

Corporate governance report

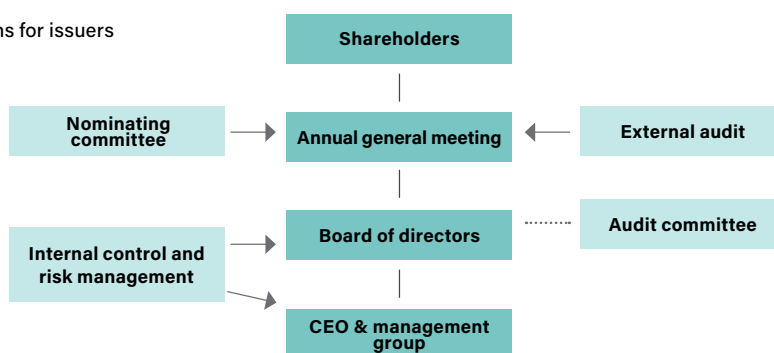
Corporate governance comprises various decision-making systems, through which the owners directly or indirectly govern the company. Governance, management and control of the company are shared between the board, CEO and other individuals in the company's management. Corporate governance is the framework 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 northern 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 believes that in all other respects, the company follows the code.

Shares and shareholders

NP3's shares are registered for trading on Nasdaq Stockholm, Large Cap. At year-end, the total number of shares amounted to 95,496,774, of which 57,496,774 were common shares and 38,000,000 preference shares. Every common 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 61,296,774 votes in total. As of the balance sheet date, the company had about 11,000 shareholders. Of the total share capital, 17 percent was owned by foreign investors. Of the total number of shareholders, 95 percent were private individuals whose holdings amounted to 15 percent of the total share capital. The remaining 5 percent of owners were mainly legal entities whose holdings amounted to 85 percent of all shares. NP3 has no directly registered shareholder with holdings exceeding 10 percent. The share capital amounts to 334,238,709 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 the company general meeting.

Preference shares entail preferential rights ahead of the common 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 company 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 common shares or further transfer of value according to chap. 17 1 § Swedish Companies Act is paid out to holders of common 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 company general meeting at 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 common 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 434,171 warrants which is equivalent to 0.8 percent of the number of common shares outstanding in the company, as of 31 December 2023. 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 company 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 general meeting by means of postal vote ahead of the 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 2023

The last annual general meeting took place on 4 May 2023 in Sundsvall. At the time of the annual general meeting, the total number of shares was 95,357,856 and the number of votes 61,157,856. At the general meeting, 53,898,165 shares and 48,478,798 votes were represented, equivalent to 56.5 percent of the total number of shares and 79.3 percent of the total number of votes. The annual general meeting adopted the accounting records for 2022 and discharged the board and CEO from liability for the administration for the year 2022. The following decisions were taken at the annual general meeting on 4 May:

- Dividend of 5.00 SEK per common share for the 2022 financial year with four separate payments of 1.25 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 375,000 SEK and to other board members at 190,000 SEK each. Remuneration to members of the audit committee shall amount to a further 210,000 SEK in total, to be distributed by the board between the members in the audit committee.
- That the board shall consist of five board members and no alternate.
- Re-election of board members Åsa Bergström, Anders Nilsson, Mia Bäckvall Juhlin, Nils Styf and Hans-Olov Blom. The board also decided to reelect Nils Styf as 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 continues as auditor in charge.
- To approve the remuneration report for the 2022 financial year.
- Introduction of incentive programme 2023/2026 by means of an issue of max. 220,000 warrants of series 2023/2026, with the maximum number of common shares to be added estimated to amount to max. 220,000, equivalent to approx. 0.4 percent of the total number of common 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 common 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 2023 are available on the company's homepage.

Nominating committee ahead of the annual general meeting 2024

At NP3's annual general meeting on 4 May 2023, it was decided that the nominating committee ahead of the annual general meeting 2024 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 in August 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 2023 have been offered a place on NP3's nominating committee and the following nominating committee has been formed:

- Poularde AB has appointed Åse Bäckvall, board member of 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.

David Mindus has been appointed chairman of the nominating committee by the nominating committee.

The nominating committee shall prepare and submit to the company general meeting proposals for chairman for the 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 company 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 2023, the board consisted of five 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 sales or restructuring of the property portfolio.

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

Annual general meeting 2024

Ahead of the annual general meeting on 7 May 2024, the board proposes;

- a distribution in kind of 1,766 SEK per common share¹⁾ and a cash dividend of 1.50 SEK per common share and that the annual general meeting also decides on a 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 common shares and/or preference shares. The authorization may not be used to a greater extent than that a total of 5,400,000 common shares and 15,000,000 preference shares are issued.
- that the annual general meeting decides to introduce an incentive programme 2024/2027 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, and that Anders Palmgren be elected as new board member. 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: 395,000 SEK, - each of the other board members: 205,000 SEK - remuneration to the audit committee shall be paid at 125,000 SEK to the chairman of the audit committee and 115,000 SEK to other members of the audit committee.

The proposed total remuneration to board members, incl. remuneration for committee work, thus amounts to 1,660,000 SEK (1,345,000).

- that the number of board members elected at the company general meeting shall be 6 (5).
- 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 meeting decides that the new nominating committee be appointed ahead of the 2025 annual general meeting according to unchanged principles.

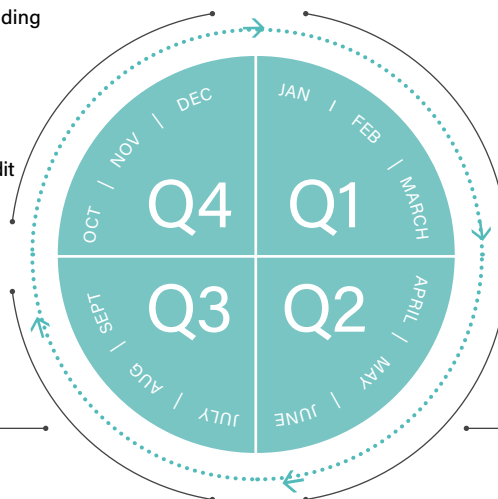
1) The distribution in kind consists of shares in Fastighetsbolaget Emilshus AB (publ) ("Emilshus"), where eight common shares in NP3 entitle the holder to one Class B share in Emilshus. The parent company's cost of acquisition for the Class B shares in Emilshus amounts to 14.13 SEK/Class B share, which corresponds to a dividend of approximately 1.766 SEK/common share in NP3. For more information about the distribution in kind and the market value of Emilshus' Class B share, see the board's proposal for dividend on page 41.

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.

- Interim report July - September
- The board adopts the business plan including budget for the coming year
- Assessment of the CEO's work
- Assessment of the board's work
- Assessment of requirement for internal audit

- Interim report April - June
- Nominating committee appointed



- Financial statement for last year
- Proposal to deal with the profit
- Remuneration issues to CEO and management

- Interim report January - March
- Annual general meeting and board meeting following election
- The board's strategy meeting

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 value of the company's properties and determine the profit/loss for the period or year, and financial position. Before the annual general meeting, the board submits a proposal for disposition of 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 2023

The uncertain and volatile market climate, sharply rising interest rates and high inflation rates in 2022 and continued rising interest rates in the first half of 2023, have largely characterised the board's work over the past year. According to the current formal workplan, the board shall hold at least six ordinary board meetings per year and an additional meeting following election. In 2023, the board held 14 board meetings, of which six were team meetings, four per capsulam and four physical meetings, of which one was the meeting following election. During 2023, 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 2023 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 company general meeting's 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

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.

Management

The composition of the management team for 2023 consisted of the CEO, CFO and COO. Every person in the management group has their own areas of responsibility. In management team meetings the overall strategy and operational issues are discussed. During the year, the management team focused on the company's risks, growth, capital supply, refinancing risks and sustainability. A major focus has been on the uncertain and volatile market climate leading to rising interest rates and a high inflation rate. The CEO is the sole board member of all wholly-owned subsidiaries. The CFO and COO are subject to a six-month mutual period of notice. There is no agreement on severance pay for the CFO and COO.

Guidelines for remuneration to senior executives

Guidelines for remuneration to senior executives apply to the members of the company's management team, which consists of the CEO, CFO and COO. 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 company's annual general meeting on 15 June 2020 apply until the annual general meeting resolves to adopt new guidelines. 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

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 trust, 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 2023, the foundation had six targets, two of which are sustainability-related targets. For the year, three out of six goals have been met. The sustainability-related targets have been met 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 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. twelve months after 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 2023

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, which were adopted at the annual general meeting in June 2020. Ahead of the annual general meeting in May 2024, the company has conducted a new review of the guidelines, which are essentially in line with the guidelines adopted by the 2020 annual general meeting. 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 2023 and new guidelines for remuneration to senior executives will be presented at the annual general meeting in May 2024 and will also be available on the company's website, www.np3fastigheter.se. For the guidelines that applied during 2023, 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 Annual general meeting 2023 decided, in accordance with the nominating committee's proposal, to re-elect the authorised auditing firm KPMG AB as the company's auditor for the period until the end of the next annual general meeting, where KPMG had announced that the authorised auditor Peter Dahllöf will continue as auditor in charge for the audit.

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 economic 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.

NP3 handles most of the day-to-day financial management in-house as part of its own accounting function. The company sees great advantages in having its own accounting function, which provides proximity to the figures and thus better control, greater commitment and cost efficiency. The development of the accounting department is ongoing and the final accounts process follows designed checklists and timetables to ensure that all formal reconciliations and updates are carried out. 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 report, 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 2023:

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 internal 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 statements.

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 policy 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.

In addition to the above-mentioned policy documents, the board has also decided on a policy on gender equality, equal treatment and anti-discrimination and salary policy.

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 Fabege AB, as well as deputy board member in all wholly-owned subsidiaries in the Fabege Group. Board member of Svensk Fastighets-Finansiering AB (publ) and John Matsson Fastighetsföretagen AB.

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 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.



ANDERS NILSSON

Chairman of the board 2017-2021.
Board member since 2010.
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 of Specialistläkarhuset AB, ELE Trävaror 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 of 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.

Statement by the chairman

When reflecting on 2023, it becomes natural to think about the turbulence and uncertainty that dominated the headlines during the year. Both in terms of geopolitics and wars around the world, but also in the real estate market in Sweden. Despite major risks and challenges, I believe that NP3 has navigated this market turbulence during the year in an exemplary manner.

Management and the board have focused on managing refinancing risks and strengthening the capital structure. These issues have always been a priority for the board, but during the past year this has been the most important task. Neither the board nor management had a crystal ball to see the future, but by acting early and resolutely, the capital structure could be strengthened and thus the financial risk reduced. Through a new share issue and other measures, NP3 was in a stronger position at the end of the year despite the market.

There are positive signs that interest rates have peaked and that property prices are starting to bottom. However, I don't think it's appropriate to speculate too much about the future, but I think the most important thing is to note that NP3 ends the year in a stronger position and has a long-term sustainable business model.

I've highlighted it in previous years, but I think it's such an important part of NP3's long-term success that I'm taking the risk of saying what everyone already knows. In addition to a financially sustainable business model, NP3's success factors are entrepreneurship, a strong corporate culture and simplicity. NP3 has a relatively simple business model that they implement very well. Regardless of what happens in the future, it is a stable foundation on which to develop further.

Nils Styf

Chairman of the board

Member	Elected	Resigned	Independent in relation to		Participation in total number of meetings		Fee, SEK	Shareholdings as of 31/12/2023	
			Major shareholders	The company	Board meetings	Audit committee meetings		Number of common shares	Number of preference shares
Anders Nilsson	2010	-	Yes	Yes	14/14		190	153,500 ¹⁾	-
Hans-Olov Blom	2022	-	Yes	Yes	12/14		190	30,366 ¹⁾	-
Mia Bäckvall Juhlin	2019	-	No	Yes	14/14		190	14,224,635 ²⁾	1,162,983 ²⁾
Nils Styf (chrm.)	2019	-	Yes	Yes	14/14	4/4	480	58,940	-
Åsa Bergström	2016	-	Yes	Yes	14/14	3/4	295	11,000	700

Lars Göran Bäckvall, board member since 2010 and NP3's co-founder, passed away in March 2023. Participated in three board meetings in early 2023.

1) Owns shares through companies.

2) The shareholding includes shares owned by Poularde AB, where Mia Bäckvall Juhlin's participating interest and voting rights amount to 50 percent.

Management

NP3's management group consisted of three 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.

Shareholding as of 31 December.



ANDREAS WAHLGREN

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 of Norrlandspojkarna Fastighets AB and the construction company Tre Jonsson Bygg AB.

Shareholdings in the company:

323,264 common shares, 22,000 preference shares (privately and via company) and 42,235 warrants.



MATTIAS LYXELL

Chief Operating Officer (COO) since 2023.
Head of property management 2018-2023.
Born 1969.

Other commitments:

CEO and board member of Fastighets AB Jämtjägaren.

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:

5,770 common shares, 100 preference shares and 12,766 warrants.

Other senior executives



MARKUS HÄGGBERG

Finance manager since 2020.
Born 1972.

Shareholdings in the company:

4,500 common shares, 5,000 preference shares and 14,911 warrants.



JENS LENNEFELDT

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

Shareholdings in the company:

11,000 common shares, 50 preference shares and 11,509 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 of Moberg Pharma AB (publ),
Cibola Holding AB and HWA Advisory &
Capital AB.

Background:

Several years experience in financing,
capital markets and accounting. Previous
positions: head of business development at
Medivir AB, partner at the investment bank
ABG Sundal Collier and Senior positions at
the accounting firms Arthur Andersen and
Ernst & Young.

Shareholdings in the company:

29,875 common shares and 18,926 warrants.



MARIA PARINGER

Business director North since 2018.
Born 1974.

Shareholdings in the company:

1,366 common shares and 9,463
warrants.



ANNA WIRTÉN

Head of accounting since 2015.
Born 1976.

Shareholdings in the company:

4,700 common shares and 11,708
warrants.