

K-Fast Holding AB (publ): Interim report January-June 2024

***K-Fastigheter's subsidiary K-Prefab has signed its single largest order to date with a value of SEK 200 million. The agreement with Noccon with Wallenstam as end customer, is for a complete framework contract for apartments, premises, and parking garages in Årstaberget in Stockholm. Improved order situation in K-Prefab where the remaining order value amounts to SEK 1,150.2 million compared to SEK 522.7 million at the corresponding time last year.**

***A transfer agreement regarding a Danish portfolio comprising 311 apartments has been signed with Viga Real Estate. Viga took over the portfolio on July 10th and the sales amount totaled SEK 1,087 million.**

***A total of 5,160 apartments under property management. Construction start of another 126 apartments in Gothenburg during the quarter for a total of 467 during the period. Acquisition of a building right in Malmö.**

Financial ratios for the period 1 January–30 June 2024

(corresponding period in 2023 unless other stated)

- Profit for the period: SEK 87.9 million (-121,3)
- Earnings per share*/**: SEK 0.34 per share (-0.68)
Result in business segment Construction before taxes: SEK 169.9 million (202.2)
- Rental income: SEK 302.6 million (231.5)
- Profit from property management: SEK 60.3 million (56.7)
- Number of construction starts, apartments: 467 (199)
- Number of apartments under construction: 1,731 (1,962)
- Number of apartments under project development: 2,488 (4,293)
- Number of apartments under management: 5,160 (4,002)
- Net investments in investment properties: SEK 841.6 million (1,279.0)
- Investment properties: SEK 15,748.0 million (Dec 31, 2023: 14,870.9)
- Interest coverage ratio (year): 1.5 multiple (2.0)
- Equity/assets ratio: 30.0% (Dec 31, 2023: 30,3)
- Debt-to-equity ratio: 59.4% (Dec 31, 2023: 60.2)
- Earnings per share in business segment Construction: SEK 0.70 per share* (0.94)
- Growth in earnings per share in business segment Construction: -25.7%* (-47.8)
- Profit from property management per share: SEK 0.25 per share* (0.26)
- Growth in profit from property management per share: -5.8%* (-15.8)
- Long-term net asset value (NAV): SEK 6,053.2 million (Dec 31, 2023: 5,803.5)
- Long-term net asset value (NAV) per share: SEK 24.61 per share* (Dec 31, 2023: 24.25)
- Growth in long-term net asset value (NAV) per share: 1.5%* (-2.3)

* Adjusted for new issues during 2023 and 2024..

** There are no potential shares (e.g. convertibles in the company, and accordingly no dilution effect).

A message from the CEO

In connection with the Interim Report for the first quarter 2024, we presented a new business plan for the period up until 2028. The business plan entails a change of strategy from construction exclusively intended for proprietary management to also including divestment of properties. We intend to divest volumes corresponding to 30–50 percent of new construction per annum. The divestments can be made from existing holdings or through divestment of new production constructed according to our proprietary concepts. Divestments support our continued expansion and ensure an increased rate of internal financing.

I can conclude that these initiatives have been well received, and I foresee extensive benefits and multiple business opportunities from our new focus, where we have also divided Group operations into the Construction and Property Management operating segments. For more detailed information about the business plan, please visit our website which includes the presentations of the business plan made on the Capital Markets Day.

The first transaction completed under the business plan relates to the sale of a Danish portfolio of 311 apartments in four properties in the Copenhagen region. This divestment is strategically significant for our future expansion, as it enables the acquisition of new building rights and provides the conditions for new construction starts. The deal was based on underlying property values of SEK 1,087 million based on the exchange rate as of 28 June 2024, the date of the press release announcing the completion of the transaction. The buyer, a fund established by Viga Real Estate, took possession of the properties on 10 July. Initially, we retain a 20 percent ownership stake in the fund, which we intend to divest when the right opportunity arises. Our fifth property in the Copenhagen region, Ballerup, comprising 153 apartments with completion in stages from April to October 2025, will also be the subject of divestment in the future.

We also announced further transactions after the end of the reporting period. We deepened our collaboration with Kilenkrysset through two transactions. Joint venture K-Fast Kilen (51 percent owned by K-Fastigheter and 49 percent by Kilenkrysset) acquired the property Nyköping Oppeby Gård 1:7 from K-Fastigheter. In total, K-Fast Kilen now has 210 apartments under management in Nyköping and Strängnäs, as well as a further 650 apartments in construction or project development in Strängnäs and Örebro. In a separate transaction through a subsidiary, K-Fastigheter AB also acquired the business premises Strängnäs Bussen 10 from a company within the Kilenkrysset Group. The acquisition provides K-Prefab with access to production premises as well as potential warehousing space where we currently conduct production and which we have rented since 2021.

The sales have enabled deals such as the acquisition of attractive building rights in Malmö. We acquired Skjutskontoret 3 in Kirsebergsstaden, where we plan to construct 160 apartments. This acquisition offers a clear example of the opportunities that exist for acquisitions of building rights at attractive price levels. The underlying property value amounts to approximately SEK 50 million, corresponding to SEK 3,500/BFA.

In the Construction operating segment, we anticipate significant improvements to Prefab's order book, which totaled SEK 1,150.2 million as of the end of the first half-year against SEK 522.7 million at the end of the first half of 2023. This was the result of the organization's goal-oriented sales efforts. Operations are now gradually gearing up again after having to scale down due to earlier declining volumes. The economic downturn also changed the product mix. Housing continues to represent a majority of production, although deliveries

for other types of building such as warehousing and logistics properties, infrastructure, the Swedish Armed Forces, and community properties comprise a larger proportion of production than previously. This broadening of the product mix, alongside efficient production, mean that the prefab operations are well equipped for the future. At the end of the quarter, there were 1,731 apartments in construction with a land bank of 2,488 apartments in various development stages, while we are also monitoring the market for potential acquisitions of building rights. In the quarter, we obtained building permits for three projects: Sandryggen in Lund, Phase 2 of the Sättra project in Gävle, and Gårdsten in Gothenburg. In total, the building permits comprise 374 apartments, with construction starting on Gårdsten with 126 apartments in the second quarter. Construction of the other two projects will start later in the year. Gross profit in the Construction operating segment totaled SEK 223.9 million for the first six months of the year.

The Property Management operating segment had 5,160 apartments under management at the end of the first half-year, where possession of 123 apartments had been taken in the second quarter. This figure included 311 apartments in the Danish property portfolio where ownership had not yet been transferred at the end of the first half-year. Our rental value totaled SEK 706.7 million, compared to SEK 528.1 million year-on-year. In Property Management, the organization is focusing closely on reducing vacancies. In accordance with previously communicated statements, our vacancies have largely arisen as a result of the high rate of completions towards the end of 2023. The intention is to recoup these over time. Generally speaking, new production tends to entail a degree of vacancies after completion, with a short-term impact on vacancies. We have improved the occupancy rate since the previous quarter, and will continue to improve the rate gradually. As of 30 June, the financial occupancy rate was 94.3 percent, against 93.3 as of 31 March. There is a negative effect from projects where tenants moved in during June, where vacancies are impacting the numbers. I am convinced that we will continue to reduce vacancies and achieve normalized levels by the end of the year. Excluding vacancies after completion in new production, we are reducing vacancies by approximately 1 percentage point per month. In the first half-year, rental income was SEK 302.6 million and profit from property management SEK 60.3 million. Vacancies generate costs in the form of absent rental revenue, but as the occupancy rate increases profit from property management will improve gradually.

The construction and property sector continues to experience challenging market conditions. However, there are reasons to anticipate a brighter outlook. The Swedish Riksbank reduced interest rates in May, and opened up for a further three cuts in its latest monetary policy statement. Furthermore, demand for new housing in Sweden remains substantial. This need is particularly clear in urban growth regions. By building attractive housing for proprietary management, and on behalf of external customers, K-Fastigheter will benefit from a proportion of this need. Our industrial approach and cost-efficient processes make us well positioned to take assertive action during economic upturns as well as in more challenging times.

- **Jacob Karlsson, July 2024**

A complete Interim report for January-June 2024 is attached and published on: k-fastigheter.com/en/investors/financial-reports

A presentation of the earnings and operations will be published on:

k-fastigheter.com/en/investors/presentations

For more information, please contact:

Johan Hammarqvist, Head of Investor Relations and Communications

e-mail: johan.hammarqvist@k-fastigheter.se, telephone: +46 (0)10-167 60 99

This disclosure contains information that K-Fast Holding AB is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on July 23rd, 2024, 9 AM CET.

K-Fastigheter is much more than a property company. Through an integrated process, we build our business in the two business segments Construction and Property Management. In business segment Construction the objective is to deliver completed housing units based on the Group's concept houses, developed in-house, as well as high-quality frame solutions. Our prefab operations is organized in the subsidiary K-Prefab. To enhance cost efficiency and cut construction times, K-Fastigheter has chosen to work with three concept houses for housing, developed in-house. Business segment Property Management manages the Groups property portfolio with focus on housing. K-Fastigheter offers close to 5,200 homes from Copenhagen in the south to Gävle in the north and is continuously assessing new markets. K-Fastigheter strive to create attractive homes with a high comfort factor. The Group's property portfolio has a book value SEK 15,7 billion. Annual rental value in invest properties under management amounts to SEK 707 million. Since November 2019, the company's Class B shares have been traded on Nasdaq Stockholm under the (ticker: KFAST B). Read more at k-fastigheter.com