss carryforwards. When measuring loss carryforwards, a judgement is performed of the probability that the loss can be utilised in future and at which time. Confirmed losses that can, with a high degree of certainty, be utilised against future profits form the basis of calculating the deferred tax asset. For an asset acquisition, no deferred tax attributable to the acquisition is recognised.

	Group	
	2022	2021
<b>Current tax distributed by country</b>		
Sweden	-11	-11
Denmark	-92	-68
Finland	-454	-243
Norway	-49	-15
UK	-6	-2
Germany	-1	0
<b>Total</b>	<b>-613</b>	<b>-339</b>
<i>Current tax attributable to</i>		
the parent company's shareholders	-421	-233
Non-controlling interests	-192	-106
	<b>-613</b>	<b>-339</b>

### Recognised in the income statement

SEKm	Group		Parent Company	
	2022	2021	2022	2021
<b>Current tax expense (-)/tax revenue(+)</b>				
Current tax	-613	-339	-2	-3
<b>Deferred tax expense (-)/tax revenue(+)</b>				
Deferred tax in respect of temporary differences in properties	-1,409	-2,906	—	—
Deferred tax in respect of temporary differences in derivatives	-330	-102	-310	-92
Deferred tax in respect of temporary differences in financial investments	23	28	32	35
Deferred tax on changes in loss carryforwards	312	138	—	—
Change in other temporary differences	17	-16	—	—
<b>Total deferred tax</b>	<b>-1,386</b>	<b>-2,857</b>	<b>-279</b>	<b>-57</b>
<b>Total recognised tax</b>	<b>-1,999</b>	<b>-3,196</b>	<b>-281</b>	<b>-59</b>

### Reconciliation of effective tax

Group, SEKm	2022, %	2022	2021, %	2021
Profit before tax		12,988		22,781
Tax according to applicable tax rate for the parent company	20.6	-2,676	20.6	-4,693
Difference between profit for tax purposes and the recognised profit on sale of property	-0.5	61	-1.0	230
Tax on participations in profits from associated companies/joint ventures	-1.6	206	-3.2	725
Tax attributable to previous years	-0.0	0	0.0	-5
Differences in foreign tax rates	0.1	-16	0.0	-5
Measured deficit	-0.1	7	-1.3	295
Non-taxable income/non-deductible expenses, etc.	-3.2	419	-1.1	256
<b>Reported effective tax</b>	<b>15.4</b>	<b>-1,999</b>	<b>14.0</b>	<b>-3,196</b>
<b>Parent Company, SEKm</b>	<b>2022, %</b>	<b>2022</b>	<b>2021, %</b>	<b>2021</b>
Profit before tax		8,746		1,710
Tax according to applicable tax rate for the parent company	20.6	-1,802	20.6	-352
Non-taxable income/non-deductible expenses, etc.	0.0	-2	-11.5	197
Tax-exempt dividend	-17.4	1,523	-5.6	96
Tax attributable to previous years	-0.0	0	0.0	-0
<b>Reported effective tax</b>	<b>3.2</b>	<b>-281</b>	<b>3.5</b>	<b>-59</b>

Contd. **Note 10** Income tax

**Recognised in the balance sheet**

**Deferred tax assets and tax liabilities**

Group 2022, SEKm	Deferred tax assets	Deferred tax liabilities	Net
<i>Deferred tax assets and tax liabilities relate to the following:</i>			
Properties	—	-17,742	-17,742
Derivatives	—	-350	-350
Loss carryforwards	565	—	565
Other temporary differences	—	-244	-244
Set-off	-565	565	—
<b>Total</b>	<b>—</b>	<b>-17,769</b>	<b>-17,769</b>

No non-capitalised assessed loss carryforwards exist. The measured deficit totals SEK 2,745 million (1,126).

Parent Company 2022, SEKm	Deferred tax assets	Deferred tax liabilities	Net
<i>Deferred tax assets and tax liabilities relate to the following:</i>			
Derivatives	—	-244	-244
Other temporary differences	—	—	—
Set-off	—	—	—
<b>Total</b>	<b>—</b>	<b>-244</b>	<b>-244</b>

There are no loss carryforwards.

**Change in deferred tax in temporary differences and loss carryforwards**

Group, SEKm	Balance as of 01/01/2022	Recognised in the income statement	Acquisitions and divestments of companies	Balance as of 31/12/2022
Properties	-15,677	-1,409	-655	-17,742
Derivatives	111	-330	-131	-350
Capitalisation of the value of loss carryforwards	232	312	22	565
Other temporary differences	-308	41	23	-244
<b>Total</b>	<b>-15,642</b>	<b>-1,386</b>	<b>-741</b>	<b>-17,769</b>

Group, SEKm	Balance as of 01/01/2021	Recognised in the income statement	Acquisitions and divestments of companies	Balance as of 31/12/2021
Properties	-12,497	-2,906	-275	-15,677
Derivatives	226	-102	-13	111
Capitalisation of the value of loss carryforwards	93	138	—	232
Other temporary differences	-319	12	—	-308
<b>Total</b>	<b>-12,497</b>	<b>-2,857</b>	<b>-288</b>	<b>-15,642</b>

Parent Company, SEKm	Balance as of 01/01/2022	Recognised in the income statement	Balance as of 31/12/2022
Derivatives	66	-310	-244
Other temporary differences	-32	32	—
<b>Total</b>	<b>34</b>	<b>-279</b>	<b>-244</b>

Parent Company, SEKm	Balance as of 01/01/2021	Recognised in the income statement	Balance as of 31/12/2021
Derivatives	158	-92	66
Other temporary differences	-67	35	-32
<b>Total</b>	<b>91</b>	<b>-57</b>	<b>34</b>



## NOTE 11 EARNINGS PER SHARE



### ACCOUNTING POLICY

Earnings per share before dilution are calculated by dividing the profit for the year attributable to the parent company's shareholders by the parent company's weighted average number of outstanding shares for the financial year. Earnings per share after dilution are calculated by dividing the profit for the year attributable to the parent company's shareholders by the weighted average number of outstanding shares after dilution.

#### Earnings per share were computed in the following way:

Parent Company, SEKm	2022	2021
Net profit for the year attributable to the parent company's shareholders	10,175	18,508
<b>Total</b>	<b>10,175</b>	<b>18,508</b>
<i>Weighted average number of shares</i>		
Total number of shares on 1 January	1,119,000,000	1,119,000,000
<b>Weighted average number of shares before dilution</b>	<b>1,119,000,000</b>	<b>1,119,000,000</b>
Effect of newly issued shares	191,781	—
<b>Weighted average number of shares after dilution</b>	<b>1,119,191,781</b>	<b>1,119,000,000</b>
Earnings per share before dilution, SEK	9.09	16.54
Earnings per share after dilution, SEK	9.09	16.54

The number of outstanding shares at the end of the year and the average number of shares during the year were adjusted for the 6:1 share split on 25 May 2022 and in respect of the directed new share issue on 29 December 2022. All key ratios and share-related information in this report have been adjusted for the number of shares following the share split and the directed new share issue.

## NOTE 12 INVESTMENT PROPERTIES



### ACCOUNTING POLICY

#### Investment properties

Investment properties are properties that are held with the aim of receiving rental income or appreciation in value or a combination of both. Investment properties are initially recognised at cost, which includes expenses and borrowing costs directly related to the acquisition. Investment properties are recognised according to the fair value method. The fair value is based on internal valuations which are reconciled as required with external independent valuation institutes. Fair value is based on the market value, which is the estimated amount that would be received in a transaction on the valuation date between knowledgeable parties that are independent of one another and that have an interest in completing the transaction after customary marketing, where both parties are assumed to have acted discerningly, wisely and without compulsion. Both unrealised and realised changes in value are recognised in the income statement. Valuations are performed at the end of each quarter.

Revenue from the sale of properties is recognised when the control of the property has been transferred to the buyer. However, an enforceable right to payment does not arise until ownership has been transferred to the buyer. Revenue is therefore recognised at the time when ownership is transferred to the buyer. Ownership of the property (regardless of whether the property is sold separately or via a company transaction) is normally transferred on the date of taking possession. The revenue is valued at the contractual transaction price as the consideration usually falls due for payment when ownership has been transferred.

If the Group starts a conversion of an existing investment property for continued use as an investment property, the property will continue to be recognised as an investment property. The property is recognised according to the fair value method and is not reclassified as property, plant and equipment during the conversion period.

Additional expenditure is added to the carrying amount only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. Other additional expenditure is recognised as a cost in the period in which it arises. The assessment of whether additional expenditure is added to the carrying amount depends on whether the expenditure concerns the replacement of identified components, or parts thereof, whereupon such expenditure is capitalised. Even in cases where new components are created, the expenditure is added to the carrying amount.

The element of financial expenses that relates to major new construction, extension or renovation is capitalised. The capitalised interest is based on the average weighted borrowing cost for the Group.

Development properties, such as new production of tenant owner apartments that are intended for sale, are not included as part of investment properties. For information about development properties, see Note 16, Development properties.



### ESTIMATES AND JUDGEMENTS

#### Investment properties

When valuing investment properties, estimates and judgements can have a significant impact on the Group's recognised profit and position. Internal valuations of investment properties require estimates and judgements of and assumptions about, for example, future cash flows and definitions of yield requirements for each individual property. Judgements made affect the carrying amount in the balance sheet for the item Investment properties and in the income statement for the item Changes in value of investment properties, unrealised. When a transaction is completed, Balder performs a reconciliation with judgements made. Balder also monitors relevant property transactions completed on an ongoing basis. Internal valuations of the whole property portfolio are conducted in connection with each quarterly report. In order to reflect the uncertainty that exists in assumptions, estimates and judgements performed, the values normally include what is known as a valuation range of +/- 5–10%. In order to quality-assure Balder's internal valuations, the company arranges for parts of the portfolio to be valued externally on an ongoing basis and obtains second opinions<sup>1)</sup> on the internal valuations. The external valuations were carried out during the year by CBRE, Colliers, Cushman & Wakefield, Forum and Newsec. Second opinions were produced during the year by JLL. Historically, deviations between external and internal valuations have been insignificant.

#### Classification of acquisitions

For each acquisition, a judgement is made of whether the acquisition is to be classified as a business combination or an asset acquisition. An individual judgement is made for each individual transaction. An optional concentration test can be applied to simplify the assessment of whether or not the transaction involves a business. The assessments of acquisitions made during the year resulted in all transactions being classified as asset acquisitions. See also Note 1, Accounting policies, under the heading Basis of consolidation.

1) A second opinion is a statement from an external valuation firm in respect of the suitability of the valuation methods, the information sources used and the quality and credibility of the valuation.

Group, SEKm	2022	2021
<b>Opening fair value</b>	<b>189,138</b>	<b>149,179</b>
Acquisitions	5,160	20,637
Investments in existing properties and projects	9,011	6,105
Changes in value, unrealised	5,419	12,990
Divestments	-2,802	-1,430
Currency changes	8,006	1,657
<b>Closing fair value</b>	<b>213,932</b>	<b>189,138</b>

Contd. **Note 12 Investment properties**

Right of use assets attributable to site leasehold agreements do by definition form part of the value of the investment properties. The Group has chosen to recognise these in a separate line item in the balance sheet and also to recognise these separately in disclosures. Disclosures about the change in value of site leasehold rights may be found in Note 8, Leases.

#### Valuation model

Investment properties are recognised at fair value in the consolidated statement of financial position and changes in value are recognised in the consolidated income statement. All investment properties are deemed to be at Level 3 in the fair value hierarchy according to IFRS 13 Fair Value Measurement. The fair value of the properties is based on internal valuations. Properties in Sweden, Denmark, Finland, Norway, Germany and the UK are valued using the yield method.

In Finland, the acquisition cost method is used in addition to the yield method. Some properties in the East region are valued using the sales comparison method.

Properties under construction and projects for own management, as well as the Group's building rights, are valued at market value minus estimated contracting expenditure and project risk, which in some cases corresponds to a valuation at cost. Fair value is the estimated amount that would be received in a transaction on the valuation date between knowledgeable parties that are independent of one another and that have an interest in completing the transaction after customary marketing, where both parties are assumed to have acted discerningly, wisely and without compulsion. Balder carried out an internal valuation of the entire property portfolio as of the closing date.

#### The yield method

When valuing using the yield method, each property is valued by computing the present value of future cash flows, i.e. future rental payments minus estimated operating and maintenance payments as well as the residual value in ten years. Estimated rent payments as well as operating and maintenance payments have been derived from current rental income as well as operating and maintenance costs. The cash flow is adapted to the market by taking account of any changes in the occupancy rate and letting levels, as well as operating and maintenance payments. An inflation rate of 2% has been assumed in all cash flow calculations. Properties equivalent to about 98% of the total market value were valued by the yield method.

#### The acquisition cost method

The acquisition cost method is applied for properties subject to rent control in Finland. Properties equivalent to about 1% of the total market value were valued at cost. Initially, these properties are valued at cost of acquisition plus transaction costs and subsequently at cost of acquisition minus any impairment losses.

#### The sales comparison method

When valuing using the sales comparison method, prices quoted in the market for comparable objects are used. The sales comparison method is used for some properties in the East region. Properties equivalent to about 0% of the total market value were valued using the sales comparison method.

#### Internal and external valuations

Market value assessments of properties always involve a certain degree of uncertainty in assumptions and estimates. The uncertainty in respect of individual properties is normally considered to be in the range of +/- 5-10% and should be regarded as the uncertainty, which is part of the assumptions and estimates made. The range

can be greater in a less liquid market. For Balder, a range of uncertainty of +/- 5% means a value range of SEK +/- 10,697 million, equivalent to a range of SEK 203,235-224,629 million. In order to quality-assure Balder's internal valuations, the company arranges for parts of the portfolio to be valued externally on an ongoing basis and obtains second opinions on the internal valuations. During the year, external valuations and second opinions were obtained for 64% of the property portfolio (excluding projects); approximately 90% of these were carried out during the fourth quarter. External valuations were obtained for 38% and second opinions for 26% of the property portfolio (excluding projects). The difference between the external valuations and the internal valuations was less than 1%. Historically, deviations between external and internal valuations have been insignificant. For more information about Balder's valuation methods, see page 18-19.

#### Changes in value

Balder performed an individual internal valuation on the entire property portfolio as of 31 December. Unrealised changes in value during the year totalled SEK 5,419 million (12,990). Of the unrealised change in value, the majority relates to agreed and completed divestments, as well as the valuation of project properties for own management. Remaining changes in value relate to the increase in net operating income. Realised changes in value totalled SEK 111 million (121).

#### Rent payments

The rental trend is estimated to follow inflation taking account of prevailing index clauses in leases during their terms. When leases expire, an assessment is made of whether the lease is deemed to be extended at the prevailing market rent level and whether there is a risk of the premises becoming vacant. Vacancies are considered on the basis of the current vacancy situation with a gradual adjustment to expected market-related vacancy rates taking account of the property's individual conditions.

#### Operating and maintenance payments

Outcomes, budgetary and projection data as well as estimated standardised costs have been used in the assessment of the property's future property costs.

#### Yield

Yield requirements and cost of capital used in calculations have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental rate, vacancy rate and the condition of the property. The yield requirement is shown in the table below.

The average yield as of the closing date was 4.6 % (4.4).

As of 31 December 2022, according to Balder's valuation, the total property value was SEK 213,932 million (189,138). For more information, see the Report of the Board of Directors and the Sensitivity Analysis on page 44.

#### Projects for own management

Balder had development projects for own management amounting SEK 12.3 billion (7.5) as of 31 December. Projects for own management that are under construction have an estimated total investment of SEK 11.3 billion (10.8), of which SEK 8.3 billion (6.2) is invested and SEK 3.0 billion (4.6) remains to be invested. Most of the projects in progress relate to residential projects with condominiums that are rented out. The projects involve around 4,100 apartments (4,150) and relate primarily to about 1,160 apartments in Helsinki, about 870 apartments in Copenhagen and about 800 apartments in Gothenburg.

#### Other investment commitments

As of year-end, there is no other investment commitment of significance to the Group, in addition to what is stated for projects for own management and development properties.

#### Sensitivity analysis, excluding project properties

Impact on value, SEKm	Change	Change in value, SEKm
Yield requirement	+/- 0.25% points	-10,474/+11,692
Rental income	+/- 5%	+12,709/-12,709
Property costs	+/- 5%	-2,652/+2,652
Net operating income	+/- 5%	+10,058/-10,058

Impact on value, SEKm	Residential properties	Commercial properties
+/- 5% change in value	+/- 5,524	+/- 4,557

Region	Mean value of yield requirement for estimation of residual value, %
Helsinki	4.51 (4.66)
Stockholm	4.40 (3.94)
Gothenburg	4.60 (4.22)
Copenhagen	3.57 (3.50)
South	4.92 (4.64)
East	4.92 (4.71)
North	5.52 (5.19)

Property category	Mean value of yield requirement for estimation of residual value, %
Residential properties	4.1 (4.0)
Commercial properties	5.2 (4.8)

The yield requirement is the single most important parameter during valuation. Generally speaking, residential properties has a lower yield requirement, mainly due to a secure cash flow and low risk.

## NOTE 13 OTHER PROPERTY, PLANT AND EQUIPMENT



### ACCOUNTING POLICY

#### Property, plant and equipment

##### Owned assets

Property, plant and equipment are recognised as an asset in the consolidated statement of financial position if it is probable that future economic benefits will accrue to the company and the cost of the asset can be reliably measured.

Property, plant and equipment are recognised in the Group at cost minus accumulated depreciation and any impairment losses. The purchase price is included in the cost as well as expenses directly attributable to the asset in order to bring it to the location and in the condition to be used in accordance with the aim of the acquisition.

The carrying amount of an item of property, plant and equipment is derecognised on retirement, disposal or when no future economic benefits can be expected from use of the asset. Gains or losses arising from disposal or retirement of an asset consist of the difference between the selling price and the asset's carrying amount minus directly related selling expenses. Gains and losses are recognised as other operating income/expenses.

##### Additional expenditure

Additional expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. Other additional expenditure is recognised as a cost in the period in which it arises. The assessment of whether additional expenditure is added to cost depends on whether the expenditure concerns the replacement of identified components, or parts thereof, whereupon such expenditure is capitalised. Even in cases where new components are created, the expenditure is added to the cost. Repairs are recognised as expenses on an ongoing basis.

##### Depreciation methods

Assets are depreciated on a straight-line basis over their estimated useful lives.

Property, plant and equipment	Period of use
Equipment	3–10 years
Wind farms	10–20 years

There is an annual review of an asset's residual value and useful life.

#### Equipment

SEKm	Group		Parent Company	
	2022	2021	2022	2021
<b>Cost</b>				
Opening balance	329	277	42	34
Purchases	114	58	9	9
Disposals and retirements	-5	-5	-0	-1
<b>Closing balance</b>	<b>438</b>	<b>329</b>	<b>51</b>	<b>42</b>
<b>Depreciation</b>				
Opening balance	-147	-121	-17	-12
Disposals and retirements	2	5	0	1
Depreciation	-36	-31	-6	-6
<b>Closing balance</b>	<b>-181</b>	<b>-147</b>	<b>-23</b>	<b>-17</b>
<b>Carrying amount, equipment</b>	<b>257</b>	<b>182</b>	<b>28</b>	<b>25</b>

#### Wind farms

SEKm	Group		Parent Company	
	2022	2021	2022	2021
<b>Cost</b>				
Opening balance	164	164	30	30
Acquisitions	14	—	—	—
<b>Closing balance</b>	<b>178</b>	<b>164</b>	<b>30</b>	<b>30</b>
<b>Depreciation and impairments</b>				
Opening balance	-161	-160	-30	-30
Depreciation	-2	-2	—	—
<b>Closing balance</b>	<b>-163</b>	<b>-161</b>	<b>-30</b>	<b>-30</b>
<b>Carrying amount, wind farms</b>	<b>15</b>	<b>3</b>	<b>—</b>	<b>—</b>
<b>Total carrying amount equipment and wind farms</b>	<b>272</b>	<b>186</b>	<b>28</b>	<b>25</b>

Depreciation is recognised in administrative expenses and media expenses.

## NOTE 14 PARTICIPATIONS IN ASSOCIATED COMPANIES/JOINT VENTURES



### ACCOUNTING POLICY

#### Group

##### Associated company

Associated companies are companies over which Balder has significant influence. 'Significant influence' means the opportunity to participate in decisions relating to the company's financial and operational strategies, but does not imply control or joint control. Normally, ownership equivalent to at least 20% and up to 50% of the votes means that a significant influence is held. Circumstances in the individual case can result in a significant influence even with ownership of less than 20% of the votes.

#### Joint ventures

A joint venture is a joint arrangement whereby the parties that exercise joint control over the arrangement are entitled to the net assets from the arrangement. Joint control exists when the joint exercise of control over an operation is regulated through an agreement. It only exists when the parties that share control must give their consent in connection with decisions regarding the operation.

Associated companies and joint ventures are recognised in the Group according to the equity method. The equity method means that participations in an associated company/joint venture are recognised at cost at the date of acquisition and are subsequently adjusted by the Group's participation in the change in the associated company's/joint venture's net assets. Dividends received from associated companies/joint ventures are deducted from the carrying amount. Profit participations in associated companies/joint ventures are recognised on separate lines in the consolidated statement of comprehensive income and in the consolidated statement of financial position. Participations in the profits of associated companies/joint ventures are recognised after tax. The equity method is applied until the date when the significant influence ceases.

#### Parent Company

Participations in associated companies/joint ventures are recognised in the parent company in accordance with the cost method. Received dividends are only recognised as income provided that they pertain to profits earned subsequent to the acquisition. Dividends which exceed this earned profit are treated as a repayment of the investment and reduce the carrying amount of the participation.

### Accumulated cost

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Opening balance	28,824	15,593	17,448	8,426
Financial investments that were reclassified as associated companies <sup>1)</sup>	—	1,464	—	1,464
Acquisition of associated companies/joint ventures <sup>2)</sup>	1,556	7,663	1,453	6,929
Divestment of associated companies/joint ventures	-1	-150	—	-100
Associated companies/joint ventures that were reclassified as subsidiaries <sup>3)</sup>	—	-548	—	-309
Dividend from associated companies/joint ventures	-614	-583	—	—
Participations in the profits of associated companies/joint ventures after tax	1,002	3,521	—	—
Change in equity of associated companies/joint ventures (shareholders' contribution and currency)	852	1,864	114	1,038
Impairment of participations in associated companies/joint ventures <sup>4)</sup>	—	—	-551	—
<b>Closing balance</b>	<b>31,620</b>	<b>28,824</b>	<b>18,464</b>	<b>17,448</b>

1) This reclassification means that additional participations in the existing holding have been acquired and a significant influence has thereby been achieved. In technical terms, the financial investment has been disposed of and an associated company has been acquired. The item refers to Stenhus Fastigheter i Norden AB in 2021.

2) Acquisitions of associated companies/joint ventures during the year refer primarily to participations in Entra ASA.

3) This reclassification means that additional participations in the existing holding have been acquired and a controlling influence has thereby been achieved. In technical terms, the associated company has been disposed of and a subsidiary has been acquired. The item refers to Serena Properties AB in 2021.

4) The impairment of participations in associated companies/joint ventures during the year refers to Stenhus Fastigheter i Norden AB.

### Associated companies'/joint ventures' statement of comprehensive income

SEKm	Total (100%)		Balder's holding	
	2022	2021	2022	2021
Rental income	6,357	5,111	2,405	1,871
Property costs	-1,048	-847	-362	-296
<b>Net operating income</b>	<b>5,309</b>	<b>4,264</b>	<b>2,043</b>	<b>1,575</b>
Management costs and administrative expenses	-488	-412	-191	-154
Other operating income <sup>1)</sup>	2,205	973	997	390
<b>Operating profit</b>	<b>7,027</b>	<b>4,825</b>	<b>2,849</b>	<b>1,811</b>
Net interest	-2,337	-1,089	-918	-410
Changes in value	-229	8,711	-433	3,110
<b>Profit before tax</b>	<b>4,461</b>	<b>12,447</b>	<b>1,498</b>	<b>4,512</b>
Minus non-controlling interests	-2	-160	-1	-75
Tax	-1,148	-2,591	-495	-916
<b>Net profit for the year</b>	<b>3,312</b>	<b>9,696</b>	<b>1,002</b>	<b>3,521</b>
<i>- of which Profit from property management</i>	4,686	3,532	1,929	1,327

1) Mostly relates to Collector Bank AB. Of which the profit from property management from Collector totals SEK 636 million (427).

### Associated companies'/joint ventures' statement of financial position

SEKm	Total (100%)		Balder's holding	
	2022	2021	2022	2021
Investment properties	146,651	123,020	56,724	46,559
Other assets	58,239	9,909	25,146	4,148
Equity/shareholders' loans	71,017	65,148	28,369	25,231
Liabilities	133,873	67,781	53,502	25,476

Contd. **Note 14** Participations in associated companies/joint ventures

**Group participations in associated companies/joint ventures, 2022**

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Type of participation	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm	Company	Corporate ID number	Reg. office	Number of shares	Share, %	Type of participation	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector Bank AB <sup>1)</sup>	556597-0513	Gothenburg	90,501,180	44	Associated company	3,119	1,196	HE Prosjektinvest AS	918 984 186	Trondheim	500,000	50	Joint venture	1	—
Tulia AB	556712-9811	Gothenburg	50,000	50	Joint venture	1,304	—	Emrahus AB	556927-2361	Landskrona	321,961	34	Associated company	56	—
Fastighets AB Centur	556813-6369	Stockholm	5,000	50	Joint venture	1,054	154	Next Step Group AB	556835-5480	Gothenburg	22,496	33	Associated company	443	323
Fixfabriken Holding AB	556949-3702	Gothenburg	50,000	50	Joint venture	1	—	Ligula Hospitality Group AB	556792-6497	Gothenburg	10,000	50	Joint venture	222	318
Chirp AB	556915-7331	Stockholm	17,063	34	Associated company	410	—	BL Hotell Holding AB	559224-4080	Gothenburg	25,000	50	Joint venture	25	—
Tornet Bostadsproduktion AB	556796-2682	Stockholm	1,666,667	33	Joint venture	729	—	ESS Hotel Group Fastigheter AB	556994-2542	Gothenburg	250	50	Joint venture	315	304
Brinova Fastigheter AB <sup>2)</sup>	556840-3918	Helsingborg	18,420,302	19	Associated company	595	—	Karlstaden Group AB	559222-7945	Gothenburg	250	50	Joint venture	0	—
Fastighets AB Tornet	559008-2912	Gothenburg	500	50	Joint venture	174	—	Steinkjer Eiendom Holding AS	927 495 856	Trondheim	1,500	50	Joint venture	0	—
Trenum AB	556978-8291	Gothenburg	500	50	Joint venture	2,106	400	Europi Invest VI AB	559315-9410	Stockholm	250	50	Joint venture	240	240
Norra Backaplan Bostads AB	556743-0276	Gothenburg	33,333	33	Joint venture	173	—	Strømsveien 81 Holding AS	928 054 225	Trondheim	1,500	50	Joint venture	0	—
Sjælsø Management ApS	35394923	Copenhagen	392	49	Associated company	101	—	Origo Industrieiendom AS	928 053 954	Trondheim	1,500	50	Joint venture	0	—
SB Bostad i Stockholm AB	559094-8914	Stockholm	250	50	Joint venture	5	—	Stenhus Fastigheter i Norden AB <sup>4)</sup>	559269-9507	Stockholm	69,041,556	19	Associated company	1,309	1,230
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	Joint venture	233	—	Hembygden Fastigheter AB	559338-6237	Stockholm	12,500	50	Joint venture	25	25
Sinoma Fastighets AB	559161-0836	Stockholm	24,500	49	Associated company	866	434	Bolix Kommersiella Fastigheter AB	559371-9122	Gothenburg	25,000	50	Joint venture	10	—
Zenith AS	918 773 924	Asker	180,000	50	Joint venture	98	—	Ski Linås Boligutvikling AS	923 369 988	Trondheim	15,000	50	Joint venture	15	—
Victoria Kungens Kurva AB	559056-7888	Solna	250	50	Joint venture	14	—	Lille Smedparken AS	930 309 575	Trondheim	500	50	Joint venture	0	—
HOMEstate AB	559179-2253	Jönköping	167	50	Joint venture	0	0	Heimdal Soltun AS	930 309 567	Trondheim	500	50	Joint venture	0	—
Heimdal Sentrum Utvikling AS	822 336 752	Trondheim	15,000	50	Joint venture	3	—	Klemettlän Kulma Keskinäinen Kiinteistö Oy	2443794-4	Vaasa	2,478	28	Associated company	22	—
Steinan Holding AS	822 404 502	Oslo	30,000	50	Joint venture	94	—	Sulky Fastighets AB	559055-5610	Stockholm	250	50	Joint venture	150	—
Boo AS	921 580 614	Oslo	850,000	33	Associated company	1	—	Sundsøya Utvikling AS	929 418 603	Trondheim	1,500	50	Joint venture	0	—
Ängsladan Fastighetsförvaltning i Lund AB	559148-5783	Vetlanda	25,000	50	Joint venture	23	—	Link40 Holding AB	559311-6360	Gothenburg	250	50	Joint venture	1	—
White Peak IV Limited	126219	Jersey	21	20	Associated company	203	—	Next Step Group Owners AB	559411-7649	Gothenburg	12,250	49	Associated company	0	0
iBoxen Infrastruktur Sverige AB	559254-3705	Stockholm	350	35	Associated company	17	18	Other smaller participations	—	—	—	—	Associated company	392	—
AMW Gruppen i Götaland AB	559218-0433	Växjö	270	50	Joint venture	20	—	<b>Total</b>						<b>31,620</b>	<b>18,464</b>
Anthor Eiendom AS	885 857 582	Oslo	6,419	59	Joint venture	1,317	—								
Karlatornet AB	559185-8526	Gothenburg	250	50	Joint venture	0	—								
Entra ASA <sup>3)</sup>	999 296 432	Oslo	72,812,097	40	Associated company	15,563	13,824								
MAJLLBPN AB	559272-6318	Stockholm	125	50	Joint venture	0	—								
MILLENNIUM HoldCo ApS	38252283	Nordhavn	50,000	50	Joint venture	167	—								

1) Balder's market value (share price) of Collector Bank AB (publ) as of 31 December 2022 totalled SEK 3,466 million (3,437). Balder classifies the holding in Collector as an associated company. Since the three second largest owners correspond to a total of approximately 27.4% of the votes, the assessment is that Balder has no practical opportunity to exercise any controlling influence over Collector, only a significant influence.

2) Balder's market value (share price) of Brinova Fastigheter AB (publ) as of 31 December 2022 totalled SEK 475 million (917). Balder's participation in Brinova's net asset value (EPRA NRV) indicates no need for a write-down. The share of the vote is 31.4%.

3) Balder's market value (share price) of Entra ASA as of 31 December 2022 totalled SEK 8,098 million (13,350). Balder's participation in Entra's net asset value (EPRA NRV) indicates no need for a write-down.

4) Balder's market value (share price) of Stenhus Fastigheter i Norden AB (publ) as of 31 December 2022 totalled SEK 773 million (1,464). Balder's participation in Stenhus's net asset value (EPRA NRV) indicates no need for a write-down.

Contd. **Note 14** Participations in associated companies/joint ventures

**Group participations in associated companies/joint ventures, 2021**

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Type of participation	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector AB	556560-0797	Gothenburg	90,501,180	44	Associated company	2,645	1,196
Tulia AB	556712-9811	Gothenburg	50,000	50	Joint venture	1,204	—
Fastighets AB Centur	556813-6369	Stockholm	5,000	50	Joint venture	1,058	154
Fixfabriken Holding AB	556949-3702	Gothenburg	50,000	50	Joint venture	1	—
Chirp AB	556915-7331	Stockholm	17,063	34	Associated company	300	—
Tornet Bostadsproduktion AB	556796-2682	Stockholm	1,666,667	33	Joint venture	715	—
Brinova Fastigheter AB	556840-3918	Helsingborg	18,420,302	19	Associated company	541	—
Fastighets AB Tornet	559008-2912	Gothenburg	500	50	Joint venture	168	—
Trenum AB	556978-8291	Gothenburg	500	50	Joint venture	1,753	400
Norra Backaplan Bostads AB	556743-0276	Gothenburg	33,333	33	Joint venture	170	—
Sjaelsö Management ApS	35394923	Copenhagen	392	49	Associated company	66	—
SB Bostad i Stockholm AB	559094-8914	Stockholm	250	50	Joint venture	5	—
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	Joint venture	278	—
Sinoma Fastighets AB	559161-0836	Stockholm	24,500	49	Associated company	742	434
Grunnsteinen AS	918 773 924	Asker	180,000	50	Joint venture	98	—
Bostadsutveckling Kungens Kurva AB	559056-7888	Solna	250	50	Joint venture	7	—
Homestate AB	559179-2253	Jönköping	167	50	Joint venture	0	0
Heimdal Sentrum Utvikling AS	822 336 752	Trondheim	15,000	50	Joint venture	0	—
Steinan Holding AS	822 404 502	Oslo	30,000	50	Joint venture	91	—
Boo AS	921 580 614	Oslo	850,000	33	Associated company	1	—
Ångsladan Fastighetsförvaltning i Lund AB	559148-5783	Vetlanda	25,000	50	Joint venture	22	—
White Peak IV Limited	126219	Jersey	21	20	Associated company	177	—

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Type of participation	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
iBoxen Infrastruktur Sverige AB	559254-3705	Stockholm	350	35	Associated company	17	18
AMW Gruppen i Götaland AB	559218-0433	Växjö	270	50	Joint venture	20	—
Anthon Eiendom AS	885 857 582	Oslo	6,419	59	Joint venture	1,327	—
Karlatornet AB	559185-8526	Gothenburg	250	50	Joint venture	0	—
Entra ASA	999 296 432	Oslo	66,626,346	37	Associated company	14,318	12,688
MAJLLBPN AB	559272-6318	Stockholm	125	50	Joint venture	0	—
MILLENNIUM HoldCo ApS	38252283	Nordhavn	50,000	50	Joint venture	153	—
HE Prosjektinvest AS	918 984 186	Trondheim	500,000	50	Joint venture	0	—
Emra gruppen AB	556927-2361	Landskrona	321,961	34	Associated company	58	—
Next Step Group AB	556835-5480	Gothenburg	22,496	33	Associated company	443	323
Ligula Hospitality Group AB	556792-6497	Gothenburg	10,000	50	Joint venture	169	268
BL Holding AB	559224-4080	Gothenburg	25,000	50	Joint venture	23	—
ESS Hotel Group Fastigheter AB	556994-2542	Gothenburg	250	50	Joint venture	306	304
Göskulla Utveckling AB	559178-7063	Gothenburg	250	50	Joint venture	0	—
Karlstaden Group AB	559222-7945	Gothenburg	250	50	Joint venture	0	—
Steinkjer Eiendom Holding AS	927 495 856	Trondheim	1,500	50	Joint venture	0	—
Europi Invest VI AB	559315-9410	Stockholm	250	50	Joint venture	201	201
Strømsveien 81 Holding AS	928 054 225	Trondheim	1,500	50	Joint venture	0	—
Origo Industrieiendom AS	928 053 954	Trondheim	1,500	50	Joint venture	0	—
Stenhus Fastigheter i Norden AB	559269-9507	Stockholm	49,209,297	20	Associated company	1,464	1,464
Other smaller participations	—	—	—	—	Associated company	283	—
<b>Total</b>						<b>28,824</b>	<b>17,448</b>

## NOTE 15 OTHER NON-CURRENT RECEIVABLES



### ACCOUNTING POLICY

Other non-current receivables are recognised in accordance with the principles described in Note 22 in respect of financial assets measured at accrued cost.

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Receivables from the Group's associated companies/joint ventures	1,965	1,360	1,121	983
Other non-current receivables	541	376	1	2
<b>Total</b>	<b>2,505</b>	<b>1,736</b>	<b>1,122</b>	<b>985</b>

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Opening balance	1,736	2,302	985	1,817
Changes in lending to associated companies/joint ventures	605	-718	137	-833
Changes in other non-current receivables	164	152	-0	1
<b>Closing balance</b>	<b>2,505</b>	<b>1,736</b>	<b>1,122</b>	<b>985</b>

The Group has receivables from associated companies/joint ventures for which interest is calculated on market terms. See also Note 30, Related parties.

## NOTE 16 DEVELOPMENT PROPERTIES



### ACCOUNTING POLICY

A development property is a property that is owned for upgrading with a view to being divested, either in full or per apartment, upon completion. Development properties consist partly of land where construction has not started and partly of projects where construction has started. Construction in progress refers essentially to the new production of tenant owner apartments where the intention is to sell them upon completion. These properties are continually recognised at cost and in the line item "Development properties" among current assets in the balance sheet and are valued at the lower of cost and net realisable value.

Income from the sale of development properties refers to compensation from the sale of tenant owner apartment projects, tenant owner apartment shares and development properties. In connection with the sale of tenant owner apartments, compensation received is recognised as income and the apartment's estimated share of the production cost is recognised as an expense, or, for externally acquired tenant owner apartment shares, the apartment's book value. Income from the sale of development properties is recognised as compensation received, and production cost incurred as an expense. Income and expense are recognised in the income statement in connection with the apartment/property being completed, sold and handed over to the buyer. Sales and marketing expenses are recognised on an ongoing basis in the income statement as they arise.

Investments and divestments are recognised under investing activities in the Consolidated Cash Flow Statement.

In addition to investment properties, Balder owns development properties to a value of SEK 3,421 million (2,697).

Development projects that are under construction have an estimated total investment of SEK 3.0 billion (3.8), of which SEK 1.9 billion (1.4) has been spent and SEK 1.1 billion (2.4) is still to be invested. All of the projects relate to residential projects that will be sold to end customers. The projects involve around 700 apartments (950) and relate primarily to about 470 tenant-owner apartments in Gothenburg and about 230 tenant-owner apartments in Stockholm.

A total of six (7) projects were recognised in revenue during the year. The cost of all projects divested during the year totalled SEK -1,027 million (-1,442) and the profit from sales totalled SEK 130 million (245), including sales and marketing expenses for the year of SEK -20 million (-20) in respect of all development properties.

SEKm	Group	
	2022	2021
<b>Carrying amount at beginning of year</b>	<b>2,697</b>	<b>2,803</b>
Accrued project costs	1,731	1,315
Divestments	-1,007	-1,422
<b>Carrying amount at end of year</b>	<b>3,421</b>	<b>2,697</b>

## NOTE 17 TRADE RECEIVABLES



### ACCOUNTING POLICY

Trade receivables are recognised in accordance with the principles described in Note 22 in respect of financial assets measured at accrued cost.

Trade receivables are recognised and measured at the amount that is expected to be received minus the provision for credit losses. Earnings in 2022 were impacted by SEK -13 million (-18) in respect of actual and expected bad debt losses. Trade receivables are of a short-term nature, which means that they are recognised as current assets, corresponding to fair value.

### Age distribution of trade receivables

Group, SEKm	2022	2021
-30 days	174	368
31-60 days	20	18
61-90 days	3	2
91 days-	85	83
<b>Total</b>	<b>283</b>	<b>471</b>
Provision for credit losses	-85	-83
<b>Trade receivables, net</b>	<b>198</b>	<b>388</b>

### Provision for credit losses

Group, SEKm	2022	2021
Opening balance	-83	-72
Confirmed bad debts during the year	11	7
Change in credit loss provision during the year	-13	-18
<b>Closing balance</b>	<b>-85</b>	<b>-83</b>

## NOTE 18 PREPAID EXPENSES AND ACCRUED INCOME

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Insurance policies	6	6	—	—
Interest income	20	4	—	—
Interest expenses	126	140	120	128
Rental income	50	26	—	—
Property costs	746	617	—	—
Other financial income	75	63	75	63
Other items	10	16	—	—
<b>Total</b>	<b>1,034</b>	<b>874</b>	<b>195</b>	<b>191</b>

## NOTE 19 FINANCIAL INVESTMENTS



### ACCOUNTING POLICY

Financial investments are recognised in accordance with the principles described in Note 22 in respect of financial assets measured at fair value via the income statement plus financial assets measured at accrued cost.

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Shares and bonds (listed)	1,617	1,941	812	1,323
Loans to associated companies/joint ventures	959	890	—	—
<b>Total</b>	<b>2,576</b>	<b>2,831</b>	<b>812</b>	<b>1,323</b>

Loans to associated companies/joint ventures consists of surplus liquidity that is invested in associated companies. These investments consist of loans that can be repaid within 3 months by agreement.

## NOTE 20 EQUITY

### Share capital

In May 2022, Fastighets AB Balder implemented a 6:1 share split, and during December, Balder carried out a directed new share issue of 35,000,000 Class B shares, which raised SEK 1,778 million after issue costs. For existing shareholders, the share issue means a dilution effect of 3.13% in relation to the number of shares and 2.03% in relation to the number of votes. After the share issue and as of 31 December, the share capital in Balder totalled SEK 192,333,333 distributed among 1,154,000,000 shares. Each share has a quota value of SEK 0.16667, of which 67,376,592 shares are Class A and 1,086,623,408 shares are Class B. The total number of outstanding shares is 1,154,000,000 as of 31 December. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

No shares were repurchased during the year.  
All key ratios and share-related information in this report have been adjusted for the number of shares following the share split and the directed new share issue.

### Other contributed capital

Other contributed capital refers to equity contributed by the owners. This includes share premiums paid in connection with new issues.

### Translation differences

Refers to currency translation differences arising due to translation of foreign operations.

### Cash flow reserve

This item refers to cash flow hedges after tax. Cash flow hedges mainly refer to interest rate hedges.

### Retained earnings including net profit for the year

Retained earnings including net profit for the year includes profits earned in the parent company and its subsidiaries. This item also includes previous transfers to statutory reserves.

### Non-controlling interests

The item refers to the minority's share of equity in non-wholly-owned subsidiaries and mainly refers to SATO Oyj, where Balder's participating interest is 56.5% (56.1) and Joo Group Oy, where the participating interest is 75.0% (75.0). For further information see Note 21, Non-controlling interests.

### Share capital development

Day	Month	Year	Event	Change in number of shares	Total number of shares	Total number of outstanding shares	Quota value per share, SEK	Change in share capital, SEK	Total share capital, SEK
27	June	2005	Start date	—	75,386,104	75,386,104	1.00	—	75,386,104
18	August	2005	Issue in kind	2,000,002	77,386,106	77,386,106	1.00	2,000,002	77,386,106
18	August	2005	Reduction of the share capital by decreasing nominal amount	—	77,386,106	77,386,106	0.01	-76,612,245	773,861
18	August	2005	Issue in kind	1,287,731,380	1,365,117,486	1,365,117,486	0.01	12,877,314	13,651,175
18	August	2005	Set-off issue	18,846,514	1,383,964,000	1,383,964,000	0.01	188,465	13,839,640
18	August	2005	Consolidation of nominal amount to SEK 1	-1,370,124,360	13,839,640	13,839,640	1.00	—	13,839,640
27	January	2006	Issue in kind	1,000,000	14,839,640	14,839,640	1.00	1,000,000	14,839,640
9	October	2006	Issue in kind	1,380,000	16,219,640	16,219,640	1.00	1,380,000	16,219,640
		2008	Repurchase of own shares	-476,600	16,219,640	15,743,040	1.00	—	16,219,640
28	August	2009	Issue in kind	9,171,502	25,391,142	24,914,542	1.00	9,171,502	25,391,142
4	June	2010	Bonus issue	76,173,426	101,564,568	99,658,168	1.00	—	101,564,568
1	February	2011	New share issue	6,700,000	108,264,568	106,358,168	1.00	6,700,000	108,264,568
20	May	2011	Bonus issue	54,132,284	162,396,852	159,537,252	1.00	—	162,396,852
16	June	2011	Directed new issue of preference shares	4,000,000	166,396,852	163,537,252	1.00	4,000,000	166,396,852
31	January	2012	Set-off issue of preference share	1,000,000	167,396,852	164,537,252	1.00	1,000,000	167,396,852
11	October	2012	Set-off issue of preference share	1,000,000	168,396,852	165,537,252	1.00	1,000,000	168,396,852

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Contd. **Note 20** Equity

Table continued from previous page.

Day	Month	Year	Event	Change in number of shares	Total number of shares	Total number of outstanding shares	Quota value per share, SEK	Change in share capital, SEK	Total share capital, SEK
24	May	2013	Directed new issue of preference shares	500,000	168,896,852	166,037,252	1.00	500,000	168,896,852
22	October	2013	Directed new issue of preference shares	3,500,000	172,396,852	169,537,252	1.00	3,500,000	172,396,852
19	March	2014	Disposal of repurchased shares	2,859,600	172,396,852	172,396,852	1.00	—	172,396,852
18	December	2015	Directed new issue of ordinary shares	10,000,000	182,396,852	182,396,852	1.00	10,000,000	182,396,852
23	September	2016	Directed new issue of ordinary shares	3,000,633	185,397,485	185,397,485	1.00	3,000,633	185,397,485
16	December	2016	Set-off issue	4,602,515	190,000,000	190,000,000	1.00	4,602,515	190,000,000
12	October	2017	Redemption of preference capital	-10,000,000	180,000,000	180,000,000	1.00	-10,000,000	180,000,000
30	November	2020	Directed new share issue	6,500,000	186,500,000	186,500,000	1.00	6,500,000	186,500,000
25	May	2022	6:1 share split	932,500,000	1,119,000,000	1,119,000,000	0.16667	—	186,500,000
29	December	2022	Directed new share issue	35,000,000	1,154,000,000	1,154,000,000	0.16667	5,833,333	192,333,333
<b>31</b>	<b>December</b>	<b>2022</b>			<b>1,154,000,000</b>	<b>1,154,000,000</b>	<b>0.16667</b>		<b>192,333,333</b>

#### Dividend

The Board of Directors proposes to the Annual General Meeting that no dividend (-) be declared for the financial year 2022.

#### Appropriation of profits

The Board of Directors has proposed that the profit at the disposal of the Annual General Meeting of SEK 28,500,313,615 shall be appropriated as follows: to be carried forward SEK 28,500,313,615.

## NOTE 21 NON-CONTROLLING INTERESTS

A summary of financial information is shown below for significant non-controlling interests in the Group. The amounts recognised are based on the amounts contained in the consolidated financial statements. Only net assets in which non-controlling interests have a share are included.

SATO Oyj (corp. ID no. 0201470-5) is one of Finland's biggest property companies specialising in residential properties. The company invests primarily in residential properties located in Greater Helsinki, Tampere and Turku. The non-controlling interest in SATO Oyj totals 43.5% (43.9).

Joo Group Oy (corp. ID no. 2808794-5) is a growing property company specialising in newly produced residential properties in Finland's biggest cities. The company places great emphasis on optimising size and efficiency in the apartments' floor plans. The non-controlling interest in Joo Group Oy totals 25.0% (25.0).

Both subsidiaries operate in Finland and have their registered office in Helsinki.

Participation	SATO Oyj		Joo Group Oy	
	2022	2021	2022	2021
Balder, share, %	56.5	56.1	75.0	75.0
Non-controlling interests, share, %	43.5	43.9	25.0	25.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Balance sheet in summary, SEKm	SATO Oyj		Joo Group Oy	
	2022	2021	2022	2021
Investment properties	56,101	50,929	9,892	6,099
Other property, plant and equipment	806	840	9	4
Current assets	845	301	108	101
<b>Total assets</b>	<b>57,752</b>	<b>52,069</b>	<b>10,008</b>	<b>6,204</b>
Non-current liabilities	24,388	26,285	8,371	4,897
Current liabilities	5,313	1,738	180	132
<b>Total liabilities</b>	<b>29,701</b>	<b>28,023</b>	<b>8,551</b>	<b>5,028</b>
<b>Net assets</b>	<b>28,051</b>	<b>24,047</b>	<b>1,457</b>	<b>1,175</b>
Carrying amount from non-controlling interests	12,155	10,504	364	294

Statement of comprehensive income in summary, SEKm	SATO Oyj		Joo Group Oy	
	2022	2021	2022	2021
Income	3,096	3,026	432	252
<b>Net profit for the year</b>	<b>1,705</b>	<b>2,090</b>	<b>170</b>	<b>545</b>
Other comprehensive income	414	182	0	0
<b>Total comprehensive income</b>	<b>2,120</b>	<b>2,271</b>	<b>170</b>	<b>545</b>
<b>Net profit for the year attributable to non-controlling interests</b>	<b>742</b>	<b>918</b>	<b>43</b>	<b>136</b>
<b>Dividend paid to non-controlling interests</b>	<b>129</b>	<b>128</b>	<b>—</b>	<b>—</b>

Cash flow statement in summary, SEKm	SATO Oyj		Joo Group Oy	
	2022	2021	2022	2021
Cash flow from operating activities	1,018	1,039	47	30
Cash flow from financing activities	146	-1,126	-3,502	-1,886
Cash flow from financing activities	-607	-2,445	3,474	1,874
<b>Increase/decrease in cash and cash equivalents</b>	<b>558</b>	<b>-2,531</b>	<b>20</b>	<b>18</b>

## NOTE 22 FINANCIAL RISK MANAGEMENT



### ACCOUNTING POLICY

#### FINANCIAL INSTRUMENTS

Financial instruments are measured and recognised in the Group in accordance with the rules in IFRS 9. Financial instruments on the asset side that are recognised in the consolidated statement of financial position include cash and cash equivalents, financial investments, trade receivables and other non-current receivables (receivables from associated companies) as well as derivatives with a positive value. Liabilities include trade payables, borrowings and derivatives with a negative value.

A financial asset or financial liability is carried in the consolidated statement of financial position when the company becomes a party to the contractual terms of the instrument. Trade receivables are carried in the balance sheet when the invoice has been sent. Rent receivables are recognised as a receivable in the period when performance, which corresponds to the receivable's value, has been delivered and payments corresponding to the value of the receivable have still not been received. A liability is recognised when the counterparty has performed a service and a contractual payment obligation exists, even if the invoice has not yet been received. Trade payables are recognised when the invoice has been received.

A financial asset is derecognised when the contractual rights are realised or expire or the company no longer has control over them. The same applies to a portion of a financial asset. A financial liability is derecognised when the contractual liability is discharged or otherwise expires. The same applies to a portion of a financial liability.

The acquisition or disposal of financial assets is recognised on the transaction date, which represents the day when the company committed to acquire or dispose of the asset. Borrowing is recognised when the funds have been received, while derivative instruments are recognised when the contract has been entered into.

Balder divides its financial instruments into the following categories in accordance with IFRS 9: amortised cost, fair value through other comprehensive income and fair value through the income statement. The classification is based on the cash flow characteristics of the asset and on the business model the asset is held within.

#### Financial assets measured at amortised cost

Interest-bearing assets (debt instruments) which are held for the purpose of recovering contractual cash flows and where these cash flows consist only of principal amounts and interest are measured at amortised cost. The carrying amount of these assets is adjusted with any expected credit losses recognised (see paragraph on Impairment testing of financial assets). Interest income from these financial assets is recognised using the effective interest method and is recognised as financial income. The Group's financial assets that are measured at amortised cost consist of other non-current receivables (mainly receivables from associated companies), trade receivables, portion of financial investments that constitutes short-term lending to associated companies/joint ventures and cash and cash equivalents.

#### Financial assets measured at fair value via the income statement

Investments in debt instruments that do not qualify for recognition at amortised cost or at fair value through other comprehensive income are measured at fair value via the income statement. Equity instruments held for trading, equity instruments where the Group has chosen not to report fair value changes through other comprehensive

income and derivatives that do not qualify for hedge accounting are included in this category. A gain or loss on a financial asset (debt instrument) that is recognised at fair value via the income statement and which is not part of a hedging relationship is recognised net in the income statement during the period in which the gain or loss arises. This category includes the Group's derivatives with positive fair value and the portion of financial investments that constitute shares and bonds.

#### Financial assets measured at fair value through other comprehensive income

This category includes equity instruments that are not held for trading and for which the Group, on initial recognition, made an irrevocable decision to report the holding at fair value through other comprehensive income. The changes in value of these investments are recognised on an ongoing basis in other comprehensive income. In the event of a divestment, the accumulated profit or loss is not transferred to the income statement. Holdings of unlisted shares that are included in the item other non-current receivables are recognised in this category.

#### Financial liabilities measured at fair value via the income statement

Financial liabilities measured at fair value via the income statement comprise derivatives with negative fair values that are not included in what is referred to as hedge accounting. Financial liabilities measured at fair value via the income statement are also recognised in subsequent periods at fair value and the change in value is recognised in the net profit for the year.

Liabilities in this category are classified as current liabilities if they fall due within 12 months of the balance sheet date. If they fall due after more than 12 months from the balance sheet date, they are classified as non-current liabilities.

#### Financial liabilities measured at accrued cost

The Group's other financial liabilities are classified as measured at amortised cost by application of the effective interest method. Financial liabilities at amortised cost consist of interest-bearing liabilities (current and non-current), other non-current liabilities and trade payables. Borrowing is initially recognised at fair value, net after transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net after transaction costs) and the amount of repayment is recognised in the statement of comprehensive income allocated over the term of the loan using the effective interest method. Borrowing is classified as short-term in the balance sheet if the company does not have an unconditional right to postpone the settlement of the debt for at least twelve months after the reporting period. Declared dividends are recognised, where applicable, as liabilities after the shareholders' general meeting has approved the dividend. Trade payables and other operating liabilities have short expected maturities and are measured at their nominal value with no discounting.

#### Derivative instruments

Derivative instruments are recognised in the balance sheet on the transaction date and are measured at fair value, both on initial and subsequent remeasurement in each reporting period. Balder holds derivatives that hedge certain risks relating to

cash flow (currency swaps and interest rate swaps), and derivatives that hedge investment in a foreign operation (net investment hedges). Derivatives related to net investments in foreign operations, currency swaps and certain interest rate swaps have been identified as hedging instruments and are deemed to meet the requirements for hedge accounting in IFRS 9. For more detailed descriptions of hedge accounting, see the following paragraph. All other derivative instruments are not considered to meet the criteria for hedge accounting in IFRS 9. Derivatives are also contractual terms that are embedded into other agreements. Embedded derivatives should be accounted for separately if they are not closely related to the host contract. At present, no embedded derivatives have been identified. Changes in the value of derivative instruments identified as hedging instruments are recognised in other comprehensive income, while changes in value of other derivative instruments are recognised in accordance with the applicable category above.

#### Hedging of variable interest on loans

Some of the Group's interest rate swaps have been identified as hedging instruments and are deemed to meet the requirements for hedge accounting. The interest rate swaps hedge loans with variable interest rates by replacing variable rates with fixed interest rates. The effective portion of changes in fair value on these interest rate swaps is recognised through other comprehensive income in reserves in equity. The ineffective portion of the change in value is recognised immediately in net profit for the year and is included in the line item Changes in value of derivatives. Amounts accumulated in the hedging reserve in equity are reclassified to profit or loss in the periods in which the hedged item affects earnings.

#### Hedges of net investments in foreign operations

The Group hedges a significant proportion of the net investments in foreign operations through loans in the same currency as the foreign operations and through currency swaps. The Group considers that the criteria for hedge accounting in IFRS 9 are met for net investments in foreign operations. Translation differences on loans and changes in fair value of hedging instruments are recognised in "Other comprehensive income" insofar as the hedge is effective. The cumulative changes in translation differences and fair value are recognised as separate components in equity. Gains or losses arising from the ineffective portion of the hedging instrument are recognised in net profit for the year. When divesting foreign operations, the gain or loss that is accumulated in equity is transferred to net profit for the year, thus increasing or decreasing the profit/loss of the divestment.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and directly accessible balances at banks and similar institutions.

#### Impairment testing of financial assets

At each reporting date, the Group assesses the future expected credit losses, which are linked to assets recognised at amortised cost based on forward-looking information. The Group's financial assets for which credit losses are assessed essentially

Contd. **Note 22** Financial risk management

consist of trade receivables (rent receivables) and other non-current receivables (mainly receivables from associated companies). The Group chooses a provisioning method based on whether or not there has been a significant increase in credit risk. The Group recognises a provision for credit losses for such expected credit losses at each reporting date. For the Group's financial assets (largely trade receivables and receivables from associated companies), the Group applies the simplified approach for credit loss provisioning, in other words, the provision will correspond to the expected loss over the entire life of the trade receivable. In order to measure the expected credit losses, trade receivables have been grouped based on distributed credit risk characteristics and days overdue. The Group uses forward-looking variables for expected credit losses. The Group's credit losses have historically been insignificant, and the payment history of customers and associated companies has been good. In view of this, combined with forward-looking information about macro-economic factors that might affect the ability of counterparties to pay receivables, the Group's expected credit losses have also been assessed as being insignificant.

Balder is financed by equity and liabilities, where the majority of the liabilities consist of interest-bearing liabilities. The proportion of equity is impacted by the chosen level of financial risk which in turn is impacted by lenders' equity requirements for offering financing at competitive market rates. Balder's long-term goals for the capital structure are that the equity/assets ratio should not be less than 40% over time, that the interest coverage ratio should not be less than 2 times and that the loan-to-value ratio should not exceed 50%.

#### FINANCE POLICY

The Group is exposed to six different kinds of financial risks through its operations. Financial risks refer to interest rate risk, liquidity risk, refinancing risk, price risk, credit risk and currency risk. The finance policy prescribes guidelines and rules for how the financial operations shall be conducted and establishes the division of responsibilities and administrative rules. Departures from the Group's finance policy require the approval of the Board of Directors. Responsibility for the Group's financial transactions and risks is managed centrally by the parent company's finance department. Financial risk is managed at a portfolio level. Financial transactions shall be conducted based on an assessment of the Group's overall needs relating to liquidity, financing and interest rate risk. The equity/assets ratio shall not fall below 40%.

#### Finance policy goals:

- the equity/assets ratio should exceed 40% over time,
- net debt to total assets should not exceed 50% over time,
- the interest coverage ratio should not be less than 2 times,
- net debt/EBITDA should not exceed 11 times over time,
- increase the share of green financing,
- the Group's liquidity should at all times correspond to at least one month's known payments including interest payments and amortisations.

The goals are followed up regularly in reports to the Board of Directors prior to presentation of the company's interim reports.

Balder has obligations to its financiers in the form of financial key ratios, so-called covenants. At year-end, Balder had financing obligations with an interest coverage ratio of 1.8 times, secured debt/total assets of 45% and net debt to total assets of 65%. All covenants were met at year-end.

#### Duration analysis of financial liabilities

##### Group, 31/12/2022

SEKm	Within one year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Maturity structure, loans	16,527	15,711	16,810	18,505	15,822	51,877	135,252
Interest expenses <sup>1)</sup>	2,822	2,817	2,812	2,807	2,803	13,943	28,004
Trade payables	652	—	—	—	—	—	652
Lease liabilities (rent of premises)	13	12	11	11	11	1	60
Other non-current liabilities	—	1,385	—	—	—	—	1,385
<b>Total</b>	<b>20,013</b>	<b>19,925</b>	<b>19,634</b>	<b>21,324</b>	<b>18,636</b>	<b>65,820</b>	<b>165,353</b>

For non-discounted cash flows attributable to site leasehold rights, see Note 8, Leases.

##### Group, 31/12/2021

SEKm	Within one year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Maturity structure, loans	13,106	20,918	12,348	12,570	13,313	45,172	117,426
Interest expenses <sup>1)</sup>	1,680	1,677	1,674	1,671	1,669	8,301	16,671
Trade payables	897	—	—	—	—	—	897
Lease liabilities (rent of premises)	13	11	10	10	10	11	65
Other non-current liabilities	—	1,251	—	—	—	—	1,251
<b>Total</b>	<b>15,695</b>	<b>23,857</b>	<b>14,033</b>	<b>14,251</b>	<b>14,991</b>	<b>53,484</b>	<b>136,311</b>

For non-discounted cash flows attributable to site leasehold rights, see Note 8, Leases.

##### Parent Company, 31/12/2022

SEKm	Within one year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Maturity structure, loans	5,928	8,555	7,241	12,078	8,071	10,325	52,199
Interest expenses <sup>1)</sup>	1,096	1,095	1,095	1,094	1,093	5,458	10,931
Trade payables	11	—	—	—	—	—	11
<b>Total</b>	<b>7,035</b>	<b>9,650</b>	<b>8,336</b>	<b>13,172</b>	<b>9,165</b>	<b>15,783</b>	<b>63,141</b>

##### Parent Company, 31/12/2021

SEKm	Within one year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Maturity structure, loans	11,415	7,039	6,233	6,790	10,227	13,581	55,285
Interest expenses <sup>1)</sup>	774	773	773	773	772	3,855	7,720
Trade payables	6	—	—	—	—	—	6
<b>Total</b>	<b>12,194</b>	<b>7,812</b>	<b>7,006</b>	<b>7,563</b>	<b>10,999</b>	<b>17,436</b>	<b>63,011</b>

1) Refers to interest expenses during the period 0-10 years.

Contd. **Note 22** Financial risk management

**DURATION ANALYSIS OF FINANCIAL LIABILITIES**

The tables show the cash flow per year in respect of financial liabilities assuming the current size of the Group. The cash flow refers to interest expenses, amortisation, trade payables and settlement of other financial liabilities. Net financial items have been calculated based on the Group’s average interest minus interest income. Refinancing takes place on an ongoing basis, so no interest expense for a longer period than 10 years is indicated.

**Sensitivity analysis**

Factor	Change	Profit effect before tax, SEKm
Interest rate level of interest-bearing liabilities	+ 1 percentage point	-491

**Financial targets**

		Goal	Outcome	
			2022	2021
Equity/assets ratio, %	min.	40.0	40.0	40.4
Net debt to total assets, %	max.	50.0	47.9	47.4
Interest coverage ratio, times	min.	2.0	4.7	4.9
Net debt/EBITA	max.	11.0	13.4	12.9

**Maturity structure interest rate derivatives<sup>1)</sup>**

Year	Nominal amount, SEKm	Interest, %
2023	3,101	0.43
2024	695	1.29
2025	2,535	1.30
2026	2,168	1.77
2027	1,025	1.30
2028	100	1.29
2029	8,528	1.51
2030	1,113	1.04
2031	2,500	0.95
2032	2,800	2.31
2037	1,500	2.00
2040	278	0.67
<b>Total</b>	<b>26,343</b>	<b>1.40</b>

1) Relates to interest rate derivatives where a fixed interest rate is being paid.

 **RISKS**

**Capital risk**

The Group’s goal in respect of the capital structure is to secure the Group’s ability to continue its operations, in order to continue to generate a return to shareholders and value for other stakeholders.

**Liquidity risk**

Liquidity risk refers to the risk of a lack of sufficient cash and cash equivalents to be able to fulfil the company’s payment obligations relating to operating costs, interest and amortisation. According to the finance policy, there should always be sufficient cash in hand and guaranteed credit facilities to cover the day-to-day liquidity requirements. Regardless of long-term goals, the Board of Directors can decide to temporarily boost liquidity, for example, to be better prepared for major transactions. As of the closing date, Balder’s cash and cash equivalents, financial investments and unutilised credit facilities totalled SEK 6,963 million (4,543). Balder’s finance policy, which is updated at least once each year, prescribes guidelines and rules for how borrowing should be conducted. The overall objective of financial management is to use borrowing to safeguard the supply of capital to the company in the short and long run, to adapt the financial strategy and management of financial risks to the company’s business so that a long-term and stable capital structure is achieved and maintained and to achieve the best possible net financial income/expense within given risk limits.

**Refinancing risk**

Refinancing risk refers to the risk that Balder may not be able to obtain refinancing in the future or only at a significantly increased cost. As of year-end, Balder had credit facilities of SEK 19,860 million (8,079), of which SEK 18,808 million (8,079) were unutilised. Balder works continually on raising new loans and on renegotiating existing loans. Over time, 50% of the loan portfolio shall have a credit term of more than 2 years and not more than 20% of the loans should mature within one year.

**Interest rate risk**

Interest rate risk refers to the risk of fluctuations in cash flow and earnings due to changes in interest rates. The key factor affecting interest rate risk is the interest rate refixing period. Long interest rate refixing periods ensure predictability in cash flow, but in most cases also mean higher interest expenses. The handling of the Group’s interest rate exposure is centralised, which means that the central finance function is responsible for identifying and managing this exposure. The interest rate risk shall be managed using risk hedging instruments such as interest rate swaps, interest rate ceilings and interest rate floors. The overriding key ratio used is the interest coverage ratio. On each measurement date, the interest coverage ratio shall exceed 2.0 times. To manage the interest risk cost-effectively, an assessment of the interest rate risk is made when raising loans with short interest rate refixing periods based on the Group’s overall loan portfolio. Interest rate derivative transactions are entered into as required to achieve the desired interest risk in the overall borrowing.

Balder has mainly used swaps and fixed-interest loans to manage its interest rate risk, which mature between 2023 and 2040. As of year-end, about 70% of the loans were hedged using interest rate swaps and fixed-interest loans, and for 5% hedge accounting is applied. Fluctuations in market interest rates give rise to theoretical surpluses or deficits in respect of these financial instruments, which do not directly

affect cash flow. Derivatives are recognised on an ongoing basis at fair value in the balance sheet and changes in value are recognised in the income statement. Derivatives are measured based on quoted prices in the market. Changes in value during 2022 totalled SEK 1,617 million (511). As of year-end, the fair value of interest rate derivatives totalled SEK 1,677 million (-592). The fair value of financial instruments is based on measurements by the intermediating credit institutions. The reasonability of the measurements has been tested by engaging another credit institution to value similar instruments at the end of the reporting period, see the sensitivity analysis.

SATO’s interest rate derivatives meet hedge accounting requirements, as the term of the derivatives is matched with the underlying financing. This means that the change in value of the derivatives is recognised in other comprehensive income. The interest rate derivatives (interest rate swaps) entered into by SATO have the same critical terms as the hedged item. Critical terms may be the reference rate, interest rate conversion days, payment dates, due date and nominal amount. Inefficiency in interest rate swaps may arise due to differences in critical terms between the interest rate swap and the loan. There were no inefficiencies attributable to SATO’s interest rate swaps in 2022.

**Currency risk**

Balder owns properties via subsidiaries in Denmark, Norway, Finland, Germany and the UK. The companies mainly have revenue and costs in local currency. The Group is impacted by exchange rate fluctuations when translating the assets and liabilities of foreign subsidiaries into the currency of the parent company. The Group is exposed to EUR, DKK, GBP and NOK through net investments in foreign operations.

**Translation exposure**

When the subsidiaries’ statement of financial position in local currency is translated into Swedish kronor, a translation difference arises, which is due to the fact that the current year is translated at a different closing rate than the previous year and that the statement of comprehensive income is translated at the average rate during the year, while the statement of financial position is translated at the exchange rate as of 31 December. The translation difference is posted to other comprehensive income and is carried forward in reserves in equity. The translation exposure consists of the risk that the translation difference represents in terms of the impact on other comprehensive income and equity. The risk is greatest for the currencies in which the Group has the largest net assets and where the price movements in relation to Swedish kronor are the largest. The net assets in Finland and Denmark have the greatest impact on the Group. Balder issued a total of EUR 4,970 million in the European bond market, which helped to reduce the currency exposure of the Group’s net assets in EUR and DKK. As of year-end, there also were currency swaps for EUR -1,852 million (-2,315), and the fair value of these items totalled SEK 305 million (-111).

The assets and liabilities in EUR and DKK are aggregated as the DKK rate is pegged to the EUR. The translation differences are mainly handled through borrowing spread among different currencies based on the net assets in each currency. Loans raised in the same currency as the currency of net assets in the Group reduce these net assets and thus reduce the translation exposure. These hedges of net investments in foreign operations operate in the following way. Exchange gains and losses on loans in foreign currency, which finance acquisition of foreign subsidiaries, are recognised as part of other comprehensive income to the extent that the loans

Contd. **Note 22** Financial risk management

function as a hedge for the acquired net assets. In other comprehensive income, they meet the translation difference arising from the consolidation of the foreign subsidiaries. In the Group, net exchange differences of SEK -2,790 million (-670) relating to liabilities in foreign currency were transferred to other comprehensive income as hedging of net investments in foreign operations. There was no inefficiency to be recognised from hedges of net investment in foreign operations. The loans that hedge net investments in foreign operations are in EUR and DKK, since these foreign currencies have the greatest impact on the statement of financial position. Of the Group's total net investments in foreign operations, 100% are hedged.

Since the Group uses parts of its cash flow to amortise the loans to improve net financial items, the extent of this hedging tends to decrease over time. A change in the foreign subsidiary's net assets over time can have the same effect.

#### Price risk

Balder's income is affected by the occupancy rate of the properties, the level of competitive market rents and the ability of customers to pay. A change in the rental rate or economic occupancy of +/- one percentage point has an effect on profit before tax of SEK +/- 116 million and SEK +/- 121 million respectively.

#### Credit risks

##### Trade receivables

The risk that the Group's customers will not fulfil their obligations, i.e. that payment will not be received for trade receivables, constitutes a customer credit risk. The credit of the Group's customers is assessed by obtaining information about the customers' financial position from various credit rating agencies.

An estimate of the credit risk is made in conjunction with new leases and conversion of premises for existing customers. Bank guarantees, deposits or other security are required for customers with low creditworthiness or unsatisfactory credit histories.

Credit is monitored continually to follow developments in the creditworthiness of customers.

##### Financial operations

Balder's financial operations give rise to credit risk exposure. The risk is mainly counterparty risk in connection with receivables from banks and other counterparties that arise in the trading of derivative instruments. Balder's finance policy includes special counterparty rules which stipulate the maximum credit exposure for different counterparties.

#### Borrowing, maturity structure and interest rates

At year-end, Balder had binding loan agreements amounting SEK 135,252 million (117,426). Loans are raised in Swedish kronor, Danish kroner, Norwegian kroner, British pounds and euros. At year-end, loans in Danish kroner totalled DKK 7,670 million, loans in Norwegian kroner NOK 4,094 million, loans in British pounds GBP 48 million and loans in euros EUR 7,607 million. The single largest financing source is euro bonds issued in the European bond market. Balder also has a domestic MTN programme with a framework of SEK 15,000 million. As of 31 December, the outstanding commercial paper volume was SEK 420 million (2,051); the commercial paper programme totals SEK 6,451 million (6,091). Net interest-bearing liabilities minus cash and cash equivalents and financial investments of SEK 6,553 million (4,130) totalled SEK 126,228 million (108,950).

#### Agreements can be divided into four categories:

- loans against security pledged in the form of promissory note receivables from subsidiaries. The security has been augmented by collateral in the shares of subsidiaries/limited partnership shares.
- loans against pledging of mortgage deeds on property,
- commercial paper programme,
- bond loans, including Hybrid capital.

Short-term interest bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.

In certain cases, the security is augmented by covenants. Balder satisfies all of its covenants. Credit agreements contain customary termination conditions.

The average fixed credit term in loan agreements totalled 5.7 years (5.7) on 31 December 2022. The maturity structure of loan agreements, presented in the table duration analysis, indicates when loan agreements are due for renegotiation or repayment. The average effective interest as of the closing date totalled 2.1% (1.4) including the effect of accrued interest from Balder's interest rate derivatives. The average interest rate refixing period on the same date was 3.5 years (3.6). The proportion of loans with interest maturity dates during the coming 3-year period was 44% (50).

#### Other commitments

As of year-end, there is no other commitment of significance to the Group.

Contd. **Note 22** Financial risk management

**Carrying amount and fair value of financial instruments, 2022**

Group, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2022		
					Level 1	Level 2	Level 3
Other non-current receivables	2,494	—	11 <sup>1)</sup>	2,505	—	2,505	—
Derivatives	—	1,244	738	1,982	—	1,982	—
Trade receivables	198	—	—	198	—	198	—
Financial investments	959	1,617	—	2,576	1,617	959	—
Cash and cash equivalents	3,977	—	—	3,977	—	3,977	—
<b>Total receivables</b>	<b>7,628</b>	<b>2,861</b>	<b>749</b>	<b>11,238</b>	<b>1,617</b>	<b>9,621</b>	<b>—</b>
Non-current interest-bearing liabilities	118,721	—	—	118,721	48,921	54,984	—
Other non-current liabilities	1,385	—	—	1,385	—	1,385	—
Current interest-bearing liabilities	16,531	—	—	16,531	7,164	9,031	—
Trade payables	652	—	—	652	—	652	—
<b>Total liabilities</b>	<b>137,290</b>	<b>—</b>	<b>—</b>	<b>137,290</b>	<b>56,085</b>	<b>66,053</b>	<b>—</b>

**Carrying amount and fair value of financial instruments, 2021**

Group, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2021		
					Level 1	Level 2	Level 3
Other non-current receivables	1,726	—	11 <sup>1)</sup>	1,736	—	1,736	—
Trade receivables	388	—	—	388	—	388	—
Financial investments	890	1,941	—	2,831	1,941	890	—
Cash and cash equivalents	1,299	—	—	1,299	—	1,299	—
<b>Total receivables</b>	<b>4,303</b>	<b>1,941</b>	<b>11</b>	<b>6,255</b>	<b>1,941</b>	<b>4,314</b>	<b>—</b>
Non-current interest-bearing liabilities	104,268	—	—	104,268	55,757	48,403	—
Other non-current liabilities	1,251	—	—	1,251	—	1,251	—
Derivatives	—	374	329	703	—	703	—
Current interest-bearing liabilities	13,158	—	—	13,158	6,280	6,889	—
Trade payables	897	—	—	897	—	897	—
<b>Total liabilities</b>	<b>119,574</b>	<b>374</b>	<b>329</b>	<b>120,277</b>	<b>62,037</b>	<b>58,142</b>	<b>—</b>

1) No changes in value were recognised in 2022 or 2021.

Level 1 – measured at fair value based on quoted market values on active markets for identical assets.

Level 2 – measured at fair value based on other observable inputs for assets and liabilities than market values under level 1.

Level 3 – measured at fair value based on inputs for assets and liabilities that are not based on observable market inputs.

**Interest rate refixing period**

Year	Carrying amount, SEKm		Interest, %	
	2022	2021	2022	2021
Within one year	46,188	43,572	3.0	0.8
1–2 years	4,573	9,999	1.8	2.4
2–3 years	9,481	4,207	1.9	1.5
3–4 years	14,451	8,915	2.3	2.1
4–5 years	13,058	14,313	1.4	2.3
>5 years	47,502	36,420	1.6	1.5
<b>Total</b>	<b>135,252</b>	<b>117,426</b>	<b>2.1</b>	<b>1.4</b>

Year	Share, %		Fair value, SEKm	
	2022	2021	2022	2021
Within one year	38	37	46,124	43,583
1–2 years	4	9	4,550	10,096
2–3 years	7	4	8,585	4,300
3–4 years	10	8	11,585	9,128
4–5 years	8	12	10,120	14,301
>5 years	33	31	39,136	35,922
<b>Total</b>	<b>100</b>	<b>100</b>	<b>120,100</b>	<b>117,329</b>

Contd. **Note 22** Financial risk management

**Carrying amount and fair value of financial instruments, 2022**

Parent Company, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2022		
					Level 1	Level 2	Level 3
Other non-current receivables	1,122	—	—	1,122	—	1,122	—
Derivatives	—	1,185	—	1,185	—	1,185	—
Receivables from Group companies	92,204	—	—	92,204	—	92,204	—
Financial investments	—	812	—	812	812	—	—
Cash and cash equivalents	2,083	—	—	2,083	—	2,083	—
<b>Total receivables</b>	<b>95,409</b>	<b>1,997</b>	<b>—</b>	<b>97,406</b>	<b>812</b>	<b>96,594</b>	<b>—</b>
Non-current liabilities to credit institutions	46,271	—	—	46,271	21,523	17,872	—
Liabilities to Group companies	48,082	—	—	48,082	—	48,082	—
Current liabilities to credit institutions	5,928	—	—	5,928	3,832	2,033	—
Trade payables	11	—	—	11	—	11	—
<b>Total liabilities</b>	<b>100,291</b>	<b>—</b>	<b>—</b>	<b>100,291</b>	<b>25,355</b>	<b>67,998</b>	<b>—</b>

**Carrying amount and fair value of financial instruments, 2021**

Parent Company, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2021		
					Level 1	Level 2	Level 3
Other non-current receivables	985	—	—	985	—	985	—
Receivables from Group companies	83,490	—	—	83,490	—	83,490	—
Financial investments	—	1,323	—	1,323	1,323	—	—
Cash and cash equivalents	457	—	—	457	—	457	—
<b>Total receivables</b>	<b>84,931</b>	<b>1,323</b>	<b>—</b>	<b>86,254</b>	<b>1,323</b>	<b>84,931</b>	<b>—</b>
Non-current liabilities to credit institutions	43,870	—	—	43,870	29,369	14,727	—
Derivatives	—	321	—	321	—	321	—
Liabilities to Group companies	44,736	—	—	44,736	—	44,736	—
Current liabilities to credit institutions	11,415	—	—	11,415	6,021	5,401	—
Trade payables	6	—	—	6	—	6	—
<b>Total liabilities</b>	<b>100,028</b>	<b>321</b>	<b>—</b>	<b>100,349</b>	<b>35,389</b>	<b>65,193</b>	<b>—</b>

Level 1 – measured at fair value based on quoted market values on active markets for identical assets.  
 Level 2 – measured at fair value based on other observable inputs for assets and liabilities than market values under level 1.  
 Level 3 – measured at fair value based on inputs for assets and liabilities that are not based on observable market inputs.

**NOTE 23**  
**CREDIT FACILITY**

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Approved credit limit	410	413	350	350
Utilised portion	—	—	—	—
<b>Unutilised portion</b>	<b>410</b>	<b>413</b>	<b>350</b>	<b>350</b>

**NOTE 24**  
**ACCRUED EXPENSES AND DEFERRED INCOME**

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Staff costs	132	125	23	24
Interest expenses	819	750	562	547
Rent paid in advance	1,593	1,370	—	—
Property costs	670	540	—	—
Other items	86	73	15	5
<b>Total</b>	<b>3,300</b>	<b>2,858</b>	<b>600</b>	<b>576</b>

## NOTE 25 PLEGDED ASSETS AND CONTINGENT LIABILITIES



### ACCOUNTING POLICY

#### Contingent liabilities

A contingent liability is recognised if there is a possible obligation for which it has yet to be confirmed if the Group has an obligation that could lead to an outflow of resources, alternatively, if there is a present obligation that does not meet the criteria to be recognised in the balance sheet as a provision or other liability as it is not probable that an outflow of resources will be required to settle the obligation or as it is not possible to make a sufficiently reliable estimate of the amount.

#### Parent company – Financial guarantees

The parent company's financial guarantee contracts mainly consist of loan guarantees on behalf of subsidiaries and associated companies. Financial guarantees mean that the company has an obligation to compensate the holder of a debt instrument for losses that they incur because a particular debtor does not complete payment on maturity according to the terms of the agreement. For recognition of financial guarantee contracts, the parent company applies RFR 2 paragraph IFRS 9, which implies relief compared to the rules in IFRS 9 as regards financial guarantee contracts issued on behalf of subsidiaries and associated companies. The parent company recognises financial guarantee contracts 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

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Property mortgages	54,812	40,474	—	—
Shares in Group companies	12,904	13,677	—	—
Promissory notes	—	—	4,170	4,191
<b>Total</b>	<b>67,716</b>	<b>54,151</b>	<b>4,170</b>	<b>4,191</b>

#### Contingent liabilities

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Guarantees for subsidiaries	—	—	30,122	19,925
Guarantees for associated companies	3,179	1,295	373	431
Other guarantees <sup>1) 2)</sup>	3,118	2,476	1,006	1,109
<b>Total</b>	<b>6,297</b>	<b>3,771</b>	<b>31,501</b>	<b>21,465</b>

1) As the project portfolio grows and the number of tenant owner property projects in progress increases, so do other guarantee commitments towards housing associations, contractors and municipalities.

2) The company issues, to a modest extent, time-limited capital adequacy guarantees for subsidiaries whose operations might require the injection of risk capital.

## NOTE 26 CASH FLOW STATEMENT



### ACCOUNTING POLICY

#### Cash flow statement

The cash flow statement was prepared using the indirect method, by which the result is adjusted for transactions that do not result in incoming or outgoing payments during the period, as well as for any income or expenses attributable to investing or financing activities.

#### Cash and cash equivalents

The Group's cash and cash equivalents consist of cash and bank balances. Cash and cash equivalents are recognised in accordance with the principles described in Note 22 in respect of financial assets measured at accrued cost.

#### Cash and cash equivalents

SEKm	Group		Parent Company	
	2022	2021	2022	2021
The following components are included in cash and cash equivalents:				
Cash and bank balances	3,977	1,299	2,083	457
<b>Total according to balance sheet</b>	<b>3,977</b>	<b>1,299</b>	<b>2,083</b>	<b>457</b>
<b>Total according to cash flow statement</b>	<b>3,977</b>	<b>1,299</b>	<b>2,083</b>	<b>457</b>

#### Interest and derivative expenses paid

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Interest received	528	240	719	1,093
Interest paid	-2,333	-1,734	-1,207	-905
Derivative expense paid	-55	-159	-58	-133
<b>Total</b>	<b>-1,860</b>	<b>-1,652</b>	<b>-546</b>	<b>54</b>

Intra-Group interest income and interest expenses for 2022 and 2021 do not affect the cash flow.

#### Reconciliation of liabilities related to financing activities

Group, SEKm	31/12/2021	Cash flow	Changes not affecting cash flow		31/12/2022
			Exchange differences	Other items not affecting cash flow	
Interest-bearing liabilities	117,426	8,864	7,735	1,226	135,252
Lease liabilities (rent of office premises)	61	-17	—	13	57
<b>Total liabilities related to financing activities</b>	<b>117,487</b>	<b>8,847</b>	<b>7,735</b>	<b>1,239</b>	<b>135,309</b>

Group, SEKm	31/12/2020	Cash flow	Changes not affecting cash flow		31/12/2021
			Exchange differences	Other items not affecting cash flow	
Interest-bearing liabilities	88,989	25,242	958	2,237	117,426
Lease liabilities (rent of office premises)	67	-1	—	-5	61
<b>Total liabilities related to financing activities</b>	<b>89,056</b>	<b>25,241</b>	<b>958</b>	<b>2,232</b>	<b>117,487</b>



Contd. **Note 26** Cash flow statement

### Reconciliation of liabilities related to financing activities

Parent Company, SEKm	31/12/2021	Cash flow	Changes not affecting cash flow		31/12/2022
			Exchange differ-ences	Other items not affecting cash flow	
Interest-bearing liabilities	55,285	-6,843	2,568	1,189	52,199
<b>Total liabilities related to financing activities</b>	<b>55,285</b>	<b>-6,843</b>	<b>2,568</b>	<b>1,189</b>	<b>52,199</b>

Parent Company, SEKm	31/12/2020	Cash flow	Changes not affecting cash flow		31/12/2021
			Exchange differ-ences	Other items not affecting cash flow	
Interest-bearing liabilities	46,366	8,293	625	—	55,285
<b>Total liabilities related to financing activities</b>	<b>46,366</b>	<b>8,293</b>	<b>625</b>	<b>—</b>	<b>55,285</b>

## NOTE 27 PARTICIPATIONS IN GROUP COMPANIES

### ACCOUNTING POLICY

Shares in subsidiaries are recognised in the parent company in accordance with the cost method. The book value is tested on an ongoing basis against the subsidiaries' Group equity. If the book value falls below the subsidiaries' Group value, there is an impairment that is charged to the income statement. In those cases where a previous impairment is no longer justified, this is reversed.

Parent Company, SEKm	2022	2021
Accumulated cost		
Opening balance	15,518	10,376
Acquisitions	94	4,901
Impairments	-2,125	—
Shareholder contributions paid	101	241
<b>Closing balance</b>	<b>13,589</b>	<b>15,518</b>

### Specification of parent company's direct holdings of participations in subsidiaries

Subsidiaries	Corporate ID number	Reg. office	Number of participations	Share, %	2022	2021
Balder Storstad AB	556676-4378	Gothenburg	100,000	100	2,211	2,211
Balder Mellanstad AB	556514-4291	Gothenburg	1,938,000	100	3,657	5,782
Din Bostad Sverige AB	556541-1898	Gothenburg	1,000,000	100	626	626
Egby Vindkraftverk AB	556760-5919	Gothenburg	1,000	100	0	0
Balder Danmark A/S	34058016	Copenhagen	5,000	100	158	158
Balder Fastigheter Norge AS	916755856	Oslo	120	100	319	319
Balder Bilrum Fastighet AB	556730-4059	Gothenburg	100,000	100	1,255	1,255
Balder Germany GmbH	194177B	Berlin	23,725	95	1	1
SATO Oyj <sup>1)</sup>	0201470-5	Helsinki	619,300	0	265	265
Asset Buyout Partners Invest AS	916164882	Oslo	4,185,527,540	100	4,266	4,172
Serena Properties AB	559023-2707	Stockholm	4,950,000	99	831	729
<b>Total</b>					<b>13,589</b>	<b>15,518</b>

1) The Balder Group owns a total of 31,971,535 shares in SATO Oyj, representing a holding of 56.5% (56.1). 619,300 shares are owned from Fastighets AB Balder and the remaining 31,352,235 shares are owned from the subsidiary Balder Finska Otas AB (559000-0369).

The Group owns a number of companies in Sweden, Denmark, Finland, Norway, Germany and the UK via the above-mentioned subsidiaries, as presented in each subsidiary's annual accounts. For companies in SATO Oyj, see SATO Oyj's annual accounts at sato.fi.

## NOTE 28 RECEIVABLES FROM/LIABILITIES TO GROUP COMPANIES

Parent Company, SEKm	Receivables		Liabilities	
	2022	2021	2022	2021
Opening balance	83,490	57,787	44,736	14,419
Change in lending to subsidiaries	8,714	25,703	3,345	30,318
<b>Closing balance</b>	<b>92,204</b>	<b>83,490</b>	<b>48,082</b>	<b>44,736</b>

There is no fixed amortisation plan.

## NOTE 29 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

After the end of the year, Balder carried out an investment in convertible debentures that matures in 2028 at an amount of EUR 480 million, which can be converted into new Class B shares in Balder. This offer enables a proactive adaptation of the balance sheet ahead of coming debt maturity and a diversification of the company's financing sources with a new debt instrument that has a significantly lower coupon rate than other debt instruments, which improves creditworthiness.

Otherwise, no events of significant importance for Fastighets AB Balder's position occurred after the end of the reporting period.

## NOTE 30 RELATED PARTIES



### ACCOUNTING POLICY

Related parties are both legal and physical persons as defined in IAS 24. Transactions with related parties shall be conducted on commercial terms and conditions, just like other transactions. In connection with transactions, special attention shall also be paid to the guidelines on conflicts of interest. The following are defined as related parties:

- All companies within the Balder Group
- Board members and company management
- Close family members of Board members or company management
- Companies controlled by Board members or company management
- Shareholders in control of more than 10% of the shares or votes in the company

### Related party relationships

#### Group

The Group is under the control of Erik Selin Fastigheter AB, which holds 47.8% (48.8) of the votes in Fastighets AB Balder.

#### Parent Company

Apart from the related parties shown for the Group, the parent company exercises control over subsidiaries according to Note 27, Participations in Group companies.

### Summary of related party transactions

#### Group

Erik Selin Fastigheter AB purchased property-related administrative services from Balder for SEK 5 million (3). Balder purchased services from the law firm Norma Law for SEK 0 million (1), where the Board member Anders Wennergren is a partner. During the year, construction services were purchased from Tommy Byggare AB for SEK 118 million (108), an associated company of Erik Selin Fastigheter AB. The services were priced on competitive market conditions.

#### Parent Company

The parent company performed property-related administrative services on behalf of its subsidiaries amounting SEK 380 million (323). The parent company functions as an internal bank. On the closing date, receivables from subsidiaries totalled SEK 92,204 million (83,490). Both administrative and financial services were priced on competitive market conditions.

### Associated companies/joint ventures

Apart from the related parties described above, the Balder Group owns associated companies according to Note 14, Participations in associated companies/joint ventures.

During the financial year, associated companies purchased management and administrative services for their organisations from Balder amounting SEK 80 million (77). In addition to this, services were purchased from Collector Bank AB (publ). Net receivables from associated companies totalled SEK 2,924 million (2,250) as of the closing date, of which financial investments that constitute short-term lending to associated companies totalled SEK 959 million (890). Both administrative and financial services were priced on competitive market conditions.

### Transactions with key people in executive positions

The company's Board members and companies owned by these members control 63.0% (63.7) of the votes in Balder. With regard to the Board, CEO and other employees' salaries and other remuneration, expenses and agreements relating to pensions and similar benefits as well as agreements in respect of severance pay, see Note 4, Employees and staff costs.

## NOTE 31 PARENT COMPANY INFORMATION

Fastighets AB Balder (publ) is a Swedish-registered limited liability company with its registered office in Gothenburg. The parent company's shares are listed on Nasdaq Stockholm, Large Cap segment. The address of the head office is Box 53121, 400 15 Gothenburg, Sweden. The visiting address is Parkgatan 49.

The consolidated accounts for 2022 comprise the parent company and its subsidiaries, together referred to as the Group.

The annual accounts and the consolidated accounts were approved for issuance by the Board of Directors and CEO on 3 April 2023. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 11 May 2023. The Board of Directors will propose to the Annual General Meeting that no dividend (-) be declared for the financial year 2022.

The annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with the international accounting standards IFRS 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 accounts and consolidated accounts provide a true and fair view of the parent company's and

Group's financial position and results of operations. The Report of the Board of Directors for the Group and the parent company provides a true and fair review of the development of the Group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies forming the Group.

Gothenburg, 3 April 2023

Christina Rogestam  
*Chairman of the Board*

Sten Dunér  
*Board member*

Fredrik Svensson  
*Board member*

Anders Wennergren  
*Board member*

Erik Selin  
*Board member and CEO*

Our audit report was submitted on 4 April 2023  
Öhrlings PricewaterhouseCoopers AB

Bengt Kron  
*Authorised Public Accountant  
Auditor in charge*

Konstantin Belogorcev  
*Authorised Public Accountant*

# AUDIT REPORT

To the Annual General Meeting of Fastighets AB Balder (publ), corporate identity no. 556525-6905

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated financial statements of Fastighets AB Balder (publ) for 2022. The company's annual accounts and consolidated accounts are included on pages 43–89 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements 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 31 December 2022 and of its financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The Report of the Board of Directors is consistent with the other parts of the annual accounts and the consolidated financial statements.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet of the parent company and the statement of comprehensive income and the statement of financial position for the Group.

Our opinions in this statement on the annual accounts and consolidated financial statements are consistent with the content of the supplementary report that has been submitted to the Board of Directors of the parent company in accordance with Article 11 of the Auditors Ordinance (537/2014).

### Basis for opinions

We conducted the audit in accordance with the International Standards on Auditing (ISA) and generally

accepted auditing standards in Sweden. Our responsibilities under those standards are described in further detail in the section entitled Auditor's responsibility. We are independent in relation to the parent company and the Group according to generally accepted auditing standards in Sweden and in other respects have fulfilled our professional ethical responsibilities according to these requirements. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5.1 of the Auditors Ordinance (537/2014) have been provided to the audited company or, if applicable, to its parent company or its controlled companies in the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### OUR AUDIT APPROACH

#### The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. We considered in particular those areas where the CEO and the Board of Directors have performed subjective assessments, for example important accounting estimates made on the basis of assumptions and forecasts about future events, which are uncertain in their nature. As in all of our audits, we also considered the risk of the Board of Directors and the CEO overriding internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to irregularities.

We tailored our audit in order to perform a proper review to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates in six countries and the properties are owned by separate companies, which through

centralised accounting functions and uniform routines are compiled in sub-groups. The Finnish sub-group SATO Oyj, other Finnish subsidiaries and the Danish and Norwegian companies are audited by local unit audit teams. The Group audit team receives reports from the local audit teams for the material sub-groups.

We have evaluated the work performed by the local unit auditors to determine whether sufficient audit evidence has been obtained as the basis for our opinions in the audit report for the Group.

The audit of the sub-group SATO Oyj was performed by Deloitte, Finland. According to generally accepted auditing standards, it is the responsibility of the Group auditor to ensure that the unit auditors have performed the right work and with sufficiently high quality regarding the identified audit risks. Since SATO Oyj accounts for a substantial part of the Balder Group and thus the Group audit, and since we and the unit auditors are not part of the same network, this task is particularly important. We have therefore drawn up special instructions to Deloitte, Finland and ensured via continual communication and meetings as well as written confirmations that they followed and considered the instructions. We have read, discussed and evaluated the risk assessment and materiality assessment that the unit auditor planned for and also used in the audit. We also visited Deloitte, Finland digitally and reviewed significant audit items.

Apart from the parent company accounts and consolidated financial statements, the Swedish companies were also audited by the Group audit team.

All in all, this means that we have assured ourselves that there is sufficient evidence for our Group audit and audit report.

### Materiality

The scope and direction of the audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They 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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including for the consolidated financial statements as a whole. These and qualitative considerations helped us to determine the emphasis and scope of our audit and the nature, timing and scope of our audit procedures, and to assess the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

We chose total assets as a benchmark of our overall assessment of materiality for the financial statements as a whole, given that the value of the investment properties has a significant impact and significance for the Group's financial position, and constitutes a particularly important area for the audit. We also defined a specific materiality for the audit of the profit from property management including the working capital related balance sheet items.

### Key audit matters

Key audit matters are the matters which, in our professional judgement were the most significant for the audit of the annual accounts and consolidated financial statements for the current period. These matters were addressed in the context of our audit of, and in forming our opinion about, the annual accounts and consolidated financial statements as a whole, but we do not provide a separate opinion on these matters.

### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated financial statements, and this is found on pages 1–42 and 94–121, respectively. Other information also consists of the

## KEY AUDIT MATTER

### Valuation of investment properties

We refer to the Report of the Board of Directors, description of accounting policies in Note 1 and Investment properties in Note 12.

Investment properties were recognised at a fair value of SEK 189,138 million as of 31 December 2021 and account for a significant part of the Balder Group's balance sheet.

The fair value of the Group's property holdings is based on internal calculations, mainly by applying the yield method. Properties under construction and project properties for own management are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at cost.

To quality-assure the internal valuations, external valuations and second opinions were obtained. External valuations comprised 38% and second opinions 26% of the total property value excluding projects for own management.

The significance of the estimates and assumptions included in determining fair value, together with the fact that only a small difference in the individual properties calculation parameters, such as estimates of future net operating income, occupancy rate and yield requirements, can lead to significant errors, means that the valuation of investment properties, is a key audit matter.

### Recognition of property transactions

We refer to the Report of the Board of Directors, description of accounting policies in Note 1 and Investment properties in Note 12.

During the year, a number of property transactions took place, acquisitions to a value of SEK 5,160 million, which in respect of the amount and contractual terms were particularly important to consider in the audit.

In the case of each significant property transaction, we estimated that the accounting treatment was in accordance with Balder's accounting principles and IFRS.

## HOW OUR AUDIT CONSIDERED THIS KEY AUDIT MATTER

Our audit has, among other things, focused on the company's internal control and quality assurance for the valuation process.

We have, together with our valuation specialists, reviewed and assessed the valuation models that Balder also applies the reasonableness of the assumptions made.

Our audit included the following audit procedures:

- Follow-up to ensure that the valuations comply with Balder's guidelines for property valuation
- Audit sampling to follow up on the model's mathematical calculations
- Assessed inputs through audit sampling and follow-up in relation to historical outcomes, compared with available market inputs
- Audit sampling of inputs in the calculation models in relation to information in the property system and the notification system
- Consideration of external valuations and audit sampling compared to internal calculations
- Review of the audit approach and external documentation with the Finnish audit team regarding the valuation of the subsidiary SATO's property portfolio.
- Consideration of and discussions regarding management's assessment of the yield requirements for certain specific properties as well as for the property portfolio as a whole

Our work focused on the largest investment properties, the most significant assumptions and the properties where there were the largest variations in value compared to previous years. In cases where the assumptions about future net operating income, occupancy rate and yield requirement deviate from our initial expectations, these deviations were discussed with the Group's representatives and, if necessary, supplementary documentation was obtained.

Finally, we checked that the models used, that the assumptions and sensitivity analyses Balder made were properly described in Note 12.

For all significant acquisitions and divestments, we obtained and reviewed the underlying agreements and terms of entry. Furthermore, we examined the calculations to ensure that pro forma statements, entry balances and, where appropriate, settlement notes were in accordance with the agreement and that the transaction was recognised correctly.

We followed up to ensure that the property transactions were correctly recognised and disclosed in the annual accounts.

Remuneration Report for 2022. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements accounts does not cover this other information and we do not express any form of assurance regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure we also consider the knowledge otherwise obtained during 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 CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated financial statements and for ensuring that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated financial statements, in accordance with IFRS as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the CEO are also responsible for the internal control they deem necessary to prepare annual accounts and consolidated accounts that do not contain material misstatements, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the CEO 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 the ability to continue as a 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 CEO intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### The auditor's responsibility

Our goal is to achieve a reasonable degree of certainty as to whether the annual accounts and consolidated accounts as a whole do not contain any material misstatement, whether due to fraud or error, and to submit an audit report that contains our statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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.

An additional description of our responsibility for the audit of the annual account and consolidated accounts is available on [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the audit report.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

#### *Auditor's review of management and proposals for the company's profit or loss*

#### Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also performed a review of the administration of the Board of Directors and the CEO of Fastighets AB Balder (publ) for the year 2022 and the proposed appropriation of the company's profit or loss.

We recommend that the Annual General Meeting allocate the profit in accordance with the proposal in the Report of the Board of Directors and discharge the members of the Board and the CEO from liability for the financial year.

#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in this respect is described in further detail in the section entitled The auditor's responsibility. We are independent in relation to the parent company and the Group according to generally accepted auditing standards in Sweden and in other respects have fulfilled our professional ethical responsibilities according to 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 CEO

The Board of Directors is responsible for the proposal for allocating the company's profit or loss. In connection with a proposal for dividend, this involves, inter alia, an assessment of whether the dividend is defensible in view of the requirements imposed by the type, scale and risks of the operations on the size of the parent company's and the Group's equity, need to strengthen the balance sheet, liquidity and financial position generally.

The Board of Directors is responsible for the company's organisation 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 organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring

manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and, among other things, take measures that are necessary to fulfil the company's accounting in accordance with the law and handle the management of assets in a reassuring manner.

#### The auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO 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 Swedish Companies Act, the Swedish 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 thus our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Swedish 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 Swedish Companies Act.

An additional description of our responsibility for the audit of the annual account and consolidated accounts is available on [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the audit report.

#### THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

##### Opinions

In addition to our audit of the annual accounts and the consolidated accounts, we also performed an audit of the Board of Directors and the CEO have established the annual report and the consolidated accounts in a format that enables uniform electronic reporting (Esef report) according to ch. 16 Section 4a of the Act (2007: 528) on the securities market for Fastighets AB Balder (publ) for the year 2022.

Our review and our statement relate only to that statutory requirement.

In our view, the Esef report has been drawn up in a format that essentially enables uniform electronic reporting.

##### Basis for opinions

We performed the audit in accordance with FAR's recommendation RevR 18 Auditor's review of the Esef report. Our responsibility according to this recommendation is described further in the section Auditor's responsibilities. We are independent in relation to Fastighets AB Balder (publ) according to good auditing practice in Sweden and has otherwise fulfilled our professional ethical responsibility according to these requirements.

We believe that the evidence we have obtained is sufficient and appropriate as a basis for our statement.

#### Responsibilities of the Board of Directors and the CEO

The Board and the CEO have the responsibility for the Esef report having been prepared in accordance with ch. 16 Section 4a of the Act (2007: 528) on the securities market, and that there is such internal control that the Board of Directors and the CEO deemed necessary in order to prepare the Esef report without material inaccuracies, whether due to irregularities or mistakes.

#### The auditor's responsibility

Our task is to express ourselves with reasonable certainty that the Esef report is essentially prepared in a format which meets the requirements in ch. 16 Section 4a of the Act (2007: 528) on the securities market, on the basis of our examination.

RevR 18 requires that we plan and implement our audit measures to achieve reasonable assurance that the Esef report is prepared in a format that complies these requirements.

Reasonable security is a high degree of security, but is no guarantee that an audit will be performed in accordance with RevR 18 and good auditing practice in Sweden always come to discover a material error about such available. Errors can occur due to irregularities or mistakes and are considered significant if they individually or together can reasonably be expected to influence the financial decisions that users make based on the Esef report.

The auditing firm applies ISQC 1 Quality Control for audit firms that perform audits and general review of financial reports as well as other certification assignments and related services and thus has a comprehensive system for quality control which includes documented guidelines and routines regarding compliance with professional ethics requirements, standards for professional practice and applicable requirements in laws and other statutes.

The review includes that through various measures obtain evidence that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual report and consolidated accounts. The auditor chooses which measures to perform, among otherwise by assessing the risks of material misstatement in the reporting whether or not these are due irregularities or mistakes. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board and the CEO produce the documentation in order to design audit

measures that are appropriate in the light of the circumstances, but not for the purpose of statement on the effectiveness of internal control.

The review also includes an evaluation of the appropriateness and reasonableness of the Board of Directors' and the CEO's assumptions.

The audit measures mainly include a validation that the Esef report has been established in a valid XHTML format and a reconciliation of the Esef report with the audited annual report and the consolidated accounts.

Furthermore, the review also includes an assessment of whether the Group's income statement,

balance sheet, equity accounts and cash flow statement and notes in the Esef report has been marked with iXBRL format in accordance with the Esef disclosure.

Öhrlings PricewaterhouseCoopers AB, Masthamngatan 1, was appointed as Fastighets AB Balder (publ)'s

auditor by the Annual General Meeting of shareholders on 8 May 2019 for the time up until the Annual General Meeting 2023 and has been the company's auditing company since 2009.

Gothenburg, 4 April 2023  
Öhrlings PricewaterhouseCoopers AB

Bengt Kron  
*Authorised Public Accountant*  
*Auditor in charge*

Konstantin Belogorcev  
*Authorised Public Accountant*

# COMMENTS BY THE CHAIRMAN OF THE BOARD



The past year has been affected significantly by turbulence in the world at large, rising inflation, interest rates and increased energy costs. This naturally has a major impact on property companies, which are not only major energy consumers, but also dependent on beneficial terms for financing.

During the year, Balder has done well in adapting the business to the new conditions. When it comes to financing activities, there was a shift from the bond market to banking, and the company has taken measures including a directed new share issue to secure additional financing going forward.

The entrepreneurial culture that pervades Balder has always been a major success factor, and during the year it made a strong contribution to the business performing well, despite the current circumstances. The flexible organisation is quick to adapt. Dedicated and innovative employees find solutions to the challenges that arise.

#### **The role of the Board of Directors**

The mandate issued by the owners to Balder's Board of Directors remains unchanged: to create value by acquiring, developing and managing commercial and residential properties. In recent years, the company has broadened its base, primarily through increased holdings in our neighbouring countries in the Nordic region.

Balder's Board of Directors works on the company's long-term development, which includes following up on the management team's operational activities and assuring themselves that everything is in order in the company.

One regular item on the Board's agenda is risk assessment, in which matters such as the state of the economy and the impact of interest rate trends on the company are analysed. Other important elements of the Board's work are the company's development in the form of access to competence, and the company's work to contribute towards socially and environmentally sustainable social development.

#### **Strong focus on sustainability**

Following up on sustainability-related issues is becoming an increasingly important feature of the Board's work. As a long-term property owner, Balder assumes responsibility for the business's impact on not only the economy and the environment, but also on social issues. The company continues to work on the development of our own areas and has a high level of social engagement with a focus on security and well-being, children, young people and employment.

Balder has several strategic partnerships linked to the company's social engagement, and every year

engages a large number of people on work placements, summer workers and students to contribute to increased employment, but also to develop the property industry.

By signing the Global Compact, Balder has adopted a stance and is working actively to follow the UN's ten principles for companies with regard to human rights, labour rights, the environment and anti-corruption.

Another important issue for the Board is business ethics. The Board and the management team must always bear in mind the control question of how you can account publicly for your decisions. It is becoming increasingly important to consider the consequences when it comes to preserving a company's reputation or building its brand.

The Board considers that Balder's management team and employees have dealt well with this year's challenges. Balder has a stable foundation to stand on in terms of the management and production of new properties and areas. The company continues to develop despite an uncertain external environment.

#### **CHRISTINA ROGESTAM**

Chairman of the Board



# CORPORATE GOVERNANCE REPORT

Corporate governance in Swedish listed companies is governed by a combination of written rules and practice, by which the owners directly and indirectly control the company. The rules and regulations have been developed through legislation, recommendations, the Swedish Corporate Governance Code and through self-regulation.

The Code is based on the principle comply or explain, which means that all rules do not always have to be complied with if there is a reason and it is explained. Some of the Code's principles are to create a good basis for exercising an active and responsible ownership role and to create a well-adjusted balance of power between owners, the Board of Directors and the executive management, which Balder views as a natural part of the principles for its operations. The

Code also means that certain information should be made available on the company's website.

The Swedish Corporate Governance Code is administered by the Swedish Corporate Governance Board and is available on [www.bolagsstyrning.se](http://www.bolagsstyrning.se), where the Swedish model for corporate governance is also described. Balder applies the Code, which is intended to serve as part of the self-regulation within the Swedish business community. In the view of the Board, of Directors there are no deviations to report or explain.

### Articles of Association

The company's name is Fastighets AB Balder and the company is a public company (publ). The registered office of the company is in Gothenburg. The company's purpose shall be directly or indirectly, through

wholly-owned or part-owned companies, to acquire, manage, own and divest real property and securities, and to conduct other associated activities.

The articles of association, which are available on Balder's website, contain, among other things, information regarding share capital, number of shares, class of shares and preferential rights, number of Board members and auditors as well as provisions regarding notice and agenda for the annual general meeting.

### 1. THE SHARE AND THE OWNERS

The Balder share is listed on Nasdaq Stockholm, Large Cap segment. At year-end, the number of shareholders was approximately 29,000. Of the total share capital, 27% was owned by foreign owners. The principal owner of Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 34.1% of the capital and 47.8% of the votes.

Balder's share capital as of 31 December 2022 totalled SEK 192,333,333 distributed among 1,154,000,000 shares. Each share has a quota value of SEK 0.16667. The shares are distributed across 67,376,592 Class A shares and 1,086,623,408 Class B shares. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

Each shareholder at the general meeting is entitled to vote for the number of shares held and represented by him/her. Further information regarding shares and share capital may be found on pages 4–8, Balder's share and owners.

### Information to the stock market

Balder issues interim reports for the operations three times per year: as of 31 March, as of 30 June and as of 30 September. In addition to this, Balder reports its full-year accounts on 31 December in its year-end report and publishes its annual accounts well in advance of the AGM.

The annual accounts for 2022 are available for distribution and on Balder's website. All documents, press

releases and presentations in connection with reports are available at [www.balder.se](http://www.balder.se).

### 2. ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the company's highest decision-making body in which the shareholders exercise their rights to decide on the affairs of the company. The Board and auditors of the company are elected by the AGM according to the proposal of the nomination committee. The AGM also passes resolutions, including on amendments of the articles of association, on change of the share capital and decides on the company's distribution of profits and discharge from liability for the Board and the CEO.

To participate in passing resolutions, the shareholder must be present at the meeting, either personally or by proxy. In addition, the shareholder must be registered in the share register on a certain date prior to the meeting and notification of participation must be given to the company within a certain determined period. Shareholders who wish to have a special matter dealt with at the AGM can normally request this if the request is made in good time to Balder's Board of Directors prior to the meeting. See page 121 for further information.

Notice to attend the Annual General Meeting is given through the Official Swedish Gazette (Post- och Inrikes Tidningar) and on Balder's website. It shall also be announced in Svenska Dagbladet that notice has been given. Resolutions at the general meeting are normally passed by a simple majority. In certain questions, the Swedish Companies Act prescribes that proposals must be approved by a larger proportion of the shares represented and cast at the meeting.

### Annual General Meeting 2022

At the AGM on 12 May 2022, 803 shareholders were represented, representing approximately 85% of the total number of votes. The AGM adopted the financial statements for 2021 and discharged the Board and CEO from liability for the financial year 2021. The following

## OVERALL STRUCTURE OF CORPORATE GOVERNANCE



resolutions were passed by the AGM on 12 May 2022:

- that no dividend shall be declared for the shareholders,
- the Board shall, during the period until the next AGM has been held, be composed of five ordinary members without deputy members,
- directors' fees of a fixed amount of SEK 560,000 should be paid to the Board, of which SEK 200,000 to the Chairman of the Board and SEK 120,000 to the other Board members who are not permanently employed by the company. The amount includes remuneration for committee work,
- re-election of Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wennergren. All members are elected up to and including the 2023 AGM. Christina Rogestam was re-elected as Chairman of the Board,
- approval of the Board's proposed guidelines for remuneration to senior executives,
- a mandate for the Board, during the time until the next AGM, on one or more occasions, to decide that a new issue of Class B shares, as well as of warrants and/or convertibles with the right to subscribe and/or convert to Class B shares, may take place with or without departure from the preferential rights of shareholders. The number of shares, warrants and/or convertibles issued with the support of this authorisation may be the equivalent of no more than ten (10) per cent of all shares in the company. The new share issue shall be used by the company for payment of acquisitions of properties or acquisition of shares or participations in legal entities that own property or in order to capitalise the company ahead of such acquisitions or to capitalise the company in other respects,
- a mandate for the Board to decide on repurchase and transfer of the company's own shares for the purpose of adjusting the company's capital structure and for transferring own shares as payment or for financing of property investments. If the use of this authorisation is combined with the use of the authorisation

regarding the issue of shares, warrants and/or convertibles at the same acquisition, the Class B shares, warrants and/or convertibles that can be subscribed and/or converted to Class B shares may together correspond to no more than ten (10) per cent of all shares in the company. Minutes taken at the AGM on 12 May 2022 are available on the company's website. The 2023 AGM will be held on 11 May at 16:00. See page 121 for further information. Information concerning the AGM will be published at balder.se.

### 3. NOMINATION COMMITTEE

The AGM passes resolutions on the procedure for election of the Board and, when applicable, auditors. The 2022 AGM resolved that a nomination committee should be established before the 2023 AGM in order to submit proposals on the number of Board members, election of Board members including the Chairman of the Board and election of auditors and remuneration for Board members as well as for auditors. The nomination committee's proposals shall be announced no later than in conjunction with the notice convening the AGM. Shareholders are given the opportunity to submit nomination proposals to the nomination committee.

The 2022 AGM adopted the nomination committee's proposal that the nomination committee should be composed of one representative for each of the two largest shareholders or ownership spheres in addition to Lars Rasin, who represents the other shareholders. The chairman of the nomination committee shall be Lars Rasin. The names of the other two members and the owners they represent shall be announced no later than six months before the AGM.

The nomination committee's term of office extends until a new nomination committee has been appointed. If Lars Rasin resigns as chairman of the nomination committee, the company's Chairman shall appoint a new chairman of the nomination committee until the next general meeting of the company.

The nomination committee ahead of the 2023 AGM is composed of Jesper Mårtensson, representing Erik Selin Fastigheter AB, Rikard Svensson, representing Arvid Svensson Invest AB, and chairman Lars Rasin.

The nomination committee has decided to propose the re-election of the current Board members Christina Rogestam, Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed that Christina Rogestam be re-elected as Chairman of the Board.

### 4. AUDITORS

The company's annual accounts and the administration of the CEO and Board of Directors are reviewed by the company's auditor, who submits an audit report for the financial year to the AGM. The auditor reports on his audit plan for the year and his views on the accounts, annual accounts and administration.

At the 2019 AGM, Öhrlings PricewaterhouseCoopers AB was elected as the company's auditor, with Bengt Kron as auditor in charge, for the period until the end of the 2023 AGM.

### 5. BOARD OF DIRECTORS

The Board of Directors is elected by the AGM and according to the articles of association shall consist of at least three and at most seven members. The members are elected at the AGM for the period until the end of the first AGM that is held after the members were elected. During 2022, the Board was composed of five members and is responsible for the company's organisation and administration (more information about the company's Board is available on page 101 and at www.balder.se). The Board works according to an established formal work plan with instructions concerning division of responsibilities between the Board and the CEO.

New Board members receive an introduction to the company and its operations and participate in the stock exchange's training according to the stock exchange agreement. The Board subsequently

receives continual information, including about regulatory changes and such issues concerning the operations and the Board's responsibility in a listed company.

The rules of the Swedish Companies Act apply to resolutions in the Board, to the effect that more than half of the members present and more than one third of the total number of members must vote for resolutions. The Chairman has the casting vote if there is no majority.

The Board's work is governed by the Swedish Companies Act, the articles of association, the Code and the formal work plan that the Board has adopted for its work. Balder's Board of Directors is composed of persons who possess broad experience and competence from the property sector, business development, sustainability issues and financing. Most of the Board members have experience of board work from other listed companies. Both of the major owners Erik Selin Fastigheter AB and Arvid Svensson Invest AB are represented on the Board through Erik Selin and Fredrik Svensson. Balder's authorised signatories, apart from the Board, are the Chairman of the Board Christina Rogestam and the CEO Erik Selin jointly, or one of these jointly with Director of Economy Eva Sigurgeirdottir or Head of Personnel and Administration Petra Sprangers.

### The Board's duties and responsibilities

The Board's overriding duty is to manage the affairs of the company on behalf of the owners so that the owners' interest in a good long-term return on capital is satisfied in the best possible way.

The Board has responsibility for ensuring that the company's organisation is appropriate and that the operations are conducted in accordance with the articles of association, the Companies Act and other applicable laws and regulations and the formal work plan of the Board. Balder's Board is also ultimately responsible for the company's sustainability work. The Board shall perform the board work collectively under the leadership of the Chairman.

The Board shall also ensure that the CEO fulfils his duties in accordance with the Board's guidelines and directions. These may be found in the instructions to the CEO drawn up by the Board. The Board members shall not be responsible for different lines of business or functions. Matters relating to compensation and remuneration for the CEO are prepared by the Chairman and presented to the rest of the Board prior to decision.

The Board's duties include, but are not limited to, the following:

- establishing business plans, strategies, significant policies and goals for the company and the Group that the company is parent company of,
- determining the company's and Group's overall organisation,
- appointing and dismissing the CEO,
- ensuring that there is a functioning reporting system,
- ensuring that there is satisfactory control of the company's and Group's compliance with laws and other regulations that apply to the operations,
- approving a new formal work plan and instruction to the CEO annually,
- approving financial reporting in the form of interim reports, year-end reports and annual accounts that the company must publish,
- together with the CEO annually approve Balder's sustainability report and that it is established in accordance with the Annual Accounts Act,
- ensuring that the company has a functioning approvals list and approvals process,
- approving necessary guidelines for the company's conduct in society with the aim of ensuring long-term value creation and a sustainability perspective,
- ensuring that the company has an appropriate system for follow-up and control of the risks associated with the company and its operations.

#### Chairman of the Board

It is the duty of the Chairman to ensure that the Board's work is conducted effectively and that the Board fulfils

its duties. The duties of the Chairman thus include, but are not limited to:

- organising and leading the Board's work and creating the best possible basis for the Board's work,
- ensuring that the Board's work takes place in accordance with the provisions of the articles of association, the Companies Act and the formal work plan of the Board,
- monitoring that the Board's decisions are executed effectively,
- continually monitoring the company's development through contact with the CEO and acting as a discussion partner,
- ensuring that the Board members, through the agency of the CEO, receive sufficient information and decision data for their work,
- making sure that each new Board member is given a proper introduction upon joining the Board.

#### The formal work plan of the Board of Directors

The Board adopts a formal work plan for the Board's work each year. This formal work plan describes the duties of the Board and the division of responsibilities between the Board and the CEO. The formal work plan also describes what matters shall be dealt with at each board meeting and instructions regarding the financial reporting to the Board. The formal work plan also prescribes that the Board shall have an audit committee and a remuneration committee. The Chairman of the Board shall serve as the chairman of the committees.

#### Board meetings

The Board shall, in addition to the statutory meeting, hold board meetings on at least four occasions annually. The CEO and/or the Director of Economy shall as a general rule present a report to the Board. The company's employees, auditor or other external consultants shall be called in to board meetings in order to participate and report on matters as required. The Board has a quorum if more than half of the Board members are

present. The Chairman has the casting vote in the event that there is no clear majority.

#### The work of the Board of Directors

Balder's Board held 21 Board meetings during 2022, one of which was the statutory meeting. Board meetings are held in connection with the company's reporting. Matters of significant importance to the company are dealt with at each ordinary board meeting, such as acquisition and divestment of properties, investments in existing properties and financing questions. In addition, the Board is informed about the current business situation in the rental, property and credit markets.

The regular matters dealt with by the Board in 2022 included acquisition strategies, capital structure and financing position, sustainability work, common corporate policies and the formal work plan for the Board.

#### Composition of the Board

The Board, for its work in Balder's Board of Directors, shall have appropriate experience and competence for the operations that are being conducted in order to be able to identify and understand the risks that can arise in the business and the rules and regulations governing the operations that are being conducted.

The composition of the Board shall be characterised by diversity and breadth in terms of the chosen members' competencies, experience, age, gender or ethnic background. The diversity policy applied by the nomination committee follows item 4.1 of the Code. It is the duty of the nomination committee to consider the policy, with the objective of achieving an appropriate composition in the Board.

When electing new Board members, the suitability of the individual members shall be examined with the aim of achieving a Board with a combined level of expertise that is sufficient for ensuring appropriate governance of the company. The composition of the Board provides a good basis for well-functioning Board work with a good spread among individual members

that represents diversity according to the Board's diversity policy.

#### Evaluation of the Board's work

The intention of the evaluation is to further improve the Board's working methods and efficiency, and to clarify the main direction of the Board's future work. The evaluation also serves as a tool for ensuring the right competence and knowledge in the Board. In connection with the annual evaluation, Board members are asked, based on their own perspective, to discuss various areas relating to the Board's work with other Board members. These conclusions are documented in a report.

The areas discussed and evaluated in 2022 related to the Board's composition, competence, efficiency and focus areas going forward. The areas covered by the Board evaluation may vary from one year to another to reflect the development of the Board's work. The evaluation showed constructive board work conducted in a positive spirit.

#### Remuneration committee

The remuneration committee has a preparatory function in relation to the Board in questions regarding principles for remuneration and other terms of employment for the CEO and other senior executives. The remuneration committee shall monitor and evaluate the application of the guidelines for remuneration and levels of compensation to senior executives that the AGM has determined and shall also draw up proposals for new guidelines for principles of remuneration and other terms of employment.

Before the resolution of the AGM, at least every four years the Board shall propose new principles for remuneration and other terms of employment for the CEO and other senior executives. Based on the resolution of the AGM, it is the duty of the remuneration committee to decide on remuneration to the CEO and other officers. The Board shall be entitled to deviate from the

guidelines if there are special reasons in an individual case to justify this. The remuneration committee is composed of all independent Board members and shall meet at least once every year. For further information see Note 4, Employees and staff costs.

**Audit committee**

The audit committee shall be responsible for preparing the Board’s work by quality-assuring the company’s financial reporting, assisting the nomination committee in drawing up proposals for auditors and their fees and ensuring a qualified independent audit of the company.

The audit committee shall meet the company’s auditor at least once per calendar year and have the opportunity to meet with the auditors without any members of company management being present. During 2022, the audit committee, which was composed of all independent Board members, met the company’s auditor on one occasion and received an audit plan for 2022 and a report on the audit performed.

**Disqualification**

Board members or the CEO may not deal with issues concerning agreements between themselves and the company or Group. Nor may they deal with issues

regarding agreements between the company and a third party, if they have a material interest that can conflict with that of the company. Lawsuits or other actions are on a par with the agreements referred to above. Where applicable, it is incumbent on the Board member or CEO to disclose if a disqualification situation would arise.

**6. CEO AND MANAGEMENT**

The CEO is responsible for day-to-day administration pursuant to the guidelines and policies adopted by the Board. The CEO shall report on Balder’s development to the Board and prepare the order of business at Board meetings according to an approved agenda. The CEO shall ensure that the required material is compiled and distributed to the Board members prior to board meetings.

The management team normally meets once every month with a standing agenda, including property transactions, finance and general management issues. Group Management consists of five persons and includes resources such as the CEO, accounting, finance, property management and HR. More information about the company’s CEO and management team may be found on page 102.

**Composition of the Board of Directors, number of meetings and attendance**

Name	Elected	Independent <sup>1)</sup>	Board meetings	Audit committee	Remuneration committee
Christina Rogestam	2006	Yes	21/21	1/1	1/1
Erik Selin	2005	No	21/21	—	—
Fredrik Svensson	2005	No	21/21	1/1	1/1
Sten Dunér	2007	Yes	21/21	1/1	1/1
Anders Wennergren	2009	Yes	21/21	1/1	1/1

1) The independence is based on both independence in relation to the company and the company management as well as to larger shareholders (>10%).

PIRITANAUKIO 2B, HELSINKI, FINLAND



## INTERNAL CONTROL IN RESPECT OF FINANCIAL REPORTING

The Board is responsible for internal control under the Swedish Companies Act and under the Code. This description has been prepared in accordance with the Swedish Annual Accounts Act and the Code and is thus limited to internal control over financial reporting. Financial reporting refers to interim reports, year-end reports and annual reports. The description does not constitute a part of the formal annual accounts.

Balder's internal control follows an established framework, Internal Control – Integrated Framework, which consists of five components. The components are control environment, risk assessment, control activities, information and communication, and follow-up.

### Control environment

The control environment constitutes the basis for the internal control over financial reporting. A good control environment is built on clearly defined and communicated decision-making procedures and guidelines between different levels of the organisation, which together with the corporate culture and shared values establish the basis for managing Balder in a professional manner.

Balder's internal control is based on a decentralised organisation with 1,841 properties, each with its own profit centre, which are administered from regional offices. To support the control environment and provide necessary guidance to different officers, there are a number of documented governing documents such as internal policies, guidelines, manuals, the formal work plan of the Board, decision-making procedures, rules for approvals as well as accounting and reporting instructions. Governing documents are updated as required in order to always reflect applicable laws and rules.

### Risk assessment

The focus is on identifying the risks that are considered most significant in Balder's income statement and balance sheet items in the financial statements and what measures can reduce these risks. Risk management is integrated into the above-mentioned document for the control environment.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Board conducts an ongoing review of the internal control in accordance with the formal work plan of the Board. The risk assessment is continually updated to cover changes that have a material impact on the internal control over financial reporting.

The most significant risks that have been identified in connection with the financial reporting are errors in the accounts and in the valuation of the property portfolio, deferred tax, interest-bearing liabilities, refinancing, tax and value added tax as well as the risk of fraud, loss or embezzlement of assets.

### Control activities

A number of control activities are built-in to ensure that financial reporting provides a true and fair view at each point in time. These activities involve different levels in the organisation, from the Board and company management to other employees.

The control activities are aimed at preventing, discovering and correcting errors and deviations. The activities consist of approval and reporting of commercial transactions, follow-up on decisions and approved policies of the Board, general and application-specific IT controls, checking of external counterparties and follow-up on results at various levels in the organisation.

Other activities are follow-up on reporting procedures, including the annual accounts and consolidated accounts and their conformity with applicable rules and regulations, approval of reporting tools, accounting and valuation principles, as well as power of attorney and authority structures.

Balder's regional offices participate in basic control, follow-up and analysis in each region. To guarantee the quality of the regions' financial reporting, an evaluation is performed in conjunction with the Group's controllers.

Follow-up at regional level combined with the controls and analyses at Group level are an important part of the internal control, to make sure that financial reporting essentially does not contain any errors.

### Information and communication

Balder has determined how information and communication in respect of the financial reporting should occur so that the company's information disclosure should take place in an effective and correct manner. Balder has guidelines for how financial information should be communicated between management and other employees.

Guidelines, updates and changes are made available and known to the employees concerned by means of oral and written information and on Balder's intranet. The Board receives further information about risk management, internal control and financial reporting from meetings and reports from the company's auditors.

### Follow-up

There is an appropriate process for continual follow-up and annual evaluation of the observance of internal policies, guidelines and codes and of the appropriateness and functionality of the established control activities.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Group's accounting and controller function has the day-to-day responsibility for ensuring follow-up and reporting to the company management of possible shortcomings. Follow-up takes place at both property level and at Group level.

The Board regularly evaluates the information submitted by company management and the auditors. The company's auditors report their observations from the audit and their opinion about internal control over financial reporting on at least one occasion each year.

### Need for internal audit

Balder has a decentralised organisation that manages 1,841 properties from regional offices. Financial operations and the finance function for the entire Group are conducted in the parent company. There is a controller function in the parent company which, together with controllers in Denmark and Finland, monitors the administration of the regional offices and financial operations in the Group. Balder's size and decentralised organisation together with the controller function in the parent company mean that a special internal audit function is not justified at present.

## AHEAD OF THE 2023 AGM

Ahead of the AGM on 11 May 2023, the Board of Directors proposes:

- no share dividend to be declared,
- decision to approve the report in respect of remuneration to senior executives,
- guidelines for remuneration of senior executives,
- a renewed mandate for the Board of Directors, before the next annual general meeting, on one or more occasions, with or without derogation from the preferential rights of shareholders, to decide on the new issuing of Class B shares and of warrants and/or convertibles with the right to subscribe and/or convert to Class B shares. This authorisation shall comprise no more than 10% of all Class B shares. It shall be possible to subscribe to the shares in cash, through payment in kind or through a right of set-off.
- a mandate for the Board, before the next AGM, to repurchase and transfer Class B shares in Balder equivalent to no more than 10% of all shares in the company.

Ahead of the AGM on 11 May 2023, the nomination committee proposes:

- re-election of the current Board members Christina Rogestam, Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed that Christina Rogestam be re-elected as Chairman of the Board.
- it is proposed to pay directors' fees of SEK 200,000 to the Chairman of the Board and SEK 120,000 to the other Board members who are not permanently employed by the company. The amounts include remuneration for committee work.
- that the general meeting resolves that the nomination committee shall be composed of one representative for each of the three largest shareholders or ownership spheres based on the shareholders who per last banking day in September registered in the share register maintained by Euroclear, as well as the chairman of the board. The names of the other three members and the owners they represent shall be announced no later than six months before the AGM. The nomination committee's term of office extends until a new nomination committee has been appointed.

Gothenburg, 3 April 2023

Christina Rogestam  
Chairman of the Board

Sten Dunér  
Board member

Fredrik Svensson  
Board member

Anders Wennergren  
Board member

Erik Selin  
Board member and CEO

# AUDITOR'S STATEMENT REGARDING THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Fastighets AB Balder (publ), corporate identity no. 556525-6905

### Engagement and allocation of responsibility

The Board of Directors is responsible for the Corporate Governance Report for 2022 on pages 95–100 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

### The focus and scope of the examination

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our review of the corporate governance report has another aim and direction, and is

substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

### Opinion

A corporate governance statement has been prepared. Disclosures according to Chapter 6 Section 6, second paragraph, items 2–6 of the Annual Accounts Act and Chapter 7 Section 31, second paragraph of the same Act are consistent with the annual accounts and consolidated accounts and are in compliance with the Annual Accounts Act.

Gothenburg, 4 April 2023  
Öhrlings PricewaterhouseCoopers AB

Bengt Kron  
Authorised Public Accountant  
Auditor in charge

Konstantin Belogorcev  
Authorised Public Accountant

## BOARD OF DIRECTORS



### FREDRIK SVENSSON

Board member since 2005

#### Born 1961

#### Education and experience

B.Sc. (Economics)

Chairman of the Board at Arvid Svensson Invest AB, Board member at SBB, Samhällsbyggnadsbolaget

#### Shareholding in Balder

17,495,352 Class A shares and 81,255,240 Class B shares, all held via company

### ERIK SELIN

Board member since 2005

#### Born 1967

#### Education and experience

Business school economist

CEO of Fastighets AB Balder, Chairman of the Board at Brinova Fastigheter AB, K-fast Holding AB, SLP Swedish Logistic Property AB and Collector Bank AB, Board member at Hexatronic Group AB, Hedin Mobility Group AB and Neudi & Co AB

#### Shareholding in Balder

63,000 Class B shares and 49,855,968 Class A shares and 343,202,400 Class B shares held via company

### STEN DUNÉR

Board member since 2007

#### Born 1951

#### Education and experience

B.Sc. (Economics)

Chairman of the Board at Länsförsäkringar Liv. Board member at Garbo and Humlegården

#### Shareholding in Balder

No shareholding in Balder

### CHRISTINA ROGESTAM

Chairman of the Board since 2006

#### Born 1943

#### Education and experience

B.A. Social Studies

Former President and CEO of Akademiska Hus AB

#### Shareholding in Balder

90,000 Class B shares and 18,000 Class B shares held via company

### ANDERS WENNERGREN

Board member since 2009

#### Born 1956

#### Education and experience

Bachelor of Law

Lawyer and partner in Advokatfirman Norma Law, Board member at several companies in the BRA Bygg AB Group

#### Shareholding in Balder

1,260,000 Class B shares held via company

### Auditor

Öhrlings PriceWaterhouseCoopers AB. Auditor in charge: Bengt Kron, born 1965. Öhrlings PriceWaterhouseCoopers AB was elected at the AGM held on 8 May 2019 for the period until the AGM in 2023.

## MANAGEMENT



**ERIK SELIN**  
CEO

**Born**  
1967

**Employed since**  
2005

**Education and experience**  
Business school economist

**Shareholding in Balder**  
63,000 Class B shares,  
49,855,968 Class A shares and  
343,202,400 Class B shares held  
via company

**Email address**  
erik.selin@balder.se



**SHARAM RAHI**  
Deputy CEO

**Born**  
1973

**Employed since**  
2005

**Education and experience**  
Compulsory school

**Shareholding in Balder**  
3,616,932 Class B shares and  
5,643,868 Class B shares held via  
company

**Email address**  
sharam.rahi@balder.se



**EVA SIGURGEIRSDOTTIR**  
Director of Economy

**Born**  
1974

**Employed since**  
2014

**Education and experience**  
DIHM Graduate in Business  
Administration, IHM Business  
School

**Shareholding in Balder**  
6,000 Class B shares

**Email address**  
eva.sigurgeirsdottir@balder.se



**EWA WASSBERG**  
CFO

**Born**  
1980

**Employed since**  
2022

**Education and experience**  
B. Sc. in Economics from the  
School of Business, Economics  
and Law at the University of  
Gothenburg

**Shareholding in Balder**  
10,000 Class B shares

**Email address**  
ewa.wassberg@balder.se



**PETRA SPRANGERS**  
Head of Personnel and Administration

**Born**  
1965

**Employed since**  
2007

**Education and experience**  
Business school economist

**Shareholding in Balder**  
1,800 Class B shares

**Email address**  
petra.sprangers@balder.se



# GOVERNANCE OF SUSTAINABILITY WORK

Sustainability shall be integrated in Balder’s day-to-day operations and is governed by the general sustainability policy and the Code of Conduct. By adopting a proactive approach to sustainability issues, risks can be managed and new business opportunities identified.

Balder’s sustainability policy interact with the company’s business concept and goals for governing the company in a way that is sustainable in the long term. The sustainability policy includes the company’s environmental policy.

### The Board of Directors’ responsibility for sustainability issues

Balder’s Board of Directors is ultimately responsible for the company’s sustainability work. Every year, the Board of Directors adopts the sustainability policy with

associated sustainability goals, the Code of Conduct and strategies that govern Balder’s long-term sustainability work. The Board of Directors conducts regular follow-up on the company’s impact on the environment, finances and people, as well as risk management, including climate-related risks and opportunities. Every year, the Board of Directors together with the CEO approves Balder’s sustainability report, and the Board of Directors is responsible for ensuring that it is prepared in accordance with the Swedish Annual Accounts Act. The Board of Directors deals with

climate-related issues at least once a year. Before the meetings, the Board of Directors receives a report from the sustainability manager about climate-related issues and other sustainability-related issues.

### Implementation of sustainability-related issues

The company’s management team is responsible for implementing policies and ensuring that they are followed. The CEO and management also have ultimate responsibility for the economic performance, and for ensuring that the company’s business is conducted

### Updated whistleblowing function

Balder has a goal of maintaining a culture that is characterised by openness and being a long-term, responsible actor with sound business ethics. It is important that irregularities and cases of misconduct are highlighted and investigated as quickly as possible. If there is any suspicion of infringements of the Code of Conduct or other policies, it is the responsibility of all employees to report this, either to their manager, to the HR manager or anonymously via the company’s external whistleblowing function.

Balder changed the provider of the whistleblowing service during the year. Reports of suspected infringements and irregularities can be submitted via a web form that guarantees anonymity. There is also an opportunity to phone in a report or to book a meeting with an independent contact person at the service provider. Information about the new whistleblowing service has been issued via the company’s intranet and is available on Balder’s website.

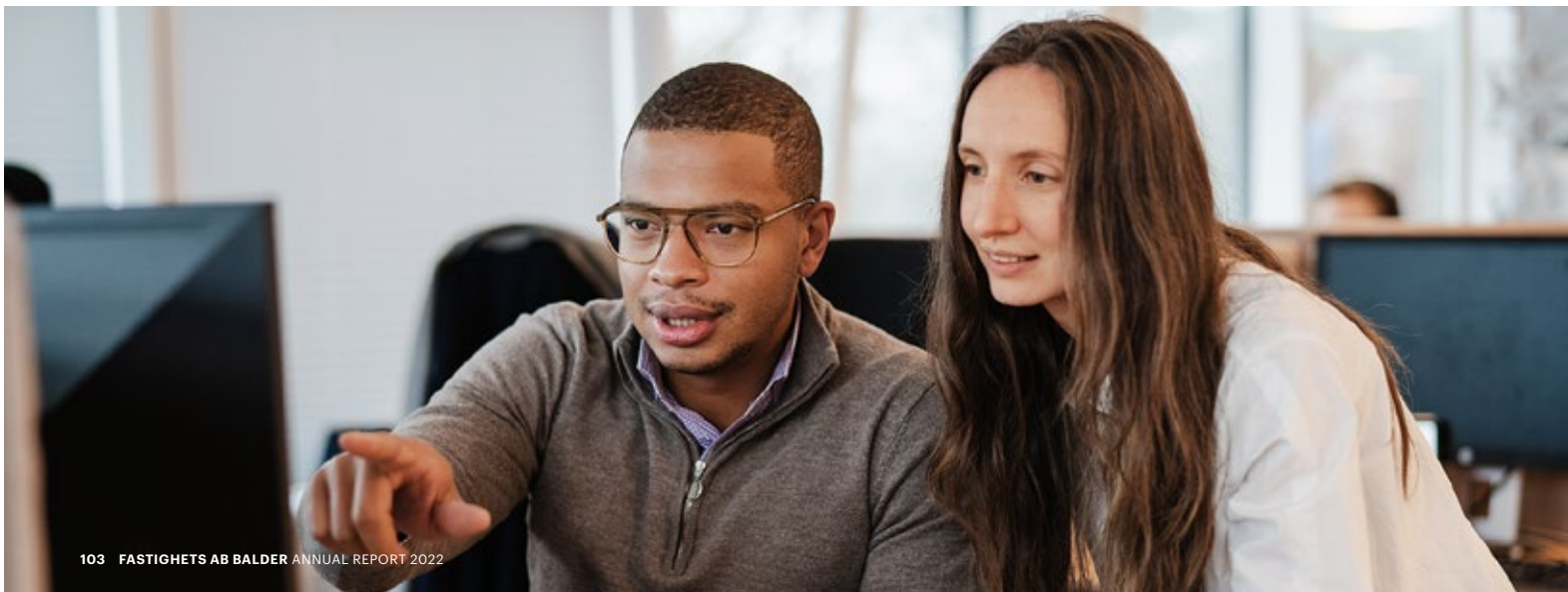
### Policies and guidelines

All of Balder’s employees are subject to the policies that have been produced, and that are revised and approved by the Board of Directors every year.

Examples of policies are:

- Code of Conduct
- Sustainability Policy (including Environmental Policy)
- Health and Safety Policy
- Equality and Diversity Policy

In addition to these, there are policies covering, for example, information, IT, letting, transport and travel, etc. The company’s internal training platform, Balder Academy, has mandatory courses for all policies.



in an ethically correct manner. Managers from the property management organisation and property development are responsible for ensuring that the material environmental topics are taken into account in the day-to-day operations, as well as topics relating to social sustainability in the company's areas. Balder has a sustainability manager who identifies, coordinates and implements the company's sustainability measures, as well as external communication and the reporting.

The risk process is managed at the operational level by the CEO and management. The sustainability function is responsible for identifying and assessing climate-related risks and opportunities, as well as suggested measures to manage these. This is done in collaboration with the Energy, Environment and Technology Department, the finance function and those responsible for property development and management.

All managers with staff responsibility together with HR, are responsible for maintaining a good working environment with satisfied employees. In 2022, the role of Social Engagement Manager was created, with a focus on issues relating to social sustainability

associated with the company's tenants and social area development. For Balder's consolidated subsidiaries, the same sustainability policy and environmental goals apply as for Fastighets AB Balder. For sustainability information about SATO, see annual and sustainability report at sato.fi. For the environmental policies and environmental goals of other associated companies, see each company's website. For more information about Balder's subsidiaries, see Note 27, Participations in Group companies.

**Code of Conduct and responsible business**

The Code of Conduct and related policies are based on international guidelines such as the UN Global Compact's principles for human rights, labour, the environment and anti-corruption, the UN Guiding Principles on Business and Human Rights, the ILO's Core Conventions and the OECD's Guidelines for Multinational Enterprises.

The Code of Conduct is a mandatory element in the company's digital training system, the Balder Academy, included in the onboarding of new employees. Each employee is responsible for observing the Code

of Conduct. Management and those with staff responsibility are responsible for ensuring that all employees are aware of and have knowledge of how they should behave in accordance with the Code of Conduct. Compliance with the Code of Conduct and other policies is followed up annually.

**Requirements of suppliers**

Balder has strict requirements that suppliers comply with the international guidelines that form the basis of the company's Code of Conduct. This includes requirements that suppliers and subcontractors guarantee a good work environment and healthy competition, and combat crime. The company's purchasing policy specifies procedures for a responsible process and follow-up on suppliers.

In 2022, Balder updated agreements and further developed the work method for supplier controls in projects. Sharper controls include following the procedure created, consisting of a checklist of points before an agreement is signed as well as a procedure for controls during the course of a project.

**A focus on cyber security**

Balder has operational measures in place to monitor and respond to data breaches and cyber attacks. The digital environment is monitored by an external partner around the clock. Another external company conducts annual security audits of the company's infrastructure and system configuration. No substantial complaints were received during the year. All activities are in line with CIS 22. Balder has also implemented a micro learning platform to spread awareness and knowledge, and to create a culture around cyber security.

**Environmental legislation and permits**

Balder does not conduct any operations that require permits according to the Environmental Code. There is, however, a duty to report larger installations with refrigerants. Balder owns wind turbines, which are classified as notifiable business activities. Balder's tenants may, however, conduct business activities that require permits or are notifiable. There were no registered breaches of environmental legislation and regulations during the year.

**Memberships and partnerships**

- West Sweden Chamber of Commerce
- Sweden Green Building Council
- Fastighetsakademin Sverige AB
- MERC Fastighetsnätverk AB
- Nasdaq's Green Bond Network
- Global Compact
- Mitt Livs Val
- Alfons Åbergs Kulturhus



# MATERIALITY ANALYSIS AND STAKEHOLDER DIALOGUE

Balder’s sustainability work shall be based on the issues where the company has the biggest impact, both positive and negative, and at the same time deal with the sustainability-related issues that have an impact on the company.

The materiality analysis prioritises those issues that should be the focus of sustainability work. The materiality analysis is based on the stakeholder dialogue, external environment analysis, calculations of the company’s actual impact and risk assessments. During the year, a review was launched of the company’s material sustainability-related issues, in accordance with the GRI Standards 2021. A workshop featured representatives from different parts of the company, discussing changes in sustainability reporting and a double materiality analysis. Work to update the materiality analysis will continue in 2023.

The main groups of stakeholders defined comprise Customers, Coworkers, Owners and Society. The latter group also includes the local community at locations where Balder has operations, such as government agencies and municipalities, business partners and suppliers, and the Tenants’ Association.

Dialogues with stakeholder groups take place in many different forums. Dialogues with customers take place, for example, both on an ongoing basis and in connection with the CSI survey that is conducted every one and a half to two years. All employees have employee appraisals with their line manager at least once a year.

Different topics are important for each stakeholder group, and these different topics have been weighted to contribute to the materiality analysis that forms the basis of Balder’s work on sustainability and this report. For a summary of material topics associated with Balder’s framework for sustainability work, see page 106.

CUSTOMERS	COWORKERS	OWNERS	SOCIETY
<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>• Well-being and security in the home/premises and in the surrounding area</li> <li>• Development of home/premises, including issues of, for example, energy use, material selection, etc.</li> <li>• Influence on development of property and area</li> <li>• Service, including range provided by Balder, but also by other suppliers in the local area</li> <li>• Opportunity for environmentally sustainable choices, e.g. increased sorting facilities</li> </ul> <p><b>Channels for dialogue</b></p> <ul style="list-style-type: none"> <li>• Resident dialogue meetings</li> <li>• Tenants’ Association</li> <li>• Ongoing contacts between customers and employees</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>• Work environment, both physical and psychological</li> <li>• Diversity, equality, and equal opportunity</li> <li>• Social engagement, especially in the company’s own areas</li> <li>• Secure jobs and development opportunities within the company</li> </ul> <p><b>Channels for dialogue</b></p> <ul style="list-style-type: none"> <li>• Employee appraisals</li> <li>• Suggestion box</li> <li>• Intranet</li> <li>• Review meetings</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>• Financial stability and good share price trend</li> <li>• Efficient risk management, mapping of climate-related risks and emissions</li> <li>• Customer satisfaction and continued high level of trust in the company</li> <li>• Sustainable finances and new international sustainability requirements, e.g. the EU taxonomy</li> </ul> <p><b>Channels for dialogue</b></p> <ul style="list-style-type: none"> <li>• Financial statements</li> <li>• Board meetings</li> <li>• Sustainability reporting</li> <li>• Meetings with analysts and investors</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>• Long-term, ethical external relationships</li> <li>• Long-term, sustainable urban development</li> <li>• Reduced environmental impact, e.g. from transport operations, improved waste management</li> <li>• Follow-up and reporting</li> </ul> <p><b>Channels for dialogue</b></p> <ul style="list-style-type: none"> <li>• Website and social media</li> <li>• Urban planning processes</li> <li>• Dialogue meetings</li> </ul>

**HANDLING MATERIAL TOPICS**

Governance	Properties	Areas	Partnerships	Coworkers	Finances
<b>GRI Standards</b>	302: Energy 305: Greenhouse gas emissions CRE1: Building energy intensity CRE2: Building water intensity	305: Greenhouse gas emissions	205: Anti-corruption 418: Customer privacy	401: Employment 404: Education 405: Diversity and equal opportunity 406: Non-discrimination	201: Economic performance
<b>Why these issues are important for Balder</b>	As a property company, Balder has both a positive and a negative impact on the external environment. Climate change, material supplies and societal development have a major impact on the company's business activities. Sustainability work consists to a large extent of reducing the negative environmental impact by means of tangible measures in the properties while at the same time reducing climate-related risks that might have a negative impact on the property portfolio.	As a community builder, Balder can contribute to sustainable urban development in a broader perspective. Investments create safety and well-being, which means that people want to work, live and spend time in city districts and areas managed by Balder.  In the same way, it is important for Balder that other organisations pursue development from different directions. Only through collaboration can Balder achieve net zero emissions in the value chain by 2045.	By maintaining good business ethical relationships with the external environment, and through partnerships with other actors, Balder adopts a long-term, responsible perspective in urban development. At the same time, it is important that Balder is perceived to be a stable business partner that has good business ethics.	Balder strives to offer a good work environment that is characterised by equality and equal treatment, where the health, well-being and integrity of each employee is nurtured. Balder wants to be an attractive employer that can recruit and retain motivated employees. Investments in employees generate a positive return for the company, as employees who are thriving create enhanced well-being for the company's tenants.	Economic stability and financial security are fundamental to being able to manage and develop the business. As a property owner, the company manages people's homes and businesses, which must take place with a long-term perspective in order to create development and peace of mind.
<b>Assuming responsibility in the value chain</b>	Responsible specification of requirements and follow-up in the value chain are important not only when it comes to procurement, the construction phase, but also in the usage phase of the company's properties.	By developing sustainable city districts and areas, Balder wants to contribute to increased security in the local community and also outside the company's neighbourhoods and properties in collaboration with local actors.	Balder's standard agreement contains requirements that suppliers must comply with the international conventions and standards that form the basis of the company's code of conduct.	Balder assumes responsibility for its own employees, but the company also strives to ensure a good work environment at the premises of suppliers and contractors.	Efficient resource utilisation and good financial control contribute to positive development for both investors and associated companies.
<b>Limitations in reporting</b>	See page 112	See page 112	See page 112	See page 113	See page 114
<b>Work methods</b>	By minimising use of energy, water and chemicals, Balder aims to reduce the company's environmental impact. For the same reason, the company aims as far as possible to choose renewable energy sources and less hazardous materials, and to apply the precautionary principle in material selection and handling.	By having the company's own property management staff in the areas where the properties are located, Balder strives to create safety and well-being. In certain particularly vulnerable areas, Balder has area development that puts an extra focus on social sustainability and social investments for people who live and work in the area.	Balder collaborates with a number of actors in the local communities where the company operates, to ensure joint initiatives for sustainable development.	There are 506 (44%) employees with collective agreements in the Balder Group, and others have, in addition to the terms and conditions set out in occupational health and safety legislation, access to insurance cover, benefits and wellness contributions, occupational healthcare service, conditions and other activities that contribute to Balder being an attractive employer. The company distances itself from all forms of forced labour and safeguards employees' freedom of expression and right of association.	Solid management of the company's resources is an important element, as is having satisfied customers who want to continue renting and buying homes and premises from Balder.
<b>Policies</b>	Sustainability Policy, Code of Conduct.	Sustainability Policy, Code of Conduct.	Sustainability Policy, Code of Conduct.	Health and Safety Policy, Sustainability Policy, Code of Conduct, Equality and Diversity Policy, Travel Policy, IT Policy.	Finance Policy, Code of Conduct, Sustainability Policy, Information Policy.
<b>Goal</b>	Energy efficiency improvement 2% per sq.m. per annum (degree-day corrected). Reduced water use 2% per sq.m. per annum. All newly produced properties must as a minimum satisfy the Miljöbyggnad Silver rating or equivalent.	Create jobs for young people in the management organisation. Implement initiatives for sustainable travel to and from the properties. Science Based Target with the aim of halving emissions by 2030 and reach net zero emissions by 2045.	No incidents of corruption. No incidents of discrimination.	All employees must be trained in the Code of Conduct. Encourage environment-friendly travel.	Financial goals, see page 37. Improvement in CSI results.
<b>Special processes, projects, programmes and initiatives</b>	Certification of properties.	Collaboration with other actors, e.g. in BID projects.	Whistleblowing function, training in the Code of Conduct.	Balder Academy, employee appraisals.	Reporting in accordance with TCFD.
<b>Evaluation of governance</b>	Energy follow-up, emission calculations and annual report.	Analysis of CSI surveys.	Follow-up on whistleblowing function.	Annual updating of policies.	Analysis of CSI surveys.

# RISKS AND OPPORTUNITIES

Balder evaluates risks that may arise as a consequence of climate change, and analyses the organisation’s resilience when it comes to climate-related risks. This work has been extended in connection with the EU taxonomy’s environmental objectives to limit climate change and adaptation to climate change.

To evaluate risks and opportunities linked to climate change, Balder has officially adopted a position to support and follow the recommendations issued by the Task Force on Climate-Related Financial Disclosures (TCFD), and is working to implement the recommendations in the areas included.

Balder will continue to work with risks and opportunities in accordance with the TCFD’s recommendations. This means above all continued work to refine the analysis at property level and to identify specific measures for each property. For more information about risks and opportunities, see page 47–50.

## REPORTING ACCORDING TO TCFD

Governance	Strategy	Risk management	Goals and metrics
The Board of Directors’ overview of climate-related risks and opportunities. Page 103–104	Climate-related risks and opportunities identified in the short, medium and long term. Page 107	Process to identify, assess and address climate-related risks. Page 27, 38	Metrics to evaluate climate-related risks and opportunities. Page 50
Management’s role in the analysis and management of climate-related risks and opportunities. Page 103–104	Impact of climate-related risks and opportunities on the organisation’s business, strategy and financial planning. Page 38, 107	The organisation’s process for managing climate-related risks. Page 10, 27, 103–104	Reporting and Scope 1, Scope 2 and Scope 3, including related risks. Page 29
	The organisation’s resilience in relation to various climate-related scenarios. Page 107	Integration of management of climate-related risks in the organisation’s general risk management. Page 10, 50	Goals and outcomes for the management of climate-related risks and opportunities. Page 38

### Risks and opportunities identified

Work undertaken so far in accordance with the TCFD’s recommendations has identified the following risks and opportunities:



### RISKS

#### RCP 2.6

- Increased energy costs, for example as a result of increased emission limits
- Official decisions, for example increased taxes and increased requirements for conversion
- Increased property costs, for example to adapt properties to meet stricter regulations on energy types and emissions, and to replace old technology
- Increased requirements for reporting of emissions
- Increased costs of replacing fossil fuels in operational vehicles

#### RCP 8.5

- Physical effects on properties, e.g. floods, raised sea levels, heatwaves and other extreme weather
- Increased insurance costs for properties in risk zones
- Uncertainty about market development and increased requirements or changed preferences from customers
- Risk that properties become unusable, resulting in loss of income
- Increased costs for remediation/renovation of properties
- Increased cooling costs

### OPPORTUNITIES

- Decreased energy use in more efficient buildings
- Increased use of energy sources with lower emissions
- Increased production of own renewable energy, e.g. solar panels
- More efficient transport operations
- Increased recycling
- Higher valuation of certified properties
- More beneficial financing of green assets

## SPECIFIC DISCLOSURES EMPLOYEES

As of 31 December

	Sweden				Denmark				Norway				Finland				Group				
	2022		2021		2022		2021		2022		2021		2022		2021		2022		2021		
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
<b>Gender distribution by age group</b>																					
-29 years	66	87	76	95	17	11	17	9	—	2	1	—	48	33	43	35	131	133	137	139	
30-39	80	137	63	127	19	20	19	12	4	9	2	7	70	76	57	64	173	242	141	210	
40-49	43	90	40	75	9	13	5	12	—	6	—	6	49	38	48	39	101	147	93	132	
50-	41	91	35	89	8	12	4	7	—	4	—	1	39	39	32	29	88	146	71	126	
<b>Form of employment</b>																					
Permanent	193	361	168	328	49	51	41	39	3	16	3	14	185	168	159	152	430	596	371	533	
Trial	26	33	31	42	3	5	4	1	1	5	—	—	7	8	18	15	37	51	53	58	
Fixed-term	11	11	15	16	1	—	—	—	—	—	—	—	14	10	3	—	26	21	18	16	
<b>Employment rate</b>																					
Full-time employees	228	403	213	386	47	54	42	39	4	21	3	14	199	181	173	159	478	659	431	598	
Part-time employees	2	2	1	—	6	2	3	1	—	—	—	—	7	5	7	8	15	9	11	9	
<b>Staff turnover</b>																					
<b>New employees</b>																					
-29 years	23	34	28	29	8	8	7	1	—	2	—	—	24	20	7	25	55	64	42	55	
30-39	35	41	18	44	5	7	7	6	1	3	—	—	17	26	11	25	58	77	36	75	
40-49	12	21	11	18	2	8	1	3	—	1	—	—	8	4	9	9	22	34	21	30	
50-	6	17	1	14	4	3	1	1	—	1	—	—	2	9	6	7	12	30	8	22	
<b>Finished</b>																					
-29 years	23	30	10	21	5	3	1	1	—	—	—	—	7	21	25	5	35	54	36	27	
30-39	26	32	16	30	6	1	7	—	—	1	—	—	10	9	12	17	42	43	35	47	
40-49	9	15	5	14	—	6	4	1	—	—	—	—	5	5	2	7	14	26	11	22	
50-	6	21	6	10	3	1	—	2	—	—	—	—	4	8	7	3	13	30	13	15	
<b>Pay differences between women and men, average pay, SEK</b>	42,557	39,777	34,412	36,973	58,900	60,696	52,263	62,180	51,518	89,882	46,886	81,393	38,779	39,422	39,479	48,848	47,938	57,444	43,260	57,348	
	Sweden				Denmark				Norway				Finland				Group				
	2022		2021		2022		2021		2022		2021		2022		2021		2022		2021		
Average hours of training per year per employee	7		6		73		2		1		—		21		26		18		12		
Proportion of employees who have regular employee appraisals	97		95		44		58		60		88		77		62		84		81		
Number of employees who have been informed about the Code of Conduct and anti-corruption	635		600		109		85		23		15		285		—		1,052		700		
Sick leave, %	3.3		3.0		—		—		1.1		1.0		4.0		1.8		2.1		1.5		
Number of cases of occupational injury	10		7		—		—		—		—		18		5		28		12		

# PROPORTION OF ECONOMIC ACTIVITIES ALIGNED WITH THE EU TAXONOMY

## Accounting in accordance with the EU taxonomy

Balder reports aligned financial activities in 2022 linked to 7.7 Acquisition and ownership of buildings. The accounts include consolidated subsidiaries. Financial data is produced at property level and not building level, as financial data in the compa-

ny's finance systems is linked to property. Buildings with energy class A or the top 15% of the portfolio have been compiled in accordance with the current energy declaration. The precautionary principle has been applied if there are several

buildings within the same property, in which case the highest primary energy figure for the whole property is used. There has been no weighting (calculation) between the number of square metres with different primary energy figures. Older

energy declarations have not been recalculated according to the most current calculation methodology for energy declarations. Climate risk analyses are performed in accordance with requirements specified in the EU taxonomy.

## TURNOVER

### Proportion of turnover from products and services aligned with the EU taxonomy

Economic activities	Code	Absolute turnover SEKm	Proportion of turnover %	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards Yes/no	Taxonomy-aligned proportion of turno- ver, 2022 %	Taxonomy-aligned proportion of turno- ver, 2021 %	Category (enabling activity) Yes/no	Category (transitional activity) Yes/no
				Climate change mitigation %	Climate change adaptation %	Water and maritime resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Yes/no	Climate change adaptation Yes/no	Water and maritime resources Yes/no	Circular economy Yes/no	Pollution Yes/no	Biodiversity and ecosystems Yes/no					
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																				
Acquisition and ownership of buildings	7.7	363	3	100	—					—	Yes	—	—	—	—	Yes	3	—		
<b>Turnover of eligible taxonomy-aligned activities (A.1)</b>		<b>363</b>	<b>3</b>	<b>100</b>	—												<b>3</b>	—		
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																				
Construction of new buildings	7.1	1,136	10																	
Acquisition and ownership of buildings	7.7	10,158	87																	
<b>Turnover of taxonomy-eligible not but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>11,294</b>	<b>97</b>																	
<b>Total (A.1 + A.2)</b>		<b>11,657</b>	<b>100</b>														<b>3</b>	—		
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																				
Turnover of non-eligible activities (B)		0	0																	
<b>Total (A + B)</b>		<b>11,657</b>	<b>100</b>																	

## Accounting policies, net sales

Reporting of total net sales corresponds to the Group's rental income and incomes from the sale of development properties during the year in the income statement.

Contd. Proportion of economic activities aligned with the EU taxonomy

CAPEX Proportion of CapEx from products and services aligned with the EU taxonomy				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)										
Economic activities	Code	Absolute CapEx SEKm	Proportion of CapEx %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Yes/no	Climate change adaptation Yes/no	Water and marine resources Yes/no	Circular economy Yes/no	Pollution Yes/no	Biodiversity and ecosystems Yes/no	Minimum safeguards Yes/no	Taxonomy-aligned proportion of CapEx, 2022	Taxonomy-aligned proportion of CapEx, 2021	Category (enabling activity)	Category (transitional activity)
																	%	%	Yes/no	Yes/no
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																				
Acquisition and ownership of buildings	7.7	60	0	100	—					—	Yes	—	—	—	—	Yes	0	—		
<b>CapEx of eligible taxonomy-aligned activities (A.1)</b>		<b>60</b>	<b>0</b>	<b>100</b>	<b>—</b>												<b>0</b>	<b>—</b>		
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																				
Acquisition and ownership of buildings	7.7	14,454	100																	
<b>CapEx of taxonomy-eligible not but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>14,454</b>	<b>100</b>																	
<b>Total (A.1 + A.2)</b>		<b>14,514</b>	<b>100</b>														<b>0</b>	<b>—</b>		
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																				
CapEx of non-eligible activities (B)		0	0																	
<b>Total (A + B)</b>		<b>14,514</b>	<b>100</b>																	

**Accounting policies, CapEx**

Investments include capitalised expenditure for acquisition of properties and investments in existing properties during the year. Capital expenditure may be found in Note 12 in Balder’s financial report and consists of acquisitions and investments in existing properties and projects. Also included are leasehold rights (right-of-use assets), see Note 8. In addition to this, equipment and wind turbines that constitute capital expenditure are also covered, see Note 13.



Contd. Proportion of economic activities aligned with the EU taxonomy

OPEX Proportion of OpEx from products and services aligned with the EU taxonomy				Substantial contribution criteria							DNSH criteria (Do No Significant Harm)									
Economic activities	Code	Absolute OpEx SEKm	Proportion of OpEx %	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, 2022	Taxonomy-aligned proportion of OpEx, 2021	Category (enabling activity)	Category (transitional activity)
				%	%	%	%	%	%	%	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	%	%	Yes/no
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																				
Acquisition and ownership of buildings	7.7	33	6	100	—					—	Yes	—	—	—	—	Yes	6	—		
<b>OpEx of eligible Taxonomy-aligned activities (A.1)</b>		<b>33</b>	<b>6</b>	<b>100</b>	<b>—</b>												<b>6</b>	<b>—</b>		
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																				
Acquisition and ownership of buildings	7.7	558	94																	
<b>OpEx of taxonomy-eligible not but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>558</b>	<b>94</b>																	
<b>Total (A.1 + A.2)</b>		<b>591</b>	<b>100</b>														<b>6</b>	<b>—</b>		
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																				
OpEx of non-eligible activities (B)		0	0																	
<b>Total (A + B)</b>		<b>591</b>	<b>100</b>																	

**Accounting policies, OpEx**

Operating expenditure includes expenses that are directly attributable to the day-to-day maintenance of the properties and the expenses that are necessary to maintain the function of the properties. This includes certain operating expenses, but only costs of personnel (wages) and equipment (e.g. vehicles) to manage the properties. It includes renovations that have not been capitalised at Group level such as investments and expenses for maintenance and repairs. Energy consumption costs and property tax are not included.

# ABOUT THE REPORT

Balder has prepared a sustainability report for the Group in accordance with Section 6 of the Annual Accounts Act. The sustainability report contains information from all subsidiaries, see Note 27 for a list of them. Associated companies are not included in the sustainability reporting. The sustainability report is included in this document, which also contains the company’s statutory Annual Report for 2022.

The sustainability report consists of pages 24–38, 47–50 and 103–112. Specific areas in the statutory sustainability report are shown in the table alongside. The auditor’s statement on the statutory sustainability report may be found on page 116.

Balder’s sustainability report follows the financial year and is published annually. The Sustainability Report 2022 was published in April 2023. No significant changes occurred in operations during the reporting period. This is Balder’s sixth sustainability report, and it has been prepared in accordance with GRI Standards 2021. The report has not been audited externally. The contact person for Balder’s sustainability report is Klara Appelqvist, klara.appelqvist@balder.se.

## Calculation methods

The sustainability report includes data from all of Balder’s consolidated subsidiaries in Sweden, Denmark, Finland, Norway, Germany and the UK. There are deviations, which are clarified where they arise. The use of energy and water that is reported relates to the parent company and consolidated subsidiaries and properties in Sweden and Denmark that were owned by Fastighets AB Balder in 2022. Other properties that are owned by part-owned or associated companies are not included in energy data, but they are included as investment in the climate calculations for 2022.

Balder’s energy data is based on measurements from the main meters for each type of media in the properties. These meters report the actual energy that is used in the properties. In cases where the tenants themselves pay for all technical installations and purchasing in the properties, this is not included in the summary of energy.

Consumption of media is compiled through gathering data from Balder’s central energy management system and finance system. Only energy use in total kWh/sq.m.

and follow-up on energy goals have been degree-day corrected, see page 28. From 2022, energy data has been degree-day corrected according to SMHI’s energy index; Degree Days index were used in the previous report.

Balder reports emission data for Scope 1, 2 and 3. The company reported indirect emissions in the value chain for the first time in 2021, and the calculations included the parent company and consolidated subsidiaries in Sweden and Denmark. From 2022, the whole Group is included with properties in Sweden, Denmark, Finland, Norway, Germany and the UK, consolidated by Fastighets AB Balder. Emissions are reported in accordance with the GHG Protocol, the financial control method and recommendations issued by Fastighetsägarna.

Scope 1 consists mostly of emissions from in-house heating production and consumption. This relates to properties that use natural gas or heating oil for heating. This is where direct emissions from company vehicles are also reported, as well as emissions from refrigerant leakage. Scope 2 consists of emissions from purchased electricity, district heating and district cooling. The emissions are based for the most part on data for energy consumption, even though assumptions have been made based on square metres for certain properties.

Scope 3 reports indirect emissions in the value chain. All categories in accordance with the GHG Protocol have been included, which included calculations of property development, fuel- and energy-related activities, waste management, commuting and business travel, use of electricity by tenants and investments. According to Fastighetsägarna’s recommendations, properties acquired and sold during the year are only reported where Balder is the first owner. Emissions are based on the number of square metres together with primarily general emission factors for energy use. Calculations are largely founded on estimates based on cost analysis and industry-specific data from the Swedish National Agency for Public Procurement, the Swedish Environmental Protection Agency, the Swedish Energy Agency, the Swedish Transport Administration and the Swedish National Board of Housing, Building and Planning. Specific emission data has been used from, for example, climate calculations in new production, travel data and energy data. The kind of calculation methodology used for each category is described on page 29.

Area in Annual Accounts Act	Example of Balder’s sustainability work	Page reference
<b>Material topics</b>	Annual review of materiality analysis, and ongoing stakeholder dialogues.	25, 105–106
<b>Environment</b>	Structured work to minimise use of energy, water and chemicals, reduce emissions of greenhouse gases and minimise the generation of waste. Economic activities aligned with the EU taxonomy’s environmental goals are followed up and reported.	26–29, 38, 103–104, 106, 109–111
<b>Social conditions</b>	Initiatives to create vibrant and safe areas and districts where tenants are satisfied and remain.	30–31, 106
<b>Employees</b>	Attract and retain competent employees and continue to develop them. Combat all forms of discrimination, forced labour and the like.	34–36, 103–104, 106, 108
<b>Human rights</b>	Continued work for increased diversity both internally and externally, development of areas and city districts and a fair letting process.	30–31, 34–35, 104, 106
<b>Anti-corruption</b>	Continued training in the Code of Conduct and policies, and follow-up on suppliers and partners.	32–34, 104, 106
<b>Business model</b>	The processes for management, new production and transactions are continually refined, in order to create further value for the company’s stakeholders.	10–15, 106
<b>Policies and follow-up</b>	Internal training in the Code of Conduct and other policies. Whistleblowing function for the reporting of possible breaches.	32–34, 103, 106
<b>Risks</b>	Continual analysis of risks and action plans for handling these issues. Balder has identified risks in the areas environment, social conditions and employees, as well as ethics and corruption. Development and analysis has also started in accordance with TCFD.	47–50, 106–107

# GRI INDEX

**Statement on use** Balder has reported in accordance with the GRI Standards 2021 for the period 1 January–31 December 2022.  
**GRI 1 used** GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>General disclosures</b>					
GRI 2: General Disclosures 2021	2-1 Organisational details	1, 43, 88			
	2-2 Entities included in the organisation’s sustainability reporting	1, 10–15, 43, 74, 112			
	2-3 Reporting period, frequency and contact point	112			
	2-4 Restatements of information	28, 36, 112			
	2-5 External assurance	112, 116			
	2-6 Activities, value chain and other business relationships	10–15, 33, 43, 104, 106			
	2-7 Employees	36, 63–64, 108			
	2-8 Workers who are not employees	33	2-8	Information unavailable	Several consultants and contractors work for the company, there is no complete summary.
	2-9 Governance structure and composition	95–98, 101–102			
	2-10 Nomination and selection of the highest governance body	95–97			
	2-11 Chair of the highest governance body	101–102			
	2-12 Role of the highest governance body in overseeing the management of impacts	103–104, 106–107			
	2-13 Delegation of the responsibility for managing impacts	103–104			
	2-14 Role of the highest governance body in sustainability reporting	96, 103, 105, 112			
	2-15 Conflicts of interest	7, 88, 97–98, 101			
	2-16 Communication of critical concerns	33, 50, 94, 104			
	2-17 Collective knowledge of the highest governance body	96			
	2-18 Evaluation of the performance of the highest governance body	96–98			
	2-19 Remuneration policies	64			
	2-20 Process to determine remuneration	64, 97			
	2-21 Annual total compensation ratio	63–65	2-21	Information incomplete	Only reported in part.
	2-22 Statement on sustainable development strategy	2–3, 94			
	2-23 Policy commitments	103–104, 106			
	2-24 Embedding policy commitments	34, 103–104			
	2-25 Processes to remediate negative impacts	32–33, 103–104			
	2-26 Mechanisms for seeking advice and raising concerns	34, 103–104			
	2-27 Compliance with laws and regulations	32–33, 38, 104			
	2-28 Membership associations	104			
	2-29 Approach to stakeholder engagement	105–106			
	2-30 Collective bargaining agreements	106			

Contd. **GRI Index**

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Material topics</b>					
GRI 3: Material topics 2021	3-1 Process to determine material topics	105			
	3-2 List of material topics	106			
<b>Economic performance</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	106			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	51–58, 64	201-1 b	Information incomplete	Only reported in part.
	202-2 Financial implications and other risks and opportunities due to climate change	49–50, 107			
	Own disclosure Satisfied customers	11, 30			
<b>Anti-corruption</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	106			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	32–34, 103–104, 106	205-2 b, d	Information unavailable	Reported by country, but not by employment category.
	205-3 Confirmed incidents of corruption and actions taken	32–33			
<b>Energy</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	106, 112			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	28, 112			
	302-3 Energy intensity	28, 112			
	302-4 Reduction of energy consumption	28, 112			
	CRE1 Building energy intensity	28, 112			
<b>Water</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	106, 112			
	CRE2 Building water intensity	28, 112			
<b>Greenhouse gas emissions</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	106			
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	29, 112	305-1 c	Information incomplete	Reports emissions of CO <sub>2</sub> e, but does not specify biogenic emissions in tonnes.
	305-2 Energy indirect GHG emissions (Scope 2)	29, 112			
	305-3 Other indirect GHG emissions (Scope 3)	29, 112	305-3 c	Information incomplete	Reports emissions of CO <sub>2</sub> e, but does not specify biogenic emissions in tonnes.
	305-4 GHG emissions intensity	29, 112			
	305-5 Reduction of GHG emissions	29, 112	305-5 a, d	Information unavailable	2022 id the first year that Balder reports calculations of emissions for all subsidiaries in the group, which does not allow comparability.

Contd. **GRI Index**

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Training and education</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	106			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	108	404-1	Information unavailable	Reports number of training hours per year and employee, but not divided by gender and employment category.
	404-3 Percentage of employees receiving regular performance and career development reviews	108	404-3	Information incomplete	Reports share of employees with reviews divided by country, but not divided by gender and employment category.
<b>Diversity and equal opportunity</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	106			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	36, 63, 101, 108	405-1 a iii, b iii	Not applicable	Balder reports the composition of the company divided by gender and age for different levels of the company. The company does not follow up on minority groups to which employees belong.
	405-2 Ratio of basic salary and remuneration of women to men	36, 108			
<b>Non-discrimination</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	106			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	32–33			
<b>Customer privacy</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	106			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	103–104			

# THE AUDITOR'S STATEMENT IN RESPECT OF THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of Fastighets AB Balder (publ), corporate identity no. 556525-6905

## Engagement and allocation of responsibility

The Board of Directors is responsible for the sustainability report for 2022 on page 24–38, 47–50 and 103–112 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

## The focus and scope of the examination

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's statement in respect of the sustainability report.

This means that our review of the sustainability report has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

## Opinion

A sustainability report has been prepared.

Gothenburg, 4 April 2023

Öhrlings PricewaterhouseCoopers AB

Bengt Kron

Authorised Public Accountant  
Auditor in charge

Konstantin Belogorcev

Authorised Public Accountant

SPÅRVAGNSHALLARNA, STOCKHOLM, SWEDEN



## PROJECT PROPERTIES FOR OWN MANAGEMENT UNDER CONSTRUCTION

Country	Region	Project	Property category	Lettable area, sq.m.	Number of apartments	Total estimated investment, SEKm	Estimated completion
Sweden	Gothenburg	Hedin HQ	Office	12,286	—	572	Q1 2023
Finland	East	Oulun Hiillos	Residential	2,619	84	103	Q1 2023
Sweden	Gothenburg	Bergsjön	Residential	8,968	175	248	Q1 2023
Denmark	Copenhagen	Triumphbyen Hovvej	Residential	20,722	241	847	Q1 2023
Finland	East	Heittoniitynkujat 5	Residential	5,759	132	207	Q1 2023
Finland	Helsinki	Runoratsaunkatu 15	Residential	5,355	135	312	Q1 2023
Sweden	East	Mörtlösa Mercedes	Retail	6,300	—	218	Q1 2023
Sweden	Gothenburg	Hälsans Hus	Commercial	1,796	—	65	Q1 2023
Sweden	Gothenburg	Bergskristallen	Residential	5,107	89	141	Q1 2023
Sweden	Gothenburg	Botanica	Residential	5,212	104	161	Q2 2023
Denmark	Copenhagen	Green Hills	Residential	24,696	294	1,010	Q2 2023
Finland	East	Turun Olva	Residential	2,577	82	129	Q2 2023
Finland	Helsinki	Jokiniementie 46	Residential	4,548	104	258	Q2 2023
Finland	Helsinki	Jokiniementie 48	Residential	5,355	118	304	Q2 2023
Finland	Helsinki	Raudikkokuja 7	Residential	5,780	161	261	Q2 2023
Finland	Helsinki	Lincolinnaukio 4	Residential	5,100	159	268	Q2 2023
Finland	East	Jyväskylän Tulisydän	Residential	2,922	93	112	Q3 2023
Finland	East	Kangasalan Kuningatar	Residential	2,861	95	119	Q3 2023
Finland	East	Kangasalan Kuningas	Residential	4,589	140	192	Q3 2023
Finland	East	Nokian Tanhuankadun Rumba	Residential	2,356	90	98	Q3 2023
Finland	East	Nokian Tanhuankadun Salsa	Residential	2,360	91	99	Q3 2023
Finland	East	Hämeenlinnan Keinusaari	Residential	3,709	119	146	Q3 2023
Finland	East	Tampereen Auvo	Residential	1,922	44	87	Q3 2023
Finland	East	Oulun Kiuru	Residential	2,488	70	108	Q3 2023
Finland	Helsinki	Riihimäen Pesispolku	Residential	2,430	100	96	Q3 2023
Finland	Helsinki	Oulun Lumihuippu	Residential	1,686	59	64	Q3 2023
Sweden	Gothenburg	Velocity	Residential	2,155	41	85	Q3 2023
Sweden	Gothenburg	Hotell Draken	Hotel	28,166	—	1,403	Q3 2023
Sweden	Gothenburg	Västra Gatan Kungälv	Commercial	3,343	—	57	Q3 2023
Denmark	Copenhagen	Strandby Huse	Residential	3,024	48	138	Q4 2023
Finland	Helsinki	Kotkatie 6	Residential	3,791	100	205	Q4 2023
Finland	Helsinki	Sorakatu 9	Residential	2,790	77	137	Q4 2023
Finland	Helsinki	Porvoon Horisontti	Residential	1,484	54	76	Q4 2023

The table continues on the next page

Table continued from previous page

Country	Region	Project	Property category	Lettable area, sq.m.	Number of apartments	Total estimated investment, SEKm	Estimated completion
Finland	East	Oulun Hohto	Residential	2,600	76	125	Q4 2023
Finland	East	Oulun Tervapääsky	Residential	2,470	68	107	Q1 2024
Finland	East	Nokian Ylpeys	Residential	2,244	88	98	Q1 2024
Finland	Helsinki	Patljoonantie 3-5	Residential	4,649	92	214	Q1 2024
Sweden	Stockholm	Hedin Akalla	Retail	10,859	—	230	Q1 2024
Sweden	Gothenburg	Frölunda et 3	Residential	10,919	205	437	Q1 2024
Sweden	Gothenburg	Frölunda et 4	Residential	9,067	187	432	Q2 2024
Denmark	Copenhagen	Strandby Høje	Residential	19,549	289	927	Q3 2024
Sweden	Stockholm	Mörtlösa MG Ford	Retail	7,276	—	193	Q3 2024
Sweden	Stockholm	Basaren	Commercial	1,655	—	167	Q2 2025
<b>Total</b>				<b>265,544</b>	<b>4,104</b>	<b>11,255</b>	

## DEVELOPMENT PROPERTIES FOR SALE UNDER CONSTRUCTION

Country	Region	Project	Property category	Lettable area, sq.m.	Number of apartments	Total estimated investment, SEKm	Estimated completion
Sweden	Gothenburg	Fixfabriken Glasbruket	Residential	9,849	136	418	Q2 2023
Sweden	Gothenburg	Västra Gatan Kungälv	Residential	8,213	128	402	Q3 2023
Sweden	Gothenburg	Bovieran Svedala	Residential	4,285	54	166	Q3 2023
Sweden	Gothenburg	Hovås Höjd	Residential	10,616	148	506	Q4 2023
Sweden	Stockholm	Caprea	Residential	3,742	28	532	Q4 2023
Sweden	Stockholm	Fabriq 46	Residential	7,658	138	694	Q1 2024
Sweden	Stockholm	Basaren	Residential	4,277	65	313	Q2 2025
<b>Total</b>				<b>48,640</b>	<b>697</b>	<b>3,030</b>	
<b>Total under construction</b>				<b>314,184</b>	<b>4,801</b>	<b>14,285</b>	



## DEVELOPMENT PROPERTIES FOR SALE ESTIMATED CONSTRUCTION START Q1 2023-Q1 2024

Country	Region	Project	Property category	Lettable area, sq.m.	Number of apartments	Total estimated investment, SEKm	Construction start
Sweden	Gothenburg	Bohusgatan	Residential	18,856	326	1,249	2023
Norway	North	Drammen Sølfast Park	Residential	6,000	100	433	2023
<b>Total</b>				<b>24,856</b>	<b>426</b>	<b>1,682</b>	
<b>Total Estimated Construction Start Q1 2023–Q1 2024</b>				<b>24,856</b>	<b>426</b>	<b>1,682</b>	

## FUTURE PROJECTS ESTIMATED CONSTRUCTION START 2024 AND ONWARDS

Country	Region	Gross area, sq.m.	Number of apartments
Sweden	Gothenburg	889,672	7,436
Sweden	Stockholm	615,821	5,569
Finland	Helsinki	277,637	5,198
Finland	East	35,600	855
Denmark	Copenhagen	40,024	225
<b>Total</b>		<b>1,858,754</b>	<b>19,283</b>

1) GFA = Gross Floor Area

The majority of future projects in the above table have a development plan that has gain legal force or is in progress.

## DEFINITIONS

Balder presents a number of financial metrics in the annual report that are not defined according to IFRS (so-called Alternative Performance Measures according to ESMA's guidelines). These performance measures provide valuable supplementary information to investors, the company's management and other stakeholders since they facilitate effective evaluation and analysis of the company's financial position and performance. The alternative performance measures are not always comparable with measures used by other companies and shall therefore be considered as a complement to measures defined according to IFRS. Fastighets AB Balder will apply these alternative performance measures consistently over time. Unless otherwise specified, the key ratios are alternative performance measures according to ESMA's guidelines. A description follows below of how Fastighets AB Balder's key ratios are defined and calculated.

### FINANCIAL

#### Return on equity, %

Profit after tax in relation to average equity. The profit was converted to a full-year basis in the interim accounts without taking account of seasonal variations that normally arise in the operations, with the exception of changes in value.

#### Return on total assets, %

Profit before tax with addition of net financial items in relation to average total assets. The profit was converted to a full-year basis in the interim accounts without taking account of seasonal variations that normally arise in the operations, with the exception of changes in value.

#### Net debt to total assets, %

Net debt in relation to total assets.

#### EBITDA

Profit from property management plus the net profit from the sale of development properties with reversal of net financial items. EBITDA has been converted to a full-year basis in interim accounts, with the exception of the net profit from the sale of development properties.

#### Profit from property management, SEKm

Profit including changes in value and tax in associated companies, with reversal of change in value and tax in participations in profit from associated companies. When calculating the Profit from property management, attributable to the parent company's shareholders, the profit from property management is also reduced by the participation of non-controlling interests.

#### Hybrid capital

A bond with a maturity of 60 years. The bond is reported as interest-bearing liability, but is treated as 50% equity by the rating agencies.

#### Net debt, SEKm

Interest-bearing liabilities minus cash and cash equivalents, financial investments and 50% of the hybrid capital, which is treated by the rating agencies as 50% equity.

#### Net debt/EBITDA, times

Average net debt in relation to EBITDA.

#### Interest coverage ratio, times

Profit including changes in value and tax in associated companies with reversal of net financial items excluding ground rents and changes in value of financial investments and changes in value and tax as regards participation in profits of associated companies, in relation to net financial items excluding ground rents and changes in value of financial investments.

#### Debt/equity ratio, times

Interest-bearing liabilities decreased by 50% of hybrid capital in relation to shareholders' equity, including non-controlling interests.

#### Equity/assets ratio, %

Equity including non-controlling interests and 50% of hybrid capital in relation to the balance sheet total at the end of the period.

### SHARE-RELATED

#### Equity per share, SEK

Shareholders' equity attributable to parent company shareholders in relation to the number of outstanding shares at the end of the period.

#### Profit from property management per share, SEK

Profit from property management attributable to the parent company's shareholders in relation to the average number of shares.

#### Average number of shares

The number of outstanding shares at the start of the period, adjusted by the number of shares issued during the year weighted by the number of days that the shares have been outstanding in relation to the total number of days during the period.

#### Long-term net asset value per share (NAV), SEK

Equity attributable to parent company's shareholders per share with reversal of interest rate derivatives and deferred tax according to balance sheet.

#### Profit after tax per share, SEK

Profit attributable to the parent company's shareholders in relation to the average number of shares.

### PROPERTY-RELATED

#### Yield, %

Estimated net operating income on an annual basis in relation to the fair value of the properties at the end of the period.

#### Net operating income, SEKm

Rental income minus property costs.

#### Economic occupancy rate, %<sup>1)</sup>

Contracted rent for leases which are running at the end of the period in relation to rental value.

#### Development properties

Refers to properties constructed with the intention of being sold after completion.

#### Property portfolio

Refers to both investment properties and development properties.

#### Property category

Classified according to the principal use of the property. There is a breakdown into office, retail, residential, industrial/logistics and other properties. Other properties include hotel, educational, care, warehouse and mixed-use properties. The property category is determined by what the property is mostly used for.

#### Property costs, SEKm

This item includes direct property costs, such as operating expenses, media expenses, maintenance and property tax.

#### Investment properties

Refers to properties that are held with the objective of generating rental income or an increase in value or a combination of these.

#### Rental value, SEKm<sup>1)</sup>

Contracted rent and estimated market rent for vacant premises.

#### Surplus ratio, %

Net operating income in relation to rental income.

### OTHER

#### Associated companies/joint ventures

Disclosures in running text about transactions linked to associated companies and joint ventures are referred to for reasons of simplicity only as "associated companies", the report refers to holdings that constitute both associated companies and joint ventures.

#### Second opinion

Statement from an external valuation firm in respect of the suitability of the valuation methods, the information sources used and the quality and credibility of the valuation.

<sup>1)</sup> This key ratio is operational and is not considered to be an alternative key ratio according to ESMA's guidelines.

## ANNUAL GENERAL MEETING

The Annual General Meeting of Fastighets AB Balder (publ), (Balder), corp. ID no. 556525-6905, will take place on 11 May 2023 at 16.00 at Filmstaden Bergakungen, Skånegatan 16B in Gothenburg, Sweden.

Shareholders wishing to participate at the AGM must be registered in the share register kept by Euroclear Sweden AB no later than Wednesday 3 May 2023 and register their participation by letter to Computershare AB, "Fastighets AB Balders årsstämma 2023", Box 5267, SE-102 46 Stockholm, by email to proxy@computershare.se, by phone to +46 (0)771-24 64 00 or via www.balder.se.

For anyone wishing to be represented by a proxy, we provide a proxy form, which is available on the website, www.balder.se. The deadline for registration is Friday 5 May 2023.

When registering shareholders must quote their name, personal ID number or corporate ID number, address and phone number, as well as information about the representative or proxy if applicable.

Shareholders who are being represented by a proxy must provide a written, signed and dated mandate, which may be no more than five years old on the date of the AGM. The proxy form is available on Balder's website. Anyone representing a legal person must present proof of registration or equivalent documentation of authority specifying an authorised company signatory. An original proxy and a certified copy of a registration certificate or equivalent documentation of authority should be submitted to Computershare in accordance with the address specified above well in advance of the Annual General Meeting.

Shareholders who have had their shares registered in the name of administrators must temporarily have the shares registered in their own name if they are to be entitled to participate in the AGM. Such registration must be executed at Euroclear Sweden AB no later than 3 May 2023.

## CONTACT INFORMATION

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## CALENDAR

Annual General Meeting, 11 May 2023  
Interim report, Jan–Mar 2023, 11 May 2023  
Interim report, Jan–June 2023, 18 July 2023  
Interim report, Jan–Sept 2023, 27 October 2023  
Year-end report, Jan–Dec 2023, 9 February 2024



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