

# ANNUAL AND SUSTAINABILITY REPORT 2023



# CONTENTS

**OVERVIEW**

About Balder ..... 1

Events during 2023 ..... 2

Comments by the CEO ..... 3

Balder's business model ..... 4

Financial targets ..... 5

Sustainability targets ..... 6

Current earning capacity ..... 7

Balder's share and owners ..... 8

Why invest in Balder? ..... 9

**OPERATIONS**

A diversified property portfolio ..... 14

Balder's geographical markets ..... 15

Developments in 2023 ..... 16

Value-adding property management ..... 17

*Increased customer satisfaction* ..... 18

Property development ..... 19

*From project to own management* ..... 20

Associated companies ..... 21

**VALUATION**

Balder's property portfolio ..... 24

Valuation ..... 25

**FINANCING** ..... 27



**SUSTAINABILITY REPORT 2023**

General disclosures ..... 32

Balder's work on the UN's global sustainable development goals ..... 39

Environmental sustainability ..... 41

*Climate change* ..... 41

*Water* ..... 51

*Biodiversity* ..... 52

*Resource use and circular economy* ..... 53

*EU taxonomy* ..... 54

Social sustainability ..... 60

*Employees* ..... 60

*Workers in the value chain* ..... 67

*Local community impact and social area development* ..... 68

Business conduct ..... 70

*Business ethics and corporate culture* ..... 70

GRI index 2023 ..... 72

Auditor's opinion ..... 75

**FINANCIAL INFORMATION**

Report of the Board of Directors ..... 77

Opportunities and risks ..... 81

Financial statements ..... 85

Notes to the financial statements ..... 93

Auditor's Report ..... 124

**CORPORATE GOVERNANCE**

Chairman's statement ..... 128

Corporate Governance Report ..... 129

*Internal control in respect of financial reporting* ..... 133

*Ahead of the AGM 2024* ..... 134

Auditor's opinion ..... 134

Board of Directors ..... 135

Management ..... 136



**ADDITIONAL INFORMATION**

Project list ..... 138

Definitions ..... 139

Annual General Meeting ..... 140

Contact information ..... 140

Calendar ..... 140

Balder's Annual and Sustainability Report for 2023 is issued by the Board of Directors and the CEO. The statutory annual accounts are presented on page 77–123. The Sustainability Report is presented on page 30–74 and 81–84 and has been prepared in accordance with Chapter 6 of the Swedish Annual Accounts Act.

# ABOUT BALDER

Fastighets AB Balder is a listed property group that owns, manages and develops properties in Sweden, Denmark, Finland, Norway, Germany and the UK. With a property value of SEK 212 billion and a diversified portfolio, Balder offers residential, commercial properties and new construction projects in capital cities and other large cities. By being a long-term and stable owner, Balder creates attractive and safe areas in which people can live and do good business.

Number of employees

**1,150**

Number of properties

**1,901**

Property portfolio, SEKm

**211,749**

Economic occupancy rate

**96%**

Rental income, SEKm

**11,944**

Profit from property management, SEKm

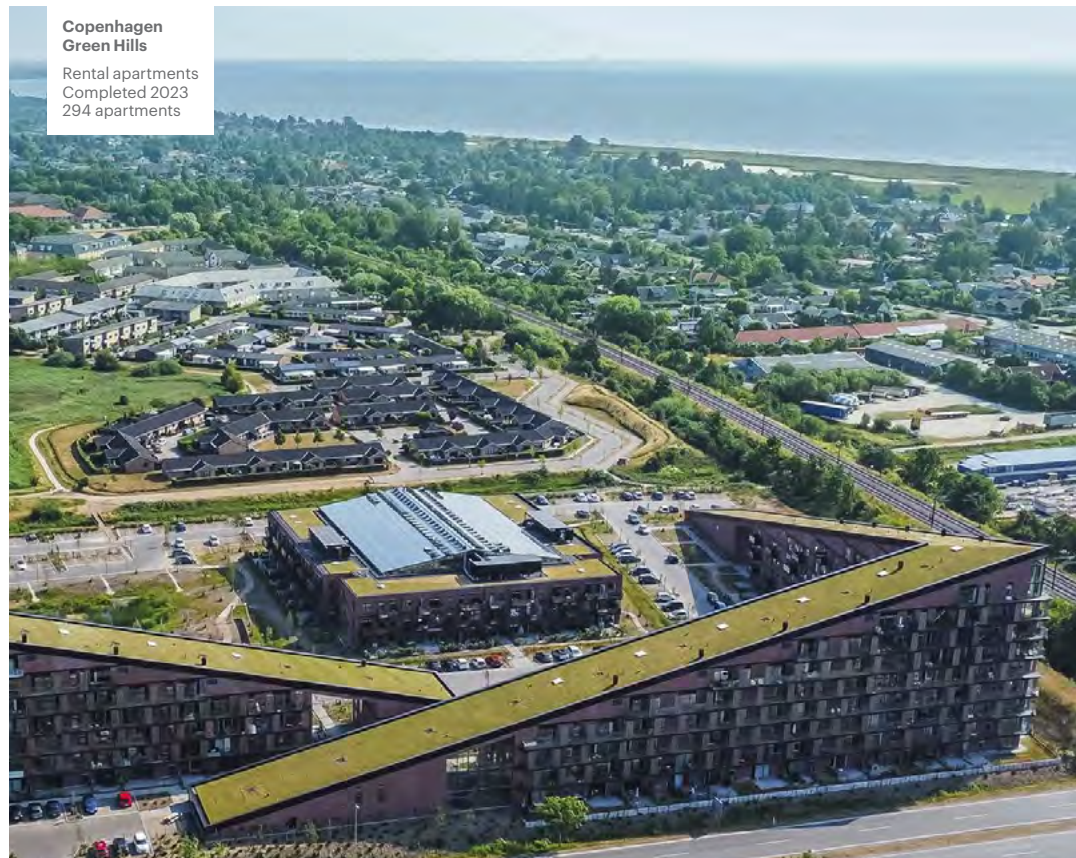
**6,135**

Equity/assets ratio

**37.9%**

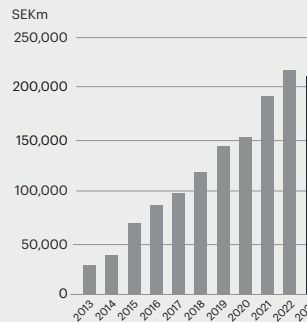
ESG Risk Rating

**12.3**

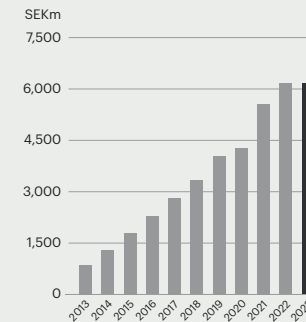


**Copenhagen Green Hills**  
Rental apartments  
Completed 2023  
294 apartments

**PROPERTY PORTFOLIO**



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



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

# EVENTS DURING 2023



## Karlatornet reaches its full height

During the summer, the Karlatornet tower in Gothenburg reached its full height of 246 metres. With its 74 floors, the tower is not only a landmark for the city, but also the highest building in the Nordic region. Karlatornet has 611 apartments in total, from single-room apartments to penthouses with several rooms. The first residents moved in at the end of August, and by summer 2024 all apartment owners will have moved in. In addition to residential, Karlatornet will also house a hotel, a restaurant and offices.



## When the Dragon awakes

In the centre of the Järntorget square in Gothenburg, Hotel Draken rises up and offers views over the whole city. After many years of work, a magnificent hotel has emerged, offering a new cultural scene and a meeting place. On 1 October, together with Strawberry, Balder officially opened the 34-floors-high hotel, which has 474 rooms in total. Draken also has 13 conference rooms, two restaurants, a bakery and two bars. The hotel will be augmented by a urban spa during 2024. The sustainability aspect was important in the hotel initiative, in which the past has been intertwined with the future. Work also included the careful handling of the iconic, listed Draken cinema. The hotel is certified in accordance with the green certification system LEED, Gold Level.



## Building of the year prize for natural beauty of Botanik in Väckjö

Balder was presented with a prize for building of the year for the new production project Botanik by Väckjö Municipality. The nomination was based on the way that Balder has playfully developed a good architectural outcome through a richness of detail in the panels combined with an exciting, appealing roof design. The building is designed to exude future and hope. During the summer, the newly produced apartments were filled with tenants. Botanik has 104 rental apartments with balconies and patios that face either the inner courtyard or the edge of the forest.

## New construction starts of tenant-owner apartments in the heart of Gothenburg

At the end of the summer, piling commenced for Balder's premium residential in central Gothenburg, close to Heden. The Bohusgatan block will have almost 320 tenant-owner apartments and the residential buildings will be completed in stages. The first stages involve the Rubinen and Safiren projects, of seven and 19 floors respectively, which between them will offer around 190 apartments. It is estimated that residents will move in on an ongoing basis, starting in spring 2026. The ground floor will house commercial premises, with a communal car park beneath the buildings. The intention is that the residential buildings will be certified in accordance with Miljöbyggnad Silver. Bohusgatan's third and final project, Spinellen, will produce around 130 tenant-owner apartments. The timing for the start of sales and construction has not yet been confirmed.



## New property management organisation in Finland

Balder's ownership of properties in Finland has increased continuously in recent years. To create cohesive, even more effective property management, during autumn Balder set up its own property management organisation in Finland for commercial properties in the retail, office and hotel segments.

## Positive momentum in Balder's ESG rating

Balder's determined work in the area of sustainability is producing results. Sustainalytics updated Balder's ESG risk rating in October from 13.8 to 12.3. This means that Balder holds a stable position within the low-risk framework. This year's analysis shows that Balder is continuing to perform well in relation to comparable companies when it comes to mitigating serious ESG risks.



## Balder and Geely in partnership for business campus on Lindholmen

Balder and Geely have set up a joint company to develop, construct and manage the sixth building on the Uni3 by Geely campus on Lindholmen in Gothenburg. The campus is a hub for innovators and visionaries, offering conference premises and coworking spaces. Lindholmen is an old shipyard area that is undergoing an exciting transformation. Building B46, which has 12 floors and approximately 17,500 square metres, will house a restaurant, shops and areas for exhibitions and trade fairs. B46 is designed in accordance with the Miljöbyggnad Guld environmental standard.



# RESILIENCE THROUGH UNCERTAIN TIMES

2023 was in many ways similar to 2022. There is still turmoil in the external environment, contributing to continued global uncertainty. As a company, we are constantly adapting to current conditions. We focus on streamlining day-to-day operations and looking after our customers, properties and financing.

## Profit from property management

Profit from property management attributable to the parent company's shareholders amounted to SEK 6,135m (6,139), corresponding to a decrease per share of 3% to SEK 5.32 (5.48).

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

Current earning capacity has been stable during the year, thanks to increases in net operating income and profit from property management in associated companies having compensated for the increased interest expenses. The economic occupancy rate has remained at a high level and so far we do not see any clear signs of a downturn in our operational activities.

## Continued secure financing situation

We have a diversified financing structure and a diversified property portfolio, which decreases the overall risk. The turmoil in the financial markets continued during the year, and we have retained a high liquidity buffer. Towards the end of the year, fixed-interest periods were extended as long-term interest rates fell. Our strong earning capacity and diversified property portfolio poses a low operational risk, which is positive in a financing context.

We made a placement in convertible bonds during the year of just over SEK 5 billion, at an interest rate of 3.5%. Thanks to our strong liquidity situation, good

profits have enabled us to buy back bonds with maturity in particular in the near term, but also with longer maturities. In doing so, we retain a long maturity structure for our liabilities, which provides security and reduces the impact on cash flow from fluctuations in interest rates and financing costs.

## Increased pace in sustainability work

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

Balder has signed the Global Compact, the UN's set of international principles aimed at companies in the areas of human rights, labour law matters, the environment and anti-corruption. We have also set climate goals in line with the Paris Agreement.

During the year, our ESG risk rating from Sustainalytics was updated from 13.8 to 12.3, which puts us comfortably within the low-risk framework. The shift is primarily due to progress in the areas of governance and reporting. Balder's positive development in the climate area with regard to climate goals, climate calculations and climate risk analyses is also highlighted.

There is a lot happening in the area of sustainability, including in the form of new legal requirements. We conducted a double materiality analysis during the year based on the principles of ESRS/CSRD, and we are working with preparations in order to implement necessary changes in the business in good time.

## Reduced activity in projects and investments

As in the market in general, our level of activity regarding purchases and divestments was low during the year. To adapt to the challenges in the world at large, we have paused a number of planned construction launches and are focusing instead on property management operations. Projects in progress will be completed, and we remain generally cautious when it comes to new construction starts.

During the year, we continued to complete projects for own management and projects for divestment with good results. The volume of investment fell during this year and will continue to fall gradually during 2024. We will probably see a decline in the supply of newly produced residentials in the next few years. Over time, however, I believe that there will still be an opportunity to generate a good yield from our project and building rights portfolio.

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

## Focus looking ahead

We monitor developments closely in order to ensure that we are prepared for different scenarios, and we adapt our operations continually based on changing conditions. We will keep working on financing, where we will adopt a longer-term approach than usual. It is



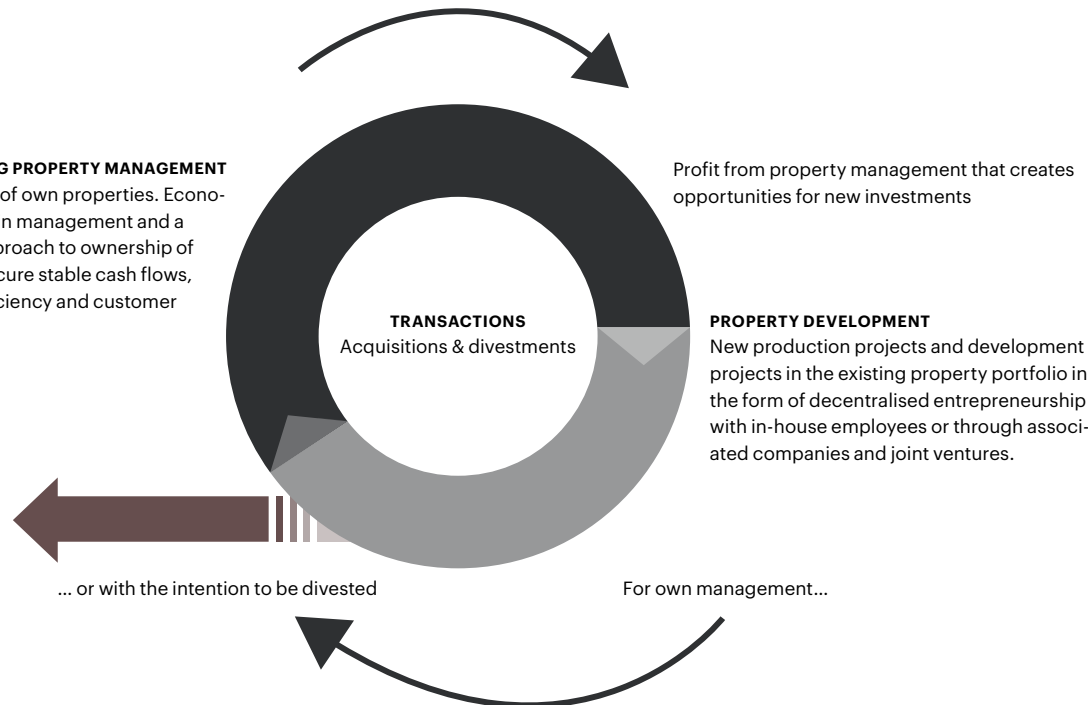
likely that the year ahead will also see a low level of activity when it comes to property transactions. Our focus will also continue to be on our existing portfolio and completion of projects in progress as well as reduce indebtedness.

I would also like to take this opportunity to thank all our engaged employees for their amazing efforts in day-to-day operations!

**ERIK SELIN**  
Chief Executive Officer

# BALDER'S BUSINESS MODEL

Balder's overarching business concept is to create value by owning, developing and managing properties. The business model is based around Balder's diversified property portfolio in terms of geography and property type, which reduces the overall level of risk and results in better financing terms. Through continuous improvement of the existing property portfolio and growth through new land allocations and acquisitions, Balder undertakes long-term urban and property development. Balder evaluates its property portfolio on an ongoing basis in order to capture opportunities and to create growth in value through both sales and acquisitions.



## COLLECTIVE ENTREPRENEURSHIP

With a shared interest in properties and business, everyone at Balder contributes to the whole. An entrepreneur at Balder is solution-oriented, agile and identifies opportunities every day based on changes in the external environment, with an attitude that anything is possible. Working in collaboration, opportunities are shaped from concepts for the mutual benefit of all the company's stakeholders. Together, as a business-driving collective, lasting value is created.

## STAKEHOLDERS

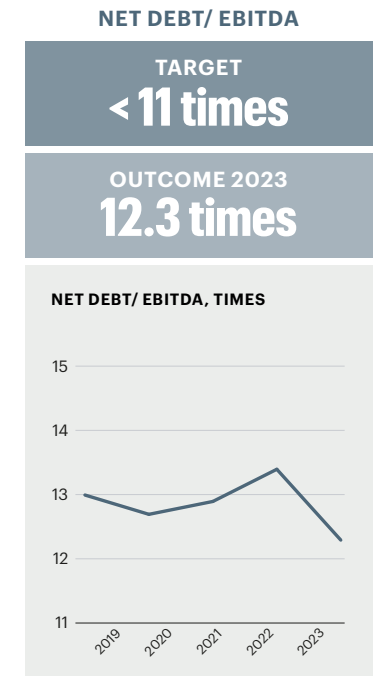
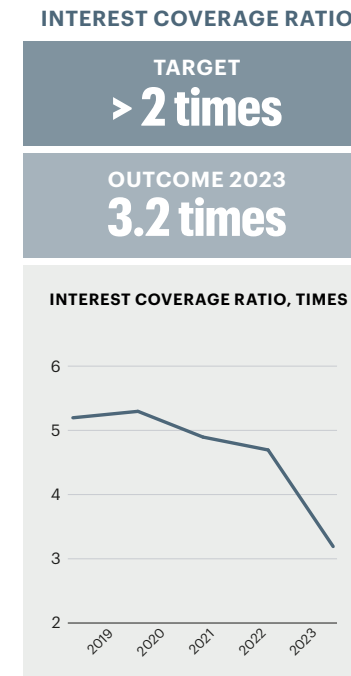
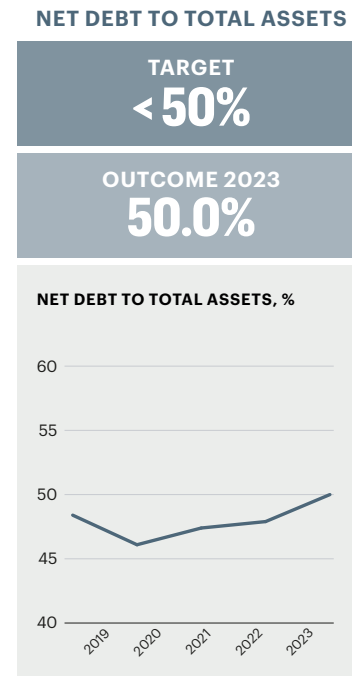
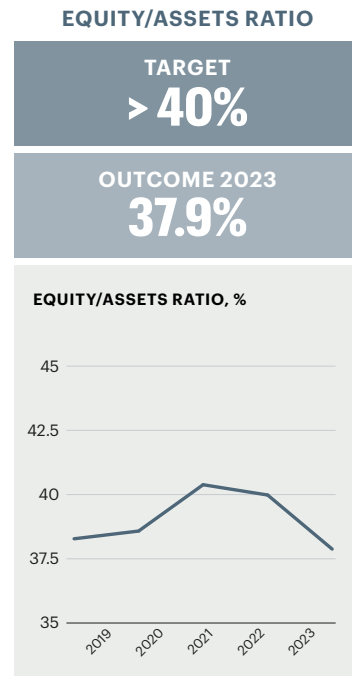
<p>CSI RESIDENTIAL <b>69</b> CSI COMMERCIAL <b>71</b></p>	<p><b>CUSTOMERS</b> Building long-term relationships for mutual business opportunities. Active area development that creates safety and well-being, together with opportunities for the tenant to get involved and have an influence, and to make sustainable choices.</p>
	<p><b>OWNERS AND THE FINANCIAL MARKET</b> Long-term economic and sustainability-related results, and growth in value. A balance sheet that meets the criteria for an investment grade rating throughout an economic cycle.</p>
<p>eNPS <b>2</b></p>	<p><b>EMPLOYEES</b> A strong corporate culture with an inclusive, diversity-oriented perspective. A good work environment with equal terms and fair remuneration. Opportunities for skills development and a good balance between work and leisure.</p>
	<p><b>PARTNERSHIPS</b> A focus on business ethics and responsible collaboration, as well as social and environmental requirements in the supply chain.</p>
	<p><b>SOCIETY</b> Part of the transition to a sustainable society through property management with a local presence and long-term urban development. Development and influence on city districts and local communities through active area development and social investments.</p>

1) eNPS, Employee Net Promoter Score, is a general metric for ambassadorship that has a strong correlation with loyalty, engagement and employee satisfaction. Scale: <-20 = very low, <0 = low, >0 = relatively high, >20 = very high. The average for the property industry is -6. Source: Netigate. Please see page 61.

# FINANCIAL TARGETS

Balder creates shareholder value through increasing earnings per share, but also maintains a number of financial targets designed to ensure a conservative and transparent risk framework. During 2022–2023, new targets have been introduced, in order to visibly reduce leverage, thereby ensuring that Balder’s investment grade rating can be maintained even against a stressed macroeconomic backdrop.

Balder’s overarching goal is to generate a higher risk-adjusted return than other property companies by virtue of our well-diversified property portfolio, our business model and our competence. The risk level in borrowing and hedging should be such that Balder can securely maintain an investment grade rating throughout an economic cycle. Balder has long been successful in building a property business with a size and diversification that are very suitable for both bond financing and secured bank loans. Having a balance sheet that satisfies the criteria for an investment grade rating and continuous access to bond financing is not simply a matter of financing strategy, it is also very much in line with the risk profile that the Board of Directors is in general striving to achieve for the company. All financial targets are in line with the long-term objective. The target introduced in 2023 for net debt in relation to EBITDA developed during the year from 13.4 to 12.3. This target will be achieved through a combination of reduced net debt and increased income from our existing property portfolio as well as the completion of projects.



# SUSTAINABILITY TARGETS

## ENVIRONMENT

Target	Outcome 2023
Halving of emissions by 2030 and net zero emissions by 2040	<b>2% reduced total emissions</b> <i>The Group has decreased its emissions (tonnes CO<sub>2</sub>e) between 2022 and 2023. During 2023, the company has begun establishing a climate roadmap.</i>
Energy efficiency improvement 2% per sq.m. and year	<b>6% increase in energy consumption</b> <i>The Group has increased its energy consumption (kWh per sq.m.) between 2022 and 2023. The energy consumption has increased throughout all operational units, especially Sweden, Finland, and Norway.</i>
Reduced water use by 2% per sq.m. and year	<b>5% decrease in water use</b> <i>The Group has decreased its water consumption (m<sup>3</sup> per sq.m.) between 2022 and 2023. Water consumption decreased at a higher rate than the area of lettable space increased.</i>
All new production shall have environmental certification in accordance with the Miljöbyggnad Silver rating or equivalent	<b>112 environmentally certified buildings in 2023 in total</b> <i>Approximately 619,500 square metres were environmentally certified in the Group. These environmental certifications include BREEAM, DGNB, LEED and Miljöbyggnad Silver.</i>
Implement initiatives for sustainable travel to and from properties	<b>2,418 charging points for electric and hybrid vehicles in total</b> <i>During 2023, Balder had an installed capacity of 9 MW for vehicle charging.</i>

## SOCIAL

Target	Outcome 2023
Create job opportunities in the property management organisation for young people	<b>110 summer workers and 33 internships</b> <i>Balder Sweden and Finland have hired more young people and young adults compared with previous years.</i>
No incidents of discrimination	<b>No incidents</b> <i>During the financial year 2023, no incidents of discrimination were reported within the Group.</i>

## GOVERNANCE

Target	Outcome 2023
No incidents of corruption	<b>No incidents</b> <i>Balder did not receive any reported incidents of corruption during the financial year 2023.</i>
All employees must be trained in the Code of Conduct	<b>754 (64%) of employees in the Group received training on the Code of Conduct during 2023</b> <i>Of all employees in the Group, 1,050 (88%) have received information about the Code of Conduct and anti-corruption.</i>

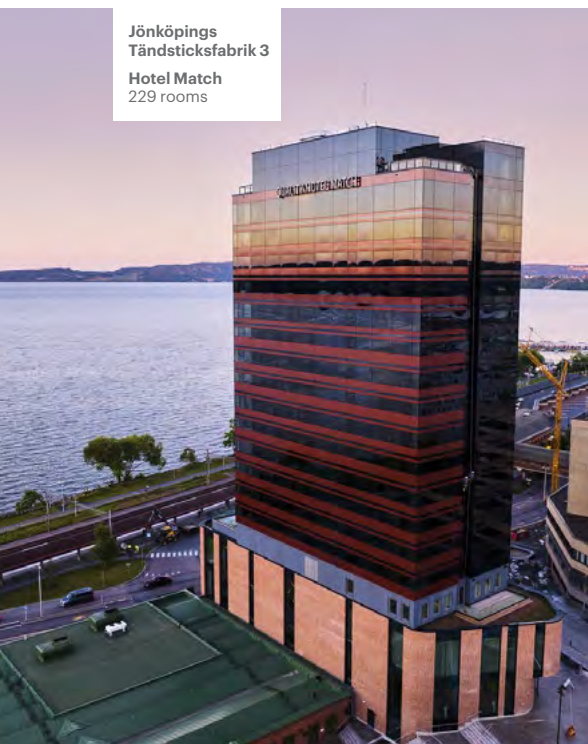
See the sustainability report on pages 30–75 for more information.



# CURRENT EARNING CAPACITY

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

Jönköpings  
Tändsticksfabrik 3  
Hotel Match  
229 rooms



## Current earning capacity

Balder presents its earning capacity on a 12-month basis in the table. The costs of the interest-bearing liabilities are based on the Group's average interest rate level including the effect of derivative instruments. Tax is calculated using the effective tax rate during each period. The current earning capacity should not be placed on a par with a forecast for the next twelve months. The earning capacity does not contain, for example, an estimate of rental, vacancy, currency or interest rate changes. Balder's income statement is also impacted by the development in the value of the property portfolio as well as future property acquisitions and/or property divestments. Additional items affecting the net profit are changes in value of derivatives. None of the above has been considered in the current earning capacity. The earning capacity is based on the property portfolio's contracted rental income, estimated property costs during a normal year as well as administrative expenses.

Möndal  
Pekdonet 1

Office  
Completed 2023  
12,700 sq.m.



## CURRENT EARNING CAPACITY ON A 12-MONTH BASIS

SEKm	2023 31 Dec	2022 31 Dec	2021 31 Dec	2020 31 Dec	2019 31 Dec	2018 31 Dec
Rental income	12,400	11,600	9,710	8,545	8,000	7,000
Property costs	-3,050	-2,735	-2,370	-2,225	-2,080	-1,885
<b>Net operating income</b>	<b>9,350</b>	<b>8,865</b>	<b>7,340</b>	<b>6,320</b>	<b>5,920</b>	<b>5,115</b>
<i>Surplus ratio</i>	75%	76%	76%	74%	74%	73%
Management and administrative costs	-1,100	-1,035	-830	-675	-670	-595
Profit from property management from associated companies	1,950	1,850	1,650	1,110	785	735
<b>Operating profit</b>	<b>10,200</b>	<b>9,680</b>	<b>8,160</b>	<b>6,755</b>	<b>6,035</b>	<b>5,255</b>
Net financial items including ground rent	-4,000	-2,900	-1,750	-1,450	-1,330	-1,125
Minus non-controlling interests	-400	-560	-630	-630	-675	-565
<b>Profit from property management<sup>1)</sup></b>	<b>5,800</b>	<b>6,220</b>	<b>5,780</b>	<b>4,675</b>	<b>4,030</b>	<b>3,565</b>
Tax <sup>2)</sup>	-1,200	-1,305	-1,230	-970	-875	-750
<b>Profit after tax</b>	<b>4,600</b>	<b>4,915</b>	<b>4,550</b>	<b>3,705</b>	<b>3,155</b>	<b>2,815</b>
<b>Profit from property management per share, SEK</b>	<b>5.03</b>	<b>5.39</b>	<b>5.17</b>	<b>4.18</b>	<b>3.73</b>	<b>3.30</b>

1) Attributable to parent company's shareholders.

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

In the current earning capacity, the following exchange rates were used to translate foreign subsidiaries' income statement items: EUR: 11.10 DKK: 1.49 NOK: 0.99 GBP: 12.77.

# BALDER'S SHARE AND OWNERS

Balder's Class B share is listed on Nasdaq Stockholm, Large Cap. The net asset value per share reported negative development during the year and was SEK 85.06 at year-end.

Balder's Class B share is listed on Nasdaq Stockholm, Large Cap. Balder's market capitalisation on 31 December amounted to SEK 82,534m (55,992). The price of Balder's Class B share was SEK 71.52 (48.52) at the year-end, representing a rise of 47% during the year.

## Share capital

As of 31 December, the share capital in Balder amounted to SEK 192,333,333. As of 31 December 2023, the total number of shares was 1,154,000,000 shares, of which 67,376,592 shares are Class A shares and 1,086,623,408 are Class B shares. Each Class A share carries one vote and each Class B share carries one tenth of one vote.



## ANALYSTS FOLLOWING BALDER

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

THE BALDER SHARE'S PERFORMANCE	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Data per share</b>										
Average number of shares, thousands	1,154,000	1,119,192	1,119,000	1,083,090	1,080,000	1,080,000	1,080,000	1,041,588	976,518	970,716
Net profit for the year, SEK	-5.85	9.09	16.54	6.13	8.30	8.62	6.45	5.06	4.83	3.02
Profit from property management, SEK	5.32	5.48	4.95	3.92	3.73	3.06	2.46	1.98	1.62	1.11
Outstanding number of shares, thousands	1,154,000	1,154,000	1,119,000	1,119,000	1,080,000	1,080,000	1,080,000	1,080,000	1,034,382	974,382
Equity, SEK	71.33	78.16	69.35	52.02	45.38	37.17	28.98	23.20	17.21	11.68
Long-term net asset value (NAV), SEK	85.06	92.10	83.96	64.56	56.95	46.27	36.35	30.02	22.39	14.39
Share price on closing date, SEK	71.52	48.52	108.63	71.48	72.20	42.00	36.57	30.68	34.78	18.38
Change in share price, %	47	-55	52	-1	72	15	19	-12	89	67
Dividend, SEK	—	—	—	—	—	—	—	—	—	—
<b>Market capitalisation</b>										
Market capitalisation, SEKm	82,534	55,992	121,561	79,990	77,976	45,360	39,492	36,371	39,099	21,404

# WHY INVEST IN BALDER?

## 1. HISTORICALLY SUCCESSFUL INVESTMENTS

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

The project portfolio consists of many investments in major urban development projects such as Backaplan and Västra Frölunda in Gothenburg and Kungens Kurva in Stockholm.

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



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

- Residential, 55
- Office, 17
- Other, 12
- Retail, 10
- Industrial/Logistics, 6



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

- Helsinki, 25
- Gothenburg, 19
- Stockholm, 16
- Copenhagen, 12
- East, 12
- North, 9
- South, 7



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

- Helsinki, 22
- Gothenburg, 20
- Stockholm, 14
- East, 15
- North, 14
- South, 8
- Copenhagen, 6

**Gothenburg Frölunda Park**  
Tenant-owner apartments  
In progress  
392 apartments



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

MULTI-YEAR SUMMARY	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Rental income, SEKm	11,944	10,521	8,956	8,134	7,609	6,714	5,915	5,373	2,711	2,525
Profit from property management, SEKm <sup>1)</sup>	6,135	6,139	5,543	4,244	4,023	3,304	2,804	2,265	1,780	1,275
Changes in value of investment properties, SEKm	-9,995	5,530	13,111	3,453	9,577	8,007	5,336	4,932	3,388	3,050
Changes in value of derivatives, SEKm	-1,899	1,617	511	-141	-180	-34	144	-114	227	-624
Net profit for the year, SEKm <sup>1)</sup>	-6,746	10,175	18,508	6,641	8,958	9,308	7,118	5,474	4,916	3,128
Investment properties, SEKm	209,000	213,932	189,138	149,179	141,392	116,542	98,360	86,177	68,456	37,382
Development properties, SEKm	2,750	3,421	2,697	2,803	2,344	1,598	—	—	—	—
<b>Property-related key ratios</b>										
Rental value full year, SEK/sq.m.	2,158	2,060	1,836	1,893	1,921	1,802	1,724	1,583	1,508	1,325
Rental income full year, SEK/sq.m.	2,064	1,982	1,758	1,809	1,850	1,737	1,651	1,507	1,455	1,254
Economic occupancy rate, %	96	96	96	96	96	96	96	95	96	95
Vacancy rate, %	4	4	4	4	4	4	4	5	4	5
Surplus ratio, %	75	74	75	76	74	73	71	68	72	70
Carrying amount, SEK/sq.m.	33,929	34,540	32,979	32,114	31,613	28,013	24,952	21,473	18,622	17,172
Number of investment properties	1,901	1,841	1,678	1,362	1,298	1,185	1,148	1,220	1,177	486
Lettable area, thousand sq.m.	6,004	5,837	5,509	4,502	4,304	4,025	3,739	3,806	3,430	2,177
<b>Financial key ratios</b>										
Return on equity, %	-7.8	12.1	27.3	12.4	20.1	26.1	24.7	24.6	32.3	29.7
Interest coverage ratio, times	3.2	4.7	4.9	5.3	5.2	4.6	4.3	3.7	5.1	3.4
Equity/assets ratio, %	37.9	40.0	40.4	38.6	38.3	38.4	35.5	36.1	34.1	35.5
Debt/equity ratio, times	1.4	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6
Net debt to total assets, %	50.0	47.9	47.4	46.1	48.4	50.1	51.8	51.8	54.6	54.6
Net debt/EBITDA, times	12.3	13.4	12.9	12.7	13.0	12.9	12.9	13.2	18.1	12.1

1) Attributable to the parent company's shareholders.

Oulu  
Oulun Hiillos  
Rental apartments  
84 apartments



## 4. LONG-TERM, ENGAGED OWNERS

The principal owners of Fastighets AB Balder are Erik Selin Fastigheter AB, which owns 34.1% of the capital and 47.8% of the votes, Arvid Svensson Invest AB, which owns 8.6% of the capital and 14.6% of the votes, and a number of institutional investors. At the end of 2023, the total number of shareholders was around 29,000 (29,000), and 44% (44) of the share capital was owned by the Board of Directors and management.

### DIVIDEND POLICY

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

Balder will instead continue to improve important financial key ratios and to invest in existing properties, new construction and the acquisition of new properties. The Board of Directors proposes to the Annual General Meeting that no dividend for the share should be paid for the financial year 2023.

### OWNERSHIP LIST, 31/12/2023

Owners	Class A shares	Class B shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	49,855,968	343,265,400	393,121,368	34.1	47.8
Arvid Svensson Invest AB	17,495,352	81,255,240	98,750,592	8.6	14.6
Swedbank Robur Fonder	—	72,744,678	72,744,678	6.3	4.1
AMF - Försäkring och Fonder	—	61,082,056	61,082,056	5.3	3.5
Länsförsäkringar Fondförvaltning AB	—	35,477,161	35,477,161	3.1	2.0
Lannebo Fonder	—	22,170,378	22,170,378	1.9	1.3
SEB Investment Management	—	22,004,723	22,004,723	1.9	1.2
Folksam	—	16,950,433	16,950,433	1.5	1.0
Handelsbanken Fonder	—	15,529,601	15,529,601	1.3	0.9
Cliens Fonder	—	13,772,789	13,772,789	1.2	0.8
Others	25,272	402,370,949	402,396,221	34.9	22.9
<b>Total</b>	<b>67,376,592</b>	<b>1,086,623,408</b>	<b>1,154,000,000</b>	<b>100</b>	<b>100</b>

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

Balder's most important goal is to increase the profit from property management per share over time. Over the past five years, the profit from property management has increased by an average of 12% per year and the net asset value by an average of 13% per year. During the same period, the share has been traded at an average of 101% of the net asset value and 16 times the profit from property management.

### Developments during the year

Equity per share amounted to SEK 71.33 (78.16) as of 31 December, representing a decrease of -9% (13) during the year. The net asset value per share (NAV)

during the period decreased by -8% (10) to SEK 85.06 (92.10). The difference between equity and net asset value is that derivatives, net of deferred tax liabilities and deferred tax assets, are reversed in net asset value. The share price/net asset value ratio was 84% (53) at the year-end.

Profit from property management attributable to the parent company's shareholders amounted to SEK 6,135m (6,139), corresponding to a decrease per share of 3% to SEK 5.32 (5.48).

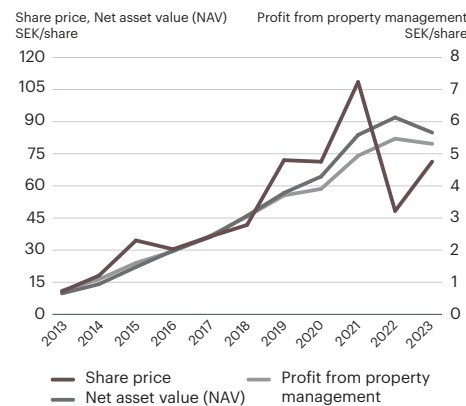
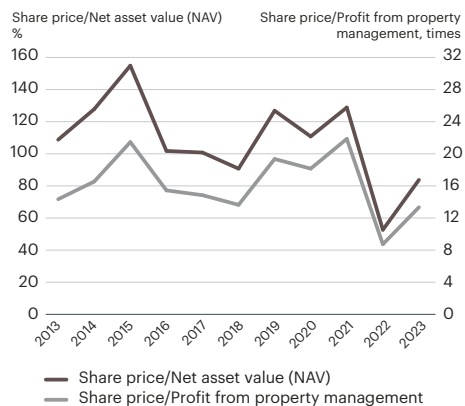
698 million shares were traded during the year (608), representing an average of around 2,780,000 shares per trading day (2,405,000) or SEK 139m (165) based

on the average price during the year. The turnover represents an annual turnover rate of 60% (53), and if Erik Selin Fastigheter AB's shares are excluded, the annual turnover represents approximately 92% (80) of the outstanding shares. The proportion of foreign-owned shares is 24% (27).

## 6. SUSTAINABLE FINANCING

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

Balder has had green financing for several years in the form of green loans and green bonds. All properties that are built by the company shall be environmentally certified in accordance with the Miljöbyggnad Silver rating or equivalent. In 2023, Balder owned 112 environmentally certified buildings in Sweden, Denmark, Finland, Norway and the UK, corresponding to approximately 619,500 environmentally certified square metres. Balder also has an ESG risk rating from Sustainalytics of 12.3, which puts the company comfortably within the low-risk framework.



### THE SHARE'S PERFORMANCE OVER TIME

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



# OPERATIONS

Hillerød  
Carlsbakken  
Rental apartments  
127 apartments



# A DIVERSIFIED PROPERTY PORTFOLIO

Balder offers residential, commercial properties and new production projects in Sweden, Denmark, Finland, Norway, Germany and the UK. The focus is primarily on capital cities and other large cities. The diversity in terms of both geography and focus limits dependence on developments within specific segments, thereby constraining the overall risk in the business.

Balder's property portfolio is characterised by both breadth and depth. All in all, a wide range of residential and commercial premises are offered in different locations, designs and sizes, and at different rental levels.

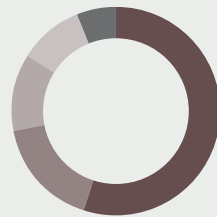
The residential properties are located primarily in metropolitan or growth regions in Sweden, Denmark, Finland and Norway. The portfolio includes apartments in both central locations and on the outskirts of cities, in newly produced properties and older properties. All in all, at the end of 2023 Balder had approximately 47,900 residential contracts distributed across approximately 1,400 residential properties.

Balder's property portfolio contains a wide variety of commercial space, ranging from office, retail and warehouse space to floor space adapted for restaurant and educational activities, for example. The commercial properties are primarily located in the central areas of major cities in the Nordic region, as well as in London and a number of large cities in Germany. The portfolio in Germany consists of a number of hotel properties. The portfolio in London consists of properties for offices and retail.



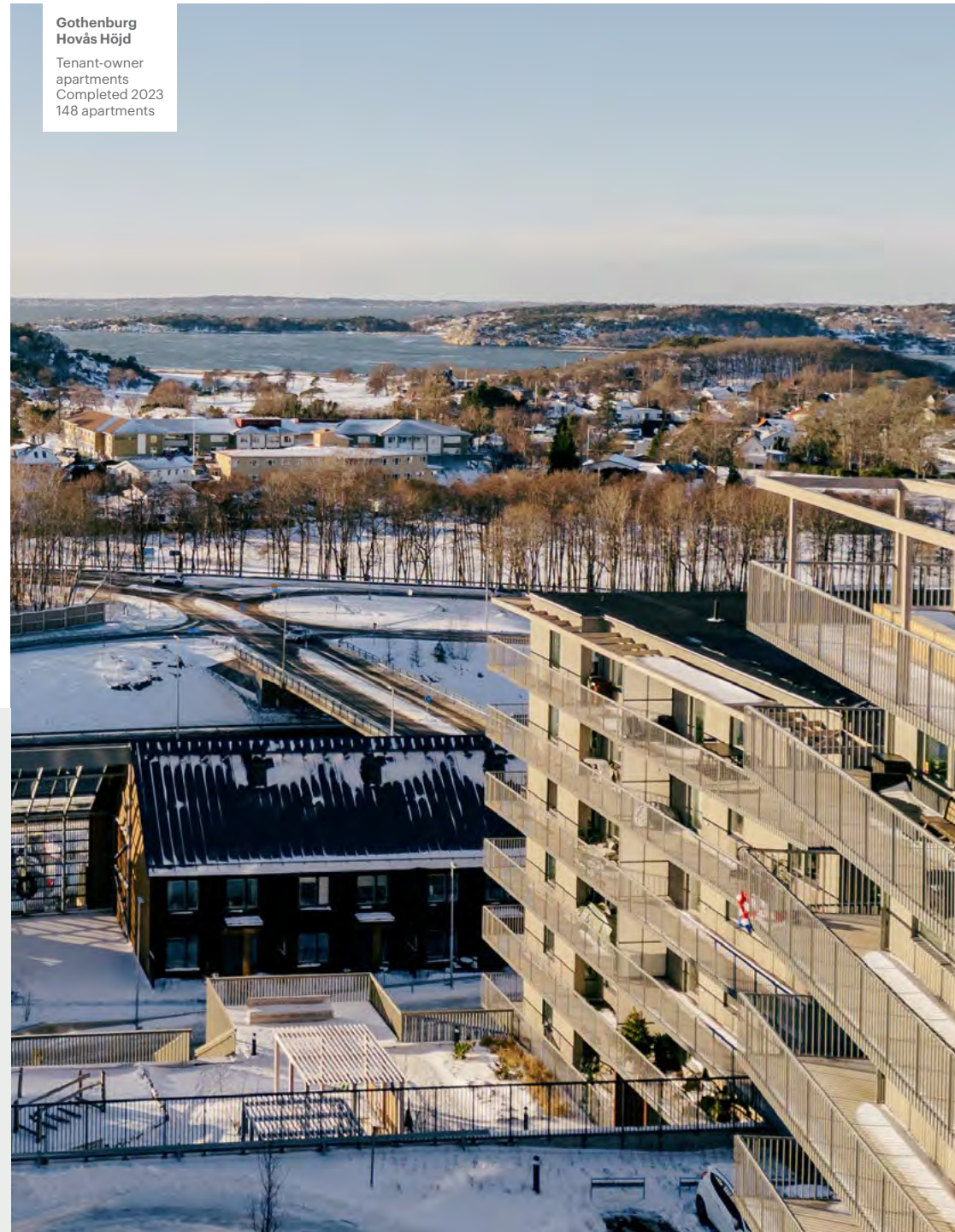
**CARRYING AMOUNT PER REGION**  
total property portfolio, %

- Helsinki, 25
- Gothenburg, 19
- Stockholm, 16
- Copenhagen, 12
- East, 12
- North, 9
- South, 7



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

- Residential, 55
- Office, 17
- Other, 12
- Retail, 10
- Industrial/Logistics, 6



**Gothenburg  
Hovås Höjd**  
Tenant-owner  
apartments  
Completed 2023  
148 apartments



# BALDER'S GEOGRAPHICAL MARKETS

Balder owns, manages and develops properties in Sweden, Denmark, Finland, Norway, Germany and the UK.

	Sweden	Denmark	Finland	Norway
Balder established since	2005	2012	2014	2016
Focus	Residential, commercial properties and project development, primarily in Stockholm, Gothenburg and Malmö.	Residential, commercial properties and project development, primarily in the Copenhagen region.	Residential, commercial properties and project development, primarily in Helsinki, Tampere and Turku.	Residential, commercial properties and project development, primarily in the Oslo region.
Carrying amount of total property portfolio, 31/12/2023	SEK 100,428m	SEK 25,010m	SEK 74,425m	SEK 11,404m
Lettable area, 31/12/2023	3,040,384 sq.m.	398,284 sq.m.	2,018,463 sq.m.	478,673 sq.m.
Rental income, 2023	SEK 5,270m	SEK 1,146m	SEK 4,612m	SEK 744m

Balder also owns and manages properties in Germany and the UK, but these markets are not reported above as they constitute a small proportion of the total.



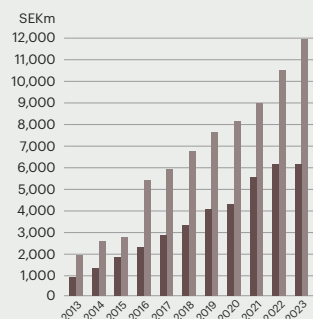
# DEVELOPMENTS IN 2023

## INCREASING RENTAL INCOME AND STABLE PROFIT FROM PROPERTY MANAGEMENT

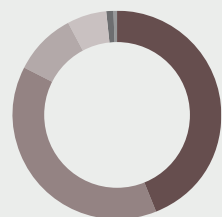
Rental income increased during 2023 by 14% to SEK 11,944m (10,521), of which the effect of changes in exchange rate fluctuations was SEK 398m (258). This increase is due to acquisitions and completed projects for own management, as well as increased residential rents and an increase in the index for commercial premises.

At the end of the year, the economic occupancy rate was 96% (96). The total rental value of unlet areas at the end of the year amounted to SEK 568m (458). The profit from property management for 2023 amounted to SEK 6,549m (6,659), of which the effect of changes in exchange rates amounted to SEK 91m (111).

### RENTAL INCOME AND PROFIT FROM PROPERTY MANAGEMENT



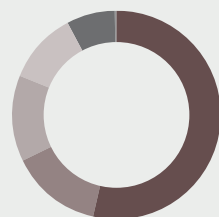
Profit from property management attributable to the parent company's shareholders amounted to SEK 6,135m (6,139), corresponding to a decrease per share of 3% to SEK 5.32 (5.48). Increased interest expenses were counterbalanced during the year by increased net operating income and a stable profit from property management from associated companies. Profit from property management includes SEK 1,917m (1,929) in respect of associated companies.



### DISTRIBUTION OF RENTAL INCOME BY COUNTRY

total property portfolio, SEKm

- Sweden, 5,270
- Finland, 4,612
- Denmark, 1,146
- Norway, 744
- UK, 109
- Germany, 63



### DISTRIBUTION OF RENTAL INCOME BY PROPERTY CATEGORY

total property portfolio, SEKm

- Residential, 6,428
- Office, 1,699
- Retail, 1,578
- Other, 1,329
- Industrial/Logistics, 887
- Projects for own management, 22

## LEASE STRUCTURE

31/12/2023

Maturity date	Number of leases	Share, %	Contracted rent, SEKm	Share, %
2024	1,673	35	513	4
2025	1,111	24	833	7
2026	699	15	685	6
2027	493	10	654	5
2028-	751	16	3,205	26
<b>Total</b>	<b>4,727</b>	<b>100</b>	<b>5,890</b>	<b>47</b>
Residential <sup>1)</sup>	47,905		6,365	51
Car park <sup>1)</sup>	11,859		54	0
Garage <sup>1)</sup>	6,358		91	1
<b>Total</b>	<b>70,849</b>		<b>12,400</b>	<b>100</b>

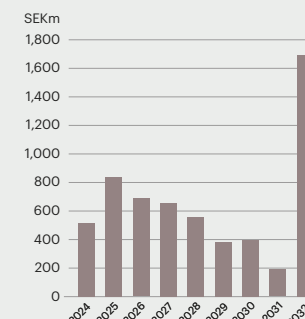
1) Normally has a period of notice of three months.

## GOOD RISK DIVERSIFICATION IN THE COMMERCIAL PORTFOLIO

At the end of 2023, Balder's commercial leases had an average lease term of 6.6 years (6.2). At the same time, the ten biggest leases represented 3.8% (3.5) of total rental income, with an average lease term of 12.8 years (10.1).

The economic occupancy rate in the commercial portfolio was 95% at the end of 2023. In total, Balder had approximately 3,200 commercial customers and a total lettable area of approximately 2,978,000 sq.m.

### MATURITY STRUCTURE OF COMMERCIAL AGREEMENTS



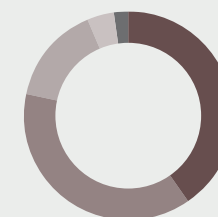
## TRANSACTIONS

Transactions, both acquisitions and sales, constitute part of Balder's business model. Investments are made primarily in areas where Balder is already operating. The rate of growth and inbound relocation in these metropolitan regions has been high over time, which has resulted in good, rising demand for both residential and commercial premises.

### Developments in the property portfolio, 2023

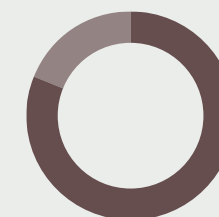
Because of the market situation, the number of transactions was limited during the year. All in all, a total of SEK 6,710m (14,171) was invested in investment properties, of which SEK 888m (5,160) related to acquisitions and SEK 5,822m (9,011) to investments in existing properties and projects for own management.

Investment properties, condominiums and land were divested during the year with a sales value of SEK 681m (2,913). Realised changes in value from the divestments amounted to SEK -14m (111).



### ACQUISITIONS per property category, SEKm

- Retail, 360
- Residential, 336
- Office, 136
- Industrial/Logistics, 38
- Other, 18



### SALES per property category, SEKm

- Development properties, 2,938
- Investment properties, 681

# VALUE-ADDING PROPERTY MANAGEMENT

Balder offers a wide range of residential and commercial premises in different locations and at different rental levels. The combination of Balder's size and the local presence provides an opportunity to be both the large, safe landlord and the local actor at the same time, with the knowledge and desire to develop its areas. By means of careful, long-term and responsible property management, Balder wants to contribute to positive development in the local area. This in turn enables long-term relationships with tenants, as well as a positive development in value for the individual properties.

In its dealings with all tenants, both private and commercial, Balder strives to achieve long-term relationships. For residential customers, the aim is that they shall be comfortable in their homes and in their residential area, and live in Balder's properties for a long time. For commercial customers, the ambition is that their various businesses shall be able to develop in Balder's premises and that changes in respect of both size of premises and geographical location can be accommodated.

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

## Major strength in local presence

In all areas where Balder owns properties, the company has its own employees who are responsible for management, letting and operations. This local presence brings a proximity to tenants and good knowledge of both areas and properties. Tenants are involved on an ongoing basis through surveys, discussions and meetings about ideas and suggestions relating to the development of the properties and entire areas. Based on this, measures are ranked and prioritised in order to best contribute to increased customer satisfaction.

## Examples of events in property management during 2023

### Sweden

The property management organisation in Sweden was characterised during the year by customer care, a high level of cost consciousness and further development of the company's sustainability work. Energy savings and energy efficiency improvement were high on the agenda, as were efforts to make the transition to renewable energy sources.

The organisation has also been strengthened in the energy and operations areas as well as in fire safety, both to enhance service to customers and to be prepared for the company's existing and upcoming energy projects. Several operational projects have also been completed successfully.

Opportunities in the area of digitalising the business have been explored through various tests of digital

solutions, with the aim of being able to create more customer value. Internal training courses have been developed in the areas of property management and letting. The letting organisation has also been developed and enhanced, with new, more specialised roles.

During 2023, new rental apartments in Borås, Gothenburg, Helsingborg, Karlstad, Kungsängen and Växjö were added to the property management organisation. In the area of commercial property management, demand for premises has been strong, and many lettings of various sizes have been completed. A number of shopping centres from a former subsidiary have been added to the property portfolio, creating interesting new opportunities in the retail sector in Stockholm and Malmö.

### Denmark

The focus of the Danish property management organisation activities has during the year been on customers and employees as well as on implementation of sustainable measures and process optimization. Various measurement and customer dialogue initiatives have created prerequisites for increased efficiency, better customer experience and an improved property maintenance.

The property portfolio was extended during 2023 with the completion of three new properties: Green Hills in Solrød, Triumphbyen in Espergærde and Strandby Huse in Greve. This represents the addition of 400 new tenants. In parallel with this, planning has

been under way for a future construction project, EngByen in Copenhagen. The aim of this project is to create value for Balder's stakeholders and contribute to sustainable urban development. There is a determined effort to continuously integrate innovative, green and safe technologies into development projects, to achieve the greatest possible success in reducing environmental impact and promoting energy efficiency.

**“ One important element of Balder's heart and soul is to perform property management in-house in order to better meet the needs of tenants.**

Sharam Rahi, Deputy CEO at Balder

### Finland

In the Finnish market, Balder owns 56.5% of SATO Oyj, which is Finland's second biggest residential property company. SATO develops and manages residentials in the metropolitan regions of Greater Helsinki, Tampere and Turku. Balder also owns 75% of Joo Group Oy, which develops, owns and lets apartments in growth locations in Finland. Balder also has wholly owned commercial properties, and in 2023 the company established its own property management organisation in Finland in order to be able to manage these properties in a more cohesive and efficient way. The property management involves a property portfolio that consists of over sixty commercial properties in the retail, office and hotel segments. The focus for the year was on improving cost-efficiency and process efficiency, of which the in-house property management organisation is an element.

## COLLABORATION FOR NEIGHBOURHOOD DEVELOPMENT

Since 2013, Balder has owned, managed and developed residential areas in Bergsjön and Västra Frölunda in Gothenburg. Over a ten-year period, Balder has been working to enhance the existing property portfolios and create more homes with various forms of tenure. Gothenburg celebrated its 400th anniversary in the summer of 2023, and alongside this, the Prototyp Göteborg initiative organised panel discussions and guided tours of a number of areas. Employees from Balder took part in discussions on collaboration for social sustainability and co-creation between the city, property owners and residents.



## INCREASED CUSTOMER SATISFACTION

Having satisfied customers is one of Balder's most important goals. Balder undertakes long-term, structured work to continuously keep track of the customers' opinions. A major initiative was carried out during 2023 to increase the accessibility of the results and create better conditions for collaboration. Never before has Balder had as many satisfied residential tenants as it does now in the Swedish market.

Balder works on a broad front in the areas of both property management and property development, which means that the company encounters its customers in many different ways and on multiple occasions. The customer journeys are different, and they are measured in full and in part in order to develop specific interfaces and thereby improve the experience of Balder as a company. The aim of this work is to increase customer satisfaction in both the short term and the long term.

### CSI Residential 2023

During the autumn, a national survey was conducted in which a record number of customers chose to take part and offer their personal views and responses. Total customer satisfaction, measured in CSI and NPS, has improved significantly, and never before has Balder had as many satisfied residential tenants as it does now.

In addition to increased overall customer satisfaction, the results indicate major improvements in information to tenants, the opportunity to make green choices in the home and tenants getting help with their fault reports within a reasonable time. The results also show that Balder's tenants are keen to live with an environmentally aware landlord.

### CSI Residential New Production 2023

Several new production projects in the residential sector became ready for occupancy during 2023. With the aid of standardised moving-in surveys, a number of responses from new occupants have been collected. This accumulated data has provided knowledge and insights, which have been implemented in both projects in progress and completed projects. The results indi-

cate increased customer satisfaction in Balder's newly produced projects and residential.

### CSI Commercial 2023

During the year, Balder also asked commercial customers how they feel about their premises and with Balder as a landlord. The results show a continued positive trend in customer satisfaction, including improvements in service and fault management, well-being in the premises and safety in the property. Balder's commercial customers feel that not only is it easier to report faults, but also that the treatment in every contact has improved from already high levels. Work going forward continues to clearly inform and give feedback to tenants about what is happening in their premises and with their individual cases.

Just as in the residential properties, commercial customers feel that Balder supports them with enhanced opportunities to make green choices. There is also an improvement in responses to questions about opportunities for sorting at source and cleaning the recycling room.

To make sure that the letting process for Balder's commercial premises operates optimally, the company has initiated measurements of various stages in the letting process during the year. The results have contributed to new knowledge and improved processes.

Despite the excellent results reflecting a continued increase in satisfaction in both residential and commercial portfolios, short-term and long-term work continue to become an even more attractive landlord. The focus going forward is on working even more closely with customers and offering even better service.

CSI  
RESIDENTIAL  
**69**

The CSI for Balder's current residential tenants amounts to an average of 69, which represents a medium-high level of customer satisfaction.

CSI RESIDENTIAL  
NEW PRODUCTION  
**79**

The CSI for Balder's newly produced rental apartments that were completed during 2023 amounts to an average of 79, which represents a high level of customer satisfaction.

CSI  
COMMERCIAL  
**71**

The CSI for Balder's commercial customers amounts to an average of 71, which represents a medium-high level of customer satisfaction.

Balder primarily uses three different metrics: CSI, NPS and the Balder Index. The Customer Satisfaction Index (CSI) is created from the responses to three standardised questions and measured on a scale of 100. The Net Promoter Score (NPS) is a metric that defines willingness to recommend and customer loyalty. The Balder Index is based on questions about service, treatment and presence.

To create the conditions for local property management to gain the right insights and be able to make good decisions, Balder has three full-time employees who measure, analyse and present the results from this ongoing work on customer satisfaction.

# PROPERTY DEVELOPMENT

Within the framework of Balder's property development, both new production and major rebuilding projects of both residential and commercial premises are carried out. Investments are made primarily in areas where the company is already operating.

Through a continued upgrading of the existing property portfolio, combined with growth through new land allocations and acquisitions, Balder strives to be an active, long-term and responsible actor in the field of urban and property development.

## Completed projects and projects in progress, 2023

During the year, projects in progress were carried out at a high tempo and with good results. Refurbishments and renovations has been ongoing continuously throughout the year with some restraint. Completed projects were implemented according to plan. The newly produced properties are certified according to Miljöbyggnad Silver or equivalent.

### New production for own management

In total, approximately 3,130 rental apartments were completed during the year in Sweden, Denmark and Finland. The biggest single projects included Green Hills i Solrød and Triumphbyen Hovvej in Helsingør in Denmark, Bergsjö Höjd in Gothenburg in Sweden, and Keimolanmäki in Vantaa in Finland.

Most of the major projects in progress relate to residential projects with condominiums that are rented out. All in all, projects cover approximately 1,250 apartments, of which approximately 900 are in Finland and approximately 340 in Denmark. The major commercial projects completed during the year include the construction of InMotion's production facility in Tyresö, Hedin's head office in Mölndal and Hotel Draken in Gothenburg, which was officially opened in October 2023.

At the year-end, total investments in projects in progress for own management amounted to SEK 3.2 billion (11.3), of which SEK 2.5 billion (8.3) was spent and SEK 0.7 billion (3.0) is still to be invested.

### Major rebuilding projects

Major rebuilding projects involving residential during the year were Långströmsallén in Gothenburg, and premises for Swedbank in Gothenburg and for Convendum in Spårvagnshallarna in Stockholm.

### New production for divestment

The projects also include development properties that are intended for divestment after development or upgrading. In total, six properties were divested during the year. The autumn also saw the start of construction of residential on Bohusgatan in Gothenburg.

At the year-end, investments in projects in progress intended for divestment amounted to SEK 3.0 billion (3.0), of which SEK 1.6 billion (1.9) was spent and SEK 1.4 billion (1.1) is still to be invested.

All projects in progress relate to residential projects that will be sold to end customers. The projects involve around 860 apartments and relate primarily to about 720 tenant-owner apartments in Gothenburg and about 140 tenant-owner apartments in Stockholm.

### Large building rights portfolio

In addition to projects in progress, Balder has a large, interesting portfolio of building rights. The building rights portfolio mainly includes building rights for the construction of residentials, but there are also rights for commercial properties. The portfolio covers all geographical markets, although the biggest proportion is in Gothenburg and Stockholm.



## HOVÅS HÖJD SOLD OUT

In 2023, the move-in began in the nature- and sea-adjacent Hovås Höjd, and by autumn, the project was sold out. The project was launched in June 2021, and involves 150 tenant-owner homes in the form of four apartment blocks and ten town houses, as well as one communal building. The buildings were constructed in accordance with the Miljöbyggnad Silver rating.



## BOVIERAN SVEDALA COMPLETED

The official launch of the construction of Bovieran in Svedala was in April 2022. Just over one year later, the building was complete and the tenant-owners have now moved in. The building has 54 apartments, a glazed winter garden and spaces for social gatherings and activities. The residential concept is aimed at people aged 55 and over who want to live in a unique environment inspired by life on the Riviera. Bovieran has been a wholly-owned subsidiary since 2015. Bovieran Svedala is the 28th project of its kind.



## OFFICIAL OPENING OF PRODUCTION FACILITY

June saw the opening of InMotion's new production facility in Stockholm, after the construction started in February 2022. InMotion has been renting premises from Balder since 2005, and the former premises have now been supplemented with a new facility of around 6,000 sq.m., certified in accordance with the Miljöbyggnad Silver rating. This expansion doubles InMotion's production capacity and increases Swedish competition in the field of electrification for the automotive industry.



**Hotel Draken** is one of the latest additions to Balder's property portfolio. With over 60 hotel properties in its portfolio, Balder is one of Sweden's largest hotel property owners. In addition to hotels in the centre of Stockholm, Gothenburg and Malmö, the portfolio consists, among other things, of hotel properties in central Copenhagen, Helsinki and Berlin.



## HOTEL DRAKEN – FROM PROJECT TO OWN MANAGEMENT

Project Hotel Draken on Järntorget square in Gothenburg was launched in 2017. It is a unique, complex project in a very complicated location, where a large, high building has been constructed in an extremely confined space with a lot of local traffic routes. The size and location of the project required a lot of careful planning and good collaboration with Folkets Hus and the hotel operator Strawberry.

Many observers have monitored the construction of the hotel with fascination. At times the building was growing by more than one storey a week. With its living façade and a sheet metal entrance roof that imitates a dragon's scales, the hotel building has gradually grown into its role and is contributing to a renewal of this area.

The hotel was officially opened on 1 October 2023. With its 34 floors and 474 rooms, Draken rises majestically over the water, offering a captivating view over the approach to Gothenburg. Balder is now prepared for long-term property management with a presence for this completed in-house project.



# ASSOCIATED COMPANIES

Balder is co-owner of a large number of companies that manage properties and develop projects, and also of Norion Bank (formerly Collector Bank).

The property management interest companies together own 581 investment properties (591) as well as project properties. Balder's share of the carrying amount at the end of 2023 was SEK 49,953m (55,758), lettable area of approximately 1,335,000 sq.m. (1,306,000) and a rental value amounting to SEK 2,776m (2,648). The profit from property management for all associated companies, i.e. profit excluding changes in value and tax, amounted to SEK 4,377m (4,686), of which Balder's share amounted to SEK 1,917m (1,929).

The companies' profit after tax amounted to SEK -5,783m (3,312), of which Balder's share amounted to SEK -2,236m (1,002).

## Developments in 2023

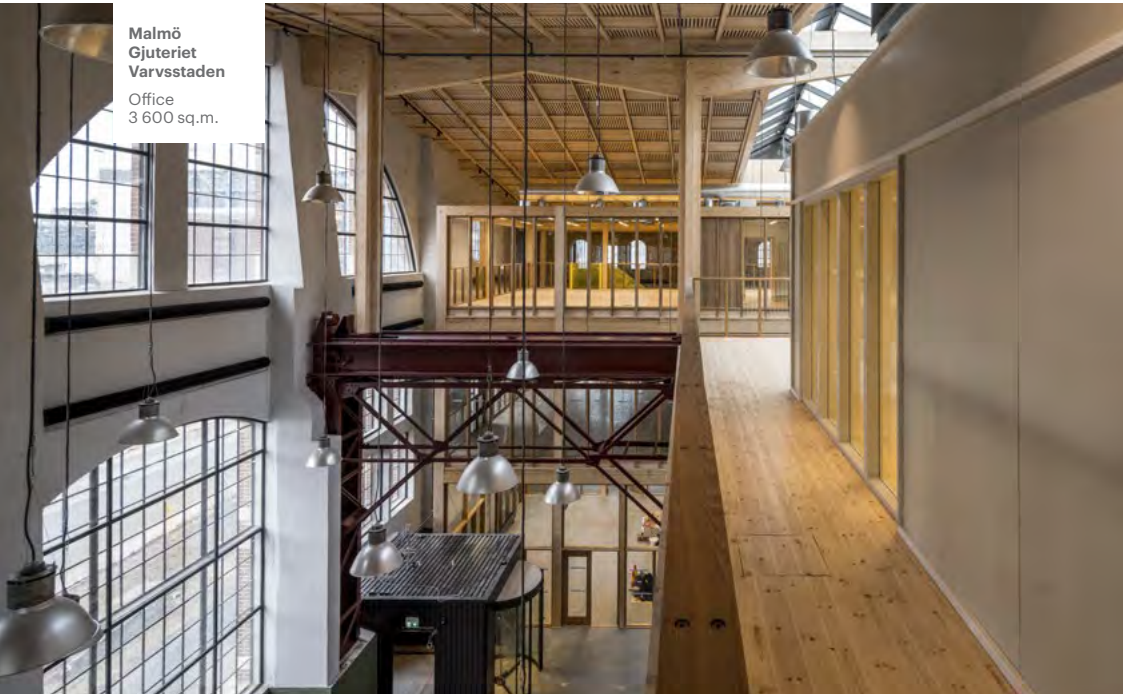
As a Group, Balder's associated companies report the same trend as Balder in general, i.e. stable profit from property management with a slight fall in property values due to heightened yield requirements.

## URBAN DEVELOPMENT PRIZE FOR GJUTERIET IN VARVSSTADEN

Gjuteriet was the 2023 winner of the City of Malmö's urban development prize, based on its high environmental ambitions and the level of recycling. Varvsstaden is an urban development project that is co-owned by Balder and PEAB. Varvsstaden features Malmö's century-old shipbuilding history, and the aim is to create an attractive city district with an exciting mix of environments with a cultural historical value. Great emphasis is placed on reuse and sustainability, and on retaining the character of the area. Many of the buildings that remain from the age of Kockums are being renovated for a new life as offices, retail outlets, restaurants or other kinds of businesses. Magasinet was one of the very first buildings to be completed, now housing office premises. When the area has been completed, most of the 180,000 sq.m. of Varvsstaden will comprise residential buildings with various forms of tenure. It is planned that a total of around 2,500 new homes will be created. Three new links over the water will connect the area with the centre of Malmö, and a new public transport route will run through the area. Varvsstaden is expected to be fully completed by around 2035.



Malmö  
Gjuteriet  
Varvsstaden  
Office  
3 600 sq.m.



## MOTIVATION OF THE JURY

“ With a series of clear and smartly considered features, the old foundry at the Kockums shipyard has not only been reused, but also enhanced to represent its important cultural heritage for the city. The new wooden frame that houses the building's interior and functions has been partly suspended from the old overhead crane, giving it a new function, creating a sense of authenticity while at the same time keeping the ground floor of the building open from bearing structures.

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

31/12/2023	Number of investment properties <sup>3)</sup>	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Stockholm	127	180,697	392	2,169	367	94	6,931	14
Gothenburg	108	257,848	355	1,376	344	97	4,949	10
South	162	156,551	258	1,649	250	97	3,958	8
East	67	118,428	171	1,440	166	98	2,484	5
North	45	186,915	378	2,021	362	96	6,389	13
Oslo	72	434,410	1,223	2,816	1,160	95	22,442	45
<b>Total excluding projects</b>	<b>581</b>	<b>1,334,850</b>	<b>2,776</b>	<b>2,080</b>	<b>2,650</b>	<b>95</b>	<b>47,154</b>	<b>94</b>
Projects for own management	—	—	—	—	—	—	2,799	6
<b>Total property portfolio</b>	<b>581</b>	<b>1,334,850</b>	<b>2,776</b>	<b>2,080</b>	<b>2,650</b>	<b>95</b>	<b>49,953</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	144	204,375	404	1,977	390	97	7,962	16
Office	142	681,512	1,738	2,550	1,648	95	30,457	61
Retail	62	142,647	213	1,496	208	97	2,756	6
Other	233	306,316	421	1,375	403	96	5,979	12
<b>Total excluding projects</b>	<b>581</b>	<b>1,334,850</b>	<b>2,776</b>	<b>2,080</b>	<b>2,650</b>	<b>95</b>	<b>47,154</b>	<b>94</b>
Projects for own management	—	—	—	—	—	—	2,799	6
<b>Total property portfolio</b>	<b>581</b>	<b>1,334,850</b>	<b>2,776</b>	<b>2,080</b>	<b>2,650</b>	<b>95</b>	<b>49,953</b>	<b>100</b>

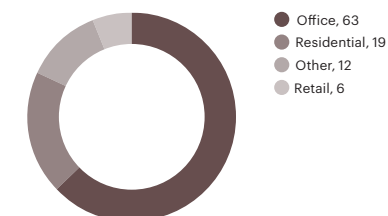
1) Refers to properties that the associated companies owned at the end of the year. Properties sold have been excluded and properties acquired have been adjusted to full-year values. Other properties include hotel, educational, nursing, industrial and mixed-use properties.

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

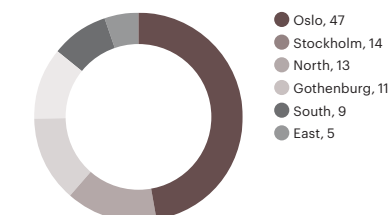
3) Refers to the entire associated companies' portfolio.

SEKm	31/12/2023	31/12/2022	SEKm	2023	2022
<b>Assets</b>					
Properties	49,953	55,758	Rental income	2,602	2,358
Other assets	2,139	2,441	Property costs	-364	-342
Cash and cash equivalents	480	523	<b>Net operating income</b>	<b>2,238</b>	<b>2,016</b>
<b>Total assets</b>	<b>52,572</b>	<b>58,723</b>			
<b>Equity and liabilities</b>					
Equity/shareholders' loans	21,183	24,241			
Deferred tax liability	4,003	5,087			
Interest-bearing liabilities	26,033	27,799			
Other liabilities	1,352	1,596			
<b>Total equity and liabilities</b>	<b>52,572</b>	<b>58,723</b>			

## CARRYING AMOUNT PER PROPERTY CATEGORY associated companies, %



## CARRYING AMOUNT PER REGION associated companies, %





# VALUATION

Stockholm  
Fabrique 46  
Tenant-owner  
apartments  
138 apartments



# BALDER'S PROPERTY PORTFOLIO

## PROPERTY PORTFOLIO AS OF 31/12/2023<sup>1)</sup>

	Number of investment properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region<sup>2)</sup></b>								
Helsinki	771	1,326,890	3,560	2,683	3,390	95	52,039	25
Stockholm	93	828,954	1,990	2,400	1,867	94	33,113	16
Gothenburg	202	1,194,368	2,274	1,904	2,181	96	38,922	18
Copenhagen	27	387,147	1,131	2,920	1,122	99	23,364	11
South	91	478,579	902	1,885	857	95	13,558	6
East	459	926,278	1,753	1,893	1,695	97	23,875	11
North	258	861,907	1,349	1,565	1,278	95	18,845	9
<b>Total excluding projects</b>	<b>1,901</b>	<b>6,004,123</b>	<b>12,958</b>	<b>2,158</b>	<b>12,390</b>	<b>96</b>	<b>203,715</b>	<b>96</b>
Projects for own management			10		10		5,285	2
<b>Total investment properties</b>	<b>1,901</b>	<b>6,004,123</b>	<b>12,968</b>	<b>2,158</b>	<b>12,400</b>	<b>96</b>	<b>209,000</b>	<b>99</b>
Development properties							2,750	1
<b>Total property portfolio</b>	<b>1,901</b>	<b>6,004,123</b>	<b>12,968</b>	<b>2,158</b>	<b>12,400</b>	<b>96</b>	<b>211,749</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	1,398	3,025,857	6,840	2,260	6,567	96	109,818	52
Office	108	708,112	2,010	2,838	1,862	93	34,963	17
Retail	143	1,000,541	1,714	1,713	1,652	96	21,363	10
Industrial/Logistics	167	651,665	1,001	1,537	937	94	12,941	6
Other	85	617,947	1,393	2,254	1,373	99	24,630	12
<b>Total excluding projects</b>	<b>1,901</b>	<b>6,004,123</b>	<b>12,958</b>	<b>2,158</b>	<b>12,390</b>	<b>96</b>	<b>203,715</b>	<b>96</b>
Projects for own management			10		10		5,285	2
<b>Total investment properties</b>	<b>1,901</b>	<b>6,004,123</b>	<b>12,968</b>	<b>2,158</b>	<b>12,400</b>	<b>96</b>	<b>209,000</b>	<b>99</b>
Development properties							2,750	1
<b>Total property portfolio</b>	<b>1,901</b>	<b>6,004,123</b>	<b>12,968</b>	<b>2,158</b>	<b>12,400</b>	<b>96</b>	<b>211,749</b>	<b>100</b>

1) The above table refers to properties that Balder owned at the end of the year. Properties sold have been excluded and acquired properties have been adjusted to full-year values. Other properties include hotel, educational, care and mixed-use properties.

2) The properties in Denmark are classified under the Copenhagen region. The Finnish property portfolio is divided between the regions of Helsinki and East. Property ownership in Norway is classified under region North, and the properties in Germany and the UK under region South.

Copenhagen  
Øresund Park  
Rental apartments  
437 apartments



# VALUATION

Balder owns around 1,900 investment properties, 1,400 of them are residential properties. At the end of 2023, the market value of the investment properties was SEK 209,000m.

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

Residential properties have performed a little better than the CPI historically, but in its valuations Balder has assumed that rents develop in line with the inflation target. The total rental value of Balder's property portfolio as of 31 December was SEK 12,968m.

### Valuation methods

Two different valuation methods are used in the internal valuations. These are the yield method and the acquisition cost method. Properties in Sweden, Denmark, Finland, Norway, Germany and the UK are valued using the yield method.

In Finland, the acquisition cost method is used in addition to the yield method.

### The yield method

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

Balder's commercial contracts have an average contract term of 6.6 years. The ten biggest leases represent 3.8% of the total rental income, with an average lease term of 12.8 years. These circumstances mean that a large proportion of Balder's future cash flows that form the basis of the market value are known.

The properties where the future cash flow is least predictable are mainly concentrated in the central areas of the major cities of Stockholm, Gothenburg and Malmö. It is in these properties that Balder is most dependent on future lettings and it is also here an estimate must be performed in the valuations of what level of rent an object can be rented out to if it becomes vacant. The major cities offer good transparency for a comparison of rental rates, which means that rental rates can be determined with high degree of certainty. The timing of subsequent letting is, however, more difficult to determine, which means that an assumption has to be made based on market demand, historical interest and similar premises.

An assessment is also made of the future development of the immediate surroundings as well as the property's position within its market segment. Properties under construction and projects for own management are valued at market value minus estimated

contracting expenditure and project risk, which in some cases corresponds to a valuation at cost.

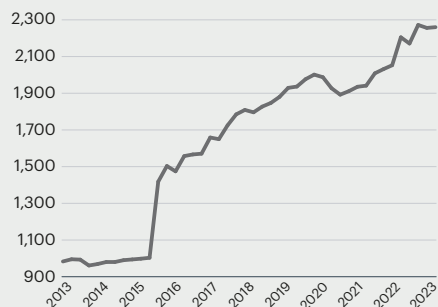
### The acquisition cost method

The acquisition cost method is applied for properties subject to rent control in Finland. Initially, these properties are valued at cost of acquisition plus transaction costs, and subsequently at cost of acquisition minus depreciation and impairment losses. See also Note 12, Investment properties.

### Operating and maintenance payments

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

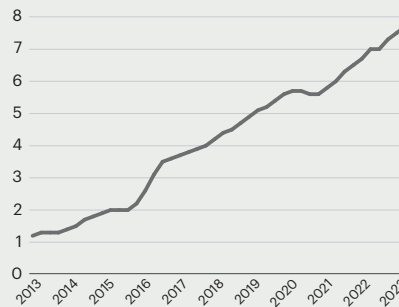
RENTAL VALUE, RESIDENTIAL, SEK/SQ.M.



RENTAL VALUE, COMMERCIAL, SEK/SQ.M.



NET OPERATING INCOME, ROLLING ANNUAL VALUE, SEK/SHARE



RESIDENTIALS AND COMMERCIAL PROPERTIES

	Mean value of yield requirement for estimation of residual value, %
Helsinki	4.84
Stockholm	4.75
Gothenburg	4.69
Copenhagen	3.85
South	5.27
East	5.32
North	5.89



**Stockholm  
Caprea**  
Tenant-owner  
apartments  
Completed 2023  
28 apartments

#### Yield requirement and cost of capital

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

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

tion and divestment of properties, which provides additional guidance.

As of 31 December, Balder's average yield was 4.9% (4.6). The average yield requirement for commercial properties was 5.4% (5.2) and for residential properties 4.4% (4.1).

#### Change in value of investment properties

In 2023, Balder acquired properties for a total of SEK 888m (5,160). Sales during the year amounted to SEK 696m (2,802), generating a result of SEK -14m (111). According to Balder's internal valuations, the carrying amount of the investment properties at year-end amounted to SEK 209,000m (213,932), representing

an unrealised change in value of SEK -9,980m (5,419).

The biggest proportion of the market value is found in the Stockholm, Helsinki and Gothenburg regions, which together represent a property value of SEK 124,074m, excluding projects.

#### External valuations

In order to quality-assure its internal valuations, Balder uses external valuation firms in order to have parts of the portfolio valued externally and to secure parameters and assumptions in the valuation calculations. During the year, 52% of the portfolio was the subject of assessment by external valuation firms. Deviations between external and internal valuations were insignificant.

The external valuations were carried out during the year by CBRE, Colliers, Cushman & Wakefield, JLL and Newsec.

#### Development properties

A development property is a property that is owned for upgrading with a view to being divested. These properties are recognised at cost on an ongoing basis, and a net profit is recognised when each property is completed, sold and handed over to the buyer. As of 31 December, the value of Balder's development properties amounted to SEK 2,750m (3,421).



**Oulu  
Oulun Vista**  
Rental apartments  
84 apartments

# FINANCING

Copenhagen  
Fælledkanten  
Rental apartments  
224 apartments



# FINANCING

Balder secures financing that is sustainable in the long term through a diversified financing structure.

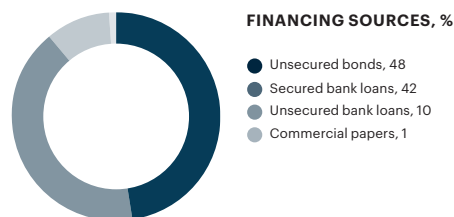
Balder has assets in Sweden, Denmark, Finland, Norway, Germany and the UK, which means that the Group is exposed to currency risks. To reduce the risks and secure financing that is sustainable in the long term, the company has a well-diversified financing structure with bonds and bank financing in several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

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

Balder's property portfolio currently consists of 55% residential properties, and a large proportion of these are located in Stockholm, Gothenburg, Helsinki, Copenhagen and some other growth areas in Sweden and Finland. The majority of Balder's commercial properties are located in the central parts of Stockholm, Gothenburg and Malmö.

### Several financing sources

The single largest financing source is euro bonds issued in the European bond market, under Balder's EMTN programme, followed by bank loans in various currencies, a domestic MTN programme, as well as a commercial paper programme in euros and Swedish kronor. In 2023, a shift took place in the form of an increase in bank financing in view of the current market conditions in the capital market. Balder's presence in the Swedish and international capital markets continues to be strategically important in the longer term.



Aside from these financing sources, Balder has also issued Hybrid capital with a maturity of 60 years. The Hybrid capital is subordinate to other financial liabilities and therefore half of it is treated as equity by credit rating agencies when calculating key ratios. During the year, the Hybrid with a first call date in March 2023 amounting to EUR 320m was repaid. Balder has also repurchased an additional 10% of the outstanding Hybrid capital. Balder issued convertible bonds to a value of EUR 480m during the year, further diversifying the company's financing structure and continuing the proactive adaptation of the balance sheet prior to upcoming debt maturity. As of 31 December, 74% of loans were hedged with interest rate swaps and fixed-interest loans.

### FINANCIAL TARGETS

		Target	Outcome
Equity/assets ratio, %	min.	40.0	37.9
Net debt to total assets, %	max.	50.0	50.0
Interest coverage ratio, times	min.	2.0	3.2
Net debt/EBITDA, times	max.	11.0	12.3

### FINANCIAL KEY RATIOS

	31 Dec 2023	31 Dec 2022
Interest-bearing liabilities excl. Hybrid capital, SEKm	130,034	130,310
Hybrid capital, SEKm	4,435	4,942
Available liquidity including confirmed loan commitments, SEKm	17,653	25,771
Average fixed credit term, years	5.4	5.7
Average interest rate refixing period, years	3.2	3.5
Net debt/EBITDA, times	12.3	13.4

### Financial covenants

Net debt to total assets < 65, %	50.0	47.9
Interest coverage ratio > 1.8, times	3.2	4.7
Secured debt/Total assets < 45, %	22.0	17.9
Credit rating S&P	BBB Negative outlook	BBB Negative outlook



Balder has a green bond framework that provides an opportunity to issue green bonds, for the purpose of financing in particular green and energy-efficient buildings, but also investments in measures to improve energy efficiency and in renewable energy.

Balder's green bond framework has been developed in line with the industry standard Green Bond Principles 2021. The framework has undergone an independent evaluation by Cicero Shades of Green and been awarded the rating Medium Green. The green bond framework is published at balder.se. A Green Bond Impact Report is also published annually with information about outstanding green bonds and an account of how the funds have been used. All conditions for the green bonds were fulfilled during the year.

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

Balder's MTN programme has a framework of SEK 15,000m, and the EMTN programme has a framework of EUR 6,000m. There were no new issues during the year. At the year-end, a total of SEK 6,136m was outstanding within the MTN programme and EUR 2,762m was outstanding within the EMTN programme.

There is continued concern in the financial markets, which has led to a shift from the capital market to banking. As of year-end, the available liquidity including confirmed loan commitments was SEK 17,653m (25,771), corresponding to 143% of Balder's future maturities of interest-bearing liabilities within 12 months.

At the year-end, secured debt as a proportion of total assets was 22.0%. All financial targets are in line with the long-term objective. The target introduced in 2023 for net debt in relation to EBITDA developed during the year from 13.4 to 12.3. Net debt to total assets was 50.0%, the equity/assets ratio was 37.9% and the interest coverage ratio was 3.2 times. The fixed credit term at the turn of the year was 5.4 years, which is a high level compared with other property companies.

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

#### Investment grade rating

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

rental income, a high and stable occupancy rate and a solid interest coverage capacity.

An investment grade rating from S&P means that Balder can continue to access both European and domestic capital markets, obtain long terms for tying-up of capital, diversify its funding base and thus secure long-term capital for continued growth. Having a balance sheet that satisfies the criteria for an invest-

ment grade rating and continuous access to bond financing is not simply a matter of financing strategy, it is also very much in line with the risk profile that the Board of Directors is in general striving to achieve for the company. Balder's Board of Directors decided to introduce an additional financial target in respect of Net debt/EBITDA ahead of 2023. This key ratio shall be no more than 11 times over a period of time.

#### MATURITY STRUCTURE INTEREST-BEARING LIABILITIES 31/12/2023

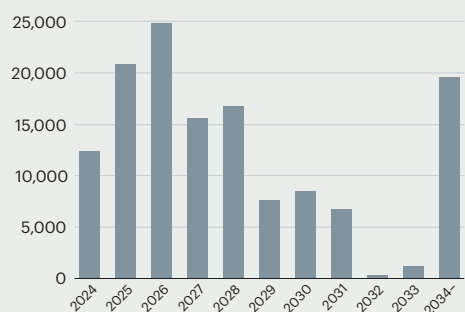
Year	SEKm	Share, %
2024	12,363	9
2025	20,846	16
2026	24,769	18
2027	15,612	12
2028	16,737	12
2029	7,652	6
2030	8,537	6
2031	6,775	5
2032	368	0
2033	1,224	1
2034-	19,585	15
<b>Total</b>	<b>134,469</b>	<b>100</b>

#### INTEREST FIXING STRUCTURE 31/12/2023

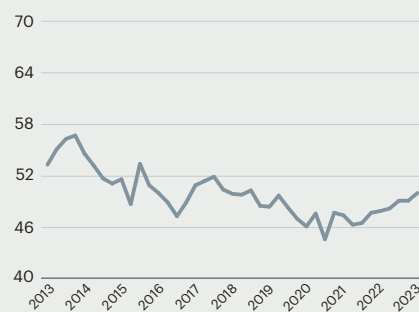
Year	SEKm	Interest, %	Share, %
2024	45,112	4.3 <sup>1)</sup>	34
2025	9,238	2.1	7
2026	13,257	2.7	10
2027	13,606	1.7	10
2028	18,992	2.8	14
2029	12,077	1.5	9
2030	8,706	2.0	6
2031	5,861	2.0	4
2032	2,804	2.5	2
2033	1,000	2.3	1
2034-	3,815	2.0	3
<b>Total</b>	<b>134,469</b>	<b>2.9</b>	<b>100</b>

1) The average interest rate for the current year includes the margin for the variable part of the debt portfolio.

MATURITY STRUCTURE INTEREST-BEARING LIABILITIES, SEK M



NET DEBT TO TOTAL ASSETS, %



AVERAGE FIXED INTEREST TERM, YEARS



AVERAGE FIXED CREDIT TERM INTEREST-BEARING LIABILITIES, YEARS



# SUSTAINABILITY REPORT 2023

Gothenburg  
Bergsjön  
Rental apartments  
175 apartments



## CONTENTS OF SUSTAINABILITY REPORT

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

Balder's Sustainability Report for 2023 has been prepared in accordance with the Swedish Annual Accounts Act. The structure and content have been further developed with inspiration from the EU's Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standard (ESRS), which is expected to come into force during 2024 and, with reference to GRI.

### GENERAL DISCLOSURES ..... 32

General information about delimitations, underlying data, system support, calculation methods, governance and risk management. This section also contains information about the double materiality analysis that forms the basis of both work on sustainability and the report itself.

Accounting policies .....	32
Governance .....	34
Strategy .....	35
<i>Balder's value chain</i> .....	35
Impact, risks and opportunities .....	37
<i>Double materiality analysis</i> .....	37



### BALDER'S WORK ON THE UN'S GLOBAL SUSTAINABLE DEVELOPMENT GOALS ..... 39

Balder strives to contribute to the fulfilment of the UN's global goals, and has selected six of the total of 17 goals that are considered most relevant to the company's business activities and where the company has the greatest opportunity to have an influence.



## E

### ENVIRONMENT

#### ENVIRONMENTAL SUSTAINABILITY ..... 41

Balder's work to limit the negative environmental and climate impact of its operations while at the same time developing the company's positive contributions.

Climate change .....	41
<i>Climate change adaptation</i> .....	42
<i>Climate change mitigation</i> .....	45
<i>Energy</i> .....	48
Water .....	51
Biodiversity .....	52
Resource use and circular economy .....	53
EU taxonomy .....	54



## S

### SOCIAL

#### SOCIAL SUSTAINABILITY ..... 60

Balder's work to guarantee equal treatment, good working conditions, security and well-being.

Employees .....	60
<i>Equal treatment and equal opportunities for all</i> .....	61
<i>Working conditions</i> .....	64
Workers in the value chain .....	67
Local community impact and social area development .....	68



## G

### GOVERNANCE

#### BUSINESS CONDUCT ..... 70

The company's governance and corporate culture that are there to promote ethical business conduct.

Business ethics and corporate culture .....	70
---	----



#### GRI INDEX 2023 ..... 72

Balder's Sustainability Report has been prepared with reference to the GRI Standards 2021.

#### AUDITOR'S OPINION ..... 75

# GENERAL DISCLOSURES

## ACCOUNTING POLICIES

Balder has prepared a Sustainability Report for the Group in accordance with Chapter 6 of the Swedish Annual Accounts Act, the EU Taxonomy Regulation and with reference to the Global Reporting Initiative Standards 2021 (GRI). The report also draws support from standards such as the Task Force on Climate-Related Financial Disclosures (TCFD) and the Greenhouse Gas Protocol. Balder focuses on those areas of sustainability that are most material based on the company's business model, value chain and stakeholders.

This is Balder's seventh Sustainability Report, and it has been prepared with reference to the GRI Standards 2021. The Sustainability Report follows the financial year and is published annually. Balder's Sustainability Report for 2023 is published in April 2024. The Sustainability Report consists of pages 30–74 and 81–84.

The table on page 33 states where specific areas in the statutory Sustainability Report for 2023 can be found. The auditor's statement on the statutory Sustainability Report can be found on page 75. The contact person for Balder's Sustainability Report is Klara Appelqvist, Head of Sustainability, klara.appelqvist@balder.se.

### Delimitations and consolidation

The Sustainability Report contains information from all consolidated subsidiaries, which means that they are more than 50% owned and Balder holds a majority of share of votes, see list in Note 27. The company applies a financial delimitation, with the effect that associated companies and joint ventures are not included in the sustainability reporting. There may be deviations from this, in which case there is an explanation of why this basic principle is being waived.

### Differences from financial reporting

The Sustainability Report for the financial year 2023 includes reporting based on the six countries in which Balder operates, which comprise Sweden, Denmark,

Finland, Norway, Germany and the UK. The financial reporting is based primarily on segment reporting based on seven segments: Helsinki, Gothenburg, Stockholm, Copenhagen, East, North and South. See Note 2 on page 95 for further information about segment reporting. Balder's business activities can vary in the different countries, due to local conditions and the size of the organisations. See the table on the right for an explanation of the regional breakdown used in the Sustainability Report.

With regard to the number of employees, the financial report uses both the number of employees as of the last day of the financial year and the average number of employees. Both of these calculations exclude summer workers and internships. See Note 4 on page 97.

### Delimitation of small subsidiaries

For those companies that Balder defines as small subsidiaries, delimitations have been applied in the collection and reporting of sustainability data. Small subsidiaries within the Balder Group are wholly owned foreign subsidiaries which have fewer than 15 properties and fewer than five employees who are employed at Fastighets AB Balder. Unless otherwise stated, small subsidiaries have only reported environmental data. For example, the subsidiaries in Germany and the UK have no employees at Fastighets AB Balder, and for this reason no data associated with employees is reported for the financial year. In the Sustainability Report for 2023, there are 22 employees reported in Norway instead of 24 as stated in the financial report, which results in a total of 1,148 employees instead of 1,150. Nor do small subsidiaries report data regarding of governance and business ethics.

### SUSTAINABILITY REPORT – REGIONAL BREAKDOWN

Country	Sweden	Denmark	Finland	Norway	Germany	UK
Region according to financial report	Gothenburg, North, Stockholm, South and East	Copenhagen	Helsinki, East	North	South	South
Number of employees <sup>1)</sup>	614	100	412	22	0	0
Number of properties	550	28	1,193	119	7	4
Lettable area, sq.m.	3,051,521	387,147	2,018,463	478,673	49,592	18,726

<sup>1)</sup> The number of employees refers to the number of people employed by Balder as of 31 December 2023. The total number of employees in Norway differs from the financial report, where the total number of employees is 24 people.

## DATA AND CALCULATION METHODS

### Changes from previous report

No significant changes occurred in operations during the reporting period.

The Balder Group is one of the first companies that will be subject to the EU's new Corporate Sustainability Reporting Directive (CSRD). This directive is expected to be adopted in the Swedish Annual Accounts Act (ÅRL) in mid-2024. CSRD means that Balder must report in accordance with the European Sustainability Reporting Standard (ESRS). As the new sustainability directive and standard entail major changes in the Balder Group's sustainability reporting, Balder has chosen to start the transition in advance, primarily in terms of the way the report is structured, and in the form of a more comprehensive collection of sustainability data in both qualitative and quantitative form. The Sustainability Report for the financial year 2023 is thus inspired to a certain extent by ESRS. Because of the adaptation to ESRS, reporting this year with reference to the GRI framework instead of in accordance with the framework as in previous years.

### System support

In autumn 2023, Balder implemented a new, Group-wide, digital reporting system for the collection of sus-

tainability data, Position Green. The system makes it possible for Balder to collect, measure, track and visualise sustainability data at Group, company and property level.

Reporters at Group level and for Balder's consolidated Swedish and foreign subsidiaries have been trained in the new reporting system, and have produced test reports of historical data for 2022. Ahead of the test period, the Sustainability Department at Balder worked with the system supplier to quality-assure all measurement points based on their structure, calculations and user instructions. When necessary, Balder has also involved sustainability experts, for example when quality-assuring measurement points related to climate calculations. A similar procedure was followed in the implementation of measurement points related to the new ESRS sustainability standard in the system.

### Uncertainties in the calculation and reporting of data

Uncertainties in the sustainability report may mean that data has been reported incorrectly, resulting in misleading information or limited access to direct data, or that the data needs to be estimated with the aid of standard assumptions. There may also be assumptions or interpretations of new directives and frameworks that have been revised. To create transparency, Balder

## GENERAL DISCLOSURES / ACCOUNTING POLICIES

aims to clarify which calculation methods and accounting policies that have been used, or whether any data has been excluded from the summary.

During the year, Balder has established a more structured process in order to reduce uncertainty and the risk of errors in reported data. The new reporting system has been an important tool in making sure that all reporters within the Group have access to the same information and that there is a clear definition of what kind of data that has to be reported. When sustainability data is reported, the primary requirement is to report direct data with supporting documentation to confirm it. In many cases there is an option to use standard assumptions, where it is most appropriate or where base data is not available and needs to be estimated. The reported data has then been quality-assured via control calculations, random samples and controls of supporting documentation related to the measurement points.

**Correction of previous reporting**

Balder's objective in the Sustainability Report for 2023 is to apply a Group focus in which all large consolidated subsidiaries are included in the report. There are differences compared with the Annual Report 2022. For example, in 2022 only companies in Sweden and Denmark were included in parts of the data summary for energy and water.

Reported data from 2022 in the reporting system has been compared with reported data used in Balder's Annual Report 2022. Deviations in outcomes for information and data have been systematically documented, checked and followed up by Balder's Sustainability Department. Deviations noted and corrected that changed the outcome in data for 2022 relate primarily to:

- 1) More consolidated subsidiaries having reported sustainability data.
- 2) Adjustments in measurement points or supplementary data that has been added for 2022. Adjustments may, for example, relate to certain information being requested in a different format or additional information having been requested.
- 3) Changed calculation methods since the 2022 report.

**Non-disclosure of sensitive information**

In association with disclosure requirements in the areas of diversity and equality, the company has chosen

not to collect information concerning ethnicity, functional variations or minority groups, as this is considered to be sensitive information. No classified information related to the Sustainability Report has been omitted for the financial year.

**Actions for increased data quality**

Actions for increased data quality are important in order to be able to present a representative view of the sustainability work in the Balder Group. The company's ambition is to continue to develop processes for the collection, control and follow-up of data. This means, among other things, that sustainability data for the whole Group must be collected to the extent that data exists, and that the amount of estimated data must be reduced, as must the use of standard assumptions. Standard assumptions are used, for example, in climate calculations related to the different categories in Scope 3 when accurate supporting data is not available. Four calculation methods have been used in the climate calculations: hybrid, cost method, average method and supplier-specific. Hybrid means that some of the reported data is supplier-specific. The cost method refers to reporting through financial data. The average methods refers to calculations using standard assumptions. Supplier-specific means that information has been collected directly from a supplier.

As more data is collected, the focus will be on developing and systematising internal control of and follow-up on sustainability data, for example with the aid of the new reporting tool.

**Sustainability reporting in the future**

Balder has initiated and will in the future develop an even more structured reporting process for the whole Group. Within the Group, this means internal actions such as ongoing training in the reporting system for new and existing reporters, and regular information meetings about sustainability reporting and what it means for all parties involved within the Group.

At Group level, the Sustainability Department will continue to work on the transition to ESRS and various internal projects that aim to improve the quality of the sustainability reporting.

**DISCLOSURES – SWEDISH ANNUAL ACCOUNTS ACT**

Area	Example of Balder's sustainability work	Page reference
<b>Material topics</b>	In 2023, Balder conducted a double materiality analysis in accordance with the new requirements of CSRD and ESRS. The materiality analysis will be the subject to annual review, and it must be possible to monitor development in terms of metrics and targets.	37–38
<b>Environment</b>	Structured work to minimise the use of energy, water and materials, as well as the generation of waste. The company shall reduce its greenhouse gas emissions. Financial activities aligned with the EU taxonomy's environmental targets are followed up and reported.	41–59
<b>Social conditions</b>	Initiatives to create vibrant and safe areas where tenants are happy and want to remain. The company carries out continual activities for social area development.	68–69
<b>Personnel</b>	Create good working conditions for employees, develop and retain competent employees. Combat all forms of discrimination and promote inclusion and equal treatment.	60–66
<b>Human rights</b>	Continued work for increased equality and diversity in own operations and in the value chain. Clear specification of requirements to promote good working conditions and work-related rights at the company's suppliers.	60–67
<b>Anti-corruption</b>	Preventive work against corruption and bribery. Continued work on the corporate culture, training in the Code of Conduct and policies, and follow-up on suppliers and business partners. Whistleblowing function and follow-up on any violations.	70–71
<b>Business model</b>	The processes for property management, property development and transactions are continually refined in order to create additional value for the company's stakeholders.	35–36
<b>Policies</b>	Revision of the company's policy documents and further development of internal routines take place annually.	34
<b>Risks</b>	Continual analysis of risks and action plans for handling these issues. Climate risk analyses in accordance with TCFD and the EU taxonomy are being developed on an ongoing basis.	34, 42–44, 55

## GENERAL DISCLOSURES

## GOVERNANCE

Sustainability work shall be integrated in Balder's day-to-day operations. Governance is based on Group-wide policy documents in the forms of, for example, the Sustainability Policy and Code of Conduct. There is a focus on the prioritised sustainability areas identified in Balder's double materiality analysis, see pages 37–38. The company's process for governance and follow-up includes not only identifying and managing both risks and opportunities, but also securing progress towards the targets and commitments that have been adopted.

Planning, governance and follow-up on sustainability work reflect Balder's organisational structure. Responsibilities and authority are delegated via an internal management system consisting of Group-wide policies and sustainability targets. Each subsidiary then has to develop guidelines and action plans in line with Group-wide policy documents. In addition to this, sustainability work is governed by laws, guidelines and regulations, and is guided by voluntary commitments and frameworks such as the UN's Global Sustainable Development Goals and the Science Based Target initiative (SBTi).

### The Board of Directors' work on sustainability-related issues

Balder's Board of Directors is ultimately responsible for ensuring that the company is managed in line with the interests of the company and its shareholders. This work also includes guaranteeing long-term work on sustainability. The Board of Directors and the CEO are also ultimately responsible for ensuring that Balder's Sustainability Report is prepared in accordance with the Swedish Annual Accounts Act and is adapted continually in line with laws and directives.

Every year, the Board of Directors adopts policy documents linked to sustainability work, such as the Code of Conduct and the Sustainability Policy including the sustainability targets. The Sustainability Policy regulates Balder's approach and actions with regard to environmental, social and economic sustainability. The Board of Directors regularly monitors not only progress towards defined targets, but also the company's

risks and potential impact relating to the environment, social aspects and general governance.

Balder's Head of Sustainability has the task of presenting the Board of Directors with information about the company's sustainability work on a quarterly basis. Reporting usually takes place in connection with regular board meetings. Before these meetings, the Board of Directors receives a report from the Head of Sustainability about ongoing projects, development of defined targets and outcomes. Significant deviations and actions associated with Balder's Sustainability Policy and Code of Conduct are reported to the Board of Directors whenever they occur. The Board of Directors strives through continuous work to guarantee strategic and resilient sustainability governance, and also to ensure that sustainability reporting is transparent, relevant and reliable.

In October 2023, Anders Wennergren, Board member since 2009, was assigned special responsibility for ESG-related matters on the Board of Directors. Anders Wennergren is ultimately responsible for managing the Board of Directors' sustainability governance and for ensuring that the company's impact, risks and opportunities are reflected in policies and reporting. Anders Wennergren is a lawyer, giving him extensive legal experience, which will be useful as legal requirements in the Sustainability Report are extended. As the person responsible for ESG, Anders Wennergren has undergone training in EU's new directive CSRD and standard ESRS. In 2023, the Board of Directors was provided with information by Balder's Head of Sustainability about the new requirements in the area of sustainability reporting, and a plan was established for a transition to meet the new disclosure requirements.

Balder does not pay any variable remuneration, and there are consequently no financial incentive schemes linked to sustainability-related targets or other key ratios.

### Group Management

Balder's CEO and management are responsible for ensuring that the business is run sustainably, with a clear delegation to the Head of Sustainability to run and

develop sustainability work. The CEO and management must revise the materiality analysis annually when it has been updated, and follow up on compliance with the Sustainability Policy and progress towards defined targets. The company's management is responsible for implementing policies and ensuring that they are followed. The management is also responsible for ensuring that the company's operations are performed in accordance with sound business ethics.

The management receives information on an ongoing basis about how the company's sustainability work is progressing as well as supporting data for decisions on future development. During 2023, for example, Balder's Head of Sustainability informed the management about upcoming EU directives in the area of sustainability reporting, and the management has approved a plan for the transition to new disclosure requirements. Balder's CFO and Director of Economy, who are members of the management, underwent external training during the year in CSRD and ESRS. In their respective roles, both the CFO and the Director of Economy are involved in ongoing sustainability work and sustainability reporting.

### Sustainability Department

Through delegation, Balder's Head of Sustainability is responsible for annually updating the Sustainability Policy and Code of Conduct. The Head of Sustainability is also responsible for regularly following up on, reporting on and improving Group-wide sustainability work, with the aim of achieving the sustainability targets. The Head of Sustainability is also responsible for compiling and producing the annual Sustainability Report.

The Head of Sustainability is in charge of the Group function for sustainability and reports to the company's CFO. In 2023, this function was expanded with two new employees, who focus on sustainability coordination and sustainability controlling respectively.

### Implementing sustainability work in the organisation

The overarching targets confirmed in policy documents should constitute a general framework for the business

development that is undertaken in the Group company and its subsidiaries. Managers from the property management and property development organisations are responsible for ensuring that material environmental aspects are taken into account in the day-to-day operations, as well as aspects relating to social sustainability and governance in the company's areas.

### Policies

All of Balder's employees are subject to policies that have been adopted by the Board of Directors. There is more information about policy documents and policies associated with the company's material sustainability areas in the respective chapters in the Sustainability Report.

### Risk management and internal control

It is ultimately the responsibility of the Board of Directors to set up appropriate and efficient systems for risk management and internal control. The Board of Directors has delegated responsibility for ongoing work to the management, which is responsible for issues including follow-up on and the ongoing development of internal controls. The management has also created a special crisis management function. Read more about business conduct and crisis management on pages 70–71.

At the operational level, the sustainability department is responsible for identifying and assessing climate-related risks and opportunities, as well as suggesting actions to manage these. This is done in collaboration with the Energy, Environment and Technology Department and those responsible for property development and management.

The HR function is responsible, in close collaboration with all managers with staff responsibility, for identifying social and workplace-related risks.

Risks are assessed with reference to different time horizons. These vary, depending on the nature of the risk in question. More information about risks and their time horizons is provided in connection with the reporting of each material sustainability area.

GENERAL DISCLOSURES

# STRATEGY

Balder's overarching business concept is to create value by owning, managing and developing properties located in major cities or large cities with positive population growth. As a consequence of Balder's diversified operations, the company has a direct and indirect impact on financial results, the environment and society throughout the value chain. At the same time, the company is affected by external factors, in the form of both risks and opportunities.

### Impact in the value chain

Through its own activities and the company's value chain, Balder has an impact on, and is impacted by, social, environmental and governance-related sustainability issues.

The company is dependent on various resources, products and services to enable it to run its operations and create value for its customers and owners. In terms of the environment, this relates primarily to the procurement of materials in connection with renovations, the use of materials and land for new production, as well as water and energy consumption in the day-to-day oper-

ation of properties. How efficiently Balder's operations use these resources has a subsequent impact on areas such as climate emissions, waste volumes and biodiversity. The company also has a social impact through the working conditions of employees in the supply chain, and also through the activities undertaken to contribute to positive social area development, as well as safety and well-being for those who live and work in the company's properties. The way the company is governed, for example through policy documents, routines and supplier requirements, has an impact on corporate culture and business ethical conduct.

Balder's operations and their value chain are associated with risks and opportunities, which challenges the company and requires adaptation of its operations in order to create resilience over time.

Balder's material sustainability topics have been identified on the basis of a double materiality perspective, which essentially concerns what impact Balder has on the external environment and what impact the external environment has on Balder; there is more information on pages 37–38.

## BALDER'S VALUE CHAIN FROM A SUSTAINABILITY PERSPECTIVE

In Balder's sustainability work and sustainability reporting, the company must consider the entire value chain. This means that the company needs to look beyond its own operations, and also include business partners, customers and other stakeholders who are involved in the production and distribution of products and services on which its operations depend. By owning, managing and developing properties, Balder has an environmental, societal and economic impact on the external environment. At the same time, the operations need to be resilient to external impact and sustainability risks.

This illustration describes material sustainability issues in the areas of environment, social responsibility and governance in Balder's value chain. Environmental (E), social (S) and governance-related (G) sustainability issues can be referred to as ESG, which is presented in the form of three parallel, yet interlinked processes. Balder has a direct and indirect impact in the value chain, which has been addressed in the compilation of the double materiality analysis. The value chain has therefore not been limited to the organisation's direct impact, direct contractual relationships or to operational or financial control.

### 1. INPUT

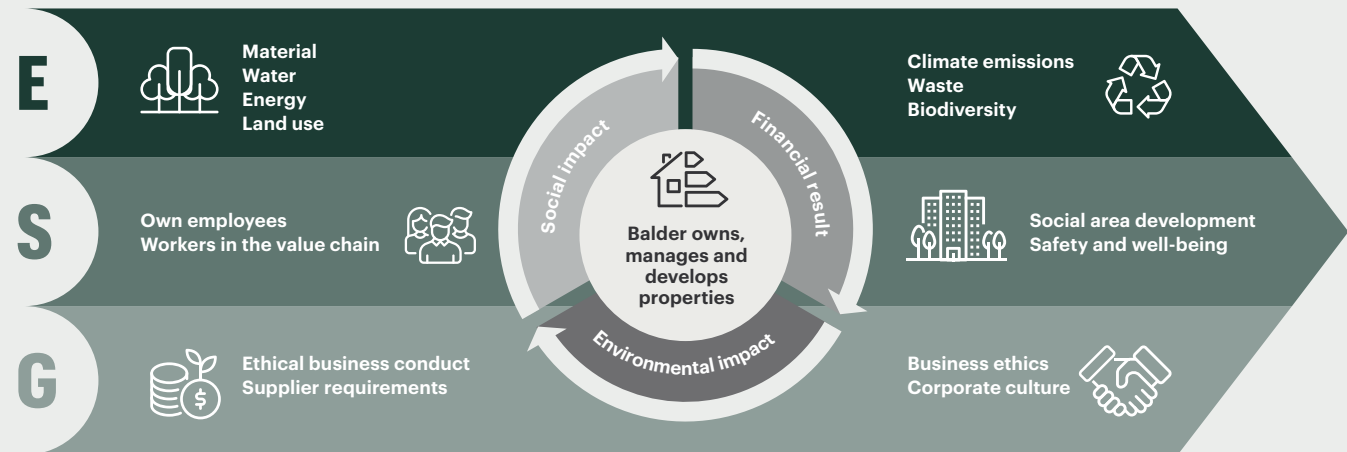
The material resources, products and services needed to run Balder's operations.

### 2. OWN OPERATIONS

The values that Balder's operations create and the factors that affect the company the impact the company has on the external environment.

### 3. OUTPUT

The footprint and effects to which Balder's operations contribute.



GENERAL DISCLOSURES / STRATEGY

**Stakeholders and stakeholder dialogue**

Identifying and analysing stakeholders' expectations of the business is an important element of achieving defined goals and creating long-term value. The main groups of stakeholders identified includes customers, employees, owners, business partners in the supply chain, and society. The latter group also includes the property area and the local community at locations where Balder has operations, such as government agencies, municipalities and the Tenants' Association.

Dialogues with stakeholder groups take place in many different forums, see the table below for examples. Dialogues with customers take place, for example, both on an ongoing basis and in connection with the annual customer surveys, which are conducted in many companies in the Group.

Different topics are important for each stakeholder group, and these different topics have been weighted to contribute to the materiality analysis that forms the basis of Balder's sustainability work and this report.

For a summary of material topics associated with Balder's sustainability work, see page 38.

**SELECTION OF MEMBERSHIPS AND PARTNERSHIPS**

- Global Compact
- Nasdaq's Green Bond Network
- West Sweden Chamber of Commerce
- Fastighetsakademien Sverige AB
- MERC Fastighetsnätverk AB
- Green Building Council in Sweden, Denmark and Finland
- Proptech Danmark
- The Danish Property Federation
- Finnish Association of Building Owners and Construction Clients (RAKLI)
- FIBS network for corporate social responsibility
- Asuntoreformiyhdistys ry (Finnish Housing Reform Association)
- Helsinki Region Chamber of Commerce
- Suomen Asuntoliitto ry (Finnish Housing Association)

**MATERIAL TOPICS AND CHANNELS FOR DIALOGUE**

	CUSTOMERS	EMPLOYEES	OWNERS	PARTNERSHIPS	SOCIETY
<b>Material topics for different stakeholders</b>	<ul style="list-style-type: none"> <li>• Well-being and security in the home/premises and in the local area</li> <li>• Adaptation of premises and homes, including issues with, for example, energy consumption and material selection</li> <li>• Dialogue and influence on development of property and area</li> <li>• Service, provided by Balder, but also by others in the local area</li> <li>• Opportunity for sustainable choices, such as creating the conditions for sorting waste and sustainable travel</li> </ul>	<ul style="list-style-type: none"> <li>• Working conditions, including physical and psychological work environment</li> <li>• Diversity, equality and equal opportunity</li> <li>• Social engagement, especially in the company's own areas</li> <li>• Secure jobs and development opportunities within the company</li> </ul>	<ul style="list-style-type: none"> <li>• Financial stability and good share price trend</li> <li>• Efficient risk management</li> <li>• Business ethics and prevention of bribery and corruption</li> <li>• Mapping of climate-related risks</li> <li>• Customer satisfaction and continued high occupancy rate</li> <li>• Sustainable finances and new international sustainability requirements, for example the EU taxonomy</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial and responsible business relationships</li> <li>• Compliance with Code of Conduct, internal control and follow-up</li> <li>• Promote good corporate culture and business ethics</li> <li>• Fair competition in purchasing and procurement</li> <li>• Good working conditions and fundamental work-related rights</li> <li>• Defined requirements regarding the environment and climate</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term, sustainable urban development</li> <li>• Long-term, ethical business-relationships with the external partners</li> <li>• Reduced environmental impact, for example from transport operations, improved waste management</li> <li>• Transparency and reporting of corporate responsibility</li> </ul>
<b>Channels for dialogue</b>	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys</li> <li>• Resident dialogue meetings</li> <li>• Tenants' Association</li> <li>• Ongoing contacts between customers and employees</li> </ul>	<ul style="list-style-type: none"> <li>• Employee performance and career development reviews</li> <li>• Employee survey</li> <li>• Suggestion box</li> <li>• Intranet</li> <li>• Check-in meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Financial statements</li> <li>• Board meetings</li> <li>• Sustainability reporting</li> <li>• Meetings with analysts and investors</li> </ul>	<ul style="list-style-type: none"> <li>• Follow-up of contracts and follow-up meeting</li> <li>• Procurement processes</li> <li>• Follow-up on Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Urban planning processes</li> <li>• Dialogue meetings</li> <li>• Website and social media</li> </ul>

## GENERAL DISCLOSURES

## IMPACTS, RISKS AND OPPORTUNITIES

### DOUBLE MATERIALITY ANALYSIS

Balder's sustainability work shall be based on the topics where the company has the biggest impact, both positive and negative, and at the same time manage the sustainability topics that have an impact on the company.

In 2023, Balder conducted a double materiality analysis together with an external auditing firm. The analysis is based on the requirements specified in the EU's sustainability reporting standard, ESRS, which was published in July 2023. The outcome of the double materiality analysis was confirmed by the management team and Board of Directors at Balder in October 2023.

Since EFRAG's guidance was not public, the method will be reviewed and if necessary brought to the Board again to ensure compliance. The purpose of the double materiality analysis is to identify sustainability topics that have material, actual or potential and positive or negative impacts for people or the environment in the short, medium and long term (impact materiality). The impacts can be related to the company's own operations and activities in the value chain.

The double materiality analysis also aims to identify sustainability topics that have, or may be reasonably expected to have, material financial effects for the company and thereby generate risks or opportunities in the short, medium and long term (financial materiality).

#### Implementation

The materiality analysis was based on questions from stakeholders, a previous materiality analysis, analysis of the value chain and the sustainability topics included in the ESRS standard. The process for the double materiality analysis was divided into four phases:

- 1) Analysis of value chain and stakeholders
- 2) Identification of material sustainability topics
- 3) Assessment of materiality
- 4) Summary

During the process, the perspectives and views of stakeholders were collected through the involvement of internal stakeholders and a dialogue with external

stakeholders. Questions received by Balder from investors and other stakeholders were also included in the analysis.

As an initial step, relevant sustainability topics were mapped out. The sustainability topics were then identified and specified in greater detail, in order to confirm where in the value chain the impact, risk or opportunity arises, whether the impact is positive/negative and actual/potential, and what time frame is involved.

Finally, an assessment of materiality was conducted. The assessment criteria were established in accordance with the requirements of the ESRS standard (ESRS 1) and are based on the UN Guiding Principles on Business and Human Rights. The assessment considered scale, scope and remediability, as well as severity and likelihood. Based on the assessment of impact materiality and financial materiality, a threshold was identified to determine which topics are to be considered to be material.

The results of the double materiality analysis are presented in the subsequent matrix. The material sustainability topics are summarised in the next table.

#### Metrics and targets

Balder's sustainability targets have been set against the background of the previous sustainability framework and the previous materiality analysis, which the company drew up based on GRI. The targets are adopted in accordance with the company's Sustainability Policy by Balder's Board of Directors each February and are followed up continuously. The Group-wide sustainability targets will be reviewed during 2024–2025 and adapted on the basis of the updated double materiality analysis that was conducted in autumn 2023.

There is more information about the company's sustainability targets and their outcomes under the respective chapters in the Sustainability Report. There is also a summary of Balder's financial targets and sustainability targets on pages 5–6.

Copenhagen  
Green Hills

Rental apartments  
Completed 2023  
294 apartments



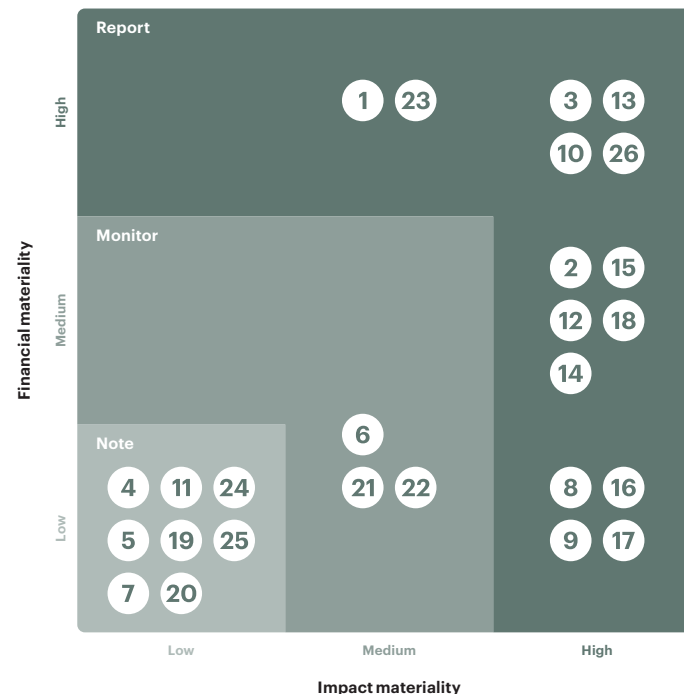
GENERAL DISCLOSURES / IMPACT, RISKS AND OPPORTUNITIES

**MATERIAL SUSTAINABILITY TOPICS**

#	ESRS standard	Sustainability topics <sup>1</sup>	Assessment of materiality
1	ESRS E1	Climate change adaptation	High
2	ESRS E1	Climate change mitigation	High
3	ESRS E1	Energy	High
4	ESRS E2	Pollution of air	Low
5	ESRS E2	Pollution of water	Low
6	ESRS E2	Pollution of soil	Medium
7	ESRS E2	Substances of concern	Low
8	ESRS E3	Water	High
9	ESRS E4	Biodiversity	High
10	ESRS E5	Resource inflows and resource use	High
11	ESRS E5	Resource outflows related to products and services	Low
12	ESRS E5	Waste	High
13	ESRS S1	Working conditions in own workforce	High
14	ESRS S1	Equal treatment and opportunities in own workforce	High
15	ESRS S2	Working conditions in the value chain	High
16	ESRS S2	Equal treatment and opportunities for all in the value chain	High
17	ESRS S2	Other work-related rights in the value chain	High
18	ESRS S3	Local community impact and social area development	High
19	ESRS S3	Rights of indigenous people	Low
20	ESRS S4	Information-related impacts for customers	Low
21	ESRS S4	Personal safety of customers	Medium
22	ESRS S4	Social inclusion of customers	Medium
23	ESRS G1	Corporate culture	High
24	ESRS G1	Protection of whistleblowers	Low
25	ESRS G1	Management of relationships with suppliers	Low
26	ESRS G1	Avoiding corruption and bribery	High

<sup>1</sup> ESRS designations in the above table are adjusted for the following thematic standards: ESRS E4 Direct impact drivers on biodiversity loss; ESRS E5 Resource inflows, including resource use; ESRS S1 Working conditions; ESRS S1 Equal treatment and opportunities for all; ESRS S2 Working conditions; ESRS S2 Equal treatment and opportunities for all; ESRS S2 Other work-related rights; ESRS S3 Communities' economic, social and cultural rights; ESRS S4 Information-related impacts for consumers and/or end-users; ESRS S4 Personal safety for consumers and/or end-users; ESRS S4 Social inclusion for consumers and/or end-users; ESRS G1 Management of relationships with suppliers, including payment practices.

**DOUBLE MATERIALITY ANALYSIS**



**Material sustainability topics**

The outcome of the double materiality analysis is summarised in the table on the left. The sequence shows each sustainability topic in the order in which each topic is reported in the Sustainability Report, there is thus no specific ranking.

The materiality of each sustainability topic is expressed as low, medium or high financial materiality on the y-axis, and as low, medium or high impact materiality on the x-axis in the matrix shown above. Sustainability topics with high materiality are prioritised, and are being reported as of the financial year 2023. Topics are

monitored and are revised annually in case circumstances result in the materiality of the topics increasing, meaning that reporting is required. Sustainability topics with low materiality are noted, but not prioritised. They are, however, kept under observation in case any changes occur in the future.

Balder's work, actions and resources related to the material sustainability topics identified are described in the respective sub-chapters, on pages 41-71. There is also a description of governance, including policies, strategies and actions, as well as metrics and targets related to each material sustainability area.



# BALDER'S WORK ON THE UN'S GLOBAL SUSTAINABLE DEVELOPMENT GOALS

Agenda 2030 provides guidance in ensuring that global development is sustainable in the long term. The business community has an important role to play, not least the construction and real estate sector. Balder strives to contribute to the fulfilment of the UN's Global Sustainable Development Goals (SDG) and has selected six of the 17 goals that are considered most relevant to the company's business activities and where the company has the greatest opportunity to have an influence. To link these more closely to the company's operations, the associated goals have also been analysed, to identify the areas where the company has the greatest opportunity to contribute to the goals being achieved.



## 11. SUSTAINABLE CITIES AND COMMUNITIES



### 11.1 Safe and affordable housing

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



### 11.3 Inclusive and sustainable urbanisation

A blend of workplaces and homes produces more job opportunities in the local environment and creates new meeting places. Balder has been working for many years with special initiatives in the company's residential areas and has dedicated area developers on site in several property areas in Sweden.



### 11.6 Reduce the environmental impact of cities

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



## 7. AFFORDABLE AND CLEAN ENERGY



### 7.2 Increase global percentage of renewable energy

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



### 7.3 Double the improvement in energy efficiency

Balder has a strong focus on efficient energy consumption and works continuously on operational optimisation and efficiency improvement, by, for example, adjusting or replacing ventilation units, replacing heating

systems, supplementary insulation and similar measures. Balder's objective is an annual 2% improvement in energy efficiency per square metre.



## 8. DECENT WORK AND ECONOMIC GROWTH



### 8.4 Improve resource efficiency in consumption and production

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



### 8.6 Promote youth employment, education, and training

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



### 8.8 Protect labour rights and promote safe working environments

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

BALDER'S WORK ON THE UN'S GLOBAL SUSTAINABLE DEVELOPMENT GOALS



## 9. INDUSTRY, INNOVATION, AND INFRASTRUCTURE



### 9.2 Promote inclusive and sustainable industrialisation

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



### 9.4 Upgrade all industries and infrastructures for sustainability

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

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



## 12. RESPONSIBLE CONSUMPTION AND PRODUCTION



### 12.4 Responsible management of chemicals and waste

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



### 12.5 Substantially reduce waste generation

To promote sustainable consumption and production, Balder strives to be cautious in its consumption of materials, with a focus on increased recycling. Tenants are also encouraged to sort at source and increase recycling

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



## 13. CLIMATE ACTION



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

Balder is continually developing the mapping of climate-related risks and opportunities in accordance with the recommendations from the Task Force on Climate-Related Financial Disclosures. The company also conducts climate risk analyses at building level in line with the guidelines in the EU taxonomy.



### 13.3 Build knowledge and capacity to meet climate change

A roadmap to achieve the science-based climate targets, which the company sent to the Science Based Target initiative for validation, was established during winter 2023. The climate target was validated in March 2024. The climate roadmap clarifies which climate mitigation measures the undertaking needs to implement, as well as activities that

are required to develop in line with the Paris Agreement. In its continued work to map climate-related risks and opportunities, Balder has the objective to establish action plans at property level, in each company and based on regional conditions, and to make sure that all employees have relevant knowledge in this field.



## ENVIRONMENT

# ENVIRONMENTAL SUSTAINABILITY

Through its operations, Balder has both an actual and a potential impact on the climate and the environment. This impact occurs both directly, through the company's own operations, and indirectly, upstream and downstream in the value chain. At all levels, the company's sustainability work shall mitigate the negative impact and maximise the positive. The greatest opportunity to exercise control is within the company's own operations. In order to maximise the effect of the sustainability work, it is focused on the areas considered most material. These areas include climate change, energy consumption and water use, biodiversity, resource use and waste.

For more information about Balder's double materiality analysis, see pages 37–38.

## THIS CHAPTER DESCRIBES BALDER'S SUSTAINABILITY WORK RELATED TO:

- Climate change
  - *Climate change adaptation*
  - *Climate change mitigation*
  - *Energy*
- Water
- Biodiversity
- Resource use and circular economy
- EU taxonomy

## POLICIES AND GUIDELINES

- Sustainability Policy
- Transport and Travel Policy
- Code of Conduct

All policies are adopted by Balder's Board of Directors and are subject to an annual review.

## CLIMATE CHANGE

Balder's activities have an actual negative impact on the climate through direct and indirect greenhouse gas emissions. These occur in the company's own operations, for example as a consequence of own heating production and energy consumption, in connection with the use of company vehicles and as a consequence of business trips. Greenhouse gas emissions also occur in the rest of the value chain, via business partners and customers, for example through new production, refurbishment and renovation projects, and the production of materials for goods and services purchased.

### STRATEGY

#### Resilience in the company's strategy and business model

Climate change, including the energy consumption by the operations, poses risks in the short, medium and long term. This may involve, for example, increased costs or changes in regulations, taxation for greenhouse gas emissions, increased reporting requirements or changes in demand from customers. It may also involve rising costs for climate adaptations to buildings, investments in technology, and increased prices of materials and energy. This can result in a material financial impact in the form of reduced income. The company therefore has both transition risks and climate-related, physical risks.

At the same time, Balder is an entrepreneurial company that is used to adapting to growth and new conditions, which is an important quality when it comes to creating robustness and facilitating transition. Read more about climate adaptation on pages 42–43.

#### Transition plan to limit climate change

Balder has an objective to halve emissions in its own operations by 2030, with 2022 as the base year. This represents a 50% reduction in absolute CO<sub>2</sub>e emissions in Scope 1 and Scope 2. The company shall also measure and reduce emissions in the value chain (Scope 3). The objective is to reduce emissions by 55% per square metre by 2030, and to achieve net zero emissions throughout the value chain (Scope 1, 2 and 3) by 2045. In winter 2023, Balder drew up a climate roadmap to

set out the route to decreased emissions, in line with the Paris Agreement, and to keep global climate change at a maximum of 1.5 degrees.

Two workshops were held in December 2023, with different representatives in the company, from both the Swedish organisation and the international subsidiaries. The aim was to discuss possible measures that can be taken in operations to reduce greenhouse gas emissions. As greenhouse gas emissions from energy and project development, which include new production, renovation and operational projects, are major items according to the company's climate accounts, there was a strong focus on these areas. See the company's climate calculations in the table on pages 46–47. Work on the climate roadmap will continue during 2024, and the plan then has to be approved by the Board of Directors.

To achieve the targets, Balder will, among other things, increase the pace in energy efficiency projects, continuously reduce the volume of purchased energy, make the transition to renewable energy sources and produce its own renewable energy. The company also has an ambition to gradually make the transition to fossil-free vehicles and work equipment. Other activities taking place within the company to reduce indirect emissions are an increased proportion of reuse and recycling, and climate-smart material selection in new production and renovation. When it comes to project development, there is rapid progress in product development in the construction of new buildings, but this will continue to be a carbon-heavy item for the company. Balder's

climate accounts are also affected by a high rate of growth in the form of acquisition of new properties.

Balder is not presently working with capture and storage of greenhouse gases or with climate compensation at a structural level. Nor does the company have internal systems for carbon pricing.

### GOVERNANCE

Balder's Sustainability Policy, which is revised and adopted on an annual basis by the company's Board of Directors, includes ambitions and targets related to climate change mitigation, climate adaptation, improving energy efficiency and the transition to renewable sources. Balder has an objective to phase out fossil fuels in its operations and prioritise renewable sources in the areas of electricity, heating, machinery and transportation. In parallel with this, the company also aims to reduce energy consumption and increase the volume of renewable energy production.

Balder's Board of Directors and management are all updated on an ongoing basis throughout the year about how the company's climate work is progressing, and they have to continually make decisions on the company's action plan in order to take actions that are in line with the defined targets. At present, neither the Board of Directors' nor the management's performance is taken into account with reference to how well the company is performing in line with climate targets, and no financial remuneration has been linked to progress in the outcome of the climate targets.

## CLIMATE CHANGE ADAPTATION

Balder's operations are impacted by effects resulting from climate change, and it is therefore a requirement that the company takes action to adapt to these circumstances. This work includes, among other things, conducting climate risk analyses for buildings in order to create resilience to risks associated with climate change.

### STRATEGY

Balder is continually evaluating risks that may arise as a consequence of climate change and at the same time analysing the organisation's resilience and ability to manage these risks. This work has been extended in connection with the EU taxonomy's environmental goals regarding climate change mitigation and adaptation. The work is focused on ensuring the property portfolio's resilience to the effects of climate change. This is being done in both the short and the long term.

Balder also sees opportunities in the physical climate adaptation of properties. This can take place by such means as converting hard surfaces into green spaces, open surface water management and the creation of green roofs. Such measures can also result in enhanced customer benefit and well-being.

### ACTIONS

#### Climate risk analysis of the company's buildings

Balder is working actively to manage the risks associated with climate change. Examples of climate risks that can affect buildings are flooding from heavy rainfall, heat stress, heavy snowfall or landslides. The purpose of climate adaptation is to strengthen the resilience of operations and buildings to climate change.

This work includes climate risk analyses of Balder's property portfolio. These climate risk analyses follow the method adopted in the EU taxonomy and are conducted in three steps: climate risk screening (step A), vulnerability analysis (step B) and the production of action plans (step C).

In 2023, Balder continued its work to establish complete climate risk analyses for buildings in the property portfolio. The table on page 43 describes to what extent Balder's property portfolio has undergone climate risk analyses in 2022 or 2023, and the number that have undergone each step in the climate risk analysis.

### STEP A

#### Climate risk screening

Climate screening involves a building being evaluated based on seven climate risks to which it might be exposed. Climate screening is conducted with the aid of geographical data for a set of both chronic and acute climate risks, which are defined in the EU taxonomy. The risks for which screening takes place are flooding from heavy rainfall, flooding from lakes and watercourses, flooding as a consequence of rising sea levels or high tide events at sea, heat, landslides and subsidence, erosion and grass or forest fires. The most common climate risks for Balder's property portfolio are heavy rainfall, heat-related risks and landslides and subsidence.

Two scenarios (RCP, representative concentration pathway) for greenhouse gas emissions are used in the analysis: RCP 4.5 and RCP 8.5. RCP 4.5 corresponds to greenhouse gas emissions rising slightly before culminating around 2040. RCP 8.5 corresponds to future emissions being similar to present-day emissions. The climate projections undertaken should be done for at least 10-30 years for major investments, and this is the case as the estimated useful life of buildings exceeds 30 years.

When producing the assessment, exposure to climate risks is divided into different scales, which may vary, depending on availability of data and geographical location.

The buildings that have sufficiently high risk are also evaluated in step B, vulnerability analysis. If one single building in a property is deemed to be exposed to a climate risk, the whole property is deemed to be exposed to the risk. This is partly due to the fact that the supporting data for the analysis cannot exclude the possibility that properties just outside risk areas might be exposed to risk.

### STEP B

#### Vulnerability analysis

For those buildings that have a sufficiently high risk classification, with respect to one of the climate risks evaluated, vulnerability analyses are also conducted. A building that has no or very low exposure to the climate risks evaluated does not undergo a vulnerability analysis. Even if a building is only exposed to one single climate risk, it is still included in step B.

A vulnerability analysis involves evaluating how vulnerable a building is to the climate risks to which it is exposed. Vulnerability to climate risks results in an aggregated picture of what measures may be needed to make a building more resilient to climate-related risks.

One example of vulnerability might be a building that is at a low level in the vicinity of a watercourse, and the building has not been adapted or prepared for possible flooding. There is then a potential risk that the building will be damaged by the risk to which it is exposed. In that event, extensive repairs may be required in order to restore its function.

The vulnerability of properties is evaluated for each climate risk to which they are exposed, and their vulnerability has been assessed on a scale with three levels: "low vulnerability", "medium vulnerability" and "high vulnerability". An action plan needs to be established for those properties assessed as having "medium vulnerability" or "high vulnerability". The degree of vulnerability also determines which measures should be included in the action plan. Buildings with "low vulnerability" do not require an action plan to be established.

### STEP C

#### Action plan

Action plans are established for those properties that have been classified as being exposed to risk and that are currently assessed as being vulnerable to these climate risks. The strategic work is based on planning and governance, which then form the basis of driving the operational work. This involves, among other things, planning measures that Balder needs to carry out and how these can be implemented in order to guarantee climate adaptation within the property.

The action plans contain measures to increase resilience to climate change in the long, medium and short term. They contain suggested measures that can be included in day-to-day operations as an element of inspections, as well as measures that require major interventions in the building. Examples of measures that might be carried out include sealing cellar windows and doors, diverting water that might reach garages in order to avoid damage in the event of flooding or heavy rainfall, and extending the amount of green space or constructing green roofs.

This work is extensive in terms of time and resources, and the organisation is preparing to implement it in the years ahead. At present, Balder is working to establish internal routines for these action plans. Over the next few years, Balder will be continually implementing action plans for exposed and vulnerable buildings in order to meet the requirement for implementation within five years after the plans have been produced, in accordance with the EU taxonomy.

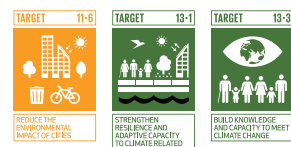
## ENVIRONMENTAL SUSTAINABILITY / CLIMATE CHANGE

Balder has chosen to prioritise a complete analysis of those buildings that are also aligned with the EU taxonomy. This is because a complete climate risk analysis (in accordance with steps A-C) is one of the basic requirements for buildings to be classified as being aligned with the EU taxonomy.

**Climate adaptation within operations**

It is important to minimise emissions in operations, but it is also important to manage the risks that climate change brings. Balder therefore works proactively with climate adaptation in order to strengthen the resilience of the business. Examples of measures implemented in operations include the construction of green roofs, the installations of floor drains and back traps that can be shut off, as well as property management work in the form of inspections and maintenance of outdoor environments.

Through its work with climate adaptation, the company and its buildings are equipped to face the future. Awareness of climate risks that may affect the property portfolio, in both the short and the long term, creates value for the company and offers greater peace of mind for tenants.

**METRICS AND TARGETS****THE UN'S GLOBAL SUSTAINABLE DEVELOPMENT GOALS LINKED TO BALDER'S SUSTAINABILITY WORK**

Balder has an ambition to set up climate screenings (step A) for a large part of the building portfolio. For those properties that are aligned with the EU taxonomy, it is also a priority that the remaining steps (B and C) are completed.

**Climate risk analyses**

In 2022, around 100 climate risk analyses were conducted in Sweden, Denmark, Finland and Norway. Of these, only 54 underwent a complete analysis (steps A-C). In total, the table below shows that for each step, 1,853 were screened for climate risks (step A), 405 underwent a vulnerability analysis (step B) and 365 had an action plan drawn up (step C). Work to conduct complete climate risk analyses for the remaining part of the portfolio will continue going forward.

**NUMBER OF CLIMATE RISK ANALYSES OF BUILDINGS (PROPERTIES)**

	Sweden	Denmark	Finland	Norway	Total <sup>1)2)</sup>
Climate risk screening, step A	1,648 (759) <sup>3)</sup>	107 (22)	97 (75)	1 (1)	<b>1,853 (857)</b>
Vulnerability analysis, step B <sup>4)</sup>	200 (98)	107 (22)	97 (75)	1 (1)	<b>405 (196)</b>
Action plan, step C <sup>5)</sup>	172 (91)	105 (21)	87 (65)	1 (1)	<b>365 (178)</b>

1) Climate risk analysis is conducted per building. As one property may include several buildings, the number of climate risk analyses is presented here both per building and per property in parentheses.

2) The UK and Germany are not included in this summary, as no climate risk analyses have been conducted.

3) The proportion of properties in Sweden is different from the total number of properties in the portfolio. This is because the methodology used in the analyses is not sufficiently granular enough to include Balder's properties alone. This means that more properties can be included in the analysis of climate risks.

4) The buildings included in step B have also undergone step A. Please note that if a building is not deemed to be exposed to climate risks, there is no need to establish a vulnerability analysis or action plan.

5) The buildings included in step C have also undergone steps A and B. Those properties that are exposed to climate risks, but are not vulnerable, do not need action plans.



## CLIMATE-RELATED RISKS IN ACCORDANCE WITH TCFD

To evaluate risks and opportunities linked to climate change, Balder has officially adopted a position to support and follow the recommendations issued by the Task Force on Climate-Related Financial Disclosures (TCFD), and is working to implement the recommendations in the areas included. Balder will continue to work with risks and opportunities in accordance with the TCFD’s recommendations. This means above all continued work to refine the analysis at property level and to identify specific measures for each building. For more information about the company’s other risks and opportunities, see pages 81–84.

### REPORTING IN ACCORDANCE WITH TCFD

Governance	Strategy	Risk management	Targets and metrics
The Board of Directors’ overview of climate-related risks and opportunities. Page 34	Climate-related risks and opportunities identified in the short, medium and long term. Pages 42–44	Processes for identifying and assessing climate-related risks. Pages 40, 42–44, 55	Metrics to evaluate climate-related risks and opportunities. Pages 43, 84
Management’s role in assessing and managing climate-related risks and opportunities. Page 34	Impact of climate-related risks and opportunities on the organisation’s business, strategy and financial planning. Pages 42–44, 55	Processes for managing climate-related risks. Pages 40, 42–44	Reporting of Scope 1, Scope 2 and Scope 3, including related risks. Pages 46–47
	The organisation’s resilience in relation to various climate-related scenarios. Pages 42–44	Integration of management of climate-related risks in the organisation’s general risk management. Page 84	Targets and outcomes for the management of climate-related risks and opportunities. Pages 42–43, 55

### Risks and opportunities identified

Work undertaken so far in accordance with the TCFD’s recommendations has identified the following risks and opportunities:



RISKS	OPPORTUNITIES
<p><b>RCP 2.6</b></p> <ul style="list-style-type: none"> <li>• Increased energy costs, for example as a result of increased emission limits</li> <li>• Official decisions, for example increased taxes and increased requirements for transition</li> <li>• Increased property costs, for example to adapt properties to meet stricter regulations on energy types and emissions, and to replace old technology</li> <li>• Increased requirements for reporting of emissions</li> <li>• Increased costs of replacing fossil fuels in operational vehicles</li> </ul>	<p><b>RCP 8.5</b></p> <ul style="list-style-type: none"> <li>• Physical effects on properties, e.g. floods, raised sea levels, heatwaves and other extreme weather</li> <li>• Increased insurance costs for properties in risk zones</li> <li>• Uncertainty about market development and increased requirements or changed preferences from customers</li> <li>• Risk that properties become unusable, resulting in loss of income</li> <li>• Increased costs for remediation/renovation of properties</li> <li>• Increased cooling costs</li> </ul>
	<ul style="list-style-type: none"> <li>• Decreased energy use in more efficient buildings</li> <li>• Increased use of energy sources with lower emissions</li> <li>• Increased production of own renewable energy, e.g. solar panels</li> <li>• More efficient transport operations</li> <li>• Increased recycling</li> <li>• Higher valuation of certified properties</li> <li>• More beneficial financing of green assets</li> </ul>

## CLIMATE CHANGE MITIGATION

Balder’s operations and the company’s value chain generate greenhouse gas emissions that have a negative impact on the climate. To achieve defined climate targets, the company needs to prioritise actions and develop parts of its operations where reductions in emissions can be implemented.

### STRATEGY

#### Transition plan

In autumn 2023, Balder started to develop a roadmap for the Group to mitigate the company’s impact on the climate. The roadmap was based on calculations from the base year 2022, and describes what measures need to be taken by the years 2030 and 2045 to achieve the company’s climate targets.

Between now and 2030, major efforts will have to be made in the transition to renewable sources and improving energy efficiency, both for energy used by properties and for energy consumption by tenants. Property development and the acquisitions of properties make up a large part of the company’s climate footprint. This means that the company will have a stronger focus on working with these emissions in the future, with an emphasis on the materials used in new production and in refurbishment and renovation projects. Reducing emissions from steel and concrete is an important element of reducing climate emissions from property development. To make this reduction possible, the company also needs to work with material efficiency in order to use less material, increase the proportion of recycled products and gradually make the transition from virgin material with high emissions to renewable materials with less climate impact. See the table on page 47 showing greenhouse gas emissions and the reduction in emissions that is required to work towards the climate targets for 2030 and 2045.

The climate roadmap is the first step towards achieving the company’s climate targets, and it describes which overarching measures need to be implemented in a broader perspective. Work on the climate roadmap will continue in 2024. In the future, Balder will be focusing on breaking down the roadmap into more detailed action plans in each operational area, and adapting it to different companies in the Group.

### ACTIONS

#### Green annexes in commercial leases

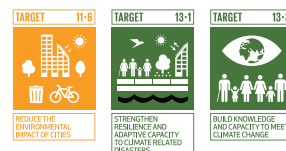
Energy consumption by tenants is a material source of Balder’s indirect emissions in Scope 3. The way that companies in the Balder Group work with programmes to encourage tenants to make sustainable choices and do sustainable activities varies. Green annexes, also referred to as green leases, are commercial leases in which tenants undertake to contributing to saving water and energy, reducing waste and increasing recycling, sustainable transport operations, use of non-hazardous cleaning products or other sustainable measures. Since 2021, all new commercial leases in Sweden shall have a green annex.

#### Sustainable and responsible transport operations

In addition to Balder’s ambition to phase out fossil fuels in its own operations, the company shall also strive to provide tenants who live or work in Balder’s properties with good conditions for environment-friendly and fossil-free transport operations. As a property owner, it is important to create the conditions for optimising travel and sustainable transport operations. Balder is developing not only electric vehicle pools, but also bike pools and repair stations for bicycles in new properties. During the year, Balder continued to install charging stations for electric vehicles in order to facilitate the transition to fossil-free travel.

### METRICS AND TARGETS

#### THE UN’S GLOBAL SUSTAINABLE DEVELOPMENT GOALS LINKED TO BALDER’S SUSTAINABILITY WORK



#### Sustainable transportation

During the year, Balder has increased the opportunities for tenants and employees to use fossil-free transport operations by increasing the number of charging points for electric and hybrid vehicles, as shown in the table on page 46. The total number of charging points in 2023 was approximately 2,400, which is a substantial increase compared to 2022.

#### Greenhouse gas emissions

Balder has an objective to halve emissions in its own operations (Scope 1 and 2), with 2022 as the base year. This represents a 50% reduction in absolute CO<sub>2</sub>e emissions. Balder shall also measure and reduce emissions in the value chain (Scope 3). The objective is to reduce emissions by 55% per square metre by 2030, and to achieve net zero emissions throughout the value chain (Scope 1, 2 and 3) by 2045. Balder also has a goal to enable fossil-free transport operations at the company’s properties.

In 2022, for the first time Balder carried out complete climate calculations in line with the GHG protocol for all consolidated companies in the Group. Climate emissions are reported in accordance with the principles of the Science Based Target initiative and the recommendations from Fastighetsägarna.

The tables on page 46 and 47 report Balder’s greenhouse gas emissions, expressed in actual emissions and relative intensity figures. The company’s total emissions have fallen by 2% since 2022, see the table on page 47. This is partly due to a drop in the volume of property acquisitions. It is also due to the fact that supplier-specific emission factors for district heating have been changed. Of the changes between 2022 and 2023 that stand out, the following can be mentioned: emissions from refrigerant leaks have increased, primarily in Sweden; the volume of purchased cooling has increased as a consequence of a lot of new production being completed in 2023 and thereby being included in the company’s climate calculations; emissions from category 3.3 Fuel- and energy-related activities have increased as a consequence of higher energy consumption and changed emission factors; emissions from category 3.8 Upstream leased assets also increased as a consequence of additional office space being needed for subsidiaries in the Group.

## ENVIRONMENTAL SUSTAINABILITY / CLIMATE CHANGE

## SUSTAINABILITY TARGETS

Sustainable transportation <sup>1)</sup>	Outcome 2023	Outcome 2022
Implement initiatives for sustainable travel to and from properties	2,418 charging points <sup>2)</sup> and 8.6 MW installed capacity	1,199 charging points and 3.8 MW installed capacity <sup>3)</sup>

1) The data in the table refers to consolidated companies in Sweden, Denmark, Finland and Norway.

2) Charging points refer to sockets used to charge electric or hybrid vehicles. One charging station can therefore have several charging points.

3) Not all consolidated companies reported data on charging points and installed capacity in 2022. This is why there is a big difference in the outcome between the years.

## INTENSITY OF GREENHOUSE GAS EMISSIONS

	2023 <sup>1)</sup>	2022	Change,%
<b>Intensity per unit of net sales, (kg CO<sub>2</sub>e/SEK<sup>2)</sup></b>			
Total greenhouse gas emissions per unit of net sales (location-based method)	<b>0.018</b>	<b>0.022</b>	<b>-14</b>
Total greenhouse gas emissions per unit of net sales (market-based method)	<b>0.020</b>	<b>0.024</b>	<b>-17</b>
<b>Intensity per square metre, kg CO<sub>2</sub>e/sq.m.<sup>3)</sup></b>			
Scope 1	0.2	0.3	-10
Scope 2 <sup>4)</sup>	8	10	-21
Scope 3	30	30	0.5
Scope 3, excluding new production <sup>5)</sup>	12	12	1
<b>Total, Scope 1, 2 and 3</b>	<b>38</b>	<b>41</b>	<b>-5</b>

1) The calculation of greenhouse gas emissions includes all consolidated companies in the Group.

2) Net sales refers to the company's income during the financial year and is stated in Swedish kronor (SEK).

3) Sq.m. refers to lettable area.

4) Refers to location-based calculation method. If the market-based calculation method is used, emissions are 10 kg CO<sub>2</sub>e/sq.m. (2022: 13 kg CO<sub>2</sub>e/sq.m.) in Scope 2, representing a 27% decrease, and 40 kg CO<sub>2</sub>e/sq.m. in total (2022: 44 kg CO<sub>2</sub>e/sq.m.), representing an 8% decrease.

5) Property development and acquisitions of properties where Balder is the first owner are excluded.





ENVIRONMENTAL SUSTAINABILITY / CLIMATE CHANGE

**GREENHOUSE GAS EMISSIONS AND CLIMATE TARGET**

Emission categories in the GHG protocol, tonnes of carbon dioxide equivalents (tonnes CO <sub>2</sub> e)	Source of emissions	Retrospective (looking back)			Milestones and deadlines (looking ahead)			
		Base year 2022 <sup>1)</sup>	2023	Change, %	Calculation method <sup>2)</sup>	2030	2045	Annual goal, %
<b>Scope 1</b> Direct emissions								
	Own heating	793	415	-48	Average method	—	—	-13
	Own vehicles <sup>3)</sup>	612	618	1	Average method	430	193	-4
	Refrigerant leakage	79	343	332	Supplier-specific	93	125	2
<b>Total Scope 1</b>		<b>1,484</b>	<b>1,375</b>	<b>-7</b>		136	64	-11
<b>Scope 2</b> Indirect emissions								
	Electricity	8,482	11,003	30	Hybrid	3,869	488	-7
	Heating	50,103	36,602	-27	Hybrid	17,664	5,455	-8
	Cooling	16	66	322	Hybrid	18	25	2
<b>Total Scope 2 – Location-based (LB)</b>		<b>58,601</b>	<b>47,671</b>	<b>-19</b>		21,899	5,767	-8
<b>Total Scope 2 – Market-based (MB)</b>		<b>77,037</b>	<b>57,641</b>	<b>-25</b>		Not evaluated in the climate roadmap		
<b>Scope 3</b> Other indirect emissions								
3.1 Purchased goods and services <sup>4)</sup>		2,298	2,499	9	Average method	1,750	906	-3
3.2 Capital goods		117,267	116,317	-1		59,237	35,238	-6
	New construction	58,679	102,641	75	Average method	28,966	16,441	-6
	Refurbishment and renovation projects	13,056	12,445	-5	Cost method	7,571	5,522	-5
	Property acquisitions – first buyer <sup>5)</sup>	45,532	1,232	-97	Average method	22,476	12,757	-6
3.3 Fuel- and energy-related activities		4,725	12,522	165	Average method	1,637	488	-8
3.4 Upstream transportation and distribution <sup>6)</sup>		4,621	8,083	75	Average method	2,103	1,285	-7
3.5 Waste management in own operations		1,082	1,656	53	Average method	824	341	-3
3.6 Business travel		225	333	48	Average method	162	74	-3
3.7 Commuting		1,617	1,604	-1	Average method	1,326	1,020	-2
3.8 Upstream leased assets		2	16	925	Average method	2	2	2
3.9 Downstream transportation and distribution		N/A <sup>7)</sup>	N/A			N/A	N/A	N/A
3.10 Processing of sold product		N/A	N/A			N/A	N/A	N/A
3.11 Use of sold product	Future energy consumption in sold properties	5,484	4,231	-23	Average method	2,790	1,176	-6
3.12 Waste management of sold product <sup>8)</sup>	Future demolition of sold properties	979	755	-23	Average method	636	263	-4
3.13 Downstream leased assets	Energy consumption by tenants	35,703	32,246	-7	Average method	18,152	2,958	-6
3.14 Franchise		N/A	N/A			N/A	N/A	N/A
3.15 Investments <sup>8)</sup>		2,356	2,099	-11	Cost method	1,794	1,114	-3
<b>Total Scope 3</b>		<b>176,357</b>	<b>182,361</b>	<b>3</b>		91,801	45,741	-6
<b>Greenhouse gas emissions, total (LB)</b>		<b>236,442</b>	<b>231,407</b>	<b>-2</b>		115,468	53,519	-6
<b>Greenhouse gas emissions, total (MB)</b>		<b>254,877</b>	<b>241,378</b>	<b>-5</b>		Not evaluated in the climate roadmap		

1) Climate data that was reported for the base year 2022 was corrected in connection with the climate calculations for 2023, partly based on the company's base year policy and partly because supporting data and emission factors have been changed.  
 2) Balder reports in accordance with the standard for the Greenhouse Gas Protocol (GHG), in tonnes of carbon dioxide equivalents (tonnes of CO<sub>2</sub>e), and based on recommendations from Fastighetsägarna. More detailed calculation methods for greenhouse gas emissions are described under methods on page 33 and in the accounting policies on the right.  
 3) Biogenic emissions have also been calculated for scope 1-3. Biogenic emissions (in tonnes of CO<sub>2</sub>e) have been calculated for 2023 in Scope 1: 209 (2022: 173), Scope 2: 83,246 (2022: 80,020) and Scope 3: 17,555 (2022: 28,333).  
 4) Refers to goods and services that are not included in other GHG categories, e.g. in IT, administration and office materials.  
 5) Only includes properties where Balder is the first owner, in accordance with recommendations from Fastighetsägarna. Emissions from the divestment and sale of properties are reported under categories 11 and 12.  
 6) Category 4 refers to transport operations carried out in connection with category 3.2 New production. These emissions are calculated using a standard formula as a percentage total of emissions from category 3.2 New production.  
 7) N/A means not applicable. Emission categories are not relevant based on the company's operational areas.  
 8) Refers to emissions from Scope 1 and Scope 2 in non-consolidated associated companies and joint ventures.

**Accounting principles for climate calculations**

Balder reports emission data for Scope 1, 2 and 3. From 2022, the whole Group is included with properties in Sweden, Denmark, Finland, Norway, Germany and the UK, consolidated by Fastighets AB Balder. Emissions are reported in accordance with the Greenhouse Gas Protocol (GHG Protocol), the financial control method and recommendations issued by Fastighetsägarna.

- **Scope 1** consists mostly of emissions from in-house heating production and consumption. This relates to properties that use natural gas and/or heating oil for heating. This is where direct emissions from company vehicles are also reported, as well as emissions from refrigerant leakage. Biogenic emissions are reported in footnote 3.
- **Scope 2** consists of emissions from purchased electricity, district heating and district cooling. The emissions are based for the most part on specific emission data for energy consumption, even though assumptions have been made based on square metres for certain properties.
- **Scope 3** reports indirect emissions in the value chain. All categories in accordance with the GHG Protocol have been included, which included calculations of property development, fuel- and energy-related activities, waste management, commuting and business travel, use of electricity by tenants and investments. In accordance with Fastighetsägarna's recommendation, only properties acquired and sold during the year where Balder is the first owner are reported. Emissions are based on the number of square metres of lettable space together with primarily general emission factors for energy consumption. Calculations are largely founded on estimates based on cost analysis and industry-specific data from the Swedish National Agency for Public Procurement, the Swedish Environmental Protection Agency, the Swedish Energy Agency, the Swedish Transport Administration and the Swedish National Board of Housing, Building and Planning. Specific emission data has been used from, for example, climate calculations in new production, travel data and energy data.

## ENERGY

Within the EU, properties account for around 40% of total energy consumption and 36% of energy-related greenhouse gas emissions. One of the company's largest direct climate impact takes place through the properties' energy consumption. It is one of the most highly prioritised issues from an environmental perspective, and Balder is working continuously to improve follow-up and reduce energy demand. Having new and existing buildings environmentally certified is another way for Balder to quality-assure environmental performance and set strict demands in the area of energy consumption.

### STRATEGY

#### Improving energy efficiency

Balder has an objective to reduce the use of electricity, heating and cooling by 2% per square metre per year. To reduce energy consumption, measures taken include window replacements, supplementary insulation of façades, adjustment or replacement of ventilation units and the replacement of heating systems. The installation of smart technical control systems that improve both comfort and energy consumption is an ongoing process within Balder. One current example is the commercial property Bivacken 2 in Sundbyberg, where Balder has made energy efficiency improvements by replacing controls and fans, resulting in a 51% saving in energy from 2022 to 2023. The property's average energy consumption went from 125 kWh/m<sup>2</sup> to 61 kWh/m<sup>2</sup> in 2023.

#### Wind power

In total, Balder owns five wind farms, which every year produce renewable energy corresponding to the household electricity needed for approximately 10,000 small apartments. In 2022, Balder purchased the Båtsman wind farm in Stenungssund, with installed capacity of 2,000 kW and expected average full-year production of 5,000 MWh/year. Six wind farms were divested in 2023, each with an installed capacity of 660 kW. The company had owned them for 13 years. The wind farms were located at Ventosumparken by the E6 motorway in Falkenberg Municipality. This sale took place partly because the two 25-year lease agreements expire in 2024, and partly because the maintenance costs for the wind farms had become significant over the years.

### ACTIONS

#### Transition to renewable energy sources

Balder owns and manages properties in six countries with varying conditions regarding access to renewable electricity, heating and cooling. The company has a

small number of properties that have fossil heating in the form of oil or gas. At the same time, Balder has expressed an ambition in its sustainability policy to phase out fossil fuels in its operations and prioritise renewable sources for energy consumption. This involves, for example, increasing energy generation from solar panels. All electricity purchased for the properties in Sweden is produced from renewable sources.

#### Environmental certification of properties

Balder has an objective to increase the proportion of buildings that are environmentally certified as a minimum in accordance with the Miljöbyggnad Silver rating or equivalent, which means, for example, BREEAM Very Good, LEED Gold or Nordic Swan Ecolabel. Certification takes place either in connection with new construction or in the development of existing buildings. Environmental certifications specify strict requirements in areas such as indoor environment, materials and energy consumption. Environmentally certified properties can also create the conditions for more beneficial financing. From 2022 to 2023, the company's environmentally certified buildings increased in number from 35 to 112 buildings in Sweden, Denmark, Finland, Norway and the UK. The reason for this increase is partly because of the increased amount of reporting consolidated companies in 2023.

#### Compilation of energy performance certificates

In 2023, Balder produced a compilation of how the company's property portfolio is distributed according to energy classification based on information taken from energy performance certificates. The outcome of this summary can be seen in the table on page 50. The system of energy declarations is based on national legislation, which makes it difficult to produce a direct comparison between countries. It is, however, important for Balder to maintain an overview so that prioritisations can be made in the areas of projects and property development, and also to meet future legal requirements.

### METRICS AND TARGETS

#### THE UN'S GLOBAL SUSTAINABLE DEVELOPMENT GOALS LINKED TO BALDER'S SUSTAINABILITY WORK



#### Energy efficiency improvement

Balder's Group-wide environmental targets include reducing energy consumption by 2% per square metre per year. Energy consumption per square metre in 2023 increased by 6% compared with the previous year. The reason for this increase is a result of increased energy consumption in primarily Sweden, Finland, and Norway. This is due to an increase in purchased electricity. Some business electricity is included in the summary due to difficulty in differentiating it from the property electricity. This means that the customers' energy consumption is included in the summary.

#### Energy consumption and renewable energy

Total energy consumption in the Group increased from 565,591 MWh in 2022 to 615,241 MWh in 2023. This is partly due to the fact that the data collection about the purchased energy has become more granular. The increase in energy consumption can therefore partly be explained by the data on purchased energy being more reliable. Meanwhile, the proportion of renewable energy purchased also increased from 37% to 44%. The total increase in renewable energy is largely due to the fact that the volume of renewable electricity purchased increased significantly between the years, from 49% in 2022 to 70% in 2023. This increase can primarily be seen in Sweden and Norway.

Energy intensity per square metre has increased, from 97 kWh/sq.m. in 2022 to 103 kWh/sq.m. in 2023.

Regarding the generation of renewable energy, energy generation from the company's wind farms and solar panel installations increased during the year. The reason why energy generation from solar panels increased is that the total installed capacity increased significantly between 2022 and 2023 as a consequence of new production of properties. It is also due to more consolidated companies reporting data.

#### SUSTAINABILITY TARGETS

Energy	Outcome 2023	Outcome 2022 <sup>1)</sup>
Energy efficiency improvement 2% per sq.m./year	6% increase	—

Environmental certification	Outcome 2023 <sup>1)</sup>	Outcome 2022
Number of environmentally certified buildings <sup>2)</sup>	112	35
Environmentally certified area, m <sup>2</sup>	619,454	383,770

1) As 2022 was the first year that the company collected energy data for all subsidiaries, the outcome cannot be reported for 2022. The comparison includes all consolidated companies in the Group.  
 2) The company has environmentally certified buildings in Sweden, Denmark, Finland, Norway and the UK.

## ENVIRONMENTAL SUSTAINABILITY / CLIMATE CHANGE

## ENERGY CONSUMPTION AND ENERGY MIX

	2023	2022
<b>Purchased energy total, MWh<sup>1)</sup></b>	<b>615,241</b>	<b>565,591</b>
Of which renewable, % <sup>2)</sup>	44	37
Purchased electricity, MWh	147,035	113,154
Of which renewable, %	70	49
Purchased heating, MWh	459,603	445,621
Of which renewable, %	36	35
Purchased district cooling, MWh	8,603	6,816
Of which renewable, %	0	0

1) Data in the table includes all consolidated companies. Energy consumption is not degree-day corrected. Some business electricity is included in the summary due to the difficulty in differentiating from property electricity. Balder's energy data is based primarily on measurements from the main meters for each type of media in the properties. These meters report the actual energy that is used in the properties. In those cases where the tenants themselves pay for all technical installations and purchasing in the properties, this is not included in the summary of energy consumption.

2) The proportion of renewable energy refers to energy from solar, wind and hydro power, which was not included in the previous report.

## ENERGY INTENSITY

	2023	2022
Purchased energy per square metre, kWh/sq.m. <sup>1)</sup>	103	97
Purchased energy per unit of net sales, kWh/SEK	0.05	0.05

1) Purchased energy per square metre and purchased energy per unit of net sales in the table include all consolidated companies.

## ENERGY GENERATION FROM WIND POWER

	2023 <sup>1)</sup>	2022
Total energy generation, MWh/year	20,108	19,704
Number of wind farms <sup>2)</sup>	5	11

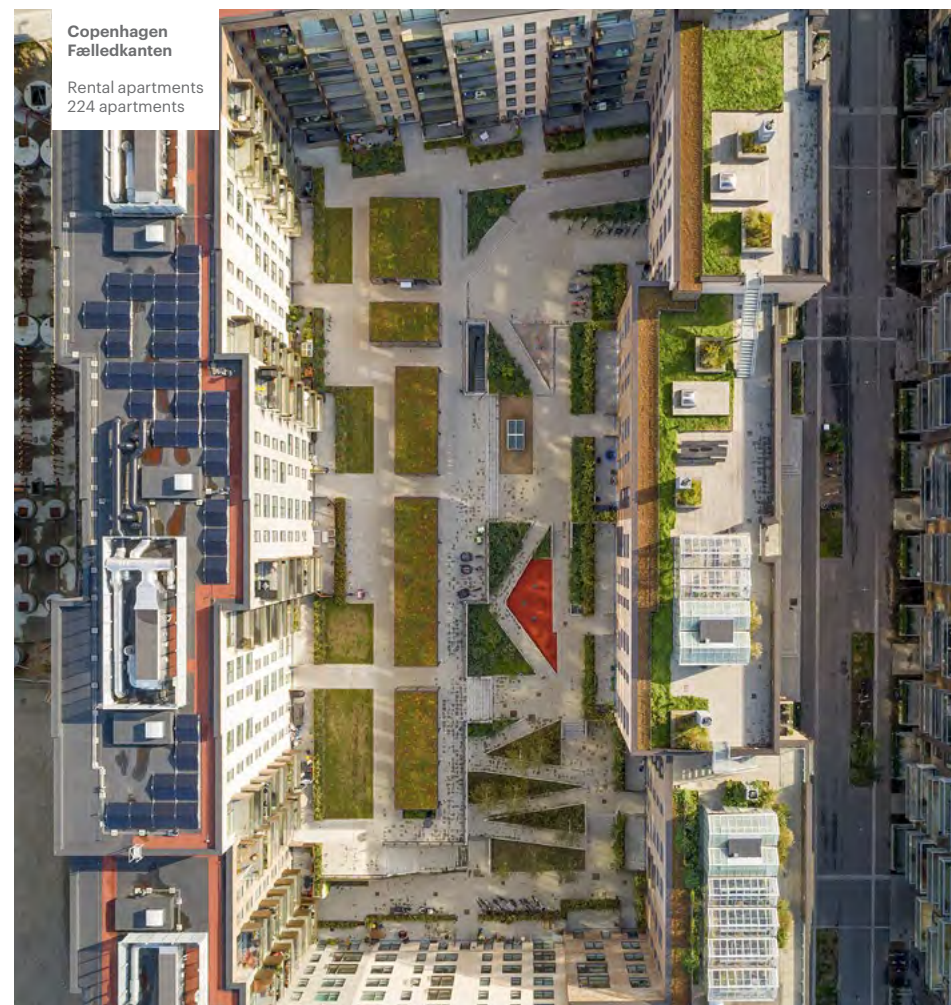
1) Six wind farms were divested in June 2023. Energy generation from all wind farms was included during the period in 2023 when they were owned by the company.

2) Balder only owns wind farms in Sweden.

## ENERGY GENERATION FROM SOLAR PANELS

	2023	2022
Total installed capacity <sup>1)</sup> , MW	3.8	0.98
Energy generation, MWh/year	1,656	529

1) Balder has photovoltaic installations in Sweden, Denmark and Finland. More consolidated companies have reported data on solar panels in 2023, compared to 2022.



## ENVIRONMENTAL LEGISLATION AND PERMITS

Balder does not conduct any operations that require permits according to the Environmental Code. There is, however, a duty to report larger installations with refrigerants. Balder owns wind turbines, which are classified as notifiable busi-

ness activities. Balder's tenants may, however, conduct business activities that require permits or are notifiable. There were no registered breaches of environmental legislation and regulations during the year that resulted in fines.

ENVIRONMENTAL SUSTAINABILITY / CLIMATE CHANGE

**ENERGY CLASSES IN THE PROPERTY PORTFOLIO**

Balder has compiled the distribution of energy performance certificates in the company's property portfolio by energy class and region, broken down into the number of buildings and what proportion of the heated area each energy class comprises.

Only consolidated companies are included in the compilation. The information is based on what has been possible to acquire from the energy performance certificates and their availability. Round-offs of percentages occurs in the table.

**R = Residential**  
**C = Commercial<sup>1)</sup>**

Country	Sweden		Denmark		Finland		Norway		Germany		UK	
	% of PED <sup>2)</sup> and kWh/sq.m. <sup>3)</sup> , year	Number of buildings and % of sq.m. <sup>4)</sup>	kWh/sq.m., year	Number of buildings and % of sq.m.	E-number <sup>5)</sup> kWh/sq.m., year	Number of buildings and % of sq.m.	kWh/sq.m., year	Number of buildings and % of sq.m.	kWh/sq.m., year	Number of buildings and % of sq.m.	SAP Assessment score <sup>6)</sup> kWh/sq.m., year	Number of buildings and % of sq.m.
A2020			R: 20 C: 25	81 54%								
A2015			R: 20 C: 25	9 11%								
A2010			R: < 52.5 + 1,650/sq.m. C: < 71.3 + 1,650/sq.m.	11 22%								
A	≤ 50% R: ≤ 37 C: ≤ 35	2 1%			E-number ≤ 75	58 25%	R: < 85 + 600/sq.m. C: < 95 + 800/sq.m.		92-100		< 50	1 24%
R	≤ 75% R: 38-56 C: 36-52	24 6%	R: < 70 + 2200/sq.m. C: < 95 + 2200/sq.m.	4 3%	76 ≤ E-number ≤ 100	72 32%	R: < 95 + 1000/sq.m. C: < 120 + 1600/sq.m.	5 11%	81-91		< 75	1 10%
C	≤ 100% R: 57-75 C: 53-70	110 24%	R: < 110 + 3200/sq.m. C: < 135 + 3200/sq.m.	11 7%	101 ≤ E-number ≤ 130	59 29%	R: < 110 + 1500/sq.m. C: < 145 + 2500/sq.m.	15 26%	69-80		< 100	1 12%
D	≤ 135% R: 76-101 C: 71-94	337 12%	R: < 150 + 4200/sq.m. C: < 175 + 4200/sq.m.	4 3%	131 ≤ E-number ≤ 160	13 7%	R: < 135 + 2200/sq.m. C: < 175 + 4100/sq.m.	8 11%	55-68		< 130	1 54%
E	≤ 180% R: 102-135 C: 95-126	218 27%	R: < 190 + 5200/sq.m. C: < 215 + 5200/sq.m.		161 ≤ E-number ≤ 190	8 6%	R: < 160 + 3000/sq.m. C: < 205 + 5800/sq.m.	16 28%	39-54		< 160	
F	≤ 235% R: 136-176 C: 121-64	115 21%	R: < 240 + 6500/sq.m. C: < 265 + 6500/sq.m.		191 ≤ E-number ≤ 240	1 1%	R: < 200 + 4000/sq.m. C: < 250 + 8000/sq.m.	4 8%	21-38		< 200	
G	> 235% R: 177 ≤ C: 165 ≤	92 9%	R: > 240 + 6,500/sq.m. C: > 265 + 6,500/sq.m.		241 ≤ E-number	1 0%	> F	15 16%	1-20		< 250	
H											> 250	
In progress		62		1		2			26		7	
No certificate <sup>7)</sup>		2							6			
% in (A-C) area		31%		97%		86%			37%		0%	46%
% in (G-H) area		9%		0%		0%			17%		0%	0%

1) The building category "commercial" refers to buildings that are not used for residential purposes. Building types in this category can vary between countries, but refer, for example, to offices, retail, industrial/logistics and hotels.  
 2) PED stands for primary energy demand, i.e. the energy performance that is described on the energy performance certificate and forms the basis of the energy class. PEV is expressed as kWh/sq.m. Atemp, year. In Sweden, the energy classification system starts with energy class C, which corresponds to the new build requirement. The other energy classes are described as percentages of the new build requirement. For example, energy class A corresponds to 50% or less than the new build requirement.  
 3) Square metres (sq.m.) in this table refers to m<sup>2</sup> Atemp, i.e. the surface area of all floors, attics and basements for temperature-controlled areas that are intended to be heated to more than 10°C. The reason for this is that this is the area used when calculating energy performance, and thereby determining energy class. This is different from other reporting that uses different definitions of square metres.

4) % of sq.m. refers to the percentage volume of the total heated area (Atemp) that is represented by each energy class. The number relates to the number of buildings represented by each energy class. Balder has chosen to include both metrics in order to achieve a more representative comparison.  
 5) The designation E-number for energy performance is used in Finland instead of the designation primary energy demand.  
 6) SAP Assessment Score (SAP = Standard Energy Procedure) is a metric that differs partly from the way the rest of Europe (and the EU) determines a building's energy class. SAP Assessment Score includes metrics for both energy consumption and greenhouse gas emissions. The scale is 0-100. A high SAP Assessment Score indicates low energy consumption and therefore also low greenhouse gas emissions.  
 7) Buildings that are exempted from energy declarations are not included in this category.

ENVIRONMENTAL SUSTAINABILITY

# WATER

Balder’s operations have an impact through water use in in-house operations, in the manufacturing of materials and products in the value chain, and as a consequence of water use by tenants in the properties. Water is used in many ways, including maintenance of outdoor environments, operational use in commercial properties, and as drinking water and for household use in residential properties. Water use in properties and in the value chain has an actual negative impact in the short, medium and long term.

## STRATEGY

Supply of fresh water did not use to be a major issue in the Nordic countries, but following the dry summers of recent years and reduced groundwater stocks, the issue has attracted more and more attention.

According to Balder’s Sustainability Policy, water use shall be minimised by means of systematic and preventive work. The company’s Board of Directors has made a decision on a Group-wide target of reducing annual water use by 2% per square metre per year. Balder works continuously to improve follow-up and reduce water use, both in its own operations and among tenants.

## ACTIONS

### Smart measurement of water use

Balder’s work to improve follow-up on water consumption includes measures such as fitting constant flow valves to mixer taps and shower heads, and proactive work is taking place to map out the risks of leaks. During the year, work also continued to digitalise the properties, including the upgrading and connection of water meters for better monitoring. Devices are being installed in all new buildings for the individual measuring of cold and hot water, and the same is being done on an ongoing basis in the existing portfolio.

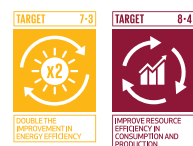
### Mapping of property areas with water stress

During the year, Balder conducted an analysis of whether the company has operations in areas where there is a high risk of water stress. Water stress arises when the need for water exceeds the volume available during a certain period, or when poor quality limits its use. Balder has adopted the approach that areas with high or extremely high classification are defined as

areas with water stress. The analysis shows that the company does not operate in areas with water stress levels that are high or extremely high.

## METRICS AND TARGETS

### THE UN’S GLOBAL SUSTAINABLE DEVELOPMENT GOALS LINKED TO BALDER’S SUSTAINABILITY WORK



Balder’s objective is to reduce its water use by 2% per square metre per year. The company also aims to improve its follow-up on water consumption both in its own operations and among tenants.

### Water use

Water consumption increased in total as a consequence of information having been collected for all consolidated subsidiaries. This was not done in 2022. The tables report water consumption in 2022 from the parent company and wholly owned subsidiaries in Sweden, Denmark, Finland and Germany. There are large variations in water consumption between the years, as the company reports water use for 2023 from more consolidated companies in Sweden, Denmark, Finland, Norway, Germany and the UK. Balder is working gradually to include water data from all consolidated companies in the Group, which is not possible at present.

Water use in 2023 decreased by 5% per square metre per year compared with 2022. Only companies that

reported water data for both 2022 and 2023 are included in the comparison regarding the sustainability target. The decrease can be explained by a general decrease in consumption, but is also due to increased follow-up and measuring of water consumption.

Regarding water consumption per net sales, there is a decrease of 13%. As 2022 was the first year that the company collected water data for all subsidiaries, the outcome cannot be reported for 2022.

## WATER USE

Water consumption	2023	2022
Total water consumption <sup>1) 2)</sup> , m <sup>3</sup>	14,615,387	5,466,139
Intensity of water consumption <sup>3)</sup>	2023	2022
Water consumption per square metre, m <sup>3</sup> /sq.m.	1,09	1,15
Water consumption per unit of net sales, m <sup>3</sup> /SEK	0.00053	0.00061

- 1) The tables report water consumption in 2022 from the parent company and wholly owned subsidiaries in Sweden, Denmark, Finland and Germany. There are large variations in water consumption between the years, as the company reports water use for 2023 from more consolidated companies in Sweden, Denmark, Finland, Norway, Germany and the UK. Balder is working gradually to include water data from all consolidated companies in the Group, which is not possible at present.
- 2) Water data is taken from meter readings (remote or manual readings). In those cases where information about water is not available, it is estimated based on lettable area.
- 3) The calculated intensities only include the companies that have reported water consumption for both 2022 and 2023. This includes data from consolidated companies in Sweden, Denmark, Finland and Germany. It does not, however, include all consolidated companies in Finland.

## SUSTAINABILITY TARGETS

Water	Outcome 2023	Outcome 2022
Reduced water use 2% per sq.m./year <sup>1)</sup>	5% decrease	—

- 1) Outcome data for the sustainability goal only includes companies that reported water data during both 2022 and 2023.

ENVIRONMENTAL SUSTAINABILITY

# BIODIVERSITY

Biodiversity refers to the richness of variety between and within different species on Earth. Biodiversity forms the basis of communities, companies and economies, as it plays a crucial role in the fundamental functions of nature, such as cleaning the air and water. Balder’s operations have a potentially negative impact on species and biological values, not only through the use of green areas and the hardening of areas for property development, but also in management of the existing property portfolio. Furthermore, operations can have an indirect negative impact on ecosystems through the production of products and construction materials used in operations and the value chain, which pose risks in the medium and long term.

## STRATEGY

According to Balder’s Sustainability Policy, the company shall actively contribute to preserving and increasing biodiversity in its management of properties and in connection with new production.

With regard to new construction projects, Balder’s operations are regulated by zoning plans, laws and regulations. The protection of species, for example, is incorporated into Swedish law, and before zoning plans are adapted and building permits issued, a site must be mapped from an environmental impact perspective. Regulatory compliance brings a tangibly reduced risk of any negative impact.

## ACTIONS

Balder’s property development and ongoing property management feature many concrete examples of initiatives undertaken in order to not only reduce and prevent negative impacts on biodiversity, but also to enhance and enable increased biodiversity.

### Green roofs with sedum

Balder has created green roofs using sedum plants on both newly produced and older properties. On existing properties, this has usually been on smaller buildings such as recycling rooms or cycle parking facilities.

### Urban cultivation

In many of Balder’s residential properties, cultivation sites have been prepared and pallet collars installed. By facilitating the cultivation of plants and vegetables close to properties, Balder is contributing to enhanced well-being among tenants, and it also benefits biodiversity in the local area.

### Habitats for pollinating insects

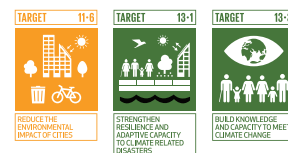
In order to encourage pollinating bees and other insects, Balder has installed insect hotels and beehives at a number of properties. In 2023, for example, Balder Sweden had three beehives installed on Krongårdsvägen in Vårby.

### Biodiversity roadmap

In 2023, the subsidiary SATO Oyj in Finland developed a roadmap for biodiversity. The roadmap contains an analysis of the company’s material topics in the area of biodiversity, risks and opportunities, and an action plan for the period 2024–2026. The action plan consists of a number of measures that focus on how the company is to take into consideration biodiversity throughout its operations, develop internal competence in this topic and initiate measures at the company’s properties.

## METRICS AND TARGETS

### THE UN’S GLOBAL SUSTAINABLE DEVELOPMENT GOALS LINKED TO BALDER’S SUSTAINABILITY WORK



In 2023, mapping started of the Group’s impact on biodiversity in order to identify properties in the Group that are established in areas that are sensitive for biodiversity. A more in-depth analysis will take place in the years ahead.

Making an active contribution to preserving and increasing biodiversity in property management and new production is one of Balder’s overarching Group-wide climate and environmental targets. So far, this work has primarily been carried out within the framework of individual projects or local property management organisations. A more structured, Group-wide way of working in the area of biodiversity, including qualitative and quantifiable targets, will be developed in the future.

## GREEN HILLS HAS A FOCUS ON BIODIVERSITY IN NEW PRODUCTION

2023 saw the completion of Green Hills, a residential project located just south of Copenhagen. The property is close to the countryside and green areas. Around 7,000 square metres of green roofing has been installed on the property, and the building’s façades are designed with more than 10% greenery. The inner courtyard houses a natural environment covering 3,500 square metres, which serves as both a biotope and a communal outdoor environment for the tenants. All in all, Balder has introduced more than 100,000 new plants and 300 new trees in the area. A protected water hole for frogs has also been managed and preserved.

The property, which has been certified in accordance with the German Sustainable Building Council (DGNB) certification standard, contains a total of around 350 apartments and accommodation for seniors.

## BIODIVERSITY IN PROPERTY MANAGEMENT

In Vårby, just south of central Stockholm, Balder is working actively to enhance biodiversity. This work is interwoven with initiatives to enhance well-being and the perceived sense of security in the area. In addition to bird boxes and insect hotels, there are three beehives here. To help the bees thrive, nearby green areas are being carefully managed, while meadow flowers are being planted, with the aim of having green plants and flowers from early spring until late autumn.

Balder has also created a special green trail in the area, with 13 stations where people can learn more about the importance of nature for biodiversity, the opportunities for animals to have a natural habitat, health and recreation. By including tenants and local schools in bee-keeping, planting and biodiversity, it is possible to interweave social and environmental sustainability in property management.

ENVIRONMENTAL SUSTAINABILITY

# RESOURCE USE AND CIRCULAR ECONOMY

The construction and real estate sector accounts for a significant proportion of society’s total material use and waste flows. Balder’s operations have an actual negative impact as a consequence of material use in new production and in refurbishment and renovation projects. In addition, there is also a direct and indirect negative impact related to waste generated from own operations, customers’ activities and business partners in the area of property development. Both resource use and waste management involve an impact and financial risks in the short, medium and long term.

## STRATEGY

### Materials and material use

In combination with new production, refurbishment and local adaptation, large volumes of materials are used, which gives rise to an environmental impact when they are extracted, produced and transported. This includes construction materials such as cement, concrete, metals, chemicals and electronic products. It is therefore important to reduce the volume of materials used and also to an increasing extent use reused construction materials or products manufactured from renewable or recovered materials. Balder also needs to make sure that the materials used do not contain hazardous substances that pose a risk of being spread into nature or the indoor environment in buildings. The company is subject to environmental legislation in many areas and has to observe the precautionary principle in both project development and ongoing property management.

In accordance with Balder’s Sustainability Policy, the company shall strive to reduce environmentally harmful substances and use resource-efficient materials. Material use can be minimised through systematic and preventive work.

Work with circular resource flows also includes preventive aspects such as, for example, flexible and adaptable solutions in buildings, which aim to limit the impact in connection with dismantling or demolition.

### Waste and waste management

Waste is generated at various levels in Balder’s supply chain, in the production of various products on which the company depends, in property management operations, by contractors and business partners in connection with projects, and by tenants’ activities in the properties. This waste then goes to recycling, reuse,

incineration or landfill, which has an environmental and climate impact.

According to Balder’s Sustainability Policy, the company shall reduce its operations’ waste volumes, increase sorting at source and strive to increase reuse of materials. Balder is working to reduce the volume of waste that goes to incineration and landfill. Work is also under way to increase the proportion of recycling, through waste management at properties and the provision of good facilities for tenants to sort at source.

Any waste that does arise within Balder’s own organisation due to property management operations is not deemed material in relation to the waste from construction projects that contractors manage and waste from tenants.

## ACTIONS

### Materials and material use

Balder’s goal is that newly produced properties shall be certified as a minimum in accordance with the Miljöbyggnad Silver rating or equivalent, which means, for example, BREEAM Very Good, LEED Excellent or Nordic Swan Ecolabel. In the case of new production constructed in accordance with the Miljöbyggnad standard in Sweden, there is a requirement for a log book for materials and products. This log book is used to assess and summarise construction-related products based on their chemical content and environmental impact during their life cycle. By setting requirements for the production of log books listing which materials are used in a building, the company can offer guidance towards more sustainable material choices.

### Waste and waste management

*Control plan in accordance with Waste Directive*

For works that require a building permit or application,

developers are obliged to establish a control plan in accordance with the Swedish Planning and Building Act and the EU’s Waste Directive. This control plan describes, among other things, how waste is to be dealt with, how the contractor ensures high-quality material recycling and which construction products can be reused. In many projects, Balder defines stricter requirements through agreements and procurement. For properties that have environmental certification in accordance with BREEAM, there are also extended requirements for how recycling and waste management are to be carried out.

### *New resource and waste procedure for projects*

In order to clarify Balder’s ambitions and requirements in the area of waste management, and also to enable better follow-up, a new resource and waste procedure was implemented during the year for projects in Sweden. The objectives include at least 70% by weight of non-hazardous construction waste from construction sites being sorted for reuse, recycling or material recycling in accordance with the waste hierarchy for each project. Work to implement this procedure will continue in 2024.

### *Clear information and well-maintained waste rooms*

Most of the waste in investment properties is generated by the tenants. During the year, work continued to ensure that the recycling stations are clean, light and safe. Work also continued to use clear information to encourage and facilitate sorting of waste by tenants.

Requirements for sorting at source are adapted from various national and local regulations, and the responsibility for this rests with the local property management organisation.

## METRICS AND TARGETS

### THE UN’S GLOBAL SUSTAINABLE DEVELOPMENT GOALS LINKED TO BALDER’S SUSTAINABILITY WORK

TARGET	8-4	TARGET	9-2	TARGET	9-4	TARGET	12-4	TARGET	12-5
IMPROVE RESOURCE EFFICIENCY IN CONSUMPTION AND PRODUCTION		PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION		UPGRADE ALL INDUSTRIES AND INFRASTRUCTURES FOR SUSTAINABILITY		RESPONSIBLE MANAGEMENT OF CHEMICALS AND WASTE		SUBSTANTIALLY REDUCE WASTE GENERATION	

Balder’s Group-wide climate and environmental targets include reducing environmentally harmful substances and using resource-efficient materials, as well as reducing waste volumes, increasing sorting at source and striving to increase reuse of materials. So far, this work has primarily been carried out within the framework of individual projects or local property management organisations. A more structured, Group-wide way of working, including qualitative and quantitative targets, will be developed in the future. In 2023, Balder implemented system support for sustainability reporting in the Group, and more data related to waste and materials will be collected through this.

ENVIRONMENTAL SUSTAINABILITY

# REPORTING IN ACCORDANCE WITH THE EU TAXONOMY

The EU taxonomy is a joint classification system developed by the European Union (EU) to steer the financial market towards sustainable investments. The EU taxonomy clarifies what constitutes a sustainable economic activity in a business operation. For an activity to be classified as sustainable, it needs to make a significant contribution to at least one of the taxonomy’s six environmental objectives, do no significant harm (DNSH) to any of the other objectives and meet the requirements in accordance with a number of minimum safeguards.

### Reporting in accordance with the EU taxonomy

Balder is subject to the disclosure requirements under the taxonomy regulation and reports both the proportion of activities that is eligible for the EU taxonomy and the proportion that is aligned with the EU taxonomy. The activities relevant for Balder are those related to environmental objectives 1 and 2:

- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings
- 7.3 Installation, maintenance and repair of energy-efficient equipment
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings
- 7.6 Installation, maintenance and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings
- 4.3 Electricity generation from wind power

Balder’s activities cover above all category 7.7 Acquisition and ownership of buildings, where the biggest proportion of turnover and expenses is generated.

### Changes from previous year

As Balder owns wind farms, the company is also subject to section 4 Energy, and in 2023, for the first time it is reporting aligned economic activities related to activity 4.3 Electricity generation from wind power.

In its reporting for 2023, the company shall also provide details of economic activities in section 4 Energy that relate to nuclear energy or fossil gas-related activi-

ties, a disclosure requirement that was added at the turn of the year 2023/2024. As the company does not have any operations in the areas of nuclear power or fossil gas, it is not considered that the associated table in the delegated act (EU) 2022/1214 are applicable and they are therefore not reported.

According to the EU taxonomy, companies have to report the proportion of their operations that is eligible for the taxonomy for each environmental objective. Prior to Balder’s Annual Report 2022, only two of the six environmental objectives had been published (objective 1 Climate change mitigation and objective 2 Climate change adaptation). In its reporting for 2023, the company is also expected to report the proportion of turnover, CapEx and OpEx that is eligible for the remaining four environmental objectives. In the current version of environmental objectives 3 to 6, Balder is eligible not only for the two environmental objectives described previously, but also for environmental objective 4 Transition to a circular economy, as this environmental objective includes activities relating to

the building, renovation and demolition of buildings. It is estimated that this objective covers around 30% of the business’s expenses. Environmental objectives 3 (Sustainable use and protection of water and marine resources) and 5 (Pollution prevention and control) have been deemed not to contain any activities that fall within the company’s business operations. Balder does, however, consider that environmental objective 6 (Protection and restoration of biodiversity and ecosystems), related to hotel operations, does apply to the business. Balder manages hotel properties, but only runs three of these hotels. It is estimated that this represents less than 1% of operations.

### EU taxonomy reporting 2023

In Balder’s reporting of the EU taxonomy, all consolidated companies in the Group where Balder exercises financial control are included. Balder has decided that all activities in 2023 shall prioritise allocation to environmental objective 1 Climate change mitigation.

### BALDER’S ELIGIBILITY FOR THE EU TAXONOMY

Environmental objectives	Eligibility
1. Climate change mitigation	100%
2. Climate change adaptation	100%
3. Sustainable use and protection of water and marine resources <sup>1)</sup>	N/A
4. Transition to a circular economy	30%
5. Pollution prevention and control	N/A
6. Protection and restoration of biodiversity and ecosystems	< 1%

<sup>1)</sup> Environmental objectives 3–6 come into force from 2024, but the company must report what proportion of its activities are eligible for these four environmental objectives. N/A means not applicable, and the company is therefore not covered by the environmental objective.

Copenhagen Lavetten  
Rental apartments  
241 apartments



## THE TAXONOMY’S SIX ENVIRONMENTAL OBJECTIVES

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



ENVIRONMENTAL SUSTAINABILITY / THE EU TAXONOMY

**Section 7 Buildings**

Even though there is an opportunity to allocate to environmental objective 2 Climate change adaptation, Balder has chosen to prioritise allocation to environmental objective 1 during 2023. This is because the economic figures that can be credited to environmental objective 2 are very restrictive under the Taxonomy Regulation.

To align with environmental objective 2, it is a requirement that a building is either in energy class C or in the top 30% in the national or regional portfolio expressed in primary energy demand. If Balder were to align with environmental objective 2, discounting those buildings that align with environmental objective 1, 449 buildings would be within the top 30% in the national portfolio or have energy class B or C.

Reporting for 2022 only included buildings built before 31 December 2020. Reporting for 2023 includes not only these, but also buildings built after December 2020. The division is used because the requirements defined for buildings under activity 7.7 differ, depending on when they were built. To define when a building is built, Balder has chosen to apply the date of the approved building permit.

Those buildings built before 31 December 2020 are deemed to meet the requirements for environmental objective 1 if they have energy class A or meet the national requirements for the top 15% most energy-efficient buildings. Those buildings built after 31 December 2020 are deemed to meet the requirements for environmental objective 1 if they have energy performance that is at least 10% better than the national requirements for a nearly zero energy building (NZEB). There are additional requirements for large buildings

(> 5,000 sq.m.) if they are built after 31 December 2020, in the form of climate calculations and air pressure testing.

The requirements to do no significant harm (DNSH) for activity 7.7. Acquisition and ownership of buildings are that the building shall have undergone a climate risk analysis in accordance with the method defined in the Taxonomy Regulation.

**Section 4 Energy**

Balder owns five wind farms in Sweden and therefore reports alignment with activity 4.3. Activities at the wind farms are allocated to environmental objective 1. Those wind farms that are deemed to meet the requirements for environmental objective 1 must generate electricity and have undergone a climate risk analysis.

Read more about energy and renewable energy on pages 48–50.

**Climate risk analyses**

To meet the requirements of the EU taxonomy, and do no significant harm, climate risk analyses must be conducted at building level. This comprises screening of climate risks (step A), a vulnerability analysis (step B) and an action plan (step C). The action plans must be implemented within five years of being established. A building needs a complete climate risk analysis to be conducted before it can be deemed to be aligned with the taxonomy.

In 2022, Balder conducted around 100 climate risk screenings in Sweden, Denmark, Finland and Norway. For 54 of these climate risk analyses, a vulnerability analysis and action plan were also completed. In 2023, Balder conducted a large number of climate risk analy-

ses for buildings in Sweden, Denmark and Finland, and for some of the company's properties in Norway. In Sweden, for example, a large proportion of building portfolios have undergone step A in the climate risk analysis. Those buildings that are deemed to be able to meet the requirements of the EU taxonomy were prioritised, and also had to undergo a vulnerability analysis and have action plans established. This is a large undertaking that has begun in order to assess future climate risks and what climate adaptation measures should be undertaken to reduce long-term risks in the business. More information about climate adaptation and climate risk analyses conducted during 2023 is presented on pages 42–43.

**Minimum safeguards**

For an activity to be classified as being aligned with the EU taxonomy, all requirements within minimum safeguards need to be met, which includes corporate social responsibility in the areas of human rights and workers' rights, anti-corruption, taxation and fair competition.

To comply with the minimum safeguards, it is a requirement that the Balder Group has processes and policies in place, and that there were no breaches of legislation in these areas during the year. In 2023, Balder reviewed the criteria for process and breaches in all consolidated subsidiaries. This review was conducted using a form that requested information about policies, processes and breaches of legislation. The review showed that Balder and its subsidiaries are in compliance with the minimum safeguards of the EU taxonomy.

**Summary for 2023**

The summary for 2023 shows that Balder has 189 properties that can be classified as fully aligned with the EU taxonomy, as a complete climate risk analysis has been conducted. The summary also shows that all (5) of Balder's wind farms are aligned with the EU taxonomy.

The table below reports the economic proportion of the company's turnover, CapEx (investments) and OpEx (operating expenses) that are aligned with the EU taxonomy. There is also a comparison with taxonomy alignment in 2022. The large difference in the outcome between 2022 and 2023 can be explained by the fact that more companies in the Group have performed complete climate risk analyses, and that the accounting policies for reporting CapEx were updated during 2023 to also include newly produced buildings under activity 7.7 Acquisition and ownership of buildings.

Balder operates in six different countries with diversified legislation. There are, for example, differences in the ways energy performance certificates are produced and the national limit values for which buildings can be classified within the top 15% and the top 30%. Work with the EU taxonomy is a large undertaking, and Balder has chosen to continue to adopt a cautious approach in its reporting. Which properties are aligned with the EU taxonomy is based on the company's current interpretation of the regulations, and may be changed as criteria are clarified. The company will gradually extend its reporting and include more financial activities that are aligned with the EU taxonomy.

**EY TAXONOMY-ALIGNED BUILDINGS IN 2023**

Number of buildings in energy class A or top 15% <sup>(2)</sup>	Number of buildings in energy class B or C or in top 30% <sup>(3)</sup>	Total number of buildings included in this year's review of the EU taxonomy
322	449	1,390

1) The table includes building in all consolidated companies in Sweden, Denmark, Finland, Norway, Germany and the UK.  
 2) The buildings included here have a primary energy value that is below the limit value for the top 15% or have energy class A.  
 3) The buildings included here have a primary energy value that is below the limit value for the top 30% or as a minimum have energy class C. The buildings that have energy class A or are below the limit value for the top 15% are not included in the data below.

**BALDER'S ALIGNMENT WITH THE EU TAXONOMY**

	Total 2023, SEKm	Of which aligned with the EU taxonomy 2023, %	Of which aligned with the EU taxonomy 2022, %
Turnover <sup>(1)</sup>	14,882	13	3
CapEx	6,959	50	0
OpEx	754	11	6

1) There is a more detailed description of turnover, CapEx and OpEx on pages 57–59 under the heading Accounting policies.

## ENVIRONMENTAL SUSTAINABILITY / THE EU TAXONOMY

## FINANCIAL ACTIVITIES ALIGNED WITH THE EU TAXONOMY

Balder reports aligned financial activities in 2023 linked to 7.7. Acquisition and ownership of buildings and 4.3 Electricity generation from wind power. Reporting only includes consolidated companies in which Balder has financial control. Financial data is produced at property level and not building level, as financial data in the company's finance systems is linked to

properties. Buildings with energy class A or that are in the top 15% in the portfolio in terms of energy performance have been compiled based on the current energy declaration. The precautionary principle has been applied if there are several buildings within the same property, in which case the highest primary energy figure for the whole property is used. There has been

no weighting (calculation) between the number of square metres with different primary energy demands. Older energy declarations have not been recalculated according to the most current calculation method for energy performance certificates.

Financial data for all wind farms has been produced as a grand total for turnover and OpEx. Financial activi-

ties are not reported for each wind farm, as they are linked to the same account in the company's finance system.

Climate risk analyses are conducted in accordance with requirements specified in the EU taxonomy. Minimum safeguards have been reviewed at both Group and subsidiary level.



Copenhagen  
Øresund Park

Rental apartments  
437 apartments

ENVIRONMENTAL SUSTAINABILITY / THE EU TAXONOMY

**TURNOVER**

Proportion of turnover from products and services aligned with the EU taxonomy, 2023

Financial activities	2023			Criteria for material contribution						Criteria in respect of doing no significant harm						Minimum safe-guards	Proportion of (A.1) or (A.2) turnover, 2022	Category (enabling activity)	Category (transition activity)
	Code	Turnover	Proportion of turnover, 2023	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water (WTR)	Pollutants (PPC)	Circular economy (CE)	Biodiversity (BIO)	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water (WTR)	Pollutants (PPC)	Circular economy (CE)	Biodiversity (BIO)				
	SEKm	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%			
<b>A. ACTIVITIES THAT ARE ELIGIBLE UNDER THE TAXONOMY</b>																			
<b>A.1. Environmentally sustainable (taxonomy-aligned) activities</b>																			
Acquisition and ownership of buildings	CCM 7.7	1,927	13	Y	N/EL	N/EL	N/EL	N/EL	—	Y	—	—	—	—	Y	3	—	—	
Electricity generation from wind power	CCM 4.3	14	0	Y	N/EL	—	—	—	—	Y	N/A	—	Y	Y	Y	—	—	—	
<b>Turnover from environmentally sustainable (taxonomy-aligned) activities (A.1)</b>		<b>1,941</b>	<b>13</b>	<b>13</b>	—	—	—	—	—	<b>Y</b>	<b>N/A</b>	—	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>3</b>			
Of which enabling activities		0	0	0	—	—	—	—	—	—	—	—	—	—	—	—	E		
Of which transition activities		0	0	0						—	—	—	—	—	—	—		T	
<b>A.2. Activities that are eligible under the taxonomy, but that are not environmentally sustainable (not taxonomy-aligned) (A.2.)</b>																			
Acquisition and ownership of buildings	CCM 7.7	12,941	87	EL	N/EL	N/EL	N/EL	N/EL								97			
<b>Turnover from the activities that are eligible under the taxonomy, but that are not environmentally sustainable (not taxonomy-aligned) (A.2.)</b>		<b>12,941</b>	<b>87</b>	<b>87</b>	—	—	—	—								<b>97</b>			
<b>Total (A.1. + A.2.)</b>		<b>14,882</b>	<b>100</b>	<b>100</b>	—	—	—	—								<b>100</b>			
<b>B. ACTIVITIES THAT ARE NOT ELIGIBLE UNDER THE TAXONOMY</b>																			
<b>Turnover from activities that are not eligible under the taxonomy (B)</b>		0	0																
<b>Total</b>		<b>14,882</b>	<b>100</b>																

**Accounting principles, turnover**

Reporting of total turnover corresponds to the Group's rental income and incomes from the sale of development properties during the year in the income statement. For wind power, income from sales of electricity is also included. Income from wind power is reported under other income in the income statement.

The criterion for doing no significant harm in respect of water for activity 4.3 Electricity generation from wind power is considered not applicable (N/A), as the company's wind farms are not located offshore. The following abbreviations in the table refers to: Y, the activity is eligible and aligned; N, the activity is eligible but not aligned; N/EL, the activity is not eligible or not applicable. Balder has chosen to prioritise allocation towards environmental objective 1 Climate change mitigation (CCM) during 2023, which is reported in the table on the right.

**Outcome 2023**

Balder's taxonomy-aligned turnover increased from 3% in 2022 to 13% in 2023. The large increase in taxonomy-aligned turnover is due to the fact that more consolidated companies have been able to show that they have buildings that are EU taxonomy-aligned in accordance with the requirements defined for activity 7.7 Acquisition and ownership of buildings. More energy performance certificates have been updated and complete climate risk analyses have been conducted to a greater extent. In reporting for 2023, companies in Sweden, Denmark and Finland submitted base data for taxonomy reporting in respect of activity 7.7 Acquisition and ownership of buildings. Financial activities from the company's wind farms in Sweden are included for 2023, which was not the case in 2022.

**Proportion of turnover/Total turnover**

	Taxonomy-aligned activity per objective	Taxonomy-qualified activity per objective
Climate change mitigation (CCM)	13%	100%
Climate change adaptation (CCA)	—	—
Water (WTR)	—	—
Circular economy (CE)	—	—
Pollutants (PPC)	—	—
Biodiversity (BIO)	—	—

ENVIRONMENTAL SUSTAINABILITY / THE EU TAXONOMY

CAPEX

Proportion of CapEx from products and services aligned with the EU taxonomy, 2023

Financial activities	2023			Criteria for material contribution						Criteria in respect of doing no significant harm						Minimum safe-guards	Proportion of (A.1) or (A.2) turnover, 2022	Category (enabling activity)	Category (transition activity)
	Code	CapEx SEKm	Proportion of CapEx, 2023 %	Climate change mitigation (CCM) Y;N;N/ EL	Climate change adaptation (CCA) Y;N;N/ EL	Water (WTR) Y;N;N/ EL	Pollutants (PPC) Y;N;N/ EL	Circular economy (CE) Y;N;N/ EL	Biodiversity (BIO) Y;N;N/ EL	Climate change mitigation (CCM) Y/N	Climate change adaptation (CCA) Y/N	Water (WTR) Y/N	Pollutants (PPC) Y/N	Circular economy (CE) Y/N	Biodiversity (BIO) Y/N				
<b>A. ACTIVITIES THAT ARE ELIGIBLE UNDER THE TAXONOMY</b>																			
<b>A.1. Environmentally sustainable (taxonomy-aligned) activities</b>																			
Acquisition and ownership of buildings	CCM7.7	3,465	50	Y	N/EL	N/EL	N/EL	N/EL	N/EL	—	Y	—	—	—	—	Y	0	—	—
<b>CapEx from environmentally sustainable (taxonomy-aligned) activities (A.1)</b>		<b>3,465</b>	<b>50</b>	<b>50</b>	—	—	—	—	—	—	<b>Y</b>	—	—	—	—	<b>Y</b>	<b>0</b>		
Of which enabling activities		0	0	0	—	—	—	—	—	—	—	—	—	—	—	—	—	E	
Of which transition activities		0	0	0						—	—	—	—	—	—	—	—		T
<b>A.2. Activities that are eligible under the taxonomy, but that are not environmentally sustainable (not taxonomy-aligned)</b>																			
Acquisition and ownership of buildings	CCM7.7	3,494	50	EL	N/EL	N/EL	N/EL	N/EL	N/EL								100		
<b>CapEx from the activities that are eligible under the taxonomy, but that are not environmentally sustainable (not taxonomy-aligned) (A.2.)</b>		<b>3,494</b>	<b>50</b>	<b>50</b>	—	—	—	—	—								<b>100</b>		
<b>Total (A.1. + A.2.)</b>		<b>6,959</b>	<b>100</b>	<b>100</b>	—	—	—	—	—								<b>100</b>		
<b>B. ACTIVITIES THAT ARE NOT ELIGIBLE UNDER THE TAXONOMY</b>																			
<b>CapEx from activities that are not eligible under the taxonomy (B)</b>		0	0																
<b>Total</b>		<b>6,959</b>	<b>100</b>																

Accounting principles, CapEx

Investments include capitalised expenditure for acquisition of properties and investments in existing properties during the year. Capital expenditure may be found in Note 12 in Balder's financial report and consists of acquisitions and investments in existing properties and projects. Also included are leasehold rights (right-of-use assets), see Note 8. In addition to this, equipment and wind turbines that constitute capital expenditure are also covered, see Note 13. Capital expenditure from the new production of properties is allocated to activity 7.7 Acquisition and ownership of buildings for 2023, as explanations on how property managers may report on recently constructed buildings were clarified in 2023.

The following abbreviations in the table refers to: Y, the activity is eligible and aligned; N, the activity is eligible but not aligned; N/EL, the activity is not eligible or not applicable. Balder has chosen to prioritise allocation towards environmental objective 1 Climate change mitigation (CCM) during 2023, which is reported in the table on the right.

Outcome 2023

Taxonomy-aligned CapEx increased from around 0% in 2022 to 50% in 2023. During 2023, there was clarification of how property managers should report on activity 7.7 Acquisition and ownership of buildings in respect of properties under construction. This has resulted in the company being able to allocate CapEx accruing from new production to this activity. The reason for the large increase is that Balder has completed buildings during 2023 that were included in reporting, but were not included in reporting in 2022. The large increase in taxonomy-aligned CapEx is also due to the fact that more consolidated companies have been able to show that they have buildings that are EU taxonomy-aligned in accordance with the requirements defined for activity 7.7 Acquisition and ownership of buildings. More energy performance certificates have been updated and complete climate risk analyses have been conducted to a greater extent.

Proportion of CapEx/Total CapEx

	Taxonomy-aligned activity per objective	Taxonomy-qualified activity per objective
Climate change mitigation (CCM)	50%	100%
Climate change adaptation (CCA)	—	—
Water (WTR)	—	—
Circular economy (CE)	—	—
Pollutants (PPC)	—	—
Biodiversity (BIO)	—	—

ENVIRONMENTAL SUSTAINABILITY / THE EU TAXONOMY

OPEX

Proportion of OpEx from products and services aligned with the EU taxonomy, 2023

Financial activities	2023			Criteria for material contribution						Criteria in respect of doing no significant harm						Minimum safe-guards	Proportion of (A.1) or (A.2) turnover, 2022	Category (enabling activity)	Category (transition activity)
	Code	OpEx SEKm	Proportion of OpEx, 2023 %	Climate change mitigation (CCM) Y;N;N/ EL	Climate change adaptation (CCA) Y;N;N/ EL	Water (WTR) Y;N;N/ EL	Pollutants (PPC) Y;N;N/ EL	Circular economy (CE) Y;N;N/ EL	Biodiversity (BIO) Y;N;N/ EL	Climate change mitigation (CCM) Y/N	Climate change adaptation (CCA) Y/N	Water (WTR) Y/N	Pollutants (PPC) Y/N	Circular economy (CE) Y/N	Biodiversity (BIO) Y/N				
<b>A. ACTIVITIES THAT ARE ELIGIBLE UNDER THE TAXONOMY</b>																			
<b>A.1. Environmentally sustainable (taxonomy-aligned) activities</b>																			
Acquisition and ownership of buildings	CCM7.7	81	11	Y	N/EL	N/EL	N/EL	N/EL	N/EL	—	Y	N/A	—	Y	Y	Y	6	—	—
Electricity generation from wind power	CCM4.3	2	0	Y	N/EL	—	—	—	—	—	Y	N/A	—	Y	Y	Y	—	—	—
<b>OpEx from environmentally sustainable (taxonomy-aligned) activities (A.1.)</b>		<b>83</b>	<b>11</b>	<b>11</b>	—	—	—	—	—	—	<b>Y</b>	<b>N/A</b>	—	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>6</b>		
Of which enabling activities		0	0	0	—	—	—	—	—	—	—	—	—	—	—	—	—	E	
Of which transition activities		0	0	0						—	—	—	—	—	—	—	—		T
<b>A.2. Activities that are eligible under the taxonomy, but that are not environmentally sustainable (not taxonomy-aligned)</b>																			
Acquisition and ownership of buildings	CCM7.7	671	89	89	EL	N/EL	N/EL	N/EL	N/EL								94		
<b>OpEx from the activities that are eligible under the taxonomy, but that are not environmentally sustainable (not taxonomy-aligned) (A.2.)</b>		<b>671</b>	<b>89</b>	<b>89</b>	—	—	—	—	—								<b>94</b>		
<b>Total (A.1. + A.2.)</b>		<b>754</b>	<b>100</b>	<b>100</b>	—	—	—	—	—								<b>100</b>		
<b>B. ACTIVITIES THAT ARE NOT ELIGIBLE UNDER THE TAXONOMY</b>																			
<b>OpEx from activities that are not eligible under the taxonomy</b>		0	0																
<b>Total</b>		<b>754</b>	<b>100</b>																

Accounting principles, OpEx

Operating expenditure includes expenses that are directly attributable to the day-to-day maintenance of the properties and the expenses that are necessary to maintain the function of the properties. This includes certain operating expenses, but only costs of personnel (wages) and equipment (e.g. vehicles) to manage the properties. It includes renovations that have not been capitalised at Group level such as investments and expenses for maintenance and repairs. Energy consumption costs and property tax are not included.

The criterion for doing no significant harm in respect of water for activity 4.3 Electricity generation from wind power is considered not applicable (N/A), as the company's wind farms are not located offshore. The following abbreviations in the table refers to: Y, the activity is eligible and aligned; N, the activity is eligible but not aligned; N/EL, the activity is not eligible or not applicable. Balder has chosen to prioritise allocation towards environmental objective 1 Climate change mitigation (CCM) during 2023, which is reported in the table on the right.

Outcome 2023

Taxonomy-aligned OpEx increased from 6% in 2022 to 11% in 2023. The large increase in taxonomy-aligned OpEx is due to the fact that more consolidated companies have been able to show that they have buildings that are EU taxonomy-aligned in accordance with the requirements defined for activity 7.7 Acquisition and ownership of buildings. More energy performance certificates have been updated and complete climate risk analyses have been conducted to a greater extent. In reporting for 2023, companies in Sweden, Denmark and Finland submitted base data for taxonomy reporting in respect of activity 7.7 Acquisition and ownership of buildings. Financial activities from the company's wind farms in Sweden are included for 2023, which was not the case in 2022.

Proportion of OpEx/Total OpEx

	Taxonomy-aligned activity per objective	Taxonomy-qualified activity per objective
Climate change mitigation (CCM)	11%	100%
Climate change adaptation (CCA)	—	—
Water (WTR)	—	—
Circular economy (CE)	—	—
Pollutants (PPC)	—	—
Biodiversity (BIO)	—	—



SOCIAL

# SOCIAL SUSTAINABILITY

Through its operations, Balder has an actual and potential impact on its own employees, local communities and workers in the value chain.

In order to maximise the effect of sustainability work, it is focused on those social areas that are considered most material. These areas consist of equal treatment and equal opportunities for all, and working conditions for own employees as well as employees in the value chain. As a major property owner, Balder has actual opportunities to contribute to area development and a positive local impact in and around the properties that the company owns, develops and manages.

For more information about Balder's materiality analysis, see pages 37–38.

## THIS CHAPTER DESCRIBES BALDER'S SUSTAINABILITY WORK RELATED TO:

- Employees
  - *Equal treatment and equal opportunities for all*
  - *Working conditions*
- Workers in the value chain
- Local community impact and social area development

## POLICIES AND GUIDELINES

- Code of Conduct
- Sustainability Policy
- Work Environment Policy
- Equality and Diversity Policy
- Health and Safety Policy

All policies are subject to an annual review and are adopted by Balder's Board of Directors.

## EMPLOYEES

For Balder to be able to continue to run and develop the business, it is required that the company has the ability to recruit and retain employees with the right competence. Inadequate working conditions for own employees and non-employees, as well as deficiencies in equal opportunity and diversity, could bring a negative impact on the individual. Risks related to working conditions for own employees and non-employees can also result in breaches of legislation, a poorer corporate culture, inadequate health and safety, high staff turnover, increased recruitment costs and harm to the company's reputation. Risks related to working conditions in the company's own operations are therefore deemed to represent a material financial risk for Balder in the short, medium and long term.

## STRATEGY

Business acumen, ambition and engagement are watchwords that pervade Balder as a company and its employees in day-to-day operations. Employees are Balder's most important asset in conducting long-term property management with satisfied customers. The company's own employees include property managers and caretakers in residential and commercial property management, in addition with central functions with more administrative duties, in areas such as finance, customer service and IT. Balder's non-employees comprise various kinds of contracted consultants, students and other operationally important employees for day-to-day operations in Balder's properties such as cleaners, electricians, project managers and employees hired to look after the outdoor environment.

All of Balder's own employees are employed in Sweden, Denmark, Finland, and Norway, where national legislation generally specifies wide-ranging and strict requirements concerning how companies should work, strategically and operationally, on compliance with human rights and managing fundamental requirements. These include, for example, working conditions, fair pay, the work environment and occupational health and safety.

Balder's Group-wide Code of Conduct applies to both employees and non-employees. It is based on international guidelines such as the UN Global Compact's ten principles for human rights, labour law, the environ-



ment and anti-corruption, the OECD's Guidelines for Multinational Enterprises, the ILO's Core Conventions and the UN Guiding Principles on Business and Human Rights.

Balder also works strategically on various actions to be an attractive employer with a good work environment and the ability to recruit and retain engaged employees with the right competence. For this to be possible, it is a prerequisite that Balder implements and

follows up on various strategic decisions and measures that enable secure employment, competitive pay, equal pay for equivalent work, good opportunities for skills development and working conditions that promote diversity, equality, innovation and collaboration.

The outcome of the double materiality analysis shows that Balder's most material topics related to the own workforce are equal treatment and equal opportunities for all, as well as working conditions, see pages 60–66.

SOCIAL SUSTAINABILITY / EMPLOYEES

## EQUAL TREATMENT AND EQUAL OPPORTUNITIES FOR ALL

Continuous work is carried out throughout the Balder Group to ensure that actions are in place to manage risks and opportunities that exist related to equal treatment and equal opportunities for all. This applies before, during and after individuals have been employed.

### ACTIONS

#### Equality and Diversity Policy

Balder's Group-wide equality and diversity policy, which is adopted annually by the Board of Directors, emphasises that all employees shall be treated and addressed with respect and dignity, and have the same rights, obligations, opportunities and influence in all significant areas of working life. The policy includes actions that all companies in the Group shall implement and follow up on in day-to-day operations, for example preventive initiatives targeting discrimination and harassment, regular pay reviews, adaptation of workplaces and opportunities for training and development. Any deviations from the policy can be reported via Balder's whistleblowing service or to the closest manager. During the year, no whistleblowing cases were reported that resulted in action. Read more about the company's whistleblowing service on page 71. Equal opportunity and diversity are also evaluated in Balder Sweden in connection with regular pay reviews, performance and career development reviews and employee surveys.

#### Competence-based and non-biased recruitment process

Balder strives to achieve workgroups comprising employees with different backgrounds and experiences, as this enriches the business and contributes to continued positive development. In Sweden, for example, Balder is working actively on actions to create a recruitment process that is as objective and competence-based as possible. Diversity and inclusion are considered in the production of job ads, with language and images used to attract a broader group of candidates. Standardised and comparable questions are increasingly replacing the cover letter, and recruitment tests are being used at an early stage before any invitation to a job interview. The HR function supports and trains managers on an ongoing basis to enable them to carry out non-biased, competence-based recruitment pro-

cesses. In 2023, Balder's Finnish subsidiary SATO Oyj developed a Diversity, Equity and Inclusion Plan. Focus areas related to own employees primarily involve integrating the diversity perspective into the recruitment process. Actions include reviewing the recruitment process, training recruitment staff and applying positive discrimination in cases where a choice has to be made between two equally qualified candidates.

#### Employee surveys

Most of the subsidiaries in the Group with own employees have regular employee surveys that are aimed at permanent employees in order to investigate various work-related factors that impact the safety, well-being and engagement of employees. The employee surveys make it possible to measure, analyse and take action on the basis of the various outcomes. These insights form the basis of Balder's continuing work to prevent negative impacts while at the same time proactively improving the psychosocial and physical work environment.

In winter 2023, for example, Balder launched the employee survey KEEP (Knowledge, Engagement, Entrepreneurship and Personnel) for employees in Sweden as an element of further developing the dialogue with employees. The HR Department is responsible for compiling the results and establishing actions plans in collaboration with the managers responsible. The survey gave a result of 2 on a scale from -20 to +20, which indicates a relatively high result even in relation to the real estate industry's average of -6. Read more on page 4.

Balder's subsidiaries in Denmark have an external employee survey that is sent out to all employees once a year. The outcome is followed up primarily by the manager responsible for each department, or in collaboration with the HR Department in the event of poor results or the need to draw up an action plan. Based on the different parameters, external comparisons are also made with companies with similar operations.

When an employment arrangement is terminated in Sweden, all employees who are leaving Balder are offered the opportunity to respond anonymously to an exit questionnaire concerning their employment and Balder as an employer. The results from the exit questionnaires are compiled anonymously and then processed at management level to be used as a basis for evaluation, management and decision-making concerning, for example, preventive actions for the company's employee turnover, equal treatment plan and security routines.

#### Right employee skills

Balder is dependent on employees with the right competence in order to continue to run and develop the business. Training is an important factor in developing employees and creating internal engagement. It is also a precondition for being able to retain employees and give them opportunities to grow and make a career internally within Balder. According to the company's Group-wide Sustainability Policy, all companies shall, within the framework of social sustainability, plan and follow up on actions that promote the training and development of employees. Training and skills development shall be offered to all employees as required in accordance with the equality and diversity policy.

Balder has a large number of internal courses for employees in Sweden, and these are updated on an ongoing basis. The training courses are primarily available via the Balder Academy, which is the company's digital training platform and knowledge database. The Balder Academy, which is run by the HR function, is where skills development is coordinated for all employees and new employees, also when new roles and functions are created in the company. New employees are provided not only with a customised training package based on their professional role, but also general courses about Balder's values and organisational functions, working methods and routines. Balder Sweden

also has an internal training initiative, known as Roots, for the central functions, which involves practical experience in the field of property management with the aim of increasing understanding and respect in employees for each other's roles.

Actions in the area of training and skills development can also be seen in Balder's subsidiaries. There is, for example, a Danish version of the Balder Academy in Denmark. In the Finnish subsidiary SATO Oyj, the company is working actively with the "Osaamisen Noste programme". This programme's aims include the identification of current and future skills requirements in all the company's departments, so that a general action plan can be established for skills development of employees. The focus areas during 2023 were coaching leadership, self-leadership, understanding business and sustainability.

### METRICS AND TARGETS

#### THE UN'S GLOBAL SUSTAINABLE DEVELOPMENT GOALS LINKED TO BALDER'S SUSTAINABILITY WORK



Balder has a social sustainability target to be a workplace that is free of discrimination and harassment. There must be no discrimination on the basis of age, gender, gender identity, religion, disability, sexual orientation or ethnic background. All forms of harassment are forbidden, as is offensive differential treatment. Follow-up on this target takes place by means of measuring the number of reported incidents during the financial year.

SOCIAL SUSTAINABILITY / EMPLOYEES

**Anti-discrimination**

During the financial year, no cases of discrimination were reported. Balder did not have any reported incidents related to human rights during the financial year. During 2022, it was brought to the company’s attention that there had been incidents of discrimination during working hours. These incidents were handled in accordance with the company’s routines, with the focus on the psychosocial work environment of employees.

**Employees**

The number of employees in the Group amounted to 1,148 and is at the same level as the previous accounting period (1,157). Balder has a relatively even gender distribution, as employees in 2023 were 58% male and 42% female. There were no deviating changes between the accounting periods in the number of employees at country level or in terms of gender, contract types or employment level. Most of the Group’s employees are permanent employees in full-time positions. At the end of 2023, 94% of the company’s employees were permanent employees and 95% were full-time employees. The outcome is explained by the fact that Balder largely offers more permanent contract types with full-time employment. See tables relating to Balder’s employees on the right and on page 62–63.

**SUSTAINABILITY TARGETS**

Anti-discrimination	Outcome 2023	Outcome 2022
No incidents of discrimination <sup>1)</sup> , including harassment	0	< 5

1) Refers to the number of incidents of discrimination involving employees that have been brought to the company’s attention.

**Diversity**

The company’s largest age group among employees is 30 to 50 years old (59%) and the second largest is under 30 years old (23%). Balder’s relatively young workforce is explained by the fact that historically the company has recruited and trained young talents with strong engagement and a desire to develop.

Most of the Group’s employees are white collar employees (77%), who work in more administrative roles and are based at different offices, usually in large or medium-sized towns and cities. Blue collar employees (23%) refer primarily to property managers who work mainly with the operation, maintenance and care of Balder’s properties. Gender distribution at Board and management level remains unchanged compared with the previous accounting period.

The members of the Board of Directors consist of one woman and four men, all aged over 50. Management has a more even distribution between genders, with 60% female and 40% male, with a younger age distribution compared with the Board. See table of diversity indicators on page 63.

**Training and skills development**

The vast majority of the Group’s employees had regular performance and career development reviews during 2023 (89% in total), which is in line with previous annual outcomes. The average number of training hours per employee was 13 hours in 2023. See table entitled “Training and skills development” on page 63.

**EMPLOYEES BY GENDER**

Gender <sup>1)</sup>	Number of employees <sup>2)</sup>	
	2023	2022 <sup>3)</sup>
Men	665	666
Women	483	491
Total employees	<b>1,148</b>	<b>1,157</b>

- 1) Gender affiliation “Other” and “Not disclosed” are excluded from the table, as no data was reported.
- 2) Number of employees is calculated as the number of people as of the last day of the specified accounting period (excluding summer workers and interns). Employees means those employed at subsidiaries with more than five employees in Sweden, Denmark, Finland, and Norway. Balder has no employees in Germany or the UK.
- 3) Statistics in the table were revised for 2022 as new data has been received.

**EMPLOYEES BY COUNTRY**

Country <sup>1)</sup>	Number of employees <sup>2)</sup>	
	2023	2022 <sup>3)</sup>
Sweden	614	634
Denmark	100	108
Finland	412	392
Norway <sup>4)</sup>	22	23

- 1) Balder has chosen to report data for countries with fewer than 50 employees (Norway) and less than 10% of the total number of employees in the Group (Denmark and Norway).
- 2) Number of employees is calculated as the number of people as of the last day of the specified accounting period (excluding summer workers and interns).
- 3) Statistics in the table were revised for 2022 as new data has been received.
- 4) Total employees in Norway differs from financial reporting (24 employees in total) as sustainability reporting excludes companies with fewer than five employees.

**EMPLOYEES BY CONTRACT TYPE AND GENDER**

	2023			2022 <sup>1)</sup>		
	Female	Male	Total	Female	Male	Total
Number of employees <sup>2)</sup>	483	665	<b>1,148</b>	491	666	<b>1,157</b>
Number of permanent employees <sup>3)</sup>	453	631	<b>1,084</b>	466	642	<b>1,108</b>
Number of temporary employees/non-guaranteed employees <sup>4)</sup>	30	34	<b>64</b>	25	24	<b>49</b>
Number of full-time employees <sup>5)</sup>	446	648	<b>1,094</b>	476	659	<b>1,135</b>
Number of part-time employees <sup>6)</sup>	37	17	<b>54</b>	15	7	<b>22</b>

- 1) Statistics in the table were revised for 2022 as new data has been received.
- 2) Number of employees is calculated as the number of people as of the last day of the specified accounting period (excluding summer workers and interns). Employees means those employed at subsidiaries with more than five employees in Sweden, Denmark, Finland, and Norway. Balder has no employees in Germany or the UK. Gender affiliation “Other” and “Not disclosed” are excluded from the table, as no data was reported.
- 3) Permanent employees include employees hired for an indefinite period for full-time and part-time work, and all probationary employees.
- 4) Temporary employees include employees with a time-limited employment contract, e.g. temporary replacements or working pensioners. Non-guaranteed employees include employees hired on an hourly basis and comprise four employees in Finland.
- 5) Full-time employees include employees working a standard number of hours per week or month in accordance with each country’s definition of full-time in terms of hours.
- 6) Part-time employees include employees who work fewer hours per week or month than those who are full-time employees.



SOCIAL SUSTAINABILITY / EMPLOYEES

**EMPLOYEES BY CONTRACT TYPE AND REGION**

	Sweden		Denmark		Finland		Norway		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022 <sup>1)</sup>
Number of employees <sup>2)</sup>	614	634	100	108	412	392	22	23	1,148	1,157
Number of permanent employees <sup>3)</sup>	588	611	98	107	376	367	22	23	1,084	1,108
Number of temporary employees/non-guaranteed employees <sup>4)</sup>	26	23	2	1	36	25	0	0	64	49
Number of full-time employees <sup>5)</sup>	607	631	92	101	373	380	22	23	1,094	1,135
Number of part-time employees <sup>6)</sup>	7	3	8	7	39	12	0	0	54	22

- 1) Statistics in the table were revised for 2022 as new data has been received.
- 2) Number of employees is calculated as the number of people as of the last day of the specified accounting period (excluding summer workers and interns). Employees means those employed at subsidiaries with more than five employees in Sweden, Denmark, Finland, and Norway. Balder has no employees in Germany or the UK. Gender affiliation "Other" and "Not disclosed" are excluded from the table, as no data was reported.
- 3) Permanent employees include employees hired for an indefinite period for full-time and part-time work, and all probationary workers.
- 4) Temporary employees include employees with a time-limited employment contract, e.g. temporary replacements or working pensioners. Non-guaranteed employees include employees hired on an hourly basis and comprise four employees in Finland.
- 5) Full-time employees include employees working a standard number of hours per week or month in accordance with each country's definition of full-time in terms of hours.
- 6) Part-time employees include employees who work fewer hours per week or month than those who are full-time employees.

**DIVERSITY IN THE BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES**

Board of Directors <sup>1)</sup>			Management <sup>1)</sup>		
2023			2023		
Gender	Number	Share, %	Gender	Number	Share, %
Female	1	20	Female	3	60
Male	4	80	Male	2	40
<b>Total</b>	<b>5</b>	<b>100</b>	<b>Total</b>	<b>5</b>	<b>100</b>

Employees <sup>2)</sup>			Employees <sup>2)</sup>		
2023			2023		
Age group	Number	Share, %	Age group	Number	Share, %
> 30 years old	0	0	> 30 years old	0	0
30–50 years old	0	0	30–50 years old	3	60
> 50 years old	5	100	> 50 years old	2	40
<b>Total</b>	<b>5</b>	<b>100</b>	<b>Total</b>	<b>5</b>	<b>100</b>

- 1) The Board of Directors and management refer to the Board of Directors and management in the Balder Group's parent company Fastighets AB Balder.
- 2) Number of employees is calculated as the number of people as of the last day of the specified accounting period (excluding summer workers, interns and employees in management). Employees means those employed at subsidiaries with more than five employees in Sweden, Denmark, Finland, and Norway. Balder has no employees in Germany or the UK.

**TRAINING AND SKILLS DEVELOPMENT**

Employees <sup>2)</sup>			The Balder Group <sup>1)</sup>	
2023			2023	
Age group	Number	Share, %		
> 30 years old	259	23	Proportion of employees who took part in regular performance and career development reviews <sup>2)</sup> , %	89
30–50 years old	677	59	Average number of training hours per employee <sup>3)</sup>	13
> 50 years old	212	18		
<b>Total</b>	<b>1,148</b>	<b>100</b>		

Occupational category		
2023		
Occupational category	Number	Share, %
Blue collar (including managers)	264	23
White collar (including managers)	884	77
<b>Total</b>	<b>1,148</b>	<b>100</b>
Of which managers (for both blue collar and white collar)	164	14

- 1) The table contains data from subsidiaries with more than five employees in Sweden, Denmark, Finland and Norway, and refers only to collected data linked to Balder's own employees. It was not possible to report the data in the table by gender affiliation due to unavailable information.
- 2) The proportion was calculated by dividing the number of employee appraisals by the number of employees. Number of employees is calculated as the number of people as of the last day of the specified accounting period (excluding summer workers and interns).
- 3) Calculation took place as follows: total number of training hours offered and completed during the financial year divided by the total number of employees as of the last day of the specified financial year.

## WORKING CONDITIONS

Balder has a responsibility and an obligation as an employer to create good working conditions for the company's own employees. Creating good working conditions is also an issue of strategic importance, enabling Balder to attract, retain and engage employees, who in turn make a positive contribution to the company's future development. For Balder, this means wide-ranging, continuous work to reduce any negative impact by such means as guaranteeing that human rights are respected, obligations and rights under labour law are observed and followed up, and increasing the positive impact on own employees by providing employees with a competitive offering and a safe, pleasant workplace.

### ACTIONS

#### Health and safety at the workplace

The physical and psychological health of employees is a top priority for Balder, both at and outside of work. As an employer, Balder is responsible for ensuring that the work environment is safe for the company's employees, both employees and non-employees. This means that by law the company must work systematically and proactively to identify any risks and hazards at the workplace. If necessary, the company needs to take actions. In 2023, all employees were covered by an occupational health and safety system. See the table on page 66.

At Group level, there is a policy for health and safety that clarifies each company's responsibilities to plan, implement and follow up on actions every year to prevent any negative health and safety impact and to strive to create a safe, secure work environment.

In Sweden, Balder carries out systematic work on occupational health and safety through regular safety inspections, performance and career development reviews, training courses in health and safety for employees and managers, and collaboration with local safety representatives. The company's employees are covered by a number of different insurance policies linked to the work environment, health and safety. Several exercise challenges were organised during 2023 to encourage employees to take part in physical activity. The company has also supplemented the occupational healthcare service with a digital wellness and healthcare service that offers digital appointments with doctors, psychologists, physiotherapists, health coaches and personal trainers.

#### Work-life balance

Balder works on an ongoing basis to create the conditions to enable employees to have a good work-life balance over time. By being a flexible employer, the company helps employees to sort out their everyday lives, in whichever phase of life they happen to be. Balder offers, for example, the opportunity for flexible working hours and hybrid working wherever possible and appropriate with due reference to each employee's role. Balder Sweden has a package of benefits in place that includes wellness contributions and a weekly wellness hour that can be used during or in connection with working hours. Employees also have regular meetings with their closest manager, where both private and work-related issues can be addressed and managed thus preventing or mitigating any negative impact on the individual employee.

To help draw a line between work and leisure in an increasingly digitalised and accessible work environment, Balder Denmark A/S introduced an email and contact policy during the summer. This clarifies the fact that availability can vary, depending on role at work and duties, and that working hours and periods of leave must be respected.

One of Balder's Finnish subsidiaries, Joo Group Oy, uses time reporting and a balance bank for hours worked as a means of enabling a work-life balance. This is partly to make sure that employees have a reasonable workload and partly to make it possible to adapt working hours accordingly with variations in the workload during the year.

#### Safe employment and employee dialogue

Balder safeguards the right and opportunity to freedom of association, collective bargaining and trade union representation throughout the organisation.

42% of all employees in the Balder Group were covered by collective bargaining agreements in 2023. Other employees have, in addition to each country's occupational health and safety legislation, access to insurance policies, benefits and wellness contributions, occupational healthcare and other activities that contribute to a safe, pleasant employment arrangement.

The social dialogue between Balder and the company's employees takes place via various documented processes. These include the sharing of information, negotiation and decision-making concerning social and financial employer and employee issues. It can be a direct dialogue with employees, for example through regular performance and career development reviews, or development discussions in connection with a pay review, or a dialogue that takes place via a representative at the workplace. For those companies in the Group that have collective bargaining agreements, the dialogue involves representatives such as trade union officials and safety representatives. Those companies that do not have collective bargaining agreements do have access to a large extent to other types of representatives. In Balder Sweden, for example, all employees have access to a safety representative, who is there to represent employees in matters related to occupational health and safety.

#### Fair and market-based pay

Pay is an important means of rewarding good performance and promoting professional development among Balder's employees. Work to achieve fair, competitive pay levels in Sweden takes place in a structured way in accordance with the Wage Policy, which is revised and confirmed annually by management. According to the Wage Policy, pay levels shall be differentiated and individual, and there shall be a clear

correlation between pay development and the employee's contribution. Pay shall be set on the basis of systematic assessments with reference to the company's pay criteria and not be discriminatory in terms of factors such as gender or background.

There is an annual pay assessment in Sweden that aims to guarantee fair and equal pay levels. The pay assessment involves employees' pay levels being compared internally based on criteria such as professional role, work experience and age. Inexplicable deviations in pay levels are followed up together with the manager who sets the pay, and if differences in pay levels cannot be explained, actions are taken such as pay correction. In parallel with this, pay levels in Sweden are also compared externally with competitive pay levels in the real estate industry.

#### Pension and insurances

When employed by Balder in Sweden, employees are entitled to an occupational pension and are covered by a number of different insurances during working hours, and are also offered optional insurances outside working hours. These insurances include sickness benefit, occupational injury insurance, accident insurance, children's insurance, life insurance, private healthcare insurance and parental insurance.

All employees in the Nordic countries are entitled to statutory parental leave. In Sweden, Balder offers a parental allowance through insurance policies, known as parental pay, to compensate for any loss of income and to ease the financial situation for employees with a family.

## SOCIAL SUSTAINABILITY / EMPLOYEES

**Holidays and leave**

All employees in the Balder Group are entitled by law to holidays with continuous leave, where the number of days and the timing of holidays taken varies from country to country. Depending on the nature of their position, employees can have several days of holiday in addition to the statutory days, for example if over-time has been negotiated away. In Sweden, reduced working hours are also offered in connection with celebrations and public holidays, when employees work half days. In the Finnish subsidiary Joo Group Oy, in recent years the company has offered its employees an extra day's leave as a Christmas gift from the employer.

All employees in the Balder Group are also entitled to family-related leave, for example to care for close relatives or to look after children.

**Performance and career development reviews**

Regular employee performance and development reviews between Balder's employees and their closest manager are a key element in securing a safe, pleasant and attractive workplace. The purpose of these reviews is to strengthen internal working relations and collaboration, and to create motivation and develop colleagues so that they achieve individual objectives.

The dialogue with the individual employee in Sweden takes place on the basis of what is known as the Balder Wheel, an annual process that describes and illustrates the discussions that the company's managers have to conduct together with colleagues during each quarter. The Balder Wheel explains that every employee should be able to take part in the following dialogues: the goal and development review (Q1), the pay review for blue collar- and white collar employees (Q2), the follow-up review (Q3) and operational goals/business plan (Q4).

In Balder's Finnish subsidiary SATO Oyj, all employees have personal goals, which are followed up and evaluated at least twice a year together with the line manager. The HR Department is responsible in parallel for coordinating the goal and development process within the organisation.

**METRICS AND TARGETS****THE UN'S GLOBAL SUSTAINABLE DEVELOPMENT GOALS LINKED TO BALDER'S SUSTAINABILITY WORK**

A good work environment with satisfied employees is a material social sustainability issue for Balder. Going forward, Balder plans to formulate and implement more Group-wide social sustainability targets linked to employees and to the company's work with working conditions.

**Collective bargaining coverage and social dialogue**

Collective bargaining coverage at Balder varies by region, see outcome in table on the right. The outcome reflects the fact that companies in the Group have different strategies and have made different decisions about signing up to collective bargaining agreements as an employer. Most of Balder's employees have representatives at the workplace. These are trade union representatives at companies with collective bargaining agreements. For companies with no collective bargaining, these can be, for example, safety representative in Sweden or local equivalents in the other Nordic countries. Small companies with only a few employees in Norway and Finland that did not have worker's representatives on site during 2023 plan to introduce this during 2024.

**Employee turnover**

The Group's total employee turnover of 21% has fallen compared with the previous year (23%). Staff turnover in Sweden (25%) and Denmark (29%) is slightly higher than in Finland (13%) and Norway (14%).

Balder's employee turnover in Sweden and Denmark can be explained primarily by a higher proportion of young employees who are more inclined to change their place of work than older generations. Of the em-

**COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE**

Coverage	Collective bargaining coverage		Social dialogue
	Employees in the EEA <sup>1)</sup> For countries with > 50 employees representing > 10% of total employees.	Employees outside the EEA <sup>2)</sup> Estimate for countries with > 50 employees representing > 10% of total employees.	Workplace representation <sup>3)</sup> EEA only. For countries with > 50 employees representing > 10% of total employees.
0-19%	Norway, Denmark	—	Norway
20-39%	Sweden	—	
40-59%		—	
60-79%	Finland	—	
80-100%		—	Sweden, Denmark, Finland

1) Employees in the EEA (European Economic Area) refers to those employed by Balder in subsidiaries with more than five employees. Balder has chosen to report data for those countries with fewer than 50 employees (Norway) and less than 10% of the total number of employees in the Group (Denmark and Norway).

2) The Group has no employees outside the EEA (European Economic Area).

3) Workplace representation consists of trade union representatives and safety representatives for those companies with collective bargaining. Representatives where there is no collective bargaining are, for example, safety representatives in Sweden.

**EMPLOYEE TURNOVER**

	2023			2022 <sup>1)</sup>		
	Women who left	Men who left	Total employee turnover <sup>2)</sup> , %	Women who left	Men who left	Total employee turnover <sup>2)</sup> , %
Sweden	57	97	25	63	103	27
Denmark	16	14	29	14	11	26
Finland	33	18	13	25	41	18
Norway	1	2	14	0	1	4
<b>Total Group<sup>3)</sup></b>	<b>107</b>	<b>131</b>	<b>21</b>	<b>102</b>	<b>156</b>	<b>23</b>

1) Statistics in the table were revised for 2022 as new data has been received.

2) Staff turnover was calculated using the following formula: total number of employees who left the organisation divided by the average number of employees during the financial year multiplied by 100.

3) The total number of employees who left their position is calculated on the number of persons and includes employees who voluntarily left the organisation, employees who were made redundant by Balder, and employees who retired or died during the financial year. Data was collected from subsidiaries with more than five employees. Summer workers and interns are not included.

employees who left Balder Danmark A/S, 57% were 35 years old or younger. The corresponding statistic for Balder Sweden was 56%.

There are more men than women working at Balder Sweden, 389 men and 225 women, which largely explains why more men chose to leave the organisation.

Balder is aware that employee turnover in the Group is relatively high, and is working to map out, follow up and prevent undesirable employee turnover. Examples of actions at Balder Sweden include analysing out-

comes from the employee survey and exit questionnaires, communicating a clearer wage policy and training managers. See the table above relating to employee turnover.

**Occupational health and safety**

The number and frequency of work-related accidents during the financial year amounted to 25 cases and the frequency to 8.9, which is a decrease compared with 2022 (27 cases and a frequency of 10.3). Of the

SOCIAL SUSTAINABILITY / EMPLOYEES

work-related accidents, 11 cases relate to Sweden and 14 cases to Finland and mainly refers to accidents that occurred in connection with property maintenance. The accidents have resulted in injuries such as cuts, electric shocks and other ailments from handling dangerous liquids, shards of glass and dust, but also stress-related psychological problems. Internal investigations have been set up in each region and measures to help affected employees have been taken in place parallel with preventive actions for all employees such as reviews of safety routines and protective equipment.

Sick leave for the Group increased between 2022 and 2023, from 2.4% to 2.7%, largely explained by the

fact that Denmark had a high level of sick leave (4.6%) during the financial year. 2023 was an exceptional year for Denmark, as a large number of employees went on sick leave for various physical and psychosocial reasons that were both within and beyond the employer's control. Various initiatives and action plans have been implemented to reduce and prevent sick leave among employees. See table relating to occupational health and safety on the right.

**Pay gap**

In 2023, women's average pay corresponded to 88% of men's compared to 92% in 2022. The change between

the financial periods and the pay gap are explained largely by the fact that men tend to be in more managerial or specialist positions, which results in men having higher levels of fixed pay, and in some countries they also have the opportunity for variable remuneration. The table below shows that the pay gap differs between the different regions. The information on the pay gap shows an average within the company, and thus not a pay difference between men and women with the same position. In Finland, there has been an increase in the pay gap between accounting periods after a new company was included in the statistics for 2023 where all men are managers. The pay gap

between men and women is lowest in Denmark for 2023. Denmark has more women in managerial positions with higher remuneration compared with the other countries, with 59% of all managers being female. The pay gap in Norway is the biggest in the Group, with all managers being men with higher remuneration. There are only 100 employees in Denmark and 22 employees in Norway, where the pay of individual employees has a bigger impact on the outcome than in regions with more employees.

**OCCUPATIONAL HEALTH AND SAFETY**

**The Balder Group<sup>1)</sup>**

	2023	2022 <sup>2)</sup>
Employees covered by the company's occupational health and safety system <sup>3)</sup> , %	100	—
Fatalities as a result of work-related injuries or ill health, number	0	0
Work-related accidents, number	25	27
Work-related accidents, frequency <sup>4)</sup>	8.9	10.3
Recordable work-related ill health <sup>5)</sup> , number	5	—
Working days lost as a consequence of work-related ill health and accidents <sup>6)</sup> , number	217	—
Sick leave <sup>7)</sup> , %	2.7	2.4
of which short-term sick leave 1–14 days, %	1.5	1.7
of which long-term sick leave ≥ 15 days, %	1.6	1.1

- 1) The table contains data from subsidiaries with more than five employees in Sweden, Denmark, Finland and Norway, and refers only to collected data linked to Balder's own employees (excluding summer workers and interns).
- 2) Statistics in the table were revised for 2022 as new data has been received. A dash means that no data is available for 2022.
- 3) Occupational health and safety system refers to systematic occupational health and safety work carried out in order to prevent risks and create a better and safer work environment for all employees.
- 4) The frequency of work-related accidents has been calculated by dividing the number of work-related accidents with the total number of hours worked by people in the own workforce, multiplied by 1,000,000.
- 5) Documented work-related ill health includes acute, recurring or chronic health problems that are caused or made worse by conditions at the workplace.
- 6) Working days lost are counted from the first full day of absence until the last full day of absence. Data was not available for Sweden in 2023.
- 7) Sick leave has been calculated using the number of hours of sick leave divided by the number of working hours during the financial year multiplied by 100. The statistics for short-term and long-term sick leave for 2023 and 2022 do not add up to total sick leave, as some subsidiaries were not able to report according to the specified interval. All subsidiaries were able to report total sick leave.

**PAY GAP**

	Sweden		Denmark		Finland		Norway		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Pay gap between men and women <sup>1)</sup> , %	89	92	100	105	82	86	61	60	88	92

1) The pay gap between the average pay levels among female and male employees is reported as a percentage of the male employees' average pay level. The pay gap was calculated by dividing the average monthly gross pay for female employees by the average monthly gross pay for male employees. Gross pay includes basic pay, fixed remuneration and variable remuneration. Pay for part-time employees has been calculated to full-time salaries. The data only includes Balder's own employees, excluding summer workers and interns.

SOCIAL SUSTAINABILITY

# WORKERS IN THE VALUE CHAIN

Balder depends on workers in the value chain in its operations, such as employees of business partners and contractors that are engaged in connection with new production, renovations or property management. There are other employees in the company's value chain in project operations, where contractors in turn engage subcontractors. Balder's operations have a potential negative impact as a consequence of inadequate working conditions, including fair terms of employment, freedom of association, the opportunity for collective bargaining and trade union representation, and in respect of health and safety. There is also a potential negative impact through lack of diversity, fair compensation, equal pay for equal work, skills development and discrimination, and harassment at the workplace. These areas related to workers in the value chain pose risks in the medium and long term.

## STRATEGY

Balder works with a large number of business partners in both product and service sectors, both upstream and downstream in the company's value chain. There are business partners primarily in the construction, property and energy sectors. Balder's Code of Conduct for business partners sets out guidelines on which collaboration shall be founded. The Code of Conduct is based on the UN Global Compact's ten principles for human rights, labour law, environment and anti-corruption.

## ACTIONS

### Updated Code of Conduct

In 2023, Balder's Code of Conduct was updated with a specific Code of Conduct for business partners, as a complement to the existing Code of Conduct for employees. The aim is that it will be attached to new agreements and procurements from 2024 onwards. The purpose of the Code of Conduct is to provide guidelines for responsible actions in internal and external relationships, and to specify which fundamental requirements exist in all situations, which is intended to reduce the risk of violations.

The more central principles include a requirement that contracted business partners shall strive to create a good, healthy work environment based on equality and diversity, where the privacy of employees is safeguarded. There must be no discrimination on the basis of age, gender, gender identity, religion, disability, sexual orientation or ethnic background. All forms of

harassment are forbidden, as is offensive differential treatment. The company has zero tolerance of corruption, and encourages both employees and business partners to observe business ethics and to avoid any conflict of interests arising in a commercial situation. Business partners are expected to continuously improve their environmental work in order to reduce the negative impact of their operations, whether they supply products or services. Balder and the company's business partners must distance themselves from all forms of child and forced labour, and safeguard employees' freedom of expression and right to freedom of association. Business partners must also support and respect internationally declared human rights and take reasonable actions to avoid direct or indirect abuses in the value chain.

### Clear requirements and control

Major procurements are benchmarked and central procurement processes are conducted in order to increase control of business partners and the whole procurement chain. When selecting business partners and during follow-up on delivered quality, internal criteria are used to guarantee compliance with laws and regulatory requirements, and also with the company's requirements and guidelines. In addition to the total cost of purchases, consideration has to be given to quality, service, logistics and environment.

The company will gradually be developing routines for increased follow-up on business partners and due diligence processes. Before a framework agreement is concluded, an initial examination must be conducted,

which includes issues such as control of corporation tax, ownership structure, credit reference, insurance policies and any previous disputes. During the term of a framework agreement, random checks can then be conducted concerning issues such as the reporting of digital attendance registers and the payment of employer's contributions. In the event of any breaches, business partners can have fines imposed by Balder.

In Norway, the subsidiary Asset Buyout Partners AS continued work during the year with a mapping and due diligence process of the supply chain, in order to comply with new requirements under the Norwegian Transparency Act (Åpenhetsloven). The aim is to take routines to identify, prevent and publicly report any actual or potential consequences for human rights in the supply chain.

### Review of social minimum safeguards

In line with the EU Taxonomy Directive, requirements are made that minimum safeguards are observed, which includes corporate social responsibility in the four areas of human rights and workers' rights, anti-corruption, taxation and fair competition. In 2023, Balder reviewed the criteria for processes and breaches in all consolidated subsidiaries. The review showed that Balder and its subsidiaries are in compliance with these minimum safeguards. Read more about the review of minimum safeguards on page 55.

### Whistleblowing

To make it possible for workers in the value chain to anonymously report suspicions of deviations from laws

and regulations concerning working conditions or human rights, there is an external whistleblowing function. Reports of suspected infringements and irregularities can be submitted via a web form that guarantees full anonymity. The online form is available via Balder's website. There is also an opportunity to phone in a report or to book a meeting with an independent contact person at the provider of the whistleblowing service.

## METRICS AND TARGETS

### THE UN'S GLOBAL SUSTAINABLE DEVELOPMENT GOALS LINKED TO BALDER'S SUSTAINABILITY WORK



Balder is working to compile more quantitative data about workers in the value chain, in line with upcoming EU directives. Targets in respect of workers in the value chain will be established in the coming years.

SOCIAL SUSTAINABILITY / LOCAL COMMUNITY IMPACT AND SOCIAL AREA DEVELOPMENT

## LOCAL COMMUNITY IMPACT AND SOCIAL AREA DEVELOPMENT

As a major property owner, Balder can have a material impact on city districts and local communities through long-term property management and the development of more properties. Balder's operations have an actual positive impact in the short, medium and long term by contributing more residential and commercial properties, and through education and employment.

With active area development and social investments, it is possible to enhance relationships with tenants, increase safety and well-being, and contribute to greater commercial benefit for Balder. Tenants who enjoy their housing and the neighbourhood stay longer and are more inclined to feel a sense of ownership of their local area. The same applies for commercial tenants. This contributes to lower tenant turnover and fewer vacancies, which in turn results in lower transaction costs.

### STRATEGY

Balder's ambition is to be a responsible, long-term societal actor with strong engagement in the locations where the company operates.

### Five social pillars in area development

The company's social investments in area development in Sweden focus primarily on initiatives to support children and young people in socio-economically vulnerable areas. This work is performed in close collaboration with tenants, and not infrequently also in partnership with other local actors such as municipalities, schools, the police, local associations and the local business community. To create a throughline in Balder's sustainability work in Sweden, the company has chosen to focus social initiatives and activities on five pillars. The kinds of initiatives given priority are determined by the actual need in each area.

## BALDER'S FIVE SOCIAL PILLARS

### 1. EMPLOYMENT

Activities to increase employability for all, and to create more long-term jobs and summer jobs.

### 2. EDUCATION

Activities to help more young people leave school with complete grades, and activities to inspire them to pursue education.

### 3. MEANINGFUL LEISURE TIME

Local initiatives to contribute to equal opportunity leisure time. A strong focus on movement and public health (psychological and physical health).

### 4. SAFETY AND WELL-BEING

Activities to promote safety and well-being in the company's property areas.

### 5. PARTICIPATION AND INFLUENCE

Balder's tenants shall feel a sense of participation and influence over their homes, in their commercial premises or in the property area.



SOCIAL SUSTAINABILITY / LOCAL COMMUNITY IMPACT AND SOCIAL AREA DEVELOPMENT

**ACTIONS**

**1. Employment**

In order to increase employment and employability, Balder offers interns, holiday jobs, summer jobs and mentoring. The company also collaborates with local actors to provide courses, development opportunities and inspiration to find a job. The focus is on supporting young adults who are excluded from the labour market.

*Initiatives to prepare for the labour market*

Since 2017, Balder has had a partnership with Mitt Livs Val (My Life’s Choice), a charitable foundation working for an inclusive society where young people are given the conditions to influence their own future. Mitt Livs Val runs activities including study-related programmes and labour market preparation programmes for newly arrived young people in Stockholm and Gothenburg. A number of Balder’s employees are also engaged as CV coaches and job mentors. Several groups of young people have been on visits to Balder’s offices.

**2. Education**

To provide children and young people with better conditions for leaving school with complete grades, and offer inspiration for education, in 2023 Balder collaborated with organisations and associations to offer support with homework and studies, forklift truck training and courses in areas such as cultivation, bee-keeping and cycling.

*Handshake for increased faith in the future*

Since 2022, Balder has been collaborating with Saab, the Framtiden Group and Business Region Gothenburg in the Handslag Bergsjön (Handshake Bergsjön) project, with the aim of creating a safer Bergsjön and strengthening faith in the future in this area. The objective is that Bergsjön shall no longer be considered to be a particularly socio-economically vulnerable area. The initiatives relate above all to activities and goals linked to school, leisure and work.

**3. Meaningful leisure time**

Social engagement has been part of Balder’s DNA since the company was founded. There is a strong focus on children and young people. Play, rest and leisure time are crucial for a good upbringing with good physical and psychological health. Conditions and access to leisure activities vary between the areas where the company has operations – a disparity that Balder is striving to reduce.

*Children’s culture in residential areas*

Balder has a collaboration with Alfons Åbergs Kulturhus, through which Balder offered tenants in the company’s residential areas access to children’s culture. During the year, Alfons Åbergs Kulturhus organised over ten theatrical performances in Balder’s residential areas in Sweden.

**4. Safety and well-being**

Balder has been working for many years to increase safety in the company’s properties and areas. With a large, diversified property portfolio, needs differ and the actions to create safety can vary. Initiatives in commercial properties include the installation of access control systems and perimeter protection, inspections and the presence of property management staff. The most common initiatives in residential properties include replacing lock and access control systems to improve perimeter protection, the installation of security doors with peep-holes, and improved lighting in communal areas and the outdoor environment. There are also safety patrols and various kinds of collaborations with other property owners, municipalities and other stakeholder organisations in order to work together to increase safety in the company’s property areas.

*Night Run – Safety-enhancing review of the properties*

There are regular inspections of properties, for example to make sure that fire safety actions are in place and that rules are being followed for equipment in playgrounds. Once a year, a large proportion of employees from the Swedish property management organisation also gather to do what is known as a Night Run. This involves in-depth, preventive inspections of the prop-

erties to investigate how they are running at night. Items checked include lighting, locks, doors, ventilation units and water meters.

**5. Participation and influence**

Being able as a tenant to have an influence on your own home, your workplace and the local environment is an important factor in creating a long-term approach and the experience of local ownership. This means that people are more likely to care for the buildings, the external environment and neighbouring areas.

*Dialogue with customers and the local community*

Every day, Balder’s employees meet the company’s customers, in various contexts, and through different forms of dialogue. Balder conducts ongoing customer satisfaction surveys in Sweden, Finland and Denmark. These measure customers’ experiences of different parts of the customer journey: signing the contract, moving in, the rental period and moving out. The purpose is to make it possible to identify not only strengths, but also areas where the company needs to improve. Read more about strategic work on customer satisfaction on page 18.

Customer surveys are a form of dialogue that also enables the company to manage risks and opportunities, and to identify prioritised actions. People in local communities can also use the company’s customer service or whistleblowing service when required to raise problems or suspicions of breaches. Read more about Balder’s whistleblowing service on page 71.

*Social housing contracts for greater inclusion*

Balder manages residential properties in many locations where there is a housing shortage, which often has a particularly hard impact on vulnerable groups. In Sweden and Finland, the company works with social contracts. Through rental agreements with municipalities or non-profit organisations, apartments are offered to socio-economically vulnerable individuals. This is one example of how Balder can contribute to inclusion and less social exclusion, by making things easier for people who are far from the housing market.

**METRICS AND TARGETS**

**THE UN’S GLOBAL SUSTAINABLE DEVELOPMENT GOALS LINKED TO BALDER’S SUSTAINABILITY WORK**



One of Balder’s sustainability targets is to create jobs for young people in the property management organisation. Work experience is extremely important for young people if they are to become established in the labour market, and Balder wants to contribute to this. The Group offers interns and summer jobs to young people, students and young adults.

Extended quantitative follow-up on the company’s social area development started in 2023, to make it possible to follow up in a more structured way on the number of activities, number of participants and the number of jobs made possible in collaboration with other local actors.

**SUSTAINABILITY TARGETS**

Job opportunities <sup>1)</sup>	Outcome 2023	Outcome 2022 <sup>2)</sup>
Number of summer workers	110	79
Number of interns	33	39

1) Job opportunities refer to summer jobs and interns who are employed by or doing their internship at Balder. Jobs have been reported by Sweden and Finland.  
2) Statistics were revised for 2022 as new data has been received.



## GOVERNANCE

# BUSINESS CONDUCT

Since being founded in 2005, Balder has grown strongly with good profitability. In order to continue this development and create value for the company's stakeholders, strict requirements are in place for a corporate culture characterised by healthy values, collective entrepreneurship and business ethical conduct.

For more information about Balder's materiality analysis, see pages 37–38.

## THIS CHAPTER DESCRIBES BALDER'S SUSTAINABILITY WORK RELATED TO:

- Business ethics
- Corporate culture
- Cyber security

## POLICIES AND GUIDELINES

- Code of Conduct
- Whistleblowing Policy
- Privacy Policy
- Tax Policy
- Insider Policy
- Security and Crisis Guidelines
- Letting Guidelines
- Attestation Procedure

All policies are subject to an annual review and are adopted by Balder's Board of Directors.

# BUSINESS ETHICS AND CORPORATE CULTURE

A strong corporate culture characterised by healthy values has the potential to promote responsible entrepreneurship and with sound business ethical conduct. In the same way, there is a risk that deficiencies in business ethics and corporate culture can have a negative impact. Irregularities, corruption and bribery risk having a financial impact in the form of additional costs, fines, a damaged reputation and lost business.

## STRATEGY

Balder's goal is to maintain a culture of openness and high business ethics in the company. Since Fastighets AB Balder was founded in 2005, the company has grown rapidly, from being a local property company in Sweden to having a diversified property portfolio with almost 1,900 properties in six European countries. In an expansive company with a growing organisation, there is a need for clear governance and effective collaboration in order to guarantee corporate social responsibility.

To manage opportunities and risks, Balder works with continuous training regarding policies, active work to promote a healthy corporate culture and implementation of systems and processes that make it possible to prevent, discover, investigate and take action in connection with incidents.

## ACTIONS

### Code of Conduct and responsible business

Balder's Code of Conduct and related policies are based on international guidelines such as the UN Global Compact's principles for human rights, labour law, the environment and anti-corruption, the UN Guiding Principles on Business and Human Rights, the ILO's Core Conventions and the OECD's Guidelines for Multi-national Enterprises.

Each employee is responsible for complying with the Code of Conduct. Management and managers with staff responsibility are responsible for ensuring that all employees are aware of and have knowledge of how

they should behave in accordance with the Code of Conduct. The Code of Conduct is a mandatory element in the company's digital training system, the Balder Academy, which employees in Sweden pursue. Compliance with the Code of Conduct and other policies is followed up annually.

There was a review of Group-wide policies during 2023. The objective was to clarify which decision-making function should approve policy documents, how often they should be revised and where they should be published, and what forms should be used to create policies in terms of structure and content.

### Requirements on suppliers and business partners in the value chain

Balder has strict requirements that suppliers and business partners comply with the international guidelines that form the basis of the company's Code of Conduct. This includes requirements that suppliers and subcontractors guarantee a good work environment for their employees, promote healthy competition and combat crime.

The company's purchasing policy specifies routines for a responsible process and follow-up on suppliers. In 2023, Balder developed a separate Code of Conduct for business partners and contractors. This Code of Conduct is to be attached in the procurement and signing of new agreements with contractors.

During 2023, Balder also continued to update agreements, and further developed processes and routines regarding supplier follow-up and the ensuring of working conditions and labour law.

### Political involvement

Balder shall not support political parties through donations, lobbying or in any other way. There can be local collaboration via politically and religiously independent organisations.

### Preventive sharing of knowledge

Balder works preventively in the field of business ethics, in addition to governance and policies, through continuous information to employees and business partners, as well as training courses. There shall be routines and guidelines providing clarity for employees and business partners about what ethical business conduct actually is.

Internal control and whistleblowing are important functions to discover any possible breaches.

## IMPLEMENTATION OF GROUP-WIDE TAX POLICY

In 2023, Balder established a Group-wide tax policy. The Tax Policy regulates approaches and conduct with regard to tax, and it supplements the company's Code of Conduct. To ensure treatment of tax that is in line with the demands placed on a responsible actor, the Board of Directors has adopted these guidelines for tax treatment.



GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY / BUSINESS ETHICS AND CORPORATE CULTURE

**Whistleblowing**

Responsible business means openness, respect for all the company’s stakeholders and striving to observe high standards of business ethics in both the company and the whole value chain. It is important that any irregularities and cases of misconduct are highlighted and investigated as quickly as possible. These might involve, for example, financial crime, abuse of a position, serious harassment, corruption or environmental crime.

If there is any suspicion of breaches of the Code of Conduct or other policies, it is the responsibility of all employees to report this, either to their closest manager, the HR manager or crisis management, or anonymously to the company’s external whistleblowing service. The whistleblower service is available to employees on the intranet or on Balder’s website. The function is available in local languages and can be used in all markets in which the company operates and by the company’s other stakeholders. The whistleblowing service was updated during 2022, to further protect the privacy of whistleblowers and to ensure that cases are handled in an anonymous and impartial manner. Balder had no reported whistleblowing cases during 2023.

**Crisis management**

Whistleblowing cases can be submitted via Balder’s anonymous whistleblowing service, and also internally via the company’s routine checks or to the company’s crisis management. The crisis management team has direct responsibility for maintaining routines and guidelines in the field of security and crises, and also for implementation and audits. The company’s department managers are responsible for ensuring that the guidelines are followed in each area of responsibility, and also for compliance by their staff.

Depending on what kind of case comes into crisis management, there is a process that entails the following steps: collection of information, investigation, assessment, handling and follow-up. In cases of whistleblowing where the crisis management team considers that an incident is in breach of the law, it is reported to the police. The company also uses external help to make sure that the process is pursued in an impartial way.

**Active work on the corporate culture**

Active work is being undertaken within Balder to enhance the positive aspects, while at the same time limiting the potential risks, that accompany a corporate culture characterised by entrepreneurship, rapid growth, commercial acumen, ambition and engagement. Essentially it is about the company, its managers and its employees having a shared view of what Balder stands for, what the company wants to achieve and how employees should act along the way. Balder’s values shall be clearly conveyed by managers and leaders. This work includes processes and routines for recruitment and onboarding, and a continuous dialogue during the period of employment.

**METRICS AND TARGETS**

**THE UN’S GLOBAL SUSTAINABLE DEVELOPMENT GOALS LINKED TO BALDER’S SUSTAINABILITY WORK**



Balder has zero tolerance of all forms of corruption and violations that are in breach of the company’s Code of Conduct. Balder’s culture shall be characterised by openness and contribute to securing Balder’s position as a long-term, responsible actor that acts in a business

**SUSTAINABILITY TARGETS**

Business ethics	Outcome 2023	Outcome 2022 <sup>1)</sup>
No reported incidents of corruption <sup>2)</sup>	0	< 5
All employees must be trained in the Code of Conduct	754	1,139
Key ratios, business ethics		
Number of reported cases of whistleblowing <sup>3)</sup>	0	1

1) Statistics were revised for 2022 as new data has been received.  
 2) An incident of corruption refers to a case that was reported to the police and resulted in a conviction in a court of law. Refers to the whole Balder Group.  
 3) Cases of whistleblowing refer to incidents involving employees that have come to the company’s attention via the whistleblowing function during the financial year and resulted in the police being notified. Refers to the whole Balder Group.

ethical way. Follow-up on targets and outcomes takes place annually in internal processes and externally in the Sustainability Report.

**Business ethical conduct**

No incidents of corruption were reported during 2023. During 2022, a public prosecution was initiated against some employees at Balder concerning insider trading in the Norion Bank (formerly Collector) share. Norion Bank is an associated company of Balder, although the prosecution had nothing to do with Balder or the Balder share, but was related to private trading in shares undertaken by the individuals concerned. The prosecution resulted in a conviction, which has been appealed. In addition to labour law measures, the company has conducted a review of its internal routines. Among other things, the company’s insider policy was updated, in order to clarify what the rules are for the purchase and sale of shares in Balder or associated companies. The policy has been distributed to all employees. Balder takes these events extremely seriously and has dealt with incidents that have been brought to the company’s attention under labour law.

**INCREASED FOCUS ON CYBER SECURITY**

In an increasingly digitalised world where many parts of society are connected, information security is becoming increasingly important. Work on cyber security aims to protect Balder’s operations, employees, customers and financial interests, and to ensure that the business can continue unhindered.

Balder’s work on IT and cyber security is based on different levels of protection in order to increase the company’s resilience and spread of risk. This involves actions such as multi-factor authentication when accessing information, regular internal vulnerability analyses, external security audits of the company’s infrastructure and system configuration, and disaster and action plans for Balder’s central systems. Balder also has operational actions in place in order to monitor and respond to data breaches and cyber attacks, with the digital environment being monitored around the clock by an external partner.

Through various interventions and initiatives, Balder strives to guarantee awareness and knowledge of cyber security. The IT policy must be read and signed in connection with onboarding in Sweden. Important cyber security-related information is also published on an ongoing basis via the intranet and in mailings to all employees in order to highlight potential threats and risks.

In 2023, a private individual lodged a complaint against Balder’s handling of personal data. The complaint concerned a demand that all personal data be erased from a subsidiary’s system. An action plan was drawn up, resulting in an updating of the company’s privacy policy and all of the private individual’s information being erased. The case is not deemed to constitute a substantiated complaint. Balder has also been made aware of four incidents involving customer data being leaked, when information about four tenants was incorrectly shared with four other tenants. All parties concerned were informed, sensitive information was erased for unauthorised persons and the company’s employees were reminded and informed about the company’s routines for the secure handing of customer data.

# GRI INDEX 2023

**Statement on use** Balder reports with reference to the GRI Standards 2021 for the period 1 January–31 December 2023.  
**GRI 1 used** GRI 1: Foundation 2021

GRI Standard	Disclosure	Page reference	Exceptions		
			Exceptions from requirements	Reason	Explanation
<b>General disclosures</b>					
GRI 2: General Disclosures 2021	2-1 Organisational details	1, 77, 93, 122			
	2-2 Entities included in the organisation's sustainability reporting	1, 14–22, 32, 77, 108			
	2-3 Reporting period, frequency and contact point	32			
	2-4 Restatements of information	33, 45–49, 62–63, 65–66, 69, 71			
	2-5 External assurance	32, 75			
	2-6 Activities, value chain and other business relationships	14–22, 32, 35–36, 67			
	2-7 Employees	32, 62–63, 97			
	2-8 Workers who are not employees	60, 67	2–8	Information not available	Several consultants and contractors work for the company, there is no complete summary.
	2-9 Governance structure and composition	34, 129–132, 135–136			
	2-10 Nomination and selection of the highest governance body	129–131			
	2-11 Chair of the highest governance body	132, 135–136			
	2-12 Role of the highest governance body in overseeing the management of impacts	34–36, 131			
	2-13 Delegation of responsibility for managing impacts	34			
	2-14 Role of the highest governance body in sustainability reporting	34, 37–38, 130			
	2-15 Conflicts of interest	11, 122, 132, 134			
	2-16 Communication of critical concerns	34, 37, 81–84, 128			
	2-17 Collective knowledge of the highest governance body	34, 130			
	2-18 Evaluation of the performance of the highest governance body	131			
	2-19 Remuneration policies	34, 98, 131			
	2-20 Process to determine remuneration	131			
	2-21 Annual total compensation ratio	97–98	2–21	Information incomplete	Reported in part.
	2-22 Statement on sustainable development strategy	3, 128			
	2-23 Policy commitments	34, 41, 60–61, 67, 70			
	2-24 Embedding policy commitments	34, 67, 70–71			
	2-25 Processes to remediate negative impacts	34, 42–43, 45, 51–53, 61, 64–65, 67, 69, 70–71			
	2-26 Mechanisms for seeking advice and raising concerns	67, 70–71			
	2-27 Compliance with laws and regulations	48, 55, 61, 67			
	2-28 Membership associations	36, 39			
	2-29 Approach to stakeholder engagement	36–37			
	2-30 Collective bargaining agreements	64–65			

GRI INDEX 2023

GRI Standard	Disclosure	Page reference	Exceptions		
			Exceptions from requirements	Reason	Explanation
<b>Material topics</b>					
GRI 3: Material topics 2021	3-1 Processes to determine material topics	35–38			
	3-2 List of material topics	38			
<b>Economic performance</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	37–38	3–3	Not applicable	Balder has conducted a double materiality analysis, which generated new material sustainability topics.
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	85–92, 97–98	201-1 b	Information incomplete	Reported in part.
	202-2 Financial implications and other risks and opportunities due to climate change	44, 83–84			
	Own disclosure Satisfied customers	4, 18			
<b>Anti-corruption</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	35–38, 70–71			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	34, 55, 60, 70–71	205-2 b	Information not available	Does not report the number or percentage of employees per occupational category or broken down by region.
	205-3 Confirmed incidents of corruption and actions taken	71			
<b>Energy</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	35–38, 48–49			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	48–49			
	302-3 Energy intensity	48–49			
	302-4 Reduction of energy consumption	48–49			
	CRE1 Building energy intensity	48–49			
<b>Water</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	35–38, 51			
	CRE2 Building water intensity	51			
<b>Emissions</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	35–38, 45–46			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	46–47			
	305-2 Energy indirect (Scope 2) GHG emissions	46–47			
	305-3 Other indirect (Scope 3) GHG emissions	46–47			
	305-4 GHG emissions intensity	46–47			
	305-5 Reduction of GHG emissions	46–47			

## GRI INDEX 2023

GRI Standard	Disclosure	Page reference	Exceptions		
			Exceptions from requirements	Reason	Explanation
<b>Training and education</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	35–38, 60-63			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	63	404-1	Information not available	Reports hours of training per year per employee, but not broken down by gender and employment category.
	404-3 Percentage of employees receiving regular performance and career development reviews	63	404-3	Information incomplete	Reports proportion of employees with employee appraisals broken down by country, but not broken down by gender and employment category.
<b>Diversity and equal opportunity</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	35–38, 60–63			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	63, 98, 135	405-1 a iii; b i, iii	Not applicable	Balder reports the composition of the company divided by gender and age for different levels of the company. The company does not follow up on minority groups to which employees belong.
	405-2 Ratio of basic salary and remuneration of women to men	66	405-2 a	Information incomplete	Balder reports the composition of pay differences between women and men per region, not based on occupational category.
<b>Non-discrimination</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	35–38, 60–63			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	6, 62			
<b>Customer privacy</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	35–38, 70–71			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	71			

# THE AUDITOR'S STATEMENT IN RESPECT OF THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of Fastighets AB Balder (publ), corporate identity no. 556525-6905

## Engagement and allocation of responsibility

The Board of Directors is responsible for the Sustainability Report for 2023 on pages 30–74 and 81–84 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

## The focus and scope of the review

Our review has been conducted in accordance with FAR's recommendation RevR 12 The auditor's statement in respect of the Sustainability Report. This

means that our review of the Sustainability Report has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

## Opinion

A Sustainability Report has been prepared.

Gothenburg, 4 April 2024  
Öhrlings PricewaterhouseCoopers AB

Bengt Kron  
Authorised Public Accountant  
Auditor in charge

Konstantin Belogorcev  
Authorised Public Accountant



Carlsbakken  
Hillerød  
Rental apartments  
127 apartments

# FINANCIAL INFORMATION

Kungälv  
Västra gatan  
Tenant-owner  
apartments  
Completed 2023  
128 apartments

## CONTENTS

Report of the Board of Directors.....	77
Opportunities and risks.....	81
Consolidated statement of comprehensive income.....	85
Consolidated statement of financial position.....	86
Consolidated statement of changes in equity.....	87
Consolidated cash flow statement.....	88
Parent Company income statement.....	89
Parent Company balance sheet.....	90
Parent Company statement of changes in equity.....	91
Parent company cash flow statement.....	92

### Notes to the financial statements

1 Accounting policies.....	93
2 Segment reporting.....	95
3 Distribution of income.....	97
4 Employees and staff costs.....	97
5 Remuneration to auditors.....	99
6 Operating costs distributed according to function and type of cost.....	99
7 Specification of property costs.....	99
8 Leases.....	100
9 Financial income and expenses.....	102
10 Income tax.....	102
11 Earnings per share.....	105
12 Investment properties.....	105
13 Other fixed assets.....	107
14 Participations in associated companies and joint ventures.....	108
15 Other non-current receivables.....	111
16 Development properties.....	111
17 Trade receivables.....	111
18 Prepaid expenses and deferred income.....	112
19 Financial investments.....	112
20 Equity.....	112
21 Non-controlling interests.....	113
22 Financial risk management.....	114
23 Credit facility.....	119
24 Accrued expenses and deferred income.....	119
25 Pledged assets and contingent liabilities.....	120
26 Cash Flow Statement.....	120
27 Participations in Group companies.....	121
28 Receivables from/liabilities to Group companies.....	122
29 Significant events after the end of the financial year.....	122
30 Related parties.....	122
31 Parent Company information.....	122

# REPORT OF THE BOARD OF DIRECTORS

The Board of Directors and the CEO of Fastighets AB Balder (publ), corporate ID number 556525-6905, hereby submit the following annual accounts and consolidated accounts for the financial year 2023.

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

## Operations

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

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

## Financial targets

Balder's goal is to achieve a stable, good return on equity, while the equity/assets ratio over time shall be no less than 40% and the interest coverage ratio shall be no less than 2.0 times, and net debt to total assets should not exceed 50%. The outcomes for 2023 were 37.9% (40.0), 3.2 times (4.7) and 50.0% (47.9).

In 2023, an additional financial target was introduced in respect of Net debt/EBITDA ahead of 2023. This key ratio shall be no more than 11.0 times over a period of time. The outcome for 2023 was 12.3 times (13.4).

## Employees and organisation

Balder's business areas consist of the regions Helsinki, Stockholm, Gothenburg, Copenhagen, South, East and North. The regional organisations follow the same basic principles, but differ depending on the

size and property holdings of each region. The regional offices are responsible for letting, operations, environmental matters and technical management.

The Balder Group, with Fastighets AB Balder as Parent Company, is composed of a large number of limited liability companies and limited partnership companies. Balder's operational organisation is supported by a central accounting, property management and finance function. On 31 December the Group had a total of 1,150 employees (1,161), of whom 483 were female (493). Balder's management team during the year consisted of five people, three of whom are female.

For information regarding adopted guidelines for remuneration to senior executives, see Note 4, Employees and staff costs. The Board of Directors will not propose any changes in the guidelines to the Annual General Meeting 2024.

## Significant events during the financial year

### *A turbulent external environment*

The past year has been largely characterised by geopolitical turmoil, and this also affected inflation, which rose sharply during the year. This has brought rising interest rates, increased financing costs and higher prices, which can result in increased costs for both projects in progress and the ongoing operation of properties. The economic situation at present has caused cutbacks in terms of investments in properties, which have been postponed.

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

### *Acquisitions*

Investment properties as well as condominiums and land were acquired with a property value of SEK 888m (5,160).

### *Divestments*

Investment properties as well as condominiums and land were divested with a property value of SEK 681m (2,913).

### *Other*

During the year, an investment was made in 5-year convertible bonds of just over SEK 5 billion, at an interest rate of 3.5%.

### *Investment properties*

Balder's commercial properties are located primarily in the central areas of big cities, and the residential properties are located in metropolitan areas and in places that are growing and developing positively. On 31 December, Balder owned 1,901 investment properties (1,841) with a lettable area of 6,004,000 sq.m. (5,837,000) at a carrying amount of SEK 209.0 billion (213.9), including projects for own management. During the year, 5 investment properties (31) as well as condominiums and land with a lettable area of 13,000 sq.m. (281,000) were acquired for SEK 888m (5,160). 12 investment properties (69) were divested during the year, as well as condominiums and land to a value of SEK 681m (2,913), which generated a profit of SEK -14m (111).

When allocating the total property portfolio's carrying amount by region, the share for Helsinki amounted to 25% (26), Gothenburg 19% (19), Stockholm 16% (17), Copenhagen 12% (12), East 12% (10) North 9% (10) and South 7% (6). Of the carrying amount, 45% (43) relates to commercial properties and 55% (57) to residentials.

### *Development properties*

A development property is a property that is owned for upgrading with a view to being divested. These properties are recognised at cost on an ongoing basis,

and a profit/loss is recognised when each property is completed, sold and handed over to the buyer. As of 31 December 2023, the value of Balder's development properties amounted to SEK 2,750m (3,421).

### *Profit from property management*

Profit from property management for the year amounted to SEK 6,549m (6,659), of which the effect of exchange rate fluctuations amounted to SEK 91m (111). Profit from property management attributable to the parent company's shareholders amounted to SEK 6,135m (6,139), corresponding to a decrease per share of 3% to SEK 5.32 (5.48). Profit from property management includes SEK 1,917m (1,929) in respect of associated companies, which is included in the income statement in participations in profits from associated companies.

### *Profit after tax*

Profit after tax for the year amounted to SEK -7,699m (10,989). Profit after tax attributable to the parent company's shareholders amounted to SEK -6,746m (10,175), corresponding to SEK -5.85 per share (9.09). Profit before tax was impacted by unrealised changes in the value of investment properties of SEK -9,980m (5,419), realised changes in the value of investment properties of SEK -14m (111), net profit from the sale of development properties of SEK 544m (110), changes in value in interest rate derivatives and option component convertible of SEK -1,899m (1,617) and profit from participations in associated companies of SEK -2,236m (1,002).

### *Rental income*

Rental income increased by 14% to SEK 11,944m (10,521), of which the effect of changes in exchange rate fluctuations was SEK 398m (258). This increase is

due primarily to acquisitions and completed projects for own management, as well as an increase in the index for commercial premises and increased residential rents.

The lease portfolio was estimated to have a rental value on a full-year basis of SEK 12,968m (12,057) as of 31 December. The average rental level for the whole property portfolio was SEK 2,158/sq.m. (2,060) excluding project properties.

The rental income in a comparable portfolio increased by 4.9% (3.9) after adjustment for exchange rate fluctuations. The rental income shows a considerable diversification of risk with regard to tenants, sectors and locations. The economic occupancy rate as of the closing date was 96% (96). The total rental value of unlet areas on 31 December amounted to SEK 568m (458) on an annual basis.

#### Property costs

Property costs for the year amounted to SEK -3,030m (-2,725), of which the effect of changes in exchange rates was SEK -121m (-67). Net operating income increased by 14% to SEK 8,914m (7,796), representing a surplus ratio of 75% (74). Operating costs usually vary with the seasons. During a normal year, the first and fourth quarters have higher costs than the other quarters, while the third quarter usually has the lowest cost level.

#### Sensitivity analysis

Factor	Change	Profit/loss before tax, SEKm
Rental income	+/- 1%	+/- 124
Economic occupancy rate	+/- 1 percentage point	+/- 130
Interest rate level of interest-bearing liabilities	+/- 1 percentage point	+/- 495
Property costs	+/- 1%	-/+ 31
Changes in value of investment properties	+/- 5%	+/- 10,450

#### Management and administrative costs

Management and administrative expenses for the year amounted to SEK -1,080m (-1,019), of which the effect of exchange rate fluctuations amounted to SEK -48m (-31).

#### Participation in profits from associated companies and joint ventures

Profit from participations in associated companies during the year amounted to SEK -2,236m (1,002) and Balder's participation in the associated companies' profit from property management amounted to SEK 1,917m (1,929).

Profit before tax was impacted by unrealised changes in the value of properties and interest rate derivatives of SEK -4,557m (-433). Tax for the year amounted to SEK 404m (-495).

Profit from participations in associated companies and joint ventures was affected during the year by the write-down performed by Entra ASA of its property portfolio. Balder's participation in Entra's net asset value (EPRA NRV) indicates no need for a write-down at the end of the reporting period.

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

Net financial items, excluding changes in the value of derivatives, amounted to SEK -3,186m (-2,031), of which the effect of exchange rate fluctuations amounted to SEK -137m (-48).

Changes in value of interest rate derivatives and option component convertible amounted to SEK -1,899m (1,617). The negative change in value during the year in respect of derivatives was due to the decrease in the level of long-term interest rates during the year, which means that the difference in relation to the contracted interest rate level of the interest rate derivatives has increased.

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

The value of interest rate derivatives at year-end amounted to SEK 421m (1,677). The value of currency derivatives and option component convertible amounted to SEK -1,444m (305) at year-end. The value of the derivatives will be released during the remaining term and recognised as an expense or income respectively. The average interest rate for net financial items on the closing date was 2.9% (2.1).

#### Changes in value of investment properties

Balder performed internal valuations of all investment properties as of 31 December. The investment properties in Sweden, Denmark, Finland, Norway, Germany and the UK were valued using the yield method, which is based on a ten-year cash flow model.

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

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

In Finland, the acquisition cost method is used in addition to the yield method.

Project properties for own management are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at cost. For a more detailed description of Balder's property valuation, see Note 12, Investment properties.

Market assessments of properties always involve a certain degree of uncertainty in the assumptions and estimates made. In order to quality-assure its internal valuations, Balder uses external valuation firms in order to have parts of the portfolio valued externally and to secure parameters and assumptions in the valuation calculations.

During the year, 52% of the portfolio was the subject of assessment by external valuation firms. Deviations between external and internal valuations were insignificant.

As of 31 December, Balder's average yield requirement amounted to 4.9% (4,6) excluding project properties for own management, which is 0.3 percentage points higher than at the end of the previous year. The average yield requirement for residential properties amounted to 4.4% (4.1) and for commercial properties 5.4% (5.2). The increased estimated yield requirement is explained by the uncertain market situation and rising market interest rates. The reduction in value has, however, been mitigated by an increased operating surplus driven by an increase in the index for commercial premises and increased residential rents.

On 31 December, the carrying amount of the investment properties according to the individual internal valuation amounted to SEK 209,000m (213,932), which includes an unrealised change in value during the year of SEK -9,980m (5,419). The change in value during the year is mainly attributable to the increased estimated yield requirement.



### Profit from sales of development properties

The profit from the sales of development properties is recognised when the buyer takes possession of the property. In addition to the cost of acquisition, sales and marketing expenses are also included, which are recognised as expenses as they arise. During the year these amounted to SEK -28m (-20).

A total of six (6) projects were recognised in revenue during the year. The net profit from sales for the year amounted to SEK 544m (110) after the deduction of sales and marketing expenses.

### Tax

The Group's total tax amounted to SEK 1,254m (-1,999), of which the effect of changes in exchange rates amounted to SEK 52m (-57). The current tax expense for the year amounted to SEK -324m (-613). The current tax expense attributable to the parent company's shareholders amounted to SEK -246m (-421).

The deferred tax income for the year amounted to SEK 1,579m (-1,386).

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

The deferred tax liability amounted to SEK 16,272m (17,769). For more detailed information, see Note 10, Income tax.

### Cash flow and financial position

Balder's assets on 31 December amounted to SEK 253,748m (263,775). These were financed by equity of SEK 93,987m (102,909) and liabilities of SEK 159,761m (160,866), of which SEK 134,469m (135,252) are interest-bearing.

Cash flow from operating activities before changes in working capital amounted to SEK 4,221m (4,442).

Investing activities burdened cash flow by a net figure of SEK -6,209m (-12,915). Cash flow from financing activities amounted to SEK -212m net (10,497). Total cash flow for the year was SEK -1,564m (2,632). The exchange rate difference in cash and cash equivalents amounted to SEK -12m (46).

### Liquidity

Apart from unutilised credit facilities of SEK 11,794m (18,808), the Group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 5,859m (6,963) as of 31 December. Available liquidity including confirmed loan commitments thus amounted to SEK 17,653m (25,771). The company monitors the liquidity trend on an ongoing basis in the short term and the long term – the Group's liquidity requirements for the years ahead are secured through the Group's strong cash flow and binding credit agreements.

### Equity

Equity amounted to SEK 93,987m (102,909) on 31 December, of which non-controlling interests amounted to SEK 11,674m (12,715), corresponding to SEK 71.33 per share (78.16) excluding non-controlling interests. The equity/assets ratio was 37.9% (40.0).

### Interest-bearing liabilities

The Group's interest-bearing liabilities amounted to SEK 134,469m (135,252) as of 31 December. The proportion of loans with interest maturity dates during the coming 12-month period amounted to 34% (34) and the average fixed credit term was 5.4 years (5.7).

As part of its work to adapt liquidity planning to current market conditions, Balder has continued to pre-finance future maturities. As of year-end, the available liquidity including confirmed loan commitments was SEK 17,653m (25,771), corresponding to 1.4 times Balder's maturities of interest-bearing liabilities within 12 months.

Derivatives contracts have been concluded in order to limit the impact of a higher market interest rate. The above-mentioned derivatives are recognised at fair value on an ongoing basis in the balance sheet with changes in value recognised in the income statement. Changes in value during the year amounted to SEK -1,899m (1,617).

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

### Rating

Balder has an investment grade rating from the S&P credit agency. Balder's credit rating remained unchanged during the year, BBB with a negative outlook.

The company has long been successful in building a property business with a size and diversification that are very suitable for both bond financing and secured bank loans. Having a balance sheet that satisfies the criteria for an investment grade rating and continuous access to bond financing is not simply a matter of financing strategy, it is also very much in line with the risk profile that the Board of Directors is in general striving to achieve for the company. One example of this is the decision by Balder's Board of Directors to introduce an additional financial target in respect of Net debt/EBITDA during 2023. This key ratio shall be no more than 11 times over a period of time, and the outcome as of 31 December was 12.3 times.

### Investments

Property investments during the year amounted to SEK 6,710m (14,171), of which SEK 888m (5,160) relates to acquisitions and SEK 5,822m (9,011) relates to investments in existing investment properties and projects for own management. Of total investments in investment properties, SEK 1,897m (3,723) relates to Helsinki, SEK 581m (1,219) to Stockholm, SEK 641m (2,068) to Gothenburg, SEK 829m (1,666) to Copenhagen, SEK 731m (488) to South, SEK 1,428m (3,500) to East and SEK 603m (1,508) to North.

### Associated companies and joint ventures

Balder is a partner in a large number of property managing and project developing companies as well as in Norion Bank (formerly Collector Bank); for further information, see Note 14, Participations in associated companies/joint ventures.

Balder's participations in the balance sheets and property portfolios of property-managing associated companies are reported and presented on page 22 in accordance with IFRS accounting policies. The property-managing associated companies own a total of 581 investment properties (591). Balder's share of the property portfolio's lettable area is approximately 1,335,000 sq.m. (1,306,000) with a rental value of SEK 2,776m (2,648). The economic occupancy rate was 95% (96).

### Parent Company

The parent company's operations consist primarily of the performance of Group-wide services. Balder has centralised the Group's credit supply, risk management and cash management through the parent company having an internal bank function. Net sales in the parent company amounted to SEK 529m (491) for the year, of which intra-Group services represented SEK 412m (380) and the remainder related primarily to property management assignments for associated companies.

Net profit after tax for the year amounted to SEK -2,136m (8,466). Dividend from subsidiaries amounted to SEK 2,600m (9,501), impairment of shares in subsidiaries amounted to SEK -2,422m (-2,125), net interest items amounted to SEK 1,541m (-2,842), of which exchange rate differences amounted to SEK 1,324m (-2,851), changes in value in respect of interest rate derivatives amounted to SEK -1,821m (1,507) and Group contributions paid/received amounted to SEK -2,457m (2,708). Recognised exchange rate differences related primarily to the translation of euro bonds, which from a Group perspective are used for the hedging of net investments

in euros and Danish kroner. The parent company does not apply hedge accounting.

Since January, the parent company has been a member of a fiscal commission with a selection of its subsidiaries. All companies in the fiscal commission are also members of a Value Added Tax group. The parent company has received SEK 215m (-) in principal earnings from subsidiaries in the fiscal commission.

The parent company's financial investments and cash and cash equivalents, including unutilised credit facilities, amounted to SEK 2,447m (3,245) on 31 December. Net receivables from Group companies amounted to SEK 46,930m (44,122) on the closing date and interest-bearing liabilities to SEK 50,100m (52,199).

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

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Fastighets AB Balder has chosen to produce the sustainability report as a separate report from the Annual Report. The scope of the sustainability report is described on page 33 of this document.

#### Multi-year summary

See page 10.

#### The share and the owners

As of 31 December, the share capital in Balder amounted to SEK 192,333,333 distributed among 1,154,000,000 shares. Each share has a quota value of SEK 0.16667, of which 67,376,592 shares are Class A and 1,086,623,408 shares are Class B. The total number of outstanding shares was 1,154,000,000 as of 31 December. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

No shares were repurchased during the year.

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

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

The Board of Directors held 18 board meetings during the financial year, one of which was the statutory meeting. The work follows a formal work plan adopted by the Board of Directors. The formal work plan regulates the Board's working methods and the allocation of responsibility between the Board of Directors and CEO, as well as the forms of ongoing financial reporting. During the year, strategic questions and other important matters for the company's development were discussed, as well as ongoing financial reporting and decision-making matters. The company's auditors participated in one board meeting and reported on their completed audit of the management's administration and of the accounts.

#### Corporate governance

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

Some of the Code's principles are about creating a good basis for exercising an active balance of power between owners, the Board of Directors and Manage-

ment, which Balder views as a natural element of the principles for the operation. See page 129–134 for the Corporate Governance Report.

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

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

The current guidelines shall apply until the 2027 AGM, unless circumstances arise that necessitate an earlier revision. See also Note 4, Employees and staff costs.

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

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

#### Expectations regarding the future trend

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

#### Proposed distribution of earnings

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

Retained earnings	28,500,313,615
Net profit for the year	-2,136,243,907
<b>Total<sup>1)</sup></b>	<b>26,364,069,708</b>

1) See change in parent company's equity, page 91.

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

Carried forward	26,364,069,708
<b>Total</b>	<b>26,364,069,708</b>

# OPPORTUNITIES AND RISKS

Like all companies, Balder’s organisation and business operations are exposed to a number of risks. These risks are to varying degrees within the company’s control and are therefore managed differently to some extent. The main strategy, however, is to strive as far as possible to identify both risks and opportunities and to draw up action plans on this basis. The risk analysis is performed continuously, at several levels within the company, depending on where different risks and opportunities arise and which parts of the business might be affected. Below is a summary of the main opportunities and risks that have been identified, together with a brief description of how Balder assesses and manages them.

**RISK LEVEL ASSESSMENT**



OPERATIONAL RISKS			
Area	Description	Approach	Assessment
<b>The risk of reduced occupancy rate, reduced rental income and negative rental development</b>	Balder’s income is affected by the occupancy rate of the properties, the possibility of charging competitive market rents and the ability of customers to pay. The occupancy rate and rental levels are determined largely by the economic trend. The risk of major fluctuations in vacancies and loss of rental income increases when the property portfolio contains more large individual customers.	Balder’s ten biggest contracts account for 3.8% of the total rental income, and their average contract term is 12.8 years. No single contract accounts for more than 0.5% of Balder’s total rental income, and no single customer accounts for more than 4.0% of total rental income. Balder’s leases for premises are usually wholly or partly linked to the consumer price index. The past year was largely characterised by geopolitical turmoil, one of the effects of which was sharply rising inflation, which affects both income and expenses. During the year, residential rents were negotiated for the year ahead. The rental increases in parts of the residential rental portfolio are lower than inflation, which affects Balder negatively.	
<b>Risk of increased property costs due to increased operating and maintenance costs</b>	Property costs include direct costs such as costs of operation, media, maintenance and property tax. Extensive needs to perform repairs can have a negative impact on profits. Operating costs are primarily costs of electricity, cleaning, water and heating. Many of these goods and services can only be purchased from one actor, which can affect the price. Regulatory factors such as stricter demands for reduced emissions and the transition to fossil-free types of energy can also affect energy costs. Other consequences of climate change, such as an increased risk of flooding and extreme weather conditions, can also generate increased costs when insuring properties in risk areas. Cost increases that are not compensated by regulation in leases or rental increases through re-negotiation can have a negative impact on profits. A change of +/-1% in property costs would affect the total cost figure by SEK +/- 31m.	Balder works constantly to achieve continuous improvement in cost-efficiency with the aid of rational technical solutions, practical initiatives and continuous follow-up. Each region is responsible for ensuring that the property portfolio is well-maintained and in good condition. Having a local presence increases the knowledge of each property’s needs for preventive measures, which is more cost-efficient in the long run than extensive repairs. All electricity purchased for the properties in Sweden is green electricity from renewable sources. Balder has also initiated an analysis of the property portfolio based on the possible effects of climate change, in order to draw up action plans for properties where the risks of an impact are considered the greatest.	
<b>Risk of incorrect assessment of the rental market’s development and the execution of projects</b>	One way of increasing the yield is to produce new properties and develop existing ones through investments. Project development risks exist in assessments of the market’s development, but also in the design of the product and the execution of the project itself.	Quality-assured internal processes and a high level of competence in the project organisation guarantee high quality in both execution and the product itself. When commercial buildings are constructed, it is always a requirement that large parts of the property must be let before the investment commences. Most of the commercial projects in progress therefore have a high occupancy rate. The risks are also limited by the fact that investments are only made in markets where Balder has good market knowledge and where there is high demand for homes and commercial premises. The conditions for newly produced rental apartments continue to be unfavourable. Balder has therefore postponed the launch of several projects, and has also converted a number of projects to tenant-owner apartment projects.	

## RISK LEVEL ASSESSMENT



## IT AND DIGITALISATION

Area	Description	Approach	Assessment
<b>Risk of inadequate digital development</b>	Digitalisation in the property sector is primarily about digitalising the properties themselves in order to, for example, improve follow-up on consumption, etc., and to build smarter homes and offer commercial customers digital services that promote business.	The digitalisation process is relatively simple to undertake in connection with new production, where a lot can be integrated during the planning phase, for example fibre networks and sensors. Work to digitalise an existing property is a major challenge, but Balder is equipped for this. The company has continued to expand its operations by creating more roles with a focus on digitalisation in order to drive developments forward.	Medium
<b>Risk of inadequate IT security</b>	Inadequate IT security can have major consequences, for example in the form of data being destroyed or lost, confidential information being leaked, etc. The risk of cyber attacks has increased in society in general and can cause direct or indirect damage. There is also a certain risk of infringing statutory provisions on the processing of personal data.	Balder works with the layered security principle in order to minimise the areas for intrusion and in recent years has continuously extended the level of protection. Apart from tried and tested technologies such as firewalls, antivirus and backup systems, Balder has also supplemented its protection with sandboxing systems, advanced email filtering and virtualisation, and set up a Security Operations Center (SOC) to secure the internal IT environment. Balder has also carried out extensive internal work in order to guarantee compliance with the requirements of GDPR, in terms of both internal systems and structures as well as employee training.  An external audit of Balder's IT security was conducted in 2023. The results indicated a continued reduction in risk exposure compared with the previous year. Regarding general cyber security, improvements were noted compared with previous audits, which means, among other things, that Balder is equipped to respond quickly to threatening or abnormal events.	Medium

## FINANCIAL RISKS

Area	Description	Approach	Assessment
<b>Refinancing risk</b>	Balder's greatest financial risk is a lack of financing. Refinancing risk refers to the risk that financing cannot be obtained at all, or only at a significantly increased cost.	Balder conducts ongoing discussions with banks and credit institutions aimed at securing long-term financing and also renegotiating loans and diversifying the maturity structure of loans. Meanwhile, this work ensures that competitive long-term financing is maintained. Balder's average fixed credit term was 5.4 years (5.7).  In 2023, Balder continued to take up bank financing in order to further strengthen the liquidity and repurchase bonds. The company has a long-term plan and a liquidity buffer to secure bond loan maturities during 2024, 2025 and most of 2026.	Low
<b>Interest rate risk</b>	The interest expense is Balder's single biggest cost item. Interest expenses are affected primarily by the current level of market interest rates and the credit institutions' margins, and also by what strategy Balder chooses for fixed terms for interest rates. A higher market interest rate means an increased interest expense, but this often also coincides with higher inflation and economic growth.	Increased interest expenses are partly compensated by completed projects, rental increases and better cost-efficiency. Balder has also chosen to use interest rate derivatives to limit the risk of financing costs increasing significantly in the event of higher market interest rates. In the event of an increase in the market interest rate of one percentage point and assuming an unchanged loan and derivative portfolio, the interest expense would increase by SEK 495m. Of Balder's total loan stock at year-end, 66% (66) had a fixed interest rate period of more than one year. Rising interest rates over the past year have resulted in a lower rate of investment for Balder.	Medium
<b>Credit risk</b>	Credit risk is defined as the risk that Balder's counterparties, e.g. tenants, cannot fulfil their financial covenants towards Balder. Credit risk in financial operations arises, for example, in connection with the investment of excess liquidity, on entering into interest rate swap contracts and in connection with the issuing of credit agreements.	Balder conducts the customary credit checks before entering into a new lease and calculates the credit risk in connection with new letting and the adaptation of premises for an existing customer. In its financial operations, Balder only conducts transactions with Nordic banks with an S&P rating of at least A-. With other banks, transactions are only conducted with those with an S&P rating of at least AA-.	Low
<b>Currency risk</b>	Balder owns properties via subsidiaries in Denmark, Finland, Norway, Germany and the UK. The companies have income and expenses in local currency and are thereby exposed to exchange rate fluctuations from the Group's perspective. Exchange rate fluctuations also occur when translating the foreign subsidiaries' assets and liabilities into the parent company's currency.	The translation differences are mainly handled through borrowing spread among different currencies based on the net assets in each currency. Loans taken out in the same currencies as the net assets in the Group reduce these net assets and thereby reduce translation exposure.	Medium

## RISK LEVEL ASSESSMENT



## CHANGE IN VALUE

Area	Description	Approach	Assessment
<b>Risk of negative development in value of properties</b>	The value of the properties is affected by a number of factors, including property-specific factors such as occupancy rate, rental level and operating costs, as well as market-specific factors such as yield requirements and cost of capital. Both property-specific and market-specific changes affect the value of investment properties, which in turn impacts on the Group's financial position and profits. 70% of the value of Balder's property portfolio is in the four metropolitan regions of Helsinki, Stockholm, Gothenburg and Copenhagen. The value of these properties can also be adversely affected if the technical obstacles to development, for example conversion to reduce emissions and manage climate change, are too high and expensive.	Balder carries out an internal valuation of the property portfolio in connection with quarterly reports. Parts of the property portfolio are also valued externally and compared with the internal valuation. In 2023, a large proportion (52%) of the portfolio was valued externally. Market assessments of properties always involve a certain degree of uncertainty in the assumptions and estimates made. The profit before tax would be affected by +/- SEK 10,450m if there were a change in value of the investment properties of +/-5%. The equity/assets ratio would be 39.6% in the event of a positive change in value and 36.1% in the event of a negative change in value. See also Note 12, Investment properties. Balder has also initiated an analysis of the impact of climate change on the properties, including the value trend, and this will become more detailed in future.	Medium

## TAX

Area	Description	Approach	Assessment
<b>Risk of changes in tax legislation</b>	The possibility cannot be ruled out that tax rates will change in the future or that other changes will occur in state systems that affect property ownership. Changes in tax levels and tax legislation, for example new rules in respect of global minimum taxation (Pillar 2), depreciation, a ban on the packaging of properties and the opportunity to utilise loss carryforwards, can affect Balder's future tax expense and thereby affect the profit.	Balder monitors the development of legislation in markets where the company is active and where relevant prepares the business and the financial statements for any adaptations that may be necessary.	Medium

## EXTERNAL ENVIRONMENT

Area	Description	Approach	Assessment
<b>The risk of serious incidents in the external environment that change the conditions for the business</b>	The past year has been largely characterised by geopolitical turmoil, and this also affected inflation, which rose sharply during the year. This caused rising interest rates, increased financing costs and higher prices, which has resulted in increased costs for both projects in progress and the ongoing operation of properties.	As a consequence of factors including increased interest rates and inflation, Balder has slowed down its investing activities significantly and postponed the start of projects. The company monitors developments and continuously adapts its operation based on changing conditions.	Medium

## ENVIRONMENT

Area	Description	Approach	Assessment
<b>Risk of substances harmful to the environment and health, and material selection</b>	The use of chemical and biological substances is a challenge in the areas of property management and project development. Hazardous substances can be present in items such as paint and insulation. Occurrences of PCB, asbestos and elevated radon levels have been discovered due to materials selected in the construction of properties.	An ongoing inventory is kept of the existing portfolio, and action plans are drawn up to manage the risks in connection with planned renovations or as separate projects. For new production, log books are used for materials, such as the Building Material Assessment or Sunda Hus, to assess and log the use of materials. There are procedures and instructions for the safe handling of chemicals in order to create a safe work environment for employees.	Low

**RISK LEVEL ASSESSMENT**



**ENVIRONMENT**

Area	Description	Approach	Assessment
<b>Climate emissions and stricter requirements to reduce emissions</b>	There are greenhouse gas emissions in many parts of the business, including from energy consumption, new production, renovation and transport operations. Stricter requirements for emission calculations, limits on emissions in new production and a possible future climate tax can all have an impact.	Balder calculates the company's climate emissions in order to acquire knowledge of where the material impact actually is, and works actively to reduce emissions. Balder has committed to set science-based climate goals in line with the Paris Agreement and the target was validated in March 2024 by the Science Based Target initiative. Balder will accelerate the transition by setting out a climate roadmap.	Medium
<b>Climate-related risks</b>	An increase in the frequency of extreme weather, rising sea levels, heat stress and increased precipitation are all climate risks that can cause damage to infrastructure and properties. This can result in higher insurance costs, higher charges for cooling, as well as increased costs of remediation and renovation in connection with extreme weather.	Balder works actively to manage those risks associated with climate change. The most common climate risks for Balder's property portfolio are heavy rainfall, heat-related risks, and landslides and subsidence. In 2023, Balder continued its work to produce complete climate risk analyses for buildings, in line with the EU taxonomy's guidelines. To increase transparency in its climate risk work, Balder also continues to develop its reporting of climate-related metrics, and the company is following the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). Read more about climate adaptation on pages 42–44.	Medium

**SOCIAL CONDITIONS AND EMPLOYEES**

Area	Description	Approach	Assessment
<b>Risk of deficiencies in the skills supply and work environment</b>	As Balder has grown, both geographically and in terms of the number of colleagues, challenges have arisen, including the new recruitment and retention of existing colleagues, identifying and utilising Group-wide resources and developing common work methods. Another challenge resulting from the company's strong growth is to get every colleague to feel that they are part of Balder's corporate culture.	Balder is striving to continue to increase equal opportunity and diversity in the organisation, in order to reflect society in the best way possible. In order to attract new employees, Balder continuously participates in job fairs at institutes of higher education, and offers work placements and opportunities for students to do their degree projects. In Sweden, Balder has introduced "The Balder Wheel", a new work method to ensure a uniform process for employee appraisals and follow-up, as well as a standardised method for onboarding new employees.	Low
<b>Supply chain and respect for human rights</b>	The services, materials and products used in construction and property projects form part of a global supply chain in which there can be risks in terms of human rights, working conditions, the environment and business ethics.	Clear purchasing and procurement procedures, clear specification of requirements and continuous follow-up are significant activities when it comes to managing risks in the supply chain. In 2023, Balder conducted a review to determine whether the company has processes and policies in place to comply with the social minimum safeguards in accordance with the EU taxonomy. There have been no breaches of legislation in the areas of human rights and workers' rights, anti-corruption, taxation or fair competition, and the company is considered to be in compliance with the requirements. Read more on page 55 and 67.	Medium

**BUSINESS ETHICS AND ANTI-CORRUPTION**

Area	Description	Approach	Assessment
<b>Risk of corruption, fraud and bribery</b>	In property companies, there are risks that employees commit violations in their professional role and in relationships with customers, suppliers and business partners.	In 2023, Balder developed a separate code of conduct for business partners and contractors. This code of conduct is to be attached in connection with procurement and new agreements with suppliers. During 2023, Balder also continued to update agreements, and further developed processes and procedures in respect of supplier follow-up and the guaranteeing of working conditions and labour law. There is an independent whistleblowing function for the reporting of infringements. Balder has also updated its insider policy and informed all employees.	Medium

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Note	2023	2022
Rental income	2, 3	11,944	10,521
Property costs	2, 6, 7	-3,030	-2,725
<b>Net operating income</b>		<b>8,914</b>	<b>7,796</b>
Management and administrative costs	4, 5, 6	-1,080	-1,019
Participation in profits from associated companies and joint ventures	14	-2,236	1,002
– of which profit from property management		1,917	1,929
– of which changes in value		-4,557	-433
– of which tax		404	-495
Other income/costs		-16	-17
<b>Profit before net financial items</b>		<b>5,582</b>	<b>7,763</b>
<i>Financial items</i>			
Financial income	9	1,233	528
Financial expenses	9	-4,419	-2,559
– of which cost of leases/ground rent	8	-83	-76
<b>Net financial items</b>		<b>-3,186</b>	<b>-2,031</b>
<b>Profit including changes in value and tax in associated companies and joint ventures</b>		<b>2,396</b>	<b>5,732</b>
– of which Profit from property management	2, 3, 4, 5, 6, 7, 8, 9	6,549	6,659
<i>Changes in value</i>			
Changes in value of investment properties, realised	12	-14	111
Changes in value of investment properties, unrealised	12	-9,980	5,419
Changes in value of derivatives	22	-1,899	1,617
Income from sale of development properties	16	2,938	1,136
Costs from sale of development properties	16	-2,394	-1,027
<b>Changes in value, total</b>		<b>-11,350</b>	<b>7,257</b>
<b>Profit before tax</b>		<b>-8,954</b>	<b>12,988</b>
Income tax	10	1,254	-1,999
<b>Net profit for the year</b>		<b>-7,699</b>	<b>10,989</b>
<i>Net profit for the year attributable to</i>			
Parent company's shareholders		-6,746	10,175
Non-controlling interests	21	-953	814
		<b>-7,699</b>	<b>10,989</b>

SEKm	Note	2023	2022
<b>Other comprehensive income – items that may be reclassified to profit or loss</b>			
Translation difference relating to foreign operations (net after hedge accounting)		-76	1,005
Cash flow hedges after tax		-56	414
Participation in other comprehensive income from associated companies and joint ventures		-1,030	466
<b>Comprehensive income for the year</b>		<b>-8,862</b>	<b>12,875</b>
<i>Comprehensive income for the year attributable to</i>			
Parent company's shareholders		-7,880	10,903
Non-controlling interests		-982	1,972
		<b>-8,862</b>	<b>12,875</b>

SEKm	Note	2023	2022
Profit from property management		6,549	6,659
Minus participation of non-controlling interests in profit from property management		-414	-521
<b>Profit from property management attributable to parent company's shareholders</b>		<b>6,135</b>	<b>6,139</b>
Profit from property management per share after dilution, SEK		5.32	5.48
Profit after tax per share after dilution, SEK	11	-5.85	9.09
Profit after tax per share before dilution, SEK	11	-6.03	9.09
Profit after tax per share after dilution of convertible, SEK	11	-5.85	9.09

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEKm	Note	31 Dec 2023	31 Dec 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	12, 25	209,000	213,932
Lease contract; Right-of-use assets	8	2,102	1,881
Other fixed assets	13	387	272
Participations in associated companies and joint ventures	14	28,288	31,620
Other non-current receivables	15	3,029	2,505
Derivatives	22	410	1,645
<b>Total non-current assets</b>		<b>243,216</b>	<b>251,855</b>
<b>Current assets</b>			
Development properties	16	2,750	3,421
Trade receivables	17	447	198
Other receivables		571	378
Prepaid expenses and accrued income	18	1,303	1,034
Derivatives	22	11	337
Financial investments	19	3,047	2,576
Cash and cash equivalents	26	2,402	3,977
<b>Total current assets</b>		<b>10,532</b>	<b>11,920</b>
<b>Total assets</b>		<b>253,748</b>	<b>263,775</b>

SEKm	Note	31 Dec 2023	31 Dec 2022
<b>Equity and liabilities</b>			
<b>Equity</b>	20		
Share capital		192	192
Other contributed capital		12,501	12,501
Translation differences		-609	493
Cash flow reserve		320	351
Retained earnings including net profit for the year		69,908	76,657
<b>Equity attributable to the parent company's shareholders</b>		<b>82,313</b>	<b>90,194</b>
Non-controlling interests	21	11,674	12,715
<b>Total equity</b>		<b>93,987</b>	<b>102,909</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities <sup>1,2)</sup>	22	121,664	118,721
Other non-current liabilities		951	1,385
Lease liability	8	2,050	1,832
Deferred tax liability	10	16,272	17,769
Derivatives	22	1,114	—
<b>Total non-current liabilities</b>		<b>142,050</b>	<b>139,707</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities <sup>1)</sup>	22	12,804	16,531
Trade payables		439	652
Lease liability	8	59	55
Derivatives	22	330	—
Other liabilities		779	620
Accrued expenses and prepaid income	24	3,300	3,300
<b>Total current liabilities</b>		<b>17,711</b>	<b>21,159</b>
<b>Total liabilities</b>		<b>159,762</b>	<b>160,866</b>
<b>Total equity and liabilities</b>		<b>253,748</b>	<b>263,775</b>

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

2) The line item Non-current interest-bearing liabilities includes Hybrid capital of SEK 4,435 (4,942). 50% of the Hybrid capital, or equivalent to SEK 2,217m (2,471), is treated as equity by the ratings agencies and thereby reduces interest-bearing liabilities when calculating the debt/equity ratio and net debt to total assets, and increases equity when calculating the equity/assets ratio.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Attributable to parent company's shareholders						Total	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Cash flow reserve	Translation differences	Retained earnings incl. net profit for the year				
<b>Opening equity, 01/01/2022</b>	<b>187</b>	<b>10,729</b>	<b>117</b>	<b>-1</b>	<b>66,574</b>	<b>77,606</b>	<b>10,961</b>	<b>88,567</b>	
Net profit for the year					10,175	10,175	814	10,989	
Other comprehensive income			234	494		728	1,157	1,886	
<b>Total comprehensive income</b>			<b>234</b>	<b>494</b>	<b>10,175</b>	<b>10,903</b>	<b>1,972</b>	<b>12,875</b>	
Transactions with non-controlling interests					-91	-91	-92	-183	
New share issue	6	1,772				1,778		1,778	
Dividends to non-controlling interests							-131	-131	
Shareholder contributions from non-controlling interests					-2	-2	5	3	
Non-controlling interests arising from the acquisition of subsidiaries							0	0	
<b>Total transactions with the company's owners</b>	<b>6</b>	<b>1,772</b>	<b>—</b>	<b>—</b>	<b>-93</b>	<b>1,685</b>	<b>-218</b>	<b>1,467</b>	
<b>Closing equity, 31/12/2022<sup>1)</sup></b>	<b>192</b>	<b>12,501</b>	<b>351</b>	<b>493</b>	<b>76,657</b>	<b>90,194</b>	<b>12,715</b>	<b>102,909</b>	
<b>Opening equity, 01/01/2023</b>	<b>192</b>	<b>12,501</b>	<b>351</b>	<b>493</b>	<b>76,657</b>	<b>90,194</b>	<b>12,715</b>	<b>102,909</b>	
Net profit for the year					-6,746	-6,746	-953	-7,699	
Other comprehensive income			-32	-1,102		-1,133	-29	-1,162	
<b>Total comprehensive income</b>			<b>-32</b>	<b>-1,102</b>	<b>-6,746</b>	<b>-7,880</b>	<b>-982</b>	<b>-8,862</b>	
Transactions with non-controlling interests					-2	-2	-19	-20	
Dividends to non-controlling interests							-40	-40	
Shareholder contributions from non-controlling interests							0	0	
<b>Total transactions with the company's owners</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-2</b>	<b>-2</b>	<b>-58</b>	<b>-60</b>	
<b>Closing equity, 31/12/2023<sup>1)</sup></b>	<b>192</b>	<b>12,501</b>	<b>320</b>	<b>-609</b>	<b>69,908</b>	<b>82,313</b>	<b>11,674</b>	<b>93,987</b>	

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

## CONSOLIDATED CASH FLOW STATEMENT

SEKm	Note	2023	2022
<b>Operating activities</b>			
Net operating income		8,914	7,796
Other income/costs		-16	-17
Management and administrative costs		-1,080	-1,019
Selling and marketing expenses, development properties		-28	-20
Reversal of depreciation and amortisation		71	52
Interest received	26	1,233	528
Interest paid	26	-4,318	-2,388
Tax paid		-555	-491
<b>Cash flow from operating activities before change in working capital</b>		<b>4,221</b>	<b>4,442</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		-11	394
Change in operating liabilities		647	214
<b>Cash flow from operating activities</b>		<b>4,857</b>	<b>5,050</b>
<b>Investing activities</b>			
Acquisition of investment properties		-888	-5,160
Acquisition/divestment of other fixed assets		-187	-138
Purchase of financial investments		-897	-1,077
Acquisition of shares/Capital contributions/Borrowing from and lending to associated companies and joint ventures		-1,167	-1,518
Investments in existing properties and projects		-7,517	-10,742
Transactions with non-controlling interests		-20	-183
Sale of investment properties		681	2,913
Sale of development properties		2,938	1,136
Sale of financial investments		264	1,238
Sale of shares in associated companies and joint ventures		269	1
Dividend paid from associated companies and joint ventures		315	614
<b>Cash flow from investing activities</b>		<b>-6,209</b>	<b>-12,915</b>

SEKm	Note	2023	2022
<b>Financing activities</b>	26		
New share issue		—	1,778
Dividend paid to non-controlling interests		-42	-131
Amortisation of lease liability		-21	-17
Shareholder contributions from non-controlling interests		0	3
Loans raised		25,006	26,896
Amortisation/redemption of loans		-25,155	-18,032
<b>Cash flow from financing activities</b>		<b>-212</b>	<b>10,497</b>
<b>Cash flow for the year</b>		<b>-1,564</b>	<b>2,632</b>
Opening cash and cash equivalents		3,977	1,299
Exchange rate difference in cash and cash equivalents		-12	46
<b>Closing cash and cash equivalents</b>	26	<b>2,402</b>	<b>3,977</b>

Available liquidity, SEKm	Note	2023	2022
Cash and cash equivalents		2,402	3,977
Unutilised overdraft facilities	23	410	410
Unutilised credit facilities		11,794	18,808
Financial investments	19	3,047	2,576
<b>Available liquidity including confirmed loan commitments</b>		<b>17,653</b>	<b>25,771</b>

## PARENT COMPANY INCOME STATEMENT

SEKm	Note	2023	2022
Net sales	3	529	491
Administrative costs	4, 5	-527	-492
<b>Operating profit</b>		<b>2</b>	<b>-2</b>
<b>Profit from financial items</b>			
Impairment of shares in subsidiaries	27	-2,422	-2,125
Dividends from subsidiaries		2,600	9,501
Interest income and similar profit/loss items	9	6,586	3,045
– of which exchange rate differences		1,324	–
Interest expenses and similar profit/loss items	9	-5,046	-5,887
– of which exchange rate differences		–	-2,851
Changes in value of derivatives	22	-1,821	1,507
<b>Profit before appropriations and tax</b>		<b>-100</b>	<b>6,039</b>
<b>Appropriations</b>			
Group contribution		-2,457	2,708
Principal earnings <sup>1)</sup>		215	–
<b>Profit before tax</b>		<b>-2,342</b>	<b>8,746</b>
Income tax	10	206	-281
<b>Net profit for the year/comprehensive income<sup>2)</sup></b>		<b>-2,136</b>	<b>8,466</b>

1) Since January 2023, the parent company has been a member of a fiscal commission with a selection of its subsidiaries. All companies in the fiscal commission are also members of a Value Added Tax group as of April 2023. The parent company has received SEK 215m (–) in principal earnings from subsidiaries in the fiscal commission.

2) The parent company has no items that are recognised in Other comprehensive income, and total comprehensive income therefore corresponds to net profit for the year.

## PARENT COMPANY BALANCE SHEET

SEKm	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Other fixed assets	13	26	28
<b>Financial non-current assets</b>			
Participations in Group companies	25, 27	11,185	13,589
Participations in associated companies and joint ventures	14, 25	16,163	18,464
Other non-current receivables	15	1,763	1,122
Derivatives	22	7	851
Receivables from Group companies	28	86,864	92,204
<b>Total financial assets</b>		<b>115,982</b>	<b>126,229</b>
<b>Total non-current assets</b>		<b>116,008</b>	<b>126,258</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Other receivables		179	186
Prepaid expenses and accrued income	18	243	195
Derivatives	22	174	335
<b>Total current receivables</b>		<b>596</b>	<b>716</b>
Financial investments	19	820	812
Cash and cash equivalents	26	1,277	2,083
<b>Total current assets</b>		<b>2,692</b>	<b>3,611</b>
<b>TOTAL ASSETS</b>		<b>118,700</b>	<b>129,869</b>

SEKm	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>	20		
Share capital		192	192
<b>Non-restricted equity</b>			
Share premium reserve		9,062	9,062
Retained earnings		19,439	10,973
Net profit for the year		-2,136	8,466
<b>Total equity</b>		<b>26,556</b>	<b>28,693</b>
<b>Provisions</b>			
Deferred tax liability	10	37	244
<b>Total provisions</b>		<b>37</b>	<b>244</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions <sup>1, 2)</sup>	22	46,357	46,271
Liabilities to Group companies	28	39,934	48,082
Derivatives	22	1,114	—
<b>Total non-current liabilities</b>		<b>87,405</b>	<b>94,352</b>
<b>Current liabilities</b>			
Liabilities to credit institutions <sup>1)</sup>	22	3,742	5,928
Trade payables		15	11
Other liabilities		524	41
Accrued expenses and prepaid income	24	420	600
<b>Total current liabilities</b>		<b>4,701</b>	<b>6,579</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>118,700</b>	<b>129,869</b>

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

2) The line item Non-current interest-bearing liabilities includes Hybrid capital of SEK 4,435 (4,942). 50% of the Hybrid capital, or equivalent to SEK 2,217m (2,471), is treated as equity by the ratings agencies and thereby reduces interest-bearing liabilities when calculating the debt/equity ratio and net debt to total assets, and increases equity when calculating the equity/assets ratio.

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEKm	Number of shares	Restricted equity		Non-restricted equity		Total equity
		Share capital	Share premium reserve	Retained earnings	Net profit for the year	
<b>Opening equity, 01/01/2022</b>	<b>1,119,000,000</b>	<b>187</b>	<b>7,289</b>	<b>9,322</b>	<b>1,651</b>	<b>18,449</b>
Net profit for the year/comprehensive income					8,466	8,466
New share issue	35,000,000	6	1,772			1,778
Appropriation of profits				1,651	-1,651	—
<b>Total transactions with the company's owners</b>	<b>35,000,000</b>	<b>6</b>	<b>1,772</b>	<b>1,651</b>	<b>-1,651</b>	<b>1,778</b>
<b>Closing equity, 31/12/2022<sup>1)</sup></b>	<b>1,154,000,000</b>	<b>192</b>	<b>9,062</b>	<b>10,973</b>	<b>8,466</b>	<b>28,693</b>
<b>Opening equity, 01/01/2023</b>	<b>1,154,000,000</b>	<b>192</b>	<b>9,062</b>	<b>10,973</b>	<b>8,466</b>	<b>28,693</b>
Net profit for the year/comprehensive income					-2,136	-2,136
Appropriation of profits				8,466	-8,466	—
<b>Total transactions with the company's owners</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8,466</b>	<b>-8,466</b>	<b>—</b>
<b>Closing equity, 31/12/2023<sup>1)</sup></b>	<b>1,154,000,000</b>	<b>192</b>	<b>9,062</b>	<b>19,439</b>	<b>-2,136</b>	<b>26,556</b>

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

## PARENT COMPANY CASH FLOW STATEMENT

SEKm	Note	2023	2022
<b>Operating activities</b>			
Operating profit		2	-2
Reversal of depreciation/impairment		6	6
Interest received	26	386	719
Interest paid	26	-1,625	-1,265
Tax paid		-1	-2
<b>Cash flow from operating activities before change in working capital</b>		<b>-1,232</b>	<b>-543</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		366	-218
Change in operating liabilities		-99	-1
<b>Cash flow from operating activities</b>		<b>-965</b>	<b>-762</b>
<b>Investing activities</b>			
Acquisition of other fixed assets		-4	-9
Acquisition of participations in Group companies/shareholder contributions paid		-18	-196
Purchase of financial investments		—	-144
Change in lending to Group companies		1,774	7,940
Change in lending to associated companies and joint ventures		-560	-89
Sale of financial investments		8	331
Acquisitions/capital contributions to associated companies and joint ventures		311	-378
<b>Cash flow from investing activities</b>		<b>1,511</b>	<b>7,453</b>

SEKm	Note	2023	2022
<b>Financing activities</b>	26		
New share issue		—	1,778
Loans raised		11,589	5,137
Amortisation/redemption of loans		-12,942	-11,981
<b>Cash flow from financing activities</b>		<b>-1,353</b>	<b>-5,065</b>
<b>Cash flow for the year</b>		<b>-806</b>	<b>1,626</b>
Opening cash and cash equivalents		2,083	457
<b>Closing cash and cash equivalents</b>	26	<b>1,277</b>	<b>2,083</b>

Available liquidity, SEKm	Note	2023	2022
Cash and cash equivalents		1,277	2,083
Unutilised overdraft facilities	23	350	350
Unutilised credit facilities		9,632	9,632
Financial investments	19	820	812
<b>Available liquidity including confirmed loan commitments</b>		<b>12,079</b>	<b>12,877</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 ACCOUNTING POLICIES

#### General information

The financial statements for Fastighets AB Balder, as of 31 December 2023, were approved by the Board of Directors and Chief Executive Officer on 3 April 2024 and will be submitted for adoption by the Annual General Meeting on 3 May 2024.

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

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

- Accounting policies are indicated by 
- Risks are indicated by 
- Estimates and judgements are indicated by 

#### Accounting policies

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

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

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

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

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

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

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

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

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

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

#### Classification, etc.

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

#### Basis of consolidation

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

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

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

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

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

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

#### Transactions with non-controlling interests and eliminations

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

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

#### Foreign currency

##### Financial statements of foreign operations

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

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

##### Transactions in foreign currency

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

Contd. **Note 1 Accounting policies**

exchange rate prevailing on the transaction date. Non-monetary assets and liabilities that are recognised at fair value are translated into the functional currency at the rate prevailing on the date of fair value measurement.

#### Impairments

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

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

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

#### Provisions

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

#### New and amended standards applied for the first time in 2023

The Group applies the following standards and amendments for the first time as of the fiscal year beginning on 1 January, 2023:

– The Group is subject to the OECD's model rules for Pillar II. Pillar II legislation has been adopted in Sweden, where Fastighets AB Balder has its registered office, and it will come into force on 1 January 2024. As Pillar II legislation had not come into force at the end of the reporting period, the Group has no related current tax exposure. The Group applies the exemption for recognising and providing disclosures of deferred tax assets and liabilities related to income taxes from Pillar II, as stated in the amendments to IAS 12 that were issued in May 2023.

– Deferred tax assets and deferred tax liabilities originating from a single transaction – amendments to IAS 12.

– Disclosures of accounting policies – amendments in IAS 1 *Presentation of Financial Statements*.

The changes specified above had no impact on the amounts reported in the comparative period and have not had any material effect on the current period.

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

Certain amendments in standards that have been published come into force for the financial year that commences on 1 January 2024 or thereafter and have not been applied in advance in the preparation of this financial statement. These new amendments are not expected to have a material impact on the Group's financial statements in the current or future periods, nor on future transactions.

#### Parent Company accounting policies

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

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

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

#### Classification and presentation

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

#### Anticipated dividends

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

#### Group contributions and shareholders' contributions

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

#### Income

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

#### Leases

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

#### Taxes

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

#### Associated companies/joint ventures

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

#### Subsidiaries

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

#### Financial guarantees

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

#### Principal earnings

Since January 2023, the parent company has been a member of a fiscal commission with a selection of its subsidiaries. In the subsidiaries that are members of the commission, the taxable profit is transferred to the parent company and recognised as an appropriation.



## NOTE 2 SEGMENT REPORTING



### ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocation of resources and evaluation of the operating segments' results. In the Group, this function has been identified as the management team, which takes strategic decisions. Management primarily follows up on operating

segments in terms of their operating surplus, where the distribution of shared property administration costs has taken place through the cost principle. The Group's internal reporting of the operations is divided into the segments Helsinki, Stockholm, Gothenburg, Copenhagen, South, East and North, which is in harmony with the Group's internal reporting system. The Finnish property portfolio is divided between

the regions of Helsinki and East. Property ownership in Norway is classified under region North, the properties in Denmark under region Copenhagen and the properties in Germany and the UK under region South.

Regions	Helsinki		Stockholm		Gothenburg		Copenhagen		South		East		North		Group		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
<b>SEKm</b>																	
Rental income	2,859	2,606	1,795	1,618	2,041	1,776	1,146	899	809	715	2,047	1,727	1,247	1,180	11,944	10,521	
Property costs	-940	-813	-420	-393	-431	-448	-305	-217	-198	-191	-483	-444	-252	-218	-3,030	-2,725	
<b>Net operating income</b>	<b>1,919</b>	<b>1,793</b>	<b>1,375</b>	<b>1,225</b>	<b>1,610</b>	<b>1,327</b>	<b>841</b>	<b>683</b>	<b>610</b>	<b>524</b>	<b>1,564</b>	<b>1,282</b>	<b>994</b>	<b>962</b>	<b>8,914</b>	<b>7,796</b>	
<b>Changes in value of investment properties and net profit from sale of development properties</b>																	
Commercial properties	122	198	-532	620	942	898	-432	199	247	570	162	285	-726	412	-217	3,181	
Residential properties	-4,442	867	-1,054	-514	-2,172	363	-1,546	1,379	-501	-113	276	341	-339	26	-9,778	2,349	
Development properties	—	—	-43	—	523	49	10	45	35	—	—	—	19	15	544	110	
<b>Net operating income including changes in value of investment properties and net profit from sale of development properties</b>	<b>-2,401</b>	<b>2,859</b>	<b>-254</b>	<b>1,330</b>	<b>903</b>	<b>2,636</b>	<b>-1,127</b>	<b>2,306</b>	<b>391</b>	<b>981</b>	<b>2,003</b>	<b>1,908</b>	<b>-52</b>	<b>1,415</b>	<b>-537</b>	<b>13,436</b>	
<b>Non-allocated items:</b>																	
Other income/costs																-16	-17
Management and administrative costs																-1,080	-1,019
Participation in profits from associated companies and joint ventures																-2,236	1,002
<b>Operating profit</b>																<b>-3,869</b>	<b>13,402</b>
Net financial items																-3,186	-2,031
Changes in value of derivatives																-1,899	1,617
Income tax																1,254	-1,999
<b>Net profit for the year</b>																<b>-7,699</b>	<b>10,989</b>
Other comprehensive income																-1,162	1,886
<b>Comprehensive income for the year</b>																<b>-8,862</b>	<b>12,875</b>

Contd. **Note 2** Segment reporting

Regions SEKm	Helsinki		Stockholm		Gothenburg		Copenhagen		South		East		North		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Assets</b>																
Commercial properties	3,053	2,874	27,041	27,458	30,932	29,350	2,617	3,006	11,312	10,449	7,378	6,761	12,673	13,990	95,006	93,889
Residential properties	51,163	53,708	6,671	7,533	8,076	10,630	22,120	22,908	2,246	2,452	16,936	16,059	6,782	6,753	113,994	120,044
<b>Investment properties</b>	<b>54,216</b>	<b>56,582</b>	<b>33,712</b>	<b>34,990</b>	<b>39,008</b>	<b>39,980</b>	<b>24,737</b>	<b>25,915</b>	<b>13,558</b>	<b>12,901</b>	<b>24,314</b>	<b>22,820</b>	<b>19,455</b>	<b>20,743</b>	<b>209,000</b>	<b>213,932</b>
Development properties	—	—	840	1,113	1,907	2,056	2	151	—	101	—	—	—	—	2,750	3,421
<b>Total property portfolio</b>	<b>54,216</b>	<b>56,582</b>	<b>34,552</b>	<b>36,103</b>	<b>40,915</b>	<b>42,036</b>	<b>24,739</b>	<b>26,066</b>	<b>13,558</b>	<b>13,002</b>	<b>24,314</b>	<b>22,820</b>	<b>19,455</b>	<b>20,743</b>	<b>211,749</b>	<b>217,353</b>
<b>Non-allocated items:</b>																
Other fixed assets															387	272
Lease contract; Right-of-use assets															2,102	1,881
Other receivables															5,351	4,115
Participations in associated companies and joint ventures															28,288	31,620
Derivatives															421	1,982
Cash and cash equivalents and financial investments															5,449	6,553
<b>Total assets</b>															<b>253,748</b>	<b>263,775</b>
<b>Equity and liabilities</b>																
<b>Non-allocated items:</b>																
Equity															93,987	102,909
Lease liability															2,108	1,887
Deferred tax liability															16,272	17,769
Interest-bearing liabilities															134,469	135,252
Derivatives															1,444	—
Non-interest-bearing liabilities															5,469	5,958
<b>Total equity and liabilities</b>															<b>253,748</b>	<b>263,775</b>
<b>Investments (including company acquisitions)</b>																
Commercial properties	77	601	345	1,125	587	1,166	51	86	604	400	210	1,277	191	1,280	2,065	5,934
Residential properties	1,821	3,122	235	94	54	902	779	1,580	127	88	1,218	2,223	411	228	4,645	8,237
<b>Investment properties</b>	<b>1,897</b>	<b>3,723</b>	<b>581</b>	<b>1,219</b>	<b>641</b>	<b>2,068</b>	<b>829</b>	<b>1,666</b>	<b>731</b>	<b>488</b>	<b>1,428</b>	<b>3,500</b>	<b>603</b>	<b>1,508</b>	<b>6,710</b>	<b>14,171</b>
Development properties	—	—	392	563	1,210	861	31	235	62	71	—	—	—	—	1,695	1,731
<b>Total property portfolio</b>	<b>1,897</b>	<b>3,723</b>	<b>972</b>	<b>1,782</b>	<b>1,851</b>	<b>2,929</b>	<b>860</b>	<b>1,901</b>	<b>793</b>	<b>559</b>	<b>1,428</b>	<b>3,500</b>	<b>603</b>	<b>1,508</b>	<b>8,405</b>	<b>15,902</b>

The Group's registered office is in Sweden. Income from external customers in Sweden amounts to SEK 5,270m (4,712) and total income from external customers in other countries amounts to SEK 6,675m (5,809).

The total of non-current assets, other than financial instruments and deferred tax receivables that are located in Sweden, is SEK 100,674m (106,502) and the total of such non-current assets located in other countries is SEK 111,463m (111,123).

For detailed information about external customers in each country, see Note 3, Distribution of income.

## NOTE 3 DISTRIBUTION OF INCOME



### ACCOUNTING POLICY

#### Group – Rental income and service income

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

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

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

#### Parent company – Service assignments

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

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

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Rental income	11,944	10,521	—	—
Service assignments	—	—	529	491
<b>Total</b>	<b>11,944</b>	<b>10,521</b>	<b>529</b>	<b>491</b>

### Rental income distributed by country

SEKm	Group	
	2023	2022
Sweden	5,270	4,712
Denmark	1,146	899
Finland	4,612	4,062
Norway	744	714
Germany	63	53
UK	109	80
<b>Total</b>	<b>11,944</b>	<b>10,521</b>

### Rental income distributed by property category

SEKm	Group	
	2023	2022
Residential	6,428	5,574
Office	1,699	1,565
Retail	1,578	1,391
Industrial/Logistics	887	843
Other	1,329	1,116
Projects for own management	22	32
<b>Total</b>	<b>11,944</b>	<b>10,521</b>

### Rental income distributed by region

SEKm	Group	
	2023	2022
Helsinki	2,859	2,606
Stockholm	1,795	1,618
Gothenburg	2,041	1,776
Copenhagen	1,146	899
South	809	715
East	2,047	1,727
North	1,247	1,180
<b>Total</b>	<b>11,944</b>	<b>10,521</b>

## NOTE 4 EMPLOYEES AND STAFF COSTS



### ACCOUNTING POLICY

#### Employee benefits

##### Short-term benefits

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

##### Pensions

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

##### Defined contribution plans

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

##### Redundancy compensation

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

At year-end, the Group had 1,150 employees (1,161), of whom 483 were female (493). The number of employees in the parent company at year-end was 452 (468), of whom 163 were female (170).

During 2023, the parent company had five Board members (5) including the Chairman, of whom 1 (1) was female. The parent company had 5 senior executives (6), of whom 3 (2) were female. During 2023, all companies in the Group had 43 Board members and senior executives (49), of whom 13 were female (15).

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

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

	Group		Parent Company	
	2023	2022	2023	2022
Average total number of employees	1,194	1,133	474	466
of whom female	506	478	172	167
of whom male	688	655	302	299
of whom Sweden (of whom male)	627 (398)	621 (398)	474 (302)	466 (299)
of whom Finland (of whom male)	439 (215)	395 (191)	—	—
of whom Denmark (of whom male)	103 (55)	97 (49)	—	—
of whom Norway (of whom male)	24 (20)	20 (17)	—	—

#### SALARIES, FEES AND BENEFITS

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Chairman of the Board	1.2	1.1	0.2	0.2
Other Board members	2.7	5.1	0.3	0.3
Chief Executive Officer				
Basic salary	17.4	15.6	0.9	0.9
Benefits	1.5	0.0	—	—
Deputy CEO				
Basic salary	2.9	2.8	0.7	0.8
Benefits	—	0.0	—	—
Other senior executives				
Basic salary	27.7	30.5	4.9	6.8
Benefits	1.2	0.5	0.2	0.3
Other employees				
Basic salary	636.1	553.0	238.6	227.5
Benefits	16.7	12.3	3.9	3.3
<b>Total</b>	<b>707.5</b>	<b>620.9</b>	<b>249.7</b>	<b>240.1</b>

#### Statutory social security contributions including payroll tax

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Board of Directors	0.5	0.5	0.1	0.1
Chief Executive Officer	5.0	5.1	0.4	0.4
Deputy CEO	0.2	1.1	0.2	0.3
Other senior executives	8.7	10.1	1.7	2.3
Other employees	181.9	179.7	80.2	76.0
<b>Total</b>	<b>196.3</b>	<b>196.5</b>	<b>82.6</b>	<b>79.1</b>

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

SEKm	01/01/2023 – 31/12/2023				01/01/2022 – 31/12/2022			
	Basic salary, directors' fee	Benefits	Pension expense	Total	Basic salary, directors' fee	Benefits	Pension expense	Total
Christina Rogestam, Chairman of the Board	0.2	—	—	0.2	0.2	—	—	0.2
Fredrik Svensson, Board member	0.1	—	—	0.1	0.1	—	—	0.1
Sten Dunér, Board member	0.1	—	—	0.1	0.1	—	—	0.1
Anders Wennnergren, Board member	0.1	—	—	0.1	0.1	—	—	0.1
Chief Executive Officer	0.9	—	0.3	1.2	0.9	—	0.3	1.2
Deputy CEO	0.7	—	—	0.7	0.8	—	—	0.8
Management team, 3 persons (4 persons)	4.9	0.2	0.4	5.5	6.8	0.3	0.6	7.7
<b>Total</b>	<b>7.0</b>	<b>0.2</b>	<b>0.7</b>	<b>7.9</b>	<b>9.0</b>	<b>0.3</b>	<b>0.9</b>	<b>10.2</b>

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

A defined benefit pension plan agreement has been entered into with the CEO which means that an amount of SEK 0.6m (0.3) will be paid annually to the CEO from the age 55 until he reaches the age of 65. Future payments will be limited according to agreement by the fund's assets. The payments are not dependent on future employment. The current value of the commitment amounted to SEK 5.8m (3.4). The commitment has been secured by a provision to a pension fund, whose plan assets amounted to SEK 5.8m (3.4). The value of the pension commitment has been calculated in accordance with the Swedish Pension Obligations Vesting Act, which does not correspond with IAS 19. The difference in cost according to the two methods of calculation is not, however, significant.

Remuneration to senior executives follows the guidelines adopted at the latest Annual General Meeting. The remuneration must be at competitive market rates.

#### Contractual pension expenses

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Chief Executive Officer	1.3	1.1	0.3	0.3
Deputy CEO	0.3	0.5	—	—
Other senior executives	2.1	3.0	0.4	0.6
Other employees	50.4	46.8	19.0	18.1
<b>Total</b>	<b>54.0</b>	<b>51.3</b>	<b>19.7</b>	<b>19.0</b>
<b>Total staff costs</b>	<b>957.8</b>	<b>868.8</b>	<b>352.0</b>	<b>338.2</b>

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

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

## NOTE 5 REMUNERATION TO AUDITORS

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

SEKm	Group		Parent Company	
	2023	2022	2023	2022
<b>PwC</b>				
Audit assignment	11.2	9.0	5.5	3.8
–of which to Öhrlings PricewaterhouseCoopers AB	5.5	3.8	5.5	3.8
Auditing work apart from the audit assignment	1.9	1.4	1.9	1.2
–of which to Öhrlings PricewaterhouseCoopers AB	1.9	1.2	1.9	1.2
Tax advice	0.9	0.2	0.6	0.1
–of which to Öhrlings PricewaterhouseCoopers AB	0.6	0.1	0.6	0.1
Other services	0.1	0.2	–	–
–of which to Öhrlings PricewaterhouseCoopers AB	–	–	–	–
<b>Deloitte</b>				
Audit assignment	2.0	3.1	–	–
Other services	0.5	0.6	–	–
<b>EY</b>				
Audit assignment	2.7	2.6	–	–
Other services	0.3	0.1	–	–
<b>Other audit companies</b>				
Audit assignment	0.7	0.7	–	–
Tax advice	0.4	0.2	–	–
Other services	0.2	–	–	–
<b>Total</b>	<b>21.0</b>	<b>18.1</b>	<b>8.0</b>	<b>5.2</b>

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



### ACCOUNTING POLICY

#### Property costs

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

#### Management and administrative costs

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

Group, SEKm	2023	2022
Property costs	3,030	2,725
Management and administrative costs	1,080	1,019
<b>Total</b>	<b>4,110</b>	<b>3,743</b>

Group, SEKm	2023	2022
Staff costs	958	869
Depreciation	71	52
Media expenses	970	966
Property tax	492	422
Maintenance and other costs <sup>1)</sup>	1,619	1,435
<b>Total</b>	<b>4,110</b>	<b>3,743</b>

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

## NOTE 7 SPECIFICATION OF PROPERTY COSTS

Group, SEKm	2023	2022
Operating and maintenance costs <sup>1)</sup>	1,568	1,337
Media expenses <sup>2)</sup>	970	966
Property tax	492	422
<b>Total</b>	<b>3,030</b>	<b>2,725</b>

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

2) Includes depreciation of wind farms.

## NOTE 8 LEASES



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

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

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

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

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

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

The average lease term in the portfolio's commercial leases was 6.6 years (6.2).

Group, SEKm	2023	2022
Residential, parking lots, car park (within one year)	6,510	6,075
<i>Commercial premises</i>		
Within one year	5,890	5,525
1–5 years	19,628	18,211
> 5 years	20,882	17,780
<b>Total</b>	<b>52,910</b>	<b>47,591</b>



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

#### Accounting principles for the Group

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

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

#### Site leasehold rights and leases

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

#### Rent of office premises

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

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

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

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

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

#### Reporting in subsequent periods

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

#### Accounting principles for the parent company

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

Contd. **Note 8** Leases

Leases; right of use	Group	
	31/12/2023	31/12/2022
Ground rent/leases	2,055	1,827
Office premises	47	54
<b>Total</b>	<b>2,102</b>	<b>1,881</b>
<b>Lease liability</b>		
Long-term lease liability	2,050	1,832
Current lease liability	59	55
<b>Total</b>	<b>2,108</b>	<b>1,887</b>

#### Site leasehold agreements

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

Use of right assets – site leasehold rights	Group	
	2023	2022
Beginning of the period	1,827	1,540
Acquisitions	73	215
Divestments	-5	-17
Change in ground rent and effect of changed exchange rates	160	88
<b>Fair value of site leasehold rights at end of period</b>	<b>2,055</b>	<b>1,827</b>

A lease liability attributable to site leasehold rights amounts to SEK 2,058m (1,830) and is recognised as a lease liability under the item non-current liabilities at SEK 2,013m (1,788) and current liabilities at SEK 45m (43).

#### Rent of premises

Use of right assets in respect of rent of premises amount to SEK 47m (54). The change in use of right assets associated with office premises, including the effect of changed exchange rates, amounted to SEK -7m (-5) during the year.

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

Information about all leases	Group	
	2023	2022
<b>The following amounts relating to leases are recognised in the income statement:</b>		
<i>Management and administrative costs</i>		
Amortisation of rights of use (office premises)	-13	-14
<b>Total</b>	<b>-13</b>	<b>-14</b>
<i>Financial expenses</i>		
Interest expenses, rent of premises	-1	-1
Interest expenses – ground rent	-82	-75
<b>Total</b>	<b>-83</b>	<b>-76</b>

Total cash flow in respect of leases was SEK -107m (-97), of which amortisation of lease liability amounted to SEK -20m (-18).

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

The part of the lease liability attributable to site leasehold rights comprises contractual non-discounted cash flows of annual ground rents of SEK -82m (-75), which are paid annually in perpetuity. The annual ground rent that will be paid in future will be affected by changes in the ground rent.

## NOTE 9 FINANCIAL INCOME AND EXPENSES



### ACCOUNTING POLICY

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

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

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

Financial income SEKm	Group		Parent Company	
	2023	2022	2023	2022
Interest income <sup>1)</sup>	294	159	114	58
Interest income, subsidiaries	—	—	4,712	2,154
Other financial income <sup>2)</sup>	939	369	437	834
Exchange rate differences <sup>3)</sup>	—	—	1,324	—
<b>Total</b>	<b>1,233</b>	<b>528</b>	<b>6,586</b>	<b>3,045</b>

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

2) Other financial income relates primarily to the profit from bonds repurchased during the year and dividends.

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

Financial expenses SEKm	Group		Parent Company	
	2023	2022	2023	2022
Interest expenses, borrowings	4,275	2,196	1,595	1,126
Interest income and interest expenses, interest rate derivatives	-427	55	-267	58
Interest expenses, subsidiaries	—	—	1,447	896
Leases/ground rent	83	76	—	—
Financial expenses, convertible bond	212	—	212	—
Other financial expenses <sup>1)</sup>	276	232	2,059	957
Exchange rate differences <sup>2)</sup>	—	—	—	2,851
<b>Total</b>	<b>4,419</b>	<b>2,559</b>	<b>5,046</b>	<b>5,887</b>

1) Other financial expenses in the parent company amounted to SEK 2,059m, of which impairment of participations in associated companies and joint ventures amounted to SEK 1,990m and refer to the impairment of Entra ASA, Stenhus Fastigheter i Norden AB and Ligula Hospitality Group AB. Realised and unrealised changes in value of listed shares for the Group are included at SEK 162m.

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

## NOTE 10 INCOME TAX



### ACCOUNTING POLICY

#### Group – Taxes

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

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

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

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

#### Parent company – Taxes

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



Contd. **Note 10** Income tax



## ESTIMATES AND JUDGEMENTS

### Deferred tax

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

	Group	
	2023	2022
<b>Current tax distributed by country</b>		
Sweden	-1	-11
Denmark	-110	-92
Finland	-201	-454
Norway	-11	-49
UK	—	-6
Germany	-1	-1
<b>Total</b>	<b>-324</b>	<b>-613</b>
<i>Current tax attributable to</i>		
the parent company's shareholders	-246	-421
Non-controlling interests	-78	-192
	<b>-324</b>	<b>-613</b>

### Recognised in the income statement

SEKm	Group		Parent Company	
	2023	2022	2023	2022
<b>Current tax expense (-)/tax revenue (+)</b>				
Current tax	-324	-613	-1	-2
<b>Deferred tax expense (-)/tax revenue (+)</b>				
Deferred tax in respect of temporary differences in properties	1,509	-1,409	—	—
Deferred tax in respect of temporary differences in derivatives	220	-330	207	-310
Deferred tax in respect of temporary differences in financial investments	—	23	—	32
Deferred tax on changes in loss carryforwards	-367	312	—	—
Change in other temporary differences	217	17	—	—
<b>Total deferred tax</b>	<b>1,579</b>	<b>-1,386</b>	<b>207</b>	<b>-279</b>
<b>Total recognised tax</b>	<b>1,254</b>	<b>-1,999</b>	<b>206</b>	<b>-281</b>

### Reconciliation of effective tax

Group, SEKm	2023, %	2023	2022, %	2022
Profit before tax		-8,954		12,988
Tax according to applicable tax rate for the parent company	20.6	1,844	20.6	-2,676
Difference between profit for tax purposes and the recognised profit on sale of property	1.5	132	-0.5	61
Tax on participations in profits from associated companies and joint ventures	-5.1	-461	-1.6	206
Tax attributable to previous years	-0.1	-8	-0.0	0
Differences in foreign tax rates	0.2	19	0.1	-16
Measured deficit	0.7	66	-0.1	7
Non-taxable income/non-deductible expenses, etc.	-3.8	-339	-3.2	419
<b>Reported effective tax</b>	<b>14.0</b>	<b>1,254</b>	<b>15.4</b>	<b>-1,999</b>

Parent Company, SEKm	2023, %	2023	2022, %	2022
Profit before tax		-2,342		8,746
Tax according to applicable tax rate for the parent company	20.6	483	20.6	-1,802
Non-taxable income/non-deductible expenses, etc.	2.2	51	0.0	-2
Tax-exempt dividend	-13.9	-327	-17.4	1,523
Tax attributable to previous years	-0.0	-1	-0.0	0
<b>Reported effective tax</b>	<b>8.8</b>	<b>206</b>	<b>3.2</b>	<b>-281</b>

Contd. **Note 10** Income tax

### Recognised in the balance sheet

#### Deferred tax assets and tax liabilities

Group 2023, SEKm	Deferred tax assets	Deferred tax liabilities	Net
<i>Deferred tax assets and tax liabilities relate to the following:</i>			
Properties	—	-16,203	-16,203
Derivatives	—	-93	-93
Loss carryforwards	219	—	219
Other temporary differences	—	-195	-195
Set-off	-219	219	—
<b>Total</b>	<b>—</b>	<b>-16,272</b>	<b>-16,272</b>

No non-capitalised assessed loss carryforwards exist. The measured deficit amounts to SEK 1,062m (2,745).

Parent Company 2023, SEKm	Deferred tax assets	Deferred tax liabilities	Net
<i>Deferred tax assets and tax liabilities relate to the following:</i>			
Derivatives	—	-37	-37
<b>Total</b>	<b>—</b>	<b>-37</b>	<b>-37</b>

There are no loss carryforwards.

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

Group, SEKm	Balance as of 01/01/2023	Recognised in the income statement	Currency, acquisitions and divestments of companies	Balance as of 31/12/2023
Properties	-17,742	1,509	29	-16,203
Derivatives	-350	220	37	-93
Capitalisation of the value of loss carryforwards	565	-367	21	219
Other temporary differences	-244	217	-168	-195
<b>Total</b>	<b>-17,769</b>	<b>1,579</b>	<b>-81</b>	<b>-16,272</b>

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

Parent Company, SEKm	Balance as of 01/01/2023	Recognised in the income statement		Balance as of 31/12/2023
Derivatives	-244	207		-37
<b>Total</b>	<b>-244</b>	<b>207</b>		<b>-37</b>

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

## NOTE 11 EARNINGS PER SHARE



### ACCOUNTING POLICY

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

In 2023, a convertible bond was issued, which affects the calculation of earnings per share after dilution. Earnings per share after dilution are calculated with the assumption that conversion will take place regardless of the current share price, which means that the calculation of earnings per share after dilution is done with full dilution from day one.

#### Earnings per share were calculated as follows:

Group, SEKm	2023	2022
Profit for the year attributable to the parent company's shareholders	-6,746	10,175
Effect on profit of convertible	-994	—
<b>Profit for the year attributable to the parent company's shareholders used in the calculation of profit after tax per share after dilution of convertible</b>	<b>-5,752</b>	<b>10,175</b>
<i>Weighted average number of shares</i>		
Total number of shares on 1 January	1,119,191,781	1,119,000,000
<b>Weighted average number of shares when calculating profit after tax per share before dilution</b>	<b>1,119,191,781</b>	<b>1,119,000,000</b>
Effect of newly issued shares	34,808,219	191,781
<b>Weighted average number of shares when calculating profit after tax per share after dilution</b>	<b>1,154,000,000</b>	<b>1,119,191,781</b>
Adjustment for calculation profit after tax per share after dilution of convertible	63,613,871	—
<b>Weighted average number of shares when calculating profit after tax per share after dilution of convertible</b>	<b>1,217,613,871</b>	<b>1,119,191,781</b>
Profit after tax per share before dilution, SEK	-6.03	9.09
Profit after tax per share after dilution, SEK	-5.85	9.09
Profit after tax per share after dilution of convertible, SEK <sup>1)</sup>	-5.85	9.09

1) In cases where the performance measure indicates a better outcome compared with no dilution of convertible, the performance measure applied is profit after tax per share after dilution, SEK.

## NOTE 12 INVESTMENT PROPERTIES



### ACCOUNTING POLICY

#### Investment properties

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

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

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

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

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

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



### ESTIMATES AND JUDGEMENTS

#### Investment properties

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

#### Classification of acquisitions

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

Group, SEKm	2023	2022
<b>Opening fair value</b>	<b>213,932</b>	<b>189,138</b>
Acquisitions	888	5,160
Investments in existing properties and projects	5,822	9,011
Changes in value, unrealised	-9,980	5,419
Divestments	-696	-2,802
Currency changes	-967	8,006
<b>Closing fair value</b>	<b>209,000</b>	<b>213,932</b>

Contd. **Note 12** Investment properties

#### Lease contract; Right-of-use assets

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

#### Valuation model

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

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

The assessment in respect of future earnings and yield requirement is of crucial importance for the property portfolio's estimated value, as these are the most important value-driving factors in the valuation model. Earnings are based on current contracts and the most likely letting scenario in each property. The yield requirement is derived from market transactions of equivalent objects.

The property valuation is based on observable and non-observable data. Observable data is current rental levels, operating and maintenance costs, planned investments and current vacancy rates. Data that can be considered non-observable includes yield requirements and expectations of rental and vacancy levels.

#### The acquisition cost method

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

#### The yield method

The yield method is based on a present value calculation of the net operating profit over a specific calculation period and a present value calculation of a residual value at the end of the calculation period, i.e. future rent payments minus estimated operating and maintenance payments plus the residual value in year ten. Estimated rent payments as well as operating and maintenance payments have been derived from current rental income as well as operating and maintenance costs. The net operating profit is adapted to the market by taking account of any changes in the occupancy rate and letting levels, as well as changes in operating and maintenance payments. To achieve the estimated market rent in each property, a tenant adaptation is sometimes needed, and in these cases the estimated need is considered in the calculations. The residual value is calculated by dividing a normalised net operating profit the year after the end of the calculation period by an estimated yield requirement. The cost

of capital for discounting the net operating profit and residual value correspond to the market's requirement for total yield, and may be said to consist of a risk-free interest rate, compensation for inflationary expectations and compensation for property-related risk, which varies with location, property type, state of the property, etc. An inflation rate of 2% has been assumed as a basis for all cash flow calculations. Properties equivalent to about 99% of the total market value were valued using the yield method.

The long-term risk-free interest rate has risen over the last two years. In its internal valuations, Balder has used a normalised long-term risk-free interest rate, as the assessment is that the risk-free interest rate and yield requirements are not a 1/1 ratio, but yield requirements move more slowly and with fewer fluctuations. Changes in the interest rate market are faster than in the property market. This means that interest rate fluctuations do not have an equivalent effect on the yield requirement, for both upturns and downturns.

#### Rent payments

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

#### Operating and maintenance payments

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

#### Yield

The yield requirement and the cost of capital for the property is individual for each property and is based on transactions of comparable objects in the property market. Important factors when choosing a yield requirement are location, rental rate, vacancy rate and the condition of the property, and these variables are therefore interrelated. To acquire a perception of the market's yield requirements, Balder monitors property transactions completed in the market. In the absence of transactions at a certain location or a certain property type, comparative information is obtained instead from a similar location or similar property type. In the absence of transactions, the perception is based on prevailing macroeconomic factors. Even though there was a lower level of activity in the transaction market for properties during the year, it can be confirmed that the property market, from both an historical and a Nordic perspective, reflects a sufficient level of activity to be defined as an active market, even though transaction volumes fell during 2022 and 2023 compared with a peak during 2021.

The average yield requirement as of the closing date was 4.9% (4.6). As of 31 December 2023, according to Balder's internal valuation, the total property value was SEK 209,000m (213,932). For more information, see the Report of the Board of Directors and the Sensitivity Analysis on page 78.

The table on the next page shows the average values for yield requirements per region and property category.

#### Internal and external valuations

Balder recognizes its investment properties at fair value, and internal valuations of the entire property portfolio are conducted in connection with each quarterly

report. Market value assessments of properties always involve a certain degree of uncertainty in assumptions and estimates. The uncertainty in respect of individual properties is normally considered to be in the range of +/- 5–10% and should be regarded as the uncertainty that exists in assumptions and estimates made. The range can be greater in a less liquid market. For Balder, a range of uncertainty of +/- 5% means a value range of SEK +/- 10,450m, equivalent to a range of SEK 198,550–219,450m. In order to quality-assure its internal valuations, Balder uses external valuation companies in order to have parts of the portfolio valued externally and to secure parameters and assumptions in the valuation calculations. During the year, 52% of the portfolio was the subject of assessment by external valuation companies. Deviations between external and internal valuations were insignificant. For more information about Balder's valuation methods, see pages 25–26.

#### Changes in value

Balder performed an individual internal valuation on the entire property portfolio as of 31 December. Unrealised changes in value during the year amounted to SEK -9,980m (5,419). The change in value for the year is attributable above all to the market's heightened yield divestments, which were affected by rising interest rates and credit margins. An improved cash flow, linked primarily to inflation, offsets the higher yield requirements to a certain extent.

Realised changes in value amounted to SEK -14m (111).

#### Project properties for own management

Balder had project properties for own management amounting to SEK 5.3 billion (12.3) as of 31 December. Projects for own management that are under construction have an estimated total investment of SEK 3.2 billion (11.3), of which SEK 2.5 billion (8.3) is invested and SEK 0.7 billion (3.0) remains to be invested. Most of the projects in progress relate to residential projects with condominiums that are rented out. The projects comprise about 1,250 apartments (4,100) and relate primarily to projects in Finland and Denmark.

#### Other investment commitments

As of year-end, there is no other investment commitment of significance to the Group, other than that described for project and development properties.

#### Summary of the internal valuation:

Valuation date	31/12/2023
Fair value	SEK 209,000m
Independent valuation companies used during the year	CBRE, Colliers, Cushman & Wakefield, JLL and Newsec
Calculation period	Usually 10 years. A longer calculation period can be used in certain cases if required
Assumed inflation	2%
Yield at end of calculation period, Residential	3.0–6.9%
Yield at end of calculation period, Commercial properties	3.2–11.5%
Cost of capital, Residential	5.0–8.9%
Cost of capital, Commercial properties	5.2–13.5%
Long-term vacancy rate	Individual assessment

Contd. **Note 12** Investment properties

### Sensitivity analysis, excluding project properties

Impact on value, SEKm	Change	Change in value, SEKm
Yield requirement	+/-0.25%-points	-9,943/+11,021
Yield requirement	+/-0.50%-points	-18,959/+23,306
Yield requirement	+/-0.75%-points	-27,172/+37,084
Rental income	+/-5%	+12,742/-12,742
Property costs	+/-5%	-2,577/+2,577
Net operating income	+/-5%	+10,165/-10,165

Impact on value, SEKm	Residential properties	Commercial properties
+/- 5% change in value	+/-5,491	+/-4,695

### Mean value of yield requirement for estimation of residual value, %

Region	Total		Residential properties		Commercial properties	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Helsinki	4.84	4.51	4.73	4.42	6.72	6.32
Stockholm	4.75	4.40	4.18	3.53	4.88	4.64
Gothenburg	4.69	4.60	4.30	3.71	4.79	4.88
Copenhagen	3.85	3.57	3.68	3.39	5.11	4.72
South	5.27	4.92	4.37	3.60	5.44	5.24
East	5.32	4.92	4.60	4.21	6.92	6.48
North	5.89	5.52	4.34	4.15	6.73	6.22

### Mean value of yield requirement for estimation of residual value, %

Property category	31 Dec 2023	31 Dec 2022
Residential properties	4.4	4.1
Commercial properties	5.4	5.2

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

## NOTE 13 OTHER FIXED ASSETS



### ACCOUNTING POLICY

#### Other fixed assets

##### Owned assets

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

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

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

#### Additional expenditure

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

#### Depreciation methods

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

#### Other fixed assets

#### Useful life

Equipment	3–10 years
Wind farms	10–20 years

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

### Equipment

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Cost				
Opening balance	438	329	51	42
Purchases	176	114	4	9
Disposals and retirements	-6	-5	-0	-0
<b>Closing balance</b>	<b>609</b>	<b>438</b>	<b>55</b>	<b>51</b>
Depreciation				
Opening balance	-181	-147	-23	-17
Disposals and retirements	3	2	0	0
Depreciation	-56	-36	-6	-6
<b>Closing balance</b>	<b>-234</b>	<b>-181</b>	<b>-29</b>	<b>-23</b>
<b>Carrying amount, equipment</b>	<b>375</b>	<b>257</b>	<b>26</b>	<b>28</b>

### Wind farms

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Cost				
Opening balance	178	164	30	30
Acquisitions	—	14	—	—
Disposals and retirements	-30	—	-30	—
<b>Closing balance</b>	<b>148</b>	<b>178</b>	<b>—</b>	<b>30</b>
Depreciation and impairments				
Opening balance	-163	-161	-30	-30
Disposals and retirements	30	—	30	—
Depreciation	-2	-2	—	—
<b>Closing balance</b>	<b>-136</b>	<b>-163</b>	<b>—</b>	<b>-30</b>
<b>Carrying amount, wind farms</b>	<b>13</b>	<b>15</b>	<b>—</b>	<b>—</b>
<b>Total carrying amount equipment and wind farms</b>	<b>387</b>	<b>272</b>	<b>26</b>	<b>28</b>

Depreciation is recognised in administrative costs and media expenses.

## NOTE 14 PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINT VENTURES



### ACCOUNTING POLICY

#### Group

##### Associated companies

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

##### Joint ventures

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

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

##### Parent Company

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

#### Accumulated cost

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Opening balance	31,620	28,824	18,464	17,448
Acquisition of associated companies and joint ventures <sup>1)</sup>	228	1,556	84	1,453
Divestment of associated companies and joint ventures	-269	-1	-563	—
Associated companies and joint ventures that were reclassified as subsidiaries <sup>2)</sup>	-0	—	-0	—
Dividend from associated companies and joint ventures	-315	-614	—	—
Participations in the profits of associated companies and joint ventures after tax	-2,236	1,002	—	—
Change in equity of associated companies and joint ventures (shareholders' contribution and currency)	-740	852	167	114
Impairment of participations in associated companies and joint ventures <sup>3)</sup>	—	—	-1,990	-551
<b>Closing balance</b>	<b>28,288</b>	<b>31,620</b>	<b>16,163</b>	<b>18,464</b>

1) Acquisitions of associated companies and joint ventures in 2022 refer primarily to participations in Entra ASA.

2) This reclassification means that additional participations in the existing holding have been acquired and a controlling influence has thereby been achieved. In technical terms, the associated company has been divested and a subsidiary has been acquired.

3) The impairments of participations in associated companies and joint ventures during the year refer to Entra ASA, Stenhus Fastigheter i Norden AB and Ligula Hospitality Group AB.

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

SEKm	Total (100%)		Balder's holding	
	2023	2022	2023	2022
Rental income	7,078	6,357	2,653	2,405
Property costs	-1,142	-1,048	-384	-362
<b>Net operating income</b>	<b>5,936</b>	<b>5,309</b>	<b>2,269</b>	<b>2,043</b>
Management and administrative costs	-539	-488	-216	-191
Other operating income <sup>1)</sup>	3,178	2,205	1,539	997
<b>Operating profit</b>	<b>8,575</b>	<b>7,027</b>	<b>3,593</b>	<b>2,849</b>
Net interest	-4,116	-2,337	-1,643	-918
Changes in value	-11,162	-229	-4,557	-433
<b>Profit before tax</b>	<b>-6,703</b>	<b>4,461</b>	<b>-2,607</b>	<b>1,498</b>
Minus non-controlling interests	-83	-2	-33	-1
Tax	1,002	-1,148	404	-495
<b>Net profit for the year</b>	<b>-5,783</b>	<b>3,312</b>	<b>-2,236</b>	<b>1,002</b>
<i>- of which Profit from property management</i>	4,377	4,686	1,917	1,929

1) Mostly relates to Norion Bank AB. Of which Balder's participation in the profit from property management from Norion amounts to SEK 721m (636).

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

SEKm	Total (100%)		Balder's holding	
	2023	2022	2023	2022
Investment properties	131,347	146,651	51,088	56,724
Other assets	62,638	58,239	27,333	25,146
Equity/shareholders' loans	64,101	71,017	25,879	28,369
Liabilities	129,884	133,873	52,542	53,502

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

**Group participations in associated companies and joint ventures, 2023**

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Type of participation	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Norion Bank AB <sup>1)</sup>	556597-0513	Gothenburg	90,501,180	44	Associated company	3,663	1,196
Tulia AB	556712-9811	Gothenburg	50,000	50	Joint venture	1,346	—
Fastighets AB Centur	556813-6369	Stockholm	5,000	50	Joint venture	1,172	320
Fixfabriken Holding AB	556949-3702	Gothenburg	50,000	50	Joint venture	2	—
Chirp AB	556915-7331	Stockholm	17,063	34	Associated company	90	—
Tornet Bostadsproduktion AB	556796-2682	Stockholm	1,666,667	33	Joint venture	873	—
Brinova Fastigheter AB <sup>2)</sup>	556840-3918	Helsingborg	18,420,303	19	Associated company	532	—
Fastighets AB Tornet	559008-2912	Gothenburg	500	50	Joint venture	169	—
Trenum AB	556978-8291	Gothenburg	500	50	Joint venture	1,931	400
Norra Backaplan Bostads AB	556743-0276	Gothenburg	33,333	33	Joint venture	175	—
Sjaelsö Management ApS	35394923	Copenhagen	392	49	Associated company	63	—
SB Bostad i Stockholm AB	559094-8914	Stockholm	250	50	Joint venture	13	—
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	Joint venture	223	—
Sinoma Fastighets AB	559161-0836	Stockholm	24,500	49	Associated company	843	434
Grunnsteinen AS	918 773 924	Asker	7,950,515	80	Joint venture	147	—
Victoria Kungens Kurva AB	559056-7888	Solna	250	50	Joint venture	16	—
HOMEstate AB	559179-2253	Jönköping	167	33	Joint venture	2	2
Heimdal Sentrum Utvikling AS	822 336 752	Trondheim	500	50	Joint venture	2	—
Steinan Holding AS	822 404 502	Oslo	15	50	Joint venture	34	—
Ångsladan Fastighetsförvaltning i Lund AB	559148-5783	Vetlanda	25,000	50	Joint venture	24	—
White Peak IV Limited	126219	Jersey	21	20	Associated company	194	—
iBoxen Infrastruktur Sverige AB	559254-3705	Stockholm	9,748	46	Associated company	42	57
AMW Gruppen i Götaland AB	559218-0433	Växjö	270	50	Joint venture	50	—
Anthon Eiendom AS	885 857 582	Oslo	6,627	60	Joint venture	1,010	—
Karlatornet AB	559185-8526	Gothenburg	250	50	Joint venture	200	—

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Type of participation	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Entra ASA <sup>3)</sup>	999 296 432	Oslo	72,812,097	40	Associated company	12,044	12,044
MAJLLBPN AB	559272-6318	Stockholm	125	50	Joint venture	0	—
MILLENNIUM HoldCo ApS	38252283	Nordhavn	50,000	50	Joint venture	227	—
HE Prosjektinvest AS	918 984 186	Trondheim	500,000	50	Joint venture	1	—
Emrahus AB	556927-2361	Landskrona	321,961	34	Associated company	41	—
Ligula Hospitality Group AB	556792-6497	Gothenburg	10,000	50	Joint venture	226	218
BL Hotell Holding AB	559224-4080	Gothenburg	25,000	50	Joint venture	24	—
ESS Hotel Group Fastigheter AB	556994-2542	Gothenburg	250	50	Joint venture	315	304
Karlstaden Group AB	559222-7945	Gothenburg	250	50	Joint venture	0	—
Steinkjer Eiendom Holding AS	927 495 856	Trondheim	1,500	50	Joint venture	0	—
Strømsveien 81 Holding AS	928 054 225	Trondheim	1,500	50	Joint venture	0	—
Origo Industrieiendom AS	928 053 954	Trondheim	1,500	50	Joint venture	0	—
Stenhus Fastigheter i Norden AB <sup>4)</sup>	559269-9507	Stockholm	73,041,556	20	Associated company	1,169	1,165
Hembygden Fastigheter AB	559338-6237	Stockholm	12,500	50	Joint venture	25	25
Bolix Kommersiella Fastigheter AB	559371-9122	Gothenburg	2,500	50	Joint venture	10	—
Ski Linås Boligutvikling AS	923 369 988	Trondheim	15,000	50	Joint venture	14	—
Klemettilän Kulma Keskinäinen Kiinteistö Oy	2443794-4	Vaasa	2,478	28	Associated company	21	—
Sulky Fastighets AB	559055-5610	Stockholm	250	50	Joint venture	150	—
Sundsøya Utvikling AS	929 418 603	Trondheim	1,500	50	Joint venture	0	—
Link40 Holding AB	559311-6360	Gothenburg	125	50	Joint venture	1	—
Next Step Group Owners AB	559411-7649	Gothenburg	12,475	50	Associated company	466	—
Kongens Gate 44 AS	930 662 976	Trondheim	1,500	50	Joint Venture	0	—
E3 Fastighetsutveckling AB	559409-5332	Gothenburg	250	50	Joint Venture	94	—
Other smaller participations	—	—	—	—	Associated company	643	—
<b>Total</b>						<b>28,288</b>	<b>16,163</b>

- 1) Balder's market value (share price) of Norion Bank AB (publ) as of 31 December 2023 amounted to SEK 3,923m (3,466). Balder classifies the holding in Norion as an associated company. As the three next biggest shareholders represent approximately 29.5% of the votes in total, it is considered that Balder does not have any practical possibility of exercising a controlling influence over Norion, but that there is only a significant influence. The holding is long-term and there is no indication of a need for a write-down.
- 2) Balder's market value (share price) of Brinova Fastighets AB (publ) as of 31 December 2023 amounted to SEK 356m (475). Balder's participation in Brinova's net asset value (EPRA NRV) indicates no need for a write-down and is a long-term holding. The share of the vote is 31.4%.
- 3) Balder's market value (share price) of Entra ASA as of 31 December 2023 amounted to SEK 7,942m (8,098). During the year, a write-down of SEK 150m of the Group value was made. Balder's participation in Entra's net asset value (EPRA NRV) indicates no need for further write-down and is a long-term holding.
- 4) Balder's market value (share price) of Stenhus Fastigheter i Norden AB (publ) as of 31 December 2023 amounted to SEK 767m (773). Balder's participation in Stenhus' net asset value (EPRA NRV) indicates no need for a write-down and is a long-term holding.

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

### Group participations in associated companies and joint ventures, 2022

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Type of participation	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector Bank AB	556597-0513	Gothenburg	90,501,180	44	Associated company	3,119	1,196
Tulia AB	556712-9811	Gothenburg	50,000	50	Joint venture	1,304	—
Fastighets AB Centur	556813-6369	Stockholm	5,000	50	Joint venture	1,054	154
Fixfabriken Holding AB	556949-3702	Gothenburg	50,000	50	Joint venture	1	—
Chirp AB	556915-7331	Stockholm	17,063	34	Associated company	410	—
Tornet Bostadsproduktion AB	556796-2682	Stockholm	1,666,667	33	Joint venture	729	—
Brinova Fastigheter AB	556840-3918	Helsingborg	18,420,302	19	Associated company	595	—
Fastighets AB Tornet	559008-2912	Gothenburg	500	50	Joint venture	174	—
Trenum AB	556978-8291	Gothenburg	500	50	Joint venture	2,106	400
Norra Backaplan Bostads AB	556743-0276	Gothenburg	33,333	33	Joint venture	173	—
Sjaelsø Management ApS	35394923	Copenhagen	392	49	Associated company	101	—
SB Bostad i Stockholm AB	559094-8914	Stockholm	250	50	Joint venture	5	—
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	Joint venture	233	—
Sinoma Fastighets AB	559161-0836	Stockholm	24,500	49	Associated company	866	434
Zenith AS	918 773 924	Asker	180,000	50	Joint venture	98	—
Victoria Kungens Kurva AB	559056-7888	Solna	250	50	Joint venture	14	—
HOMEstate AB	559179-2253	Jönköping	167	50	Joint venture	0	0
Heimdal Sentrum Utvikling AS	822 336 752	Trondheim	15,000	50	Joint venture	3	—
Steinan Holding AS	822 404 502	Oslo	30,000	50	Joint venture	94	—
Boo AS	921 580 614	Oslo	850,000	33	Associated company	1	—
Ångsladan Fastighetsförvaltning i Lund AB	559148-5783	Vetlanda	25,000	50	Joint venture	23	—
White Peak IV Limited	126219	Jersey	21	20	Associated company	203	—
iBoxen Infrastruktur Sverige AB	559254-3705	Stockholm	350	35	Associated company	17	18
AMW Gruppen i Götaland AB	559218-0433	Växjö	270	50	Joint venture	20	—
Anthon Eiendom AS	885 857 582	Oslo	6,419	59	Joint venture	1,317	—
Karlatornet AB	559185-8526	Gothenburg	250	50	Joint venture	0	—
Entra ASA	999 296 432	Oslo	72,812,097	40	Associated company	15,563	13,824

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Type of participation	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
MAJLLBPN AB	559272-6318	Stockholm	125	50	Joint venture	0	—
MILLENNIUM HoldCo ApS	38252283	Nordhavn	50,000	50	Joint venture	167	—
HE Prosjektinvest AS	918 984 186	Trondheim	500,000	50	Joint venture	1	—
Emrahus AB	556927-2361	Landskrona	321,961	34	Associated company	56	—
Next Step Group AB	556835-5480	Gothenburg	22,496	33	Associated company	443	323
Ligula Hospitality Group AB	556792-6497	Gothenburg	10,000	50	Joint venture	222	318
BL Hotell Holding AB	559224-4080	Gothenburg	25,000	50	Joint venture	25	—
ESS Hotel Group Fastigheter AB	556994-2542	Gothenburg	250	50	Joint venture	315	304
Karlstaden Group AB	559222-7945	Gothenburg	250	50	Joint venture	0	—
Steinkjer Eiendom Holding AS	927 495 856	Trondheim	1,500	50	Joint venture	0	—
Europi Invest VI AB	559315-9410	Stockholm	250	50	Joint venture	240	240
Strømsveien 81 Holding AS	928 054 225	Trondheim	1,500	50	Joint venture	0	—
Origo Industrieiendom AS	928 053 954	Trondheim	1,500	50	Joint venture	0	—
Stenhus Fastigheter i Norden AB	559269-9507	Stockholm	69,041,556	19	Associated company	1,309	1,230
Hembygden Fastigheter AB	559338-6237	Stockholm	12,500	50	Joint venture	25	25
Bolix Kommersiella Fastigheter AB	559371-9122	Gothenburg	25,000	50	Joint venture	10	—
Ski Linås Boligutvikling AS	923 369 988	Trondheim	15,000	50	Joint venture	15	—
Lille Smedparken AS	930 309 575	Trondheim	500	50	Joint venture	0	—
Heimdal Soltun AS	930 309 567	Trondheim	500	50	Joint venture	0	—
Klemettilän Kulma Keskinäinen Kiinteistö Oy	2443794-4	Vaasa	2,478	28	Associated company	22	—
Sulky Fastighets AB	559055-5610	Stockholm	250	50	Joint venture	150	—
Sundsøya Utvikling AS	929 418 603	Trondheim	1,500	50	Joint venture	0	—
Link40 Holding AB	559311-6360	Gothenburg	250	50	Joint venture	1	—
Next Step Group Owners AB	559411-7649	Gothenburg	12,250	49	Associated company	0	0
Other smaller participations	—	—	—	—	Associated company	392	—
<b>Total</b>						<b>31,620</b>	<b>18,464</b>



## NOTE 15 OTHER NON-CURRENT RECEIVABLES



### ACCOUNTING POLICY

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

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Receivables from the Group's associated companies and joint ventures	2,013	1,965	1,762	1,121
Other non-current receivables	1,016	541	1	1
<b>Total</b>	<b>3,029</b>	<b>2,505</b>	<b>1,763</b>	<b>1,122</b>

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Opening balance	2,505	1,736	1,122	985
Changes in lending to associated companies and joint ventures	49	605	641	137
Changes in other non-current receivables	475	164	-0	-0
<b>Closing balance</b>	<b>3,029</b>	<b>2,505</b>	<b>1,763</b>	<b>1,122</b>

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

## NOTE 16 DEVELOPMENT PROPERTIES



### ACCOUNTING POLICY

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

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

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

In addition to investment properties, Balder owns development properties to a value of SEK 2,750m (3,421).

Development projects that are under construction have an estimated total investment of SEK 3.0 billion (3.0), of which SEK 1.6 billion (1.9) is invested and SEK 1.4 billion (1.1) is still to be invested. All of the projects relate to residential projects that will be sold to end customers.

Six development properties (6) were divested and recognised as income during the year. The cost of all projects divested during the year amounted to SEK -2,366m (-1,007) and the profit from sales amounted to SEK 572m (130), excluding sales and marketing expenses for the period of SEK -28m (-20) in respect of all development properties.

SEKm	Group	
	2023	2022
<b>Carrying amount at beginning of year</b>	<b>3,421</b>	<b>2,697</b>
Investments in projects	1,695	1,731
Divestments	-2,366	-1,007
<b>Carrying amount at end of year</b>	<b>2,750</b>	<b>3,421</b>

## NOTE 17 TRADE RECEIVABLES



### ACCOUNTING POLICY

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

Trade receivables are recognised and measured at the amount that is expected to be received minus the provision for credit losses. Earnings in 2023 were impacted by SEK -28m (-13) in respect of actual and expected bad debt losses. Trade receivables are of a short-term nature, which means that they are recognised as current assets, corresponding to fair value.

### Age distribution of trade receivables

Group, SEKm	2023	2022
-30 days	417	174
31-60 days	28	20
61-90 days	2	3
91 days-	107	85
<b>Total</b>	<b>555</b>	<b>283</b>
Provision for credit losses	-107	-85
<b>Trade receivables, net</b>	<b>447</b>	<b>198</b>

### Provision for credit losses

Group, SEKm	2023	2022
Opening balance	-85	-83
Confirmed bad debts during the year	6	11
Change in credit loss provision during the year	-28	-13
<b>Closing balance</b>	<b>-107</b>	<b>-85</b>

## NOTE 18 PREPAID EXPENSES AND ACCRUED INCOME

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Insurance policies	7	6	—	—
Interest income	52	20	—	—
Interest expenses	255	196	231	190
Rental income	96	50	—	—
Property costs	873	746	—	—
Other financial income	8	5	12	5
Other items	14	10	—	—
<b>Total</b>	<b>1,303</b>	<b>1,034</b>	<b>243</b>	<b>195</b>

## NOTE 19 FINANCIAL INVESTMENTS



### ACCOUNTING POLICY

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

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Shares and bonds (listed)	1,447	1,617	820	812
Loans to associated companies and joint ventures	1,601	959	—	—
<b>Total</b>	<b>3,047</b>	<b>2,576</b>	<b>820</b>	<b>812</b>

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

## NOTE 20 EQUITY

### Share capital

As of 31 December, the share capital in Balder amounted to SEK 192,333,333 distributed among 1,154,000,000 shares. Each share has a quota value of SEK 0.16667, of which 67,376,592 shares are Class A and 1,086,623,408 shares are Class B. The total number of outstanding shares is 1,154,000,000 as of 31 December. Each Class A share carries one vote and each Class B share carries one tenth of one vote. No shares were repurchased during the year.

### Other contributed capital

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

### Translation differences

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

### Cash flow reserve

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

### Retained earnings including net profit for the year

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

### Non-controlling interests

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

### Dividend

The Board of Directors proposes to the Annual General Meeting that no dividend (–) be declared for the financial year 2023.

### Appropriation of profits

The Board has proposed that the profit at the disposal of the annual general meeting of SEK 26,364,069,708 shall be appropriated as follows; to be carried forward SEK 26,364,069,708.

### Share capital development

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

The table continues on the next page

Contd. **Note 20** Equity

Table continued from previous page.

Day	Month	Year	Event	Change in number of shares	Total number of shares	Total number of outstanding shares	Quota value per share, SEK	Change in share capital, SEK	Total share capital, SEK
24	May	2013	Directed new issue of preference share	500,000	168,896,852	166,037,252	1.00	500,000	168,896,852
22	October	2013	Directed new issue of preference share	3,500,000	172,396,852	169,537,252	1.00	3,500,000	172,396,852
19	March	2014	Disposal of repurchased shares	2,859,600	172,396,852	172,396,852	1.00	—	172,396,852
18	December	2015	Directed new issue of ordinary share	10,000,000	182,396,852	182,396,852	1.00	10,000,000	182,396,852
23	September	2016	Directed new issue of ordinary share	3,000,633	185,397,485	185,397,485	1.00	3,000,633	185,397,485
16	December	2016	Set-off issue	4,602,515	190,000,000	190,000,000	1.00	4,602,515	190,000,000
12	October	2017	Redemption of preference capital	-10,000,000	180,000,000	180,000,000	1.00	-10,000,000	180,000,000
30	November	2020	Directed new share issue	6,500,000	186,500,000	186,500,000	1.00	6,500,000	186,500,000
25	May	2022	Share split 6:1	932,500,000	1,119,000,000	1,119,000,000	0.16667	—	186,500,000
29	December	2022	Directed new share issue	35,000,000	1,154,000,000	1,154,000,000	0.16667	5,833,333	192,333,333
<b>31</b>	<b>December</b>	<b>2023</b>			<b>1,154,000,000</b>	<b>1,154,000,000</b>	<b>0.16667</b>		<b>192,333,333</b>

## NOTE 21 NON-CONTROLLING INTERESTS

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

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

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

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

Participation	SATO Oyj		Joo Group Oy	
	2023	2022	2023	2022
Balder, share, %	56.5	56.5	75.0	75.0
Non-controlling interests, share, %	43.5	43.5	25.0	25.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Balance sheet in summary, SEKm	SATO Oyj		Joo Group Oy	
	2023	2022	2023	2022
Investment properties	53,774	56,101	10,773	9,892
Other property, plant and equipment	817	806	19	9
Current assets	371	845	186	108
<b>Total assets</b>	<b>54,963</b>	<b>57,752</b>	<b>10,979</b>	<b>10,008</b>
Non-current liabilities	20,805	24,388	9,763	8,371
Current liabilities	7,656	5,313	92	180
<b>Total liabilities</b>	<b>28,461</b>	<b>29,701</b>	<b>9,855</b>	<b>8,551</b>
<b>Net assets</b>	<b>26,502</b>	<b>28,051</b>	<b>1,123</b>	<b>1,457</b>
<b>Carrying amount from non-controlling interests</b>	<b>11,218</b>	<b>12,155</b>	<b>281</b>	<b>364</b>

Statement of comprehensive income in summary, SEKm	SATO Oyj		Joo Group Oy	
	2023	2022	2023	2022
Income	3,310	3,096	613	432
<b>Net profit for the year</b>	<b>-2,082</b>	<b>1,705</b>	<b>-341</b>	<b>170</b>
Other comprehensive income	-56	414	—	—
<b>Total comprehensive income</b>	<b>-2,138</b>	<b>2,120</b>	<b>-341</b>	<b>170</b>
<b>Net profit for the year attributable to non-controlling interests</b>	<b>-906</b>	<b>742</b>	<b>-85</b>	<b>43</b>
<b>Dividend paid to non-controlling interests</b>	<b>—</b>	<b>129</b>	<b>—</b>	<b>—</b>
Cash flow statement in summary, SEKm	SATO Oyj		Joo Group Oy	
	2023	2022	2023	2022
Cash flow from operating activities	445	1,018	-102	47
Cash flow from investing activities	-1,186	146	-1,206	-3,502
Cash flow from financing activities	127	-607	1,383	3,474
<b>Increase/decrease in cash and cash equivalents</b>	<b>-615</b>	<b>558</b>	<b>75</b>	<b>20</b>

## NOTE 22 FINANCIAL RISK MANAGEMENT



### ACCOUNTING POLICY

#### FINANCIAL INSTRUMENTS

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

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

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

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

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

#### Financial assets measured at amortised cost

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

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

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

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

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

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

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

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

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

#### Financial liabilities measured at accrued cost

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

#### Derivative instruments

Derivative instruments are recognised in the balance sheet on the transaction date and are measured at fair value, both on initial and subsequent remeasurement in

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

#### Convertible bonds

In 2023, a convertible bond was issued in EUR. This is divided into two components, a liability component and an option component. The liability component is valued at accrued cost using the effective interest method, and the option component is recognised as a liability and is valued on an ongoing basis at fair value via the income statement. The convertible (both the liability component and the option component) is recognised under Interest-bearing liabilities and Derivatives respectively in the balance sheet, and changes in value of the option are recognised under Changes in the value of derivatives in the income statement. Transaction costs are recognised as part of the liability and are accrued as an interest rate expense over the term with the application of the effective interest method.

#### Hedging of variable interest on loans

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

#### Hedges of net investments in foreign operations

The Group hedges a significant proportion of the net investments in foreign operations through loans in the same currency as the foreign operations and through currency swaps. The Group considers that the criteria for hedge accounting in IFRS 9 are met for net investments in foreign operations. Translation differences on loans and changes in fair value of hedging instruments are recognised in "Other comprehensive income" insofar as the hedge is effective. The cumulative changes in translation differences and fair value are recognised as separate components in equity. Gains or

Contd. **Note 22** Financial risk management

losses arising from the ineffective portion of the hedging instrument are recognised in net profit for the year. When divesting foreign operations, the gain or loss that is accumulated in equity is transferred to net profit for the year, thus increasing or decreasing the profit/loss of the divestment.

#### Cash and cash equivalents

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

#### Impairment testing of financial assets

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

Balder is financed by equity and liabilities, where the majority of the liabilities consist of interest-bearing liabilities. The proportion of equity is impacted by the chosen level of financial risk which in turn is impacted by lenders' equity requirements for offering financing at competitive market rates. Balder's long-term goals for the capital structure are that the equity/assets ratio should not be less than 40% over time, that the interest coverage ratio should not be less than 2 times, that net debt to total assets should not exceed 50% and that the net debt in relation to EBITDA should not exceed 11 times.

#### DURATION ANALYSIS OF FINANCIAL LIABILITIES

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

#### FINANCE POLICY

The Group is exposed to six different kinds of financial risks through its operations. Financial risks refer to interest rate risk, liquidity risk, refinancing risk, price risk, credit risk and currency risk. The finance policy prescribes guidelines and rules for how the financial operations shall be conducted and establishes the division of responsibilities and administrative rules. Departures from the Group's finance policy require the approval of the Board of Directors. Responsibility for the Group's financial transactions and risks is managed centrally by the parent company's finance department.

#### Duration analysis of financial liabilities

##### Group, 31/12/2023

SEKm	Within one year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Maturity structure, loans	12,804	20,778	24,583	15,608	16,614	44,082	134,469
Convertible bond	—	—	—	—	6,188	—	6,188
Interest expenses <sup>1)</sup>	3,910	3,896	3,882	3,868	3,854	19,064	38,475
Trade payables	439	—	—	—	—	—	439
Lease liability (rent of premises)	14	13	13	13	1	—	53
Other non-current liabilities	—	951	—	—	—	—	951
<b>Total</b>	<b>17,167</b>	<b>25,638</b>	<b>28,478</b>	<b>19,490</b>	<b>26,657</b>	<b>63,146</b>	<b>180,575</b>

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

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

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

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

##### Parent Company, 31/12/2023

SEKm	Within one year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Maturity structure, loans	3,742	8,175	14,936	7,985	10,179	5,082	50,100
Convertible bond	—	—	—	—	6,188	—	6,188
Interest expenses <sup>1)</sup>	1,451	1,449	1,446	1,443	1,440	7,155	14,383
Trade payables	15	—	—	—	—	—	15
<b>Total</b>	<b>5,209</b>	<b>9,624</b>	<b>16,382</b>	<b>9,428</b>	<b>17,807</b>	<b>12,236</b>	<b>70,685</b>

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

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

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

Contd. **Note 22** Financial risk management

Financial risk is managed at a portfolio level. Financial transactions shall be conducted based on an assessment of the Group's overall needs relating to liquidity, financing and interest rate risk. The equity/assets ratio shall not fall below 40% over time.

#### Finance policy goals:

- the equity/assets ratio shall not fall below 40% over time,
- net debt to total assets shall not exceed 50% over time,
- the interest coverage ratio should not fall below 2 times over time,
- net debt/EBITDA shall not exceed 11 times over time,
- increase the proportion of green financing,
- the Group's liquidity shall at all times correspond as a minimum to one month's known outgoing payments, including interest payments and repayments.

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

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

#### Sensitivity analysis

Factor	Change	Profit effect before tax, SEKm
Interest rate level of interest-bearing liabilities	+/- 1 percentage point	+/- 495

#### Financial targets

		Target	Outcome	
			2023	2022
Equity/assets ratio, %	min.	40.0	37.9	40.0
Net debt to total assets, %	max.	50.0	50.0	47.9
Interest coverage ratio, times	min.	2.0	3.2	4.7
Net debt/EBITDA, times	max.	11.0	12.3	13.4

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

Year	Nominal amount, SEKm	Interest, %
2024	1,691	2.00
2025	4,332	1.67
2026	1,753	1.52
2027	1,869	1.35
2028	5,000	1.67
2029	8,222	1.60
2030	1,610	1.54
2031	500	1.53
2032	2,800	2.46
2037	1,500	2.00
2040	277	0.67
<b>Total</b>	<b>29,555</b>	<b>1.71</b>

1) Relates to interest rate derivatives where a fixed interest rate is being paid.



#### RISKS

##### Capital risk

The Group's goal in respect of the capital structure is to secure the Group's ability to continue its operations, in order to continue to generate a return to shareholders and value for other stakeholders.

##### Liquidity risk

Liquidity risk refers to the risk of a lack of sufficient cash and cash equivalents to be able to fulfil the company's payment obligations relating to operating costs, interest and amortisation. According to the finance policy, there should always be sufficient cash in hand and guaranteed credit facilities to cover the day-to-day liquidity requirements. Regardless of long-term goals, the Board of Directors can decide to temporarily boost liquidity, for example, to be better prepared for major transactions. As of the closing date, Balder's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 5,859m (6,963). Balder's finance policy, which is updated at least once each year, prescribes guidelines and rules for how borrowing should be conducted. The overall objective of financial management is to use borrowing to safeguard the supply of capital to the company in the short and long run, to adapt the financial strategy and management of financial risks to the company's business so that a long-term and stable capital structure is achieved and maintained and to achieve the best possible net financial income/expense within given risk limits.

##### Refinancing risk

Refinancing risk refers to the risk that Balder may not be able to obtain refinancing in the future or only at a significantly increased cost. As of year-end, Balder had credit facilities of SEK 11,823m (19,860), of which SEK 11,794m (18,808) were unutilised. Balder works continually on raising new loans and on renegotiating existing loans. Over time, 50% of the loan portfolio shall have a credit term of more than 2 years and not more than 20% of the loans should mature within one year.

##### Interest rate risk

Interest rate risk refers to the risk of fluctuations in cash flow and earnings due to changes in interest rates. The key factor affecting interest rate risk is the interest rate fixing period. Long interest rate fixing periods ensure predictability in cash flow, but in most cases also mean higher interest expenses. The Group's interest rate exposure is centralised, which means that the central finance function is responsible for identifying and managing this exposure. The interest rate risk shall be managed using risk hedging instruments such as interest rate swaps, interest rate ceilings and interest rate floors. The overriding key ratio used is the interest coverage ratio. On each measurement date, the interest coverage ratio shall exceed 2.0 times. To manage the interest risk cost-effectively, an assessment of the interest rate risk is made when raising loans with short interest rate fixing periods based on the Group's overall loan portfolio. Interest rate derivative transactions are entered into as required to achieve the desired interest risk in the overall borrowing.

Balder has mainly used swaps and fixed-interest loans to manage its interest rate risk, which mature between 2024 and 2040. As of year-end, 74% of the loans were hedged using interest rate swaps and fixed-interest loans, and for 5% hedge accounting is applied. Fluctuations in market interest rates give rise to theoretical surpluses or deficits in respect of these financial instruments, which do not directly affect cash flow. Derivatives are recognised on an ongoing basis at fair value in the balance sheet and changes in value are recognised in the income statement.

Contd. **Note 22** Financial risk management

Derivatives are measured based on quoted prices in the market. Changes in value during 2023 amounted to SEK -1,899m (1,617). As of year-end, the fair value of interest rate derivatives amounted to SEK 421m (1,677). The fair value of financial instruments is based on measurements by the intermediating credit institutions. The reasonability of the measurements has been tested by engaging another credit institution to value similar instruments at the end of the reporting period, see the sensitivity analysis.

SATO's interest rate derivatives meet hedge accounting requirements, as the term of the derivatives is matched with the underlying financing. This means that the change in value of the derivatives is recognised in other comprehensive income. The interest rate derivatives (interest rate swaps) entered into by SATO have the same critical terms as the hedged item. Critical terms may be the reference rate, interest rate conversion days, payment dates, due date and nominal amount. Inefficiency in interest rate swaps may arise due to differences in critical terms between the interest rate swap and the loan. There were no inefficiencies attributable to SATO's interest rate swaps in 2023.

#### Currency risk

Balder owns properties via subsidiaries in Denmark, Norway, Finland, Germany and the UK. The companies mainly have revenue and costs in local currency. The Group is impacted by exchange rate fluctuations when translating the assets and liabilities of foreign subsidiaries into the currency of the parent company. The Group is exposed to EUR, DKK, GBP and NOK through net investments in foreign operations.

#### Translation exposure

When the subsidiaries' statement of financial position in local currency is translated into Swedish kronor, a translation difference arises, which is due to the fact that the current year is translated at a different closing rate than the previous year and that the statement of comprehensive income is translated at the average rate during the year, while the statement of financial position is translated at the exchange rate as of 31 December. The translation difference is posted to other comprehensive income and is carried forward in reserves in equity. The translation exposure consists of the risk that the translation difference represents in terms of the impact on other comprehensive income and equity. The risk is greatest for the currencies in which the Group has the largest net assets and where the price movements in relation to Swedish kronor are the largest. The net assets in Finland and Denmark have the greatest impact on the Group. Balder issued a total of EUR 4,018m in the European bond market, as well as a convertible bond in which the liability component amounts to EUR 457m, which helps to reduce the currency exposure of the Group's net assets in EUR and DKK. As of year-end, there also were currency swaps for EUR -1,467m (-1,852, and the fair value of these items amounted to SEK -330m (305).

The assets and liabilities in EUR and DKK are aggregated as the DKK rate is pegged to the EUR. The translation differences are mainly handled through borrowing spread among different currencies based on the net assets in each currency. Loans raised in the same currency as the currency of net assets in the Group reduce these net assets and thus reduce the translation exposure. These hedges of net investments in foreign operations operate in the following way. Exchange gains and losses on loans in foreign currency, which finance acquisition of foreign subsidiaries, are recognised as part of other comprehensive income to the extent that the loans function as a hedge for the acquired net assets. In other comprehensive income, they meet the translation difference arising from the consolidation of the foreign subsidiaries. In the Group, net exchange differences of SEK 1,262m (-2,790) relating to liabilities in foreign currency were transferred to other comprehensive income as hedging of net investments in foreign operations. There was no inefficiency to be recognised from hedges of net investment in foreign operations. The loans that hedge net investments in foreign operations are in EUR and DKK, since these foreign currencies have the greatest impact on the statement of financial position. Of the Group's total net investments in foreign operations, 100% are hedged.

Since the Group uses parts of its cash flow to amortise the loans to improve net financial items, the extent of this hedging tends to decrease over time. A change in the foreign subsidiary's net assets over time can have the same effect.

#### Price risk

Balder's income is affected by the occupancy rate of the properties, the level of competitive market rents and the ability of customers to pay. A change in the rental rate of +/- 1% or economic occupancy rate of +/- 1% point has an effect on profit before tax of SEK +/- 124m and SEK +/- 130m respectively.

#### Credit risks

##### Trade receivables

The risk that the Group's customers will not fulfil their obligations, i.e. that payment will not be received for trade receivables, constitutes a customer credit risk. The credit of the Group's customers is assessed by obtaining information about the customers' financial position from various credit rating agencies.

An estimate of the credit risk is made in conjunction with new leases and conversion of premises for existing customers. Bank guarantees, deposits or other security are required for customers with low creditworthiness or unsatisfactory credit histories.

Credit is monitored continually to follow developments in the creditworthiness of customers.

##### Financial operations

Balder's financial operations give rise to credit risk exposure. The risk is mainly counterparty risk in connection with receivables from banks and other counterparties that arise in the trading of derivative instruments. Balder's finance policy includes special counterparty rules which stipulate the maximum credit exposure for different counterparties.

#### Borrowing, maturity structure and interest rates

At year-end, Balder had binding loan agreements to a total amount of SEK 134,469m (135,252). Loans are raised in Swedish kronor, Danish kroner, Norwegian kroner, British pounds and euros. At year-end, loans in Danish kroner amounted to DKK 8,576m, loans in Norwegian kroner to NOK 6,325m, loans in British pounds to GBP 48m and loans in euros to EUR 7,391m. The single largest financing source is euro bonds issued in the European bond market. Balder also has a domestic MTN programme with a framework of SEK 15,000m and a convertible bond in EUR of EUR 480m. As of 31 December, the outstanding commercial paper volume was SEK 981m (420), the commercial paper programme amounts to SEK 6,438m (6,451). Net interest-bearing liabilities minus cash and cash equivalents and financial investments of SEK 5,449m (6,553) amounted to SEK 126,802m (126,228).

#### Agreements can be divided into five categories:

- loans against security pledged in the form of promissory note receivables from subsidiaries. The security has been augmented by collateral in the shares of subsidiaries/limited partnership shares.
- loans against pledging of mortgage deeds on property,
- commercial paper programme,
- bond loans, including Hybrid capital,
- convertible bond.

Short-term interest bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.

In certain cases, the security is augmented by covenants. Balder satisfies all of its covenants. Credit agreements contain customary termination conditions.

The average fixed credit term in loan agreements amounted to 5.4 years (5.7) on 31 December 2023. The maturity structure of loan agreements, presented in the table duration analysis, indicates when loan agreements are due for renegotiation or repayment. The average effective interest as of the closing date was 2.9% (2.1) including the effect of accrued interest from Balder's interest rate derivatives. The average interest rate refixing period on the same date was 3.2 years (3.5). The proportion of loans with interest maturity dates during the coming 3-year period was 51% (44).

#### Other commitments

As of year-end, there is no other commitment of significance to the Group.

Contd. **Note 22** Financial risk management

### Carrying amount and fair value of financial instruments, 2023

Group, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2023		
					Level 1	Level 2	Level 3
Other non-current receivables	3,018	—	11 <sup>1)</sup>	3,029	—	3,029	—
Derivatives	—	162	259	421	—	421	—
Trade receivables	447	—	—	447	—	447	—
Financial investments	1,601	1,447	—	3,047	1,447	1,601	—
Cash and cash equivalents	2,402	—	—	2,402	—	2,402	—
<b>Total receivables</b>	<b>7,468</b>	<b>1,609</b>	<b>270</b>	<b>9,348</b>	<b>1,447</b>	<b>7,901</b>	—
Non-current interest-bearing liabilities	116,591	—	—	116,591	49,272	58,228	—
Convertible bond	5,074	1,114	—	6,188	—	6,641	—
Other non-current liabilities	951	—	—	951	—	951	—
Derivatives	—	—	330	330	—	330	—
Current interest-bearing liabilities	12,804	—	—	12,804	5,308	7,419	—
Trade payables	439	—	—	439	—	439	—
<b>Total liabilities</b>	<b>135,858</b>	<b>1,114</b>	<b>330</b>	<b>137,302</b>	<b>54,579</b>	<b>74,007</b>	—

### Carrying amount and fair value of financial instruments, 2022

Group, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2022		
					Level 1	Level 2	Level 3
Other non-current receivables	2,494	—	11 <sup>1)</sup>	2,505	—	2,505	—
Derivatives	—	1,244	738	1,982	—	1,982	—
Trade receivables	198	—	—	198	—	198	—
Financial investments	959	1,617	—	2,576	1,617	959	—
Cash and cash equivalents	3,977	—	—	3,977	—	3,977	—
<b>Total receivables</b>	<b>7,628</b>	<b>2,861</b>	<b>749</b>	<b>11,238</b>	<b>1,617</b>	<b>9,621</b>	—
Non-current interest-bearing liabilities	118,721	—	—	118,721	48,921	54,984	—
Other non-current liabilities	1,385	—	—	1,385	—	1,385	—
Current interest-bearing liabilities	16,531	—	—	16,531	7,164	9,031	—
Trade payables	652	—	—	652	—	652	—
<b>Total liabilities</b>	<b>137,290</b>	—	—	<b>137,290</b>	<b>56,085</b>	<b>66,053</b>	—

1) No changes in value were recognised in 2023 or 2022.

Level 1 – measured at fair value based on quoted market values on active markets for identical assets.

Level 2 – measured at fair value based on other observable inputs for assets and liabilities than market values under level 1.

Level 3 – measured at fair value based on inputs for assets and liabilities that are not based on observable market inputs.

### Interest rate refixing period

Year	Carrying amount, SEKm		Interest, %	
	2023	2022	2023	2022
Within one year	45,112	46,188	4.3	3.0
1–2 years	9,238	4,573	2.1	1.8
2–3 years	13,257	9,481	2.7	1.9
3–4 years	13,606	14,451	1.7	2.3
4–5 years	18,992	13,058	2.8	1.4
> 5 years	34,265	47,502	1.9	1.6
<b>Total</b>	<b>134,469</b>	<b>135,252</b>	<b>2.9</b>	<b>2.1</b>

Year	Share, %		Fair value, SEKm	
	2023	2022	2023	2022
Within one year	35	38	45,024	46,124
1–2 years	7	4	9,032	4,550
2–3 years	9	7	11,863	8,585
3–4 years	10	10	12,105	11,585
4–5 years	15	8	19,300	10,120
> 5 years	23	33	29,544	39,136
<b>Total</b>	<b>100</b>	<b>100</b>	<b>126,867</b>	<b>120,100</b>



Contd. **Note 22** Financial risk management

### Carrying amount and fair value of financial instruments, 2023

Parent Company, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2023		
					Level 1	Level 2	Level 3
Other non-current receivables	1,763	—	—	1,763	—	1,763	—
Derivatives	—	181	—	181	—	181	—
Receivables from Group companies	86,864	—	—	86,864	—	86,864	—
Financial investments	—	820	—	820	820	—	—
Cash and cash equivalents	1,277	—	—	1,277	—	1,277	—
<b>Total receivables</b>	<b>89,904</b>	<b>1,001</b>	<b>—</b>	<b>90,904</b>	<b>820</b>	<b>90,084</b>	<b>—</b>
Non-current liabilities to credit institutions	41,284	—	—	41,284	21,307	16,628	—
Convertible bond	5,074	1,114	—	6,188	—	6,641	—
Liabilities to Group companies	39,934	—	—	39,934	—	39,934	—
Current liabilities to credit institutions	3,742	—	—	3,742	1,502	2,240	—
Trade payables	15	—	—	15	—	15	—
<b>Total liabilities</b>	<b>90,048</b>	<b>1,114</b>	<b>—</b>	<b>91,162</b>	<b>22,809</b>	<b>65,458</b>	<b>—</b>

### Carrying amount and fair value of financial instruments, 2022

Parent Company, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2022		
					Level 1	Level 2	Level 3
Other non-current receivables	1,122	—	—	1,122	—	1,122	—
Derivatives	—	1,185	—	1,185	—	1,185	—
Receivables from Group companies	92,204	—	—	92,204	—	92,204	—
Financial investments	—	812	—	812	812	—	—
Cash and cash equivalents	2,083	—	—	2,083	—	2,083	—
<b>Total receivables</b>	<b>95,409</b>	<b>1,997</b>	<b>—</b>	<b>97,406</b>	<b>812</b>	<b>96,594</b>	<b>—</b>
Non-current liabilities to credit institutions	46,271	—	—	46,271	21,523	17,872	—
Liabilities to Group companies	48,082	—	—	48,082	—	48,082	—
Current liabilities to credit institutions	5,928	—	—	5,928	3,832	2,033	—
Trade payables	11	—	—	11	—	11	—
<b>Total liabilities</b>	<b>100,291</b>	<b>—</b>	<b>—</b>	<b>100,291</b>	<b>25,355</b>	<b>67,998</b>	<b>—</b>

Level 1 – measured at fair value based on quoted market values on active markets for identical assets.

Level 2 – measured at fair value based on other observable inputs for assets and liabilities than market values under level 1.

Level 3 – measured at fair value based on inputs for assets and liabilities that are not based on observable market inputs.

## NOTE 23 CREDIT FACILITY

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Approved credit limit	410	410	350	350
Utilised portion	—	—	—	—
<b>Unutilised portion</b>	<b>410</b>	<b>410</b>	<b>350</b>	<b>350</b>

## NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Staff costs	123	132	22	23
Interest expenses	712	819	392	562
Rent paid in advance	1,560	1,593	—	—
Property costs	773	670	—	—
Other items	132	86	6	15
<b>Total</b>	<b>3,300</b>	<b>3,300</b>	<b>420</b>	<b>600</b>

## NOTE 25 PLEGDED ASSETS AND CONTINGENT LIABILITIES



### ACCOUNTING POLICY

#### Contingent liabilities

A contingent liability is recognised if there is a possible obligation for which it has yet to be confirmed if the Group has an obligation that could lead to an outflow of resources, alternatively, if there is a present obligation that does not meet the criteria to be recognised in the balance sheet as a provision or other liability as it is not probable that an outflow of resources will be required to settle the obligation or as it is not possible to make a sufficiently reliable estimate of the amount.

#### Parent company – Financial guarantees

The parent company's financial guarantee contracts mainly consist of loan guarantees on behalf of subsidiaries and associated companies. Financial guarantees mean that the company has an obligation to compensate the holder of a debt instrument for losses that they incur because a particular debtor does not complete payment on maturity according to the terms of the agreement. For recognition of financial guarantee contracts, the parent company applies RFR 2 paragraph IFRS 9, which implies relief compared to the rules in IFRS 9 as regards financial guarantee contracts issued on behalf of subsidiaries and associated companies. The parent company recognises financial guarantee contracts as a provision in the balance sheet when the company has an obligation for which payment is likely to be required to settle the obligation.

#### Pledged assets

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Property mortgages	62,946	54,812	—	—
Shares in Group companies	19,942	12,904	—	—
Promissory notes	—	—	6,448	4,170
<b>Total</b>	<b>82,888</b>	<b>67,716</b>	<b>6,448</b>	<b>4,170</b>

#### Contingent liabilities

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Guarantees for subsidiaries	—	—	36,724	30,122
Guarantees for associated companies	3,006	3,179	496	373
Other guarantees <sup>1)2)</sup>	4,628	3,118	1,006	1,006
<b>Total</b>	<b>7,634</b>	<b>6,297</b>	<b>38,226</b>	<b>31,501</b>

- 1) As the project portfolio grows and the number of tenant owner property projects in progress increases, so do other guarantee commitments towards tenant-owner associations, contractors and municipalities.  
2) The company issues, to a modest extent, time-limited capital adequacy guarantees for subsidiaries whose operations might require the injection of risk capital.

## NOTE 26 CASH FLOW STATEMENT



### ACCOUNTING POLICY

#### Cash flow statement

The cash flow statement was prepared using the indirect method, by which the result is adjusted for transactions that do not result in incoming or outgoing payments during the period, as well as for any income or expenses attributable to investing or financing activities.

#### Cash and cash equivalents

The Group's cash and cash equivalents consist of cash and bank balances. Cash and cash equivalents are recognised in accordance with the principles described in Note 22 in respect of financial assets measured at accrued cost.

#### Cash and cash equivalents

SEKm	Group		Parent Company	
	2023	2022	2023	2022
The following components are included in cash and cash equivalents:				
Cash and bank balances	2,402	3,977	1,277	2,083
<b>Total according to balance sheet</b>	<b>2,402</b>	<b>3,977</b>	<b>1,277</b>	<b>2,083</b>
<b>Total according to cash flow statement</b>	<b>2,402</b>	<b>3,977</b>	<b>1,277</b>	<b>2,083</b>

#### Reconciliation of liabilities related to financing activities

Group, SEKm	31/12/2022	Cash flow	Changes not affecting cash flow		31/12/2023
			Exchange differences	Other items not affecting cash flow	
Interest-bearing liabilities	135,252	-149	-780	146	134,469
Lease liability (rent of office premises)	57	-21	—	15	50
<b>Total liabilities related to financing activities</b>	<b>135,309</b>	<b>-170</b>	<b>-780</b>	<b>160</b>	<b>134,519</b>

Group, SEKm	31/12/2021	Cash flow	Changes not affecting cash flow		31/12/2022
			Exchange differences	Other items not affecting cash flow	
Interest-bearing liabilities	117,426	8,864	7,735	1,226	135,252
Lease liability (rent of office premises)	61	-17	—	13	57
<b>Total liabilities related to financing activities</b>	<b>117,487</b>	<b>8,847</b>	<b>7,735</b>	<b>1,239</b>	<b>135,309</b>

#### Interest and derivatives paid/received

SEKm	Group		Parent Company	
	2023	2022	2023	2022
Interest received	1,233	528	386	719
Interest paid	-4,745	-2,333	-1,892	-1,207
Received/paid in respect of derivatives	427	-55	-267	-58
<b>Total</b>	<b>-3,085</b>	<b>-1,860</b>	<b>-1,239</b>	<b>-546</b>

Intra-Group interest income and interest expenses for 2023 and 2022 do not affect the cash flow.

Contd. **Note 26** Cash flow statement

### Reconciliation of liabilities related to financing activities

Parent Company, SEKm	31/12/2022	Cash flow	Changes not affecting cash flow		31/12/2023
			Exchange differences	Other items not affecting cash flow	
Interest-bearing liabilities	52,199	-1,353	-449	-297	50,100
<b>Total liabilities related to financing activities</b>	<b>52,199</b>	<b>-1,353</b>	<b>-449</b>	<b>-297</b>	<b>50,100</b>

Parent Company, SEKm	31/12/2021	Cash flow	Changes not affecting cash flow		31/12/2022
			Exchange differences	Other items not affecting cash flow	
Interest-bearing liabilities	55,285	-6,843	2,568	1,189	52,199
<b>Total liabilities related to financing activities</b>	<b>55,285</b>	<b>-6,843</b>	<b>2,568</b>	<b>1,189</b>	<b>52,199</b>

## NOTE 27 PARTICIPATIONS IN GROUP COMPANIES



### ACCOUNTING POLICY

Shares in subsidiaries are recognised in the parent company in accordance with the cost method. The book value is tested on an ongoing basis against the subsidiaries' Group equity. If the book value falls below the subsidiaries' Group value, there is an impairment that is charged to the income statement. In those cases where a previous impairment is no longer justified, this is reversed.

Parent Company, SEKm	2023	2022
Accumulated cost		
Opening balance	13,589	15,518
Acquisitions	18	94
Impairments	-2,422	-2,125
Shareholder contributions paid	0	101
<b>Closing balance</b>	<b>11,185</b>	<b>13,589</b>

### Specification of parent company's direct holdings of participations in subsidiaries

Subsidiaries	Corporate ID number	Reg. office	Number of participations	Share, %	2023	2022
Balder Storstad AB	556676-4378	Gothenburg	100,000	100	2,211	2,211
Balder Mellanstad AB	556514-4291	Gothenburg	1,938,000	100	1,235	3,657
Din Bostad Sverige AB	556541-1898	Gothenburg	1,000,000	100	626	626
Egby Vindkraftverk AB	556760-5919	Gothenburg	1,000	100	0	0
Balder Danmark A/S	34058016	Copenhagen	5,000	100	158	158
Balder Fastigheter Norge AS	916755856	Oslo	120	100	319	319
Balder Bilrum Fastighet AB	556730-4059	Gothenburg	100,000	100	1,255	1,255
Balder Germany GmbH	194177B	Berlin	23,725	95	1	1
SATO Oyj <sup>1)</sup>	0201470-5	Helsinki	619,300	0	265	265
Asset Buyout Partners Invest AS	916164882	Oslo	4,185,527,540	100	4,266	4,266
Serena Properties AB	559023-2707	Stockholm	5,000,000	100	848	831
<b>Total</b>					<b>11,185</b>	<b>13,589</b>

1) The Balder Group owns a total of 31,971,535 shares in SATO Oyj, representing a holding of 56.5% (56.5). 619,300 shares are owned from Fastighets AB Balder and the remaining 31,352,235 shares are owned from the subsidiary Balder Finska Otas AB (559000-0369).

The Group owns a number of companies in Sweden, Denmark, Finland, Norway, Germany and the UK via the above-mentioned subsidiaries, as presented in each subsidiary's annual accounts. For companies in SATO Oyj, see SATO Oyj's annual accounts at sato.fi.

## NOTE 28 RECEIVABLES FROM/LIABILITIES TO GROUP COMPANIES

Parent Company, SEKm	Receivables		Liabilities	
	2023	2022	2023	2022
Opening balance	92,204	83,490	48,082	44,736
Change in lending to subsidiaries	-5,339	8,714	-8,148	3,345
<b>Closing balance</b>	<b>86,864</b>	<b>92,204</b>	<b>39,934</b>	<b>48,082</b>

There is no fixed amortisation plan.

## NOTE 29 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

After the end of the year, Balder carried out a directed new share issue of 18,000,000 Class B shares to a total value of around SEK 1,167m. This capital enables the repurchase of up to EUR 200m of Balder's outstanding Hybrid capital of approximately EUR 400m.

Subscribers to shares in the new share issue are AMF and Swedbank Robur. The new share issues entails a dilution effect of approximately 1.5% in relation to the number of shares and approximately 1.0% in relation to the number of votes in Balder, as the number of outstanding shares increases from 1,154,000,000 to 1,172,000,000 (divided into 67,376,592 Class A shares and 1,104,623,408 Class B shares), and the number of votes increases from 176,038,932.8 to 177,838,932.8.

Otherwise, no events of significant importance for Fastighets AB Balder's position occurred after the end of the reporting period.

## NOTE 30 RELATED PARTIES



### ACCOUNTING POLICY

Related parties are both legal and physical persons as defined in IAS 24. Transactions with related parties shall be conducted on commercial terms and conditions, just like other transactions. In connection with transactions, special attention shall also be paid to the guidelines on conflicts of interest. The following are defined as related parties:

- All companies within the Balder Group
- Board members and company management
- Close family members of Board members or company management
- Companies controlled by Board members or company management
- Shareholders in control of more than 10% of the shares or votes in the company

### Related party relationships

#### Group

The Group is under the control of Erik Selin Fastigheter AB, which holds 47.8% (47.8) of the votes in Fastighets AB Balder.

#### Parent Company

Apart from the related parties shown for the Group, the parent company exercises control over subsidiaries according to Note 27, Participations in Group companies.

### Summary of related party transactions

#### Group

Erik Selin Fastigheter AB purchased property-related administrative services from Balder for SEK 6m (5). Balder purchased services from the law firm Norma Law for SEK 1m (0), where the Board member Anders Wennergren is a partner. During the year, construction services were purchased from Tommy Byggare AB for SEK 19m (118), an associated company of Erik Selin Fastigheter AB. The services were priced on competitive market conditions.

#### Parent Company

The parent company performed property-related administrative services on behalf of its subsidiaries amounting to SEK 412m (380). The parent company functions as an internal bank. On the closing date, receivables from subsidiaries amounted to SEK 86,864m (92,204). Both administrative and financial services were priced on competitive market conditions.

### Associated companies and joint ventures

Apart from the related parties described above, the Balder Group owns associated companies according to Note 14, Participations in associated companies and joint ventures.

During the financial year, associated companies purchased management and administrative services for their organisations from Balder amounting to SEK 92m (80). In addition to this, services were purchased from Norion Bank AB (publ). Net receivables from associated companies amounted to SEK 3,614m (2,924) as of the closing date, of which financial investments that constitute short-term lending to associated companies amounted to SEK 1,601m (959). Both administrative and financial services were priced on competitive market conditions.

### Transactions with key people in executive positions

The company's Board members and companies owned by these members control 63.0% (63.0) of the votes in Balder. With regard to the Board, CEO and other employees' salaries and other remuneration, expenses and agreements relating to pensions and similar benefits as well as agreements in respect of severance pay, see Note 4, Employees and staff costs.

## NOTE 31 PARENT COMPANY INFORMATION

Fastighets AB Balder (publ) is a Swedish-registered limited liability company with its registered office in Gothenburg. The parent company's shares are listed on Nasdaq Stockholm, Large Cap segment. The address of the head office is Box 53121, 400 15 Gothenburg, Sweden. The visiting address is Parkgatan 49.

The consolidated accounts for 2023 comprise the parent company and its subsidiaries, together referred to as the Group.

The annual accounts and the consolidated accounts were approved for issuance by the Board of Directors and CEO on 3 April 2024. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 3 May 2024. The Board of Directors will propose to the Annual General Meeting that no dividend (-) be declared for the financial year 2023.

The annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with the international accounting standards IFRS referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts provide a true and fair view of the parent company's and

Group's financial position and results of operations. The Report of the Board of Directors for the Group and the parent company provides a true and fair review of the development of the Group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies forming the Group.

Gothenburg, 3 April 2024

Christina Rogestam  
*Chairman of the Board*

Sten Dunér  
*Board member*

Fredrik Svensson  
*Board member*

Anders Wennergren  
*Board member*

Erik Selin  
*Board member and CEO*

Our audit report was submitted on 4 April 2024  
Öhrlings PricewaterhouseCoopers AB

Bengt Kron  
*Authorised Public Accountant*  
*Auditor in charge*

Konstantin Belogorcev  
*Authorised Public Accountant*

# AUDITOR'S REPORT

To the general meeting of the shareholders of Fastighets AB Balder (publ), org.nr 556525-6905

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Fastighets AB Balder (publ) for 2023. The company's annual accounts and consolidated accounts are included on pages 77–123 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2023 and of its financial performance and its cash flows 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 31 December 2023 and of its financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The Report of the Board of Directors is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet of the parent company and the statement of comprehensive income and the statement of financial position for the Group.

Our opinions in this statement on the annual accounts and consolidated accounts are consistent with the content of the supplementary report that has been submitted to the Board of Directors of the parent company in accordance with Article 11 of the Auditors Ordinance (537/2014).

### Basis for opinions

We conducted the audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsi-

bilities under those standards are described in further detail in the section entitled Auditor's Responsibilities. We are independent of the parent company and the Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5.1 of the Auditors Ordinance (537/2014) have been provided to the audited company or, if applicable, to its parent company or its controlled companies in the EU

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

### OUR AUDIT APPROACH

#### The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. We considered in particular those areas where the CEO and the Board of Directors have performed subjective assessments, for example important accounting estimates made on the basis of assumptions and forecasts about future events, which are uncertain in their nature. As in all of our audits, we also considered the risk of the Board of Directors and the CEO overriding internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to irregularities.

We tailored our audit in order to perform a proper review to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates in six countries and the properties are owned by separate companies, which

through centralised accounting functions and uniform routines are compiled in sub-groups. The Finnish subgroup SATO Oyj, other Finnish subsidiaries and the Danish and Norwegian companies are audited by local audit teams. The Group audit team receives reports from local audit teams for the significant sub-groups.

We have evaluated the work performed by the local unit auditors to determine whether sufficient audit evidence has been obtained as the basis for our opinions in the audit report for the Group.

The audit of the sub-group SATO Oyj was performed by Deloitte, Finland. According to generally accepted auditing standards, it is the responsibility of the Group auditor to ensure that the unit auditors have performed the right work and with sufficiently high quality regarding the identified audit risks. Since SATO Oyj accounts for a substantial part of the Balder Group and thus the Group audit, and since we and the unit auditors are not part of the same network, this task is particularly important. We have therefore drawn up special instructions to Deloitte, Finland and ensured via continual communication and meetings as well as written confirmations that they followed and considered the instructions. We have read, discussed and evaluated the risk assessment and materiality assessment that the unit auditor planned for and also used in the audit. We also visited Deloitte, Finland digitally and reviewed significant audit items.

Apart from the parent company accounts and consolidated accounts, the Swedish companies were also audited by the Group audit team.

Overall, this means that we have assured ourselves that there is sufficient evidence for our Group audit and audit report.

### Materiality

The scope and direction of the audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Misstatements may arise due to irregularities or mistakes. They are considered material if individually or in aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including for the consolidated financial statements as a whole. These and qualitative considerations helped us to determine the emphasis and scope of our audit and the nature, timing and scope of our audit procedures, and to assess the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

We chose total assets as a benchmark of our overall assessment of materiality for the financial statements as a whole, given that the value of the investment properties has a significant impact and significance for the Group's financial position, and constitutes a particularly important area for the audit. We also defined a specific materiality for the audit of the profit from property management including the working capital related balance sheet items.

## KEY AUDIT MATTERS

Key audit matters are the matters which, in our professional judgement, were the most significant for the audit of the annual accounts and consolidated accounts for the current period. These matters were addressed in the context of our audit of, and in forming our opinion about, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### KEY AUDIT MATTER

#### Valuation of investment properties

We refer to the Report of the Board of Directors, description of accounting policies in Note 1 and Investment properties in Note 12.

Investment properties were recognised at a fair value of SEK 209,000m as of 31 December 2023 and account for a significant part of the Balder Group's balance sheet.

The fair value of the Group's property holdings is based on internal calculations, mainly by applying the yield method. Properties under construction and project properties for own management are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at cost.

During the year, 52% of the portfolio was the subject of assessment by external valuation firms. Deviations between external and internal valuations were insignificant.

The significance of the estimates and judgements included in determining fair value, together with the fact that only a small difference in the individual properties calculation parameters, such as estimates of future net operating income, occupancy rate and yield requirements, can lead to significant errors, means that the valuation of investment properties is a key audit matter.

### HOW OUR AUDIT CONSIDERED THIS KEY AUDIT MATTER

Our audit has, among other things, focused on the company's internal control and quality assurance for the valuation process.

We have, together with our valuation specialists, reviewed and assessed the valuation models that Balder applies and the reasonableness of the assumptions made.

Our audit included the following audit procedures:

- Follow-up to ensure that the valuations comply with Balder's guidelines for property valuation
- Audit sampling to follow up on the model's mathematical calculations
- Assessed inputs through audit sampling and follow-up in relation to historical outcomes, compared with available market inputs
- Audit sampling of inputs in the calculation models in relation to information in the property system and the notification system
- Consideration of external valuations and compared to internal calculations
- Consideration of and discussion about the management team's assessment of the yield requirements for certain specific properties and for the property portfolio as a whole
- Review of the audit approach and external documentation with the Finnish audit team regarding the valuation of the subsidiary SATO Oyj's property portfolio.

Our work focused on the largest investment properties, the most significant assumptions and the properties where there were the largest variations in value compared to previous years. In cases where the assumptions about future net operating income, occupancy rate and yield requirement deviate from our initial expectations, these deviations were discussed with the Group's representatives and, if necessary, supplementary documentation was obtained.

Finally, we checked that the models used, that the assumptions and sensitivity analyses Balder made were properly described in Note 12.

### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts, and this is found on pages 1–76 and 128–140. Other information also consists of the Remuneration Report for 2023. The Board of Directors and the CEO 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 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 consider the knowledge otherwise obtained during the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated 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, and the Annual Accounts Act. The Board of Directors and the CEO are also responsible for the internal control they deem necessary to prepare annual accounts and consolidated

accounts that do not contain material misstatements, whether due to irregularities or mistakes.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to the ability to continue as a going concern and using the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors and the CEO intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### The auditor's responsibility

Our goal is to achieve a reasonable degree of certainty as to whether the annual accounts and consolidated accounts as a whole do not contain any material misstatement, whether due to fraud or error, and to submit an audit report that contains our statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the website of the Swedish Inspectorate of Auditors: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description forms part of the audit report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### *The auditor's examination of the administration and the proposed appropriation of the company's profit or loss*

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also performed a review of the administration of the Board of Directors and the CEO of Fastighets AB Balder (publ) for the year 2023 and the proposed appropriation of the company's profit or loss.

We recommend that the Annual General Meeting allocate the profit in accordance with the proposal in the Report of the Board of Directors and discharge the members of the Board and the CEO from liability for the financial year.

#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in this regard is described in more detail in the section entitled Auditor's responsibility. We are independent in relation to the parent company and the Group according to generally accepted auditing standards in Sweden and in other respects have fulfilled our professional ethical responsibilities according to these requirements.

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

#### Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for allocating the company's profit or loss. The dividend proposal includes, among other things, an assessment of whether the dividends are justified with regard to the requirements that the company's and Group's

business nature, scope and risks place on the size of the parent company's and the Group's equity, need to strengthen the balance sheet, liquidity and general position.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO must manage the day-to-day administration in accordance with the Board of Directors' guidelines and instructions and, among other things, take the measures necessary for the company's accounting to be completed in accordance with law and for the management of assets to be performed in a satisfactory manner.

#### The auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the 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 3 out of 3
- 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 thus our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

A further description of our responsibility for the audit of the administration is available on the website of the Swedish Inspectorate of Auditors: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description forms part of the audit report.

#### AUDITOR'S REVIEW OF THE ESEF REPORT

##### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also conducted an examination of whether the Board of Directors and the CEO have produced the annual accounts and consolidated accounts in a format that enables unified electronic reporting (the ESEF report) in accordance with Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Fastighets AB Balder (publ) for 2023.

Our review and our statement relate solely to the statutory requirement.

In our view, the ESEF report has been prepared in a format that essentially allows uniform electronic reporting.

##### Basis for opinions

We have conducted our review in accordance with FAR's recommendation RevR 18 The auditor's examination of the ESEF report. Our responsibility in this respect is described in further detail in the section entitled The auditor's responsibility. We are independent of Fastighets AB Balder (publ) in accordance with auditing ethics in Sweden and have otherwise fulfilled

our professional ethical responsibility under these requirements. We believe that the evidence we have obtained is sufficient and appropriate as a basis for our statement.

#### Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for ensuring that the ESEF report has been prepared in accordance with Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and that such internal control exists that the Board of Directors and the CEO deem necessary in order to produce the ESEF report without material misstatements, whether these are due to fraud or error.

#### The auditor's responsibility

It is our task to issue an opinion with a reasonable level of assurance on whether the ESEF report has been produced in a format that meets the requirements set out in Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) on the basis of our examination.

RevR 18 requires that we plan and implement our audit measures in order to achieve reasonable assurance that the ESEF report has been prepared in a format that complies with these requirements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Inaccuracies may occur due to fraud or error, and they are considered to be material where they, individually or in aggregate, can reasonably be expected to affect the economic decisions that users make on the basis of the ESEF report.

The auditing firm applies International Standard on Quality Management 1, which requires that the firm designs, implement and manages a quality management system including guidelines or routines regarding compliance with professional ethical requirements,



standards for professional practice and applicable requirements in laws and other statutes.

The review involves carrying out various measures to obtain evidence that the ESEF report has been prepared in a format that enables unified electronic reporting of the annual accounts and the consolidated accounts. The auditor chooses which measures are to be carried out, by such means as assessing the risks of material misstatements in the report, whether these

are due to irregularities or mistakes. In making this risk assessment, the auditor considers those parts of the internal control that are relevant to the Board's and the CEO's preparation of the evidence in order to design review procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

The review also includes an evaluation of the appropriateness and reasonableness of the assumptions of the Board of Directors and the CEO.

The review measures primarily involve a validation that the ESEF report has been prepared in a valid XHTML format and a reconciliation to confirm that the ESEF report corresponds with the audited annual accounts and consolidated accounts.

Furthermore, the review also includes assessing whether the Group's income statement, balance sheet, statement of changes in equity and cash flow statement and notes in the ESEF report have been tagged

with iXBRL in accordance with what is set out in the ESEF Regulation.

Öhrlings PricewaterhouseCoopers AB, Masthamngatan 1, was appointed as Fastighets AB Balder (publ)'s auditor by the general meeting of shareholders on 11 May 2023 for the period until the 2027 AGM, and has been the company's auditor since 2009.

Gothenburg, 4 April 2024  
Öhrlings PricewaterhouseCoopers AB

Bengt Kron  
*Authorised Public Accountant*  
*Auditor in charge*

Konstantin Belogorcev  
*Authorised Public Accountant*

# COMMENTS BY THE CHAIRMAN OF THE BOARD



The time has come for me to take my leave. After 18 years as Chairman of Balder, I will be standing down at this year's Annual General Meeting. It has been an amazing journey. I am delighted to have been part of Balder's development through these years.

Balder is affected by the external environment in various ways. The recent years have been largely characterised by increased turmoil in the external environment and war in Europe, which have resulted in rising inflation and interest rates combined with increased energy costs. This naturally has a major impact on property companies, which are major energy consumers and dependent on beneficial terms for financing. We also saw challenging situations in the property industry in previous years, such as during the financial crisis in 2008–2010.

Balder has succeeded in dealing with these challenges well and has adapted its operations according to new circumstances. The entrepreneurial culture that characterises the company has always been a major success factor. This has made a strong contribution to the company's stable development, despite an uncertain external environment. This year too, the organisation has demonstrated tremendous flexibility and an ability to adapt and think innovatively in response to situations that arise.

#### **Sustainable urban development in the long term**

Mitigating climate impact is becoming increasingly important. Balder has undertaken to set science-based climate goals in line with the Paris Agreement and the 1.5 degree goal. The climate goals have also been validated by the Science Based Targets initiative in March 2024.

By signing the Global Compact, Balder has adopted a stance and is working actively to follow the UN's ten principles for companies. These encompass human rights, labour law, the environment and anti-corruption. Balder strives to contribute to achieving the UN Global Sustainable Development Goals, and has selected six of the 17 goals that are considered most relevant and where the company has the greatest opportunity to make an impact.

Ever since the beginning, Balder has worked with a focus on social issues in the company's areas, primarily to increase security and well-being, but also to contribute in various ways to higher levels of employment and inclusion.

During the years, Balder has been entrusted with the role of a leading actor in many major urban development projects. These are significant, long-term commitments. By means of major investments, the company makes use of the values that exist in the areas and contributes to a long-term, more attractive urban environment with security and sustainability.

#### **Focus on risks and opportunities**

It is the task of Balder's Board of Directors, within the framework of current laws, rules and practice, to work on the long-term development of the company. This work includes, among other things, following up on the management team's operational activities and assuring themselves that everything is as it should be in the company.

One recurring topic of discussion for the Board of Directors is risk assessment. This sees an analysis of issues concerning the way the company is impacted by the state of the economy and interest rate trends.

Other matters discussed by the Board are the company's development, access to competence and how the company is working to contribute to socially and environmentally sustainable social development.

Governance and sustainability-related issues are becoming an increasingly important feature of the Board's work. Another important issue is ethics.

#### **Together towards a brighter future**

Balder has competent, engaged employees who implement the management team's intentions in a good way in the daily operations, in the important interface with tenants and business partners. This, combined with a management team that is skilled at doing business the right way at the right time, guarantees that Balder will continue to be a strong actor in the property market.

When it comes to financing activities, Balder has acted quickly to respond to the market situation. In recent years there has been a shift from the bond market to banking. This has guaranteed favourable financing for the future.

Despite uncertainties in the external environment, Balder continues to develop, and I look forward to continuing to follow the company's journey, albeit from a distance.

These have been amazing years, which I will look back on with pleasure. I am convinced that Balder's journey into the future will be just as successful as it has been over the last 18 years.

#### **CHRISTINA ROGESTAM**

Chairman of the Board

# CORPORATE GOVERNANCE REPORT

Corporate governance in Swedish listed companies is governed by a combination of written rules and practice, by which the owners directly and indirectly control the company. The rules and regulations have been developed through legislation, recommendations, the Swedish Corporate Governance Code and through self-regulation.

The Code is based on the principle comply or explain, which means that all rules do not always have to be complied with if there is a reason and it is explained. Some of the Code's principles are to create a good basis for exercising an active and responsible ownership role and to create a well-adjusted balance of power between owners, the Board of Directors and the executive management, which Balder views as a natural part of the principles for its operations. The Code also

means that certain information should be made available on the company's website.

The Swedish Corporate Governance Code is administered by the Swedish Corporate Governance Board and is available on [www.bolagsstyrning.se](http://www.bolagsstyrning.se), where the Swedish model for corporate governance is also described. Balder applies the Code, which is intended to serve as part of the self-regulation within the Swedish business community. In the view of the Board of Directors there are no deviations to report or explain.

### Articles of Association

The company's name is Fastighets AB Balder and the company is a public company (publ). The registered office of the company is in Gothenburg. The company's purpose shall be directly or indirectly, through wholly-

owned or part-owned companies, to acquire, manage, own and divest real property and securities, and to conduct other associated activities.

The articles of association, which are available on Balder's website, contain, among other things, information regarding share capital, number of shares, class of shares and preferential rights, number of Board members and auditors as well as provisions regarding notice and agenda for the annual general meeting.

### 1. THE SHARE AND THE OWNERS

The Balder share is listed on Nasdaq Stockholm, Large Cap segment. At the year-end, the number of shareholders was approximately 29,000. Of the total share capital, 24% was owned by foreign owners. The principal owner of Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 34.1% of the capital and 47.8% of the votes.

Balder's share capital as of 31 December 2023 amounted to SEK 192,333,333, distributed among 1,154,000,000 shares. Each share has a quota value of SEK 0.16667. The shares are distributed across 67,376,592 Class A shares and 1,086,623,408 Class B shares. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

Each shareholder at the general meeting is entitled to vote for the number of shares held and represented by him/her. Further information regarding shares and share capital may be found on pages 8–12, Balder's share and owners.

### Information to the stock market

Balder issues interim reports for the operations three times per year: as of 31 March, as of 30 June and as of 30 September. In addition to this, Balder reports its full-year accounts on 31 December in its year-end report and publishes its annual accounts well in advance of the AGM.

The annual accounts for 2023 are now available for distribution and on Balder's website. All documents, press releases and presentations in connection with reports are available at [www.balder.se](http://www.balder.se).

### 2. ANNUAL GENERAL MEETING

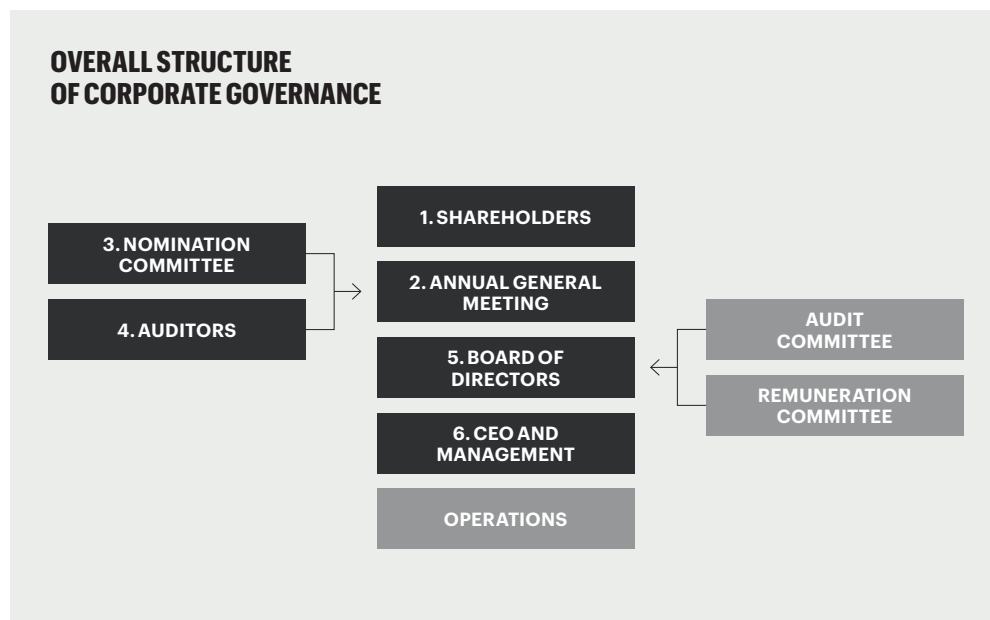
The Annual General Meeting (AGM) is the company's highest decision-making body in which the shareholders exercise their rights to decide on the affairs of the company. The Board and auditors of the company are elected by the AGM according to the proposal of the nomination committee. The AGM also passes resolutions, including on amendments of the articles of association, on change of the share capital and decides on the company's distribution of profits and discharge from liability for the Board and the CEO.

To participate in passing resolutions, the shareholder must be present at the meeting, either personally or by proxy. In addition, the shareholder must be registered in the share register on a certain date prior to the meeting and notification of participation must be given to the company within a certain determined period. Shareholders who wish to have a special matter dealt with at the AGM can normally request this if the request is made in good time to Balder's Board of Directors prior to the meeting. See page 140 for further information.

Notice to attend the Annual General Meeting is given through the Official Swedish Gazette (Post- och Inrikes Tidningar) and on Balder's website. It shall also be announced in Svenska Dagbladet that notice has been given. Resolutions at the general meeting are normally passed by a simple majority. In certain questions, the Swedish Companies Act prescribes that proposals must be approved by a larger proportion of the shares represented and cast at the meeting.

### Annual General Meeting 2023

At the AGM on 11 May 2023, 928 shareholders were represented, representing around 87% of the total number of votes. The AGM adopted the financial



statements for 2022 and discharged the Board and CEO from liability for the financial year 2022.

The following resolutions were passed at the AGM on 11 May 2023:

- that no dividend shall be declared for the shareholders,
- the Board shall, during the period until the next AGM has been held, be composed of five ordinary members without deputy members,
- directors' fees of a fixed amount of SEK 560,000 should be paid to the Board, of which SEK 200,000 to the Chairman of the Board and SEK 120,000 to the other Board members who are not permanently employed by the company. The amount includes remuneration for committee work,
- re-election of Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wennergren. All members are elected up to and including the 2024 AGM. Christina Rogestam was re-elected as Chairman of the Board,
- approval of the Board's proposed guidelines for remuneration to senior executives,
- a mandate for the Board, during the time until the next AGM, on one or more occasions, to decide that a new issue of Class B shares, as well as of warrants and/or convertibles with the right to subscribe and/or convert to Class B shares, may take place with or without departure from the preferential rights of shareholders. The number of shares, warrants and/or convertibles issued with the support of this authorisation may be the equivalent of no more than 10% of all shares in the company. The new share issue shall be used by the company for payment of acquisitions of properties or acquisition of shares or participations in legal entities that own property or in order to capitalise the company ahead of such acquisitions or to capitalise the company in other respects.
- a mandate for the Board to decide on repurchase and transfer of the company's own shares for the purpose of adjusting the company's capital structure and for transferring own shares as payment or for financing

of property investments. If the use of this authorisation is combined with the use of the authorisation regarding the issue of shares, warrants and/or convertibles at the same acquisition, the number of repurchased and issued Class B shares, warrants and/or convertibles that can be subscribed and/or converted to Class B shares may together correspond to no more than 10% of all shares in the company.

Minutes taken at the AGM on 11 May 2023 are available on the company's website. The 2024 AGM will be held on 3 May at 16:00. For further information, see page 140. Information concerning the AGM will be published at [balder.se](http://balder.se).

### 3. NOMINATION COMMITTEE

The AGM passes resolutions on the procedure for election of the Board and, when applicable, auditors. The 2023 AGM resolved that a nomination committee should be established before the 2024 AGM in order to submit proposals on the number of Board members, election of Board members including the Chairman of the Board and election of auditors and remuneration for Board members as well as for auditors. The nomination committee's proposals shall be announced no later than in conjunction with the notice convening the AGM. Shareholders are given the opportunity to submit nomination proposals to the nomination committee.

The 2023 AGM decided that the nomination committee shall be composed of one representative for each of the three biggest shareholders in terms of the number of votes, based on the shareholders registered in the share register kept by Euroclear Sweden AB on the last banking day in September, and the Chairman of the Board. The nomination committee shall appoint a chairman from among its members. The chairman shall not be a member of the company's Board of Directors. The names of the other three members and the owners they represent shall be announced no later than six months before the AGM.

The nomination committee's term of office extends until a new nomination committee has been appointed.

The nomination committee ahead of the 2024 AGM is composed of Jesper Mårtensson, appointed by Erik Selin Fastigheter AB, Rikard Svensson, appointed by Arvid Svensson Invest AB, Patricia Hedelius, appointed by AMF Tjänstepension och Fonder and Chairman of the Board Christina Rogestam.

As Chairman of the Board and committee member Christina Rogestam has notified the nomination committee that she will not be available for re-election at the next AGM, the nomination committee has started work to identify a successor. The nomination committee has decided to propose the re-election of the current Board members Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin, and the election of Carin Kindbom as a new member. It is proposed that Sten Dunér be elected as Chairman of the Board.

### 4. AUDITORS

The company's annual accounts and the administration of the CEO and Board of Directors are reviewed by the company's auditor, who submits an audit report for the financial year to the AGM. The auditor reports on his audit plan for the year and his views on the accounts, annual accounts and administration.

At the AGM 2023, Öhrlings PricewaterhouseCoopers AB was elected as the company's auditor for the period until the end of the 2027 AGM.

### 5. BOARD OF DIRECTORS

The Board of Directors is elected by the AGM and according to the articles of association shall consist of at least three and at most seven members. The members are elected at the AGM for the period until the end of the first AGM that is held after the members were elected. During 2023, the Board was composed of five members and is responsible for the company's organisation and administration (more information about the company's Board is available on page 135 and at [balder.se](http://balder.se)). The

Board works according to an established formal work plan with instructions concerning division of responsibilities between the Board and the CEO.

New Board members receive an introduction to the company and its operations and participate in the stock exchange's training according to the stock exchange agreement. The Board subsequently receives continual information, including about regulatory changes and such issues concerning the operations and the Board's responsibility in a listed company.

The rules of the Swedish Companies Act apply to resolutions in the Board, to the effect that more than half of the members present and more than one third of the total number of members must vote for resolutions. The Chairman has the casting vote if there is no majority.

The Board's work is governed by the Swedish Companies Act, the articles of association, the Code and the formal work plan that the Board has adopted for its work. Balder's Board of Directors is composed of persons who possess broad experience and competence from the property sector, business development, sustainability issues and financing. Most of the Board members have experience of board work from other listed companies. Both of the major owners Erik Selin Fastigheter AB and Arvid Svensson Invest AB are represented on the Board through Erik Selin and Fredrik Svensson. Balder's authorised signatories, apart from the Board, are the Chairman of the Board Christina Rogestam and the CEO Erik Selin jointly, or one of these jointly with Director of Economy Eva Sigurgeirsdottir, Head of Personnel and Administration Petra Sprangers or CFO Ewa Wassberg.

### The Board's duties and responsibilities

The Board's overriding duty is to manage the affairs of the company on behalf of the owners so that the owners' interest in a good long-term return on capital is satisfied in the best possible way.

The Board has responsibility for ensuring that the company's organisation is appropriate and that the operations are conducted in accordance with the articles of association, the Companies Act and other applicable laws and regulations and the formal work plan of the Board. Balder's Board of Directors is also ultimately responsible for the company's sustainability work. The Board shall perform the board work collectively under the leadership of the Chairman.

The Board shall also ensure that the CEO fulfils his duties in accordance with the Board's guidelines and directions. These are found in the instructions to the CEO drawn up by the Board. Matters relating to compensation and remuneration for the CEO are prepared by the Chairman and presented to the rest of the Board prior to decision.

The Board's duties include, but are not limited to, the following:

- establishing business plans, strategies, significant policies and goals for the company and the Group that the company is parent company of,
- determining the company's and Group's overall organisation,
- appointing and dismissing the CEO,
- ensuring that there is a functioning reporting system,
- ensuring that there is satisfactory control of the company's and Group's compliance with laws and other regulations that apply to the operations,
- approving a new formal work plan and instruction to the CEO annually,
- approving financial reporting in the form of interim reports, year-end reports and annual accounts that the company must publish,
- together with the CEO, approving Balder's sustainability report every year and ensuring that it is prepared in accordance with the Annual Accounts Act,
- ensuring that the company has a functioning approvals list and approvals process,

- approving necessary guidelines for the company's conduct in society with the aim of ensuring long-term value creation and a sustainability perspective,
- ensuring that the company has an appropriate system for follow-up and control of the risks associated with the company and its operations.

#### Chairman of the Board

It is the duty of the Chairman to ensure that the Board's work is conducted effectively and that the Board fulfils its duties. The duties of the Chairman thus include, but are not limited to:

- organising and leading the Board's work and creating the best possible basis for the Board's work,
- ensuring that the Board's work takes place in accordance with the provisions of the articles of association, the Companies Act and the formal work plan of the Board,
- monitoring that the Board's decisions are executed effectively,
- continually monitoring the company's development through contact with the CEO and acting as a discussion partner,
- ensuring that the Board members, through the agency of the CEO, receive sufficient information and decision data for their work,
- making sure that each new Board member is given a proper introduction upon joining the Board.

#### The formal work plan of the Board of Directors

The Board adopts a formal work plan for the Board's work each year. This formal work plan describes the duties of the Board and the division of responsibilities between the Board and the CEO. The formal work plan also describes what matters shall be dealt with at each board meeting and instructions regarding the financial reporting to the Board. The formal work plan also prescribes that the Board shall have an audit committee and a remuneration committee. The Chairman of the Board shall serve as the chairman of the committees.

#### Board meetings

The Board shall, in addition to the statutory meeting, hold board meetings on at least four occasions annually. The CEO and/or the Director of Economy shall as a general rule present a report to the Board. The company's employees, auditor or other external consultants shall be called in to board meetings in order to participate and report on matters as required.

The Board has a quorum if more than half of the Board members are present. The Chairman has the casting vote in the event that there is no clear majority.

#### The work of the Board of Directors

Balder's Board held 18 board meetings during 2023, one of which was the statutory meeting. Board meetings are held in connection with the company's reporting. Matters of significant importance to the company are dealt with at each ordinary board meeting, such as acquisition and divestment of properties, investments in existing properties and financing questions. In addition, the Board is informed about the current business situation in the rental, property and credit markets.

The regular matters dealt with by the Board in 2023 included acquisition strategies, capital structure and financing position, sustainability work, common corporate policies and the formal work plan for the Board. In 2023, Anders Wennergren was appointed as Board member with responsibility for ESG, to pursue sustainability-related issues in the Board's work.

#### Composition of the Board

The Board, for its work in Balder's Board of Directors, shall have appropriate experience and competence for the operations that are being conducted in order to be able to identify and understand the risks that can arise in the business and the rules and regulations governing the operations that are being conducted.

The composition of the Board shall be characterised by diversity and breadth in terms of the chosen members' competencies, experience, age, gender or ethnic

background. The diversity policy applied by the nomination committee follows item 4.1 of the Code. It is the duty of the nomination committee to consider the policy, with the objective of achieving an appropriate composition in the Board.

When electing new Board members, the suitability of the individual members shall be examined with the aim of achieving a Board with a combined level of expertise that is sufficient for ensuring appropriate governance of the company. The composition of the Board provides a good basis for well-functioning Board work with a good spread among individual members that represents diversity according to the Board's equality and diversity policy.

#### Evaluation of the Board's work

The intention of the evaluation is to further improve the Board's working methods and efficiency, and to clarify the main direction of the Board's future work. The evaluation also serves as a tool for ensuring the right competence and knowledge in the Board. In connection with the annual evaluation, Board members are asked, based on their own perspective, to discuss various areas relating to the Board's work with other Board members. These conclusions are documented in a report.

The areas discussed and evaluated in 2023 related to the Board's composition, competence, efficiency and focus areas going forward. The areas covered by the Board evaluation may vary from one year to another to reflect the development of the Board's work. The evaluation showed constructive Board work conducted in a positive spirit.

#### Remuneration committee

The remuneration committee has a preparatory function in relation to the Board in questions regarding principles for remuneration and other terms of employment for the CEO and other senior executives. The remuneration committee shall monitor and evaluate the application of the guidelines for remuneration and

levels of compensation to senior executives that the AGM has determined and shall also draw up proposals for new guidelines for principles of remuneration and other terms of employment.

Before the resolution of the AGM, at least every four years the Board shall propose new principles for remuneration and other terms of employment for the CEO and other senior executives. Based on the resolution of the AGM, it is the duty of the remuneration committee to decide on remuneration to the CEO and other officers. The Board shall be entitled to deviate from the guidelines if there are special reasons in an individual case to justify this. The remuneration committee is composed of all independent Board members and shall meet at least once every year. For further information see Note 4, Employees and staff costs.

#### Audit committee

The audit committee shall be responsible for preparing the Board's work by quality-assuring the company's financial reporting, assisting the nomination committee in drawing up proposals for auditors and their fees and ensuring a qualified independent audit of the company.

The audit committee shall meet the company's auditor at least once per calendar year and have the opportunity to meet with the auditors without any members of company management being present. During 2023, the audit committee, which was composed of all independent Board members, met the company's auditor on one occasion and received an audit plan for 2023 and a report on the audit performed.

#### Composition of the Board of Directors, number of meetings and attendance

Name	Elected	Independent <sup>1)</sup>	Board meetings	Audit committee	Remuneration committee
Christina Rogestam	2006	Yes	18/18	1/1	1/1
Erik Selin	2005	No	18/18	—	—
Fredrik Svensson	2005	No	18/18	1/1	1/1
Sten Dunér	2007	Yes	18/18	1/1	1/1
Anders Wennergren	2009	Yes	18/18	1/1	1/1

1) The independence is based on both independence in relation to the company and the company management as well as to larger shareholders (> 10%).

#### Disqualification

Board members or the CEO may not deal with issues concerning agreements between themselves and the company or Group. Nor may they deal with issues regarding agreements between the company and a third party, if they have a material interest that can conflict with that of the company. Lawsuits or other actions are on a par with the agreements referred to above. Where applicable, it is incumbent on the Board member or CEO to disclose if a disqualification situation would arise.

#### 6. CEO AND MANAGEMENT

The CEO is responsible for day-to-day administration pursuant to the guidelines and policies adopted by the Board. The CEO shall report on Balder's development to the Board and prepare the order of business at Board meetings according to an approved agenda. The CEO shall ensure that the required material is compiled and distributed to the Board members prior to board meetings.

The management team normally meets once every quarter with a standing agenda, including property transactions, finance and general management issues. Group Management consists of five persons and includes resources such as the CEO, accounting, finance, property management and HR. More information about the company's CEO and management team may be found on page 136.

Lavetten  
Copenhagen  
Rental apartments  
241 apartments



# INTERNAL CONTROL IN RESPECT OF FINANCIAL REPORTING

The Board is responsible for internal control under the Swedish Companies Act and under the Code. This description has been prepared in accordance with the Swedish Annual Accounts Act and the Code and is thus limited to internal control over financial reporting. Financial reporting refers to interim reports, year-end reports and annual reports. The description does not constitute a part of the formal annual accounts.

Balder's internal control follows an established framework, Internal Control – Integrated Framework, which consists of five components. The components are control environment, risk assessment, control activities, information and communication, and follow-up.

## Control environment

The control environment constitutes the basis for the internal control over financial reporting. A good control environment is built on clearly defined and communicated decision-making procedures and guidelines between different levels of the organisation, which together with the corporate culture and shared values establish the basis for managing Balder in a professional manner.

Balder's internal control is based on a decentralised organisation with 1,901 properties, each with its own profit centre, which are managed from regional offices. To support the control environment and provide necessary guidance to different officers, there are a number of documented governing documents such as internal policies, guidelines, manuals, the formal work plan of the Board, decision-making procedures, rules for approvals as well as accounting and reporting instructions. Governing documents are updated as required in order to always reflect applicable laws and rules.

## Risk assessment

The focus is on identifying the risks that are considered most significant in Balder's income statement and balance sheet items in the financial statements and what measures can reduce these risks. Risk management is integrated into the above-mentioned document for the control environment.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Board conducts an ongoing review of the internal control in accordance with the formal work plan of the Board. The risk assessment is continually updated to cover changes that have a material impact on the internal control over financial reporting.

The most significant risks that have been identified in connection with the financial reporting are errors in the accounts and in the valuation of the property portfolio, deferred tax, interest-bearing liabilities, refinancing, tax and value added tax as well as the risk of fraud, loss or embezzlement of assets.

## Control activities

A number of control activities are built-in to ensure that financial reporting provides a true and fair view at each point in time. These activities involve different levels in the organisation, from the Board and company management to other employees.

The control activities are aimed at preventing, discovering and correcting errors and deviations. The activities consist of approval and reporting of commercial transactions, follow-up on decisions and approved policies of the Board, general and application-specific IT controls, checking of external counterparties and follow-up on results at various levels in the organisation.

Other activities are follow-up on reporting procedures, including the annual accounts and consolidated accounts and their conformity with applicable rules and regulations, approval of reporting tools, accounting and valuation principles, as well as power of attorney and authority structures.

Balder's regional offices participate in basic control, follow-up and analysis in each region. To guarantee the quality of the regions' financial reporting, an evaluation is performed in conjunction with the Group's controllers.

Follow-up at regional level combined with the controls and analyses at Group level are an important part of the internal control, to make sure that financial reporting essentially does not contain any errors.

## Information and communication

Balder has determined how information and communication in respect of the financial reporting should occur so that the company's information disclosure should take place in an effective and correct manner. Balder has guidelines for how financial information should be communicated between management and other employees.

Guidelines, updates and changes are made available and known to the employees concerned by means of oral and written information and on Balder's intranet. The Board receives further information about risk management, internal control and financial reporting from meetings and reports from the company's auditors.

## Follow-up

There is an appropriate process for continual follow-up and annual evaluation of the observance of internal policies, guidelines and codes and of the appropriateness and functionality of the established control activities.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to current policies and rules. The Group's accounting and controller function has the day-to-day responsibility for ensuring follow-up and reporting to company management of possible shortcomings. Follow-up takes place at both property level and at Group level.

The Board regularly evaluates the information submitted by company management and the auditors. The company's auditors report their observations from the audit and their opinion about internal control over financial reporting on at least one occasion each year.

## Need for internal audit

Balder has a decentralised organisation that manages 1,901 properties from regional offices. Financial operations and the finance function for the entire Group are conducted in the parent company. There is a controller function in the parent company which, together with controllers in Denmark, Norway and Finland, monitors the administration of the regional offices and financial operations in the Group. Balder's size and decentralised organisation together with the controller function in the parent company mean that a special internal audit function is not justified at present.

## AHEAD OF THE AGM 2024

Ahead of the AGM on 03 May 2024, the Board proposes:

- no share dividend to be declared,
- decision to approve the report in respect of remuneration to senior executives,
- a renewed mandate for the Board of Directors, before the next annual general meeting, on one or more occasions, with or without derogation from the preferential rights of shareholders, to decide on the new issuing of Class B shares and of warrants and/or convertibles with the right to subscribe and/or convert to Class B shares. This authorisation shall comprise no more than 10% of all shares in the company. It shall be possible to subscribe for the shares in cash, in kind or through right of set-off,
- a mandate for the Board, before the next AGM, to repurchase and transfer Class B shares in Balder equivalent to no more than 10% of all shares in the company.

Ahead of the AGM on 03 May 2024, the nomination committee proposes:

- election of new Board member Carin Kindbom to replace Christina Rogestam, who has declined re-election,
- re-election of the current Board members Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed that Sten Dunér be elected as Chairman of the Board,
- it is proposed to pay directors' fees of SEK 230,000 to the Chairman of the Board and SEK 135,000 to the other Board members who are not permanently employed by the company. The amounts include remuneration for committee work,
- that the AGM decide that the nomination committee shall be composed of one representative for each of the four biggest shareholders or ownership constellations in terms of the number of votes, based on the shareholders registered in the share register kept by Euroclear on the last banking day in September. The names of the nomination committee's members and the owners they represent shall be announced no later than six months before the AGM. The nomination committee's term of office extends until a new nomination committee has been appointed.

Gothenburg, 3 April 2024

Christina Rogestam  
Chairman of the  
Board

Sten Dunér  
Board member

Fredrik Svensson  
Board member

Anders Wennergren  
Board member

Erik Selin  
Board member and CEO

## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Fastighets AB Balder (publ), corporate identity number 556525-6905

### Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2023 on pages 129–134 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 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.

### Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 4 April 2024  
Öhrlings PricewaterhouseCoopers AB

Bengt Kron  
Authorised Public Accountant  
Auditor in charge

Konstantin Belogorcev  
Authorised Public Accountant



# BOARD OF DIRECTORS



## FREDRIK SVENSSON

Board member since 2005

**Born 1961** ♂

### Education and experience

B.Sc. (Economics)

Chairman of the Board at Arvid Svensson Invest AB

### Shareholding in Balder

17,495,352 Class A shares and 81,255,240 Class B shares, all held via company

## ERIK SELIN

Board member since 2005

**Born 1967** ♂

### Education and experience

Business school economist

CEO of Fastighets AB Balder, Chairman of the Board at Brinova Fastigheter AB, K-fast Holding AB, SLP Swedish Logistic Property AB and Norion Bank AB, Board member at Hexatronic Group AB, Hedin Mobility Group AB and Neudi & Co AB

### Shareholding in Balder

63,000 Class B shares, and 49,855,968 Class A shares and 343,202,400 Class B shares held via company

## STEN DUNÉR

Board member since 2007

**Born 1951** ♂

### Education and experience

B.Sc. (Economics)

Chairman of the Board at Länsförsäkringar Liv. Board member at Garbo and Humlegården

### Shareholding in Balder

No shareholding in Balder

## CHRISTINA ROGESTAM

Chairman of the Board since 2006

**Born 1943** ♀

### Education and experience

B.A. Social Studies

Former President and CEO of Akademiska Hus AB

### Shareholding in Balder

90,000 Class B shares and 18,000 Class B shares held via company

## ANDERS WENNERGREN

Board member since 2009

**Born 1956** ♂

### Education and experience

Bachelor of Law

Lawyer and partner in Advokatfirman NORMA Advokater, Board member at several companies in the BRA Bygg AB Group

### Shareholding in Balder

1,260,000 Class B shares held via company

## Auditor

Öhrlings PriceWaterhouseCoopers AB. Auditor in charge: Bengt Kron, born 1965. Öhrlings PriceWaterhouseCoopers AB was elected at the AGM held on 11 May 2023 for the period until the AGM in 2027.

# MANAGEMENT



**ERIK SELIN**  
CEO

**Born 1967** ♂

**Employed since**  
2005

**Education and experience**  
Business school economist

**Shareholding in Balder**  
63,000 Class B shares, and  
49,855,968 Class A shares and  
343,202,400 Class B shares  
held via company

**Email address**  
erik.selin@balder.se



**SHARAM RAHI**  
Deputy CEO

**Born 1973** ♂

**Employed since**  
2005

**Education and experience**  
Compulsory school

**Shareholding in Balder**  
3,616,932 Class B shares and  
5,643,868 Class B shares held  
via company

**Email address**  
sharam.rahi@balder.se



**EVA SIGURGEIRSDOTTIR**  
Director of Economy

**Born 1974** ♀

**Employed since**  
2014

**Education and experience**  
DIHM Graduate in Business  
Administration, IHM  
Business School

**Shareholding in Balder**  
6,000 Class B shares

**Email address**  
eva.sigurgeirsdottir@balder.se



**EWA WASSBERG**  
CFO

**Born 1980** ♀

**Employed since**  
2022

**Education and experience**  
B. Sc. in Economics from the  
School of Business, Economics  
and Law at the University of  
Gothenburg

**Shareholding in Balder**  
10,000 Class B shares

**Email address**  
ewa.wassberg@balder.se



**PETRA SPRANGERS**  
Head of Personnel and Administration

**Born 1965** ♀

**Employed since**  
2007

**Education and experience**  
Business school economist

**Shareholding in Balder**  
1,800 Class B shares

**Email address**  
petra.sprangers@balder.se

# ADDITIONAL INFORMATION

Stockholm  
Spårvagnshallarna  
Convendum  
office hotel  
Opened 2023



# PROJECT LIST

## PROJECT PROPERTIES FOR OWN MANAGEMENT UNDER CONSTRUCTION

Country	Region	Project	Property category	Lettable area, sq.m.	Number of apartments	Total estimated investment, SEKm	Estimated completion
Denmark	Copenhagen	Strandby Huse	Residential	3,024	48	166	Q1 2024
Finland	Helsinki	Kirkkonummen Tinapuisto	Residential	1,147	25	49	Q1 2024
Finland	Helsinki	Patljoonantie 3-5	Residential	4,649	92	213	Q1 2024
Finland	East	Nokian Ylpeys	Residential	2,244	88	98	Q1 2024
Sweden	Stockholm	Hedin Akalla	Commercial	11,025	—	206	Q1 2024
Sweden	Stockholm	Mörtlösa MG Ford	Commercial	7,305	—	208	Q2 2024
Denmark	Copenhagen	Strandby Høje	Residential	19,817	289	967	Q3 2024
Finland	Helsinki	Peijinkuja 6	Residential	6,099	136	368	Q3 2024
Finland	Helsinki	Piejinkuja 10	Residential	4,500	121	290	Q4 2024
Finland	East	Kangasalan Kuningas	Residential	4,589	140	190	Q4 2024
Finland	East	Kirkkonummen Ferdinand	Residential	2,620	73	118	Q1 2025
Finland	East	Turun Huoleton	Residential	4,100	132	203	Q1 2025
Finland	East	Turun Rento	Residential	2,965	94	150	Q3 2025
<b>Total</b>				<b>74,084</b>	<b>1,238</b>	<b>3,225</b>	

## DEVELOPMENT PROPERTIES FOR SALE UNDER CONSTRUCTION

Country	Region	Project	Property category	Lettable area, sq.m.	Number of apartments	Total estimated investment, SEKm	Estimated completion
Sweden	Stockholm	Fabrique 46	Residential	7,393	138	741	Q2 2024
Sweden	Gothenburg	Frölunda	Residential	20,036	392	900	Q3 2024
Sweden	Gothenburg	Bohusgatan Rubinen	Residential	6,153	93	432	Q1 2026
Sweden	Gothenburg	Bohusgatan Safiren	Residential	5,570	99	404	Q3 2026
Sweden	Gothenburg	Bohusgatan Spinellen	Residential	7,133	134	490	Q2 2027
<b>Total</b>				<b>46,285</b>	<b>856</b>	<b>2,966</b>	

## Total under construction

**120,369**      **2,094**      **6,191**

## FUTURE PROJECTS ESTIMATED CONSTRUCTION START 2025 AND ONWARDS

Country	Region	Gross area, sq.m.	Number of apartments
Sweden	Gothenburg	867,766	6,896
Sweden	Stockholm	533,733	4,632
Finland	Helsinki	282,147	5,226
Finland	East	30,940	635
Norway	Oslo	7,000	100
Denmark	Copenhagen	40,024	225
<b>Total</b>		<b>1,761,610</b>	<b>17,714</b>

The majority of future projects in the above table have a development plan that has gained legal force or is in progress.

# DEFINITIONS

The company presents a number of financial metrics in the Annual and Sustainability Report that are not defined according to IFRS (so-called Alternative Performance Measures according to ESMA's guidelines). These performance measures provide valuable supplementary information to investors, the company's management and other stakeholders since they facilitate effective evaluation and analysis of the company's financial position and performance. These alternative performance measures are not always comparable with measures used by other companies and shall therefore be considered as a complement to measures defined according to IFRS. Fastighets AB Balder will apply these alternative performance measures consistently over time. Unless otherwise specified, the key ratios are alternative performance measures according to ESMA's guidelines. A description follows below of how Fastighets AB Balder's key ratios are defined and calculated.

## SHARE-RELATED

### Equity per share, SEK

Shareholders' equity attributable to parent company's shareholders in relation to the number of outstanding shares at the end of the period.

### Profit from property management per share, SEK

Profit from property management attributable to parent company shareholders in relation to the average number of shares.

### Average number of shares

The number of outstanding shares at the start of the period, adjusted by the number of shares issued during the period weighted by the number of days that the shares have been outstanding in relation to the total number of days during the period.

### Long-term net asset value per share (NAV), SEK

Equity attributable to parent company's shareholders per share with reversal of interest rate derivatives and deferred tax according to balance sheet.

### Profit after tax per share, SEK

Profit attributable to the parent company's shareholders in relation to the average number of shares.

## PROPERTY-RELATED

### Yield, %

Estimated net operating income on an annual basis in relation to the fair value of the properties at the end of the period.

### Net operating income, SEKm

Rental income minus property costs.

### Economic occupancy rate, %<sup>1)</sup>

Contracted rent for leases which are running at the end of the period in relation to rental value.

### Development properties

Refers to properties constructed with the intention of being sold after completion.

### Property portfolio

Refers to both investment properties and development properties.

### Property category

Classified according to the principal use of the property. There is a breakdown into office, retail, residential, industrial/logistics and other properties. Other properties include hotel, educational, care, warehouse and mixed-use properties. The property category is determined by what the property is mostly used for.

### Property costs, SEKm

This item includes direct property costs, such as operating expenses, media expenses, maintenance and property tax.

### Investment properties

Refers to properties that are held with the objective of generating rental income or an increase in value or a combination of these.

### Rental value, SEKm<sup>1)</sup>

Contracted rent and estimated market rent for vacant premises.

### Surplus ratio, %

Net operating income in relation to rental income.

## FINANCIAL

### Return on equity, %

Profit after tax in relation to average equity. The profit was converted to a full-year basis in the interim accounts without taking account of seasonal variations that normally arise in the operations, with the exception of changes in value.

### Return on total assets, %

Profit before tax with addition of net financial items in relation to average total assets. The profit was converted to a full-year basis in the interim accounts without taking account of seasonal variations that normally arise in the operations, with the exception of changes in value.

### Net debt to total assets, %

Net debt in relation to total assets.

### EBITDA

Profit from property management plus the net profit from the sale of development properties with reversal of net financial items. EBITDA has been converted to a full-year basis in interim accounts, with the exception of the net profit from the sale of development properties.

### Profit from property management, SEKm

Profit including changes in value and tax in associated companies, with reversal of changes in value and tax in participations in profit from associated companies. When calculating the profit from property management, attributable to parent company's shareholders, the profit from property management is also reduced by the participation of non-controlling interests.

### Hybrid capital

A bond with a maturity of 60 years. The bond is reported as interest-bearing liability, but is treated as 50% equity by the rating agencies.

### Net debt, SEKm

Interest-bearing liabilities minus cash and cash equivalents, financial investments and 50% of the Hybrid capital, which is treated by the rating agencies as 50% equity.

### Net debt/EBITDA, times

Average net debt in relation to EBITDA.

### Interest coverage ratio, times

Profit including changes in value and tax in associated companies with reversal of net financial items excluding ground rents and changes in value of financial investments and changes in value and tax as regards participation in profits of associated companies, in relation to net financial items excluding ground rents and changes in value of financial investments.

### Debt/equity ratio, times

Interest-bearing liabilities decreased by 50% of Hybrid capital in relation to shareholders' equity, including non-controlling interests.

### Equity/assets ratio, %

Equity including non-controlling interests and 50% of Hybrid capital in relation to the balance sheet total at the end of the period.

<sup>1)</sup> This key ratio is operational and is not considered to be an alternative key ratio according to ESMA's guidelines.

# ANNUAL GENERAL MEETING

The Annual General Meeting of Fastighets AB Balder (publ), (Balder), corp. ID no. 556525-6905, will take place on 3 May 2024 at 16.00 at the West Sweden Chamber of Commerce, Parkgatan 49 in Gothenburg, Sweden.

Shareholders wishing to participate at the AGM must be registered in the share register kept by Euroclear Sweden AB no later than Wednesday 24 April 2024 and register their participation by letter to Computershare AB, "Fastighets AB Balders årsstämma 2024", Box 5267, SE-102 46 Stockholm, by email to proxy@computershare.se, by phone to +46 (0)771-24 64 00 or via www.balder.se.

For anyone wishing to be represented by a proxy, we provide a proxy form, which is available on the website, www.balder.se. The deadline for registration is Friday 26 April 2024.

When registering shareholders must quote their name, personal ID number or corporate ID number, address and phone number, as well as information about the representative or proxy if applicable.

Shareholders who are being represented by a proxy must provide a written, signed and dated mandate, which may be no more than five years old on the date of the AGM. The proxy form is available on Balder's website. Anyone representing a legal person must present proof of registration or equivalent documentation of authority specifying an authorised company signatory. An original proxy and a certified copy of a registration certificate or equivalent documentation of authority should be submitted to Computershare in accordance with the address specified above well in advance of the Annual General Meeting.

Shareholders who have had their shares registered in the name of administrators must temporarily have the shares registered in their own name if they are to be entitled to participate in the AGM. Such registration must be executed at Euroclear Sweden AB no later than 24 April 2024.

# CALENDAR

Annual General Meeting, 3 May 2024

Interim report, Jan–Mar 2024, 3 May 2024

Interim report, Jan–June 2024, 16 July 2024

Interim report, Jan–Sep 2024, 25 October 2024

Year-end report, Jan–Dec 2024, 7 February 2025

Photos: Dino Soldin, Kasper Dudzik, Erik Nissen, Rasmus Hjortshøj, Fredrik Hjerling, Mikaela Alexandersson and others  
Layout: www.solberg.se

# CONTACT INFORMATION

balder.se  
info@balder.se  
Corp. ID no.: 556525-6905

## Head office

Parkgatan 49  
Box 53121  
400 15 Göteborg  
Tel.: +46 31-10 95 70

Letting  
+46 20-151 151

Customer Service  
+46 774-49 49 49

## Gothenburg Region

Parkgatan 49  
Box 53121  
400 15 Göteborg  
Tel.: +46 31-10 95 70

Timmervägen 9 A  
SE-541 64 Skövde  
Tel.: +46 500-47 88 50

## Helsinki Region

Panuntie 4  
PO Box 401  
FI-00610 Helsinki  
Tel.: +358-201 34 4000

## Copenhagen Region

Vesterbrogade 1 E. sal  
DK-1620 København V  
Tel.: +45-88 13 61 51

## North Region

Forskarvägen 27  
804 23 Gävle  
Tel.: +46 26-54 55 80

Sandbäcksgatan 5  
653 40 Karlstad  
Tel.: +46 54-14 81 80

Affärsgatan 4D  
862 31 Kvissleby  
Tel.: +46 60-52 45 50

## Stockholm Region

Tulegatan 2A  
113 58 Stockholm  
Tel.: +46 8-735 37 70

Vårby Allé 18  
143 40 Vårby  
Tel.: +46 8-735 37 70

## South Region

Kalendegatan 26  
211 35 Malmö  
Tel.: +46 40 600 96 50

Esplanaden 15  
265 34 Åstorp  
Tel.: +46 42-569 40

Bryggaregatan 7  
SE-252 27 Helsingborg  
Tel.: +46 42-12 21 30

## East Region

Hospitalsgatan 11  
SE-602 27 Norrköping  
Tel.: +46 11-15 88 90

Rönnergagatan 10  
723 45 Västerås  
Tel.: +46 21-10 98 90

This annual and sustainability report is a translation of the Swedish annual and sustainability report 2023. In the event of any disparities between this report and the Swedish version, the latter will have priority.

