CATELLA

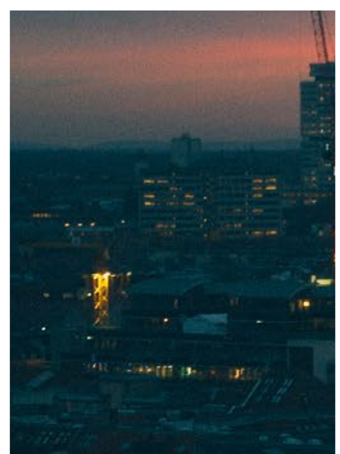
The link between property and finance

Contents

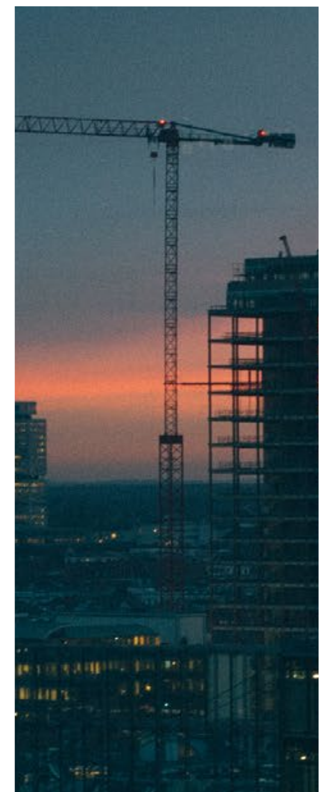
This is Catella

Operations and Markets

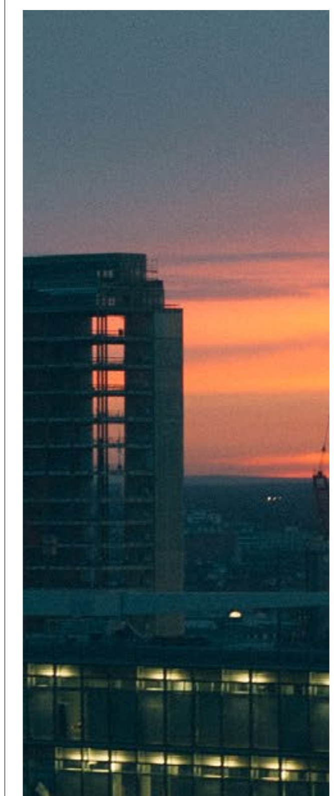
Sustainability Report



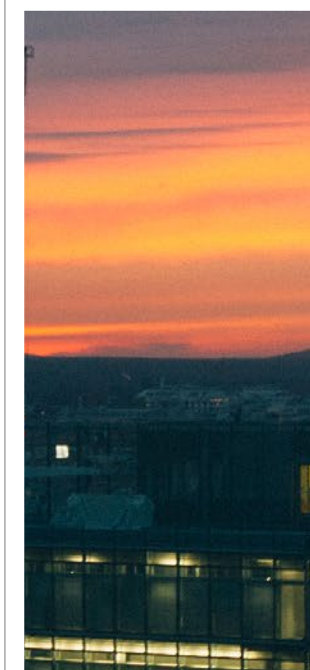
Shares and Shareholders



Corporate Governance



Financial Statements



Focus on property

Catella was founded in 1987 and the head office is located in Stockholm. With over 500 employees at over 20 offices in Europe, Catella offers professional advice, innovative property funds and mandates, and completes proprietary investments in real estate projects. The business is run through three business areas: Corporate Finance, Investment Management and Principal Investments. Since 2020, Catella has shifted its strategic focus towards property.

The year in brief

Catella operates in 12 countries and has a strong local presence and a high level of expertise on the markets in which the Company does business. A majority of Catella's companies are part-owned by partners, which generates an entrepreneurial culture and incentives that align with Catella's financial targets. The organisational structure promotes synergies through collaboration within and between the business areas. Catella has built a platform where employees from different countries and business areas exchange knowledge and client contacts, and coordinate activities. This enables Catella to create innovative offerings that attract both local and international investors. In 2022, Catella's sales totalled SEK 2.6 billion, with assets under management of SEK 141 billion, and principal investments in projects of SEK 1.2 billion at year-end.

→

Continued focus on **expanding and refining** our three property-related **business areas**

Events in the year

In 2022, Catella continued to deliver on the strategy adopted in 2020, which involves a sharper focus on properties and a wider expansion in terms of geographical markets, property types and risk categories. The focus on properties was completed early in the year when the remaining stake in the fund management business was divested.

During the year, Corporate Finance focused its operations in five countries, as opposed to eight countries previously. This decision was taken in order to focus on markets with good profitability and a strong market position contributing to intra-Group synergies.

Investment Management saw another year of strong growth, and assets under management increased more than fourfold since the foundation of this business area in 2015. During the year, Catella continued to develop attractive offerings in sustainable investments and mandates for green retrofitting. The funds that attracted the highest capital inflows during the year were funds with a clear sustainability focus.

In Principal Investments, Catella's proprietary investments increased by SEK 0.5 billion to SEK 1.2 billion. Three major development projects were completed and divested during the year, which contributed approximately SEK 180 million to the business area's profit. At year-end, Principal Investments was engaged in nine major projects in six countries around Europe. ■

Our **platform**

– A pan-European platform with a strong local presence in 12 countries and more than 20 cities.

↓

Our **expertise** and **our offering**

– Focus on property investments in a broad range of risk classes.
– Advanced advisory and capital market services.
– A wide selection of active funds and management mandates with a sustainability focus.
– Proprietary investments in property projects alongside partners.

↓

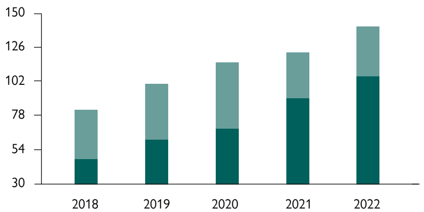
How we **create value** for our customers

– A revenue model focused on the best interests and needs of the client.
– Local teams with profound insight into each market.
– Diversification through presence in different markets and a variety of products and assets.
– Value chain based on capital, products and synergies within the group.
– Strategic investments of Catella's own capital in projects through principal investments.

The year in brief

DEVELOPMENT OF ASSETS UNDER MANAGEMENT

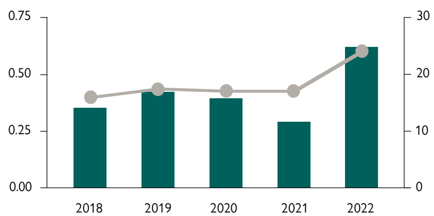
SEK Bn



■ Property Funds
■ Property Asset Management

DEVELOPMENT OF OPERATING PROFIT AND OPERATING MARGIN

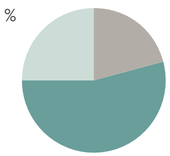
SEK Bn



■ Operating profit/loss, SEK Bn
● Operating margin, %

INCOME DISTRIBUTION BY BUSINESS AREA

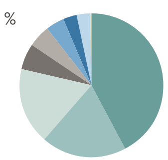
%



■ Corporate Finance 21%
■ Investment Management 54%
■ Principal Investments 25%

INCOME BY COUNTRY

%



■ Germany 42%
■ France 19%
■ Sweden 17%
■ UK 6%
■ Finland 5%
■ Benelux 4%
■ Denmark 3%
■ Spain 3%
■ Other 0.2%

SIGNIFICANT EVENTS IN THE YEAR

- New milestone of SEK 141 billion in assets under management
- Acquisition of Warsaw Property Partners, establishing Catella in Poland
- Expansion to Ireland through Catella APAM (UK), enabling us to offer our services on an additional market
- Focusing of Corporate Finance operations in five countries, as opposed to eight countries previously
- Reported profit before tax of SEK 618 million, one of our best profit performances ever

OFFICES

Catella **was founded in 1987 and** the head office is located in Stockholm. The Group has **more than 500 employees** at **20 offices** in Europe.

MARKET VALUE

SEK Bn

3.2

As of 31 Dec. 2022
–23% change on previous year

ASSETS UNDER MANAGEMENT*

SEK Bn

141

As of 31 Dec. 2022
+15% change on previous year

TOTAL INCOME*

SEK M

2.6

2022
+43% change on previous year

OPERATING PROFIT/LOSS*

SEK M

618

2022
+351% change on previous year

NUMBER OF FULL-TIME EMPLOYEES

500

CEO's comment

When I looked ahead towards 2022 a year ago, the mood in the wider market was a mix of optimism after a long, sustained pandemic and gloom over a war being fought in our vicinity. Russia's invasion of Ukraine has since continued, causing enormous human suffering. Catella's values are based on respect and human rights, and we see it as our duty to help as we can. For example, we have made residential properties available to refugees and donated funds to UNHCR for medicine and medical supplies.

The war has also contributed to an energy crisis in Europe, soaring inflation, and a level of uncertainty not seen in Europe for many decades. This has impacted the economy and society at large. More specifically, it has lead to interest rate and cost hikes that have affected the property transaction market, where during the year we noted an increasingly cautious attitude and higher return requirements.

Despite the market conditions, we can conclude that this was Catella's best year to date. Assets under management rose by 15 percent and operating profit more than tripled. Since the decision in 2020 to focus on property operations, we have continued to deliver on our targets and advanced our position on prioritised markets. In addition, we have further strengthened Catella's sustainability work, launched new sustainable products, and set sustainability goals at Group level.

→

"Since the decision to focus on property operations, we have continued to deliver on our targets and advanced our position on prioritised markets. The refined Catella that we are continuing to build for the future delivered its strongest year to date in 2022."

Strengthened positions on existing and new markets

The progress during the year is due to a dedicated strategy and our efforts to strengthen our three property-focused business areas in twelve European markets. We have sought to build a strong European growth platform with synergies between the business areas. Our qualified advice, fund and asset management, and own investments generate value over time and therefore require a long-term approach from a social, environmental and investor perspective.

During the year we worked on strengthening our positions and our offering on existing markets. We also entered new markets and terminated businesses with limited synergies and low profitability. One example is the majority share acquisition of Warsaw Property Partners in Poland (now Catella Poland), where we add a highly skilled and committed team with exceptional knowledge of the Polish property market. We see Poland as a key strategic market with opportunities for growth, new investments and significant synergies in the Group. Another example is that we have expanded in the UK through our company Catella APAM and now also offer our services in Ireland. In Corporate Finance, we focused operations to five national markets from a previous eight, and can now wholeheartedly focus on strengthening the remaining markets.

A further step forward in sustainability

Sustainability matters have profound effects on the whole of society, the property sector, and the investment market. These matters present both major challenges and great opportunities. ESG is an area that I and the management team are strongly committed to, and sustainability is a key strategic priority that helps to future-proof our operations and ensure long-term profitability.

Christoffer Abramson

CEO and President

During the year we continued to implement our sustainability work and our new ESG strategy was approved by the Board of Directors. An important aim of the strategy is to secure the knowledge and expertise needed to integrate the ESG work with our long-term strategy and sustainable growth goal. The strategy should also ensure compliance with ambitious EU sustainability frameworks.

Another priority is to further develop our product offering with a clear sustainability profile. There is strong interest in sustainable investments, a topic of continuous discussion with our customers and stakeholders. One of the highlights in 2022 was the launch of our second dark green Article 9 fund under the Sustainable Finance Disclosure Regulation (SFDR), which means that the fund's investments have a direct positive impact on the environment and society, while not negatively affecting other sustainability goals. The long-term ambition of the fund is to develop 100 energy-positive residential properties around Europe, and we will continue to develop more forward-looking product strategies.

Strong growth in assets under management

In Investment Management we saw our strongest year ever, with assets under management growing by SEK 18 billion to SEK 141 billion during the year. Assets under management have grown more than fourfold since the foundation of this business area in 2015. This is largely because we have continued to develop an attractive fund offering and management mandates in sustainable investments, with strong returns for our investors.

The transaction market in 2022 was subdued, with reduced investment appetite and low capital inflows towards year-end. By offering property funds as well as management and development of properties through mandates, we have established a broad offering that withstands various market conditions and business cycle phases.

We noted that the strong interest in products with a sustainability profile seen in recent years has continued. We will continue to invest our available fund capital in forward-looking assets. During the year, we implemented a strategic sale of 34 residential properties in Germany and the Netherlands. The reason was both to modernize the funds' property holding and to release liquidity for new investments with a better sustainability profile.

We are proud to have developed a balanced offering with the expertise to manage underperforming property assets in management mandates. We are confident that our Asset Management companies will grow going forward since value-adding and green retrofit mandates will be key from 2023 onwards, for investors and for society as a whole.

Long-term value creation through principal investments

Investments in Principal Investments stood at approximately SEK 1.2 billion at year-end, distributed over nine projects in six different countries, representing a year-on-year increase of SEK 0.5 billion. Through three successful sales of development projects and project completions, we delivered operating profits of over SEK 180 million for the year.

I am delighted that we are reaching new milestones in our development projects. During the autumn, for example, we welcomed the first tenants to Kaktus Towers in Copenhagen. Catella Asset Management Denmark was responsible for the property development with a strong focus on the environment with regards to both completion and long-term energy consumption. Moreover, the first tenants were able to move into Seestadt – a very exciting new neighbourhood outside central Düsseldorf – where Catella Project Management builds approximately 250 apartments during the first phase. The project is intended to contribute to sustainable, high-quality housing for people of all ages and income levels.

The core of our operations lies in identifying opportunities and generating long-term value, with a target IRR of over 20 percent for the business area. During the year we saw a more challenging geopolitical and macroeconomic climate, with interest rate hikes, high inflation and increased construction costs. In light of this, we have optimised the rate of our investment projects and focused on further strengthening our liquidity. Meanwhile, demand remains high for the development and green retrofitting of properties with higher requirements for energy performance and sustainability. With our strong financial

CEO's comment

position, we can continue to develop our projects as planned while simultaneously monitoring developments in the European property markets in 2023 and acting accordingly.

Positive result despite slow transaction market

During the year, we conducted a strategic review of Corporate Finance in order to identify markets where we already hold a strong position or see strong opportunities for reaching a solid and profitable position. As a result of the review, a decision was made early in the year to discontinue Corporate Finance operations in Germany and the Baltics. Since discontinuing these operations, we have been able to allocate more time and resources to developing and strengthening operations in the five remaining national markets. There we are working on expanding our European offering and strengthening synergies with the other business areas. Despite a slower and cautious transaction market during the second half of 2022, we delivered an operating profit of SEK 22 million after restructuring expenses, thanks largely to an emphasis on focusing our operations, strengthening our positions, and broadening our offering towards services in capital raising.

Priorities going forward

In order to take the next step in our profitable growth journey, we have identified four main prioritised areas that we will focus on over the coming years:

Increase the offering of products with a clear link to sustainability

— At present, Catella offers two so-called dark green Article 9 funds, i.e. funds where the investments have a direct positive impact on the environment and society without adversely affecting any other sustainability goals. In addition, we have other funds and mandates focused on green retrofitting and repositioning of properties. We will develop this offering further going forward – both because it is the right thing to do for us as a company and because we have the expertise and market position to meet the substantial demand we see from investors.

Broaden and adapt product offerings for various stages of economic cycles

— Catella already has a broad offering that suits investors in varying economic climates. We will now take the next steps in expanding this further. Near term, we will launch strategies, mandates and services adapted to the uncertain market situation. This may include mandates for repositioning of underperforming assets or expanding capital raising advice. In parallel, we are preparing our next generation of funds, investments and mandates, based on a detailed analysis and our outlook for the future, which will be ready for launch from 2023 onwards.

Strengthen synergies and develop further pan-European investment strategies

— Catella currently has a strong position and a broad-based presence on the European market, complemented by local connections and knowledge. We will continue to build on our unique position and offer pan-European investment strategies and mandates in areas where we assess that we can offer investors attractive risk-adjusted returns.

Capitalise on a strong financial position to open up for new business and expand in markets where we want to grow

— We are well-equipped to carry out investments in companies and assets that we consider a strategic fit with Catella and that contribute to our growth and profitability. The uncertain and sometimes turbulent market conditions also increase the potential for opportunistic investments, which is made possible by our liquidity. We will continue to selectively analyse acquisition opportunities in our business areas and on relevant markets.

Catella is prepared for the future

When summing up 2022 I feel immensely proud of Catella, our achievements during the year, and all our wonderful, committed colleagues. Despite a turbulent year from a geopolitical and macroeconomic perspective, we have succeeded in delivering strong growth, increased profit, and significant value for our customers and shareholders. It is in times of turbulence that Catella's strong entrepreneurship, expertise and knowledge of local markets really stand out in the market. I am happy to have so many talented colleagues in the organisation who take part in highlighting the Company's underlying values every day. Together, we ensure that Catella is well-equipped for the future.

With our stable financial position, we can look ahead to a very exciting 2023. We will continue our growth journey and focus even more on our strategic priorities. I am confident that with our shared direction and vision, we will successfully expand in markets where we want to grow and deliver an even broader offering with significant intra-Group synergies.

Finally, I want to thank all our customers and shareholders for the trust you have placed in us over the past year. I look forward to new business opportunities, more investments in long-term value creation, and building value for customers, shareholders and society in 2023 and beyond.

Christoffer Abramson
CEO AND PRESIDENT
STOCKHOLM, 31 MARCH 2023

Strategy

COMPETENCE AND CAPITAL – A SHARPENED PROPERTY FOCUS

Since the start more than 35 years ago, Catella has sought to be a natural and sustainable link between the property market and financial markets.

BUSINESS MODEL

The business model is based on the capacity of the organisation to translate deep expertise into relevant advisory services that create value and economic growth by investing Catella's own and others' capital in property.

VISION

To be the sustainable link between property and finance.

STRATEGY

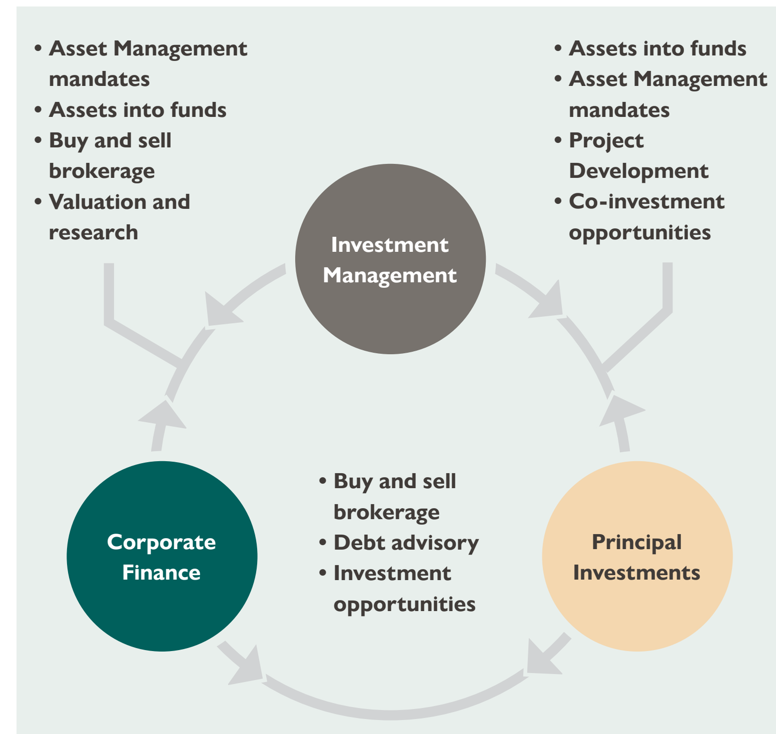
In recent decades, Catella's strategy has been based on offering a wide range of services, including advice relating to acquisitions and divestments combined with a strong property fund offering and management mandates to a wide spectrum of asset classes and on every important European market.

In 2020, the Company shifted its strategic focus towards property. At the same time, Catella expanded its operations further by working with equity at Group level. Catella creates returns, new collaborations and synergies through own investments, co-investments with partners and direct investments. The Company's unique competencies and expertise in property management generates high risk-adjusted returns for the Company and its partners. For Catella's part, this entails limited capital risks combined with active development initiatives alongside partners.

INCREASED FOCUS ON BUILDING VALUE AND OPPORTUNISTIC INVESTMENTS

Market uncertainty increases opportunities for investments in development projects and opportunistic investments, which builds value over time. Catella can attract more international capital by gradually sharpening its focus on value-add investments, opportunistic investments and expanding the business in three dimensions: geographical markets, property types and risk categories. ■

OUR SYNERGIES



Sustainability in brief

In 2022, external factors such as the war in Ukraine and its consequences strongly impacted energy dependence, supply, consumption and prices throughout Europe. These factors have broadly impacted the economy and cost of living, as well as society, ESG in general and our industry. This has resulted in increased costs, innovation, security and interdependence becoming even stronger drivers of sustainable transition. At Catella, we continued to implement our expanded sustainability efforts. Highlights of this work include the approval of our ESG strategy by Catella's Board of Directors and the launch of our second Article 9 fund.

Due to sustainability work involving many parties, we met on several occasions to exchange knowledge and experiences of implementing our strategy.

Our strategy is aimed at ensuring compliance with ambitious EU sustainability frameworks. Another primary strategic goal is to build knowledge and expertise within the Group, which involves integrating ESG efforts into Catella's long-term strategy and goals for sustainable and profitable growth.

We continued working on reducing risks and harnessing opportunities to deliver on the ESG expectations of our stakeholders, such as society, customers, employees and investors. As part of this work, we adopted a strategy based on three pillars:

— Evolve our products for a better environment
— Strengthen our employees and local communities
— Grow and integrate sustainability into our business offering

The changes introduced by Catella in 2021 strengthened the need for an updated policy framework aimed at meeting the standards and needs of the Group's more property-focused operations. Catella always strives to act with integrity, high ethical standards and in compliance with laws and regulations. This is reflected in new and updated policies such as the Group Anti-Bribery and Corruption Policy, the Group Third Party Due Diligence Policy and the Diversity, Equality and

Inclusion Policy. We have also reviewed our work concerning privacy and data protection, such as the GDPR.

We carried out our first Task Force on Climate Related Financial Disclosures (TCFD) assessment, which resulted in a TCFD brief. We believe in the importance of being aware of our environmental impact and our responsibility to manage and reduce our exposure to climate-related risks in our operations and value chain.

We asked the following questions:

- How are we affected by climate change?
- How do we reduce our exposure to climate-related risks?
- What is our climate impact?
- How can we reduce our impact?

The answer is to continuously integrate Group-wide climate risk assessments into our current business processes. This includes due diligence processes, investment decisions, risk management and the implementation of climate reduction and adaptation measures throughout our operations. It also means reducing our climate impact and risk exposure to climate change, raising our competitiveness and strengthening our market position.

We carried out our first assessment of EU Taxonomy eligibility for Catella Principal Investments. Although many of the projects in Principal Investments integrate environmentally sustainable solutions into building design and construction, none of the buildings met all the EU Taxonomy criteria, which means zero EU Taxonomy alignment for 2022. Because this the first time that companies will report their Taxonomy eligibility, we expect industry colleagues to have similar or very low Taxonomy alignment. This assessment gave us a comprehensive tool for familiarising ourselves with EU Taxonomy requirements. The requirements and results will be used in current and future property projects in Principal Investments.

Opportunities and challenges going forward

The highlights described are part of the sustainable foundation that we are laying for Catella with the ambition to future-proof our operations. Understanding our risks and opportunities, working with the material aspects outlined in the strategy, mitigating our impact and reaping benefits of our sustainability work present both an opportunity and a challenge.

Carrying out our first EU Taxonomy assessment gave us an understanding of the benefits it offers, such as opportunities for comparison. The positive effects for our stakeholders, such as investors and society, will become clearer over time.

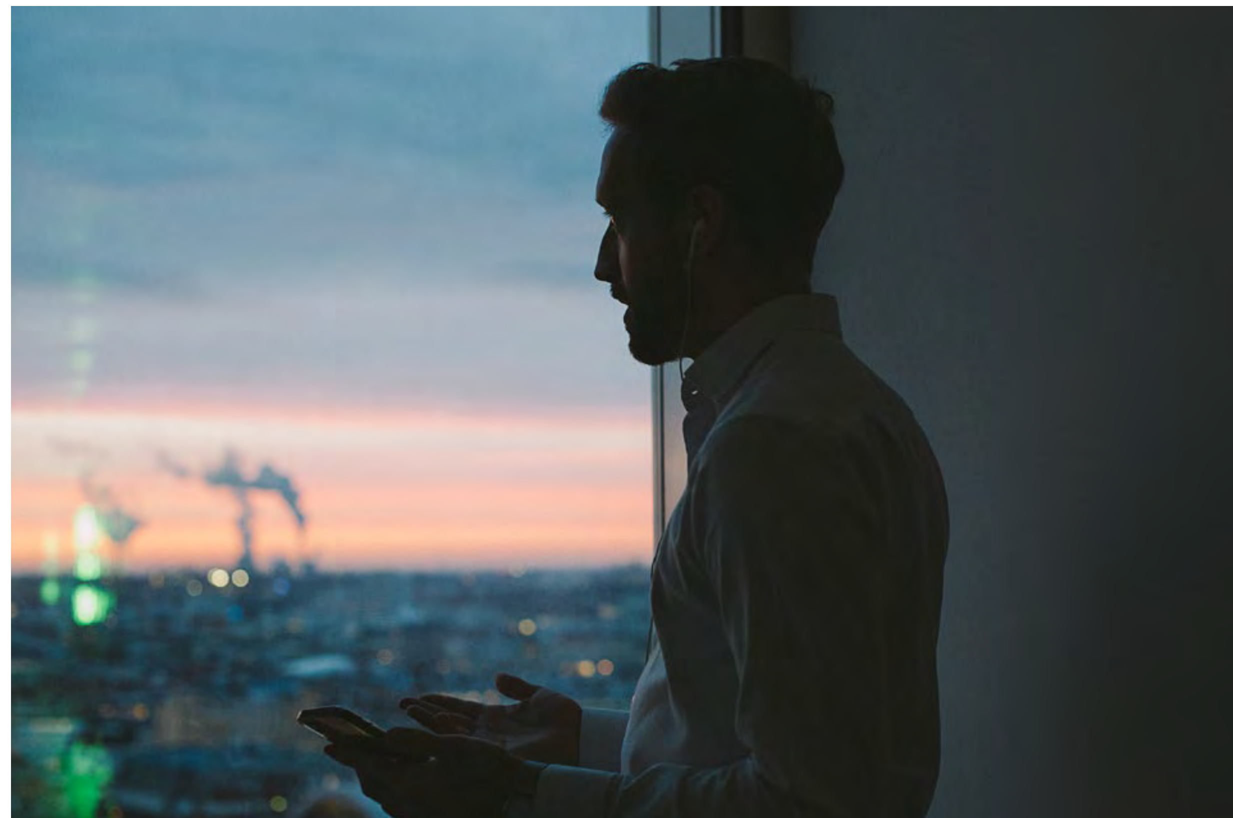
The TCFD assessment is based on a similar approach to the EU Taxonomy, as it involves following a structure and set of criteria that are the same for all companies. Being well-informed about environmental impact and risks is important to us internally to run a sound business. Moreover, it also enables us to show our investors that we take ESG seriously and that they can have confidence in the work we do.

Current and future EU regulations challenge all companies to be more proactive in their sustainability work, since the purpose of the European Green Deal is to transform the EU into a modern, resource-efficient and competitive economy Looking forward, we need to understand our impact and, based on this knowledge, continuously improve our operations, offerings and products.

According to our CEO and President Christoffer Abramson, our ambition and goals are clear:

"We naturally focus on ESG because it's the right thing to do for the society we're part of. Our ambition is to continue developing our sustainable offering, whether it's Article 8 and 9 funds, a brown to green transition or state-of-the-art projects. With our expertise and reach, we are well-positioned to meet demand from investors and society."

Read more about our ESG work in the Sustainability Report.



Operations and Markets

Catella is in prime position to create new opportunities on the European alternative investments market. Our business areas Corporate Finance, Investment Management and Principal Investments enable this. Over the years, Catella has built a stable European platform for continued strong growth in advisory services, asset and property management and principal investments.

A calmer year on the European transaction market

Corporate Finance

Catella is a leading transaction advisor in the European property sector. The Company is distinguished by qualified advisory services based on strong knowledge of local markets and a pan-European platform.

Catella Corporate Finance provides high-quality capital market services and creative strategic advisory services, specialising in large, complex transactions. The local teams' expertise and knowledge of their respective markets coupled with pan-European reach make Corporate Finance a highly appreciated transaction advisor.

Progress in the year

The primary focus during the year was on strengthening the business area's positions and broadening the offering towards services in capital raising. During the year, we conducted a strategic review in order to identify markets where Catella Corporate Finance holds a strong position, or identify opportunities to achieve a solid, profitable position. As a result of the review, a decision was made to discontinue the operations in Germany and the Baltics in order to allocate time and resources to developing and strengthening Corporate Finance operations in the five remaining national markets.

The more focused Corporate Finance operations achieved operating profit of SEK 22 million despite a slower transaction market.

Property transactions where Catella acted as advisor in 2022 had a total market value of SEK 47 billion (57). Total income for the year was SEK 542 million (678), with operating profit of SEK 22 million (71).

→

In recent years, Catella has built up a **strong and sustainable** platform through **collaboration** across business areas.

During the year, Catella extended its offering to include capital raisings and successfully acted as advisor on assignments relating to debt financing, IPOs and company acquisitions. In addition, the advisory services advanced the Company's position in buy-side transactions.

Slower transaction market

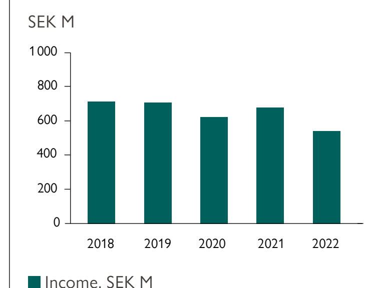
After a strong recovery in 2021 from the pandemic year 2020, transaction volumes declined in 2022. Increased uncertainty about inflation and financing costs resulted in a more cautious transaction market.

Russia's invasion of Ukraine and sharp rises in prices, for instance of energy and commodities, led central banks to raise interest rates and reduce asset purchases in capital markets. The year started with strong transaction volumes, but a sharp slowdown occurred during the spring and persisted until year-end. The decline was seen across all property types, but was sharpest for properties without tenants and assets in less attractive areas outside city centres. Total transaction volumes fell by approximately 25 percent, from EUR 388 billion to EUR 291 billion. The forecast for 2023 is that the market will recover as sellers lower their price expectations and buyers see the market outlook become more stable.

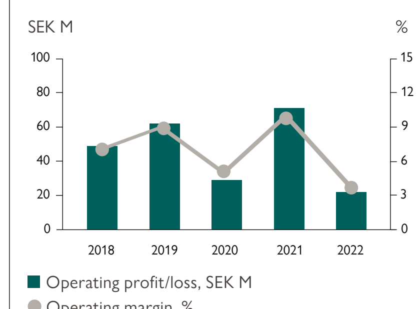
PROFIT DEVELOPMENT IN SUMMARY

SEK M	2022	2021
Total income	**542**	**678**
Direct assignment costs and commission	-78	-57
Operating expenses	-442	-551
Operating profit	**22**	**71**

PROGRESS TOTAL INCOME



DEVELOPMENT OF OPERATING PROFIT AND OPERATING MARGIN



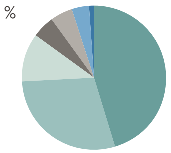
Corporate Finance

Forward-looking focus

Corporate Finance will focus more whole-heartedly on growing the remaining five markets, and will expand the pan-European offering in capital raising. In addition, the business area will strengthen synergies with the other business areas and continue to be a sought-after internal advisor. ■

CATELLA CORPORATE FINANCE INCOME BY COUNTRY

%



- France 46%
- Sweden 29%
- Finland 11%
- Spain 5%
- Denmark 5%
- Germany* 4%
- The Baltics* 1%

*The operations in Germany and the Baltics were divested during the year.

CASE

Stenhus Fastigheter's acquisition of Randviken

Catella provided financial advice to Stenhus Fastigheter in connection with the acquisition of Randviken, which was one of the largest property deals in Sweden in 2022. Stenhus Fastigheter is a property company that owns and manages public and commercial properties with a geographic focus in the Stockholm region. Interest in the bid was very strong, and after the first acceptance period Stenhus Fastigheter controlled approximately 98.6 percent of the total assets in Randviken. After the acceptance period was extended, Stenhus Fastigheter controlled approximately 99.5 percent of the shares in Randviken.

By acquiring Randviken, Stenhus Fastigheter added just over 50 properties in the segment warehouse/light industry, community properties and offices in central Sweden to its property holdings, worth roughly SEK 6.4 billion in total at the time of acquisition.

At the end of 2022, Stenhus Fastigheter's holdings comprised 180 properties with an approximate market value of SEK 4.3 billion.

The assignment provides a good example of how Corporate Finance has successfully broadened its offering further within capital raising. ■

The property Samariten in southern Stockholm was renovated in 2019–2020 and primarily contains retirement homes.

Investment Management's strongest year to date

Investment Management

The business area offers attractive, risk-weighted returns through property funds and development of properties through mandates.

The operations in Investment Management comprise two service areas:

- Property Funds offers competitive, high-performing funds with various investment strategies in terms of risk and return, types of asset and geographical market.
- Property Asset Management offers new alternative investment opportunities and management in the property segment with services throughout the value chain.

Progress in the year

2022 was Investment Management's strongest year to date, with high organic growth and capital inflows. Over the past seven years, the business area's assets under management increased by some 25 percent annually and totalled close to SEK 141 billion at year-end.

Assets under management in Property Funds increased by 18 percent to SEK 106 billion. The highest capital inflow was seen in Catella's offering of funds with a clear sustainability profile. The fund Catella Elithis was launched during the year in collaboration with Elithis, a French engineering company specialised in developing energy-positive buildings. The fund's long-term ambition is to develop 100 energy-positive residential properties in Europe. This is Catella's second Article 9 fund under SFDR, which means that the fund's investments have a direct positive impact on the environment and society, while not negatively affecting other sustainability goals.

Interest remained strong in funds with a clear sustainability focus, and it is in this type of investment that Catella has seen the highest capital inflow in recent years. Continuing to develop this type of product is also in line with Catella's goal and continued journey towards becoming a leading sustainable partner that connects properties with capital.

Stability through economic cycles

By offering property funds as well as management and development of properties through mandates, Catella is able to maintain a broad offering through the various phases of an economic cycle. When the economy is buoyant, there is a strong interest in investing in property funds, whereas in times of decline and uncertainty there is keen interest in opportunistic investments and repositioning of properties through mandates. Through its breadth, Catella can focus on different investor segments depending on the situation in the property market in question. During the year, assets under management primarily increased through the acquisition of Warsaw Property Partners (WPP) and the Danish and Finnish operations.

→

During the year, Assets under management in property funds increased **by 18 percent** to SEK 106 billion.

During the year, Asset Management Finland completed the last sale of a logistics and light industry portfolio. Responsibility for the portfolio was taken over in 2016, and it was originally comprised of 29 assets with a high vacancy rate. Through successful management and development of the properties, the Finnish team raised the properties' attractiveness, generating significant value for the investors with an IRR of 16 percent.

Forward-looking focus

By broadening its offering in property funds, Catella can increase growth further with new products targeted at a larger investor base. New products might, for example, be funds aimed at generating added value through property development, known as value-add investments, or opportunistic investments. Moreover, strong focus will continue to be given to developing existing funds with a sustainability profile and launching new ones.

The business area will also develop new strategies that meet today's market

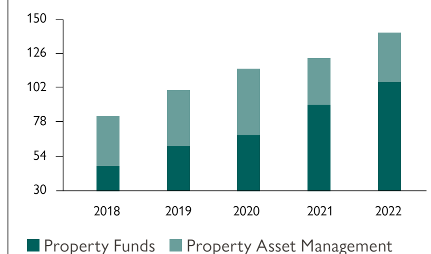
PROFIT DEVELOPMENT IN SUMMARY

SEK M	2022	2021
Property Funds*	1,183	859
Property Asset Management*	347	292
Total income	**1,408**	**1,069**
Direct assignment costs and commission	-166	-153
Operating expenses	-785	-667
Less profit to Non-controlling interests		
Operating profit	**451**	**245**

* Includes internal revenue between business areas. Internal revenue has been eliminated in the service area for the current period and for the corresponding period in 2018.

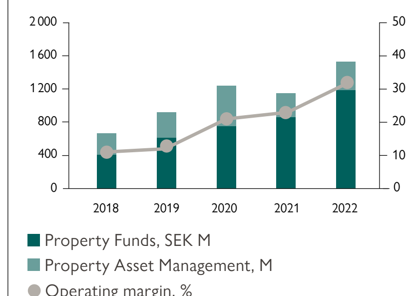
ASSETS UNDER MANAGEMENT

SEK Bn



DEVELOPMENT OF TOTAL INCOME AND OPERATING PROFIT

SEK M %



Investment Management

and demand. Examples of such strategies include launching new funds and mandates focused on retrofitting older properties to make them more energy-efficient and sustainable, or investment in underperforming development projects in attractive locations with high potential return.

In addition, work continues on increasing internal collaboration and synergies, for example by a greater proportion of the assets in Property Funds being managed by Property Asset Management. ■

CASE

Green conversion of old office building in Bristol

Increased integration of sustainability into our operations is not only a goal for Catella but also determines which products we develop and offer to our investors. In light of the significant negative effects of climate change, it is particularly important to integrate sustainability into our offering. One example of our work in this area is the property at 1 Friary in Bristol, where Catella APAM and its subsidiary Bankfoot APAM are converting an old office building with low energy efficiency with an ambition to make it the city's greenest building. Environmental efficiency permeates the entire process, from minimising waste and using sustainable building methods to smart construction solutions for reducing the building's energy consumption.

This is just one example of our sustainability work. Read more about the initiative on page 30. ■

The office building 1 Friary is being converted with the aim of making it the greenest building in Bristol.

Creating long-term value in an uncertain market

Principal Investments

Through the Principal Investments business area, Catella invests its own capital. The aim of the investments is to generate an average internal rate of return (IRR) of 20 percent. Principal investments also generate strategic advantages and promote development in Catella's other business areas.

Catella's investments through Principal Investments increased from SEK 0.7 billion at the beginning of the year to SEK 1.2 billion at year-end. Due to successful sales of completed projects, the number of development projects in the portfolio dropped from 16 to 9 projects. The development projects comprise residential properties, office properties and logistics properties in six European countries. Catella's Principal Investments take place through three strategies:

Partnerships

Through partnerships, Catella invests a majority of its equity through part-owned companies such as Catella Project Capital and Infrahubs. These investments are made to create and build modern, sustainable logistics facilities that meet the demands of tomorrow in the areas of retail and distribution. Moreover, investments are made in constructing new sustainable neighbourhoods and office premises. Examples of projects:

- A new neighbourhood with housing, hotel and office premises outside Düsseldorf.
- Rebuilding of a skyscraper with a clear focus on contributing to sustainability in central Düsseldorf through energy efficiency and modern, high-quality urban development.
- A new, energy-efficient logistics facility outside Jönköping with Husqvarna as a tenant.

At the end of the year, SEK 789 million had been invested in development projects through partnership.

Direct investments

Catella also makes direct investments and thereby takes on a majority share of the total investment cost. At the end of the year, Catella had made direct investments in three development projects:

- Kaktus Towers is being completed in one of Copenhagen's most development-intensive neighbourhoods as part of the larger urban development plan for Kalvebod Brygge. The first tenants moved into the two towers in the autumn of 2022. The housing concept is targeted at young professionals who want to live in space-efficient housing while sharing communal facilities such as a gym, café, reception and workspaces. Catella Asset Management in Denmark is responsible for the property development.
- The Maltings in Salisbury, UK, where Catella sees strong potential for developing housing and business activity. The investment should be see as a first step towards gaining large management mandates through principal investments. Catella APAM in the UK is responsible for development of the property.
- The Mander Centre in Wolverhampton, UK. Catella sees major opportunities for repositioning the shopping centre, which will add value to the property. Catella APAM is responsible for the property development here too.

At the end of the year, SEK 366 million had been invested in three development projects through direct investments.

Co-investments

Principal Investments carried out its first co-investment in 2021. The aim of these investments is to invest a smaller proportion of a development project's cost. Catella assumes a proportion of the risk and upside in the project alongside other investors, which means that the interests are coordinated. In addition, Catella's expertise in property development provides an opportunity to gain mandates and thus generate income through development of the property.

At year-end, Principal Investments had invested SEK 28 million in the following co-investments:

- SEK 14 million in the development of industrial properties in Denmark with Catella Asset Management Denmark as project manager.
- SEK 10 million in the development of a Finnish industrial property with Catella Asset Management Finland as project manager.
- SEK 4 million in the development of two hotel premises in France, where Catella Hospitality Europe was responsible for the project.

DEVELOPMENT PROJECTS

9

As of 31 Dec. 2022
A decrease of 5 year-on-year

PRINCIPAL INVESTMENTS

SEK Bn
1.2

As of 31 Dec. 2022
An increase of SEK 0.7 billion year-on-year.

EUROPEAN COUNTRIES WHERE CATELLA HAS INVESTED

6

As of 31 Dec. 2022

Forward-looking focus

In an uncertain market, opportunities may arise to invest in projects that generate value in the long term. In addition, demand remains high for the development and green retrofitting of properties with higher requirements for energy performance and sustainability. Going forward, Principal Investments will focus on identifying these opportunities and investing Catella's equity in projects that meet the Company's profitability goals and generate other income, both for the business area and other parts of Catella. ■

CASE

Seestadt, a 15-minute city

15 minutes outside central Düsseldorf, in the Mönchengladbach area, Catella is developing a completely new neighbourhood. The project comprises several phases and will take place over ten years. The ambition of the project is to create a sustainable, high-quality residential area for people of all age groups and income levels. The 15-minute city aims to connect basic functions in the community such as work, housing, shopping, healthcare, culture and education. When everything is located close together, the city space develops naturally with more walking and cycling paths. Emphasis is given to green spaces that improve air quality and bring the residents closer to nature. Another aim is to develop independent services with a focus on infrastructure and climate-friendly, cost-effective properties.

Catella Project Management builds approximately 2,000 apartments as well as offices, hotels and various service facilities near Mönchengladbach Central Station and adjacent to the city centre. The first tenants moved into their apartments in the first completed building in December 2022.

This is another example of our sustainability work. Read more about Catella's initiatives on page 31. ■

In the 15-minute city of Seestadt, sustainable homes are being built with a focus on quality of life, diversity and inclusion.

Sustainability Report

In 2022 we continued setting our sustainability path moving ahead. Not only was our ESG strategy approved by Catella's Board of Directors, but external factors such as the war in Ukraine and its knock-on effects on energy dependency, availability, consumption, and prices were also felt across Europe. The effect on the wider economy and the cost of living has had a serious impact on ESG and our industry. One might argue that costs, innovation, security, and interdependence became drivers of sustainability in 2022.

Sustainability at Catella

As much as our strategy aims to ensure regulatory compliance within ambitious EU sustainability frameworks, a primary overall goal is to build knowledge and competencies in the Group to support Catella's long-term strategy and goal of profitable growth.

The roll-out and implementation of the strategy across the Group was our main goal throughout 2022. Additionally, we worked on strengthening the foundation and ESG aspects of our strategy through a Task Force on Climate Related Financial Disclosures (TCFD) brief and EU Taxonomy alignment analysis. Both will help us to identify environmental impacts, risks and opportunities that will also influence Catella's growth and profitability over time.

As Catella has completed its transformation process to solely focus on real estate, important to rework and up-date our governance framework to reflect the Group we are today.

Although there are many ESG challenges ahead of us, such as continued socio-economic challenges across Europe, increased and more stringent EU sustainability regulations,and our ambition to drive profitable sustainable change within Catella, we believe that our integrated strategy has set us on the right path.

The sustainability report has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) as well as with reference to GRI Standards 2021 for the reporting period 1 January 2022 – 31 December 2022. ■

Materiality analysis to identify our priorities

Materiality analysis

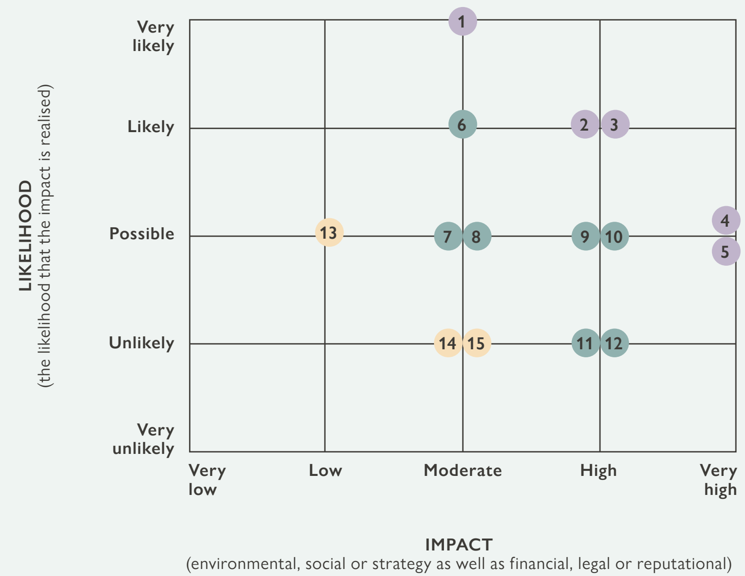
The purpose of the approved strategy is to future-proof our business, address ESG risks and opportunities and ensure that we direct our resources to the sustainability topics most relevant to us.

The strategy is based on a sound materiality analysis conducted during the second half of 2021. The structured process was divided into interlinked steps. We confirm the continued validity of the materiality through ongoing dialogues with our internal stakeholders, following our peer groups as well as keeping up to date with relevant laws and regulations. However, we will begin updating of our materiality in 2023 to prepare and align with the forthcoming Corporate Sustainability Reporting Directive (CSRD).

We benchmarked ourselves against our peers, looking at their publicly available information and assessing their sustainability reporting, availability of targets and goals and, how they work with governance and risks. The benchmark helped Catella compile its material sustainability aspects, which were then refined through stakeholder dialogues, and risk and impact assessments. The result is the materiality matrix, where the priorities of our stakeholders are plotted against the impact of the material issues on the company and its environmental, financial and social factors.

Part of the strategy and the ongoing ESG work is to continuously review and mitigate relevant and defined internal and external risks. The matrix is divided into the impact of risks and the likelihood of risks occurring, and it also illustrates critical, main and monitoring risks.

RISK MATRIX



Critical risks
1. Greenhouse gas emissions and high energy consumption
2. Physical climate risks
3. Insufficient sustainability governance structure
4. Inability to transform assets to prevent them from becoming stranded assets
5. Inability to attract capital due to changed investor and regulatory requirements

Main risks
6. Lack of diversity and gender equality, including harassment and discrimination
7. Environmental impact
8. Limited integration of sustainability risks in investment decisions, processes, and advisory services
9. Corrupt business practices and poor business ethics
10. Cyber vulnerability including data breaches and misuse of personal data
11. Hazardous work conditions in the supply chain
12. Unhealthy work environment

Monitoring risks
13. Human rights violations in the supply chain
14. Inability to comply with emerging sustainability regulations and laws
15. Misuse of labelling (greenwashing)

Stakeholder dialogues

Stakeholder dialogues are an important part of the materiality analysis.

Catella conducted interviews with members of the Board, the majority owner, senior Group management and customers, and also asked colleagues to respond to a survey during the materiality analysis. The three highest ranked overall outcomes were:

1. Reduce the carbon footprint and decrease energy consumption
2. Ensure climate adaptation in properties and assets
3. Promote circular economy in assets owned and financial services provided

All stakeholders deemed it important that we work with sustainability, and almost 90% of our colleagues who responded to the survey stated that it is important or very important for Catella to work with sustainability. This gives the Group a clear mandate to focus and continue its joint ESG efforts.

Materiality analysis

Our focus on ESG is based on our view that it is the right thing to do for the society we are part off. This is supported through continued development of our sustainable fund offering, be it Article 8 and 9 Funds, brown to green conversion or environmental state-of-the art development projects.

With our competencies and reach, we are well-positioned to meet the demand from investors and society.

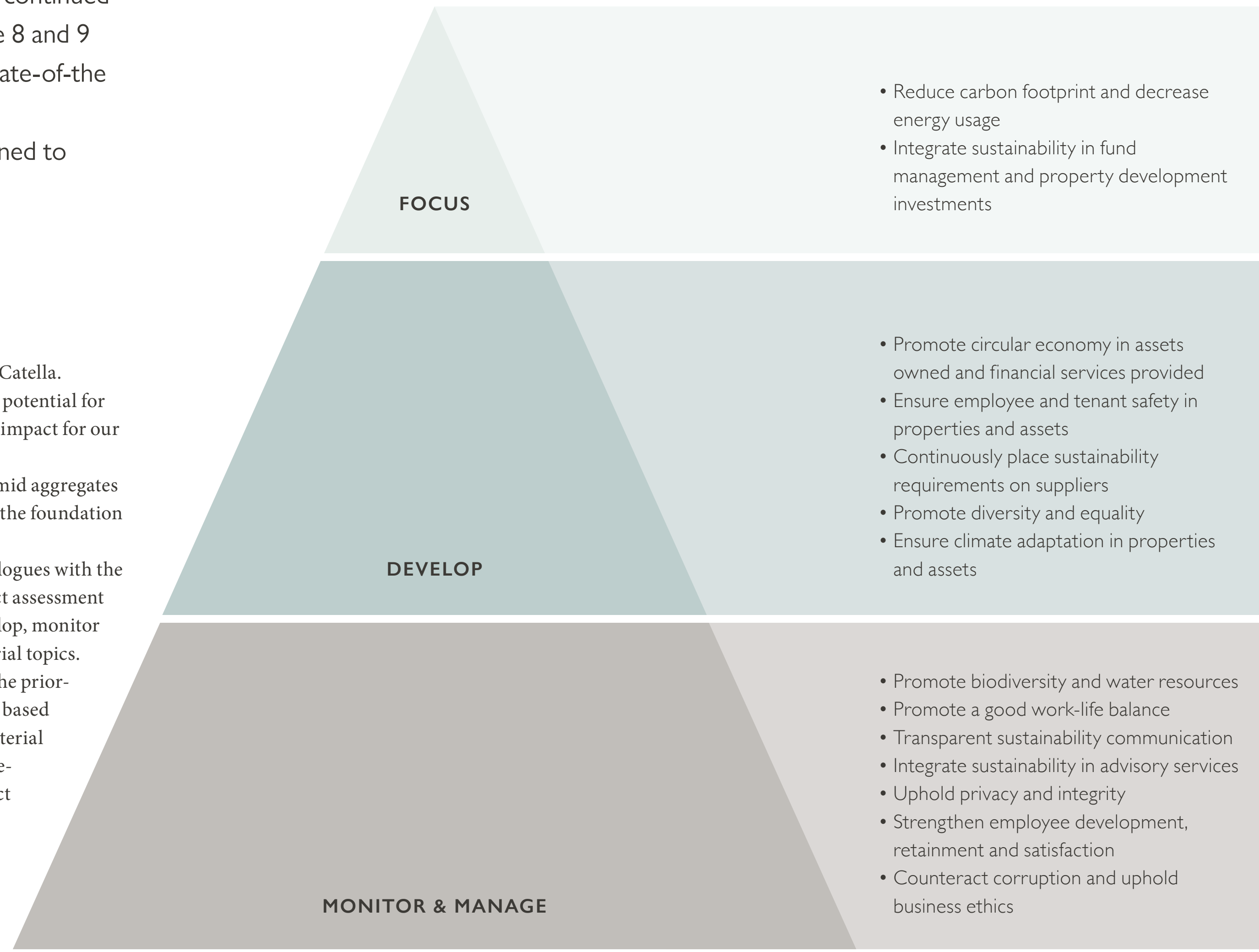
Christoffer Abramson, CEO & President

It is worth highlighting that the survey, gave us a more internal ESG perspective, showing that our colleagues also want us to work with the promotion of a good work-life balance as well as strengthening employee development, retainment, and satisfaction.

The stakeholder dialogues provide us both with challenges to consider and opportunities to seize. Of course, all challenges are opportunities in themselves, needing goals as well as a path for improvement or implementation. The impact assessment relies on the dual materiality perspective, meaning the analysis of positive and negative impacts on and from the organisation. The assessment looks at potential external social, economic, and environmental impacts that Catella has on society. It also looks at the potential financial, legal, reputational, and operational impact on Catella. Additionally, it reviews the potential for value creation and positive impact for our business.

The prioritisation pyramid aggregates our material aspects and is the foundation of Catella's ESG strategy.

It is the result of the dialogues with the stakeholders and the impact assessment with the aim to focus, develop, monitor and manage Catella's material topics. The process leading up to the prioritisation and the strategy is based on three steps: defining material sustainability aspects, stakeholder dialogues and impact assessment.



ESG strategy

Our Group ESG strategy builds on the knowledge and competencies in the Group. Equally, it requires us to follow relevant regulatory requirements. It is therefore essential that we harvest the knowledge that already exists, but also build more know-how in order for everyone to understand how they can make use of ESG in their daily work. Most importantly, the ESG strategy aligns with Catella's long-term strategy and goal of profitable growth. It is therefore our long-term vision to make sustainability an integral part of our business as the link between property and finance. We believe that a well-integrated strategy will do three things in addition to benefiting the society we act within: it will enhance our competitiveness, increase our resilience and add to a stronger bottom line over time. We have therefore built our vision on the foundation of three ESG pillars:

1. At Catella, we have a goal to reduce our climate impact on property development and asset management. Additionally, we consider the environmental impact of properties through our transaction advisory. We therfore continue to **evolve our products for a better environment** and reduce, adapt and decrease our environmental impact.

2. **Strengthening our employees and local communities** is a vital social responsibility in order for our business to thrive.

3. Most importantly, we continue to build the Group and the products we offer based on environmental, social and governance aspects and thus **grow and integrate sustainability into our business offering** and processes.

Another aim of our strategy is to mitigate potential negative impacts both on society, the environment and our business.

According to the World Green Building Council, buildings are currently responsible for 39% of global energy related carbon emissions: 28% from operational emissions, from energy needed to heat, cool and power them, and the remaining 11% from materials and construction. Through our strategy we seek solutions, work with risk mitigation and aim to reduce our negative impact.

Our biggest social risk internally and negative impact on society is not being a diverse and equal opportunities employer. Not being able to attract or retain talent is also a risk, and can result in reputational damage as well as not reflecting the society we act within. We clearly address this in our strategy.

It is imortant to be clear regarding ethics and governance standards. For example not acting firmly against corruption may have negative impacts on society, and of course, consequences for us. A continuous risk is ensuring a sustainable supply chain, with suppliers that observe human rights, health and safety and sustainable products.

We have developed and divided the goals into the following targets and actions, in order to make the work ahead more understandable and bite-sized over time. We are at the beginning of our ESG journey. We are still working on creating sensible data baselines and are analysing the possibilities and opportunities both defining those that are achievable and those that depend on how our business evolves.

OUR THREE ESG PILLARS ARE UNDERPINNED BY 10 LONG-TERM GOALS

Evolve our products for a better environment	Strengthen our employees and local communities	Grow and integrate sustainability into our business offering
Reduce our climate impact and increase the energy efficiency of our property portfolio	**Ensure** an inclusive, diverse and gender-equal workplace	**Ensure** the integration of ESG perspectives in property management, conversion and transactions
Adapt our property portfolio to a changing climate	**Secure** a good work-life balance and promote employee well-being	**Counteract** corruption and protect customer privacy
Decrease our environmental footprint; minimizing waste, water consumption and biodiversity loss	**Support** our employees' professional development within the organisation	**Ensure** a sustainable supply chain
	Support the local communities where we operate	

ESG strategy

PILLAR 1
Evolve our products for a better environment

Goal	Target	Action	Progress
Reduce our climate impact and increase the energy efficiency of our property portfolio	**Assess** the potential for setting and committing to science-based targets[1]	**Assess** Catella's current greenhouse gas emissions, the preconditions for collecting emission data and how data quality and comprehensiveness can be improved	Assessment to be conducted 2023
Adapt our property portfolio to a changing climate	**Assess** the potential for increasing the energy efficiency in our property portfolio by end of 2024	**Conduct** an initial assessment to identify energy efficiency opportunities that can be seized and to avoid stranded assets	Assessment initialised
Decrease our environme-ntal footprint; minimizing waste, material consump-tion, water consumption and biodiversity loss	**Analyse** our impact related to waste generation, material consumption, water consumption and biodiversity and identify impact mitigation measures by end 2024	**Conduct** high-level assessments to understand Catella's impact and what Catella can do to manage that impact	Assessment initialised

[1] Science-based targets (SBT) are greenhouse gas emissions reduction targets that are in line with the level of decarbonization required to meet the goals of the Paris Agreement: to limit global warming to well-below 2°C above pre-industrial levels and pursue effects to limit warming to 1.5°C.

PILLAR 2
Strengthen our employees and local communities

Goal	Target	Action	Progress
Ensure an inclusive, diverse and gender-equal workplace	**Catella is gender equal** (40%/60%) in senior management, management and employee level by 2030	**Review** current HR policies and practices, establish the ethics hotline and hold dialogues with employees to identify management's blind spots	HR Policy reviewed and updated Diversity, Equality and Inclusion Policy adopted
	No cases of discrimination in the organisation (ongoing)	**Carry out** trainings on non-discrimination and establish the ethics hotline	Ethics hotline set up 0 number of confirmed cases of discrimination
Secure a good work-life balance and promote employee well-being	**No cases** of work-related ill-health among employees (ongoing)	**Implement** an occupational health and safety manage-ment system or routine that sets the minimum standard for the Group	2 cases of work-related ill-health 2022
Support our employees' professional development within the organisation	**All employees** have annual performance and career development reviews (ongoing)	**Formalise** the process for performance and career development reviews	92% of all employees received performance reviews
	All employees have an individual professional development plan	**Develop** an individual development plan for each employee	Ongoing
Support the local commu-nities where we operate	**Analyse** our impact on the local communities where we provide affordable housing and important societal functions, and identify risk mitigation measures by end 2023	**Conduct** high-level assessments to understand Catella's impact on local communities and what Catella can do to manage that impact. When entering complex markets, conduct a human rights due diligence (HRDD)	Human Rights Impact Assessment (HRIA) conducted as part of the EU Taxonomy assessment

ESG strategy

THIS IS CATELLA OPERATIONS AND MARKETS SUSTAINABILITY SHARES AND SHAREHOLDERS CORPORATE GOVERNANCE FINANCIAL STATEMENTS

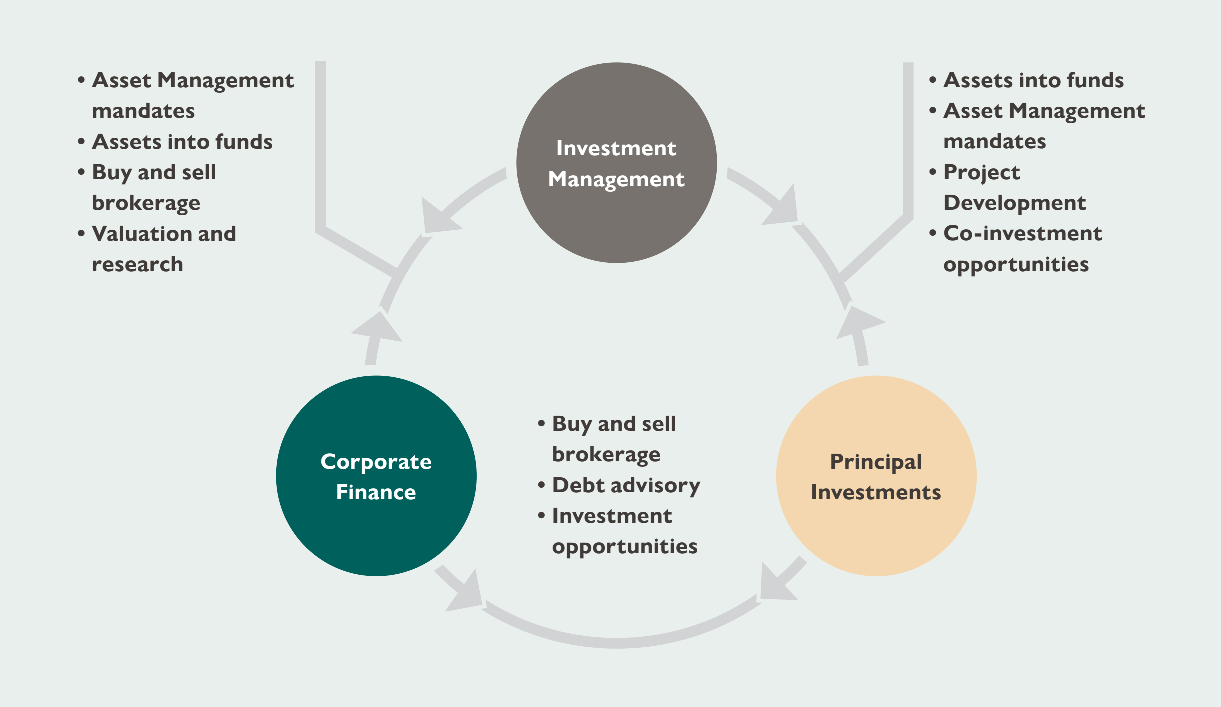
PILLAR 3
Grow and integrate sustainability into our business offering

Goal	Target	Action	Progress
Ensure the integration of ESG perspectives in property management, conversion and transactions	**The share** of properties that are environmentally sustainable in accordance with the EU Taxonomy[1] are XX% by 20XX	**Conduct** a taxonomy assessment with the purpose to identify each property's performance on the criteria outlined in the Taxonomy Regulation, and implement measures to increase the taxonomy alignment in the property portfolio	**Taxonomy** assessment for Principal Investments conducted
	By end of 2024, identify the assets that cannot be transitioned to energy efficient assets	**Conduct** a TCFD[2] analysis to better understand the potential for increasing the energy efficiency of assets under management in each portfolio throughout the Group	**TCFD** analysis conducted, resulting in TCFD Brief
	Sustainability risks are taken into consideration in all of our advisory services and products by end of 2024	**Include** sustainability aspects in the current offering of Catella Corporate Finance. This could involve: • Capital raising and financing through green or sustainable finance solutions (e.g. green bonds) • Sustainability aspects in due diligence processes of acquisition and sales • Information and mapping of geographical sustainability factors in the market analysis	Ongoing
Counteract corruption and protect customer privacy	**No cases** of corruption in business operations (ongoing)	**Carry** out trainings on anti-corruption and establish robust non-conformity reporting	**No reported** cases of corruption
	No breaches of customer privacy or data losses in business operations (ongoing)	**Appoint** a GDPR function, carry out trainings on data safety and establish robust non-conformity reporting	**No reported** breaches of customer privacy Up-dated Group Privacy Policy Data Protection Manager appointed
Ensure a sustainable supply chain	**All suppliers** have signed the supplier Code of Conduct by end of 2023	**Develop** a Supplier Code of Conduct and include it in all supplier contracts.	Not started yet

1) To be classified as an environmentally sustainable property in accordance with the EU Taxonomy, the property needs to be taxonomy-aligned. This means that: the property needs to significantly contribute to one of the six environmental objectives put forth in the EU taxonomy, fulfil the Do-No-Significant-Harm criteria for all remaining environmental objectives and ensure that the minimum safeguards requirements are fulfilled.
2) Taskforce on Climate-related Financial Disclosure

Our Value Chain

The organisational structure of the Catella Group is designed to achieve direct synergies through greater collaboration within and between the three business areas, Investment Management, Principal Investments and Corporate Finance.



Creating platforms where employees from different countries and business areas exchange knowledge, jointly develop new business opportunities and coordinate activities and client contacts enables Catella to create offerings for local and international investors, such as institutional investors.

Investment Management
Catella is a specialist in investment management with a presence in ten geographical markets in Europe. We offer institutional and other professional investors attractive, risk-adjusted return through regulated property funds and asset management services via two service areas: Property Funds and Asset Management. Property Funds offers specialised funds with different investment strategies in terms of risk and return, type of property and location. Through over 20 open specialised property funds, investors gain access to fund management and efficient allocation between different European markets. Catella's Asset Management business area provides asset management services to property funds, other institutions, and family offices. Catella creates value in all phases of the process, from identification and acquisition of projects to financing, strategic management and, ultimately, sale.

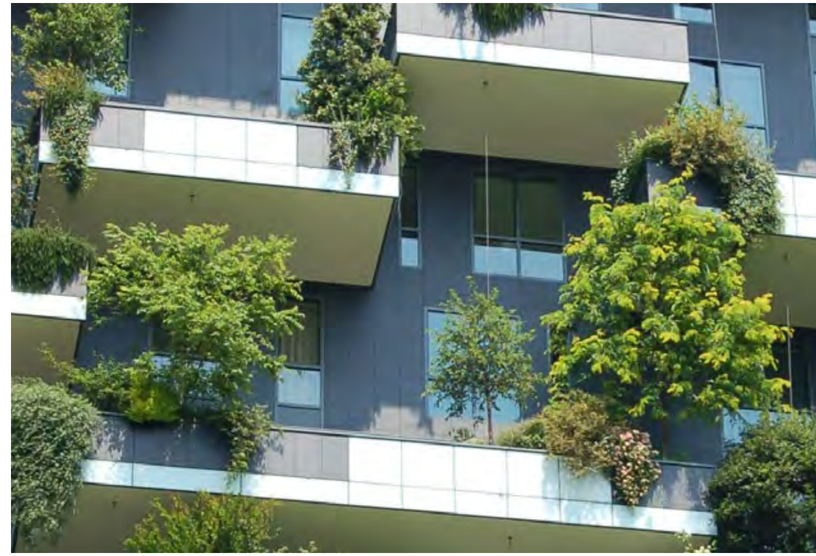
Principal Investments
Through Principal Investments, Catella carries out principal property investments alongside partners and external investors. Catella currently invests in offices, residential units and logistics properties in six geographical markets in Europe. The business area invests through three strategies: development partnerships, co-investments with clients and direct investments through subsidiaries. The value chain extends through these partnerships and investments to entrepreneurs who construct the assets and on to suppliers of construction materials and services.

Corporate Finance
Catella provides quality capital markets services to property owners and advisory services for all types of property-related transactions to various categories of property owners and investors. Corporate Finance offers real estate companies, financial institutions, property funds and other property owners strategic advisory services, capital market-related services and high-end transaction advisory services. Operations are carried out in five markets and offer local expertise about the property markets in combination with European reach.

Environment

Evolve our products for a better environment

It is our responsibility to manage and reduce our environmental impact and that of our clients and customers by providing smart solutions, and possibilities for measurement and follow-up.



4 questions that are important to us as well as the society we act within.

- How are we impacted by a changing climate?
- How do we reduce our exposure to climate related risks?
- How are we impacting the climate?
- How can we reduce our impact?

Real estate plays an important role in society, since residential, commercial and logistics buildings serve as housing, workspaces and much more. Catella supports and is part of the changing demands of modern living.

We acknowledge that the real estate sector has a considerable negative impact on the environment. As a real estate investment, fund and asset manager, we have a responsibility to reduce the negative impact of buildings and contribute to their positive impact. Analysing, measuring, and monitoring our carbon footprint is essential for monitoring our progress. Equally important is the implementation of solutions that reduce energy consumption, water usage, waste- production and resource use. Being part of the circular economy, reducing waste, re-using and redesigning materials, etc, is material to us, especially in construction and brown to green conversion projects. Additionally, we need to be knowledgeable and aware of how our business impacts biodiversity and water resources through projects and assets. It is Catella's ambition to reduce the negative environmental impact at different stages of property development, maintenance and management. We acknowledge that the biggest environmental impact of new properties is in the supply chain and during construction, so in collaborating with suppliers and contractors we aim to make a difference over time.

Our materiality analysis confirmed that energy consumption, water usage, waste and emissions are material topics for us and our industry. Therefore, we took the first measures to analyse our Group's negative and positive impacts on anad of a changing climate, including both actual and potential impacts. This work included a TCFD brief and efforts related to the EU Taxonomy. The findings from these two work streams will help us to further refine our environmental progress while safeguarding our business.

SUMMARY OF CATELLA'S TCFD BRIEF[1]

It is Catella's ambition to keep a dedicated and refined focus on real estate, while focusing on building a holistic approach to ESG throughout the organisation.

We believe an important step in this process is to be aware of our environmental impact and our responsibility to manage and reduce our exposure to climate-related risks within our operations and our value chain, i.e.,have an understanding of how the effects of climate change may impact our organisation including our value chain in the short, medium and long term from a business and strategy perspective.

Another aim of the TCFD analysis[1] is to enhance our understanding of how, and to what extent, our own operation contributes to the progression of climate change. The purpose of this climate risk assessment according to the TCFD framework is to gain awareness of our exposure to climate-related risks and integrate them into our overall Group risk management.

As an initial step, the strategic risk of climate change is was incorporated into

[1] This brief is not a full report in accordance with the TCFD recommendations due to the limited coverage of the disclosures

Environment

Catella's Group-wide risk matrix along with other financial risks.

Going forward, we strive to accelerate the integration of climate risks and opportunities into current business processes, such as in due diligence processes, investment decisions and risk management processes. In addition, we seek to seize synergies and business opportunities between our subsidiaries and business areas to increase our joint efforts to reduce our environmental impact.

Identified climate-related risks and opportunities

Identified climate-related risks have been divided in accordance with the TCFD's recommendations of physical climate risks (acute and chronic risks) and transitional climate risks (market risks, policy and legal risks, technological risks, and reputational risks). Climate-related opportunities have been divided based on the TCFD's classification of resource efficiency, energy source, product and services, markets, and resilience.

Our climate risk assessment indicates that none of the identified climate risks jeopardises Catella's overall business continuity. However, the climate risk assessment and the scenario analysis show that the risks of climate change could have financial implications for Catella.

Summary of possible implications – climate risk assessment

The results from the climate risk assessment show that transitional climate risks, primarily market, regulatory and technological risks, are material in all regions where Catella operates in a short to medium-term perspective. This is primarily due to Catella's broad market presence in Europe, as well as European governments' close collaborations and common regulatory frameworks. European governments often establish similar climate-related policies and action plans, including market-driven incentives to mitigate climate change and increase the transitions to a low-carbon economy.

The significance of physical climate risks, both acute and chronic, varies between the markets where Catella operates. This is primarily due to differences in climate conditions in different regions of Europe. For example, the risk of heat waves/heat stress has become a significant physical climate risk in our markets in southern and western Europe as well as on the British Isles. This was specifically noticeable during the summer of 2022, which was the hottest summer on record. From a short-term perspective, the risk of flooding is the most recurrent acute physical climate risk in all regions where we operate.

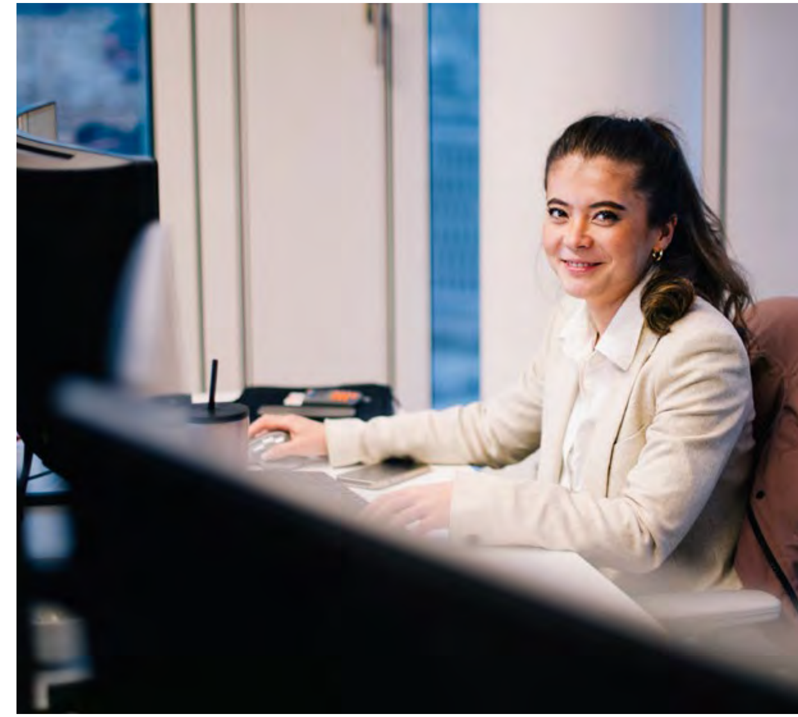
From a short-to medium-term perspective, Catella is less exposed to chronic physical climate risks as the progression of those risks takes longer and the possible financial damages occur in the longer term. However, Catella is aware of that investing in climate adaptation measures could be necessary to remain resilient to future chronic risks.

Summary of possible implications – climate opportunity assessment

Apart from the risks associated with the effects of climate change, Catella has also identified business opportunities in the short to medium term, related to climate change mitigation and adaptation for our business, strategy and financial planning.

Catella's business areas Principal Investments and subsidiaries in Investment Management have the possibility to seize business opportunities related to resource usage, energy efficiency and the use of energy from renewable sources in property management and construction of new properties.

In summary, continuous integration of Group-wide climate risk assessment into current business processes, including due diligence processes, investment decisions and risk management, as well as implementing climate mitigation and adaptation actions throughout our property portfolios may increase our competitiveness and strengthen our market position.



More information from or TCFD brief can be found at catella.com

CASE

Kaktus Towers – focus on urban co-living

Findings show that the Copenhagen residential market experiences an under-supply of purpose-built housing for senior students, young professionals, and expats. Kaktus Towers focuses on social responsibility through the development of a concept where the *tenant sleeps in their room but lives in the building*. Kaktus Towers has a clear focus on community and the mitigating loneliness. It is an answer to continued and increased urbanisation, where people leave family and friends behind for jobs or education in bigger cities.

As the area is dominated by offices and hotels, representing one of the primary central business districts in the inner city of Copenhagen, Kaktus Towers is attractive to both young professionals and expats and their needs. The Towers are not only located close to public transport, which enables easy and environmentally conscious commuting, but also to the hip areas such as Kødbyen and the Brygge and Vesterbro islands as well as popular places like Tivoli and Copenhagen Mall, which are all easily accessible by foot or bike.

The social aspect of Kaktus Towers and its co-living ecosystem is that the tenants share amenities such as a masterchef kitchen, gym, social lounges, event room, co-working lounges, café, laundry room and package pick-up point. The building allows everyone to find the spots where they want to spend time, socialise and be part of the community, as the main living space is outside the residents' apartment units.

Although the focus and the strength of Kaktus Towers is its social aspect, the tenants it attracts, predominantly Millennials and GenZ's are also environmentally conscious.

Kaktus Towers also focuses on the environmental impact of the asset. For example, the indoor air quality is achieved through a focus on indoor materials with low degassing of VOC (Volatile Organic Compounds). As much of the wood as possible used in the building is FSC-certified to ensure that the products come from responsibly managed forests. Additionally, Kaktus Towers conducted a climate risk and vulnerability assessment resulting in the implementation of adaptation solutions.

Kaktus Towers is part of the green highline with its ambition of lowering CO_2 emissions and boosting the well being of citizens in the area through more green spaces and biodiversity. The aim of the green highline is to become Copenhagen's green central pathway connecting Postbyen, Jernbanebyen and the Central Station. ■

The residential building Kaktus Towers has a clear social focus through modern co-living.

CASE

Brown to green conversion – preventing stranded assets and creating new value

Converting old dated assets into new, and more environmentally conscious standards not only prevents asset stranding but also extends its lifetime and value.

It is neither possible nor desirable to knock down every old building and replace it with a modern state-of-the-art asset, bearing in mind that most of an assets carbon footprint occurs in its construction and by underestimating the waste caused through demolition.

Although it is challenging to calculate a sustainable premium, we are increasingly starting to see a brown discount. Green buildings can charge higher rents in comparison with their brown counterparts. This is why certifications such as BREEAM and LEED are more sought-after. Increased sustainability regulations, such as the EU Taxonomy or the more overarching EU Sustainable Finance Disclosure Regulations, are creating green reporting standards, which will increase comparability over time and most importantly, pushes for more sustainable buildings.

We believe that green and sustainable buildings will have a hihger value and generate higher rents. Additionally green assets, will generate lower monthly operating as well as maintenance costs, e.g. through better energy efficiency.

In summary, the assets become more valuable for the investor because of their increased lifespan, lower operating and maintenance costs and the possibility to charge a more competitive rent. Tenants have higher demands for sustainability and expect facility costs to be lower in an energy-efficient building.

Another reason for working with brown to green conversion of an asset is enhanced resilience through effective risk and cost management. As outlined in our TCFD brief, the biggest risk for our industry is environmental change such as extreme heat or drought. Buildings not prepared for these impacts are more likely to be damaged, encounter higher costs for repair, maintenance, utility bills and insurance. Therefore, it is important to mitigate and work with the mapping of risks and exposure to long- and short-term climate-related risks and opportunities.

Catella APAM UK and its associated entity Bankfoot APAM have a strong track record in working with brown to green conversion. Their ambition is to always drive sustainability, wellness, and tech innovation. Bankfoot APAM recognises the importance of redevelopment and the role it plays in the transition to a lower-carbon future, from reducing energy use to creating high-performance buildings.

This needs to be done in collaboration with the asset's owner. Some are hihgly focused on ESG and know very well what they want and which certifications and standards they wish to achieve. Some clients may not be as knowledgeable yet and need more help and input such as how the conversion may impact, value, rents and the costs of running the asset. Additionally, APAM will analyse competition in the vicinity and, if neighbouring assets are to a certain ESG standard, up-dating to a similar or better standard is then logical for reasons of competition and ROI.

1 Friary, Bristol, is a conversion in progress, where the strip-out and enabling are being coordinated to minimise waste to landfill and several sustainable construction methods will be implemented during the build in conjunction

1 Friary Lane, preventing a stranded asset through knowledgeable conversion.

with thoughtful future-proofed design. The ambition level for certifications and standards is set in the planning phase, which in the case of 1 Friary is set to achieve BREEAM Outstanding, NABRES 4.5 stars, WELL Gold, Wired-Score Gold. The selection of examples below are part of the conversion process and enablers for certification.

The existing building's frame is being reused and combined with a new structure ensuring a long-life loose-fit flexible frame. Additionally, a high-quality thermally improved envelop will enclose the frame. Furthermore, the office floors will benefit from natural ventilation and an exposed concrete soffit will provide night-time cooling. The building's mechanical cooling requirements are reduced due to mixed mode ventilation. Urban re-greening, integrated into the tenant terrace and amenities space will improve the general well-being of the occupants.

All in all, brown to green conversion should be a win-win for everyone, the environment, investors, and tenants. ■

CASE

Seestadt – the 15-minute city

Challenges of modern urban living
High levels of traffic and air pollution. A lack of alternatives to cars, such as functioning public transport or decent bicycle paths. A disconnect between places where people work or attend education and where they live are just a selection of challenges to modern urban living.

Additionally, there is a greater need for more sustainable residential options, a need that has been intensified through the global energy crisis, resulting in a demand for more energy-efficient buildings.
Furthermore, as the costs of living in urban areas are generally higher than in rural areas, we are seeing a rise in demand for cost-efficient social housing, as people with lower incomes are the first ones to experience the pressures of a higher cost of living.

How Seestadt aims to mediate these challenges
As urban life sees more challenges and higher demands by its residents, the 15min city is focusing on solutions and remediation. The ambition of Catella's Seestadt project is to create a high-quality living space for all age groups and income classes, while contributing to sustainable living. Therefore, Catella Project Management is building around 2,000 apartments as well as offices, a hotel and various service facilities close to Mönchengladbach's main railway station and in the immediate vicinity of the city centre. The first tenants were able to move into their apartments in the first completed building of the project in December 2022.

The 15min city strives to increase the interconnectedness of basic functions within the residential area or urban space, such as working, living, shopping, healthcare, culture and education, hence, developing pedestrian, bicycle, and traffic-friendly routing in the city quarters. Another aim is to focus on decentralised services with a sustained high level of network infrastructure, including climate and cost-conscious buildings. Additionally, these quarters focus on green shared spaces, which enhance air quality as well as individuals' access to the outdoors.

More specifically, from an environmental perspective Seestadt has been certified as a climate protection settlement by the county of North Rhine-Westphalia. The pre-requisite for the certification is climate conscious energy generation, made possible by using innovative technologies. The Seestadt energy concept is based on three central elements which will be achieved through wastewater utilisation with central heat pumps, low grid temperature and efficient coupling of electricity and heat. This benefits not only the environment but also residents through lower costs.

Additionally, Seestadt uses a more sustainable locally sourced concrete with a 30% lower CO_2 footprint (kilograms of CO_2/m^3 of concrete) than conventional concrete.

Seestadt, approx. 2,000 apartments, offices, a hotel and various service facilities focusing on high-quality living.

Furthermore, the design of the area prioritises pedestrians and bikes as cars remain in the periphery and are routed into underground garages. The establishment of mobility hubs where cars, bikes, e-bikes and e-scooters can be rented and affords residents a flexible choice of transport as well as being cost efficient and environmentally conscious.

The project prides itself n its planning of socio-economic inclusivity. There will be nurseries as well as day care facilities for the elderly, restaurants, sports facilities and neighbourhood events. In addition to privately funded rental and owner-occupied apartments, publicly subsidised rental apartments and "target group-oriented apartments" will be built. 40% of all residential space is regulated. The urban development contract gives lower-income tenants a chance to rent a flat, even if they earn less than other applicants.

In summary, the concept of the 15min city offers a solution to the challenges of urban life and the expectations of more sustainable living. How it is executed may vary depending on region and the developers' focus and solutions. However, focusing on both environmental and social needs, especially in urban areas, is essential and will result in a win-win outcome for the environment, society, the developers and investors in the long run. ■

Social – strengthen our employees and local communities

Social

Catella is committed to providing a professional work environment that is in line with universal human and labour rights standards, applicable laws, and agreements on working hours and wages.

At Catella we are free to join associations and unions and to bargain collectively or individually. Neither child labour, nor forced labour at any age, is tolerated in our business or supply chain. We believe that our colleagues are our key to success and, hence, that ensuring a safe, healthy and stimulating work environment is material. It is also important to us, to work with the right suppliers that adhere to the same ethical standards as we do, as this impacts how we are perceived in local communities.

We recognise that not prioritising colleagues, their development and well-being as well as neglecting human rights, could result in both financial and reputational damage for the entire Group.

At Catella we are of the opinion that an environment that not only respects but also values differences will thrive and be successful. Our up-dated HR policy and Diversity, Equality and Inclusion (D, E&I) policy are proof of our commitment.

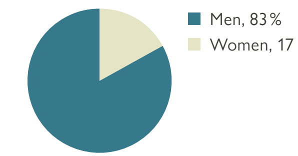
We believe that diverse businesses perform better. D,E&I is all about promoting and accepting the things that distinguish us from those around us. It is about ensuring that we are receptive to the needs of those with unique characteristics and are supportive and inclusive of them. The Catella Group recognises the responsibility we carry to contribute to a sustainable workplace and the wider society. We therefore consider D, E&I to be important drivers for productivity, innovation, and collaboration. Furthermore, we believe that greater diversity amongst employees allows for a larger mix of skills, ideas, experiences, and perspectives.

We are of the opinion that diversity in experiences, knowledge and viewpoints is of importance to our decision-making and overall success. At Catella we strive provide equal rights and opportunities regardless of gender, gender identity or expression, ethnicity, religion or other beliefs, disability, sexual orientation and age. All colleagues should feel welcome and safe. We do not tolerate any forms of discrimination in the workplace. Catella is satisfied to report that there were zero incidents of discrimination during the reporting period.

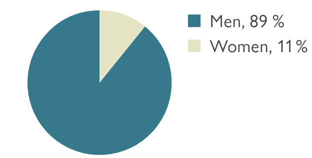
During 2022 we set up an ethics hotline as an internal complement to our external whistleblower function. It is to be used with reference to ethical and social issues, as we make it clear in our Code of Conduct that we do not tolerate any form of bullying, harassment, or discrimination. Most importantly, we want to provide a good working environment with fair terms of employment for all colleagues.

Improving gender equality takes time if it is to create lasting change and improvement. We have therefore set a target of 40%/60% for both senior and employee level by 2030. In 2022, we reviewed the Group succession planning which is important if we want to achieve our goal.

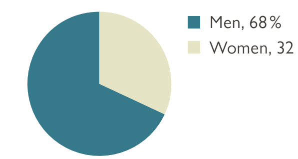
GENDER BALANCE AMONG BOARD OF DIRECTORS



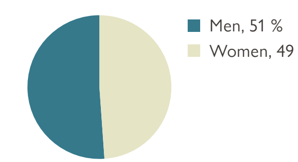
GENDER BALANCE AMONG EXECUTIVE MANAGERS



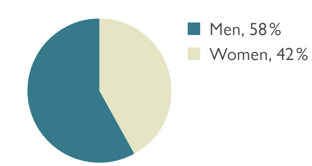
GENDER BALANCE AMONG MANAGERS



GENDER BALANCE AMONG EMPLOYEES



GENDER BALANCE ACROSS ALL EMPLOYEE CATEGORIES



Social

92% had their PDA (employee performance assessment). With the help of regular professionally performed evaluation, HR can track the progress of individuals and teams, reward top performers and indicate areas for improvement.

The Group's HR representatives have been liasing regularly in 2022 to engage in shared HR interests and goals going forward. However, looking at Catella's data and the roles that women and men currently have, we must continue to put the right processes into place to promote better gender distribution across all levels.

With reference to the diversity of the Board of Directors, Catella AB applies rule 4.1 of the Swedish Corporate Governance Code as a diversity policy for the Board. The Nomination Committee hence considered requirements for diversity and breadth of qualifications, experience, background, and gender balance ahead of the 2022 Annual General Meeting.

Catella believes that a positive work-life balance is part of a healthy lifestyle, which our colleagues confirmed in the materiality analysis. Work-life balance is an important factor in staff retention and well-being. Importantly, we always want to provide a safe and healthy work environment, both physically and mentally.

We strive to offer our colleagues relevant training, which is mostly done on a local basis. In 2022, we started to re-shape the Catella Academy with the aim of furthering the development of our colleagues through increased engagement and alignment across our countries, business areas and entities. We strongly believe that this will be a win-win approach, as it will improve financial performance and organisational success, while retaining and attracting talent – our key to success. It will create a bond across countries and colleagues. The up-dated Catella Academy will be launched in the first half of 2023.

We conducted the Catella Engagement Survey for the fourth consecutive year and 80% of our employees participated, a continued year-on-year increase. This is a high response rate that illustrates the engagement of all employees in relation to Catella as a workplace and an understanding of the benefits of participating. The survey results are incorporated into the company's strategic development.

Human Rights

To meet our commitment to respect human rights, Catella has developed and integrated an ongoing human rights due diligence (HRDD) process, which will be further implemented in 2023 and beyond. As part of the HRDD implementation process in 2023, we aim to include more information about human rights impacts into our Group policies.

As a business operating in real-estate, we need to ensure that we understand and mitigate the human rights risks in our value chain.

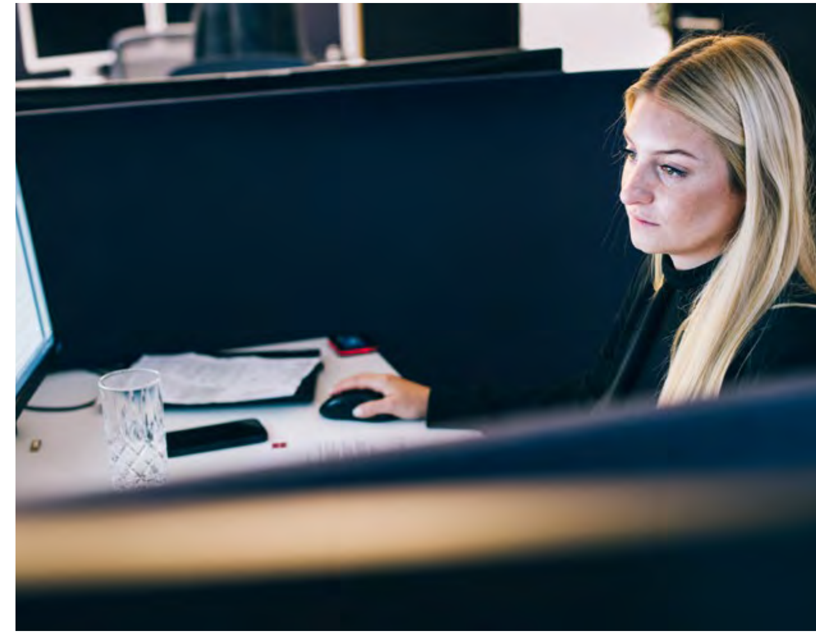
As a first step in the human rights due diligence process, Catella carried out a group-level human rights impact assessment (HRIA) in 2022. The assessment identified the salient human rights risks associated with Catella. A selection of identified salient human rights risks associated with our investments, contractors and sub-contractors are:

- Right to health and safety at work and right to health
- Right not to be subject of forced labour
- Right to enjoy just and favourable working conditions
- Right to non-discrimination and equal treatment
- Right to freedom of association and collective bargaining

We want to ensure a systematic approach to these issues and therefore aim to track the effectiveness of our human rights due diligence process and take necessary steps to drive continuous improvement with our stakeholders. We believe it is important to work and collaborate with stakeholders that share our ethical values and standards. ■

Governance

Grow and integrate sustainability into our business offering



Good governance, compliance and risk management are an integral part of a transparent and sustainable approach, as well as being the foundation of good business ethics. Therefore, Catella is committed to conducting business with integrity, honesty and legal compliance.

We follow laws and regulations and uphold high business and ethical standards wherever we do business. Importantly, we act decisively against corruption, bribery, and money laundering. We consider good governance to be a material issue for us, because if business is not conducted with integrity and responsibility, this may have serious financial and reputational consequences for us aswell as the society we operate in.

Up-dated governance framework

As a modern pan-European group it is important to us to have up-to-date policies and to act with integrity, high ethical standards, and in compliance with laws and regulations. Our Code of Conduct and its policy framework are therefore our ethical compass across the Group and are to be followed by all Catella employees.

Throughout 2022 we updated our policy framework to reflect the current needs of Catella. All policies undergo a feedback and approval process with the Catella AB Senior Management as well as receiving final approval from our Board of Directors. All approved policies are available to our colleagues on the Catella intranet, and selected policies are also publicly available on our website catella.com. The policies are reviewed annually and are presented to the Board of Directors for approval ahead of the Annual General Meeting (AGM).

The governing document of the framework is our Code of Conduct, followed by policies, guidelines and instructions. It is the responsibility of the local MD/CEO to ensure the implementation of the governance framework. Local policies must always align with and cannot contradict the Group policies unless there is a local legal reason. Advice can always be sought from Group Legal and Compliance.

Catella governance framework:

- Catella Group Code of Conduct
- Catella Group Whistleblowing Policy
- Catella Group Anti-Bribery and Corruption Policy
- Catella Group Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) Policy
- Catella Group Human Resources Policy
- Catella Group Sustainability Policy
- Catella Group Principal Adverse Impact (PAI) Policy
- Catella Group Information and Communication Policy
- Catella Group Insider Policy
- Catella Group Corporate Governance Policy
- Catella Group Diversity, Equality & Inclusion Policy
- Catella Group Treasury Policy
- Catella Group Policy and Third-Party Due Diligence
- Catella Group Privacy Policy
- Catella Group IT Policy
- Catella Group Responsible Investment Policy

Through our third-party due diligence policy, we aim to ensure a more structured review of third parties we potentially want to engage with. The process is divided into three steps, a pre-check, third party questionnaire (if required) filled out by the third party and additional due diligence (if required) to be handed over to local compliance or MD/CEO.

As part of our taxonomy assessment, we conducted a human rights impacts assessment. We will continue to work on the implementation of human rights into

Governance

our governance framework as well as continue to implement a human rights due diligence process in 2023 and beyond.

All our colleagues must sign the Code of Conduct and receive basic training with the aim of deepening our knowledge and understanding of how we conduct business. From the roll-out of the Code of Conduct in 2021 up until year end 2022, 96% of our colleagues have signed and 94% have completed the follow-up training in our e-learning system.

The Catella Board of Directors is our most senior governing body, with Johan Claesson as Chairman. More detailed information about our governance structure and composition as well as how the nomination committee works is found in the corporate governance report. Furthermore, the Board's rules of procedure clearly outline the role and tasks of the Board and how often it should meet. The evaluation of the Board is conducted internally and also further described in the corporate governance report. The Board approves the ESG strategy and the annual sustainability reports. It is also consulted in the materiality analysis. It is regularly informed at the Board meetings about ESG progresses with reference to risk, opportunities and goals outlined in the strategic work. The Head of ESG reports regularly to Catella AB's Senior Management as well as preparing information points for the Board when relevant. The Board delegates the sustainability operations to the Group CEO and senior management who then request that work to be done by the Head of ESG. The Board also received basic training on sustainable finance in September 2022 to help them understand the forthcoming regulatory challenges.

Whistleblower function

In the Code and its associated training, we emphasise our independent whistleblower function and the importance of using it. This function can be accessed both through and our intranet. We had zero reported or confirmed cases of corruption during 2022.

GDPR

We can also confirm that we did not receive any complaints in relation to customer privacy from external parties or regulatory bodies. During 2022 we decided to review and up-date how we work with data protection laws and regulations, e.g. the GDPR, and up-dated our Group Privacy Policy. We also appointed a central Data Protection Manager. We are fully committed to protecting the individual rights of employees, partners, customers, investors and other stakeholders and keeping their personal data safe. Personal data must be protected against unauthorised access, processing and disclosure, as well as accidental loss, alteration, and destruction. We acknowledge that non-compliance with privacy laws may seriously damage the reputation of and the market's trust in the Catella Group.

Signatory of:

PRI Principles for Responsible Investment

Memberships in associations

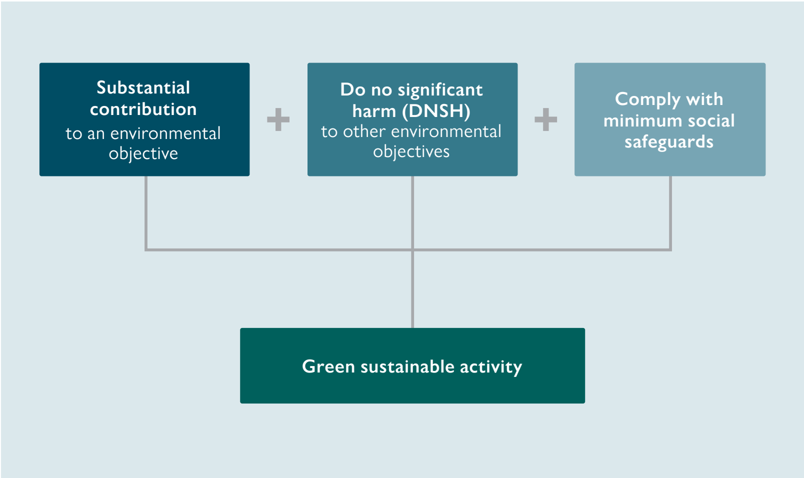
Catella became a signatory of the UN Principles for Responsible Investments (PRI) and its six guiding principles in 2021. The aim of UN PRI is to promote the incorporation of environmental, social and governance factors into investment decision-making. In accordance with the membership guidelines we adopted a responsible investment policy in 2022. ■

EU Taxonomy

EU TAXONOMY

As a publicly listed company that falls under the NFRD the EU Taxonomy Regulation also applies to Catella. We considered the regulation to be directly applicable to Catella Principal Investments and therefore decided to prepare a report on EU Taxonomy-alignment for 2022.

The EU Taxonomy lists technical screening criteria for each of the eligible activities. If an activity meets all the technical screening criteria for 'substantial contribution' and 'do no significant harm' (DNSH), and if the minimum social safeguards are complied with at company-level, the eligible activity can be considered aligned.



Minimum social safeguards

As part of ensuring compliance with minimum social safeguards in accordance with the EU Taxonomy, Catella must ensure that we do not harm or violate any laws or regulations concerning:

- Human Rights
- Corruption
- Taxation
- Fair competition

During 2022 we screened our policies and processes in relation to the above four aspects and concluded that we are compliant with the safeguards governance requirements.

Corruption

Catella has anti-corruption processes in place through its robust and recently updated governance framework as well as the independent external whistleblower system. We have no reported or confirmed convictions of violation of corruption.

Taxation

Catella treats tax governance and compliance as important elements of oversight. We have clear processes and instructions for taxation in our financial handbook, and external auditors are used for review. As a company listed on the Nasdaq Stock Market, Catella follows all applicable laws and regulations.

Catella has tax risk management strategies and tax processes in place and described in our financial handbook. Each year a self-assessment process is sent out by Catella AB to all entities, and the answers are validated by external auditors. The auditor reports back to the entity as well as to Catella AB and the Board of Directors. The local CEO/MD is responsible for ensuring that tax laws and obligations are fulfilled. Catella has no affirmed convictions of violating tax laws. External auditors are obliged to report tax breaches to relevant local authorities if irregularities or breaches are found.

Fair competition

Catella ensures that employees are aware of the importance of compliance with applicable competition laws and regulations, by ensuring that all employees read, understand, and sign our Code of Conduct. Catella has no affirmed breaches of competition laws.

Human Rights

As stipulated in our Code of Conduct we are committed to respecting and supporting several international declarations on human and labour rights including including the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the International Labour Organisation (ILO). We are committed to ensuring that policies and processes follow the UN Guiding Principles on Business and Human Rights, the UN Principles on Responsible Investments (UNPRI), the OECD Guidelines for Multinational Enterprises and the UN Global Compact.

As part of our overarching work on minimum social safeguards we conducted a Human Rights Impact Assessment (HRIA) in the autumn of 2022, which will serve as foundation of our Human Rights Due Diligence (HRDD) going forward. To meet our commitment to respect human rights, we have developed and integrated an ongoing human rights due diligence process, which will be further implemented during 2023 and beyond. The findings show that we have relevant processes in place, but need to further systematise our human rights processes and embed them throughout the organisation.

Substantial contribution and do no significant harm

The activities that were identified as relevant and directly applicable to the property projects within Principal Investments were, 7.1 construction of new building, and 7.7 acquisition and ownership of buildings, which then were assessed for 'substantial contribution' and 'do no significant harm' criteria.

Even though several of the projects in Principal Investments have made significant efforts to integrate environmentally sustainable solutions into the building design and construction, none of the buildings succeeded in meeting the full EU Taxonomy criteria, which means that we have no EU Taxonomy alignment for 2022 (see tables at the end of the sustainability report). One reason for this is that the technical screening criteria for climate change mitigation and climate change adaptation were not considered from the start/from the planning phase of the project (since it was published and adopted by the EU Commission in April 2021).

EU Taxonomy

However, the EU Taxonomy-assessment conducted for 2022 will be used as a learning experience and stepping-stone for the property projects in Principal Investments. Catella Principal Investments is now able to use the assessment as a gap analysis and plan actions to reach EU Taxonomy alignment. It provides the team with a roadmap setting out the actions required in order for each building to become aligned in the upcoming years. The assessment also provided us with a comprehensive tool to become familiarised with the EU Taxonomy requirements and incorporate them into future projects at an earlier stage.

We will continue to evaluate and monitor the EU taxonomy going forward.

More information about our EU Taxonomy assessment can be found at catella.com

EU Taxonomy Reporting Methodology

The EU Taxonomy is directly applicable to Catella Principal Investments for 2022 and a report on taxonomy alignment hast been prepared.

Relevant EU Taxonomy activities within Principal Investments (PI) are:
- *7.1 Construction of new building (NACE Code 41), and*
- *7.7 Acquisition and ownership of buildings (NACE Code 68)*

These are directly applicable to the property projects within Principal Investments and were assessed for 'substantial contribution' and 'do no significant harm' criteria.

7.1 Construction of new building
To assess EU Taxonomy alignment, the activity is screened against the technical screening criteria specified in Annex 1 and Annex 2 of the EU Taxonomy Regulation. If the activity was considered eligible or aligned, then turnover, CapEx and OpEx calculations were made.

Catella reports on three KPI:s under the EU taxonomy for the respective eligible and aligned activities. The KPI:s are:
- *Share of turnover related to the activity*
- *Share of CapEx related to the activity*
- *Share of OpEx related to the activity*

7.7. Acquisition and ownership of new buildings
The alignment is evaluated against the technical screening criteria for 'substantial contribution' and 'do no significant harm' of the EU Taxonomy.

Alignment assessment
Buildings were assessed for alignment with the EU Taxonomy requirements. Their alignment was assessed based on how they fulfil the technical screening criteria specified in Annex 1 and Annex 2 of the EU Taxonomy Regulation.

Outlook

During 2022 Catella's Board of Directors and Senior Management across the organization approved and welcomed our ESG strategy. Achieving a shared structure, goals and path forward that aligns a group based on three business areas in real estate and finance across several entities in Europe is a big step forward.

Throughout the report we have highlighted, impacts, risks and opportunities. This includes impacts that we have on society and the surrounding world, as well as how we are impacted by both climate change and a changing sustainability framework with higher demands for proof and transparency.

Internally, we have put in motion and shown our dedication to gender equality, as well as our renewed commitment to our colleagues' development, by carrying out an overhaul of the Catella Academy, thus acknowledging that our colleagues, and a diverse mix of them, are our key to success.

Our main takeaways from the EU Taxonomy alignment assessment for Principal Investments, are a better understandinf of the requirements and what to focus on in the various stages of a project. We believe this will reduce greenwashing and increase comparability. Only time will tell what market's reaction in terms of valuation will be. Will there be a premium for alignment or just no discount?This discussion is similar to the one about brown to green conversion of assets, will conversion be priced with a premium or will no conversion automatically lead to a stranded asset and depreciation? Either way, we believe that working with sustainability always will add value both to our business as well as to society and the environment.

Through a balanced ESG approach and the results of the work conducted during 2022 it is important for Catella to convert this into a competitive advantage, improvements, and profitability over time. We do not underestimate the time and effort this will take, but we are certain that sustainability is an integral part of our future success. ■

Opportunities and challenges going forward

EU Taxonomy – turnover

				Substantial contribution						Do-no-significant-harm										
Economic activities	Codes	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimun safeguards	Taxonomy aligned proportion of turnover 2022	Taxonomy aligned proportion of turnover 2021	Category (enabling activity)	Category (transitional activity)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Construction of new buildings (Activity 7.1)	NACE code 41	0	0	0	0	0	0	0	0	No	No	No	No	No	No	Yes	0	0		
Acquisition or ownership of the building (Activity 7.7)	NACE code 68	0	0	0	0	0	0	0	0	No	No	No	No	No	No	Yes	0	0		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0	0	0	0	0											
Construction of new buildings (Activity 7.1)		546	21																	
Acquisition or ownership of the building (Activity 7.7)		16	1																	
Turnover of Taxonomy-eligible but not environmentally sustainable activites (not Taxonomy-alligned activities) (A.2)		562	22																	
***Total (A.1 + A.2)**		**562**	**22**																	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)		2 031	78
Total (A + B)		**2 593**	**100**

* Amount for CapEx only includes remaining projects at year end.
Sold projects are included as Turnover.

EU Taxonomy – CapEx

				Substantial contribution						Do-no-significant-harm										
Economic activities	Codes	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimun safeguards	Taxonomy aligned proportion of CapEx 2022	Taxonomy aligned proportion of CapEx 2021	Category (enabling activity)	Category (transitional activity)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Construction of new buildings (Activity 7.1)	NACE code 41	0	0	0	0	0	0	0	0	No	No	No	No	No	No	Yes	0	0		
Acquisition or ownership of the building (Activity 7.7)	NACE code 68	0	0	0	0	0	0	0	0	No	No	No	No	No	No	Yes	0	0		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0	0	0	0	0											
A.2 Taxonomy-Eligible but not environmentally sustainable activites (not Taxonomy-alligned activities)																				
Construction of new buildings (Activity 7.1)		771	96,6																	
Acquisition or ownership of the building (Activity 7.7)		25	3,2																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		796	99,8																	
Total (A.1+A.2)		**796**	**99,8**																	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities (B)		2	0,2
Total (A + B)		**798**	**100**

CapEx within the taxonomy includes capitalized expenses for all projects recognized as development and project properties in Catella Group Financial Statement at year end. Sold projects during 2022 are shown as Turnover in both Taxonomy and Consolidated Income statement, and are therefore not included as CapEx. Right of use assets which have been added during the year have also been excluded from CapEx.

EU Taxonomy – OpEx

				Substantial contribution						Do-no-significant-harm										
Economic activities	Codes	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimun safeguards	Taxonomy aligned proportion of OpEx 2022	Taxonomy aligned proportion of OpEx 2021	Category (enabling activity)	Category (transitional activity)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Construction of new buildings (Activity 7.1)	NACE kod 41	0	0	0	0	0	0	0	0	No	No	No	No	No	No	Yes	0	0		
Acquisition or ownership of the building (Activity 7.7)	NACE kod 68	0	0	0	0	0	0	0	0	No	No	No	No	No	No	Yes	0	0		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0	0	0	0	0											
A.2 Taxonomy-Eligible but not environmentally sustainable activites (not Taxonomy-alligned activities)																				
Construction of new buildings (Activity 7.1)		120	7																	
Acquisition or ownership of the building (Activity 7.7)		0	0																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		120	7																	
Total (A.1+A.2)		**120**	**7**																	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

OpEx of Taxonomy-non-eligible activities (B)		1 664	93
Total (A + B)		**1 784**	**100**

GRI Index

GRI Standard 2021	Disclosure	Page
General disclosure		
GRI 2: General Disclosures 2021	2-1 Organisational details	26, 47
	2-3 Reporting period, frequency and contact point	47
	2-4 Restatements of information	47
	2-6 Activities, value chain and other business relationships	26
	2-7 Employees	43-45
	2-8 Workers who are not employees	43-45
	2-9 Governance structure and composition	34-35, 53-62
	2-10 Nomination and selection of the highest governance body	34-35, 53-62
	2-11 Chair of the highest governance body	35
	2-13 Delegation of responsibility for managing impacts	35
	2-14 Role of the highest governance body in sustainability reporting	35
	2-16 Communication of critical concerns	34-35
	2-17 Collective knowledge of the highest governance body	35
	2-18 Evaluation of the performance of the highest governance body	35, 53-62
	2-22 Statement on sustainable development strategy	22-25
	2-23 Policy commitments	34-35
	2-24 Embedding policy commitments	34-35
	2-26 Mechanisms for seeking advice and raising concerns	34-35
	2-27 Compliance with laws and regulations	34-36
	2-28 Membership associations	35
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	21-22
	3-2 List of material topics	22
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	25, 35, 46
GRI 302: Energy 2016	302-1 Energy consumption within the organization	43
	302-2 Energy consumption outside of the organization	43
	302-3 Energy intensity	43

Statement of use: Catella AB has reported the information cited in this GRI content index for the period 1 January 2022 – 31 December 2022 with reference to the GRI Standards.

We have chosen not to report partially reported disclosures as this is a GRI referenced report and we aim to further develop our fulfilment of the GRI Standards 2021.

GRI Standard 2021	Disclosure	Page
cont. Material topics		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	43
	303-2 Management of water discharge- related impacts	22-24, 27, 43
	303-3 Water withdrawal	43
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	43
	305-2 Energy indirect (Scope 2) GHG emissions	43
	305-3 Other indirect (Scope 3) GHG emissions	43
	305-4 GHG emissions intensity	43
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	23-25, 27, 43
	306-2 Management of significant waste-related impacts	23-25, 27, 43
	306-3 Waste generated	43
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	46
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	44
	401-3 Parental leave	44
GRI 403 Occupational Health and Safety 2018	403-10 Work-related ill health	44
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	43-44
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	44
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	46
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	46

Sustainability data

Environment

Table 1

ENERGY CONSUMPTION WITHIN THE ORGANISATION (MWh)

Energy type	2022	2021
Fuels[1]	477,8	70,8
Electricity	583,0	382,1
of which renewable[2]	282,3	N/A
District heating	138,2	61,5
of which renewable	44,8	N/A
District cooling	51,3	43,2
of which renewable	26,7	N/A
Total (MWh)	**1 250,3**	**557,6**

[1] Includes fuels used for company owned vehicles and on-site operation. We currently do not have reliable information on how much fuel is from renewable and non-renewable sources.

[2] for 2021 the amount of renewable electricity, district heating and district cooling was not reported.

Considering that 2021 was our first year of reporting energy data, it is likely that the higher GHG emissions for 2022 compared to 2021 are due to improved data quality. Also the return to business-as-usual after the Covid-19 pandemic is likely to have impacted our emissions as we have travelled more and more employees have worked in the offices again.

Table 2

ENERGY INTENSITY 2022

Indicator	Intensity
Energy Intensity (MWh/employee FTE)	2,45
Energy Intensity (MWh/SEK M)	0,48

Table 3

SCOPE EMISSIONS

Total GHG-emissions (tCO_2e)	2022	2021
Scope 1	102,1	23,5
Scope 2 location-based	113,7	17,6
Scope 3	277,0	87,5
Total	**492,80**	**128,6**

[1] Emissions of greenhouse gases have been calculated in line with the GHG Protocol. Sources for emission factors are e.g., DEFRA 2022, EPA 2022, IEA 2018, Energiföretagen 2022.

[2] FY2021/2022 is the baseline for the greenhouse gas inventory.

[3] Scope 3 includes our business travel, waste and energy and fuel related activities.

[4] The calculations include the following greenhouse gases: CO_2, CH_4 and N_2O.

[5] Considering that 2021 was our first year of reporting GHG data, it is likely that the higher GHG emissions for 2022 compared to 2021 are due to improved data quality. Also the return to business-as-usual after the Covid-19 pandemic is likely to have impacted our emissions as we have since travelled more and more employees have worked in the offices.

Table 4

GHG INTENSITY 2022

Indicator	Intensity
GHG Intensity (tCO_2e/employee FTE)	0,97
GHG Intensity (tCO_2e/SEK M)	0,19

Table 5

WASTE

Waste output	2022	2021
Non-Hazardous waste	19,8	4,7
Hazardous waste	0,0	0,0
Total[1]	**19,8**	**4,7**

[1] Total based only on data reported by APAM ltd, Catella Real Estate AG, Catella Residential Partners SAS, Catella Valuation Partners SAS and Catella Property Consultants SAS.

Table 6

WATER WITHDRAWAL

	2022 Water withdrawn from all areas*	2021 Water withdrawn from all areas*
Total water consumed (megalitres)	1,27	0,65
% freshwater	57%	0%
% sourced from third-party	70%	100%
% sourced from ground-water	30%	0%

[1] We currently do not have water withdrawal from areas that can strictly be classified as waster stressed areas.

Social data – 2022

Table 7

INFORMATION ON EMPLOYEES AND WORKERS

	Men	Women	Total
Employment contract			
Permanent contract	287,93	209,98	497,91
Temporary contract	6,2	5,2	11,04
Employment type			
Full-time	281,93	178,77	460,70
Part-time	9,00	34,01	43,01
Non guaranteed-hours employees[1]	3,20	2,4	5,60
Total	**294,13**	**215,18**	**509,31**

[1] The employee figures are disclosed in full-time equivalents (FTE). Most of our workplaces were not able to report data on the number of workers who are not employees. The number of workers who are not employees is ten, but it is possible that the actual number is higher.

Table 8

EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION

Region	Total employees	Permanent contract	Temporary contract
Sweden	65,45	63,95	1,5
United Kingdom	59,16	56,16	3
France	80,50	80,5	0
Germany	172,60	168,6	4
Austria	5	5	0
Spain	27,11	26,81	0,3
Finland	42,40	40,8	1,6
Ireland	3	3	0
Denmark	15	15	0
Netherlands	22	21	1
Poland	17,09	17,09	0
Total	**509,31**	**497,91**	**11,40**

Sustainability data

Social data – 2022

Table 8 continued

EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION

Region	Full-time	Part-time	Non-guaranteed hours employees
Sweden	63,70	1,75	0
United Kingdom	55	4,16	0
France	80	0,5	0
Germany	144	24,6	4
Austria	5	0	0
Spain	27,11	0	0
Finland	40,8	0	3,2
Ireland	3	0	0
Denmark	11	4	0
Netherlands	14	8	0
Poland	17,09	0	0
Total	**460,70**	**43,01**	**7,20**

Table 9

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER – GENDER, AGE, REGION (%)

	New employee hires	New employee hires (%)	Employee turnover	Employee turnover (%)
Total	**116**	**23%**	**91**	**18%**
Divided by gender				
Women	51	10%	43	10%
Men	66	13%	49	8%
Divided by age				
<30 years	44	9%	22	4%
30–50 years	65	13%	57	11%
> 50	7	1%	12	2%
Divided by region				
Sweden	16	3%	15	3%
United Kingdom	20	4%	13	3%
France	11	2%	9	2%
Germany	41	8%	38	7%
Austria	5	1%	0	0%
Spain	7	1%	8	2%
Finland	3	1%	3	1%
Ireland	3	1%	0	0%
Denmark	4	1%	2	0%
Netherlands	3	1%	0	0%
Poland	3	1%	3	1%

[1)] The new hires and turnover rates are calculated as percentage of the total number of employees.

Table 10

DIVERSITY BY GENDER AND AGE (%)

Employment category	Men	Women	<30 years	30–50 years	> 50 years
Board of Directors	83%	17%	0%	33%	67%
Executive Managers	89%	11%	0%	60%	40%
Managers	68%	32%	4%	72%	24%
Employees	51%	49%	31%	54%	15%
Total	**58%**	**42%**	**22%**	**59%**	**19%**

Table 11

WORK-RELATED ILL HEALTH

	Employees	Workers
Fatalities due to work-related ill health	0	0
Recordable cases of ill health	2	0
Total	**2**	**0**

[1)] Main causes of ill health include fatigue syndrome, stress and other forms of mental ill health.

Table 12

PARENTAL LEAVE

	Men	Women	Total
Employees entitled to parental leave[1]	215,18	294,13	509,31
Employees that took parental leave	20,4	19,8	40,2
Employees that returned to work from parental leave in the reporting period after their parental leave ended	19	12	31
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	9,00	4,00	13,00
Return to work rate (%)[2]	66%	80%	70%
Retention rate (%)[3]	100%	80%	81%

[1)] Employees entitled to parental leave are for the purpose of this reporting defined as those with right to take parental leave according to their contracts, including those not currently eligible for parental leave due to not having care of a child.
[2)] The return to work rate is calculated as the number of employees who returned to work during the reporting year after their parental leave ended, divided by the number of employees who were due to return to work after their parental leave ended.
[3)] The retention rate is calculated as the number of employees still employed 12 months after their parental leave ended, divided by the number of employees who returned from their parental leave during previous reporting periods.

Table 13

PERFORMANCE REVIEWS

Employment category	Men	Women	Total
Executive managers	58%	94%	62%
Managers	97%	97%	97%
Employees	94%	93%	94%
Total	**91%**	**94%**	**92%**

Table 14

NON-DISCRIMINATION

Status	Incidents
Incident reviewed by the organisation;	0
Remediation plans being implemented;	0
Remediation plans that have been implemented, with results reviewed through routine internal management review processes;	0
Incident no longer subject to action.	0

There were 0 substantiated incidents of discrimination during the reporting year. 2 entities had reported incidents through anonymous surveys. No remediation plans were therefore conducted in relation to these incidents as the surveys were anonymous.

Sustainability data

Social data – 2021

Table 7

INFORMATION ON EMPLOYEES AND WORKERS

	Total	Women	Men
Employment contract			
Permanent contract	496,9	217,9	279
Temporary contract	6	2	4
Employment type			
Full-time	459	187	272
Part-time	43,9	34,9	9
Total	**502,9**	**221,9**	**281**
Consultants, interns and volunteers	32,35	9,95	22,4

[1] Consultants, interns and volunteers are not included in the total.

[2] All employee data is disclosed in full-time equivalents.

Table 14

NON-DISCRIMINATION

Status	Incidents
Incident reviewed by the organization;	0
Remediation plans being implemented;	0
Remediation plans that have been implemented. with results reviewed through routine internal management review processes;	0
Incident no longer subject to action.	0

There were zero incidents of discrimination during the reporting period.

Table 8

EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION

Region	Total employees	Permanent contract	Temporary contract
Sweden	61,9	61,9	0
Norway	2	2	0
Finland	41	41	0
Denmark	11	11	0
Germany	187	183	4
Austria	2	2	0
France	81	81	0
Spain	31	30	1
UK	55	54	1
Estonia	3	3	0
Latvia	4	4	0
Lithuania	1	1	0
The Netherlands	23	23	0
Total	**502,9**	**496,9**	**6**

Table 9

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER – GENDER, AGE, REGION (%)

	New employee hires	New employee hires (%)	Employee turnover	Employee turnover (%)
Total	**99**	**20%**	**85**	**17%**
Divided by gender				
Women	40	8%	33	7%
Men	59	12%	52	10%
Divided by age				
<30 years	42	8%	32	6%
30–50 years	49	10%	42	8%
> 50 years	8	2%	11	2%
Divided by region				
Sweden	7	1%	9	2%
Norway	0	0%	0	0%
Finland	7	1%	7	1%
Denmark	4	1%	5	1%
Germany	31	6%	21	4%
Austria	0	0%	0	0%
France	20	4%	20	4%
Spain	6	1%	6	1%
UK	19	4%	15	3%
Estonia	0	0%	0	0%
Latvia	0	0%	0	0%
Lithuania	0	0%	0	0%
The Netherlands	5	1%	2	0%

Table 10

DIVERSITY BY GENDER AND AGE (%)

Employment category	Women	Men	<30 years	30–50 years	> 50 years
Senior managers	21.7%	78.3%	3.3%	48.3%	48.3%
Managers	32.9%	67.1%	17.6%	68.2%	14.1%
Employees	49.7%	50.3%	29.1%	56.3%	14.6%
Total	**43.5%**	**56.5%**	**24.1%**	**57.4%**	**18.6%**

Table 11

WORK-RELATED ILL-HEALTH

	Employees	Workers
Fatalities due to work-related ill-health	0	0
Recordable cases of ill-health	4	0
Total	**4**	**0**

[1] Main causes of ill-health include fatigue syndrome, stress and other forms of mental ill-health.

Table 13

PERFORMANCE REVIEWS

Employment category	Women	Men	Total
Senior managers	77%	74%	75%
Managers	95%	91%	92%
Employees	96%	97%	97%
Total	**93%**	**93%**	**93%**

Table 12

PARENTAL LEAVE

	Women	Men	Total
Employees entitled to parental leave	44,9	73	117,9
Employees that took parental leave	13	12	25
Employees that returned to work from parental leave in the reporting period after their parental leave ended	7,6	6,5	14,1
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	5,6	8	13,6
Return to work rate (%)	72%	100%	82%
Retention rate (%)	65%	80%	73%

Sustainability data

Governance

Table 15

SUPPLY CHAIN MANAGEMENT

Year	Total number of new suppliers	New suppliers that were screened using environmental criteria	New suppliers that were screened using social criteria
2022	104	3%	1%
2021	154	63%	66%

The number of new suppliers that were screened during 2022 was lower than in 2021. This is most likely related to the fact that we currently have no systematic process for supplier screening, and therefore the information regarding the number of new suppliers that were reported, as well as the number of suppliers that were screened, varies among our companies and reporting years.

Table 16

ANTI-CORRUPTION

Status	Incidents in 2022	Incidents in 2021
Total number and nature of confirmed incidents of corruption.	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.	0	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.	0	0
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases.	0	0

Table 17

CUSTOMER PRIVACY

Status	Complaints/ breaches
Total number of substantiated complaints received concerning breaches of customer privacy	0
of which complaints received from outside parties and substantiated by the organisation;	0
of which complaints from regulatory bodies.	0
Total number of identified leaks, thefts, or losses of customer data.	0

No complaints received from outside parties or regulatory bodies.

Scope and boundaries

Scope and boundaries

The sustainability report refers to the reporting period 1 January 2022 – 31 December 2022 and has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL). The sustainability report is produced annually in conjunction with the financial annual report. There are no restatements from the previous reporting period.

Catella AB has reported the information cited in the following GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards 2021. This update has led to slightly altered and additional tables in comparison to last year.

Catella AB is a public Swedish limited liability company with its head-office in Stockholm, Sweden. Catella's shares have been listed on the regulated market Nasdaq Stockholm, Mid Cap segment, since 2016. Catella has operations in 12 countries across Europe (Sweden, Finland, Denmark, Germany, France, Spain, United Kingdom, Ireland, Poland, Austria, Netherlands, and Luxemburg).

Further details about our governance structure, shares, shareholders, Board of Directors and their responsibilities as well as evaluation of the Board, nomination, audit and remuneration committee, information about remuneration, auditing, conflict of interests and internal control as well as monitoring and risk assessment can be found in the governance report (pp. 53-62).

The Catella Group ("Catella"), as stated in note 1 of the financial statements (p. 75), includes the Parent Company Catella AB (publ) (the "Parent Company") and several companies that conduct operations in three operating segments: Corporate Finance, Investment Management and Principal Investments. The scope and boundaries of the sustainability data are defined by majority-owned companies with employees. Catella Hospitality Europe, as well as businesses that were wound up and closed during 2022, such as our Corporate Finance operations in Germany and the Baltics are excluded from the reporting. We have added two new entities to the reporting as we entered Poland (Catella Poland) and Ireland (Catella APAM Ireland) in 2022. All personnel data is expressed in FTE (Full-Time Equivalent). 2022 is the second-year sustainability data is collected in a centrally structured way.

For questions or queries please e-mail
Head of ESG Christin Hertzberg
Christin.hertzberg@catella.se

Auditor's review of the statutory Sustainability Report (Translation of Swedish Original)

Assignment and responsibilities
The Board of Directors is responsible for the statutory Sustainability Report on pages 19–47 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Scope and focus of the review
Our review has been carried out in accordance with far's auditing standard RevR 12 The Auditor's Review of the Statutory Sustainability Report. This means that our review of the Sustainability Report 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 review has provided us with sufficient basis for our opinions.

Opinion
A Sustainability Report has been prepared.

Stockholm, Sweden, 30 March 2023
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in charge

Thijs Dirkse
Authorized Public Accountant

Stockholm, Sweden, 28 March 2023

Johan Claesson
CHAIRMAN OF THE BOARD

Tobias Alsborger
BOARD MEMBER

Johan Damne
BOARD MEMBER

Joachim Gahm
BOARD MEMBER

Anneli Jansson
BOARD MEMBER

Jan Roxendal
BOARD MEMBER

Christoffer Abramson
CHIEF EXECUTIVE OFFICER

Shares and Shareholders

Catella is listed on Nasdaq Stockholm in the Mid Cap segment. Class A and B shares are traded under the stock tickers CAT A and CAT B, respectively. Catella has approximately 8,300 shareholders. The Claesson & Anderzén Group is the largest shareholder.

Catella as an investment

1 Catella is a leading European partner for property investments

Background

Catella has a strong market position and long-term relationships with leading institutional investors, both as a regulated property fund manager, property developer and transaction advisor. At the end of the year, Catella had around 20 offices in 12 countries around Europe and with its 35-year history offers a broad pan-European perspective to investors in the property sector.

Progress in 2022

- Broadened property fund offering with increased focus on sustainable investments
- Focusing of Corporate Finance in five national markets where Catella has a strong, profitable position and where there are synergies with other parts of the Company
- Advanced positions as property manager for major institutions
- Good returns in implemented development projects

2 Catella is active on a long-term growth market

Background

Real assets remain under-allocated in global investment portfolios, which drives capital inflows to property investments. A continued demand for inflation-hedged assets favours investments in the property sector. In addition, the ageing population is driving increased demand for stable returns in pension products.

Progress in 2022

- Increase in assets under management of SEK 18 billion
- Inflow in funds and mandates from major pension fund managers, including KLP and Greater Manchester Pension Fund

3 Sustainable business

Background

The overarching goal of Catella's approach is to offer long-term and sustainable management services, advisory services and principal investments that generate good outcomes for customers, shareholders and society at large.

Progress in 2022

- Long-term ESG strategy adopted at Group level
- Launch of the fund Catella Elithis, Catella's second Article 9 fund, with the long-term ambition to develop 100 energy-positive residential properties around Europe
- Continued strong inflows in funds with a clear sustainability profile
- Principal Investments completed and divested three property development projects, all with high environmental standards

4 Successful platform builder

Background

A majority of Catella's companies are part-owned by the local management. This generates an entrepreneurial culture and ensures objectives are aligned for part-owned companies and the Group. When Catella starts a new operation, it is usually done through part-ownership alongside local partners, which ensures ownership by local management and financial incentives that correspond to Catella's financial targets. Building complementary platforms in the property sector also creates synergies between our companies and recurring income.

Progress in 2022

- A total of SEK 0.7 billion was invested through part-owned companies
- Launch of Systematic Property Fund in Sweden, which recorded SEK 200 million in assets under management at year-end.
- Acquisition of Warsaw Property Partners (WPP), which adds a skilled property development and management team in the Polish market
- Establishment of new property development company in Ireland, enabling us to offer our services in an additional market
- Mapping and discussions with many future parters, with the ambition of opening up new geographical markets for Catella and establishing complementary operations in existing markets

5 Stable and profitable growth profile

Background

Catella's three business areas offer a diversified business model in terms of assets, offering and geographical market, which creates value over time. Through Investment Management's offering, a stable base of assets under management is generated, underpinned by a stable foundation of repeat fixed management fees. Principal Investments invests Catella's equity in attractive development projects with the aim of generating an average internal rate of return (IRR) of 20 percent. Corporate Finance is an appreciated and sought-after transaction advisor, both in periods with high economic activity and in economic downturns. In addition, there are significant synergies between Catella's business areas.

Progress in 2022

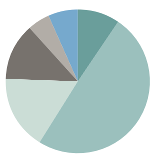
- Overall operating margin was 24 percent (17)
- Improved liquidity in both Catella AB and our funds, which enables us to invest in long-term value creation
- Assets under management increased by 15 percent
- Principal Investments completed five new investments and now has nine development projects (16) in six countries
- Corporate Finance maintained a strong operating profit of SEK 22 million (57) despite a slower transaction market

Catella's Shares and Shareholders

Catella's market capitalisation at 31 December 2022 was SEK 3.2 billion (4.2). Catella's share price (Class B) decreased from SEK 47.10 to SEK 36.40 in 2022, a decrease of 23 percent. The corresponding development for the Class A share was SEK 45.60 to SEK 33.80, a decrease of 26 percent. This can be compared to to the OMX Stockholm GI, which decreased by 23 percent.

SHAREHOLDING DISTRIBUTION OF CAPITAL
31 DEC 2022

%



- Other 9,48 %
- Claesson & Anderzén 49,42 %
- Swedish private individuals 16,69 %
- Swedish institutional shareholders 12,79 %
- Foreign institutional shareholders 5,08 %
- Unknown owner type 6,54 %

Turnover

In 2022, a total of 17.0 million Class B shares and 58,000 Class A shares in Catella were turned over on all market places, while the average daily trading volume was 67,353 Class B shares and 353 Class A shares. Trading on Nasdaq Stockholm represented 80.0 percent of total turnover in the Class B share and 100 percent in the Class A share.

Share capital

As of 31 December 2022, Catella's registered share capital was SEK 177 million (177), divided between 88,348,572 shares (88 348 572). The quotient value per share is 2. Share capital is divided between two share classes with different voting rights. 2,506,242 Class A shares with 5 votes per share, and 85,842,330 Class B shares with 1 vote per share.

As of 31 December 2022, a total of 3,000,000 warrants were outstanding. Upon full utilisation of the 3,000,000 warrants, dilution of the capital and votes in the Company would be 3.4% and 3.0% respectively.

At the request of shareholders, 24,313 Class A shares were converted to Class B shares in 2022.

Dividend

Catella's aim is to transfer the Group's profit after tax to shareholders to the extent it is not considered necessary for developing the Group's operating activities and considering the Company's strategy and financial position. Adjusted for profit-related unrealised value increases, at least 50% of the Group's profit after tax will be transferred to shareholders over time.

The Board of Directors proposes a dividend payment totalling SEK 106,018,286 (88,348,572), which corresponds to SEK 1.20 (1.00) per Class A and B share, to shareholders for the financial year 2022.

Shareholders

Catella had 8,255 (8,831) shareholders registered at the end of the period. The principal shareholders on 31 December 2022 were the Claesson & Anderzén Group with 49.4% (49.4) of the capital and 48.9% (48.8) of the votes, followed by Alcur Fonder with 8.4% (6.2) of the capital and 7.5% (5.6) of the votes.

The ten largest shareholders held 73.8 percent (76.6) of the capital and 73.8 percent (71.6) of the votes as of 31 December 2022. Foreign ownership amounted to 13.8 percent (12.5) of the capital and 14.3 percent (13.2) of the votes. ■

Catella's Class B share price decreased by 23 percent during the year. OMX Stockholm GI decreased by 23 percent during the same period.

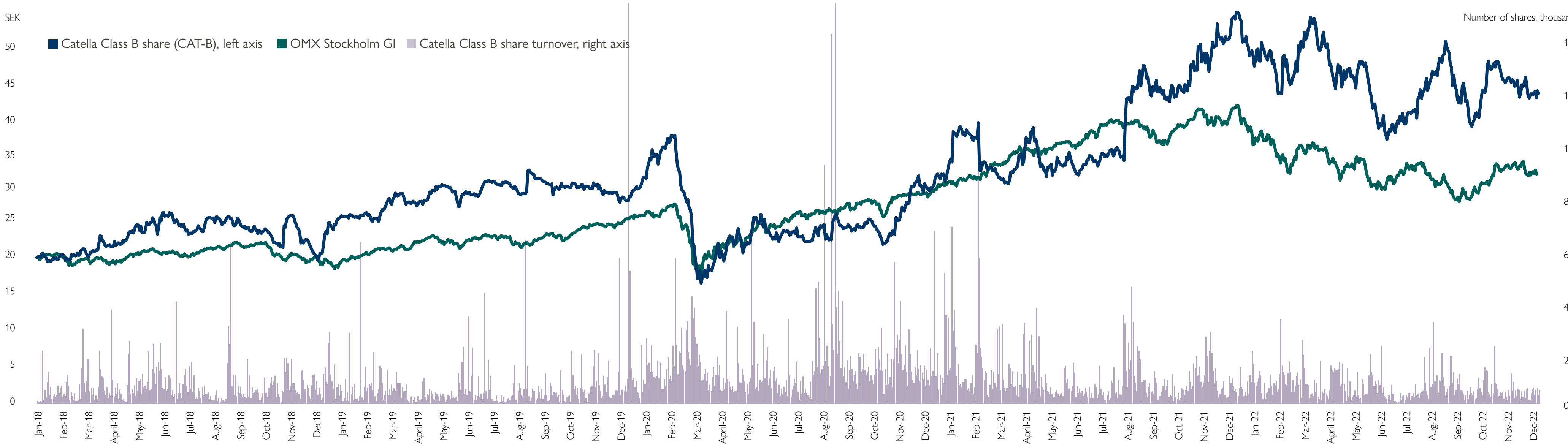
DISTRIBUTION OF SHARES AT 31 DECEMBER 2022

Shareholding distribution by holding	Number of shares	Capital	Votes	No. of share-holders	Proportion of owners
1-500	840,634	1.0%	1.6%	6,146	74.5%
501-1,000	677,826	0.8%	1.2%	870	10.5%
1,001-5,000	2,116,763	2.4%	2.8%	925	11.2%
5,001-10,000	1,015,867	1.2%	1.4%	136	1.6%
10,001-50,000	2,740,941	3.1%	3.2%	121	1.5%
50,001-100,000	1,275,756	1.4%	1.3%	17	0.2%
100,001-500,000	5,902,196	6.7%	6.7%	26	0.3%
500,001-1,000,000	5,746,230	6.5%	5.8%	7	0.1%
1,000,001-5,000,000	11,195,013	12.7%	12.5%	5	0.1%
5,000,001-20,000,000	7,396,099	8.4%	7.5%	1	0.0%
>20,000,001	43,664,748	49.4%	48.9%	1	0.0%
Anonymous holding	**5,776,499**	**6.5%**	**7.1%**		

SHAREHOLDERS AS OF 31 DECEMBER 2022

Shareholders	CAT A	CAT B	Capital	Votes
Claesson & Anderzén	1,100,910	42,563,838	49.4%	48.9%
Alcur Fonder		7,396,099	8.4%	7.5%
Rutger Arnhult	128,936	3,817,079	4.5%	4.5%
Avanza Pension	3,203	2,116,657	2.4%	2.2%
Nordea Fonder		2,088,540	2.4%	2.1%
Nordnet Pensionsförsäkring	3,982	1,598,669	1.8%	1.7%
Petter Stordalen (Strawberry)	143,334	1,294,613	1.6%	2.0%
Hedberg Family		1,000,000	1.1%	1.0%
Swedbank Försäkring		981,679	1.1%	1.0%
Thomas Andersson Borstam		975,000	1.1%	1.0%
Other	1,125,877	22,010,156	26.2%	28.1%
Total	**2,506,242**	**85,842,330**	**100%**	**100%**

FIVE-YEAR OVERVIEW OF CATELLA'S CLASS B SHARE



Corporate Governance

Catella AB is a public Swedish limited liability company with its registered office in Stockholm, Sweden. Catella has been listed on the regulated market place Nasdaq Stockholm Mid Cap since 2016. This Corporate Governance Report is presented in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code and describes the corporate governance of Catella in the financial year 2022.

Corporate Governance

Catella did not breach the Swedish Corporate Governance Code or Nasdaq Stockholm's regulatory framework for issuers or accepted stock market practice in 2022. The Report has been reviewed by Catella's auditor, see page 63.

Catella's corporate governance is based on external regulatory frameworks such as the Companies Act, the Annual Accounts Act, Nasdaq Stockholm's regulatory framework for issuers, the Swedish Corporate Governance Code and other applicable Swedish and foreign laws and regulations. As a complement to the external regulatory frameworks, the Company follows the Articles of Association and control and working documents for the Board, its committees, the CEO and the Company's operations. These provisions are applied and monitored by means of corporate reporting procedures and standards.

The Swedish Corporate Governance Code is available on the Swedish Corporate Governance Board's website, www.bolagsstyrning.se, where the Swedish model for corporate governance is described. The Swedish Corporate Governance Code is based on the "comply or explain" principle. This means that a company that applies the Swedish Corporate Governance Code can depart from individual rules, but must give an explanation for the departure. Catella did not depart from the Swedish Corporate Governance Code in 2022. Nasdaq Stockholm's regulatory framework for issuers is available at www.nasdaq.com. There were no breaches of Nasdaq Stockholm's regulatory framework for issuers or accepted stock market practice according to Nasdaq Stockholm's disciplinary board or statements by the Swedish Securities Council in 2022.

Shares and Shareholders

Catella has been listed on the regulated market place Nasdaq Stockholm Mid Cap since 2016. The shares are traded under the tickers CAT A and CAT B. As of 31 December 2022[1] the total number of shares in Catella was 88,348,572, of which 2,506,242 Class A shares and 85,842,330 Class B shares. Each Class A share confers the right to five (5) votes and each Class B share confers the right to one (1) vote. Each share confers the right to an equal share of the Company's assets and profit.

The share register is kept by Euroclear Sweden AB on assignment by the Board. As of 31 December 2022[2] the total number of shareholders in Catella was 8,255 (8,831). The shareholders include equity funds, institutional owners, members of Catella's Board and Group management and a large number of private individuals, including close companies. The largest shareholder as of the same date was the Claesson & Anderzén Group (primarily through CA Plusinvest AB), with a holding corresponding to 49.4 percent (49.4) of the shares and 48.9 percent (48.8) of the votes. No other shareholders held 10 percent or more of the total shares or votes in Catella at the end of 2022. Additional information regarding Catella's shares and shareholders is presented in the section "The Catella Share and Shareholders" and on the Company's website, www.catella.com.

[1, 2] Actual record date 30 December 2022.

Annual General Meetings

Shareholders exercise their influence at the Annual General Meeting, which is the highest decision-making authority in the Company. Each shareholder is entitled to participate and exercise voting rights corresponding to their holdings at the Annual General Meeting. The regular Annual General Meeting is held once annually. The Board can also convene an Extraordinary General Meeting before the next Annual General Meeting is held, if required. The notice convening the Annual General Meeting is published on the Company's website and advertised in the Swedish Official Gazette (Post och Inrikes Tidningar). At the same time as a meeting is convened, notice of the meeting must be published in the Swedish broadsheet Svenska Dagbladet, in accordance with Catella's Articles of Association. Notices of Annual General Meetings, as well as decisions made at the Meetings, are published through press releases, and minutes from the Meetings are published on the Company's website, www.catella.com.

Catella's Annual General Meeting is usually held in May. The Annual General Meeting makes decisions including adopting the Company's Income Statement and Balance Sheet, allocation of the Company's profit or loss and freedom of liability for Board members and the CEO. The Annual General Meeting also appoints Board members and auditors and decides on the

Corporate Governance

instructions to appoint the Nomination Committee, the Board's and auditors' fees, and guidelines on remuneration to senior executives. At the Annual General Meeting, shareholders can also ask questions about the Group's operations. The Annual General Meeting can also make decisions regarding particularly important issues, such as amendments to the Company's Articles of Association, in accordance with the regulations in the Companies Act.

Annual General Meeting 2022

Catella's Annual General Meeting 2022 was held on Tuesday 24 May 2022. The Annual General Meeting was held by advance voting only pursuant to temporary legislation, and thus without the physical presence of shareholders, proxies and external parties. The Annual General Meeting resolved in accordance with all proposals presented by the Board of Directors and the Nomination Committee. Only the Chairman, Company Secretary, adjusters of the minutes and a few representatives from the Company and Euroclear participated at the Annual General Meeting, which did not represent a departure from the Swedish Corporate Governance Code in light of the Swedish Corporate Governance Board's special regulations in connection with Covid-19. Shareholders representing approximately 65 percent of the votes in the Company as of the record date were represented at the Annual General Meeting.

Resolutions at the Annual General Meeting included:

- To re-elect all the Board members (Johan Claesson, Tobias Alsborger, Johan Damne, Joachim Gahm, Anneli Jansson and Jan Roxendal)
- To re-elect the Chairman of the Board (Johan Claesson)
- To adopt the Income Statement and Balance Sheet for the Parent Company and the Group and to discharge the Board of Directors and CEO from liability for the preceding financial year
- To pay dividend to shareholders of SEK 1.00 per share, equivalent to SEK 88,348,572.00 and for remaining profit to be carried forward.
- That the number of Board members shall be six, with no deputies, and that the Company shall have one auditor, with no deputy auditors
- To pay remuneration to the Board, including SEK 600,000 to the Chairman and SEK 370,000 each to other Board members. The Annual General Meeting also resolved to pay a fee of SEK 135,000 to the Chairman of the Board's Audit Committee and SEK 105,000 each to the other two committee members, as well as a fee to the Chairman of the Board's Remuneration Committee of SEK 42,000 and SEK 32,000 to the other Committee member
- To re-elect PricewaterhouseCoopers AB as the Company's auditor for a term ending at the close of the next Annual General Meeting.
- That remuneration to the auditor shall be payable in accordance with approved invoices
- To approve the Board's Remuneration Report for the preceding financial year
- To adopt the updated instructions for the Nomination Committee
- To adopt updated guidelines for remuneration to senior executives
- To adopt amended Articles of Association in light of Catella no longer conducting, or intending to conduct, banking operations, in order to clarify which operations are conducted in the Principal Investments business area as well as to reflect the applicable wording of the Swedish Companies Act (2005:551) and the Swedish Corporate Governance Code. In addition, a number of editorial amendments to the Articles of Association were approved
- To authorise the Board of Directors, on one or more occasions during the period until the end of the next Annual General Meeting, with or without deviation from the shareholders' preferential rights, to resolve on a new issue Class A and/or Class B shares, in accordance with the terms of the Board's proposal
- To authorise the Board of Directors, on one or more occasions during the period until the next Annual General Meeting, to resolve on repurchase and transfer of the Company's own Class A and/or Class B shares, in accordance with the terms of the Board's proposal

Annual General Meeting 2023

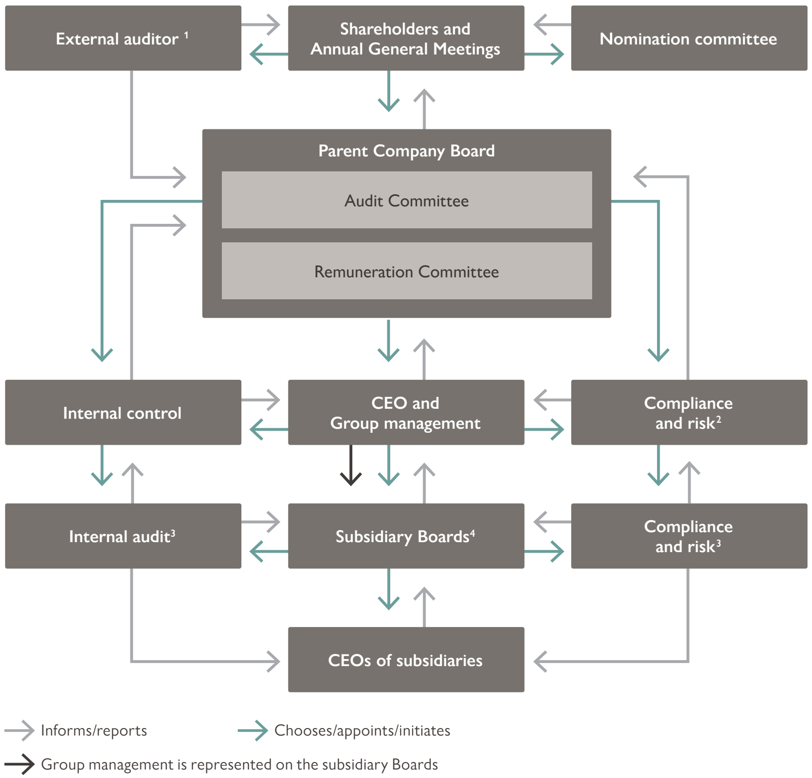
Catella's Annual General Meeting 2023 will take place on Wednesday 10 May 2023. The Notice convening the Annual General Meeting will be published in April 2023. More information is available on the Company's website, www.catella.com.

Nomination committee

The Annual General Meeting of Catella makes decisions regarding instructions to appoint the Nomination Committee. The Nomination Committee's remit is to present proposals to the Annual General Meeting concerning the number of Board members, Board members' and auditor's fees, composition of the Board of Directors, Chairman of the Board, resolutions concerning the Nomination Committee, Chairman of the Annual General Meeting and election of auditors. The Nomination Committee's proposal is presented on Catella's website before the Annual General Meeting. At the Annual General Meeting, the Nomination Committee reports how its work has been conducted and presents its proposals and reasoning. Further information about the Nomination Committee and its work is available on Catella's website, www.catella.com.

Corporate Governance

CATELLA'S CORPORATE GOVERNANCE CULTURE



1) In addition to the Audit Report, the external auditor submits reports relating to the review of annual accounts, management and internal control of financial reporting to the Board and management of the Catella Group and its subsidiaries.

2) Internal audit, compliance and risk functions are located in the subsidiaries that conduct operations subject to regulatory oversight.

3) The Boards of Directors of subsidiaries address issues relating to audit, remuneration, risk management and regulatory compliance in a commensurate manner as for the Parent Company's Board of Directors.

Nomination Committee for the Annual General Meeting 2022

Instructions for appointing the Nomination Committee for the Annual General Meeting 2022 were authorised by the Annual General Meeting 2021. In accordance with the guidelines, the Nomination Committee for the Annual General Meeting comprised three members: Eje Wictorson, appointed by CA Plusinvest AB and Chairman of the Nomination Committee, Erik Eikeland, appointed by Alcur Fonder AB and Mia Arnhult, appointed by M2 Asset Management AB. The majority of the Nomination Committee members were independent in relation to the Company and management.

Ahead of the Annual General Meeting 2022, the Nomination Committee concluded that the Board's work at Catella is complex and places high demands on Board members' strategic ability, commitment and expertise. The Nomination Committee particularly emphasised the importance of creating positive conditions for the Board to work effectively, and to ensure stability and continuity. The Nomination Committee applied rule 4.1 of the Swedish Corporate Governance Code as its diversity policy.

The Nomination Committee proposed that the number of Board members remain unchanged, and that all Board members and the Chairman of the Board be re-elected. In addition, the Nomination Committee proposed, in accordance with the Audit Committee's recommendation, that PricewaterhouseCoopers AB be re-elected as Catella's auditor until the end of the Annual General Meeting 2023.

The Annual General Meeting adopted the Nomination Committee's proposals.

Nomination Committee for the Annual General Meeting 2023

In the autumn of 2022, the Nomination Committee for the Annual General Meeting 2023 was convened and appointed in accordance with the instructions for the Nomination Committee adapted at the Annual General Meeting 2022. In accordance with the guidelines, the Nomination Committee for the Annual General Meeting 2023 comprises three members: Eje Wictorson, appointed by CA Plusinvest AB and Chairman of the Nomination Committee, Erik Eikeland, appointed by Alcur Fonder AB and Mia Arnhult, appointed by M2 Asset Management AB. The majority of the Nomination Committee members were independent in relation to the Company and management.

Board of Directors

The Board has overall responsibility for Catella's organisation and management. According to Catella's Articles of Association, the Board shall consist of a minimum of four and a maximum of ten members, without deputies. The Annual General Meeting 2022 decided that the Board shall consist of six regular Board members without deputies. According to the Swedish Corporate Governance Code, a majority of the Board members appointed by the Annual General Meeting shall be independent in relation to the Company and management. A minimum of two of the Board members that are independent in relation to the Company and management shall also be independent in relation to major shareholders of the Company.

All Board members and the Chairman of the Board were re-elected at the Annual General Meeting 2022. In 2022, Catella's Board of Directors comprised Johan Claesson (Chairman), Tobias Alsborger, Johan Damne, Joachim Gahm, Anneli Jansson and Jan Roxendal. The majority (four out of six) of the Board members are independent in relation to the Company, management and major shareholders. All the shareholders that are independent in relation to the Company and management are also independent in relation to major shareholders. Further information about the Board of Catella is presented in the section "Board and Auditor" and on the Company's website, www.catella.com.

At the Annual General Meeting 2022, the Board was granted authorisation to resolve on the issue and repurchase of the Company's shares. The Board did not exercise this authorisation in 2022.

Corporate Governance

The Board's areas of responsibility
The main task of the Board is to manage, on behalf of the shareholders, the Group's operations to optimise the interests of shareholders in terms of in long-term growth and value creation. The Board's work is governed by factors including the Companies Act, the Articles of Association, the Swedish Corporate Governance Code and the Rules of Procedure the Board has adopted for its work, including the work of the Audit Committee and Remuneration Committee.

The most recent Rules of Procedure were adopted at the statutory Board meeting in May 2022. The Rules of Procedure regulate matters including the duties of the Chairman of the Board, the matters to be addressed at every Board meeting and matters to be addressed at particular times during the year. The Rules of Procedure describe the special role and tasks of the Chairman, and areas of responsibility for the Committees appointed by the Board. According to the Rules of Procedure and the Swedish Corporate Governance Code, the Chairman shall:

- Organise and lead the Board's work to ensure the optimal conditions for the Board's work
- Ensure that the Board continuously updates and deepens its knowledge about the Company
- Ensure that the Board's decision are executed
- Ensure that the work of the Board is evaluated annually.

At the statutory Board meeting in May 2022, the Board established instructions for financial reporting, instruction to the CEO, and existing and revised Group-wide policies. The Board is responsible for ensuring effective internal control of the Company. The Board assures the quality of financial reporting through a number of Group policies, Rules of Procedure, frameworks and clear structures with defined areas of responsibility and documented powers. In 2022 internal audit was in place in subsidiaries that conducted operations subject to regulation during the year. See more in the section "Internal control".

The work of the Board in 2022
The Board held 15 meetings (14) in 2022, of which 3 (4) were held by telephone. Each Board member's participation in these meetings is presented in the table below. All meetings in the year followed an agenda that, alongside documentation relating to each point on the agenda, was provided to Board members in good time before Board meetings.

In addition to operating activities, questions relating to review of Group-wide policies, governance of subsidiaries and associated companies and investments and divestments in the Principal Investments business area were the subject of particular focus during the year. The Chairman presided over the work of the Board of Directors and maintained continuous contact and dialogue with the Company's CEO. The Board met with the Company's auditor on one occasion in the year without any member of management being present and obtained their opinions on the Company's financial reporting and internal control. Minutes of Board meetings are recorded by the Company's Head of Group Legal. The minutes were verified by the Chairman and one Board member.

Evaluation of the Board's performance
The Chairman of the Board annually initiates an evaluation of the Board's work with the aim of improving the Board's working methods and efficiency. Another aim of the evaluation is to ascertain what types of matters the Board feels should be given more focus and whether the Board has the appropriate expertise. The results of the evaluation are presented to the Board of Directors and the Nomination Committee.

The 2022 evaluation was carried out with the support of the Company's Head of Group HR, with the Board members answering numerous questions about the Board's work and their own role as Board members. Interviews were also conducted with each Board member. The results of the evaluation were discussed by the Board and presented to the Nomination Committee by the Chairman of the Board.

Audit Committee
In order to provide assistance for the Board's monitoring role relating to audit matters, the Board has established a dedicated Audit Committee. The Committee supports the Board in its work to assure the quality of financial reporting and internal control. Specifically, the Committee monitors financial reporting, the effectiveness of internal control, the activities of the internal audit function and risk management. The Audit Committee also keeps itself apprised concerning the statutory audit of the annual accounts. The Audit Committee evaluates auditors and their independence. The Committee will present its conclusions and proposals to the Board of Directors prior to making decisions. The Audit Committee also assists in proposing the auditor and audit fees to the Annual General Meeting.

During 2022 as well as after the statutory Board meeting in May 2022, the Board decided that the Audit Committee would comprise Tobias Alsborger, Johan Claesson and Jan Roxendal, with Jan Roxendal as Chairman. The Audit Committee held 4 (5) meetings in 2022. Catella's statutory auditor, PricewaterhouseCoopers AB, was present at all meetings. The Audit Committee Chairman reported regularly to the Board on matters addressed at Committee meetings.

Remuneration Committee
The main task of the Remuneration Committee is to prepare the Board's decisions on matters relating to remuneration principles, remuneration and other employment terms for Group management, monitor and evaluate ongoing schemes and schemes terminated during the year relating to variable remuneration to management, and monitor and evaluate the application of the guidelines for remuneration to senior executives that the Annual General Meeting decides on and applicable remuneration structures and remuneration levels in the Company. The Committee will present its proposals to the Board of Directors prior to its decisions.

In the period up until the Annual General Meeting 2022, the Board's Remuneration Committee comprised Johan Claesson and Jan Roxendal, with Johan Claesson as Chairman. Since the statutory Board meeting in May 2022, the Remuneration Committee comprises Johan Claesson and Joachim Gahm, with Johan Claesson as Chairman. The remuneration Committee met on 3 (2) occasions in 2022. The Chairman of the Remuneration Committee reported regularly to the Board on matters addressed at Committee meetings.

Remuneration to the Board
The Annual General Meeting decides on remuneration for work carried out by the Board, following a proposal by the

Corporate Governance

THE WORK OF THE BOARD OF DIRECTORS AND KEY RESOLUTIONS 2022

QUARTER 1

- Year-end Report 2021
- External Audit Report 2021
- Risk and compliance report Q4 2022
- Evaluation of the external auditor
- Evaluation of the CEO
- Sale of Infrahubs' projects in Norrköping
- Adoption of Group-wide policies

QUARTER 2

- Annual Report 2021
- Remuneration Report 2021
- Interim Report Q1 2022
- Risk and compliance report Q1 2022
- External audit plan 2022
- Annual General Meeting 2022
- Adoption of governing documents, such as the Board's Rules of Procedure, Instructions to the CEO, Rules of Procedure for the Audit and Remuneration Committees and Group-wide policies
- Appointment of Board Committee and Whistleblower Committee
- Acquisition of Warsaw Property Partners (Catella Poland WPP)
- Divestment of Catella Corporate Finance in France and the Baltics
- Sale of Infrahubs' projects in Örebro and Ljungby
- Conversion of shares
- Strategy, comprising ESG strategy and long-term ESG goals

QUARTER 3

- Interim Report Q2 2022
- Risk and compliance report Q2 2022
- Conversion of shares
- Adoption of Group-wide policies

QUARTER 4

- Interim Report Q3 2022
- Risk and Compliance Report Q3 2022
- External Audit Report Q3 2022
- Budget 2023
- Evaluation of the Board of Directors
- Evaluation of governance of subsidiaries and associated companies
- Adoption of Group-wide policies

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS 2022[1]

Board member	Attendance, Board meetings	Attendance, Audit Committee meetings	Attendance, Remuneration Committee
Johan Claesson, Board Chairman	15/15	4/4	3/3
Jan Roxendal, Board member[2]	14/15	4/4	1/3[1]
Tobias Alsborger, Board member	15/15	4/4	–
Johan Damne, Board member	15/15	–	–
Joachim Gahm, Board member	15/15	–	2/3[2]
Anneli Jansson, Board member	13/15	–	–

1) Board members who have participated in parts of Board meetings and/or Committee meetings are counted as having been present if they were present during most of the meeting.

2) Jan Roxendal was a member of the Remuneration Committee up until the statutory Board meeting on 24 May 2022.

3) Joachim Gahm has been a member of the Remuneration Committee since the statutory Board meeting on 24 May 2022.

Nomination Committee. The Annual General Meeting 2022 resolved on remuneration to the Board totalling SEK 2,869,000, of which SEK 600,000 to the Chairman and SEK 370,000 each to other Board members. The Annual General Meeting also resolved to on remuneration of SEK 135,000 to the Chairman of the Board's Audit Committee and SEK 105,000 each to the other two committee members, as well as remuneration to the Chairman of the Board's Remuneration Committee of SEK 42,000 and SEK 32,000 to the other committee member. Information regarding fees paid to the members for the 2022 financial year are specified in Note [11] of the Annual Report 2022.

CEO and Group Management

The Company's CEO is appointed by the Board. The CEO, alongside the rest of Group management, has overall responsibility for ongoing management of the Group's operations in accordance with the Board's instructions and guidelines. In addition to the CEO, Group management comprises the CFO, Head of Group Legal, Head of Group HR and Head of Investor Relations and Group Communications. No changes were made to the composition of the Group management in 2022. For more information about members of Group management, see the section "Group management". The CEO has also appointed heads of business areas and subsidiaries, who are controlled by governing documents determined by the Board, with some delegated decision-making authority for managing ongoing operations in the Group's subsidiaries and associated companies. Group management works closely with the heads of business areas and subsidiaries to establish Group-wide values, visions and strategies on the basis of the goals set by the Board. The CEO leads and regularly convenes Group management and the heads of business areas. The CFO holds quarterly meetings with the heads of subsidiaries to discuss results and other financial matters. The Board of Directors continuously evaluates the CEO's performance. This matter is addressed in particular at one Board meeting per year, at which no members of Group management are present.

Remuneration to senior executives

The Annual General Meeting of Catella shall, at least every four years, decide on guidelines for remuneration to senior executives, following a proposal from the Board. Guidelines for remuneration to senior executives were adopted by the Annual General Meeting 2022. The remuneration guidelines in their entirety are available on the Company's website, www.catella.com. Details of remuneration to the CEO and other senior executives for the financial year 2022 are disclosed in Note [11] of the Annual Report 2022.

Auditor

According to the Articles of Association, Catella shall have at least one and no more than two auditors and no more than two deputy auditors. The auditor and, where applicable, deputy auditor, shall be an Authorised Public Accountant or registered audit firm. The auditor's assignment shall end at the conclusion of the Annual General Meeting held during the first, second, third or fourth financial year following the auditor's election. The Annual General Meeting 2022 re-elected the audit firm PricewaterhouseCoopers AB (PwC) for the period until the end of the Annual General Meeting 2023. Daniel Algotsson was the auditor in charge up until the 2022 Annual General Meeting. After the 2022 Annual General Meeting, Patrik Adolfson was appointed auditor in charge. PwC has been the Company's external auditor since 2011. Representatives of the Company's external auditors were present at all Audit Committee meetings in 2022. In addition to auditing, PwC has held a number of other advisory assignments for Catella, which were primarily related to accounting matters and internal pricing (transfer pricing).

Remuneration to the auditor

As resolved by the Annual General Meeting 2022, audit fees shall be paid to the auditor in accordance with approved invoices. Information regarding fees paid to the suditor for the 2022 financial year are specified in Note [8] of the Annual Report 2022.

Internal control

Catella's internal control and risk management relating to financial reporting is designed to manage risk and ensure a high degree of reliability in the processes related to the preparation of the financial statements, and to ensure that applicable accounting standards and other demands on Catella's operations are followed. The Board has ultimate responsibility for the internal control of the Company. The responsibility for establishing an efficient control environment has partly been delegated to the CEO which is responsible for ensuring that an organisation with processes that ensure efficient and high-quality internal control is in place. In addition, the Board has established a dedicated Audit Committee that focuses on addressing issues related to internal control. For more information about the Audit Committee, see the section "Audit Committee" above.

Catella's process for internal control follows the principles for internal control produced by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The principles are divided into five components (control environment, risk assessment, control activities, information and communication and follow-up). The process was designed to ensure adequate risk management including reliable financial reporting in compliance with IFRS and other applicable laws, regulations and standards that must be applied by companies listed on Nasdaq Stockholm.

Control environment

The control environment includes how goals are set, how values are followed up and how risks are managed. The Board of Directors has adopted many governing documents that clarify the roles and allocation of responsibilities of the Board of Directors, Group management and other employees. Examples of such documents include the Board's Rules of Procedure, Instructions for Financial Reporting, Instructions to the Audit Committee, Instructions to the CEO and Group-wide policies such as the Corporate Governance Policy, Code of Conduct and Financial Handbook. Such governing documents, alongside applicable laws and regulations, constitute the control environment in Catella. In 2022, the Board and Group management placed particular focus on the review and implementation of Catella's governing documents.

Risk assessment

Group management performs a comprehensive risk analysis at least every two years which identifies macroeconomic, strategic, operational, financial and compliance risks. In 2022, a workshop was carried out with the Company's external auditor. The outcome was presented to the Board. Risks are evaluated based on estimated probability and impact as well as the effectiveness of established measures to manage the risks. Risk and compliance reports are reviewed at Audit Committee meetings on a quarterly basis.

Control activities

Catella performs risk assessments on a continuous basis to identify risks that might arise in the Group. The structure of control activities is profoundly important to Catella's work to manage risks and ensure internal control. Control activities are intended to prevent, detect and correct errors and deviations in financial reporting ahead of each reporting date and includes authorisation routines and result analysis. Control activities are linked to the Company's business processes and each unit ensures that control activities are executed in compliance with established standards.

Catella has processes in place for managing and avoiding conflicts of interest, and reviewed its policy for transactions with closely related parties and conflicts of interest in 2022 as part of the ongoing review of governing documents. The Company keeps a register of closely related parties, which is continuously updated. Management of conflicts of interest is regulated by the Board's Rules of Procedure and is a standing item on the agenda of Board meetings at subsidiaries and associated companies. For more information on related party transactions, see Note [38] and [53] in the Annual Report 2022.

Information and communication

For the external information disclosure, the Board has established an information and communication policy designed to ensure that the Company's communication with the market is in compliance with applicable laws and regulations for companies whose shares are listed for trading on Nasdaq Stockholm, and to ensure that there is a Group-wide vision and strategy for communication as well as clear processes for information disclosure both internally and externally. The internal information disclosures are mainly managed through the Group's shared intranet, and are also communicated separately to the staff members concerned. The Company's CFO regularly meets with each subsidiary to discuss matters concerning profit and other financial matters. The Board receives regular financial reports covering the Group's financial position and profit performance.

For Catella, it is particularly important to create an environment where everyone feels able to address problems without fear of reprisal, either directly with their local management or through anonymous reporting channels provided by external parties. Catella has a dedicated Whistleblower Committee to address such matters, which includes a representative from the Board of Directors.

No cases were reported to Catella's Whistleblower Committee in 2022. All reports filed in accordance with Catella's Whistleblower Policy and/or applicable laws and regulations are handled efficiently, and the reporting individual will never be subject to reprisal. To ensure that information of critical importance to shareholders and other stakeholders reaches the Board of Catella AB, there are also representatives from Group management on the Boards of subsidiaries and associated companies.

During the year, work continued on developing the Group's policy framework in order to ensure completeness and uniformity relating to design, owner control and responsibility for updates. The implementation work started in 2022 and will continue in 2023.

Monitoring

The Board of Directors continuously evaluates the information provided by Group management. Catella's financial position, investments and ongoing operations are discussed at all Board meetings. The Board of Directors is also responsible for monitoring internal control. This work includes ensuring that measures are taken to remedy any shortcomings, as well as following up on actions recommended in connection with the external and internal audits, the risk management function and

Corporate Governance

the compliance function. The Audit Committee carries out preparatory work ahead of the Board's evaluation of the information provided by Group management and the Company's auditors.

The Company performs a self-assessment of its risk management and internal control work annually. This process involves self-assessment of the effectiveness of control activities in each reporting unit. The Group's CFO is responsible for the self-assessment. The self-assessment is evaluated by the Group's accounts department and the Company's external auditor. The Audit Committee is informed of the key conclusions from the assessment process, as well as of any actions concerning the Company's internal control environment.

During 2022, work continued on reviewing follow-up procedures continued in light of the winding down of the consolidated financial situation in the fourth quarter 2021 and the return of the banking license in Luxembourg.

Operations subject to regulation and internal audit

As of the end of the financial year 2022, two subsidiaries in the Catella Group are conducting regulated operations under the supervision of authorities in their respective jurisdictions. These subsidiaries are Catella Real Estate AG (CREAG) and Catella Property Fund Investment AB. CREAG is a fund manager (In German: Kapitalverwaltungsgesellschaft) under supervision of the German Financial Supervisory Authority (BaFin). Catella Property Fund Investment AB is a manager of alternative investment funds (AIF) and holds a licence for discretionary portfolio management under supervision of the Swedish Financial Supervisory Authority. During the period of regulation, Catella's regulated operations have had dedicated functions relating to risk management, regulatory compliance and internal audit, which have continuously reported to the Board and the CEO.

Regarding other companies in the Catella Group, the Board assesses that internal audit is not required at present. Group management is represented on the Boards of Directors of subsidiaries and associated companies and reports to the Board of Catella AB. Where required under applicable laws and regulations, independent Board members are represented. ■

Board of Directors

Information about Board members in Catella and information about their respective holdings in the Company is presented below.

Johan Claesson

Chairman of the Board

Born 1951

Director of Catella AB since 2008 and Chairman of the Board since 2021.

Other current assignments: Chairman of Claesson & Anderzén AB, directorships in other companies in the Claesson & Anderzén Group. CEO and Director of Bellvi Förvaltnings AB and Johan och Marianne Claesson AB. Board member of Fastighetsaktiebolaget Bremia and Leeds Group plc.

Background: Owner and executive Chairman of Claesson & Anderzén AB

Education: MBA

Shareholding:[1] 1,100,910 Class A shares and 42,563,839 Class B shares, personal holding and through companies.

Independent of the Company and management: No

Independent of major shareholders in the Company: No

Jan Roxendal

Board member

Born 1953

Board member **of Catella AB since 2011**

Other current assignments: Chairman of the Second Swedish National Pension Fund (AP-fonden).

Background: CEO and CFO of Gambro AB, president and CEO of Intrum Justitia Group, Deputy CEO and CEO of ABB Group and CEO of ABB Financial Services.

Education: Higher public education in banking

Shareholding: 129,554 Class B shares and bonds corresponding to SEK 2,500,000 in personal holdings

Independent of the Company and management: Yes

Independent of major shareholders in the Company: Yes

Johan Damne

Board member

Born 1963

Board member **of Catella AB since 2014**

Other current assignments: Chairman of CA Fastigheter Aktiebolag (publ), CEO of Claesson & Anderzén Aktiebolag, board assignments as chairman or director and CEO assignments in other companies in the Claesson & Anderzén Group. Director of Arise AB (publ)

Background: CEO of CA Fastigheter Aktiebolag (publ)

Education: MBA, Växjö University

Shareholding: 150,000 Class B shares, personal holdings

Independent of the Company and management: No

Independent of major shareholders in the Company: No

Tobias Alsborger

Board member

Born 1976

Board member **of Catella AB since 2020**

Other current assignments: Chairman of Suburban Industrial Properties AB, Board member of Pulsen Fastigheter AB, Enstar AB, Gale Holding AB and Terrace Road Holding AB.

Background: Independent investor and entrepreneur. Partner and member of management of NREP. Various positions at DTZ (Cushman & Wakefield).

Education: M.Sc. Property and Finance, KTH Royal Institute of Technology

Shareholding: 50,000 Class B shares through companies

Independent of the Company and management: Yes

Independent of major shareholders in the Company: Yes

Joakim Gahm

Board member

Born 1964

Board member **of Catella AB since 2014**

Other current assignments: Chairman of Arise AB (publ), Celina Fondförvaltning AB and Odinviken Fastigheter AB. Municipal Council member, Danderyd Municipality.

Background: CEO of E. Öhman J:or Investment AB and Equity Manager and Deputy CEO of E. Öhman J:or Fondkommission AB.

Education: MBA, Stockholm University

Shareholding: 4,000 Class B shares, personal holding

Independent of the Company and management: Yes

Independent of major shareholders in the Company: Yes

Anneli Jansson

Board member

Born 1974

Board member **of Catella AB since 2021**

Other current assignments: CEO of Humlegården Fastigheter AB, Board member of Platzer Fastigheter AB, Board member of Centrum för AMP, Board Deputy of Fastighetsägarna Sverige AB and Board member of SNS förtroenderåd.

Background: CEO of Humlegården Fastigheter AB since 2016. Previously responsible for the Nordic operations at Grosvenor Fund Management. Previously employed by KF Fastigheter, Vision & Resurs Fastighetsutveckling, Ernst & Young and AGL.

Education: M.Sc. (Eng.), KTH Royal Institute of Technology

Shareholding: 10,000 Class B shares, personal holding

Independent of the Company and management: Yes

Independent of major shareholders in the Company: Yes

1) All holdings in the Company are reported as of 31 December 2022 and relate to personal holdings and holdings of closely related parties.

Group management and auditor

Information about Board members in Catella and information about their respective holdings in the Company is presented below.

Christoffer Abramson

President and CEO

Born 1970

President and CEO since 2021. Member of Group management since October 2020.

Background: Employed by Catella since 2020, previously as CFO. Most recently CFO of EF Real Estate Holdings, Boston. Previous roles include Operative Executive at Cerberus Capital Management, Gores Group, Apollo Global Management and CFO of GE Real Estate, London.

Education: M.Sc. (Econ.), Stockholm School of Economics.

Shareholding: 20,000 Class B shares and 2,000,000 warrants in Catella AB, personal holding.

Michel Fischier

Interim CFO[2] and Head of Investor Relations and Communications

Born 1978

Member of Group management since June 2021.

Background: Employed by Catella since 2021. Joins the Company from a position as Vice President Investor Relations at SAS, has previously held leading roles in IR and communication at Hoist Finance and Skandia.

Education: M.Sc. (Econ.), Stockholm University

Shareholding: 10,000 Class B shares and 150,000 warrants, personal holding

Johanna Bjärnemyr

Head of Group Legal

Born 1983

Member of Group management since June 2021.

Background: Joins the Company from a position as Legal Counsel at Hemfosa Fastigheter AB and before that roles at Wistrand Advokatfirman Cederquist and Kilpatrick Townsend & Stockton.

Education: LL. M., Stockholm University

Shareholding: 2,500 Class B shares and 150,000 warrants, personal holding

Mathias de Maré

Head of Group HR

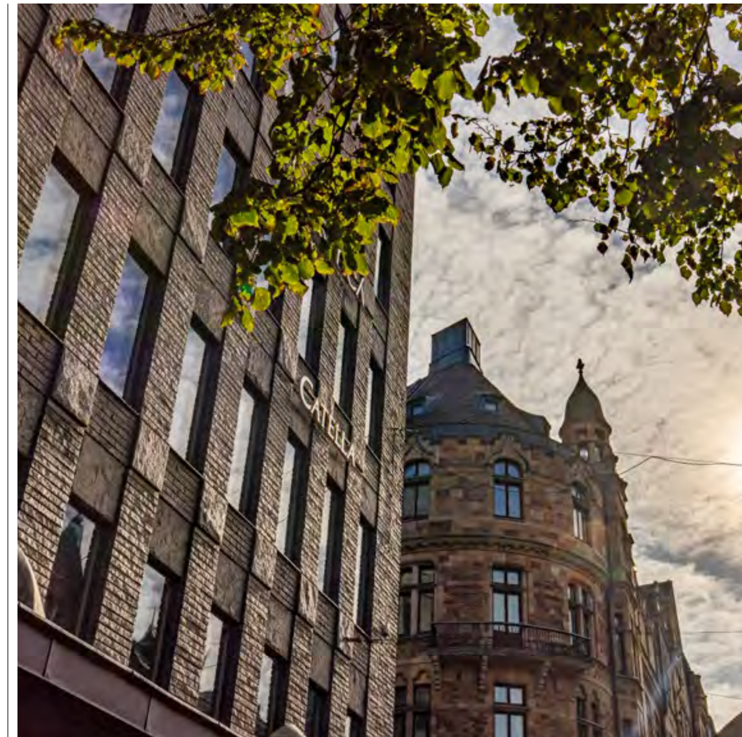
Born 1973

Member of Group management since March 2021.

Background: Employed by Catella since 2020. Joins the Company from a position as HR Manager at PwC and before that as HR consultant at Klarna and Nordic HR Director at Pelican Rouge Group.

Education: M.Sc. (Econ.), Stockholm University and M.Sc. (HR), Halmstad University.

Shareholding: 5,000 Class B shares and 150,000 warrants, personal holding



Patrik Adolfson

Auditor in Charge[3]

Born 1973

PricewaterhouseCoopers AB (PwC) has been Catella's auditors since 2011. The auditor in charge is Patrik Adolfson, Authorised Public Accountant and member of FAR.

Other audit assignments: AcadeMedia AB, Bonava AB, Dometic Group AB, Nordstjernan AB och Pandox AB.

Shareholding: –

1) All holdings in the Company are reported as of 31 December 2022.
2) Mattias Brodin was CFO up until 24 February 2023.
3) Daniel Algotsson was the auditor in charge up until 24 May 2022.

Auditor's opinion on the Corporate Governance Report

AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Catella AB (publ), corporate identity number 556079-1419

Assignment and responsibilities

The Board of Directors is responsible for the Corporate Governance Report for the 2022 financial year on pages 53–62 and for its preparation in accordance with the Annual Accounts Act.

Scope and orientation of the review

Our review has been conducted in accordance with FAR's auditing standard RevR 16 Auditor's Review of the Corporate Governance Statement. This means that our review of the Corporate Governance Report is different and substantially less in scope than an Audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the review has provided us with sufficient basis for our opinions.

Opinions

A Corporate Governance Report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph of the same act are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, Sweden, 30 March 2023
PricewaterhouseCoopers AB

Patrik Adolfson *Authorized Public Accountant* *Auditor in Charge*	Thijs Dirkse *Authorized Public Accountant*

Stockholm, Sweden, 28 March 2023

Johan Claesson
CHAIRMAN OF THE BOARD

Tobias Alsborger BOARD MEMBER	Johan Damne BOARD MEMBER	Joachim Gahm BOARD MEMBER
Anneli Jansson BOARD MEMBER	Jan Roxendal BOARD MEMBER	Christoffer Abramson CHIEF EXECUTIVE OFFICER

Directors' Report

Directors' Report

The Board of Directors and the Chief Executive Officer of Catella AB (publ), Corporate identity number 556079-1419, hereby present the Annual Report and Consolidated Financial Statements for the financial year 2022. The results of operations of the Group and Parent Company are presented in the following Income Statements, Balance Sheets, Cash Flow Statements, Statements of Changes in Equity and Notes. Amounts are in SEK million unless otherwise indicated. Figures in tables and comments may be rounded. As of 2022, Catella Luxembourg SA is no longer reported in accordance with IFRS 5. Comparative figures for previous years have been adjusted accordingly.

INFORMATION ON OPERATIONS

Catella is a leading property specialist that offers qualified advisory services, property funds and carries out principal investments in development projects. The Group ("Catella") has some 500 employees in 13 countries. Operations are conducted in the operating segments Investment Management, Principal Investments and Corporate Finance.

The operations in Investment Management comprise two service areas: *Property Funds* offers funds with various investment strategies in terms of risk and return, type of property and locations. Through over 20 open specialised property funds, investors gain access to fund management and efficient allocation between different European markets. *Asset Management* provides asset management services to property funds, other institutions and family offices. The operating segment's assets under management totalled just over SEK 140 billion at year-end.

In Principal Investments, Catella makes real estate investments alongside partners and external investors. Catella currently invests in offices, residential units and logistics properties on seven geographical markets. Investments are made through subsidiaries and associated companies with the aim of generating an average IRR of 20 percent as well as strategic advantages for Catella's other business areas.

Corporate Finance provides quality capital markets services to property owners and advisory services for all types of property-related transactions to various categories of property owners and investors. Operations are carried out on five markets and offer local expertise about the property markets in combination with European reach.

Catella AB (publ), other holding companies and discontinued operations are recognised in the "Other" category.

The Group consists of the Parent Company Catella AB (publ) (the "Parent Company") and several independent but closely collaborating subsidiaries.

OWNERSHIP STRUCTURE

Catella AB (publ) has its registered office in Stockholm, Sweden, and has been listed on NASDAQ Stockholm's Mid Cap segment since December 2016, and previously on First North Premier on NASDAQ Stockholm since 2011. Catella's largest shareholder, accounting for at least 10 percent of the shares/votes at the end of the financial year, was the Claesson & Anderzén Group (and related parties) with 49.4 percent (49.4) of equity capital and 48.9 percent (48.8) of the votes. No other shareholders held 10 percent or more of the number of shares or votes in Catella at the end of 2022. The ten largest shareholders held 73.9 percent (74.3) of the capital and 71.9 percent (72.3) of the votes as of 31 December 2022. There is more on ownership structure in the section on the Catella share and owners.

OVERVIEW OF EARNINGS, FINANCIAL POSITION AND CASH FLOW

Progress of the Group — five-year summary

SEK M	2022	2021	2020	2019	2018
Net sales	1 996	1 734	2 057	2 389	2 494
Other operating income	597	73	281	85	58
Total income	2 593	1 807	2 338	2 474	2 553
Operating profit/loss	810	130	284	182	51
Financial items—net	20	80	-68	202	-7
Profit/loss before tax	830	210	216	385	44
Net profit for the year	**683**	**128**	**75**	**193**	**-28**
Average no. of employees	497	538	577	581	539

SEK M	2022	2021	2020	2019	2018
Equity	2 430	1 821	1 797	1 736	1 647
Total assets	6 320	5 442	4 233	4 057	7 009
Equity/Asset ratio %	38	33	42	43	24

SEK M	2022	2021	2020	2019	2018
Cash flow from operating activities	140	-1 782	7	-1 909	260
Cash flow from investing activities	-11	233	202	222	-394
Cash flow from financing activities	150	1 113	315	-245	89
Cash flow for the year	**279**	**-436**	**524**	**-1 931**	**-45**

As of 2022, Catella Luxembourg SA is no longer reported in accordance with IFRS 5. Comparative figures for previous years have been adjusted accordingly

The Group's net sales totalled SEK 1,996 million (1,734), up 15 percent year-on-year. The increase was mainly attributable to Investment Management, where both fixed and variable income increased. Corporate Finance's sales decreased by 20 percent due to the cautious transaction market.

Other operating income amounted to SEK 597 million (73) of which a majority relates to Principal Investments, which divested or commenced revenue recognition for several property projects during the year.

The Group's operating profit was SEK 810 million (130), of which SEK 419 million related to divested property projects or property projects recognised as revenue. In addition, the improved operating profit was primarily driven by higher performance-based fees and transaction fees in Property Funds as well as higher management fees from growth in assets under management. Furthermore, the operating profit included expenses of approximately SEK 10 million attributable to the Corporate Finance's operations in Germany, which were discontinued during 2022. Profit during last year was negatively affected by divestment costs of SEK 109 million relating to the subsidiary IPM.

The Group's net financial income/expense was SEK 20 million (80) and included interest income of SEK 43 million (19), and interest and loan arrangement fees of SEK 82 million (79). The higher interest income is a result of increased loan financing for property development projects. Net financial income/expense also includes fair value adjustments of loan portfolios of SEK -20 million, fund holdings of SEK -5 million and the SEK 18 million holding in Pamica. Net financial income/expense also includes positive exchange rate differences of SEK 66 million (10) due to revaluations of receivables and cash equivalents in foreign currencies. In the previous year, profit from divestment of the former subsidiary Catella Asset Management SAS of SEK 130 million was included.

The Group's profit/loss before tax was SEK 830 million (210).

The tax expense for the year was SEK 147 million (81) corresponding to effective tax of 18 percent (39). The year-on-year decline in effective tax is partly due to low or no tax on capital gain in Principal Investments, and partly to a significant decrease during 2022 in costs for divestment of less profitable operations, for which no deferred tax asset is recognised.

Profit/loss for the year amounted to SEK 683 million (128), of which SEK 491 million (174) attributable to Parent Company shareholders. This corresponds to Earnings per share of SEK 5.55 (1.97).

During the year, consolidated equity increased by SEK 610 million, amounting to SEK 2,430 million as of 31 December 2022. Consolidated equity was also driven by profit in the year of SEK 683 billion, by positive exchange rate differences of SEK 101 million, and by positive fair value changes in financial assets, recorded in Other total profit of SEK 14 million. Dividends to Parent Company shareholders and to non-controlling interests amounted to SEK 88 million and SEK 92 million respectively. Other transactions with non-controlling interests amounted to SEK -11 million net and included the acquisition of shares in subsidiaries. As of 31 December 2022, the Group's equity/assets ratio was 38 percent (33 percent as of 31 December 2021).

During 2022, total assets increased by SEK 879 million, amounting to SEK 6,320 million as of 31 December 2022. This change is mainly due to an increase in proprietary investments in property development projects, the divestment of several projects with strong profitability, increased invoicing and improved cash flows, which affected Balance Sheet items including Properties held for development and project properties and Cash and cash equivalents. The stronger EUR and DKK during the year increased the Group's total assets further after translation of foreign subsidiaries' and associated companies' balance sheets to the Group reporting currency of SEK.

Consolidated cash flow from operating activities before changes in working capital and cash flow from property projects amounted to SEK 368 million (98). Tax paid amounted to SEK 136 million (110).

Cash flow from property projects totalled SEK -155 million (-1,752) and includes payments received from the divestments of Infrahubs Norrköping, Örebro and Ljungby of SEK 1,001 million and payments received from French logistics projects recognised for revenue totalling SEK 303 million. In addition, Köningsalle repaid loans totalling SEK 105 million. Additional investments were also made in ongoing projects plus new investments totalling SEK 1,569 million, of which SEK 638 million related to Infrahubs, SEK 464 million related to the Danish project Kaktus, SEK 348 million to French and Spanish logistics projects and SEK 96 million related to Mander Centre.

Cash flow from investing activities amounted to SEK -11 million (233) and included payments from SEK 60 million for the sale of the remaining 30 percent of shares in Catella Fondförvaltning AB and the sale of Visa shares totalling SEK 43 million. Consolidated cash flow was also affected by the acquisition of WPP and by additional acquisitions of shares in subsidiaries totalling SEK -73 million. Investments in shares and fund units amounted to SEK 41 million.

Cash flow from financing activities amounted to SEK 150 million (1,113) and included loans relating to the Danish project Kaktus totalling SEK 375 million. Dividend to the Parent Company's shareholders totalled SEK 88 million and dividend to non-controlling interests was SEK 88 million.

Cash flow for the year was SEK 279 million (-436) and cash and cash equivalents at year-end was SEK 1,794 million (1,442) of which cash and cash equivalents relating to the Group's Swedish holding company amounted to SEK 679 million (300).

Performance of operating segments — two-year summary

	Investment Management		Principal Investments		Corporate Finance	
SEK M	2022	2021	2022	2021	2022	2021
Total income	1 408	1 069	660	18	542	678
Provisions, direct assigment and production costs	-166	-153	-175	-3	-78	-57
Income excl. commission, direct assignment and production costs	**1 243**	**916**	**485**	**15**	**465**	**622**
Operating expenses	-785	-667	-111	-11	-442	-551
Operating profit/loss	457	249	373	4	22	71
Financial items—net	-27	131	-34	0	-10	-7
Profit/loss before tax	431	381	339	4	12	64
Tax	-131	-51	-5	1	-7	-29
Net profit for the year	**299**	**330**	**334**	**5**	**5**	**35**

SEK M	2022	2021	2022	2021	2022	2021
Equity	389	1 070	531	187	59	95
Total assets	1 624	1 507	3 111	2 697	497	583
Equity/Asset ratio %	24	71	17	7	12	16

Investment Management

The operating segment made strong progress in the year. Total income was SEK 1,408 million (1,069), and operating profit/loss was SEK 457 million (249). The increased income and operating profit were mainly attributable to the Property Funds service area, where both fixed and variable income, from performance-based fees and transaction costs, increased year-on-years. Assets under management increased by SEK 18 billion, or 15 percent, to SEK 141 million at year-end.

Principal Investments

As of the record date, the operating segment had invested a total of SEK 1,183 million (1,112) in residential projects, logistics projects, office projects and retail projects in Europe. Total income was SEK 660 million (18), and operating profit/loss for the year was SEK 373 million (4). This profit improvement is primarily attributable to the divestment of the Swedish logistics projects Infrahubs Norrköping, Örebro and Ljungby. Divestment of the French logistics projects Roye and Mer and development costs for new or ongoing projects were charged to the operating profit in an amount of SEK 20 million.

Corporate Finance

Low appetite for transactions in the European property market in 2022 had a negative impact on Corporate Finance's sales and profits. Transaction volumes in Europe totalled SEK 3,099 billion (4,124), a decrease of 25 percent year-on-year. Catella's transaction volumes during the year totalled SEK 44.9 billion (57.3), a decrease of 22 percent. Total income was SEK 542 million (678), and operating profit/loss was SEK 22 million (71). Operating profit included expenses of SEK 10 million attributable to the operations in Germany, which were discontinued during 2022.

IMPAIRMENT TESTING

During the year, Catella conducted impairment tests on assets with indefinite useful lives based on carrying amounts as of 30 September 2022. Catella's assets with indefinite useful lives consist of goodwill and brands, with a reported value of SEK 347 million (298) and SEK 50 million (50) respectively. The impairment test is calculated on estimated future cash flows based on budgets and forecasts and approved by management and the Board of Directors. The test indicated no need for goodwill impairment.

INVESTMENTS, DEPRECIATION AND AMORTISATION

In 2022, the Group completed investments totalling SEK 260 million (193). Of this amount, SEK 13 million (3) were investments in intangible assets and SEK 11 million (11) were investments in property, plant and equipment. Additional investments and new investments in subsidiaries were SEK 77 million (57), of which SEK 40 million related to the acquisition of Catella Poland WPP and SEK 12 million (54) related to acquisitions of shares in Catella Residential Partners SAS from non-controlling interests. Furthermore, investments in associate companies amounted to SEK 23 million (25). In addition, Catella invested SEK 137 million (98) in business-related holdings that are not associated companies, of which SEK 96 million related to debt instruments in the Mander Centre. Amortisation, depreciation and impairment of assets not constituting right-of-use assets (IFRS 16 Leases) amounted to SEK 37 million (74) in the financial year.

FINANCING

In March 2021, Catella AB issued a new unsecured bond of SEK 1,250 million with a term of 4 years. The bond loan accrues floating-rate interest at 3-month Stibor plus 475 b.p. At the same time, the existing bond of SEK 750 million was repurchased/redeemed. The bond is listed on NASDAQ Stockholm.

Financing is conditional on a minimum Group equity requirement of SEK 800 million from time to time. Otherwise, there are no restrictions on dividend. Annual dividend to Parent Company shareholders is subject to the higher of SEK 80 million or 60 percent of profit for the year attributable to Parent Company shareholders. These covenants were satisfied in the year and as of 31 December 2022.

As a result of Covid-19, and the negative financial impact of the pandemic on businesses, the Group's French and Spanish subsidiaries were granted government-guaranteed loans from credit institutions on favourable terms. As of 31 December 2022, these loans amounted to SEK 41 million (48).

In addition, the Group's property development company received loans from credit institutions relating to ongoing property projects. As of 31 December 2022, these loans amounted to SEK 1,480 million (1,255).

The Group also has an overdraft facility of SEK 30 million (30), of which SEK 30 million (30) was unutilised as of as of 31 December 2022.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Divestment of the remaining shares in Catella Fondförvaltning

Catella used the right to sell the remaining 30 percent of the shares in Catella Fondförvaltning AB for SEK 60 million to Athanase. The transaction did not impact the Group's profit of 2022.

Catella's part-owned company Infrahubs divested logistics property in Norrköping

Infrahubs' logistics property in Norrköping was sold to Allianz Real Estate on 1 April, and solar panels were installed on the property later in the year The transaction generated a profit of SEK 260 million after transaction costs, of which SEK 130 million is attributable to shareholders of the Parent Company.

Divestment of Corporate Finance in Germany and the Baltics

After a strategic review of the Corporate Finance business area, Catella decided to divest its operations in Germany and the Baltics. The divestment costs for the German operations were approximately SEK 10 million and had a negative effect on profit for the year. The divestment of the operations in the Baltics generated a marginal effect on the Group's profit.

Annual General Meeting 2022

Catella's Annual General Meeting was held on 24 May. All existing Board members were re-elected at the AGM.

Conversion of shares

During the year, 24,313 Class A shares were converted into the same number of Class B shares at the request of shareholders.

Acquisition of WPP

In June, Catella concluded the acquisition of 65 percent of the shares in Warsaw Property Partners for a purchase consideration of SEK 40 million.

Sale of Infrahubs Ljungby and Örebro

Catella's partly owned company Infrahubs divested logistics properties in Ljungby and Örebro to a fund managed by Genesta. Possession of the property was transferred on 1 July. The transaction generated a profit of SEK 87 million for Parent Company shareholders.

SIGNIFICANT EVENTS AFTER YEAR-END

On 24 February it was announced that Mattias Brodin would step down as the CFO and a member of Group management with immediate effect, and that recruitment of a new CFO had started. Michel Fischier, currently Head of Investor Relations and Group Communications, has been appointed Interim CFO during the recruitment period.

EMPLOYEES

The number of employees in remaining units, expressed as full-time equivalents, was 513 (501), of which 286 (279) were employed in the Investment Management operating segment, 38 (0) in Principal Investment, 164 (196) in Corporate Finance and 25 (26) in other functions.

FINANCIAL INSTRUMENTS, RISKS AND UNCERTAINTIES

Risks and uncertainties

The Investment Management operating segment includes the Group's fund management, investment management and asset management operations. All transactions carried out on behalf of customers are governed by fund regulations or instructions from the customer. Catella does not bear any risk in terms of the progress of clients' financial instruments and investments, other than due to non-compliance with agreed instructions. Financial risks are mainly managed through continuous measurement and follow-up of financial progress. Two subsidiaries in the operating segment are regulated by the supervisory authority where the companies have their legal domicile. Catella continuously seeks to ensure compliance with existing regulatory frameworks and plan for future compliance with coming regulatory changes.

Within the Corporate Finance operating segment, seasonal variations are significant. This means that sales and results of operations vary during the year.

The Corporate Finance operating segment relies on the credit market functioning efficiently. In turn, the credit market affects the market for property transactions, which is Catella's principal market in Corporate Finance. Corporate Finance is also very personnel-intensive and relies on key employees. If several key employees decided to leave Catella, this could affect the Group's sales and results of operations.

The current macroeconomic position with rising inflation and increased interest rates could impact future return and transaction levels, and hence also impact assets under management and profit in the operating segments Investment Management and Corporate Finance.

Through the operating segment Principal Investments, Catella invests equity in property development. Catella's primary intention is to invest in the early phase of projects and divest the holdings as soon as is commercially advantageous. The investments include the risk that Catella is forced to choose between continuing to invest in late stages of projects, running the projects to completion or leaving the project and losing the invested capital. Rising material costs and supply shortages, as well as changed market conditions for properties, affected projects in Principal Investments to some degree in 2022. However, management has noted that cost increases have slowed in recent months and supply chains have opened up again, which means that the risks are assessed to be lower looking ahead.

Furthermore, financial risks arise because the Group is in need of external funding and uses various currencies. The Group's financial risks, which mainly comprise financing and liquidity risk, interest rate risk, currency risk and credit/counterparty risk, are described in Note 3.

The preparation of financial statements requires the Board of Directors and Group Management to make estimates and judgements. Estimates and judgements affect the Income Statement and Balance Sheet, as well as disclosures regarding contingent liabilities, for example. Actual outcomes may differ from these estimates and judgements, due to other circumstances or conditions. More information on critical estimates and judgements is presented in Note 4.

Other risks

Other risks in the Group include operating, strategic, surrounding world, reputational and commercial risks.

Operating risk

Operating risk is the risk of a loss due to internal causes (data error, mistakes, fraud, incomplete compliance with laws and internal regulations, other deficiencies in internal controls, etc.) and events in the surrounding world (natural disasters, external crime, etc.) The Group has established procedures and controls to minimise operating risk. For traditional insurable risks such as fire, theft, liability, etc., the Group judges that it has satisfactory protection through its existing insurance cover.

Surrounding world risk

There is currently uncertainty regarding the long-term consequences the war in Ukraine will have on the surrounding world, and how this might affect Catella and its subsidiaries. Catella does not currently have business operations in these countries and is not directly affected by the sanctions.

Reputational risk

Reputational risk is the risk of the Group's reputation being damaged on the market, in the media or with clients, which could have a negative impact on Group profit. Reputational risk increases as the Group grows and becomes a larger operator on the market. Catella currently considers its reputation to be good.

Strategic risk and other risks

Strategic risk could result from institutional changes and changes in fundamental market conditions that may occur. Legal and ethical risks are based in part on external regulations, mainly legislation and regulations, guidelines and instructions of supervisory authorities regarding operations, and in part on the requirements of the business community that operations be conducted on confidence-building grounds.

Catella continuously works in a structured way to identify and monitor financial and other risks that could affect the Group's operations. The Group's risk management takes place through a structured analysis and decision-making process with the Group management, Board of Directors and external auditor. The aim of risk management is to minimise risk exposure and mitigate identified risks while generating growth and shareholder value.

Catella classifies its risks in the following categories: strategic, operational, compliance, financial and macroeconomic risk. All identified risks are documented in a risk matrix based on potential impact and probability. Catella's risk management is based on this documentation. The control methods and measures in place include policies, procedures, inspections, reporting systems and self-assessment, as well as controls in financial reporting and related processes.

FUTURE PROGRESS

Investment Management

The operating segment has considerable potential for continuing on its set path of positive growth and increased volumes. By offering property funds as well as management and development of properties through mandates, we have a broad offering that withstands various market conditions and business cycle phases. Joint investments in the form of carefully selected expansion projects through the operating segment Principal Investments further supports growth. The goal is to further increase internal collaboration and synergies to grow the value chain, for example capital from Property Funds, is being managed by Asset Management in several European cities.

Interest in building sustainable cities and environments is growing amongst many long-term institutional investors. ESG is well-established in the property sector and a growing number of investors place high demands on sustainability in property assets. In order to meet this demand, Catella will continue to develop existing funds and the launch of new funds with a focus on sustainability.

Principal Investments

Catella's partnerships are a unique strength, and Principal Investments will continue to invest through these, mainly in logistics and residential development. We are also entering into new partnerships across Europe to expand and diversify our investments strategies. Principal Investments will support local Catella companies, and we plan to increase co-investments alongside customers to support new initiatives and grow assets under management.

Corporate Finance

This business area is putting strong emphasis on increasing the share of value-adding and capital markets-related services, and thus improving profitability. Catella Corporate Finance has a strong market position in five European markets, and continuously advances its market position with an increased focus on value-added and capital markets-related services, as well as protecting its position in transaction advice. In addition, the operations are coordinated to improve synergies in the operating segment and the Group.

CORPORATE GOVERNANCE

In accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance ("the Code"), Catella has prepared a special Corporate Governance Report including a section on internal control. The Corporate Governance Report can be found on pages [53-60].

RESEARCH AND DEVELOPMENT

Catella's operations do not conduct research in the sense referred to in IAS 38 Intangible assets.

SUSTAINABILITY AND ENVIRONMENTAL IMPACT

No Group company conducts operations that require permits under the Swedish Environmental Code.

In accordance with the Annual Accounts Act, Catella has prepared a statutory Sustainability Report which is presented on pages [19-47].

PARENT COMPANY

Catella AB (publ) is the Parent Company of the Group. Group Management and other central Group functions are concentrated in the Parent Company.

For 2022, the Parent Company recognised income of SEK 60.4 million (20.7) and operating profit/loss for the year of SEK -36.4 million (-49.2). The improved operating profit was mainly due to increased invoicing of management fees and other services to subsidiaries. Personnel expenses increased by SEK 10.8 million during the year to SEK 54.3 million due to an increased headcount. At the end of the year, there were 24 (20) employees in the Parent Company, expressed as full-time equivalents.

The Parent Company's financial items amounted to SEK 189.3 million (-56.4), of which dividend from subsidiary totalled SEK 257.4 million (0) and interest and arrangement fees for bond loans totalled SEK 71.4 million (65.4).

Profit/loss before tax and profit/loss for the period was SEK 152.9 million (-105.6).

Cash and cash equivalents in Catella's transaction account in the Group's cash pool with a Swedish credit institute are reported as Current receivables with Group companies. On the reporting date, this item totalled SEK 80.8 million (521.9).

In March 2021, Catella AB issued a new unsecured bond of SEK 1,250 million with a term of 4 years. The bond loan accrues floating-rate interest at 3-month Stibor plus 475 b.p. At the same time, the existing bond of SEK 750 million was repurchased/redeemed early. The bond is listed on NASDAQ Stockholm.

PROPOSED APPROPRIATION OF PROFIT

The following non-restricted reserves and earnings in the Parent Company are at the disposal of the Annual General Meeting:

SEK	
Share premium reserve	69 966 953
Retained earnings	0
Net profit for the year	152 900 897
	222 867 850

The Board of Directors and Chief Executive Officer propose that funds be allocated as follows:

SEK	
dividend paid to shareholders, 1.20 per share, in total	106 018 286
carried forward (of which 14 045 730 allocated to share	116 849 563
	222 867 850

The proposed dividend to Parent Company shareholders is subject to the higher of SEK 80 million or 60 percent of profit for the year attributable to Parent Company shareholders. Proposed payment of dividends on 17 May 2023.

Board of Directors' statement on proposed dividend

The Parent Company's and Group's financial position is good, as reported in the most recent Balance Sheet. The Board of Directors judges that the proposed dividend is covered by equity, and is within the limits set by the Company's dividend policy. As of 31 December

2022, the Group's equity/assets ratio was 38 percent. The proposed dividend, all things being equal, decreases the equity/assets ratio by just over one percent. The Group's liquidity will also be satisfactory in relation to the operations the Group is active within, after the proposed dividend. Accordingly, the Board of Directors considers that the proposed dividend is justifiable in terms of the demands resulting from the operations' (the Company and Group respectively) nature, scope and risks in terms of the size of equity, and the Company and the Group's need to strengthen the Balance Sheet, liquidity and financial position otherwise.

GUIDELINES FOR REMUNERATION TO SENIOR MANAGERS OF CATELLA

The Annual General Meeting 2022 adopted guidelines for remuneration to senior executives; also see Note 11.

Consolidated Income Statement

SEK M	Note	2022 Jan–Dec	2021 Jan–Dec
Net sales	6	1 996	1 734
Other operating income	7	597	73
		2 593	**1 807**
Provisions, direct assigment and production costs		-402	-206
Other external expenses	8	-374	-374
Personnel costs	10, 11, 12	-919	-994
Depreciation and amortisation	9	-75	-121
Other operating expenses	7	-14	18
Operating profit/loss		**810**	**130**
Interest income accordring to effective interest rate method	13	25	1
Interest income other	13	18	17
Interest expenses	13	-79	-71
Other financial income	13	203	217
Other financial expenses	13	-147	-85
Financial items—net		20	80
Profit/loss before tax		**830**	**210**
Tax	14	-147	-81
Net profit for the year		**683**	**128**
Profit/loss attributable to:			
Shareholders of the Parent Company		491	174
Non-controlling interests	20	192	-46
		683	**128**
Earnings per share attributable to Parent Company shareholders, SEK	15		
- before dilution		5,55	1,97
- after dilution		5,41	1,92
Number of shares at end of year		88 348 572	88 348 572
Average weighted number of shares after dilution		90 662 237	90 617 837

Consolidated Statement of Comprehensive Income

SEK M	2022 Jan–Dec	2021 Jan–Dec
Net profit for the year	683	128
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit pension plans	2	1
Fair value changes in financial assets through OCI	14	10
Items that may be subsequently reclassified to profit or loss:		
Hedging of net investment	0	-2
Exchange-rate differences	101	17
Other comprehensive income for the year, net of tax	**117**	**25**
Total comprehensive income for the year	**800**	**153**
Total comprehensive income attributable to:		
Shareholders of the Parent Company	596	198
Non-controlling interests	204	-45
	800	**153**

Consolidated Statement of Financial Position

SEK M	Note	2022 31 Dec	2021 31 Dec
Assets			
Non-current assets			
Intangible assets	17	452	404
Contract assets leasing agreements	18	109	127
Tangible assets	19	27	25
Investments in associated companies	20	182	187
Non-current receivables from associated companies		127	201
Financial assets at fair value through other comprehensive income	21	36	61
Financial assets at fair value through profit or loss	22	272	114
Deferred tax assets	14	7	23
Other non-current receivables	25	41	15
		1 254	**1 158**
Current assets		-	-
Development and project properties	23	2 244	2 105
Contract assets		63	0
Accounts receivable	24	376	321
Current receivables from Associated companies		151	141
Tax assets		17	20
Other receivables		279	115
Prepaid expenses and accrued income	26	100	79
Financial assets at fair value through profit or loss	22	39	59
Client funds		3	3
Cash and cash equivalents	27	1 794	1 442
		5 066	**4 283**
Total assets		**6 320**	**5 442**

SEK M	Note	2022 31 Dec	2021 31 Dec
EQUITY AND LIABILITIES			
Equity	**28**		
Share capital		177	177
Other contributed capital		296	295
Reserves		72	12
Retained earnings incl. net profit/loss for the year		1 624	1 205
Equity attributable to shareholders of the Parent Company		**2 168**	**1 688**
Non-controlling interests	20	262	132
Total equity		**2 430**	**1 821**
Liabilities			
Non-current liabilities			
Borrowings	29	1 519	1 300
Long-term loan liabilities	29	1 244	1 241
Contract liabilities leasing agreements		82	100
Other non-current liabilities		34	103
Deferred tax liabilities	14	17	19
Other provisions	30	93	75
		2 989	**2 838**
Current liabilities			
Borrowings	29	3	2
Contract liabilities leasing agreements		36	34
Accounts payable		157	179
Liabilities to associated companies		34	0
Tax liabilities		46	42
Other liabilities		116	74
Accrued expenses and deferred income	31	502	448
Client funds		3	3
		901	**783**
Total liabilities		**3 890**	**3 621**
Total equity and liabilities		**6 320**	**5 441**

For information about the Group's pledged assets and contingent liabilities, see Notes 32-34.

Consolidated Statement of Cash Flows

SEK M		2022 Jan–Dec	2021 Jan–Dec
Cash flow from operating activities			
Profit/loss before tax		830	210
Reclassification and adjustments for non-cash items:			
Wind down expenses		-23	13
Other financial items		-56	-132
Depreciation and amortisation	9	75	121
Impairment /reversal impairment current receivables	7	1	1
Change in provisions		15	-1
Interest income from loan portfolios	13	-17	-17
Profit/loss from participations in associated companies	7	-63	-42
Personnel costs not affecting cash flow	10	5	55
Other reclassifications and non-cash items		-266	-
Paid income tax		-136	-110
Cash flow from operating activities before changes in working capital		**368**	**98**
Investments in property projects		-1 569	-1 776
Divestment of property projects		1 414	24
Cash flow from property projects		**-155**	**-1 752**
Cash flow from changes in working capital			
Increase (–)/decrease (+) of operating receivables		-118	-51
Increase (+)/decrease (–) of operating liabilities		45	-77
Cash flow from operating activities		**140**	**-1 782**

SEK M		2022 Jan–Dec	2021 Jan–Dec
Cash flow from investing activities			
Investment in tangible assets	19	-11	-10
Investment in intangible assets	17	-13	-4
Acquisition of subsidiaries, net of cash and cash equivalents acquired	36	-74	-47
Sale of subsidiaries, net of cash disposed	36	-	109
Divestment of associated companies		60	-
Dividend and other disbursements from associated companies	20	21	5
Investment in financial assets		-54	-104
Sales of financial assets		44	269
Cash flow from loan portfolios		17	15
Cash flow from investing activities		**-11**	**233**
Cash flow from financing activities			
Payment from issued warrants		1	6
Borrowings	35	376	2 069
Repayment of loans	35	-13	-798
Amortisation of leasing debt		-38	-59
Dividend		-88	-80
Transactions with non-controlling interests		-88	-26
Cash flow from financing activities		**150**	**1 113**
Cash flow for the year		**279**	**-436**
Cash and cash equivalents at beginning of year		1 442	1 856
Exchange rate differences in cash and cash equivalents		73	21
Cash and cash equivalents at end of year	27	**1 794**	**1 442**

Interest received and paid is stated in Note 35.

Consolidated Statement of Changes in Equity

	Equity attributable to shareholders of the Parent Company							
SEK M	Share capital	Other contributed capital *	Fair value reserve	Translation reserve	Retained earnings incl. net profit/loss for the	Total	Non-controlling interests **	Total equity
Opening balance at 1 January 2022	**177**	**295**	**18**	**-7**	**1 205**	**1 688**	**132**	**1 821**
Total comprehensive income for the year, January - December 2022								
Net profit for the year					491	491	192	683
Other comprehensive income, net of tax			-29	89	45	105	12	117
Total comprehensive income for the year			**-29**	**89**	**536**	**596**	**204**	**800**
Transactions with shareholders								
Transactions with non-controlling interests					-29	-29	-74	-103
Warrants issued		1				1		1
Dividend					-88	-88		-88
Closing balance at 31 December 2022	**177**	**296**	**-11**	**83**	**1 624**	**2 168**	**262**	**2 430**

* Other paid-up capital is share premium reserves in the Parent Company.
** Non-controlling interests are attributable to minority shares in the subsidiaries within all Group business areas.

	Equity attributable to shareholders of the Parent Company							
SEK M	Share capital	Other contributed capital *	Fair value reserve	Translation reserve	Retained earnings incl. net profit/loss for the period	Total	Non-controlling interests **	Total equity
Opening balance at 1 January 2021	**177**	**289**	**95**	**-20**	**1 072**	**1 612**	**185**	**1 797**
Total comprehensive income for the year, January - December 2021								
Net profit for the year					174	174	-46	128
Other comprehensive income, net of tax			-77	14	87	24	1	25
Total comprehensive income for the year			**-77**	**14**	**261**	**198**	**-45**	**153**
Transactions with shareholders								
Transactions with non-controlling interests					-49	-49	-8	-57
Warrants issued		6				6		6
Dividend					-80	-80		-80
Closing balance at 31 December 2021	**177**	**295**	**18**	**-7**	**1 205**	**1 688**	**132**	**1 821**

* Other paid-up capital is share premium reserves in the Parent Company.
** Non-controlling interests are attributable to minority shares in the subsidiary IPM, and several subsidiaries in Investment Management and Corporate Finance.

The Extraordinary General Meeting in December 2020 decided to introduce a new incentive scheme through the issue of a maximum of 3,000,000 warrants distributed over two series: 2020/2024:A and 2020/2025:B. In June 2021, 2,750,000 warrants were transferred to members of Group management, and in 2022 a further 100,000 warrants were transferred to two key members of staff. The remaining 150,000 warrants were held in Treasury as of 31 December 2022. The exercise price is SEK 35.20 per share.

The Extraordinary General Meeting in December 2020 decided to introduce a new incentive scheme through the issue of a maximum of 3,000,000 warrants distributed over two series: 2020/2024:A and 2020/2025:B. As of 1 June 2021, 2,750,000 warrants were transferred to members of Group management, and the remaining 250,000 warrants were held in Treasury as of 31 December 2021. The exercise price is SEK 35.20 per share.

Notes on the Consolidated Accounts

NOT 1 COMPANY INFORMATION

The Catella Group ("Catella") includes the Parent Company Catella AB (publ) (the "Parent Company") and a number of companies that conduct operations in three operating segments: Investment Management, Principal Investments and Corporate Finance.

The Annual Accounts and Consolidated Accounts of Catella AB (publ) for the financial year ending on 31 December 2022 were approved for publication by the Board of Directors and the Chief Executive Officer on 31 March 2023 and will be presented for adoption by the Annual General Meeting on 10 May 2023.

The Parent Company is a Swedish limited liability company with its registered office in Stockholm, Sweden. The head office is located at Birger Jarlsgatan 6 in Stockholm. Catella AB is listed on Nasdaq Stockholm in the Mid Cap segment.

NOT 2 SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation of the financial statements

The Consolidated Financial Statements of Catella were prepared in accordance with the Swedish Annual Accounts Act, RFR 1 supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) and IFRIC interpretation statements endorsed by the EU. The Consolidated Accounts were prepared under historical cost convention, apart from the remeasurement of financial assets at fair value through other comprehensive income and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements requires the Board of Directors and Group Management to make estimates and judgements. These estimates and judgements affect the Income Statement, statement of Comprehensive income and statement of financial position, as well as the disclosures provided, such as contingent liabilities. Actual outcomes may differ from these assessments in the context of other assumptions or in other circumstances. Areas involving a high degree of judgement that are complex, or such areas for which assumptions and estimates are of material importance to the Consolidated Accounts, include the assessment of future cash flows, which for example, form the basis of the measurement of loan portfolios, goodwill, brand and contract portfolios, the measurement of deferred tax assets attributable to tax-loss carry-forwards, the measurement of accounts receivable, as well as assessments of disputes and the need to provision for them.

The accounting principles presented below were applied consistently to all periods presented in the Consolidated Accounts, with the exceptions described in greater detail. the policies of associated companies were adjusted to the Group's accounting principles as necessary.

Discontinuation of the operations in the Group company Catella Luxembourg SA (formerly Catella Bank SA) has been under way since 2019 and has been recognised in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations. In November 2021, ECB approved Catella Bank's application to return the banking license and to cease acting as a credit institute. Because the operations have been discontinued and the legal entity still exists, as of 2022, Catella Luxembourg SA will not be reported on in accordance with IFRS 5. Comparative figures for previous years have been adjusted accordingly.

In the operating segment Principal Investments, Catella makes real estate investments alongside partners and external investors. During 2022, cash flow from investments and divestments of property projects have been reclassified in the Group's Statement of Cash Flows. These were previously recognised as cash flow from investing activities but in the Annual Report 2022 have been included in Group cash flow from operating activities. Comparative figures for previous years have been adjusted accordingly. This resulted in the Group's non-current assets increasing by SEK 62 million and the Group's sales increasing by SEK 1 million.

Introduction and effects of new and revised IFRS for 2022

No new standards were introduced in 2022 that had any material impact on the Consolidated Accounts.

A number of new standards, amended standards and interpretations are not yet applicable to the financial year ending on 31 December 2022 and have not been applied in the Group's preparation of these financial statements. The Group has completed its evaluation and concluded that the impact of these standards and their amendments on the financial results and financial statements is immaterial.

Consolidated accounts

(a) Subsidiaries: Subsidiaries are all of the companies in which the Group has a controlling influence. The Group controls a company when it is exposed to, or is entitled to, variable returns from its holdings in the Company, and has the ability to affect returns through its influence over the Company. The existence and effect of potential voting rights that may currently be utilised or converted are taken into consideration in the assessment of whether the Group exercises a controlling influence over another company. Subsidiaries are included in the Consolidated Accounts from the date on which the controlling influence is transferred to the Group. They are excluded from the Consolidated Accounts effective the date on which the controlling influence ceases. All transactions with shareholders of subsidiaries are recognised based on the substance of these transactions. Gains/losses attributable to shareholders of non-controlling interests, who in addition to their ownership are also active in the subsidiary, are placed on a par with other forms of variable remuneration and, accordingly, are recognised as personnel expenses in the Income Statement. These shareholders' portion of the net assets in the Group is recognised in the Consolidated statement of financial position as a non-controlling interest.

The purchase method is applied to the recognition of the Group's business combinations. Goodwill arising coincident with the acquisition of subsidiaries, associated companies and joint arrangements is the amount by which the purchase consideration exceeds Catella's share of the fair value of identifiable assets, liabilities and contingent liabilities in the acquired company on the date of transfer. If the fair value of the subsidiary's acquired assets, liabilities and contingent liabilities exceeds the purchase consideration, the difference is recognised directly through profit or loss. Contingent consideration is recognised on the acquisition date at fair value and classified as a liability that is subsequently remeasured through profit or loss. Non-controlling interests in the acquired business are measured at either fair value or at the proportional share of the acquired operations' net assets held as a non-controlling interests on a case-by-case basis All acquisition-related transaction costs are expensed. These costs are recognised in the Group under the item "other external expenses" in profit or loss.

Intragroup transactions, balance sheet items and unrealised gains and losses on transactions between Group companies are eliminated. Wherever appropriate, the accounting principles for the subsidiaries have been changed in order to guarantee consistent application of the Group's policies.

(b) Transactions with shareholders of non-controlling interests: The Group treats transactions with non-controlling interests as transactions with the Group's shareholders. Coincident with acquisitions from non-controlling interests, the difference between the consideration paid and the actual acquired portion of the carrying amount of the subsidiary's net assets is recognised in equity. Gains and losses attributable to disposals of non-controlling interests are also recognised in equity.

When the Group no longer has a controlling or significant influence, each remaining holding is remeasured at fair value and the change in the carrying amount is recognised in profit or loss. The fair value is utilised as the first carrying amount and forms the basis for the future accounting of the remaining holding as an associated company, joint venture or financial asset. All amounts relating to the divested unit that were previously recognised in other comprehensive income are recognised as if the Group had directly sold the related assets or liabilities, which may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Associated companies: Associated companies are holdings that are neither subsidiaries nor joint arrangements, but for which the Group is able to exercise a significant influence, which in general applies to shareholdings of between 20 percent and 50 percent of the votes. Holdings in associated companies are recognised in accordance with the equity method and initially measured at cost. The carrying amount of the Group's holdings in associated companies includes the goodwill identified on acquisition, net of any impairment losses.

Associated companies are included in the Consolidated Accounts from the acquisition date. They are excluded from the Consolidated Accounts on the date on which they are sold. Transactions, balance sheet items and unrealised gains on transactions between the Group and its associated companies are eliminated in accordance with the Group's participation in the associated company. Unrealised losses are also eliminated, but are regarded as indicating an impairment need for the transferred asset. Shares of profits of associated companies are recognised in the Consolidated Income Statement under "Net operating profit", net of tax. Shares in associated companies are recognised in the Statement of Financial Position at cost, including the portion comprised of goodwill, adjusted for dividends and the share of the associated company's profit after the acquisition date.

Segment reporting

According to IFRS 8, operating segments are recognised in a manner that is consistent with the internal reporting regularly presented to the chief operating decision maker. The chief operating decision-maker is the function that is responsible for the allocation of resources and the assessment of the operating segment's profit or loss. For Catella, the CEO has been identified as the chief operating decision-maker. The CEO evaluates the Group's operations on the basis of the following operating segments, which are also reportable segments: Investment Management, Principal Investment and Corporate Finance. These segments are referred to in the Group's reporting as business areas or operating segments. The operating segments are regularly monitored by the manager of the segment and Catella's CEO, who decide on the allocation of resources, budgetary targets and finance plan.

Translation of foreign currencies

(a) Functional currency and reporting currency: Items included in the financial statements of the Group's various units are measured in the currency used in the financial environments in which each company primarily conducts its business activities (functional currency). Swedish krona (SEK) is used in the Consolidated Accounts, which is Catella AB's functional currency and the Group's reporting currency.

(b) Transactions and balance sheet items: Transactions in foreign currencies are translated to the functional currency at the rates of exchange ruling on the transaction date or the date on which the items were remeasured. Exchange rate gains and losses arising on payment for such transactions and on the translation of monetary assets and liabilities in foreign currency at the closing date rate are recognised through profit or loss. The exception is for transactions comprising hedging that meet the requirements for hedge accounting of cash flows or for net, investments, when gains/losses are recognised in other comprehensive income. Exchange rate gains and losses attributable to loans and cash and cash equivalents are recognised through profit or loss as "other financial items". All other exchange rate gains and losses are recognised in the items "other operating income" or "other operating expenses" in the Income Statement.

Changes in the fair value of financial assets comprising debt instruments denominated in foreign currency, classified as measured at fair value in Other comprehensive income, are divided between translation differences and other changes in the reported value of securities. Translation differences related to changes in amortised cost are recognised through profit or loss.

Translation differences for financial assets and liabilities, such as shares measured at fair value in the Income Statement, are recognised in the Income Statement as a portion of fair value gains/losses. Translation differences for financial assets not comprising debt instruments, such as shares classified as financial assets measured at fair value in Other comprehensive income, are transferred to the fair value reserve via Other comprehensive income.

(c) Group companies: Profit/loss and financial position of all of the Group companies that have a functional currency that is different to the reporting currency are translated to the Group's reporting currency as follows:

- (a) Assets and liabilities for each of the Balance Sheets are translated at the closing date rate;
- (b) Income and expenses for each of the income statements are translated at the average exchange rates (insofar as the average rate constitutes a reasonable approximation of the accumulated effect of the rates applying on the transaction date, otherwise income and expenses are translated at the rate on the transaction date), and
- (c) All translation differences arising are recognised in other comprehensive income and accumulated in the translation reserve under equity.

Translation differences arising as a result of the translation of net investments in foreign operations and borrowing and other currency instruments identified as hedging of such investments are entered in Other comprehensive income on consolidation. When a foreign operation is sold, either wholly or partly, the translation differences that were recognised in Other comprehensive income are entered in profit or loss and recognised as a portion of the capital gain/loss.

Goodwill and adjustments of fair value arising on the acquisition of foreign operations are treated as assets and liabilities of this operation and translated at the closing date rate.

Classification of assets and liabilities

Non-current assets and non-current liabilities essentially comprise amounts that are expected to be recovered or paid after more than 12 months from the reporting date. Current assets and current liabilities essentially comprise amounts that are expected to be recovered or paid within 12 months of the reporting date.

Property, plant and equipment

Property, plant and equipment is recognised at cost less accumulated depreciation and any accumulated impairment. Depreciation is based on historical cost and estimated useful life.

Straight line depreciation is utilised for all types of assets as follows:

- Leasehold improvements 20 percent per year or over the term of the lease
- Computers and peripherals 25-33 percent per year
- Other office machines and office equipment 20 percent per year

The residual values and useful lives of the assets are tested at the end of each reporting period and adjusted as necessary.

The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

Gains and losses on disposal are determined by comparing sales proceeds to carrying amounts and are recognised in other operating income or other operating losses.

Intangible assets

(a) Goodwill: The amount by which the purchase consideration, any non-controlling interest and the fair value on the acquisition date of previous shareholdings exceeds the fair value of identifiable acquired net assets is recognised as goodwill. Goodwill from acquisitions of subsidiaries is recognised as intangible assets. Goodwill is tested every year to identify any impairment and is recognised at cost less accumulated impairment losses. Goodwill impairment is not reversed. Gains or losses on the disposal of a unit include the remaining carrying amount of the goodwill relating to the sold unit.

Goodwill is allocated between cash-generating units when any impairment tests are performed. Goodwill is allocated to cash-generating units or groups of cash-generating units, as established in accordance with the Group's operating segments that are expected to benefit from the business combination in which the goodwill item arose.

(b) Trademarks and brands: Trademarks and brands acquired in a business combination are recognised at fair value on the acquisition date. Brands recognised in the Group's Consolidated statement of financial position is the registered brand Catella, which is deemed to have an indefinite useful life. The brand is tested every year to identify any impairment and is recognised at cost less accumulated impairment losses.

(c) Customer relations: Contract portfolios and associated customer relationships relating to a business combination are identified in the acquisition analysis and are recognised as a separate intangible asset. The customer relationships arising from business combination are measured at fair value. Fair value measurement uses a valuation model based on discounted cash flows. Measurement is based on the turnover rate and return for the acquired portfolio on the acquisition date. In this model, a separate cost or required rate of return is paid in the form of a contributory asset charge for the assets utilised in order for the intangible asset to generate a return. Cash flows are discounted through a weighted average cost of capital (WACC), which is adjusted with respect to local interest rate levels in the countries where the acquisitions occurred. The useful life of the contract portfolios and associated customer relationships is based on the turnover rate of the acquired portfolio, which is deemed to be between five and seven years and corresponds to an annual amortisation rate of 14-20 percent. Amortisation is recognised in the item depreciation of acquisition-related intangible assets in profit or loss.

(d) Software licences: Acquired software licenses are capitalised on the basis of the expenses arising when the relevant software was acquired and commissioned. These capitalised expenses are amortised over the estimated useful life, usually three to four years.

(e) Deferred tax attributable to intangible assets: A deferred tax liability is measured based on the local tax rate for the difference between the carrying amount and the taxable value of the intangible asset. The deferred tax liability is to be reversed over the same period in which the intangible asset is amortised, which results in the effect of the amortisation on the intangible asset, in terms of the full tax rate relating to profit after tax, being neutralised. The deferred tax liability is initially recognised with a corresponding increase in goodwill. No deferred tax attributable to goodwill on consolidation is considered.

Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill, are not amortised/depreciated but tested for impairment annually. Assets that are amortised/depreciated are tested for impairment whenever events or changed circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount at which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less any selling expenses and its value in use. For impairment testing, assets are grouped at the lowest levels at which separate identifiable cash flows exist (cash-generating units). Assets that are not financial assets or goodwill and that were previously amortised/depreciated are tested on each closing date to determine whether a reversal should be conducted.

Reversal of impairment

Impairment of assets included in the scope of IAS 36 are reversed if there is an indication that the need for impairment no longer exists and a change has occurred in the assumptions underlying the measurement of the recoverable amount. However, impairment of goodwill is never reversed. A reversal is only conducted to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount, less any depreciation/amortisation wherever applicable, that would have been recognised had no impairment loss been recognised.

Impairment of loan receivables and accounts receivable recognised at amortised cost is reversed if the previous reasons for impairment no longer exist and full payment from the customer can be expected to be received.

Financial assets

Classification

The Group classifies its financial assets in the following three valuation categories: amortised cost, fair value via profit or loss and fair value via Other comprehensive income. The presentation of an instrument depends on the Company's business model and the characteristics of the instrument. Management determines the classification of the financial assets when they are first recognised.

(a) Financial assets measured at accrued cost

The category includes financial assets that are not equity instruments or derivatives, and where the asset is held in a business model for the purpose of drawing contracted cash flows and where the agreed terms of the asset only trigger payment of capital amounts and interest on the outstanding capital amount. Examples of assets in this category include accounts receivable and loan receivables. They are included in current assets, except for items falling due for payment more than 12 months after the end of the reporting period, which are classified as non-current assets.

(b) Financial assets at fair value through profit or loss

This category includes equity instruments, derivatives and other financial assets identified as items measured at fair value (fair value option) at the initial reporting date.

Equity instruments

Investments in proprietary equity instruments not comprising subsidiaries must be recognised at fair value through profit or loss, but it is also possible to recognise the instrument at fair value in Other comprehensive income. The choice is made by instrument, in connection with its termination, and cannot be changed retroactively. This assumes that the holding is not held for trading purposes with the aim of making short-term gains on value changes in the share price. Catella includes operational holdings such as Pamica and APAM's investments alongside its customers in this category.

Derivatives

Derivatives are always measured at fair value through profit or loss with the exception of derivatives that have been identified and recognised as hedges of net investments where value changes are recognised in Other comprehensive income.

Items measured at fair value

Financial assets not comprising equity instruments or derivatives, where cash flow does not exclusively comprise capital amounts plus interest and/or is held in a business model not wholly or partly focused on drawing contracted cash flows, are classified as items measured at fair value through profit or loss. Group loan portfolios are included in this category since this corresponds to the original recognition and Catella's monitoring of these assets. The loan portfolios have been acquired for the purpose of realising inherent values either by collecting contracted cash flows or by divestment at fair value. Assets in this category are classified as current assets to the extent relating to the cash flows forecast over the next 12 months, while the remainder of the loan portfolios are recognised as non-current assets. This category also includes the Group's fund holdings and other debt instruments (financial receivables).

(c) Financial assets measured at fair value in Other comprehensive income

Equity instruments classified as financial assets measured at fair value in Other comprehensive income at the initial reporting date. In such cases, no reclassification to the Income Statement will occur when the instrument is sold. The choice is made by instrument and cannot be changed retroactively. This assumes that the holding is not held for trading purposes with the aim of making short-term gains on value changes in the share price. Examples of equity instruments in this category include strategic and long-term holdings that do not comprise subsidiaries or associated companies. They are included in non-current assets if management does not intend to dispose of them within 12 months of the end of the reporting period. Catella's preference shares in Visa Inc. and a minor shareholding in Swift are classified in this category.

Recognition and measurement

Purchases and sales of financial assets are recognised on the transaction date – the date on which the Group undertakes to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs, which apply to all financial assets that are not recognised at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognised at fair value, while related transaction costs are recognised through profit or loss. Financial assets are derecognised from the statement of financial position when the right to receive cash flows from the instrument has expired or been transferred and the Group has essentially transferred all risks and rewards associated with ownership. Financial assets measured at fair value in Other comprehensive income and financial assets measured at fair value through profit or loss are recognised at fair value after the acquisition date. Financial assets held at amortised cost are recognised after the acquisition date at amortised cost by applying the effective interest method.

Gains and losses due to changes in fair value relating to the category of financial assets measured at fair value through profit or loss are recognised in profit or loss in the period in which they arise and are included in the Income Statement item Other financial items divided between the interest coupon received on outstanding loans and the change in fair value. The interest rate component is calculated in accordance with the effective interest method based on applicable discount rates that are an approximation of the instrument's interest rate component. The basis for determining fair value in this category is either the listed market value or measurement based on a discounted cash flow analysis performed by a party external to Catella. Dividends from equity instruments reported as financial assets measured at fair value through profit or loss are reported in the Income Statement as a proportion of Other financial items when the Group's right to receive payments has been determined.

Exchange rate differences from revaluation of financial instruments are reported in the Income Statement. Fair value changes in financial instruments classified as financial assets measured at fair value in Other comprehensive income are recognised in Other comprehensive income. There is no reclassification to the Income Statement in connection with divestments of equity instruments in this category.

Interest on financial assets measured at amortised cost calculated using the effective interest method are recognised in the Income Statement under Interest income. Dividends from equity instruments reported as financial assets measured at fair value in Other comprehensive income are reported through profit or loss as a proportion of Other financial items when the Group's right to receive payments has been determined.

Impairment of financial assets

On each reporting date, the Company calculates the reserve for anticipated credit losses for a financial asset of group of assets. The expected credit losses of receivables are measured on the basis of historical experience of bad debt loss on similar receivables and forward-looking information. Accounts receivable subject to impairment are recognised at the present value of expected future cash flows. Receivables with short terms are not discounted.

Derivative instruments and hedging measures

Derivative instruments are recognised in the statement of financial position on the contract date and measured at fair value, both initially and at subsequent remeasurement. The effect of the remeasurement is recognised in profit or loss. Catella currently conducts no hedging transactions (except some hedging of net investments in foreign operations).

Hedging of net investment

Hedges that have been entered to reduce currency risk (translation risk) in net investments denominated in foreign currency are recognised from the date the currency hedge of net exposure was entered into. The proportion of profit or loss on a hedging instrument that has been identified and judged to be an effective hedge is recognised in Other comprehensive income. The gain or loss attributable to the ineffective portion is immediately recognised in profit or loss under other financial items. Accumulated gains and losses in the Translation reserve in equity are recognised through profit or loss when the foreign operation is wholly or partly sold.

Receivables in foreign currency that comprise a portion of the Company's net investments in foreign subsidiaries are also measured at the closing date rate. Exchange rate differences on these receivables are recognised directly in Other comprehensive income.

Properties held for development and project properties

Properties held for development and project properties are recognised in accordance with IAS 2 at the lower of cost and net realisable value. Cost comprises acquisition costs, development expenses and cost of borrowing.

Accounts receivable

Accounts receivable are amounts to be paid by the customer for goods sold or services rendered in operating activities. If payment is expected within one year, the receivable is classified as a current asset. Otherwise, the receivable is characterised as a non-current asset. Accounts receivable are initially recognised at fair value and subsequently at amortised cost by applying the effective interest method, less reserves for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and other short-term investments in securities, etc. that fall due for payment within three months after the acquisition date.

Accounts payable

Accounts payable are obligations to pay for goods or services that have been purchased from suppliers in operating activities. Accounts payable are classified as current liabilities if they become due for payment within one year. Otherwise, the liability is characterised as a non-current liability.

Accounts payable are initially recognised at fair value and subsequently at amortised cost by applying the effective interest method.

Borrowing

Borrowing is initially recognised at fair value, net of transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net after transaction costs) and the amount of the repayment is recognised through profit or loss allocated over the loan term, by applying the effective interest method.

Fees paid for loan commitments are recognised as transaction costs for the borrowing to the extent that it is probable part or all of the credit facility will be utilised. In such cases, the fee is recognised when the credit facility is utilised. Where there is no longer any evidence to suggest that it is probable that part or all of the credit facility will be utilised, the fee is recognised as an advance payment for financial services and allocated over the term of the relevant loan facility.

Overdraft facilities are recognised as borrowing under current liabilities in the Statement of Financial Position.

Current and deferred income tax

Tax expenses for the period include current and deferred tax. Tax is recognised through profit or loss, except when the tax relates to items recognised in other comprehensive income or directly in equity. In such cases, tax is also recognised in other comprehensive income or equity, respectively.

The current tax expense is calculated on the basis of the tax rules that have been enacted or substantively enacted on the reporting date in the countries in which the Parent Company's subsidiaries and associated companies conduct business activities and generate taxable income. Management regularly evaluates the claims made in tax returns for situations in which applicable tax rules are subject to interpretation. Whenever deemed necessary, management provisions for amounts that must probably be paid to the tax authority.

In accordance with the balance sheet method, deferred tax is recognised on all temporary differences arising between the taxable value of the assets and liabilities and their carrying amounts in the Consolidated Accounts. However, deferred tax is not recognised if it arises as a result of a transaction comprising the initial recognition of an asset or liability that is not a business combination and that on the transaction date impacts neither recognised nor taxable earnings. Deferred income tax is calculated by applying tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date and that are expected to be applicable when the deferred tax asset in question is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future tax surpluses will be available that the temporary differences can be utilised against.

Deferred tax is measured on temporary differences arising on participations in subsidiaries and associated companies, except where the date of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets and liabilities are offset when a legal offset right for the tax assets and liabilities in question exists and when the deferred tax assets and liabilities are attributable to taxes charged by the same tax authority and relate to the same taxpayer or different taxpayers where there is the intention of settling the balances by making a net payment.

Employee benefits

(a) Pension commitments

Group companies have different pension plans. The pension plans are usually financed through payments to insurance companies or funds administered by an asset manager, with payments determined based on periodic actuarial calculations. Most of the pension plans in the Group are defined contribution. The Group's new pension plans should be defined contribution.

A defined contribution pension plan is a pension plan in which the Group pays fixed contributions to a separate legal entity on a mandatory, contractual or voluntary basis. The Group has no other additional payment obligations once the payments have been made. The contributions are recognised as personnel expenses when they become due for payment. Prepaid contributions are recognised as an asset to the extent that the cash repayment or decrease in future payments benefit the Group.

(b) Remuneration on termination of employment

Remuneration on termination is paid when the Group terminates the employment of an employee prior to the normal time of retirement or when the employee accepts voluntary redundancy in exchange for such compensation. The Group recognises severance pay when it is demonstrably obliged to either terminate the employment of an employee in accordance with a detailed, irrevocable formal plan, or to provide severance pay as a result of an offer made to encourage voluntary redundancy. Benefits expiring more than 12 months after the end of the reporting period are discounted to present value.

(c) Profit share and bonus plans

The Group recognises a liability and an expense for bonuses and profit shares based on a formula that takes into consideration the profit that is attributable to the Parent Company's shareholders after certain restatements. The Group recognises a provision when a legal obligation or an informal obligation exists due to previous practice.

Share-based remuneration

In December 2020, the Group decided to launch a new incentive scheme by issuing 3,000,000 warrants. In 2021, 2,750,000 warrants were transferred to members of Group management, and in 2022 a further 100,000 warrants were transferred to two key members of staff. The remaining 150,000 warrants were held in treasury as of 31 December 2022. These warrants were settled and paid in accordance with market terms. The value of the warrants was determined by using an option valuation model (Black & Scholes). The warrants are classified as share-based remuneration.

Other contributed capital was credited when the warrants were issued. The company issues new shares when the options are utilised. Payments received, less any directly attributable transaction costs, are credited to share capital (quotient value) and other contributed capital when the options are exercised.

Provisions

Provisions are recognised when the Group has a legal or informal obligation due to earlier events. It is probable that an outflow of resources will be required to settle the commitment and the amount has been measured reliably.

Provisions are measured at present value of the amount expected to be required to settle the commitment. In this context, a discount rate before tax is used that reflects the current market assessment of the time value of money and the risks associated with the provision. The increase in the provision due to the passing of time is recognised as an interest expense.

Revenue recognition

Revenue includes the fair value of amounts received or that will be received for services sold in the Group's operating activities. Revenue is recognised excluding value-added tax and discounts, and after elimination of intra-Group sales. The Group recognises revenue when amounts can be reliably measured and when a performance obligation is assessed to have been completed. Specific criteria for each of the Group's operations are described below. The Group bases its estimates on historical outcomes, and in this context it takes the type of customer, type of transaction and special circumstances in each individual case into account.

Remuneration that is progressively accrued through services rendered, for example, consultancy advisory or management fees, is recognised as revenue coincident with the delivery of these services and transfer of control, which in practice means that recognition is on a straight-line basis for the period to which the service relates. This revenue can either be a predetermined amount or a percentage fee of volumes managed for example (such as assets under management).

Remuneration attributable to a specific service or action is recognised as revenue when the service is rendered. This revenue can either be a predetermined amount or a percentage fee of volumes managed.

Performance-based revenue, such as performance fees for extra returns in asset management or coincident with sales assignments, are recognised in accordance with applicable agreements regarding the point in time at which the performance-related fees may be charged. This means that when, for example, a property sale assignment is carried out and the fee is a predetermined percentage of the customer's sales price for the property which is only paid on completion of sale, it is not recognised until a legally binding business transaction relating to the property has been concluded. Correspondingly, performance fees paid for surplus returns against an established reference level are only recognised on the measurement date, which may be quarterly or annually depending on the product.

Commission to resellers is recognised as an expense coincident with income being accrued in accordance with the above principles.

Revenue is recognised according to the percentage of completion method for property development projects where sales agreements have been entered into with an external party in accordance with IFRS 15 Revenue from contracts with customers. Property projects where no sales agreement has been signed with an external party are recognised according to IAS 2 at the lower of cost and net realisable value.

Interest income is recognised as revenue by applying the effective interest method.

Dividend income is recognised when the right to receive payment has been established.

Leasing

The Group leases a number of office premises, cars and other equipment on the basis of non-cancellable operating leases. The lease terms vary between one and ten years and most lease agreements can be extended on market terms on expiry. Lease agreements are recognised as right-of-use assets and as a financial liability to the Company's commitment to pay lease charges on the date the leased asset is made available for use by the Group.

Agreements may contain both lease and non-lease components. Catella does not recognise payment under the agreement for lease and non-lease components separately, and these are recognised as a single lease component.

The terms are renegotiated separately for each agreement and contain a large number of different terms and conditions. Lease agreements do not contain any special terms or restrictions apart from the lessor retaining the rights to pledged leased assets. The leased assets may not be used as collateral for loans.

Assets and liabilities that arise from lease agreements are initially reported at present value. Lease liabilities include the present value of the following lease payments:

- Fixed fees
- Amounts expected to be paid by the lessee in accordance with residual value guarantees
- Penalty charges payable in connection with cancellation of the lease agreement, if the lease term includes an option for the Group to cancel the lease agreement
- Payments relating to reasonably certain exercise of extension options

Lease payments are discounted using the lease agreement's implied interest rate. If this interest rate cannot be readily determined, which is normally the case for the Group's lease agreements, the lessee's incremental borrowing rate is applied, which is the interest rate the individual lessee would pay to borrow the requisite funds to purchase and asset of a similar value as the right-of-use asset in a similar economic climate with similar terms and collateral. The incremental borrowing rate is determined on the basis of external market rates by asset class, the internal required rate of return and an evaluation of the subsidiary's creditworthiness.

Lease payments are distributed between debt amortisation and interest. Interest is recognised in the Income Statement over the lease term in a manner that reflects the applicable fixed interest rate for the lease liability recognised in the relevant period.

The Group is exposed to potential future increases in variable lease payments based on an index or interest rate, which are not included in the lease liability until they become effective. When adjustments of lease payments based on an index or interest rate become effective, the lease liability is remeasured and adjusted against the right-of-use asset.

Right-of-use assets are valued at cost and include the following:

- The amount the lease liability was originally valued at
- Lease charges paid on or before the start date
- Initial direct expenses
- Expenses for returning the asset to the condition indicated in the terms of the lease agreement

Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life and the lease term.

Payments for short-term contracts and lease agreements of minor value are expensed on a straight-line basis in the Income Statement. Short-term contracts are defined as contracts with a lease term of 12 months or less. Agreements of minor value are defined as below SEK 0.1 million and include IT and office equipment.

Earnings per share

The computation of earnings per share is based on consolidated net profit/loss for the year attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the year. When computing earnings per share after dilution, earnings and the average number of shares after dilution are adjusted to take the effects of dilutive potential ordinary shares that originate from warrants issued during reporting periods into account. The dilution of warrants affects the number of shares and arises only when the exercise price is lower than the share price quoted on the stock exchange.

Items affecting comparability

Events and transactions that are material and not repeated items and whose effect on profit or loss is important to consider when net profit/loss is compared to previous years are recognised as items affecting comparability.

Other

Part of the Group's asset management assignment involves retaining cash and cash equivalents belonging to clients in the Group's bank accounts, with the corresponding liability to clients. Client funds are recognised in the Consolidated Statement of Financial Position as a current receivable and current liability. Both the receivable and liability are treated as items under financing activities in the Cash Flow Statement, and accordingly do not impact on cash flow.

NOT 3 FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks such as interest rate risk, currency risk, financing/liquidity risk and credit risk through its operating activities. Catella's Board of Directors and Group Management assess current and future risks and decide how they are to be managed by formulating group-wide risk management guidelines, which are evaluated and amended regularly. Risk management is also conducted at the relevant subsidiary level under the supervision of Group Management. Risk management of significant subsidiaries is described below.

There are two subsidiaries in the Investment Management operating segment, Catella Real Estate AG and Catella Property Fund Investment AB, which are under the supervision of supervisory authorities. These subsidiaries have a dedicated risk management function that is independent from business operations, with the relevant managers reporting to each subsidiary's managing director and directly to the subsidiary's Board of Directors. Furthermore, subsidiaries under supervision have an internal compliance function that monitors the subsidiaries' compliance with internal and external regulatory frameworks such as customer agreements. The function is independent of operations in each subsidiary and its managers report to the Managing Director and directly to the Board of the subsidiary. Group Management is represented on subsidiary Boards and reports on to the Parent Company's Board.

In the Group's other operating segments, there are no subsidiaries under supervision.

As mentioned above, risk management is applied at subsidiary and operational levels since the various operating segments in the Group differ with regard to the operations conducted. For this reason, significant risks in each operating segment are described separately in the respective section on risk below.

The Group's treasury management consists of investments and holdings in loan portfolios and shares. These assets are recognised with the Parent Company in the category "Other". Investments in loan portfolios, described in more detail in Note 22, are mainly exposed to credit risk, but also to liquidity risk depending on potential changes in the repayment rate of the loan portfolios, interest rate risk and currency risk because the loans are in a currency other than SEK and mainly issued at variable interest. The book, and fair, value of the securitised loan portfolios was SEK 88 million (101) at year-end. Shareholdings, described in more detail in Note 21 and 22, are mainly exposed to market price risk relating to the value of the shares. Shareholdings had a book value, also market value, of SEK 137 million (129) at year-end.

Liquidity risk

Liquidity risk is the risk that within a defined period, the Group is unable to refinance its existing assets, or is unable to satisfy increased needs for liquidity. Liquidity risk also includes the risk that the Group is compelled to borrow at unfavourable interest, or must sell assets at a loss to be able to fulfil its payment obligations.

As of 31 December 2022, the Group's short-term liquidity reserve (cash and cash equivalents, short-term investments and committed but unutilised credit facilities) amounted to 91 percent (74) of consolidated annual sales and 66 percent (58) of consolidated borrowing and loan liabilities.

The rate of investment in the operating segment Principal Investments was high in 2022, but slackened off slightly in the later part of the year. This operating segment utilises a significant proportion of the Group's short-term liquidity reserve. In order to maintain a high rate of investment in future, it is necessary to divest completed property development projects to release liquidity for other ongoing and new projects. The investments include the risk of Catella being unable to realise the projects and thereby release liquidity at the required rate.

The Group's investments in loan portfolios comprising securitised European loan portfolios, mainly with exposure to residential property, are subject to the risk of encountering difficulty in realising assets, which could affect the Group's prospects of obtaining funds to maintain its financial commitments. Since the market for subordinated securities with collateral in assets is currently illiquid, Catella's remaining investments in loan portfolios are illiquid. The Group assesses that short- and long-term liquidity are favourable and that there is flexibility in financing. If the Group's liquidity were to change and the Group needed to divest part or all of the loan portfolio, the potential to amend the portfolio rapidly and obtain a reasonable price could be limited, due to changes in economic and other circumstances. If the Group acquires investments for which there is no market, the Group's potential to renegotiate such investments or obtain reliable information on the value of an investment or the risks to which it is exposed to could be limited.

The following tables summarise the Catella Group's liquidity risk at the end of 2022 and 2021.

Liquidity report as of 31 December 2022-2021

SEK M 31 December 2022	< 3 months	4 to 12 months	Between 1 and 3 yrs.	Between 3 and 5 yrs.	> 5 yr.	Without maturity	Total
Borrowings	-2	0	-421	-1 118		0	-1 541
Loan liabilities			-1 256		-20		-1 276
Contract liabilities leasing agreements	-11	-32	-55	-24	-9		-131
Accounts payable and other liabilities	-273	-34					-307
Total outflows *	**-286**	**-66**	**-1 732**	**-1 142**	**-29**	**0**	**-3 255**
Accounts receivable and other receivables	655	151	1	37	3	128	975
Financial assets at fair value through other comprehensive income						36	36
Financial assets at fair value through profit or loss **	57		152				209
Total inflows *	**712**	**151**	**153**	**37**	**3**	**164**	**1 220**
Net cash flow, total	**427**	**85**	**-1 579**	**-1 105**	**-26**	**164**	**-2 035**

SEK M 31 December 2021	< 3 months	4 to 12 months	Between 1 and 3 yrs.	Between 3 and 5 yrs.	> 5 yr.	Without maturity	Total
Borrowings	-2		-1 003	-127	-339		-1 472
Loan liabilities	-17	-47	-1 241				-1 305
Contract liabilities leasing agreements	-11	-27	-61	-32	-17		-147
Accounts payable and other liabilities	-233						-233
Total outflows *	**-263**	**-74**	**-2 305**	**-159**	**-356**	**0**	**-3 157**
Accounts receivable and other receivables	412	169				201	781
Financial assets at fair value through other comprehensive income						61	0
Financial assets at fair value through profit or loss **	2	9	30	42	37		120
Total inflows *	**414**	**177**	**30**	**42**	**37**	**262**	**901**
Net cash flow, total	**152**	**103**	**-2 275**	**-117**	**-319**	**262**	**-2 256**

* Indicated amounts relate to undiscounted contractual cash flows
** Relates to loan portfolios; more information in Note 22

The Group's borrowing and financing are managed by the Parent Company and holding companies in the Group. The Parent Company's management and accounts department carefully monitor continuously updated projections for the Group's and subsidiaries' liquidity reserves to ensure that the Group and subsidiaries have sufficient cash funds to meet the needs of operating activities. In March 2021, Catella AB issued a new unsecured bond of SEK 1,250 million with a term of 4 years. The bond loan accrues floating-rate interest at 3-month Stibor plus 475 b.p. At the same time, the existing bond of SEK 750 million was repurchased/redeemed. Furthermore, the Group's subsidiaries in Principal Investments received loans from credit institutes for ongoing property development projects. As of 31 December 2022, these loans amounted to SEK 1,480 million (1,255). In addition, the Group's French and Spanish subsidiaries have been granted government-guaranteed loans from credit institutions on favourable terms to mitigate the negative financial impacts of the Covid-19 pandemic. As of 31 December 2022, these loans amounted to SEK 41 million (48). The Group also has an overdraft facility of SEK 30 million (30), of which SEK 30 million (30) was unutilised as of 31 December 2022.

For a description of the Group's loan liabilities, see Note 29. For the unutilised portion of granted bank overdraft facilities, see Note 27.

In combination with Catella's cash flows, the funding sources outlined above provide short and long-term liquidity and ensure flexibility in the Group's funding of its operations.

Market risk

Market risk is the risk of loss or decreased future income due to fluctuations in interest rates, exchange rates and share prices, including price risk relating to the sale of assets or closure of positions.

Market price risk in Treasury Management

The Group's investments in loan portfolios are primarily exposed to market price risk through changes in the value of these investments and through interest rate fluctuations that reduce potential interest income. Investments in loan portfolios accrue variable interest or have underlying assets with variable interest and are measured according to a market-based credit spread based on an interest rate such as EURIBOR. An increased credit spread could directly affect Catella through its impact on unrealised gains or losses on portfolio investments, and therefore also Catella's ability to make a profit on investments. In accordance with the accounting principles in Note 2, investments in the loan portfolios are measured at fair value through profit or loss. In Note 22, financial assets measured at fair value through profit or loss, presents respective portfolio and the weighted average expected variable interest rate on each investment.

The risks described above could result in either higher or lower income for Catella.

Interest rate risk

Interest rate risk is the risk that the Group's net profit could be impacted by changes in general interest rate levels. The Group has also arranged loan financing, mainly denominated in SEK, at variable interest to finance its own business operations. Detailed information on these liabilities is provided in Note 29. The Parent Company analyses and continuously monitors its exposure to interest rate risk.

Information on the Group's net debt profile and a sensitivity analysis are presented below, with information on fixed interest periods. As of 31 December 2022, the Group had net cash of SEK 624 million (cash of SEK 791) and interest cover, a measure of the ability to cover interest expenses, was 11.6 (3.9).

The Group's interest-bearing liabilities and assets by currency

SEK M	2022 31 Dec	2021 31 Dec
EUR liabilities	-128	-144
SEK liabilities	-1 254	-1 505
GBP liabilities	-142	-138
NOK liabilities	-1	-1
DKK liabilities	-1 356	-887
Liabilities in other currencies	0	-
Total interest-bearing liabilities	**-2 881**	**-2 674**
Term (days)	106	116
Average interest expense for the year,%	5,0	3,2
Interest +0.5%	5,5	3,7
Net effect on profit or loss of 0.5% increase, SEK M	-14	-13
Interest -0.5%	4,5	2,7
Net effect on profit or loss of 0.5% decrease, SEK M	14	13

SEK M	2022 31 Dec	2021 31 Dec
EUR assets	1 298	1 126
USD assets	0	1
SEK assets	563	675
GBP assets	139	50
NOK assets	0	0
DKK assets	255	31
Assets in other currencies	0	0
Total interest-bearing assets	**2 256**	**1 884**
Term (days)	47	80
Average interest income for the year,%	2,1	1,0
Interest +0.5%	2,6	1,5
Net effect on profit or loss of 0.5% increase, SEK M	11	8
Interest -0.5%	1,6	0,5
Net effect on profit or loss of 0.5% decrease, SEK M	-11	-8

Exchange rate risk

The Group is active internationally and is subject to exchange rate risks that arise from various currency exposures. Exchange rate risk arises through business transactions, recognised assets and liabilities and net investments in foreign operations.

Financing of foreign assets—translation risk

Translation risk is the risk that the value in SEK relating to equity in foreign currencies could vary due to exchange rate fluctuations. The Group's Net assets in foreign currency amounted to SEK 1,125 million (1,606) as of 31 December 2022. This net exposure consists of capital financed by deposits and equity. This means that, from a Group perspective, Catella has equity in foreign currencies that is exposed to exchange rate fluctuations. This exposure leads to a translation risk and thereby to a situation in which unfavourable exchange rate fluctuations could negatively impact the Group's foreign net assets when translating reporting currency to SEK. At present, there is no hedging of exchange rate risk in Catella's net assets. Group management evaluates the need for hedging of the Group's translation risk on an annual basis.

The following tables show a breakdown of the Group's capital employed by currency and its funding. They also include a sensitivity analysis of net liquidity/net debt and capital employed resulting from exchange rate fluctuations - of +/-10 percent for SEK. Changes to net liquidity/net debt and in capital employed resulting from exchange rate fluctuations are reported in other comprehensive income, and consequently do not affect profit for the year. In 2022, the translation difference in other comprehensive income was SEK 101 million (14). Based on a change in foreign exchange rates of +/-10 percent as of year-end, the translation difference would increase/decrease by SEK 113 million (161).

Capital employed and financing by currency, 2022-2021

SEK M 31 December 2022	EUR	USD	GBP	CHF	NOK	DKK	PLN	Other currencies	Total foreign currencies	SEK	Total, group	Total, group +10%	Total, group –10%
Capital employed	-827	36	388	-4	-4	1 473	40	-	1 107	1 947	3 054	3 165	2 944
Net liquidity (+)/Net debt (–)	1 170	0	-3		0	-1 102	2	-	67	-691	-624	-617	-631
Non-controlling interests	-28	0	-1		0	-20	-1	-	-49	-213	-262	-267	-257
Net assets	**316**	**36**	**384**	**-4**	**-4**	**352**	**41**	**0**	**1 125**	**1 043**	**2 168**	**2 281**	**2 056**
Net debt/equity ratio	-3,4	0,0	0,0	0,0	-0,1	3,0	0,0		-0,1	0,6	0,3	0,2	0,3

SEK M 31 December 2021	EUR	USD	GBP	CHF	NOK	DKK	PLN	Other currencies	Total foreign currencies	SEK	Total, group	Total, group +10%	Total, group –10%
Capital employed	179	61	383	0	-2	990	0	0	1 611	1 000	2 611	2 772	2 450
Net liquidity (+)/Net debt (–)	982	1	-87	0	0	-855	0	0	40	-831	-791	-787	-795
Non-controlling interests	-17	0	-4	0	0	-25	0	0	-46	-86	-132	-137	-128
Net assets	1 144	62	291	0	-3	111	0	0	1 606	83	1 688	1 849	1 528
Net debt/equity ratio	-0,8	0,0	0,3		-0,1	6,3			0,0	4,9	0,4	0,4	0,5

Transaction risk

Transaction risk arises from commercial flows, reported assets and liabilities in foreign currency that could have a negative impact on the Group's net profit due to exchange rate fluctuations.

Subsidiaries' operations are predominantly conducted in the country in which they are located, and accordingly, transactions are executed in the same currency as the subsidiary's reporting currency. This means that transaction exposure in these operations is limited.

Funding to subsidiaries and associated companies is provided by Catella Holding AB in local currency. Outstanding loan receivables in foreign currency give rise to currency exposure. Moreover, most of the Swedish holding companies' revenues consists of dividends or interest income from subsidiaries and associated companies. The majority of these revenues are denominated in foreign currency while the majority of expenses are in Swedish currency. This gives rise to cash positions in foreign currency that expose the Swedish subsidiaries to currency risk. The Parent Company's management and accounts department make projections on a rolling basis regarding future liquidity needs in different currencies. Positions in foreign currencies that are not expected to be utilised for new investments or lending in the same currency are sold on a continuous basis.

Credit risk

Credit risk is the risk of losses due to a borrower not being able to fulfil its obligations to Catella. Credit risk relates to all receivables and potential receivables from companies, financial companies, public administration and private individuals.

Credit risk – accounts receivable and loan receivables

The risk of bad debt is generally low in the Group, due to several different factors. Counterparties are predominantly well-known mid-size and large clients, with whom there is an established, long-term relationship. This results in stable deposit streams. Credit checks are conducted on new clients. The sales and transactions generated by the client portfolio are also diversified in various ways, the most important being that no or few clients constitute a significant part of total sales or lending. Accordingly, a default by an individual client would have a minor effect overall. Counterparties and loan receivables have been approved in accordance with the Group's authorisation schedule. Furthermore, Catella renders services for geographically diversified clients in a range of sectors including the public sector, financial sector and real estate companies. Accordingly, exposure to an economic downturn in a single sector or region is relatively limited. Overall, this generates stable revenue streams relating to sales and lending. Actual and expected customer and credit losses for 2022 amounted to 0.1 percent (0.1) of Group net sales. The credit risk associated with receivables from associated companies for financing of property development projects is assessed to be at medium level. Catella monitors progress and risks in the projects on an ongoing basis. Cash and cash equivalents are invested in well-established banks with high credit ratings, and impairment tests for these are not considered necessary.

Credit risk – Treasury Management

The Group's investments in loan portfolios consist of holdings in, and/or financial exposure to, securities that are subordinated from a payment perspective and are ranked below securities that are backed by, or represent ownership of, the same asset class. In the event of default by an issuer of such investments, holders of more senior securities from the issuer are entitled to payment before Catella. Some of the investments also have structural elements, which means that payment of interest and/or principal goes to more senior securities that are backed by, or represent ownership of, the same class of asset in the event of default or when the loss exceeds predetermined levels. This could lead to interruptions in Catella's expected revenue flow from its investment portfolio. Although holders of asset-backed securities normally have the advantage of high collateral levels, control over the timing and method of the sale of such collateral in the event of default is normally transferred to holders of the most senior outstanding securities. There are no guarantees that the income from the sale of collateral will be sufficient to fully repay Catella's investments.

Default risk is the risk that individual debtors will be unable to pay the required interest and principal at maturity. The degree of default risk is affected by changes in interest rates and a number of financial, geographical and other factors beyond Catella's control, and consequently cannot be predicted with certainty. The level and timing of a debtor's default of mortgages used as collateral for certain investments could adversely affect the revenue accrued by Catella on these investments.

Credit ratings of financial assets

The following table states the credit ratings of the Group's financial assets

Credit ratings of financial assets

Tkr 31 december 2022	Accounts receivable	Loan receivables and other debt instruments	Receivables from associated companies	Assets at fair value through OCI	Assets at fair value through profit or loss	Bank balances and short-term bank deposits	Total
Counterparties with external credit ratings *							
AAA						0	0
AA+						16	16
AA	21				0	20	42
AA-	1			36	100	851	988
A+	8				0	542	550
A	0	96				126	223
A-	2					40	42
BBB+	1					90	92
BBB	2					15	16
BBB-						94	94
BB+							0
BB-						0	0
B	10						10
CCC							0
	45	**96**	**0**	**36**	**101**	**1 794**	**2 072**
Counterparties without external credit ratings							
Company	120	88	278		22	0	507
Funds	183				4		187
Financial companies	27						27
Public administration	1						1
Private individuals	1				0		1
	331	88	278	0	26	0	723
Total	**376**	**185**	**278**	**36**	**127**	**1 794**	**2 795**

* Standard & Poor's long-term credit rating has been used.

SEK M 31 December 2021	Accounts receivable	Loan receivables and other debt instruments	Receivables from associated companies	Assets at fair value through OCI	Assets at fair value through profit or loss	Bank balances and short-term bank deposits	Total
Counterparties with external credit ratings *							
AAA	0					0	0
AA+						2	2
AA	9				0	54	63
AA-	1			61	52	690	805
A+	5				0	364	369
A	1					225	226
A-	1					16	17
BBB+	1					18	18
BBB	1					16	17
BBB-						52	52
BB							0
BB-	1						1
B	1		0				1
CCC							0
	19	**0**	**0**	**61**	**53**	**1 438**	**1 572**
Counterparties without external credit ratings							
Company	161	100	341		18	0	621
Funds	96				1		97
Financial companies	43					3	47
Public administration	1						1
Private individuals	0				0		1
	302	100	341	0	19	3	767
Total	**321**	**100**	**342**	**61**	**72**	**1 442**	**2 338**

* Standard & Poor's long-term credit rating has been used.

Geographical concentration of credit risks

The following table states the geographical concentration of credit risks.

Geographical concentration of credit risks in financial assets

SEK M	Financial assets 2022	Financial assets 2021	Pledged assets, contingent liabilities and commitments 2022	Pledged assets, contingent liabilities and commitments 2021
Sweden	1 234	997	1 602	889
Luxembourg	19	208	-	-
Germany	852	587	69	53
France	202	165	0	0
UK	146	83	-	-
Portugal	40	52	-	-
Spain	109	88	1	1
Denmark	32	26	0	0
Finland	54	37	1	1
Netherlands	66	17	0	0
Other countries	41	80	23	0
Total	**2 795**	**2 338**	**1 696**	**944**

Capital risk and capital management and related risk

The objective of the Group's capital structure is to provide a healthy return to shareholders by maintaining an optimal capital structure aiming to achieve the lowest possible cost of capital, and in subsidiaries, achieving the requirement of financial stability placed on subsidiaries. The Group's capitalisation must be risk-based and based on a judgement of the overall risk level of operations. It should also be forward-looking and consistent with long- and short- term business plans and expected macroeconomic growth. The capital is assessed with relevant key ratios, such as the ratio between net debt and equity. As of 31 December 2022, the Group had net debt of SEK 624 million (791) which in relation to Group equity amounts to 0.26 (0.43).

Two companies in the Group, Catella Real Estate AG and Catella Property Fund Investments AB, conduct operations requiring permits under the inspection of a supervisory authority. Existing regulatory frameworks and rapid regulatory changes are complex. These regulatory frameworks place stringent, and in future will place even more stringent, demands on the routines and procedures, and on the liquidity and capital reserves, of the operations under supervision. Compliance with these regulatory frameworks is a precondition for conducting operations subject to supervision. Catella conducts continuous efforts to ensure compliance with existing regulatory frameworks and plan for future compliance with coming regulatory changes. In the event that subsidiaries were to become unable to satisfy such regulatory stipulations, this may have adverse consequences for Group profit and the value of the Group's assets.

Fair value hierarchy for the measurement of financial assets and liabilities

The following table presents financial instruments measured at fair value based on how the classification in the fair value hierarchy has been conducted. The various levels are defined as follows:

Listed (unadjusted) market prices

The fair value of financial instruments traded on an active market is based on listed market prices on the reporting date. A market is considered to be active if listed prices from a stock exchange, broker, industrial group, pricing service or supervisory authority are readily and regularly available and these prices represent fair value and regularly occurring market transactions at arm's length. The listed market price used for the Group's financial assets is the actual bid rate. This category includes listed fund holdings.

Valuation techniques using observable market data

The fair value of financial instruments not traded on an active market (such as OTC derivatives or certain funds) is measured using valuation techniques. Here, market information is used as much as possible when available, while company-specific information is used as little as possible. If all significant input data required for the fair value measurement of an instrument is observable, the instrument is listed in the column of valuation techniques that use observable market data in the following table. The investments in this category are mainly Visa Class C preference shares.

Valuation techniques using non-observable market data

If one or more significant input data is not based on observable market information, the instrument concerned is classified in this category. Specific valuation techniques used to measure financial instruments are the calculation of discounted cash flows to measure fair value of the remaining financial instruments. The financial instruments classified in this category include the value of Catella's investments in securitised loan portfolios and unlisted shareholdings. Financial liabilities in this category relate to the expected deferred consideration for acquiring the remaining 25 percent of the shares in the subsidiary APAM Ltd as well as long-term incentive plans aimed at key personnel in the Investment Management operating segment; also see Note 30 Provisions.

Financial instruments by category

The Consolidated Statement of Financial Position presents how financial instruments are allocated by category, with no further disclosure on categories in the Notes.

The Group's assets and liabilities at fair value as of 31 December 2022

SEK M	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
Assets				
Financial assets at fair value through other comprehensive income		**36**		**36**
Financial assets at fair value through profit or loss	**23**	**2**	**287**	**311**
Accrued income			42	42
Total assets	**23**	**38**	**329**	**389**
Liabilities				
Financial liabilities at fair value			93	93
Total liabilities	**0**	**0**	**93**	**93**

The Group's assets and liabilities at fair value as of 31 December 2021

SEK M	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
Assets				
Financial assets at fair value through other comprehensive income		61		61
Financial assets at fair value through profit or loss	0	1	171	173
Total assets	0	63	171	234
Derivatives		-		0
Total liabilities	0	0	0	0

Changes in instruments in the category of valuation techniques using non-observable market data in 2022 and 2021:

SEK M

Assets at fair value through profit or loss	2022	2021
As of 1 January	171	152
Investments	109	54
Disposals	0	-47
Gains and losses recognised through profit or loss	39	9
Exchange-rate differences	9	3
As of 31 December	**329**	**171**

SEK M

Liabilities at fair value	2022	2021
As of 1 January	74	63
Additional items	0	0
Deductions	-4	-9
Revaluation through profit & loss	20	15
Exchange-rate differences	3	5
As of 31 December	**93**	**74**

Financial assets and financial liabilities

The following table indicates which financial instruments the Group holds and how they have been reported and valued.

SEK M	2022	2021
Financial assets		
Financial assets at amortized cost		
Accounts receivable	376	321
Receivables from associated companies	278	342
Cash and cash equivalents	1 794	1 442
Financial assets at fair value through other comprehensive income	36	61
Financial assets at fair value through profit or loss	311	173
	2 795	**2 338**
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable and other liabilities	307	253
Borrowings and loan liabilities	2 765	2 543
Financial liabilities at fair value	93	74
	3 165	**2 871**

NOT 4 CRITICAL ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and based on historical experience and other factors, including expectations of future events that are considered reasonable in prevailing circumstances.

Key estimates and assumptions for accounting purposes

The Group makes estimates and assumptions about the future. By definition, the resulting estimates for accounting purposes will rarely match real outcomes. Estimates and assumptions that entail a significant risk of restatement of carrying amounts of assets and liabilities during the next financial year are outlined below.

Impairment tests of intangible assets with indefinite useful lives

The Group has goodwill of SEK 347 million (298) and trademarks and brands of SEK 50 million (50) which, in accordance with the accounting policy described in Note 2, are subject to impairment tests annually, in the fourth quarter. A judgement of recoverable amounts is conducted based on measurements and assumptions. Impairment testing carried out in the fourth quarter of 2022 indicated no need for impairment of carrying amounts. See also Note 17.

Investments in property development projects

Catella has investments in property development projects in Germany, Denmark, France, United Kingdom and Sweden. Investments take place both through subsidiaries and associated companies. The projects are run by Catella's subsidiaries. Catella's primary intention is to invest in the early phase of projects and divest the holding as soon as it is commercially advantageous. The investments include the risk that Catella companies are forced to choose between continuing to invest in late stages of projects, running the projects to completion or leaving the project and losing the invested capital.

Catella continuously carries out valuations of each project to ensure that the market value equals or exceeds book value. This regards both capitalised expenses and recognised receivables, as well as the included contingent consideration.

Reporting according to IFRS 15 Revenue from Contracts with Customers require judgements to be made regarding the milestones reached by projects and rates of completion, which in turn influence the valuation of projects. In 2022, several projects were divested and final revenue recognition was carried out. As of the record date, there were no ongoing property development projects where profit was recognised according to the percentage of completion method. See also Note 23.

Measurement of securitised loan portfolios

As of 31 December 2022, the value of Catella's two remaining loan portfolios was SEK 88 million (101). The valuation of the loan portfolio is based on their capital amount discounted to the present value. The market for Catella loan portfolios, subordinated securities with collateral in the form of assets, are illiquid, which leads to significant uncertainty. Changes in judgements in the chosen parameters could result in a change in the fair value of Catella's loan portfolio in the Consolidated Statement of Financial Position, and such a change could be material. It is not possible to quantify the probability that assumptions made could prove inaccurate and thus result in an inaccurate valuation of the portfolio. For more information, see Note 3 and 22.

Measurement of preference shares in Visa Inc.

Catella Bank (name since changed to Catella Luxembourg) received Class C preference shares in Visa Inc. in connection with Visa Inc.'s acquisition of Visa Europe in June 2016. Conversion of preference shares to Class A shares will take place when the legal disputes under way against Visa Europe exercise their resolved. The conversion rate is dependent on the outcome of these disputes. Although measurement of the preference shares takes these legal disputes into consideration, the measurement may be negatively or positively affected by the final outcome. See also Note 21.

Valuation of unlisted share holdings

As of 31 December 2022, Catella's holding of unlisted shares amounted to SEK 101 million (68) comprising primarily Private Equity products Pamica and Pamica 2 and APAM's investments alongside customers in property. Because the valuations are based on non-observable market data, a greater degree of uncertainty is associated with these judgements.

Measurement of identifiable assets and liabilities coincident with acquisition of subsidiaries/operations

As part of the allocation of the purchase consideration, the measurement of identifiable assets and liabilities coincident with the acquisition of subsidiaries or operations includes fair value measurement of both items in the acquired company's Balance Sheet and items not subject to recognition in the acquired company's Balance Sheet, such as relationships and software. Normally, no listed prices exist for the assets and liabilities to be measured, whereby various valuation techniques must be applied. These valuation techniques are based on a range of various assumptions. Other items that could be difficult to identify and measure are contingent liabilities that may have arisen in the acquired companies, such as disputes. All balance sheet items are thereby subject to estimates and judgements. For further information regarding acquisitions, see Note 36.

Recognition of income tax, value added tax and other tax rules

The recognition of income tax, value added tax and other taxes is based on current rules in the countries in which the Group operates. Due to the overall complexity of all rules governing taxes and the reporting of taxes, application and recognition are based on interpretation, as well as estimates and judgements of potential outcomes. Deferred tax is computed on temporary differences between recognised and tax values of assets and liabilities. Two types of assumptions and estimates mainly affect the reported deferred tax. Firstly, there are assumptions and estimates to establish the carrying amount of various assets and liabilities, and secondly judgements as to whether there will be a future taxable profit so that the temporary differences will be realisable. As of year-end, the Group recognised deferred tax receivables totalling SEK 7 million (23). A majority of these amounts comprises tax loss carry-forwards that are deemed to be utilisable within a forecast period of 5 years. The Group has total loss carry-forwards amounting to SEK 1,315 million (1,298). Loss carry-forwards for which no deferred tax asset is recognised in the Consolidated Balance Sheet amount to SEK 1,298 million (1,217).

Critical judgements and assumptions were also made in terms of the recognition of provisions and contingent liabilities related to tax risks. For more information on taxes, see Note 14.

Effects on the Group's financial position from ongoing disputes and the measurement of contingent liabilities

Reporting of disputes and measurement of contingent liabilities are based on judgements. If these judgements were to differ from actual outcomes, this could have a material impact on Catella's accounts. For more information, see Note 33.

Estimates and judgements regarding the term of leases

Recognition of the Group's lease agreements, such as right-of-use assets and corresponding financial liabilities, is affected by the term of the lease. The option of extending a lease is only included in the term of the agreement if it can be ascertained with a reasonable degree of certainty that the agreement will be extended (or not terminated). The lease term will be reassessed if an option is exercised (or not exercised), or if the Group is forced to exercise the option (or not exercise it). The judgement regarding whether this can be ascertained with reasonable certainty is reassessed only if a significant event or change in circumstances occurs that affects this judgement, and the change is within the control of the lessee. A majority of the Group's extension options have been taken into account in the lease liability. For more information, see Note 18 Right-of-use assets and lease liability.

NOT 5 INFORMATION BY SEGMENT

Disclosures by operating segment

Catella conducts operations in a number of countries where local managers are responsible for the local operations. Operations are divided into three business areas or operating segments: Investment Management, Principal Investments and Corporate Finance. The operating segments are monitored and supported by Business Area Managers who report to the CEO.

The operating segments report in a manner consistent with Catella's internal reporting to the CEO, who is the chief operating decision maker of Catella. The CEO evaluates the Group's operations on the basis of these operating segments, which are also reportable segments: Investment Management, Principal Investment and Corporate Finance. Catella's chief operating decision maker mainly uses information about segment income, expenses and operating profit in the assessment of the segment's progress, but also receives monthly information about transaction volumes and volumes under management.

The Parent Company, other holding companies and operations being wound down are recognised in the "Other" category. Acquisition and financing costs and Catella's brand are information in recognised in this category.

Transactions between the operating segments are limited and relate mainly to financial transactions and certain onward invoicing of expenses. Limited transactions for rendering services to external customers occur. Any transactions are conducted on an arm's length basis.

The operations of the Group's reportable segments are as follows:

Investment Management

The operations in Investment Management are comprised of two operating segments: *Property Funds* offers funds with different investment strategies in terms of risk and returns, asset classes and locations, and *Asset Management* offers asset management services in property funds, other institutions and family offices.

Principal Investments

In Principal Investments, Catella makes real estate investments alongside partners and external investors. Investments are made with the aim of generating an average IRR of 20 percent as well as strategic advantages for Catella and other operating segments.

Corporate Finance

Corporate Finance provides quality capital markets services to property owners and advisory services for all types of property-related transactions to various categories of property owners and investors. Operations are carried out on five markets and offer local expertise about the property markets in combination with European reach.

Information on each segment's revenues, expenses, assets, liabilities and cash flow is provided below.

Income Statement by operating segment

	Investment Management		Principal Investments		Corporate Finance		Other		Eliminations		Group	
SEK M	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Net sales	1 358	1 042	121	2	533	670	51	55	-67	-35	1 996	1 735
Other operating income	50	27	539	16	10	8	14	23	-16	-3	598	71
	1 408	**1 069**	**660**	**18**	**542**	**678**	**65**	**79**	**-82**	**-37**	**2 593**	**1 807**
Provisions, direct assigment and production costs	-166	-153	-175	-3	-78	-57	-1	-2	17	9	-402	-206
Other external expenses	-217	-174	-37	-7	-124	-114	-40	-99	45	19	-374	-374
Personnel costs	-522	-452	-47	-4	-299	-405	-56	-140	5	7	-919	-994
Depreciation and amortisation	-39	-35	-8	-1	-20	-23	-8	-63	0	0	-75	-121
Other operating expenses	-8	-6	-19	0	1	-9	-4	31	15	3	-14	18
Operating profit/loss	**457**	**249**	**373**	**4**	**22**	**71**	**-43**	**-194**	**0**	**0**	**810**	**130**
Interest income accordring to effective interest rate method	1	0	49	0	1	1	125	3	-149	-4	27	1
Interest income other							18	17			18	17
Interest expenses	-35	-5	-69	0	-10	-8	-70	-61	103	4	-80	-71
Other financial income	13	171	7	22	1	0	182	24			203	217
Other financial expenses	-5	-35	-21	-22	-3	-1	-118	-27			-147	-85
Financial items—net	-27	131	-34	0	-10	-7	137	-44	-46	0	20	80
Profit/loss before tax	**431**	**381**	**339**	**4**	**12**	**64**	**94**	**-238**	**-46**	**0**	**830**	**210**
Tax	-131	-51	-5	1	-7	-29	-4	-3			-147	-81
Net profit for the year	**299**	**330**	**334**	**5**	**5**	**35**	**90**	**-241**	**-46**	**0**	**683**	**128**
Of which profit/loss attributable to shareholders of the Parent Company	**294**	**326**	**145**	**5**	**5**	**35**	**93**	**-192**	**-46**	**0**	**491**	**174**

Financial position by operating segment

	Investment Management		Principal Investments		Corporate Finance		Other		Eliminations		Group	
SEK M	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Assets												
Non-current assets												
Intangible assets	336	288	0	0	66	65	50	51			452	404
Right of use assets leasing agreements	63	65	1	0	36	47	9	15			109	126
Tangible assets	22	20	1	0	4	5	0	0			27	25
Investments in associated companies	35	0	145	106	0	0	2	81			182	187
Non-current receivables from associated companies	0	0	0	201	0	0	127	0			127	201
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	36	61			36	61
Financial assets at fair value through profit or loss	22	19	100	1	0	0	149	94			272	114
Deferred tax assets	2	22	5	2	0	0	0	0			7	23
Non-current receivables from group companies	14	2	0	0	8	8	752	21	-774	-32	0	0
Other non-current receivables	11	10	15	0	4	5	11	0			41	15
	505	**426**	**267**	**309**	**119**	**130**	**1 136**	**324**	**-774**	**-32**	**1 254**	**1 158**
Current assets												
Development and project properties	-	-	2 290	2 105	-	-	-	-	-46		2 244	2 105
Contract assets			63								63	
Accounts receivable	220	180	43	3	110	132	3	7			376	321
Receivables from group companies	89	350	64	6	92	139	905	1 118	-1 149	-1 613	0	0
Receivables from associated companies	0	0	0	141	0	0	151	0			151	141
Tax assets	3	9	4	0	8	6	2	5			17	20
Other receivables	28	12	215	84	14	12	26	9			282	117
Prepaid expenses and accrued income	35	17	51	5	10	53	4	4			100	79
Financial assets at fair value through profit or loss	0	0	0	0	0	0	39	58			39	58
Cash and cash equivalents	745	513	115	44	143	111	791	773			1 794	1 442
	1 119	**1 081**	**2 844**	**2 388**	**378**	**453**	**1 921**	**1 975**	**-1 195**	**-1 613 0**	**5 066**	**4 283**
Total assets	**1 624**	**1 507**	**3 111**	**2 697**	**497**	**583**	**3 057**	**2 298 0**	**-1 969**	**-1 644 0**	**6 320**	**5 442**

	Investment Management		Principal Investments		Corporate Finance		Other		Eliminations		Group	
SEK M	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
EQUITY AND LIABILITIES												
Equity attributable to shareholders of the Parent Company	367	1 049	310	175	44	49	1 493	415	-46		2 168	1 688
Non-controlling interests	22	20	221	12	15	46	5	55			262	132
Total equity	**389**	**1 070**	**531**	**187**	**59**	**95**	**1 498**	**469**	**-46**	**0**	**2 430**	**1 821**
Liabilities												
Non-current liabilities												
Borrowings	4	5	1 480	1 255	34	41	0	0			1 519	1 300
Long-term loan liabilities	0	0	0	0	0	0	1 244	1 241			1 244	1 241
Contract liabilities leasing agreements	56	57	0	0	23	35	3	7			82	100
Non-current liabilities to group companies	665	8	111	2	0	24	0	0	-776	-34	0	0
Other non-current liabilities	0	0	34	103	0	0	0	0			34	103
Deferred tax liabilities	7	8	0	0	0	0	10	10			17	19
Other provisions	92	74	0	0	1	1	0	1			93	75
	825	**152 0**	**1 625**	**1 360**	**58**	**100**	**1 257**	**1 260**	**-776**	**-34**	**2 989**	**2 838**
Current liabilities												
Borrowings	1	0	0	0	2	2	0	0	-	-	3	2
Contract liabilities leasing agreements	12	11	0	0	17	16	6	7			36	34
Contract liabilities			5								5	0
Accounts payable	12	18	82	103	38	32	25	27			157	179
Liabilities to group companies	27	16	754	1 043	137	82	232	473	-1 149	-1 613	0	0
Liabilities to associated companies	0	0	34	0	0	0	0	0			34	0
Current tax liabilities	37	12	3	0	3	29	3	1			46	42
Other liabilities	39	28	38	2	36	43	3	2	2	2	118	77
Accrued expenses and deferred income	283	202	39	4	147	184	34	59			502	448
	410	**285**	**955**	**1 151**	**380**	**388**	**303**	**569**	**-1 147**	**-1 611**	**901**	**783**
Total liabilities	**1 235**	**437**	**2 580**	**2 510**	**438**	**488**	**1 560**	**1 829**	**-1 923**	**-1 644**	**3 890**	**3 621**
Total equity and liabilities	**1 624**	**1 507**	**3 111**	**2 697**	**497**	**583**	**3 057**	**2 298 0**	**-1 969**	**-1 644**	**6 320**	**5 442**

Cash flow by operating segment

	Investment Management		Principal Investments		Corporate Finance		Ovrigt		Group	
SEK M	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Profit/loss before tax	431	381	294	4	12	69	94	-243	830	210
Adjustments for non-cash items:										
Wind down expenses				0	3		-26	13	-23	13
Other financial items	-8	-136	14	0	1	1	-64	3	-56	-132
Depreciation and amortisation	39	35	8	1	20	23	8	63	75	121
Profit/loss from participations in associated companies	-36	-16	-26	-6			-1	-20	-63	-42
Other items not affecting cash flow	19	16	-272	1	6	51	-13	-30	-260	37
Paid income tax	-47	-66	-1	0	-86	-41	0	-3	-136	-110
Investments in property projects			-1 569	-1 776					-1 569	-1 776
Divestment of property projects			1 414	24					1 414	24
Change in operating capital employed	19	-277	-204	178	20	32	91	-59	-73	-126
Cash flow from operating activities	**417**	**-64**	**-342**	**-1 574**	**-23**	**134**	**88**	**-276**	**140**	**-1 780**
Cash flow from tangible and intangible non-current assets	-22	-10	-1	0	-2	-3	0	0	-24	-14
Acquisition of subsidiaries, net of cash and cash equivalents	-7		-7	-3	-12	-54	-48		-74	-56
Sale of subsidiaries, net of cash disposed		109		9					0	118
Divestment of associated companies			0				60		60	0
Dividend and other disbursements from associated companies	1		0	5			20		21	5
Cash flow from other financial assets	-3	-1	-16	-11			25	191	6	180
Cash flow from investing activities	**-31**	**98**	**-24**	**1**	**-14**	**-57**	**58**	**191**	**-11**	**233**
Payment from issued warrants			1	6					1	6
Net borrowings, amortisation of loans	-1	13	374	815	-10	-35	0	478	363	1 272
Amortisation of leasing debt	-17	-21	0		-21	-24	0	-17	-38	-61
New share issue, dividends, contributions from, and payments to, non-controlling interests	-5	-3		0	-35	-23	-135	-80	-176	-105
Cash flow from financing activities	**-23**	**-10**	**375**	**821**	**-67**	**-81**	**-135**	**382**	**150**	**1 113**
Cash flow for the year	**362**	**24**	**9**	**-752**	**-103**	**-5**	**11**	**298**	**279**	**-435**

Disclosures by geographical market

	Total sales to external customers *		Total assets		Non-current assets **	
SEK M	2022	2021	2022	2021	2022	2021
Sweden	110	225	1 954	2 141	382	471
Germany	1 177	871	1 020	752	147	143
France	343	363	371	241	42	52
UK	116	100	529	540	242	247
Denmark	52	31	1 723	1 100	53	18
Other countries	198	144	370	411	74	28
Non-current assets not specified by country **	-	-	354	257	315	199
Total	**1 996**	**1 734**	**6 320**	**5 441**	**1 254**	**1 158**

* Based on the location of sales outlets and essentially corresponding to customers' geographical location.

** Financial instruments and deferred tax assets are not specified by country. Instead, these items are recognised under Non-current assets not specified by country.

NOT 6 NET SALES

SEK M	2022	2021
Investment Management	1 359	1 042
Property Funds	1 176	851
Asset Management	297	265
Eliminations within the business area	-114	-74
Principal Investments	121	2
Corporate Finance	533	670
Other net sales	-16	20
	1 996	**1 734**

Investment Management has income streams that are reported over time as well as on a specific reporting date. Management fees, corresponding to a fixed contractual percentage based on the volume of underlying assets under management are recognised at the same pace as earnings over time. In addition, various performance-based revenues such as disposal fees, acquisition fees and performance fees are received and recognised when all the criteria have been satisfied at a specific point in time.

A majority of the Corporate Finance operations' revenue is recognised at a specific point in time as the contractual performance obligation has been met, which normally occurs at the time of completion of a transaction.

Catella subsidiaries that operate property development projects receive a fixed management fee, which is recognised at the same pace as earnings over time. Principle Investments' net sales also include rental income from tenants in the property development projects, which is recognised on a rolling basis over time.

As of the reporting date, there are no agreements with performance obligations to be fulfilled within 12 months.

Uncertainty in reporting of Group net sales is assessed to be low.

NOT 7 OTHER OPERATING INCOME/EXPENSE

Other operating income

SEK M	2022	2021
Capital gain on property development project	395	-
Revenue recognized property development projects	116	-
Recharged project costs	1	-
Share of profit from associated companies	63	42
Other return on investments in associated companies	0	10
Other operating income	23	21
	597	**73**

Capital gains from divested property development projects relate to the logistics projects Infrahubs Norrköping and Infrahubs Örebro. Moreover, the French logistics projects Roye and Mer were divested in 2022, and final revenue recognition was carried out.

Share of profit from associated companies primarily relates to the divestment of the logistics project Infrahubs Ljungby and partial divestment of the Danish residential property development project Green Point.

Revenue recognition according to the percentage of completion method is applied by the Group's subsidiaries active in Principle Investments. As of the record date, there were no ongoing property development projects where profit was recognised according to the percentage of completion method. For this reason, uncertainty in the reporting of the Group's other operating expenses is assessed to be low.

Other operating expenses

SEK M	2022	2021
Impairment of accounts receivable	-3	-3
Recovered bad debt losses	0	2
Items affecting comparability	0	17
Other operating expenses	-12	2
	-14	**18**

NOT 8 OTHER EXTERNAL EXPENSES

Remuneration to auditors

SEK M	2022	2021
PwC		
Audit assignment *	6	6
(of which to the parent company's auditors PricewaterhouseCoopers AB)	*2*	*3*
Audit activities other than audit assignment	1	0
(of which to the parent company's auditors PricewaterhouseCoopers AB)	*1*	*0*
Tax advisory	0	1
(of which to the parent company's auditors PricewaterhouseCoopers AB)	*0*	*1*
Other services	1	1
(of which to the parent company's auditors PricewaterhouseCoopers AB)	*0*	*0*
	8	**8**
Other audit firms		
Audit assignment	2	1
Audit activities other than audit assignment	0	-
Tax advisory	0	-
Other services	0	-
	2	1
Total remuneration to auditors	**10**	**9**

* Audit assignment means fees for the statutory audit, i.e. work necessary to present the Audit Report, as well as audit-related advisory services rendered coincident with the audit assignment.

NOT 9 DEPRECIATION AND AMORTISATION

SEK M	2022	2021
Depreciation of tangible assets, note 19	11	10
Amortisation of non-acquisition-related intangible assets, note 17	14	12
Amortisation of acquisition-related intangible assets, note 17	12	52
Depreciation of contract assets, note 18	38	47
	75	**121**

Depreciation and amortisation for the year of non-acquisition-related intangible assets primarily relate to IT systems for the service area Property Funds.

Depreciation and amortisation for the year on acquisition-related intangible assets are attributable to customer relationships identified in connection with the acquisitions of APAM Ltd and Catella Poland WPP. The previous year included goodwill impairment of SEK 39 million attributable to the subsidiary IPM.

NOT 10 EMPLOYEES

Employee benefits

SEK M	2022	2021
Salaries and other compensation	734	738
Social security expenses	100	115
Pension costs defined contribution pension plans	41	41
	875	**894**

Salaries and other benefits

SEK M	2022	2021
Boards of Directors and Presidents *	221	206
Other employees *	513	532
	734	**738**
* of which variable renumeration to senior management	117	122

Besides the aforementioned compensation, which was an expense for Catella in 2022, earnings attributable to partners in subsidiaries in which they work are recognised as a personnel expense in accordance with applicable accounting principles. This cost amounts to SEK 5 million (55).

Average no. of employees (full-time equivalents)

	2022		2021	
Average	Total	of which women	Total	of which women
Sweden—parent company	21	11	15	4
Sweden—subsidiaries	42	14	86	31
Germany	174	76	185	75
France	81	39	80	40
UK	58	32	52	30
Finland	40	13	40	13
Spain	32	13	34	17
Denmark	14	3	14	5
Baltics	3	1	7	3
Netherlands	22	5	24	6
Norway	1	-	1	-
Poland	7	4	-	-
Ireland	2	-	-	-
Total	**497**	**211**	**538**	**224**

As of 31 December 2022, the number of Board members and Presidents totalled 206 (173), of whom 42 (18) were women. In several cases, these individuals are one and the same person, since one individual may hold multiple directorships.

NOT 11 REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Principles

Directors' fees are paid to the Chairman of the Board and Board members in accordance with the resolution of the Annual General Meeting. The following guidelines for remuneration to senior executives were adopted by the Annual General Meeting 2022:

These guidelines regard remuneration to the Chief Executive Officer and other members of Group management at any given time, and to Board members with regard to remuneration in addition to the Directors' fees authorised by the Annual General Meeting. In addition to the CEO, Group management is currently comprised of the CFO, Head of Investor Relations and Group Communications, Head of Group HR and Head of Group Legal. The guidelines are to be applied to agreed remunerations, as well as to changes made to already agreed remunerations after the guidelines have been adopted by the Annual General Meeting 2022. The guidelines do not cover remunerations adopted by the Annual General Meeting.

Forms of remuneration and securing the Company's business strategy, long-term interests and sustainability

The Company's operations are dependent on being able to recruit and retain qualified employees. Total remuneration shall be on market terms and competitive, which is a prerequisite for the successful implementation of the Company's business strategy and protecting its long-term interests, including sustainability. Furthermore, remuneration shall be in relation to responsibilities and authority.

Remuneration to the Chief Executive Officer and other members of Group management consists of basic salary, variable salary, pension and other benefits.

Variable remuneration is based on financial or non-financial results achieved in relation to individually defined qualitative and quantitative targets that consider the Company's business strategy, long-term goals and sustainability work.

The fulfilment of criteria for payment of variable cash remuneration shall be measured over a one-year period. The variable remuneration may amount to maximum of 100 percent of fixed annual basic salary. Additional variable cash remuneration may be payable in extraordinary circumstances, provided such extraordinary arrangements are limited in time and relate to individuals with the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary work carried out additional to regular assignments. Such extraordinary remuneration awarded in addition to the remuneration mentioned above may not exceed an amount corresponding to 100 percent of fixed annual basic salary and may not be paid more than once per year per individual. Decisions relating to such remuneration shall be made by the Board following preparation by the Remuneration Committee.

Pension benefits, including healthcare insurance, shall be defined-contribution. Variable cash remuneration shall not be pensionable. Pension premiums for defined-contribution pension shall amount to a maximum of 30 percent of fixed annual basic salary.

Other benefits may include life insurance, health care insurance and company car. Such benefits may amount to a maximum of 10 percent of fixed annual basic salary.

The Company has share-based incentive schemes. Any further share-based incentive schemes introduced in the future are subject to resolution by the Annual General Meeting and are thus not encompassed by these guidelines.

Termination of employment

Upon notice of termination of employment by the Company, the notice period shall be a maximum of 12 months, and on notice of termination by the employee a maximum of 6 months. Severance pay and redundancy payments may not exceed 100 percent of fixed annual basic salary in total.

In addition, remuneration for non-compete undertakings may be payable. Such remuneration shall compensate any potential income shortfall and shall only be payable in cases where the former employee is not entitled to receive severance pay. Remuneration shall be based on fixed basic salary at the time of termination of employment and subject to a maximum of 60 percent of monthly income at the time of termination of employment and be payable during the period the non-compete undertaking applies, which shall be subject to a maximum of 9 months after termination of employment.

The Company is not contractually entitled to recover variable remuneration. According to statute or agreement, and considering any ensuing limitations thereof, the Board is entitled to wholly or partly recover variable remuneration paid on incorrect grounds.

Decision-making process for determining, reviewing and implementing the guidelines

The process for preparing, reviewing and implementing the remuneration guidelines is handled by a dedicated Remuneration Committee. After preparation by the Remuneration Committee, the Board shall prepare proposed new guidelines at least every four years and present the proposal for resolution at the AGM. The guidelines shall apply until such time that new guidelines are adopted by the AGM. The remuneration committee has an advisory (follow-up and evaluation) and a preparatory function for decision-making ahead of review and resolution by the Board of Directors. In addition to the Chairman of the Board, who is also Chairman of the Committee, other members elected by the AGM are independent in relation to the Company and management. The Remuneration Committee holds a minimum of two regular meetings per year, in good time before regular Board meetings, to address remuneration matters. All members of the Remuneration Committee, the CEO and HR Manager shall, if possible, participate in the Remuneration Committee's meetings (however subject to provisions relating to conflicts of interest under the Companies Act). Any other individual presenting a matter to the Remuneration Committee shall participate in the Remuneration Committee's meetings to the extent the Remuneration Committee considers it appropriate. Individuals affected by the decisions do not attend meetings of the Remuneration Committee or the Board during the period of preparation and decisions regarding the matter.

Salary and employment terms for employees

Each year, the Remuneration Committee completes an analysis to see how the total salary structure and employment terms compare to remuneration to the CEO and senior executives. This forms the basis for decisions when evaluating the reasonableness of these guidelines.

Departing from the guidelines

The Board may depart from these guidelines, fully or in part, only if, in individual cases, there are special reasons for doing so and a departure is necessary for securing the Company's long-term interests, including its sustainability, or for securing the Company's financial viability.

Information regarding decided remuneration not due for payment

The Board shall include information regarding previously decided remuneration not yet due for payment to the proposed guidelines for remuneration presented to the AGM.

Board of Directors and senior executives

For a presentation of the Board of Directors and Group Management, see the section on the Board of Directors, Auditors and Group Management.

At the Annual General Meeting in May 2022 all the Board members, namely Johan Claesson, Tobias Alsborger, Johan Damne, Joachim Gahm, Jan Roxendal and Anneli Jansson, were re-elected. Johan Claesson was elected Chairman of the Board.

The composition of Group management remained unchanged in 2022, and comprised Christoffer Abramson, CEO and President, Mattias Brodin, CFO, Michel Fischier, Head of Investor Relations and Group Communications, Johanna Bjärnemyr, Head of Group Legal and Mathias de Maré, Head of HR. On 24 February 2023, Mattias Brodin stepped down as the CFO and a member of Group management. In connection with this, Michel Fischier was appointed Interim CFO.

Board fees approved by the AGM on 24 May 2022 totalled SEK 600,000 (570,000) to the Chairman of the Board and SEK 370,000 (350,000) each to other Board members. In addition, the following remuneration is payable: SEK 135,000 (130,000) to the Chairman of the Audit Committee, SEK 105,000 (100,000) each to two other Committee members, SEK 42,000 (40,000) to the Chairman of the Remuneration Committee and SEK 32,000 (30,000) to the Committee member. Board members are entitled to invoice their Board fee through privately owned companies provided this is permissible from a tax perspective and is cost-neutral to Catella. In such cases, in addition to the fee determined by the Annual General Meeting, Board members are permitted to include an amount equivalent to the social security expenses that would have been payable by Catella AB had the Board fee been paid directly to the Board member. In these cases, Board fees correspond to approved fees, plus invoiced social security expenses. In addition, statutory sales tax is payable.

Variable remuneration to senior executives and other employment terms in 2022

The Chief Executive Officer and other senior executives are entitled to receive performance-based bonuses. Entitlement to bonus payments and the calculation basis for bonuses are determined and reassessed annually by the Board. Bonuses may be paid in a maximum amount corresponding to 12 months' salary (12) for the CEO and 12 months' salary (12) for other senior executives. The Company's cost for variable salary to Group management for 2022 amounted to SEK 7.6 million (6.1) including social security expenses. The maximum outcome would have cost the Company SEK 10.2 million (9.6) including social security expenses.

In addition to statutory pension and insurance benefits, the Company should provision an amount corresponding to up to 30 percent of the basic salary of senior managers for the occupational pension solution designated by the employee each year. Senior managers are entitled to 30 days of holiday per year.

Upon notice of termination of employment by the Company, the notice period shall be a maximum of 12 months, and on notice of termination by the employee a maximum of 6 months. Severance pay and redundancy payments may not exceed 100 percent of fixed annual basic salary in total.

Share-based incentive scheme

See Note 12, Share-based payment.

Remuneration and other benefits in 2022

SEK K	Basic salary/Directors' fee	Variable compensation	Other benefits	Pension cost	Other compensation	Total
Chairman of the Board						
Johan Claesson	732					732
Other Board members						
Jan Roxendal	507					507
Johan Damne	362					362
Joachim Gahm	380					380
Tobias Alsborger	464					464
Anneli Jansson	362					362
Total compensation to board members	**2 807**	**-**	**-**	**-**	**-**	**2 807**
Chief Executive Officer						
Christoffer Abramson	4 256	3 623	18	1 582		9 479
Other senior managers *	7 221	2 164	62	1 988		11 435
Total compensation to CEO and other members of Group management	**11 477**	**5 787**	**80**	**3 570**	**-**	**20 914**

* Other senior executives are Mattias Brodin (CFO), Michel Fischier (Head of IR and Communications), Johanna Bjärnemyr (Head of Legal) and Mathias de Maré (Head of HR).

Remuneration and other benefits in 2021

SEK K	Basic salary/Directors' fee	Variable compensation	Other benefits	Pension cost	Other compensation	Total
Chairman of the Board						
Johan Claesson	560					560
Other Board members						
Jan Roxendal	589					589
Johan Damne	392					392
Joachim Gahm	350					350
Tobias Alsborger	408					408
Anneli Jansson	204					204
Anna Ramel	188					188
Total compensation to board members	**2 691**	**-**	**-**	**-**	**-**	**2 691**
Chief Executive Officer						
Christoffer Abramson	2 933	3 216	5	902		7 056
Other senior managers *	4 692	1 426	14	1 001		7 133
Total compensation to CEO and other members of Group management	**7 625**	**4 642**	**19**	**1 903**	**-**	**14 189**

* Other senior executives are Christoffer Abramson as CFO for the period 1 January – 11 April, Mattias Brodin (CFO) for the period 1 August – 31 December, Michel Fischier (Head of IR and Communications), Johanna Bjärnemyr (Head of Legal) and Mathias de Maré (Head of HR) for the period 1 June – 31 December.

Shareholdings and other holdings

The Board of Directors' and Group Management's share and warrant holdings in Catella AB were as follows as of 31 December 2022 and 2021 respectively*:

	Class A shares		Class B shares		Options		Bonds, SEK	
No. / SEK	2022	2021	2022	2021	2022	2021	2022	2021
Board of Directors								
Johan Claesson, Chairman of the Board (direct and indirect shareholdings)	1 100 910	1 100 910	42 563 839	42 563 838	-	-	-	-
Jan Roxendal, Board member	-	-	129 554	129 554	-	-	2 500 000	2 500 000
Joachim Gahm, Board member	-	-	4 000	-	-	-	-	-
Johan Damne, Board member	-	-	150 000	150 000	-	-	-	-
Tobias Alsborger, Board member	-	-	50 000	36 000	-	-	-	-
Anneli Jansson, Board member	-	-	10 000	10 000	-	-	-	-
Management								
Christoffer Abramson, President and CEO	-	-	20 000	5 000	2 000 000	2 000 000	-	-
Mattias Brodin, CFO	-	-	5 000	-	300 000	300 000	-	-
Johanna Bjärnemyr, Head of Legal	-	-	2 500	1 400	150 000	150 000	-	-
Michel Fischier, Head of IR and Comunications	-	-	10 000	5 000	150 000	150 000	-	-
Mathias de Maré, Head of HR	-	-	5 000	1 000	150 000	150 000	-	-
Total holdings	**1 100 910**	**1 100 910**	**42 949 893**	**42 901 792**	**2 750 000**	**2 750 000**	**2 500 000**	**2 500 000**

* Information only applies to senior executives at the end of each financial year.

NOT 12 SHARE-RELATED INCENTIVES

The Extraordinary General Meeting in December 2020 decided to introduce a new incentive scheme through the issue of a maximum of 3,000,000 warrants distributed over two series: 2020/2024:A and 2020/2025:B.
In June 2021, 2,750,000 warrants were transferred to members of Group management, and in July 2022 and December 2022 a further 100,000 warrants were transferred to two key staff members. The remaining 150,000 warrants were held in Treasury as of 31 December 2022. The exercise price is SEK 35.20 per share.

Each warrant confers the holder the right to subscribe for one (1) new Class B share in the Company. The warrants can be utilised to subscribe for new shares in the following periods: warrants of series 2020/2024:A from 1 June 2024 to 15 June 2024 inclusive; warrants of series 2020/2025:B from 1 June 2025 to 15 June 2025 inclusive. The warrants shall be transferred on market terms at a price calculated on the basis of the Black & Scholes valuation model. The subscription price per share upon utilisation of the warrant shall correspond to 120 percent for Class A and for Class B of the listed volume-weighted average price paid of the Catella share (Class B) on Nasdaq Stockholm over a period of 10 trading days from the day after the Board makes the offer to acquire warrants to individuals covered by the scheme. Upon full subscription and utilisation of all 3,000,000 warrants, the Company's share capital may increase by a maximum of SEK 6,000,000, provided no remeasurement occurs under the terms of the warrants. This corresponds to dilution of some 3.4 percent of existing equity.

Change in the number of outstanding warrants:

No.	2022	2021
Opening balance as of 1 January	3 000 000	3 000 000
Newly issued	-	-
Exercise of options to subscribe for new shares	-	-
Expiry of unutilised warrants	-	-
As of 31 December	**3 000 000**	**3 000 000**
of which held by Catella	**150 000**	**250 000**

Outstanding warrants as of the reporting date:
Issue 2020

Year	Share of total outstanding share warrants, %	Total no. of outstanding share warrants	of which held by Catella
2024	50	1 500 000	75 000
2025	50	1 500 000	75 000
Total	**100**	**3 000 000**	**150 000**

NOT 13 FINANCIAL ITEMS

SEK M	2022	2021
Interest income accordring to effective interest rate method		
Interest income on bank balances	0	0
Interest income on loan receivables	24	0
Other interest income	1	1
	26	**1**
Interest income other		
Interest income on financial assets at fair value through profit or loss	17	17
	17	**17**
Interest expenses		
Interest expenses to credit institutions	1	-3
Interest expenses on bond loan	-69	-57
Interest expenses on leasing liabilities	-10	-10
Other interest expenses	-1	-1
	-79	**-71**
Other financial income		
Capital gains on group companies	0	130
Fair value gains on financial assets at fair value through profit or loss	18	11
Capital gains on financial assets at fair value through profit or loss	0	5
Exchange rate gains	185	70
	203	**217**
Other financial expenses		
Capital gain from group companies	-	-
Fair value loss on financial assets at fair value through profit or loss	-26	-4
Capital losses on financial assets at fair value through profit or loss	0	-13
Issue and loan guarantee expenses	-3	-8
Exchange rate losses	-119	-60
	-147	**-85**

NOT 14 TAX

SEK M	2022	2021
Current tax:		
Current tax on profit/loss for the year	-132	-90
Adjustments relating to previous years	1	1
Total current tax	**-130**	**-89**
Deferred tax:		
Origination and reversal of temporary differences	-17	7
Effect of change in tax rates	-	-
Total deferred tax	**-17**	**7**
Income tax	**-147**	**-81**

Income tax on the Group's profit differs from the theoretical amount that would have resulted from the use of a weighted average tax rate in the consolidated companies, as follows:

SEK M	2022	2021
Profit/loss before tax	830	210
Income tax calculated at domestic tax rates applicable to profit in the respective countries	-190	-64
Tax effects of:		
Utilized loss carry forwards, previously not recognized	75	42
Tax losses for which no deferred tax asset was recognised	-51	-66
Changed assessment of previously activated loss carry forwards	-22	-
Effect from temporary differences with non-recognized deferred tax asset	0	-1
Non-deductible interest expenses	-2	-4
Non-taxable capital gains	62	28
Other non-deductible/non-taxable items	-20	-17
Wealth tax	-1	-3
Share of profit from associated companies	1	3
Adjustments relating to previous years	1	1
Tax expense	**-147**	**-81**

Deferred tax assets and tax liabilities are allocated as follows:

SEK M	2022	2021
Deferred tax assets		
Estimated to be utilised after more than 12 months	7	6
estimated to be utilised within 12 months	**0**	**17**
	7	**23**
Deferred tax liabilities		
to be paid after 12 months	16	17
to be paid within 12 months	**1**	**2**
	17	**19**
Deferred tax assets/liabilities (net)	**-10**	**5**

SEK M	2022 31 Dec	2021 31 Dec
Deferred tax assets		
Future deductible expenses	2	-
Tax deficit	5	23
Total	**7**	**23**
Deferred tax liabilities		
Intangible assets	17	18
Un-taxed reserves	0	0
Total	**17**	**19**

SEK M	2022 31 Dec	2021 31 Dec
Deferred tax assets		
Opening balance	23	21
Change in temporary differences	2	0
New tax loss carryforwards	1	4
Changed assessment of previously activated loss carry forwards	-20	-
Exchange rate differences	1	-2
Closing balance	**7**	**23**
Deferred tax liabilities		
Opening balance	-19	-20
Change in temporary differences	0	1
Amortisation of acquisition values	2	2
Exchange rate differences	0	-1
Closing balance	**-17**	**-19**

According to IAS 12, "Income Taxes", deferred tax assets relating to tax loss carry-forwards are recognised to the extent it is probable that future taxable profits will be available. According to this standard, Catella recognises a deferred tax asset of SEK 7 million (23) the majority consists of tax loss carry-forwards which is based on a judgement of the Group's future utilisation of tax loss carry-forwards in the legal entities holding the loss carry-forwards. The tax income that arises on first-time reporting of new or already existing saved deficits as deferred tax assets has no impact on the Group's liquidity. The Group has total loss carry-forwards amounting to SEK 1,315 million (1,298). Loss carry-forwards for which no deferred tax asset is recognised in the Consolidated Balance Sheet amount to SEK 1,298 million (1,217).

The loss carry-forwards reported in the Consolidated Balance Sheet relate to a forecast period of five years.

Tax relating to components in other comprehensive income amounts to SEK 0 million (0) for the financial year 2022. The accumulated tax effect in other comprehensive income amounts to SEK 0 million (0).

NOT 15 EARNINGS PER SHARE

(a) Before dilution

Earnings per share before dilution is calculated by dividing the profit attributable to the Parent Company's shareholders by a weighted average number of outstanding ordinary shares in the period.

	2022	2021
Net profit for the year, SEK M	683	128
Profit/loss attributable to Parent Company shareholders and on which earnings per share before dilution is calculated, SEK M	491	174
Weighted average number of ordinary shares	88 348 572	88 348 572
Earnings per share, SEK	5,55	1,97

(b) after dilution

For the calculation of earnings per share after dilution, the weighted average number of ordinary shares outstanding is adjusted for the dilution effect of all potential ordinary shares. The Parent Company has issued warrants that could result in ordinary shares. For warrants, a calculation is performed of the number of shares that could have been purchased at fair value (calculated as the average market price of the Parent Company's shares for the year) for an amount corresponding to the exercise price of the subscription rights linked to the outstanding warrants. The total number of shares calculated as described below is compared with the number of shares that would have been issued under the assumption that the warrants were exercised.
The dilution effect in 2022 was 2.6 percent (2.6).

	2022	2021
Net profit for the year, SEK M	683	128
Profit/loss attributable to Parent Company shareholders and on which earnings per share after dilution is calculated, SEK M	491	174
Weighted average number of ordinary shares	88 348 572	88 348 572
Adjustments for:		
assumed conversion of share warrants	2 313 665	2 269 265
Weighted average number of ordinary shares for computation of earnings per share after dilution	90 662 237	90 617 837
Earnings per share, SEK	5,41	1,92

NOT 16 DIVIDEND

The Board of Directors proposes a dividend of SEK 1.20 per share which corresponds to a total of SEK 106 million. The proposed dividend to Parent Company shareholders is subject to the higher of SEK 80 million or 60 percent of profit for the year attributable to Parent Company shareholders. Proposed payment of dividends on 17 May 2023.

A dividend of SEK 1.00 per share was paid for the financial year 2021.

NOT 17 INTANGIBLE ASSETS

SEK M	Goodwill	Trademark	Contractual customer relations	Software licenses and IT systems	Total
As of 1 January 2021					
Net carrying amount	**318**	**50**	**52**	**23**	**443**
Financial year 2021					
Acquired during the year				4	4
Cost in acquired companies	1				1
Disposals				-1	-1
Depreciation and amortisation			-11	-13	-23
Impairment of goodwill and other intangible assets	-39			-2	-41
Exchange rate differences	18		5	0	23
Closing balance	**298**	**50**	**45**	**11**	**404**
At 31 December 2021					
Cost	366	50	127	116	660
Accumulated depreciation			-79	-55	-133
Accumulated impairment	-69	0	-3	-51	-123
Net carrying amount	**298**	**50**	**45**	**11**	**404**
Financial year 2022					
Acquired during the year				13	13
Disposals				-1	-1
Depreciation and amortisation			-12	-7	-19
Impairment of goodwill and other intangible assets	-2			-1	-2
Exchange rate differences	14	0	1	2	17
Closing balance	**347**	**50**	**37**	**18**	**452**
At 31 December 2022					
Cost	418	50	131	130	729
Accumulated depreciation			-91	-61	-152
Accumulated impairment	-70	0	-3	-51	-125
Net carrying amount	**347**	**50**	**37**	**18**	**452**

Reported goodwill at year-end 2022 relates to the acquisition of the Catella Group in 2010 (SEK 119 million), the acquisition of APAM Ltd in 2018 (SEK 191 million) and the acquisition of Catella Poland WPP in 2022 (SEK 37 million). The Catella brand was valued at SEK 50 million on acquisition of the Catella Group. The carrying amount of contractual customer relationships as per the end of 2022 is attributable to APAM Ltd (SEK 35 million) and Catella Poland WPP (SEK 2 million). The closing carrying amount for software licenses and IT systems was SEK 18 million, of which no part was acquisition-related assets. All intangible assets were externally acquired.

Impairment testing of goodwill and other assets with indefinite useful lives

In business combinations, goodwill and other surplus values are allocated to the cash-generating units that are expected to receive future economic benefits, for example in the form of synergies, as a result of the acquired operations. When separate cash-generating units cannot be identified, goodwill and other surplus values are allocated to the lowest level at which the operation is controlled and monitored internally.

Assets with indefinite useful lives are tested annually for impairment. Catella's principle is to conduct impairment tests on assets with indefinite lives in the fourth quarter each year, based on their carrying amounts on 30 September. Catella's assets with indefinite useful lives consist of goodwill and brands. The impairment test for these assets was carried out by operating segment: Investment Management and Corporate Finance. This is consistent with the level at which goodwill and other acquisition-related intangible assets are monitored internally and for reporting to management and the Board of Directors. No impairment testing took place for the Principal Investments operating segment in 2022 as the segment does not have assets with an indefinite useful life. For this operating segment, valuations are continuously carried out to ensure that the market value equals or exceeds book value.

Central management and shareholder-related expenses have been allocated to the relevant operating segment on the basis of the estimated proportion of resources utilised. For assets measured at fair value, no impairment test is conducted since these items are measured separately on each reporting date at market prices according to established principles. Catella's brand is reported under Other because it constitutes a shared asset for the Group. Impairment testing of Catella's brand is based on an established method for valuing brands and trademarks "Relief-from-Royalty," and has been verified by an external valuer. The valuation indicates that the value in use of the brand significantly exceeds book value.

If an impairment test demonstrates that book value exceeds the recoverable amount, impairment is conducted at an amount that corresponds to the difference between book value and recoverable amount. The recoverable amount is the higher of net realisable value and value in use.

The value in use is the present value of estimated future cash flows. Cash flows were measured based on the financial plans prepared in each operating segment, based on the business plan for the coming financial year that was adopted by Group Management and approved by the Board of Directors. As a rule, these financial plans cover a projection period of four years and include organic sales growth, the operating margin trend, as well as the change in operating capital employed. Cash flow, with the exception of the projection mentioned, was extrapolated using an assessed growth rate of 2 percent for all business areas, which corresponds to the ECB's long-term inflation target in the Eurozone and the Swedish Central Bank's long-term inflation target for Sweden.

The measurement of value in use is based on several assumptions and judgements in addition to the growth rate beyond the projection period. The most significant relate to the organic growth rate, the progress of the operating margin, the change in operating capital employed and the relevant discount rate (WACC, weighted average cost of capital), which is used to discount future cash flows.

The test indicated no need for goodwill impairment. Impairment is recognised as Depreciation and amortisation in the Consolidated Income Statement.

The discount rate (WACC) before tax by operating segment is stated below:

	WACC, %	
	2022	2021
Investment Management	11,7	11,2
Principal Investments	-	-
Corporate Finance	11,7	11,2
Other	11,7	11,2

The calculation of WACC is based on external market data regarding the risk free interest rate and studies on market risk premiums for various European countries. A Beta factor of 1.5 was used for 2022 and 2021. Calculated WACC for 2022 was 11.7 percent. Catella has opted to apply the same WACC for all cash-generating units, as this has been judged to present a reasonable picture of the risk in the various cash-generating units.

Below is a summary of the distribution of goodwill and brands by business area:

	2022		2021	
SEK M	Goodwill	Trademark *	Goodwill	Trademark *
Investment Management	283	-	235	-
Principal Investments	-	-	-	-
Corporate Finance	64	-	62	-
Other	-	50	-	50
	347	50	298	50

* Catella registered brand

The sensitivity analysis of the calculation of value in use coincident with impairment testing has been conducted in the form of a general reduction of 5.0 percentage point in the projection period of organic growth and operating margin, and a general increase in the weighted average cost of capital (WACC) of 1.0 percentage points. The analysis showed that the operating segment Corporate Finance is sensitive to changes in WACC, and that impairment of approximately SEK 17 million would be needed if WACC were to increase by 1.0 percent.

NOT 18 RIGHT-OF-USE ASSETS (LEASE AGREEMENTS) AND LEASE LIABILITIES

This Note provides information about lease agreements where the Group is the lessee. Catella is not party to any agreements where the Group is lessor.

The Group leases a number of office premises, cars and other equipment on the basis of non-cancellable operating leases. The lease terms vary between one and ten years and most lease agreements can be extended on market terms on expiry. Payments for short-term contracts and lease agreements of minor value are expensed on a straight-line basis in the Income Statement. Short-term contracts are defined as contracts with a lease term of 12 months or less. Agreements of minor value are agreements defined as below SEK 0.1 million and include IT and office equipment. During the year, new contract assets of SEK 8.5 million (27.3) arose, of which SEK 3.8 million (21.7) related to new rental contracts, SEK 2.8 million (5.1) related to leasing vehicles and SEK 2 million (0.5) related to other lease agreements.

The following amounts relating to lease agreements are recognised in the Balance Sheet:

SEK M	2022	2021
Contract assets leasing agreements		
Office buildings	100	118
Cars	7	8
Other equipments	2	1
	109	**127**
Contract liabilities leasing agreements		
Non-current liabilities	82	99
Current liabilities	36	34
	118	**134**

The following amounts relating to lease agreements are recognised in the Income Statement:

SEK M	2022	2021
Depreciation of contract assets leasing agreements		
Office buildings	33	41
Cars	5	5
Other equipments	0	1
	38	**47**
Interest expenses	12	10

Total cash flow relating to lease agreements in 2022 amounted to SEK 46 million (60).

NOT 19 PROPERTY, PLANT AND EQUIPMENT

SEK M	Furniture, fittings and equipment
As of 1 January 2021	
Net carrying amount	**30**
Financial year 2021	
Acquired during the year	10
Disposals	-6
Depreciation and amortisation	-10
Exchange rate differences	1
Closing balance	**25**
At 31 December 2021	
Cost	111
Accumulated depreciation	-86
Net carrying amount	**25**
Financial year 2022	
Acquired during the year	11
Disposals	0
Depreciation and amortisation	-11
Exchange rate differences	2
Closing balance	**27**
At 31 December 2022	
Cost	124
Accumulated depreciation	-96
Net carrying amount	**27**

NOT 20 HOLDINGS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Holdings in subsidiaries

A list of the Group's subsidiaries is provided below. All subsidiaries are consolidated in the Group. The stated participating interests correspond to the share of equity and votes. Participating interests in addition to the participation which corresponds to the Group's holdings are for non-controlling interests. Holdings are ordinary shares. None of the Group's subsidiaries have issued preference shares.

			31 Dec 2022		31 Dec 2021	
Company	Corp. ID no.	City	Participating interest, %	Total no. of share	Participating interest, %	Total no. of share
Catella Holding AB	556064-2018	Stockholm	100	1 000	100	1 000
Catella Luxembourg S.A.	B 29962	Luxembourg	100	8 780 000	100	8 780 000
IPM Informed Portfolio Management BV	33200827	Amsterdam	53	10 070 220	53	10 070 220
IPM Informed Portfolio Management AB	556561-6041	Stockholm	100	2 253 561	61	2 253 561
European Equity Trance Income Ltd*	44552	Gurnsey	-	-	100	64
Catella Brand AB**	556690-0188	Stockholm	-	-	100	1 000
Catella Capital AB	556886-9019	Stockholm	100	13 000	100	13 000
Catella Fastighetsanalys AB	559371-5395	Stockholm	70	25 000	-	-
Catella Property Fund Investment AB	559367-6595	Stockholm	91	25 000	-	-
Catella Property Fund Management AB	556660-8369	Stockholm	100	10 000	100	10 000
Catella Property Asset Management AB	559104-6551	Stockholm	100	16 667	100	16 667
Catella Real Estate AG	HRB 169051	Munich	95	2 500 000	95	2 500 000
Catella Asset Management GmbH	HRB 237791	Munich	100	25 000	55	25 000
CRIM Holding GmbH	HRB 106179	Berlin	100	2	100	2
Catella Residential Investment Management Gmbh	HRB 220094	Berlin	100	25 000	100	25 000
APAM Ltd	7671308	London	75	11 000	75	11 000
APAM UK Property Services Ltd	13705179	London	100	1	100	1
Salisbury Asset Co Limited	13712761	London	88	1 000	88	1 000
Salisbury Asset Propco Limited	13736095	London	88	1	88	1
Mander Lender Co Limited	140668	London	90	1	-	-
Catella Property Oy	669987	Helsinki	100	10 000	100	10 000
Catella Asset Management Oy	2214836-4	Helsinki	100	10 000	100	10 000
Pegasos Real Estate GP Oy	22911649	Helsinki	100	2 500	100	2 500
Catella Property Norway AS*	986032851	Oslo	-	-	100	100
Catella Asset Management AS	917354049	Oslo	100	100	51	100
Catella Investment Management Benelux B.V.	56049773	Maastricht	100	10 000	100	10 000
Catella Property Consultants GmbH	HRB 142101	Dusseldorf	100	25 000	100	25 000
Catella Property Valuation GmbH	HRB 106180	Dusseldorf	100	-	100	-
Living Circle GmbH	HRB 106183	Dusseldorf	100	100 000	100	100 000
Catella Project Management GmbH	HRB 76149	Dusseldorf	100	25 000	100	25 000
Catella Property Consultants GmbH	HRB 142101	Dusseldorf	100	25 000	100	25 000
Catella Property Valuation GmbH	HRB 106180	Dusseldorf	100	-	100	-
Catella Project Management GmbH	HRB 76149	Dusseldorf	100	25 000	100	25 000
Catella Corporate Finance SIA***	40003814194	Riga	-	-	60	2 850
Catella Corporate Finance Vilnius***	300609933	Vilnius	-	-	60	100
OÜ Catella Corporate Finance Tallin***	11503508	Tallin	-	-	60	1
Catella Property Denmark A/S	17981595	Copenhagen	54	555 556	54	555 556
Catella Investment Management A/S	34226628	Copenhagen	60	500 000	60	500 000

Company			31 Dec 2022		31 dec 2021	
			Participating interest, %	Total no. of share	Participating interest, %	Total no. of share
Kaktus 1 TopCo Aps	CVR 39195208	Copenhagen	93	7 485 510	93	7 485 510
Cholet Logistique SAS	842672610	Paris	100	10 000	65	10 000
Moussey Logistique SAS	842683153	Paris	100	10 000	65	10 000
Moussey Logistique II SAS	852416049	Paris	100	10 000	65	10 000
Roye Logistique SAS	852201599	Paris	100	500 000	65	500 000
MER Logistique SAS	853867844	Paris	100	10 000	65	10 000
Catella France SAS	B 412670374	Paris	100	2 500	100	2 500
Catella Valuation Advisors SAS	B 435339098	Paris	67	4 127	67	4 127
Catella Property Consultants SAS	B 435339114	Paris	100	4 000	100	4 000
Catella Residential Partners SAS	B 442133922	Paris	90	4 000	66	4 000
Catella Logistic Europe SAS	B838433811	Paris	100	50 000	65	50 000
Catella Hospitality Europe SAS	B 851820084	Paris	51	50 000	51	50 000
Catella Property Spain S.A.	A 85333342	Madrid	90	60 102	90	60 102
Catella Poland WPP sp. z.o.o	5260209308	Warsaw	65	5 173	-	-
Catella Asset Management Iberia S.L.	B87290813	Madrid	80	3 000	65	3 000
Catella Corporate Finance AB	556724-4917	Stockholm	100	1 000	100	1 000
CCF Holding AB	559078-3238	Stockholm	60	10 000	60	10 000
Catella Corporate Finance Stockholm AB	559054-4234	Stockholm	60	10 000	60	10 000
CCF Holding Gbg AB	559089-0710	Gothenburg	60	10 000	60	10 000
Catella Corporate Finance Göteborg AB	559084-9104	Gothenburg	60	10 000	60	10 000
CCF Malmö Intressenter AB	556740-5963	Malmö	60	1 000	60	1 000
Catella Corporate Finance Malmö AB	556740-5666	Malmö	60	1 000	60	1 000
Aveca AB	556646-6313	Stockholm	100	5 000	100	5 000
Aveca Geshäftsführungs GmbH	HRB 106722	Dusseldorf	100	-	100	-
SFB Parque Logistico	B67820290	Barcelona	100	-	100	-
Infrahubs AB****	559217-3412	Kalmar	50	25 000	50	25 000
Infrahubs Holding AB****	559322-6631	Kalmar	50	500	50	500
Infrahubs Fastighet 2 AB***	559197-5270	Kalmar	-	-	100	500
Infrahubs Hold-co 1 AB****	559326-9490	Kalmar	50	250	50	250
Infrahubs Fastighet 3 AB***	559274-2117	Kalmar	-	-	50	250
Infrahubs Fastighet 4 AB****	559274-2125	Kalmar	50	250	50	250
Catella Residential 01 GP Sarl	B220094	Luxembourg	100	1 000	100	1 000
Catella Residential 02 GP Sarl	B257400	Luxembourg	100	12 000	100	12 000

* Group companies terminated in 2022
** Group companies merged in 2022
*** Group companies divested in 2022
**** Group companies in which the Group has less than 51% ownership, but which are consolidated as the Group has a controlling interest in them

Summary financial information regarding subsidiaries, with significant non-controlling interests

As of 31 December 2022, the total ownership of non-controlling interests was SEK 262 million (132), of which SEK 244 million (69) relates to subsidiaries Infrahubs, Catella Real Estate AG, Catella Corporate Finance AB and Catella Property Denmark A/S.

Profit/loss relating to non-controlling interests amounted to SEK 193 million (-1) for the financial year 2022.

Of the total amount, SEK 192 million (-46) was reported as profit for the year attributable to non-controlling interests and SEK 1 million (45) as personnel expenses and tax in the Income Statement.

According to the Groups accounting principles, profit shares attributable to shareholders active in subsidiaries are reported as a personnel expense in the consolidated Income Statement.

Below is a summary of financial information for each subsidiary with non-controlling interests that is material to the Group. The information refers to amounts before intra-Group eliminations.

	Infrahubs (participating interest 50 %)		Catella Real Estate AG (participating interest 94,5 %)		Catella Corporate Finance AB (participating interest 60 %)		Catella Property Denmark A/S (participating interest 54 %)	
Summarised balance sheet	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Non-current assets	0	0	38	41	26	25	45	31
Current assets	746	906	452	300	25	221	32	42
Total assets	**746**	**906**	**489**	**341**	**52**	**247**	**77**	**73**
Non-current liabilities	-20	-339	-27	-26	-1	-1	-13	-10
Current liabilities	-329	-558	-267	-158	-41	-172	-22	-13
Total liabilities	**-349**	**-897**	**-294**	**-185**	**-42**	**-172**	**-35**	**-23**
Net assets	**397**	**9**	**195**	**156**	**9**	**74**	**42**	**50**
Net assets allocated to non-controlling interest	210	7	11	9	3	29	20	25
Summarised income statement and comprehensive income								
Income	427	1	1038	710	82	196	58	58
Net profit for the year	178	-12	99	70	6	70	13	22
Total comprehensive income for the year	178	-12	99	70	6	70	14	22
Total comprehensive income allocated to non-controlling interest	-184	-1	6	4	2	28	0	10
Dividend paid to non-controlling interest	-	-	4	3	28	17	-	-
Summarised cash flow								
Cash flow from operating activities	641	-374	126	85	18	70	1	-1
Cash flow from investing activities	-307	0	-2	-2	0	-1	0	27
Cash flow from financing activities	-296	339	-79	-56	-71	-43	-15	0
Decrease/increase in cash and cash equivalents	**39**	**-35**	**45**	**27**	**-54**	**26**	**-14**	**26**

Investments in associated companies reported in accordance with the equity method

Through associated companies, Catella has investments in property development projects in Germany, Denmark and Sweden. The projects are run by Catella's local subsidiaries. Catella's primary intention is to invest in the early phase of projects and divest the holding as soon as it is commercially advantageous. The investments include the risk that Catella companies are forced to choose between continuing to invest in late stages of projects, running the projects to completion or leaving the project and losing the invested capital.

The Group's recognised value of shares in associated companies as of the reporting date was SEK182 million (187), of which SEK 179 million (106) related to associated companies that invest in property development projects.

During the year, Catella exercised its right to sell the remaining 30 percent of the shares in Catella Fondförvaltning AB for a purchase consideration of SEK 60 million to Athanase. The transaction did not affect the Group's profit for 2022. Catella also issued loans to associated companies totalling SEK 278 million (342).

SEK M	2022	2021
As of 1 January	187	167
Investments	22	25
Sales	-60	-35
Share in profits, see Note 7 Other operating income	63	42
Share in profits, see Note 7 Other operating expense	-	-
Dividends paid	-29	-6
Reclassification to shares in subsidiaries	-3	-5
Exchange rate differences	1	-1
Closing book value	**182**	**187**

In 2022, dividend payments totalling SEK 29 million (6) were received from associated companies.

The assets, liabilities, income and profit/loss of associated companies, all of which are unlisted, are stated below, as well as the Group's participating interest in associated companies' equity, including goodwill.

		Associated companies				Group		
	Country of registration	Assets, SEK M	Liabilities, SEK M	Income, SEK M	Profit/loss SEK M	Share of equity,%	Share of vote,%	Participating interest, SEK M
Catella Project Capital GmbH	Germany	305	22	10	3	45	0	126
CatWave AB	Sweden	17	15	37	1	49	49	2
Bankfoot APAM Ltd	UK	5	3	12	5	50	38	1
CaNk ApS	Denmark	133	3	101	125	50	50	34
Infrahubs Fastighet 6 AB	Sweden	6	6	0	0	40	40	0
Infrahubs Fastighet 7 AB	Sweden	25	25	0	0	40	40	0
Infrahubs Fastighet 8 AB	Sweden	0	0	0	0	40	40	0
Infrahubs Fastighet 9 AB	Sweden	3	3	0	0	40	40	0
Infrahubs Fastighet 10 AB	Sweden	234	127	0	0	40	40	0
Infrahubs Hold-co 2 AB	Sweden	101	0	73	71	40	40	40
Infrahubs Hold-co 3 AB	Sweden	0	0	0	0	40	40	0
Infrahubs Hold-co 4 AB	Sweden	107	1	0	0	40	40	0
Infrahubs Fastighet 7 Holding AB	Sweden	0	0	0	0	40	40	0
Infrahubs Fastighet 11 AB	Sweden	16	16	0	0	40	40	0
Infrahubs Fastighet 12 AB	Sweden	0	0	0	0	40	40	0
Infrahubs Fastighet 13 AB	Sweden	0	0	0	0	40	40	0
Infrahubs Fastighet 14 AB	Sweden	35	35	0	0	40	40	0
Infrahubs Fastighet 15 AB	Sweden	0	0	0	0	40	40	0
								182

NOT 21 FINANCIAL ASSETS MEASURED AT FAIR VALUE IN OTHER COMPREHENSIVE INCOME

SEK M	2022	2021
Visa preferred stock C series	36	61
	36	**61**

SEK M	2022	2021
As of 1 January	61	138
Acquisition	-	-
Disposals	-43	-82
Fair value changes	14	4
Exchange-rate differences	4	2
As of 31 December	**36**	**61**

Financial assets at fair value through other comprehensive income are attributable to Catella Luxembourg's holding of Class C preference shares in Visa Inc. which were received in connection with Visa Inc.'s acquisition of Visa Europe in June 2016. Conversion of preference shares to Class A shares will take place when the ongoing legal disputes against Visa Europe are resolved. The conversion rate is dependent on the outcome of these disputes. The valuation of preference shares takes these legal disputes into consideration.

In 2022, Class A shares were divested for a purchase consideration of SEK 43 million.

NOT 22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include the following:

SEK M	2022	2021
Loan portfolios	88	101
Other debt instruments	96	-
Fund investments	24	1
Listed shares and bonds	0	0
Unlisted shares	101	69
Other	2	2
	311	**173**

SEK M	2022	2021
As of 1 January	173	267
Acquisition *	137	98
Disposals	-	-192
Decrease through business divestment	-15	-
Fair value gains/losses on financial assets at fair value through profit or loss **	11	-6
Capitalised interest income	-	2
Exchange rate differences	6	4
As of 31 December	**311**	**173**
Less: long-term portion	-272	-114
Short-term portion	**39**	**59**

* Regards acquisition of debt instruments in the property development project Mander Centre, shares in the unlisted company Pamica 2 and shares in Catella Fastighetsfond Systematisk C.

** Change in fair value of financial assets valued at fair value in the Income Statement is reported under Other financial items (Note 13). See also Note 3 for valuation and position in the fair value hierarchy.

Loan portfolios

The loan portfolios comprise securitised European loans with primary exposure in housing. The performance of the loan portfolios is closely monitored and revaluations are made on a continuous basis. The portfolio is measured according to the fair-value method, according to the definition in IFRS.

Cash flows mainly comprise interest payments, but also include repayments with a projected period up to and including 2025. The expected cash flows for the period amounted to SEK 95 million (171), which are discounted and recognised at SEK 88 million (101). The remaining portfolios were discounted at discount rates of 4.6 percent and 0 percent as of 31 December 2022, giving a weighted average discount rate of 2.5 percent (18.0). The weighted average duration for the portfolio amounted to 1.8 years (3.2) as of 31 December 2022.

No loan portfolios were divested in 2022. In previous years, Catella divested five loan portfolios, which have repaid Catella's original investment with a good margin.

Pastor 2

In the sub-portfolio Pastor 2, the underlying loans are less than 10 percent of the issued amount and Catella expects the issuer to utilise its clean-up call. The administration of the portfolio is frequently unprofitable when it falls below 10 percent of the issued amount, and this structure allows the issuer to avoid these additional costs. Catella considers the credit risk in the portfolio to be low, although the precise timing of the exercise of the option is difficult to forecast due to several unknown factors relating to the issuer. Catella has made the assumption that a repurchase will take place in the fourth quarter of 2025. The portfolio is valued at the full repayable amount of EUR 5.0 million, discounted to the present value with application of a discount rate for similar assets. This corresponds to a value of EUR 4.4 million.

Lucitano 5

The time call affects sub-portfolio Lusitano 5 and constitutes an option held by the issuer that enables the repurchase of the sub-portfolio at a specific point in time, and from time to time thereafter. The option has been available since 2015. Catella evaluates that the time call will be exercised in the first quarter of 2023. The assumption is conservative due to this requiring no further cash flows other than the position's current capital amount of EUR 3.1 million plus the following quarter's cash flow when exercising the time call. The portfolio is hence valued at EUR 3.5 million. This assessment is different to assessments from the annual accounts for 2021 due to the assumption previously having been that the time call would not be exercised and that the position would instead continue maturing until the clean-up call in 2027. This resulted in the portfolio being impaired by SEK 17.3 million (EUR 1.6 million) in the first quarter of 2022.

Summary of Catella's loan portfolios as of 31 December 2022

SEK M Loan portfolio	Country	Forecast undiscounted cash flow	Share of undiscounted cash flow,%	Forecast discounted cash flow	Share of discounted cash flow,%	Discount rate, %	Duration, years
Pastor 2	Spain	55,6	58,5%	48,7	55,3%	4,6%	3,0
Lusitano 5	Portugal	39,4	41,5%	39,4	44,7%	0,0%	0,3
Total cash flow *		**95,0**	**100,0%**	**88,1**	**100,0%**	**2,5%**	**1,8**
Carrying amount in consolidated balance sheet *				**88,1**			

* The discount rate recognised in the line "Total cash flow" is the weighted average interest of the total discounted cash flow.
** Catella's loan portfolio also includes the portfolios Pastor 3, 4 and 5 as well as Lusitano 4 whose book value have been attributed a value of SEK 0.

Summary of Catella's loan portfolios as of 31 December 2021*

SEK M Loan portfolio	Country	Forecast undiscounted cash flow *	Share of undiscounted cash flow,%	Forecast discounted cash flow	Share of discounted cash flow,%	Discount rate, %	Duration, years
Pastor 2	Spain	51,1	29,9%	48,6	0,5	5,2%	1,3
Lusitano 5	Portugal	119,7	70,1%	51,8	0,5	30,0%	4,0
Total cash flow ***		**170,8**	**100,0%**	**100,4**	**1,0**	**18.0%**	**3,2**
Accrued interest				0,1			
Carrying amount in consolidated balance sheet *				**100,5**			

* The forecast was produced by investment advisor Cartesia S.A.S.
** Catella's loan portfolio also includes the portfolios Pastor 3, 4 and 5 as well as Lusitano 4 whose book value have been attributed a value of SEK 0.
*** The discount rate recognised in the line "Total cash flow" is the weighted average interest of the total discounted cash flow.

Cash flow

The cash flow for each loan portfolio is presented in the table below.

SEK M Loan portfolio Outcome	Spain Pastor 2	Portugal Lusitano 5	Other	Outcome
Full year 2009-2020	27,2	0,8	267,0	295,1
Full year 2021	0,0	15,0	0,0	15,0
Q1 2022	0,0	2,7	0,0	2,7
Q2 2022	0,0	3,7	0,0	3,7
Q3 2022	0,0	6,1	0,0	6,1
Q4 2022	0,0	4,3	0,0	4,3
Total	**27,2**	**32,7**	**267,0**	**327,0**

Business-related investments

Business-related investments mainly relate to debt instruments in the property development project Mander Centre, APAM's joint investments with customers, unlisted shareholdings in Pamica and Pamica 2 and participations in funds managed in-house. The book value of the holdings, which is also the market value, was SEK 223 million (72) as of 31 December 2022.

Other securities

As of 31 December 2022, there were no other securities.

NOT 23 PROPERTIES HELD FOR DEVELOPMENT AND PROJECT PROPERTIES

Catella has investments in various property development projects through subsidiaries and associated companies. The projects owned through subsidiaries and which are fully consolidated in the Group are indicated below. The projects held for development with the aim of divestment as soon as commercially advantageous are valued at the lower of cost and net realisable value.

SEK M	2022	2021
Kaktus	1 635	1 048
Infrahubs Norrkoping	-	514
Infrahubs Orebro	-	147
Infrahubs Vaggeryd	298	135
Barcelona Logistics	61	53
Salisbury	227	208
Other	22	-
	2 244	**2 105**

SEK M	2022	2021
As of 1 January	2 105	634
Investments	759	1 449
Sales	-743	-
Income from contracts with a customer	-7	-
Exchange rate differences	130	22
As of 31 December	**2 244**	**2 105**

A brief summary of each project follows.

Kaktus

Residential project of 25,000 m² including 495 micro-living apartments in central Copenhagen. The project includes several commercial premises, where some parts have already been let to operators such as a gym and a convenience store. Construction started in August 2019. The apartments were completed in the third quarter of 2022 and are fully let. For more information, see Contingent liabilities in Note 33 and Borrowing and loan liabilities in Note 29.

Infrahubs Vaggeryd

Infrahubs is constructing a logistics facility of approximately 45,000 m² in Vaggeryd. The property has been fully let to Husqvarna and the rental agreement spans 10 years. Construction started in August 2021 and was completed in the third quarter of 2022. A sales agreement was signed in the first quarter of 2023. See also Contingent liabilities Note 33.

Barcelona Logistics

Through the subsidiary Catella Logistics Europe, Catella is constructing a logistics facility of some 45,000 m² in Sant Feliu, near Barcelona in Spain. The project is expected to be completed in October 2023. The property has been fully let to ILS and the rental agreement spans 12 years.

Salisbury

The shopping centre "The Maltings" in the UK was acquired in November 2021. The property includes several small shops and a Sainsbury's. The property is managed by subsidiary APAM which is also exploring the possibility of pursuing planning permission for residential units. For more information, see Borrowings and loan liabilities in Note 29.

Other

Other property development projects comprise various logistics projects in France.

NOT 24 ACCOUNTS RECEIVABLE

SEK M	2022	2021
Accounts receivable	391	333
Less: provision for doubtful debt	-15	-12
	376	**321**

The fair value of accounts receivable is as follows:

SEK M	2022	2021
Accounts receivable	376	321
	376	**321**

The age analysis of overdue accounts receivable is presented below

SEK M	2022	2021
Less than 1 month	187	100
1 to 2 months	4	3
2 to 3 months	3	4
3 to 6 months	6	5
More than 6 months	35	31
	235	**143**

Catella Group applies the "simplified approach" to calculate expected credit losses. This method implies that expected losses during the receivables full term are used as a starting point for accounts receivable. The Group applies a ratings-based method by counterparty in combination with other known information and forward-looking factors to estimate expected credit losses. Credit risk is initially assessed by counterparty. The Company derecognises a receivable when there is no longer any expectation that payment will be received and when all active measures to recover payment have been terminated. Adjustments have been made to incorporate current and future macroeconomic factors that may impact the customer's ability to pay.

Based on this, the provisions for doubtful debt are as follows:

SEK M	2022	2021
As of 1 January	-12	-13
Provision for doubtful debt	-5	-3
Recovered bad debt losses	0	2
Receivables written off during the year that are not recoverable	0	2
Changes reserv losses, according to IFRS 16	3	0
Other	0	0
Exchange rate differences	-1	0
As of 31 December	**-15**	**-12**

Provisions for, and reversal of, reserves for doubtful debt are included in the item "Other external expenses" in the Income Statement. The amounts recognised in the provision for depreciation are usually derecognised when the Group is not expected to be able to recover any further cash and cash equivalents.

The maximum exposure for credit risk on the reporting date is the carrying amount of each category of receivables stated above.

For information on credit quality of accounts receivable, see Credit rating of financial assets in Note 3.

NOT 25 OTHER NON-CURRENT RECEIVABLES

SEK M	2022	2021
As of 1 January	15	6
Additional receivables	27	11
Repaid receivables	0	0
Decrease through business divestment	0	-1
Acquisition	0	0
Reclassification to current receivables	-1	0
Exchange-rate differences	1	0
As of 31 December	**41**	**15**

SEK M	2022	2021
Rent guarantees	4	5
Other	37	10
	41	**15**

NOT 26 PREPAID EXPENSES AND ACCRUED INCOME

SEK M	2022	2021
Accrued management fees	0	44
Accrued interest income	4	0
Accrued income attributable to projects	42	0
Other accrued income	20	7
Prepaid rental charges	1	2
Other prepaid expenses	32	27
	100	**79**

NOT 27 CASH AND CASH EQUIVALENTS AND OVERDRAFT FACILITIES

Cash and cash equivalents comprise bank balances and include funds deposited in blocked accounts totalling SEK 70 million (54). See also Note 32.

The Group has unutilised overdraft facilities of SEK 30 million (30). See Liquidity risk in Note 3.

NOT 28 EQUITY

Catella AB has In the Consolidated Accounts chosen to specify equity in accordance with the following components:

– Share capital
– Other contributed capital
– Reserves
– Retained earnings including net profit for the year

The item share capital includes the registered share capital of the Parent Company.

Other contributed capital includes the total of the transactions that Catella AB conducted with its shareholders. Transactions with shareholders are primarily share issues at a premium corresponding to the capital received (reduced by transaction costs) in excess of the nominal amount of the issue. Other contributed capital also includes premiums deposited for issued warrants. Furthermore, repurchases of warrants are recognised as a reduction in other contributed capital to the extent it consists of non-restricted equity, and the remainder against Retained earnings.

Reserves comprise the revenue and expenses that, according to certain standards, are to be recognised in other comprehensive income. In Catella's case, reserves comprise translation differences relating to the translation of foreign subsidiaries in accordance with IAS 21 and of fair value changes of financial assets valued at fair value in Other comprehensive income.

The item "Retained earnings including net profit for the year" corresponds to the total accumulated gains and losses generated in the Group. Retained earnings may also be impacted by transactions with non-controlling interests. In addition, profit brought forward is reduced by dividends paid to shareholders of the Parent Company. For the financial year 2022, the Board of Directors proposes a dividend of SEK 1.20 per share which corresponds to SEK 106 million. The proposed dividend to Parent Company shareholders is subject to the higher of SEK 80 million or 60 percent of profit for the year attributable to Parent Company shareholders. A dividend of SEK 1.00 per share was paid for the financial year 2021.

See also Note 49 Equity of Parent Company.

NOT 29 BORROWINGS AND LOAN LIABILITIES

SEK M	2022	2021
Bank loans for financing operations	1 521	1 302
Bond issue	1 244	1 241
	2 765	**2 543**
Less: long-term portion	-2 762	-2 541
Short-term portion	**3**	**2**

Deposits from credit institutes mainly relate to the subsidiaries Kaktus 1 TopCo ApS and Salisbury Asset Propco Limited's financing of the ongoing property development project. The amount also includes Covid-19 loans received by the Group's French and Spanish subsidiaries from government-backed credit institutions on favourable terms. Bond loans relate to Catella AB.

Maturity dates for the Group's borrowings and loan liabilities are as follows:

SEK M	2022	2021
Less than 3 months	2	2
Between 3 and 12 months	0	-
Between 1 and 3 yrs.	1 645	925
Between 3 and 5 yrs.	1 118	1 368
More than 5 yrs.	-	248
Without maturity	-	-
	2 765	**2 543**

Fair value of borrowing and loan liabilities is as follows:

SEK M	2022	2021
Borrowing from credit institutions	1 521	1 302
Bond issue	1 244	1 241
	2 765	**2 543**

The bond loan is listed on NASDAQ Stockholm and accrues floating-rate 3-month Stibor plus 475 b.p. Trading of the bond is limited. Catella consequently assess the fair value of the bond to equal the book value.

For information about average loan interest, see the table interest-bearing liabilities and assets for the Group by currency under the heading Interest rate risk in Note 3.

NOT 30 PROVISIONS

SEK M	Earnout acquired company	Long-term incentive plans	Other	Total
As of 1 January 2021	**46**	**8**	**13**	**68**
Additional provisions		15	1	15
Utilised during the year			-10	-10
Reversed unutilised amount			-2	-2
Reclassification				0
Exchange rate differences	5	0		5
At 31 December 2021	**50**	**23**	**2**	**76**
Additional provisions		1	1	2
Utilised during the year		-4	-2	-6
Reversed unutilised amount				0
Reclassification		17		17
Exchange rate differences	2	3		4
At 31 December 2022	**52**	**40**	**1**	**93**

The majority of the provisions relates to the purchase consideration of the remaining 25 percent of shares in the subsidiary APAM Ltd. Catella and the two minority shareholders of APAM have entered into a call and put option agreement under which Catella is granted a call option to acquire the shares of the minority shareholders and the minority shareholders are granted a put option to sell their shares to Catella in the autumn of 2023 at a price that is dependent on the profit development in APAM.

Provisions also include long-term incentive plans aimed at key personnel in the Investment Management operating segment.

NOT 31 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	2022	2021
Holiday pay liability	31	26
Accrued personnel costs	47	79
Accrued audit expenses	6	6
Accrued legal expenses	3	3
Accrued bonus	249	203
Accrued interest expenses	5	3
Accrued rental charges	1	1
Accrued commission expenses	89	72
Other accrued expenses	69	56
	502	**448**

NOT 32 PLEDGED ASSETS

SEK M	2022	2021
Cash and cash equivalents	70	54
Other pledged assets	0	0
	70	**54**

Cash and cash equivalents include cash funds in accordance with minimum retention requirements, funds that are to be made available at all times for regulatory reasons and frozen funds for other purposes.

NOT 33 CONTINGENT LIABILITIES

SEK M	2022	2021
Other contingent liabilities	1 625	881
	1 625	**881**

Other contingent liabilities mainly relate to guarantees to credit institutes as collateral for approved credit lines to subsidiary Kaktus 1 HoldCo ApS. In addition, Catella Holding AB is party to guarantee commitments for sold properties, as well as to a tenant guarantee commitment relating to the project company's completion of their commitment under the relevant rental agreement.

Other contingent liabilities also pertains to ongoing disputes in discontinued operations and guarantees provided by operating subsidiaries for rental contracts with landlords.

Of the Group's total contingent liabilities, SEK 1,602 million are attributable to the operating segment Principal Investments.

Other legal proceedings

Companies in the Group are involved in a small number of disputes or legal proceedings and tax cases that have arisen in daily operations. Risks associated with such events are covered by contractual guarantees, insurance or requisite reserves. Any liability for damages or other costs associated with such legal proceedings are not deemed to materially affect the Group's business activities or financial position.

NOT 34 COMMITMENTS

SEK M	2022	2021
Investment commitments	0	9
	0	**9**

NOT 35 CASH FLOW

Interest paid and received for the Catella Group in the financial year was as follows:

SEK M	2022	2021
Interest received	23	15
Interest paid	-14	-35
Of which attributable to contract liabilities	*-12*	*-10*
Net interest paid	**8**	**-21**

Reconciliation of liabilities derived from financing operations in cash flow:

SEK M	Opening balance	Cash flows	Loan arrangement expenses	Loan in divested subsidiary	Exchange rate differences	Closing balance
Bond issue 2021	1 241		3			1 244
Real estate project financing	1 255	375		-248	99	1 480
Other borrowings	48	-11			4	41
Total	**2 543**	**364**	**3**	**-248**	**103**	**2 765**

NOT 36 ACQUISITIONS AND DIVESTMENTS OF OPERATIONS

Acquisitions and divestments in 2022

In June 2022, Catella acquired 65 percent of the shares in Warsaw Property Partners (WPP), whose name has since changed to Catella Poland WPP, for a purchase consideration of SEK 40 million. Poland is a key strategic market for Catella, and this acquisition strengthens Catella's pan-European platform in the Investment Management business area.

WPP is an independent property, investment and asset management advisor and developer operating on the Polish market. At the time of the acquisition, WPP had assets under management of GBP 2 billion and 18 employees. The Company's management team will remain as shareholders and remain active in the Company for a minimum of five years. The acquired operations, which form part of Catella's business area Investment Management, was consolidated as a subsidiary as of 29 June 2022. As of this date, fair value of acquired net assets in WPP totalled SEK 5 million.

Goodwill of SEK 36 million that arose from the acquisition relates to operational expansion in the Polish market offering significant synergies for the Group as a capital and investment advisor for existing and future property fund investments and development opportunities for Principal Investments. Fair value of identifiable intangible assets of SEK 2 million is attributable to the current customer contact portfolio.

The valuation is preliminary while awaiting the final valuation of these assets, which is expected to take place within 12 months of the acquisition date.

SEK M	2022
Acquisition-related intangible assets	2
Other receivables	2
Cash and cash equivalents	4
Deferred tax liabilities	0
Other liabilities	-3
Fair value of net assets	**5**
Non-controlling interests	-1
Goodwill	36
Total purchase price	**40**
Unsettled purchase price	-
Cash-settled purchase consideration	**40**
Cash and cash equivalents in acquired subsidiary	-4
Acquisition expenses	2
Change in the Group's cash and cash equivalents on acquisition	**38**

Furthermore, in 2022 Catella acquired shares in Catella Residential Partners and Catella Logistic Europe in France, Catella Asset Management Iberia in Spain and IPM AB from non-controlling interests for a total purchase consideration of SEK 35 million.

Catella also increased its ownership in the French logistics projects, which led them to be reclassified from Shares in associated companies to Shares in subsidiaries with full consolidation of the holding.

During the first six months of 2022, the subsidiaries Infrahubs Norrköping and Infrahubs Örebro were divested for a total purchase consideration of SEK 395 million, of which SEK 42 million represents the estimated contingent consideration for supplementary works. The transactions generated total capital gains of SEK 374 million after transaction costs, of which SEK 187 million is attributable to shareholders of the Parent Company.

Divestment of subsidiaries 2022

SEK M	2022
Purchase price	395
Transaction costs	-16
Purchase price after transaction costs	**379**
Disposed netassets;	
Non-current assets	770
Cash and cash equivalents	17
Other current assets	10
Non-current liabilities	-317
Current liabilities	-476
Net assets	**4**
Non-controlling interests	-
Goodwill	-
Disposed netassets	**4**
Capital gains	374
Cash flow;	
Cash-settled purchase consideration	353
Transaction costs	-16
Cash and cash equivalents in divested subsidiaries	-17
Change in the Group's cash and cash equivalents from	**320**

Moreover, the associated company Infrahubs Ljungby was divested in 2022, where Catella's profit/loss from participations in associated companies was SEK 28 million.

Acquisitions and divestments in 2021

In January 2021, Catella divested its entire holding, 50.1 percent, in its French subsidiary Catella Asset Management SAS for a cash purchase consideration of SEK 162 million. Profit from the divestment after transaction costs and tax totalled SEK 130 million.

SEK M	2021
Total purchase price	162
Acquisition expenses	-5
Net sales value	**158**
Disposed netassets;	
Non-current assets	57
Cash and cash equivalents	48
Other current assets	13
Non-current liabilities	-42
Current liabilities	-22
Net assets	**54**
Non-controlling interests	-27
Goodwill	-
Disposed netassets	**27**
Capital gains	130
Cash flow;	
Cash-settled purchase consideration	155
Acquisition expenses	-5
Cash and cash equivalents in divested subsidiaries	-48
Change in the Group's cash and cash equivalents from	**102**

In 2021, Catella also acquired 20 percent of the holding in Catella Residential in France from non-controlling interests for a purchase consideration of SEK 54 million.

Furthermore, Catella increased its ownership in Infrahubs AB from 33 percent to 50 percent of the Company which led to a reclassification from Shares in associated companies to Shares in subsidiaries with full consolidation of the holding.

NOT 37 SUBSEQUENT EVENTS

On 24 February it was announced that Mattias Brodin would step down as the CFO and a member of Group management with immediate effect, and that recruitment of a new CFO had started. Michel Fischier, currently Head of Investor Relations and Group Communications, has been appointed Interim CFO during the recruitment period.

NOT 38 RELATED PARTY TRANSACTIONS

Related parties

Related party relationships with significant influence include Catella Board members and Group Management, including family members, and companies in which these individuals have Board assignments or hold positions as senior executives and/or have significant shareholdings. For senior managers' ownership of Catella and subsidiaries, see Note 11.

There are also some key individuals active in subsidiaries in the Corporate Finance and Investment Management operations who in some cases are shareholders of these subsidiaries. Special conditions apply to such partnerships. In accordance with the Group's accounting principles, non-controlling interests attributable to these shareholdings are reported as a personnel expense. As of 31 December 2022, these costs amount to SEK 4.8 million.

Related party transactions

2022

Catella holds shares in the associated company Catella Project Capital GmbH, whose other owners are the Claesson & Anderzén group and the management of Catella Project Management GmbH.

Catella's German subsidiary Catella Project Management GmbH operates the property development projects in Catella Project Capital GmbH. In addition, Catella's subsidiary Infrahubs AB runs property development projects in several associated companies. No part of the fees levied for services rendered that Catella Asset Management GmbH and Infrahus AB invoice to associated companies have been eliminated in Catella's Consolidated Income Statement, as associated companies fall outside Catella's associated enterprises.

2021

The guarantee that Catella's main owner CA Fastigheter AB has provided relating to the investment in Infrahubs Fastighet 2 AB in Norrköping in exchange for shares in the Company is not expected to be utilised as the project received external bank financing in the third quarter of 2021.

Catella's German subsidiary Catella Project Management GmbH (CPM) operates the property development projects in the associated company Catella Project Capital GmbH. Furthermore, Catella's French subsidiary Catella Logistic Europe SAS (CLE) operates property development projects through a number of associated companies. No part of the fees levied for services rendered that CPM and CLE invoice to associated companies have been eliminated in Catella's Consolidated Income Statement as associated companies fall outside Catella's associated enterprises.

NOT 39 APPLICATION OF KEY PERFORMANCE INDICATORS NOT DEFINED BY IFRS, AND TERMS AND EXCHANGE RATES

The Consolidated Accounts of Catella are prepared in accordance with IFRS. See Note 2 for more information regarding accounting principles. IFRS defines only a limited number of performance measures. From the second quarter of 2016, Catella applies the European Securities and Markets Authority's (ESMA) new guidelines for alternative performance measures. In summary, an alternative performance measure is a financial measure of historical or future profit progress, financial position or cash flow not defined by or specified in IFRS. In order to assist corporate management and other stakeholders in their analysis of Group progress, Catella presents certain performance measures not defined under IFRS. Corporate management considers that this information facilitates the analysis of the Group's performance. This additional information is complementary to the information provided by IFRS and does not replace performance measures defined in IFRS. Catella's definitions of measures not defined under IFRS may differ from other companies' definitions. All of Catella's definitions are presented below. The calculation of all performance measures corresponds to items in the Income Statement and Balance Sheet.

Definitions

Non-IFRS performance measures	Description	Reason for using the measure
Equity per share attributable to Parent Company shareholders	Equity attributable to Parent Company shareholders divided by the number of shares at the end of the period.	Provides investors with a view of equity attributable to Parent Company shareholders as represented by a single share.
Earnings per share attributable to Parent Company shareholders before dilution.	Profit for the year attributable to Parent Company shareholders divided by the average number of shares in the year	Provides investors with a view of profit attributable to Parent Company shareholders before dilution as represented by a single share.
Earnings per share attributable to Parent Company shareholders after dilution	Profit for the year attributable to Parent Company shareholders divided by the average number of shares considering outstanding warrants (excluding warrants held in treasury) and any newly issued shares in the year.	Provides investors with a view of profit attributable to Parent Company shareholders after dilution as represented by a single share.
Return on equity*	Total profit in the period for the most recent four quarters divided by average equity attributable to Parent Company shareholders in the most recent five quarters.	The Company considers that the performance measure provides investors with a better understanding of return on equity attributable to Parent Company shareholders.
Operating margin	Operating profit excluding amortisation of acquisition-related intangible assets divided by total income for the period.	Provides investors with a view of the Company's profitability.
Equity/asset ratio	Equity divided by total assets.	The performance indicator is used because Catella considers it relevant to investors and other stakeholders wanting to evaluate Catella's financial stability and long-term viability.
Interest coverage ratio	Profit before tax plus reversals of interest expenses and adjustments to changes in fair value of financial assets, divided by interest expenses.	Provides investors with a view of the Company's ability to cover its interest expenses.
Capital employed	Non-interest bearing fixed and current assets less non-interest bearing non-current and current liabilities.	The performance indicator illustrates the Company's capital employed.
Net debt/Net cash	Net of interest-bearing provisions and liabilities less interest- bearing financial assets including cash and cash equivalents and investments in loan portfolios. If the amount is negative, it is designated as net cash.	The performance measure illustrates the Company's ability to repay interest-bearing liabilities using interest-bearing assets including cash and cash equivalents.
Dividend per share	Dividend divided by the number of shares at the end of the period.	Provides investors with a view of the Company's dividend over time.
Number of employees at the end of the period	Number of employees at the end of the period expressed as full-time positions.	Provides investors with a view of the number of employees in the Company over time.
Average number of employees	Average number of employees at the end of the four quarters of the financial year.	Provides investors with a view of the average number of employees in the Company in the period.
Property transaction volumes in the period	Property transaction volumes in the period constitutes the value of underlying properties at the transaction dates.	An element of Catella's income in Corporate Finance is agreed with customers on the basis of the underlying property value of the relevant assignment. Provides investors with a view of what drives an element of Catella's income.
Assets under management at year-end	Assets under management constitutes the value of Catella's customers' deposited/invested capital.	An element of Catella's income in Asset Management and Banking is agreed with customers on the basis of the value of the underlying invested capital. Provides investors with a view of what drives an element of Catella's income.

* See below for basis of calculation

Calculation of return on equity by segment. The Group includes all operations

GROUP	2022 Oct-Dec	2022 Jul-Sep	2022 Apr-Jun	2022 Jan-Mar	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar
Net profit/loss for the period, SEK M *	97	68	247	79	95	34	-46	91
Equity, SEK M *	2 168	2 038	1 954	1 766	1 688	1 586	1 554	1 737
Return on equity, %	26	27	27	10	11	4	16	10

INVESTMENT MANAGEMENT	2022 Oct-Dec	2022 Jul-Sep	2022 Apr-Jun	2022 Jan-Mar	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar
Net profit/loss for the period, SEK M *	65	63	135	30	62	50	52	161
Equity, SEK M *	367	307	254	1 088	1 049	897	849	793
Return on equity, %	48	40	34	21	39	37	42	44

PRINCIPAL INVESTMENTS	2022 Oct-Dec	2022 Jul-Sep	2022 Apr-Jun	2022 Jan-Mar	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar
Net profit/loss for the period, SEK M *	28	-39	72	84	-5	8	-1	3
Equity, SEK M *	310	265	304	230	175	174	171	161
Return on equity, %	56	49	75	47	3	-3	123	177

CORPORATE FINANCE	2022 Oct-Dec	2022 Jul-Sep	2022 Apr-Jun	2022 Jan-Mar	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar
Net profit/loss for the period, SEK M *	6	4	19	-24	36	-7	33	-27
Equity, SEK M *	44	39	36	26	50	29	36	72
Return on equity, %	13	98	68	89	62	41	53	-20

** Attributable to shareholders of the Parent Company.*

Terms

Borrowing
Loans from credit institutions.

Debt
Loans from non-credit institutions.

WACC
Weighted Average Cost of Capital.

EV
Enterprise Value

Exchange rates
The average exchange rates of the Group's currencies in relation to the SEK on the reporting date were as follows:

Exchange rates 2022

Currency	Average rate	Closing day rate
DKK	1,429	1,497
EUR	10,632	11,128
GBP	12,467	12,581
NOK	1,052	1,057
PLN	2,269	2,374

Exchange rates 2021

Currency	Average rate	Closing day rate
CHF	9,385	9,855
DKK	1,364	1,375
EUR	10,145	10,227
HKD	1,104	1,160
GBP	11,802	12,179
NOK	0,998	1,025
USD	8,582	9,044

Parent Company Income Statement

SEK M	Note	2022 Jan–Dec	2021 Jan–Dec
Net sales		47,8	18,7
Other operating income		12,6	2,0
Total income		**60,4**	**20,7**
Other external expenses	41	-42,8	-24,7
Personnel costs	42	-54,3	-43,5
Depreciation and amortisation		-0,3	-0,7
Other operating expenses		0,6	-1,0
Operating profit/loss		**-36,4**	**-49,2**
Profit/loss from participations in group companies	43	257,4	0,0
Interest income and similar profit/loss items	44	3,2	8,7
Interest expenses and similar profit/loss items	45	-71,4	-65,0
Financial items		189,3	-56,4
Profit/loss before tax		**152,9**	**-105,6**
Tax on profit/loss for the year	46	-	-
Net profit for the year		**152,9**	**-105,6**

Parent Company Statement of Comprehensive Income

SEK M	Note	2022 Jan–Dec	2021 Jan–Dec
Net profit for the year		152,9	-105,6
Other comprehensive income			
Other comprehensive income for the year, net of tax		0,0	0,0
Total comprehensive income for the year		**152,9**	**-105,6**

Parent Company Balance Sheet

SEK M	Note	2022 31 Dec	2021 31 Dec
Assets			
Non-current assets			
Intangible assets	47	0,4	0,7
Tangible assets		0,1	0,1
Participations in Group companies	48	1 358,2	1 058,2
		1 358,8	**1 059,0**
Current assets			
Accounts receivable		0,1	0,1
Receivables from group companies		307,5	531,5
Tax assets		0,0	0,1
Other current receivables		4,9	1,7
Prepaid expenses and accrued income		5,9	6,9
Cash and cash equivalents		0,1	0,1
		318,7	**540,5**
Total assets		**1 677,4**	**1 599,5**

	Note	2022 31 Dec	2021 31 Dec
EQUITY AND LIABILITIES			
Equity	49		
Restricted equity			
Share capital		176,7	176,7
Statutory reserve		0,0	0,0
		176,7	**176,7**
Non-restricted equity			
Share premium reserve		70,0	81,4
Retained earnings		0,0	182,6
Net profit for the year		152,9	-105,6
		222,9	**158,3**
Total equity		**399,6**	**335,0**
Liabilities			
Long-term loan liabilities	50	1 243,8	1 241,0
		1 243,8	**1 241,0**
Current liabilities			
Accounts payable		7,3	6,4
Liabilities to group companies		5,4	0,5
Tax liabilities		-	-
Other current liabilities		0,8	0,6
Accrued expenses and deferred income	51	20,6	16,0
		34,1	**23,5**
Total liabilities		**1 277,9**	**1 264,5**
Total equity and liabilities		**1 677,4**	**1 599,5**

Parent Company Cash Flow Statement

SEK M	Note	2022 Jan–Dec	2021 Jan–Dec
Cash flow from operating activities			
Profit/loss before tax		152,9	-105,6
Adjustments for non-cash items:			
Depreciation and amortisation		0,3	0,7
Dividend from subsidiaries		-257,4	-
Financial items		0,4	12,3
Cash flow from operating activities before changes in working capital		**-103,8**	**-92,6**
Cash flow from changes in working capital			
Increase (–)/decrease (+) of operating receivables		127,1	-304,3
Increase (+) / decrease (–) in operating liabilities		9,7	1,3
Cash flow from operating activities		**33,0**	**-395,6**
Cash flow from investing activities			
Investment in tangible assets		0,0	-0,1
Divestment of intangible fixed assets		-	1,6
Investments in subsidiaries	48	-	-5,6
Cash flow from investing activities		**0,0**	**-4,1**
Cash flow from financing activities			
Borrowings	50	-	1 238,9
Repayment of loans		-	-759,8
Dividend from subsidiaries		55,4	-
Dividends paid		-88,3	-79,5
Cash flow from financing activities		**-33,0**	**399,7**
Cash flow for the year		**0,0**	**-0,1**
Cash and cash equivalents at beginning of year		0,1	0,2
Exchange rate differences in cash and cash equivalents		0,0	0,0
Cash and cash equivalents at end of year		**0,1**	**0,1**

Parent Company Statement of Changes in Equity

SEK M	Note 49	Restricted equity: Share capital	Restricted equity: Statutory reserve	Non-restricted equity: Share premium	Non-restricted equity: Retained earnings	Net profit for the	Total equity
Equity 1 January 2021		**176,7**	**249,9**	**81,4**	**63,2**	**-51,0**	**520,1**
Appropriation of profits					-51,0	51,0	0,0
Dividend					-79,5		-79,5
Reduction of statutory reserve for transfer to unrestricted equity			-249,9		249,9		0,0
Total comprehensive income for the year, January - December 2021							
Net profit for the year						-105,6	-105,6
Other comprehensive income, net of tax						0,0	0,0
Total comprehensive income for the year						**-105,6**	**-105,6**
Equity 31 December 2021		**176,7**	**0,0**	**81,4**	**182,6**	**-105,6**	**335,0**
Appropriation of profits				-11,4	-94,2	105,6	0,0
Dividend					-88,3		-88,3
Total comprehensive income for the year, January - December 2022							
Net profit for the year						152,9	152,9
Other comprehensive income, net of tax						0,0	0,0
Total comprehensive income for the year						**152,9**	**152,9**
Equity 31 December 2022		**176,7**	**0,0**	**70,0**	**0,0**	**152,9**	**399,6**

Parent Company Notes

NOT 40 PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company's financial statements were prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for legal entities. Accordingly, the Parent Company applies the same accounting principles as the Group wherever applicable, except for the cases stated below.

The Parent Company uses the terms Balance Sheet and Cash Flow Statement for the statements that are referred to in the Group, respectively, as Statement of Financial Position and Statement of Cash Flows . The Parent Company's Income Statement and Balance Sheet have been prepared in accordance with the presentation format stipulated in the Swedish Annual Accounts Act, while the statement of comprehensive income, statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of financial statements and IAS 7 Statement of cash flows, respectively.

Investments in Group companies

The Parent Company recognises all of its holdings in Group companies at cost less deductions for any accumulated impairment.

Group contributions

Group contributions received as well as paid are recognised as an appropriation in the Income Statement.

Shareholder contribution

Shareholder contributions paid are recognised as an increase in the item Investments in Group companies in the Balance Sheet. An impairment test on these participations is subsequently conducted.

Anticipated dividend

Anticipated dividend is reported in the Income Statement as profit from shares in Group companies and receivables from Group companies in the Balance Sheet in cases where the Company has decided on the size of the value transfer and is entitled to decide autonomously on the size of the dividend.

Lease agreements

The Parent Company reports all lease agreements as operating leases

Financial instruments

Considering the relationship between accounting and taxation, financial assets or liabilities are not reported at fair value. Financial non-current assets are recognised at cost less potential impairment and financial current assets are recognised according to the principle of lower of cost or market. Financial liabilities are recognised at cost.

In addition, the Parent Company applies the exemption in RFR 2 for not applying the rules of IAS 39 for financial guarantees relating to guarantee agreements in favour of subsidiaries and associated companies. In these cases, the rules of IAS 37 are applied, which state that financial guarantee agreement should be reported as a provision in the Balance Sheet when Catella has a legal or informal commitment resulting from a previous event and it is likely that an outflow of resources will be necessary to settle this commitment. In addition, it must be possible to reliably estimate the value of the commitment .

NOT 41 OTHER EXTERNAL EXPENSES

Remuneration to auditors

SEK M	2022	2021
PwC		
Audit assignment *	1,1	1,1
Audit activities other than audit assignment	0,6	-
Tax advisory	0,2	0,9
Other services	0,2	0,0
Total	2,0	2,0

Total cost is to the Parent Company Auditor PricewaterhouseCoopers AB.

* Audit assignment means fees for the statutory audit, i.e. work necessary to present the Audit Report, and audit-related advisory services rendered coincident with the audit assignment.

Operating leases including rent

SEK M	2022	2021
Expense for the year for operating lease arrangements including rent amount to	4,6	3,2
Future lease payments for non-cancellable operating leases with remaining durations exceeding one year are allocated as follows:		
Due for payment within one year	6,1	4,2
Due for payment after more than one year but less than five years	1,7	4,4
Due for payment after more than five years	0,0	0,0
Total	7,8	8,6

The above lease charges mainly relate to rent of office premises but also includes rent for office equipment.

NOT 42 EMPLOYEES

Salaries, other remuneration and social security expenses

	2022		2021	
SEK M	Salaries and other compensation (of which	Social security contributions (of which pension	Salaries and other compensation (of which	Social security contributions (of which pension
Board of Directors	2,8	0,5	2,7	0,6
	(0,0)	(0,0)	(0,0)	(0,0)
Chief Executive Officer	7,9	2,9	6,1	2,0
	(3,6)	(1,6)	(3,2)	(0,9)
Other employees, Sweden	21,5	13,0	17,2	9,0
	(3,6)	(4,9)	(6,2)	(3,2)
Total	32,2	16,4	26,0	11,7
	(7,2)	(6,5)	(9,4)	(4,1)

There were no pension commitments for the CEO or senior managers. For more information about remuneration to the Board and Chief Executive Officer, see Note 11.

Average number of full-time employees

	2022		2021	
		of which		of which
SEK M	Total	women	Total	women
CEO and senior managers	5	1	5	1
Other employees	16	10	10	3
Total	21	11	15	4

NOT 43 PROFIT/LOSS FROM INVESTMENTS IN GROUP COMPANIES

SEK M	2022	2021
Dividend	57,4	-
Anticipated dividends	200,0	-
Total	257,4	0,0

NOT 44 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

SEK M	2022	2021
Interest	0,0	0,0
Capital gain on derivatives	-	8,1
Exchange rate gains	3,2	0,6
Total	3,2	8,7

SEK 0.0 million (0.0) of interest income and similar profit/loss items are intra-Group.

NOT 45 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

SEK M	2022	2021
Interest	-68,6	-57,3
Loan arrangement expenses	-2,8	-7,8
Exchange rate losses	0,0	0,0
Total	-71,4	-65,0

SEK 0.0 million (0.0) of interest expenses and similar profit/loss are intra-Group.

NOT 46 TAX ON NET PROFIT/LOSS FOR THE YEAR

SEK M	2022	2021
Deferred tax expense/ income relating to tax losses carryforwards	-	-
Deferred tax expense/ income relating to timing differences	-	-
Adjustments relating to previous years	-	-
Total	0,0	0,2

Tax loss carry-forwards for the year totalled SEK 31.4 million (37.7). The Parent Company's remaining loss carry-forwards as of 31 December 2022 amounted to SEK 86.4 million (55.0). No deferred tax receivable was recognised in the Parent Company as of the reporting date.

NOT 47 INTANGIBLE ASSETS

SEK M	2022	2021
Opening book value	0,7	3,0
Acquired during the year	-	-
Disposals	-	-1,6
Depreciation	-0,3	-0,7
Closing book value	0,4	0,7

Intangible assets relate to a Group-wide accounting system. The asset is impaired over the estimated useful life, which is estimated at 5 years.

NOT 48 PARTICIPATIONS IN GROUP COMPANIES

				Carrying amount,	
Company	Share of equity,%	Share of vote,%	No. of participations	2022	2021
Catella Holding AB	100%	100%	1 000	1 352,6	1 052,6
Catella Real Estate AG	10%	10%	252 500	5,6	5,6
Total				1 358,2	1 058,2

Subsidiary corporate identity numbers and registered offices:

Company	Corp. ID no.	City
Catella Holding AB	556064-2018	Stockholm
Catella Real Estate AG	HRB 169051	München

Participations in Group companies	2022	2021
Opening book value	1 058,2	1 052,6
Acquisition	-	5,6
Shareholders' contribution paid	300,0	-
Closing book value	1 358,2	1 058,2

NOT 49 EQUITY

As of 31 December 2022, the share capital amounted to SEK 176.7 million (176.7) divided between 88,348,572 (88,348 572) shares. The quotient value per share is 2. The share capital is divided between two share classes with different voting rights: 2,506,242 Class A shares with five votes per share, and 85,842,330 Class B shares with one vote per share. There are no other differences between the share classes.

The Articles of Association include the right for holders of Class A shares to convert these shares to the same number of Class B shares. 24,313 Class A shares were converted to Class B shares in 2022.

There were no outstanding convertible debentures that could dilute share capital as of 31 December 2022.

The Extraordinary General Meeting in December 2020 decided to introduce a new incentive scheme through the issue of a maximum of 3,000,000 warrants distributed over two series: 2020/2024:A and 2020/2025:B. In June 2021, 2,750,000 warrants were transferred to members of Group management, and in July 2022 and December 2022 a further 100,000 warrants were transferred to two key staff members.

The remaining 150,000 warrants were held in Treasury as of 31 December 2022, as described in more detail in Note 12.

At the Annual General Meeting in May 2022, the Board was granted authorisation to resolve on the repurchase, transfer and issue of the Company's shares. No treasury shares were held by the Company itself or its subsidiaries.

Shareholders with more than 10 percent of the votes

The principal shareholder as of 31 December 2022 was the Claesson & Anderzén Group (and related parties) with 49.4 percent (49.4) of equity capital and 48.9 percent (48.8) of the votes. No other shareholders held 10 percent or more of the number of shares or votes at the end of 2022.

Dividend

The Board of Directors proposes a dividend of SEK 1.20 per share, which corresponds to a total of SEK 106.0 million. The proposed dividend to Parent Company shareholders is subject to the higher of SEK 80 million or 60 percent of profit for the year attributable to Parent Company shareholders. A dividend of SEK 1.00 per share was paid for the financial year 2021.

Restricted reserves

Restricted reserves may not be reduced through dividends.

Statutory reserve

The purpose of the statutory reserve is to save a portion of net profit that is not utilised to cover losses brought forward. Amounts contributed to the share premium reserve prior to 1 January 2006 were transferred to, and are included in, the statutory reserve. Share premium reserves arising after 1 January 2006 are recognised as non-restricted equity in the Parent Company.

During 2021, the Swedish Companies Registration Office approved a reduction of total statutory reserves for transfer to non-restricted equity.

Non-restricted equity

The following reserves, combined with net profit for the year, comprise non-restricted equity, meaning the amount available as dividends to shareholders.

Share premium reserve

When shares are issued at a premium, meaning that a price is to be paid for the shares that exceeds the quotient value of the share, an amount corresponding to the amount received in excess of the quotient value must be transferred to the share premium reserve. Amounts transferred to the share premium reserve from 1 January 2006 are included in non-restricted equity.

Retained earnings

Retained earnings comprises profit carried forward from the preceding year and profit after dividends paid for the year.

NOT 50 DEBT

SEK M	2022	2021
Bond issue	1 243,8	1 241,0
	1 243,8	**1 241,0**
Less: long-term portion	-1 243,8	-1 241,0
Short-term portion	**0,0**	**0,0**

In March 2021, Catella AB issued a new unsecured bond of SEK 1,250 million with a term of 4 years. The bond loan accrues floating-rate interest at 3-month Stibor plus 475 b.p. At the same time, the existing bond of SEK 750 million was repurchased/redeemed at a price of 101.3 percent of the nominal amount.

The bond is listed on NASDAQ Stockholm and matures in March 2025.

Financing is conditional on a minimum Group equity requirement of SEK 800 million from time to time. Otherwise, there are no restrictions on dividend. Annual dividend to Parent Company shareholders is subject to the higher of SEK 80 million or 60 percent of profit for the year attributable to Parent Company shareholders. These covenants were satisfied in the year and as of 31 December 2022.

NOT 51 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	2022	2021
Holiday pay liability	2,5	1,6
Accrued salaries	9,0	7,6
Social security expenses	3,7	2,9
Accrued interest expenses	3,3	2,4
Accrued audit fees	0,0	0,3
Accrued directors' fees	0,9	0,8
Other items	1,3	0,4
Total	**20,6**	**16,0**

NOT 52 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Catella AB has issued guarantees to credit institutes of SEK 1,350.7 million as security for approved credit lines to subsidiary Kaktus 1 HoldCo ApS. For the comparative period 31 December 2021, the Parent Company's total contingent liabilities amounted to SEK 375.6 million.

As of 31 December 2022, there were no pledged assets.

NOT 53 RELATED PARTY TRANSACTIONS

The Parent Company has a close relationship with its subsidiaries. Transactions between the Parent Company and subsidiaries are priced on commercial terms. During 2022, Catella AB rendered a number of intra-Group services to most subsidiaries, at market price. In addition, dividend payments totalling SEK 57.4 million were received from subsidiaries. Shareholders' contribution of SEK 300.0 million was paid to subsidiaries

For benefits for senior managers, see the information presented for the Group in Note 11 of the Consolidated Accounts and Note 43.

For pledged assets and contingent liabilities in favour of subsidiaries, see Note 52.

NOT 54 FINANCIAL RISK MANAGEMENT

The Parent Company applies IAS 39 financial instruments: Recognition and Measurement, with the exceptions stated in Note 41. Recognition and measurement. Catella AB (publ) is a holding company for the Group, where Group Management and other central Group functions are gathered. The Parent Company's assets largely comprise shares in subsidiaries and receivables from Group subsidiaries. At present, there is no hedging of exchange rate risk in Catella's net assets. Group management evaluates the need for hedging of the Group's translation risk on an annual basis.

The Parent Company has also arranged SEK-denominated loan finance at variable interest to finance its own business operations. The legal entity Catella AB (publ) is thus mainly exposed to interest rate risk and liquidity risk. Exposure to other financial risks such as market risk, credit risk and exchange rate risk, etc. is limited.

Interest rate risk

Interest rate risk is the risk of the Parent Company's net profit/loss being affected as a result of variations in general interest rate levels. The Parent Company analyses and continuously monitors its exposure to interest rate risk.

Liquidity risk

Liquidity risk is the risk that within a defined period, Catella AB (publ) is unable to re-finance its existing assets, or is unable to satisfy increased need for liquidity. Liquidity risk also includes the risk that the Parent Company is compelled to borrow at unfavourable interest, or must sell assets at a loss to be able to fulfil its payment obligations. The Parent Company continuously analyses and monitors its liquidity risk exposure. When required, the Parent Company may utilise subsidiaries' surplus liquidity through internal loans.

Market risk

Market risk includes the risk of loss or reducing future income due to fluctuations in interest rates, exchange rates and share prices, including price risk relating to the sale of assets or closure of positions.

Currency risk

There were no receivables or liabilities in foreign currency as of 31 December 2021.

For more information on financial risks for the Group, which are also indirectly applicable to the Parent Company, see Note 3.

Credit risk

Credit risk related to receivables from subsidiaries was considered and assessed as being immaterial. Cash and cash equivalents are invested in well-established banks with high credit ratings, and impairment tests for these are not considered necessary.

NOT 55 SUBSEQUENT EVENTS

On 24 February it was announced that Mattias Brodin would step down as the CFO and a member of Group management with immediate effect, and that recruitment of a new CFO had started. Michel Fischier, currently Head of Investor Relations and Group Communications, has been appointed Interim CFO during the recruitment period.

There is currently uncertainty regarding the long-term consequences the war in Ukraine will have on the surrounding world, and how this might affect Catella and its subsidiaries. Catella does not currently have business operations in these countries.

NOT 56 PROPOSED APPROPRIATION OF PROFIT

The following non-restricted reserves and earnings in the Parent Company are at the disposal of the Annual General Meeting:

SEK	
Share premium reserve	69 966 953
Retained earnings	0
Net profit for the year	152 900 897
	222 867 850

The Board of Directors and Chief Executive Officer propose that funds are allocated as follows:

SEK	
dividend paid to shareholders, 1.20 per share, in total	106 018 286
carried forward (of which 14 045 730 allocated to share	116 849 563
	222 867 850

The Board of Directors proposes a dividend of SEK 1.20 per share, which corresponds to a total of SEK 106.0 million. The proposed dividend is subject to the higher of SEK 80 million or 60 percent of profit for the year attributable to Parent Company shareholders.

A dividend of SEK 1.00 per share was paid for the financial year 2021.

The Board of Directors and Chief Executive Officer declare that this Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and that the Consolidated Accounts have been prepared in accordance with the international accounting standards IFRS as endorsed by the EU. The Annual Report and the Consolidated Financial Statements give a true and fair view of the Parent Company's and the Group's financial position and profit/loss. The Directors' Report for the Parent Company and the Group provide a fair overview of the performance of the Parent Company's and the Group's operations, financial position and profit/loss, and describe the material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Parent Company's and the Group's Income Statements and Balance Sheets will be subject to adoption at the Annual General Meeting on 10 May 2023.

As stated above, the Annual Report and the Consolidated Financial Statements were approved for issue by the Board and Chief Executive Officer Stockholm, Sweden, 29 March 2023.

Johan Claesson
Chairman of the Board

Tobias Alsborger
Board member

Jan Roxendal, Board member

Johan Damne
Board member

Anneli Jansson
Board member

Joachim Gahm
Board member

Christoffer Abramson
CEO

Our Audit Report was presented on 30 March 2023

PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant

Audit Report

To the Annual General Meeting of Catella AB, Corporate identity number 556079-1419

Report on the Annual Report and Consolidated Financial Statements

OPINIONS

We have audited the annual accounts and consolidated accounts of Catella AB for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 64-132 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

BASIS FOR OPINIONS

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

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

OUR AUDIT APPROACH

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated 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.

Our audit includes:

– For the most significant reporting units in Sweden, Denmark, Finland, France, Luxembourg, UK and Germany including the parent company and consolidation, we have audited the financial closings, reviewed the interim report as 30 September 2022 and validated key controls for financial reporting on the basis of Catella's self-assessments; and
– For other units, we have performed analytical procedures in connection with audit of the consolidated accounts and where required the statutory audits. In most cases, the statutory audit has been completed before the audit report for the Group has been signed.

In addition to the information outlined above, the Auditor in Charge and member of the Group Audit team have had meetings with entities and operations in France, Germany and UK with the aim of gaining a better understanding of operations, as well as routines and controls in order to evaluate compliance with Catella's framework for internal control and to review the financial reporting on the basis of the Group's accounting principles.

As Catella pursues broad-based operations in several countries, we have tailored our audit accordingly. We focused especially on areas where the Managing Director and Board of Directors have made subjective judgements, such as key accounting estimates made on the basis of assumptions and forecasts regarding future events, which are of an uncertain nature. This mainly relates to valuation and accounting of the real estate projects. These areas are described in more detail below in the 'Key audit matters' section.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

KEY AUDIT MATTERS

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

Key audit matter

Accounting and valuation of Development and project properties with Principal Investments

We refer to note 23 and note 2 Significant accounting principles

Catella's investments in real estate projects is since the second quarter 2021 a new reporting segment in the financial reporting and the Company has a focus on this business area.

The Development and project properties are operating in separate legal entities. Depending on ownership and control the projects are accounted for as subsidiaries or associated companies. As of December 31 2022, Catella's Development and project properties in subsidiaries amounts to SEK 2 244 M which are reported on the balance sheet line Development and project properties. See further description in note 23.

In 2022, the income from Catella's development and project properties has amounted to SEK 660 million, which constitutes 25% of the group's total income. The combined book value of the development and project properties in total constitutes 36% of the group's assets. Due to the significance of the project transactions and the significance of the development and project properties of the total, accounting and the valuation of the property projects has been a kay audit matter in the 2022 audit.

How our audit addressed the key audit matter

Valuation of Catella's real estate projects is to the lower of cost or net realizable value. We have in the audit focused on capitalization of cost related to the real estate projects to ensure a correct allocation and that the items are acceptable to capitalize as follows:

- Assessment of the group's accounting principles for real estate projects to verify compliance with IFRS;
- Test of capitalizations of costs relating to the real estate projects to ensure correct allocation and that the items qualify to be capitalized;
- Test of completed transactions and revenue recognition related to the real estate projects.
- Sample testing of the most significant projects and for other projects certain alternative procedures have been carried out to assess the valuation.
- For significant subsidiaries abroad, instructions have been sent to and reports obtained from the subsidiary auditors. The responsible auditor and the co-auditor have also held reporting meetings with the subsidiary auditors. Subsidiaries in Sweden are audited by the auditor in charge of the parent company.
- As support for the valuation, we have tested external valuations or indicative bids when available. We have also evaluated the management's assessments by following up on the projects and taking into account general market conditions for properties in each market.
- Furthermore, we have assessed the content of the information disclosed in the annual report and consolidated accounts.

Based on our audit, it is our conclusion that Catella's assumptions underlying the accounting are in an acceptable range. However, this does not rule out that there may be changes in assumptions in future periods that imply or may lead to a need for write-downs.

OTHER INFORMATION THAN THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-18, 49-52 and 61-62. The Catella Remuneration Report 2022, which is published on the Company's homepage is part of this report and is also other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Catella AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

– has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
– in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Catella AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

BASIS FOR OPINIONS

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Catella AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

PricewaterhouseCoopers AB, was appointed auditor of Catella AB by the general meeting of the shareholders on the 24 May 2022 and has been the company's auditor since the 25 May 2011.

Stockholm, Sweden, 31 March 2023

PricewaterhouseCoopers AB

Patrik Adolfson	Thijs Dirkse
Authorized Public Accountant	Authorized Public Accountant
Auditor in charge	