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# Årsredovisning

## för

## Heimstaden Fastigheter Öst&Väst AB

Org.nr. 556728-7577

Styrelsen får härmed avlämna årsredovisning för räkenskapsåret 2022-01-01--2022-12-31

Undertecknad styrelseledamot i Heimstaden Fastigheter Öst&Väst AB.
intygar härmed, dels att denna kopia av årsredovisningen överensstämmer
med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 30 juni 2023.
Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Malmö 2023-06-30

.....
Maria Petersson

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# Årsredovisning

## för

# Heimstaden Fastigheter Öst&Väst AB

Org.nr. 556728-7577

Styrelsen får härmed avlämna årsredovisning för räkenskapsåret 2022-01-01--2022-12-31

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**Heimstaden Fastigheter Öst&Väst AB**
**Org.nr. 556728-7577**

# Förvaltningsberättelse

Årsredovisningen är upprättad i svenska kronor, SEK.

**Verksamheten**
Bolaget har sitt säte i Malmö och bedriver fastighetsförvaltning genom ägande i dotterbolag.

**Flerårsjämförelse**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Nettoomsättning | 0 | 0 | 0 | 0 | 0 |
| Resultat efter finansiella poster | -1 000 | -1 000 | 0 | -17 646 | -350 923 |
| Balansomslutning | 1 162 489 870 | 1 162 490 870 | 1 162 490 870 | 1 162 490 870 | 1 185 314 217 |

**Ägarförhållanden**
Bolaget är dotterbolag till Heimstaden Bostad Invest 5 AB, org nr 556910-3467, med säte i Malmö. Heimstaden Bostad Invest 5 AB ingår i en koncern där Heimstaden Bostad AB (publ), org nr 556864-0873 med säte i Malmö, upprättar koncernredovisning. Heimstaden Bostad AB ingår i en koncern där Heimstaden AB (publ), org nr 556670-0455 med säte i Malmö, upprättar koncernredovisning. Heimstaden AB är i sin tur dotterbolag till Fredensborg AS, org nr 929 301 684, med säte i Norge som upprättar koncernredovisning. Fredensborg AS ingår i en koncern där Fredensborg 1994 AS, org nr 943 582 815, är moderbolag. Fredensborg 1994 AS upprättar koncernredovisning för den största koncernen. Koncernredovisningen för Fredensborg 1994 AS kan erhållas via post@fredensborg.no.

**Väsentliga händelser under räkenskapsåret**
Den förändrade makromiljön under 2022 med ökade räntor, hög inflation och höga energikostnader har varit en utmanade miljö för alla bostadförvaltare.

Gällande energikostnaderna har Heimstaden i Sverige lyckats sänka sin mängd köpta energi med 6,3% vilket delvis motverkat de höga energipriserna och driftoptimering samt investeringar inom hållbarhet är fortsatt bland våra mest prioriterade områden.

Vi ser att underliggande fundament för bostadsfastigheter är fortsatt väldigt god. Likväl spiller utvecklingen från de finansiella marknaderna över även på bostadsfastigheter genom stigande avkastningskrav och investerare är försiktiga medan man väntar på bekräftelse avseende förmågan att kunna överföra inflationen till hyrorna för att kompensera för de ökade finansieringskostnaderna. Heimstaden är med en diversifierad förfallostruktur och balanserad mix av skuldinstrument väl positionerade för att möta de skarpare villkoren på finansmarknaden.

Trots rådande osäkerhet förväntar vi oss en stabilisering under 2023 med utplanat inflationstryck och en tydlighet var räntorna kommer att lägga sig.

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**Risker och riskhantering**
Bolaget är genom sin verksamhet utsatt för en mängd olika risker. Bolagets bedömda risker är huvudsakligen relaterade till nedanstående:

*Finansierings- och refinansieringsrisk*
Med finansieringsrisk avses risken att finansiering inte kan erhållas, endast kan erhållas till viss del eller bara kan erhållas på för bolaget oförmånliga villkor. Motsvarande risk föreligger när befintlig finansiering löper ut och ska återbetalas vilket kallas refinansieringsrisk.
Heimstaden Bostads finanspolicy fastställer riskmandat för verksamheten. Heimstaden Bostad eftersträvar en långsiktig kapitalbindning. För att minimera finansieringsrisken är det också viktigt att vara oberoende av enskilda finansieringskällor.

*Ränterisk*
Räntekostnader är en av de största kostnadsposterna. Ränterisk avser risken för att förändringar i marknadsräntor påverkar upplåningskostnaden. Räntekostnaderna påverkas främst av nivån på aktuella marknadsräntor och bankernas marginaler samt vilken strategi som väljs för bindningstider.

Räntebindning sker enligt Heimstaden Bostads finanspolicy. För att uppnå den räntebindning och räntesäkringsgrad som eftersträvas används primärt räntederivat. Räntederivatsavtalen ingås av Heimstaden Bostad AB.

**Bolagets förväntade framtida utveckling**
Under det kommande året förväntas verksamheten bedrivas med oförändrad inriktning.

***Förslag till disposition av bolagets vinst***
Till årsstämmans förfogande står:

| | |
|---|---|
| balanserat resultat | 361 793 977 |
| årets resultat | 0 |
| | 361 793 977 |
| Styrelsen föreslår att: | |
| i ny räkning överföres | 361 793 977 |
| | 361 793 977 |

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande tilläggsupplysningar.

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**Heimstaden Fastigheter Öst&Väst AB**
**Org.nr. 556728-7577**

# Resultaträkning

| | Not | 2022-01-01<br>2022-12-31 | 2021-01-01<br>2021-12-31 |
|---|---|---|---|
| **Rörelsens intäkter m.m.** | | | |
| Övriga rörelseintäkter | 2 | 0 | 0 |
| **Rörelsens kostnader** | | | |
| Övriga externa kostnader | | -1 000 | -1 000 |
| **Rörelseresultat** | 3 | -1 000 | -1 000 |
| **Bokslutsdispositioner** | | | |
| Erhållna koncernbidrag | | 1 000 | 1 000 |
| **Resultat före skatt** | | 0 | 0 |
| Skatt på årets resultat | 4 | 0 | 0 |
| **Årets resultat** | | **0** | **0** |

# Rapport över totalresultat

| | | |
|---|---|---|
| Årets resultat | 0 | 0 |
| Övrigt totalresultat | 0 | 0 |
| **Summa totalresultat** | **0** | **0** |

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**Heimstaden Fastigheter Öst&Väst AB**
**Org.nr. 556728-7577**

# Balansräkning

| | Not | 2022-12-31 | 2021-12-31 |
|---|---|---|---|
| **Tillgångar** | | | |
| **Anläggningstillgångar** | | | |
| **Materiella anläggningstillgångar** | | | |
| **Finansiella anläggningstillgångar** | | | |
| Andelar i koncernföretag | 5 | 940 852 738 | 940 852 738 |
| Fordringar hos koncernföretag | 6 | 221 138 279 | 221 138 279 |
| | | 1 161 991 017 | 1 161 991 017 |
| **Summa anläggningstillgångar** | | 1 161 991 017 | 1 161 991 017 |
| **Omsättningstillgångar** | | | |
| **Kortfristiga fordringar** | | | |
| Fordringar hos koncernföretag | | 498 853 | 499 853 |
| **Kassa och bank** | | 0 | 0 |
| **Summa omsättningstillgångar** | | 498 853 | 499 853 |
| **Summa tillgångar** | | **1 162 489 870** | **1 162 490 870** |

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# Balansräkning

| | Not | 2022-12-31 | 2021-12-31 |
|---|---|---|---|
| **Eget kapital, avsättningar och skulder** | | | |
| **Eget kapital** | | | |
| **Bundet eget kapital** | | | |
| Aktiekapital | | 100 000 | 100 000 |
| | | 100 000 | 100 000 |
| **Fritt eget kapital** | | | |
| Balanserad vinst | | 361 793 977 | 361 793 977 |
| Årets resultat | | 0 | 0 |
| | | 361 793 977 | 361 793 977 |
| **Summa eget kapital** | | 361 893 977 | 361 893 977 |
| **Långfristiga skulder** | | | |
| Skulder till koncernföretag | 8 | 800 595 893 | 800 596 893 |
| **Kortfristiga skulder** | | | |
| **Summa eget kapital och skulder** | | **1 162 489 870** | **1 162 490 870** |

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**Heimstaden Fastigheter Öst&Väst AB**
**Org.nr. 556728-7577**

# Rapport över förändring av eget kapital

| | Aktiekapital | Uppskrivnings-fond | Reservfond | Balanserat resultat | Totalt eget kapital |
|---|---|---|---|---|---|
| **Eget kapital 2020-12-31** | **100 000** | **0** | **0** | **361 793 977** | **361 893 977** |
| **Eget kapital 2021-12-31** | **100 000** | **0** | **0** | **361 793 977** | **361 893 977** |
| Årets resultat | | | | 0 | 0 |
| **Eget kapital 2022-12-31** | **100 000** | **0** | **0** | **361 793 977** | **361 893 977** |

Aktiekapitalet var per 2022-12-31 fördelat på 1 000 A-aktier med en röst per aktie och ett kvotvärde om 100 kr per aktie.

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**Heimstaden Fastigheter Öst&Väst AB**
**Org.nr. 556728-7577**

# Kassaflödesanalys

| | Not | 2022-01-01<br>2022-12-31 | 2021-01-01<br>2021-12-31 |
|---|---|---|---|
| **Den löpande verksamheten** | | | |
| Rörelseresultat | | -1 000 | -1 000 |
| **Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital** | | -1 000 | -1 000 |
| **Kassaflöde från förändringar av rörelsekapital** | | | |
| Förändring av kortfristiga fordringar | | 0 | 0 |
| Förändring av kortfristiga skulder | | 0 | 0 |
| **Kassaflöde från den löpande verksamheten** | | -1 000 | -1 000 |
| **Investeringsverksamheten** | | | |
| **Kassaflöde från *investeringsverksamheten*** | | 0 | 0 |
| **Finansieringsverksamheten** | | | |
| Förändring fordringar/skulder till koncernföretag | | 1 000 | 1 000 |
| **Kassaflöde från finansieringsverksamheten** | | 1 000 | 1 000 |
| **Förändring av likvida medel** | | 0 | 0 |
| Likvida medel vid årets början | | 0 | 0 |
| **Likvida medel vid årets slut** | | **0** | **0** |

Det finns inga ej kassaflödespåverkande poster inom finansieringsverksamheten i bolaget att specificera i enlighet med IAS 7 Rapport över kassaflöden.

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# Redovisningsprinciper och noter

## Not 1 Redovisnings- och värderingsprinciper

*Allmän information*
Heimstaden Fastigheter Öst&Väst ABs verksamhet omfattar att bedriva fastighetsförvaltning genom ägande i dotterbolag. Bolaget är ett aktiebolag registrerat i Sverige och med säte i Malmö. Adressen till huvudkontoret är Östra Promenaden 7 A, 211 28 Malmö.

*Hållbarhetsrapport*
Hållbarhetsrapport upprättas av Heimstaden Bostad AB, org nr 556864-0873, med säte i Malmö.

*Grunder för redovisningen*
Bolaget har upprättat sin årsredovisning enligt årsredovisningslagen, Rådet för finansiell rapporterings rekommendation RFR 2 (Redovisning för juridisk person) och uttalande från Rådet för finansiell rapportering. RFR 2 innebär att bolaget vid upprättandet av årsredovisningen ska tillämpa samtliga av EU antagna IFRS och uttalanden så långt detta är möjligt inom ramen för årsredovisningslagen och med hänsyn till sambandet mellan redovisning och beskattning.

Årsredovisningen har upprättats utifrån antagandet om fortlevnad (going concern). Tillgångar och skulder är värderade till sina historiska anskaffningsvärden. Bolaget tillämpar de principer som presenteras nedan. Principerna har tillämpats konsekvent för alla presenterade år, om inte annat anges.

*Uppställningsform*
Bolagets resultaträkning och balansräkning är uppställda enligt årsredovisningslagens scheman.

*Nedskrivningar*
Redovisat värde på bolagets anläggningstillgångar prövas fortlöpande. Om en sådan prövning indikerar att det redovisade värdet överstiger tillgångens återvinningsvärde, vilket är det högsta av nettoförsäljningsvärdet och nyttjandevärdet, sker nedskrivning till återvinningsvärdet. Nyttjandevärdet mäts som förväntat framtida diskonterat kassaflöde. Nedskrivningsbeloppet belastar periodens resultat i den period värdenedgången påvisas. I de fall en tidigare gjord nedskrivning ej längre är motiverad återförs denna till sitt nettovärde, dvs ursprunglig nedskrivning med avdrag för de avskrivningar som skulle ha gjorts om nedskrivning ej skett. I de fall en tidigare gjord nedskrivning har redovisats i resultaträkningen sker återföringen i resultaträkningen, medan i de fall nedskrivningen tidigare redovisats direkt mot fritt eget kapital sker återföringen direkt mot fritt eget kapital.

För att pröva eventuellt nedskrivnings- eller återföringsbehov, stäms vid varje årsskifte varje fastighets bokförda värde av mot en intern värderingsmodell. Om det finns indikationer på större värdeförändringar sker prövning kvartalsvis.

*Finansiella kostnader*
Finansiella kostnader avser ränta och andra lånekostnader och redovisas som kostnad i den period de hänför sig till. Kostnader för räntederivatavtal ingår även i denna post och betalningsströmmar för räntederivatavtalen kostnadsförs i den period de avser. Kostnader för uttag av pantbrev betraktas ej som en finansiell kostnad utan aktiveras som värdehöjande fastighetsinvestering.

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*Inkomstskatter*
Periodens skattekostnad/skatteintäkt består av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen förutom då den underliggande transaktionen redovisas direkt mot eget kapital varvid tillhörande skatteeffekt också redovisas direkt mot eget kapital.

Aktuell skatt beräknas utifrån gällande skattesats om 20,6 %. Aktuell skatt beräknas på skattepliktigt resultat för perioden. Årets skattepliktiga resultat skiljer sig från årets redovisade resultat genom att det har justerats för ej skattepliktiga och ej avdragsgilla poster. I aktuell skatt ingår även justering av aktuell skatt hänförlig till tidigare perioder.

Uppskjuten skatt har beräknats med 20,6 %, vilket är den skattesats som beslutats och förväntas gälla när uppskjuten skatt realiseras eller regleras. Uppskjuten skatt beräknas på temporära skillnader enligt balansräkningsmetoden mellan en tillgångs eller en skulds redovisade respektive skattemässiga värde. Temporära skillnader uppstår bland annat till följd av att bolaget gör större skattemässiga än räkenskapsenliga avskrivningar avseende byggnader. Uppskjuten skatteskuld är skatt som hänför sig till skattepliktiga temporära skillnader och som ska betalas i framtiden. Uppskjuten skattefordran representerar en reduktion av framtida skatt som hänför sig till avdragsgilla temporära skillnader, skattemässiga underskottsavdrag eller andra skatteavdrag. Värdering av samtliga skatteskulder/skattefordringar sker till nominella belopp och görs enligt de skatteregler och skattesatser som är beslutade.

Uppskjutna skatteskulder i bolaget avser huvudsakligen skillnader mellan förvaltningsfastigheternas redovisade värde och deras skattemässiga värde.

Uppskjutna skattefordringar redovisas i balansräkningen avseende underskottsavdrag och avdragsgilla temporära skillnader i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga överskott.

***Finansiella instrument***
Med hänsyn till sambandet mellan redovisning och beskattning har bolaget i enlighet med RFR2 valt att inte tillämpa IFRS 9 utan tillämpar en metod med utgångspunkt i anskaffningsvärde enligt ÅRL.
En finansiell tillgång eller en finansiell skuld tas upp i balansräkningen när bolaget blir part i ett avtal. En finansiell tillgång tas bort från balansräkningen när rättigheterna realiseras, förfaller eller bolaget tappar kontrollen över dem. En finansiell skuld tas bort från balansräkningen när förpliktelsen fullgörs eller på annat sätt utsläcks. En finansiell tillgång och en finansiell skuld kvittas och redovisas med ett nettobelopp i balansräkningen endast när det föreligger en legal rätt att kvitta beloppen samt att det föreligger avsikt att reglera posterna med ett nettobelopp eller att samtidigt realisera tillgången och reglera skulden.

Finansiella instrument som redovisas i balansräkningen inkluderar kassa och bank, hyresfordringar, övriga fordringar, lånefordringar, leverantörsskulder, övriga skulder och låneskulder.

Fordringar redovisas till upplupet anskaffningsvärde och har efter individuell bedömning av reserveringsbehov upptagits till det belopp varmed de beräknas inflyta. Kortfristiga fordringar utgörs av fordringar som förfaller till betalning inom 12 månader efter balansdagen.

Bolagets räntebärande lån löper med tre månaders räntebindning och upptas till upplupet anskaffningsvärde efter första redovisningen. Skillnaden mellan detta värde och verkligt värde bedöms vara oväsentligt.

Kortfristiga skulder utgörs av skulder vilka förfaller till betalning inom 12 månader från balansdagen och upptas till upplupet anskaffningsvärde.

Leverantörsskulder redovisas när faktura har mottagits. Skuld avseende utfört arbete där motparten har fullgjort sin prestation och avtalsenlig skyldighet att betala föreligger redovisas under posten upplupna kostnader. Upplupna ej betalda räntor redovisas under posten upplupna kostnader.

***Likvida medel***
I likvida medel ingår kassa, banktillgodohavanden och övriga kortfristiga placeringar med förfallodag inom tre månader från anskaffningstidpunkten.

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*Koncernkonto*
Tillgodohavande på konton som ingår i en koncernkontostruktur redovisas som banktillgodohavande i Heimstaden Bostad AB eftersom Heimstaden Bostad AB är avtalspart med banken. Dotterbolag som ingår i strukturen redovisar då sina behållningar eller skulder på underkonton som kortfristig fordran respektive kortfristig skuld på och till Heimstaden Bostad AB.

*Övriga koncernmellanhavanden*
Övriga koncernmellanhavanden gentemot övriga företag inom Heimstaden Bostadkoncernen betraktas som långfristiga då det inte finns någon avsikt eller något krav att dessa ska regleras inom en period om tolv månader.

*Låneutgifter*
Bolaget tillämpar undantaget i RFR2 vad gäller IAS 23. Detta innebär att bolaget kostnadsför låneutgifter i den period de hänför sig till.

*Utdelning, koncernbidrag och aktieägartillskott*
Erhållen eller anteciperad utdelning redovisas som finansiell intäkt medan lämnad utdelning redovisas som en minskning av fritt eget kapital efter detta att årsstämman fattat beslut om utdelning.

Aktieägartillskott redovisas hos givaren som en ökning av aktier i dotterbolag och hos mottagaren som en ökning av fritt eget kapital.

Bolaget redovisar enligt alternativregeln i RFR2 vilket innebär att erhållna och lämnade koncernbidrag redovisas som bokslutsdisposition.

*Avsättningar*
Avsättningar redovisas när det finns en legal eller informell förpliktelse till följd av en tidigare händelse, det är sannolikt att ett utflöde av resurser kommer att krävas för att reglera förpliktelsen och beloppen kan uppskattas på ett tillförlitligt sätt. Tidpunkten eller beloppet för utflödet kan fortfarande vara osäker.

En avsättning redovisas till den bästa uppskattningen av det belopp som krävs för att reglera förpliktelsen på balansdagen. Avsättningar tas endast i anspråk för de utgifter som avsättningen ursprungligen var avsedd för. Avsättningar diskonteras till sina nuvärden där pengars tidsvärde är väsentligt.

*Kassaflödesanalys*
Kassaflödesanalyserna har upprättats enligt indirekt metod. Det finns inga ej kassaflödespåverkande poster inom finansieringsverksamheten i bolaget att specificera i enlighet med IAS 7 Rapport över kassaflöden.

*Transaktioner med närstående*
Bolaget är finansierat via lån från koncernföretag. Lånebelopp och räntekostnader framgår i not under rubrikerna skulder till koncernföretag och finansiella kostnader.

*Viktiga antaganden och bedömningar*
För att kunna upprätta redovisningen i enlighet med ÅRL, RFR 2 och god redovisningssed krävs det att företagsledningen och styrelsen gör en del väsentliga antaganden och bedömningar som påverkar redovisade tillgångar, skulder, intäkter och kostnader samt övriga upplysningar. Bedömningarna baseras på erfarenheter och antaganden som ledningen och styrelsen bedömer vara rimliga utifrån rådande omständigheter. Faktiskt utfall kan skilja sig från gjorda bedömningar om andra antaganden görs eller andra förutsättningar föreligger. De områden där framför allt görs uppskattningar och bedömningar är värdering av förvaltningsfastigheter, nyttjandeperioder för förvaltningsfastigheter, nedskrivningsbehov av förvaltningsfastigheter och gränsdragningar mellan investeringar och underhåll.

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*Finansiell risk*

Rysslands invasion av Ukraina den 24 februari 2022 har haft stor påverkan på Europas ekonomi och geopolitiska klimat. Osäkerheten i den globala ekonomin har ökat. Kriget har bland annat lett till högre priser för varor, el och bränsle, dvs en stigande inflation. Detta har i sin tur lett till ökade marknadsräntor. Den försämrade räntemiljön påverkar bolagets finansieringskostnader och kan även ha negativ påverkan på värdet av bolagets fastighetsinnehav. Detta kan leda till att bolagets finansieringskostnader ökar genom högre basräntor och potentiellt högre marginaler. Utvecklingen har också påverkat likviditeten och tillgängligheten på kreditmarknaden.

*Finansiell riskhantering*

Bolaget utsätts genom sin verksamhet för en mängd olika finansiella risker:
- Finansierings- och refinansieringsrisk, dvs risken att inte ha tillgång till finansiering av sin verksamhet
- Ränterisk, dvs risken att marknadsräntan förändras på ofördelaktigt sätt
- Motpartsrisk, dvs risken att en motpart inte kan fullgöra sina åtaganden

All riskhantering inom koncernen hanteras av moderbolaget Heimstaden Bostad AB i enlighet med fastlagd finanspolicy. Riskhanteringen avrapporteras och diskuteras löpande på styrelsemöten. De övergripande målen i finanspolicyn sammanfattas enligt nedan:
- Säkerställa koncernens kapitalförsörjning på kort och lång sikt genom diversifierad upplåning i kapitalmarknaden eller hos starka motparter i bank och finanssektorn
- Förfallostrukturen på lånens kapitalbindning skall vara väl spridd över tiden
- Räntebindningstiden på lånen (inkl effekter av derivat) skall vara väl spridd över tiden

Utifrån senaste balansdags låneportfölj beräknas en ökning av marknadsräntan med 1%-enhet innebära en kostnadsökning om 0 Tkr.

*Nya och beslutade ändringar av redovisningsprinciper*

Av EU nya och ändrade standarder samt tolkningsuttalanden från IFRS Interpretations Committee bedöms för närvarande inte påverka bolagets redovisning i väsentlig omfattning. Förändringar i svenska regelverk under 2022 har inte heller haft någon väsentlig påverkan på bolagets redovisning.

Av EU godkända nya och ändrade standarder samt tolkningsuttalanden från IFRS Interpretations Committee som träder i kraft 2023 bedöms för närvarande inte påverka bolagets resultat eller finansiella ställning i väsentlig omfattning. Samma sak gäller även svenska regelverk.

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## Noter till resultaträkningen

### Not 2 Inköp och försäljning inom koncernen

Koncernintern försäljning eller koncerninterna inköp har inte förekommit.

### Not 3 Personal, styrelse och revisorer

**Personal**

Bolaget har inte haft någon personal anställd under året. Inga löner eller andra ersättningar har utbetalats.

**Styrelse**

Någon ersättning till styrelsen har inte utgått. Antalet styrelseledamöter har under året uppgått till 2 (2), varav 0 (0) kvinnor.

**Revisorer**

Arvode till revisorer faktureras Heimstaden Bostad AB (publ).

### Not 4 Skatt på årets resultat

| | 2022 | 2021 |
|---|---|---|
| Aktuell skatt | 0 | 0 |
| Uppskjuten skatt | 0 | 0 |
| | 0 | 0 |

**Avstämning av effektiv skatt**

| | | |
|---|---|---|
| Redovisat resultat före skatt | 0 | 0 |
| Skatt enligt gällande skattesats, 20,6% | 0 | 0 |
| Skatteeffekt av: | | |
| | 0 | 0 |

Heimstaden Fastigheter Öst&Väst AB
Org.nr. 556728-7577

## Noter till balansräkningen

### Not 5 Andelar i koncernföretag

| Företag<br>Organisationsnummer | Säte | Antal/Kap.<br>andel % | 2022-12-31<br>Redovisat<br>värde | 2021-12-31<br>Redovisat<br>värde |
|---|---|---|---|---|
| Heimstaden Tvåkronan AB | | 500 | | |
| 556958-5101 | Malmö | 100% | 50 000 | 50 000 |
| Heimstaden Näset AB | | 500 | | |
| 556963-8827 | Malmö | 100% | 5 450 000 | 5 450 000 |
| Heimstaden Landskroon 1 AB | | 24 000 | | |
| 556543-6622 | Malmö | 100% | 668 101 662 | 668 101 662 |
| Heimstaden Urmakaren AB | | 500 | | |
| 559022-3664 | Malmö | 100% | 11 612 309 | 11 612 309 |
| Heimstaden Magistraten AB | | 500 | | |
| 559020-4052 | Malmö | 100% | 15 985 862 | 15 985 862 |
| Heimstaden Wachtmeister AB | | 500 | | |
| 559020-3922 | Malmö | 100% | 155 348 208 | 155 348 208 |
| Heimstaden Handwerker AB | | 500 | | |
| 559020-4078 | Malmö | 100% | 6 785 461 | 6 785 461 |
| Heimstaden Tersmeden AB | | 500 | | |
| 559020-4185 | Malmö | 100% | 7 915 163 | 7 915 163 |
| Heimstaden Loke AB | | 500 | | |
| 559020-3930 | Malmö | 100% | 54 020 722 | 54 020 722 |
| Heimstaden Skydraget AB | | 500 | | |
| 559020-3955 | Malmö | 100% | 13 507 095 | 13 507 095 |
| Heimstaden Östen AB | | 500 | | |
| 559020-4086 | Malmö | 100% | 2 076 256 | 2 076 256 |
| | | | **940 852 738** | **940 852 738** |

| | | |
|---|---|---|
| Ingående anskaffningsvärde | 940 852 738 | 940 852 738 |
| Årets inköp | 0 | 0 |
| Årets försäljningar | 0 | 0 |
| Utgående anskaffningsvärde | 940 852 738 | 940 852 738 |

### Not 6 Fordringar hos koncernföretag

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående fordringar | 221 138 279 | 221 137 279 |
| Tillkommande fordringar | 0 | 1 000 |
| Avgående fordringar | 0 | 0 |
| Utgående ackumulerade fordringar | 221 138 279 | 221 138 279 |

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## Not 7 Finansiella instrument

Samtliga finansiella tillgångar och skulder är klassificerade som aktier i dotterbolag, kundfordringar, övriga finansiella fordringar, leverantörsskulder och övriga finansiella skulder. Redovisat värde bedöms inte avvika från verkligt värde då diskonteringseffekten inte är väsentlig.

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| **Finansiella tillgångar** | | |
| Andelar i koncernföretag | 940 852 738 | 940 852 738 |
| Fordringar hos koncernföretag | 221 637 132 | 221 638 132 |
| | 1 162 489 870 | 1 162 490 870 |
| **Finansiella skulder** | | |
| Skulder till koncernföretag | 800 595 893 | 800 596 893 |
| | 800 595 893 | 800 596 893 |

## Not 8 Skulder till koncernföretag

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Ingående lån | 800 596 893 | 800 596 893 |
| Nya lån | 0 | 0 |
| Amorteringar | -1 000 | 0 |
| | 800 595 893 | 800 596 893 |

## Övriga noter

## Not 9 Ställda säkerheter

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Pantsatta aktier i dotterbolag | 0 | 0 |

## Not 10 Eventualförpliktelser

| | 2022-12-31 | 2021-12-31 |
|---|---|---|
| Borgensförbindelser | 0 | 0 |
| Varav till förmån för koncernföretag | 0 | 0 |

## Not 11 Koncernförhållande

Bolaget är dotterbolag till Heimstaden Bostad Invest 5 AB, org nr 556910-3467, med säte i Malmö. Heimstaden Bostad Invest 5 AB ingår i en koncern där Heimstaden Bostad AB (publ), org nr 556864-0873 med säte i Malmö, upprättar koncernredovisning. Heimstaden Bostad AB ingår i en koncern där Heimstaden AB (publ), org nr 556670-0455 med säte i Malmö, upprättar koncernredovisning. Heimstaden AB är i sin tur dotterbolag till Fredensborg AS, org nr 929 301 684, med säte i Norge som upprättar koncernredovisning. Fredensborg AS ingår i en koncern där Fredensborg 1994 AS, org nr 943 582 815, är moderbolag. Fredensborg 1994 AS upprättar koncernredovisning för den största koncernen. Koncernredovisningen för Fredensborg 1994 AS kan erhållas via post@fredensborg.no.

Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2§ upprättas inte någon koncernredovisning.

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## Not 12 Väsentliga händelser efter balansdagen

Inga väsentliga händelser efter balansdagen har identifierats.

Årsredovisningen undertecknas av styrelsen den dag som framgår av den elektroniska underskriften.

## Not 13 Förslag till disposition av bolagets vinst

| | |
|---|---|
| Till årsstämmans förfogande står: | |
| balanserat resultat | 361 793 977 |
| årets resultat | 0 |
| | 361 793 977 |
| Styrelsen föreslår att: | |
| i ny räkning överföres | 361 793 977 |
| | 361 793 977 |

Malmö den dag som framgår av vår elektroniska underskrift.

Maria Petersson
Ordförande

Tobias Grönvall
Styrelseledamot

Vår revisionsberättelse har lämnats den dag som framgår av min elektroniska underskrift.

Grant Thornton Sweden AB

Johan Kling
Auktoriserad revisor

20230721011164

COMPLETED BY ALL:
30.06.2023 17:25

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Johan Kling • 20.06.2023 14:24

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# Document history

DOCUMENT NAME:
221 Heimstaden Fastigheter Öst&Väst AB.pdf
16 pages

## Activity log

| RECIPIENT | ACTION* | TIMESTAMP (CET) | METHOD | DETAILS |
|---|---|---|---|---|
| **MARIA PETERSSON** | **Signed** | **20.06.2023 16:32** | **eID** | **Swedish BankID (DOB: 1966/05/13)** |
| maria.petersson@heimstaden.com | Authenticated | 20.06.2023 16:32 | Low | IP: 185.225.48.109 |
| **TOBIAS GRÖNVALL** | **Signed** | **22.06.2023 08:33** | **eID** | **Swedish BankID (DOB: 1976/09/27)** |
| tobias.gronvall@heimstaden.com | Authenticated | 22.06.2023 08:33 | Low | IP: 185.225.48.109 |
| **Johan Andreas Håkan Kling** | **Signed** | **30.06.2023 17:25** | **eID** | **Swedish BankID (DOB: 1975/03/30)** |
| johan.kling@se.gt.com | Authenticated | 30.06.2023 17:24 | Low | IP: 88.131.44.131 |

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# Revisionsberättelse

Till bolagsstämman i Heimstaden Fastigheter Öst&Väst AB

Org.nr. 556728-7577

## Rapport om årsredovisningen

### Uttalanden

Vi har utfört en revision av årsredovisningen för Heimstaden Fastigheter Öst&Väst AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Heimstaden Fastigheter Öst&Väst ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

### Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Heimstaden Fastigheter Öst&Väst AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Övriga upplysningar

Revisionen av årsredovisningen för räkenskapsåret 2021-01-01 - 2021-12-31 har utförts av en annan revisor som lämnat en revisionsberättelse daterad 31 maj 2022 med omodifierade uttalanden i Rapport om årsredovisningen.

### Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

### Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att *lämna en revisionsberättelse som innehåller våra uttalanden*. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om *huruvida det finns någon väsentlig osäkerhetsfaktor* som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan *framtida händelser eller förhållanden göra att ett bolag inte längre* kan fortsätta verksamheten.

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• utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

## Rapport om andra krav enligt lagar och andra författningar

### Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Heimstaden Fastigheter Öst&Väst AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

### Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Heimstaden Fastigheter Öst&Väst AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

### Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

• företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
• på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

*Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för* att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet.

Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Malmö den dag som framgår av min elektroniska underskrift.

*Grant Thornton Sweden AB*

Johan Kling
Auktoriserad revisor

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20230721101167

COMPLETED BY ALL:
30.06.2023 16:03

SENT BY OWNER:
Johan Kling • 26.06.2023 10:28

DOCUMENT ID:
rJpvnTluh

ENVELOPE ID:
B1qz2aLd2-rJpvnTluh

# Document history

DOCUMENT NAME:
221.pdf
2 pages

## Activity log

| RECIPIENT | ACTION* | TIMESTAMP (CET) | METHOD | DETAILS |
|---|---|---|---|---|
| **1. Johan Andreas Håkan Kling** | **Signed** | **30.06.2023 16:03** | **eID** | **Swedish BankID (DOB: 1975/03/30)** |
| johan.kling@se.gt.com | Authenticated | 30.06.2023 15:59 | Low | IP: 88.131.44.131 |

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# 2022 Annual, Governance, and Sustainability Report

Heimstaden
BOSTAD

2023072101169



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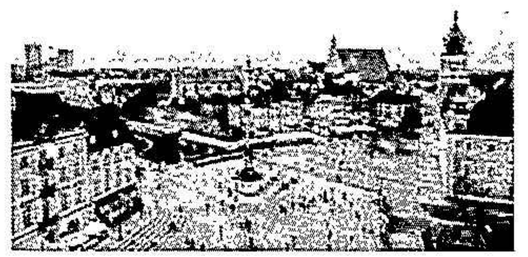
- Refers to audited sections. Pages 1–2, 6, 23–26 and 42–96 make up Heimstaden Bostad's Administration Report and Financial Information, which have been audited by the company's auditors.

The Statutory Sustainability Report, in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, was approved for publication by the Board of Directors. Find our Statutory Sustainability Report index on page 110.

**Administration Report and Financial Information**
Heimstaden Bostad is a public company. Corporate identification number 556864-0873. Domiciled in Malmö, Sweden.

This report contains forward-looking information based on the current expectations of Heimstaden Bostad's management. No guarantee can be provided that these expectations will prove correct, and future outcomes may vary considerably compared to what is presented herein based on, among other things, changing economic, market, and competitive conditions, changes in legal requirements and other policy measures, and exchange-rate fluctuations.

The Annual Report is published in Swedish and English. The Swedish version is the original and has been audited by Heimstaden Bostad's auditor. Figures in brackets refer to the previous year, 2021, unless otherwise stated.



Cover photo:
Aerial view of Warszawa

# An Evergreen Platform of *Friendly Homes*

With a presence in nine European countries, Heimstaden Bostad is a leading European residential real estate company with an evergreen perspective.

Guided by our values and Scandinavian heritage, we aim for excellence in happiness and life quality for customers and employees, and responsible and cost-efficent in-house operations.

This is how we fulfil our vision to enrich and simplify lives through Friendly Homes.

### Care

about and respect our co-workers, customers, partners, and the society we live in. We find sustainable solutions for people and buildings.

### Dare

to think outside the box. We always look for better ways to do what we do. We encourage diversity, open minds, and new ideas.

### Share

our knowledge and willingly help each other grow. We are authentic, transparent, and honest in our communication and actions.



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# Investment Properties

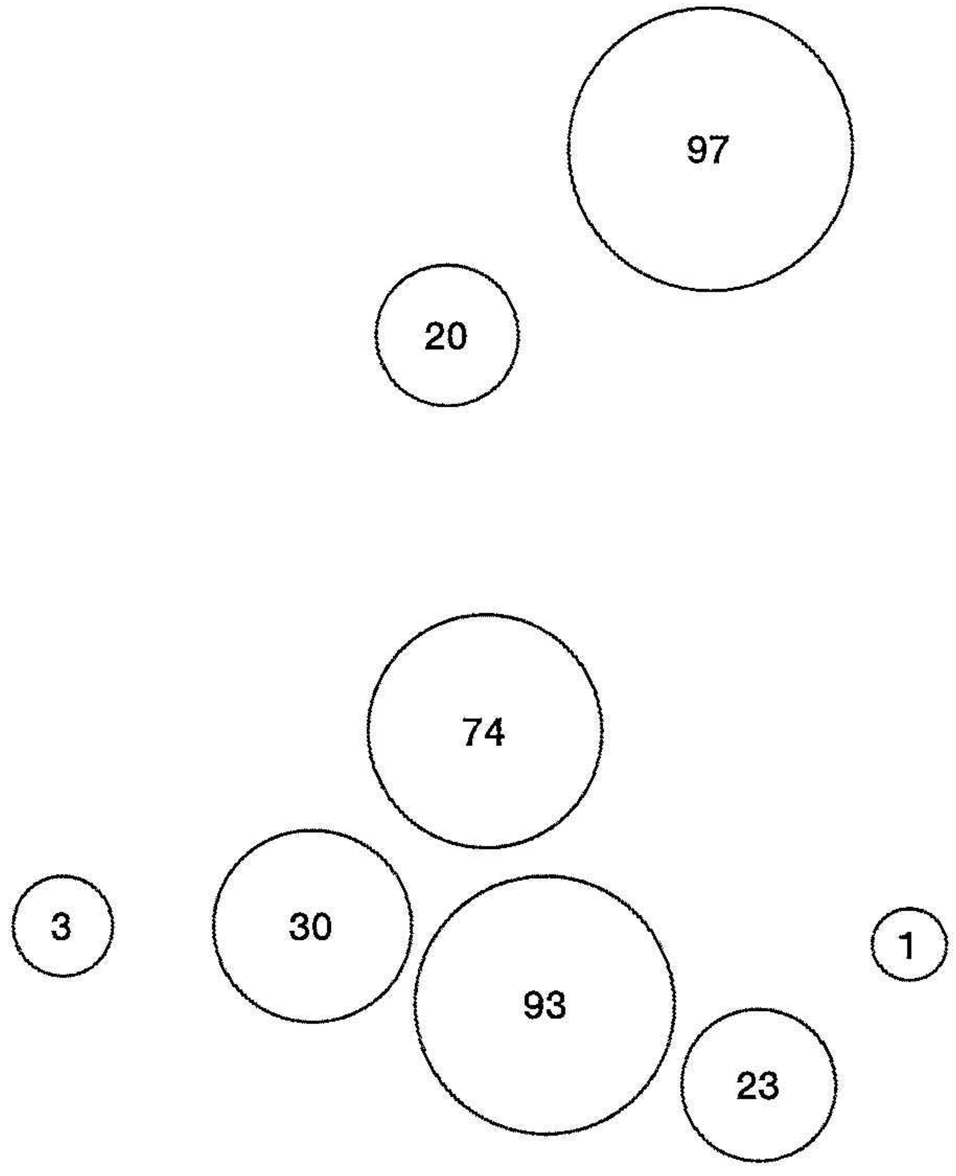
**158,326**
Homes

**93%**
Residential Area[1]

**60%**
Regulated Income

**11 million**
sqm

[1] *7% commercial premises and parking.*



# Key Characteristics

### Strong ownership structure

Heimstaden Bostad is owned by Heimstaden and long-term institutional investors who share a philosophy for evergreen and sustainable investments. Heimstaden has substantial experience in acquiring, developing, and actively managing residential real estate and is Group Manager of Heimstaden Bostad.

### Attractive, resilient asset class

Residential real estate is the world's largest asset class and an essential part of the global economy. Non-cyclical in nature, it is a basic human need without risk of disruption and with strong supportive demographic trends, such as decreasing household sizes, supply shortages, and urbanisation.

### Diversified portfolio across strong European markets

Heimstaden Bostad's property portfolio is diversified across attractive European markets with growing economies and favourable residential fundamentals. The portfolio has a balanced exposure to regulated and unregulated rental regimes, which provides Heimstaden Bostad with stable and secure cash flows as well as the ability to capture upsides from positive market developments.

### Fully integrated operating platform with proven track record

A fully integrated and scalable operating platform ensures a common experience for our customers combined with swift and cost-efficient integration of new markets.

### Solid financial position and conservative financial policy

Heimstaden Bostad follows a strategy for responsible growth and value creation and has continuously improved its operating performance and financial metrics. We adhere to conservative financial policies that support Heimstaden Bostad's long-term strategy and vision. The company is rated 'BBB' by S&P Global Ratings and Fitch Ratings.

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# The Year in Brief

We delivered strong operational results in a challenging market with a like-for-like rental growth of 5.4%. Continued fine-tuning of our operations resulted in improved customer survey scores. Our revised climate targets were approved by the Science Based Targets initiative, confirming that our plan to reduce emissions and energy usage is in line with the Paris agreement. Our sustainability efforts reduced total GHG emissions by 7% and energy usage by 11% per sqm compared to 2021 (Scope 1 & 2 ). Following a strong start to the year, the changing macro environment gave a 5% negative fair value adjustment of our property portfolio in the second half of 2022. We responded prudently with active management of our balance sheet and muted growth activity. Our partnership with SOS Children's Villages reached 55,000 children in 25 countries and we provided housing to more than 1,000 Ukrainian refugee families.

**47.6%**
Rental income growth

**21 billion**
Acquisitions, SEK

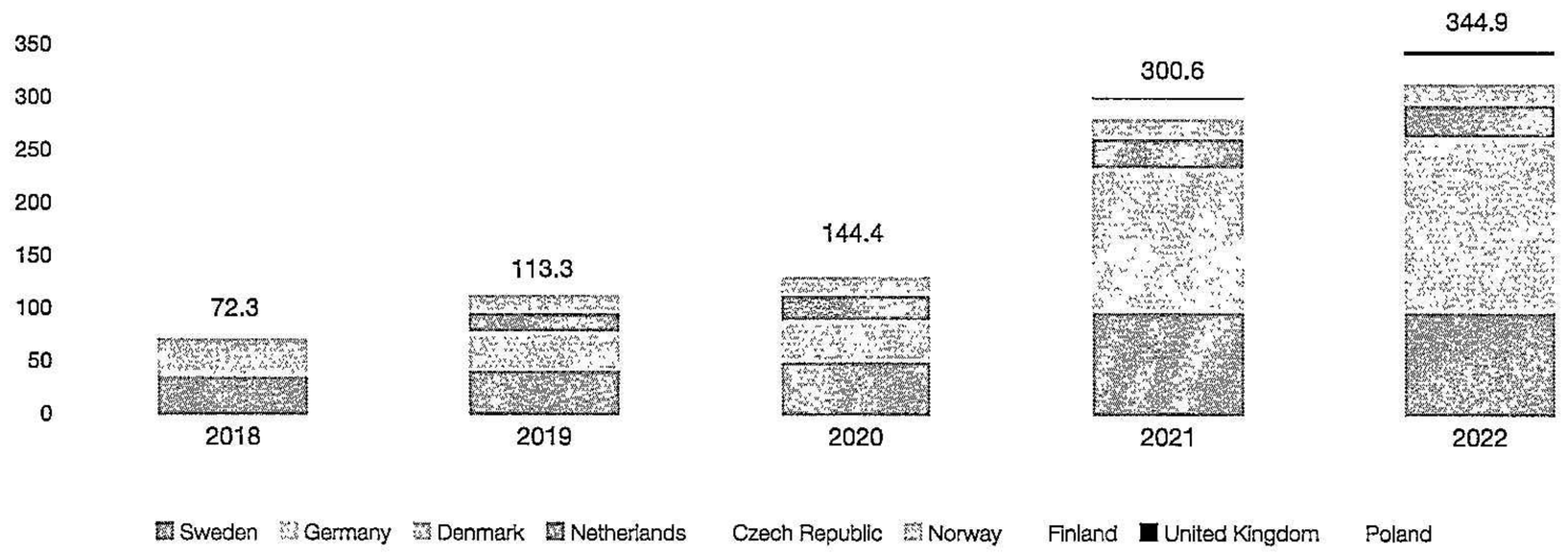
**50.3%**
Net loan-to-value

**3.4x**
Interest coverage ratio

**Key Figures**
SEK million

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Rental income | 12,702 | 8,608 | 6,332 | 4,135 | 3,046 |
| Net operating income | 8,141 | 5,386 | 3,893 | 2,403 | 1,751 |
| Profit before inventory properties and fair value adjustments | 7,901 | 2,834 | 3,589 | 2,263 | 1,611 |
| Total comprehensive income | 8,382 | 22,579 | 4,194 | 4,740 | 2,581 |
| | | | | | |
| Net loan-to-value, % | 50.3 | 46.2 | 43.9 | 48.0 | 54.3 |
| Interest coverage ratio, multiple | 3.4 | 4.1 | 2.9 | 2.5 | 2.6 |
| Real economic occupancy, residential, % | 98.4 | 97.9 | 97.5 | 98.8 | 98.6 |

**Fair Value**
SEK billion



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| | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Fair Value, SEK | 316 billion | 336 billion | 337 billion | 345 billion |
| Homes | 148,764 | 153,205 | 154,145 | 158,326 |
| Real Economic Occupancy | 98.5% | 98.5% | 98.4% | 98.2% |
| Net LTV | 44.5% | 46.5% | 48.9% | 50.3% |

Allianz Real Estate invested SEK 7.9 billion in Heimstaden Bostad's Swedish portfolio bought from Akelius, forming a partnership.

Issued EUR 1.2 billion of fixed rate bonds and repaid the Akelius acquisition bridge facility.

Sharpened climate targets and committed to invest almost SEK 7 billion to reduce greenhouse gas emissions with 42% by 2030.

Strengthened presence in UK and Sweden by buying a project with 464 homes in Edinburgh and 806 homes in Jönköping.

Made large efforts to support refugees from Ukraine, supporting more than 1,000 Ukrainian refugee families with housing during the year.

Bought 1,091 homes in Germany and 2,009 homes in Finland.

Celebrated one year and 35,000 children reached through A Home for a Home.

Successful EUR 868 million hybrid bonds buyback fully funded with new equity from shareholders.

Bought the Country Management organisation from Heimstaden AB

First customers were welcomed into their new Friendly Homes in Poland.

Announced that Helge Krogsbøl will succeed Patrik Hall as CEO from 1 January 2023.

Published Customer Scorecards for 2022.

Science Based Targets initiative validated Heimstaden Bostad's roadmap to reduce emissions in line with the Paris Agreement.

Allianz and Heimstaden Bostad injected SEK 7 billion in new equity in their existing Swedish partnership and formed a new partnership comprising Allianz's German residential real estate portfolio.

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# Resilience in a Challenging Market

Spiking energy prices, rising inflation and interest rates, and a challenging geopolitical situation set the tone for last year. Thanks to our long-term strategy to invest in affordable housing in European markets with strong fundamentals, we have a diversified and resilient portfolio. With high occupancy of 98.4% and a like-for-like rental growth of 5.4%, we delivered a strong operational result in 2022.

### Efficient operations

We continue to fine-tune our operational platform. By rolling out new digital tools, we are sharpening our efficient, data-driven, and lean business model while improving the service for our customers. I am proud of how our teams have succeeded in continuing to deliver excellent customer service, demonstrated in improved customer survey scores.

Our monthly employee surveys consistently document a strong and happy organisation, and I am grateful to our colleagues who have faced this turbulent period with a positive attitude.

### Balancing act

After years of value growth, the changing macro environment gave a 5% (SEK 18 billion) negative fair value adjustment of our property portfolio in the second half of 2022. The fundamentals of European residential real estate remain intact and are set to improve as construction activity is falling sharply. Nevertheless, the financial market development has impacted yield requirements for residential real estate and investors await confirmation of the ability to passthrough inflation to rents to compensate for the increased funding costs. Despite the uncertainty in the market, we expect a stabilisation during 2023 as inflation pressure will level off and more clarity is provided on when and where interest rates will settle.

With a staggered debt maturity profile and a balanced mix of debt instruments, we are well positioned to meet the tightened financial market conditions. After securing a substantial amount of new bank financing, we have good coverage for our upcoming maturities in the bond market. The hybrid bond buybacks funded with equity also demonstrated continued shareholder commitment to support the company. S&P's revised financial thresholds are a testament to our improved business risk profile and provides more headroom to maintain the current rating.

### Intensified sustainability efforts

We have increased the pace and scale of our efforts to mitigate climate change and reduce emissions. By proactively engaging our tenants to have an efficient energy usage in their homes, and, by fine tuning the performance of central heating systems and technical solutions, installing efficient lighting and smart control systems, and improving thermal insulation, we decreased energy usage per sqm with 11% in 2022 versus 2021. Our continuous work to improve energy efficiency in our buildings reduces our, and our tenants', energy usage and cost significantly.

Last year, the globally recognised Science Based Targets initiative (SBTi) approved our Climate Roadmap. This reconfirms the quality of our work and ambitious climate goals to reduce greenhouse gas emissions in line with the Paris Agreement.

Our partnership with SOS Children's Villages reached more than 55,000 children in 25 countries with our SEK 125 million donation in 2022. In addition, we helped more than 1,000 Ukrainian refugee families with housing during the year.

### Looking ahead

Uncertainty will follow us into 2023, however I am certain that the high demand for rental housing will continue in a market with a tighter supply, and we will once again deliver strong operational results. With the new long-term management agreement signed with Heimstaden last summer and the acquisition of the country management organisations, we are well positioned to deliver on our long-term strategy to provide sustainable and Friendly Homes to our customers.

Helge Krogsbøl
CEO Heimstaden Bostad

"I am proud that we are taking action to face climate issues in a purposeful, structured, and innovative manner."

# Supporting Ukrainian Refugees

Immediately after the war in Ukraine started, we acted to help Ukrainian refugees and to comply with the sanctions against Russia and Belarus. Through A Home for a Home, we donated EUR 1.5 million to SOS Children's Villages' emergency fund and our colleagues in the Czech Republic worked around the clock to provide hundreds of equipped homes for refugees. This was followed by similar initiatives from colleagues around Europe and demonstrates the true meaning of Friendly Homes.

More information about the programmes

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Strategy and Ambitions

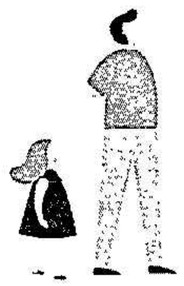
# Continuing Our Friendly Homes Mission

Our values 'Care, Dare, and Share' are at the heart of the organisation and form the foundation of our Friendly Homes concept.

Through Efficient and Innovative Operations and our four strategic pillars Customer Centred, Friendly Workplace, Sustainable Mindset, and Financial Strength, we continue to improve our evergreen and industry-leading platform.

This enables us to fulfil our core ambitions to create excellence in life quality for customers and colleagues, and to contribute to society, while always being commercially outstanding.

Visit our website to read more about our Strategy



We contribute to society by being commercially outstanding and creating excellence in life quality for people at home and at work.

Customer Centred | Friendly Workplace | Sustainable Mindset | Financial Strength

Efficient and Innovative Operations

CARE DARE SHARE

Ethical Business Conduct

## Our Core Ambitions

- Excellence in happiness and life quality at home
- Excellence in happiness and life quality at work
- Societal contribution, inspiration, and enrichment
- Commercially outstanding

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Customer Centred

# Engagement is Everything

Continually engaging with our customers and promoting The Friendship concept through multiple points of contact is key to improve life quality for our customers and creating enduring value through Friendly Homes.

**A year of consolidation**
In 2022, our Customer Service team focused on achieving consistency in communication and service offerings across all markets. The Friendship offering is fully implemented in Sweden and present at different levels in all markets where we operate. Our customer interaction is firmly founded on our three strategic pillars – personal, digital, and self-service.

**Back to meeting face to face**
Interacting with customers in different scenarios is a mainstay of our personal pillar and we hosted many in-person events in 2022. Activities ranged from competitions, gardening activities, children's days, and welcome communications to new tenants, to attractive consumer offers to enhance the customer experience. In the Czech Republic we held special events in support of refugees from Ukraine and we continue to sponsor worthy causes, including homeless shelters and SOS Children's Villages through our A Home for A Home programme.

**It's all about content**
Our websites together with blog posts, social media, digital newsletters, and print magazines are key sources of useful information for our customers. In 2022, we focused on sharing relevant information to encourage behaviour that saves energy and water, increased recycling, and reduction of food waste. We also increased editorial content to foster engagement and share inspiration.

**Helping customers help themselves**
On the Self-service front, we launched our MyHome tenant portal in Denmark, Norway, and the Netherlands. The 24/7 digital HelpCenter was also rolled out in more markets enabling, for example, digital chat with service personnel.

**Voice of Customers**
We constantly measure customer satisfaction to identify our strong points and areas requiring attention, and their feedback will steer our operational priorities in 2023.

In addition to our annual Customer Score Cards (CSCs), we have rolling customer surveys that cover key touchpoints on the customer journey; contract signing, moving in, during tenancy, and moving out. Given historically good scores in the early phases, we have increased our focus to improve the 'move out' touch point. We want customers to leave us on a positive note; our job is to assure them they remain important and are welcome back.

## HeimMade is Best!

Our HeimMade initiative includes and encourages all our employees to share ideas that brings our vision to life and improves our brand experience. Every year we award a global prize for the best proposal. The 2022 accolade went to Klara Svensson in Sweden for her pilot project to improve waste management. Klara's idea is to inspire tenants to recycle more by redesigning waste rooms to make them more appealing. This not only reduces our own environmental impact, but also encourages more climate-smart choices on a daily basis.

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## Increasing Customer Focus in the Rental Industry

We publish our Customer Score Card (CSC) results openly, and proactively encourage other landlords to measure their customer satisfaction and be transparent on results. Find more results from previous years on our website.

In 2022, we expected the results in many markets to reflect customers' financial worries due to the economic and geopolitical uncertainty. Results indicate that we had an increase of 0.7 percent in the Service Index and 0.4 percent in the Profile Index.

Although we see room for improvement in all markets, we are pleased to see a general progress in the most important overall scores. This gives us motivation to further strengthen our efforts to achieve our goals to have the happiest customers in our industry.

### Service Index

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Sweden | 78.3% | 78.4% | 78.4% |
| Finland | 71.3% | - | - |
| Norway | 75.7% | 74.7% | 74.5% |
| Denmark | 68.2% | 74.6% | 74.4% |
| Czech Republic | 70.8% | 68.8% | 67.2% |
| Netherlands | 63.1% | 58.6% | 55.8% |
| Germany[1] | 63.1% | 66.2% | - |
| Group Average | 73.7% | 73.0% | 73.1% |

### Profile Index

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Sweden | 79.6% | 80.1% | 79.3% |
| Finland | 69.4% | - | - |
| Norway | 77.0% | 77.5% | 77.2% |
| Denmark | 60.4% | 67.6% | 67.1% |
| Czech Republic | 70.1% | 65.1% | 60.3% |
| Netherlands | 58.5% | 59.5% | 52.0% |
| Germany[1] | 59.9% | 71.3% | - |
| Group Average | 73.3% | 72.9% | 72.8% |

### Recommend Heimstaden

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Sweden | 87.2% | 85.7% | 85.3% |
| Finland | 81.1% | - | - |
| Norway | 79.0% | 83.0% | 78.4% |
| Denmark | 68.0% | 73.5% | 77.0% |
| Czech Republic | 73.6% | 67.8% | 66.2% |
| Netherlands | 62.9% | 77.7% | - |
| Germany[1] | 71.1% | 79.8% | - |
| Group Average | 80.2% | 79.8% | 79.9% |

### Help When Needed

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Sweden | 84.6% | 85.6% | 85.3% |
| Finland | 75.3% | - | - |
| Norway | 81.3% | 77.5% | 76.5% |
| Denmark | 69.0% | 75.3% | 74.3% |
| Czech Republic | 73.8% | 72.2% | 69.3% |
| Netherlands | 65.2% | 64.4% | 59.4% |
| Germany[1] | 63.4% | 71.1% | - |
| Group Average | 78.7% | 78.5% | 79.0% |

### Take the Customer Seriously

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Sweden | 84.4% | 84.0% | 84.8% |
| Finland | 68.7% | - | - |
| Norway | 83.6% | 83.0% | 84.4% |
| Denmark | 63.9% | 75.6% | 76.5% |
| Czech Republic | 79.6% | 77.1% | 74.9% |
| Netherlands | 58.0% | 59.0% | 52.5% |
| Germany[1] | 61.6% | 76.9% | - |
| Group Average | 78.3% | 78.6% | 79.8% |

### Satisfaction with Heimstaden

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Sweden | 87.0% | 85.2% | 84.6% |
| Finland | 88.9% | - | - |
| Norway | 80.1% | 79.5% | 80.1% |
| Denmark | 64.8% | 76.3% | 77.3% |
| Czech Republic | 76.6% | 73.4% | 70.9% |
| Netherlands | 62.5% | 60.0% | 57.0% |
| Germany[1] | 66.6% | 77.7% | - |
| Group Average | 79.9% | 78.2% | 79.2% |

*Additional responses for 2021 have been included after the publication of Heimstaden's 2021 Annual Report.*

*[1] The main reason for the drop in results in Germany is that we include customers from the Akelius properties which we took over in December 2021. The results from our former customers are stable or slightly positive and we also see an improvement from December last year in the scores from customers living in the former Akelius properties.*

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Friendly Workplace

# Continuing to Improve Our Friendly Workplace

2022 was primarily a year of consolidation for our People and Culture team who were busy refining projects rolled out in 2021. As the pandemic receded, we returned to more physical interaction, while continuing to leverage digital tools to enhance productivity.

Heimstaden remains committed to fortifying the foundation of our employee value proposition, resting on the eight pillars (see page 14) of our Friendly Workplace philosophy that we monitor on a constant basis.

We opened new operations in Finland and the UK, and rather than hiring local HR business partners we are supporting new markets remotely, ensuring the delivery of high-quality processes, and economies of scale.

Adoption of our group-wide digital platform, Workday, increased in 2022 and at the same time we included additional global HR processes into our operational model to promote ONE way of working. This harmonizes work processes, reduces administration, increases efficiency, ensures quality, data security and compliance.

### Integration and consolidation

Following the Akelius acquisition, we focused on integrating new colleagues in Germany, Sweden, and Denmark during the first half-year. In the second half, we concentrated on further consolidating our employee base and revising and harmonising our organisational structure to better reflect our corporate strategy and to improve our capacity to respond to growth.

A high level of change often triggers a degree of insecurity, exacerbated by wider political and economic turbulence. Rather than limit everyday development activities we believe it is all the more important to reinforce a common culture and strong leadership.

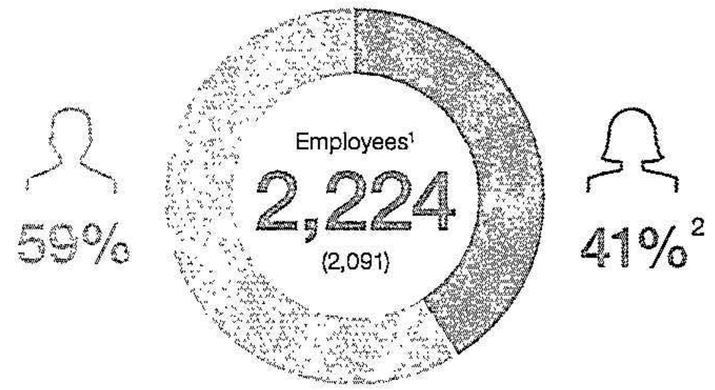
In 2022, we introduced a free psychological counselling service with up to ten meetings in Sweden, which we can roll out to more markets. We updated our whistleblowing process to be in line with new EU legislation. This is now available on our website and can be used by employees as well as external stakeholders. The number of reports has increased, indicating that the solution is working well and that users feel safe to report any wrongdoing via this channel.

### Robust internal training

Zero tolerance for discrimination is a cornerstone of our culture. During 2022, we continued training our People and Culture team to minimize bias in the recruitment process. A groupwide diversity training has also been rolled out to all managers on the subject of how to counter bias when recruiting. This is also an integral part of our leadership programmes. In addition, we now universally use testing to eliminate early-stage bias and match the best candidates to each competency profile.

After launching our digital learning platform in 2021, we delivered more training occasions last year, than ever before. We initiated our training for new managers, New@Leading, in more

### Gender distribution




[1] *Full time Equivalents (FTE) including employees in Heimstaden AB. Total headcount is 2,482 including employees in Heimstaden AB.*
[2] *Compared to the previous year, the number of employees has increased. Unfortunately, we have seen the percentage of women in the organization decrease by 1.8%. We continuously follow up on gender distribution and one explanation to the decline is that we have grown mostly within roles where there are few female applicants, such as facility/property management.*

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markets while also advancing our programme for country management, Leading@Heimstaden.

This year we also introduced a new performance development process, Reflect and Act. The process reviews the previous six months as well as outlines the coming six, and has been well received by employees.

We have successfully mapped all our roles into the Mercer framework giving us access to renowned international compensation benchmark data, improving reporting and follow-up on gender pay-gap status, as well as visualising the five different career streams within Heimstaden. We have also introduced a global salary review process that reduces manual handling, provides better visibility for managers and complies with confidentiality requirements.

We continued our work to create a common culture in our fast-growing business with a digital conference for all employees in February. In May, we brought our top 150 managers together to share lessons and to unite around our strategy. In addition to these forums, local 1–2 day conferences are organised to highlight strategy, culture, and other current issues.

## Friendly Workplace consists of eight building blocks that form the foundation for our EVP (Employee Value Proposition)

| | | | |
|---|---|---|---|
| • A secure workplace where people feel safe and cared for<br>• Striving for zero work related accidents<br>• Lower than industry average short/long term sick leave | Work Health & Safety | Diversity, Inclusion & Belonging | • Welcoming all to be part of an inclusive, friendly, value-driven culture with open, accepting and supportive people<br>• Accepting no form of discrimination or harassment |
| • Terms and conditions are clear<br>• Fair pay following market conditions<br>• Benefits and pension that ensure now and future wellbeing | Compensation and Benefits | Good Leadership | • Inclusive, best-in-class leaders passionate about inspiring and empowering our people to reach our goals<br>• Frequent, transparent and clear communication<br>• Open door, open mind, and open-heart attitude |
| • We enable flexibility in terms of where, how, and when we work<br>• We make room for both our private and work family<br>• We strive for zero % illness due to work related stress | Work Life Flexibility | Opportunity to GROW | • We help each employee grow to reach their full potential<br>• Each employee can take the initiative and ownership for own development |
| • We always look for areas to digitize to increase efficiency and quality<br>• We are in the forefront and love technological progress paired with the human touch | Digitally Smart Solutions | Well-being & Happiness at Work | • We are highly engaged, committed, and driven people- we find our own purpose and motivation<br>• We enjoy what we do – we make sure to have fun!<br>• We seek physical, mental, financial, and social well-being for our people |

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## Achieving a Friendly Workplace comprises the following focus areas[1]

### Total temperature

2022 Outcome:

7.9[2]

2023 Target: 8.5
Index: 7.5

### Equal rights

2022 Outcome:

9.1

2023 Target: 10
No Index

### Good leadership

2022 Outcome:

8.2

2023 Target: 8.5
Index: 7.9

### Opportunity to grow

2022 Outcome:

7.6

2023 Target: 8.5
Index: 7.2

### Happiness at work

Work situation

2022 Outcome:

7.5

2023 Target: 8.5
Index: 6.8

Job Satisfaction

2022 Outcome:

7.7

2023 Target: 8.5
Index: 7.1

### Health and safety

Work-related injuries

2022 Outcome:

85[3]

2023 Target: Work-related injuries 0

Sick leave

2022 Outcome:

5.7%

2023 Target: Sick leave <5%

### Personnel turnover

2022 Outcome:

15.7%[4]

2023 Target: <15%

For more information see page 147. The above KPIs are collected from our employee engagement tool Winningtemp, from our HR system Workday, and local payroll systems. Index is the average for all customers using Winningtemp. Where there is no index, the area was not covered in the standard survey but added by Heimstaden.

[1] *For detailed information, read more in our Sustainability Report on pages 110–171. The employee survey is sent out monthly, with a break during July. The areas examined (leadership, job satisfaction, meaningfulness, independence, work situation, participation, personal development, group spirit, commitments, safety, equal treatment, feedback) are measured on a ten-point scale from 1–10, where one corresponds to the lowest result and 10 highest.*

[2] *Total Temperature is the average of all the areas surveyed monthly in Winningtemp (Leadership, Job satisfaction, Meaningfulness, Autonomy, Work situation, Participation, Personal development, Team spirit, Commitment, Safety, Equal treatment, Feedback).*

[3] *A total of 154 incidents were reported, of which 85 were workplace accidents.*

[4] *15.7% refers to voluntary staff turnover, excluding short-term fixed-term contracts, retirements and staff dismissed at the initiative of Heimstaden.*

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Sustainable Mindset

# Purpose-Driven ESG Focus

Sustainability is embedded in everything we do, and our ambitious ESG objectives aim to set a leading standard for the residential real estate industry in Europe.

**Our ambitious targets were approved**
Our new Science Based Targets initiative (SBTi)-approved target is to reduce absolute GHG emissions in Scope 1, Scope 2, and category 13 in Scope 3, covering downstream leased assets1, with 42% by 2030, with 2020 as base year. The revised target is sharper given our growth in 2021 and the additional component of emissions from tenant energy use. We also commit that 27% of our suppliers by spend covering purchased goods and services, will have science-based targets by 2027.

**Climate roadmap**
We will continue to work intensively to reduce energy use and emissions across our portfolio, in line with our 2030 climate mitigation roadmap. Our previously communicated pathway budget based on our 2020 portfolio of over SEK 7 billion by 2030 is under revision, and an updated budget in line with current portfolio size and recent growth will be presented during 2023.

Our most important measure is shifting to cleaner fuel sources, which we estimate will reduce total $CO_2$ emissions by 26% by 2030. We typically replace old boilers, install heat pumps, switch to cleaner district heating if available, optimize heating systems, install smart control systems, improve thermal insulation, and nudge tenants to use less energy.

While we expect gas supplies to normalize before 2030, we also hope the current crisis leads to more clean energy coming online in Europe in the medium term.

We are also working on water and waste strategies across all our markets, including a solution to track water usage and encouraging tenants to use less water. By giving our tenants, employees, and business partners good preconditions, we ensure that our properties are contributing to sustainable resourcing.

**A turbulent energy year**
We have local teams with the technical know-how to improve the energy efficiency of our buildings. Because of the turmoil in Europe's energy supply chain in 2022, they intensified the work to decrease energy usage in our properties. By proactively engaging our tenants to have an efficient energy usage in their homes, and, by fine tuning the performance of central heating systems and technical solutions, installing efficient lighting and smart control systems, and improving thermal insulation, we

## 2022 Energy Saving Highlights

- Insulation of more than 2,000 apartments in the Czech Republic reduced energy use by around 21,000 GJ/year.
- Replacing old gas boilers in Germany reduced energy use by up to 30% per property.
- Replaced all oil burners in the Netherlands with efficient natural-gas boilers.
- Heat pumps installed in properties in Sweden reduced energy use by up to 25%.
- Control systems in five buildings in Norway reduced energy use by a minimum of 7%.
- Control system pilot in Denmark reduced energy use by 10% in the first property.

[1] *Energy purchased by tenant*

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decreased the weather corrected energy usage per sqm with 11% in 2022 versus 2021.

Energy intensity figures per square meter (where heat is normal year-adjusted) improved in all countries in 2022, except Germany where we are further investigating relevant measures despite tight regulations on rent increases.

With the risk of high energy costs likely to persist for our customers, we have taken many steps to optimise technical installations and set indoor temperatures of our buildings at the right level. We also engaged our customers by informing them of how best to conserve energy in their homes, to ensure that everyone does what they can to reduce energy use.

### Social sustainability

As part of our goal to create a safe and friendly society for all, in 2022 we developed our social roadmap to focus on the areas where we can have most impact. This includes offering safe and affordable homes, creating job opportunities, and building a diverse and inclusive society.

### Inclusive housing

We offer social contracts – defined as contracts with local authorities or non-governmental organisations that in turn rent apartments to people in need – in Sweden, the Czech Republic, the Netherlands, Germany and Norway. However, in 2022, we recognized that this definition is not workable in all markets. Accordingly, we will adapt our definition to encompass more types of contracts aimed at helping vulnerable groups obtain housing. The target will most likely be a multi-year nominal target, at a similar level to the current one, which is 3% (of our total apartment stock) by 2023.

### Recruitment and diversity/inclusion

We continue to work on our target to help people access the labour market, including providing apprentice positions, jobs for young adults, and, together with third parties, internships for people with socio-economic challenges.

In terms of gender balance in our own operation, we will keep working towards our current target of a 40:60 gender split in Group Management.

### Human rights

In 2021, we carried out a thorough GAP analysis of our supply chain. Accordingly, we strengthened our due diligence process to be able to identify and mitigate human rights risk that can arise.

### A Home for a Home

In 2022, we donated approximately SEK 125 million to SOS Children's Villages through our unique A Home for a Home partnership, supporting 35,000 children in 25 countries to a better, safer start in life. Programs we supported include family strengthening, improved foster care, youth vocational training and support, and advocacy at both local and government levels (see A Home for A Home, page 19).

In June 2022, we launched a skill-sharing programme pilot through which our employees support SOS Children's Villages with skills and expertise within learning & development, business development, and carbon footprint measurement.

### Expanding ESG oversight

We added three new members to sustainability teams at group level in 2022, including a new Head of Social Sustainability. Our Group Sustainability Council met regularly during the year, while we also established an Executive Sustainability Committee tasked with presenting key ESG topics to our board.

## A sharp eye on regulations

In 2022, we prioritised preparation for reporting share of our alignment with the EU Taxonomy which is presented in this report, see page 117. We continue to track the development of the upcoming Delegated Acts related to the Taxonomy, and continue the work on mitigating our climate impact and adapting our business to climate change.

We closely keep track of the development of the Corporate Sustainability Reporting Directive (CSRD), which extends the scope and reporting requirements of the already existing Non-Financial Reporting Directive.

We also follow the development of EU's Fit for 55 package which, among other things, proposes changes in the Energy Performance of Buildings Directive (EPBD) as well as including buildings in the EU Emissions Trading System. We continue to track how else Fit for 55 may impact our business.

We are developing processes to comply with the Commission's new mandatory Directive on Corporate Sustainability Due Diligence Directive (CSDDD), encompassing companies' entire value chain and all proportionate and commensurate measures to prevent adverse impacts on human rights, governance, and the environment.

## Swift help for Ukrainian refugees

The day after the Russian invasion of Ukraine on 24 February, Heimstaden made a donation of SEK 15.5 million (EUR 1.5 million) to SOS Children's Villages' emergency response fund. Only a week later, we made hundreds of apartments available, mostly in the Czech Republic, as emergency housing for displaced families. Today we make available close to 950 homes to refugee families, including Germany, Denmark, the Netherlands and Norway. In addition, we performed an extraordinary screening of our supply chain to ensure compliance with EU sanctions.

## 2022 Neighbourhood Hero

The Neighbourhood Hero award was initiated by Heimstaden in the Netherlands to honour individuals who went out of their way to help their local community during the Covid-19 pandemic. Election was open to the public. Among 150 nominees, this year the award went to Meltem Tamzok of the Amsterdam Public Library (OBA) for her role in helping people in her neighbourhood, including through the Buurtzus program which promotes self-development and creativity among young girls and women. Meltem won a Neighbourhood Party with her neighbours, as well as a new bicycle.

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# Sustainability Achievements in 2022

## Heimstaden Czech Wins Prestigious Prize for Social Housing Efforts

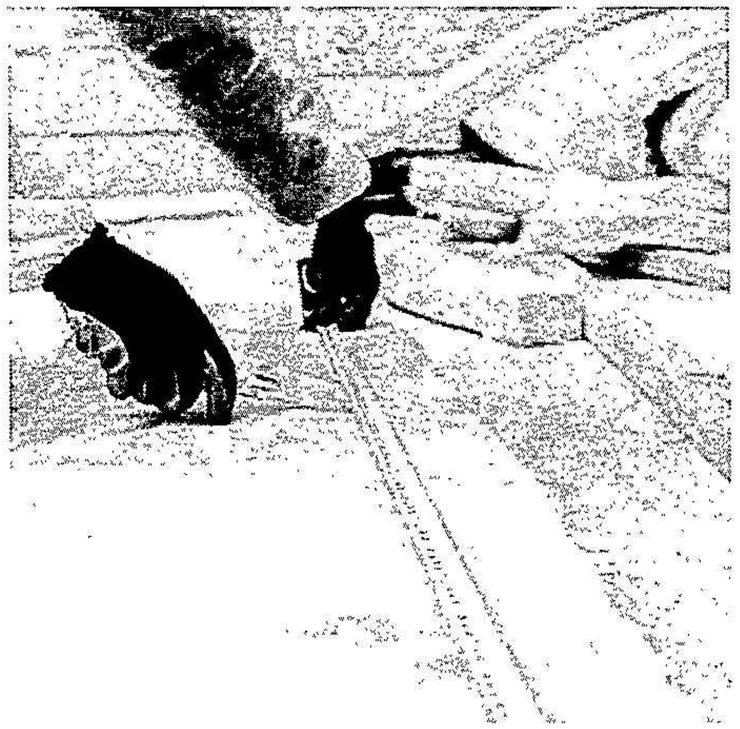
The Business for Society Alliance in Prague voted Heimstaden Czech as the 'TOP Responsible Company 2022' for its cooperation with local NGOs to provide social housing for people in need. Nominated social and environmental sustainability projects were assessed by 60 independent judges.

## Skillsharing with SOS Children's Villages

We continue to explore different ways of creating impact through A Home for a Home. In Q2, we launched a skill-sharing programme pilot, whereby Heimstaden employees support SOS with expertise in learning & development, business development, and carbon footprint measurement.

## Heating Optimisation in Germany

Heating accounts for the majority of our buildings' energy usage and related carbon emissions. We have performed hydraulic balancing in 34 buildings and replaced 12 old heating systems in Germany this year, decreasing our carbon emissions by an estimated 400 tonnes per year.



## Thermal Insulation in Czech Republic

Our thermal insulation project saves 20-35% of energy-related carbon emissions from heating. In 2022, we have finalised this project on more than 2,000 apartments.

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# Memorable First Year of A Home for a Home

In the summer of 2022, we celebrated the first year of our A Home for a Home partnership with SOS Children's Villages. Last year, we donated around SEK 125 million and have through 42 programmes in total supported 55,000 children in 25 countries around the world.

We believe in equal opportunities for all, starting with giving children and youths the best foundation to grow and prosper. So far, we have supported over 55,000 children and young people to a better start in life. Our societal impact will increase in the years to come.

In alignment with our values and expertise, the four key focus areas of our partnership comprise access to a safe home while growing up, access to a safe home when leaving care, access to activities for social integration, and building a skillset to become self-sufficient. Programmes we support include family strengthening, improved foster care, youth vocational training and support, and advocacy at local and government levels.

**More than a donation**

Contributing to building safety nets for children and their families is a key component of social sustainability, but A Home for a Home represents much more than just a financial donation to a worthy cause. Our ambition is also to set a new standard for cooperation between NGOs and private corporations through leveraging our resources and expertise to maximize our impact.

You can read about all our programmes and activities on our website.

## 2022 Highlights

**55,000**
children supported since inception

**25**
countries

**27**
global SOS programmes

**15**
local co-created programmes

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Investment Market and Transaction

# Prudence in a Turbulent Financial Climate

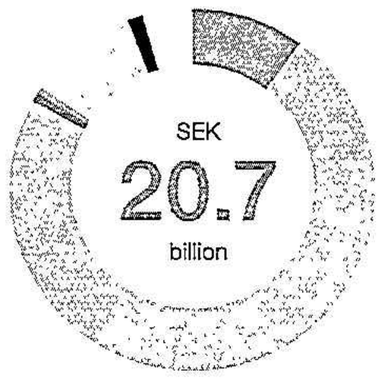
In 2022, we experienced an abrupt change in market conditions with an unprecedented sharp increase in inflation causing tightened financial market conditions, coinciding with Russia's invasion of Ukraine and a European energy crisis. The combination of rising interest rates and an outlook of reduced growth caused a slowdown in transaction volumes and provided for increased caution.

As a result of the changed market conditions, 2022 was a less active transaction year for us than previous years. We have continued to be visible in the market and tracked all deal flows to be able to act on appealing transactions, given current market circumstances, in line with our strategy.

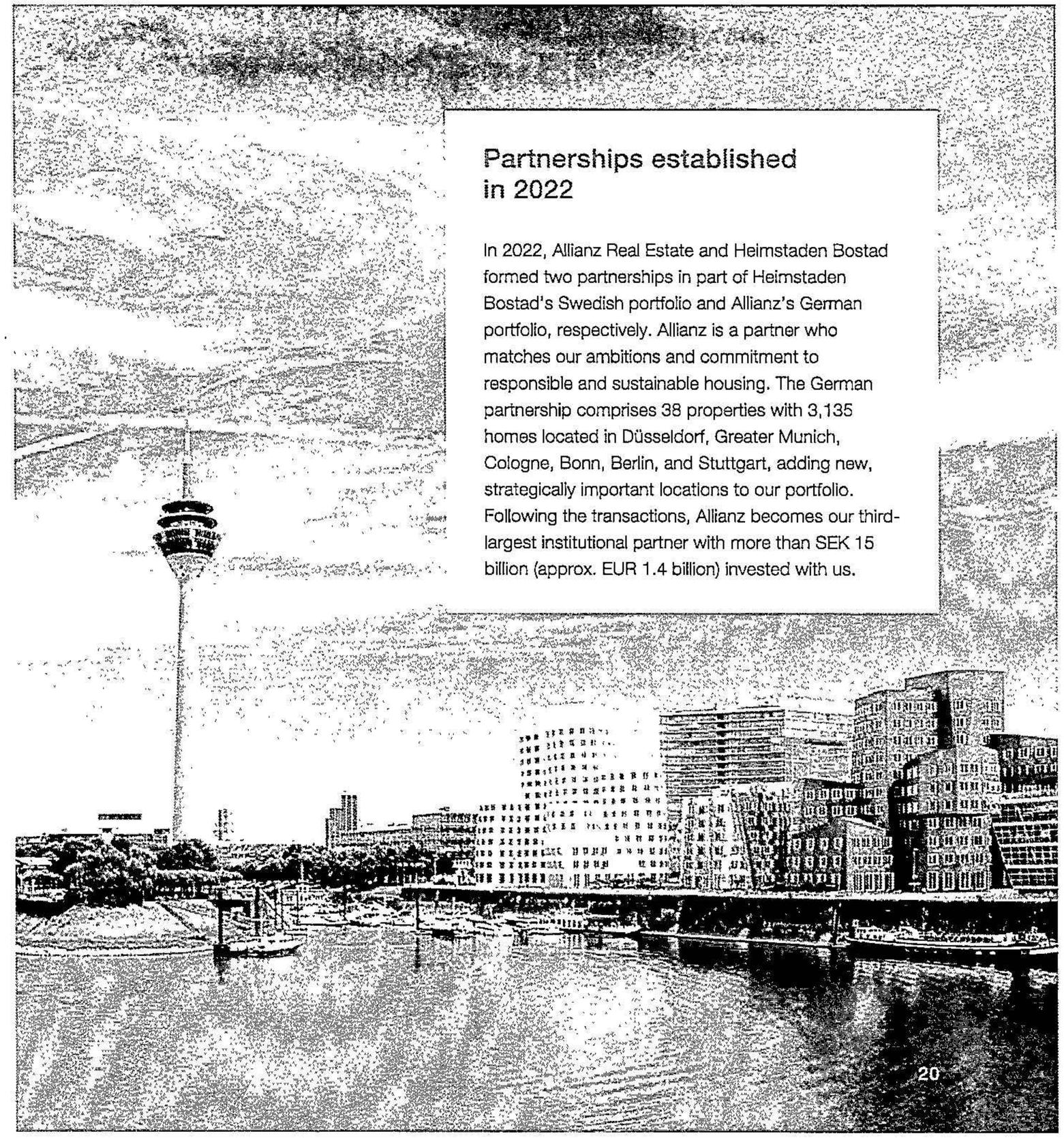
Among the transactions carried out, we executed a larger acquisition from SATO in Finland, in line with our stated strategy to target operational scale in our new markets, which our new-build transactions in the UK (Edinburgh) and Poland (Warsaw) were a testament to as well.

As uncertainty about peak inflation and the consequences of the European energy crisis on the economy intensified during the summer months, we felt pausing portfolio expansion was the only responsible course of action. Prudently analysing supply/demand balances and affordability metrics are the key foundation of our investment philosophy. To ensure the best

**Acquisitions Closed in 2022**
SEK billion




| | |
|---|---|
| Sweden | 2.1 |
| Germany | 11.6 |
| Denmark | 3.5 |
| Netherlands | 0.2 |
| Norway | 0.1 |
| Finland | 2.0 |
| United Kingdom | 0.3 |
| Poland | 0.9 |



## Partnerships established in 2022

In 2022, Allianz Real Estate and Heimstaden Bostad formed two partnerships in part of Heimstaden Bostad's Swedish portfolio and Allianz's German portfolio, respectively. Allianz is a partner who matches our ambitions and commitment to responsible and sustainable housing. The German partnership comprises 38 properties with 3,135 homes located in Düsseldorf, Greater Munich, Cologne, Bonn, Berlin, and Stuttgart, adding new, strategically important locations to our portfolio. Following the transactions, Allianz becomes our third-largest institutional partner with more than SEK 15 billion (approx. EUR 1.4 billion) invested with us.

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possible risk-adjusted returns, we must take into account that many tenants are impacted by increased cost-of-living.

### Looking ahead – financial discipline and guarded optimism

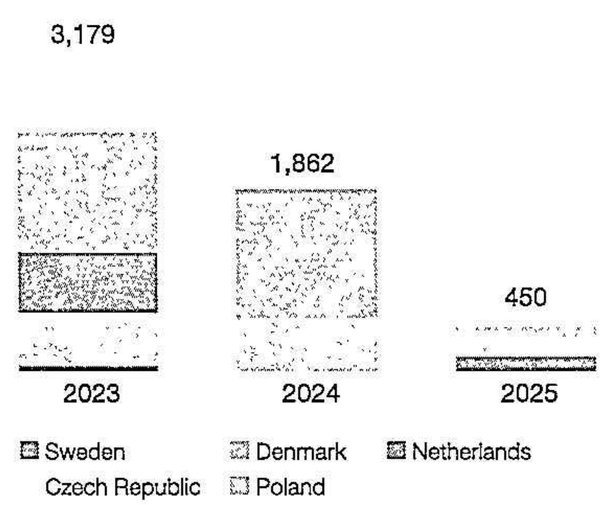
The fundamentals underlying residential real estate remain intact despite the turbulent market conditions. Supply/demand balances and rental growth are still benign. In all previous periods of increased uncertainty, the rental market has strengthened because of would-be home-owners' reluctance to make large investments at a time of high uncertainty. Consequently, we expect the high occupancy rates to continue and pricing of landlords to improve.

Although it seems headline inflation has peaked, there is still question marks around the stickier core inflation and how quickly that will return to acceptable levels for central banks. While we continue to see a recession in Europe as the most likely outcome, leading economic indicators are pointing in varying directions at present, and there is still possibility for a soft landing. Once we get better visibility on the macroeconomic consequences of the monetary tightening and where real rates are to stabilize after a year of large volatility, we will return to pursuing a responsible portfolio growth backed up by solid equity support.

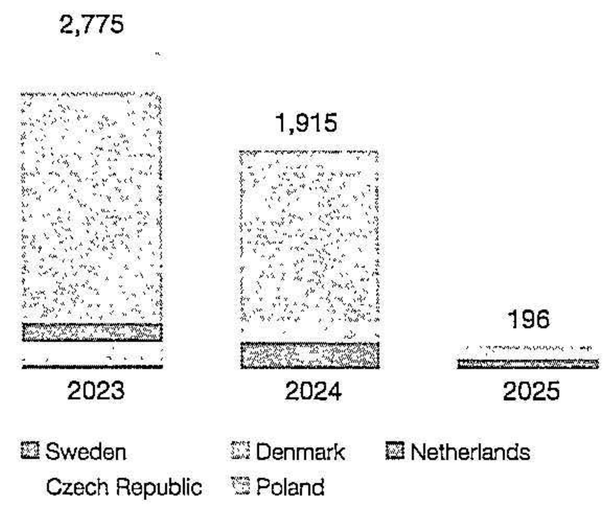
We expect supply of newbuild developments to be constrained as the increased cost of construction makes it difficult for developers to generate acceptable margins. Newbuild investments have become more challenging to make commercially viable, and in the current market environment, the required rent levels to support such viability would be associated with an affordability that in many cases would be perceived as unsustainable by us. With reduced supply of newbuilds and increased replacement costs being the driver hereof, we expect to see an exacerbated supply/demand imbalance across our markets, supporting residential capital values. Accordingly, we don't anticipate seeing large scale distressed residential sales during 2023.

On the personnel front, at the end of 2022, our investment function comprised eight local transaction teams with a combined staff of around 50 people.

**Signed acquisitions[1]**
SEK million




**Signed acquisitions**
Units




[1] *Signed acquisitions include standing assets and newbuilds and amounted to SEK 5,5 billion as at 31 December 2022. For more details, see Note 8.4.*

## Significant Transactions in 2022 (in addition to the Allianz Partnerships)

### February

**Strengthening presence in Jönköping, Sweden**
SEK 1.7 billion investment of Vätterbygdens Byggnads's portfolio comprising 806 residential units and 21 new attic apartments under construction.

### April

**Expansion in Finland**
Acquisition of 64 properties comprising 2,009 residential and 30 commercial units from residential company SATO, mostly in the cities of Oulu, Lahti, and Jyväskylä.

**Residential project in Edinburgh**
Funding and acquisition of PLATFORM's 464-home residential project for SEK 1.5 billion. A turnkey contract was placed simultaneously and practical completion is scheduled for mid-2024.

**Residential project in Warsaw**
Acquisition of 400-apartment residential project from the developer Dantex. The turnkey forward-funded acquisition is scheduled for completion mid-2024.

**Expansion of portfolio in Hamburg**
Acquisition of 513 apartments in Hamburg that also offers development potential for the construction of around 90 residential units.

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Property and Asset Management

# Strong Focus on Energy Savings

Coming into 2022, our modernization programme of standing assets in pursuit of long-term value creation continued with strong results. However, following the war in Ukraine we adjusted the programme in favor of a less capital-intensive, more ESG-driven focus on energy sustainability. Doing so, allowed us to maintain optionality for more intensive programmes in the future, while leveraging digital tools to drive operational performance across all markets.

**Ability to adapt to uncertainty shows resilience**
In 2022, the market was hit by rising inflation and material costs creating a period where assessing acceptable yields and associated costs was uncertain. Accordingly, we adjusted our CAPEX plans to reduce discretionary spending and postpone a significant share of those projects. Cost inflation also hit the construction industry directly and the timing for negotiating certain projects was sub-optimal, further supporting the postponement of projects for a more favourable environment. Despite the average cost per square meter increasing by 8% in our Tenant Improvement programme, our unlevered yield on investment for the year grew from 6.5% to 7.5% in 2022 while completing 831 more units than previous year, proving the programme's strong resilience to inflation and accretive returns.

**Optionality makes us agile**
Our CAPEX programme is highly optional allowing us to deploy different measures and levers to adapt to market developments. These programmes include Tenant Improvements and apartment modernizations, ongoing maintenance focusing on value preservation, opportunistic value-added investments such as attic and commercial conversions, and energetic modernizations to reduce consumption and carbon emissions. With little mandatory spending, we can optimize our strategy based on market conditions. Our sustainability CAPEX category will grow in-line with our Science Based Targets Initiative commitment, as we see opportunities in the transition to more energy efficient buildings while utilizing cleaner heating. We plan to do so at attractive yields above 5% on a portfolio level while simultaneously delivering savings for our tenants' overall cost and reducing $CO_2$ emissions.

**Protecting affordability while growing NOI**
We contribute to a more sustainable future by reducing our overall need for source energy and reducing $CO_2$ emissions. By investing to offset energy-related costs in the long term, we are reducing utility costs for tenants and the property as a whole, creating accretive returns via both income and savings. In addition, we are advising our customers on how to save money on their energy bills, which also helps the planet and the current energy shortfall in Europe, as everyone needs to be stricter on energy consumption.

**Secure and low risk New Build Pipeline**
In most new construction projects, we are acquiring assets through forward-funding or forward-purchase structures with a turn-key development partner who inturn holds the direct risk of the construction costs and supply chain. We therefore run very low exposure to the development market as we only fund according to milestones and in accordance with the value completed on-site. Our turn-key partners are well vetted and with generally strong balance sheets which are further supplemented with the added certainty of performance guarantees and various relevant security packages resulting in a solidified pipeline of forward projects.

**Ongoing quest for excellence**
A slower acquisition market in 2022 gave us the opportunity to focus more on resharpening our existing tools and processes for future growth and optimized operational performance through further embedding of operational excellence in all countries. By implementing Operations handbooks, we have provided a service catalogue and guidelines for each vertical to promote One Way of Working, share experience, and establish best practice across markets.

**Data drives efficiencies**
Our implemented monthly KPIs are rooted in high-quality data on everything from annualised number of letting contracts per letting officer, to how many days it takes to renovate an apartment, and maintenance costs per square meter. This reduces risk and provides insight to further improve our service offering. Meanwhile, our digital dashboards ensure real-time information flow across projects and provide strong alignment on KPIs throughout the organization.

**MyHome empowers customers**
We continued to roll out our customer portal, MyHome. Providing all relevant contract and payment documentation empowers tenants in their relationship with us. They can also enter and track service requests where and when they want. The platform enables us to allocate resources more efficiently and enhance customer satisfaction. We can analyse data to the unit level, as well as troubleshoot anomalies. Its value is clear from the huge decrease in service-related phone calls in the markets where MyHome has been launched. The platform is planned to be implemented in all markets by 2024.

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# Investment Properties

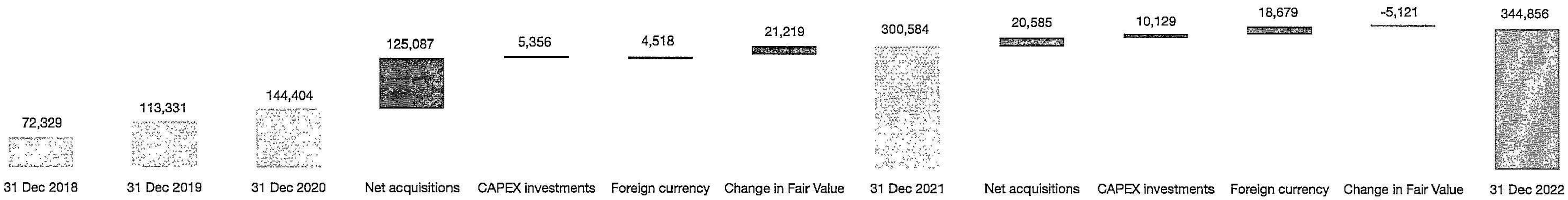
Fair Value of investment properties increased from SEK 301 billion at 31 December 2021 to SEK 345 billion at 31 December 2022, mainly through acquisitions of SEK 21 billion, and currency translation gain of SEK 19 billion. The portfolio includes 158,326 homes across nine markets. Residential units made up 93% of Fair Value and 59.8% of residential income came from regulated units.

Valuation of Heimstaden Bostad's portfolio is performed by independent external valuers. For more details, see Note 3.1 on page 59 of this report.

2022 turned out to be a year of shifting in the macro and geo-political climate that have had spill-over effects into the residential real estate sector. The invasion of Ukraine and high inflation leading to an unprecedented pace of interest rate hikes from central banks have been important drivers in the year. Persistent supply-demand imbalance combined with a sharp decline in newbuilds point to a continued strong demand for residential units. Affordability continues to be a key topic across European residential markets. We are maintaining our disciplined approach to ensure our portfolio offers a sustainable affordability profile.

In 2022, Heimstaden Bostad has seen muted transaction activity in the second half of the year. We continued to grow in Sweden, UK, Netherlands, Poland, Finland, and Germany in the first half of the year. We remain true to our sustainability goals by investing in our existing portfolio. Ensuring continuous upgrades to ensure long-term durability and improved energy efficiency and catering for tenant preferences.

**Fair Value of Investment Properties**
SEK billion



# Portfolio Overview

| Country | Fair Value, SEK million | Homes | Fair Value/sqm, SEK | Residential Area, % | Regulated Income,[1] % |
|---|---|---|---|---|---|
| Sweden | 96,851 | 44,785 | 30,671 | 91.4 | 100.0 |
| Germany | 92,820 | 29,704 | 46,443 | 92.3 | 100.0 |
| Denmark | 73,640 | 19,815 | 38,092 | 94.9 | 15.5 |
| Netherlands | 30,048 | 13,464 | 28,329 | 98.2 | 53.4 |
| Czech Republic | 23,443 | 42,593 | 9,050 | 96.0 | 27.9 |
| Norway | 20,338 | 4,453 | 91,566 | 84.7 | 0.0 |
| Finland | 3,837 | 3,170 | 22,818 | 96.2 | 0.0 |
| United Kingdom | 2,854 | 60 | 75,651 | 88.3 | 0.0 |
| Poland | 1,026 | 282 | 40,844 | 89.3 | 0.0 |
| **Total** | **344,856** | **158,326** | **30,940** | **93.0** | **59.8** |

[1] *Residential units*

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Capital Structure

# Funding Overview

Owning, managing, and developing residential real estate requires stable and favourable access to capital. We safeguard the availability of borrowed capital at attractive terms through a well-diversified financing structure and by owning high-quality properties that generate solid cash flows.

Heimstaden Bostad has a financial policy in line with an investment grade rating that supports our long-term strategy and maintains a well-diversified financing structure with a robust balance sheet and strong credit metrics.

The key credit metrics Interest Coverage Ratio (ICR) and Loan-to-Value (LTV) have weakened somewhat in the second half of 2022 due to increasing interest rates and valuation yields. Both S&P and Fitch affirmed the BBB Investment grade rating, but revised the outlook from stable to negative. S&P adjusted the rating thresholds for the current rating level to EBITDA Interest Coverage Ratio sustainably above 1.8x (down from 2.4x) and Net Debt to Net Debt plus Equity below 60% (up from 55%).

**Funding strategy**

With a staggered debt maturity profile and a balanced mix of debt instruments, we are well positioned to meet the tightened financial market conditions.

**Capital market activity**

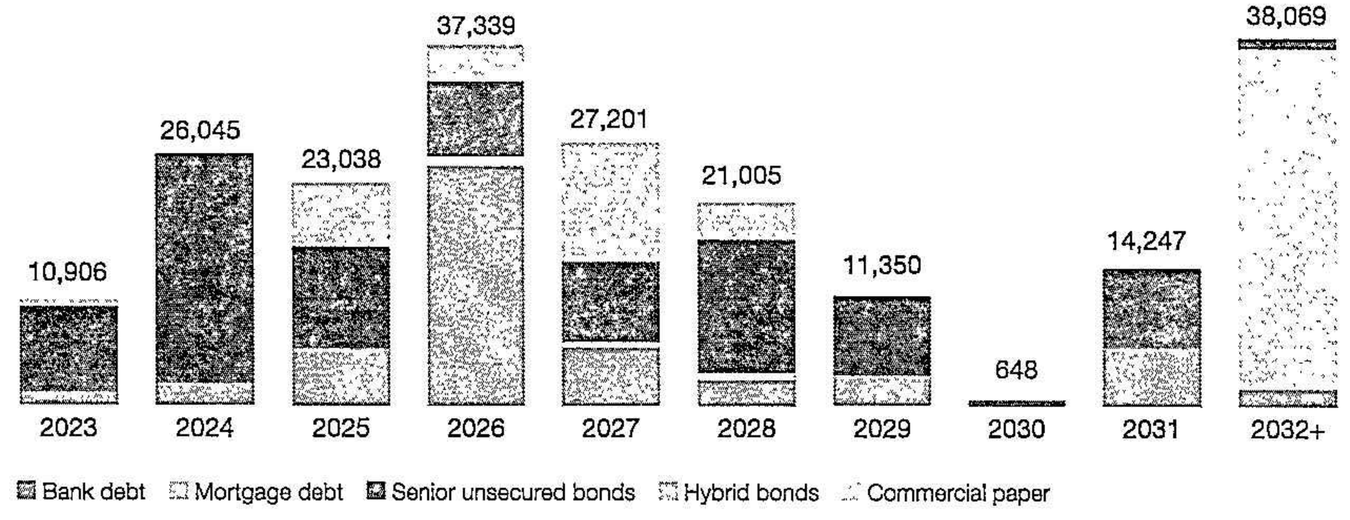
At the end of the year, Heimstaden Bostad had SEK 91,051 million in senior unsecured bonds and SEK 24,330 million in hybrid bonds outstanding. See note 6.3, page 73 for more information on exchange and debt issuances after the balance sheet date. For more detailed information on Heimstaden Bostad's debt instruments, please see our website.

**Financial Policy**

| | | Policy | Q4 2022 |
|---|---|---|---|
| ICR, rolling 12 months, S&P method | Multiple | ≥ 2.4 | 2.6 |
| Net Debt / Net Debt + Equity, S&P method | % | < 55 | 52.6 |
| Average Loan Tenor | Years | ≥ 4 | 8.3 |
| Loan Maturity in Individual Year | % | ≤ 25 | 18 |
| Share of Loans From Individual Lender | % | ≤ 20 | 8.1 |
| Interest Rate Hedge Ratio | % | ≥ 75 | 76.3 |
| Quick ratio | % | ≥ 1.25 | 1.49 |

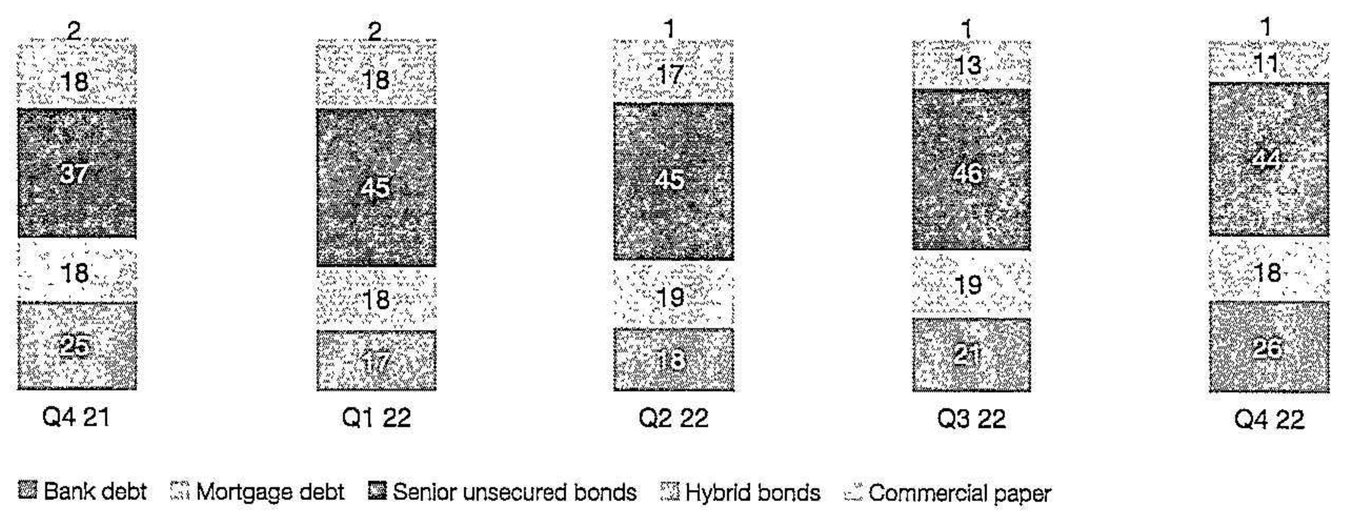
**Debt Maturity Profile**

SEK billion



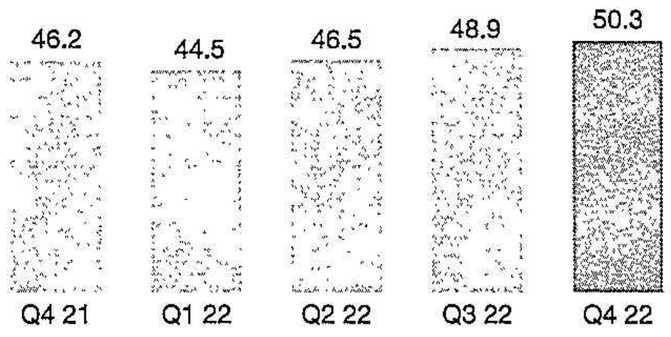

**Funding Distribution**

%

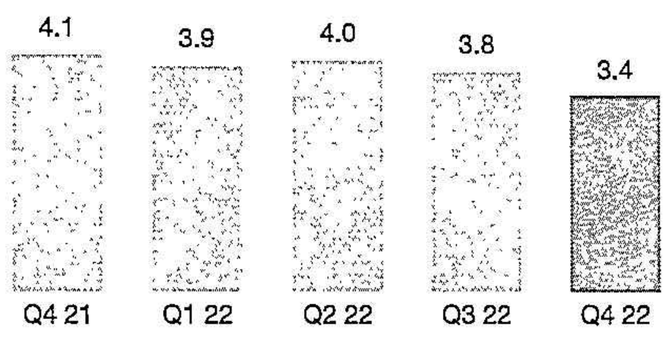


# Credit Metrics

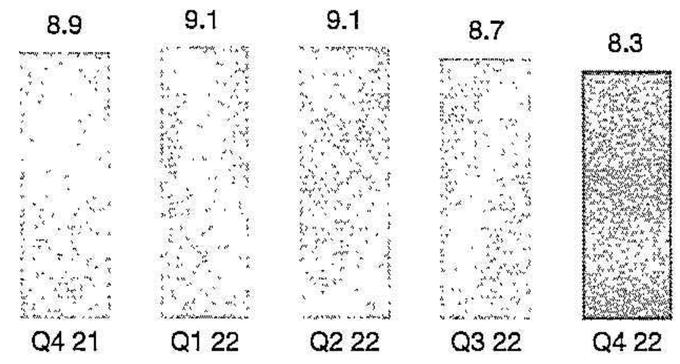
**Net Loan-to-Value (LTV)**
%



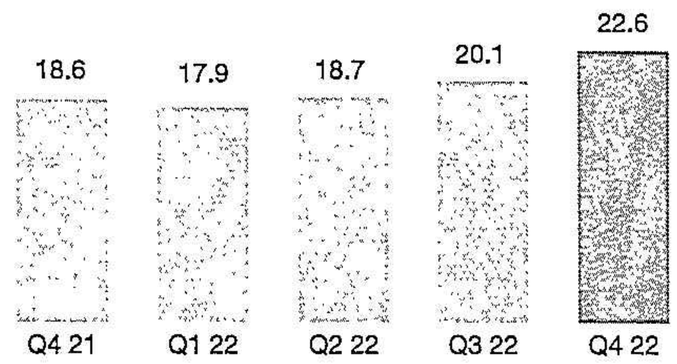

**ICR**
multiple



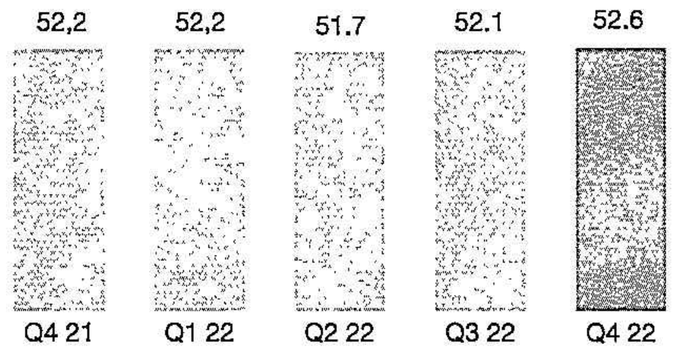

**Average Loan Tenor**
years



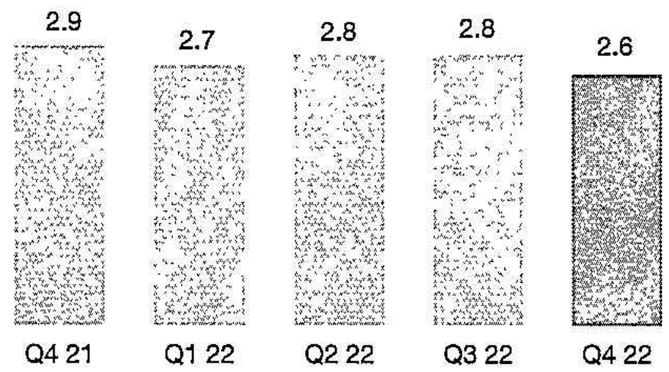

**Secured LTV**
%



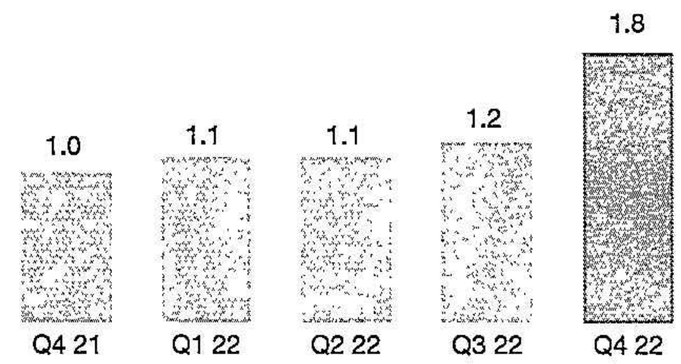

**Net Debt / (Net Debt + Equity), S&P Methodology**
%



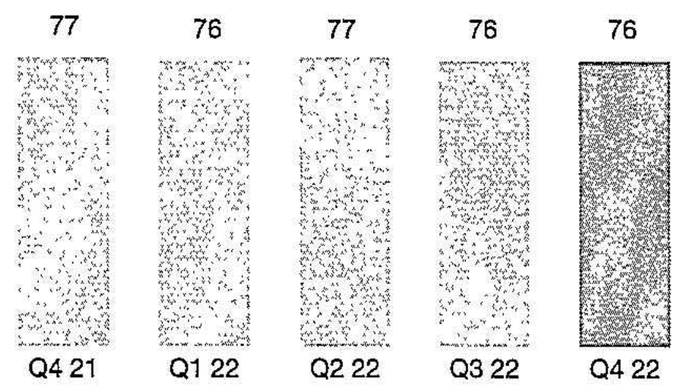

**ICR, S&P Methodology**
multiple

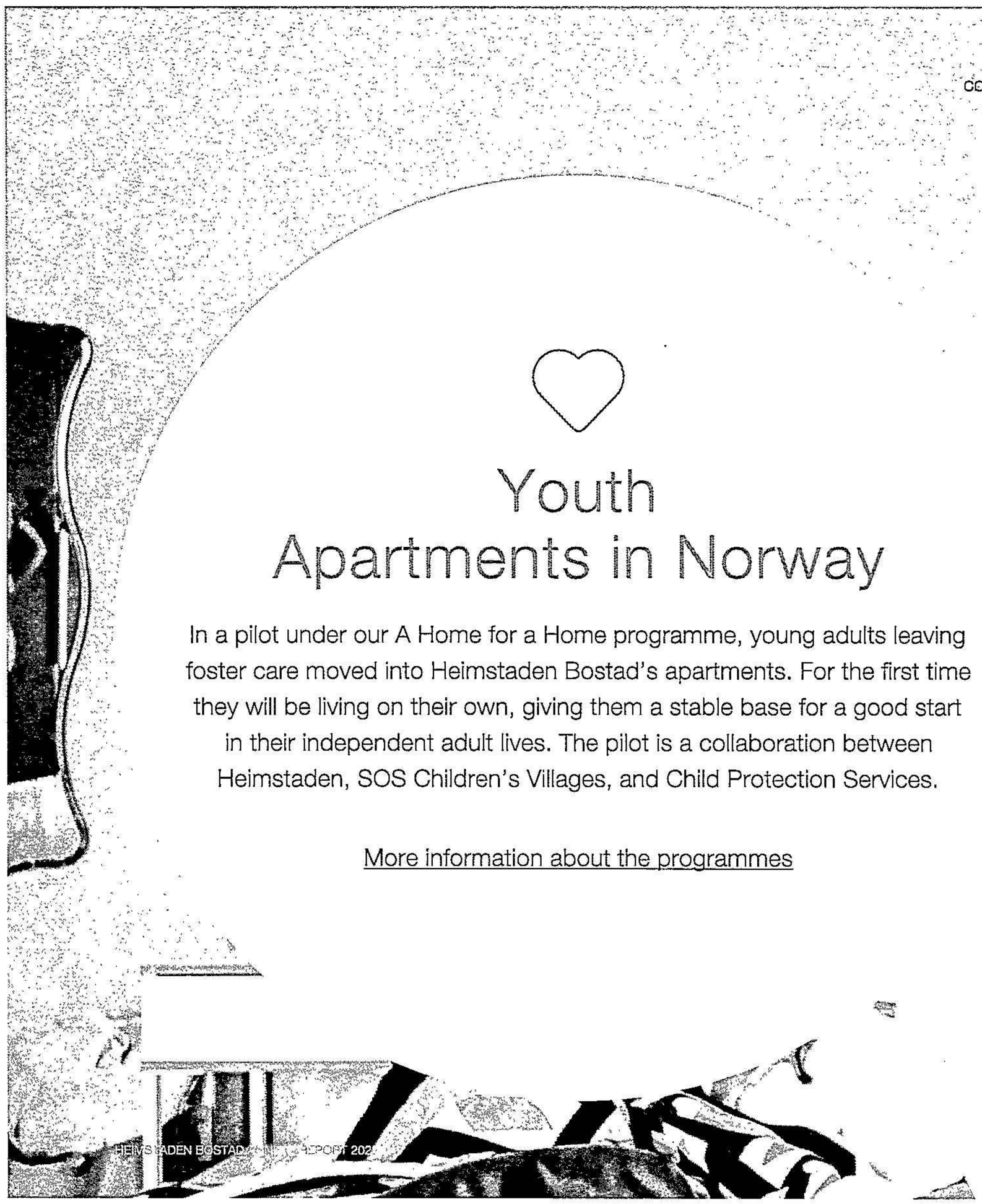



**Average Interest Rate**
%




**Interest Rate Hedge Ratio**
%





# Youth Apartments in Norway

In a pilot under our A Home for a Home programme, young adults leaving foster care moved into Heimstaden Bostad's apartments. For the first time they will be living on their own, giving them a stable base for a good start in their independent adult lives. The pilot is a collaboration between Heimstaden, SOS Children's Villages, and Child Protection Services.

More information about the programmes

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"Heimstaden Bostad has committed to high standards of corporate governance, risk management, and compliance in our operations. During 2022, we further strengthened our governance, risk, and compliance framework. The Board is committed to continue this work going forward, ensuring long-term trust from our stakeholders."

**Casper von Koskull**
Chairman of the Board

# Governance Report

Good corporate governance is an important element in Heimstaden Bostad's corporate culture and in enhancing our shareholders', customers', and employees' trust in us, as well as that of the communities in which we operate. The corporate governance model is designed to support the Board and Group Management in their work to ensure the Company's sustainable success through their day-to-day management efforts.

The general mandate from the shareholders is to provide a high and stable long-term return. Ensuring this requires good corporate governance with a clear separation of responsibilities between the shareholders, the Board, and Group Management.

### Rules and regulations

As a Swedish public limited liability company with corporate bonds listed on Euronext Dublin and the Oslo Stock Exchange, the Company is subject to numerous rules and regulations. The framework for corporate governance includes the following:

- the Swedish Companies Act
- the Swedish Annual Accounts Act
- the Company's Articles of Association
- the Shareholders' Agreement between Heimstaden AB and the institutional investors ('the Shareholders Agreement')
- directions given by the general meeting
- the Swedish Corporate Governance Code 'the Code'
- other Swedish and foreign laws and regulations, as applicable.
- Heimstaden Bostad's Key Policy framework

The Company contracts Heimstaden AB (through its subsidiary Heimstaden Group Manager AB, 'the Manager') as group management. The Manager holds the strategic and administrative responsibility of the operations of the Company, and the Board performs the oversight of the Manager's execution and the Company's obligations. The responsibilities of the Manager are stipulated in the Group Management Agreement.

Following the reorganisation in July 2022, Heimstaden Bostad owns, through its subsidiaries, the operational platform performing the portfolio property and facility management. Heimstaden AB, as the Manager, has the supervision and oversight of the performance under the Country Management Agreements.

In addition to the Shareholders' Agreement, Group Management Agreement and the Articles of Association, the Company also adheres to an internal key policy framework defining the way we work.

Heimstaden Bostad has decided to follow those parts of the Code that the Board considers to be relevant for the Company in relation to its operations and the ownership structure. This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Code. Deviations from the Code can be seen on page 32.

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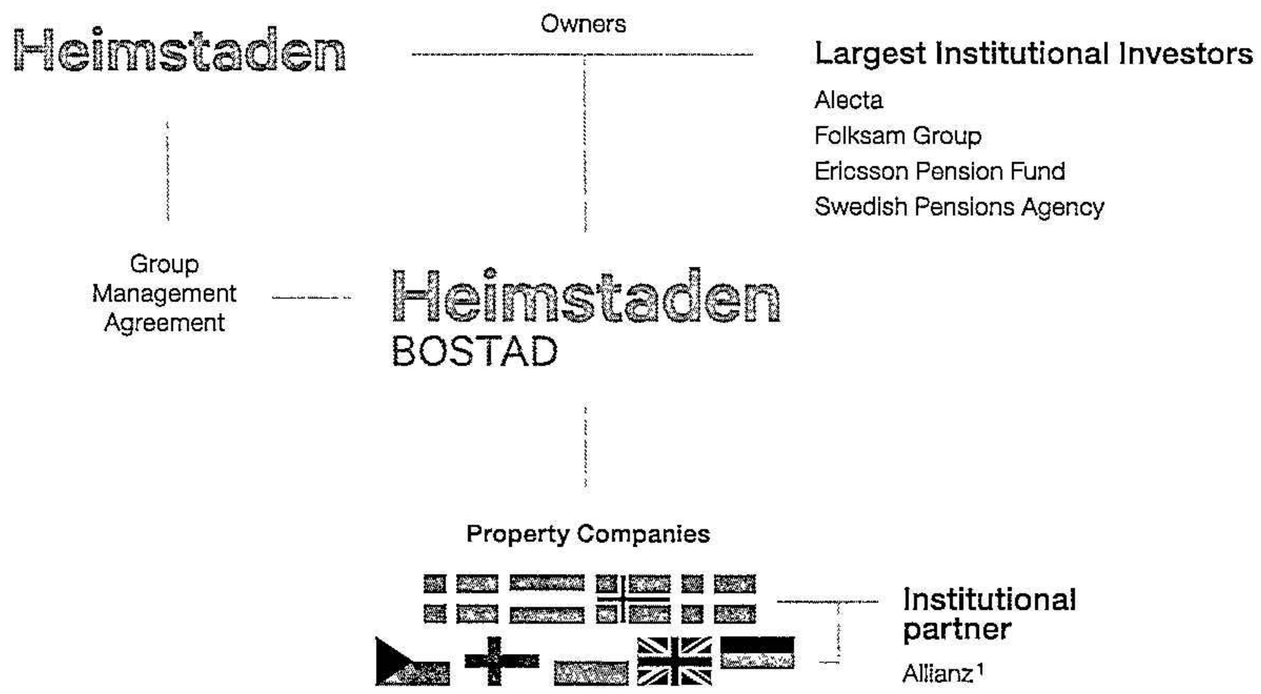
# Simplified Company Structure




Heimstaden Bostad is a leading European residential real estate company. The company is owned by industrial investor, Heimstaden, together with long-term institutional investors who share a philosophy for evergreen and sustainable investments.

*[1] Heimstaden Bostad/Allianz partnership owning part of the Swedish and German portfolio. Consolidated as Group companies.*

**Share structure and owners**
Heimstaden Bostad is owned by Heimstaden, together with long-term institutional investors. Heimstaden has substantial experience in acquiring, developing, and actively managing residential real estate and is the group manager of Heimstaden Bostad.

Shareholders hold a stapled combination of preference B shares and common shares. Preference shares have seniority and rights to a predefined level of dividends but carry lower voting rights than common shares. Dividends on common shares are determined at the Annual General Meeting and are subject to the profit of the year, the financial policy, and overall liquidity needs.

Heimstaden holds a higher proportion of common shares to B shares compared to the institutional investors.

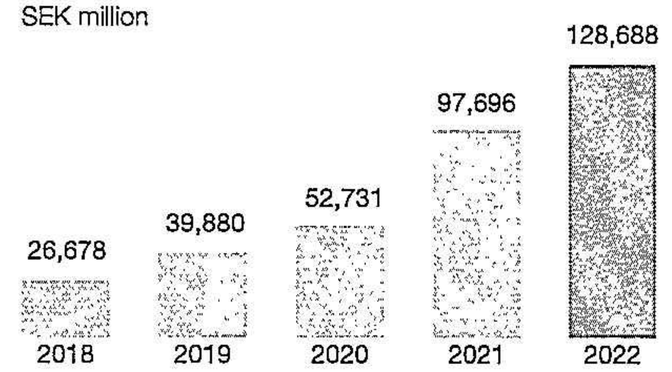
**2022 share issuances**
*March:* Raised SEK 3.4 billion in new equity from existing owners.

*July:* SEK 6.9 billion in new equity from existing owners, funding a buyback of hybrid bonds in the amount of EUR 868 million.

*December:* SEK 750 million in new equity from existing owners, funding a buyback of bonds.

**Partnership with Allianz**
Allianz Real Estate and Heimstaden Bostad formed two partnerships in part of Heimstaden Bostad's Swedish portfolio and Allianz's German portfolio, respectively. Following the transactions, Allianz has more than SEK 15 billion (approx. EUR 1.4 billion) invested with us.

**Cumulative Capital Injections[3]**
SEK million




**Ownership Structure as of 31 December 2022**
SEK billion

| | Year of initial investment | Total Capital[2] | Capital Share, % | Voting Share, % |
|---|---|---|---|---|
| Heimstaden AB | 2013 | 62.3 | 42.1 | 50.1 |
| Alecta | 2013 | 52.7 | 35.6 | 30.8 |
| Ericsson Pension Fund | 2013 | 2.2 | 1.5 | 1.3 |
| Folksam Group | 2020 | 25.5 | 17.2 | 14.8 |
| Swedish Pensions Agency | 2021 | 2.8 | 1.9 | 1.6 |
| Others | | 2.3 | 1.6 | 1.4 |
| Total | | 147.9 | 100.0 | 100.0 |

*[2] Net asset value excluding non-controlling interest and Hybrid bonds with accrued interest. See page 102 for details.*
*[3] SEK 23,4 billion of dividends were reinvested in new share issues. See page 69 for more details.*

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### General Meetings

The shareholders' influence is exercised at Annual General Meeting (AGM), which is Heimstaden Bostad's highest decision-making body. Shareholders are entitled to attend and vote at the AGM, either in person or through a proxy. The AGM is held once a year.

The AGM adopts the Articles of Association, and at the AGM, the shareholders elect Board members, the Chairman of the Board, and the auditors, and determine their fees. Furthermore, the AGM approves the Financial Statements, the disposition of the Company's profit, and resolves whether to discharge Board members and the CEO from liability to the Company.

### 2022 Annual General Meeting

The 2022 AGM took place per capsulam on 30 March 2022. All shareholders participated at the AGM. A summary of the minutes and information about the 2022 AGM can be found at www.heimstadenbostad.com.

Among other things, the AGM decided:

- To approve the Financial Statements.
- To allocate of the Company's profit in accordance with the proposal – that is, a maximum of SEK 26,584,981,433 will be distributed to the shareholders and SEK 97,618,078,637 will be carried forward to a new account.
- To discharge the Board and CEO from liability for the 2021 financial year.
- To re-elect Board members Casper von Koskull, Stefan Attefall, Axel Brändström, John Giverholt, Frans Heijbel, Birgitta Stenmark, Vibeke Krag, Bente A Landsnes, and Ivar Tollefsen.
- To re-elect the Chairman of the Board Casper von Koskull.
- To re-elect EY as auditors.
- To approve the issue of ordinary shares and Series B9 preference shares in accordance with the Board's proposal.
- To approve the remuneration proposed for the Board and the auditor.

### 2022 Extraordinary General Meetings

In 2022 the Company held three extraordinary general meetings adopting the Share issuances further described on page 69.

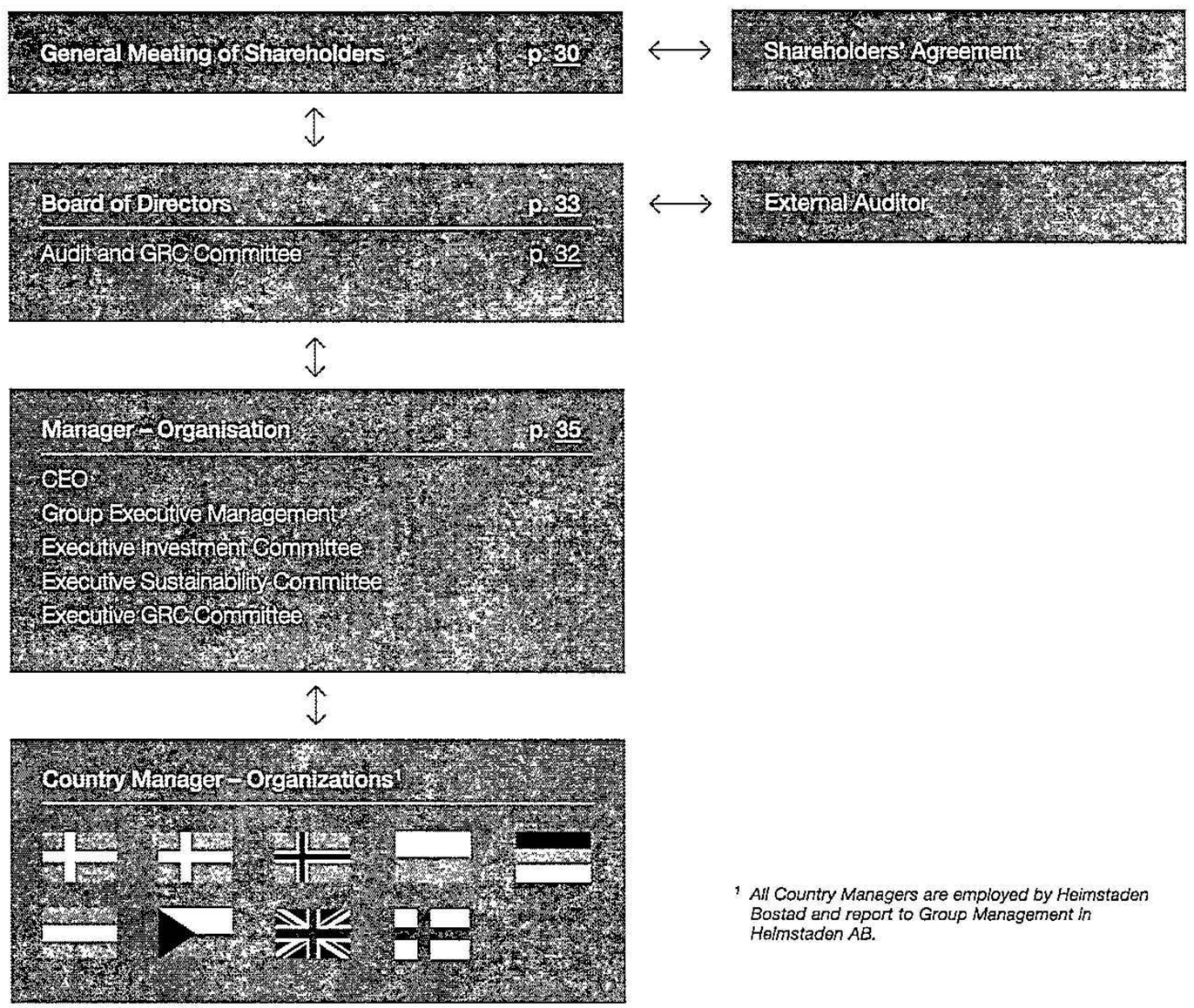
For information regarding shareholders and Heimstaden Bostad's corporate bonds, see page 74 and www.heimstadenbostad.com.

### Nomination Committee

Board members are elected by the AGM for a period that lasts until the end of the next AGM. Given its limited ownership base, the shareholders of Heimstaden Bostad have resolved not to establish a Nomination Committee, since the Shareholders' Agreement regulates shareholders' right to nominate Board members. At most, six out of eleven Board members are nominated by the majority shareholder, Heimstaden. The largest institutional owner nominates two members and the second and third-largest institutional owners nominate one member each.

## Corporate Governance Structure

Heimstaden Bostad's business operations are managed, controlled, and followed up in accordance with the Shareholders' Agreement, the Group Management Agreement, Country Management Agreements, and policies and instructions established by the Board and the Manager.




[1] *All Country Managers are employed by Heimstaden Bostad and report to Group Management in Heimstaden AB.*

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**Board of Directors**
The Board has overarching responsibility for the oversight and organization of the operations of the Company.

The Board is responsible for Heimstaden Bostad's organisation and the management of Heimstaden Bostad's affairs. In accordance with the Articles of Association, the Board shall consist of at least three and at most 11 members, with a maximum of five deputies. Board Members are elected annually at the AGM for the period up to the end of the following AGM. Except for the responsibilities vested in the Audit and Governance, Risk and Compliance (GRC) Committee.

The Board has adopted Rules of Procedure that regulate the Board's work as well as an instruction to the Audit & GRC committee.

The Chairman of the Board is responsible for the work of the Board being well organised and conducted efficiently, and for the Board meeting its commitments. The Chairman is responsible that the other Board Members receive the information and documentation necessary for a high level of quality in discussions and decision-making, and for verifying that the Board's decisions are implemented.

The tasks of the Board include, inter alia:
- execute and oversee that the Company delivers on the overall objectives and strategy of the Company
- approval of material financial and real estate transactions
- appointing, evaluating and, if necessary, dismissing the CEO
- defining appropriate internal guidelines in internal steering documents on the Company's ESG policy, with the aim of ensuring its long-term value creation capability
- approve sustainability strategy and yearly sustainability reporting
- ensuring that there is an effective system for follow-up and control of the Company's operations and the risks to the Company that are associated with its operations
- ensuring that there is a satisfactory process for monitoring the Company's compliance with laws and regulations relevant to the Company's operations, as well as the application of internal guidelines in internal steering documents
- ensuring that the Manager's execution of the Company's external communications is characterised by openness, and that they are accurate, reliable, and relevant

The Board's work follows a yearly plan. In 2022, the Board held 30 meetings. The relevant Senior Executives at the Manager and the Board secretary participate in Board meetings. Other executives of the Manager participate whenever required. The Manager's CEO and other executives present the operational and financial development at ordinary Board meetings. The Board conducts reviews with the auditor, at which reports from the auditor are addressed. The auditor also holds meetings with the Board without management attending.

For further information regarding Board members, see pages 33–34 and Note 2.6 on page 55.

## Highlights of the Board's agenda in 2022[1]

### First quarter
- Approving Annual Report 2021
- Approving Annual Sustainability and Governance Report 2021
- Review of balance sheet and capital structure and dividend recommendation
- Meeting with external auditors
- Reviewing Finance, Rating, Market and investment strategy
- Approving revised Climate Targets
- Notice for Annual General Meeting
- Constitutive meeting with new board of directors

### Second quarter
- Approving Q1 report
- Review of updated forecast for FY 2022
- Market update and review of finance and operations
- Orientation from the Chairman of the Audit and GRC Committee
- Approving new long-term contractual framework for the Company
- Approving acquisition of operational platform from Heimstaden AB

### Third quarter
- Approving Q2 report
- Share issue and buy back of listed debt instruments
- Review audit plan
- Market update and review of finance and operations
- Orientation from the Chairman of the Audit and GRC Committee
- Change to board composition and appointment of deputy CEO

### Fourth quarter
- Approving Q3 report
- Market update and review of finance and operations
- Approving updated Governance Framework, including a new Key Policy Framework
- Approving updated BOD instruction and instruction to Audit & GRC Committee
- Approving updated Sustainability Policy and ESG Targets (in line with the Paris Agreement)
- Orientation from the Chairman of the Audit and GRC Committee
- Onboarding program for new Board of Director (BOD)
- Share issue and buy back of listed debt instruments
- Approving partnership with Allianz in Germany
- Approval of 2023 budget

[1] *In addition, the Board of Directors approved numerous financial and real estate transactions as well as matters to be handled by the Board of Directors according to the Shareholders' Agreement.*

### Audit and GRC Committee

The Board's overarching responsibility cannot be delegated. However, the Board has, as part of its strong commitment on governance, risk and compliance, expanded the Committee's mandate to deal with Audit and Governance, Risk and Compliance issues, and to prepare such issues for decision by the Board.

The Committee is a preparatory and advisory working committee for the Board of Heimstaden Bostad with regard to governance, risks, financial reporting, and external audits, internal control, compliance, risk management processes and systems. The Committee is appointed by the Board and shall report to it regularly. If necessary, the Committee proposes measures on which the Board decides.

In 2022, the Committee consisted of the following members: John Giverholt (Committee Chairman), Axel Brändström, and Bente Landsnes. All members are independent in relation to the Company and its Senior Executives, one member is independent in relation to the larger shareholders, and the Chairman is the financial expert in accounting.

### Evaluation of the Board

The Chairman of the Board is responsible for evaluating the Board's work, including the efforts of its individual members. This is achieved by means of an annual, structured evaluation.

### Remuneration to Board Members and Senior Executives

The remuneration to the Board is indirectly regulated by the Shareholders' Agreement, which stipulates that no remuneration shall be paid out to the Board Members, except for the chairman of the Board and Board Members nominated in accordance with the Shareholders' Agreement (and who is not employed by a party to the Shareholders' Agreement).

No remuneration is paid to the senior executives since the Manager function is provided by Heimstaden AB.

The AGM sets the total fees for the directors of the Board and decides how the fees are to be distributed among the directors and the Board's committees. The independent directors are renumerated as follows; Casper von Koskull (Chairman of the Board) SEK 960,000 and Bente A. Landsnes SEK 300,000, respectively.

### Composition and diversity

The Board of Heimstaden Bostad shall comprise a well-balanced mix of individuals holding the required skills, expertise, background, gender, age, as well as independence from Company and main shareholders, ensuring that the Company delivers on its strategic goals in a responsible and successful manner. Heimstaden Bostad is working to achieve a balanced diversity mix and in 2022, the Board comprised 44% women and 56% men.

Furthermore, the Board is ensuring focus on diversity in its operations via the Manager, which have implemented two policy documents, 'Equal rights and opportunities', and 'Discrimination and offensive treatment', asserting that diversity represents a strength for the Group.

### Board independence

Heimstaden Bostad complies with the Code regarding requirements that the majority of the Board Members elected by the AGM must be independent in relation to Heimstaden Bostad and its Senior Executives, and that at least two of these are also independent in relation to Heimstaden Bostad's main shareholders (i.e., shareholders holding more than 10% of the shares and votes in the Company).

### Deviations from the Code

Heimstaden Bostad complies with the rules set out in the Code, except as explained below.

The Company deviates from the rules set out in 1.1 and 1.2 in the Code since all general meetings are held per capsulam and no physical meetings are held. Due to the limited shareholder group and the fact that all shareholders consent thereto, there is no need for public disclosures of general meeting dates or for carrying out physical meetings.

The Company deviates from the rules set out in 1.3, 2.1–2.7, 4.6 and 8.1 in the Code since no nomination committee has been established. Due to the limited shareholder base and the fact that the shareholding and appointment of Board Members is regulated by the Shareholders' Agreement, there is no need for a nomination committee. Any responsibility normally vested in a nomination committee is regulated either by the Shareholders' Agreement or handled by the Board as a whole.

The Company deviates from the rules set out in 9.1–9.9 in the Code since no remuneration committee has been established and no formal remuneration guidelines are applied by the Company. In Heimstaden Bostad, Board remuneration is regulated by the Shareholders Agreement. No remuneration is paid to the Senior Executives as the Manager function is provided by Heimstaden.

The Board has made the assessment that the Company currently does not need a formalised internal audit beyond the existing processes and functions for internal governance and control. Follow-up is performed by the Board and Group Management, and the level of control is currently assessed to meet the Company's needs. An annual assessment is made as to whether an internal audit function is considered necessary to maintain good control within the Company.

### External auditor

The Auditor is appointed by the AGM based on a proposal from the board. At the 2022 AGM, audit firm EY was elected for the period up to and including the 2023 AGM, with Authorised Public Accountant Jonas Svensson as the principal auditor.

### Remuneration to auditor

| SEK million | 2022 | 2021 |
|---|---|---|
| Audit engagement | 29 | 24 |
| Auditing activities beyond the audit engagement | 2 | 5 |
| Other assignments | 1 | – |
| Total | 32 | 29 |

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# Board of Directors

| | Casper von Koskull<br>Chairman of the Board | Axel Brändström<br>Member | Birgitta Stenmark<br>Member | John Giverholt<br>Member | Stefan Attefall<br>Member |
|---|---|---|---|---|---|
| Year elected | 2020 | 2020 | 2019 | 2019 | 2018 |
| Born | 1960 | 1968 | 1960 | 1952 | 1960 |
| Nationality | Finnish | Swedish | Swedish | Norwegian | Swedish |
| Education | MSc, Aalto University School of Business, Helsinki | MSc Business, and Economics, Stockholm University, and Chartered Financial Analyst (CFA) | Master of Science, specialization Real Estate Economics | BSc, University of Manchester and MSc Accounting and Auditing, NHH Norwegian School of Economics | Bachelor's degree in political science and economics, Umeå University |
| Other assignments | Chairman of the Board of European Business Leaders' Convention and of Board Oy Fazer AB. Member of Citigroup inc. Montrose Associates, Ductor Oy, and Ahlström Capital. | Board Member of Swedish Airport Infrastructure AB and Skandia Fastigheter. | Board member of Tornet Bostadsproduktion AB, Sinoma Fastighets AB, Kvarnholmen Utveckling AB, and Sickladön Bygg Invest AB. | Board member of Heimstaden AB and Fredensborg AS. | Strategic advisor to Veidekke Bostad AB. Member of the board of Hoivatilat AB. |
| Employment and work experience | Former President and CEO of Nordea, partner and head of Nordic Investment Banking at Goldman Sachs, London, and key positions in the financial sector in Europe and the US. | Head of Real Asset Investments at Alecta. Prior to that he was Chief Investment Officer at Skandia Investment Management, where he spent more than 15 years in various positions. | Head of alternative investments within Folksam Group. Previous experience as, among other things, Portfolio Manager and in Property Valuation. | Extensive experience of capital markets as CFO for DNB and CEO of Ferd. Former Board member of Telenor, Kongsberg Gruppen, Gjensidige Forsikring, and Scatec Solar as well as Board assignments in family-owned businesses. | Former member of the Riksbank's General Council and senior adviser to several companies in the Nordic construction and residential property segment. Former member of the Swedish Parliament and member of the Government as Minister of Housing and Public Administration. |
| Independent of Company | Yes | Yes | Yes | Yes. | No. Dependent in relation to the Company due to his consultancy assignment with Heimstaden AB. |
| Independent of Main Shareholder | Yes | No. Dependent in relation to the Company's main shareholders through his employment with Alecta. | No. Dependent in relation to the Company's main shareholders through her employment with Folksam Group. | No. Dependent in relation to the Company's main shareholders by relationship with ultimate principal shareholder of Heimstaden AB. | No. Dependent in relation to the Company due to his consultancy assignment with Heimstaden AB. |
| Own shareholdings and those of related parties in 2022 | – | – | – | – | – |
| Attendance at Board meetings | 29 of 30 | 28 of 30 | 29 of 30 | 27 of 30 | 30 of 30 |
| Attendance at Audit and GRC Committee meetings | – | 4 of 4 | – | Chairman 4 of 4 | – |

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| | Vibeke Krag<br>Member | Anna Magnusson<br>Member | Bente A Landsnes<br>Member | Ivar Tollefsen<br>Member |
|---|---|---|---|---|
| Year elected | 2021 | 2022 | 2021 | 2021 |
| Born | 1962 | 1977 | 1957 | 1961 |
| Nationality | Danish | Swedish | Norwegian | Norwegian |
| Education | Master in Law, University of Copenhagen | Master of Laws, University of Stockholm | | |
| Other assignments | Board Member of ATP, Gjensidige Forsikring ASA, Nykredit A/S, and the Danish Competition and Consumer Authority. | Board member of the Swedish Institutional Investors Association and member of The Stock Market Self-Regulation Committee. | Board member of Danske Bank and vice chair in Norbit ASA. Chair of the Board of Hvitsten AS. | Chairman of the Board of Fredensborg AS and Heimstaden AB. |
| Employment and work experience | Extensive experience of international leadership, portfolio management, law, and insurance from an operational career in financial services. | Extensive experience of leadership in the Swedish Ministeries of Finance and Business. Prior to joining Alecta, Anna was responsible for the corporate governance and management of the Swedish state's corporate portfolio. Former Board Member of Akademiska Hus, and Ersättningsmark i Sverige. | Extensive experience in financial services and licensed financial activities from, for example, Oslo Børs. Strong relationships with major international investors, and experience in digital transformation, change and reputation management, financial reporting, investor relations, corporate governance, and ESG. Former board member of Infront ASA, Oslo Clearing ASA, Verdipapirsentralen ASA, and Federation of European Exchanges (FESE). | Founder and majority shareholder of the voting rights of Fredensborg AS. Due to his control over Fredensborg AS, Ivar effectively controls over 50.1% of the votes of Heimstaden Bostad. In addition to his controlling shareholding, Ivar is deemed to be of great importance for Heimstaden Bostad due to his vast personal connections and business relationships. |
| Independent of Company | Yes | Yes | Yes | No |
| Independent of Main Shareholder | No. Dependent in relation to the Company due to her board position with Heimstaden AB. | No. Dependent in relation to the Company's main shareholders through his employment with Alecta. | Yes | No |
| Own shareholdings and those of related parties in 2022 | – | – | – | Indirect majority shareholder in Heimstaden Bostad AB. |
| Attendance at Board meetings | 27 of 30 | 7[1] of 30 | 30 of 30 | 28 of 30 |
| Attendance at Audit and GRC Committee meetings | – | – | 3 of 4 | – |

[1] *Elected as new board member in Q3, 2022.*

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### Manager's Senior Executives

Heimstaden Bostad contracts the Manager and thus has no senior executives of its own.

The CEO's responsibilities are governed by the Group Management Agreement and a written instruction defining the division of responsibilities between the Board and the CEO. The CEO reports to the Board and presents a CEO report at each Board meeting, including information on how the operations are developing based on the decisions made by the Board.

The Senior Executives at the Manager comprises 13 individuals, as illustrated on the right.

The Manager has organised its operations with a Group Executive Management to deliver on the scope of services under the Group Management Agreement, ensuring the Company's strategic and operational development and monitoring of performance.

To ensure the continued success of the Company, the Manager has organised its work under different Executive Committees, currently the following:

### Executive Investment Committee

The Executive Investment Committee consists of key Senior Executives of the Manager and is chaired by the Board Member John Giverholt. It is responsible for reviewing and deciding on all real estate transactions, supported by the relevant investment teams, and ensuring attractive deal structuring and solid underwriting. The committee decides on the following matters:

- discretionary approval of real estate transactions below 500 million SEK
- decisions to recommend transactions above 500 million SEK to the Board of Heimstaden Bostad
- decisions to recommend entries into new markets in line with the Shareholders' Agreement.

### Executive Sustainabilty Committee

The Chief Sustainability Officer chairs this committee and is responsible for developing the corporate sustainability strategy and ensuring implementation in all areas within the Company. The committee decides on the following matters in order to secure the best interest for the Company:

- matters that are to be presented to the Board
- matters of major importance or of importance as to principles
- matters of common concern to several departments
- sustainability-related policies and position statements
- KPIs and targets for the Company.

### Executive GRC Committee

This is a group-wide committee that addresses all governance, risk, and compliance matters relevant for management in order to evaluate our business from a comprehensive governance, risk, and compliance perspective. The committee is tasked to:

- organisation of governance, risk, and compliance and alignment within management
- evaluate governance, risk, and compliance matters in the Company's activities
- support Management in embedding governance, risk, and compliance considerations into all major decision-making processes
- ensure that the governance, risk, and compliance management framework is implemented.

## Manager's Senior Executives[1]

**Helge Krogsbøl**
CEO

**Thomas Alexander Hansen**
CFO

**Eddo Rats**
COO

**Katarina Skalare**
Chief Sustainability Officer

**Christian Fladeland**
Chief Investment Officer

**Suzanna Malmgren**
Chief People and Culture Officer

**Steen Lønberg Jørgensen**
Head of Capital Raising and Client Relations

**Paul Spina**
Chief Asset Management and Development Officer

**Christian Vammervold Dreyer**
Chief Corporate Communications Officer

**Rodin Lie**
Chief Technology Officer

**Kristian Berentsen**
Chief Legal Officer

**Karmen Mandic**
Chief Marketing Communications Officer

**Nikolaj Degn Brammer**
Chief Business Development Officer

*[1] Senior Executive Management after changes made in January 2023.*

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# Manager's Senior Executives

| | Helge Krogsbøl<br>CEO | Thomas Alexander Hansen<br>Chief Finance Officer | Eddo Rats<br>Chief Operating Officer | Katarina Skalare<br>Chief Sustainability Officer | Christian Fladeland<br>Chief Investment Officer |
|---|---|---|---|---|---|
| Employed since | 2018 | 2023 | 2020 | 2018 | 2019 |
| Born | 1968 | 1975 | 1971 | 1963 | 1986 |
| Nationality | Norwegian | Norwegian | Dutch | Swedish | Danish |
| Education | The Norwegian School of Marketing, Oslo | MSc Business and Economics, and State Authorized Public Accountant from the Norwegian Business School | Bha in Hospitality Administration/Management from the Hotelschool Hague, MRE in Real Estate from the University of Amsterdam. | Bachelor of Social Science, Malmö University, Sweden | MSc Economics, University of Copenhagen |
| Previous experience | Helge has long experience in executive positions as SVP in Pandox AB, GM at Benelux Thon Hotels, MP RoomRoom, and as CEO at First Hotels. | Thomas has experience from senior positions within financial reporting and control, financial systems, international tax, and commercial operations at Scatec ASA, Cirkle K Europe, and KPMG. | Eddo has a long management experience in residential real estate and hotel industry from positions as Regional Director at de Alliatie, and General Manager at Bastion Hotels. | Katarina has extensive experience from positions as Sustainability Strategist at Kraftringen, Manager of Sustainable Business Solutions at PwC, and Head of Corporate Responsibility at E.ON Nordic. | Christian has extensive experience within real estate investment management from his position as Partner at Colliers International Denmark. |

| | Suzanna Malmgren<br>Chief People and Culture Officer | Steen Lønberg Jørgensen<br>Head of Capital Raising and Client Relations | Paul Spina<br>Chief Asset Management and Development Officer | Christian Vammervold Dreyer<br>Chief Corporate Communications Officer | Rodin Lie<br>Chief Technology Officer |
|---|---|---|---|---|---|
| Employed since | 2017 | 2022 | 2020 | 2020 | 2020 |
| Born | 1971 | 1970 | 1987 | 1974 | 1974 |
| Nationality | Swedish | Danish | American | Norwegian | Norwegian |
| Education | MSc, Uppsala University | MSc Economics from the University of Copenhagen. MBA, Finance from NYU. | BA Economics, Fordham University, New York | Economics and Property, BI Norwegian Business School, Norway | Computer Science and Psychology, Bergen University, and Officers' School, Norwegian Coastal Artillery |
| Previous experience | Suzanna has long experience from organisational development, HR, and talent acquisition from management consulting and as Partner at Alumni. | Steen har extensive experience in capital raising and investment from executive roles at Copenhagen Infrastructure Parteners (CIP), Nordea, and Dansk Kapitalanlæg. | Paul has real estate experience from WeWork from positions as Head of Project Delivery at WeWork International and Development Director at Tri-State . | Christian has real estate experience from executive roles at Real Estate Norway, Eie Eiendomsmegling, Norwegian Realtor Association, and National Federation of House Owners. | Rodin has a strong background in technology and innovation from previous positions as CDO in Selmer, CDO in Innovation Norway and CTO in NOS Clearing. |

| | Kristian Berentsen<br>Chief Legal Officer | Karmen Mandic<br>Chief Marketing Communications Officer | Nikolaj Degn Brammer<br>Chief Business Development Officer |
|---|---|---|---|
| Employed since | 2020 | 2015 | 2021 |
| Born | 1982 | 1971 | 1992 |
| Nationality | Norwegian | Swedish | Danish |
| Education | Master of Law, Universisty of Oslo | BSc Business Administration, Lund University, Sweden | BSc International Business, Copenhagen Business School, and MSc International Finance, HEC Paris |
| Previous experience | Kristian has long experience in real estate, M&A, and financing from position as Chief Legal Officer in the Adolfsen Group, and Corporate Councel at Entra. | Karmen has a substantial marketing background from leading position in OctoFrost Group, Sony Mobile, and Western Union. | Nikolaj has a broad and extensive experience in corporate transformations and private equity from Bain and Company, Goldman Sachs, and Maersk. |

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# Risk Management

Heimstaden Bostad's risk management objective is to maximise returns at acceptable risk levels without compromising the Company's vision, values, or Code of Conduct. Heimstaden Bostad is exposed to a range of risks that may affect the business, thus it is of key importance to have a comprehensive risk management programme to optimise the risk/return balance.

Heimstaden Bostad gives high priority to risk management, and it is treated as a continuous process integrated into daily processes. In 2022, Heimstaden Bostad further developed the risk function and risk management framework. This includes embedding risk management, designating risk ownership, and implementing risk responses throughout the organisation. The Audit & GRC Committe (A&GRC), established by the Board, oversees the framework and process.

The Risk Management function aggregates risks from our different countries of operation and analyses other risks across the Heimstaden Bostad portfolio in the Executive Risk Committee. Identified risks, risk responses, and risk processes are presented to Executive Management, the A&GRC, and the Board.

In 2022, the Risk Policy was further developed and incorporated in our different countries of operation. The Risk Policy sets out key principles related to risk management to ensure that all foreseeable risks that may have an impact on Heimstaden Bostad's operations and ambitions are evaluated and measured. All managers are required to assume responsibility for risk management within their areas of responsibility and to ensure that risk management is embedded in day-to-day business processes. Risks identified and evaluated by local operations and business areas are continuously tracked and reported in a quarterly review process.

Country Management is responsible for developing and maintaining its risk register on a regular basis. They provide quarterly updates, including reporting new risks that have emerged and the status of actions to address these risks. The Country Management is required to align risk management processes closely with their existing business and management operations.

## Financial Risks

### Refinancing

Heimstaden Bostad uses various reliable funding sources with a diversified maturity structure to minimize refinancing risk. The Company's financial policy stipulates the level of key credit ratios, which include leverage thresholds, average tenor, and minimum metrics. To further manage financial risks, Heimstaden Bostad also maintains ample cash reserves and unutilised sources of liquidity.

### Interest rates

Rising interest rates may increase financing costs for Heimstaden Bostad and negatively impact profitability. According to our financial policy, Heimstaden Bostad shall maintain at least 75% of its loan portfolio at fixed rates, which is managed with loans and bonds at fixed interest rates and interestrate swaps.

### Financial obligations

Heimstaden Bostad's debt agreements include financial covenants, the breach of which could lead to the termination of loans, immediate repayment requirements, or a claim on secured assets. Key credit ratios are monitored to ensure that no covenants are breached. Frequent internal review and external audit assure accurate reporting and information.

### Property value decline

Declining property values in isolation could impact Heimstaden Bostad's credit metrics, leading to pressure to decrease leverage from the capital markets and credit rating agencies. To manage this risk, the Company has a highly diversified property portfolio across many countries and regional locations with strong economies and favourable demographics. The property portfolio is valued by reputable third-party suppliers each quarter.

### Credit

Failure of counterparties to meet their obligations towards Heimstaden Bostad would lead to reduced liquidity and financial losses, likewise if a substantial number of customers failed to pay rent. To counter this, Heimstaden Bostad regularly assesses the creditworthiness of its larger counterparties. Credit risk is further reduced due through our large and diversified base of tenants and that rent is paid in advance for most of our rental contracts.

### Currency

Heimstaden Bostad owns assets in other currencies than the reporting currency, which leads to a risk of negative impact on cash flows or asset values in the case of fluctuating currency exchange rates. Heimstaden Bostad targets to utilise match funding to match cash flows with asset and debt-value fluctuations.

Heimstaden Bostad continuously monitors market developments for early warning signs and maintains significant headroom towards its bond covenants for Net Debt/Total Assets and interest coverage ratio. In addition, we are in active dialogue with relevant credit rating agencies and actively manage our debt portfolio to ensure credit metrics are in line with our financial policy and rating ambitions.

## Strategic Risks

### Regulatory changes

Heimstaden Bostad's exposure to regulatory changes mainly relates to political agendas, or as a natural evolution of residential markets. These changes can be related to a wide range of legislation, including housing laws, tax, and VAT, and may have both a positive and negative long-term impact on property values, operations, or financial performance. Before entering a new market, Heimstaden Bostad evaluates a wide range

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of aspects, including regulatory and political risks. Our local in-house operations contribute to in-depth knowledge of each of our markets and we continuously monitor changes in the respective regulatory environment. We maintain active dialogue with policy makers and other stakeholders.

### Investment

New property acquisitions may introduce various risks associated with legal, financial, tax, and technical perspectives. Furthermore, M&A involving entire companies could result in additional company-specific risks after closing. Heimstaden has a strong investment team with local presence across all markets who have significant experience within M&A. All acquisitions are subject to customary due diligence (DD) from a legal, financial, tax, and technical perspective. DD processes are also continuously evolving to ensure that all relevant functional lines are informed, coordinated, and involved in the M&A process.

Third-party expertise is frequently utilised to advise on various aspects of transaction processes, including structuring, legal, tax, and technical factors, among others. When necessary and/or possible, a Warranty & Indemnity (W&I) insurance may also be included as part of an acquisition to reduce the risk of potential breaches in representations and warranties at a later stage.

## Operational Risks

### People and organisation

The loss of individuals in management or in other key positions poses a risk to operations and profitability. To manage this risk, Heimstaden takes a structured approach to succession planning for key positions, interim or long-term, as well as continuous monitoring of employee satisfaction. We have an internal training and career development platform in place including a proprietary program for management training.

Heimstaden Bostad is an equal-opportunities employer with zero tolerance for discrimination and harassment, and we offer competitive compensation. To ensure consistency in remuneration, we benchmark fair pay in all markets to help managers gauge appropriate salary levels for all new hires, as well as people moving between roles and countries.

### Cyber security

Cyberattacks may lead to data breaches, operational disruption, and ransomware incidents that may negatively impact Heimstaden Bostad's operations, financial performance, and reputation.

Heimstaden has implemented several levels of protection, such as two-factor authentication, external 24/7 security operation centre, firewalls, antivirus, and backup systems. We are implementing a centralized cloud-based policy for data centres, cyber security, and IT infrastructure and during 2023 all local solutions will be turned off.

### Privacy/GDPR

Non-compliance could potentially lead to significant fines, reputational damage, and damage to customer and employee privacy. To manage this risk, Heimstaden has, among other measures, implemented modern system platforms like Workday, mandatory training for all employees on GDPR matters, and the relevant framework has been strengthened.

### Customer relationships

Availability is of key importance in an increasingly digital society. Poor customer service and property and facility management can potentially result in dissatisfied tenants, reduced occupancy, and/or increased churn. Proactive communication with customers and availability on site has never been more important than during the Covid-19 pandemic and, to remain relevant, it is important for Heimstaden Bostad to continue to personalize offers, services, and interactions.

To achieve this, the Company has a fully integrated operational platform with a customer-centric philosophy integrated in our strategy, values, and ambitions. We continuously monitor rental markets, maintain active dialogue with tenant unions, and conduct annual customer surveys in all our markets. We also invest in the continuous development of in-house digital customer-service platforms to engage tenants and ensure efficient communications. Read more about our customer-centric approach on pages 11–12 of this report.

### Organisational governance and corporate reporting

Failing to operate within the norms of corporate responsibility may cause significant damage to Heimstaden Bostad's reputation and operations, elevating the risk of losing tenants and strategic investors, as well as suffering economic losses in terms of fines or penalties.

We apply high ethical standards and integrity throughout our operations with zero tolerance for any forms of corruption, fraud, bribery, or threats, and have developed a compliance management system involving a Code of Conduct, Business Partner Principles and a variety of Policies and Manuals. We have also implemented a group-wide initiative for implementing culture and value workshops to highlight our guidelines pertaining to business ethics, human rights, and working conditions among employees.

### Environmental and climate issues

The increasingly complex risk picture related to ESG combined with increasing integration of sustainability into daily operations, makes responsible business challenging to monitor and maintain. Environmental risks also have a potentially wide area of impact, affecting people, properties, and operations, and inadequate management of environmental risks could negatively impact the Company's reputation and profits. Furthermore, an inability to deliver on investors' ESG criteria may reduce access to capital.

Among the greatest environmental risks are those related to climate change, including direct risks such as increased energy costs, fines, and other operational implications, and indirect risks such as supply chain interruptions and reputational impact. Longer term, there are also risks of damaged properties and/or emergency measures that may lead to decreased property values and higher property insurance prices, among other factors.

To manage these risks, Heimstaden Bostad has implemented a thorough ESG strategy focused on integrating sustainability into daily operations, and we have set ambitious sustainability targets aligned with the Paris Agreement 1.5°C ambition. ESG matters are followed up at Board level as a key part of Heimstaden Bostad's overall strategy. Read more about our climate risks on page 116 of this report.

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# Compliance and Governance

Heimstaden is committed to high standards of corporate governance, risk management, and compliance. As a continuation of this statement, a centralised Compliance function with a Group Head of Compliance was established in 2022.

The Compliance function of Heimstaden Group is responsible for the following:

- Code of Conduct development, implementation, and ownership on behalf of the Board of Directors
- Establishment, implementation, and follow-up of a common and simplified Group Policy framework for the company
- Planning, implementation, and follow-up of a Compliance Management System consisting of the relevant elements and tasks for the Countries to adopt
- Relevant training and awareness related to the compliance area
- Participate in relevant projects related to compliance and governance

In the fall of 2022, an updated Code of Conduct was approved by the Board of Directors, based on the values of the company and the commitment to ethical business conduct. The Code of Conduct is complemented by detailed policies, manuals, guidelines, and routines – all available on our intranet, in our group HR system, and incorporated in our Staff Handbooks. Together, these documents form our governing framework that guides us in our daily work. Our Group policy framework was set, updated, and simplified in the fall of 2022, and this will be followed by implementation, follow-up, and monitoring in 2023.

The Board of Directors owns and approves the Code of Conduct. In 2023, an updated yearly training programme will be launched with an automated sign-off required from all employees and relevant stakeholders, including Board members. Other relevant training programmes within different Policy areas are also planned for the upcoming period.

We expect our business partners to comply with ethical standards consistent with our own, and they are expected to sign our Business Partner Principles when signing an agreement with us.

Heimstaden Bostad will work continuously to improve the governing framework – together with the Country organisations. Breaches of the Code of Conduct or governing documents should be reported through the whistleblower function on our website.

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# Internal Control

The planning, governance, and control of operations follow the Company's organisational structure, with a clear delegation of responsibilities and authority. Policies, manuals, guidelines, and instructions provide our framework for internal control. We continue our commitment to strong internal control by strengthening our governance, doing a full review and update of policies, manuals, and guidelines and deciding on a key policy framework for Heimstaden Bostad, including a new Code of Conduct.

### Internal control over financial reporting

Regular monitoring, combined with a close collaboration with the Company's auditors, and the control and monitoring conducted through the annual audit and quarterly reviews, ensure accurate reporting. The Board has, as part of its strong commitment to internal control, established an Audit & GRC Committee to increase quality of financial reporting processes and how we work.

To ensure the quality of financial reporting, the Company applies several internal controls, such as a financial policy, attestation and authorisation procedures, and segregation of duties. Regarding financial reporting, the risks are primarily judged to derive from material errors being able to arise in the reporting of the Company's financial performance. The Board is responsible for identifying and managing significant financial risks and risks of errors in the financial reporting.

The Board reviews each interim report and discusses its contents with the Senior Executives and, where applicable, with the Company's Auditor.

The senior executives hold regular meetings with the Board's Audit and GRC committee to discuss ongoing financial performance and issues.

The Audit and GRC committee have established a pre-approval guideline governing the engagement of Heimstaden Bostad's primary external auditors for audit and non-audit services to Heimstaden Bostad or any entity within the group. The committee has in the guideline defined and pre-approved subcategories of audit and non-audit services, and includes annual monetary frames for each of the following categories of services:

- Audit
- Audit-related
- Tax
- Other – not related to financial audit and tax

Heimstaden Bostad has established a whistleblower function that can be accessed anonymously.

### Internal control over operations

Heimstaden Bostad performs several control activities to ensure internal control over our operations. Key policies and manuals are established to ensure operation in line with our values and are designed to manage significant risks related to our operations. Control activities exist both at the overall and detailed level within the Group. For example, monthly management reporting is prepared and reviewed by the business unit and function managers and controllers.

The finance function has regular contact with business unit managers to discuss operational and financial matters and to verify that processes are followed and developed. The Board monitors the operations through regular reporting, in which the CEO comments on the development of operations, profit, and financial position. Necessary measures and activities are implemented with the aim of strengthening and streamlining the internal controls.

The internal controls over operations are regularly monitored. This mainly takes the form of reporting deviations in comparison with the budget/forecast, as well as monthly operational reporting and business reviews.

### Insider Policy

The Insider Policy contains guidelines for the handling and communication of insider information as well as other external information obligations. The communication shall be long-term, and compatible with the brand, vision, business concept, strategies, targets, and values of Heimstaden Bostad. In addition, the communication shall be open, factual, well-structured, and well-planned. Heimstaden Bostad shall provide correct, relevant, and clear information in accordance with applicable laws and regulations.

### Internal control and governance activities 2023

In 2023, Heimstaden Bostad will continue to develop its internal governance, risk and compliance function, and control processes. The following planned activities are in focus:

- Rollout of an updated key policy framework and measurement of the maturity of our operations in the countries
- Further maturing a centralized compliance framework
- Year-end assessment of the Manager's formalised self-assessment procedure on internal controls

The following information is available from www.heimstadenbostad.com:

- Governance Statement
- Articles of Association
- Code of Conduct
- Annual and Interim Reports from the 2016 financial year and onwards
- Annual and Sustainability reports from the 2019 financial year and onwards
- Year-end assessment of the Group Manager's internal controls

# Sharing Our Skills and Competence

As part of A Home for a Home, we launched a skill-sharing programme pilot where Heimstaden employees use their skills and expertise to support the SOS Children's Villages organisation. Assignments included learning & development, business process development, and carbon footprint measurement.

More information about the programmes

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# Financial Five-Year Summary

| SEK million | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Comprehensive Income Statement** | | | | | |
| Rental income | 12,702 | 8,608 | 6,332 | 4,135 | 3,046 |
| Service charges paid by tenants | 1,217 | 639 | 389 | – | – |
| Property expenses | -5,778 | -3,861 | -2,828 | -1,732 | -1,295 |
| **Net operating income** | **8,141** | **5,386** | **3,893** | **2,403** | **1,751** |
| | | | | | |
| Corporate administrative expenses | -887 | -546 | -345 | -193 | -140 |
| Other operating income | 468 | 5 | 48 | 11 | 14 |
| Other operating expenses | -231 | -2,340 | -39 | -46 | -14 |
| Share of net profits of associated companies and joint ventures | 410 | 329 | 32 | 88 | – |
| **Profit before inventory properties and fair value adjustments** | **7,901** | **2,835** | **3,589** | **2,263** | **1,611** |
| | | | | | |
| Fair value adjustment of investment properties | -5,111 | 21,363 | 7,934 | 4,834 | 2,562 |
| Change in value and gains/losses from sale of inventory properties | 402 | -2 | 188 | 0 | 0 |
| **Operating profit** | **3,191** | **24,195** | **11,711** | **7,097** | **4,173** |
| | | | | | |
| Interest income | 316 | 152 | 81 | 35 | 26 |
| Interest expenses on interest-bearing liabilities | -2,275 | -1,288 | -1,269 | -923 | -698 |
| Net currency translation gains/losses | -6,578 | 76 | 656 | -241 | 203 |
| Fair value adjustment of derivative financial instruments | 1,115 | 819 | -178 | 39 | 11 |
| Other financial items | -2,131 | 70 | -168 | -154 | 1 |
| **Profit/loss before tax** | **-6,362** | **24,024** | **10,833** | **5,853** | **3,716** |
| | | | | | |
| Current tax expense | -836 | -492 | -386 | -200 | -135 |
| Deferred tax | 1,878 | -4,580 | -1,774 | -1,193 | -557 |
| **Profit/loss for the period** | **-5,321** | **18,952** | **8,673** | **4,460** | **3,023** |
| | | | | | |
| Other comprehensive income/loss | 13,703 | 3,627 | -4,479 | 279 | -442 |
| **Total comprehensive income** | **8,382** | **22,579** | **4,194** | **4,740** | **2,581** |
| | | | | | |
| **Property-related key data** | | | | | |
| Lettable time-weighted area, sqm thousands | 10,766 | 8,365 | 6,441 | 3,047 | 2,345 |
| Net operating income, % | 64.1 | 62.6 | 61.5 | 58.1 | 54.2 |

| SEK million | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Balance Sheet** | | | | | |
| Investment properties | 344,856 | 300,584 | 144,404 | 113,331 | 72,329 |
| Other non-current assets | 35,226 | 20,183 | 1,299 | 1,660 | 168 |
| Current assets | 17,245 | 28,299 | 11,223 | 6,573 | 3,786 |
| **Total assets** | **397,327** | **349,066** | **156,926** | **121,564** | **76,283** |
| | | | | | |
| Equity | 180,854 | 160,338 | 77,741 | 57,548 | 31,925 |
| Deferred tax liabilities | 22,941 | 21,904 | 4,212 | 2,526 | 1,356 |
| Other non-current liabilities | 175,201 | 136,488 | 65,929 | 54,492 | 40,637 |
| Current liabilities | 18,330 | 30,336 | 9,044 | 6,998 | 2,365 |
| **Total liabilities** | **397,327** | **349,066** | **156,926** | **121,564** | **76,283** |
| | | | | | |
| **Financial key data** | | | | | |
| Cash flow from operating, investing and financing activities | -10,751 | 10,503 | 3,390 | 2,018 | 1,535 |
| Interest coverage ratio (ICR), multiple | 3.4 | 4.1 | 2.9 | 2.5 | 2.6 |
| Net loan-to-value ratio (LVT), % | 50.3 | 46 | 44 | 48 | 54 |
| Average interest rate, % | 1.8 | 1.0 | 1.7 | 1.9 | 1.8 |
| Average loan tenor, number of years | 8.3 | 8.9 | 10.5 | 10.5 | 8.1 |
| Net asset value as of the balance sheet date | 190,066 | 169,271 | 81,953 | 60,074 | 33,281 |
| | | | | | |
| **Data per share** | | | | | |
| Earnings per ordinary share (basic and diluted), SEK | 282 | 2,360 | 318 | 1,176 | 795 |
| Equity per ordinary share, SEK | 3,422 | 5,334 | 3,229 | 2,954 | 4,881 |
| Equity per preference share A, SEK | 3,413,143 | 2,220,304 | 1,432,552 | 972,342 | 1,365,663 |
| Equity per preference share B, SEK | 2,071 | 2,088 | 2,077 | 2,064 | 103,452 |
| Equity per preference share C, SEK | 2 | 2 | – | – | – |
| Number of ordinary shares outstanding | 12,563,147 | 9,725,321 | 6,578,058 | 5,315,502 | 2,429,449 |
| Number of preference shares A outstanding | 200 | 200 | 200 | 200 | 100 |
| Number of preference shares B outstanding | 42,183,739 | 35,205,992 | 20,317,179 | 16,027,565 | 203,360 |
| Number of preference shares C outstanding | 385,445 | 327,379 | – | – | – |

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# Financial Information

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# Consolidated Comprehensive Income Statement

| SEK million | Note | 2022 | 2021 |
|---|---|---|---|
| Rental income | 2.1, 2.2 | 12,702 | 8,608 |
| Service charges paid by tenants | 2.1, 2.2 | 1,217 | 639 |
| Property expenses | 2.1, 2.3, 2.6 | -5,778 | -3,861 |
| **Net operating income** | | **8,141** | **5,386** |
| Corporate administrative expenses | 2.5, 2.6 | -887 | -546 |
| Other operating income | 2.4 | 468 | 5 |
| Other operating expenses | 2.4 | -231 | -2,340 |
| Share of net profits of associated companies and joint ventures | 3.4 | 410 | 329 |
| **Profit before inventory properties and fair value adjustments** | | **7,901** | **2,834** |
| Fair value adjustment of investment properties | 2.1, 2.7, 3.1 | -5,111 | 21,363 |
| Change in value and gains/losses from sale of inventory properties | 2.1, 4.1 | 402 | -2 |
| **Operating profit** | | **3,191** | **24,195** |
| Interest income | 2.9 | 316 | 152 |
| Interest expenses on interest-bearing liabilities | 2.9 | -2,275 | -1,288 |
| Net currency translation gains/losses | 2.9 | -6,578 | 76 |
| Fair value adjustment of derivative financial instruments | 2.8 | 1,115 | 819 |
| Other financial items | 3.4, 6.1 | -2,131 | 70 |
| **Profit/loss before tax** | | **-6,362** | **24,024** |
| Current tax expense | 2.10 | -836 | -492 |
| Deferred tax income/expense | 2.10 | 1,878 | -4,580 |
| **Profit/loss for the period** | | **-5,321** | **18,952** |
| **Other comprehensive income** | | | |
| Other comprehensive income | 2.10, 5 | 13,703 | 3,627 |
| **Total comprehensive income** | | **8,382** | **22,579** |
| **Profit/loss attributable to:** | | | |
| The Parent Company's shareholders | | -5,105 | 18,946 |
| Non-controlling interests | | -216 | 5 |
| **Comprehensive income/loss attributable to:** | | | |
| The Parent Company's shareholders | | 8,598 | 22,574 |
| Non-controlling interests | | -216 | 5 |
| Average number of shares outstanding | 2.11 | 11,627,659 | 7,741,760 |
| Earnings per ordinary share (basic and diluted) | 2.11 | 282 | 2,360 |

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# Consolidated Balance Sheet

| SEK million | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| Investment properties | 2.1, 3.1 | 344,856 | 300,584 |
| Intangible assets | 3.2 | 19,693 | 16,497 |
| Machinery and equipment | 3.3, 6.5 | 314 | 76 |
| Investments in associated companies and joint ventures | 3.4 | 9,698 | 739 |
| Quoted equity investments | 6.1 | – | 5,765 |
| Derivative financial instruments | 6.1 | 836 | 190 |
| Deferred tax assets | 7.1 | 982 | – |
| Other non-current financial assets | 3.5 | 3,703 | 2,431 |
| **Total non-current assets** | | **380,082** | **326,282** |
| Inventory properties | 4.1 | 573 | 846 |
| Rent and trade receivables | 4.2 | 359 | 179 |
| Other current assets | 4.3 | 4,867 | 1,469 |
| Derivative financial instruments | 6.1 | 645 | 250 |
| Prepayments | 4.3 | 1,416 | 532 |
| Cash and cash equivalents | 4.4 | 9,385 | 19,508 |
| **Total current assets** | | **17,245** | **22,784** |
| **TOTAL ASSETS** | | **397,327** | **349,066** |

| SEK million | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 93 | 72 |
| Other capital contributions | | 128,559 | 97,626 |
| Hybrid bonds | | 24,330 | 33,666 |
| Currency translation reserve | | 11,643 | -2,060 |
| Retained earnings | | -662 | 30,969 |
| **Total equity attributable to Parent Company shareholders** | 5 | **163,964** | **160,273** |
| Non-controlling interests | 5 | 16,891 | 65 |
| **Total equity** | 5 | **180,854** | **160,338** |
| Interest-bearing liabilities | 6.1, 6.2, 6.3 | 171,119 | 134,895 |
| Lease liabilities | 6.5 | 1,331 | 729 |
| Derivative financial instruments | 6.1 | 51 | – |
| Deferred tax liabilities | 7.1 | 22,941 | 21,904 |
| Other non-current financial liabilities | | 2,700 | 864 |
| **Total non-current liabilities** | | **198,142** | **158,392** |
| Interest-bearing liabilities | 6.3 | 11,572 | 23,485 |
| Lease liabilities | 6.5 | 84 | 5 |
| Trade payables | | 833 | 566 |
| Other current liabilities | 7.2 | 3,008 | 4,411 |
| Derivative financial instruments | 6.1 | 75 | 6 |
| Accrued expenses and prepaid income | 7.3 | 2,758 | 1,863 |
| **Total current liabilities** | | **18,330** | **30,336** |
| **TOTAL EQUITY AND LIABILITIES** | | **397,327** | **349,066** |

# Consolidated Statement of Changes in Equity

| SEK million | Share capital | Other capital contributions | Hybrid bonds | Currency translation reserve | Retained earnings | Attributable to Parent Company shareholders | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Opening balance, 1 January 2021** | **42** | **52,690** | **13,635** | **-5,687** | **17,001** | **77,681** | **60** | **77,741** |
| Profit for the period | – | – | 406 | – | 18,541 | 18,947 | 5 | 18,952 |
| Other comprehensive income | – | – | – | 3,627 | – | 3,627 | – | 3,627 |
| **Total comprehensive income** | **–** | **–** | **406** | **3,627** | **18,541** | **22,574** | **5** | **22,579** |
| New share issue | 29 | 44,936 | – | – | – | 44,965 | – | 44,965 |
| Dividends | – | – | -406 | – | -4,572 | -4,978 | – | -4,978 |
| Issue of hybrid bonds | – | – | 20,235 | – | – | 20,235 | – | 20,235 |
| Costs of issuance | – | – | -204 | – | – | -204 | – | -204 |
| **Total transactions with the company's shareholders** | **29** | **44,936** | **19,625** | **–** | **-4,572** | **60,018** | **–** | **60,019** |
| **Equity, 31 December 2021** | **72** | **97,626** | **33,666** | **-2,060** | **30,969** | **160,273** | **65** | **160,338** |
| | | | | | | | | |
| **Opening balance, 1 January 2022** | **72** | **97,626** | **33,666** | **-2,060** | **30,969** | **160,273** | **65** | **160,338** |
| Profit for the period | – | – | 960 | – | -6,065 | -5,105 | -216 | -5,321 |
| Other comprehensive income | – | – | – | 13,703 | – | 13,703 | – | 13,703 |
| **Total comprehensive income** | **–** | **–** | **960** | **13,703** | **-6,065** | **8,598** | **-216** | **8,382** |
| New share issue | 22 | 30,970 | – | – | – | 30,991 | – | 30,991 |
| Costs of issuance | – | -36 | – | – | – | -36 | – | -36 |
| Buyback of hybrid bonds | – | – | -9,336 | – | 1,692 | -7,644 | – | -7,644 |
| Dividends | – | – | -960 | – | -26,585 | -27,545 | – | -27,545 |
| Transactions with non-controlling interests | – | – | – | – | -673 | -673 | 17,042 | 16,368 |
| **Total transactions with the company's shareholders** | **22** | **30,934** | **-10,296** | **–** | **-25,567** | **-4,907** | **17,042** | **12,135** |
| **Equity, 31 December 2022** | **93** | **128,559** | **24,330** | **11,643** | **-662** | **163,964** | **16,891** | **180,854** |

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# Consolidated Cash Flow Statement

| SEK million | Note | 2022 | 2021 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit/loss before income tax | | -6,362 | 24,024 |
| | | | |
| *Adjustments to reconcile profit before tax to net cash flows:* | | | |
| Fair value adjustment of investment properties | 2.1, 2.7, 3.1 | 5,436 | -21,217 |
| Fair value adjustment of derivative financial instruments | | -883 | -885 |
| Finance expenses – net | | 1,823 | 1,656 |
| Other adjustments | 4.5 | 8,501 | -939 |
| | | | |
| *Working capital changes* | | | |
| Increase(-)/decrease(+) in rent and other receivables | | -1,914 | -480 |
| Increase(+)/decrease(-) in trade and other payables | | 864 | 3,883 |
| **Cash generated from operations** | | **7,465** | **6,042** |
| | | | |
| Interest paid | | -1,858 | -1,884 |
| Interest received | | 344 | 41 |
| Paid income tax | | -843 | -659 |
| **Net cash flows from operating activities** | | **5,107** | **3,540** |

| SEK million | Note | 2022 | 2021 |
|---|---|---|---|
| **Investing activities** | | | |
| Acquisitions of businesses, net of cash | 8.2 | -2,837 | -79,449 |
| Purchase of investment properties | | -11,131 | -19,498 |
| Capital expenditure on completed investment properties | | -9,568 | -5,428 |
| Disposals of investment properties | | 661 | 1,148 |
| Deposits paid for signed acquisitions | | -731 | -506 |
| Investments in associated companies and joint ventures | 3.4 | -168 | -262 |
| Purchase of quoted equity investments | 6.1 | -4,474 | -5,188 |
| Other cash flows from investing activities | | -9 | -93 |
| **Net cash flows from investing activities** | | **-28,257** | **-109,276** |
| | | | |
| **Financing activities** | | | |
| Proceeds from interest-bearing liabilities | 6.3 | 48,656 | 72,880 |
| Repayment of interest-bearing liabilities | 6.3 | -40,270 | -16,582 |
| Dividends paid | 5 | -3,229 | -4,572 |
| Proceeds from non-controlling interests | | 7,694 | – |
| Proceeds from share issuances | 5 | 7,635 | 44,965 |
| Buyback of hybrid bonds | 5 | -7,100 | – |
| Proceeds from issuance of hybrid bonds | | – | 20,235 |
| Repayments on hybrid bonds | | -960 | -406 |
| Settlement of derivative financial instruments | | 232 | -61 |
| Other cash flows from financing activities | | -259 | -219 |
| **Net cash flows from financing activities** | | **12,399** | **116,240** |
| | | | |
| Net change in cash and cash equivalents | | -10,751 | 10,503 |
| Cash and cash equivalents at the beginning of the period | | 19,508 | 7,636 |
| Net currency exchange effect in cash and cash equivalents | | 628 | 1,369 |
| **Cash and cash equivalents at the end of the period** | | **9,385** | **19,508** |

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# Notes to the Consolidated Financial Statements

## 1. Corporate information and general accounting policies

### 1.1 Corporate information

Heimstaden Bostad AB (publ), Corp. ID No. 556864-0873, is a Swedish limited liability company with its registered office in Malmö, at Östra Promenaden 7A, SE-211 28. Heimstaden Bostad's operations consist of owning, developing, and managing residential properties.

### 1.2 General accounting policies

**Basis of preparation**
The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in accordance with Swedish law by applying the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups. Significant accounting policies are reflected in respective notes.

The Consolidated Financial Statements were approved by the Board of Directors on 24 February 2023 and will be laid before the Annual General Meeting for approval on 6 March 2023.

The Financial Statements are presented in SEK and rounded to the nearest million. Numbers and percentages presented in the financial statements may not add up precisely to the totals provided.

The Consolidated Financial Statements have been prepared on a going-concern basis, applying a historical cost convention except for the measurement of investment property and derivative financial instruments at fair value.

Heimstaden Bostad presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Heimstaden Bostad classifies all other liabilities as non-current.

**Consolidation**
Subsidiaries are fully consolidated from the date on which control is transferred to Heimstaden Bostad and deconsolidated from the date that control ceases. All Heimstaden Bostad's companies are set to have 31 December as their year-end. Newly acquired companies that have a different financial year-end are changed to 31 December at the earliest opportunity. Accounting policies of subsidiaries are changed where necessary to ensure consistency.

Inter-company transactions, balances, and unrealised gains or losses on transactions between Group companies are eliminated.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When Heimstaden Bostad ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if Heimstaden Bostad had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interests share of the results and equity of subsidiaries are shown separately in the Consolidated Comprehensive Income Statement, Statement of Changes in Equity and Balance Sheet, respectively.

**Asset acquisitions, business combinations, and goodwill**
Where properties are acquired, either through business combinations or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents a business combination or an asset acquisition. Companies may choose to perform a 'concentration test' and, should this prove that the acquisition is an asset acquisition, no further assessment is required. If the fair value of the gross assets acquired can substantially be attributed to an asset or a group of similar assets, the voluntary test shows the acquisition to constitute an asset acquisition. If the test is performed and it is not possible to determine acquisition to be an asset acquisition, further assessment must be made to determine whether or not the acquisition is a business combination.

*Business combinations*
Heimstaden Bostad determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. If the acquisition lacks a labour force, it may nonetheless be the case that the acquired process is sufficiently unique or unusual, or costly, to replace to be able to generate returns, that the acquisition nonetheless constitutes a business.

When Heimstaden Bostad acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous

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interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is more than the aggregate consideration transferred, Heimstaden Bostad reassesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Heimstaden Bostad's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU.

*Asset acquisitions*
For acquisition of a subsidiary that is not considered a business combination, Heimstaden Bostad allocates the cost between the individual identifiable assets and liabilities based on their relative fair values as at the date of acquisition. Such transactions or events do not give rise to goodwill.

The cost is allocated between the identifiable assets and liabilities of the entity based on their relative values at the acquisition date.

The Group recognises only the identifiable assets and liabilities. Any deferred tax is subject to the initial recognition exemption in accordance with IAS 12.

**Foreign currencies**
The Group's Consolidated Financial Statements are presented in SEK, which is also the Parent Company's functional currency. For each entity, the Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method except when the transactions constitute net investments, in which gains and losses are recognised in other comprehensive income.

Transactions in foreign currencies are converted to the functional currency at the exchange rate prevailing on the transaction date.

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. 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. Income and expenses in a foreign operation are translated into functional currency at an average rate that represents an approximation of the prevailing exchange rates at the date of each transaction.

The currency effect connected to cross currency swaps is recognised under net currency translation gains. The currency effect on loans in foreign currency and the corresponding economic hedge is reported on the same line in the Statement of Comprehensive Income. Translation differences arising on currency translation of foreign operations are recognised in other comprehensive income.

**Cash Flow Statement**
Cash Flow Statements have been prepared in accordance with the indirect method in accordance with IAS 7, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

**Judgements and estimates**
Management makes judgements, estimates, and assumptions each reporting period that affect the Statement of Comprehensive Income and Balance Sheet. These assumptions and assessments are based on historical experience and other factors that appear reasonable under the existing circumstances.

*Estimation of fair value of investment properties and forward purchase contracts*
In most markets investment properties and forward purchase contracts to buy investment properties held in limited liability companies are valued according to the discounted cash flow (DCF) method using operating and market inputs, except for Norwegian residential assets where the valuation is determined using the sales comparison approach.

Current economic developments and uncertainties influence the valuation of our investment properties and our forward purchase contracts to buy investment properties held in limited liability companies. The methods and material assumptions applied in determining the Fair Value of our investment properties are mainly based on realised transaction prices.

The fair values are based on valuations by independent external valuation experts. The valuation is based on a market value principle upon which assets can be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of the valuation.

The investment property portfolio is appraised on a quarterly basis by independent external appraisers. See Note Note 3.1 for further information.

*Impairment testing of goodwill*
Each year, the Group tests goodwill for impairment in accordance with the accounting policy described in Note 3.2. Recoverable amounts for CGU have been determined by calculating value in use. For these calculations certain estimates need to be made, see Note 3.2.

*Recognition of property acquisition and business combinations*
When determining whether the acquisition represent a business combination or an asset acquisition, management makes judgements with regards to the application of the optional concentration test and the substance of the assets and activities acquired.

If substantially all the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets) the transaction is treated as an asset acquisition.

To determine whether the acquisition is a business combination or an asset acquisition, management makes judgements regarding inputs, processes, and output of the acquired assets.

*Purchase price allocation*
The Group prepares a purchase price allocation for accounting in accordance with the accounting policy described in Note 8.2. Accounting for an acquisition involves a high degree of judgement and estimation, mainly with regard to the allocation of premiums and discounts to assets and liabilities (net assets) in the purchase price allocation, as well as adjusting entries for adaptation to the Group's accounting policies. Fair value adjustments and resultant goodwill are presented in Note 3.2.

*Classification of investments in associated companies*
When determining whether the Company's investment are an associated company or an equity investment, management makes judgements with regards to an assessment of significant influence.

The Company's investment in Kojamo Oyi was classified as an associated company based on management's judgement of significant influence. The assessment of significant influence is determined by the fact that Heimstaden Bostad AB is by far the largest owner in Kojamo Oyi with significant voting power, owning 19.98%, and took a position on the nomination committee of the company in September 2022.

**Climate risks**
Among the greatest environmental risks are those related to climate change, including direct risks such as increased energy costs, fines, and other operational implications, and indirect risks such as supply chain interruptions and reputational impact. Longer term, there are also risks of damaged properties and/or emergency measures that may lead to decreased property values and higher

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property insurance prices, among other factors. To ensure that efforts to reduce our climate impact are sufficient, the company has committed to the Science-Based Targets initiative (SBTi).To reach its climate targets by 2030, Heimstaden Bostad has developed a climate roadmap, committing SEK 7,300 million in primarily linear investments during the timespan. The investment is expected to result in annual savings/income of about SEK 420 million, generating a minimum yield on investment of 5.6%. The capital expenditures (capex) of the GHG emission reductions initiatives are expected to have a positive return on investment for Heimstaden Bostad as well as reduce the energy and electricity cost for the tenants.

Heimstaden Bostad has established local carbon emission pathways in all the countries where it operates. The climate impact and carbon emission pathways in local markets vary due to differences in national climate policies, the energy mix, EPC scheme implementation, and differences in properties' energy performance. Transition to a low-carbon society also presents opportunities for Heimstaden Bostad. By switching to renewable energy sources, investing in renewable electricity generation, and continuing to work on energy efficiency and biodiversity measures, we will reduce our GHG emissions and, in many cases, our operating costs. At the same time, we are increasing the number of energy-efficient buildings in the portfolio and adapting to climate change.

Heimstaden will continue to evaluate long-term climate risks and opportunities, develop its climate reporting according to TCFD and the EU Taxonomy and continue to make climate assessments of the properties. This will provide knowledge about which properties may be affected by a changed climate and society, and what is required in order to adapt the Company's operations to handle a volatile climate. This is an important foundation for decisions on necessary climate adaptations, and to remain a relevant and attractive property owner in the long term. Climate-related projects are a central part of Heimstaden Bostad's sustainability focus, covering areas such as investments in climate change mitigation and adaptation measures, the supply chain, ESG in acquisitions, and access to capital. The current and future property portfolio and investments will be continuously monitored and assessed in terms of climate impact.

## 1.3 New accounting standards

**Amendments to IAS 1: Classification of Liabilities**
IASB has issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure is required to include information about the covenants and the related liabilities. The disclosures must include information about the nature of the future covenants and when compliance is applicable, as well as the carrying amount of the related liabilities. The purpose of this information is to allow users to understand the nature of the future covenants and to assess the risk that a liability classified as non-current could become repayable within twelve months. Furthermore, if facts and circumstances indicate that an entity may have difficulty in complying with such covenants, those facts and circumstances must be disclosed. The amendments will be effective for annual reporting periods beginning on or after 1 January 2023 and January 2024 and will need to be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Heimstaden is monitoring the developments and is assessing the impact the amendments will have on its current accounting policies.

**IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

Heimstaden Bostad is currently revisiting its accounting policy information disclosures to ensure consistency with the amended requirements.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Heimstaden Bostad is currently assessing the impact of the amendments.

No other standards, amendments or interpretations effective from fiscal years beginning on or after 1 January 2022 had a material impact on the consolidated financial statements. No other new standards or interpretations that come into effect after 31 December 2022 are expected to have any material impact on the consolidated financial statements.

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# 2. Income and expenses

## 2.1 Segment reporting

### Accounting policies

The Group organises and governs its activities based on geographical areas where the investment properties are located, and these geographical areas form the basis of the definition of segments. Senior managment is the chief operating decision maker and monitors net operating income and changes in the value of managed properties in the identified segments; other Statement of Comprehensive Income items are not distributed per segment. Additionally, management monitors the value of investment properties and interest-bearing liabilities in each segment. Other items are not distributed per segment in the segments' profits, assets, and liabilities. The segment statements include only directly attributable items and items that can be allocated to the segments in a reasonable and reliable manner. See also note 3.1 for fair value of investment properties per segment.

2022

| SEK million | Sweden | Germany | Denmark | Netherlands | Czech Republic | Norway | Finland | United Kingdom | Poland | Adjustments | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **COMPREHENSIVE INCOME STATEMENT** | | | | | | | | | | | |
| Rental income | 4,113 | 2,065 | 3,026 | 1,242 | 1,382 | 776 | 193 | 17 | 6 | -117 | 12,702 |
| Service charges paid by tenants | 70 | 640 | 2 | – | 478 | 30 | 8 | – | 1 | -11 | 1,217 |
| Property expenses | -2,051 | -1,200 | -971 | -431 | -904 | -278 | -107 | -14 | -16 | 193 | -5,778 |
| **Net operating income** | **2,132** | **1,505** | **2,057** | **810** | **955** | **529** | **93** | **3** | **-9** | **65** | **8,141** |
| **Net operating margin %** | **51.8** | **72.9** | **68.0** | **65.3** | **69.1** | **68.1** | **48.3** | **–** | **–** | **–** | **64.1** |
| Corporate administrative expenses, unallocated | – | – | – | – | – | – | – | – | – | – | -887 |
| Other income and expenses, unallocated | – | – | – | – | – | – | – | – | – | – | 647 |
| **Profit/loss before inventory properties and fair value adjustments** | **2,132** | **1,505** | **2,057** | **810** | **955** | **529** | **93** | **3** | **-9** | **65** | **7,901** |
| Fair value adjustment of investment properties | -6,627 | 3,147 | -3,872 | -743 | 2,372 | 250 | 154 | 131 | 77 | – | -5,111 |
| Change in value and gains/losses from sale of inventory properties | – | – | – | – | – | 402 | – | – | – | – | 402 |
| **Operating profit/loss** | **-4,494** | **4,652** | **-1,815** | **67** | **3,328** | **1,180** | **247** | **134** | **68** | **65** | **3,191** |
| Financial income and expenses | -13,155 | 2,199 | -573 | 65 | 639 | -154 | 157 | 39 | 115 | – | -10,669 |
| Fair value adjustment of derivative financial instruments | 371 | – | 385 | 318 | – | 41 | – | – | – | – | 1,115 |
| **Profit/loss before tax** | **-17,278** | **6,851** | **-2,003** | **450** | **3,966** | **1,067** | **403** | **174** | **183** | **65** | **-6,362** |
| **BALANCE SHEET** | | | | | | | | | | | |
| Investment properties | 96,851 | 92,820 | 73,640 | 30,048 | 23,443 | 20,338 | 3,837 | 2,854 | 1,026 | – | 344,856 |
| Inventory properties | – | – | – | – | – | 573 | – | – | – | – | 573 |
| Assets, unallocated | – | – | – | – | – | – | – | – | – | – | 51,898 |
| **Total assets** | **96,851** | **92,820** | **73,640** | **30,048** | **23,443** | **20,911** | **3,837** | **2,854** | **1,026** | **–** | **397,327** |
| Equity, unallocated | – | – | – | – | – | – | – | – | – | – | 180,854 |
| Interest-bearing liabilities | 50,255 | 21,534 | 35,125 | 75,246 | – | 531 | – | – | – | – | 182,691 |
| Other liabilities, unallocated | – | – | – | – | – | – | – | – | – | – | 33,781 |
| **Total equity and liabilities** | **50,255** | **21,534** | **35,125** | **75,246** | **–** | **531** | **–** | **–** | **–** | **–** | **397,327** |
| Capital expenditures in investment properties | 4,675 | 666 | 1,310 | 873 | 784 | 366 | 75 | 1,381 | – | – | 10,129 |

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2021

| SEK million | Sweden | Germany | Denmark | Netherlands | Czech Republic | Norway | Finland | United Kingdom | Poland | Adjustments | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **COMPREHENSIVE INCOME STATEMENT** | | | | | | | | | | | |
| Rental income | 2,784 | 550 | 2,523 | 1,137 | 1,127 | 677 | 16 | 1 | – | -207 | 8,608 |
| Service charges paid by tenants | 41 | 176 | 2 | – | 419 | 17 | – | – | – | -16 | 639 |
| Property expenses | -1,481 | -345 | -786 | -454 | -773 | -248 | -6 | -2 | -4 | 238 | -3,861 |
| **Net operating income** | **1,344** | **380** | **1,738** | **683** | **773** | **446** | **9** | **-1** | **-4** | **15** | **5,386** |
| **Net operating margin %** | **48.3** | **69.1** | **68.9** | **60.1** | **68.6** | **65.9** | **58.7** | **–** | **–** | **–** | **62.6** |
| Corporate administrative expenses, unallocated | – | – | – | – | – | – | – | – | – | – | -546 |
| Other income and expenses, unallocated | – | – | – | – | – | – | – | – | – | – | -2,005 |
| **Profit before inventory properties and fair value adjustments** | **1,344** | **380** | **1,738** | **683** | **773** | **446** | **9** | **–** | **-4** | **15** | **2,834** |
| Fair value adjustment of investment properties | 8,068 | 1,754 | 6,033 | 2,831 | 2,182 | 408 | 72 | 15 | – | – | 21,363 |
| Change in value and gains/losses from sale of inventory properties | – | – | – | – | – | -2 | – | – | – | – | -2 |
| **Operating profit** | **9,412** | **2,134** | **7,772** | **3,514** | **2,955** | **853** | **81** | **15** | **-4** | **15** | **24,195** |
| Financial income and expenses | -589 | 39 | -474 | -171 | 392 | -232 | 6 | 21 | 18 | – | -991 |
| Fair value adjustment of derivative financial instruments | 582 | – | 112 | 47 | – | 78 | – | – | – | – | 819 |
| **Profit before tax** | **9,405** | **2,173** | **7,409** | **3,390** | **3,348** | **698** | **87** | **36** | **14** | **15** | **24,024** |
| **BALANCE SHEET** | | | | | | | | | | | |
| Investment properties | 97,056 | 70,651 | 66,636 | 27,324 | 17,932 | 18,951 | 1,014 | 1,019 | – | – | 300,584 |
| Inventory properties | – | – | – | – | – | 846 | – | – | – | – | 846 |
| Assets, unallocated | – | – | – | – | – | – | – | – | – | – | 47,636 |
| **Total assets** | **97,056** | **70,651** | **66,636** | **27,324** | **17,932** | **19,797** | **1,014** | **1,019** | **–** | **–** | **349,066** |
| Equity, unallocated | – | – | – | – | – | – | – | – | – | – | 160,338 |
| Interest-bearing liabilities | 102,679 | 16,660 | 31,766 | 6,766 | – | 508 | – | – | – | – | 158,380 |
| Other liabilities, unallocated | – | – | – | – | – | – | – | – | – | – | 30,348 |
| **Total equity and liabilities** | **102,679** | **16,660** | **31,766** | **6,766** | **–** | **508** | **–** | **–** | **–** | **–** | **349,066** |
| Capital expenditures in investment properties | 2,528 | 188 | 917 | 644 | 503 | 315 | 10 | 251 | – | – | 5,356 |

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## 2.2 Rental income and service charges paid by tenants

### Accounting policies

Heimstaden Bostad leases out its investment properties to third parties with contracted non-cancellable lease terms and a normal term of notice for the customer of three months. The Group classifies these leases as operating because they do not transfer substantially all the risks and rewards, or control, incidental to ownership of the properties to the counterparties. For investment property leases the rental income is largely fixed under the contracts, however, it is subject to an annual index adjustment. To mitigate any risks regarding the leased properties, Heimstaden Bostad assesses the creditworthiness of its counterparties, receives rent deposits, and receives guaranties from its lessees.

The rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature, except for contingent rental income, which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Statement of Comprehensive Income when the right to receive them arises.

Service charges to tenants mainly comprise utility cost and other operating costs that can be recharged. The services charged are separately invoiced to tenants and include fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred. The Group arranges for third parties to provide certain of these services to its tenants. The Group acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

No single customer accounts for more than 1% of total revenues. For rental income and service charges paid by tenants by geographic market, see Note 2.1.

### Rental income and service charges paid by tenants

| SEK million | 2022 | 2021 |
|---|---|---|
| Rental income | 12,761 | 8,673 |
| Straight-lining of lease | -58 | -65 |
| **Rental income** | **12,702** | **8,608** |
| Services to tenants | 1,217 | 639 |
| **Service charges paid by tenants** | **1,217** | **639** |
| **Total revenues** | **13,919** | **9,247** |

### Rental income distributed by property category

| SEK million | 2022 | 2021 |
|---|---|---|
| Residential | 11,691 | 7,991 |
| Commercial premises | 838 | 520 |
| Garages and parking spaces | 173 | 98 |
| **Total rental income** | **12,702** | **8,608** |

### Service charges paid by tenants distributed by property category

| SEK million | 2022 | 2021 |
|---|---|---|
| Residential | 1,146 | 600 |
| Commercial premises | 70 | 38 |
| **Total service charges paid by tenants** | **1,217** | **639** |

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

### 2022 Maturity on lease contracts[1]

| SEK million | Residential | Commercial premises | Garages and parking spaces |
|---|---|---|---|
| Within one year | 3,370 | 1,026 | 113 |
| 1–5 years | 58 | – | – |
| > 5 years | 1 | – | – |
| **Total lease contracts** | **3,429** | **1,026** | **113** |

[1] *Most of the Company's lease contracts have a notice period of three months, hence most of the contracts have a three-months minimum rentals receivables.*

### 2021 Maturity on lease contracts

| SEK million | Residential | Commercial premises | Garages and parking spaces |
|---|---|---|---|
| Within one year | 1,827 | 451 | 17 |
| 1–5 years | 126 | – | – |
| > 5 years | 107 | – | – |
| **Total lease contracts** | **2,060** | **451** | **17** |

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## 2.3 Property expenses

**Accounting policies**

Property expenses include costs for electricity, heating, water, property management, cleaning, and insurance. Maintenance costs consist of both periodic and ongoing measures to maintain the properties' standard. Property management refers to costs incurred by the company to facilitate the overall management of the company such as financial services and certain overarching property management services. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

**Property expenses**

| SEK million | 2022 | 2021 |
|---|---|---|
| Utilities | 1,773 | 1,113 |
| Repairs and maintenance | 697 | 673 |
| Property tax | 446 | 346 |
| Property management | 2,208 | 1,315 |
| Other | 654 | 414 |
| **Total property expenses** | **5,778** | **3,861** |

## 2.4 Other operating items

Other operating items mainly consist of adjustments for Real Estate Transfer Tax (RETT) in Germany after receival of final closing accounts from the 2021 acquisition of the Akelius' property portfolio, amounting to SEK 182 million (2,202), see note 8.1.

During 2022, SEK 143 million (49) were expensed as donations to SOS Children's Villages. See page 19 for more information regarding the partnership "A Home for a Home".

## 2.5 Audit fee

The audit assignment refers to the audit of the Consolidated Financial Statements and the annual financial statements for the Group companies. Other assurance services provided by the auditors include services related to reivew procedures on interim reports and other attestation services. The fees are summarised in the table below:

**EY**

| SEK million | 2022 | 2021 |
|---|---|---|
| Audit assignment | 26 | 21 |
| Other assurance services | 2 | 5 |
| Other services | 1 | – |
| **Total** | **29** | **26** |

**Grant Thornton**

| SEK million | 2022 | 2021 |
|---|---|---|
| Audit assignment | 3 | 3 |
| Other assurance services | 0 | 0 |
| **Total** | **3** | **3** |

**Total**

| SEK million | 2022 | 2021 |
|---|---|---|
| Audit assignment | 29 | 24 |
| Other assurance services | 2 | 5 |
| Other services | 1 | – |
| **Total** | **32** | **29** |

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## 2.6 Employee benefit expenses and senior management compensation

### Accounting policies

Employee benefits in the form of salaries, paid vacation, paid absence due to illness, etc., are recognised as employees perform services in exchange for compensation. Pensions and other post-employment benefits may be classified as defined contribution plans or defined benefit plans. All Heimstaden Bostad's pension obligations consist of defined contribution plans, which are met through ongoing payments to the independent authorities or organisations that administer the plans. Obligations regarding defined contribution plans are expensed in profit or loss as they are incurred.

| Average number of employees | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Women | Men | Total | Women | Men | Total |
| Sweden | 190 | 244 | 434 | 4 | 4 | 8 |
| Germany | 79 | 82 | 161 | 8 | 5 | 13 |
| Denmark | 45 | 83 | 128 | 1 | 1 | 2 |
| Netherlands | 35 | 40 | 75 | – | – | – |
| Czech Republic | 184 | 233 | 417 | 331 | 379 | 710 |
| Norway | 16 | 33 | 49 | – | – | – |
| Finland | – | 2 | 2 | – | – | – |
| United Kingdom | 1 | 1 | 2 | – | – | – |
| Poland | 2 | 2 | 4 | – | – | – |
| **Total** | **552** | **720** | **1,272** | **343** | **390** | **733** |

On 1 July 2022, the Country Management organisation in Sweden, Germany, Denmark, Netherlands, Czech Republic, Norway, Finland, United Kingdom and Poland was sold from Heimstaden AB to Heimstaden Bostad AB. The transaction included companies employing about 2,000 people in nine countries, carrying out local management of Heimstaden Bostad's properties. See Note 8.2 for more information.

### Remuneration

The CEO, Deputy CEO and senior management receive remuneration from Heimstaden AB and these costs are included in the administrative services from Heimstaden AB. For other employees, the customary pension commitments within the framework of general pension plans apply.

The Board of Directors and company management are presented on pages 33–36.

| Board Member remuneration<br>SEK | 2022<br>Board fees | 2021<br>Board fees |
|---|---|---|
| Casper von Koskull | 960,000 | 960,000 |
| Ivar Tollefsen | – | – |
| Stefan Attefall | – | – |
| Vibeke Krag | – | – |
| John Giverholt | – | – |
| Eldbjørg Sture[1] | – | 300,000 |
| Frans Heijbel[1] | – | – |
| Birgitta Stenmark | – | – |
| Axel Brändström | – | – |
| Christer Franzén[1] | – | – |
| Anna Magnusson | – | – |
| Bente A Landsnes | 300,000 | 300,000 |
| **Total** | **1,260,000** | **1,560,000** |

[1] *Resigned during 2022.*

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**Salaries, remuneration, social security, and pension cost**

2022

| Position | Board Members | Employees | Total |
|---|---|---|---|
| SEK million | | | |
| Base salary | – | 394 | 394 |
| Benefits | – | 18 | 18 |
| Social security costs | – | 70 | 70 |
| Pension costs | – | 35 | 35 |
| Variable remuneration | – | 8 | 8 |
| Board remunerations | 1 | – | 1 |
| **Total** | **1** | **525** | **527** |
| Women in % | 44 | 43 | 43 |

2021

| Position | Board Members | Employees | Total |
|---|---|---|---|
| SEK million | | | |
| Base salary | – | 145 | 145 |
| Benefits | – | 7 | 7 |
| Social security costs | – | 46 | 46 |
| Pension costs | – | 1 | 1 |
| Board remunerations | 2 | – | 2 |
| **Total** | **2** | **198** | **200** |
| Women in % | 36 | 47 | 47 |

## 2.7 Fair Value adjustment of investment properties

Investment properties are measured at fair value. Gains and losses arising from changes in the fair value of the investment property are included in Comprehensive Income Statement in the period in which they arise. For more information regarding Fair Value assessments see Note 3.1.

**Fair Value adjustment of investment properties**

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | % | SEK million | % | SEK million |
| Sweden | -6.4 | -6,627 | 9.0 | 8,038 |
| Germany | 3.5 | 3,147 | 2.5 | 1,754 |
| Denmark | -5.0 | -3,872 | 10.0 | 6,033 |
| Netherlands | -2.4 | -743 | 11.6 | 2,831 |
| Czech Republic | 11.3 | 2,372 | 13.9 | 2,182 |
| Norway | 1.3 | 250 | 2.3 | 438 |
| Finland | 4.2 | 154 | 7.6 | 72 |
| United Kingdom | 4.8 | 131 | 1.5 | 15 |
| Poland | 8.1 | 77 | – | – |
| **Total / Average in %** | **-1.5** | **-5,111** | **7.6** | **21,363** |

## 2.8 Fair Value adjustment of derivative financial instruments

Derivative financial instruments include interest rate derivatives, cross currency swaps and forward purchase contracts and are measured at fair value. Gains and losses arising from changes in the fair value of the derivative financial instruments are included in Comprehensive Income Statement in the period in which they arise. For more information regarding fair value assessments see Note 6.1.

| SEK million | 2022 | 2021 |
|---|---|---|
| Unrealised value change | 883 | 885 |
| Realised value change | 232 | -65 |
| **Total fair value adjustment of derivative financial instruments** | **1,115** | **819** |

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## 2.9 Financial income and expenses

**Accounting policies**
Interest income on bank balances, and interest and other borrowing costs, are recognised as income and expenses, respectively. Payments in accordance with interest-rate derivative agreements are included in this item and are expensed in the period to which they relate. Changes in the fair value of interest-rate derivatives are presented in a separate line in the Statement of Comprehensive Income. Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalised to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period they incur.

**Financial income and expenses reported in Comprehensive Income Statement**

| SEK million | 2022 | 2021 |
|---|---|---|
| *Assets and liabilities measured at amortised cost:* | | |
| Interest income, promissory notes | 33 | 116 |
| Interest income, other financial assets | 283 | 36 |
| **Total interest income in accordance with the effective interest method** | **316** | **152** |
| Interest expenses, loans | -2,364 | -1,340 |
| **Total interest expenses in accordance with the effective interest method** | **-2,364** | **-1,340** |
| Finance expenses capitalised within investment property | 89 | 52 |
| **Total finance cost capitalised** | **89** | **52** |
| Currency translation losses | -8,751 | -1,368 |
| Currency translation gain | 2,172 | 1,444 |
| **Total currency gains/losses** | **-6,578** | **76** |
| **Net financial items** | **-8,538** | **-1,060** |

## 2.10 Income tax expenses

**Accounting policies**
Tax is recognised in Comprehensive Income Statement except where the underlying transaction is recognised in other comprehensive income or directly in equity, upon which the associated tax effect is recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the date of the Consolidated Balance Sheet in the countries where Heimstaden Bostad operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

**Consolidated Comprehensive Income Statement**

| SEK million | 2022 | 2021 |
|---|---|---|
| Current tax expense | -836 | -492 |
| Deferred tax | 1,878 | -4,580 |
| **Income tax expenses reported in the Comprehensive Income Statement** | **1,041** | **-5,072** |

**Reconciliation of effective tax rate**

| SEK million | 2022 | 2021 |
|---|---|---|
| Reported profit/loss before tax | -6,362 | 24,024 |
| Tax according to current rate | 1,311 | -5,491 |
| Tax effect of: | | |
| Non-taxable income | -20 | 18 |
| Non-deductible costs | -50 | -20 |
| Non-taxable profit on disposal of participations | 38 | 10 |
| Non-deductible interest net | -250 | -274 |
| Tax effect of hybrid bonds | 198 | 137 |
| Tax on share in earnings from associated companies | -335 | – |
| Negative value change in properties acquired during the year | – | 115 |
| Revaluations, deferred tax | -203 | 326 |
| Tax attributable to previous years | -82 | 73 |
| Other | 434 | 34 |
| **Income tax expenses reported in the Comprehensive Income Statement** | **1,041** | **-5,072** |

## 2.11 Earnings per share

Basic and diluted earnings per share are calculated by dividing earnings attributable to shareholders of the Parent Company by an average number of outstanding ordinary shares during the period.

| SEK million | 2022 | 2021 |
|---|---|---|
| **Profit for the period attributable to:** | | |
| The Parent Company's shareholders | -5,105 | 18,946 |
| Non-controlling interests | -216 | 5 |
| **Comprehensive income for the period attributable to:** | | |
| The Parent Company's shareholders | 8,598 | 22,574 |
| Non-controlling interests | -216 | 5 |
| Average number of ordinary shares outstanding | 11,627,659 | 7,741,760 |
| Total comprehensive income for the period attributable to ordinary shareholders | 3,281 | 18,267 |
| **Earnings per ordinary share (basic and diluted)** | **282** | **2,360** |

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# 3. Non-current assets

## 3.1 Investment properties

### Total property value per segment

The total property value, measured at fair value, was SEK 344,856 million (300,584). This value included value decrease for 2022 of SEK 5,121 million (increase 21,219). In percentage, the decrease in value was 1.5 (increase 7.6) of the total property value before changes in value. The total property value per operating segment is shown below.

### Valuation gain or loss investment properties

| SEK million | Sweden | Germany | Denmark | Netherlands | Czech Republic | Norway | Finland | United Kingdom | Poland | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fair Value of investment properties, 31 December 2020** | **49,757** | **3,716** | **36,200** | **23,366** | **13,827** | **17,538** | **–** | **–** | **–** | **144,404** |
| Acquisitions during the period | 3,523 | 12,473 | 18,272 | 0 | 213 | 0 | 918 | 721 | – | 36,119 |
| Business combinations | 33,139 | 52,232 | 4,163 | – | – | – | – | – | – | 89,534 |
| Disposals | 0 | -114 | -63 | -55 | 0 | -451 | 0 | 0 | – | -683 |
| Land leases | 71 | 4 | – | – | – | 42 | – | – | – | 117 |
| Capital expenditure on completed investment properties | 881 | 146 | 563 | 644 | 296 | 295 | 10 | – | – | 2,836 |
| Capital expenditure on investment properties under construction | 1,647 | 42 | 354 | – | 207 | 20 | – | 251 | – | 2,520 |
| Currency translation | 0 | 399 | 1,113 | 539 | 1,208 | 1,211 | 15 | 33 | – | 4,518 |
| **Fair Value after transactions** | **89,018** | **68,898** | **60,601** | **24,494** | **15,750** | **18,657** | **942** | **1,005** | **–** | **279,365** |
| Value change[1] | 8,038 | 1,754 | 6,033 | 2,831 | 2,182 | 294 | 72 | 15 | – | 21,219 |
| **Fair Value of investment properties, 31 December 2021** | **97,057** | **70,651** | **66,635** | **27,324** | **17,932** | **18,951** | **1,014** | **1,019** | **–** | **300,584** |
| Acquisitions during the period | 2,134 | 11,601 | 3,523 | 196 | – | 125 | 1,985 | 268 | 901 | 20,733 |
| Disposals | -471 | -26 | -16 | -33 | -2 | -113 | – | – | – | -661 |
| Land leases | 89 | -4 | – | – | – | 92 | 337 | – | – | 513 |
| Capital expenditure on completed investment properties | 2,202 | 645 | 491 | 873 | 784 | 139 | 75 | – | – | 5,210 |
| Capital expenditure on investment properties under construction | 2,473 | 21 | 818 | – | – | 227 | – | 1,380 | – | 4,919 |
| Currency translation | – | 6,802 | 6,043 | 2,438 | 2,356 | 665 | 272 | 55 | 48 | 18,679 |
| **Fair Value after transactions** | **103,483** | **89,690** | **77,496** | **30,798** | **21,071** | **20,084** | **3,683** | **2,723** | **949** | **349,977** |
| Value change[1] | -6,632 | 3,130 | -3,856 | -750 | 2,372 | 254 | 154 | 131 | 77 | -5,121 |
| **Fair Value of investment properties, 31 December 2022** | **96,851** | **92,820** | **73,640** | **30,048** | **23,443** | **20,338** | **3,837** | **2,854** | **1,026** | **344,856** |

[1] *Fair value adjustment of investment properties in the income statement also includes realised change and is not reflected in the table above, see note 2.1 and note 2.7.*

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**Breakdown by category, 31 December 2021**

| SEK million | Sweden | Germany | Denmark | Netherlands | Czech Republic | Norway | Finland | United Kingdom | Poland | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Completed investment properties | 91,788 | 70,647 | 65,600 | 27,324 | 17,750 | 18,378 | 1,014 | 172 | – | 292,673 |
| Investment properties under construction | 5,106 | – | 895 | – | – | – | – | 847 | – | 6,848 |
| Land and building rights | 25 | – | 141 | – | 181 | – | – | – | – | 347 |
| Land leases | 137 | 4 | – | – | – | 574 | – | – | – | 716 |
| **Total** | **97,057** | **70,651** | **66,635** | **27,324** | **17,932** | **18,951** | **1,014** | **1,019** | **–** | **300,584** |

**Breakdown by category, 31 December 2022**

| SEK million | Sweden | Germany | Denmark | Netherlands | Czech Republic | Norway | Finland | United Kingdom | Poland | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Completed investment properties | 91,616 | 92,820 | 72,402 | 30,048 | 23,236 | 19,672 | 3,500 | 186 | 562 | 334,040 |
| Investment properties under construction | 4,742 | – | 1,061 | – | – | – | – | 2,668 | 464 | 8,934 |
| Land and building rights | 267 | – | 178 | – | 207 | – | – | – | – | 652 |
| Land leases | 226 | – | – | – | – | 666 | 337 | – | – | 1,229 |
| **Total** | **96,851** | **92,820** | **73,640** | **30,048** | **23,443** | **20,338** | **3,837** | **2,854** | **1,026** | **344,856** |

The Company's contracts in Poland are structured as forward purchases (contracts under the condition precedent of the completion of the works) and the transfer to investment properties and of ownership occurs only after provisional acceptance. A parallel financing agreement has been entered with the developers. The balances as per 31 December 2022, SEK 1,977 million and SEK 109 million, are recognised as other non-current financial assets and other current assets, respectively.

### Accounting policies

Investment properties comprise completed properties, properties under construction, and land and building rights that are held, to earn rentals or for capital appreciation or both. A property held under a lease is classified as investment property when it is held to earn rental income or for capital appreciation, or both, and land leases. Contracts related to land leases are accounted for as long-term lease contracts.

Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, brokers' fees, and professional fees for legal services. Borrowing costs that are directly attributable to the construction or redevelopment of assets that take a substantial period of time to get ready for their intended use are capitalised.

Subsequent recognitions are at fair value, which reflects market conditions at the reporting date. Gains or losses are recognised in profit or loss in the period in which they arise, including the corresponding tax effect. Subsequent expenditure is capitalised when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed. Investment property under construction is measured at fair value if the fair value is reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects the fair value to be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed.

Management considers the following factors when evaluating whether the fair value of property under construction can be measured reliably:

- Provisions of the construction contract.
- Stage of construction.
- Custom or standard project/property.
- Reliability of cash inflows after completion.
- Risks specific to the property.
- Experience with similar construction.
- Status of construction permits.

Management has determined that investment properties under construction are eligible for fair value measurements once all three following criteria are fulfilled:

- Administrative authorisations are obtained.
- Ongoing construction and costs are committed toward the constructor.
- Uncertainty in future rental income has been assumed low.

Transfers are made to (or from) investment property when there is evidence of a change in use. For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

An investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal or use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

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### External valuation

All investment properties are valued quarterly by external acknowledged real-estate advisory companies, whose employees are professionally qualified, and have the appropriate competence to carry out the valuation in accordance with the required international valuation standards. The Company has a dedicated in-house valuation team ensuring quality assurance of all external valuations.

| Country | Valuer |
|---|---|
| Sweden | CBRE |
| Germany | CBRE |
| Denmark | CBRE |
| Netherlands | Cushman Wakefield |
| Czech Republic | JLL |
| Norway | Cushman Wakefield, Nyverdi, Ele, Aktiv |
| Finland | CBRE |
| United Kingdom | Savills |
| Poland | CBRE |

### Valuation assumptions

The valuation methodology follows market practice in each respective country and is in general based on 'highest-and-best use' meaning both a reletting and a divestment scenario. The market value in the two scenarios is based on cash flow generated by:

- Reletting scenario: Reletting the units at market rent upon tenant fluctuation.
- Divestment scenario: Successively divesting the units as owner-occupied units upon tenant fluctuation.

There were no material changes to the valuation techniques during the year.

In most markets, properties are valued according to the discounted cash flow (DCF) method using operating and market inputs.

- Estimated rental income based on the location, type, and quality of the properties and supported by any existing leases, other contracts or external evidence such as current market rents for similar units;
- Estimated sales prices of vacant units (only divestment scenario): income based on sales prices supported by external evidence such as sales prices for similar units;
- Estimated vacancy rates based on current and expected future market conditions after expiry of any current leases;
- Property costs and capital expenditures including maintenance and necessary investments to maintain functionality of the property for expected useful life as well as fixed cost like property taxes, insurance etc.;
- Capitalisation rates based on location and quality of the properties and taking into account market data at the valuation date; and
- Terminal value taking into account assumptions regarding maintenance costs, vacancy rates, and market rents on a stabilised basis.

For Norwegian residential assets with a total carrying amount of SEK 19,672 million (18,378), the valuation is determined using the sales comparison approach. Values are determined by considering recent comparable unit sales evidence in the market and making adjustments for differences in key attributes such as unit size and quality of interior fittings.

For properties under construction or redevelopment, the DCF model also takes into account cost to complete including developers margin and completion date based on internal forecasts and management's experience and knowledge of market conditions.

Additionally, properties under construction require approval or permits from regulatory bodies at various points in the development process. Based on management's experience with similar developments, all relevant permits and approvals are expected to be obtained.

### Valuation hierarchy

The majority of the property portfolio is deemed to be at Level 3 in the fair value hierarchy according to IFRS 13 fair value Measurement, with the exception of the Norwegian residential assets which are based on Level 2. For Level 3, the estimated future cash flows are based on existing rental income and operating and maintenance costs, adjusted for expected changes herein. The fair value of the properties is the sum of the discounted cash flows during the calculation period and the terminal value.

### Valuation process

Valuations are based on appraisals from independent external valuers.

The policies and procedures for property valuations are assessed by the Company's in-house valuation team, which has aligned methods with the external valuers. The valuation team holds relevant professional qualifications and are experienced in valuing the types of property in the applicable locations.

At each reporting date, the valuation team analyses the development in property value including verifying major inputs applied and agreeing the information in the valuation computation to rent rolls, market reports, and other relevant documents. The internal team also compares each property's change in fair value with relevant external benchmarks to determine whether the change in fair value is reasonable.

A quantitative sensitivity analysis regarding return requirements and net operating income in accordance with the present value method is shown in the below table.

Property valuations are estimates that build on accepted policies and assumptions. The actual fair value of a property can only be determined when it is sold. Accordingly, the valuation, uncertainty intervals, and sensitivity analysis, include unobservable inputs and a degree of uncertainty in the inputs and assumptions made. However, uncertainty related to the valuation and its assumptions are reduced by obtaining external assurance from independent third parties in addition to management's internal review, which among other factors includes comparing values to recent transactions in the market.

The table on the next page presents the following information for investment properties in each of our markets:

1. The fair value measurements at the end of the reporting period.
2. The level of the fair value hierarchy (e.g., Level 2 or Level 3) within which the fair value measurements are categorised in their entirety.
3. Valuation technique applied.
4. The inputs used in the fair value measurement.
5. Quantitative information about the significant unobservable inputs used in the fair value measurement.
6. Uncertainty interval and sensitivity analysis.

| 2022 | | | | | | | | | | Sensitivities in running yield, change in percentage point | | | | | | | | Sensitivities in net operating income (NOI) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Markets | Valuation | Valuation technique | Fair Value hierarchy level | Net operating income | Of which regulated, % | Running yield, % | Sensitivity | Lower impact | Higher impact | 1.00% | 0.75% | 0.50% | 0.25% | -0.25% | -0.50% | -0.75% | -1.00% | -2.00% | -1.50% | -1.00% | 1.00% | 1.50% | 2.00% |
| Sweden | 96,851 | DCF | Level 3 | 2,737 | 100 | 2.83 | – | – | – | -25,311 | -20,310 | -14,558 | -7,870 | 9,398 | 20,816 | 34,983 | 53,028 | -1,937 | -1,453 | -969 | 969 | 1,453 | 1,937 |
| Germany | 92,820 | DCF | Level 3 | 2,334 | 100 | 2.51 | – | – | – | -26,414 | -21,327 | -15,398 | -8,395 | 10,249 | 23,043 | 39,462 | 61,304 | -1,856 | -1,392 | -928 | 928 | 1,392 | 1,856 |
| Denmark | 73,640 | DCF | Level 3 | 2,875 | 16 | 3.90 | – | – | – | -15,014 | -11,865 | -8,359 | -4,431 | 5,037 | 10,814 | 17,507 | 25,352 | -1,473 | -1,105 | -736 | 736 | 1,105 | 1,473 |
| Netherlands | 30,048 | DCF | Level 3 | 999 | 53 | 3.32 | – | – | – | -6,950 | -5,533 | -3,930 | -2,102 | 2,444 | 5,322 | 8,758 | 12,934 | -601 | -451 | -300 | 300 | 451 | 601 |
| Czech Republic | 23,443 | DCF | Level 3 | 1,081 | 28 | 4.61 | – | – | – | -4,178 | -3,279 | -2,293 | -1,206 | 1,344 | 2,851 | 4,553 | 6,491 | -469 | -352 | -234 | 234 | 352 | 469 |
| Norway | 20,338 | Sale comparison | Level 2 | 602 | 0 | 2.96 | Sales price pr. sqm +/- 10% | -2,034 | 2,034 | -5,136 | -4,112 | -2,939 | -1,584 | 1,876 | 4,134 | 6,903 | 10,377 | -407 | -305 | -203 | 203 | 305 | 407 |
| Finland | 3,837 | DCF | Level 3 | 179 | 0 | 4.66 | – | – | – | -678 | -532 | -372 | -195 | 217 | 461 | 735 | 1,048 | -77 | -58 | -38 | 38 | 58 | 77 |
| United Kingdom | 2,854 | DCF | Level 3 | 131 | 0 | 4.60 | – | – | – | -509 | -400 | -280 | -147 | 164 | 348 | 556 | 792 | -57 | -43 | -29 | 29 | 43 | 57 |
| Poland | 1,026 | DCF | Level 3 | 53 | 0 | 5.16 | – | – | – | -166 | -130 | -91 | -47 | 52 | 110 | 174 | 247 | -21 | -15 | -10 | 10 | 15 | 21 |
| | **344,856** | | | **10,991** | **60** | **3.17** | | | | | | | | | | | | | | | | | |

| 2021 | | | | | | | | | | Sensitivities in running yield, change in percentage point | | | | | | | | Sensitivities in NOI | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Markets | Valuation | Valuation technique | Fair Value hierarchy level | Net operating income | Of which regulated, % | Running yield, % | Sensitivity | Lower impact | Higher impact | 1.00% | 0.75% | 0.50% | 0.25% | -0.25% | -0.50% | -0.75% | -1.00% | -2.00% | -1.50% | -1.00% | 1.00% | 1.50% | 2.00% |
| Sweden | 97,057 | DCF | Level 3 | 2,792 | 100 | 2.88 | – | – | – | -23,583 | -20,069 | -14,370 | -7,759 | 9,236 | 20,415 | 34,221 | 58,054 | -1,941 | -1,456 | -971 | 971 | 1,456 | 1,941 |
| Germany | 70,651 | DCF | Level 3 | 1,877 | 100 | 2.66 | – | – | – | -19,367 | -15,554 | -11,191 | -6,077 | 7,339 | 16,379 | 27,790 | 42,421 | -1,413 | -1,060 | -707 | 707 | 1,060 | 1,413 |
| Denmark | 66,635 | DCF | Level 3 | 2,326 | 12 | 3.49 | – | – | – | -14,831 | -11,787 | -8,350 | -4,454 | 5,141 | 11,143 | 18,239 | 26,779 | -1,333 | -1,000 | -666 | 666 | 1,000 | 1,333 |
| Netherlands | 27,324 | DCF | Level 3 | 789 | 67 | 2.89 | – | – | – | -7,041 | -5,633 | -4,032 | -2,177 | 2,589 | 5,721 | 9,585 | 14,422 | -546 | -410 | -273 | 273 | 410 | 546 |
| Czech Republic | 17,932 | DCF | Level 3 | 871 | 34 | 4.86 | – | – | – | -3,069 | -2,397 | -1,673 | -877 | 972 | 2,056 | 3,272 | 4,633 | -359 | -269 | -179 | 179 | 269 | 359 |
| Norway | 18,951 | Sale comparison | Level 2 | 537 | 0 | 2.84 | Sales price pr. sqm +/-10% | -1,895 | 1,895 | -4,967 | -3,964 | -2,841 | -1,535 | 1,832 | 4,057 | 6,814 | 10,234 | -379 | -284 | -190 | 190 | 284 | 379 |
| Finland | 1,014 | DCF | Level 3 | 59 | 0 | 5.80 | – | – | – | -146 | -116 | -80 | -42 | 46 | 96 | 150 | 215 | -20 | -15 | -10 | 10 | 15 | 20 |
| United Kingdom | 1,019 | DCF | Level 3 | 46 | 0 | 4.48 | – | – | – | -180 | -146 | -102 | -54 | 60 | 128 | 205 | 303 | -20 | -15 | -10 | 10 | 15 | 20 |
| | **300,584** | | | **9,298** | **62** | **3.09** | | | | | | | | | | | | | | | | | |

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### Acquisitions after the Balance Sheet date

Heimstaden Bostad has agreed to acquire properties with closing dates after the Balance Sheet date.

### Segments

| SEK million | Anticipated date of acquisition | Agreed purchase price |
|---|---|---|
| Denmark | Q1,2023 | 505 |
| Total | | 505 |

## 3.2 Intangible assets

Goodwill mainly derives from the business combination of Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS (DK) and Akelius GmbH (DE) that was completed in 2021, and the Country Management organisation in Sweden, Germany, Denmark, Netherlands, Czech Republic, Norway, Finland, United Kingdom and Poland that was sold from Heimstaden AB to Heimstaden Bostad AB during 2022. For further information, see Note 8.2.

| SEK million | Goodwill | Licences | Total |
|---|---|---|---|
| **Opening balance, 1 January 2021** | **–** | **38** | **38** |
| Business combinations | 16,466 | – | 16,466 |
| Investments for the year | – | -5 | -5 |
| Changes in value from foreign currency | 22 | 3 | 25 |
| **Closing balance, 31 December 2021** | **16,489** | **35** | **16,524** |
| | | | |
| **Opening balance accumulated depreciation, 1 January 2021** | **–** | **-31** | **-31** |
| Business combinations | – | – | – |
| Depreciation for the year | – | 6 | 6 |
| Disposals | – | -2 | -2 |
| **Closing balance accumulated depreciation, 31 December 2021** | **–** | **-28** | **-28** |
| | | | |
| **Carrying amount, 31 December 2021** | **16,489** | **8** | **16,497** |

| SEK million | Goodwill | Licences | Total |
|---|---|---|---|
| **Opening balance, 1 January 2022** | **16,489** | **35** | **16,524** |
| Business combinations | 2,859 | 10 | 2,869 |
| Final Adjustment Purchase Price Allocation | -600 | – | – |
| Investments for the year | – | 118 | 118 |
| Changes in value from foreign currency | 821 | 5 | 226 |
| **Closing balance, 31 December 2022** | **19,569** | **167** | **19,737** |
| | | | |
| **Opening balance accumulated depreciation, 1 January 2022** | **–** | **-28** | **-28** |
| Business combinations | – | -1 | -1 |
| Depreciation for the year | – | -4 | -4 |
| Disposals | – | -10 | -10 |
| **Closing balance accumulated depreciation, 31 December 2022** | **–** | **-43** | **-43** |
| | | | |
| **Carrying amount, 31 December 2022** | **19,569** | **124** | **19,693** |

### Accounting policies

#### Goodwill

Goodwill acquired in a business combination is recognised at fair value at the acquisition date. Goodwill has an infinite useful life and is subsequently carried at cost less accumulated impairment.

#### Impairment

Goodwill identified in a business combination is allocated to the Group's cash generating units (CGUs) and tested for impairment. The operating segments is the lowest level where cash flows are identified and is therefore identified as the Group's CGUs. To identify the CGUs recoverable amount, the management calculated the CGUs "value in use" by discounting the estimated future cash flows of the operating segment. Heimstaden Bostad's operating segments are expected to benefit from the synergies derived by combining the Akelius and Heimstaden Bostad asset base. Goodwill from the acquisition of Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS and Akelius GmbH is comprised of two parts. It comprises of the synergy effects resulting from lowered financial costs. This part amounts to SEK 3,750 million (3,544). In addition, there is a reported goodwill attributable to the difference between nominal tax and the deferred tax that is calculated on the acquisition of properties in company format that must be reported among business combinations. For reported goodwill, a corresponding amount is recognized under the item deferred tax. Synergies from the transaction is primarily assessed to relate to debt financing synergies through a strengthened business risk profile, i.a. through improved portfolio diversification and size. The Company has assessed that goodwill related to financial synergies from the Akelius transaction is primarily related to financing in EUR (including DKK which is pegged to EUR) and has therefore allocated goodwill to the CGUs directly exposed to EUR (and DKK). Heimstaden Bostad expect to benefit from synergies derived from the respective management company in each country within Heimstaden Bostad's Country Management group. Synergies derived mainly by cost savings. The econornic benefits derived from the combined asset base is higher than the operating segment's carrying amount. This means that no impairment is necessary.

#### Assumptions

The value in use was calculated based on discounted cash flows, which are based on assumptions regarding sales growth and the cost trend. Cash flows include a forecast period of five years, were 2023 is based on budget approved by board. Cash flows between year two and five are based on a long term financial plan, cash flows after this period have been determined using a terminal growth rate corresponding to 2%. This growth is based on reasonable prudence and does not exceed long-term growth for the in-

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dustry. A discount rate before tax was applied when calculating the value in use of our CGUs. With the assumptions described above, recoverable amount exceeds the carrying amount for all CGUs.

**Sensitivity analysis**
In connection with the impairment test, sensitivity analyses have been performed on changes in estimated growth and discount rates. The sensitivity analyses indicated that an increase in the average discount rate before tax of 0.25% would lead to an impairment of SEK 1,346 million, a decrease in the growth rate of 0.25% would lead to an impairment of SEK 1,353 million.

**Carrying amount of goodwill allocated by CGU**

| | | 2022 | | 2021 | |
|---|---|---|---|---|---|
| | Discount rate | Goodwill Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS and Akelius GmbH | Goodwill Country Management[1] | Goodwill Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS and Akelius GmbH | Goodwill Country Management |
| Sweden | 5.3 | 3,928 | 223 | 3,777 | – |
| Germany | 4.9 | 9,981 | 828 | 10,155 | – |
| Denmark | 4.9 | 1,998 | 1,097 | 1,807 | – |
| Netherlands | 5.4 | 677 | 133 | 640 | – |
| Czech Republic | – | – | 420 | – | – |
| Norway | – | – | 125 | – | – |
| Finland | 5.8 | 116 | 6 | 110 | – |
| United Kingdom | – | – | 9 | – | – |
| Poland | – | – | 27 | – | – |
| **Total** | | **16,700** | **2,869** | **16,489** | **–** |

[1] *A discount rate of 5.4% is used for Country Management.*

## 3.3 Machinery and equipment

**Accounting policies**
Machinery and equipment mainly comprises machinery, office and computer equipment. Machinery and equipment is recognised at cost less accumulated depreciation and impairment. Cost includes expenses directly attributable to the acquisition of the asset. Additional expenses are capitalised to the asset's carrying amount or recognised as a separate asset only if it is likely that future economic benefits associated with the asset will be received by the Group and when the cost of the asset can be reliably calculated.

The useful life of computer equipment and of other machinery and equipment has been calculated at three years and five years, respectively. Depreciation is applied on a straight-line basis over the useful life and is recognised in profit or loss. The residual value of the assets and their useful life is reviewed at every closing and adjusted when necessary.

| SEK million | Equipment |
|---|---|
| **Opening balance, 1 January 2021** | **42** |
| Business combinations | 53 |
| Investments for the year | 20 |
| Changes in value from foregin currency | 5 |
| **Closing balance, 31 December 2021** | **120** |
| | |
| **Opening balance accumulated depreciation, 1 January 2021** | **-23** |
| Business combinations | -38 |
| Depreciation for the year | -4 |
| Disposals | 6 |
| Change in value from foregin currency | -2 |
| **Closing balance accumulated depreciation, 31 December 2021** | **-61** |
| | |
| **Carrying amount, 31 December 2021** | **59** |
| | |
| **Opening balance, 1 January 2022** | **120** |
| Business combinations | 133 |
| Investments for the year | 16 |
| Changes in value from foregin currency | 6 |
| **Closing balance, 31 December 2022** | **274** |
| | |
| **Opening balance accumulated depreciation, 1 January 2022** | **-61** |
| Business combinations | -65 |
| Depreciation for the year | -18 |
| Disposals | 1 |
| Change in value from foregin currency | 1 |
| **Closing balance accumulated depreciation, 31 December 2022** | **-143** |
| | |
| **Carrying amount, 31 December 2022** | **131** |

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## 3.4 Investments in associated companies and joint ventures

### Accounting policies

Associated companies and joint ventures are all entities over which Heimstaden Bostad has significant influence but not control or joint control. This is generally the case where Heimstaden Bostad holds between 20% and 50% of the voting rights. Investments in associated companies and joint ventures are accounted for using the equity method of accounting, after initially being recognised at acquisition cost. The carrying amount of the investment is adjusted to recognise changes in Heimstaden Bostad's share of net assets of the associated company and joint venture since the acquisition date. Dividends received or receivable from associated companies and joint ventures are recognised as a reduction in the carrying amount of the investment.

The Statement of Comprehensive Income reflects Heimstaden Bostad's share of the results of operations of the joint ventures. Any change in other comprehensive income of those investees is presented as part of Heimstaden Bostad's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint ventures, Heimstaden Bostad recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between Heimstaden Bostad and the associated company and joint ventures are eliminated to the extent of the interest in the associated company and joint ventures.

Where Heimstaden Bostad's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, Heimstaden Bostad does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between Heimstaden Bostad and its associated companies and joint ventures are eliminated to the extent of Heimstaden Bostad's interest in these entities.

At each reporting date, Heimstaden Bostad determines whether there is objective evidence that the investment in each joint venture and associated companies is impaired. If there is such evidence, Heimstaden Bostad calculates the amount of impairment as the difference between the recoverable amount of the associated company and joint venture and its carrying value, and then recognises the loss as 'Share of profit of joint ventures' in the Statement of Comprehensive Income.

When Heimstaden Bostad ceases equity accounting for an investment because of a loss of joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset.

### Investments in associated companies and joint ventures

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Opening balance | 739 | 347 |
| Investment for the year | 186 | 63 |
| Financial investments that were reclassified as associated companies[1] | 10,058 | – |
| Change in value from foregin currency | 332 | – |
| Share of profit | -1,617 | 329 |
| **Closing balance** | **9,698** | **739** |

[1] *During 2022, the Company's investment in Kojamo Oyj was classified as an associated company based on an assessment of significant influence. The assessment of significant influence is determined by the fact that Heimstaden Bostad AB is by far the largest owner in Kojamo Oyj with significant voting power, owning 19.98%, and took a position on the nomination committee of the company in September 2022. Based on the difference between the cost of the investment and the Company's share of the estimated net fair value of the investee's identifiable assets and liabilities, Heimstaden Bostad recorded a bargain gain of SEK 2,027 million.*

### Specifications of the Group's investments in associated companies

| Company | Corp. ID No | Reg. office | No. of shares | Share in % | Value of share of equity in the Group, SEK million |
|---|---|---|---|---|---|
| Rosengård Fastighets AB | 559085-4708 | Malmö | 25,000 | 25 | 224 |
| Kojamo Oyj[1] | 0116336-2 | Helsingfors | 49,389,283 | 20 | 9,071 |
| Kiinteistö Oy Hiihtomäentie 14 | 0819867-2 | Helsingfors | 13,327 | 53 | 102 |
| Asunto Oy Jyväskylän Tanhurinne | 2550507-2 | Jyväskylä | 2,412 | 24 | 7 |
| Asunto Oy Hämeenlinnan Aaponkuja 3 | 0476973-0 | Hämeenlinna | 3,339 | 33 | 4 |
| Asunto Oy Jyväskylän Harjukartano | 2000294-3 | Jyväskylä | 1,837 | 23 | 19 |
| Asunto Oy Lahden Jyrkkärinteenpuisto | 0149959-5 | Lahti | 2,094 | 41 | 23 |
| Asunto Oy Lahden Roopenkuja | 0854949-5 | Lahti | 2,556 | 26 | 6 |
| Asunto Oy Jyväskylän Vaneritori 4 | 1656220-0 | Jyväskylä | 3,666 | 37 | 24 |
| Asunto Oy Oulun Tulliveräjä | 2335738-7 | Oulu | 4,068 | 41 | 22 |
| Asunto Oy Puolukkavarikko | 0823818-7 | Jyväskylä | 3,391 | 34 | 7 |
| Asunto Oy Jyväskylän maalaiskunnan Kirkkotie 3 | 1518422-8 | Jyväskylä | 6,158 | 62 | 20 |
| Asunto Oy Oulun Notaarintie 1 | 1749066-7 | Oulu | 2,440 | 24 | 16 |
| **Total** | | | | | **9,544** |

[1] *Heimstaden Bostad's share price of Kojamo Oyj as at 31 December 2022 amounted to SEK 7,606 million. Heimstaden Bostad have performed an impairment test and assessed that there is no need for write-down.*

### Impairment

Heimstaden Bostad has due to the share price of Kojamo Oyj, performed an impairment test for its holding in the Company. To identify the recoverable amount, the management calculated the "value in use" by discounting the estimated future cash flows of the investment. The economic benefits derived from the combined asset base is higher than the associated company's carrying amount. This means that no impairment is necessary.

### Assumptions

The value in use was calculated based on discounted cash flows, which are based on assumptions regarding sales growth and the cost trend. Cash flows have been determined using a growth rate corresponding to 2%. This growth is based on reasonable prudence and does not exceed long-term growth for the industry. An average discount rate of 5.4% before tax was applied when calculating the value in use. With the assumptions described above, recoverable amount exceeds the carrying amount.

### Sensitivity analysis

In connection with the impairment test, sensitivity analyses have been performed on changes in growth and discount rates. The sensitivity analyses indicated that an increase in the average discount rate before tax of 0.2% or a decrease in the growth rate of 0.5% would lead to an impairment.

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### Specifications of the Group's investments in joint ventures

| Company | Corp. ID No | Reg. office | No. of shares | Share in % | Value of share of equity in the Group, SEK million |
|---|---|---|---|---|---|
| Upplands Bro Brogårds etapp 2 | 559175-4915 | Stockholm | 500 | 50 | 94 |
| A Place 2 A/S | 39754134 | Charlottenlund | 5,000 | 50 | 22 |
| Gamlebro AB | 556791-3990 | Norrköping | 500 | 50 | 11 |
| Byggrätt Norr AB | 559207-4859 | Skellefteå | 94 | 19 | 0 |
| Österåkerporten AB | 559175-4907 | Stockholm | 500 | 50 | 26 |
| **Total** | | | | | **154** |

### 2022 Financial Statements

| SEK million | Kojamo Oyj | Rosengård Fastighets AB | Upplands Bro Brogårds Etapp 2 AB | Kiinteistö OY Hiihtomäentie 14 | Other |
|---|---|---|---|---|---|
| Rental income | 1,148 | 159 | 5 | 6 | 99 |
| Property expenses | -378 | -76 | -4 | -8 | -44 |
| **Net operating income** | **770** | **83** | **0** | **-2** | **54** |
| Corporate administrative expenses | -130 | -26 | -1 | 0 | -41 |
| Financial items, net | -168 | -16 | -43 | 0 | -61 |
| Unrealised value change | -8,603 | -167 | -39 | 6 | -509 |
| Tax expenses | 1,621 | 23 | 8 | -1 | 44 |
| **Profit/loss for the period** | **-6,510** | **-104** | **-75** | **3** | **-513** |
| **Group's share of profit/loss** | **-1,301** | **-26** | **-38** | **4** | **-256** |
| **Balance Sheet** | | | | | |
| Investment properties | 90,950 | 1,972 | 823 | 159 | 859 |
| Assets except investment properties | 3,706 | 48 | 210 | 4 | 84 |
| Equity | 45,392 | 1,037 | 188 | 149 | 431 |
| Liabilities | 49,264 | 982 | 845 | 14 | 512 |
| **Group's carrying amount of the investment as of 31 December 2022** | **9,071** | **224** | **94** | **102** | **206** |

### 2021 Financial Statements

| SEK million | Rosengård Fastighets AB | Upplands Bro Brogårds Etapp 2 AB | Kiinteistö OY Hiihtomäentie 14 | Other |
|---|---|---|---|---|
| Rental income | 150 | 0 | 3 | 24 |
| Property expenses | -108 | -1 | -1 | -23 |
| **Net operating income** | **43** | **-1** | **1** | **1** |
| Corporate administrative expenses | 0 | -2 | 0 | 0 |
| Finacial items, net | -10 | -25 | 0 | -7 |
| Unrealised value change | 385 | 44 | 23 | 471 |
| Tax expenses | -87 | -8 | -6 | 0 |
| **Profit/loss for the period** | **330** | **10** | **19** | **464** |
| **Group's share of profit/loss** | **83** | **5** | **9** | **232** |
| **Balance Sheet** | | | | |
| Investment properties | 2,086 | 748 | 99 | 1,760 |
| Assets except investment properties | 44 | 106 | 0 | 63 |
| Equity | 1,117 | 234 | 86 | 495 |
| Liabilities | 1,012 | 620 | 13 | 1,326 |
| **Group's carrying amount of the investment as of 31 December 2021** | **250** | **117** | **86** | **286** |

## 3.5 Other non-current financial assets

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Opening balance | 2,431 | 895 |
| Loans granted for properties under construction | 1,741 | 1,403 |
| Loans granted to associated companies and joint ventures | 104 | 133 |
| Equity securities | 88 | – |
| Impairment on loans granted to associated companies and joint ventures | -78 | – |
| Repayment on loans | -582 | – |
| **Closing balance** | **3,703** | **2,431** |

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# 4. Current assets

## 4.1 Inventory properties

**Accounting policies**
Property acquired or being constructed or redeveloped for sale, rather than to be held for rental or capital appreciation, is held as inventory property and measured at the lower of cost and net realisable value (NRV). Principally, this is residential property that Heimstaden Bostad develops and intends to sell before, or on completion of, development. NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date, and is determined by the Group based on comparable transactions identified by the Group for property in the same geographical market serving the same segment. NRV in respect of inventory property under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, considering the time value of money, if material. Inventory properties are primarily related to certain projects in Oslo, Norway.

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Opening balance | 846 | 1,292 |
| Capital expenditures | 15 | 62 |
| Currency translation | 27 | 85 |
| Reclassification to non-current assets | – | -127 |
| Disposals of inventory properties | – | -464 |
| Value change[1] | -315 | -2 |
| **Closing balance** | **573** | **846** |

[1] *Change in value and gains/losses from sale of of inventory properties in the income statement, SEK 402 million, also includes return on investment guarantee from Fredensborg of SEK 717 million (0).*

*In 2018, Fredensborg AS sold the Norwegian housing portfolio to Heimstaden Bostad. As part of the commercial agreement between the parties, Fredensborg AS guaranteed that the development projects would provide an annual equity return of at least 7.5% until April 2025. The guarantee is settled in cash on an ongoing basis for completed projects that do not generate a return above the minimum level, and the total guarantee responsibility must be settled in cash at the end of the guarantee period, with potential subsequent settlement for projects that have been started but not completed at this time.*

*The investment guarantee is not reflected in the table above. The balance as per 31 December 2022 is recognised as other current assets.*

## 4.2 Rent and trade receivables

**Accounting policies**
Heimstaden Bostad holds trade receivables with the objective to collect contractual cash flows. Trade receivables are recognised initially at transaction price and subsequently at amortised cost using the effective interest method, a provision for expected credit losses.

Heimstaden Bostad applies the simplified method for recognising expected loan losses for leases and trade receivables. This means that expected credit losses are recognised for the remaining term, which is expected to be less than one year for all receivables. Rent is invoiced in advance, meaning that all reported rent receivables and trade receivables have fallen due for payment. Heimstaden Bostad makes provisions for expected credit losses based on historical credit losses and forward-looking information. Heimstaden Bostad's customers have similar risk profiles, which is why the credit risk is initially assessed collectively. Any major individual receivables are assessed per counterparty. Heimstaden Bostad writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been discontinued. See note 6.1 for further information.

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Rent receivables | 359 | 179 |
| **Total rent and trade receivables** | **359** | **179** |

### Age distribution of rent and trade receivables

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| –30 days | 250 | 137 |
| 31–60 days | 21 | 9 |
| 61–90 days | 12 | 5 |
| 91 days + | 133 | 75 |
| **Total** | **415** | **226** |
| Expected credit loss provision | -56 | -47 |
| **Rent and trade receivables, net** | **359** | **179** |

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**Expected credit loss provision**

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| **Opening balance** | **-47** | **-16** |
| Provisions made during the year | -95 | -55 |
| Provisions used during the year | 39 | 12 |
| Unutilised provisions reversed during the year | 47 | 11 |
| **Closing balance** | **-56** | **-47** |

## 4.3 Other current assets

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Prepaid tax | 234 | 131 |
| Deposits related to acquisitions | 315 | 313 |
| Prepaid insurance premium | 34 | 45 |
| Prepaid interest | 427 | 311 |
| Receivable from sale of subsidiaries | 3,937 | – |
| Other receivables | 1,336 | 1,202 |
| **Total** | **6,283** | **2,002** |

## 4.4 Cash and cash equivalents

Cash and cash equivalents mainly include bank deposits. The change in cash and cash equivalents is shown in the Consolidated Statement of Cash Flows.

There are unutilised credit commitments of SEK 19,847 million (24,474), which are not included in cash and cash equivalents.

## 4.5 Other adjustments in Cash Flow Statement

| SEK million | 2022 | 2021 |
|---|---|---|
| Depreciation | 50 | 4 |
| Rental losses | 74 | 38 |
| Exchange rate difference | 6,578 | -76 |
| Other financial items | 182 | – |
| Share of net profits/losses of associated companies and joint ventures | 1,617 | -905 |
| **Total** | **8,501** | **-939** |

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# 5. Equity

At the end of the financial year there were 12,563,147 (9,725,321) ordinary shares, 200 (200) Series A preference shares, 45,872,521 (35,205,992) Series B preference shares and, 514,421 (327,379) Series C preference shares. The voting value of an ordinary share is one half vote per share, the voting value for Series A and B preference shares is one tenth of a vote per share and the voting value for Series C preference shares is one vote per share.

| Event | Type | Date of registration | Change in number of shares | Total number of shares | Change in share capital | Total share capital | Par value |
|---|---|---|---|---|---|---|---|
| **Opening balance, 1 January 2021** | | | | **26,895,437** | | **42,546,466** | **1.58** |
| New share issue | Ordinary, Pref B | 12.01.2021 | 1,671,996 | 28,567,433 | 2,644,927 | 45,191,393 | 1.58 |
| New share issue | Ordinary, Pref B | 18.03.2021 | 3,721,074 | 32,288,507 | 5,886,359 | 51,077,753 | 1.58 |
| New share issue | Ordinary, Pref B, Pref C | 17.11.2021 | 12,637,892 | 44,926,399 | 19,991,855 | 71,069,608 | 1.58 |
| New share issue | Ordinary, Pref B, Pref C | 15.12.2021 | 332,493 | 45,258,892 | 525,970 | 71,595,578 | 1.58 |
| **Closing balance, 31 December 2021** | | | | **45,258,892** | | **71,595,578** | **1.58** |
| **Opening balance, 1 January 2022** | | | | **45,258,892** | | **71,595,578** | **1.58** |
| New share issue | Ordinary, Pref B | 29.03.2022 | 9,671,291 | 54,930,183 | 15,298,995 | 86,894,573 | 1.58 |
| New share issue | Ordinary, Pref B, Pref C | 25.07.2022 | 3,554,262 | 58,484,445 | 5,622,480 | 92,517,053 | 1.58 |
| New share issue | Ordinary, Pref B, Pref C | 21.12.2022 | 465,844 | 58,950,289 | 736,918 | 93,253,971 | 1.58 |
| **Closing balance, 31 December 2022** | | | | **58,950,289** | | **93,253,971** | **1.58** |

### Other capital contributions

Other contributed capital refers to equity contributed by the owners, as well as share premiums for issues of ordinary shares and preference shares.

In 2022, SEK 30,991 million has been raised in equity from existing shareholders. SEK 7,225 million and SEK 410 million, was used to buy back outstanding hybrid bonds and bonds, respectively. SEK 23,356 million of dividends were set off against the subscription price in new share issue.

### Hybrid bonds

Heimstaden Bostad had SEK 24.3 (33.7) billion in outstanding hybrid bonds. These have a perpetual maturity with a variable coupon rate. Heimstaden has the opportunity to redeem outstanding hybrid bonds as of first possible redemption day, which is 5–7 years from the issue date. See Note 6.3 for further details.

At initial recognition, the hybrid bonds are classified as an equity instrument. The classification is based on that there is no explicit contractual obligation to settle the agreement by paying cash or another financial asset. Nor are there any other circumstances indicating that the agreement will be settled in cash or other financial assets. Heimstaden Bostad is entitled to postpone interest payments for an indefinite period in so far as hybrid bond holders are notified within the agreed period and the hybrid bond is subordinated to all other creditors.

During 2022, Heimstaden Bostad bought back hybrid bonds, fully financed by equity raised from existing shareholders. The hybrid bond buyback included SEK 9.3 billion in outstanding hybrid bonds, obtaining an average discount of 25.9% and resulted in a SEK 1.7 billion gain, net of SEK 0.5 billion in tax, recognised in retained earnings.

### Currency translation difference

Currency translation differences arise as a result of translation of foreign operations that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented.

Loans to subsidiaries that comply with IAS 21 paragraphs 15 and 32 for increased net investment in foreign subsidiaries, the translation effect for lending in foreign currencies has affected other comprehensive income by SEK 6,266 million as 31 December 2022.

### Retained earnings

Retained earnings refer to earned profits in the Group. This item also includes previous allocations to the reserve fund.

### Non-controlling interests

Non-controlling interests consist of external ownership interests in subsidiaries and their subsidiaries. Non-controlling interests refers primarily to Allianz Real Estate's investments in Heimstaden Bostad. In 2022, Allianz Real Estate invested in Heimstaden Bostad's portfolio in Sweden and its properties purchased from Akelius in 2021. The partnership was expanded at the end of the year by forming a new joint partnership comprising Allianz's German residential real estate portfolio.

**Non-controlling interests' share of comprehensive income/loss for the period**

| SEK million | 2022 | 2021 |
|---|---|---|
| Comprehensive income/loss for the period | -216 | 5 |

### Specification of other comprehensive income

Other comprehensive income is related to foreign currency translation differences that may be reclassified to profit or loss in subsequent periods.

| SEK million<br>Country | Currency code | 2022 | 2021 |
|---|---|---|---|
| Czech Republic | CZK | 2,250 | 1,179 |
| Denmark | DKK | 2,974 | 506 |
| Netherlands, Germany, and Finland | EUR | 7,471 | 660 |
| Norway | NOK | 734 | 1,264 |
| Poland | PLN | 207 | 6 |
| United Kingdom | GBP | 67 | 14 |
| **Total** | | **13,703** | **3,627** |

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# 6. Capital structure and financial items

## 6.1 Financial instruments

**Accounting policies**

### Financial assets

The Group's financial assets include rent and other trade receivables, other receivables, cash and short-term deposits, derivative financial instruments and publicly traded shares.

Classification at initial recognition depends on the financial asset's contractual cash flow characteristics and Heimstaden Bostad's business model for managing them. Except for trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value.

For a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of a principal and interest (SPPI) on the principal amount outstanding'. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that do not qualify as SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Heimstaden Bostad's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets to collect contractual cash flows.

For purposes of subsequent measurement, Heimstaden Bostad's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments etc.)
- Financial assets at amortised cost (rent and other trade receivables, other receivables, cash, and short-term deposits)

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Comprehensive Income. This category includes publicly quoted shares and derivative instruments, which are further described below.

For purposes of subsequent measurement, Heimstaden Bostad measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets, except for financial assets that do not contain a significant financing component, at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired. Rent and other trade receivables, other receivables, cash, and short-term deposits, meet these conditions and are subsequently measured at amortised cost. A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or when Heimstaden Bostad has transferred its rights to receive cash flows from the asset and either transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

### Impairment of financial assets

Heimstaden Bostad recognises an allowance for expected credit losses for all debt instruments except those held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Heimstaden Bostad expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The valuation of expected credit losses is based on various methods. Other receivables and assets that are not under the scope of the simplified method (see Note 4.2 Rent and trade receivables), are impaired in accordance with a rating-based method using external credit rating. In accordance with the general method, the financial assets covered by provisions for expected credit losses are cash and cash equivalents, other non-current receivables, and other receivables.

Expected credit losses are valued at the product of probability of default, loss given default, and the exposure in the event of default. Heimstaden Bostad has defined default as when payment of the claim is overdue by 90 days or more, or if other factors indicate that payment is in default. For assets and receivables with deteriorated credit exposure, an individual assessment is made, considering historical, current, and forward-looking data. The assessment of whether there is a significant increase in credit risk at the Balance Sheet date for a receivable or asset is based on whether payment is overdue by 30 days or more, or if significant deterioration of rating occurs, entailing a rating below investment grade. In cases where the amounts are not deemed insignificant, a provision is made for expected credit losses for these financial instruments as well. The valuation of expected credit losses considers any collateral and other credit enhancements in the form of guarantees.

Heimstaden Bostad considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Heimstaden Bostad may also consider a financial asset to be in default when internal or external information indicates that Heimstaden Bostad is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by Heimstaden Bostad. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Financial liabilities

Heimstaden Bostad's financial liabilities comprise interest-bearing loans and borrowings, corporate bonds, lease liabilities, derivative financial instruments, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. All financial liabilities are recognised initially at fair value and, except for derivative financial instruments, net of directly attributable transaction costs. For the purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the effective interest rate amortisation process. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the Statement of Comprehensive Income.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

### Derivative financial instruments

Heimstaden Bostad does not apply hedge accounting in accordance with IFRS 9. Derivative financial assets and liabilities are classified as financial assets or liabilities at fair value through profit and loss. Derivative financial assets and liabilities comprise mainly interest rate swaps, forward foreign exchange contracts for economic hedging purposes, and forward purchase contracts for investment

properties held in limited liability companies. Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in profit or loss in net valuation gain or loss financial instruments at fair value through profit and loss. When forward contracts for investment properties held in limited liability companies are settled and the Company takes control of the new subsidiary, the fair value of the forward contract is transferred to the fair value of the investment property.

The Company accounts for future purchase agreements of investment properties held in limited liability companies as a financial instrument under IFRS 9 at fair value through profit/loss, where the investment properties valuation on the special assumption it is built and let is an underlying factor in the fair value calculation. For further information, see note 3.1

### Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Fair Value Measurements of Financial Instruments

Below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities:

| | 31 December 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| SEK million | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | |
| Derivative financial instruments | 1,481 | 1,481 | 440 | 440 |
| Quoted equity investments | – | – | 5,765 | 5,765 |
| Other financial non-current assets | 3,703 | 3,703 | 2,431 | 2,431 |
| Trade receivables | 359 | 359 | 179 | 179 |
| Other financial receivables | 4,867 | 4,867 | 1,469 | 1,469 |
| Cash and cash equivalents | 9,385 | 9,385 | 19,508 | 19,508 |
| **Total** | **19,796** | **19,796** | **29,791** | **29,791** |
| **Financial liabilities** | | | | |
| Derivative financial instruments | 127 | 127 | 6 | 6 |
| Long-term interest-bearing liabilities | 171,119 | 155,011 | 134,895 | 135,229 |
| Current interest-bearing liabilities | 11,572 | 11,572 | 23,485 | 23,485 |
| Lease liabilities | 1,416 | 1,416 | 734 | 734 |
| Trade payables | 833 | 833 | 566 | 566 |
| Other liabilities | 3,008 | 3,008 | 4,411 | 4,411 |
| **Total** | **188,074** | **171,965** | **164,096** | **164,431** |

The following tables provide the fair value measurement hierarchy of the Group's financial assets and financial liabilities:

**As at 31 December 2022**

| | | Fair value measurement using: | | |
|---|---|---|---|---|
| SEK million | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial assets measured at fair value:** | **1,481** | **–** | **1,281** | **200** |
| Derivative financial assets | | | | |
| Cross currency swap | 163 | – | 163 | – |
| Interest rate swaps | 1,118 | – | 1,118 | – |
| Foward purchase contracts | 200 | – | – | 200 |
| **Financial liabilities measured at fair value:** | **-127** | **–** | **-127** | **–** |
| Derivative financial liabilities | | | | |
| Interest rate swaps | -127 | – | -127 | – |

There were no changes in the Group's valuation processes, valuation techniques, or types of inputs used in the fair value measurements during the period. During 2022, the Company's holding in quoted equity investments were reclassified to associated companies. Upon this classification value change of quoted equity investments was SEK -2,208 million. This is presented under other financial items in the income statement. For more information regarding the reclassification see Note 3.4. There were no transfers between Level 1 and Level 2 fair value measurements during 2022, and no transfers into or out of Level 3 fair value measurements during 2022.

**As at 31 December 2021**

| | | Fair value measurement using: | | |
|---|---|---|---|---|
| SEK million | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial assets measured at fair value:** | **6,401** | **5,765** | **165** | **471** |
| Derivative financial assets | | | | |
| Cross currency swaps | 165 | – | 165 | – |
| Foward purchase contracts | 471 | – | – | 471 |
| Quoted equity investments | 5,765 | 5,765 | – | – |
| **Financial liabilities measured at fair value:** | **-202** | **–** | **-202** | **–** |
| Derivative financial liabilities | | | | |
| Cross currency swaps | -173 | – | -173 | – |
| Interest rate swaps | -28 | – | -28 | – |

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### Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest-level input that is significant to the fair value measurement as a whole, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period. For more information regarding fair value hierarcy see Note 3.1.

### Maturity, interest rate derivatives

| | | 31 December 2022 | | | 31 December 2021 | | |
|---|---|---|---|---|---|---|---|
| SEK million | Type | Nominal amount | Share, % | Average interest, %[1] | Nominal amount | Share, % | Average interest, %[1] |
| **Maturity, year** | | | | | | | |
| Within 1 year of the Balance Sheet date | Paying fixed | 21,961 | 48 | 0.76 | 5,314 | 15 | 0.15 |
| Within 1–5 years of the Balance Sheet date | Paying fixed | 16,028 | 35 | 0.74 | 28,845 | 81 | 0.12 |
| Later than 5 years from the Balance Sheet date | Paying fixed | 7,753 | 17 | 2.88 | 1,542 | 4 | 0.10 |
| **Total interest rate derivatives** | | **45,742** | **100** | **1.11** | **35,701** | **100** | **0.12** |

[1] *The interest rate indicates the agreed average interest in the contracts. A negative interest rate indicates that we receive fixed interest.*

### Maturity, cross currency swaps

| | | 31 December 2022 | | | 31 December 2021 | | |
|---|---|---|---|---|---|---|---|
| SEK million | Type | Nominal amount | Share, % | Average interest, %[1] | Nominal amount | Share, % | Average interest, %[1] |
| Within 1 year of the Balance Sheett date | Receives variable | 5,624 | 100 | 4.96 | – | – | – |
| Within 1–5 years of the Balance Sheet date | Receives variable | – | – | – | 5,624 | 100 | 2.36 |
| Later than 5 years from the Balance Sheet date | Receives variable | – | – | – | – | – | – |
| **Total cross currency swaps** | | **5,624** | **100** | **4.96** | **5,624** | **100** | **2.36** |

[1] *The interest rate indicates the variable agreed interest rate on the balance sheet date.*

## 6.2 Financial risks

Russia's invasion of Ukraine on 24 February 2022 has had major impact on Europe's economy and geopolitical climate and may affect the Group. The uncertainty in the global economy has increased. The war has amongst other things led to higher prices for commodities, electricity, and fuel, which has again led to record high inflation in the countries Heimstaden Bostad operates in. Heimstaden Bostad has no presence in the Ukraine but may be affected with higher costs in our operational countries as a consequence of the geopolitical climate. This has in turn led to increased market interest rates and forced central banks to hike key policy rates. The worsened interest rate environment impacts Heimstaden Bostad's funding expenses and may continue to impact asset values negatively. This may cause Heimstaden Bostad's funding costs to increase through higher base rates and potentially higher margins. It has also impacted the liquidity and availability of public debt market funding and Heimstaden Bostad is increasing its focus on secured lending in response.

### Refinancing risk

To minimise refinancing risk, the Company uses various reliable funding sources with a diversified maturity structure. The Company's financial policy stipulates the level of key credit ratios, as well as a minimum average loan tenor in the debt portfolio of 4 years. To mitigate refinancing risk, the Company also maintains ample liquidity reserves and unutilised sources of credit.

### Liquidity risk

Liquidity risk is the risk that Heimstaden Bostad cannot fulfil its financial or operational obligations, or that the Group cannot pay for acquisitions, capital expenditures, or other signed obligations. To mitigate this risk, Heimstaden Bostad has unutilised credit facilities of 19,847 SEK million, a financial policy stating that there can never be more than 25% of debt maturing in a single year, as well as a policy stipulating that the estimated liquidity ratio always has to exceed 125%.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

| Maturity 31 December, 2022, SEK million | 0–1 years | 1–5 years | >5 years |
|---|---|---|---|
| Interest-bearing liabilities[1] | 14,583 | 100,328 | 100,895 |
| Leasing liabilities | 84 | 120 | 1,369 |
| Trade payables | 833 | – | – |
| Other liabilities | 5,766 | – | – |
| **Total** | **21,266** | **100,448** | **102,264** |

| Maturity 31 December, 2021, SEK million | 0–1 years | 1–5 years | >5 years |
|---|---|---|---|
| Interest-bearing liabilities[1] | 22,866 | 64,980 | 89,379 |
| Leasing liabilities | 62 | 100 | 476 |
| Trade payables | 566 | – | – |
| Other liabilities | 6,274 | – | – |
| **Total** | **29,768** | **65,080** | **89,855** |

[1] *Of which interest-bearing liabilities excluding interest expenses amounts to SEK 183,250 million (158,933).*

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### Financial obligations
The Company's debt agreements include financial covenants, the breach of which could lead to the termination of loans, immediate repayment requirements, or a claim on secured assets. The Company's financial policy stipulates levels of key credit ratios to ensure that no covenants are breached. Continuous internal and external auditing assures accurate reporting and information. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

### Credit risk
If counterparties cannot meet their obligations towards the Company or if a substantial number of customers fail to pay rent, it would lead to reduced liquidity and losses. To counter this, the Company regularly assesses the creditworthiness of its counterparties. For the majority of rental contracts rent is paid in advance and risk is further reduced through a large and diversified customer base.

### Interest rate risk
Rising interest rates may increase the financing cost for the Company and negatively impact profitability. According to the financial policy, the Company shall maintain at least 75% of its loan portfolio at a fixed rate, which is managed with loans and bonds with fixed interest rates and interest rate swaps.

### Currency risk
The Company owns assets in other currencies than the reporting currency, which leads to a risk of negative impact on cash flows or asset values in the case of fluctuating currency exchange rates. The Company targets to utilise match funding to match cash flows with asset and debt value fluctuations.

### Changes in values of derivatives
The value of currency derivatives may be affected by changes in base rates or foreign currency exchange rates. The Company's financial policy dictates which derivative instruments may be used for hedging strategies, stating that only marketable instruments for which prices can be obtained may be utilised. The Company also continuously monitors market movements and obtains external and internal derivative valuations.

### Interest rate sensitivity
The following table shows the sensitivity by a change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected as follows:

### Interest expenses

| 2022<br>SEK million | Increase/decrease in basis points | Effect on profit before tax (+) | Effect on profit before tax (-) |
|---|---|---|---|
| | 1% | 445 | -501 |
| | 2% | 850 | -1,001 |

| 2021<br>SEK million | Increase/decrease in basis points | Effect on profit before tax (+) | Effect on profit before tax (-) |
|---|---|---|---|
| | 1% | 427 | -526 |
| | 2% | 1,042 | -1,267 |

### Foreign currency sensitivity
The following table shows the sensitivity by a change in foreign currency on senior unsecured bonds. With all other variables held constant, the Group's profit before tax is affected through the impact of changes in foreign currency as follows:

| 2022<br>million | Increase/decrease in foreign currency rate | Effect on profit before tax (+) | Effect on profit before tax (-) |
|---|---|---|---|
| EUR | 10% | 765 | -765 |
| NOK | 10% | 310 | -310 |

| 2021<br>million | Increase/decrease in foreign currency rate | Effect on profit before tax (+) | Effect on profit before tax (-) |
|---|---|---|---|
| EUR | 10% | 600 | -600 |
| NOK | 10% | 310 | -310 |

## 6.3 Interest-bearing loans and borrowings

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| SEK million | Interest-bearing liabilities | Secured loans, % | Share, % | Unutilised credit commitment | Interest-bearing liabilities | Secured loans, % | Share, % | Unutilised credit commitment |
| Corporate bonds | 91,779 | 0 | 50 | – | 75,282 | 0 | 47 | – |
| Mortgages | 37,760 | 100 | 21 | – | 34,599 | 100 | 22 | – |
| Bank loans | 53,711 | 98 | 29 | 19,847 | 49,052 | 62 | 31 | 24,474 |
| **Total** | **183,250** | **37** | **100** | **19,847** | **158,933** | **41** | **100** | **24,474** |
| Deferred charges | -559 | | | | -553 | | | |
| **Total incl. deferred charges** | **182,691** | | | | **158,380** | | | |

### Interest-bearing liabilities per currency

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Currency | SEK million | Local currencies | SEK million | Local currencies |
| SEK | 33,459 | 33,459 | 22,143 | 22,143 |
| NOK | 3,826 | 3,600 | 3,694 | 3,600 |
| EUR | 110,840 | 9,933 | 101,254 | 9,878 |
| DKK | 35,125 | 23,385 | 31,842 | 23,103 |
| **Total** | **183,250** | | **158,933** | |
| Deferred charges | -559 | | -553 | |
| **Total incl. deferred charges** | **182,691** | | **158,380** | |

## Quoted bonds

| Nominal value (millions) | Currency | Fair value[2] | Maturity | Rating | Annual coupon | Identification number | Exchange |
|---|---|---|---|---|---|---|---|
| **Interest-bearing liabilities** | | | | | | | |
| 500 | NOK | 495 | 2024-06-07 | BBB | FLOATING 5,8% | NO0010838899 | Oslo Børs |
| 450 | EUR | 438 | 2023-09-05 | BBB | FIXED 2,125% | XS1958655745 | Euronext Dublin |
| 500 | EUR | 418 | 2026-01-21 | BBB | FIXED 1,125% | XS2105772201 | Euronext Dublin |
| 50 | EUR | 30 | 2035-05-04 | BBB | FIXED 2,8% | XS2168047087 | Euronext Dublin |
| 50 | EUR | 31 | 2035-05-04 | N/A | FIXED 2,8% | XS2161838276 | Euronext Dublin |
| 700 | EUR | 563 | 2027-03-03 | BBB | FIXED 1,375% | XS2225207468 | Euronext Dublin |
| 800 | SEK | 772 | 2025-02-25 | N/A | FLOATING 3,653% | XS2259800121 | Euronext Dublin |
| 400 | SEK | 360 | 2025-02-25 | N/A | FIXED 1,368% | XS2259781230 | Euronext Dublin |
| 400 | NOK | 361 | 2025-02-25 | N/A | FIXED 2,019% | NO0010906951 | Oslo Børs |
| 400 | NOK | 381 | 2025-02-25 | N/A | FLOATING 4,83% | NO0010906944 | Oslo Børs |
| 750 | SEK | 713 | 2025-04-07 | N/A | FLOATING 2,471% | XS2327990649 | Euronext Dublin |
| 500 | SEK | 486 | 2024-04-08 | N/A | FLOATING 2,388% | XS2327839580 | Euronext Dublin |
| 200 | NOK | 194 | 2024-04-22 | N/A | FLOATING 4,11% | NO0010976319 | Oslo Børs |
| 1,250 | NOK | 1,135 | 2026-04-22 | N/A | FLOATING 4,31% | NO0010976327 | Oslo Børs |
| 350 | NOK | 313 | 2028-04-24 | N/A | FLOATING 4,51% | NO0010976335 | Oslo Børs |
| 750 | EUR | 503 | 2029-09-06 | BBB | FIXED 0,75% | XS2384269366 | Euronext Dublin |
| 1,250 | EUR | 1,107 | 2024-10-13 | BBB | FIXED 0,25% | XS2397239000 | Euronext Dublin |
| 750 | EUR | 563 | 2028-04-13 | BBB | FIXED 1% | XS2397252102 | Euronext Dublin |
| 750 | EUR | 478 | 2031-10-13 | BBB | FIXED 1,625% | XS2397252011 | Euronext Dublin |
| 1,050 | SEK | 1,030 | 2023-11-23 | N/A | FLOATING 2,937% | XS2412109105 | Euronext Dublin |
| 2,800 | SEK | 2,675 | 2023-11-23 | N/A | FIXED 0,933% | XS2412106002 | Euronext Dublin |
| 1,000 | SEK | 904 | 2026-11-23 | N/A | FLOATING 3,437% | XS2412106853 | Euronext Dublin |
| 850 | SEK | 804 | 2024-01-22 | N/A | FIXED 0,875% | XS2420346517 | Euronext Dublin |
| 700 | EUR | 594 | 2025-07-24 | BBB | FIXED 0,625% | XS2435603571 | Euronext Dublin |
| 500 | EUR | 375 | 2028-07-24 | BBB | FIXED 1,375% | XS2435611244 | Euronext Dublin |
| 700 | EUR | 667 | 2024-01-19 | BBB | FLOATING 2,008% | XS2430702873 | Euronext Dublin |
| 500 | SEK | 454 | 2027-02-22 | N/A | FLOATING 3,739% | XS2447755351 | Euronext Dublin |
| 500 | EUR | 501 | 2023-01-12 | N/A | FLOATING 0.052% | XS2284258345 | Euronext Dublin |
| **Hybrid bonds[1]** | | | | | | | |
| 800 | EUR | 592 | 2024-11-19 | BB+ | VARIABLE 3,248% | XS2010037765 | Euronext Dublin |
| 500 | EUR | 288 | 2024-11-19 | BB+ | VARIABLE 3,375% | XS2125121769 | Euronext Dublin |
| 800 | EUR | 432 | 2027-02-01 | BB+ | VARIABLE 2,625% | XS2294155739 | Euronext Dublin |
| 600 | EUR | 344 | 2027-10-29 | BB+ | VARIABLE 3% | XS2357357768 | Euronext Dublin |
| 600 | EUR | 324 | 2026-10-13 | BB+ | VARIABLE 3,625% | XS2397251807 | Euronext Dublin |

*[1] Hybrid bonds are classified as equity in the statement of Balance Sheet. Maturity refers to first call date.*
*[2] Based on quoted market prices as of the Balance Sheet date.*

## Maturity structure interest-bearing liabilities

| | Average loan tenor, 31 December 2022 | | | | | |
|---|---|---|---|---|---|---|
| SEK million | Loans and borrowings, secured | Corporate bonds, unsecured | Total loans and borrowings | Share, % | Lines of credit | Share, % |
| **Loan maturity** | | | | | | |
| Within 1 year of the Balance Sheet date | 1,307 | 9,600 | 10,906 | 6 | 3,738 | 19 |
| Within 1–5 years of the Balance Sheet date | 39,233 | 50,673 | 89,906 | 49 | 11,278 | 57 |
| Later than 5 years from the Balance Sheet date | 49,631 | 32,807 | 82,438 | 45 | 4,830 | 24 |
| **Total** | **90,171** | **93,079** | **183,250** | **100** | **19,847** | **100** |

| | Average loan tenor, 31 December 2021 | | | | | |
|---|---|---|---|---|---|---|
| SEK million | Loans and borrowings, secured | Corporate bonds, unsecured | Total loans and borrowings | Share, % | Lines of credit | Share, % |
| **Loan maturity** | | | | | | |
| Within 1 year of the Balance Sheet date | 131 | 22,641 | 22,772 | 14 | 1,400 | 6 |
| Within 1–5 years of the Balance Sheet date | 15,612 | 38,298 | 53,910 | 34 | 22,971 | 94 |
| Later than 5 years from the Balance Sheet date | 49,329 | 32,922 | 82,251 | 52 | 102 | 0 |
| **Total** | **65,072** | **93,861** | **158,933** | **100** | **24,474** | **100** |

| | Interest tenor, 31 December 2022 | | | | |
|---|---|---|---|---|---|
| SEK million | Secured borrowing | Unsecured borrowing | Total borrowing | Average interest rate,% incl. margin | Share, % |
| **Interest maturity** | | | | | |
| Within 1 year of the Balance Sheetdate | 64,185 | 25,131 | 89,316 | 2.69 | 49 |
| Within 1–5 years of the Balance Sheet date | 12,576 | 36,813 | 49,389 | 0.97 | 27 |
| Later than 5 years from the Balance Sheet date | 13,410 | 31,135 | 44,545 | 1.41 | 24 |
| **Total** | **90,171** | **93,079** | **183,250** | **1.92** | **100** |

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| | Interest tenor, 31 December 2021 | | | | |
|---|---|---|---|---|---|
| SEK million | Secured borrowing | Unsecured borrowing | Total borrowing | Average interest rate,% incl. margin | Share, % |
| **Interest maturity** | | | | | |
| Within 1 year of the Balance Sheet date | 43,189 | 60,250 | 103,438 | 0.91 | 65 |
| Within 1–5 years of the Balance Sheet date | 11,877 | 18,236 | 30,113 | 0.91 | 19 |
| Later than 5 years from the Balance Sheet date | 10,007 | 15,375 | 25,382 | 1.14 | 16 |
| **Total** | **65,072** | **93,861** | **158,933** | **0.95** | **100** |

The average remaining term of fixed interest in the loan portfolio, including derivatives, as at 31 December 2022 was: 3.20 years (2.19)
The average remaining loan tenor, as at 31 December 2022 was: 8.32 years (8.86)

**Reconciliation of liabilities attributable to financing activities**

| SEK million | Corporate bonds | Mortgages/ bank loans | Deferred charges | Lease liabilities | Total |
|---|---|---|---|---|---|
| **Opening balance, 1 January 2021** | **30,317** | **40,734** | **-271** | **531** | **71,311** |
| Loan repayments | -8,070 | -8,500 | – | -12 | -16,582 |
| New borrowings/assumed debt in connection with acquisitions | 52,016 | 20,778 | – | 86 | 72,880 |
| Assumed debt in connection with acquisitions | – | 29,538 | – | – | 29,538 |
| Currency exchange effect on loans | 1,019 | 1,102 | – | 119 | 2,240 |
| Capitalisation of debt issuance cost, net of amortisation | – | – | -282 | 9 | -273 |
| **Closing balance, 31 December 2021** | **75,282** | **83,652** | **-553** | **733** | **159,114** |
| | | | | | |
| **Opening balance, 1 January 2022** | **75,282** | **83,652** | **-553** | **733** | **159,114** |
| Loan repayments | -11,115 | -29,154 | – | -88 | -40,358 |
| New borrowings/assumed debt in connection with acquisitions | 21,507 | 27,150 | – | 693 | 49,349 |
| Assumed debt in connection with acquisitions | – | 3,912 | – | – | 3,912 |
| Currency exchange effect on loans | 6,106 | 5,913 | – | 69 | 12,087 |
| Capitalisation of debt issuance cost, net of amortisation | – | – | -6 | 9 | 3 |
| **Closing balance, 31 December 2022** | **91,779** | **91,471** | **-559** | **1,416** | **184,107** |

## 6.4 Capital management

The access to long-term capital is important for Heimstaden Bostad to acquire, develop, and manage our property portfolio. The Company defines its managed capital as the sum of consolidated net debt and equity, including hybrid capital and the part attributable to non-controlling interests. Changes in the capital structure affect the operations' financial risk and earnings capacity and we are monitoring the capital structure to ensure it is aligned with the Company's financial policy.

**Financial Policy**

| | | Policy | 2022 | 2021 |
|---|---|---|---|---|
| Interest coverage ratio, S&P method | Multiple | ≥ 2.4 | 2.6 | 2.9 |
| Net debt / net debt + equity, S&P method | % | <55 | 52.6 | 52.2 |
| Average loan tenor | Years | ≥ 4 | 8.3 | 8.9 |
| Loan maturity in individual year | % | ≤ 25 | 18 | 14 |
| Loans from individual lender | % | ≤ 20 | 8.1 | 11.0 |
| Interest rate hedge ratio | % | ≥ 75 | 76.3 | 77.0 |
| Quick ratio | % | ≥ 1.25 | 1.49 | 2.9 |

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## 6.5 Leases

**Accounting policies**
Helmstaden Bostad has a lease commitment for leasehold rights, premises, and vehicles. The commitment is classified as a lease liability in the Balance Sheet and the right to use the underlying asset during the lease term is classified as an asset. Amortisation of the asset is reported in profit or loss. Lease payments are reported partly as payment of interest and partly as amortisation of the lease liability. Lease payments are renegotiated at the end of the agreements to reflect market rents. The agreements mainly fall due for renegotiation in more than 5 years. Premises and vehicles are reported at discounted values in the Balance Sheet as a right-of-use asset and a lease liability. In profit or loss, the right-of-use asset is depreciated over the term of the agreement and payment made to the landlord / lessor is reported partly as amortisation of the lease liability and partly as interest expense in profit or loss.

The table below shows the rights of use per category:

| SEK million | Premises | Vehicles | Other | Total |
|---|---|---|---|---|
| **Opening balance, 1 January 2021** | **29** | **2** | **–** | **31** |
| Changes to contracts | -13 | 2 | – | -11 |
| Depreciation | -3 | -2 | – | -5 |
| Currency translation | 2 | – | – | 2 |
| **Closing balance, 31 December 2021** | **15** | **2** | **–** | **17** |
| Changes to contracts | 157 | 82 | 1 | 240 |
| Depreciation | -55 | -29 | -1 | -84 |
| Currency translation | 7 | 3 | – | 10 |
| **Closing balance, 31 December 2022** | **125** | **58** | **1** | **183** |

Below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

| SEK million | 2022 | 2021 |
|---|---|---|
| **As at 1 January** | **733** | **610** |
| Additions | 693 | 86 |
| Accretions of interest | 7 | 5 |
| Payments | -88 | -12 |
| Reclassification | 2 | 4 |
| Currency translation | 69 | 40 |
| **As at 31 December** | **1,416** | **733** |
| Current | 84 | 5 |
| Non-current | 1,331 | 728 |

The following amounts are recognised in profit or loss:

| SEK million | 2022 | 2021 |
|---|---|---|
| Depreciation expense of right-of-use assets | -84 | -5 |
| Interest expense on lease liabilities | -7 | -5 |
| Expense relating to short-term leases (included in cost of sales) | 2 | -2 |
| Expense relating to leases of low-value assets (included in administrative expenses) | 1 | -2 |
| **Total amount recognised in profit or loss** | **-87** | **-14** |

Breakdown of undiscounted lease debt:

| SEK million | 2022 | 2021 |
|---|---|---|
| Within one year | 99 | 62 |
| 1–5 years | 120 | 100 |
| > 5 years | 1,369 | 476 |
| **Total** | **1,588** | **638** |

The Group's lease income from operating leases is presented in rental income in profit or loss. For more information see Note 2.2.

The Group had total cash outflows for leases of SEK 88 million (12).

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# 7. Other liabilities

## 7.1 Deferred tax

### Accounting policies

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. In business combinations, deferred tax is recognised using the acquisition method and valued at fair value. Differences in valuation between the reported and taxable values of assets and liabilities are accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying value of Heimstaden Bostad's investment property is assumed to be realised by sale at the end of use.

The capital gains tax rate is based on the applicable rate of a direct sale of the property recorded in the Balance Sheet regardless of whether Heimstaden Bostad would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Heimstaden Bostad and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

**Deferred tax**

| | 2022 | | 2021 | |
|---|---|---|---|---|
| SEK million | Basis | Tax | Basis | Tax |
| **Deferred tax asset loss carryforwards** | | | | |
| Opening balance | -1,085 | -236 | -667 | -147 |
| Change for the year | -3,949 | -746 | -418 | -89 |
| **Closing balance** | **-5,034** | **-982** | **-1,085** | **-236** |
| **Deferred tax liabilities investment properties** | | | | |
| Opening balance | 91,163 | 21,880 | 20,923 | 4,453 |
| Business combinations | – | – | 48,916 | 12,877 |
| Depreciation for the year | 246 | 51 | 187 | 39 |
| Value change for investment properties | -5,436 | -1,315 | 21,217 | 4,528 |
| Reversal for the year due to sale | -156 | -32 | -79 | -17 |
| Corporate acquisition | 9,751 | 2,110 | – | – |
| **Closing balance** | **95,568** | **22,694** | **91,163** | **21,880** |
| **Derivative financial instruments** | | | | |
| Opening balance | 434 | 91 | -447 | -95 |
| Change for the year | 920 | 190 | 881 | 186 |
| **Closing balance** | **1,354** | **281** | **434** | **91** |
| **Temporary differences** | | | | |
| Opening balance | 629 | 169 | – | – |
| Change for the year | -1,025 | -202 | 629 | 169 |
| **Closing balance** | **-396** | **-33** | **629** | **169** |
| **Net deferred tax** | | | | |
| Opening balance | 91,141 | 21,904 | 19,809 | 4,212 |
| Business combinations | – | – | 48,916 | 12,877 |
| Change for the year | 351 | 56 | 22,416 | 4,815 |
| **Closing balance** | **91,492** | **21,960** | **91,141** | **21,904** |

Capitalised tax loss carryforward relates to a tax loss of SEK 5,034 million (1,085).

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## 7.2 Other current liabilities

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Current tax liabilities | 603 | 450 |
| Real estate transfer tax | – | 2,414 |
| Liabilities related to real estate transactions | 392 | 645 |
| Social security charges | 21 | 0 |
| Other liabilites | 1,991 | 902 |
| **Total** | **3,008** | **4,411** |

## 7.3 Accrued expenses and prepaid income

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Accrued interest | 593 | 176 |
| Prepaid rent | 513 | 560 |
| Accrued personnel expenses | 95 | 111 |
| Accrued operating expenses | 751 | 580 |
| Accrued administrative expenses | 51 | 328 |
| Other accrued items | 755 | 110 |
| **Total** | **2,758** | **1,863** |

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# 8. Other disclosures

## 8.1 Related-party disclosures

Transactions with related parties are carried out at arm's length terms.

The following are defined as related parties:
- All companies within the Heimstaden 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

**Summary of transactions with related parties**
In addition to the related-party relationships specified for the Group, the Parent Company has a controlling influence over subsidiaries in accordance with Note 7.

In 2022, Heimstaden Bostad acquired administrative services from Heimstaden AB and its subsidiaries for SEK 1,716 million (1,437).

In 2022, Heimstaden Bostad AB acquired properties from Group companies for SEK 157 million (0).

In 2022, Heimstaden Bostad AB, received an investment guarantee from Fredensborg of SEK 717 million (0).

In 2022, Ivar Tollefsen and his family received SEK 12 million (15) in total fees for ground rent.

In May 2022, the management companies employing former Akelius and Residomo employees in Sweden, Germany, Denmark, and Czech Republic was first sold from Heimstaden Bostad AB to Heimstaden AB. The transaction was priced at SEK 303 million, which resulted in a gain of SEK 203 million, presented under other operating income.

In July 2022, the Country Management organisation in Sweden, Germany, Denmark, Netherlands, Czech Republic, Norway, Finland, United Kingdom and Poland was sold from Heimstaden AB to Heimstaden Bostad AB. The transaction included companies employing about 2,000 people in nine countries, carrying out local management of Heimstaden Bostad's properties. See Note 8.2 for more information.

**Transactions with key individuals in leading positions**
The CEO holds shares in Heimstaden Bostad AB, and accordingly received dividends in 2022 and 2021 and participated in the new share issue.

**Transactions with associated companies and joint ventures**

| SEK million | 2022 | 2021 |
|---|---|---|
| Interest revenue from investments in associated companies and joint ventures | 39 | 22 |
| Receivables from investments in associated companies and joint ventures | 104 | 161 |
| Capital contributions to investments in associated companies and joint ventures | 41 | – |

In addition to the related parties presented above see also Note 3.4, Associated companies and joint ventures.

## 8.2 Business combinations

On 1 July 2022, Heimstaden Bostad acquired 100% of the voting shares in Heimstaden Country Manager AB from Heimstaden AB. The consideration paid in the transaction was SEK 2.6 billion. The portfolio comprised the Country Management organisation in Sweden, Germany, Denmark, Netherlands, Czech Republic, Norway, Finland, United Kingdom and Poland.

The transaction is a business combination under common control and the Company has elected to account for the transaction as a business combination according to IFRS 3. As a result of the business combination and the preliminary analysis of the purchase price allocation, SEK 2.9 billion in goodwill was recognised. The goodwill arose from the purchase price exceeding the fair value of acquired net assets. The goodwill amount is related to synergies attributable to savings for Heimstaden Bostad.

The acquired businesses have from the date of acquisition to 31 December 2022 contributed with reduced property management expenses, and to the Group's profit before taxes, with SEK 69.2 million. If the acquisition had occured at the beginning of 2022, profit before taxes for 2022 would have improved by SEK 138.4 million.

**Acquisition of the Country Management organisation**

**Balance Sheet, 1 July 2022**

| SEK million | Fair value recognised on acquisition |
|---|---|
| **NET ASSETS** | |
| Other non-current financial assets | 331 |
| Other current assets | 363 |
| Cash and cash equivalents | 307 |
| Non-current liabilities, financial leasing | -118 |
| Other long-term liabilities | -63 |
| Other current liabilities | -1,077 |
| **Net identifiable assets at fair value** | **-256** |
| Goodwill | 2,859 |
| **Total purchase price** | **2,603** |
| **CASH FLOW EFFECT** | |
| Consideration paid | 2,603 |
| - cash and cash equivalents in acquired companies | 307 |
| **Total cash flow effect** | **2,296** |

Purchase price allocations for the the business combination of Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS, and Akelius GmbH, which was completed in December 2021, have now been finalised. Final purchase price allocations are included below and refers to adjustments related to goodwill and consideration paid.

### Acquisition of Akelius properties in Germany, Sweden, and Denmark

**Balance Sheet, 1 December 2021**

| SEK million | Preliminary purchase price allocation Fair value recognised on acquisition | Final purchase price allocation Fair value recognised on acquisition |
|---|---|---|
| **NET ASSETS** | | |
| Investment properties | 89,069 | 89,069 |
| Machinery and equipment | 10 | 10 |
| Other non-current financial assets | 68 | 68 |
| Inventory properties | 467 | 467 |
| Other current assets | 246 | 246 |
| Cash and cash equivalents | 288 | 288 |
| Long-term interest-bearing liabilities | -13,067 | -13,067 |
| Non-current liabilities, financial leasing | -68 | -68 |
| Deferred tax liability | -12,949 | -12,949 |
| Other long-term liabilities | -70 | -70 |
| Other current liabilities | -723 | -723 |
| **Net identifiable assets at fair value** | **63,271** | **63,271** |
| Goodwill | 16,466 | 15,866 |
| **Total net assets** | **79,737** | **79,137** |
| **CASH FLOW EFFECT** | | |
| Consideration paid | 79,737 | 79,137 |
| - cash and cash equivalents in acquired companies | 288 | 288 |
| **Total cash flow effect** | **80,025** | **79,425** |

## 8.3 Pledged assets

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Mortgages[1] | 102,993 | 62,526 |
| Pledged shares in subsidiaries[1] | 10,750 | 7,622 |
| **Total** | **113,743** | **70,148** |

[1] *The collateral has been pledged with regard to interest-bearing loans from credit institutions.*

## 8.4 Contingencies and commitments

### Investment obligations

Heimstaden Bostad has entered into contracts with sellers of investment property placed in a corporate wrapper. The corporate wrapper holds an existing investment property and rental agreements with tenants. Heimstaden Bostad will acquire 100% of the outstanding shares in the corporate wrapper at a future date. The contract is either for a fixed price or at a variable price based on the equity in the corporate wrapper, where the investment property is measured at fair value. The arrangements are recognised as financial instruments under IFRS 9 at fair value through profit/loss. For more information see Note 6.1.

Heimstaden Bostad has signed agreements to buy turnkey investment properties under construction after the Balance Sheet date. As at 31 December 2022, Heimstaden Bostad had total investment obligations of SEK 5,492 million between 2023 and 2029, see table below.

**2022**

| SEK million | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Total |
|---|---|---|---|---|---|---|---|---|
| Investment obligations | 3,179 | 1,862 | 451 | – | – | – | – | 5,492 |

**2021**

| SEK million | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|---|---|---|
| Investment obligations | 3,871 | 1,643 | 3,303 | 2,273 | 378 | 601 | – | 12,069 |

### Capital expenditures

As at 31 December 2022, Heimstaden Bostad had agreed forward funding contracts with third parties and is consequently committed to future capital expenditure in respect of investment properties under construction of SEK 3,676 million.

### Disputes

As at 31 December 2022, Heimstaden Bostad is not a part in any ongoing process that is expected to have a significant impact on the financial statement.

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## 8.5 Events after the reporting period

Subsequent events are viewed as new information on the Company's Balance Sheet that becomes known after the reporting period. In evaluating such, the Group distinguishes between adjusting and non-adjusting events after the reporting period. Adjusting events refer to those that provide evidence of conditions that existed at the end of the reporting period, whereas non-adjusting events refer to those that are indicative of conditions that arose after the reporting period. Events after the reporting period that do not affect the company's Balance Sheet at the end of the reporting period, but which will affect the Company's Balance Sheet in the future, are disclosed if significant.

*Adjusting subsequent events:*
No adjusting events have occurred after the Balance Sheet date.

*Non-adjusting subsequent events:*
On 03 January 2023, Heimstaden AB made changes in its Management Team. Arve Regland, who has held a combined CFO position in Heimstaden AB and Fredensborg AS, will take the more strategic role as Group CFO of Fredensborg AS, as Thomas Alexander Hansen is appointed CFO of Heimstaden AB. To strengthen the synergies between Investments and Financing, the DCM & Treasury team will report to Chief Investment Officer Christian Fladeland.

The financial statements form part of the Annual Report and were approved by the Board of Directors and the CEO on 24 February 2023.

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# Parent Company Financial Statements and Notes

## Income Statement

| SEK million | Note | 2022 | 2021 |
|---|---|---|---|
| Management service revenues | | 450 | 1 |
| Other operating expenses | | -58 | -15 |
| Administrative expenses | 2.1, 2.2, 7.2 | -777 | -603 |
| **Operating profit/loss** | | **-385** | **-617** |
| Results from divestment of shares in subsidiaries | 2.3 | -2,018 | – |
| Impairment of investment in subsidiaries and associated companies | 3.1, 7.4 | -175 | – |
| Interest income | 2.4 | 2,012 | 655 |
| Interest expenses | 2.4 | -1,333 | -668 |
| Net currency translation gains/losses | 2.4 | -4,902 | – |
| Fair value adjustment of derivative financial instruments | 5.2 | 174 | 306 |
| Other financial items | 2.4 | -74 | 331 |
| **Profit/loss after financial items** | | **-6,701** | 7 |
| Appropriations | 2.5 | 5,517 | – |
| **Profit/loss before tax** | | **-1,184** | 7 |
| Income tax expense | 2.6 | 540 | -104 |
| **Profit/loss for the period** | | **-644** | **-97** |

## Comprehensive Income Statement

| SEK million | Note | 2022 | 2021 |
|---|---|---|---|
| Profit/loss for the year according to the Income Statement | | -644 | -97 |
| Other comprehensive income | | – | – |
| **Total comprehensive income/loss** | | **-644** | **-97** |

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# Balance Sheet

| SEK million | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| Shares in subsidiaries | 7.4 | 55,643 | 62,021 |
| Investments in associated companies | 3.1 | 9,544 | – |
| Quoted equity investments | 3.1 | – | 5,188 |
| Equity securities | | 511 | – |
| Deferred tax assets | 3.2 | 555 | 41 |
| Non-current receivables, subsidiaries | 3.3, 7.2 | 97,472 | 100,209 |
| **Total non-current assets** | | **163,725** | **167,459** |
| | | | |
| Current receivables, subsidiaries | 3.4, 7.2 | 48,374 | 40,369 |
| Other current assets | | 4,016 | 86 |
| Cash and cash equivalents | 3.5 | 4,735 | 16,555 |
| **Total current assets** | | **57,125** | **57,010** |
| **TOTAL ASSETS** | | **220,850** | **224,469** |

| SEK million | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 93 | 72 |
| **Restricted equity** | | **93** | **72** |
| | | | |
| Share premium reserve | | 126,110 | 95,176 |
| Hybrid bonds | | 24,316 | 33,652 |
| Retained earnings | | -31,122 | -4,625 |
| **Unrestricted equity** | | **119,304** | **124,203** |
| | | | |
| **Total equity** | 4.1 | **119,397** | **124,274** |
| | | | |
| Interest-bearing liabilities | 5.1 | 18,775 | 45,303 |
| Derivative financial instruments | 5.2 | 127 | 198 |
| Deferred tax liability | | 518 | – |
| Non-current liabilities, subsidiaries | 6.1, 7.2 | 72,158 | 54,242 |
| **Total non-current liabilities** | | **91,577** | **99,743** |
| | | | |
| Interest-bearing liabilities | 5.1 | 9,600 | – |
| Trade payables | | 2 | 3 |
| Current tax liabilities | | – | 51 |
| Accrued expenses and prepaid income | 6.2 | 275 | 398 |
| **Total current liabilities** | | **9,877** | **452** |
| **TOTAL EQUITY AND LIABILITIES** | | **220,850** | **224,469** |

# Statement of Changes in Equity

| SEK million | Share capital | Share premium reserve | Hybrid bonds | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Opening balance, 1 January 2021** | **43** | **50,240** | **13,621** | **450** | **64,353** |
| Profit/loss for the period | – | – | 406 | -502 | -97 |
| **Total profit/loss** | **–** | **–** | **406** | **-502** | **-97** |
| Share issue | 29 | 44,936 | – | – | 44,965 |
| Dividends | – | – | -406 | -4,572 | -4,978 |
| Hybrid bonds issue | – | – | 20,235 | – | 20,235 |
| Costs of issuance | – | – | -204 | – | -204 |
| **Total transactions with the Company's shareholders** | **29** | **44,936** | **19,625** | **-4,572** | **60,018** |
| **Equity, 31 December 2021** | **72** | **95,176** | **33,652** | **-4,625** | **124,274** |
| | | | | | |
| **Opening balance, 1 January 2022** | **72** | **95,176** | **33,652** | **-4,625** | **124,274** |
| Profit/loss for the period | – | – | 960 | -1,604 | -644 |
| **Total profit/loss** | **–** | **–** | **960** | **-1,604** | **-644** |
| New share issue | 22 | 30,970 | – | – | 30,991 |
| Costs of issuance | – | -36 | – | – | -36 |
| Buyback of hybrid bonds | – | – | -9,336 | 1,692 | -7,644 |
| Dividends | – | – | -960 | -26,585 | -27,545 |
| **Total transactions with the Company's shareholders** | **22** | **30,934** | **-10,296** | **-24,893** | **-4,233** |
| **Equity, 31 December 2022** | **93** | **126,110** | **24,316** | **-31,122** | **119,397** |

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# Cash Flow Statement

| SEK million | Note | 2022 | 2021 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit/loss before income tax | | -1,184 | 7 |
| *Adjustments to reconcile profit before tax to net cash flows:* | | | |
| Other adjustments | 7.3 | 7,019 | -995 |
| *Working capital changes* | | | |
| Increase(-)/decrease(+) in rent and other receivables | | -3,931 | -57 |
| Increase(+)/decrease(-) in trade and other payables | | -490 | 158 |
| **Cash generated from operations** | | **1,414** | **-887** |
| Paid income tax | | -51 | -26 |
| **Net cash flows from operating activities** | | **1,363** | **-913** |

| SEK million | Note | 2022 | 2021 |
|---|---|---|---|
| **Investing activities** | | | |
| Acquisitions of businesses, net of cash | 8.2 | -2,603 | -2,347 |
| Purchase of quoted equity investments | | -4,474 | -5,118 |
| Proceeds from sale of subsidiaries | | 7,722 | – |
| **Net cash flows from investing activities** | | **645** | **-7,465** |
| **Financing activities** | | | |
| Proceeds from interest-bearing liabilities | 5.1 | 4,118 | 29,838 |
| Repayment of interest-bearing liabilities | 5.1 | -23,075 | -8,070 |
| Bonds | | -501 | – |
| Dividends paid | | -3,229 | -4,572 |
| Proceeds from share issuances | | 7,635 | 44,965 |
| Proceeds to subsidiaries | | 8,902 | -64,095 |
| Proceeds from issuance of hybrid bonds | | – | 20,235 |
| Buyback of hybrid bonds | | -7,100 | – |
| Repayment on hybrid bonds | | -996 | -610 |
| Settlement of derivative financial instruments | | 102 | 51 |
| **Net cash flows from financing activities** | | **-14,144** | **17,742** |
| Net change in cash and cash equivalents | | -12,136 | 9,364 |
| Cash and cash equivalents at the beginning of the period | | 16,555 | 5,916 |
| Net currency exchange effect in cash and cash equivalents | | 316 | 1,275 |
| **Cash and cash equivalents at the end of the period** | | **4,735** | **16,555** |

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# Notes to the Parent Company Financial Statements

## 1. Accounting policies

### 1.1 Accounting Policies

The Parent Company applies the same accounting policies as the Group (see Note 1.2, Significant accounting policies), with the following differences:

**Investments in subsidiaries**
Investments in subsidiaries are recognised at historical cost less deductions for any impairments. Acquisition-related costs and any contingent consideration are capitalised if there are indications that participations in Group companies have decreased in value. The recoverable amount is calculated and if this is lower than the carrying amount, the investment is impaired. Impairment is recognised under the item 'Impairment of investments in subsidiaries'.

**Investments in associated companies**
Participations in associated companies are recognised in the Parent Company in accordance with the cost method.

**Financial instruments**
The guidance for financial instruments under IFRS 9 is not applied by the Parent Company. The Parent Company applies the lower of cost or market method in accordance with the Swedish Annual Accounts Act. Accordingly, financial non-current assets are valued at cost and financial current assets at the lower of cost or market. The Parent Company applies the expected credit loss method under IFRS 9 for assets that are debt instruments. For other financial assets, impairment is based on market value.

The Parent Company applies the exemption not to value financial guarantee agreements benefitting subsidiaries, associated companies, and joint ventures in accordance with IFRS 9, applying instead the valuation policies under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**Impairment of financial assets**
The Parent Company applies the same impairment method as the Group for expected credit losses. The Parent Company considers the subsidiaries to have similar risk profiles and assessments are performed on a collective basis for similar transactions. At the Balance Sheet date, no material increase in credit risk has been deemed to prevail for any intra-Group receivables. The Parent Company's receivables from its subsidiaries are subordinated external lenders' claims. The Parent Company's expected loss in the event of default takes into account the average of the subsidiaries' loan-to-value ratios and their expected market value in the event of a forced sale. Based on the Parent Company's assessments, it is estimated that expected loan losses will not be significant and no provision has been reported.

**Group contributions and shareholder contributions**
Group contributions are deductible, unlike shareholder contributions. Group contributions paid and received are reported in the Comprehensive Income Statement. Shareholder contributions are reported as an increase of participations in Group companies and tested for impairment.

**Credit risk**
The Parent Company's maximum credit risk is the net amount of the financial assets. The Parent Company has no collateral for its net financial assets.

Based on our assessment there has been no significant increase in credit risk of the Parent Company's financial assets.

**Leases as a lessee**
When the Parent Company is the lessee, lease payments are expensed on a straight-line basis over the term of the lease. The cost of leases attributable to leaseholds and the cost for other leases are recognised in operating profit. The right-of-use asset and the lease liability are therefore not recognised in the Balance Sheet.

**Presentation**
For the Parent Company, the Income Statement and other comprehensive income are presented in two reports. For the Parent Company, the Statement of Comprehensive Income and Balance Sheet are prepared in accordance with the Annual Accounts Act's schedule while the Statement of Changes in Equity and the Cash Flow Statement are based on IAS 1, Presentation of Financial Statements, and IAS 7 Statement of Cash Flows.

# 2. Income and expenses

## 2.1 Audit fee

The audit assignment refers to the audit of the financial statements. Other assurance services provided by the auditors include services related to review procedures on interim reports and other attestation services. The fees are summarised in the table below:

**EY**

| SEK million | 2022 | 2021 |
|---|---|---|
| Audit assignment | 3 | 3 |
| Other assurance services | 2 | 2 |
| Other services | 1 | – |
| **Total** | **6** | **5** |

**Grant Thorton**

| SEK million | 2022 | 2021 |
|---|---|---|
| Audit assignment | – | 2 |
| **Total** | **–** | **2** |

**Total**

| SEK million | 2022 | 2021 |
|---|---|---|
| Audit assignment | 3 | 5 |
| Other assurance services | 2 | 2 |
| Other services | 1 | – |
| **Total** | **6** | **7** |

## 2.2 Personnel and senior management

The remuneration to the Chairman of the Board amounts to SEK 0.96 million (0.96). No other remuneration was paid to the Members of the Board except board fees presented in Group Note 2.6. The CEO receives remuneration from Heimstaden AB and these costs are included in the administrative services from Heimstaden AB.

During the year, the Board of Directors consisted of 9 (11) Members, of whom 5 (7) were men. There was 1 (1) other senior management, of whom 1 (1) are men.

## 2.3 Results from divestment of shares in subsidiaries

| SEK million | 2022 | 2021 |
|---|---|---|
| Results from divestment of shares in subsidiaries | -2,018 | – |
| **Total** | **-2,018** | **–** |

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## 2.4 Financial income and expenses

| SEK million | 2022 | 2021 |
|---|---|---|
| **Assets and liabilities measured at amortised cost:** | | |
| Interest income, subsidiaries | 1,987 | 649 |
| Interest income, other financial assets | 25 | 7 |
| **Total interest income in accordance with the effective interest method** | **2,012** | **656** |
| Interest expenses, loans | -752 | -481 |
| Interest expenses, Group companies | -581 | -187 |
| **Total interest expenses in accordance with the effective interest method** | **-1,333** | **-668** |
| **Other financial items** | | |
| Foregin currency, financial items | -4,902 | 740 |
| Other financial expenses | -74 | -409 |
| **Total other financial items** | **-4,976** | **331** |
| **Net financial items** | **-4,297** | **318** |

## 2.5 Appropriations

| SEK million | 2022 | 2021 |
|---|---|---|
| Group contributions received | 5,517 | – |
| **Total** | **5,517** | **–** |

## 2.6 Income tax expense

| SEK million | 2022 | 2021 |
|---|---|---|
| Current tax expense | – | -51 |
| Deferred tax | 540 | -53 |
| **Income tax expense reported in Comprehensive Income Statement** | **540** | **-104** |
| Profit before tax | -1,184 | 7 |
| Tax according to current rate | 244 | -1 |
| Tax effect of: | | |
| Non-taxable income | 21 | – |
| Non-deductible interest, net | -26 | -189 |
| Tax effects hybrid bonds | 648 | 137 |
| Tax attributable to previous years | 51 | -51 |
| Deferred tax capitalised on prior years losses carried forward | 67 | – |
| Fiscal adjustment divestment of co-ownership rights | -417 | – |
| Write down of shares in subsidiaries and associated companies | -35 | – |
| Non-deductible costs | 14 | – |
| **Income tax expense reported in Comprehensive Income Statement** | **540** | **-104** |

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# 3. Assets

## 3.1 Investments in associated companies

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Opening balances | – | – |
| Reclassification from financial investments | 9,663 | – |
| Impairment | -119 | – |
| **Closing balance** | **9,544** | **–** |

During 2022, the Company's investment in Kojamo Oyi (01163336-2, Helsingfors, Finland) was classified as an associated company based on an assessment of significant influence. The assessment of significant influence is determined by the fact that Heimstaden Bostad AB is by far the largest owner in Kojamo Oyi with significant voting power, owning 19.98%, and took a position on the nomination committee of the company in September. During 2022, the Company's holdings in quoted equity investments were reclassified to associated companies. Shares in associated companies are valued at the lowest value principle.

## 3.2 Deferred tax assets

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Opening balance | 41 | 93 |
| Change for the year | 514 | -52 |
| **Closing balance** | **555** | **41** |

Capitalised tax loss carryforward relates to tax loss of SEK 2,982 million (0).

## 3.3 Non-current receivables, subsidiaries

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Opening balance | 100,209 | 19,343 |
| Change for the year | -2,737 | 80,866 |
| **Closing balance** | **97,472** | **100,209** |

Receivables from Group companies are attributable to transactions between the Parent Company and the subsidiaries. Intra-group loans are subject to market terms and are without collateral.

## 3.4 Current receivables, subsidiaries

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Opening balance | 40,369 | 33,721 |
| Change for the year | 8,005 | 6,648 |
| **Closing balance** | **48,374** | **40,369** |

Receivables from Group companies are attributable to transactions between the Parent Company and the subsidiaries. Intra-group loans are subject to market terms and are without collateral.

## 3.5 Cash and cash equivalents

Cash and cash equivalents mainly include bank deposits. The change in cash and cash equivalents is shown in the Consolidated Statement of Cash Flows.

# 4. Equity

## 4.1 Equity

| Event | Type | Date of registration | Change in number of shares | Total number of shares | Change in share capital | Total share capital | Quota value |
|---|---|---|---|---|---|---|---|
| **Opening balance at 1 January 2021** | | | | **26,895,437** | | **42,546,466** | **1.58** |
| New share issue | Ordinary, Pref B | 12.01.2021 | 1,671,996 | 28,567,433 | 2,644,927 | 45,191,393 | 1.58 |
| New share issue | Ordinary, Pref B | 18.03.2021 | 3,721,074 | 32,288,507 | 5,886,359 | 51,077,752 | 1.58 |
| New share issue | Ordinary, Pref B, Pref C | 17.11.2021 | 12,637,892 | 44,926,399 | 19,991,855 | 71,069,607 | 1.58 |
| New share issue | Ordinary, Pref B, Pref C | 15.12.2021 | 332,493 | 45,258,892 | 525,970 | 71,595,577 | 1.58 |
| **Closing balance at 31 December 2021** | | | | **45,258,892** | | **71,595,577** | **1.58** |
| **Opening balance at 1 January 2022** | | | | **45,258,892** | | **71,595,577** | **1.58** |
| New share issue | Ordinary, Pref B | 29.03.2022 | 9,671,291 | 54,930,183 | 15,298,995 | 86,894,573 | 1.58 |
| New share issue | Ordinary, Pref B, Pref C | 25.07.2022 | 3,554,262 | 58,484,445 | 5,622,480 | 92,517,053 | 1.58 |
| New share issue | Ordinary, Pref B, Pref C | 21.12.2022 | 465,844 | 58,950,289 | 736,918 | 93,253,340 | 1.58 |
| **Closing balance at 31 December 2022** | | | | **58,950,289** | | **93,253,340** | **1.58** |

At 31 December 2022, there were 12,563,147 (9,725,321) ordinary shares, 200 (200) Series A preference shares, 45,872,521 (35,205,992) Series B preference shares, and 514,421 (327,379) Series C preference shares. The voting value of an ordinary share is one-half vote per share, the voting value for Series A and B preference shares is one-tenth of a vote per share and the voting value for Series C preference shares is one vote per share. For information regarding hybrid bonds, see Group Note 5.

**Proposed appropriation of accumulated profit, SEK**

| | | | |
|---|---|---|---|
| Share premium reserve | 126,109,549,744 | Dividend to shareholders | 6,741,871,901 |
| Hybrid bonds | 24,316,095,331 | Share premium reserve | 126,109,549,744 |
| Retained earnings | -30,478,310,296 | Hybrid bonds | 24,316,095,331 |
| Profit/loss for the year | -643,835,364 | Retained earnings | -37,864,017,561 |
| **Total** | **119,303,499,415** | **Total** | **119,303,499,415** |

It is proposed that the funds at the disposal of the Annual General Meeting, SEK 119,303,499,415 be appropriated such that, a dividend amounting to SEK 223.05 per ordinary share, totalling SEK 2,802,269,267. The Board further proposes distribution of a dividend to the holders of Series A preference shares in accordance with the Company's Articles of Association in the amount of SEK 3,363,143.11 per Series A preference share, totalling SEK 672,628,623. The Board further proposes distribution of a dividend to the holders of Series B1, B2, B3, B4, B5, B6, B7 and B8 preference shares in accordance with the Company's Articles of Association in the amount of SEK 77.26 per Series B1, B2, B3, B4, B5, B6, B7 and B8 preference shares, totalling SEK 2,719,959,416 for Series B1, B2, B3, B4, B5, B6, B7 and B8 shares. The Board further proposes distribution of a dividend to the holders of Series B9 preference shares in accordance with the Company's Articles of Association in the amount of SEK 59.20 per Series B9 preference share, totalling SEK 446,279,898 for Series B9 shares. The Board further proposes distribution of a dividend to the holders of Series B10 preference shares in accordance with the Company's Articles of Association, that is, in the amount of SEK 35.75 per Series B10 preference share, totalling SEK 99,987,968 for Series B10 shares. The Board further proposes distribution of a dividend to the holders of Series B11 preference shares in accordance with the Company's Articles of Association, that is, in the amount of SEK 2.26 per Series B11 preference share, totalling SEK 746,728 for Series B11 shares. Accordingly, a total of SEK 6,741,871,901 is to be paid out in dividends. The remaining amount, SEK 112,561,627,514 is to be carried forward to a new account. The dividend shall be paid in immediate connection with the resolution of the Annual General Meeting on 6 March 2023. No dividend shall, in accordance with the Company's articles of Association, be paid on the Series C preference shares.

# 5. Capital structure and financial items

## 5.1 Interest-bearing liabilities

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| **Loan maturity, year** | | |
| Within 1 year of the Balance Sheet date | 9,600 | 22,641 |
| Within 2–5 years of the Balance Sheet date | 16,257 | 20,360 |
| Later than 5 years from the Balance Sheet date | 2,788 | 2,684 |
| **Total** | **28,644** | **45,685** |
| Deferred charges | -269 | -381 |
| **Total** | **28,375** | **45,303** |

| | 2022 | | 2021 | |
|---|---|---|---|---|
| SEK million | Loan amount | Average interest, % incl. margin | Loan amount | Average interest, % incl. margin |
| **Interest maturity, year** | | | | |
| Within 1 year of the Balance Sheet date | 20,274 | 2.9 | 39,749 | 0.7 |
| Within 2–5 years of the Balance Sheet date | 7,255 | 1.7 | 5,423 | 2.1 |
| Later than 5 years from the Balance Sheet date | 1,116 | 3.2 | 513 | 2.8 |
| **Total** | **28,644** | **2.6** | **45,685** | **0.9** |
| Deferred charges | -269 | – | -381 | – |
| **Total** | **28,375** | **–** | **45,303** | **–** |

**Reconciliation of liabilities attributable to financing activities**

| SEK million | Corporate bonds | Mortgages/bank loans | Deferred charges | Total |
|---|---|---|---|---|
| Opening balance, 1 January 2021 | 21,520 | 1,690 | – | 23,210 |
| Loan repayments | -5,870 | -2,200 | – | -8,070 |
| New borrowings/assumed debt in connection with acquisitions | 24,377 | 5,460 | -302 | 29,535 |
| Currency exchange effect on loans | 628 | – | – | 628 |
| **Closing balance, 31 December 2021** | **40,655** | **4,950** | **-302** | **45,303** |
| Opening balance, 1 January 2022 | 40,655 | 4,950 | -302 | 45,303 |
| Loan repayments | -23,077 | – | – | -23,077 |
| New borrowings/assumed debt in connection with acquisitions | 1,300 | 2,818 | – | 4,118 |
| Currency exchange effect on loans | 1,780 | 139 | 112 | 2,031 |
| **Closing balance, 31 December 2022** | **20,658** | **7,907** | **-190** | **28,375** |

### 5.2 Interest-rate derivatives

| SEK million | 2022 | 2021 |
|---|---|---|
| Gains or losses on disposal of interest-rate derivatives | 103 | 51 |
| Value change | 71 | 255 |
| **Total** | **174** | **306** |

| | | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|---|
| SEK million | Type | Nominal amount | Share, % | Average interest, % | Nominal amount | Share, % | Average interest, % |
| **Interest maturity, year** | | | | | | | |
| Within 1 year of the Balance Sheet date | Paying fixed | 10,356 | 51 | 0.6 | 3,470 | 17 | 0.1 |
| Within 1–5 years of the Balance Sheet date | Paying fixed | 4,500 | 22 | 1.6 | 16,639 | 80 | 0.0 |
| Later than 5 years from the Balance Sheet date | Paying fixed | 5,500 | 27 | 2.9 | 750 | 4 | 0.3 |
| **Total purchased swaps** | | **20,356** | **100** | **1.4** | **20,859** | **100** | **0.0** |
| Within 1 year of the Balance Sheet date | Paying variable | 3,625 | 100 | 2.8 | 3,610 | 100 | 0.8 |
| Within 1–5 years of the Balance Sheet date | Paying variable | – | – | – | – | – | – |
| Later than 5 years from the Balance Sheet date | Paying variable | – | – | – | – | – | – |
| **Total sold swaps** | | **3,625** | **100** | **2.8** | **3,610** | **100** | **0.8** |

## 6. Other liabilities

### 6.1 Non-current liabilities, subsidiaries

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Opening balance | 54,242 | 9,729 |
| Change for the year | 17,916 | 44,513 |
| **Closing balance** | **72,158** | **54,242** |

### 6.2 Accrued expenses and prepaid income

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Accrued interest expenses | 225 | 203 |
| Other accrued expenses | 50 | 195 |
| **Total** | **275** | **398** |

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# 7. Other disclosures

## 7.1 Contingencies and commitments

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Issued financial guarantees for the benefit of subsidiaries | 101,756 | 83,585 |
| Total | 101,756 | 83,585 |

There are 0 pledged assets as of 31 December 2022 (0).

## 7.2 Related-party disclosures

Heimstaden Bostad has bought asset management services from Heimstaden AB of SEK 589 million in 2022 (545).

In 2022, the Country Management organisation was sold from Heimstaden AB to Heimstaden Bostad AB. During May 2022, the management companies employing former Akelius and Residomo employees in Sweden, Germany, Denmark, and Czech Republic was sold from Heimstaden Bostad AB to Heimstaden AB. On 1 July 2022, the Country Management organisation in Sweden, Germany, Denmark, Netherlands, Czech Republic, Norway, Finland, United Kingdom and Poland was sold from Heimstaden AB to Heimstaden Bostad AB. For more information, see Group note 8.1.

### Transactions with subsidiaries

| SEK million | 2022 | 2021 |
|---|---|---|
| Sales to subsidiaries | 422 | – |
| Purchases from subsidiaries | 11 | – |
| Interest income to subsidiaries | 1,987 | 649 |
| Interest costs to subsidiaries | -581 | -187 |
| Receivables from subsidiaries | 145,846 | 140,578 |
| Liabilities to subsidiaries | 72,158 | 54,242 |
| Capital contributions to subsidiaries | – | 21,598 |
| Issued financial guarantees for the benefit of subsidiaries | 101,756 | 83,585 |

### Executive management

For information of remuneration to the Board of Directors and the CEO, see Note PC 2.2.

## 7.3 Other adjustments in Cash Flow Statement

| SEK million | 2022 | 2021 |
|---|---|---|
| Fair value adjustment of derivative financial instruments | -71 | -255 |
| Results from divestment of shares in subsidiaries | 2,018 | – |
| Impairment of investment in subsidiaries and associated companies | 173 | – |
| Exchange rate difference | 4,900 | -740 |
| Total | 7,019 | -995 |

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## 7.4 Group companies

### Shareholdings in subsidiaries

| Company | Corp.ID.nr | Registrered office | Number of shares | Share in %[1,2] | Recognised value in Parent Company, SEK million 2022 | 2021 |
|---|---|---|---|---|---|---|
| Heimstaden Bostad Invest 1 AB | 556867-8444 | Malmö | 1,000 | 100 | 1,039 | 1,039 |
| Heimstaden Bostad Invest 2 AB | 556867-8451 | Malmö | 1,000 | 100 | 249 | 249 |
| Heimstaden Bostad Invest 3 AB | 556871-1153 | Malmö | 1,000 | 100 | 608 | 608 |
| Heimstaden Bostad Invest 4 AB | 556871-1104 | Malmö | 1,000 | 100 | 889 | 889 |
| Heimstaden Bostad Invest 5 AB | 556910-3467 | Malmö | 500 | 100 | 1,086 | 1,086 |
| Heimstaden Bostad Invest 6 AB | 556989-5690 | Malmö | 500 | 100 | 371 | 427 |
| Heimstaden Bostad Invest 7 AB | 559106-1584 | Malmö | 500 | 100 | 917 | 917 |
| Heimstaden Bostad Invest 8 AB | 559106-1550 | Malmö | 500 | 100 | 2,329 | 2,329 |
| Heimstaden Bostad Invest 9 A/S | 38714953 | Copenhagen | 500 | 100 | 10,356 | 10,356 |
| Heimstaden Bostad Invest 10 AS | 819330492 | Oslo | 500 | 100 | 10,095 | 10,095 |
| Heimstaden Bostad Invest 12 AB | 559228-4433 | Malmö | 500 | 100 | 4,592 | 4,592 |
| Heimstaden Bostad Invest 13 AB | 559276-3345 | Malmö | 500 | 100 | 1,303 | 1,303 |
| Heimstaden Bostad Invest 14 AB | 559295-8168 | Malmö | 500 | 100 | 0 | 0 |
| Heimstaden Bostad Invest 15 AB | 559298-5260 | Malmö | 500 | 100 | 312 | 312 |
| Heimstaden Bostad Invest 16 AB | 559326-5225 | Malmö | 500 | 100 | 0 | 0 |
| Heimstaden Eagle AB | 559326-5233 | Malmö | 500 | 100 | 10,802 | 17,445 |
| Heimstaden Bostad Invest AB | 559190-1607 | Malmö | 500 | 100 | 0 | 0 |
| Heimstaden Bostad Bostadsfinansiering AB | 559112-2105 | Malmö | 500 | 100 | 0 | 0 |
| Heimstaden Bostads Portalen AB | 559085-2264 | Malmö | 500 | 100 | 0 | 0 |
| Heimstaden Satelliten AB | 559163-3457 | Malmö | 500 | 100 | 122 | 66 |
| Heimstaden Bostad Skrinet AB | 559177-3436 | Malmö | 500 | 100 | 0 | 0 |
| Heimstaden Bostad Skrinet 2 AB | 559322-6771 | Malmö | 500 | 100 | 0 | 0 |
| Heimstaden Bostad Portalen 2 AB | 559177-3451 | Malmö | 500 | 100 | 0 | 0 |
| Heimstaden Bostad Parkering AB | 559001-2414 | Malmö | 500 | 100 | 0 | 0 |
| Heimstaden Burlöv AB | 559147-4076 | Malmö | 500 | 100 | 0 | 0 |
| Heimstaden Castor AB | 559101-4963 | Malmö | 500 | 100 | 7,919 | 7,919 |
| Heimstaden Bostad Treasury B.V. | 78619610 | Amsterdam | 100 | 100 | 41 | 41 |
| Heimstaden Country Manager AB | 559382-7909 | Malmö | 25,000 | 100 | 2,603 | 0 |
| Heimstaden Bostad Invest 19 AB | 559365-7512 | Malmö | 250 | 100 | 0 | 0 |
| Heimstaden Services AB | 559382-7917 | Malmö | 25,000 | 100 | 9 | 0 |
| Heimstaden Bostad Invest 20 | 559396-1120 | Malmö | 250 | 100 | 0 | 0 |
| Heimstaden A Sweden AB | 559160-4334 | Malmö | 1,000 | 100 | 0 | 35 |
| Heimstaden A Kronprinsen 1 AB | 556954-1369 | Malmö | 1,000 | 100 | 0 | 2,312 |
| Heimstaden Landet AB | 559411-7284 | Malmö | 250 | 100 | 0 | 0 |
| ***Total*** | | | | | ***55,643*** | ***62,021*** |

*[1] The share of capital corresponds to the share of votes.*
*[2] Except for the Group companies acquired in 2022 the share of capital in 2022 corresponds to the share of capital in 2021.*

| SEK million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Opening balance | 62,021 | 38,867 |
| Acquisitions | 2,668 | 2,347 |
| Disposal | – | -791 |
| Write-down | -57 | – |
| Shareholder contributions | -8,989 | 21,598 |
| **Closing balance** | **55,643** | **62,021** |

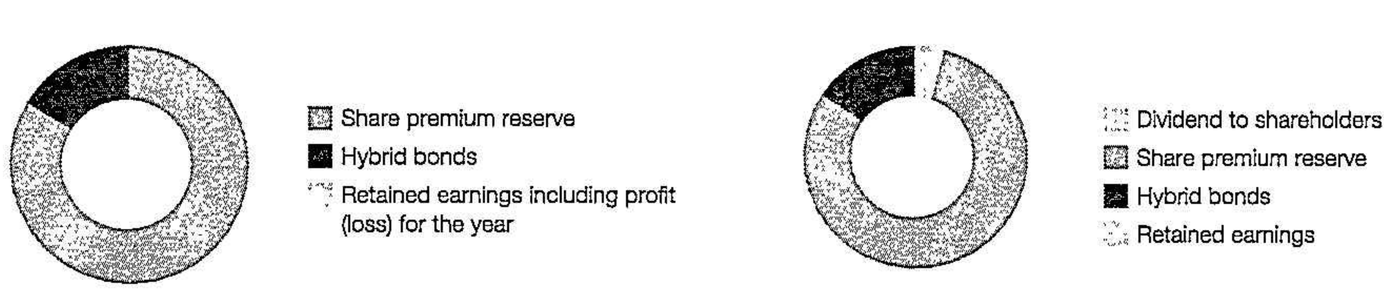
# Proposed Appropriation of Accumulated Profit

According to the Parent Company's Balance Sheet, the following earnings are at the disposal of the Annual General Meeting:

| SEK | |
|---|---|
| Share premium reserve | 126,109,549,744 |
| Hybrid bonds | 24,316,095,331 |
| Retained earnings | -30,478,310,296 |
| Profit (loss) for the year | -643,835,364 |
| **Total** | **119,303,499,415** |

The Board of Directors proposes that dividends be paid to shareholders as follows:

| SEK | |
|---|---|
| Dividens to shareholders | 6,741,871,901 |
| Share premium reserve | 126,109,549,744 |
| Hybrid bonds | 24,316,095,331 |
| Retained earnings | -37,864,017,561 |
| **Total** | **119,303,499,415** |




It is proposed that the funds at the disposal of the Annual General Meeting, SEK 119,303,499,415 be appropriated such that, a dividend amounting to SEK 223.05 per ordinary share, totalling SEK 2,802,269,267. The Board further proposes distribution of a dividend to the holders of Series A preference shares in accordance with the Company's Articles of Association in the amount of SEK 3,363,143.11 per Series A preference share, totalling SEK 672,628,623. The Board further proposes distribution of a dividend to the holders of Series B1, B2, B3, B4, B5, B6, B7 and B8 preference shares in accordance with the Company's Articles of Association in the amount of SEK 77.26 per Series B1, B2, B3, B4, B5, B6, B7 and B8 preference shares, totalling SEK 2,719,959,416 for Series B1, B2, B3, B4, B5, B6, B7 and B8 shares. The Board further proposes distribution of a dividend to the holders of Series B9 preference shares in accordance with the Company's Articles of Association in the amount of SEK 59.20 per Series B9 preference share, totalling SEK 446,279,898 for Series B9 shares. The Board further proposes distribution of a dividend to the holders of Series B10 preference shares in accordance with the Company's Articles of Association, that is, in the amount of SEK 35.75 per Series B10 preference share, totalling SEK 99,987,968 for Series B10 shares. The Board further proposes distribution of a dividend to the holders of Series B11 preference shares in accordance with the Company's Articles of Association, that is, in the amount of SEK 2.26 per Series B11 preference share, totalling SEK 746,728 for Series B11 shares. Accordingly, a total of SEK 6,741,871,901 is to be paid out in dividends. The remaining amount, SEK 112,561,627,514 is to be carried forward to a new account. The dividend shall be paid in immediate connection with the resolution of the Annual General Meeting on 6 March 2023. No dividend shall, in accordance with the Company's articles of Association, be paid on the Series C preference shares.

**The Board of Directors' statement in accordance with Chapter 18, Section 4, of the Swedish Companies Act.**

This statement has been prepared in accordance with Chapter 18, Section 4, of the Swedish Companies Act and constitutes the Board of Directors' assessment of whether the proposed dividend is justified according to Chapter 17, Section 3, second and third paragraph, of the Swedish Companies Act.

The Board of Directors proposes distribution of a dividend amounting to SEK 223.05 per ordinary share, totalling SEK 2,802,269,267. The Board further proposes distribution of a dividend to the holders of Series A preference shares in accordance with the Company's Articles of Association in the amount of SEK 3,363,143.11 per Series A preference share, totalling SEK 672,628,623. The Board further proposes distribution of a dividend to the holders of Series B1, B2, B3, B4, B5, B6, B7 and B8 preference shares in accordance with the Company's Articles of Association in the amount of SEK 77.26 per Series B1, B2, B3, B4, B5, B6, B7 and B8 preference shares, totalling SEK 2,719,959,416 for Series B1, B2, B3, B4, B5, B6, B7 and B8 shares. The Board further proposes distribution of a dividend to the holders of Series B9 preference shares in accordance with the Company's Articles of Association in the amount of SEK 59.20 per Series B9 preference share, totalling SEK 446,279,898 for Series B9 shares. The Board further proposes distribution of a dividend to the holders of Series B10 preference shares in accordance with the Company's Articles of Association, that is, in the amount of SEK 35.75 per Series B10 preference share, totalling SEK 99,987,968 for Series B10 shares. The Board further proposes distribution of a dividend to the holders of Series B11 preference shares in accordance with the Company's Articles of Association, that is, in the amount of SEK 2.26 per Series B11 preference share, totalling SEK 746,728 for Series B11 shares. Accordingly, a total of SEK 6,741,871,901 is to be paid out in dividends.

The dividend in total amounts to SEK 6,741,871,901. The proposed dividend reduces the Company's equity ratio from circa 54.06% to circa 51.01% and the group's equity ratio from circa 45.52% to circa 44.58%. The equity ratio is satisfactory both in short and long term.

The Company's and the Group's financial positions as of 31 December 2022 are stated in the 2022 annual report. As of 31 December 2022 the unrestricted equity of the Company amounted to SEK 119,303,499,415. No assets or liabilities have been valued at fair value in accordance with Chapter 4: Section 14 a, of the Swedish Annual Accounts Act (1995:1554).

The operations conducted by the Company and the Group do not pose any risks beyond what is occurring or what can be presumed to occur in the industry or the risks associated with the course of business operations. The Board of Directors has taken into account the Company's and the Group's need for consolidation through a comprehensive assessment of the Company's and Group's financial position, as well as the Company's and the Group's capablity to comply with its undertakings in the long run. The Company's and Group's financial position does not indicate anything other than that the Company and the Group will be able to continue their operations and are expected to be able to comply with all of their obligations in the short and long term and to be able to make necessary investments. The Board assessment is that the amount of the Company's equity, even after the proposed dividends, is in a reasonable proportion to the extent of the operations conducted by the Company and the Group, as well as the risks associated with the course of the business' operations.

In light of, and taking the above into account, it is the Board assessment that the proposed dividends are justified according to Chapter 17, Section 3, second and third paragraph, of the Swedish Companies Act regarding the requirements on the Company's equity, the company's and Group's need for consolidation, liquidity, and position in general as determined by the nature of business, scope, and risk.

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# Signatures

The undersigned provide their assurance that the Consolidated Financial Statements have been prepared in accordance with the International Accounting Standards (IFRS), as adopted by the EU, as well as the Swedish Financial Reporting Board's recommendation RFR 1, and that the Annual Report has been prepared in accordance with the Annual Accounts Act and the recommendation RFR2 of the Swedish Financial Reporting Board. The Consolidated and Annual Financial Statements have been prepared in accordance with good accounting practices, and provide a fair view of the Group's and the Parent Company's financial position and profit, and that the Administration Report provides a fair overview of the development of the operations, position, and results of the Group and the Company, as well as describing significant risks and uncertainty factors facing the companies within the Group.

Malmö, 24 February 2023

| | | | |
|---|---|---|---|
| Helge Krogsbøl<br>CEO | Casper von Koskull<br>Chairman of the Board | Ivar Tollefsen<br>Board Member | Stefan Attefall<br>Board Member |
| Vibeke Krag<br>Board Member | John Giverholt<br>Board Member | Bente A. Landsnes<br>Board Member | Anna Magnusson<br>Board Member |
| Birgitta Stenmark<br>Board Member | Axel Brändström<br>Board Member | | |

Our Audit Report was submitted on 24 February 2023
Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

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# Auditor's Report

To the general meeting of the shareholders of Heimstaden Bostad AB (publ), corporate identity number 556864-0873

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Heimstaden Bostad AB (publ) except for the corporate governance statement on pages 28–40 and the statutory sustainability report on pages 110–171 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 1–2, 6, 23–26, 42–96 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31st of December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31st of December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 28–40 and the statutory sustainability report on pages 110–171. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated comprehensive income statement and the consolidated balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Property Valuations

**Description**

The fair value of the Group's investment properties reported in the Statement of Financial Position at 31 December 2022 amount to SEK 344,856 million. The valuations are made through a combination of local price analyses and market simulations of future cash flows. The properties were valued externally at year-end. The properties' direct return requirements are assessed on the basis of each property's unique risk and transactions made in the market for objects of a similar nature.

In view of the many assumptions and assessments made in connection with the valuation of investment properties, we believe that this area is to be considered of particular importance in our audit. A description of the valuation of the property holdings is shown in the Annual Report under Note 3.1 Investment Properties.

**How our audit addressed this key audit matter**

In our audit of the fair value of the Group's investment properties we have evaluated and examined the external property valuation process by, among other things, evaluating the valuation method. With the support of our internal property valuation specialists, we have examined a sample of the external property valuations and assessed the reasonableness of assumptions made, such as direct return requirements, vacancy rates, rental income and operating costs. We have made comparisons with available market data. For a selection of investment properties, we have examined inputs on revenue and operating expenses and calculations in the external valuations at the property level. We have evaluated the external valuers' competence and objectivity.

We have reviewed supplementary disclosures made in the Annual Report.

#### Goodwill

**Description**

At 31 December 2022 the Group's consolidated statements of financial position includes goodwill amounting to SEK 19,569 million.

The Group has assessed goodwill for impairment at 31 December 2022. Assessment of the impairment of the Group's goodwill incorporate significant judgments and estimates, specifically concerning factors such as forecast cashflows, discounts rates and terminal growth rates. Minor changes in certain assumptions can lead to significant changes in the recoverable amount of these assets.

Accordingly, based on the significant judgements and estimates involved in the impairment testing of goodwill we considered this to be a key audit matter in our audit.

Break-down of Goodwill and impairment test is found in note 8.2 Business Combinations and note 3.2 Intangible Assets in the Annual Report.

**How our audit addressed this key audit matter**

Our audit procedures included the following:

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

**Other information than the annual accounts and consolidated accounts**
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3–5, 7–22, 27–41 and 100–172. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the Managing Director**
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**Auditor's responsibility**
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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## Report on other legal and regulatory requirements

**Opinions**
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Heimstaden Bostad AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

**Basis for opinions**
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Responsibilities of the Board of Directors and the Managing Director**
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

**Auditor's responsibility**
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

**The auditor's examination of the corporate governance statement**
The Board of Directors is responsible for that the corporate governance statement on pages 28–40 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

**The auditor's opinion regarding the statutory sustainability report**
The Board of Directors is responsible for the statutory sustainability report on pages 110–171, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, P.O Box 7850, 103 99 Stockholm, was appointed auditor of Heimstaden Bostad AB (publ) by the general meeting of the shareholders on the 30th of March 2022 has been the company's auditor since the 16th of April 2018.

Stockholm the 24th of February 2023

Ernst & Young AB

Jonas Svensson
Authorized Public Accountant

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# Alternative Performance Measures

For more information, definitions, and methodology please refer to www.heimstadenbostad.com

### Net Loan-to-Value

| SEK million | 2022 | 2021 |
|---|---|---|
| Interest-bearing secured liabilities | 89,612 | 65,072 |
| Interest-bearing unsecured liabilities | 93,079 | 93,307 |
| Cash and cash equivalents | 9,385 | 19,508 |
| **Net interest-bearing liabilities** | **173,306** | **138,872** |
| **Fair value of investment properties** | **344,856** | **300,584** |
| **Net LTV, %** | **50.3** | **46.2** |

### Net Debt / Total Assets

| SEK million | 2022 | 2021 |
|---|---|---|
| Net interest-bearing liabilities | 173,306 | 138,872 |
| Total assets | 397,327 | 349,066 |
| **Net Debt / Total Assets, %** | **43.6** | **39.8** |

### Interest Coverage Ratio (ICR)

| SEK million | 2022 | 2021 |
|---|---|---|
| Profit before financial items | 7,901 | 2,834 |
| Transaction costs from business combination | -182 | 2,232 |
| Adjustment for operating result of associated companies and joint ventures | -262 | – |
| Financial income | 316 | 152 |
| **Profit before financial items plus financial income** | **7,772** | **5,219** |
| Financial costs - interest-bearing liabilities | 2,275 | 1,288 |
| **ICR** | **3.4** | **4.1** |

### Net debt / (Net debt + Equity) (S&P method)

| SEK million | 2022 | 2021 |
|---|---|---|
| Equity | 180,854 | 160,338 |
| 50% hybrid | 12,165 | 16,833 |
| **Equity, adjusted** | **168,689** | **143,505** |
| Total interest-bearing liabilities | 182,691 | 158,380 |
| Right-of-use-liabilities | 1,416 | 734 |
| Less: Cash and cash equivalents | -9,385 | -19,508 |
| 50% of hybrid bonds as debt (S&P adjusted) | 12,165 | 16,833 |
| **Net interest-bearing liabilities, adjusted (Net debt)** | **186,887** | **156,439** |
| **Net debt + Equity** | **355,576** | **299,944** |
| **Net debt / (Net debt + Equity), %** | **52.6** | **52.2** |

### ICR (S&P method)

| SEK million | 2022 | 2021 |
|---|---|---|
| **Operating profit before inventory properties and fair value adjustments** | **7,901** | **2,834** |
| Depreciation and amortisation | 4 | 2 |
| SOS Partnership | 143 | 49 |
| Transaction costs from business combination | -182 | 2,232 |
| Share of net profits/losses of associated companies and joint ventures | -410 | -329 |
| **EBITDA, adjusted** | **7,456** | **4,789** |
| Interest expenses on interest-bearing liabilities | 2,275 | 1,288 |
| Capitalised interest | 89 | 52 |
| 50% of hybrid bonds dividend (S&P adjusted) | 473 | 389 |
| **Interest expense, adjusted** | **2,837** | **1,729** |
| **ICR incl. hybrid bonds as 50% debt** | **2.6** | **2.8** |

### Residential

| SEK million | 2022 | 2021 |
|---|---|---|
| Fair value residential properties | 310,684 | 270,589 |
| Fair value investment properties | 334,040 | 292,673 |
| **Residential, %** | **93.0** | **92.5** |

### Like-for-like rental income growth

| SEK million | 2022 | 2021 |
|---|---|---|
| Rental income current year | 8,197 | 5,553 |
| Rental income last year | 7,774 | 5,417 |
| **Like-for-like rental income growth, %** | **5.4** | **2.5** |

*[1] 2022: only properties owned as at 31 december 2020 are included.*
*[2] 2021: only properties owned as at 31 december 2019 are included.*

### Net operating income margin

| SEK million | 2022 | 2021 |
|---|---|---|
| Rental income | 12,702 | 8,608 |
| Net operating income | 8,141 | 5,386 |
| **Net operating income, %** | **64.1** | **62.6** |

### Economic occupancy, residential

| SEK million | 2022 | 2021 |
|---|---|---|
| Theoretical rental income on residential units | 12,105 | 8,425 |
| Economic vacancy | -418 | -305 |
| **Rental income on residential units** | **11,688** | **8,120** |
| **Economic occupancy, %** | **96.5** | **96.4** |

### Real economic occupancy, residential

| SEK million | 2022 | 2021 |
|---|---|---|
| Theoretical rental income on residential units | 12,105 | 8,425 |
| Adjusted for non-market vacancy | -196 | -175 |
| **Adjusted theoretical rental income** | **11,909** | **8,250** |
| **Real economic occupancy, %** | **98.4** | **97.9** |

### Equity ratio

| SEK million | 2022 | 2021 |
|---|---|---|
| Equity | 180,854 | 160,338 |
| Assets | 397,327 | 349,066 |
| **Equity ratio, %** | **45.5** | **45.9** |

### Solvency

| SEK million | 2022 | 2021 |
|---|---|---|
| Equity | 180,854 | 160,338 |
| Liabilities | 216,472 | 188,728 |
| **Solvency ratio, %** | **45.5** | **45.9** |

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### Net Asset Value (NAV)

| SEK million | 2022 | 2021 |
|---|---|---|
| Equity | 180,854 | 160,338 |
| Deferred tax attributable to fair value gain | 9,211 | 8,934 |
| **NAV** | **190,066** | **169,271** |

### EBITDA

| SEK million | 2022 | 2021 |
|---|---|---|
| Operating profit before investment properties and fair value adjustments | 7,901 | 2,834 |
| Transaction costs from business combination | -182 | 2,232 |
| Amortisation and depreciation | 4 | 2 |
| **EBITDA** | **7,722** | **5,068** |

### Debt / EBITDA

| SEK million | 2022 | 2021 |
|---|---|---|
| Interest-bearing liabilities | 167,896 | 106,976 |
| EBITDA adjusted | 7,722 | 5,068 |
| **Debt / EBITDA, multiple** | **21.7** | **21.1** |

### NAV per ordinary share

| SEK million | 2022 | 2021 |
|---|---|---|
| Equity | 180,854 | 160,338 |
| Less Preference capital A | 683 | 444 |
| Less Preference capital B | 95,012 | 73,506 |
| Less Preference capital C | 1 | 1 |
| Less Hybrid bonds and minority | 42,167 | 34,510 |
| Deferred tax attributable to fair value gain | 9,211 | 8,934 |
| **Equity excluding preference capital** | **52,203** | **60,811** |
| Number of ordinary shares | 12,563,147 | 9,725,321 |
| **NAV per ordinary share** | **4,155** | **6,253** |

### Secured loan-to-value

| SEK million | 2022 | 2021 |
|---|---|---|
| Interest-bearing secured liabilities | 89,612 | 65,072 |
| Total assets | 397,327 | 349,066 |
| **Secured Loan-to-Value, %** | **22.6** | **18.6** |

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# Quarterly Financial Information

## Consolidated Key figures

| SEK million | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|---|---|---|---|---|---|
| **Financials** | | | | | |
| Rental income | 3,387 | 3,197 | 3,105 | 3,014 | 2,391 |
| Growth year-on-year, % | 41.6 | 48.7 | 51.3 | 49.6 | 42.4 |
| Net operating income | 2,060 | 2,217 | 2,035 | 1,829 | 1,397 |
| Net operating income margin, % | 60.8 | 69.4 | 65.5 | 60.7 | 58.4 |
| Total comprehensive income/loss | -4,730 | -2,176 | 5,360 | 9,927 | 5,861 |
| Capital expenditures | 3,199 | 2,425 | 2,259 | 2,245 | 1,594 |
| **Portfolio Metrics** | | | | | |
| Fair value of investment properties | 344,856 | 336,967 | 335,902 | 315,843 | 300,584 |
| Homes, units | 158,326 | 154,145 | 153,205 | 148,764 | 148,295 |
| Real economic occupancy, residential, % | 98.2 | 98.4 | 98.5 | 98.5 | 98.3 |
| Like-for-like rental income growth, year-on-year, % | 5.4 | 5.5 | 5.2 | 5.6 | 3.3 |
| **Credit metrics** | | | | | |
| Net Loan-to-Value (LTV), % | 50.3 | 48.9 | 46.5 | 44.5 | 46.2 |
| Net debt / (Net debt + Equity), S&P method, % | 52.6 | 52.1 | 51.7 | 50.2 | 52.2 |
| Net debt / Total assets, % | 43.6 | 43.3 | 41.5 | 38.4 | 39.8 |
| Interest Coverage Ratio (ICR), multiple | 3.4 | 3.8 | 4.0 | 3.9 | 4.1 |
| Interest Coverage Ratio, S&P method, multiple | 2.6 | 2.8 | 2.8 | 2.7 | 2.9 |

### Earnings capacity

Earnings capacity is calculated as annualised earnings based on the contracted rental income, normalised property expenses and administrative expenses of the property portfolio as of 31 December 2022, as well as interest expenses based on outstanding loans multiplied by the average interest rate as of the same date. Earnings capacity does not include any future agreed or estimated changes in income, expenses, acquisitions or divestments and should therefore not be considered a forecast for the current year or for the next 12-month period.

## Key figures per market

| SEK million | Sweden | Germany | Denmark | Netherlands | Czech Republic | Norway | Finland | United Kingdom | Poland | Group in total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Q4** | | | | | | | | | | |
| Like-for-like rental income growth | 2.8 | 2.8 | 4.5 | 4.9 | 12.6 | 8.4 | N/A | N/A | N/A | 5.4 |
| Real Economic occupancy | 99.2 | 98.3 | 97.0 | 99.7 | 97.1 | 99.4 | 95.6 | 100.0 | 81.8 | 98.2 |
| Economic occupancy | 98.0 | 95.1 | 95.2 | 97.6 | 94.6 | 98.9 | 90.7 | 100.0 | 78.7 | 96.3 |
| **Full year 2022** | | | | | | | | | | |
| Like-for-like rental income growth | 3.0 | 7.8 | 5.7 | 3.7 | 9.1 | 8.2 | N/A | N/A | N/A | 5.4 |
| Real Economic occupancy | 99.1 | 98.4 | 98.0 | 99.7 | 96.9 | 98.1 | 95.6 | 99.2 | 84.7 | 98.4 |
| Economic occupancy | 97.9 | 95.9 | 96.5 | 97.4 | 94.2 | 96.8 | 90.2 | 99.2 | 81.1 | 96.5 |
| Expenses for repair and maintenance [1] | 279 | 153 | 153 | 110 | 147 | 105 | 10 | – | – | 958 |
| Capitalised repair and maintenance | 1,720 | 453 | 353 | 661 | 494 | 94 | 52 | – | – | 3,828 |
| Tenant improvements | 482 | 192 | 138 | 212 | 290 | 46 | 22 | – | – | 1,383 |
| Investment properties under construction | 2,473 | 21 | 818 | – | – | 227 | – | 1,380 | – | 4,919 |

[1] *Excluding group adjustments, see Note 2.1*

### Earnings capacity per Q4 2022

| SEK million | |
|---|---|
| Rental income | 13,914 |
| Service charges paid by tenants | 1,811 |
| Property expenses | -6,448 |
| **Net operating income** | **9,277** |
| Corporate administrative expenses | -891 |
| **Profit before financial items** | **8,386** |
| Financial costs - interest-bearing liabilities | -3,499 |
| **Profit** | **4,887** |
| Net operating income margin, % | 66,7 |
| Interest Coverage Ratio | 2.4 |

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# Quarterly Review

*Figures in parenthesis refer to the previous quarter.*

### Income

Rental income increased by 6% to SEK 3,387 million (3,197), driven by standing assets and favourable exchange rate developments. Service charges paid by tenants increased to SEK 386 million (271), mainly due to higher heating costs in Germany and Czech Republic.

Like-for-like rental income growth was 5.4% (5.5%). The comparable portfolio made up 65% (63%) of rental income.

Residential real economic occupancy was stable at 98.2% (98.4%), excluding 1.9% (1.9%) in vacancy due to refurbishments and other non-market related vacancies.

### Operating expenses

Utility expenses increased to SEK 551 million (379), mainly related to higher heating consumption in the Czech Republic and Sweden. In most markets, the utility cost is covered by the tenant and have a limited impact on the net operating income.

Repair and maintenance expenses including group eliminations increased to SEK 206 million (97). Costs for facility and property management increased to SEK 646 million (517).

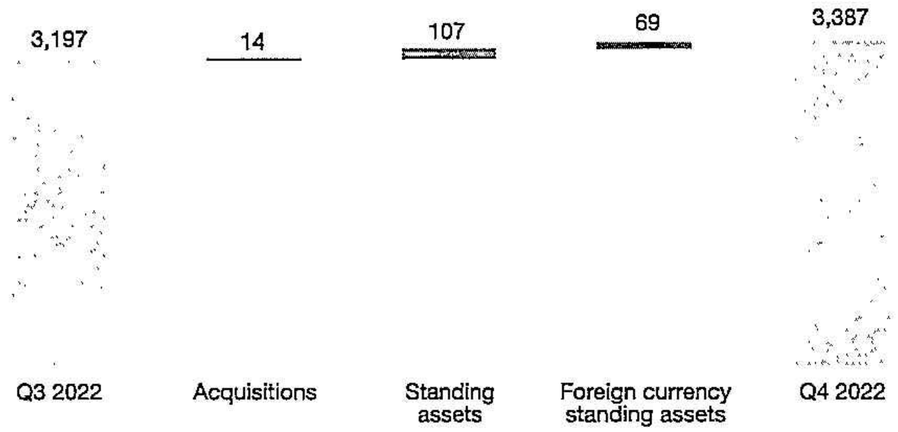
### Capital expenditures and Repair & Maintenance

Total expenditure in standing assets increased to SEK 1,750 million (1,589), corresponding to 0.51% of fair value (0.47%), while investments in properties under construction, excluding forward purchase contracts, increased to 0.49% of fair value (0.31%), due to higher activity on new developments.

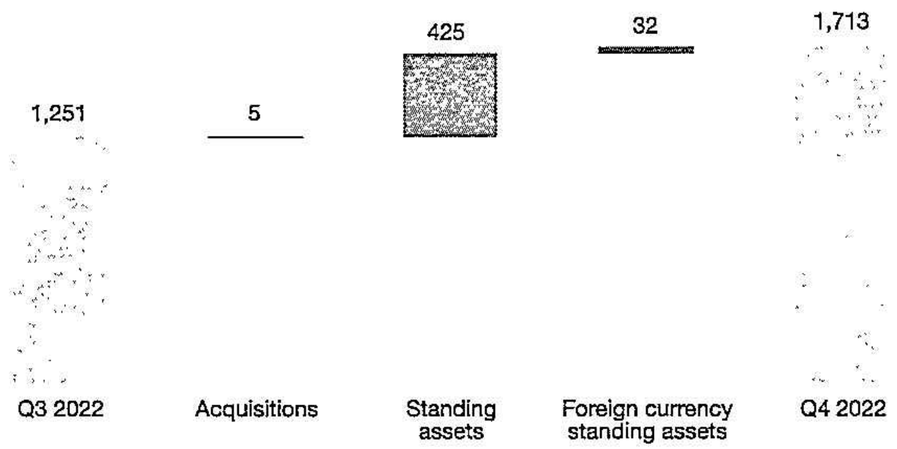
| SEK million | Q4 2022 | Q3 2022 |
|---|---|---|
| **Income statement items** | | |
| Expenses for repair & maintenance[1] | 251 | 204 |
| **Balance sheet items** | | |
| Capitalised repair & maintenance | 1,043 | 1,035 |
| Tenant improvements | 457 | 350 |
| **Expenditure on standing assets** | **1,750** | **1,589** |
| Investment properties under construction | 1,700 | 1,040 |
| **Capital expenditures** | **3,199** | **2,425** |

[1] *Excluding group eliminations, see Note 2.1.*

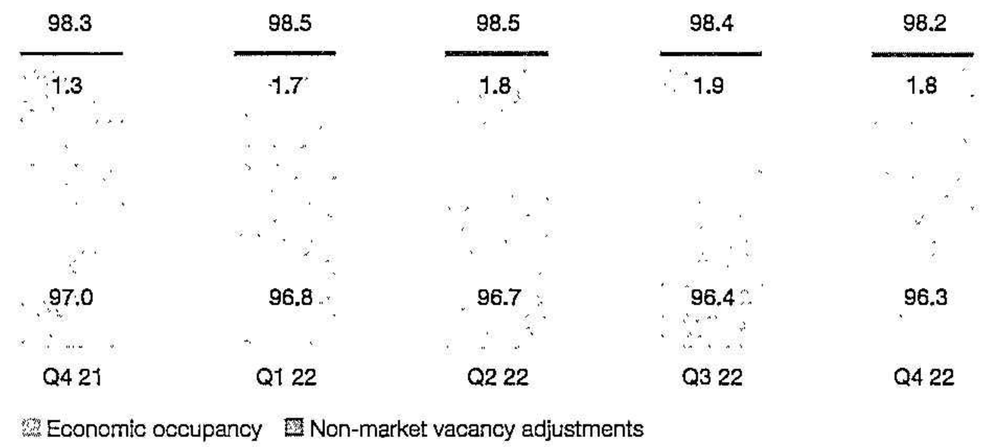
**Rental Income**
SEK million




**Property Cost Development**
SEK million




**Real economic occupancy residential**
%



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### Net operating income

Net operating income decreased by 7.1% to SEK 2,060 million (2,217), resulting in a net operating income margin of 60.8% (69.4%), mainly driven by the seasonality in utility costs.

### Change in fair value of investment properties[1]

| | Q4 2022 | |
|---|---|---|
| SEK million | % | SEK million |
| Sweden | -4.5 | -4,540 |
| Germany | -1.5 | -1,404 |
| Denmark | -4.8 | -3,713 |
| Netherlands | -4.4 | -1,384 |
| Czech Republic | 0.2 | 51 |
| Norway | -3.4 | -723 |
| Finland | -1.2 | -46 |
| United Kingdom | -1.2 | -33 |
| Poland | 6.6 | 63 |
| **Total** | **-3.3** | **-11,730** |

[1] *For more information regarding fair value assessments, see Note 3.1.*

Net loss from fair value adjustments on investment properties was SEK -11,730 million (-6,468) corresponding to -3.3%. The yield requirement in the valuation amounted to an average 3.17%, up from 3.02% at the end of the previous quarter.

### Interest expenses

Interest rate expenses were SEK 849 million (543), and the average interest rate was 1.8% (1.2%). At the balance sheet date the interest rate hedge ratio was 76.0% (75.5%). The interest coverage ratio for the last 12 months was 3.4 (3.8).

### Foreign currency

Heimstaden Bostad has holdings and operations in SEK, EUR, DKK, NOK, CZK, PLN and GBP, currency fluctuations gave other comprehensive income of SEK 5,155 million (2,244), which was partially offset by SEK 2,203 million in foreign exchange loss (1,408), mainly related to bonds issued in foreign currency.

### Cash Flow

| SEK million | Q4 2022 | Q3 2022 |
|---|---|---|
| Operating activities | 2,286 | 1,259 |
| Investing activities | -6,910 | -6,676 |
| Financing activities | 9,234 | 3,492 |
| Currency effects | 104 | -128 |
| **Change** | **4,714** | **-2,052** |
| Period opening balance | 4,673 | 6,725 |
| **Closing balance** | **9,385** | **4,673** |

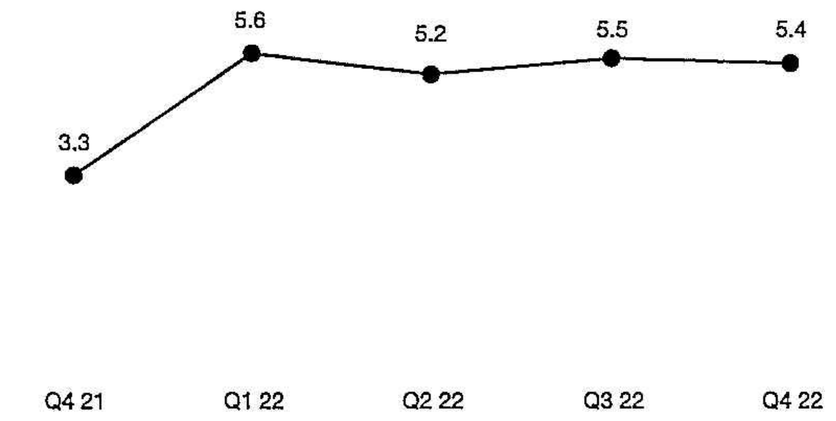
Cash flow from operating activities before changes in working capital was SEK 1,889 million (1,575). Working capital increased by SEK 397 million (decrease 316), resulting in net cash flows from operating activities of SEK 2,286 million (1,259).

Cash flow from investing activities was SEK 6,910 million (6,676) and included acquisitions of SEK 3,970 million (847) and capex on investment properties of SEK 2,626 million (2,438).

Cash flow from financing activities was SEK 9,234 million (3,492), which included buyback of hybrid bonds for SEK 317 million, new share issue from existing shareholder for SEK 750 million, bond repayments for SEK 682 million and new bank loans for SEK 11,690 million.

### Like-for-Like Rental Income Growth

year-on-year, %




### Net Operating Income and Margin

Last twelve months, SEK million / %

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## Consolidated Comprehensive Income Statement

| SEK million | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|---|---|---|---|---|---|
| Rental income | 3,387 | 3,197 | 3,105 | 3,014 | 2,391 |
| Service charges paid by tenants | 386 | 271 | 234 | 326 | 229 |
| Property expenses | -1,713 | -1,250 | -1,304 | -1,510 | -1,224 |
| **Net operating income** | **2,060** | **2,217** | **2,035** | **1,829** | **1,397** |
| Corporate administrative expenses | -229 | -247 | -212 | -199 | -190 |
| Other operating income | 35 | 37 | 213 | 184 | 1 |
| Other operating expenses | -37 | -25 | -57 | -113 | -2,268 |
| Share of net profits/losses of associated companies and joint ventures | -973 | 1,553 | -196 | 26 | 330 |
| **Profit before inventory properties and fair value adjustments** | **856** | **3,536** | **1,782** | **1,728** | **-729** |
| Fair value adjustment of investment properties | -11,710 | -6,480 | 3,837 | 9,237 | 7,034 |
| Change in value and gains/losses from sale of inventory properties | 437 | -11 | -6 | -13 | -23 |
| **Operating profit/loss** | **-10,417** | **-2,956** | **5,613** | **10,951** | **6,281** |
| Interest income | 208 | 46 | 0 | 66 | 107 |
| Interest expenses on interest-bearing liabilities | -849 | -543 | -419 | -468 | -401 |
| Net currency translation gains/losses | -2,203 | -1,408 | -2,309 | -658 | 515 |
| Fair value adjustment of derivative financial instruments | 152 | 80 | 462 | 421 | 518 |
| Other financial items | 142 | -745 | -1,828 | 300 | 503 |
| **Profit/loss before tax** | **-12,967** | **-5,525** | **1,518** | **10,613** | **7,522** |
| Income tax expense | 17 | -253 | -257 | -344 | -47 |
| Deferred tax expense | 3,114 | 1,358 | -335 | -2,259 | -1,614 |
| **Profit/loss for the period** | **-9,836** | **-4,420** | **925** | **8,010** | **5,861** |
| Other comprehensive income/loss | 5,106 | 2,244 | 4,435 | 1,917 | 1,652 |
| **Total comprehensive income/loss** | **-4,730** | **-2,176** | **5,360** | **9,927** | **7,513** |
| **Profit/loss attributable to:** | | | | | |
| The Parent Company's shareholders | -9,754 | -4,218 | 923 | 7947 | 5,860 |
| Non-controlling interests | -81 | -202 | 2 | 63 | 1 |
| **Comprehensive income/loss attributable to:** | | | | | |
| The Parent Company's shareholders | -4,649 | -1,974 | 5,358 | 9,864 | 7,512 |
| Non-controlling interests | -81 | -202 | 2 | 63 | 1 |
| Average number of shares outstanding | 12,496,115 | 12,322,898 | 11,857,910 | 9,796,407 | 8,647,842 |
| Earnings/loss per ordinary share (basic and diluted) | -411 | -268 | 290 | 847 | 688 |

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# Consolidated Balance Sheet

| SEK million | 31 December 2022 | 30 September 2022 | 30 June 2022 | 31 March 2022 | 31 December 2021 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Investment properties | 344,856 | 336,967 | 335,902 | 315,843 | 300,584 |
| Intangible assets | 19,693 | 19,987 | 16,960 | 16,578 | 16,497 |
| Machinery and equipment | 314 | 309 | 79 | 87 | 76 |
| Investments in associated companies and joint ventures | 9,698 | 10,322 | 733 | 787 | 739 |
| Quoted equity investments | – | – | 8,014 | 8,482 | 5,765 |
| Derivative financial instruments | 836 | 1,018 | 889 | 546 | 190 |
| Deferred tax assets | 982 | – | – | – | – |
| Other non-current financial assets | 3,703 | 3,345 | 3,202 | 2,943 | 2,431 |
| **Total non-current assets** | **380,082** | **371,948** | **365,778** | **345,266** | **326,282** |
| | | | | | |
| Inventory properties | 573 | 826 | 835 | 864 | 846 |
| Rent and trade receivables | 359 | 207 | 146 | 119 | 179 |
| Other current assets | 4,867 | 1,391 | 1,852 | 1,614 | 1,469 |
| Derivative financial instruments | 645 | 312 | 323 | 335 | 250 |
| Prepayments | 1,416 | 978 | 837 | 927 | 533 |
| Cash and cash equivalents | 9,385 | 4,673 | 6,724 | 16,321 | 19,508 |
| **Total current assets** | **17,245** | **8,386** | **10,717** | **20,180** | **22,784** |
| **TOTAL ASSETS** | **397,327** | **380,334** | **376,496** | **365,446** | **349,066** |

| SEK million | 31 December 2022 | 30 September 2022 | 30 June 2022 | 31 March 2022 | 31 December 2021 |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | **180,854** | **176,540** | **179,219** | **174,483** | **160,338** |
| | | | | | |
| Interest-bearing liabilities | 171,119 | 159,434 | 157,067 | 150,402 | 134,895 |
| Lease liabilities | 1,331 | 1,294 | 914 | 1,393 | 729 |
| Derivative financial instruments | 51 | 139 | 114 | 255 | 0 |
| Deferred tax liabilities | 22,941 | 24,639 | 25,235 | 24,303 | 21,904 |
| Other non-current financial liabilities | 2,700 | 1,046 | 1,014 | 941 | 865 |
| **Total non-current liabilities** | **198,142** | **186,553** | **184,343** | **177,294** | **158,392** |
| | | | | | |
| Interest-bearing liabilities | 11,572 | 9,898 | 5,741 | 6,352 | 23,485 |
| Lease liabilities | 84 | 74 | 12 | 17 | 5 |
| Trade payables | 833 | 448 | 633 | 475 | 566 |
| Other current liabilities | 3,008 | 4,002 | 4,198 | 4,552 | 4,411 |
| Derivative financial instruments | 75 | 2 | 1 | 1 | 6 |
| Accrued expenses and prepaid income | 2,758 | 2,818 | 2,349 | 2,271 | 1,863 |
| **Total current liabilities** | **18,330** | **17,241** | **12,933** | **13,668** | **30,336** |
| **TOTAL EQUITY AND LIABILITIES** | **397,327** | **380,334** | **376,496** | **365,446** | **349,066** |

# Consolidated Cash Flow Statement

| SEK million | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Profit/loss before income tax | -12,967 | -5,525 | 1,518 | 10,613 | 7,522 |
| | | | | | |
| *Adjustments to reconcile profit before tax to net cash flows:* | | | | | |
| Fair value adjustment on investment properties | 12,009 | 6,487 | -3,837 | -9,224 | -6,867 |
| Fair value adjustment of derivative financial instruments | -150 | 150 | -462 | -421 | -517 |
| Finance expenses, net | 363 | 548 | 467 | 445 | 381 |
| Other adjustments | 3,257 | 558 | 4,399 | 287 | -1,472 |
| | | | | | |
| *Working capital changes* | | | | | |
| Increase(-)/decrease(+) in rent and other receivables | -1,821 | 339 | 26 | -458 | -159 |
| Increase(+)/decrease(-) in trade and other payables | 2,218 | -655 | -347 | -352 | 3,862 |
| **Cash generated from operations** | **2,909** | **1,902** | **1,764** | **890** | **2,750** |
| | | | | | |
| Interest paid | -757 | -485 | -392 | -224 | -507 |
| Interest received | 318 | 10 | 9 | 7 | 34 |
| Paid income tax | -183 | -168 | -259 | -233 | -226 |
| **Net cash flows from operating activities** | **2,286** | **1,259** | **1,122** | **440** | **2,051** |

| SEK million | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|---|---|---|---|---|---|
| **Investing activities** | | | | | |
| Acquisitions of businesses, net of cash | -156 | -2,681 | -6,153 | -161 | -79,449 |
| Purchase of investment properties | -3,970 | -847 | – | – | -2,210 |
| Capital expenditure on completed investment properties | -2,626 | -2,438 | -2,259 | -2,245 | -1,610 |
| Disposals of investment properties | 126 | 57 | 468 | 10 | 417 |
| Deposits paid for signed acquisitions | -177 | -112 | -330 | -112 | 5,205 |
| Investments in associated companies and joint ventures | -108 | 128 | -137 | -50 | -132 |
| Purchase of quoted equity investments | – | -775 | -1,339 | -2,360 | -3,081 |
| Other cash flows from investing activities | 2 | -8 | 10 | -13 | -135 |
| **Net cash flows from investing activities** | **-6,910** | **-6,676** | **-9,740** | **-4,931** | **-80,996** |
| | | | | | |
| **Financing activities** | | | | | |
| Proceeds from interest-bearing liabilities | 17,501 | 5,516 | 4,303 | 21,336 | 49,649 |
| Repayment of interest-bearing liabilities | -8,530 | -1,975 | -5,033 | -24,733 | -5,230 |
| Dividends paid | – | – | – | -3,229 | – |
| Proceeds from non-controlling interests | – | – | -231 | 7,926 | – |
| Proceeds from share issuances | 750 | 6,885 | – | – | 32,500 |
| Buyback of hybrid bonds | -317 | -6,783 | – | – | – |
| Proceeds from issuance of hybrid bonds | – | – | – | – | 6,072 |
| Repayments on hybrid bonds | -10 | -115 | -393 | -443 | -8 |
| Settlement of derivative financial instruments | 2 | – | – | 230 | 4 |
| Other cash flows from financing activities | -162 | -37 | 7 | -67 | -82 |
| **Net cash flows from financing activities** | **9,234** | **3,492** | **-1,347** | **1,020** | **82,906** |
| | | | | | |
| Net change in cash and cash equivalents | 4,610 | -1,924 | -9,967 | -3,470 | 3,961 |
| Cash and cash equivalents at the beginning of the period | 4,671 | 6,725 | 16,321 | 19,508 | 14,276 |
| Net currency exchange effect in cash and cash equivalents | 104 | -130 | 371 | 283 | 1,271 |
| **Cash and cash equivalents at the end of the period** | **9,385** | **4,671** | **6,725** | **16,321** | **19,508** |

# Helping Homeless Children

To improve the rights and welfare of children in street situations in Ethiopia and Rwanda, and to address the root causes of street life, A Home for a Home launched a programme to first register children living on the streets then begin to reintegrate them into their families or other appropriate caregivers. The programme goal is to help 10,500 children directly and 59,000 indirectly by 2026.

More information about the programmes

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# Sustainability Report 2022


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# About the Sustainability Report

At Heimstaden Bostad, we report our sustainability work on an annual basis in accordance with the Global Reporting Initiative (GRI) Universal Standards, the Swedish Annual Accounts Act Chapter 6 Section 11 and the EU Taxonomy Regulation. We have identified the topics that are material for our company, stakeholders, and the planet, reporting on at least one indicator per topic. The GRI Content Index can be found on pages 126 to 128 of this report and the statutory Sustainability Report index can be found on page 129. Omitted information is reported in the GRI Content Index.

This is Heimstaden Bostad's sixth Sustainability Report, and the fourth compiled in accordance with GRI reporting principles. The report covers the fiscal year 2022 and is published in Swedish and English, both accessible at HeimstadenBostad.com. The last report was published on 28 February 2022 and covered the fiscal year 2021. The main point of contact for the report is Katarina Skalare, Chief Sustainability Officer.

### Changes in the report

This year, we will disclose our share of EU Taxonomy alignment and the progress of our Science Based Targets.

### EU Taxonomy Regulation

Heimstaden Bostad's reporting on its EU Taxonomy eligibility and share of alignment may be found in the EU Taxonomy section on page 119.

### Climate-related disclosures

The report includes climate-related disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which can be found on page 129. Each year, a detailed report of Heimstaden Bostad's climate-related work is also provided through CDP, the organisation that runs the global disclosure system.

Heimstaden Bostad's latest CDP report covers the 2021 fiscal year and the report earned a score of B.

### UN Global Compact

In 2019, Heimstaden AB signed the UN Global Compact and committed to following the Compact's 10 principles in the areas of human rights, labour practice, the environment, and anti-corruption. The commitment includes Heimstaden AB and its subsidiaries. This report represents our Communication on Progress report to the UN and the GRI Content Index includes references to where the data is presented.

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# Reporting Principles

**Scope and boundaries**
For each topic, details of impact on the economy, environment, and people, actions taken to manage the topic, and target tracking and evaluation for each material area of sustainability are to be found in the sustainability notes on pages 131–160.

Information and data given in the report concern the entire group, unless otherwise stated. Data regarding employees concern employees of Heimstaden AB and Heimstaden Bostad AB. Acquisitions of properties in 2022 have broadened the scope of the report.

This report only covers energy and water purchased by Heimstaden Bostad; we are unable to access energy and water data when our customers have their own energy or water supply contracts.

**Data collection and consolidation**
Data provided in the report has been compiled from various systems for all countries since 2019. We have updated our base year to 2020 to align with our Science Based Targets.

**Employee data**
Heimstaden Bostad launched a new Group-wide system during 2021, from which all employee data presented in this report is collected. The employee KPIs presented in the report are reported in accordance with GRI and based on the headcount principle. The figures are correct as of the last day of the reporting period, unless otherwise stated.

In addition, Heimstaden Bostad also reports on workers who are not employees, in accordance with the new GRI Standards Disclosure 2-8. The workers who are not employees are insourced consultants. The indicator is compiled per the end of the reporting period and is based on headcount.

Health and safety data covers employees from Heimstaden Bostad and Heimstaden. Heimstaden Bostad is currently investigating different options for collecting health and safety data for contractors, sub-contractors, and consultants working on our sites. The report covers actual figures and does not include frequency KPIs on health and safety.

This is the first year Heimstaden Bostad is reporting on its annual total compensation ratio, in accordance with the updated GRI Standards. The ratio covers permanent employees as reported under Disclosure 2-7. Full-time equivalent (FTE) pay rates are used for each part-time employee. The type of compensation included in the calculation is base salary.

**Energy data**
Energy data is collected locally in each country in different systems and consolidated in a group-wide system for both the Annual Report and Sustainability Report. Heimstaden Bostad, the tenant or a Housing Owner Association could be the contracting party responsible for providing energy for the tenant space. This varies from country to country, thus affecting the amount of energy Heimstaden Bostad purchases in each country. The table below gives an overview of who has the energy contract in the tenant space in each country.

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We use conversion factors from our local energy suppliers to convert liters of oil and cubic metres of natural gas into MWh. For the fuel mix of district heating, we take a similar approach, using emission factors from local energy suppliers.

In the Czech Republic, data for the year's total energy use is not yet available from the supplier when compiling the annual report. Energy use for the Czech Republic in 2022 has instead been estimated based on the previous year's total energy use and corrected for 2022 weather conditions.

In general, this report covers electricity used in the common parts of a building while electricity used in apartments is only covered to a minor extent. Energy use for heating is often procured by Heimstaden Bostad and is therefore included in the reporting for Sweden, Germany, Norway, the Czech Republic, Denmark, Poland, and Finland. Heating produced with heat-pumps is reported under electricity. In the Netherlands and the UK, our customers usually have their own energy contracts, therefore we lack access to such data for most of the properties. For this reason, our reporting includes heating data for a limited subset of our properties in the Netherlands and the UK. See the table below for more detailed information.

### Overview of Energy Contracts

| | Heating in tenant space | | Electricity in tenant space | |
|---|---|---|---|---|
| Countries | Share of sqm where Heimstaden Bostad has the contract | Share of sqm where the tenant has the contract | Share of sqm where Heimstaden Bostad has the contract | Share of sqm where the tenant has the contract |
| Sweden | 99% | 1% | 0% | 100% |
| Norway | 32% | 68% | 11% | 89% |
| Denmark | 30% | 70% | 0% | 100% |
| Netherlands | 4% | 96% | 0% | 100% |
| Germany | 71% | 29% | 0% | 100% |
| Czech Republic | 88% | 12% | 0% | 100% |
| Finland | 86% | 14% | 17% | 83% |
| United Kingdom | 0% | 100% | 0% | 100% |
| Poland | 0% | 100% | 100% | 0% |
| Total Heimstaden Bostad | 65% | 35% | 1% | 99% |

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### Energy performance certificates

Data on energy performance certificates (EPC's) is collected for all countries where Heimstaden Bostad operates. In countries where there is no equivalent EPC standard, Heimstaden Bostad estimates the EPC using methods equivalent to those in other European countries. The standards of EPCs and their grades differ greatly between the nine countries where Heimstaden Bostad owns properties. This creates challenges in comparing the performance between countries and in compiling an overview of Heimstaden Bostad's performance. A detailed overview of the EPC labels per country is provided in the table "Breakdown of EPC Labels per % of Square Metres per Country" on page 140.

### Emissions data

Data on greenhouse gases (GHG) in this report is collected and reported in accordance with the financial control approach of the GHG Protocol. Our reported Scope 1 emissions derive from fuel combustion where Heimstaden Bostad has contracted the energy supplier for property heating, from leakage of refrigerants, and from fuel used in company-owned service cars and service cars with a financial lease. Our reported Scope 2 emissions derive from purchased heating, cooling, and electricity in our properties, where Heimstaden Bostad is the named contractee. Our reported Scope 3 emissions cover all categories applicable to Heimstaden Bostad's organisation. The Scope 3 emissions do not cover new acquisitions made during the reporting year. For more information on the Scope 1–3 emissions, see the sustainability notes 305-1 to 305-3 on page 144. No offsets or climate compensation is made to meet our climate targets. Instead, Heimstaden Bostad focuses on investing in measures that will reduce its own emissions.

Gases included in our calculations are mainly $CO_2$ and $CH_4$, but can also include refrigerants or $CH_2$ and $N_2O$ used in the production of district heating. We obtain the emission factor for electricity (market-based) and district heating (both market-based and location-based) from our energy suppliers. The source we use for the emission factors for location-based electricity is the International Energy Agency (IEA), whereas we use factors from the Swedish organisations Energiföretagen and Hagainitiativet for natural gas and oil. The global warming potential (GWP) rates from the IPCC's Fifth Assessment Report are used for refrigerants.

### Supplier data

There are no significant changes in the structure of the supply chain or relationship with suppliers, including selection and contract termination. While we build our in-house organisation in new markets, we naturally gain more suppliers.

### Water data

Water consumption data is collected on a regular basis. The reporting does not cover the complete water consumption from our Danish properties. We are currently implementing processes to collect this in the upcoming years. The water consumption for the Czech Republic is estimated based on the previous year's consumption.

### Tax data

This report contains our second country-by-country reporting on tax and is based on 2021 figures.

### Waste data

Waste generated by tenants is calculated by the number of tenants and the reporting is based on 2021 figures.

### Comparability

Heimstaden Bostad's energy, emission, and water intensity KPIs are based on data from comparable properties, requiring a full year of reported energy, emissions, or water usage for the reporting year. Energy, water, and emissions from new property acquisitions and divestments during the reporting year will be included in the absolute figures when data is available.

### Baseline recalculation

For each acquisition and divestment, Heimstaden Bostad's total GHG emissions may change significantly. Heimstaden Bostad has set 2020 as the base year and developed a policy for the base-year recalculations in line with the GHG Protocol. Recalculations of the base year are necessary to enable comparison of emissions and to track development on a like-for-like basis over a longer period. To be transparent, Heimstaden Bostad reports the original and recalculated figures.

### Definitions

Comparable properties: Properties with the full year's energy data, where Heimstaden Bostad is the contractee for energy supply to these properties.

High-consequence work-related injuries: Accidents at work resulting in sick leave. Fatalities are not included in this consolidation.

Recordable work-related injuries: Incidents at work resulting in an injury, but no sick leave.

Young adult jobs: Jobs for employees who are younger than 25 years of age.

Social lease contract: Contracts under which local authorities or non-governmental organisations lease apartments from Heimstaden Bostad to rent them, in turn, to socio-economically challenged people such as homeless people, recently arrived migrants, or people with various disabilities.

Affordable housing contracts: Contracts where the maximum rent level as well as the maximum income level of tenants are regulated by the authorities.

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# Climate Roadmap

**Climate strategy**
Climate research has shown that Central Europe will have more frequent heat waves, forest fires, and droughts, while Northern Europe will get significantly wetter and winter floods could become more common. In addition, urban areas will be exposed to heat waves, flooding, or rising sea levels. This will have a medium- and long-term impact in markets and cities where Heimstaden Bostad owns properties.

Heimstaden Bostad supports climate research and its sense of urgency, committing to group-wide climate targets in line with the Paris Agreement's ambition to limit global warming to 1.5°C. As a European residential company, Heimstaden Bostad supports the EU target of being climate neutral by 2050. To ensure that efforts to reduce our climate impact are sufficient, the company has committed to the Science-Based Targets initiative (SBTi). The previous climate target has been revised in 2022 to include emissions in Scope 3 category 13 from downstream leased assets[1], which consists mostly of energy use in apartments where tenants have their own energy supply contract.

Heimstaden Bostad AB commits to reduce absolute Scope 1, Scope 2, and Scope 3 category 13 GHG, covering downstream leased assets[1] 42% by 2030 from a 2020 base year

The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

Heimstaden Bostad AB commits that 27% of its category 1 suppliers (covering purchased goods and services) by expenditure, will have Science Based Targets by 2027.

The targets have been verified by the SBTi in 2022. To reach our climate targets, we have developed a road map and intend to invest over SEK 7 billion during the nine years in which our targets are active.

The investment will increase as we grow and is expected to result in annual savings/income of about SEK 420 million, generating a potential yield on investment of 5.6%. Measures that cost the most generate the most emissions reduction potential, but we will work on smaller steps as well, since every effort counts. Heimstaden Bostad has established local carbon emission pathways in all the countries where it operates. The climate impact and carbon emission pathways in local markets vary due to differences in national climate policies, the energy mix, EPC scheme implementation, and differences in properties' energy performance.

Heimstaden Bostad will reduce its GHG emissions, and in many cases operating costs, while at the same time increase the number of energy-efficient buildings and adaptation to

"Our previously communicated pathway budget to reach the targets based on our 2020 portfolio of over SEK 7 billion by 2030 is under revision, and an updated budget in line with current portfolio size and recent growth will be presented during 2023."

*[1] Tenant use of energy.*

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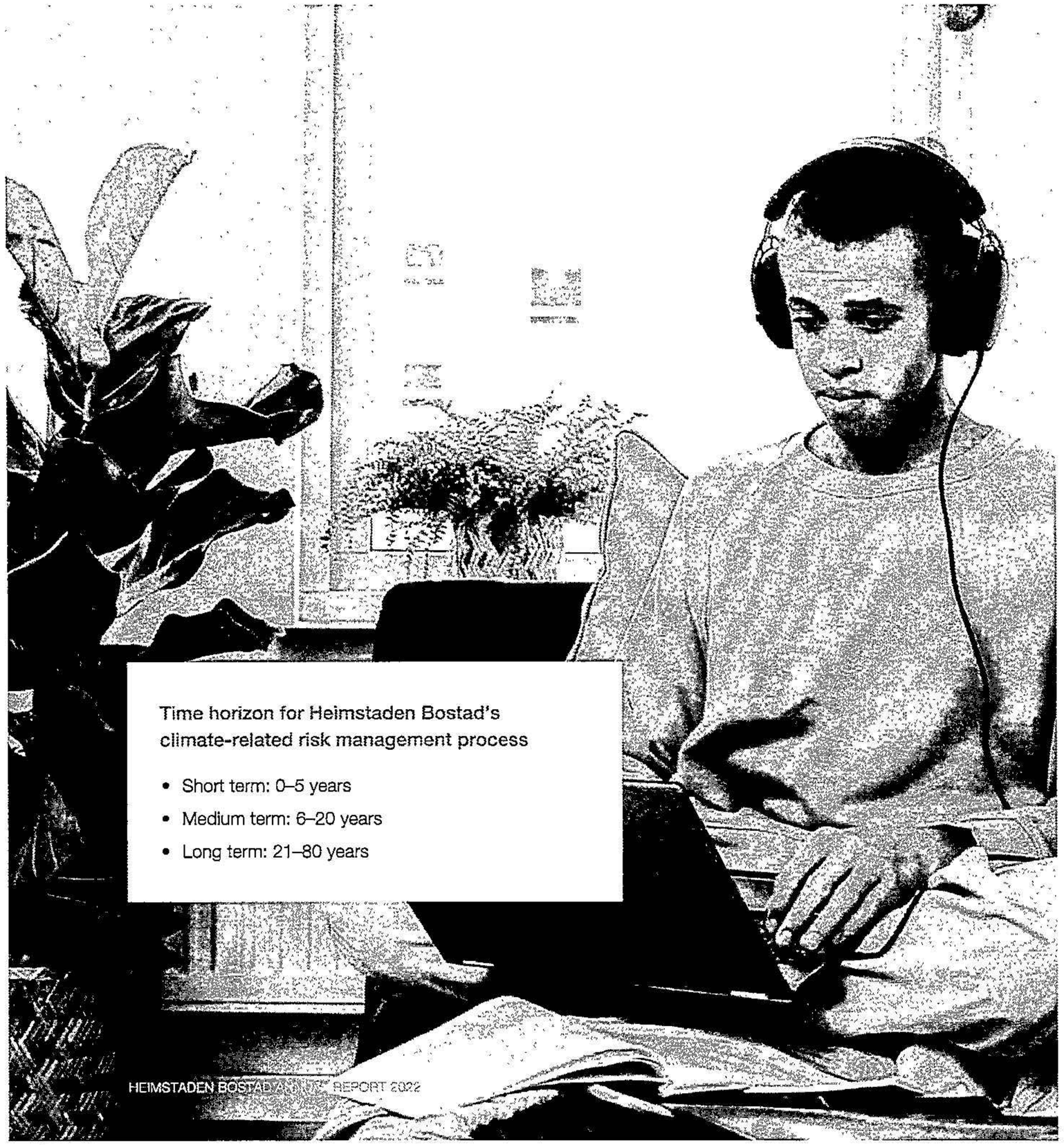





climate change. The company has a team of technical energy specialists with the necessary tools and processes to track energy across our local markets and share best practices between countries for technical investments and for local solutions to optimise energy use and to reduce carbon emissions. This approach is optimal for achieving the best possible results, combining local experience and day-to-day operational know-how with group-wide specialist competence.

Helmstaden Bostad has an evergreen philosophy. Therefore, it is important the company monitors areas that have a significant long-term impact, such as sustainable choices of materials and products, and climate-related risks and opportunities. Our Sustainable Mindset is one of Heimstaden Bostad's four strategic cornerstones and is supported by a comprehensive long-term sustainability strategy. The strategy is evaluated annually and includes monitoring and management of both the social and environmental factors that have the greatest impact on the company, and the factors that the company has the greatest impact on. An assessment of appropriate strategies for new and changed conditions is also carried out. Climate-related projects are a central part of Heimstaden Bostad's sustainability focus, covering areas such as investments in climate change mitigation and adaptation measures, the supply chain, ESG in acquisitions, and access to capital. The current and future property portfolio and investments will be continuously monitored and assessed in terms of climate impact. See pages 37–38 for further details on sustainability in the Corporate Governance section.

### Climate risk management

Heimstaden Bostad's climate-related risk management process is integrated into the company's overall cross-disciplinary risk management process. The climate risk process covers all stages of the value chain from a short-, medium- and long-term perspective, namely direct operations, upstream, and downstream.

Heimstaden Bostad follows TCFD's recommendations and divides climate-related risks into two main categories: transition risks and physical risks. Transition risks refer to the political, regulatory, and technological risks that a transition to a society with lower carbon emissions may entail. Physical risks can be acute or chronic and can include direct damage to assets or indirect damage, such as interruptions to the supply chain. The risks have been identified and analysed by using different climate scenarios. See section Scenario Analysis on page 118 for a full table of physical and transitional risk (long-term and short-term).

Heimstaden Bostad ensures a relevant risk management process by defining certain risk sub-categories, which identify risks and opportunities for all stakeholders. The risks have been processed by a dedicated risk team that includes experts from all business departments. Heimstaden Bostad has an ongoing risk management improvement project covering all relevant risk areas. Part of the process is to develop key financial metrics that will be used to measure and manage climate-related risks and opportunities.

The Chief Sustainability Officer (CSO) chairs the Executive Sustainability Committee with responsibility for developing the sustainability strategy and ensuring its implementation across the Company. The CSO is a member of the Heimstaden Bostad Executive GRC Committee and is a key stakeholder regarding climate-related matters and other ESG-related risks and op-

portunities. The Board of Directors is ultimately responsible for Heimstaden Bostad's risk management, including climate-related risks. The Executive GRC Committee is a cross-disciplinary advisory forum chaired by the Chief Legal Officer (CLO), which meets on a regular basis. For more information, please read the Corporate Governance section on page 28.

A crucial part of a growing business is the ability to identify, assess, and manage the impact of various risks on earnings performance and the company's financial position. The objective of Heimstaden Bostad's risk management process is to work proactively with the company's risk exposure, helping to create the right balance between managing identified threats and enhancing opportunities. For identified risks, the Board of Directors and the Group Management Team have prepared responses such as guidelines and instructions, and allocated responsibilities with follow-ups on an ongoing basis. Heimstaden Bostad assesses risks based on their likelihood and impact. Material risks are then presented to the Board of Directors.

Heimstaden Bostad's environmental and climate-related risks are presented in the Risk Management section on pages 37–38.

**Opportunities**

Transition to a low-carbon society also presents opportunities for Heimstaden Bostad. By switching to renewable energy sources, investing in renewable electricity generation, and continuing to work on energy efficiency and biodiversity measures, we will reduce our GHG emissions and, in many cases, our operating costs. At the same time, we are increasing the number of energy-efficient buildings in the portfolio and adapting to climate change. Such results are key to achieving our goals and attracting investors. An increased focus on the materials used, recycling of building materials, and waste management in property development projects will lead to lower emissions and reduced water use, also creating positive financial results.

There will be opportunities to seek public funding to meet climate and energy objectives and to support the transition to clean energy, such as the various EU support schemes and initiatives to accelerate energy-efficiency investments. Heimstaden Bostad assesses funding opportunities for transition projects, such as testing new technologies, and the development of new products and customer services.

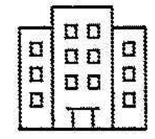
### Heimstaden Bostad's focus:

- Improve EPCs
- Energy-efficiency measures
- Heat system optimisation, fuel shifts, and technical investments
- Transition to fossil-free energy solutions
- Investments in photovoltaics and e-mobility
- Biodiversity measures
- Various partnerships
- Customer nudging projects

### Long-term potential climate effects in markets where Heimstaden Bostad owns properties:

**Northern Europe**
getting significantly wetter, so floods could become common.

**Central Europe**
more frequent heat waves, forest fires, and droughts.



**Urban areas**
exposed to heat waves, flooding, and rising sea levels.

Source: Consequences of climate change (europa.eu).

**Challenges on our path**

Heimstaden Bostad is transparent about its status, and we acknowledge that there is a lot to do to address and manage climate challenges fully, not least because of our growth in European countries where there is a high proportion of fossil fuel in the energy mix.

**Climate actions**

Our Climate target is in line with the Paris Agreement ambition to limit global warming to 1.5°C.

Heimstaden Bostad calculates its Scope 1, Scope 2, and Scope 3 GHG emissions in line with the GHG Protocol methodology. A compilation of Heimstaden Bostad's GHG emissions in Scope 1, Scope 2, and Scope 3 can be found in sustainability notes 305-1 to 305-3 on pages 144.

A description of environmental and climate-related projects for 2022 is presented in the Energy section on pages 137–140 and the Greenhouse Gas emissions Section on pages 143–144.

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# Scenario Analysis

Heimstaden Bostad's strategy to identify relevant climate-related risks and opportunities is based on data from the UN's Intergovernmental Panel on Climate Change (IPCC) Risk Concentration Pathway (RCP) 2.6 scenario (stringet mitigation) and its RCP8.5 scenario (very high GHG emissions), from a short-term (2040) and long-term (2100) perspective. An RCP of 2.6 represents a strong climate policy with reduced emissions, negative emissions by 2100, and a global temperature increase of 0.5–1.5°C. Conversely an RCP of 8.5 represents a weak climate policy, continued high emissions and a global temperature increase of 3.5–5.0°C.

To support the risk management process, Heimstaden Bostad has used data from the European Commission and European Summary Data from the Swedish Meteorological and Hydrological Institute (SMHI) covering elevated average temperatures, rising sea levels, extreme heat, and heavy rains with both RCP scenarios. The analysis has been mapped against the results of regional climate modelling system RCA31 and RCA41 for the IPCC's short-term (2040) and long-term (2100) perspectives.

### Climate risk and vulnerability assessments

In 2022, we have developed a methodology for carrying out climate risk and vulnerability assessments (hereinafter CRVA) at property level. This methodology is carried out in accordance with the criteria of the EU Taxonomy Regulation. The CRVA has been used for properties that had taxonomy-aligned turnover, investments (capex), or operating costs (opex) during 2022.

We have assessed risk scenarios that extend beyond 2050. To ensure comparability and uniformity of the variables, we have used the same data source in all countries. The analysis has been conducted at the county/regional level using the global datasets on historical weather patterns and future climate scenarios, locational vulnerability, and climate impacts provided by the Climate Change Knowledge Portal (CCKP).

Properties that have a high exposure to climate risks will undergo a vulnerability analysis. The climate exposure and level of vulnerability are then combined and result in a final property risk score. We will prioritise mitigating measures for properties where we see an urgent need, or where we expect the level of risk to be very high, within the next five years.

### Focus going forward

We will continue to implement the CRVA in our country organisations in 2023, as well as continue to improve the quality of the methodology and educate our colleagues on climate risks and climate adaptation measures. Our ambition is to fully integrate CRVA into our country organisations and have its results included in the ongoing property maintenance plans. Taking this systematic approach to working with climate risks is, in our belief, the best way to protect our tenants and properties from harmful climate risks.

## Scenario Analysis

| | Short-term 2040 | | Short-term 2040 | | Long-term 2100 | | Long-term 2100 | |
|---|---|---|---|---|---|---|---|---|
| RPC | 2.6 | | 8.5 | | 2.6 | | 8.5 | |
| | Regulatory | Technological | Market | Reputation | Acute | | Systemic | |
| Elevated average temperature | the value of financial assets is affected | energy-efficiency technical solutions | changed market price for services and goods due to increased cost for $CO_2$ emissions | energy requirements in environmental certifications | deteriorating human health | | Increased demand for property maintenance | |
| | increased risk and insurance costs | fossil-free heating systems | emission reduction requirements in new builds | poorer housing | threatened ecosystems and biodiversity loss | | deteriorating water quality | |
| | increased costs for $CO_2$ emissions | | | | less products and timber from forestry | | | |
| Rising sea level | difficulties in insuring affected properties | increased demand for damage control systems | some properties might be unable to rent out | pricing of land and properties affected | property-related damage | | some locations become uninhabitable | |
| Extreme heat | legislation on heat control in relation to customers' health | increased need for cooling systems | | customer satisfaction decline | forest fires | | health problems, increased mortality, drought, and water scarcity | |
| Heavy rain | legislation on property flooding control | demand for water and storm-resistant technical solutions | | customers' personal assets are destroyed | momentary floods | strong flows | recurring floods that destroy assets and customers' belongings | |

Heimstaden Bostad's categorisation and analysis of scenarios used the Rossby Centre's climate scenarios conducted by SMHI and estimated climate scenarios also conducted by SMHI.

*Source: http://www.smhi.se/klimat/framtidens-klimat/klimatscenarier.*

[1] *The Rossby Centre regional atmospheric climate model.*

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# EU Taxonomy Regulation

In the fiscal year 2021, we determined that 100% of Heimstaden Bostad turnover, investments (capex), and operating costs (opex) are eligible for the EU Taxonomy Regulation (the taxonomy regulation). Following the review of our financial activities in 2022, we have made assessments that show that parts of our turnover, capex, and opex are aligned with the taxonomy regulation. All our reported properties have been assessed against the Technical Screening Criteria in the environmental objectives for climate change mitigation.

Heimstaden Bostad has activities in the following categories of the taxonomy regulation:

- 7.1 Construction of new buildings
- 7.2 Renovation of buildings
- 7.3 Installation, maintenance, and repair of energy-efficiency 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, regulation, and controlling energy performance of buildings
- 7.6 Installation, maintenance, and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings.
- 9.3 Professional services related to energy performance of buildings

Since Heimstaden Bostad's operations consist of owning, developing, and managing residential properties, activity 7.7, Acquisition and Ownership of Buildings, is the most applicable economic activity within the taxonomy regulation when it comes to turnover. Heimstaden Bostad also sells properties to some extent. This turnover is allocated to activity 7.1 Construction of New Buildings. Heimstaden Bostad constructs new buildings for its own use: during the construction phase of an asset all capex and opex is allocated as a 7.1 activity; after completion they are allocated as a 7.7 activity. For more about Heimstaden Bostad's position on this, please see the section Interpretation of new builds in relation to eligible activities (7.1 or 7.7) below. Activities 7.1-7.7 and 9.3 have been identified when screening eligibility and alignment within the capex and opex KPIs.

Heimstaden Bostad is covered by both environmental objectives, (1) climate change mitigation, and (2) climate change adaptation. Heimstaden has decided that all activities should be allocated to environmental objective 1 where turnover for activity 7.1 and 7.7 can be included. However, for some of the investments completed during the year, Heimstaden could have allocated investments to environmental objective 2. But because the taxonomy regulation does not allow double counting, we deem it most appropriate that these investments are reported under environmental objective 1.

investments are reported under environmental objective 1.

### Analysis of Taxonomy KPIs

In short, we conclude that we are 16% aligned within our turnover-generating activities for 2022. For this year's capex and opex we are 11% and 4% aligned. For complete tables for turnover, capex, and opex KPIs, see pages 169–171.

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### Summary of taxonomy-eligible and taxonomy-aligned economic activities

| | Taxonomy-eligibility in % | Taxonomy-alignment in % |
|---|---|---|
| Turnover[1] | 100 | 16% |
| Capex[2] | 100 | 11% |
| Opex | 100 | 4% |

*For complete tables on turnover, capex and opex, see page 169.*

Being around 15% in aligned turnover generally indicates that Heimstanden Bostad's properties have similar energy efficiency compared to the general real estate market due to the definition of the technical screening criteria (top 15% in PED in relation to comparable building stock). The proportion aligned capex indicates that Heimstaden Bostad is investing in order to improve the energy efficiency in parts of the building stock. Heimstaden assesses that the proportion of taxonomy alignment will increase in the coming years and that Heimstaden Bostad will be able to ensure an increased share of capex and opex in alignment with the taxonomy regarding investments linked to category C investments.

#### Relevant judgment on the taxonomy-eligibility and alignment of our activities

All eligible turnover, capex and opex have been assessed based on the technical screening criterias in the respective economic activity for environmental objective 1. For the proportion of aligned turnover, all properties have first been assessed in accordance to the substantial contribution criteria. In order to evaluate the significant contribution to environmental objective 1 Heimstaden Bostad has developed methods to evaluate the properties based on the criteria of top 15% where possible. As Heimstaden Bostad operates in several countries, there has been varying availability of data at national level. These methods have been applied to the properties that are not classified with EPC A. Below follows an account of some of Heimstaden's most significant interpretations and positions, when assessing the eligibility and alignment with the taxonomy.

#### Interpretation of new builds in relation to eligible activities (7.1 or 7.7)

In Annex I of the taxonomy regulation, economic activities in sector 7 (Construction and Real Estate Activities) are described, but there are some uncertainties on how to interpret these activities. Activity 7.1 covers construction of new buildings and activity 7.7 covers the acquisition and ownership of buildings. Additionally, the criteria in order to respond to the Do Not Significant Harm (DNSH) requirements differ depending on the economic activity under evaluation, while criteria 7.1 are more extensive and detailed in comparison.

The uncertainty occurs when a company builds a property for its own use. Turnover related to a new build that is kept within the company is to be reported as 7.7. However, it is not clear whether the capex and opex related to such a building is to be reported as 7.7 or 7.1. It can be argued to be categorised as 7.1 Construction of New Buildings since it does involve the construction of a new building as per the activity description. On the other hand, the turnover of these buildings is considered 7.7 and therefore it can be argued that expenditures on building these properties also relates to 7.7.

Heimstaden Bostad has decided to take the position of combining the two relevant activities for new builds, depending on the level of control in the planning and construction of the properties.

If Heimstaden Bostad initiates the process of building the new property, the capex and opex is to be categorized as economic activity 7.1 Construction of New Buildings. This capex and opex is in such cases categorised as category C by the regulation (i.e., investments related to the purchase of output from taxonomy-aligned economic activities). In these cases, it is regarded that the developer hired by Heimstaden Bostad does have eligible and potentially aligned turnover in relation to activity 7.1, and that Heimstaden Bostad is purchasing that output.

However, if Heimstaden Bostad does not initiate the building process, it is to be reported as capex and opex related to economic activity 7.7 Acquisition and Ownership of Buildings.

#### Assessment of DNSH (Do Not Significant Harm)

When assessing alignment, Heimstaden Bostad has ensured that no significant harm is done to other environmental objectives for the economic activities, respectively. Heimstaden Bostad has ensured that suitable climate risk assessments are prepared for all buildings that have aligned turnover, capex and opex. For economic activity 7.1 where Heimstaden Bostad reports aligned capex for 2022, it has been more difficult to assess the fulfilment of DNSH in environmental objective 5, "Pollution prevention and control", and the criteria referred to in appendix C. Heimstaden Bostad follows national legislation, which means that Appendix C is fulfilled to some extent, and Heimstaden Bostad works to further develop routines to ensure that no substances according to f) and g) in Appendix C are used in its processes.

#### Individually taxonomy-eligible and aligned capex and opex

For capex and opex that are related to activity 7.7 and where a building has been assessed as non-aligned with the taxonomy regulation, Heimstaden Bostad has further screened the investments individually to see if those investments potentially could be seen as taxonomy-aligned through other economic activities than 7.7, i.e., related to activities 7.2-7.6 and 9.3 and according to the category C in the delegated act. However, Heimstaden Bostad has not been able to fully screen all investments for alignment due to difficulties in ensuring that suppliers meet the alignment criteria. This will be further processed in upcoming years.

[1] *This figure discloses the share of taxonomy-aligned turnover. That is properties classified with EPC A and properties belonging to the top-15% of the best energy performing buildings (PED) in the national building stock. However, Heimstaden Bostad operates in several countries where the 15% limit value is yet to be defined. This suggests that the figure for aligned turnover for Heimstaden Bostad may increase when the threshold value have been defined in all markets.*

[2] *The figure discloses the share of taxonomy-aligned capex for 2022. However, as part of our climate roadmap, we intend to invest over SEK 7 billion during the nine years in which our climate targets are active.*

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### Minimum safeguards

We have made our assessment of minimum safeguards in line with the most recent guidance from the Platform for sustainable finance. This includes ensuring that we have processes in place on Group level for anti-corruption, fair competition, taxation, and human rights. On the latter, we have worked during the year to complete our previous work on adherence to the six steps within the OECD Due Diligence Guidance, including embed responsible business conduct into policies and management systems; identify and assess adverse impacts; cease, prevent or mitigate adverse impacts; track implementation and results; communicate how impacts are addressed; and provide for or cooperate in remediation when appropriate. Please read more about our work on page 152 in our sustainability report.

In addition, we did not have any convictions in court on any of these topics, nor have we been contacted by the OECD National Contact Point or the Business and Human Rights Resource Center with regards to human rights allegations. For details on our human rights due diligence process, please refer to our Human Rights statement which can be found on our website.

### Reporting principles

The turnover included in the taxonomy regulation report follows the same definition as in the Annual Report and consists of rental- and service income (this can be reconciled with the line-item rental- and service income in the consolidated comprehensive income statement on page 132). The allocation of turnover related to the different activities has been made at a building level. Assessment of the alignment criteria on the turnover generating activities 7.1 and 7.7 has also been based on every building. All turnover for 2022 has been allocated to 7.7. Acquisition and ownership of buildings, this since no sale for properties has been done during the year. Aligned turnover, i.e. the numerator, derives from both rental- and service income.

Capex refers to additions to tangible and intangible assets during the financial year before depreciation and revaluations (including devaluations) for the financial year and excluding changes in fair value. Examples of this can be major renovations, insulation projects, digital measurement, solar panels, and the installation of charging stations for electric vehicles. (For this year's capex please refer to acquisitions and investments on pages 119–121).

Opex refers to direct costs that are not capitalised assets. These costs refer to building renovation, short-term leases, maintenance and repair, and all other direct expenses related to the daily maintenance of tangible fixed assets – performed by the company itself or a third party hired for this purpose – and required to ensure the continuous and efficient functioning of these assets. Opex does not correspond to total operating expenses, but only to expenses associated with the asset's continuous and appropriate function. For example, maintenance and repair of our properties are included, while expenses for energy, water, and property tax are excluded.

For capex and opex, the numerator in the KPIs consists mostly of investments and expenditures that are associated with our turnover generating activity 7.7 Acquisition and Ownership of Buildings that are eligible and/or aligned.

Furthermore, we have identified individually taxonomy-eligible and taxonomy-aligned capex and opex that relates to the purchase of output from taxonomy-eligible or aligned economic activities and certain individual measures enabling the target activities to become low-carbon or to lead to GHG reductions. These individual measures correspond to economic activities listed in the activities 7.1-7.6 and 9.3 in the Climate Delegated Act Annex I (climate mitigation objective) and Annex II (climate adaptation objective). To avoid double counting the capex and opex KPIs, we counted only once those investments relating to purchased outputs and those individual measures that we already treat under category A (i.e., investments related to our turnover generating activities in 7.7).

For the aligned share of capex, the majority of it relates to investments on completed investment properties, but also for investment properties under construction in accordance with our policy choice on how to classify investments in relation to activity 7.1. All of this capex is classified as investment properties in the financial report and most of it allocated to economic activity 7.1 and 7.7. However investments that are deemed as aligned according to "category c" in the delegated act relates to economic activities 7.1-7.6. No aligned capex comes from any capex plan.

Most of the aligned share of opex is maintenance and repair expenditures for aligned investment properties within activity 7.7. There is also some aligned opex that is attributable to "category c", which relates to activity 7.2-7.6 and 9.3.

### Adjusted KPIs

In the taxonomy's delegated act, section 1.2 of Annex I, it is mentioned that adjusted KPIs for turnover and capex must be submitted if an undertaking has issued environmentally sustainable bonds or debt securities that aim to finance specific identified taxonomy-aligned activities. Heimstaden Bostad has interpreted environmentally sustainable bonds as referring to the EU Green Bond Standard, which is a framework that is not yet available. Heimstaden Bostad has issued bonds, which are not in line with the taxonomy's framework for green bonds, which is why the disclosure requirement in that regard is not deemed to be applicable for this year's reporting.

Furthermore, Heimstaden Bostad assesses that the issued bonds or other debt obligations are not intended to finance specific taxonomy-aligned activities, which is why the disclosure requirement for adjusting our KPIs for capex or turnover does not apply either.

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# Environmental Management System

Heimstaden Bostad works with significant environmental aspects throughout its value chain, covering production, supply chain, our organisation, tenants, the communities in which we operate, and the business partners we cooperate with. Heimstaden Bostad's Environmental Management System originates from the Environmental Management Principles that state the company's environmental impact and its governance, legal compliance, and systematic process to track and follow up on performance and to ensure responsibilities and education. There is a clear common thread between Heimstaden Bostad's environment work, sustainability strategy, goals, and Environmental Management System. Heimstaden Bostad's biggest environmental focus is on our operations, as we impact the environment when we acquire, operate, maintain, develop, and renovate properties. Comparatively, in our organisation we have a lesser environmental impact, but this work is still significant as it increases employee engagement.

"During 2022, we began the implementation of Heimstaden Bostad's Environmental Management System and over the coming years this will be applied across the entire company."

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# Stakeholder Engagement

We map and analyse stakeholder expectations of our operations because we regard it as a prerequisite for achieving our targets and generating value that is sustainable in the long term. When identifying stakeholders for engagement, we have focused on those with whom we have a long-term relationship and who are affected by, and/or have an impact on, our operations. The principal stakeholders we have identified are customers, suppliers, lenders and investors, employees, public entities, and shareholders.

### Materiality analysis

To address stakeholder expectations and evaluate issues that are important to Heimstaden Bostad, we conduct materiality assessments through dialogues with our stakeholders as well as considering Heimstaden Bostad's business strategy and vision, and its impact on people, environment, climate, economy, and society. Stakeholder dialogues are conducted regularly as part of our day-to-day activities, helping us to carry out an ongoing assessment of our impacts. To see the details of how we engage with our stakeholders, please refer to the table on page 124.

Heimstaden Bostad's materiality analysis is based on GRI standards for sustainability reporting. The GRI topics and their definitions can be found on www.globalreporting.org. By prioritising our most significant impacts, we have identified the following material GRI areas for our reporting: GRI 206 Anti-Corruption; GRI 201 Economic Performance; GRI 207 Tax; GRI 302 Energy; GRI 305 Emissions; GRI 306 Waste; GRI 401 Employment; GRI 403 Occupational Health and Safety; and GRI 413 Local Communities. In addition to the areas that have been prioritised as material from a GRI perspective, Heimstaden Bostad applies a structured and long-term approach to water use and human rights and reports accordingly.

In terms of the severity, likelihood, and scale of our impacts, our customers – tenants at Heimstaden Bostad – form one of our largest stakeholder groups. We launched the Sustainability Survey in the fourth quarter of 2021 to measure their opinions on sustainability, evaluate how they perceive our activities, and how they are impacted by us. The project had two phases: 1) a qualitative stage running from December 2021 to February 2022, consisting of interviews with a small sample of our customers across all our markets; and 2) a quantitative stage involving a digital survey in seven markets, conducted in June-July 2022. The digital survey reached 82,698 households, which is about 54% of Heimstaden Bostad's households. Please refer to the table on Stakeholder Engagement on page 124 to see the summarised results of the survey. These results will inform our continuous evaluation of material topics and help us to set new focuses and thresholds in the upcoming years.

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## Stakeholder Engagement

| Stakeholders | Shareholders | Public Bodies | Employees[1] | Lenders and investors | Suppliers | Customers |
|---|---|---|---|---|---|---|
| Engagement technique | • Owner dialogues and meetings<br>• Board meetings<br>• Annual General Meeting<br>• Meetings with shareholder representatives | PUBLIC SECTOR<br>• Dialogue forums for urban planning and dialogues with developers<br>• Dialogue forums on social aspects – safe neighbourhoods, crime prevention, and environment in the local community<br>• Dialogues with municipalities<br>• Dialogues when entering new markets<br>NOT-FOR-PROFIT SECTOR<br>• Engagement and attendance at meetings with special-interest and industry organisations<br>• Network meetings<br>• Partnerships with not-for-profit organisations<br>UNIVERSITIES & HIGH SCOOLS<br>• Career fairs<br>• Company presentations and workshops for students<br>• Project/thesis assignments<br>• Internships | • Personal development plan (PDP) discussions<br>• Leadership development<br>• Employee surveys<br>• Work health and safety group<br>• Operational planning<br>• Internal conferences<br>• Regular one-on-ones (weekly, bi-weekly, or monthly depending on leader and need)<br>• Trainings, mentorships | • Individual meetings with banks and investors<br>• Financial statements<br>• Capital market presentations<br>• Bond and Green Bond issuance | • As part of regular procurement processes for framework agreements, when placing orders, and in direct meetings with suppliers<br>• When performing sustainability due diligence, especially for risk categories of products/ services | • Customer service and ongoing dialogues regarding property management<br>• Customer surveys:<br>- Yearly Customer Score Card Survey<br>- Rolling Customer Satisfaction survey (CSAT) in five phases: contract signing, move-in, service, living, and move-out<br>- CSAT for New Development<br>- Sustainability Survey<br>• Local events and interactions<br>• Office visits<br>• Magazines and newsletters<br>• Digital Help Centre<br>• Chat with customer service<br>• MyHome Digital Customer portal |
| Stakeholder expectations | • A long-term stable profit where consideration is given to people, ethics, and the environment<br>• Customer satisfaction<br>• Community engagement and social responsibility<br>• Sustainable growth<br>• Transparent reporting | • Community engagement and social responsibility<br>• Safe and secure neighbourhoods<br>• Reduction of GHG emissions<br>• Measures to mitigate and adapt to climate change<br>• Job and internship opportunities | • Responsible and ethical business practices<br>• Stable and long-term employer that offers good employment terms and work environment<br>• Leadership presence<br>• Local community engagement | • Responsible business conduct<br>• Climate change mitigation and adaptation<br>• Social responsibility<br>• Customer satisfaction<br>• Sustainability reporting<br>• Disclosure of ESG-related information under the Sustainable Finance Disclosures Regulation (SFDR) | • Specifications concerning the supplier's work conditions, work environment, human rights, and environmental work<br>• Collaboration for increased sustainability | • Pleasant and safe living environment<br>• Homes powered by renewable energy and energy efficiency<br>• Access to clean recycling rooms<br>• Information and communication<br>• Affordable apartments |
| Our actions in 2022 to meet stakeholder expectations | • Acquired new homes in Germany, UK, Finland, Sweden, and Denmark<br>• Improved reporting capacity to be in line with new GRI standards and the EU Taxonomy Regulation<br>• Sharpened our climate targets and got them validated by the SBTi to reduce our GHG by 42% by 2030, covering Scope 1, 2 and Scope 3 category 13, downstream leased assets[2] | • Housed more than 500 Ukrainian families who came as refugees<br>• Donated over SEK 130 million to SOS Children's Villages to give children a safe home and a good start in life<br>• 118 internships and summer jobs provided to students<br>• Committed to investing >SEK 7 billion to achieve our climate targets | • Improved employee benefits package in order to increase wellbeing<br>• 82% of employees have taken all mandatory trainings (GDPR, Code of Conduct, IT Awareness). Integrated a new sustainability module in the mandatory onboardig training for all new employees<br>• Closely tracked employee wellbeing through Winningtemp employee surveys<br>• Launched skill sharing programme where employees can use their skill-sharing to the benefit of SOS Children's Villages<br>• Developed Grow@Helmstaden – a concept for talent development<br>• Launched new leadership trainings (Leading@ Helmstaden) and trainings for new managers (New@ Leading) | • Reviewed all company policies and Codes of Conduct, creating in-depth manuals and handbooks where necessary<br>• Maintained Fitch rating of 'BBB'<br>• Maintained S&P rating of 'BBB'<br>• Provided requested ESG-related data on external web page | • New supplier requirements and Procurement Manual for clearer purchasing guidelines, in all our countries of operation<br>• Industry collaborations and supplier dialogues for increased sustainability in the solar panel supply chain<br>• Revised Business Partner Principles, which suppliers will be required to sign<br>• Set up a contract management system in Sweden<br>• New role in Group Procurement, with a focus on sustainable supply chains, to engage procurement departments in all our countries<br>• Set a new Supplier Engagement target, demanding that 27% of our suppliers, in terms of expenses within Scope 3 category 1, shall have set science based climate targets by 2027 | • Conducted customer surveys in all our markets regarding customer satisfaction and expectations of Helmstaden Bostad<br>• Introduced a new customer survey – Sustainability Survey – to investigate customers' perceptions and expectations regarding sustainability<br>• A wide portfolio of apartments in different price ranges – expanded to 158,326 homes in 2022<br>• Launched MyHome customer portal in selected markets, ongoing roll-out to other markets<br>• Carried out various projects to improve living conditions of customers – e.g., improved energy systems, outdoor environments, recycling rooms, and much more |

*[1] All information regarding employees pertain to employees of Helmstaden AB and Helmstaden Bostad AB.*
*[2] Tenant use of energy.*

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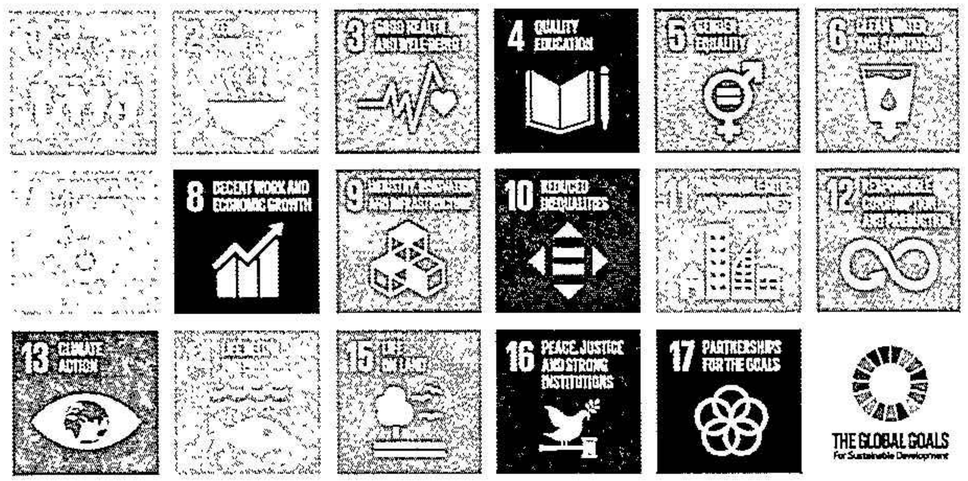


In the GRI Index on pages 126–128 we have linked our material sustainability areas to the Sustainable Development Goals and their sub-targets.

## UN Global Compact

Heimstaden AB joined the UN Global Compact initiative for responsible business in 2019, whereby it committed to follow the Compact's 10 principles in human rights, labour, the environment, and anti-corruption. The commitment also covers Heimstaden Bostad.

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

## Memberships and undertakings

- Science Based Targets initiative (SBTi)
- SABO (Public Housing organisation in Sweden, associated member)
- Sweden Green Building Council
- Fastighetsägarna (Swedish organisation for real-estate companies)
- Norsk Eiendom (Norwegian organisation for real-estate companies)
- Ejendom Danmark (Danish organisation for real-estate companies)
- Association of Real Estate Agents (Czech Republic)
- Rental Housing Association (Czech Republic)
- Association for the Development of the Moravian-Silesian Region (Czech Republic)
- Association for Real Estate Market Development (Czech Republic)
- Chamber of Commerce of the Moravian-Silesian Region (Czech Republic)
- Nordic Chamber of Commerce in the Czech Republic
- Association of Industry and Transport (Czech Republic)
- IVBN (Dutch organisation for real-estate companies)
- BeBo – Swedish Energy Agency's network for residential property owners committed to energy efficiency
- Studentbostadsföretagen (Swedish student housing association)
- LFM 2030 (Local path chart towards a climate-neutral construction and property management sector in Malmö, Sweden by 2030)
- The Rotterdam Climate Agreement (Netherlands)
- Polski Zwiazek Firm Deweloperskich (PZFD) (Polish Association of Developers)
- Skandynawsko-Polska Izba Gospodarcza (SPCC) (Scandinavian-Polish Chamber of Commerce)
- VNW – Verband norddeutscher Wohnungsunternehmen (Association of North German Housing Companies).
- ZIA – Zentraler Immobilien Ausschuss (Central German Real Estate Association)
- VBKI – Verein Berliner Kaufleute und Industrieller (Berlin Merchants and Industrialists Association)
- IHK – Industrie- und Handelskammer (Chamber of Commerce and Industry in Germany)
- UKAA – United Kingdom Apartment Association (British Build to Rent organisation)

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## GRI Index

| | |
|---|---|
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | Not applicable |

| GRI Standard | Disclosure | Location | SDG sub-target | Principle of the Global Compact | Omission | | |
|---|---|---|---|---|---|---|---|
| | | | | | Requirements omitted | Reason | Explanation |
| **General Disclosures** | | | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organisational details | 111 | | | | | |
| | 2-2 Entities included in the organisation's sustainability reporting | | | | 2-2 | No list available | |
| | 2-3 Reporting period, frequency, and contact point | 111–112 | | | | | |
| | 2-4 Restatements of information | 111 | | | | | |
| | 2-5 External assurance | | | | 2-5 | We are preparing for external assurance in 2024 | |
| | 2-6 Activities, value chain, and other business relationships | 13–15 | | | | | |
| | 2-7 Employees | 162–163 | | | | | |
| | 2-8 Workers who are not employees | 147 | | | | | |
| | 2-9 Governance structure and composition | 28–40 | | | | | |
| | 2-10 Nomination and selection of the highest governance body | 28–40 | | | | | |
| | 2-11 Chair of the highest governance body | 28–40 | | | | | |
| | 2-12 Role of the highest governing body in overseeing the organisation | 28–40 | | | | | |
| | 2-13 Delegation of responsibility for managing impacts | 28–40 | | | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | 28–40 | | 8 | | | |
| | 2-15 Conflicts of interest | 28–40 | | | | | |
| | 2-16 Communication of critical concerns | 28–40 | | 3-6, 10 | | | |
| | 2-17 Collective knowledge of the highest governance body | 28–40 | | | | | |
| | 2-18 Evaluation of the performance of the highest governance body | | | | 2-18 a, b, c | We do not have an evaluation process in place yet | |
| | 2-19 Remuneration policies | 28–40 | | 10 | | | |
| | 2-20 Process to determine remuneration | 28–40 | | | | | |
| | 2-21 Annual total compensation ratio | | | | 2-21 b | No increase could be calculated since the role with the highest compensation did not receive a salary raise yet | |
| | 2-22 Statement on sustainable development strategy | 8 | | 7, 8, 9 | | | |
| | 2-23 Policy commitments | 28–40 | | | | | |
| | 2-24 Embedding policy commitments | 28–40 | | | | | |
| | 2-25 Process to remediate negative impacts | 28–40 | | | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 28–40 | | 3, 4, 5, 6 | | | |
| | 2-27 Compliance with laws and regulations | 28–40 | | 1-10 | | | |
| | 2-28 Membership associations | 125 | | | | | |
| | 2-29 Approach to stakeholder engagement | 123 | | | | | |
| | 2-30 Collective bargaining agreements | 150–151 | | 3 | | | |

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| GRI Standard | Disclosure | Location | SDG sub-target | Principle of the Global Compact | Omission: Requirements omitted | Omission: Reason | Omission: Explanation |
|---|---|---|---|---|---|---|---|
| Material Topics | | | | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 111 | | | | | |
| | 3-2 List of material topics | 111 | | | | | |
| | 3-3 Management of material topics | 111 | | | | | |
| **Specific Disclosures** | | | | | | | |
| Economic performance 2016 | 201-1 Direct economic value generated and distributed | 131–132 | 8.1, 9.1, 9.2, 11.1 | | | | |
| Anti-corruption 2016 | 205-3 Confirmed incidents of corruption | 133–134 | 16.5 | 2, 6, 10 | | | |
| Tax 2019 | 207-1 Approach to tax | 135–136 | 12.6 | | | | |
| | 207-2 Tax governance, control and risk management | 135–136 | | | | | |
| | 207-3 Stakeholder engagement and management of concerns related to tax | 135–136 | | | | | |
| | 207-4 Country-by-country reporting | 135–136 | | | | | |
| Energy 2016 | 302-1 Energy consumption within the organisation | 137–140 | 7.1-7.3, 9.4, 12.2 | 8, 9 | | | |
| | 302-3 Energy Intensity | 137–140 | | | | | |
| Water | 303-5 Water consumption (2018) | 141–142 | 6.4, 12.2 | 8, 9 | | | |
| Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 143–144 | 9.4, 11.1, 11.6, 13.2 | 7, 8, 9 | | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 143–144 | | | | | |
| | 305-3 Other indirect (Scope 3) GHG emissions | 143–144 | | | | | |
| | 305-4 GHG emissions intensity | 143–144 | | | | | |
| Waste 2020 | 306-3 Waste generated | 145–146 | 11.6, 12.4, 12.5 | 7, 8 | | | |
| Employment 2016 | 401-1 New employee hires and employee turnover | 147–149 | 5.5, 8.5, 8.6, 8.8, 10.3, 16.7 | 3-6 | | | |

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| GRI Standard | Disclosure | Location | SDG sub-target | Principle of the Global Compact | Omission | | |
|---|---|---|---|---|---|---|---|
| | | | | | Requirements omitted | Reason | Explanation |
| Occupational health and safety 2018 | 403-1 Occupational health and safety management system | 150–151 | 3.4, 8.8 | | | | |
| | 403-2 Hazard identification, risk assessment and incident investigation | 150–151 | | | | | |
| | 403-3 Occupational health services | 150–151 | | | | | |
| | 403-4 Worker participation, consultation and communication on occupational health and safety | 150–151 | | | | | |
| | 403-5 Worker training on occupational health and safety | 150–151 | | | | | |
| | 403-6 Promotion of worker health | 150–151 | | | | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 150–151 | | | | | |
| | 403-9 Work-related injuries | 150–151 | | | | | |
| Human rights | 406-1 Incidents of discrimination (2016) | 152–155 | 8.7, 8.8, 10.3, 12.7 | 1-6 | | | |
| | 414-1 New suppliers that were screened using social criteria (2016) | 152–155 | | | | | |
| Local community 2016 | 413-1 Operations with local community engagement, impact assessments and development programmes | 156–160 | 4.4, 4.6, 8.6, 10.2, 11.3, 17.17 | 1, 6, 8 | | | |

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## TCFD Index

| | Chapter | Page |
|---|---|---|
| **Governance** | | |
| a) Describe the Board's oversight of climate-related risks and opportunities | Governance, Risk management | 37–38 |
| b) Describe management's role in assessing and managing climate-related risks and opportunities | Governance, Risk management | 37–38 |
| **Strategy** | | |
| a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term | Scenario Analysis | 118 |
| b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning | Climate Road Map, Scenario Analysis | 115–118 |
| c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | Climate Road Map, Scenario Analysis | 115–118 |
| **Risk Management** | | |
| a) Describe the organisation's processes for identifying and assessing climate-related risks | Climate Risk Management | 116 |
| b) Describe the organisation's processes for managing climate-related risks | Climate Risk Management | 116 |
| c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management | Climate Risk Management | 116 |
| **Metrics and Targets** | | |
| a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process | Climate actions, Greenhouse Gas Emissions | 117, 143 |
| b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks | Greenhouse Gas Emissions | 143 |
| c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets | Greenhouse Gas Emissions | 143 |

## Statutory Sustainability Report Index

Find our statutory Sustainability Report according to the Swedish Annual Accounts Act on the following pages:

| Topic | Area | Page |
|---|---|---|
| Environmental issues | Policy, review procedures and policy results | 137, 141, 143, 145 |
| | Risks and risk management | 37–38 |
| | Key performance indicators | 137, 141, 143, 145 |
| Social issues and employees | Policy, review procedures and policy results | 147, 150, 156 |
| | Risks and risk management | 37–38 |
| | Key performance indicators | 147, 150, 156 |
| Human rights | Policy, review procedures and policy results | 152 |
| | Risks and risk management | 37–38 |
| | Key performance indicators | 152 |
| Anti-corruption | Policy, review procedures and policy results | 133 |
| | Risks and risk management | 37–38 |
| | Key performance indicators | 133 |

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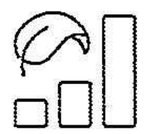
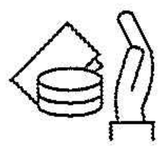
# Topic Disclosures



## Economic Performance

201-1 Direct economic value generated and distributed



## Anti-Corruption

205-3 Confirmed incidents of corruption and actions taken

## Tax

207-1 Approach to tax
207-2 Tax governance, control and risk management
207-3 Stakeholder engagement and management of concerns related to tax
207-4 Country-by-country reporting

## Energy

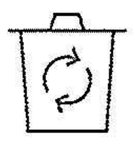
302-1 Energy usage within the organisation
302-3 Energy intensity

## Water

303-5 Water consumption

## Greenhouse Gas Emissions

305-1 Direct (Scope 1) GHG emissions
305-2 Energy indirect (Scope 2) GHG emissions
305-3 Other indirect (Scope 3) GHG emissions
305-4 GHG emissions intensity



## Waste

306-3 Waste generated

## Employment

401-1 New employee hires and employee turnover

## Occupational Health and Safety

403-1 Occupational health and safety management system
403-2 Hazard identification, risk assessment and incident investigation
403-3 Occupational health services
403-4 Worker participation, consultation and communication on occupational health and safety
403-5 Worker training on occupational health and safety
403-6 Promotion of worker health
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-9 Work-related injuries

## Human Rights

406-1 Incidents of discrimination and corrective actions taken
414-1 New suppliers that were screened using social criteria

## Local Community

413-1 Operations with local community engagement, impact assessments and development programs

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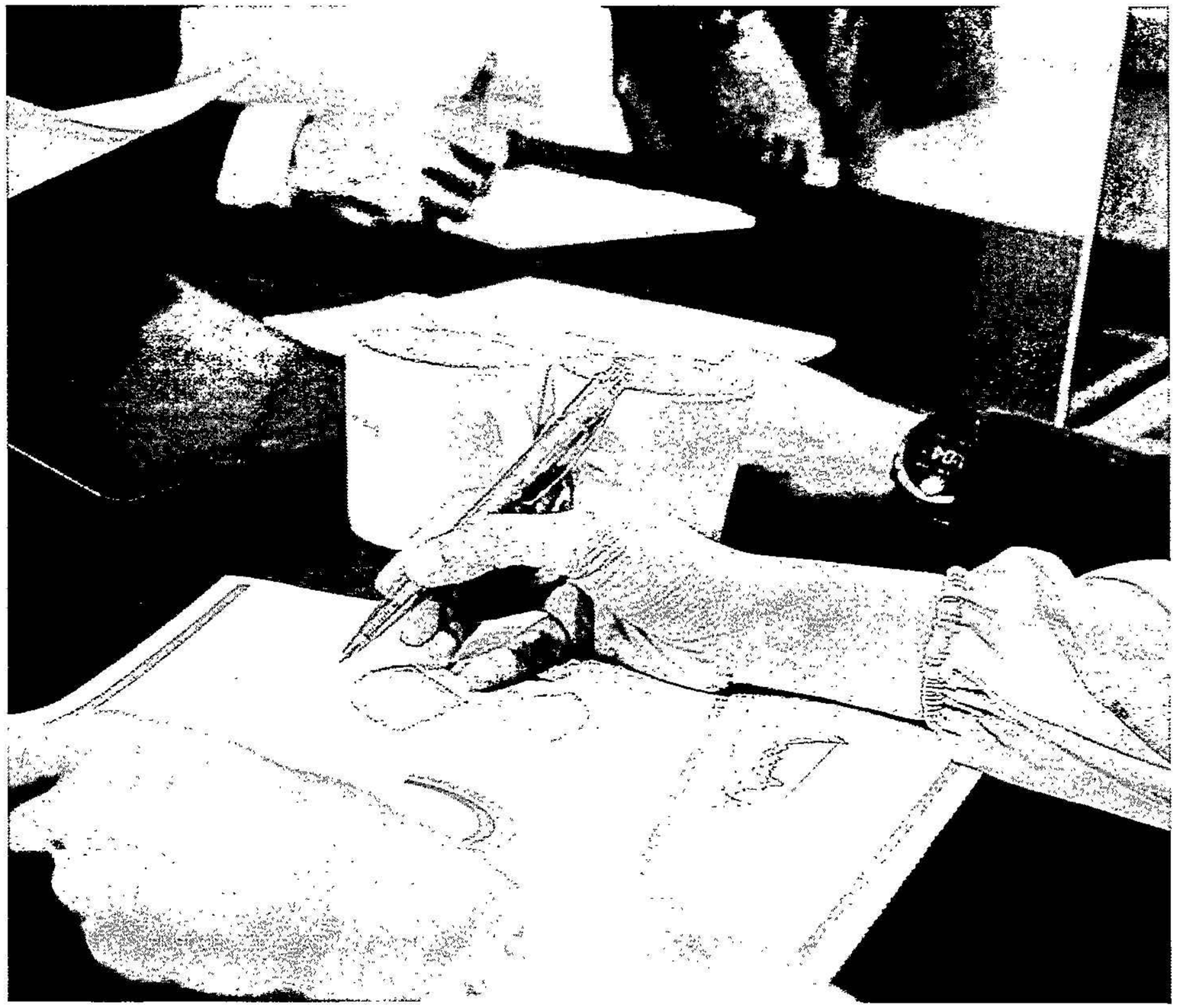
# Economic Performance

201-1 Direct economic value generated and distributed



**Impact on economy, environment, and people**

Through long-term, profitable growth generated with consideration for people and the planet, we build trust among our employees, customers, shareholders, suppliers, banks and credit rating agencies. Their trust in us is crucial for our continued growth, while a competitive offering to employees is critical for our success. Heimstaden Bostad makes contributions to local societies in all our markets through corporation tax, VAT, and social security payments. Our co-owners are institutional investors, and a large part of our profit is re-invested in people's future pensions.

**Actions taken to manage the topic**

Our strategy is to acquire, develop, and manage residential properties for rent over the long term. Investment decisions are therefore premised on positive growth in the population and the economy, which generates long-term demand for residential properties in the locations where we operate.

Our Financial Policy serves as a framework for the management of the company's financial risks, such as liquidity, refinancing, foreign currency and interest rates.

**Target tracking and evaluation**

We continuously measure and assess the effectiveness of our financial governance and review our financial goals as part of our ongoing business. We measure our progress by:

- Acquisition volumes
- Raised equity volumes
- Access to debt markets and ensuring a strong rating for Heimstaden Bostad
- Investment and asset management performance

Our Group policies implemented are:

- Financial Policy

The policy applies company-wide and in all our markets and is approved by the CEO.

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## GRI 201-1 Direct economic value generated and distributed (company-wide)

| SEK million | 2022 | 2021 | 2020 |
|---|---|---|---|
| **DIRECT ECONOMIC VALUE GENERATED** | | | |
| **Tenants** | | | |
| Rental income | 13,919 | 9,247 | 6,721 |
| **Economic value generated from rental income** | **13,919** | **9,247** | **6,721** |
| **ECONOMIC VALUE DISTRIBUTED** | | | |
| Employees | | | |
| Salaries (incl. social costs and pensions) | -527 | -200 | -147 |
| **Cost for employees** | **-527** | **-200** | **-147** |
| **Society** | | | |
| Suppliers (incl. VAT) | -15,165 | -7,204 | -3,685 |
| Corporate tax (current tax) | -836 | -492 | -386 |
| Deferred tax | 1,878 | -4,580 | -1,774 |
| **Economic value to society** | **-14,124** | **-12,276** | **-5,845** |
| **Owners** | | | |
| Dividends (payout year) | -27,545 | -4,978 | -1,897 |
| New share issue (capital injections) | 47,324 | 64,996 | 17,895 |
| **Transactions with the shareholders** | **19,779** | **60,018** | **15,998** |
| **ECONOMIC VALUE RETAINED** | **19,048** | **56,790** | **16,728** |

The calculation is based on reported financials in the Annual Report and is in accordance with GRI guidelines. The intention is to show in a simple way how Heimstaden Bostad creates value for its stakeholders and in the economic systems within which the organisation works. The table provides an overview of the directly measurable monetary value Heimstaden Bostad adds to stakeholders and how the company thereby contributes to the development of society. Big changes are related to the acquisition of Akelius.

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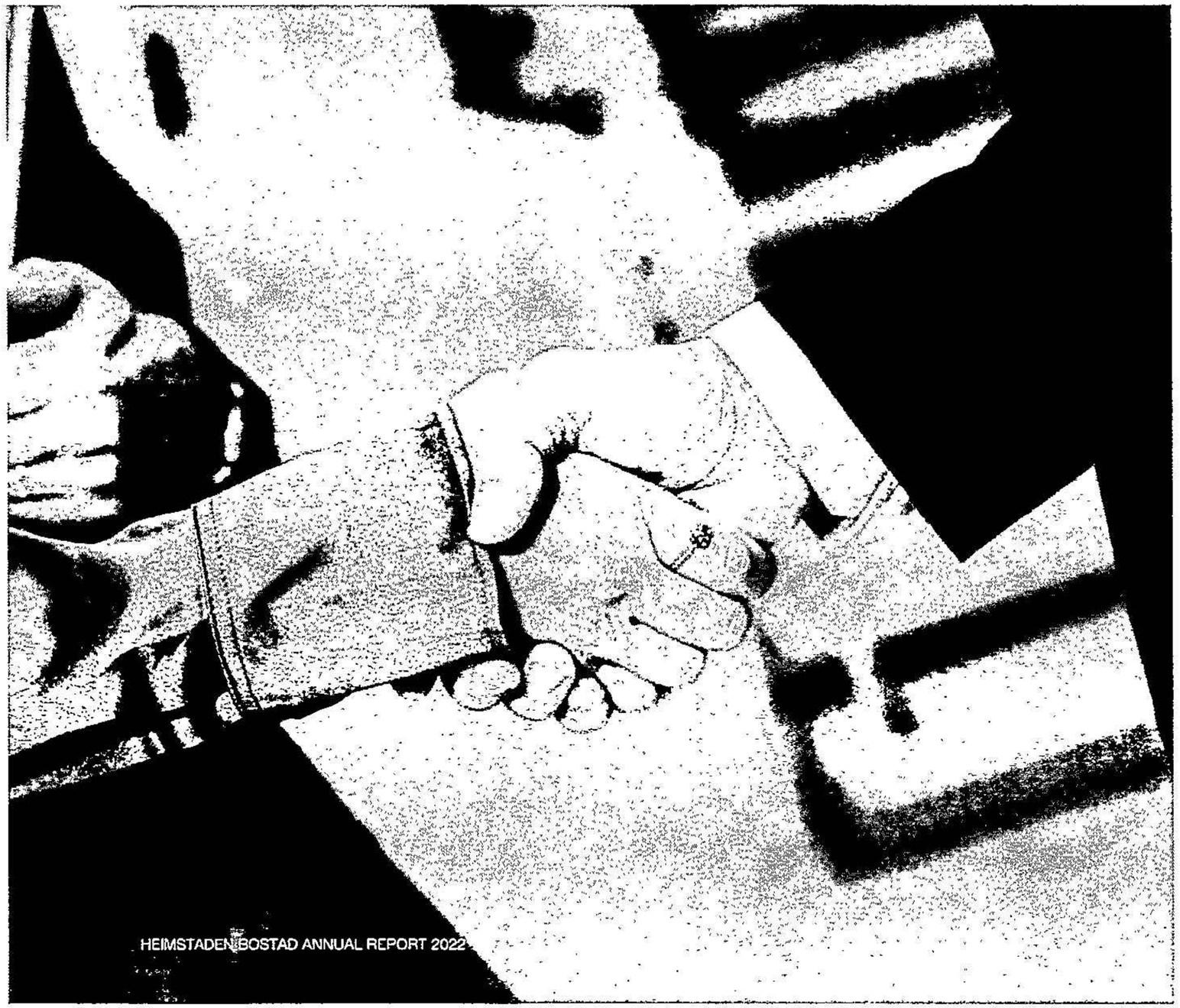
# Anti-Corruption

205-3 Confirmed incidents of corruption and actions taken





**Impact on economy, environment and people**

Heimstaden Bostad's values make it crucial to conduct our operations responsibly and with a high level of business ethics. Failure to respect the norms of corporate responsibility may increase the improper use of natural resources, the risk of human rights violations in our supply chain, accidents and work-related health problems for our people and barriers to attracting talent to ensure growth and service delivery. Costs may increase due to turnover and/or skill-shortage. Any detected cases of corruption or suspicion thereof may cause economic losses in terms of fines or penalties. This in turn will affect our brand and reputation, increasing the risk of losing customers as well as investor trust, capital and interest.

Because of continuous investor dialogues combined with stricter demands for compliance in these areas, in 2021 we installed Group Governance, Risk and Compliance (GRC) function that has helped us increase the awareness and focus on these areas in the organisation.

**Actions taken to manage the topic**

In accordance with Heimstaden's UN Global Compact commitment, we work actively on anti-corruption measures throughout our compliance management system which involves policies internally and across the length of our value chain. People & Culture are responsible for ensuring tools are available for educating employees on our Code of Conduct, culture and values, diversity, inclusion and belonging and anti-corruption, as well as how to report any breaches using our whistleblowing tool and our employee engagement tool.

"People & Culture are responsible for ensuring tools are available for educating employees on our Code of Conduct, culture and values, diversity, inclusion and belonging and anti-corruption."

Each manager is responsible for ensuring employees are properly trained and informed. To ensure training is delivered, People & Culture follow up on completion rates on a quarterly basis. Whistleblowing and other incidents related to these areas trigger immediate action and are reported quarterly.

Heimstaden Bostad provides mandatory e-learning courses for all employees, to be conducted every 18 months. In addition,

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People & Culture run culture and values workshops to highlight business ethics guidelines, human rights and working conditions among employees. In the onboarding process, all new hires sign the Code of Conduct and are required to perform mandatory trainings during their first month of employment.

The Purchasing function and internal clients are responsible for setting purchasing function and contractor requirements, as well as monitoring compliance with the Business Partner Principles. For this purpose, we have implemented a self-assessment covering topics such as environment and human rights.

### Target tracking and evaluation

**GRI 205-3 Confirmed incidents of corruption and actions taken (company-wide)**

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Number of reported cases | 0 | 0 | 0 | 2 |
| Number of confirmed cases | 0 | 0 | 0 | 0 |

Heimstaden Bostad has a whistleblower function where employees and external stakeholders can report any irregularities and violations of the Code of Conduct. The system is owned and managed by a neutral third party. Our Whistleblower Policy specifies how reported cases are to be processed, followed up and communicated. Our vision is to have zero annual confirmed cases company-wide. During the year, zero cases were reported through the whistleblower function, whereof zero cases qualify as whistleblower cases. We started the follow-up at Group level in year 2019 making year 2019 our baseline.

### Our Group policies implemented are:

- Anti-Corruption
- Code of Conduct
- Business Partner Principles
- Sanctions Policy
- Whistleblower Policy and Whistleblower Manual
- People & Culture Policy

The policies apply company-wide and in all our markets. The Code of Conduct is approved by the Board of Directors, Anti-Corruption, Business Partner Principles, Sanctions Policy, Whistleblower Policy and Whistleblower Manual, People and Culture Policy are approved by the CEO.

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# Tax

207-1 Approach to tax
207-2 Tax governance, control, and risk management
207-3 Stakeholder engagement and management of concerns related to tax
207-4 Country-by-country reporting

**Impact on economy, environment and people**
At Heimstaden Bostad, we view tax as a social responsibility. Taxes make up most of a government's revenue and provide the resources to build a sustainable society. We believe it is important that tax is paid in the country where value is created, in due time and in accordance with local tax rules.

We also think that it is self-evident to live up to requirements and expectations regarding tax transparency. We work continuously with stakeholders to follow their interests and to identify potentially new requirements in the tax area, including new initiatives by the OECD and other international bodies. If there is uncertainty about a tax matter, Heimstaden Bostad often initiates a dialogue with the concerned tax authority to clarify how the matter should be handled correctly.

An integral part of our business is to be transparent with the relevant tax authorities and fully compliant in terms of the administration and payment of taxes. Simultaneously, tax is a cost that can help reduce our business risk, when managed effectively to the level required by law, fulfilling our obligations towards stakeholders.

As we are a multinational group, all subsidiaries carry out their operational business activities in their respective jurisdictions. However, our subsidiaries will never be entities that engage in illegal tax planning, which we consider unacceptable.

**Actions taken to manage the topic**
Heimstaden Bostad's handling of tax is ultimately regulated by the group's tax policy and special local tax policies where applicable. The policy covers governance principles, risk profile, relations with the relevant authorities, organisational roles and responsibilities, and structures and routines for tax communication.

The policy is owned by the CFO and, where applicable, by the local financial manager. The policy covers all levies paid to respective countries' tax authorities and applies to all subsidiaries and employees in Heimstaden Bostad Group from the date of adoption.

We have a low risk profile when it comes to tax with a large local presence. Our goal is to always have a correct handling and reporting of tax risks. Effective tax risk management in connection with acquisitions requires tax to be part of the Group's due diligence processes. Identification of tax issues involving acquisitions is principally managed by the investment teams, who work closely with local external counsel to review, carry out due diligence and advise on a robust integration into

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the Group's approach to taxes, supported by local or Group Tax resource where relevant.

The CFO has the operational responsibility for the Group's tax position across all territories and has delegated the day-to-day responsibility for tax to the respective local finance manager and finance department. Significant tax matters are routinely addressed in Audit & GRC Committee meetings, in which the Group auditor is also present. Careful monitoring of Transfer Pricing is an integral part of mitigating any negative impact on our tax footprint.

In the event of late filings or non-adherence to statutory deadlines, reasonable efforts shall be made to correct the situation in consultation with Group Tax. Unintentional errors in submissions to tax authorities shall be corrected and communicated to the relevant tax authorities as soon as they have been identified.

Any person suspecting serious business irregularities can alert Group Tax or use our Whistleblowing function, which is explained further in the section Human Rights on page 152.

Heimstaden Bostad intends this section to satisfy any statutory responsibilities it may have to disclose its approach to the management of taxes.

### Target tracking and evaluation

Group Legal and Tax evaluate the management approach by reporting tax at Group level, monitoring and providing Group oversight of tax, and assisting with tax advice.

In some countries the Group employs local tax counsels to take part and oversee recurring tax reporting to local authorities. In other countries there is a close collaboration with external counsel to meet tax reporting requirements, ensuring compliance in line with the tax policy.

Heimstaden Bostad prepares and intends to have Transfer Pricing documentation updated on an annual basis, consisting of a Group Master File and Local File for each country in which the Group operates. This standardised framework is transparent on key tax drivers on an aggregated level and is also disclosed to stakeholders such as local tax authorities, where relevant.

Heimstaden Bostad files an aggregated country-by-country Report at Group level undertaking relevant notification procedures to tax authorities in each country. Heads of Finance at a country level together with Group Tax ensure an annual review of the results to identify any material discrepancies between aggregated revenues and the country-by-country tax position. The country-by-country reporting on tax is shown in the table below.

### GRI 207-4 Country-by-country reporting (company-wide)

| | 2021 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| SEK million | Sweden | Norway | Denmark | Nether-lands | Germany | Czech Republic | Poland | Finland | UK |
| Number of employees (Headcount) | 8 | - | 2 | - | 13 | 710 | - | - | - |
| Revenues from third-party sales | 2,873 | 74 | 2,593 | 1,139 | 805 | 1,572 | 14 | 16 | 1 |
| Revenues from intra-group transactions with other tax jurisdictions | 1,103 | 779 | 3 | 192 | 41 | 600 | 13 | 0 | 4 |
| Profit/loss before tax | -409 | 272 | 6,769 | 8,131 | 1,075 | 2,766 | 10 | 86 | -5 |
| Tangible assets other than cash and cash equivalents | 62,858 | 5,667 | 66,636 | 27,324 | 67,608 | 17,997 | 0 | 1,014 | 975 |
| Corporate income tax paid on a cash basis | 76 | 65 | 191 | 174 | -64 | 125 | 0 | 2 | 36 |
| Corporate income tax accrued on profit/loss | 72 | 79 | 259 | 123 | -37 | 64 | 1 | 2 | 0 |

The table contains country-by-country reporting for year 2021 for all countries in which Heimstaden Bostad operated during the year. Data from FY 2021 is the most recent available data. See the table section for data on previous year. Data related to the acquisition of properties from Akelius in December 2021 is not included in this overview.

### Our Group policies implemented are:

- Tax policy

The policy applies company-wide and in all our markets and is approved by the CEO.

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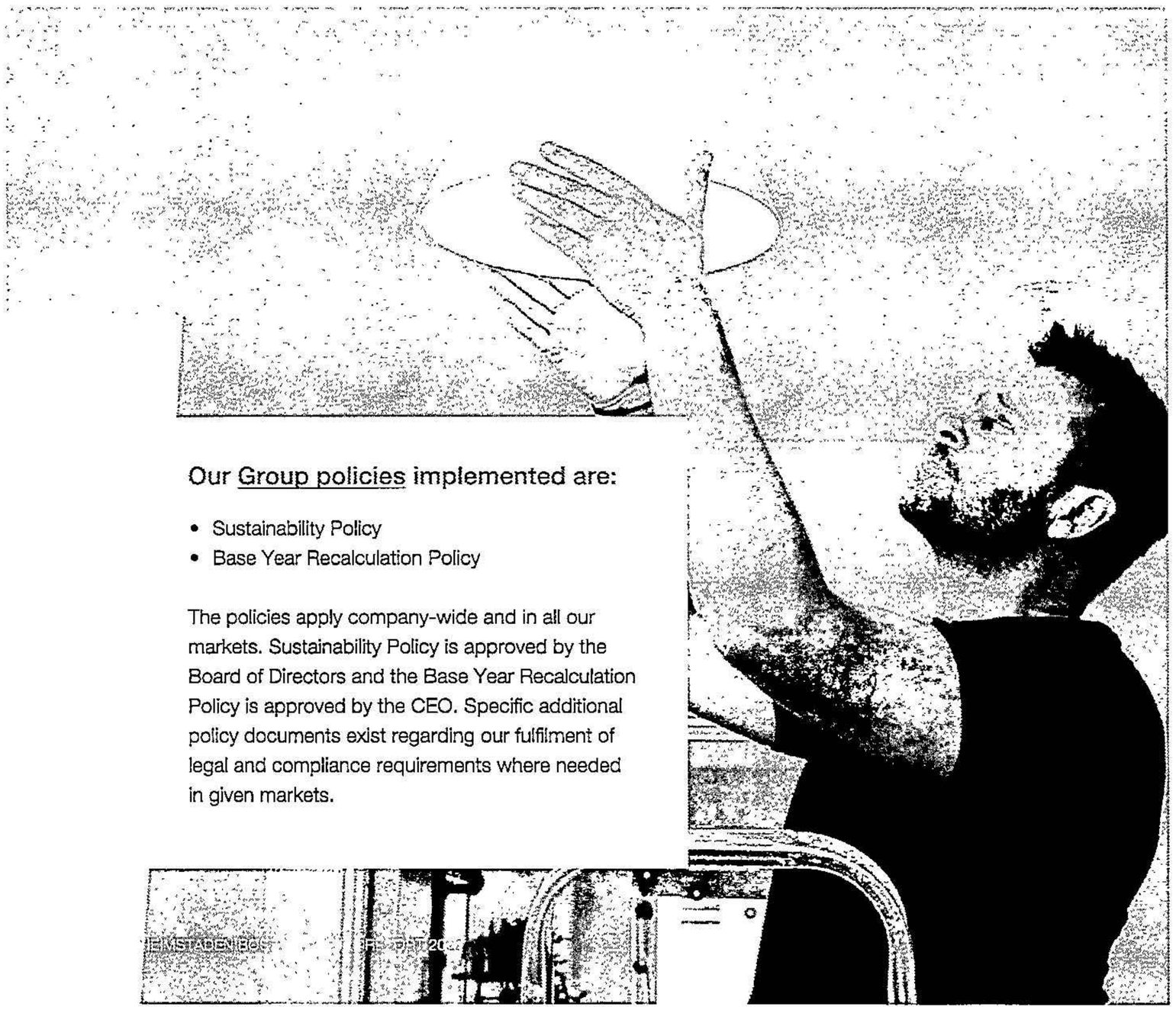
# Energy

302-1 Energy usage within the organisation
302-3 Energy intensity



## Our Group policies implemented are:

- Sustainability Policy
- Base Year Recalculation Policy

The policies apply company-wide and in all our markets. Sustainability Policy is approved by the Board of Directors and the Base Year Recalculation Policy is approved by the CEO. Specific additional policy documents exist regarding our fulfilment of legal and compliance requirements where needed in given markets.

**Impact on economy, environment, and people**
We use energy for heating and electricity in our properties. Operating our buildings has a direct impact on energy usage and energy cost. In some countries, the energy cost is directly transferred to the customer on a yearly basis as a part of the property's operating cost. By implementing energy-efficiency measures, we can lower energy usage, climate impact, and costs for Heimstaden Bostad and customers. The amount of fossil fuel we use has a negative impact on the environment, which we can counteract in selected buildings by fuel shifts to more efficient solutions or renewable energy sources. In all countries, we purchase renewable electricity to lower the negative environmental impact of fossil fuels. When acquiring properties, we include them in the renewable electricity supply when possible. Unfortunately, we cannot control energy usage in all our properties, as explained in the Reporting Principles section. In 2022, we have assessed our solar suppliers to track if there is any risk of human rights being abused in the supply chain, as we have seen from experience that materials used in solar photovoltaic cells have come from regions where human rights could be negatively affected.

Energy-efficiency measures and fossil-free energy are considered important to our stakeholders and affect our customers' ability to live sustainably. This is also an important topic for Heimstaden Bostad's owners, resulting in the Board deciding

"By implementing energy-efficiency measures, we can lower energy usage, climate impact and costs for Heimstaden Bostad and the customers."

to set a science-based target. Actions to achieve the target are defined in a Climate Roadmap, which is approved by the Board of Heimstaden Bostad.

**Actions taken to manage the topic**
Our energy focus is based on Heimstaden Bostad's business strategy and underlying sustainability strategy.

In the Climate Roadmap section, you can read about our climate governance, strategy and Heimstaden Bostad's SBTs. We work continuously on energy-efficiency improvements throughout our organisation in all countries and train our staff in energy-efficient operations. Energy-efficiency measures are prioritised according to the expected impact on energy usage and GHG emissions at a reasonable cost. When making acqui-

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sitions, we always screen properties, resulting in an action plan for energy-related measures.

We reduce the amount of purchased energy through the following actions:

- We certify all of our own developments in Sweden with Sweden Green Building Council's 'Miljöbyggnad Silver' certification. In UK and Poland, several turnkey developments are certified with BREEAM (level: very good) and in Denmark with DGNB. These projects cover approximately 1% of our total portfolio.
- Operational energy efficiency of our buildings is a very important part of our business. On average 5-10% of the energy use in the buildings could be saved over a two-year period just by running the buildings in the right way. To achieve this, Heimstaden Bostad has implemented a Group function focused on energy management as well as resources in our local organisations, which ensures that we have the right capabilities in place.
- We focus in several markets on thermal insulation of walls and attics, and window replacement projects, which reduces energy consumption and improves the indoor environment for the customers. Some of the areas we focus on in our different markets, depending on the local conditions, are replacement of old inefficient centralised heating systems and boilers with efficient new ones, installation of heat pumps for heat recovery, smart control systems, efficient controlled fans and hydraulic balancing.
- During 2022, we conducted a major mapping of our 20 multi-family homes in the Netherlands, to make them more energy efficient. Some examples of the short-term actions identified include adapting the settings of the temperature heating curves, insulating pipes, replacing valves, and pressure testing and commissioning. The mapping will also be used to planning optimisation and the replacement of technical installations in the coming years.
- We have a target to install photovoltaic cells on all new construction projects (when applicable).

Among the topics on which we assess our energy suppliers are the environment and human rights, which you can read more about in the Human Rights section.

### Target tracking and evaluation

In Sweden, Norway, Denmark, Germany, Netherlands, Finland, and Poland, we are compiling energy statistics monthly or quarterly to detect deviations in energy usage and to act on them where needed. In the other countries, we compile energy data annually at a minimum to ensure there is ample progress to reach our targets in time, as described in the Reporting Principles. That gives us the chance to implement more actions if needed. We are constantly working to improve data quality through new digital solutions and performing a quarterly quality check on energy data.

Our Climate Target is in line with the 1.5°C ambition of the Paris Agreement, meaning we are commited to reducing Scope 1, 2 and 3 category 13 GHG emissions by at least 42% by 2030, using 2020 as the reference base year. The baseline will be recalculated every year as described in our Baseline Policy. Climate Roadmap actions are ongoing, with the intention to invest over SEK 7 billion to implement the measures needed to reach the target. Fuel shifts and energy reduction will be a key measure, where we aim to reduce the amount of energy purchased by 2% per square metre annually until 2025 in comparable property portfolios, with 2019 as the baseline.

The results for 2022 are described in the adjacent table GRI 302-1, 302-3 Energy consumption in the properties in MWh.

Normally, trimmings and one calendar year of operation are required before energy-efficiency measures are fully effective. In addition to this operational phase, most energy investments require planning. In some cases, they require permission from the authorities, which can also mean that a project start can be delayed by several months to as much as one year from the original decision on implementation.

**GRI 302-1, 302-3 Energy consumption in the properties in MWh (company-wide)**

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Heating** | **973,870** | **777,036** | **637,522** |
| Of which renewable heating | 448,455 | 364,048 | 279,163 |
| **District cooling** | 271 | 326 | 203 |
| **Electricity** | 103,871 | 76,507 | 71,536 |
| Of which renewable electricity | 100,879 | 74,268 | 68,240 |
| Total energy consumption (heating, cooling, electricity) | 1,078,013 | 853,869 | 709,261 |
| **Electricity production (Solar power)** | | | |
| Installed capacity (photovoltaic cells), kWp | 2,011 | 1,262 | 374 |
| Estimated energy production, MWh | 1,535 | 595 | 456 |

The data for 2022 includes the purchased energy by Heimstaden Bostad in Sweden, Norway, Denmark, Netherlands, Germany, Finland, Poland, and UK. For Czech Republic the energy consumption from year 2022 is not yet available and therefore estimates are used, based on the energy consumption figures from 2021. Properties where customers have their own energy contract are not included, as it is not possible for Heimstaden Bostad to obtain the energy data. In 2022, the total energy consumption has increased in absolute numbers due to our growing business and the acquisition of Akelius property portfolios in Sweden, Germany and Denmark and more properties. However, we decreased the energy usage per sqm with 11% in 2022 versus 2021. For more information, please see the Energy intensity section on page 139.

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## Energy intensity[1]

| | | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Energy in kWh/sqm/year | Target: Reduce energy intensity by 2% annually (weather corrected) | 137 | 161 | 145 |
| Weather-corrected energy in kWh/sqm/year | | 147 | 165 | - |
| Annual change in energy intensity in kWh/sqm/year (weather corrected) | | -11% | - | - |

[1] *Based on comparable properties, for more information see the reporting principles on page 112.*

The energy performance is based on energy consumption within Heimstaden Bostad properties as per the above table. The denominator consists of the net leasable area of those properties where Heimstaden Bostad has the energy contract, and the numerator consists of energy use for an entire year. Properties where customers have their own energy contract are not included, as it is not possible for Heimstaden Bostad to obtain the energy data. Also, properties that lack energy data for an entire year (such as acquisitions and divestments during the reporting year) are excluded from the intensity figures. Between 2021 and 2022 the weather corrected energy use per square metre decreased with 11% due to our energy efficiency measures and tenant engagement.

### EPC labels

The EPC labels for Heimstaden Bostad are shown in table and graph "Breakdown of EPC labels per % of square metres per country" on page 140. The implementation of the EPC label system varies between the countries, which is described in the table.

The graph below describes how EPC classes of our buildings are distributed in each market. The way in which EPC system is applied and how levels for letter grading of buildings are calculated and defined vary according to the different countries' legislation. This means that a direct comparison among the countries' different classifications cannot be made. In addition to this variation in the grading system, the outcome is also affected by the age of the building stock in each country.

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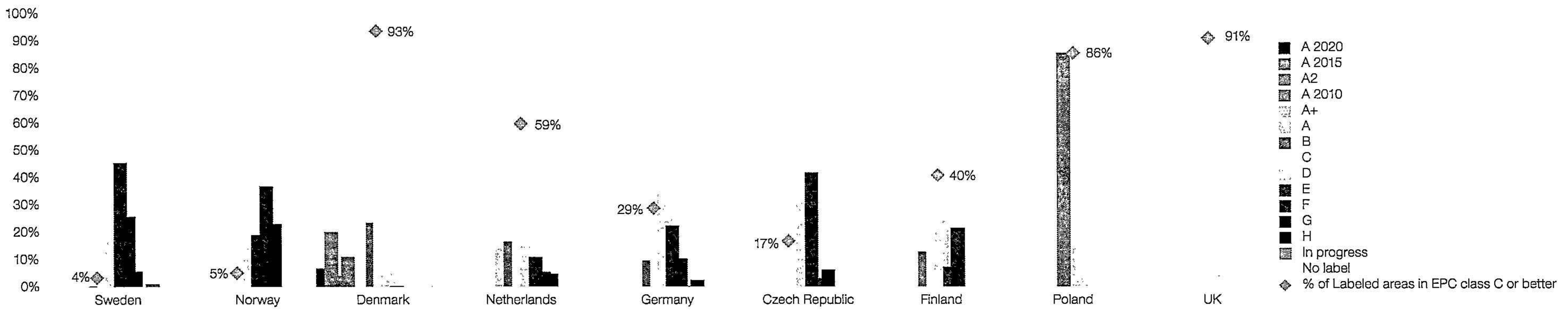
**Breakdown of EPC labels per % of square metres per country**

| Country | Sweden | | Norway | | Denmark | | Netherlands | | Germany | | Czech Republic | | Finland | | Poland | | UK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EPC label | % of EP | % of sqm covered | kWh/(sqm year) | % of sqm covered | kWh/(sqm year) | % of sqm covered | kWh/(sqm year) | % of sqm covered | kWh/(sqm year) | % of sqm covered | CI value | % of sqm covered | E number kWh/ (sqm year) | % of sqm covered | kWh/ (sqm year) | % of sqm covered | SAP Assess- ment score | % of sqm covered |
| A 2020 | | | | | 20 | 7% | | | | | | | | | | | | |
| A 2015 | | | | | <30 + 1000/A | 20% | | | | | | | | | | | | |
| A2 | | | | | <50 + 1600/A | 4% | | | | | | | | | | | | |
| A 2010 | | | | | <52.5 + 1650/A | 11% | | | | | | | | | | | | |
| A+ | | | | | | | <105 | 0,3% | | | | | | | | | | |
| A | ≤50 | 0,0% | | | | | <160 | 14% | <50 | 0,1% | | | E number ≤ 75 | 1.3% | | | | |
| B | ≤75 | 0,4% | | | <70+ 2200/A | 24% | <190 | 17% | <75 | 10% | <75 | 0,4% | 76 ≤ E number ≤ 100 | 3% | <75 | 86% | | |
| C | ≤100 | 3,1% | < 110 + 1500/ A | 4.7% | <110+ 3200/A | 27% | <250 | 28% | <100 | 19% | <100 | 17% | 101 ≤ E number ≤ 130 | 17% | | | 69-80 | 91% |
| D | ≤135 | 17% | < 135 +2200/ A | 15% | <150+ 4200/A | 5,1% | <290 | 15% | <130 | 34% | <150 | 31% | 131 ≤ E number ≤ 160 | 42% | <130 | 14% | 55-68 | 9% |
| E | ≤180 | 46% | < 160 +3000/ A | 19% | <190+5200/A | 0.4% | <335 | 11,3% | <160 | 23% | <200 | 42% | 161 ≤ E number ≤ 190 | 22% | | | | |
| F | ≤235 | 26% | < 200 + 4000/ A | 37% | <240+ 6500/A | 0.0% | <380 | 5.8% | <200 | 11% | <250 | 3,5% | 191 ≤ E number ≤ 240 | 5,4% | | | | |
| G | >235 | 6,1% | >200 | 23% | >240+ 6500/A | 0.3% | >380 | 5,2% | <250 | 0,4% | >250 | 6,6% | 241 ≤ E number | 10% | | | | |
| H | | | | | | | | | >250 | 2,9% | | | | | | | | |
| In progress | | 1,2% | | | | | | | | | | | | | | | | |
| No label | | 0,3% | | 0,9% | | 1,0% | | 3,7% | | | | | | | | | | |
| Label areas coverage of total area in % | 100,0% | | 100% | | 100% | | 100% | | 100% | | 100% | | 100% | | 100% | | | |
| % in (A to C) area | 3,5% | | 4,7% | | 93% | | 59% | | 29% | | 17% | | 21% | | 86% | | 91% | |
| % in (G to H) area | 6,1% | | 23,2% | | 0% | | 5,2% | | 3,3% | | 6,6% | | 10% | | 0% | | 0% | |



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# Water

303-5 Water consumption

**Impact on economy, environment, and people**
Water must be treated as a scarce resource, since water scarcity may occur due to a changing climate, causing altered weather patterns including droughts, floods, increased pollution, and increased human demand and overuse of water. Heimstaden Bostad's own water use is a minor part of the total water use in our properties; the majority of usage comes from our customers' activities such as personal hygiene, washing, and cooking. Nevertheless, we still have a responsibility to support our customers in living sustainably by offering responsible water management and water-efficient equipment.

**Actions taken to manage the topic**
Heimstaden Bostad's environmental focus is based on our strategic pillars, underlying sustainability strategy and sustainability policy. We have set a target to reduce our water use by at least 1% per square metre annually through to 2030. In Sweden, Norway, Denmark, Germany, Netherlands, Finland, and Poland, we are following up water usage monthly or quarterly to detect variations in water usage and to act on them. We compile water data per country annually as a minimum requirement to ensure there is ample progress to reach our targets in time. When we renovate apartments, the mixer taps, toilets, and shower equipment are replaced with new efficient ones. At the end of 2021, Heimstaden Netherlands started a pilot programme for customer nudging, where we actively encourage our tenants to use less water. The four targeted buildings saved an average of 5% water during the half-year project. In a number of selected properties in Sweden, Norway, and the Netherlands we are evaluating smart metres with continuous leakage control that allow us to detect deviations immediately. We are also investigating the possibility of installing heat pumps that recover the heat from the wastewater systems in our buildings. In one of our new build projects in Sweden, we have a pilot installation that we will evaluate and use as a test platform for future installations in our existing stock.

"We have set a target to reduce our water use by at least 1% per square metre annually through to 2030."

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### Target tracking and evaluation

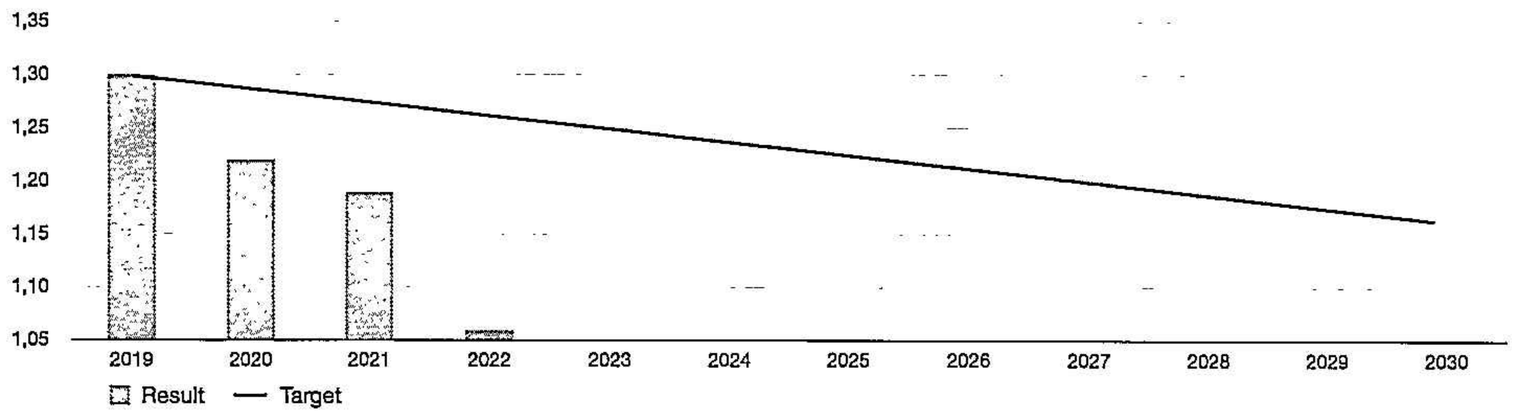
In Denmark and Czech Republic, water statistics are compiled only once annually, meaning water consumption figures for the full-year 2022 are not available for all the properties in the table below. In these cases, the 2021 figures for water consumption are used.

### GRI 303-5 Water consumption (company-wide)

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Total water consumption m³ | 9,806,756 | 7,592,252 | 6,955,106 |
| Building water intensity (per year) m³ per sqm | 1.06 | 1.2 | 1.2 |

Data for 2022 includes water use in Sweden, Norway, Netherlands, Germany and partly Denmark. For other properties, water consumption is not yet available and therefore water consumption values for 2021 are used for the Czech Republic and partly Denmark. Total water consumption for 2022 has increased due to new acquisitions.
The building water intensity in our stock has decreased significantly during 2022 versus 2021. This positive trend has been on-going for some years, and is a combined result from the technical measures that we have implemented and our tenants water saving behavior. Examples on measures done is that we have installed water efficient taps when replacing old ones, adding water saving equipment on existing showers and taps and the information campaigns that we have performed in order to engage our tenants to use water more efficient.

### Building water intensity in m³ per sqm per year



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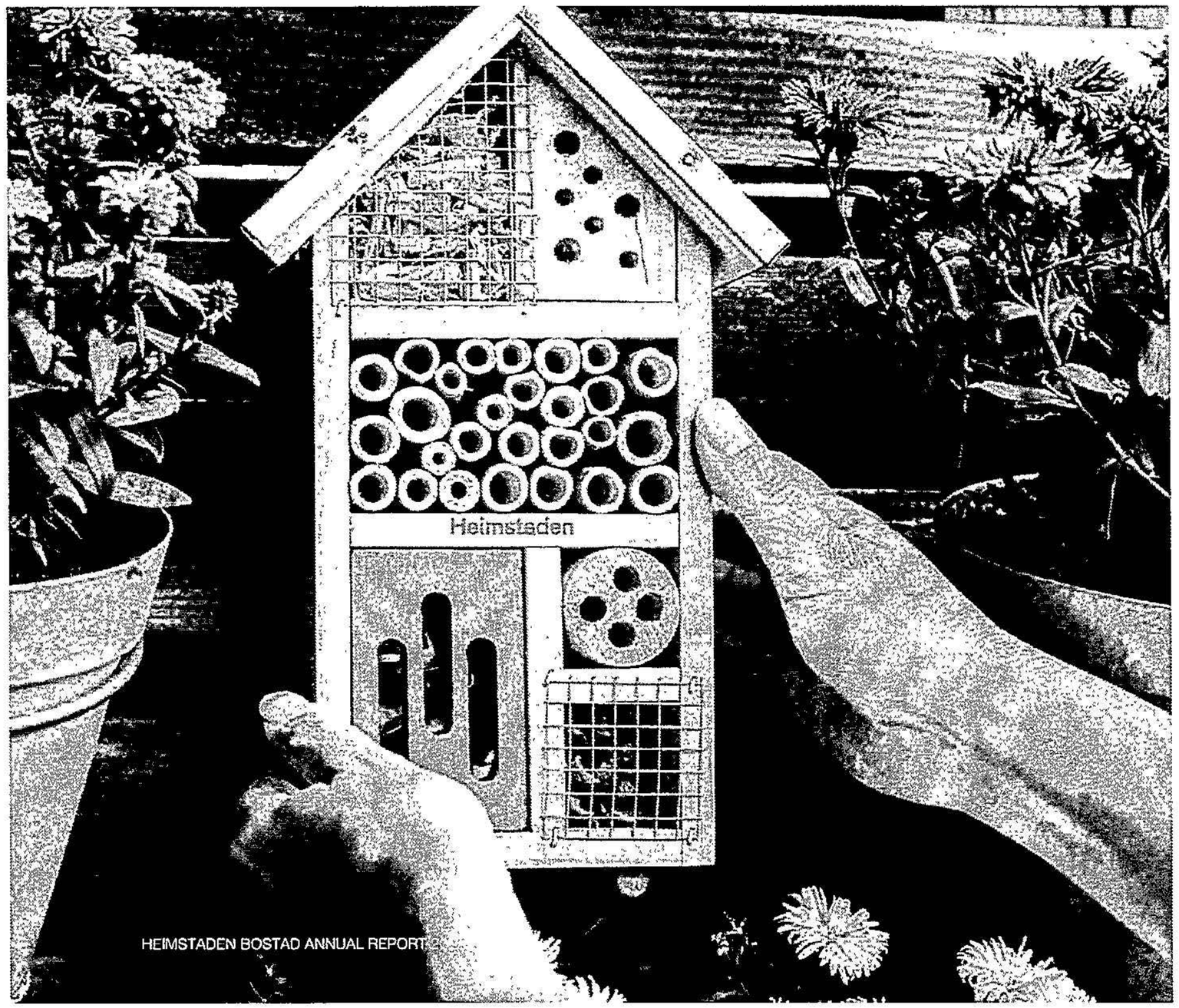
# Greenhouse Gas Emissions




305-1 Direct (Scope 1) GHG emissions
305-2 Energy indirect (Scope 2) GHG emissions
305-3 Other indirect (Scope 3) GHG emissions
305-4 GHG emissions intensity

**Impact on economy, environment, and people**
GHG emissions have a negative impact on the climate and the environment through rise in temperatures, air and water pollution, rising sea levels, and extreme weather events. This in turn affects people through forced displacements, water and food insecurity and a variety of health-related impacts. Focusing on reducing emissions is the only way forward, lowering the negative impact and increasing opportunities for external financing.

GHG emissions occur throughout our entire value chain, including our suppliers, contractors, and customers. Most of the Scope 1 and 2 emissions are generated by energy usage in our properties, while Scope 3 emissions mostly come from our tenants' energy consumption, new construction, reconstruction, and renovation.

Our investors are frequently asking for our progress and actions taken to lower our GHG emissions. This is also an important topic for Heimstaden Bostad's owners, resulting in the Board deciding to set science-based targets. Actions to achieve the targets are defined in a Climate Road Map, which is approved by the Board.

**Actions taken to manage the topic**
Our environmental work is based on Heimstaden Bostad's strategic pillars and underlying sustainability strategy.

"Heimstaden Bostad commits to reduce absolute Scope 1, Scope 2 and Scope 3 category 13 GHG emissions covering downstream leased assets 30 from a 2020 base year."

The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks. In addition, Heimstaden Bostad commits to 27% of its suppliers by spend covering category 1 – purchased goods and services – having science-based targets by 2027. The target is in line with the 1.5°C Paris Agreement ambition. To be able to achieve our objectives in time, we have assigned a clear budget to the climate target, as described in the Climate Roadmap section on page 115 and will evaluate emissions data annually to track our progress, as shown in the table Science Based Climate Target on page 144.

Fuel shifts, energy efficiency, and customer nudging are our key actions to lower Heimstaden Bostad's emissions in all three scopes for our existing properties. Besides energy-ef-

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ficiency measures described in the Energy Section on page 137, the following actions reduce our GHG emissions:

- For the Czech Republic we are working to shift to more energy-efficient heating by replacing local boilers in each apartment with central heat pumps or gas boilers in the buildings. We also perform fuel shifts from fossil-based district heating to heat pumps running on renewable electricity.
- Renewable energy production is an important key action for us to achieve our climate goals. During 2022 in Sweden, we have installed solar photovoltaic cells and geothermal heat pumps.

In Sweden, Heimstaden Bostad reduces emissions in its own developments when certifying with Sweden Green Building Councils Environmental label Miljöbyggnad, Silver level, (20% less than Sweden's NZEB (Near zero-energy building), conducting Life Cycle Assessments (LCA) and requesting Environmental Product Declarations (EPD) that enable calculations on specific carbon equivalent ($CO_2e$) emissions. A sustainability program, with demands on developer and suppliers regarding emission reduction measures, has been implemented for our own developments in Sweden. For turnkey developments in all countries we are implementing requirements for full LCA calculations on buildings larger than 5,000-sqm gross area and energy performance at least 10% lower than the national NZEB (legal requirement).

### Target tracking and evaluation

We consolidate energy data per country at least annually to ensure there is ample progress to achieve our targets in time. This allows us to implement more actions if needed. The table GHG emissions Scope 1 and 2 on this page shows Heimstaden Bostad's GHG emissions for Scope 1 and 2, based on energy usage in the properties, fuel for vehicles and refrigerants. In our Scope 3 assessment we cover all the categories applicable to our organisation. In most cases we used emission factors based on standard values due to lack of measured data. Our ambition is to replace those assumptions step-by-step with measured data through our suppliers and contractors. See the GRI 305-3: Scope 3 emissions per country Table for more detailed information about our Scope 3 emissions.

**Our Group policies implemented are:**

- Sustainability Policy
- Base Year Recalculation Policy

The policies apply company-wide and in all our markets. Sustainability Policy is approved by the Board of Directors and Base Year Recalculation Policy is approved by the CEO

### GRI 305-1, 305-2, 305-3, 305-4 GHG emissions Scope 1, 2 and 3 (company-wide)

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Scope 1 in tonnes $CO_2e$ | 23,050 | 11,985 | 1,660 |
| Scope 2 Market-based in tonnes $CO_2e$ | 170,004 | 195,882 | 175,258 |
| Scope 2 Location-based in tonnes $CO_2e$ | 173,525 | 197,730 | 175,745 |
| Biogenic emissions in tonnes $CO_2e$ | 399 | 448 | 393 |
| Scope 3 in tonnes $CO_2e$ | - | 343,068 | 242,828 |
| Scope 1 and 2 emissions in tonnes $CO_2e$ / SEK million revenues (market-based) | 14 | 24 | 26 |
| Scope 1 and 2 emissions in kg $CO_2e$/sqm | 24 | 40 | 36 |

Heimstaden Bostad's GHG emissions for Scope 1 and Scope 2 are based on the energy purchased (see Teble Energy Consumption in the Properties on page 138) by Heimstaden Bostad within Heimstaden Bostad properties, fuel from vehicles owned or leased by Heimstaden Bostad, and refrigerants. Fuel for vehicles and refrigerants are only included since 2021, since we have not measured these before. Heimstaden Bostad's GHG emissions decreased in 2022 compared to 2021. However, total Scope 1 emissions are increasing compared to last year. This is mainly due to the acquired Akelius portfolio in Germany of which many properties use natural gas or oil for heating. We see a big reduction in the Scope 2 emissions. This is mainly due to the new emission factors for district heating that we received from Veolia regarding our Czech portfolio, which were much lower than what we previously estimated. The emissions for the Czech Republic from 2021 in the GRI 305-1, 305-2 tables have not yet been updated with the new emission factors, which is reflected in the big difference between 2021 and 2022. As the emissions in the Czech Republic are such a big share of the total emissions, this correction also impacts the total emission intensity figure for the year, which decreased.Scope 1 emissions came from natural gas and oil for heating, vehicles, and refrigerants. Scope 2 covers district heating and consumption of electricity in the properties. The calculations have been performed in accordance with the GHG protocol, applying the financial control approach. For 2022, emission factors from 2021 are used and have been obtained from Heimstaden Bostad's energy suppliers. Gases included in the calculations are mostly $CO_2$, but can also include $CH_4$, $N_2O$, and refrigerants used in the production of district heating. For the emission intensity figure the denominator consists of the lettable area in the properties where Heimstaden Bostad signs the energy agreement, and the numerator consists of GHG emissions during a whole year. Properties that lack data for an entire year (such as acquisitions and divestments during the reporting year) are excluded from the intensity figures. Data on Scope 3 2022 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1-Q2 2022. Nevertheless, we have included category 13 to track progress in our science-based climate targets. For more detailed figures, please see the GRI 305-1, 305-2, 305-4: GHG emissions scope 1 and 2 Table.

### Science-based climate target

| Science-based climate target, 42% reduction by 2030 | 2022 | 2020 (recalculated) |
|---|---|---|
| Scope 1 in tonnes $CO_2e$ | 21,880 | 25,961 |
| Scope 2 Market-based in tonnes $CO_2e$ | 168,484 | 167,984,5 |
| Scope 3, category 13 in tonnes $CO_2e$ | 152,330 | 140,862 |
| Total emissions included in target | 342,694 | 334,807 |
| % Reduction of $CO_2e$ emissions compared to 2020, with a recalculated baseline | 2% | |
| Share of spend from suppliers with science-based targets | 5% | 5% |

Compared with 2020, the emissions in Scope 1, Scope 2, and Scope 3 (category 13) increased with 2% in 2022. The increase in emissions is mainly due to the increase of emissions from the tenants' purchased energy, Scope 3. The emission factors from the Association of Issuing Bodies (AIB) for 2021 (used for 2022) were higher than those in 2020. According to AIB this was due to an increased level of production for all energy sources in 2021 compared to 2020. In Scope 1 and Scope 2 we see a 2% decrease in the emissions, this is related to our energy efficiency measures, switching to renewable electricity contracts and lower district heating emission factors in the Czech Republic compared to 2020. Note that the table contains a recalculated baseline due to acquisitions made after the base year. Read more about the method in the Reporting Principles on page 112.

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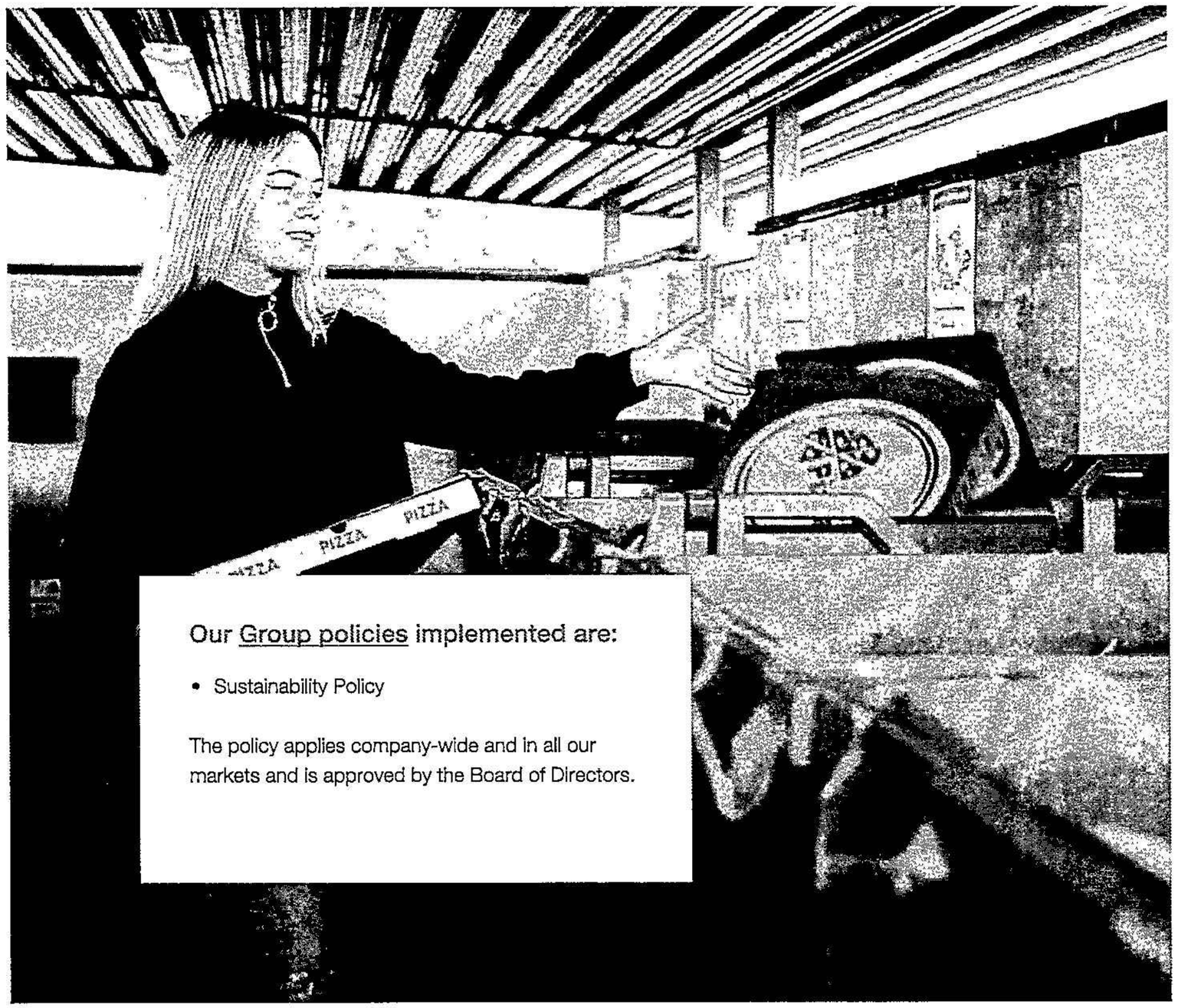
# Waste

306-3 Waste generated



Our Group policies implemented are:

- Sustainability Policy

The policy applies company-wide and in all our markets and is approved by the Board of Directors.

**Impact on economy, environment, and people**

There has been a dramatic increase in annual resource extraction during the last century. Society can conserve natural resources and protect the environment by reducing usage and increasing the reuse and recycling of materials. In our organisation, waste is generated in new construction, reconstruction, renovation projects and property management. By reducing waste, we can have a positive impact on the costs linked to waste management as well as reduce emissions from waste. Waste also impacts people's human rights and health through water and air pollution, alongside the increased risk of spreading infectious diseases.

Heimstaden Bostad's Stakeholder Engagement Programme indicates that proper recycling of waste is one of the top three areas on which our customers want the company to focus. Actions in the organisation will be prioritised once the analysis of the programme's findings is complete.

**Actions taken to manage the topic**

Heimstaden Bostad will lower the amount of waste produced in our projects and operations through proactive choices and assessing the potential of projects with contractors. In addition, our tenants produce waste. By offering waste-sorting bins, we can reduce the amount of unsorted waste while increasing recycling and reuse. We inform our tenants via social media, with signs and through other channels on how to reduce and recycle waste. In Sweden, Heimstaden Bostad conducted a pilot project to investigate the waste facilities in properties and the opportunities for waste separation, resulting in better recycling and a financial profit. The pilot project led to an assessment of all waste facilities in Sweden during 2022 and steps to enable more waste separation in our properties. In Norway, we compile data annually on waste generated from operations, including smaller renovations and repairs. During 2022 we initiated a Group project on waste management that will cover all Heimstaden Bostad markets.

We require the new construction contractors of Heimstaden Bostad's own developments in Sweden to manage the reduction of packaging and to recycle filling mass and at least 80% of waste. Heimstaden Bostad also requires a report documenting how the contractor has planned its purchasing and production to reduce the generation of waste. Requirements on building waste in accordance with the EU Taxonomy are currently being implemented in our own development projects in all countries, and a waste report on turnkey developments.

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### Target tracking and evaluation

Heimstaden Bostad's data on waste is, to a large extent, based on assumptions and standard values, making it challenging to analyse our impact and prioritise actions. The EU Taxonomy requires a minimum of 70% waste recycling at building sites, and we ensure compliance with this through agreements with our developers. Our ambition is to collect this data at the end of development projects and in the future define more thresholds on waste management in projects. Collecting customers' waste management data differs from country to country where we operate. We work actively to improve our recycling stations and nudge Heimstaden Bostad's customers to reduce and separate waste, sharing experience and best-practice procedures both within the country and across borders.

### GRI 306-3 Waste generated (company-wide)

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Total weight of waste generated by the tenants in tonnes | 100,741 | 99,171 | 39,066 |

Weight of waste generated by customers is a calculation based on the number of customers. Waste has therefore risen as we have acquired more properties every year. Waste generated by contractors in new construction and reconstruction is not included, because we do not have sufficient data at Group level yet. Data for 2021 is the latest available data.

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# Employment

401-1 New employee hires and employee turnover

**Impact on economy,.environment, and people**
At Heimstaden, we seek to provide excellence in life quality at work and a Friendly Workplace through the engagement, involvement, satisfaction, and general well-being of our people. These efforts help to ensure we are an attractive employer that is able to recruit, develop, and retain skilled personnel.

The cost of staff turnover is high in terms of new recruitment as well as the need to rebuild skills and knowledge that are lost. Currently, we are monitoring turnover using KPIs that cover all turnover and voluntary turnover, with a target of below 15% for voluntary turnover. For the remaining turnover, we look into those departments showing unusual turnover numbers. As an example, if we terminate many employees due to poor performance in one department, it may indicate we need to work on improving the recruitment process, expectations management, and training, or it may be a leadership issue. We also investigate further if there are unusually high numbers of contingent workers over a long period of time, and if we then need to consider hiring in-house instead. The People & Culture department analyses these data to create action plans.

Work tasks can have an impact on the environment, for example when linked to material use and energy use. It is therefore important to train personnel and make sure they follow Group policies and local guidelines.

"Heimstaden AB has joined the UN Global Compact and we work actively in accordance to that commitment to establish favourable terms of employment and ensuring that there is no harm to human rights."

We also have workers who are not employees, such as contingent workers. In 2022, we had 110 workers who were not employees. They are mainly found in our white-collar staff departments such as Finance, IT, Corporate Communications, and People & Culture. They can also be present in our operations as temporary substitutes or for hires within property management, administration, back office, customer care, facility management and letting. These positions are normally contracted for a fixed period of time with monthly or hourly renumeration. For Operations, the numbers tend to increase during summer holidays and for Group functions the need is more ad hoc.

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Turnover is a paramount aspect for Executive Management to monitor as it is a good indicator on how well we live up to our employee value proposition and pledge to offer a Friendly Workplace. In addition, it is one of the areas investors and the Board usually focus on.

All information regarding employees pertains to employees of Heimstaden AB and Heimstaden Bostad AB.

### Actions taken to manage the topic

The People & Culture department is responsible for developing policies that address Heimstaden's relations with our people as an employer and with the people in the external talent market interested in working for us. As legislation is amended and new requirements are added, efforts to set out, revise and maintain policies are performed annually. Managers and employees are at the same time jointly responsible for emphasising and adhering to these policies.

In the Friendly Workplace section on page 13, we describe all key ambitions and our definition of a Friendly Workplace. For each area, we work with KPIs that we monitor quarterly. This gives us a good indicator on how well we deliver to each promise. We are aware that our staff turnover is partly due to high workload caused by our growth and hence high rate of change and demands to continuously adapt our processes and structure to our growing business. Also, when growing through acquisitions, there is always a certain natural turnover as the culture of an acquired company does not always have an immediate fit with Heimstaden's. Culture and value work are therefore a high priority and natural part of all our dialogues.

The ability to grow, develop, and take on new roles is important for today's talent. Failure to provide employees with career paths and development opportunities increases turnover risk. In 2021, we launched an education platform in Workday that has steadily increased our provision of training and raised the visibility on the opportunity for employees to apply for such training. Furthermore, since 2021 we are working towards implementing the Mercer framework for a 2023 launch to all employees that will display different vertical and horizontal career paths.

In 2022 our approximately 2000 employees together completed almost 10,000 digital and classroom courses. We currently use 250 licences to LinkedIn Learning, enabling access to 8,000 courses in various subjects. We have also successfully continued our leadership program, Leading@Heimstaden, by combining online and offline learning, developed a programme for new managers called New@Leading. We have continued our Leadership on the Go concept with focus on topics such as work health and safety, distance leadership, diversity, recruitment, and performance development.

### Remuneration

The purpose of Heimstaden Bostad's remuneration policy is to provide guidelines on how to work with compensation, benefits and rewards. It ensures that remuneration is fair, principles are transparent and that no unexplained differences occur when benchmarking salaries within or across departments. Employees should understand the basis on which salary is set and thus be able to influence their salary level by improving work performance, enhancing skills, and taking greater responsibility in the workplace.

### Principles

- Remuneration is used to reward performance and to reinforce our desired culture and values.
- Four factors determine remuneration: market pay; individual experience and competence; performance and results; and adherence to our values.
- Our remuneration guideline ensures that we attract people who make a positive difference and that we retain and reward motivated employees who contribute to Heimstaden achieving its business strategy and goals.
- Remuneration is one part of our total employment package, which includes opportunities for personal development and flexibility in work-life balance, which contributes to the well-being of our employees.
- The remuneration package is made up of one or several components depending on employee role (base salary, short and long-term incentives, pension, insurances and other benefits).
- We do not strive to be the market leader in compensation, but offer competitive terms in our local markets.
- For certain positions there is the possibility of short or long-term bonus programs.
- We have an annual salary audit where we review differences based on gender or other factors. Employees are entitled to compensation according to local legislation during parental leave. Annual benchmarking does not yet take place in all markets, but is planned to be carried out in 2023.
- Change of role/job does not automatically lead to an adjustment of salary. A salary increase (or in the case of a demotion, salary decrease) can be made between the annual salary review only in the case of a promotion or other major permanent increase in job content and responsibility. This is always done in consultation with the responsible manager and the People & Culture department for final approval by the manager's manager. When an employee returns from leave or studies for a longer period than one year, a review of the salary scale shall be conducted. At this juncture, any changes that might have occurred during the period of leave should be considered.
- All employees are eligible for base salary. Long-term incentives are usually discretionary cash bonuses reserved for Group Management, country managers and other positions identified as critical to the company. Some executive management positions are eligible for stock programmes (Chief Executive Officer, Chief Investment Officer, Chief Operations Officer, Chief Finance Officer, Chief Asset Management Officer) as well as select positions in business development. Short-term incentives are usually annual discretionary bonuses or commission. The former is used mainly in country management roles or select business-critical positions. Commission is mainly used in our Letting department. From time to time, annual discretionary bonuses can be granted to all employees who are not part of other programs.

### Roles and responsibilities in the annual salary review

**CEO/COO**

- Concludes and annually reviews Heimstaden guidelines for remuneration to adapt it to business objectives and strategy.
- Concludes the final remuneration framework.

**Country Manager**

- Concludes and annually reviews that the country is aligned with Heimstaden Group guidelines for remuneration to adapt it to business objectives and strategy.
- Is the approver for the annual local salary review.

**People & Culture**

- Conducts external benchmarks.
- Conducts equal pay analysis.
- Leads and coordinates the salary process.
- Initiates the salary review in Workday.
- Supports and informs managers related to the salary process.
- Distributes salary documentation, overview and mapping.
- Initiates actions to develop and improve salary framework for the business.
- Informs and updates payroll and pension providers about salaries.

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### Manager

- Ensures that salaries are set in accordance with the salary policy, the local structure and that they comply with existing agreements and the local business plan (within approved budget).
- Ensures that employees are aware of the content of the salary policy.
- Approves salary according to the grandparent principle.
- Sets objectives and follow-up through development reviews (Reflect & Act) with employees.
- Motivates and informs employees through one-on-one salary conversation/letter.

### Employee

Develops their work performance and thus contributes to their own salary development and to the company achieving its overall business objectives.

### Target tracking and evaluation

Our employee engagement survey is sent out monthly in all countries. Where we see areas of concern we can intervene and initiate an anonymous dialogue with the employee, or we contact the manager for a follow-up. We measure the Group temperature in terms of leadership and job satisfaction, as well as total temperature in terms of management, job satisfaction, meaningfulness, autonomy, work situation, participation, personal development, team spirit, commitment, equal rights/treatment and security. See the Table Section for additional data about employees, including employee turnover.

### Our Group policies implemented are:

- Code of Conduct
- People & Culture Policy

The policies apply company-wide and in all our markets. Code of Conduct is approved by the Board of Directors, and People & Culture Policy is approved by the Group Management and/or CEO and COO. Specific additional policy documents exist regarding our fulfilment of legal and compliance requirements where needed in given markets.

### Winningtemp survey (company-wide)

| | Target (by 2023) | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Temperature (management, job satisfaction and overall temperature) | 8.5 (scale 1 to 10) | 7.9 | 7.9 | 7.8 | 7.0 |
| eNPS (employee Net Promoter Score) | 65 (scale -100 to +100) | 16 | 28 | 34 | 40 |

All information regarding employees pertains to employees of Heimstaden AB and Heimstaden Bostad AB.

Occasionally we have experienced a low response rate in our Winningtemp surveys. In 2022, the average response rate has been 71% (68% in 2021 and 65% in 2020). We are working hard to improve this, for example by encouraging more feedback in our work teams and by actively responding to comments submitted by employees using the tool.

A key learning is the difficulty of keeping employees motivated to respond to similar questions they receive repeatedly. We respond to this by emphasising that their replies matter, we need the actual temperature of the company and we stress the importance attached to this priority area by country management, Group Management and the Board.

The challenge in introducing this tool in new markets is to create trust in the complete anonymity of the solution as well as establishing the routine of monthly feedback to the team. However, once trust is established it is not unusual to see result numbers drop during the first year. That is because employees who have previously not had the possibility to voice opinions on areas for dissatisfaction turn to the employee engagement tool to tell them, causing a lower result.

2022 was a year where our industry was affected by macroeconomic pressure, impacting our operations and generating the need for us to launch cost saving programs. We have initiated a program to streamline our operations with many reorganisations of roles and departments. We have also worked with the integration of the Akelius acquisition. All these simultaneous changes have put a strain on our organisation and on our employees.

### Compensation

| | 2022 |
|---|---|
| Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) | 12.97 |

In the ratio we have included employees employed at 2022-12-31. All employees terminated during the year are not included. Employee types included are Permanent, Fixed Term and Mini Job. Mini job is a form a fixed term employment used in Germany.
Salary that has been included are those components that are included in Base Pay. Salaries are calculated on full-time pay rates. This means that employees that are working part-time have had their salaries increased to a full-time salary.

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# Occupational Health and Safety

403-1 Occupational health and safety management system
403-2 Hazard identification, risk assessment and incident investigation
403-3 Occupational health services
403-4 Worker participation, consultation and communication on occupational health and safety
403-5 Worker training on occupational health and safety
403-6 Promotion of worker health
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-9 Work-related injuries

**Impact on economy, environment, and people**

The well-being, health, and safety of our employees are of paramount importance to Heimstaden Bostad, our contractors and other stakeholders, including investors and banks. Poor well-being of workers lowers productivity and results in more cost for the company in relation to sick leave. For our people in property management operations, there is the risk of physical injury and risks related to psychosocial factors, including threats and harassment. In our offices, the dominant risks are stress, workload and ergonomics. In the Human Rights section on page 152, you can read more about how we address the impact on employees and their human rights. In 2023, we will start looking into how to improve the monitoring and follow-up of the well-being and health and safety of employees in subcontracted companies.

All information regarding employees pertains to employees of Heimstaden AB and Heimstaden Bostad AB.

**Actions taken to manage the topic**

Heimstaden Bostad's occupational health and safety work is based on our strategic Friendly Workplace pillar. We work systematically to eliminate the number of accidents to achieve our zero target by conducting regular proactive risk assessment and monthly accident/incident reporting. Each manager is responsible for the work health and safety of their team.

Many of our policies at Group level concern health and safety, including:

- People & Culture Policy
- Whistleblower Policy and Whistleblower Manual
- Business Partner Principles (based on the UN's 10 Global Compacts principles)

The policies apply company-wide and in all our markets. They are approved by the Group Management and/or CEO and COO. Specific additional policy documents exist regarding our fulfilment of legal and compliance requirements where needed in given markets.

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In order to comply with the EU Whistleblowing directive, the reporting of Whistleblowing is handled by a neutral third party via a new digital platform, ensuring there is no traceability or retaliation risk. Everyone can anonymously report discrimination, harassment, corruption or any other irregularities that violate our values or policies.

### 403-1 Occupational health and safety management system

Heimstaden's incident and accident reporting is done on one common platform where we follow up monthly on all reported incidents, on actions taken and on the responsibility for these actions. The report is sent to the Board of Directors quarterly. We follow all legal requirements including, for example, manager training in work health and safety responsibility, risk assessments and reporting on incidents and accidents internally and externally. Employees, contingent workers, interns and students are covered by our management of work health and safety. All employees can report incidents, but to safeguard integrity only the People & Culture department has access to reported accidents and incidents. We regularly remind managers of the importance of reporting incidents.

### 403-2 Hazard identification, risk assessment and incident investigation

We hold working environment meetings several times a year with employees and employer representatives. Everyone appointed to our working environment committees or as health and safety representatives must undergo specific training. The demands and requirements are not the same in all countries and the local country management is responsible for ensuring Heimstaden Bostad is aligned with work safety and risk prevention rules.

Operations in all countries are required to report workplace accidents and incidents to external local authorities, in addition to internal Group reporting via local tools and processes. These are tracked monthly and reported to the Board of Directors quarterly. The measures that are identified are compiled into plans of action and delegated to suitable individuals. Progress is reviewed at a subsequent meeting.

In addition to the incident and accident reporting platform, we also use our employee engagement tool to monitor the psychosocial working environment in all countries. Managers shall review their team's results at least quarterly and discuss strengths and areas for improvement. Responses are anonymous.

### 403-3 Occupational health services

There is no Health and Safety Committee at Group level at Heimstaden Bostad.

### 403-4 Worker participation, consultation and communication on occupational health and safety

Heimstaden's communication with workers on health and safety is managed locally via the organisations' intranet, Workday, and managers. Workers' possibility to participate differs locally and is often managed through representatives, Winningtemp, or their manager.

### 403-5 Worker training on occupational health and safety

Training given includes topics such as how to work on roofs, working with electricity, handling chemicals, heavy lifts, general safety and security. The direct report manager is responsible for assessing if there is a need for training among the employees. For those judged to need it, the training is mandatory to ensure a safe workplace. The frequency of training depends on the requirements for a certain certification. Training can be delivered by internal trainers on site or via e-learning. Training is free of charge for employees and takes place during working hours. Training sessions conducted are logged and documented in Workday, which enables automatic notifications (the functionality is not yet implemented in all markets) e.g., when a certificate expires and training needs to be retaken. The effect of training is not evaluated at Group level.

### 403-6 Promotion of worker health

Medical and healthcare services provided for employees differ locally, but company doctors' consultations, and sports are the most common services provided. In some countries, there are also voluntary health promotion services addressing non-work-related health risks such as support to stop smoking. In 2021, Heimstaden adapted a hybrid working model as many employees found working from home improved their work-life balance and efficiency. The model enables remote work for up to 40% of the time, in roles where appropriate and approved by the manager.

### 403-7 Prevention and mitigation of occupational health and safety impacts that are directly linked by business relationships

Preventing occupational health and safety impacts is achieved by incident reporting, training in health and safety, benefits to promote worker health and by setting demands on health and safety in the Business Partner Principles.

### Target tracking and evaluation

To safeguard a high level of quality in health and safety, we work continuously to improve our processes and by distributing information on working environment issues. Our target is 0% work-related absences due to illness and zero work-related injuries in 2023. The most frequently reported accidents are fall accidents, lifting accidents and head injuries.

### GRI 403-9 Work-related injuries (company-wide)

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Fatalities | 0 | 0 | 0 | 0 |
| High-consequence work-related injuries (Accidents) | 18 | 14 | 31 | 32 |
| Recordable work-related injuries | 67 | 23 | | |
| Incidents | 69 | 23 | 14 | 20 |
| Absence due to illness | 5.7% | 6.4% | 5.3% | 3.5% |
| Number of hours worked | 3,906,757 | 2,764,865 | - | - |

As of 2021, we report work-related injuries according to GRI, divided into recordable work-related injuries and high-consequence work-related injuries (injuries that lead to absence). The number of incidents increased also due to the requirement to report Covid-19 illness (29 over 69) as an incident in Sweden during a certain time period in 2021. This is the most common incident of all. In previous years we have not separated injuries that lead to absence from those that do not. We define incidents as situations that could lead to a work injury, emergency or increase the risk of both. As we grow and enter new markets, it will take time before all processes are implemented and adapted by the organisation, hence we can expect that numbers will not entirely follow our growth trajectory. All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB. The decrease in sick leave compared to 2021 is likely due to the receding Covid-cases and to people being vaccinated to a higher degree. The high consequence related injuries are also attributable to us growing and working a lot to ensure that we capture and report injuries. The same applies for accidents and incidents.

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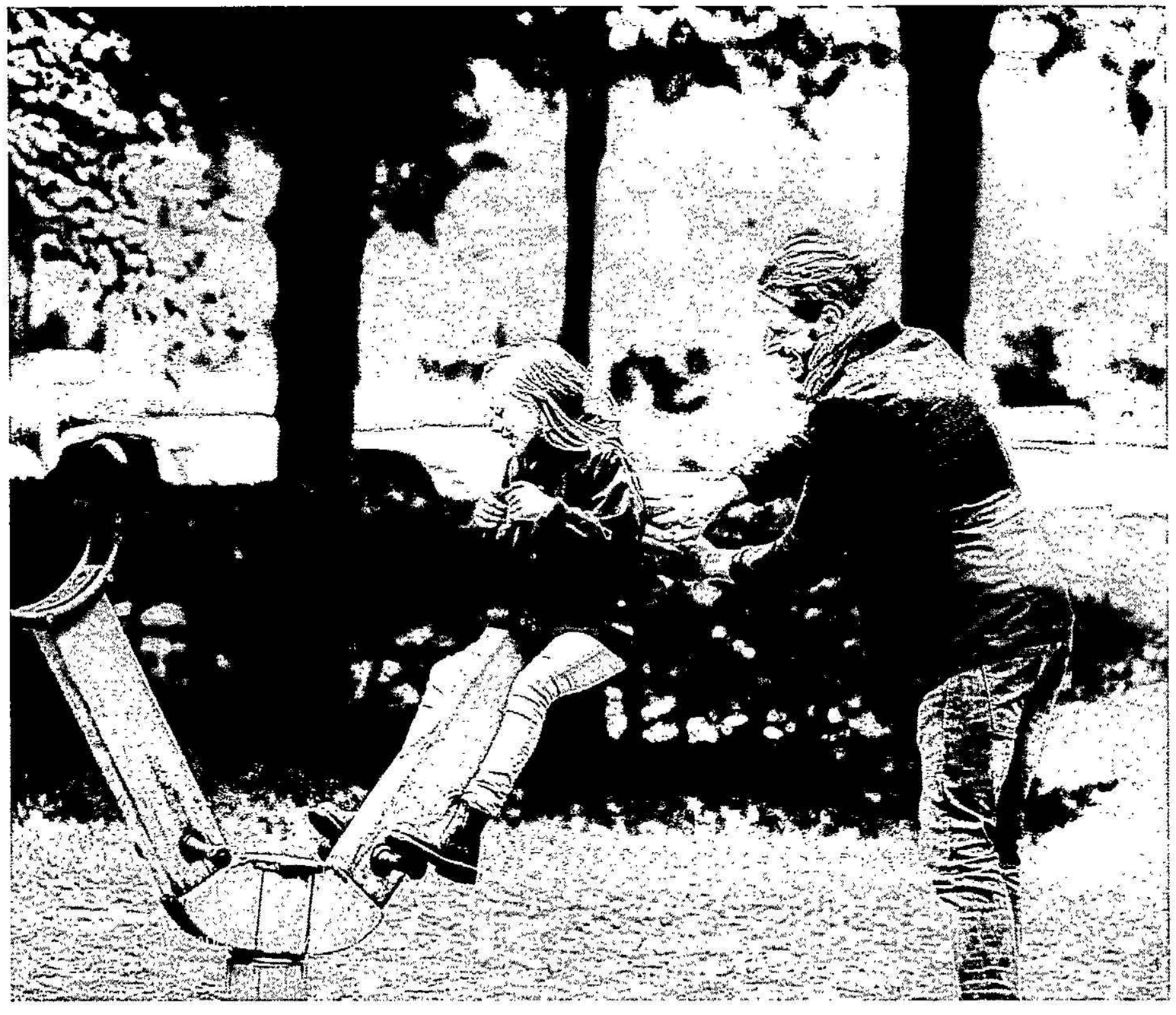
# Human Rights

406-1 Incidents of discrimination and corrective actions taken
414-1 New suppliers that were screened using social criteria



**Impact on economy, environment, and people**
Heimstaden Bostad supports the UN's Universal Declaration of Human Rights, which recognises the right to housing. Heimstaden Bostad's largest risks regarding human rights violations are most likely to be found in our supply chain, therefore we put a great emphasis on managing and controlling this part of our value chain. Regarding our people and relationships with customers, a key focus area is the right to non-discrimination. For us, equal treatment, diversity, equality and inclusion are strengths that create conditions for our development and ability to meet customers' needs and wishes. Heimstaden AB has joined the UN Global Compact and thereby commits to follow the principles of human rights.

**Actions taken to manage the topic**
Heimstaden Bostad has set a target that all employees must sign the Code of Conduct and undergo regular training every 18 months. We also have a target that 100% of our contracted business partners must have signed our Business Partner Principles by 2023. Together with each manager, the People & Culture department is responsible for ensuring that employees are aware of and comply with the Codes of Conduct, policies and compliance procedures.

**Human rights and non-discrimination**
Heimstaden Bostad has zero tolerance for discrimination.

"Heimstaden Bostad has set a target that all employees must sign the Code of Conduct and undergo regular training, every 18 months. We also have a target that 100% of our contracted business partners must have signed our Business Partner Principles by 2023."

Heimstaden Bostad operates in several markets with different common practices regarding collective bargaining agreements. We have collective agreements in our operations departments in the Czech Republic, the Netherlands, Sweden and partly in Denmark and Norway, covering 68.3% of our total employees. Our non-discrimination work is based on preventing the seven types of discrimination: sex; gender identity or expression; ethnicity (and colour); religion or other belief; disability; sexual orientation; and age.

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### Grievance mechanism

Reporting Whistleblowing cases is managed by a neutral third party via a new digital platform to ensure there is no traceability or retaliation risk. All stakeholders, both internal and external, can anonymously report discrimination, harassment, corruption or other irregularities that violate our values or policies. We have appointed Whistleblowing committees to handle incoming Whistleblowing cases.

### Human rights in the supply chain

We strive to have a transparent supply chain. Integrating environmental, social and governance requirements into the supply chain is an important part of our sustainability work. Suppliers covered in this section refer to those providing goods and services. For recipients of donations and sponsorships, refer to the Local Community section on page 156.

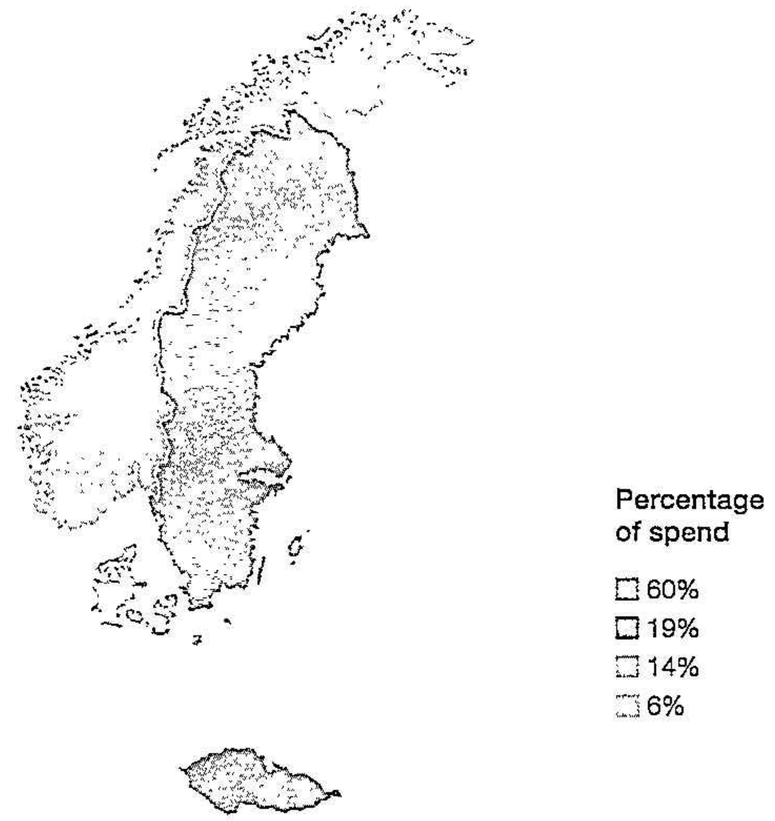
Heimstaden Bostad is a real estate company that rents out apartments in Sweden, Norway, Denmark, the Netherlands, Germany, Czech Republic, Finland, Poland, and the UK. In Sweden, Denmark, the Czech Republic, Poland, and the UK, we have new construction projects ongoing. Therefore, our biggest suppliers by expenditure are construction companies and energy providers, most of which are located within the EU. The contract model we have with construction companies is a turnkey contract in which the construction company takes full responsibility for the materials it provides for us and for the subcontractors. As we grow our organisation in various markets, our supply chain will naturally grow as well. However, there are no significant changes in the structure of the supply chain or relationship with suppliers since the previous reporting year, including the selection and termination of suppliers.

### Our Group policies related to human rights are:

- Code of Conduct
- Business Partner Principles
- People & Culture Policy
- Whistleblower Policy and Whistleblower Manual
- Sustainability Policy

The policies apply company-wide and in all our markets. Code of Conduct and Sustainability Policy are approved by the Board of Directors, and Business Partner Principles, People & Culture Policy, Whistleblower Policy and Whistleblower Manual are approved by the Group Management and/or CEO and COO.

### Domicile of biggest suppliers by spend[1]




[1] *Based on data from Sweden, Denmark, Norway, Netherlands, and Czech Republic.*

Of our 10 largest suppliers by spend, seven are located in Sweden, accounting for 60% of this spend in 2021. Our top ten suppliers constituted 24% of our total spend in 2021. This is based on 2021 data from Sweden, Denmark, Norway, Netherlands and Czech Republic.

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**Heimstaden Bostad's purchases by operating country in 2021**

| Operating country | Purchases made SEK million | Percentage of spend |
|---|---|---|
| Sweden | 3,054 | 42% |
| Denmark | 1,408 | 20% |
| Netherlands | 1,155 | 16% |
| Czech Republic | 930 | 13% |
| Norway | 658 | 9% |
| **Total** | **7,206** | |

Purchases made by Heimstaden Bostad in Sweden, Denmark, Netherlands, Czech Republic and Norway. This is based on purchasing data for FY 2021.

The procurement team at Heimstaden Bostad manages human rights in the supply chain by developing processes and procedures for setting demands and monitoring compliance among suppliers. We carry out the following due diligence in our purchasing process.

### Governance

We updated our policies in 2022 and adopted new Business Partner Principles that we will require all our contracted business partners to sign. We also developed Procurement and Purchasing Guidelines that list requirements we place on our suppliers and steps that our employees shall follow while purchasing. For sponsorships, donations and other business relations, we have adopted new screening criteria and guidelines.

### Human Rights Impact Assessments

So far, we have gathered most of the strategic suppliers in Sweden, Norway and Denmark in our supplier assessment system. They have a risk rating on Human Rights, Labour Rights, Business Ethics & Anti-corruption, Political Stability & Rule of Law, Environmental Performance, Economic Stability, Currency and Trade Ability. The self-assessment includes questions about:

- Approval of our Business Partner Principles
- Collective agreement
- Environment
- Human rights
- Business management
- Working conditions
- Anti-corruption

In Sweden, Denmark and Norway, we also conduct an annual sustainability risk assessment of new suppliers for centrally negotiated contracts relating to the environment, anti-corruption, work conditions, health and safety and human rights. If we do not receive satisfactory answers from our suppliers or their responses raise any red flags, we contact the supplier and ask for more information on that issue.

### Actions to prevent, mitigate and remediate adverse impacts

Our actions in 2022 can be summarised as follows:

- We screened 100% of our suppliers for sanctions to detect, prevent and manage sanctions risk.
- We also, immediately after the war in Ukraine started, carried out a thorough screening of all our suppliers to support the sanctions that were implemented against Russia and Belarus.
- Annually we screen 100% of our new suppliers in Sweden, Denmark and Norway with framework agreements linked to the areas of human rights, anti-corruption, labour conditions, health and safety and environmental aspects.
- A new Sustainability Purchaser was appointed with a special focus on sustainability in the supply chain.
- A contract management system was implemented in Sweden to track all our agreements, which provides more transparency and control over our supply chains.
- We published a modern slavery statement on our website describing how we work to ensure there is no forced labour in our supply chain.
- We published a Human Rights Statement on our website to strenghten our commitment to human rights and be transparent about our due diligence processes.
- We identified solar panels as a risk category for procurement, following media reports on forced labour in the global solar supply chains. Accordingly, we engaged in dialogues with energy companies and other real-estate companies to build leverage in the industry, are investigating new solar suppliers and are engaging with current solar suppliers and sub-suppliers to ensure best practices in their operations.

### Next steps

To ensure we source responsibly, we are continuously evaluating our procurement processes. Accordingly, we have identified concrete actions to take in the coming year:

- Extend Contract Management System to all the countries where we operate.
- Carry out a new risk assessment of our entire supply chain.
- Adopt a new supplier assessment system with the goal of rolling it out in all our country organisations.

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## Target tracking and evaluation

### GRI 406-1 Incidents of discrimination (company-wide)

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Number of reported cases | 0 | 0 | 1 | 1 |
| Number of confirmed cases | 0 | 0 | 0 | 0 |

Heimstaden Bostad complies with anti-discrimination legislation and has zero tolerance for discrimination cases. During the year, zero discrimination incidents were reported through our Whistleblower function. The reported cases in previous years were not of such a nature to justify a deeper investigation and were dismissed after the initial investigation. We started company-wide follow-up in 2019 making 2019 our baseline year.

### Business Partner Principles

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Number of suppliers that have signed the Business Partner Principles | 418 | 400 | 168 | 106 |
| Spend of suppliers[1] that have signed the Business Partner Principles | 50% | 50% | - | - |

To date, 418 of our suppliers have signed our Business Partner Principles, which stands for about 50% of the spend in those countries. In 2023, we will focus on getting more suppliers to sign our Business Partner Principles and to introduce quarterly follow-ups.

[1] Includes only spend of suppliers in Sweden, Norway and Denmark.

### GRI 414-1 New suppliers screened (Sweden, Norway, Denmark)

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Number of new suppliers | 35 | 14 | 35 | 17 |
| Of which screened | 100% | 100% | 100% | 100% |

We started the screening in 2019 making 2019 our baseline year. During 2022, we screened 100% of our 35 new suppliers in Sweden, Denmark and Norway with framework agreements linked to the areas of human rights, anti-corruption, labour conditions, health and safety and environmental aspects. The results of our desktop screening showed that most of our new suppliers have communicated sufficient information on how they handle these issues.

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# Local Community

413-1 Operations with local community engagement, impact assessments, and development programs

**Impact on economy, environment, and people**

The vision of Heimstaden Bostad is to enrich and simplify lives through Friendly Homes. With over 150,000 homes spread across nine European countries, we recognise our impact on the economy, environment and people in the countries where we operate.

We acknowledge and want to be part of the solution to societal challenges such as housing shortages, social inequalities and climate change. We take our impact seriously and focus our efforts on the areas where we have most impact.

**Actions taken to manage the topic**

Our growth the recent years has required us to revisit our social sustainability strategy. A new Social Road Map is under development to meet the conditions in our different markets better. Below is a selection of ongoing activities to support the local communities in our markets and beyond.

A Home for a Home, our unique partnership with SOS Children's Villages, aims to give children the best foundation to grow and prosper. The programme focuses on four key areas, each aligning with our values and strengths to benefit growing children the most:

- Access to a safe home when growing up
- Access to a safe home when leaving care
- Access to activities for social integration
- Build a skillset to become self-sufficient

Our Head of Social Sustainability and Programme Manager for A Home for a Home is responsible for coordinating the focus areas and following up on the results. See the table on 'Operations with local community engagement, impact assessments and development programs' on page 158 for project examples and the A Home for a Home section on page 19 for more information about the partnership.

We believe inclusive societies are better societies, and therefore Heimstaden Bostad's goal is that at least 3% of all its apartments should be social lease contracts. Social lease contracts can be rental agreements with municipalities or NGOs who in turn offer the apartments to people with socio-economic challenges.

It is also important for us to create opportunities for young people to gain work experience and to have opportunities for internships. Our goal is to offer at least 100 jobs annually Group-wide to trainees and student employees, and summer jobs for younger people.

In some regions, we have hired Community Coordinators with a mandate to handle social issues in our neighbourhoods. Our

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Community Coordinators participate in meetings and dialogues with local authorities, emergency services and other property owners to create safe and secure living environments.

As seen in the table '413-1 Operations with local community engagement, impact assessments, and development programmes' on page 158, we have numerous activities in our country organisations to support the environment and vulnerable groups in society. For example, we support tutoring for children, housing for the homeless, crisis accommodation for people in acute need, housing for Ukrainian refugees, activities through sport clubs, cultural organisations, events to engage local communities and nudging activities to promote sustainable living among our customers.

### Target tracking and evaluation

The Chief Brand and Marketing Communications Officer is responsible for conducting customer surveys in all operating countries. We use the results to set internal benchmarks and action plans, as well as short- and long-term targets for improving customer satisfaction. The customer satisfaction surveys measure four touch points in the customer journey: contract phase, move-in phase, tenancy and move-out phase. The results are gathered under the Service index and Take Customers Seriously index presented below.

Tracking and evaluation of our tenant's opinions and needs are also collected through our recently launched Sustainability Survey, which is further explained in the Stakeholder Engagement section on page 123.

### Customer survey results

In the table below, the results for each country's Service index and Takes customer seriously index are presented, with 2020 as the baseline year when we began measuring.

**Service index (scale 0–100)**

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Sweden | 78.3 | 78.4 | 78.4 |
| Denmark | 68.2 | 74.6 | 74.4 |
| Norway | 75.7 | 74.7 | 74.5 |
| Netherlands | 63.1 | 58.5 | 55.8 |
| Czech Republic | 70.8 | 68.8 | 67.2 |
| Germany | 63.1 | 63.4 | - |
| Finland | 76.6 | - | - |

**Takes customer seriously (scale 0–100)**

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Sweden | 84.4 | 84.0 | 84.8 |
| Denmark | 63.9 | 75.6 | 76.5 |
| Norway | 83.6 | 83.0 | 84.4 |
| Netherlands | 58 | 59.0 | 52.8 |
| Czech Republic | 79.6 | 77.1 | 74.9 |
| Germany | 61.6 | 74.9 | - |
| Finland | 68.7 | - | - |

Since implementing the surveys, customer feedback has been constantly improving. When we enter new markets, we see a significant improvement from the second year that we do the measurements. For further information, see the Customer Centred section on page 11.

### Local community targets and tracking (company-wide)[1]

| | Target | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Percentage social lease contracts | At least 3% of apartments by 2023 | 1.5% | 1.5% | 1.9% |
| Total number of social lease contracts[2] | | 2,359 | 2,321 | 1,943 |
| Affordable housing contracts[3] | | 2,131 | - | - |
| Apartments for Ukrainian refugees[4] | | 950 | - | - |
| Share of regulated residential income | | 60% | 62% | 53% |
| Number of young adult jobs (student employees, summertime workers or trainees) | 100 young adult jobs each year | 118 | 110 | 77 |

All information regarding employees pertains to employees of Heimstaden AB and Heimstaden Bostad AB. We currently have social lease contracts in Sweden, Czech Republic, Netherlands, Germany, Norway and Denmark. During 2021, we changed our method for calculating the indicator. The denominator of the KPI consists of the total number of homes, including vacancies. The numerator consists of the total active and signed social lease contracts at the end of 2021. During 2022 the share of social lease contracts remained consistent compared with 2021.

### Our Group policies related to local community are:

- Code of Conduct
- Business Partner Principles
- Whistleblower Policy and Whistleblower Manual

The policies apply company-wide and in all our markets. The Code of Conduct is approved by the Board of Directors and the Business Partner Principles, the Whistleblower Policy, and Whistleblower Manual are approved by the CEO.

*[1] If we add up the number of social lease contracts, affordable housing and homes for Ukrainian refugees, we have achieved 3.4% 'inclusive housing'.*
*[2] Due to local regulations, our ability to work with social lease contracts varies substantially between markets.*
*[3] 2022 is the first year we report on number of Affordable housing contracts.*
*[4] Apartments for Ukrainian refugees include homes set aside in Czechia and a refugee facility in Norway. In addition, we have set aside a smaller number of homes spread across our other markets.*

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GRI 413-1 Operations with local community engagement, impact assessments and development programmes

| | Stakeholder engagement plans based on stakeholder mapping | Broad-based local community consultation committees and processes that include vulnerable groups | Local community development programmes based on local communities' needs | Partnerships and sponsorships | Environmental impact assessments and ongoing monitoring |
|---|---|---|---|---|---|
| Sweden | Customer survey<br>Sustainability survey | Social lease contracts | **A Home for a Home:**<br>Supporting youth leaving alternative care to become self sufficient<br>Family strengthening programme that supports unaccompanied refugees who are reunited with their families<br>Public affairs collaboration to raise political awareness of the vulnerable position in the housing market of youth leaving foster care<br>Heimstaden Bostad supports Ukrainian refugees through cooperation with SOS Children's Villages<br>Zero evictions vision – Prevent evictions through early collaboration with municipalities<br>Heimodlat – Inspire customers to grow food and flowers in our courtyards and on their balconies. Create friendly neighbourhoods, work against loneliness | Umeå Basket's project 'Vara med' ('Be included') to reduce involuntary loneliness<br>Business Improvement District (BID) Malmö and BID Sofielund – crime prevention initiatives in vulnerable areas<br>Drivkraft (Driving Force) offers mentors for pupils and arranges weekly help with homework at several schools in Linköping<br>VildaKidz (Wild Kids) provides year-round activities for socio-economically vulnerable children<br>Sponsorship to Luleå women's hockey team<br>Collaboration with a supplier of mobility services to benefit of our tenants in new built properties | Communicated with our customers on how they can reduce their energy consumption<br>An ecosystem service analysis, and measures to keep, restore or increase the location's ecosystem values in our own development projects, also contribute to the surrounding community. In our own new developments, we take several measures to increase safety and inclusion<br>During 2022 we mapped our waste facilities and developed signs and information material to support out tenants when separating waste |
| Norway | Customer survey<br>Sustainability survey | Social lease contracts<br>Refugee facility | **A Home for a Home:**<br>Family partner – helping vulnerable families to stay together by coordinating support from different agencies<br>Apartments for youth leaving foster care<br>Apartments for family visits with Oslo Child Protection Services<br>Collecting toys, bicycles and helmets to be delivered at Driva for Ukrainian refugees<br>Children's day – a day for the kids filled with toys, games, food and drinks<br>Gathering neighbours together for a Christmas celebration, with Christmas trees and treats<br>Facilitated litter-picking for employees and tenants (Hold Oslo Ren) | Collaboration with the social business for job inclusion, Fretex, whereby tenants can leave unwanted clothes when moving out, which we take to Fretex who sells them in its secondhand stores<br>Collaboration with the Red Cross where we have recycling options with boxes for cloth and textiles placed on several properties<br>Support to City Mission Church | Communicated with our customers on how they can reduce their energy consumption |

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| | Stakeholder engagement plans based on stakeholder mapping | Broad-based local community consultation committees and processes that include vulnerable groups | Local community development programmes based on local communities' needs | Partnerships and sponsorships | Environmental impact assessments and ongoing monitoring |
|---|---|---|---|---|---|
| Denmark | Customer survey<br>Sustainability survey | Social lease contracts | **A Home for a Home:**<br>Tutoring – offer tutoring to children who need support with their schoolwork and self-esteem | WeShelter works to improve conditions for the most vulnerable homeless people with shelters, peer-to-peer initiatives and financial advice<br>Hellebro – an NGO working to improve conditions for young homeless people (18–29 years), offering a day care centre, shelter, office hotel and halfway houses<br>Joannahuset – Denmark's first crisis centre for children, where children and underage youth in vulnerable situations have a sanctuary, can talk to an adult and get a bed for the night<br>Operation Julegaveregn (Operation Christmas Gift Showers) – a private initiative that since 2006 has raised money for Christmas presents for the approximately 1,500 children living in Danish orphanages and residential institutions<br>Sommerfugleeffekten (The Butterfly Effect) – a private initiative with monthly workshops for hospitalised children at H. C. Andersen's Children's and Youth Hospital, where the children create content for a digital book. In addition to the e-book, two printed editions will be donated to all children's hospitals. The first book was launched during Easter 2022<br>Collaboration with Hi Neighbour to increase community wellbeing | Communicated with our customers on how they can reduce their energy consumption<br>An ecosystem service analysis, and measures to keep, restore or increase the locations ecosystem values in own development projects also contribute to the surrounding community. In own new developments we take several measures to increase safety and inclusion<br>During 2022 we mapped our waste facilities and developed signs and information material to support out tenants when separating waste |
| Netherlands | Customer survey<br>Sustainability survey | Social lease contracts<br>Affordable housing contracts | **A Home for a Home:**<br>Children's Village 2.0 – support SOS with expertise in sustainable construction and maintenance when developing the next-generation children's village in Guinea-Bissau | "Buurheld van het jaar-verkiezing" – after noticing that neighbours were very helpful to each other during Covid-19 pandemic, Heimstaden Bostad started a contest to find the best Neighbour of the Year<br>PSV Handbal Eindhoven – together with PSV Heimstaden Bostad organises local events where tenants can join in as well, such as sports day, selling cookies for charity, etc<br>Collaboration with Steenbreek for biodiversity and green spaces. This involves some social events, competitions and garden parties<br>Support to Eendracht Arnhem – local football club, collaborate for local events and participation in sporting activities | Communicated with our customers on how they can reduce their energy consumption |

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| | Stakeholder engagement plans based on stakeholder mapping | Broad-based local community consultation committees and processes that include vulnerable groups | Local community development programmes based on local communities' needs | Partnerships and sponsorships | Environmental impact assessments and ongoing monitoring |
|---|---|---|---|---|---|
| Germany | Customer survey<br>Sustainability survey | | City clean up – cleaning by Heimstaden's employees<br>Donating furniture from formerly furnished apartments<br>Safari afternoons – showing and educating our tenants about flower meadows and the ecosystems services they provide<br>Arrange visit to our beehives – showing and educating our tenants about beekeeping and the ecosystem services they provide<br>Urban gardening – urging and inspiring tenants to grow their own crops | Stadtbienen (Urban bees) – an initiative that promotes ecological beekeeping and the protection of wild bees in urban areas<br>Plant my tree – for every new lease contract a tree will be planted<br>Cooperation with Young euro classic - helping children to find new perspectives in music and art | Communicated with our customers on how they can reduce their energy consumption |
| Czech Republic | Customer survey<br>Sustainability survey | Social lease contracts | **A Home for a Home:**<br>Support for young families – helping vulnerable families to care for their children<br>Half-way house supporting youth leaving foster care<br>Community centres for older tenants and citizens<br>Home with us – offering apartments and social support for young people leaving children's homes and foster families<br>Crisis housing – providing equipped apartment within 48 hours to municipalities<br>Beehives on rooftops to support local ecosystem services<br>Homes for Ukrainian Refugees – providing 500 apartments for Ukrainian refugees, providing homes for them, furnished by our employees with furniture from IKEA<br>Housing Fund – providing contributions to single seniors over 60 in the form of a discount on rent<br>Citizen dialogue – facilitating dialogues for better neighbourhoods, foster relationships, with focus on minorities and socially excluded areas | Support for existing and nascent entrepreneurs by offering assistance and start-up facilities<br>Tenants can receive grants for initiating activities that cultivates public spaces, leisure activities and activities that contribute to good neighbourly relations<br>Support to the Centere for Employment Support in the Moravian-Silesian Region | Communicated with our customers on how they can reduce their energy consumption |
| UK | | | We plan to implement our social agenda in the UK during 2023 | | |
| Finland | | | | | Communicated with our customers on how they can reduce their energy consumption |
| Poland | | | **A Home for a Home:**<br>Family Strengthening | | Communicated with our customers on how they can reduce their energy consumption |

In all our organisations, except for United Kingdom, we have implemented local community engagement, impact assessments, or development programs. Resulting in a coverage of 99.9% of our units. We intend to implement similar initiatives in the United Kingdom.

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## GRI 2-7 Employees

| Total number of employees (Headcount) | Women | Men | 2022 Total | Women | Men | 2021 Total | Women | Men | 2020 Total |
|---|---|---|---|---|---|---|---|---|---|
| Sweden | 244 | 293 | 537 | 236 | 314 | 550 | 159 | 234 | 393 |
| Norway | 47 | 106 | 153 | 60 | 104 | 164 | 52 | 81 | 133 |
| Denmark | 99 | 212 | 311 | 95 | 177 | 272 | 50 | 76 | 126 |
| Netherlands | 67 | 94 | 161 | 58 | 75 | 133 | 10 | 13 | 23 |
| Germany | 170 | 165 | 335 | 147 | 136 | 283 | 50 | 67 | 117 |
| Czech Republic | 386 | 479 | 865 | 373 | 434 | 807 | 279 | 301 | 580 |
| Poland | 10 | 11 | 21 | 3 | 6 | 9 | 0 | 0 | 0 |
| UK | 6 | 7 | 13 | 3 | 0 | 3 | 0 | 0 | 0 |
| Iceland | 5 | 13 | 18 | 7 | 14 | 21 | 0 | 0 | 0 |
| Finland | 0 | 5 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Heimstaden total | 1,034 | 1,385 | 2,419 | 982 | 1,260 | 2,242 | 600 | 772 | 1,372 |

| Total number of permanent employees (Headcount) | Women | Men | 2022 Total | Women | Men | 2021 Total |
|---|---|---|---|---|---|---|
| Sweden | 228 | 282 | 510 | 219 | 299 | 518 |
| Norway | 39 | 97 | 136 | 51 | 99 | 150 |
| Denmark | 87 | 185 | 272 | 92 | 173 | 265 |
| Netherlands | 44 | 66 | 110 | 36 | 55 | 91 |
| Germany | 163 | 160 | 323 | 144 | 134 | 278 |
| Czech Republic | 246 | 140 | 386 | 253 | 246 | 499 |
| Poland | 10 | 11 | 21 | 3 | 6 | 9 |
| UK | 6 | 7 | 13 | 3 | 0 | 3 |
| Iceland | 5 | 13 | 18 | 7 | 14 | 21 |
| Finland | 0 | 5 | 5 | 0 | 0 | 0 |
| Heimstaden total | 828 | 966 | 1,794 | 808 | 1,026 | 1,834 |

*1The reason for the increase in the Czech Republic is that several employees accepted an offer of early retirement and are thus now defined non-guaranteed hours employees.*

| Total number of temporary employees (Headcount) | Women | Men | 2022 Total | Women | Men | 2021 Total |
|---|---|---|---|---|---|---|
| Sweden | 11 | 8 | 19 | 17 | 15 | 32 |
| Norway | 1 | 4 | 5 | 9 | 5 | 14 |
| Denmark | 2 | 6 | 8 | 3 | 4 | 7 |
| Netherlands | 18 | 18 | 36 | 22 | 20 | 42 |
| Germany | 6 | 3 | 9 | 3 | 2 | 5 |
| Czech Republic | 50 | 34 | 84 | 120 | 188 | 308 |
| Poland | 0 | 0 | 0 | 0 | 0 | 0 |
| UK | 0 | 0 | 0 | 0 | 0 | 0 |
| Iceland | 0 | 0 | 0 | 0 | 0 | 0 |
| Finland | 0 | 0 | 0 | 0 | 0 | 0 |
| Heimstaden total | 88 | 73 | 161 | 174 | 234 | 408 |

| Total number of non-guaranteed hours employees (Headcount) | Women | Men | 2022 Total | Women | Men | 2021 Total |
|---|---|---|---|---|---|---|
| Sweden | 4 | 3 | 7 | 0 | 1 | 1 |
| Norway | 7 | 5 | 12 | 12 | 10 | 22 |
| Denmark | 10 | 19 | 29 | 4 | 14 | 18 |
| Netherlands | 5 | 9 | 14 | 6 | 1 | 7 |
| Germany | 0 | 2 | 2 | 0 | 1 | 1 |
| Czech Republic[1] | 88 | 293 | 381 | 58 | 252 | 310 |
| Poland | 0 | 0 | 0 | 0 | 0 | 0 |
| UK | 0 | 0 | 0 | 0 | 0 | 0 |
| Iceland | 0 | 0 | 0 | 0 | 0 | 0 |
| Finland | 0 | 0 | 0 | 0 | 0 | 0 |
| Heimstaden total | 114 | 331 | 445 | 80 | 279 | 359 |

| Total number of full-time employees (Headcount) | Women | Men | 2022 Total | Women | Men | 2021 Total |
|---|---|---|---|---|---|---|
| Heimstaden total | 662 | 905 | 1,567 | 654 | 1,063 | 1,717 |

| Total number of part-time employees (Headcount) | Women | Men | 2022 Total | Women | Men | 2021 Total |
|---|---|---|---|---|---|---|
| Heimstaden total | 254 | 134 | 388 | 328 | 197 | 525 |

Data regarding employees pertain to employees of Heimstaden Bostad and Heimstaden. Heimstaden Bostad does not own any properties in Iceland.

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### GRI 2-21 Annual total compensation ratio

| Annual total compensation ratio | 2022<br>Total |
|---|---|
| Ratio of the annual total compensation ratio for the highest-paid individual to the median annual total compensation ratio for all employees (excluding the highest-paid individual) | 12.97 |

### GRI 207-4 Country-by-country reporting

| | Sweden | | Norway | | Denmark | | Netherlands | | Germany | | Czech Republic | | Poland | | Finalnd | UK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2021 |
| Number of employees (Headcount) | 8 | - | - | - | 2 | - | - | - | 13 | - | 710 | 580 | - | - | - | - |
| Revenues from third-party sales | 2,873 | 2,524 | 74 | 29 | 2,593 | 1,525 | 1,139 | 1,029 | 805 | 101 | 1,572 | 1,461 | 14 | 0 | 16 | 1 |
| Revenues from intra-group transactions with other tax jurisdictions | 1,103 | 883 | 779 | 779 | 3 | -146 | 192 | 26 | 41 | 6 | 600 | 0 | 13 | 0 | 0 | 4 |
| Profit/loss before tax | -409 | -901 | 272 | 278 | 6,769 | 1,716 | 8,131 | 1,297 | 1,075 | -27 | 2,766 | 1,015 | 10 | 0 | 86 | -5 |
| Tangible assets other than cash and cash equivalents | 62,858 | 22,185 | 5,667 | 5,599 | 66,636 | 36,200 | 27,324 | 23,365 | 67,608 | 2,219 | 17,997 | 13,864 | 0 | 127 | 1,014 | 975 |
| Corporate income tax paid on a cash basis | 76 | 107 | 65 | 53 | 191 | 83 | 174 | 96 | -64 | -1 | 125 | 32 | 0 | 1 | 2 | 36 |
| Corporate income tax accrued on profit/loss | 72 | 31 | 79 | 53 | 259 | 101 | 123 | 99 | -37 | 0 | 64 | 111 | 1 | 0 | 2 | 0 |

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GRI 302-1: Energy consumption in the properties

| | Total | | | Sweden | | | Norway | | | Denmark | | | Netherlands | | | Germany | | | Czech Republic | | | Finland | Poland | UK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2022 | 2022 |
| **Heating (Non-renewable)** | | | | | | | | | | | | | | | | | | | | | | | | |
| Fossil district heating | 424,119 | 365,152 | 351,156 | 6,984 | 1,862 | 21,065 | 177 | 0 | 0 | 15,297 | 14,239 | 12,110 | 7,905 | 0 | 0 | 71,964 | 26,744 | 1,804 | 323,221 | 322,307 | 316,176 | 6,476 | 0 | 0 |
| Natural gas | 90,023 | 47,736 | 6,711 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 196 | 527 | 0 | 9,768 | 3,022 | 79,434 | 36,036 | 2,514 | 2,684 | 1,737 | 648 | 0 | 0 | 0 |
| Oil | 11,273 | 101 | 492 | 0 | 0 | 38 | 0 | 0 | 0 | 0 | 0 | 0 | 7,905 | 90 | 124 | 11,121 | 11 | 330 | 0 | 0 | 0 | 152 | 0 | 0 |
| Total non-renewable | 525,415 | 412,988 | 358,359 | 6,984 | 1,862 | 21,103 | 177 | 0 | 0 | 15,297 | 14,435 | 12,638 | 7,905 | 9,858 | 3,146 | 162,519 | 62,791 | 4,648 | 325,906 | 324,043 | 316,824 | 6,628 | 0 | 0 |
| Of which non-renewable fuel (natural gas, oil) | 101,295 | 47,837 | 7,203 | 0 | 0 | 38 | 0 | 0 | 0 | 0 | 196 | 527 | 0 | 9,858 | 3,146 | 90,555 | 36,047 | 2,844 | 2,684 | 1,737 | 648 | 152 | 0 | 0 |
| **Heating (Renewable)** | | | | | | | | | | | | | | | | | | | | | | | | |
| Renewable and recycled district heating | 446,553 | 361,860 | 277,246 | 369,016 | 287,520 | 218,474 | 11,592 | 15,259 | 12,477 | 44,047 | 39,363 | 28,811 | 0 | 0 | 0 | 5,706 | 1,945 | 196 | 8,056 | 17,774 | 17,288 | 8,137 | 0 | 0 |
| Biogas | 1,902 | 2,188 | 1,917 | 1,902 | 2,188 | 1,917 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total renewable | 448,455 | 364,048 | 279,163 | 370,918 | 289,708 | 220,390 | 11,592 | 15,259 | 12,477 | 44,047 | 39,363 | 28,811 | 0 | 0 | 0 | 5,706 | 1,945 | 196 | 8,056 | 17,774 | 17,288 | 8,137 | 0 | 0 |
| Of which renewable fuel (biogas) | 1,902 | 2,188 | 1,917 | 1,902 | 2,188 | 1,917 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total heating (non-renewable and renewable) | 973,870 | 777,036 | 637,522 | 377,902 | 291,570 | 241,493 | 11,768 | 15,259 | 12,477 | 59,344 | 53,798 | 41,449 | 7,905 | 9,858 | 3,146 | 168,225 | 64,735 | 4,844 | 333,962 | 341,817 | 334,112 | 14,765 | 0 | 0 |
| Cooling | | | | | | | | | | | | | | | | | | | | | | | | |
| District cooling | 271 | 326 | 203 | 271 | 326 | 203 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Electricity | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity consumption | 103,871 | 76,507 | 71,536 | 75,617 | 53,519 | 50,844 | 12,704 | 13,587 | 13,659 | 4,985 | 5,134 | 3,647 | 2,643 | 1,150 | 1,155 | 3,477 | 960 | 60 | 2,177 | 2,156 | 2,171 | 2,267 | 0.2 | 0.02 |
| Of which renewable electricity | 100,879 | 74,268 | 68,240 | 75,617 | 53,519 | 50,844 | 12,704 | 13,587 | 13,659 | 4,030 | 4,846 | 2,339 | 2,643 | 1,150 | 1,155 | 1,603 | 960 | 32 | 2,027 | 205 | 211 | 2,255 | 0.2 | 0.02 |
| Total energy usage (heating, cooling, electricity) | 1,078,013 | 853,869 | 709,261 | 453,791 | 345,415 | 292,540 | 24,472 | 28,846 | 26,136 | 64,329 | 58,932 | 45,096 | 10,547 | 11,008 | 4,302 | 171,702 | 65,695 | 4,904 | 336,139 | 343,973 | 336,283 | 17,032 | 0.2 | 0.02 |
| Electricity produced (Solar power) | 0 | 595 | 456 | 0 | 462 | 394 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Installed capacity (photovoltaic cells), kWp | 2,011 | 1,262 | 374 | 1,304 | 956 | 374 | 0 | 0 | 0 | 494 | 306 | 0 | 213 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Estimated energy production, MWh | 1,535 | 0 | 456 | 937 | 0 | 0 | 0 | 0 | 0 | 424 | 133 | 62 | 174 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

The data for 2022 includes the purchased energy by Heimstaden Bostad in Sweden, Norway, Denmark, Netherlands, Germany, Finland, Poland, and UK. For Czech Republic the energy consumption from year 2022 is not yet available and therefore estimates are used, based on the energy consumption figures from 2021. Properties where customers have their own energy contract are not included, as it is not possible for Heimstaden Bostad to obtain the energy data. In 2022, the total energy consumption has increased in absolute numbers due to our growing business and the acquisition of Akelius property portfolios in Sweden, Germany and Denmark and more properties. However, we decreased the energy usage per sqm with 11% in 2022 versus 2021. For more information, please see the Energy intensity section on page 139.

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**GRI 305-1, 305-2, 305-4: GHG emissions Scope 1 and 2**

| | Total | | | Sweden | | | Norway | | | Denmark | | | Netherlands | | | Germany | | | Czech Republic | | | Finland | Poland | UK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2022 | 2022 |
| Scope 1 in tonnes $CO_2e$ | 23,050 | 11,985 | 1,660 | 357 | 340 | 10 | 10 | 343 | - | 312 | 253 | 108 | 1,726 | 2,027 | 653 | 19,550 | 7,596 | 604 | 1,092 | 1,426 | 285 | 2 | - | - |
| Of which from property heating | 21,436 | 10,341 | 1,660 | - | - | 10 | - | - | - | 0 | 40 | 108 | 1,620 | 2,027 | 653 | 19,264 | 7,391 | 604 | 550 | 883 | 285 | 2 | - | - |
| Of which from vehicles | 1,555 | 1,607 | - | 298 | 303 | - | 10 | 9 | - | 312 | 213 | - | 106 | | | 286 | 205 | - | 542 | 543 | - | - | - | - |
| Of which from refrigerants | 59 | 37 | - | 59 | 37 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Scope 2 market-based in tonnes $CO_2e$ | 170,004 | 195,882 | 175,258 | 25,524 | 16,756 | 16,255 | 47 | 17 | 75 | 3,292 | 2,745 | 4,572 | - | - | - | 7,190 | 2,692 | 529 | 132,452 | 173,672 | 153,827 | 1,419 | 80 | - |
| Scope 2 location-based in tonnes $CO_2e$ | 173,525 | 197,730 | 175,745 | 26,100 | 17,892 | 16,859 | 110 | 115 | 228 | 3,690 | 2,833 | 3,808 | 979 | 464 | 432 | 7,345 | 3,000 | 532 | 133,481 | 173,426 | 153,884 | 1,625 | 192 | 3.9 |
| Biogenic emissions in tonnes $CO_2e$ | 399 | 448 | 393 | 399 | 448 | 393 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Scope 3 in tonnes $CO_2e$ | 343,068 | 242,828 | 82,185 | - | 32,583 | 22,261 | - | 4,363 | 8,469 | - | 6,862 | 24,093 | 216,740 | - | 54,710 | - | 3,195 | 3,608 | - | 79,229 | 129,687 | - | - | - |
| Scope 1 and 2 in tonnes $CO_2e$ / SEK million (market-based) | 14 | 24 | 26 | 6 | 6 | 7 | 0.07 | 1 | - | 1,2 | 1 | 3 | 1.4 | 2 | 1 | 10 | 19 | 11 | 72 | 155 | 128 | 7.1 | - | - |
| Scope 1 and 2 emissions in kg $CO_2e$/sqm | 24 | 40 | 36 | 9 | 8 | 8 | 0.5 | - | 1 | 5,1 | 5 | 9 | 22.3 | 28 | 19 | 14.9 | 27 | 41 | 57 | 88 | 65 | 13 | - | - |

Heimstaden Bostad's GHG emissions for Scope 1 and Scope 2 are based on the energy purchased (see Table Energy Consumption in the Properties on page 138) by Heimstaden Bostad within Heimstaden Bostad properties, fuel from vehicles owned or leased by Heimstaden Bostad, and refrigerants. Fuel for vehicles and refrigerants are only included since 2021, since we have not measured these before. Heimstaden Bostad's GHG emissions decreased in 2022 compared to 2021. However, total Scope 1 emissions are increasing compared to last year. This is mainly due to the acquired Akelius portfolio in Germany of which many properties use natural gas or oil for heating. We see a big reduction in the Scope 2 emissions. This is mainly due to the new emission factors for district heating that we received from Veolia regarding our Czech portfolio, which were much lower than what we previously estimated. The emissions for the Czech Republic from 2021 in the GRI 305-1, 305-2 tables have not yet been updated with the new emission factors, which is reflected in the big difference between 2021 and 2022. As the emissions in the Czech Republic are such a big share of the total emissions, this correction also impacts the total emission intensity figure for the year, which decreased.Scope 1 emissions came from natural gas and oil for heating, vehicles, and refrigerants. Scope 2 covers district heating and consumption of electricity in the properties. The calculations have been performed in accordance with the GHG protocol, applying the financial control approach. For 2022, emission factors from 2021 are used and have been obtained from Heimstaden Bostad's energy suppliers. Gases included in the calculations are mostly $CO_2$, but can also include $CH_4$, $N_2O$, and refrigerants used in the production of district heating. For the emission intensity figure the denominator consists of the lettable area in the properties where Heimstaden Bostad signs the energy agreement, and the numerator consists of GHG emissions during a whole year. Properties that lack data for an entire year (such as acquisitions and divestments during the reporting year) are excluded from the intensity figures. Data on Scope 3 2022 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1-Q2 2022. Nevertheless, we have included category 13 to track progress in our science-based climate targets. For more detailed figures, please see the GRI 305-1, 305-2, 305-4: GHG emissions scope 1 and 2 Table. The Scope 1 emissions in 2021 have been corrected due to a previous miscalculation of the emissions from vehicles in Norway.

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**GRI 305-3: Scope 3 emissions per country in tonnes $CO_2e$**

| | Total | | | Sweden | | | Norway | | | Denmark | | | Germany | | | Netherlands | | | Czech Republic | | Poland |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 | 2021 | 2020 | 2021 |
| **Category** | | | | | | | | | | | | | | | | | | | | | |
| 1. Purchased goods and services (related to new construction, reconstruction and property management, etc) | 187,852 | 56,061 | 21,126 | 25,644 | 10,602 | 11,024 | 3,467 | 4,052 | 7,325 | 2,265 | 8,880 | 2,451 | 77 | 0 | 325 | 129,605 | 3,829 | 1 | 26,793 | 28,698 | 0 |
| 2. Capital goods (acquired newbuilds) | 2,496 | 10,512 | 41,357 | 0 | 0 | 0 | 0 | 0 | 0 | 2,496 | 9,491 | 41,357 | 0 | 0 | 0 | 0 | 1,021 | 0 | 0 | 0 | 0 |
| 3. Energy- and fuel-related emissions (upstream emissions from electricity, heating and fuels) | 15,691 | 12,857 | 1,995 | 2,905 | 2,336 | 1,680 | 490 | 307 | 134 | 517 | 333 | 167 | 1,351 | 179 | 7 | 611 | 205 | 7 | 9,817 | 9,497 | 0 |
| 4. Upstream transportation and distribution (service cars) | 455 | 379 | 385 | 51 | 69 | 249 | 15 | 29 | 27 | 0 | 53 | 104 | 0 | 1 | 3 | 230 | 64 | 1 | 158 | 163 | 0 |
| 5. Waste management (transport and management) | 178 | 2,424 | 1,281 | 81 | 218 | 829 | 19 | 1,521 | 91 | 2 | 47 | 347 | 3 | 2 | 11 | 37 | 14 | 2 | 36 | 622 | 0 |
| 6. Business travel (travel by car, air, train, taxi) | 270 | 122 | 173 | 78 | 31 | 79 | 20 | 15 | 24 | 51 | 24 | 47 | 5 | 0 | 0 | 6 | 5 | 22 | 13 | 47 | 96 |
| 7. Commuting (employee trips to and from work) | 0 | 0 | 293 | 0 | 0 | 164 | 0 | 0 | 34 | 0 | 0 | 52 | 0 | 0 | 0 | 0 | 0 | 43 | 0 | 0 | 0 |
| 8. Leased assets – leased by Heimstaden Bostad (leased offices, rental cars or other machines) | 912 | 195 | 120 | 63 | 56 | 63 | 0 | 0 | 0 | 22 | 20 | 16 | 290 | 21 | 0 | 25 | 98 | 40 | 512 | 0 | 0 |
| 11. Use of sold products (no sold real estates 2019 and 2020) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. End-of-life sold products (waste from demolishing of buildings sold) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13. Leased assets – by tenants (energy and waste from tenants) | 134,876 | 160,278 | 15,456 | 3,421 | 8,949 | 7,227 | 351 | 2,545 | 1,677 | 1,510 | 5,245 | 5,985 | 1,468 | 3,405 | 413 | 86,226 | 49,474 | 153 | 41,900 | 90,660 | 0 |
| 15. Investments (Joint Ventures) | 340 | 0 | 0 | 340 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 343,068 | 242,828 | 82,185 | 32,583 | 22,261 | 21,316 | 4,363 | 8,469 | 9,313 | 6,862 | 24,093 | 50,527 | 3,195 | 3,608 | 760 | 216,740 | 54,710 | 269 | 79,229 | 129,687 | 96 |

Data for Scope 3 2022 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1-Q2 2023. Category 9 Outbound transports, category 10 Processing of sold products and category 14 Franchise are not part of our organisation and therefore not included in Heimstaden Bostad's Scope 3 emissions. All acquired properties should be included in category 2 Capital Goods, according to the GHG Protocol, however, we have chosen to include only acquired newbuilds in this category, which is in line with the UK GBC, Guide to Scope 3 Reporting in Commercial Real Estate. Calculations have been performed in accordance with the GHG Protocol, applying the financial control approach. We used external consultants as supervisors in this assessment, who also made the calculations.

**GRI 306-3: Waste generated in tonnes**

| | Total | | | Sweden | | | Norway | | | Denmark | | | Germany | | | Netherlands | | | Czech Republic | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 | 2021 | 2020 |
| Total weight of waste generated by the tenants | 100,741 | 99,171 | 39,066 | 24,579 | 27,215 | 25,554 | 2,269 | 2,000 | 2,267 | 9,719 | 14,597 | 10,992 | 1,010 | 1,107 | 197 | 14,931 | 12,300 | 56 | 48,240 | 41,952 |

Weight of waste generated by tenants is calculated based on the number of tenants; the increase in waste is explained by the new properties we have acquired each year. Waste generated by contractors in new construction and reconstruction is not included because we do not have sufficient data at Group level yet. Data for 2021 is the latest available data.

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GRI 401-1: New employee hires by age group, gender and country

| | 2022 | | 2021 | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|---|---|
| Number of new employees | Women | Men | Women | Men | Women | Men | Women | Men |
| **Sweden** | | | | | | | | |
| under 30 | 34 | 51 | 26 | 106 | 15 | 7 | 7 | 12 |
| 30–50 | 43 | 46 | 62 | 36 | 29 | 31 | 22 | 22 |
| over 50 | 8 | 11 | 18 | 80 | 5 | 7 | 5 | 11 |
| **Norway** | | | | | | | | |
| under 30 | 14 | 16 | 8 | 17 | 6 | 13 | 5 | 6 |
| 30–50 | 6 | 18 | 7 | 13 | 10 | 11 | 2 | 8 |
| over 50 | 2 | 0 | 2 | 14 | 0 | 1 | 1 | 0 |
| **Denmark** | | | | | | | | |
| under 30 | 14 | 31 | 21 | 69 | 8 | 8 | 7 | 13 |
| 30–50 | 12 | 42 | 35 | 18 | 11 | 15 | 14 | 20 |
| over 50 | 6 | 18 | 13 | 57 | 5 | 8 | 2 | 10 |
| **Netherlands** | | | | | | | | |
| under 30 | 11 | 19 | 7 | 20 | 12 | 5 | 0 | 2 |
| 30–50 | 22 | 14 | 11 | 5 | 22 | 28 | 1 | 8 |
| over 50 | 3 | 16 | 2 | 15 | 7 | 9 | 0 | 0 |
| **Germany** | | | | | | | | |
| under 30 | 17 | 11 | 21 | 143 | 1 | 1 | 0 | 0 |
| 30–50 | 39 | 42 | 94 | 21 | 5 | 7 | 0 | 0 |
| over 50 | 6 | 17 | 28 | 81 | 0 | 0 | 0 | 0 |

| | 2022 | | 2021 | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|---|---|
| Number of new employees | Women | Men | Women | Men | Women | Men | Women | Men |
| **Czech Republic** | | | | | | | | |
| under 30 | 27 | 24 | 45 | 125 | 16 | 37 | 0 | 0 |
| 30–50 | 74 | 92 | 63 | 51 | 31 | 40 | 0 | 0 |
| over 50 | 18 | 33 | 17 | 97 | 8 | 14 | 0 | 0 |
| **Poland** | | | | | | | | |
| under 30 | 2 | 5 | 1 | 3 | 0 | 0 | 0 | 0 |
| 30–50 | 8 | 2 | 2 | 3 | 0 | 0 | 0 | 0 |
| over 50 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 |
| **UK** | | | | | | | | |
| under 30 | 0 | 1 | 0 | 3 | 0 | 0 | 0 | 0 |
| 30–50 | 3 | 7 | 3 | 0 | 0 | 0 | 0 | 0 |
| over 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Iceland** | | | | | | | | |
| under 30 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 |
| 30–50 | 0 | 3 | 2 | 1 | 0 | 0 | 0 | 0 |
| over 50 | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 0 |
| **Finland** | | | | | | | | |
| under 30 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30–50 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| over 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | | | | | | | | |
| under 30 | 119 | 159 | 129 | 489 | 58 | 71 | 19 | 33 |
| 30–50 | 207 | 270 | 279 | 148 | 108 | 132 | 39 | 58 |
| over 50 | 43 | 95 | 81 | 349 | 25 | 39 | 8 | 21 |

Data regarding employees pertains to employees of both Heimstaden Bostad and Heimstaden. Heimstaden Bostad does not own any properties in Iceland.

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GRI 401-1: Total number of employee turnover by age group, gender and country

| | 2022 | | 2021 | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|---|---|
| Number of employee turnover | Women | Men | Women | Men | Women | Men | Women | Men |
| **Sweden** | | | | | | | | |
| under 30 | 23 | 47 | 18 | 32 | 5 | 3 | 4 | 3 |
| 30–50 | 34 | 47 | 10 | 22 | 8 | 16 | 11 | 11 |
| over 50 | 10 | 14 | 4 | 21 | 10 | 7 | 4 | 10 |
| **Norway** | | | | | | | | |
| under 30 | 12 | 15 | 4 | 9 | 2 | 8 | 1 | 4 |
| 30–50 | 19 | 13 | 4 | 9 | 0 | 4 | 2 | 7 |
| over 50 | 3 | 3 | 1 | 7 | 1 | 1 | 0 | 2 |
| **Denmark** | | | | | | | | |
| under 30 | 7 | 11 | 11 | 21 | 7 | 5 | 3 | 4 |
| 30–50 | 18 | 24 | 9 | 8 | 5 | 5 | 4 | 2 |
| over 50 | 3 | 15 | 1 | 24 | 1 | 7 | 0 | 0 |
| **Netherlands** | | | | | | | | |
| under 30 | 10 | 6 | 2 | 11 | 0 | 0 | 0 | 2 |
| 30–50 | 14 | 17 | 6 | 3 | 1 | 4 | 2 | 4 |
| over 50 | 4 | 8 | 3 | 10 | 0 | 1 | 0 | 0 |
| **Germany** | | | | | | | | |
| under 30 | 3 | 8 | 1 | 7 | 0 | 0 | 0 | 0 |
| 30–50 | 29 | 25 | 4 | 7 | 1 | 2 | 0 | 0 |
| over 50 | 8 | 5 | 1 | 7 | 0 | 2 | 0 | 0 |

| | 2022 | | 2021 | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|---|---|
| Number of employee turnover | Women | Men | Women | Men | Women | Men | Women | Men |
| **Czech Republic** | | | | | | | | |
| under 30 | 18 | 24 | 34 | 71 | 5 | 17 | 0 | 0 |
| 30–50 | 53 | 66 | 30 | 24 | 19 | 18 | 0 | 0 |
| over 50 | 30 | 22 | 7 | 30 | 5 | 7 | 0 | 0 |
| **Poland** | | | | | | | | |
| under 30 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30–50 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| over 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **UK** | | | | | | | | |
| under 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30–50 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| over 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Iceland** | | | | | | | | |
| under 30 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| 30–50 | 2 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| over 50 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Finland** | | | | | | | | |
| under 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30–50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| over 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | | | | | | | | |
| under 30 | 73 | 114 | 70 | 152 | 19 | 33 | 8 | 13 |
| 30–50 | 173 | 196 | 63 | 73 | 34 | 49 | 19 | 24 |
| over 50 | 58 | 68 | 17 | 99 | 17 | 25 | 4 | 12 |

Data regarding employees pertains to employees of Heimstaden Bostad and Heimstaden. Heimstaden Bostad does not own any properties in Iceland. During 2022, the turnover decreased to 15.7% compared with 2021 (22%) and 2020 (14%).

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## Proportion of EU Taxonomy-aligned economic activities

| | | Proportion of turnover from products or services associated with Taxonomy-aligned economic activities | | Substantial contribution criteria | | | | | | DNSH criteria (Do No Significant Harm ) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Absolute turnover | Proportion of turnover | 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 turnover, year 2022 | Taxonomy-aligned proportion of turnover, year 2021 | Category (enabling activity) | Category (transitional activity) |
| | | SEK million | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | Y/N | Y/N |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Aquisition and ownership of buildings | 7.7 (Annex I) | 2,245 | 16.1% | 100% | 0% | | | | | - | Y | - | - | - | - | Y | 16.1% | | - | - |
| *Turnover of eligible Taxonomy-aligned activities (A.1)* | | **2,245** | **16.1%** | | | | | | | | | | | | | | **16.1%** | | | |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | | |
| Aquisition and ownership of buildings | 7.7 (Annex I) | 11,674 | 83.9% | | | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | **11,674** | **83.9%** | | | | | | | | | | | | | | | | | |
| Total (A.1 + A.2) | | **13,919** | **100.0%** | | | | | | | | | | | | | | **16.1%** | | | |
| B. TAXONOMY NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| Turnover of non-eligible activities (B) | | | | | | | | | | | | | | | | | | | | |
| **Total (A + B)** | | **13,919** | **100.0%** | | | | | | | | | | | | | | | | | |

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| | | Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities | | Substantial contribution criteria | | | | | | DNSH criteria (Do No Significant Harm) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Absolute Capex | Proportion of Capex | 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 Capex, year 2022 | Taxonomy-aligned proportion of Capex, year 2021 | Category (enabling activity) | Category (transitional activity) |
| | | SEK million | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | Y/N | Y/N |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Construction of new buildings | 7.1 (Annex I) | 1,604 | 5.1% | 100% | 0% | | | | | - | Y | Y | Y | Y | Y | Y | 5.1% | | - | - |
| Renovation of buildings | 7.2 (Annex I) | 92 | 0,3% | 100% | 0% | | | | | - | Y | Y | Y | Y | - | Y | 0.0% | | - | T |
| Installation, maintenance and repair of energy efficiency equipment | 7.3 (Annex I) | 358 | 1.1% | 100% | 0% | | | | | - | Y | - | - | Y | - | Y | 1.1% | | E | - |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | 7.4 (Annex I) | 9 | 0.0% | 100% | 0% | | | | | - | Y | - | - | - | - | Y | 0.0% | | E | - |
| Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | 7.5 (Annex I) | 20 | 0.1% | 100% | 0% | | | | | - | Y | - | - | - | - | Y | 0.1% | | E | - |
| Installation, maintenance and repair of renewable energy technologies | 7.6 (Annex I) | 15 | 0.0% | 100% | 0% | | | | | - | Y | - | - | - | - | Y | 0.0% | | E | - |
| Aquisition and ownership of buildings | 7.7 (Annex I) | 1,387 | 4.4% | 100% | 0% | | | | | - | Y | - | - | - | - | Y | 3.0% | | - | - |
| **Capex of eligible Taxonomy-aligned activities (A.1)** | | **3,486** | **11.0%** | | | | | | | | | | | | | | **11.0%** | | | |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | | |
| Construction of new buildings | 7.1 (Annex I) | 3,315 | 10.5% | | | | | | | | | | | | | | | | | |
| Aquisition and ownership of buildings | 7.7 (Annex I) | 24,851 | 78.5% | | | | | | | | | | | | | | | | | |
| **Capex of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | **28,166** | **89.0%** | | | | | | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | **31,652** | **100.0%** | | | | | | | | | | | | | | **11.0%** | | | |
| B. TAXONOMY NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| Capex of non-eligible activities (B) | | | | | | | | | | | | | | | | | | | | |
| **Total (A + B)** | | **31,652** | **100%** | | | | | | | | | | | | | | | | | |

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| | | Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities | | Substantial contribution criteria | | | | | | DNSH criteria (Do No Significant Harm) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Absolute Opex | Proportion of Opex | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiver-sity and ecosys-tems | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiver-sity and ecosys-tems | Minimum safeguards | Taxono-my-aligned proportion of Opex, year 2022 | Taxono-my-aligned proportion of Opex, year 2021 | Category (enabling activity) | Category (transitional activity) |
| | | SEK million | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | Y/N | Y/N |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Renovation of buildings | 7.2 (Annex I) | 2.7 | 0.1% | 100% | 0 | | | | | - | Y | Y | Y | Y | - | Y | 0.0% | - | - | T |
| Installation, maintenance and repair of energy efficiency equipment | 7.3 (Annex I) | 4.9 | 0.1% | 100% | 0 | | | | | - | Y | - | - | Y | - | Y | 0.1% | - | E | - |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | 7.4 (Annex I) | 0.1 | 0.0% | 100% | 0 | | | | | - | Y | - | - | - | - | Y | 0.0% | - | E | - |
| Aquisition and ownership of buildings | 7.7 (Annex I) | 122.3 | 3.6% | 100% | 0 | | | | | - | Y | - | - | - | - | Y | 3.6% | - | - | - |
| Professional services related to energy performance of buildings | 9.3 (Annex I) | 0.02 | 0.0% | 100% | 0 | | | | | - | Y | - | - | - | - | Y | 0.0% | - | E | - |
| **Opex of eligible Taxonomy-aligned activities (A.1)** | | 130 | 3.8% | | | | | | | | | | | | | | 3.8% | | | |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | | |
| Aquisition and ownership of buildings | 7.7 (Annex I) | 3,299 | 96.2% | | | | | | | | | | | | | | | | | |
| **Opex of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | 3,299.0 | 96,2% | | | | | | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | 3,429 | 100% | | | | | | | | | | | | | | 3.8% | | | |
| B. TAXONOMY NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| Opex of non-eligible activities (B) | | | | | | | | | | | | | | | | | | | | |
| **Total (A + B)** | | 3,429 | 100% | | | | | | | | | | | | | | | | | |

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Heimstaden
BOSTAD

Ö Promenaden 7 A, SE-211 28 Malmö, Sweden
Corporate ID Number: 556864-0873
+46 40 660 2000, www.heimstadenbostad.com

artbox.no