

Corporate governance report

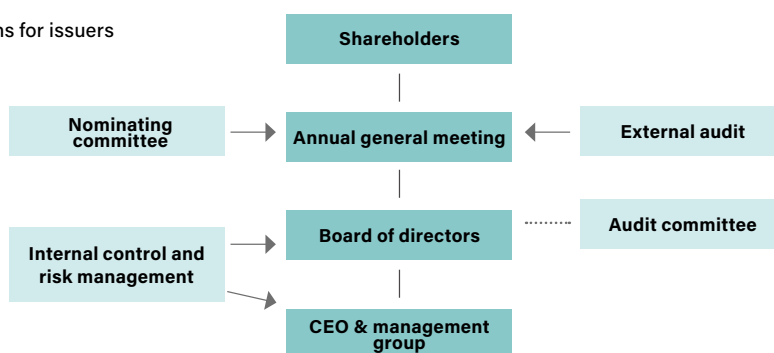
Corporate governance comprises various decision-making systems, through which the owners directly or indirectly govern the company. Governance, management and control of the company are shared between the board, CEO and other individuals in the company's management. Corporate governance is the framework that manages division of responsibility and reporting and sets out how risks in the operations are limited. Governance is based on external and internal regulations, which are subject to continuous development, change and improvement.

External regulations

- Swedish Companies Act
- Swedish Annual Accounts Act
- Nasdaq Stockholm's Rules and Regulations for issuers
- Swedish Corporate Governance Code
- IFRS standard

Important internal regulations

- Articles of association
- Workplan for the board and CEO-instruction
- Authorised signatory and authorisation arrangement
- Information and IR policy, insider policy, sustainability policy, policy for business ethics, financial policy, valuation policy and IT-policy
- Processes for internal control and risk management



Articles of association

The company's name is NP3 Fastigheter AB (publ). The company has its domicile in Sundsvall. The object of the company's operations is to - directly or indirectly through wholly or partly owned companies or through procured services - own, develop and manage real estate and pursue other activities consistent with this. The company's properties are mainly located in North Sweden. Changes to the articles of association are made in accordance with the regulations in the Swedish Companies Act. The articles of association, which contain information such as share capital, number of board members and auditors as well as regulations on notice of and agenda for the annual general meeting, can be found in their entirety on the company's homepage, www.np3fastigheter.se.

Swedish Corporate Governance Code

Swedish Corporate Governance Code (code) is applicable to all companies whose shares are admitted for trading on Nasdaq Stockholm. The code is administered by the Swedish Corporate Governance Board and is available at www.bolagsstyrning.se. Companies are not required to follow all of the code's rules if there are grounds for not doing so and these can be explained. The board has decided not to set up a separate remuneration committee. Instead, the full board shall carry out the tasks such a committee would have. The board's opinion is that in all other respects, the company follows the code.

Shares and shareholders

NP3 has two classes of shares: ordinary shares and preference shares. NP3's shares are registered for trading on Nasdaq Stockholm, Large Cap. At year-end, the total number of shares amounted to 92,607,856, of which 54,607,856 were ordinary shares and 38,000,000 preference shares. Every ordinary share has one (1) vote and every preference share has a tenth (1/10) of a vote, which means that the number of votes amounts to 58,407,856 votes in total. As of the balance sheet date, the company had about 11,000 shareholders. Of the total share capital, 16 percent was owned by foreign investors. Of the total number of shareholders, 95 percent were private individuals whose holdings amounted to 16 percent of the total share capital. The remaining 5 percent of owners were legal entities whose holdings amounted to 84 percent of all shares. NP3 has no directly registered shareholder with holdings exceeding ten percent. The share capital amounts to 324,127,496 SEK, the shares have a quote value of 3.50 SEK each.

Every shareholder is entitled to vote for the full number of shares owned and represented by him/her at a general meeting.

Preference shares entail preferential rights ahead of the ordinary shares for 2.00 SEK annual dividend per preference share with quarterly payout of 0.50 SEK per preference share. If no dividend has been paid on preference shares in conjunction with a record day, or if dividend of less than 0.50 SEK has been paid, the preference shares, provided that the general meeting decides

on distribution of profit, bring the right to additionally to future preference dividends receive an amount corresponding to the difference between what should have been paid out and the amount paid out ("amount outstanding") before dividend on the ordinary shares or other transfer of value according to chap. 17 1 § Swedish Companies Act is paid out to holders of ordinary shares. Amounts outstanding shall be projected by an annual interest rate of ten percent, whereby projection shall take place starting with the quarterly date when payout has fallen below 0.50 SEK. The general meeting in NP3 has the unilateral right, but no obligation, to redeem preference shares for 35.00 SEK per share, with addition for any amounts outstanding. If the company is dissolved, the preference shares shall carry a preferential right to receive from the company's equity an amount per share calculated as the sum of 30.00 SEK and any amounts outstanding before distribution takes place between the ordinary shares (for more information see Articles of association, which can be found on the company's homepage). Preference shares shall otherwise not carry any right to participate in the distributions.

There have been no own holdings of repurchased shares. Staff hold 471,147 warrants which is equivalent to 0.9 percent of the number of ordinary shares outstanding in the company, as of last December 2022. There are no further warrants, convertibles or equivalent securities that can lead to additional shares in the company.

General meeting

The company's highest decision-making body is the annual general meeting (ordinary general meeting), which is held in Sundsvall during the first six months of the year after the end of the financial year. Together with any extraordinary general meetings, the general meeting provides shareholders with the opportunity to govern via their decision-making rights. At the annual general meeting the board and chairman of the board are appointed, and principles determined for both the nominating committee as well as for remuneration to senior executives. The meeting also appoints auditors for auditing the group's accounts and decides on changes in the articles of association and change in the share capital, among other things. In order to be able to participate in decisions, shareholders need to attend the meeting, either in person or through a representative. However, the board can decide that shareholders can exercise their voting rights at the annual general meeting by means of postal vote ahead of the annual general meeting in accordance with chapter 7 4 a § Swedish Companies Act. It is further required that the shareholder is registered in the share register at a specific date before the meeting and that the company has been notified of attendance in a certain order. Decisions at the general meeting are normally made by a simple majority. For certain issues, however, the Swedish Companies Act prescribes that proposals shall be approved by a majority of the shares represented at the meeting and votes submitted.

Annual general meeting 2022

The last annual general meeting took place on 4 May 2022 in Sundsvall. At the time of the annual general meeting, the total number of shares was 92,445,419 and the number of votes 58,245,419. At the general meeting, 50,131,880 shares and 43,509,622 votes were represented, equivalent to 54.2 percent of the total number of shares and 74.7 percent of the total number of votes. The annual general meeting adopted the accounting records for 2021 and discharged the board and CEO from liability for the management for the year 2021. The following decisions were taken at the annual general meeting on 4 May:

- Dividend of 4.30 SEK per ordinary share for the 2021 financial year with two separate payments of 2.15 SEK each. The annual general meeting further decided on dividend to shareholders of 2.00 SEK per preference share with quarterly payment of 0.50 SEK per preference share.
- Remuneration to the chairman of the board shall be paid at 360,000 SEK and to other board members at 180,000 SEK each. Remuneration to members of the audit committee shall amount to a further 200,000 SEK in total, to be distributed by the board between the members in the audit committee
- That the board shall consist of six board members and no alternate.
- Re-election of board members Lars Göran Bäckvall, Åsa Bergström, Anders Nilsson, Mia Bäckvall Juhlin and Nils Styf, as well as new election of Hans-Olov Blom. The board also decided to reelect Nils Styf as new chairman of the board.
- KPMG AB chosen as audit firm up to the end of the next annual general meeting where KPMG had announced that the authorised public accountant Peter Dahllöf had been appointed new auditor in charge.
- To approve the remuneration report for the 2021 financial year.
- Introduction of incentive programme 2022/2025 by means of an issue of max. 140,000 warrants of series 2022/2025, with the maximum number of ordinary shares to be added estimated to amount to max. 140,000, equivalent to approx. 0.3 percent of the total number of ordinary shares in the company, subject to full subscription and full utilisation of all warrants.
- Mandate for the board to up to the next annual general meeting decide on a new share issue for a total subscription settlement volume of 5,400,000 ordinary shares and 15,000 000 preference shares in order to be able to continuously adjust the company's capital requirements and thus allow it to contribute to a higher shareholder value, and to be able to offer shares to investors in connection with any property or company acquisitions.
- Authorising the CEO to make minor adjustments in the annual general meeting's decisions.
- Minutes from the annual general meeting on 4 May 2022 are available on the company's homepage.

Nominating committee ahead of the annual general meeting 2023

At NP3's annual general meeting on 4 May 2022, it was decided that the nominating committee ahead of the annual general meeting 2023 shall consist of the chairman of the board and one representative for each of the three largest owner-registered shareholders as of the last banking day before the annual general meeting. In accordance with the decision, the three largest shareholders based on ownership as of the last banking day in August 2022 have been offered a place on NP3's nominating committee and the following nominating committee has been formed:

- Poularde AB has appointed Lars-Göran Bäckvall, CEO Poularde AB and, after him passing, Åse Bäckvall, board deputy in Poularde AB,
- AB Sagax has appointed David Mindus, CEO AB Sagax,
- Länsförsäkringar Fondförvaltning AB has appointed Johannes Wingborg, responsible as owner, Länsförsäkringar Fondförvaltning,
- Nils Styf, chairman of the board for NP3.

As in October 2022 it was noted that the Fourth AP fund had increased its shareholdings since the nomination to the nominating committee and as a result of this made up the third largest owner-registered shareholder, Johannes Wingborg, who had represented Länsförsäkringar Fondförvaltning AB, made his position available. In accordance with the nominating committee's instructions, the Fourth AP fund was offered to appoint a new member to the nominating committee, and appointed as new member was Olof Nyström, senior portfolio manager at the Fourth AP fund. David Mindus has been appointed chairman of the nominating committee by the nominating committee.

The nominating committee shall prepare and submit to the general meeting proposals for chairman for the general meeting, board members, chairman of the board, board fee to each of the board members and chairman of the board and other remuneration for board assignments, fee to the auditor and, if applicable, proposal for choice of auditor.

The nominating committee shall further prepare and submit a proposal to the general meeting for principles for the composition of the nominating committee. The composition of the nominating committee shall be announced no later than six months before the annual general meeting. The nominating committee's term of office lasts until a new nominating committee has been appointed. The chairman in the nominating committee shall, unless the members agree otherwise, be the member who represents the largest shareholder by number of votes. The nominating committee's work is carried out in accordance with the instructions that have been adopted and, as far as applicable, in line with the Code.

The nominating committee applies the Code's regulations regarding the composition of the board and as diversity policy is to apply rule 4.1. in the code when preparing their proposal for election of board members.

Board of directors

The shareholders appoint the board of directors at the annual general meeting. According to the articles of association, the board shall consist of no less than 3 and no more than 13 members. No alternates shall be appointed. During 2022, the board consisted of six ordinary members with Nils Styf as chairman. The board works according to a formal workplan and the work is regulated by, among other things, the Swedish companies act, articles of association and Swedish Corporate Governance Code. The rules of the Swedish Companies Act apply to decisions in the board, meaning that both more than half of members present and more than a third of the total number of members must vote for the decision. If the vote is tied, the chairman has the casting vote. The long-term and strategic decisions for NP3 are made jointly by the board and management. The company's CEO Andreas Wahlén attends board meetings but is not included in the board. Remuneration is paid for board work as well as for members in the audit committee. Board members are not entitled to severance pay.

Responsibility of the board

According to the Swedish Companies Act and the board's formal work plan, the board's overall role is to on behalf of the owners manage the company's affairs in such a way that the interests of all owners are met in the best possible way. The board has ultimate responsibility for the operations. Against this background, the board is responsible for achieving set targets and strategies regarding the company's operations. The board is further responsible for the company's business focus being subject to continuous review and that major changes in the business focus are discussed by the board. The responsibilities of the board include handling the company's organisation, among with appointing, assessing and, if required, dismissing the CEO and to determine salary and other remuneration for the same. The board determines the budget, business objective and strategies for the company's operations as well as makes decisions concerning acquisitions, investments and divestments or restructuring of the property portfolio.

Annual general meeting 2023

Ahead of the annual general meeting on 4 May 2023, the board proposes;

- a dividend of 5.00 SEK per ordinary share and that the annual general meeting also decides on dividend to shareholders of 2.00 SEK per preference share.
- that remuneration to the CEO shall consist of fixed salary, variable salary of max. 25 percent of the total fixed salary, share-based incentive programmes and other benefits plus pension. Remuneration to other senior management shall consist of fixed salary, variable performance-based salary of max. two monthly salaries, share-based incentive programmes and other benefits plus pension.
- that the annual general meeting authorise the board to, up to the next annual general meeting, on one or several occasions, with or without deviation from the shareholders' preferential rights, against payment in cash or through set-off or capital contributed in kind decide on increasing the company's share capital by means of a new issue of ordinary shares and/or preference shares. The authorization may not be used to a greater extent than that a total of 5,400,000 ordinary shares and 15,000,000 preference shares are issued.
- that the annual general meeting decides to introduce an incentive programme 2023/2026 through a) issue of warrants to the subsidiary NP3 Förvaltning AB and b) approval of the transfer of warrants to employees of the company or its subsidiaries.

Before the annual general meeting, the nominating committee proposes:

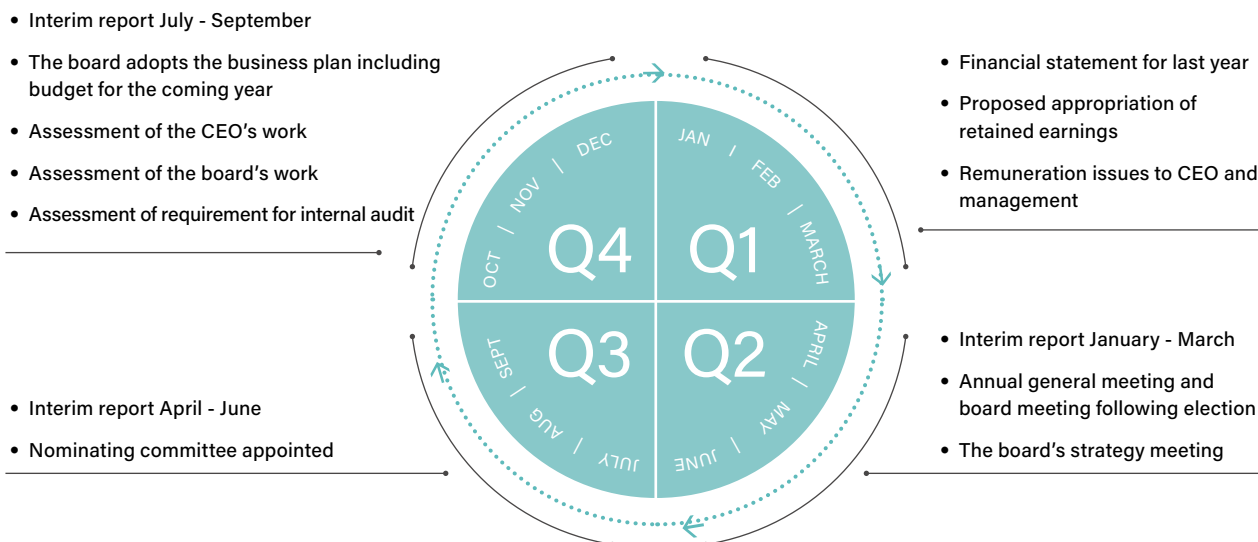
- Re-election of board members Åsa Bergström, Mia Bäckvall Juhlin, Anders Nilsson, Hans-Olov Blom and Nils Styf. The nominating committee proposes Nils Styf be reelected chairman of the board.
- that remuneration to board members is paid as follows: - chairman of the board: 375,000 SEK, - each of the other board members: 190,000 SEK -remuneration to the audit committee shall be paid at 210,000 SEK in total.

The proposed total remuneration to board members, incl. remuneration for committee work, thus amounts to 1,345,000 SEK (1,460,000).

- that the number of board members elected at the general meeting shall be 5 persons (6).
- in accordance with the audit committee's recommendation, for the time up to the end of the next annual general meeting, re-election of the authorised audit firm KPMG AB as the company's auditor, with Peter Dahllöf being the auditor in charge of the audit.
- that the general meeting decides to adopt a new "instruction regarding nominating committee" and a new nominating committee is appointed in accordance with this ahead of 2024's annual general meeting. The changes compared to the currently valid instruction relates primarily to changes in the composition of the nominating committee if there are changes in the list of owners after the record day of 31 August the year before the annual general meeting. The nominating committee's proposal can be found on the company's homepage.

The work of the board during the year

In addition to the points above, work on acquisitions and growth is ongoing all throughout the year.



The board's formal workplan

Every year, the board determines a formal workplan for the board work. The formal work plan sets out the board's responsibilities and division of responsibility between the board and CEO. The formal work plan also sets out which affairs are to be discussed at the respective board meeting, and instructions regarding economic reporting to the board. The formal work plan also stipulates that the board shall have an audit committee. The full board makes up the remuneration committee. At each of the ordinary board meetings, issues of significant importance to the company such as acquisitions and divestments of properties as well as funding are discussed. Furthermore, the board is informed of the state of the market the rental and property market. Meetings in connection with the company's reporting discuss market valuation of the property portfolio and determine the profit/loss for the period or year, and financial position. Before the annual general meeting, the board submits a proposed appropriation of retained earnings. At the meeting following election the board shall, among other things, determine the company's signatory and appoint the audit committee and remuneration committee.

Chairman of the board

The chairman of the board shall have special responsibility in the board for the board's work to be well-organised and run efficiently and that the board completes its duties. The chairman shall be in continuous contact with and act as a discussion partner and support for the company's CEO.

The work of the board during 2022

NP3's board work during the year has been characterised by the growth the company has undergone, which has involved several acquisition discussions. The uncertain and volatile market climate with a high inflation rate and rising interest rates as a result has also characterised the board work during 2022 to a

large extent. According to the current formal workplan, the board shall hold at least six ordinary board meetings per year and an additional meeting following election. During 2022, the board has held 16 board meetings, of which one meeting following election. Of these, six were team meetings, six per capsulam and four physical meetings. During 2022, the board carried out an internal evaluation of its work.

Remuneration committee

The board has decided not to set up a special remuneration committee, but the board as a whole shall instead carry out the duties such a committee shall have according to the code. With regard to remuneration matters, this means that the board shall:

- Prepare decisions in matters of remuneration principles, remunerations and other employment terms for company management.
- Follow and evaluate ongoing programmes and those completed during the year for variable remuneration to company management.
- Follow and evaluate the application of the guidelines for remuneration to senior executives that the annual general meeting has decided on, and with regard to remuneration structures and remuneration levels in the company.

Audit committee

The board's audit committee is appointed by the board once annually. Included in the audit committee for 2022 were board members Åsa Bergström and Nils Styf. The audit committee shall perform the duties stated in chap. 8 49 b § Swedish Companies Act, which among other things involves:

- Overseeing the company's financial reporting.
- Overseeing the efficiency in the company's internal control, internal audit and risk management, with regard to financial reporting.

- Keeping up-to-date with the audit of the annual report and consolidated accounts.
- Examining and overseeing the auditors' impartiality and independence and thereby pay special attention to whether the auditor provides other services to the company than auditing services.
- Assist in preparing proposals for the general meeting decision on choice of auditor.

In addition, the audit committee shall prepare the board's decision in the aforementioned matters. Minutes are kept of the audit committee's meetings and the committee reports to the board. The audit committee's board members shall be appointed with special attention to competency and experience in accounting and auditing of listed companies. The majority of the committee's members shall be independent in relation to the company and company management. At least one of the members who is independent in relation to the company and company management shall also be independent in relation to the company's major owners. The committee's members must not be employees of the company. The audit committee also supports company management in accounting matters.

CEO

Andreas Wahlén has been NP3's CEO since the company was formed. The CEO is responsible for the company's ongoing management in accordance with the rules in the Swedish Companies Act and instructions for the CEO and for the financial reporting the board has adopted. According to the instruction, the CEO is responsible for the company's accounting and management of funds. The CEO shall further prepare delegation regulations for various officeholders in the company and employ, dismiss or set down terms and conditions for the company's staff. A mutual period of notice of 12 months applies to the CEO. There is no arrangement for severance pay with the CEO.

Group management

The group management team at the start of 2022 consisted of CEO, CFO, COO and Head of property management. Every person in the management team has their own area of responsibility. In management team meetings the overall strategy and operational issues are discussed. During the year, the management team has focused on the company's growth, risks, supply of capital and sustainability initiatives. Great focus has also been put on the uncertain and volatile market climate, which has led to a high inflation rate and rising interest rates. The CEO is the lone board member in all wholly-owned subsidiaries in the group and the COO is the alternate in the subsidiaries. A mutual period of notice of six months applies to the CFO, COO and Head of property management. The COO is entitled to six months' severance pay if given notice by the company. There is no arrangement for severance pay with the CEO and Head of property management.

As of 1 January 2023, the company's COO has left the management team and the company's head of property management has assumed the role as COO. After the end of the year, the management team thus consists of CEO, CFO and COO.

Guidelines for remuneration to senior executives

Guidelines for remuneration to senior executives cover the

members in the company's group management team, which for 2022 consisted of the company's CEO, CFO, COO and Head of property management. The guidelines shall be applied to remuneration that is contracted and changes that are made to remuneration already contracted, after the guidelines have been adopted. The guidelines adopted at the annual general meeting on 15 June 2020 apply until further notice. The guidelines do not cover remuneration decided by the general meeting.

The guidelines' advancement of the company's business strategy, long-term interests and sustainability.

The company's business strategy in short is to create value in the property portfolio by means of local presence, creativity and good business acumen, and thus create conditions for continued good expansion and high reputation. The board is of the opinion that successful implementation of the company's business strategy and safeguarding the company's long-term interests, including its sustainability, requires the company to recruit and keep senior executives with the expertise and capacity to achieve set targets. This requires the company to offer competitive remuneration to motivate senior executives to do their utmost. These guidelines allow senior executives to be offered competitive total remuneration. The company has set up long-term, share-based incentive programmes. These have been decided by the general meeting and are thus not covered by these guidelines. Variable cash remuneration covered by these guidelines shall aim to advance the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration, etc.

Remuneration shall be in line with market conditions and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

Meeting the criteria for payment of variable cash remuneration must be measurable during a period of one or several years. The variable cash remuneration may amount to max 25 percent of the total fixed cash salary during the measuring period for such criteria. The variable cash remuneration shall be linked to predetermined and measurable criteria, which may be financial or non-financial. These can also consist of personalised quantitative or qualitative targets. The criteria shall be designed so that they advance the company's business strategy and long-term interests, including its sustainability, such as by being linked to the business strategy or being designed so that a higher level of mutual interest is achieved between senior executives and the company's shareholders. When the measuring period for meeting the criteria for a payment of variable cash remuneration is completed, it shall be assessed/determined to what extent the criteria have been met. The board is responsible for the assessment as far as variable cash remuneration to the CEO is concerned. With regard to variable cash remuneration to other senior executives, the CEO is responsible for the assessment. As far as financial targets go, the assessment shall be based on the financial information most recently published by the company.

For the CEO, pension benefits including health insurance, shall be defined contribution plans. Variable cash remuneration shall not be pensionable. Pension contributions for defined contribution pension plans shall amount to max 30 percent of the fixed annual cash salary, but not more than 10 basic amounts. Four other senior executives pension benefits including health insurance shall be defined contribution plans, unless the

office holder is covered by a defined contribution pension plan according to mandatory collective agreement provisions. Variable cash remuneration shall be pensionable to the extent that follows from mandatory collective agreement provisions that are applicable to the office holder. Pension contributions for defined contribution pension plans shall amount to max 30 percent of the fixed annual cash salary, but not more than 10 basic amounts.

Other benefits may include life insurance, healthcare insurance and car benefits. Such benefits may amount to max 15 percent in total of the fixed annual cash salary.

The company has a profit-sharing foundation, which covers all employees except for the CEO. The provision for the profit-sharing trust is based on the company's annually set and achieved targets and must not exceed 35,000 SEK per year and employee. For 2022 the profit sharing foundation has had nine goals, of which two goals are sustainability-related. For the year, six out of nine goals have been fulfilled. The goals related to sustainability are fulfilled for the year.

Termination of employment

When notice of termination is given by the company, the period of notice can be max. 12 months. Fixed cash salary during the period of notice and severance pay must together not exceed an amount equivalent to the fixed cash salary for one year. When notice of termination is given by the senior executive, the period of notice can be max. six months, without the right to severance pay.

In addition to this, remuneration for committing to restriction on competition may also be paid. Such remuneration shall compensate for any loss of income and shall only be a paid to the extent that the previous senior executive has no right to severance pay. The remuneration shall amount to max. 60 percent of the fixed cash salary at the time of notice of termination, unless otherwise set out in mandatory collective agreement provisions, and be paid during the time the commitment to restriction on competition applies, which shall be max. 12 months after the employment ends.

Consideration of current salary and employment terms for employees

When preparing the board's proposal for its remuneration guidelines, current salary and employment terms for the company's employees have been considered by information about employees' total remuneration, the components of the remuneration and the increase and rate of increase of the remuneration over time having constituted part of the board's decision basis when assessing the adequacy of the guidelines and the restrictions that follow from these. The development of the difference between senior executives' remuneration and other employees' remuneration will be disclosed in the remuneration report before the next annual general meeting.

The decision-making progress to determine, review and implement the guidelines

The board in full performs the compensation-related tasks that are typically the duty of a remuneration committee. These tasks include preparing proposals for guidelines for remuneration to senior executives. The board shall prepare proposals for new guidelines when the need arises for significant changes and submit the proposal to the annual general meeting to decide on, but at least every four years. The guidelines shall apply until new guidelines have been adopted by the general meeting. The board shall also follow and evaluate programmes for variable

remuneration to company management, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels in the company. In order to avoid conflicts of interest, board members involved in discussing and making decisions concerning remuneration to senior executives shall be independent in relation to the company and company management. When the board discusses and makes decisions in issues relating to remuneration, the CEO or other individuals in company management shall not be present if they are affected by those issues. When preparing issues relating to remuneration, external consultation shall be used when assessed as necessary.

In case the board decides to set up a remuneration committee, what is said in these guidelines about the board in its capacity as the company's remuneration committee shall apply to the remuneration committee.

Departure from the guidelines

The board may decide to temporarily depart from the guidelines in full or in part, if in individual cases there are special reasons for this and departure is necessary to safeguard the company's long-term interests, including its sustainability, or in order to ensure the company's financial viability. If such departure takes place, it shall be disclosed in the remuneration report ahead of the next annual general meeting.

Description of significant changes in the guidelines and remuneration report 2022

As a result of the changes to the Swedish Companies Act that became effective on 1 July 2019, the company drew up new guidelines for remuneration to senior executives. The guidelines were adopted at the annual general meeting in June 2020. The review of the guidelines has not resulted in any significant change to the remuneration that has been paid. The guidelines for 2023 essentially correspond to the guidelines that were adopted at the AGM in 2020, and the guidelines adopted at the AGM in June 2020 thus apply until further notice. Chap. 8, 53b § Swedish Companies Act sets out that the board shall prepare a remuneration report. The remuneration report shall cover the remuneration governed by the guidelines adopted at the meeting. The remuneration report for 2022 will be presented at the AGM in May 2023, and will also be available on the company's homepage, www.np3fastigheter.se. For the guidelines that applied during 2022, see also note 6.

Auditing

The auditor shall examine the company's annual report and accounting records as well as the board's and CEO's management. The auditor is appointed by the annual general meeting. The 2022 annual general meeting decided, in accordance with the nominating committee's proposal, to re-elect for the time up to the end of the next annual general meeting the authorised audit firm KPMG AB as the company's auditor, where authorised public accountant Peter Dahllöf had been appointed new auditor in charge.

Internal control

According to the Swedish Companies Act, the board is responsible for internal control and governance of the company. In order to maintain and develop a well-functioning control environment, the board for NP3 has arranged a number of fundamental documents of significance to financial reporting.

These include the board's formal workplan and the instructions for the CEO and financial reporting, insider policy, IR and information policy as well as finance policy. In addition to this, a functioning control environment also requires a developed structure with continuous review. The responsibility for the day-to-day work of maintaining the control environment primarily falls on the CEO. The CEO regularly reports to the board and submits, in addition to interim reports, economic and financial reports about the operations to the board on a continuous basis all throughout the year.

A fundamental element in designing the internal control is being aware of the risk for errors that can arise in the financial reporting and, based on these errors, adjust the processes and organisation. The internal control is designed so that control activities are routinely carried out with the purpose of preventing, identifying and correcting errors and deviations. These controls take place on several levels in the company. On an operational level they include reviewing and accepting supplier invoices, as well as ongoing analysis of the economic result on a property level. Review and follow-up by property and business area with the business managers in charge of operations takes place continuously during the year. On an overall group level, other types of controls are carried out such as analysing key ratios, reconciling completed transactions and so on.

Since 2017, the company has gradually implemented organisational change in the financial management. From having previously used an external provider for these processes, NP3 now handles the ongoing financial management internally using its own accounting function. The aim of this has been to leverage the proximity to the figures to achieve better control, greater commitment and cost efficiency. Work on developing the accounting department has continued during 2022. The annual accounts process already follows set checklists and schedules to ensure that all formal records and updates are implemented. Procedures and manuals with appropriate items are established for internal control preparing the consolidated accounts and financial reports is done by a centralised function.

When preparing the quarterly financial statement, the review and analysis is focused on the most essential income statement items and balance sheet items. The income statement items include rental income and property costs but also interest expenses, which make up a significant item as well as changes in value which to a high degree depend on assessments. In the balance sheet, the focus is on reviewing and analysing properties, deferred tax and interest-bearing liabilities as well as on acquisitions of properties being correctly reported. Built-in checks between different reports and systems are continuously developed and improved. The company's auditors examine the financial reporting twice a year. Their observations and assessments are then reported to the audit committee. The board always reviews quarterly reports and annual report before publication.

Policy documents

The board has renewed or revised the below policies during 2022:

Financial policy

The financial policy sets out guidelines and rules for how to run the funding activities. The aim is to clarify governance, risk

limitation, division of responsibilities and follow-up and oversight of fund management.

IT-policy

NP3's IT policy aims to achieve a good level of information security in the NP3 group's net, equipment and external communications, and to ensure efficient and secure processes and procedures for operation and support of the IT environment.

Privacy Policy

NP3 processes personal data in accordance with GDPR and the company's privacy policy explains how personal information is collected and used. The policy also describes which rights apply to those whom the company has collected personal information about.

Valuation policy

The company assesses its properties at fair value. The valuation policy sets out guidelines for how the valuation process shall work and at what intervals the valuations shall be verified with valuations obtained externally.

Information and IR policy

The information policy sets out guidelines and rules in order to ensure that the company's dissemination of information to players in the stock market is fast, concurrent, correct, relevant and reliable. Information about the company is provided mainly in the form of press releases and financial reports.

Insider policy

The insider policy shall act as guidance for persons who are regarded as having insider information in the company. The insider policy supplements current insider legislation.

Sustainability policy and business ethics policy

The purpose of the sustainability policy is to ensure that the company is a respected employer and a reliable business partner for customers and suppliers, and thus also helps to maintain a high level of confidence in the company. The company is based on the environmental, social conditions/staff and human rights reporting requirements, as well as anti-corruption reporting requirements set out in the Swedish Annual Accounts Act. It is also based on the UN's Global Compact principles.

Tax policy

NP3's tax policy aims to summarise how the company, partly through its own actions, partly by taking a standpoint with regard to stakeholders' actions, contributes to ensuring effective financing of society through public taxes and fees. Fundamental for the own tax management is that it shall be cost-effective and follow ethics and legal rules.

Alcohol and drug policy

The company's alcohol and drug policy shall promote an alcohol- and drug-free workplace, which shall provide a good and safe work environment in NP3.

In addition to the policy documents above, the board has also decided on environmental policy, car policy, equality policy, salary policy and policy for SWEM (systematic work environment management).

Board of directors



ÅSA BERGSTRÖM

Board member since 2016.
Born 1964.

Master of Science in Business and Economics, Uppsala University.

Other commitments:

CFO and Deputy CEO in Fabega AB, as well as deputy board member in all wholly-owned subsidiaries in the Fabega Group. Board member in Svensk FastighetsFinansiering AB (publ).

Background:

Senior manager KPMG, finance manager positions in several real estate companies.



HANS-OLOV BLOM

Board member since 2022.
Born 1966.

Educated at the Swedish Defence University (FHS).

Other commitments:

CEO in Ramudden Global AB. Chairman of the board in E-trafik i Sverige AB, WEWAB Trafiklösning AB, TMA-Centralen AB and board member in Westers Group TA AB.

Background:

Former officer in the army. Contractor and partner in a number of different companies. Has been involved in since 2005 and pushed Ramudden to become one of the world's largest company groups in the segment safety in environments with vehicle traffic.



MIA BÄCKVALL JUHLIN

Board member since 2019.
Born 1974.

Registered Psychologist and registered Psychotherapist, Lund University.

Other commitments:

Board member in Poularde AB.

Background:

Partner in Poularde AB. Psychologist with a focus on consulting assignments and individual contacts.



LARS GÖRAN BÄCKVALL

Board member since 2010 until March 2023. Born in 1946, died in March 2023.

NP3's co-founder and board member Lars Göran Bäckvall has after a period of illness, died in March 2023. Lars Göran has with his many years of solid experience of the real estate business and his good entrepreneurship contributed with valuable knowledge and a strong commitment in the board.



ANDERS NILSSON

Board member since 2010.
Chairman of the board 2017-2021.
Born 1951.

Civil engineer, KTH Royal Institute of Technology.

Other commitments:

Chairman of the board in Biometria, VOYD AB and Implementeringssystem i Sundsvall AB. Board member in Specialistläkarhuset AB, Eurocon Consulting AB (publ), Polskenet Invest AB and InCoax Networks AB (publ).

Background:

Former CEO and group CEO for the IT-consulting firm Know It AB (publ) 2003-2011.



NILS STYF

Chairman of the board since 2021.
Board member since 2019.
Born 1976.

Graduate Economist, Stockholm School of Economics.

Other commitments:

CEO in Hemsö Fastighets AB. Board member in all wholly- or partly-owned subsidiaries of Hemsö Fastighets AB. Board member in Bonava AB, Cibus Nordic Real Estate AB and Mattssons Fastighetsutveckling i Stockholm AB.

Background:

Various positions in real estate companies, private equity and investment banker in London and Stockholm with a focus on the hotel and real estate sector.

Comments by the chairman

It is not possible to look back on the year that has passed without being horrified at how fragile the freedom and security we take for granted in Sweden is. The great cost for the turbulent outside world with a war of aggression and geopolitical conflicts is, of course, the human suffering it creates around the world. But by extension this also creates enormous costs to society and change the conditions in the markets where NP3 is active.

The board's work naturally becomes more challenging when we face new conditions and an uncertain future. The board's most important task during the year has been to support company management in managing both short-term and long-term risks, not least the refinancing risks and a changed interest environment. It's easy for the board to only fix its sight on what is within its general view. But it's precisely in these market conditions that it's important to raise your eyes and continue building on NP3's strengths, even if we don't know exactly what the future looks like.

NP3 has a relatively simple cash flow-oriented business model combined with an organisation with local roots and long experience in adding value to properties. NP3's business model is simple in theory but the company implements it better than anyone else. This provides a good foundation to stand on in an uncertain market and will create interesting business opportunities in the future.

I see it as one of the board's most important tasks going forward to together with company management and all competent staff manage the challenges we face but never to forget the long-term perspective.

In the past few days we were met by the tragic news that NP3s co-founder, board member and largest shareholder Lasse Bäckvall passed away after a period of illness. Lasse had a fantastic entrepreneurship and drive where he in the boardroom in an excellent way lifted the strategic gaze and focused on opportunities instead of challenges.

Despite a turbulent year the world will not end this time, either. There is much that suggests positive market conditions for NP3 in the future, not least the industrial ventures in north of Sweden, which are creating growth where NP3's strengths can enable continued value creation for our shareholders. If only we remember to raise our eyes exactly the way Lasse did on the board. I will do my best to ensure that the board does this going forward and builds on Lasse's vision for the company.

Nils Styf

Chairman of the board

Member	Elected	Resigned	Independent in relation to		Participation in total number of meetings		Fee, SEK	Shareholdings as of 31/12/2022	
			Major shareholders	The company	Board meetings	Audit committee meetings		Number of ordinary shares	Number of preference shares
Anders Nilsson	2011	-	Yes	Yes	15/16		180	153,500*	-
Hans-Olov Blom ¹⁾	2022	-	Yes	Yes	10/11		180	30,366*	-
Lars Göran Bäckvall	2010	-	No	Yes	16/16		180	14,179,726*	1,140,873*
Mia Bäckvall Juhlin	2019	-	No	Yes	16/16		180	44,909*	22,110*
Nils Styf (chrm.)	2019	-	Yes	Yes	16/16	4/4	460	58,940	-
Åsa Bergström	2016	-	Yes	Yes	16/16	4/4	280	11,000	700

1) Hans-Olov Blom was elected to the board at the annual general meeting in May 2022.

* Owns shares through companies.

Management

NP3's management group consisted of four persons during the financial year. Management is responsible for developing and managing the company in accordance with the strategy decided on. In addition to the management group, there are four other senior operations executives.

Shareholdings as of 31/12/2022.



ANDREAS WAHLÉN

CEO since 2008.
Born 1980.

Studies in economics with a focus on auditing and financing, Mid Sweden University.

Other commitments:

Board member in Jonels AB and Kinema AB.

Background:

CEO for Norrlandspojkarna Fastighets AB and the construction company Tre Jonsson Bygg AB.

Shareholdings in the company:

304,000 ordinary shares, 10,000 preference shares (private and via company) and 58,012 warrants.



MATTIAS LYXELL

Head of property management since 2018¹⁾.
Born 1969.

Other assignments: -

Background:

Several years experience of real estate, mainly in the segments operation, property management and construction projects. In previous positions worked with property optimisation in major operating and real estate companies.

Shareholdings in the company:

4,000 ordinary shares, 100 preference shares and 11,058 warrants.

1) As of 1 January 2023, the company's COO, Marie Selin, left the management group. The new COO for the company as of year-end is Head of property management Mattias Lyxell.

Other senior executives



MARKUS HÄGGBERG

Finance manager since 2020.
Born 1972.

Shareholdings in the company:

21,963 warrants.



JENS LENNEFELDT

Business manager South since 2020.
Business manager, Gävle since 2017.
Born 1984.

Shareholdings in the company:

8,000 ordinary shares, 50 preference shares and 14,504 warrants.

**MARIE SELIN**

Chief Operating Officer (COO) since 2017⁹.
Born 1961.

Studies in economics with a focus on auditing.

Other commitments:

Board member in Länsförsäkringar Västernorrland

Background:

Has several years leadership experience from larger organisations in the real estate sector and energy sector. Previously worked as CEO for Mitthem AB and before that was in charge of operations in Finance & Accounting Services at Vattenfall.

Shareholdings in the company:

36,000 ordinary shares and 33,656 warrants.

**HÅKAN WALLIN**

Financial manager (CFO) since 2018.
Born 1962.

Master of Business Administration at Stockholm University and Certified European Financial Analyst (CEFA) at Stockholm School of Economics.

Other commitments:

Board member in Cibola Holding AB and HWA Advisory & Capital AB.

Background:

Several years experience in financing, capital markets and accounting. Previous positions include business development manager at mid-cap listed Medivir AB, partner in the investment bank ABG Sundal Collier in corporate finance and executive positions at the audit firms Arthur Andersen and Ernst & Young.

Shareholdings in the company:

20,243 ordinary shares and 28,157 warrants.

**MARIA PARINGER**

Business manager North since 2018.
Born 1974.

Shareholdings in the company:

1,286 ordinary shares and 9,071 warrants.

**ANNA WIRTÉN**

Head of accounting since 2015.
Born 1976.

Shareholdings in the company:

7,800 ordinary shares and 12,551 warrants.