



"Our business-driven teams combined with a strong market provide us with conditions to further develop our business and exploit the largest green growth revolution of our time. We are looking forward to an exciting 2024."

Knut Rost, CEO



Tenant Åre Destination's newly renovated office at Årevägen 55, Åre.

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Diös' statutory financial statements are found on pages 45-52 and have been audited by the company's auditors. Diös' Sustainability Report has been reviewed by the company's auditors. The pages containing the Sustainability Report are referenced in the GRI index on pages 93-94.

In our financial reporting, we divide our premises teams into: offices, retail, residential, hotel/restaurant, healthcare/education, industrial/warehouses and other. In our communication linked to the offer and in the description of our cities, we have chosen to talk about offices, premises for urban service and residential properties. The term urban service then includes the premises types retail, hotel/restaurant and healthcare/education.



This is Diös

This is Diös

We are the property company that is investing entirely in northern Sweden. With a unique position in our 10 growth cities, we are creating sustainable growth through commercial property development for our tenants, our shareholders and ourselves as a company. Our offering is commercial premises – in the right location for the right tenant. One third of our rental income comes from tax-funded operations and more than half of the total rental income comes from offices.

149

employees

359

properties

31.2

property value, SEKbn

1,621,000

leasable area, sq.m.

2.5

revenue, SEKbn

99%

non-fossil energy

41%

environmentally certified properties

54%

green financing



Business idea

We own and develop commercial properties in growing cities in northern Sweden. With the right tenant in the right place, we create attractive properties and a long-term sustainable business.



Vision

To create Sweden's most inspiring cities.

Mission

To create Sweden's most attractive places with the right content, where people want to be, live, work and meet.

Core values

Simple. We are clear, open and honest.

Close. We are interested, listen and are available.

Active. We turn words into deeds, take our responsibility and dare to make decisions.

Our promise to tenants

Everything is possible! We want our tenants to do well and everything is possible. Our tenants are our primary focus – if they thrive, we thrive.

Annie Skoglund, HR Manager, and Annie Franzon, Transaction Manager.

The year that was

The year that was

We are leaving an eventful year behind in which we generated many good deals, which is shown in a positive net leasing, rising rent levels and reduced vacancies. The year also entailed new financial conditions as a result of rising inflation, interest rate increases and a troubled and uncertain surrounding world. Despite the new business climate, activity in our cities has been high, with strong demand for commercial premises, attractive lettings, completed projects and strategic transactions that strengthened our portfolio. Ongoing projects and the start-up of new ones also continued according to plan. Our market remains strong and positively affected by the green transition.

-7.4%

return on equity

92%

occupancy rate

-18%

decrease in property management income

16%

increase in the operating surplus

-6.01

earnings per share, SEK

70%

surplus ratio

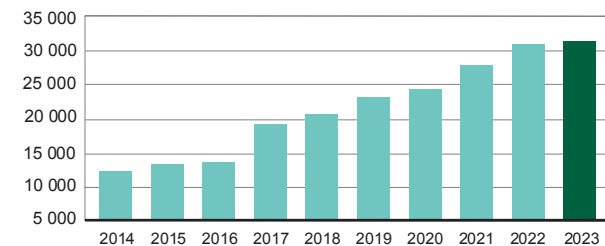
-2.1%

energyconsumption

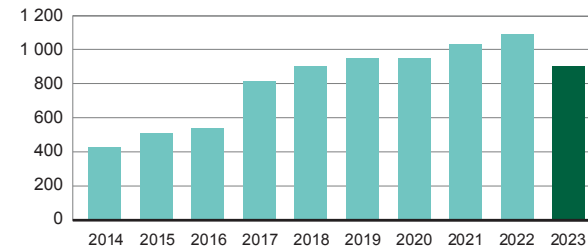
19

net leasing, SEKm

PROPERTY VALUE, SEKM



PROPERTY MANAGEMENT INCOME, SEKM



Projects

During the year, two new production projects were completed: Porsön in Luleå, where the Swedish Pensions Agency is the largest tenant, and the new police station in Umeå. Major ongoing projects are the Vale block in Umeå where we are building offices, premises for urban service and residential properties, the first phase of Västra stranden in Luleå and the new campus for Dalarna University in Borlänge.

See our current projects on page 59.



Refinancing

During the year, we refinanced bonds of approximately SEK 2,000m, of which approximately SEK 600m were covered bonds, as well as bank loans of approximately SEK 2,000m. This shows strong confidence in Diös from both banks and the capital market. The bank financing share of total financing increased during the year to 81 per cent.

Read more about how we manage financial risks on page 30.



More important events from the year can be found on page 34.



Office investments

Interest continues to be high in establishing or developing offices in our cities. During the year, LänsförsäkringarVästernorrland gathered all its operations and moved into modern offices in the property Glädjen in Sundsvall. Other exciting lettings during the year are to Sigma Industry North in Umeå and the Swedish Public Prosecutor's Office in Luleå.

Read more about our office investments on pages 22-24.



Vibrant cities

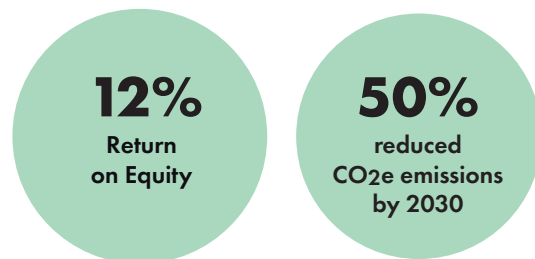
During the year, we saw an increased interest among businesses in urban service to establish themselves in our cities and with us as the landlord. Among other things, Clas Ohlson moved back into Sundsvall's city centre and IKEA opened new city stores in both Skellefteå and Luleå.

Read more on pages 26-27 about how mixed content in the city attracts new tenants.

Targets and outcomes

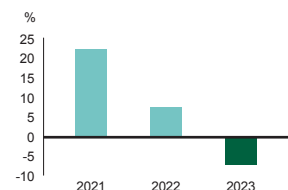
We focus on a strong cash flow and conduct business with a balanced financial risk. We invest in a sustainable property portfolio that enables green financing and creates the conditions for long-term increased property values, attractive returns and sustainable cities.

General objectives



Outcome 2023

RETURN ON EQUITY
-74%

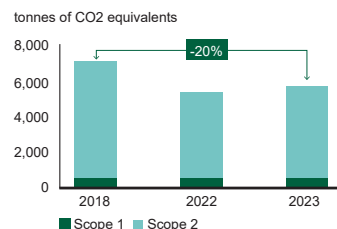


By creating long-term value for our owners, we become more competitive, gain easier access to capital and create more interest in the company.

Target

RETURN ON EQUITY
12% on average

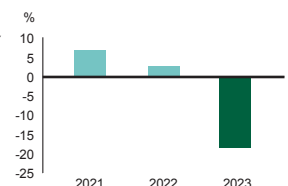
DECREASED CO₂e EMISSIONS
-20%



Reduced emissions through lower consumption, technical solutions and the right material choices create the conditions for long-term profitability and an attractive offering.

DECREASED CO₂e EMISSIONS
50% by 2030

GROWTH IN PROPERTY MANAGEMENT INCOME PER SHARE
-18%

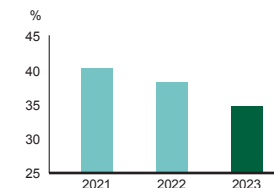


The growth target leads to a continuous strengthening of the business. It enables investments, dividends and good returns for our owners.

GROWTH IN PROPERTY MANAGEMENT INCOME PER SHARE
10% on average

Outcome 2023

EQUITY RATIO
34.6%

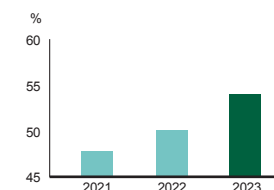


A sound capital structure reduces the financial risk in the company. It increases confidence in us and enables us to obtain better financing terms.

Target

EQUITY RATIO
≥35%

LOAN-TO-VALUE RATIO
54.4%

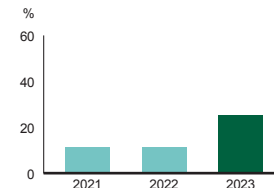


The loan-to-value ratio is a risk-limiting factor. Sound borrowing creates opportunities for business.

LOAN-TO-VALUE RATIO
<55%

GREEN PROPERTIES
25%

See the definition of green property on page 101.

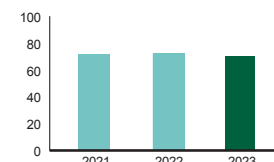


Green properties provide an efficient and attractive portfolio with lower risk and better access to capital, and contribute to our climate goals.

GREEN PROPERTIES
55% by 2026

CUSTOMER SATISFACTION, CSI
70

Customer Satisfaction Index.

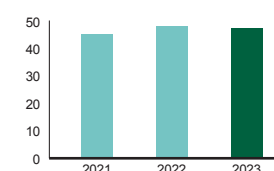


Good relationships and focus on creating value for our tenants provide better and more long-term business.

CSI SCORE 2023
>72

RECOMMENDATION WILLINGNESS, eNPS
47

Employee Net Promoter Score.



Committed employees willing to make recommendations create good business opportunities and drive development in the company.

eNPS 2023
>45



Susanna Johansson, Commercial Leasing Officer, and André Westergren, Technical Property Manager and Head of Security, Sundsvall.

CEO statement On a stable path to the future

In a world affected by inflation, new financial circumstances, war and uncertainty, we are delivering our strongest operating surplus in Diös' history of SEK 1,711 m, an increase of 16 per cent compared with 2022. The surplus ratio is 70 per cent, revenues increased on an annual basis by 13 per cent and the occupancy rate was a record 93 per cent at the end of the year. Net leasing for the year is SEK 19m. Our business-driven Diös teams combined with a strong market provide us with conditions to further develop our business and exploit the largest green growth revolution of our time. We are looking forward to an exciting 2024 where we will continue to navigate in a troubled time. With more experience and a clearer focus on commercial properties, we are building a stable path to the future.

Earnings 2023

The past year has given us new perspectives on our everyday activities and the world around us. At the same time that we are seeing population growth and historically very large investments in our market, northern Sweden, we are living with an unpredictability in economic and world events that we have not experienced before. When it comes to the market outlook for northern Sweden, we see a positive future. In the latest Regional Outlook report from Nordea, which was released in February this year, it is noted that the development of the Norrland regions is going from strength to strength. Upper Norrland has advanced its position as a growth engine for Sweden and has doubled its growth rate since 2016. The demand for labour remains high and the supply of expertise is the region's main challenge. In recent years, Central Norrland has also shifted

into high gear and is expected to take a second place in the growth league after Upper Norrland. Stockholm is expected to be in next to last place with 6.4 per cent growth throughout the period – compared with 12.8 per cent in Upper Norrland.

There is no doubt that our ability to act and our business-driven local teams generated an operating profit for 2023 to be proud of. We have taken advantage of new business opportunities and clarified our business model.

The company is permeated by sustainable initiatives and we have further strengthened our position as one of the largest property owners in a growing market. We have delivered a very strong net operating income due to index adjustments, reduced vacancies and cost efficiency, resulting in both our occupancy rate and our surplus ratio being at record high levels.

Earnings are also marked by higher financial expenses and negative changes in the value of our properties and derivatives. By the fourth quarter, we had 88 per cent of our total portfolio valued externally. The required rate of return for our properties was adjusted upwards by the corresponding 37 basis points, which entails a valuation write-down of our properties of SEK 1,393m. The property management income for the year was SEK 903m and the loan-to-value ratio was 54.4 per cent. As we have had a short fixed-interest term over the years, we have already been affected by the increased interest expenses and the average interest paid today corresponds to the interest rate for new financing. When interest rates are reduced, which I expect to happen as early as the first half of 2024, it will contribute to a direct positive effect on our net financial assets.

Our market – northern Sweden

The green transition taking place in northern Sweden involves huge investments of around SEK 1,500bn in the Swedish basic

industries, such as the steel, battery and hydrogen production as well as the forestry industries. Green innovation companies such as Northvolt and H2 Green Steel have recently secured several billions of SEK in new financing. Another example is that Uniper and Jämtkraft announced their joint venture in the production of renewable electrofuel through NorthStarH2 in Östersund at the end of the year. The high pace of investment and relocation to the region leads to strong long-term economic growth. The offering of services and other opportunities around these establishments is crucial for success, and we are one of the largest property owners in these cities. Our focus is on catering to our cities with attractive offices, commercial premises for urban service and contributing to the construction of more homes. We do so with a lower climate impact through, among other things, efficient energy optimisation, reuse in our adaptations and smarter material choices. This leads to both increased profitability and brings us closer to our target of a 50 per cent reduction in CO₂ emissions by 2030..

During the year, we both established new tenants and developed premises for existing tenants. Some examples of major lettings and renegotiations in the past quarter are lettings to Metria in Umeå, the Swedish Social Insurance Agency in Västra Stranden in Luleå and to long-stay company Forenom, also in Västra Stranden in Luleå. All with rent levels of nearly SEK 3000/sq.m. We have also established strong brands in retail such as Åhléns in Mora, as well as the retail chains Normal and Clas Ohlson in Sundsvall to name a few.

Financial conditions with increased values

After a year marked by a weak transaction market, we feel that it has become more active again. At the end of the year, we announced a divestment of four properties for SEK 788m

in Skellefteå. At the beginning of 2024, we sold 22 residential properties for SEK 385m, which is in line with our strategy to divest low return properties and focus the portfolio more on commercial properties. We are also seeing an increased interest from more actors in entering or increasing their ownership in our cities. During the year, property values were written down. They are likely to stabilise and be written up in the coming years.

At the beginning of 2024, we refinanced bank loans of SEK 4bn with maturity in January and March, respectively. Our renegotiations and refinancing indicate strong confidence from the banks, where we are also secure in the face of future debt maturities. Bank loans comprise 81 per cent of our financing. The interest coverage ratio strengthened to 2.2 times for the fourth quarter of 2023. We see that the loan-to-value ratio will be strengthened as the proceeds from the divestments made in the short term will be used to pay down debt. Our ambition is to have a loan-to-value ratio of around 50 per cent within 12 months. Diös' Board of Directors proposes that no dividend be paid for the 2023 financial year on the grounds that it currently creates the best conditions for the company and shareholders. A strengthened balance sheet provides more favourable financing terms and therefore lower costs. The Board of Directors assesses the company's ability to resume paying a dividend in the coming year as very good.

Sustainable tenant offering

Our sustainability work permeates the entire company and is a central part of our business. The share of green properties in our portfolio is now 25 per cent compared with 11 per cent in the previous year. Investing in a more sustainable portfolio contributes to a higher return and creates conditions for lower risks in the management and more attractive tenant offerings,

and provides a basis for green financing. In 2023, we reduced our energy use by 2.1 per cent and continue to optimise our properties through strengthened technical expertise in the company. Another important part of our efforts to reduce our climate footprint is the increased rate of reuse and how we adapt premises together with our tenants through active dialogues on what does not need to be replaced with new materials.

Looking ahead

In my view, our future is bright, where a more stable financial position with a lower interest rate will give us confidence in the future and a more secure investor market for us and others in the property industry. We continued to be business-driven during the year, creating both new lettings and renegotiating existing contracts at a high pace while navigating in a short-term perspective and implementing measures to minimise the economic impact of rising interest rates and uncertain financial conditions. I am convinced that what is going on with the huge investments being made in our market will build Sweden's economic conditions moving forward. We are involved in creating the conditions for this by creating attractive cities and taking advantage of the business opportunities that accompany new establishments and existing tenants that are growing. We have a strong corporate culture and are well-equipped for the future.

In February, I announced that I will leave office as the CEO of Diös when my employment contract with Diös expires at the end of 2024 after more than 10 years of commitment to the company. I will stay on until the new CEO has been recruited. Our journey of growth, with an increased focus on commercial properties in a strong market, has and is resulting in a higher return. Together with a more favourable financial position, Diös will become an even stronger company.



Diös as an investment



Unique position in an attractive market

We are the market-leading property owner in a geography where huge investments are being made in green basic industry and new technology. More than SEK 1,500bn is expected to be invested in the next 10 years, which entails around 100,000 new jobs and up to 200,000 new residents in our region. We own attractive properties in the central districts of our cities and see an increased demand from both new and existing companies to establish or grow their presence.



Long-term sustainable business model

We are a long-term player who through a local presence takes advantage of new business opportunities and takes responsibility for the development of the city and the impact of our operations have on people and the environment. Our business model is based on continuously developing our properties and meeting the demand for new production. In this way, we create attractive premises and tenant value while at the same time future-proofing our properties and generating continuous growth.



Strong and stable cash flows

We own a well-diversified portfolio in terms of both segments and geography in a high-return market. The tenants consists of private and public actors. Through attractive and mostly downtown locations, with good service and infrastructure, good demand is ensured through trend shifts and business cycles.



“As one of the largest property companies in our market, we are very well positioned to take advantage of business opportunities that exist in northern Sweden and in our cities.”

Johan Deremar, Head of IR

Östersund.

Northern Sweden is the key to the developed Swedish economy

Our market consists of growing cities in northern Sweden that are characterised by good accessibility, a strong entrepreneurial spirit, driven local governments and good transport. They are home to universities or university colleges and have readily accessible nature around the corner. The market is further strengthened with the largest investments of our time in the green industrial transformation, new business establishments and the cities’ growing offering. One of Diös’ greatest opportunities to create and drive growth is to take benefit from our strong market.

Investments, population growth and new establishments

Investments of at least SEK 1,500bn in Swedish basic industry, such as the steel and forestry industries, will take place and are already under way. To put this in context, it was 100 years ago that northern Sweden had such a high rate of investment and occupancy as now, which is leading to strong economic growth. The same basic industry that led the growth then – ore, steel and forestry – is now undergoing an extensive green transition.

The investments in green steel production are huge. Government-owned LKAB will invest SEK 400bn in the coming years. By 2030, the company plans to move from producing pellets to producing carbon-dioxide-free sponge iron in Malmberget.

SSAB will restructure the entire Nordic production chain and invest SEK 6.2bn in an electric arc furnace.

The transition from the old blast furnace will result in the company, which alone accounts for 10 per cent of Sweden’s carbon dioxide emissions, reducing the entire country’s carbon footprint by 3 percentage points. This is important for Sweden and our economic prosperity.

Linked to the green transition, we also see completely new companies establishing themselves and existing companies growing. For example, the absolutely largest start-up company in Sweden since the Second World War, Northvolt’s battery factory, has established operations in Skellefteå. In January, it was announced that they will receive their largest funding to date of just over SEK 50bn. The capital raised is mainly bound for Northvolt in Skellefteå and is partly guaranteed by the Swedish National Debt Office. Other examples are Northvolt’s battery factory in Borlänge, Ecosystem’s circular data centres and Synsam’s factory production in Östersund, Liquid Wind’s establishment in Sundsvall and Umeå, and H2 Green Steel’s fossil-free steel production in Boden outside Luleå, where in September 2023, it was clear that the company had raised an additional SEK 18bn.

Green energy, defence investments and infrastructure investments

An important parameter for the green transition is the supply of energy. In addition, in our region, there are very good conditions for fossil-free energy production. In terms of future expansion, several large industrial companies are currently looking to build additional wind turbines in northern Sweden, which would further strengthen the country’s energy supply.

Yet another perspective is future military investments – a result of us soon joining NATO.

At the same time, important infrastructure investments are under way on a multibillion-SEK scale, such as the extension of the railway network with the East Coast Line and North Bothnia Line, the development of the port of Luleå and major improvements and extensions of Svenska Kraftnät's electricity transmission in the north. Other examples are Skellefteå Municipality, which is building a brand new quay corresponding to 7,700 sq.m. in Skelleftehamn, which is expected to be completed by the end of 2027 and Schenker is building a brand new terminal in the same city, which is scheduled for completion in May 2025.

Regional differences

There are large regional differences regarding the economic development within Sweden. The major industrial investments in northern Sweden mean that employment growth is strongest in the country and that unemployment is far below the national average. New jobs continue to be created, so the challenges in the immediate future are to increase inbound migration to northern Sweden in order to meet the demand for labour. According to Nordea, northern Sweden is expected to continue to show stronger economic growth in 2024 than Sweden in general and employment will continue to grow.

Comment on the Market Outlook:

How we are taking advantage of the strong growth in our market

The historically large investments being made in northern Sweden, both in basic industry and through new establishments, are taking place in the ore fields as well as in our cities. In the coming years, at least SEK 1,500bn will be invested here and more than 100,000 people will move in.

With the increased inbound relocation of companies and people, there is an increased demand for commercial premises, homes and an attractive service offering in our cities.

As one of the largest property owners in these cities, we are taking advantage of the increased demand through a strong offering of commercial premises in attractive locations, with a mix of modern offices and urban service, as well as by being an enabler for more homes to be built. In this way we create the conditions for existing companies to grow and new companies to establish themselves, which in turn provides the conditions for higher rent levels, higher returns and increased cash flows.



Energy focus

The energy issue in Sweden is highly topical, not least in the northern parts of the country. We are actively working on the issue and have the following competitive advantages in focus:

Stable supply of energy. We see major benefits in being in northern Sweden, with a large supply of energy and the relatively stable electricity price. However, we also see that these conditions will change with the large industrial investments that are taking place. This requires us – in addition to our continuous efficiency improvement work – to be active when it comes to new collaborations around the local flex market, energy optimisation, solar cell expansion and the choice of energy sources.

Opportunities with local flex markets. Higher demands are being placed on the electricity system with society's electrification, major land development and the increased amount of renewable energy production. As an electricity user, it is possible to generate revenue through the local flex-market solutions by offering flexibility. Diös is currently involved in pilot projects to create more such solutions.

Cold climate. Our geography has a cold climate, which means a relatively low need for added cooling for much of the year. During the cool summer months, the need for electricity-driven cooling is low and during the winter months we have good opportunities to use "free" cooling for businesses that need it.

We and the tenant. Today, there is a shared ambition among us and our tenants to reduce our climate footprint in operations and business while at the same time addressing high demands for comfort. By ensuring that we have the right working methods and expertise in place, together with today's efficient control systems, there is every opportunity to achieve both a high degree of comfort and a low climate impact.

New technology and energy organisation. As of February 2024, we have a new technology and energy organisation at Diös that will be even better at meeting the expectations of tenants, taking advantage of technical possibilities, integrating digitalisation into the business and streamlining our processes.

SEK 1,500bn for green investments in the north

Over the next 10-15 years, multibillion-SEK investments will be made in northern Sweden. Here are a few of the investments being made:

Luleå

Grupo Fertiberia, ammonia and fertiliser production, SEK 22bn

Skellefteå

Northvolt, battery factory, SEK 90bn
PEAB, quay in Skelleftehamn, SEK 1bn

Umeå

Liquid Winds, electrofuel, SEK 2bn
SCA, paper, SEK 7.5bn

Sundsvall

PTL, anode material, SEK 13bn
Liquid Winds, electrofuel, SEK 2bn
SCA, Thermomechanical pulp, SEK 1.5bn

Östersund

EcoDataCenter and WA3RM, circular data centre, SEK 18bn
NorthStarH2, electrofuel, > SEK 2bn

Borlänge

Northvolt, battery factory, SEK 2bn

Falun

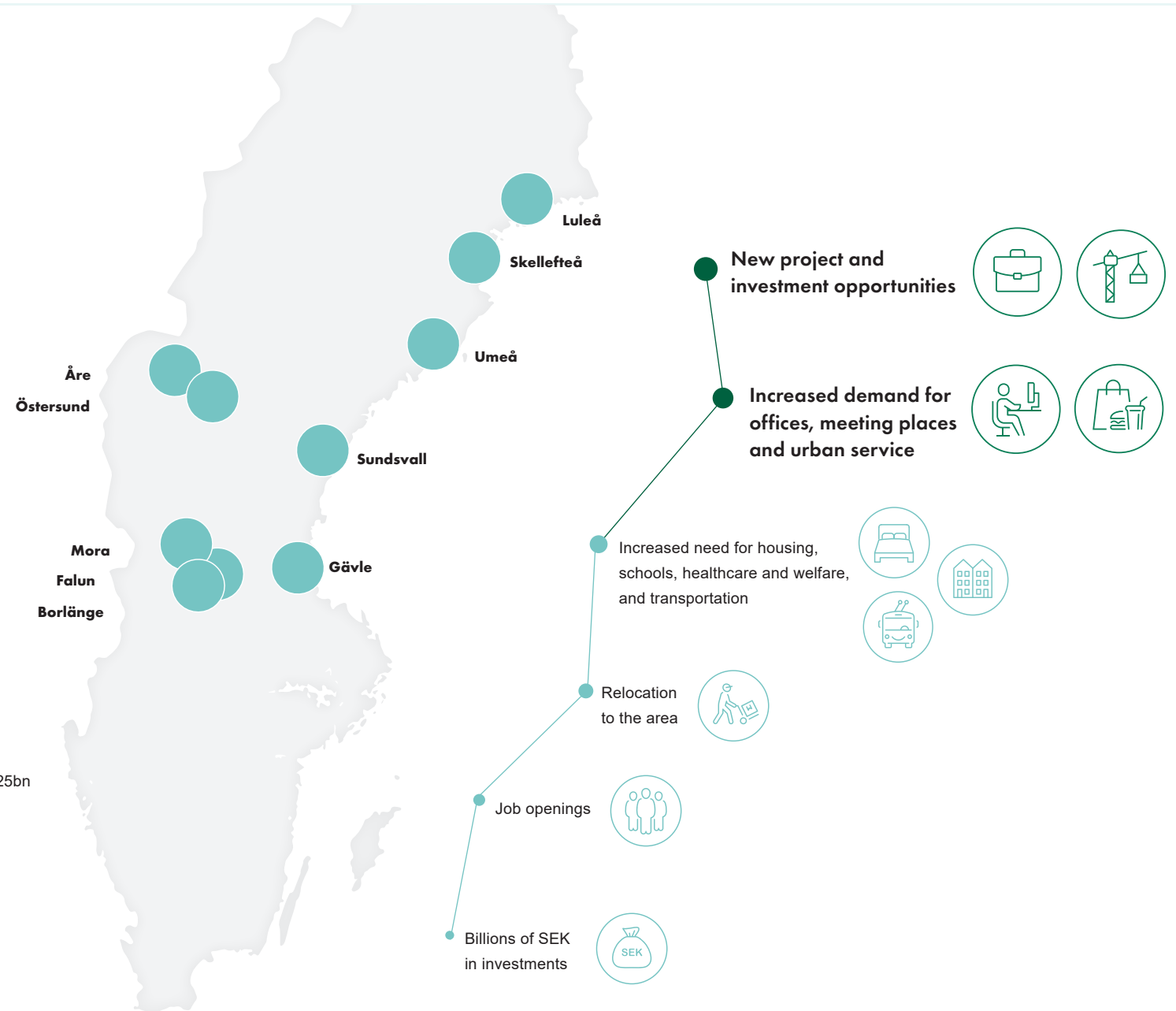
Ecodatacenter, data centres, SEK 2bn

Infrastructure investments

North Bothnia Line, railway, SEK 30bn
Luleå Hamn, development of the port, SEK 13bn
Svenska kraftnät, electricity transmission, SEK 14bn
East Coast Line, railway, SEK 8bn

Industrial investments

H2 Green Steel, carbon-dioxide-free steel production, SEK 25bn
LKAB, hydrogen-based sponge iron, SEK 400bn
Liquid Winds, electrofuel, SEK 6bn
Markbygden, wind power plants, SEK 70bn
Hybrit, carbon-dioxide-free steel production, SEK 12bn



Read about how we benefit from our strong market on page 20.



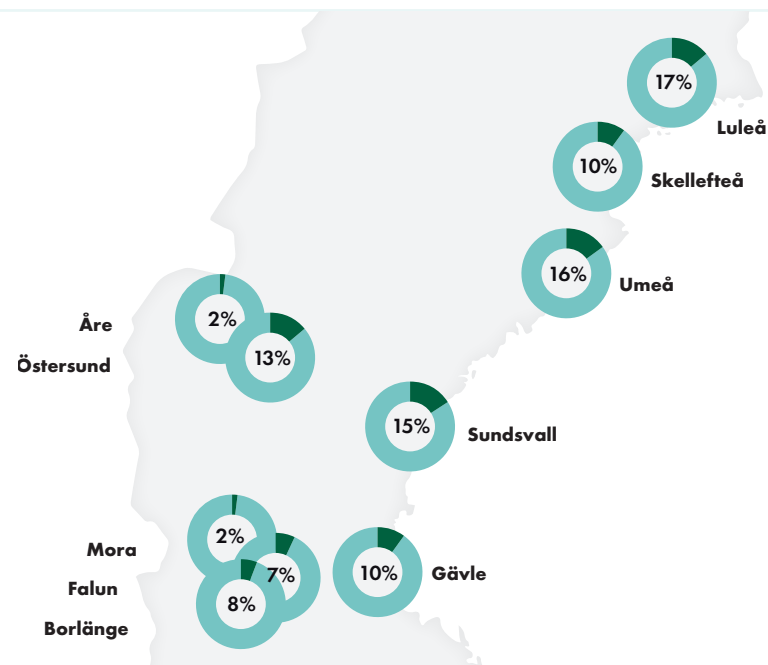
Skellefteå.

Our ten cities

Our ten cities

We are in ten growth cities in northern Sweden, from Borlänge in the south to Luleå in the north. We have chosen to invest in cities characterised by growth, green transition, active lifestyle choices, good accessibility and a strong entrepreneurial spirit. The Diös city is a "15-minute" city where work, school, healthcare, shops, leisure activities and entertainment can be reached within a time frame of 15 minutes from home.

[Find out more about our cities on dios.se.](#)



"As a direct result of the ongoing development in northern Sweden, we see an increased demand for offices in attractive locations in all our cities."

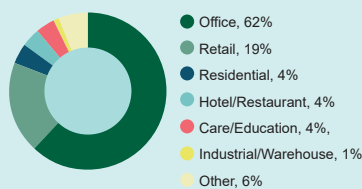
Sofie Stark, Director of Property Management

The diagrams on the map indicate the cities' percentage share of our total property value.

Luleå

No. of properties | Property value
34 | **5.0 SEK bn**

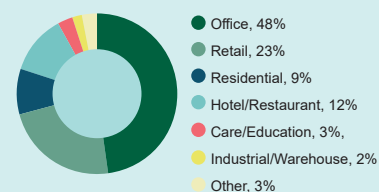
Leasable area: 210,857 sq.m.
Share of total property value 17%



Skellefteå

No. of properties | Property value
32 | **SEK 3.2bn**

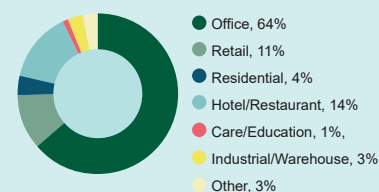
Leasable area: 181,248 sq.m.
Share of total property value: 10%



Umeå

No. of properties | Property value
41 | **4.8 SEK bn**

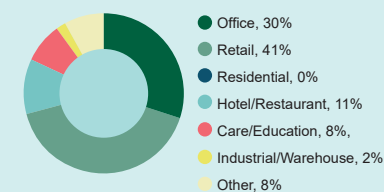
Leasable area: 219,179 sq.m.
Share of total property value: 16%



Åre

No. of properties | Property value
19 | **SEK 0.7bn**

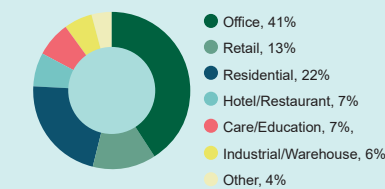
Leasable area: 31,359 sq.m.
Share of total property value: 2%



Östersund

No. of properties | Property value
87 | **SEK 4.2bn**

Leasable area: 288,899 sq.m.
Share of total property value: 13%



The Diös city

The Diös city

A city in Sweden that is growing – with an increasing population, expanding companies and a high demand for premises.

60,000-150,000 residents who are happy to make active lifestyle choices and have the opportunity to develop in the city.

A distinct city centre and 15 minutes to every service imaginable that you can easily reach on foot, by bike or public transport.

A university enriches the city with young people, expertise and confidence in the future. Leads to business start-ups looking for an educated workforce.

Accessibility is created through good infrastructure and transportation solutions for local and regional travel.

The good access to fossil-free energy benefits the establishment of companies and accelerates the green transition.

Strong entrepreneurship and business establishments provide career opportunities, skilled jobs and stability.

A shopping and experience city with a vibrant city centre, attractive meeting places, cultural experiences and a complete service offering – such as shops, restaurants, schools and healthcare – that generates flows and growth.

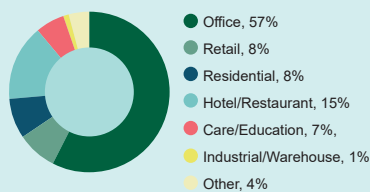
Government establishments create many jobs and are stable tenants with strong finances.

A committed and driven municipal leadership that shares our growth ambitions and is an important partner in our urban development.

Sundsvall

No. of properties | Property value
48 | **SEK 4.8bn**

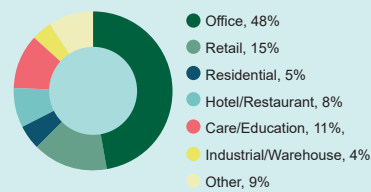
Leasable area: 217,945 sq.m.
Share of total property value: 15%



Gävle

No. of properties | Property value
38 | **SEK 3.2bn**

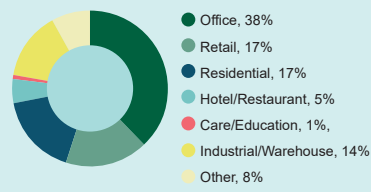
Leasable area: 173,807 sq.m.
Share of total property value: 10%



Mora

No. of properties | Property value
14 | **SEK 0.6bn**

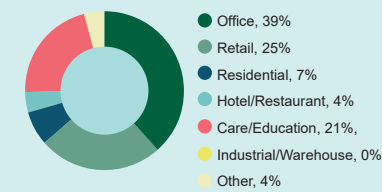
Leasable area: 64,848 sq.m.
Share of total property value: 2%



Falun

No. of properties | Property value
26 | **SEK 2.3bn**

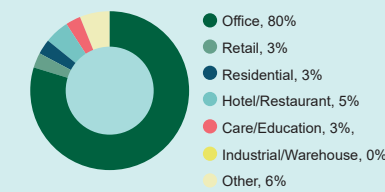
Leasable area: 126,480 sq.m.
Share of total property value: 7%



Borlänge

No. of properties | Property value
20 | **SEK 2.6bn**

Leasable area: 106,780 sq.m.
Share of total property value: 8%



Our business model

Our business model builds on our business concept and describes how we create shareholder value by owning and developing commercial properties in growing cities in northern Sweden. As one of the largest property owners in our ten cities, we have a great opportunity to influence both growth and development. With the right tenant in the right place, we create attractive properties and a long-term sustainable business.

Assets

Our committed employees, strong local teams, attractive properties and stable owners are our greatest assets.

Strategies

With a focus on long-term and sustainable business, we ensure that we take advantage of our strong market, live close to our tenants and work actively for a secure financial position.

Business

Our business is based on the letting and management of commercial properties, where we invest in redevelopment and new builds and optimise the property stock for a sustainable and attractive property portfolio.

Offering

Our offering is about commercial premises, primarily offices, in mixed properties where the different segments complement and strengthen each other's attractiveness. Our properties, neighbourhoods and districts contain a variety of tenants that create flows of people around the clock, which contributes to increased security and growth for our tenants.

Target

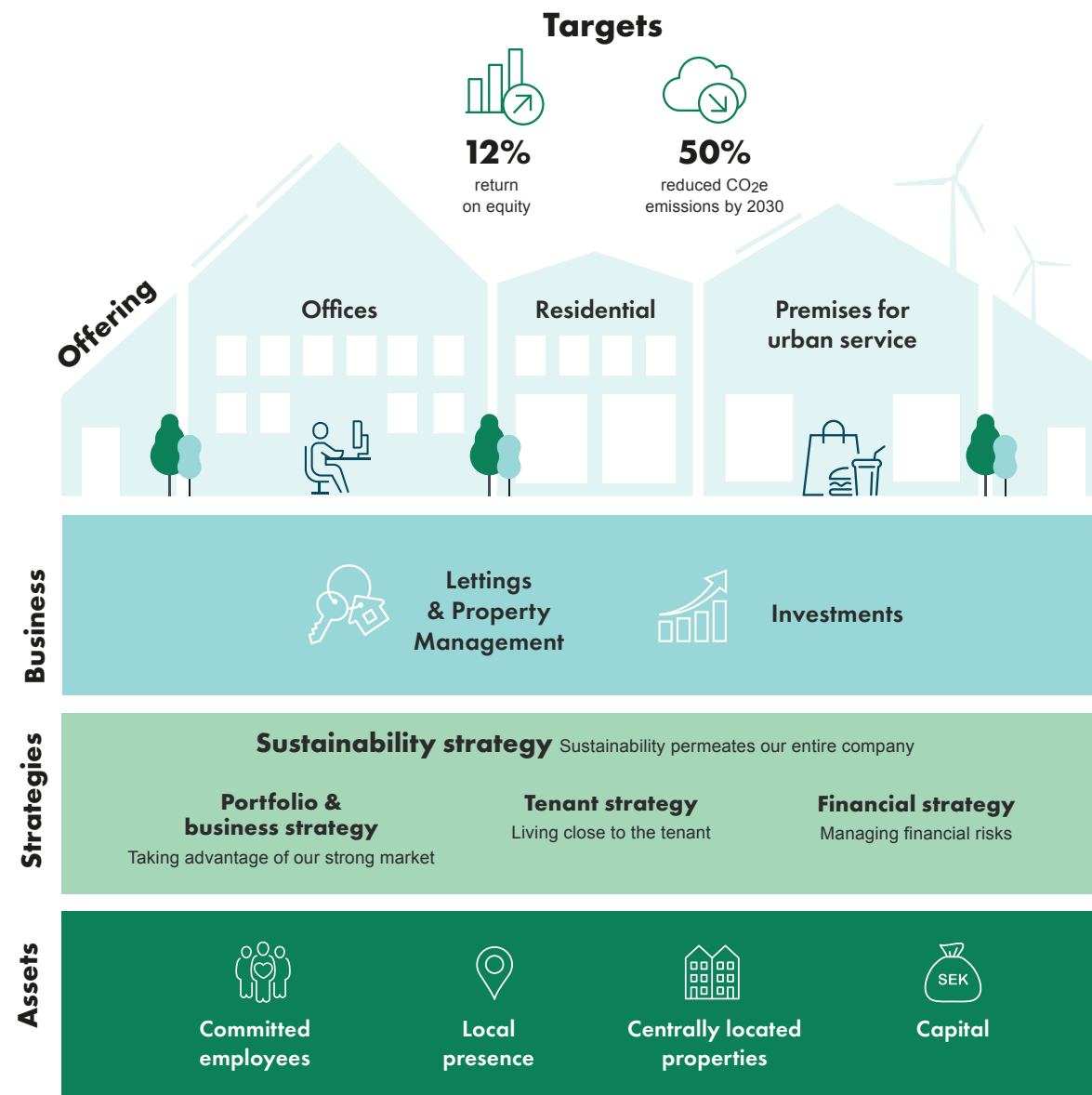
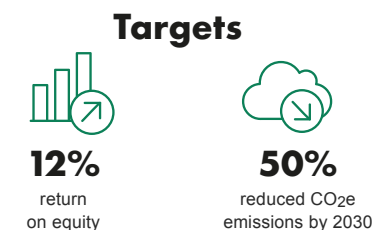
Our two overall targets are 12 per cent return on equity and reduced carbon dioxide emissions by at least 50 per cent by 2030. With these targets, we contribute to more sustainable cities, secure access to capital and create the conditions for long-term increased property values and an attractive return in our business.

Our four strategies...

...were the starting point when we formulated our priority actions. These actions lead us to well-informed business decisions and attractive assets, which creates value for our shareholders and tenants and enables us to achieve our long-term goals.



Read more about our priority actions on the next page.



Priority actions

How we create the conditions for sustainable and profitable business in the short and long term:

Sustainable transition towards the future

We work actively with sustainability throughout the business and every day create advancement towards the future that entails a greener portfolio, lower risks in management and more attractive offers.

How?

Through committed employees, education, digital development and more sustainability data, we prioritise our efforts and make better decisions. We optimise the use of energy, water and materials, work with re-use, environmentally certify our properties and conduct climate risk analyses.

Taking advantage of our strong market

We are investing in selected cities in northern Sweden that have very good growth opportunities, are at the forefront of the green transition and have good access to fossil-free and renewable energy. This provides the conditions for continued profitable business.

How?

We acquire and invest in high-yield properties, with a focus on offices. We divest low-yield properties in all geographies and segments. With increased net operating income, through increased revenue, we achieve the best profitability and growth.

The right tenant in the right place

We develop our cities, districts and properties by placing the right tenant in the right place. This enables growth, increased flows of people, increased security and increased attractiveness.

How?

We monitor trends and changes in behaviour and adapt the content of our properties to the new needs of tenants and urban residents. We work to find the right tenants, regardless of segment, who strengthen the attractiveness of the location and who benefit from each other's proximity.

Focus on offices

We develop our offering based on how the market is expected to change and changes in our tenants' needs. We focus our offering and ownership where we see the greatest development of our business, which is in the office segment.

How?

Through a broad offering, with everything from tailor-made to turnkey offices, we make it easy for our tenants. We actively share our knowledge and influence how the premises can be used more sustainably and efficiently. Together with the office tenant, we work to increase the attractiveness of the workplace.

Properties with mixed content

We complement our strong office offering with attractive urban service and enable new homes, which leads to increased flows of people and increased security 24 hours a day.

How?

We mainly develop properties with urban service at street level and offices on the floors above, which are supplemented with residential properties at the top. Our residential business will primarily include housing in our mixed properties and the creation of attractive development rights.

Living close to the tenant

We are long-term relationship builders and live close to our tenants in order to understand and be able to jointly develop their business.

How?

We act on the basis of our values SIMPLE, NEAR, ACTIVE, with local teams, a high level of knowledge and great interest in our tenants' business. Together, we are working towards a more sustainable future, including through green lease agreements where we together with the tenant are implementing measures that reduce the climate footprint in the premises and the property.

Committed employees

Our employees are one of our most important assets. Our business focus, the willingness to develop and our strong corporate culture permeate the entire company and lead to increased value for ourselves, our tenants and shareholders.

How?

We believe in sharing expertise internally and develop our employees and managers through our competence arena Diös Academy. This builds our strong culture. We work strategically for gender equality and diversity in the organisation, and promote the health and well-being of our employees. We measure and monitor our employees through eNPS*.

Financial risk management

Through financial predictability, we create opportunities for more and better business. We have a long-term approach and are agile, with a focus on a strong cash flow, which gives us room to act in both good and bad times.

How?

We have reduced the financial risk through longer fixed-rate terms and loan maturities and by prioritising our investments based on the prevailing financial conditions. By working with sustainability throughout the business, we create the conditions for green financing.

* Employee Net Promoter Score (eNPS) is a measure of how willing the employees are to recommend their workplace to others.

Sustainable transition towards the future

Our sustainability work is a central part of our business and should permeate the entire company. To clarify our responsibilities, we have based our efforts on the UN Global Development Goals and the Paris Agreement's 1.5-degree target.

Our operations will contribute to a positive development in northern Sweden. In a region with a focus on the development of sustainable industries, it is important that we can provide modern offerings such as energy-efficient premises, inspiring office environments and secure urban environments. As property owners, we need to be part of the solution in order to achieve climate goals, reduce corruption and make human rights a matter of course in both procurement and at the construction site.

Priority issues 2024:

Emissions from investments

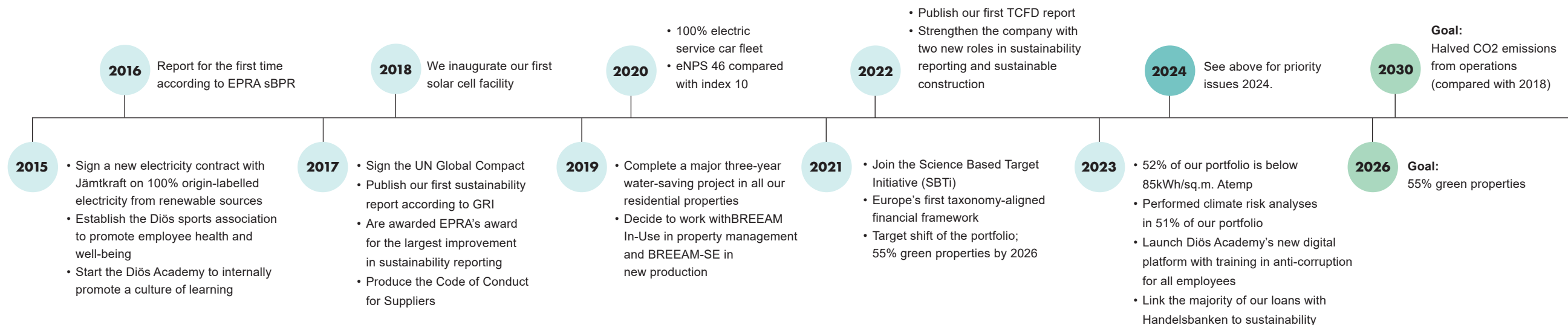
We know today that both construction production and building materials are sources of major environmental and climate impact, which is why we need to make our construction more efficient, make wiser material choices, reduce our energy consumption and be experts in developing commercial and residential offerings in existing buildings to minimise the need for new builds.

Energy strategy

We believe that increased comfort, health and well-being as well as energy-efficient management and fossil-free energy production can be combined with a well-developed energy strategy. We are in a market where there is still good access to fossil-free energy, but where demand for that energy is growing strongly as a result of industrial investments. This places greater demands on us as property owners to become even better at improving efficiency, adding our own renewable production and being a flexible customer in our markets.

Awareness as an enabler

Risks in climate impact, climate transition, human rights in the value chain and health and safety aspects in and around our properties have a major impact on how we manage and run our business today. We need to make even more informed decisions that lead to actual actions: safer cities, fairer working conditions, lower emissions and a more robust property portfolio.



Focus: Re-use

“By making the re-use of interior fittings and the building’s existing materials visible, a unique identity is created that helps to strengthen our brand and the tenant’s brand.”

Johannes Sjölander, Project Manager

Cristin Seger, Commercial Property Manager, and Johannes Sjölander, Project Manager, at the tenant Klättermusen in Åre.

Re-use – an opportunity for better business and lower climate impact

By focusing on using our resources efficiently, establishing new standards and increasing understanding of how we impact our environment, we create a sustainable property portfolio.

There is no contradiction in working with re-use and creating modern offices – on the contrary. The definition of an attractive office is a work environment that meets the tenant’s needs, with an attractive expression in a strategic location.

Re-use gains even greater business value when we reduce the climate impact while at the same time safeguarding the character, history and charm of buildings and premises. The architecture already built is important for the city’s designed living environment and protecting it is often the best things we can do for the climate. There are different ways of taking on re-use in the development and management of properties. Re-use has always been a natural part of a managing company and what is happening now is that we want to be able to measure the re-use and show results. At Diös, we work with re-use in the following ways:

- › In renovation, we re-use as much existing material as possible.
- › We move materials between existing premises.

- › We take stock of the situation before dismantling and demolition and then store and move back materials.
- › We dismantle materials and provide them to a secondary market.

Doing a re-use stock-taking is a good way to identify which construction products or materials may still have a value in a new context, such as a new or existing premises. In this way, we can make informed choices throughout the chain. This is a method that we have worked with in the development of the Vale block in Umeå, where what cannot be used in the project has been utilised in other adaptations. We have a responsibility to ensure that the material we ourselves cannot re-use is handled properly, either by going to recycling or by having a new life through, for example, a secondary market.

By beginning each tenant adaptation with the question “What can we preserve?”, we make awareness the new norm and have the sustainability aspects in mind in negotiations. This creates the conditions for a business that is profitable from both an environmental and an economic perspective, and makes us competitive in a changing world.



Read more about “Reuse in collaboration with Diös” on dios.se

Taking advantage of
our strong market

Taking advantage of our strong market

Our selected cities are located in northern Sweden, have good growth opportunities and are driving the green transition. We take advantage of our strong market by offering commercial premises and developing our green business through smart and sustainable investments.

As one of the largest property owners in our cities, we are very well positioned to influence, create and take advantage of business opportunities. We develop our offering based on how the market is expected to change, divest low-yielding properties in all geographies and segments, and focus our

offering and ownership where we see the greatest potential. Thanks to the huge investments that are being made in both basic industry and new companies, we see an increased pace of demand for commercial premises, mainly offices. We live close to industry and private companies and take advantage of the rate of establishment and expansion by offering the right premises to the right tenants.


During tenant adaptations, we strive for the best possible return. We strengthen net operating income through increased revenues through new letting with the right investment in the existing portfolio, renegotiation of contracts and efficient property management.

All our new production is environmentally certified and we choose environmental certification based on what will create the most value in each project. We collaborate in the property industry and together with our construction contractors, we find ways of working and solutions that are both long-term, profitable and more sustainable. An overview of ongoing projects in 2023 can be found on page 59.

By taking advantage of our strong market, developing our green business and investing with a high return, we strengthen our cash flow, contribute positively to our profitability and put the long-term shareholder return in focus.

“With the green transition, we see an increased willingness to establish offices in our cities, which in turn leads to an increased demand for urban service.”

Sandrina Zetterström, Business Developer

 Read more about our office deals on pages 22-24.

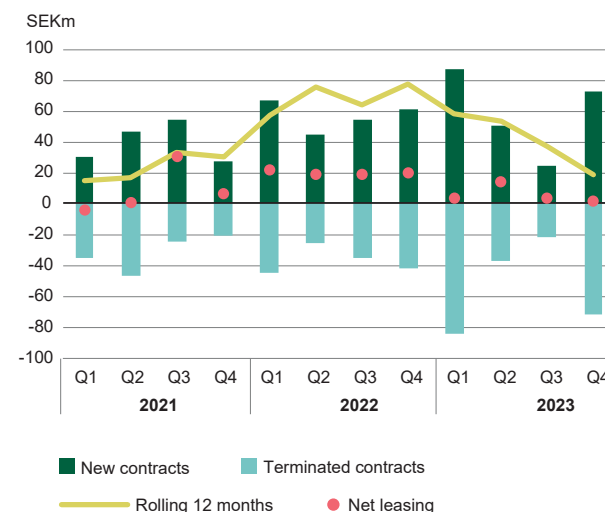
359
properties

1,621,000 sq.m
leasable area

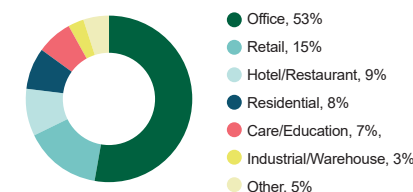
30%
public tenants

775,000 sq.m
leasable area, offices

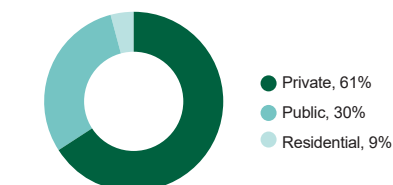
NET LEASING



RENTAL VALUE BY TYPE OF PREMISES



CONTRACT VALUE BY CATEGORY



The right tenant in the right place

The right tenant in the right place

We fill our properties, neighbourhoods, districts and urban areas with inspiring content and thereby increase the attractiveness of the location. In this way, we also increase the growth, security and satisfaction of the city's residents and our tenants. Strengthening our tenants' business also strengthens our business and thereby generates value for our shareholders.

With the right tenant in the right place, flows of people increase around the clock, which in turn contributes to security and growth for our tenants. More people moving around in our properties provide the conditions for developing neighbourhoods and districts into attractive areas that in turn provide the basis for further increased demand and thus increased rent levels, and in the long term, increased property values.

We work with the development of our properties, districts and cities by investing in commercial premises with a focus on offices. These are complemented by premises for urban service for a rich offering in our cities. We also enable central residential properties, mainly in our mix properties and through development of development rights.

A prime location looks different for different tenants. By living close to our tenants' business and having a good knowledge of our cities, we know which premises are right for each tenant.



Anna Dahlgren, Head of Business, and Johan Nordin, Commercial Property Manager, at the tenant Länsförsäkringar Västernorrland, whose new offices in Sundsvall were completed in 2023.

The office is the hub of a vibrant city

Attractive workplaces contribute to vibrant city centres and the demand for centrally located, modern and brand-enhancing offices continues to be high in our cities. It is also in the office segment that we see the largest development of our business and where we have the best return. We are therefore investing in developing modern and accessible meeting places through investments, conversions, premises adaptations and new production.

Role of the office

In the office, we are part of a community, we share knowledge, we exchange experiences and we develop the business. The office environment is important both for productivity and for us to thrive. The office of the future is an extension of the city's pulse and places great importance on social meeting places with spaces for spontaneous, dynamic and energising dialogues. Here, the coffee machine becomes a central point and there are both technical solutions and inspiring environments that promote creativity and efficiency. The office's attractiveness is important in the search for future talents.

Our office tenants

Our tenants want modern and brand-enhancing offices that are a meeting place for culture, energy and business. A place that employees long for. We are convinced that this is how to build

a strong brand. Our office offering is designed with a focus on the tenant's and our own growth, as well as sustainability as an important parameter – in terms of everything from social sustainability to re-use and energy savings.

Demand and the future

More and more companies are choosing to establish themselves in our cities and it is not uncommon for successful national or global companies with addresses such as London, Los Angeles and Stockholm to add Åre, Umeå or Luleå to the list of their satellite offices. We also see that local entrepreneurs choose to develop and expand their business in our cities.

With clear growth targets, high occupancy rates and a high pace of new establishment and ongoing investments in green transition in all of our cities, we continue to assess the demand and business opportunities in the office segment as high in the future as well.

Offices are the most important segment for developing a city and building a strong portfolio. A good example from the past is our property Hjorten 5 in Skellefteå, which previously housed Skellefteå Municipality. Now the property is filled with modern offices, with tenants such as Sweco, ABB and Afry, at twice the rent level. We also see that demand for modern offices is increasing among public sector tenants.



AI study of the office's role

Together with our industry colleagues Wihlborgs and Fabège, we produced an AI study on the office's role in a hybrid work environment. The aim was to investigate the discussions on working methods and offices to analyse the impact of this on the design of office premises in the future. The study shows continued strong interest in hybrid work and consolidates the office's role as an important hub for promoting cooperation, building culture and driving the business forward. It also shows that the office needs to meet two other basic needs to be attractive: concentration and recovery.



Read the report in full on dios.se

53%
of the rental value comes from offices

Johan Dernmar, Head of IR.

Focus on offices



Tenant Joel Söderström, Project Coordinator at Klättermusen, at their tailor-made office at Årevägen 55 in Åre.

Our office offering:



Tailor-made

Our tailor-made offices are adapted according to the tenant's own wishes. Together, we design the best-suited premises based on needs and wishes concerning appearance and function.



Turnkey

Our turnkey offices have durable materials with lower environmental impact and a modern well-conceived floor plan where the base is already in place. Meeting rooms, digital meeting rooms, social areas, kitchenettes, toilets and locks are already ready. Here, the contract periods are more flexible, with quick occupancy, which gives our tenants a greater opportunity to grow fast.



Office hotel

Our office hotels let smaller office rooms and share communal spaces, kitchenettes, toilets and meeting rooms. The term of the contract is flexible.



Coworking

We collaborate with established local coworking actors in our cities and are happy to intermediate contact. In this way, the tenant can easily grow further within Diös when the need for larger offices becomes relevant.

Tenant case: Office of the future

Bontouch invests in the physical office

“Lifestyle studio where career and private life interact.”

Image: Emma Widgren and Robin Wallberg, Commercial Property Manager, together with Lina Wiklund, Office Coordinator, at Bontouch in Östersund.

Activity-based spaces, bicycle shop, ski waxing shed, open-air bench and a workplace where the dog is as welcome as his human friend – the digital product developer Bontouch’s office in central Östersund really lives up to the name lifestyle studio.

In the more than 520-square-foot studio on Samuel PermansGata, the floor’s classic features are leveraged and

combined with modern furnishings. Sustainability has been an important guiding principle in development, including through dedicated efforts to reduce energy consumption.

Bontouch is convinced that private life and career can interact in a way that gives the employees a better quality of life. The majority of the employees in Östersund and Åre moved to the region from the major cities. Interests such as skiing, cycling and hiking were big draws, combined with the

qualities Östersund can offer as a city. An alternative to big city life and at the same time being able to work with digital product development for large and well-known brands.

Bontouch moved into its new office in the autumn of 2023. They believe that the new office improves their already good conditions for continued growth.

[Read more about Bontouch and their growth journey at dios.se](#)

“We continue to work with our profile to become an even more distinctive lifestyle studio and the physical office plays an important role on that front.”

Staffan Kjellberg, Studio Director
Östersund/Åre, Bontouch

Nina Uiibo, Property Technician, and Robin Wallberg, Commercial Property Manager, at Bontouch in Östersund.



Properties with mixed content



Therese Borssén, Business Developer, Offices.

The Diös property: a mixed content that provides synergies

We have chosen to invest in centrally located properties with a mixed content, where urban service is at street level and offices are on the floors above, with the possibility of supplementing with residential units at the top. Our tenants benefit from each other's proximity and strengthen each other's businesses and the city's offering in general.



Offices

It is in the office segment and among our office tenants that we see the greatest development of our business. This is also where we are allocating the most resources. Attractive workplaces in our cities contribute to increased flows of people and provide good business conditions for tenants in urban service and vice versa.

“Our concept of mixed properties further strengthens our office offering.”

Therese Borssén, Business Developer, Offices



Urban service

The concept of urban service encompasses commercial premises in addition to offices such as shops, gyms, cafés and restaurants, package agents and hairdressers, as well as public service functions such as preschools, schools, dentists and healthcare centres. By developing the urban service, we increase the attractiveness of our cities for residents, visitors and business operators.



Residential properties – part of the mix

We see ourselves as an enabler for the construction of more homes, which is of utmost importance for the development of our cities. Our residential business primarily includes housing in our mixed properties and the creation of attractive marketable development rights.

Tenant case: In the mix property

House Be has found the right place in Shopping

“The mix property gives us huge added value.”

The Shopping mall in Luleå, created by the architect Erskine, is a property that in many ways has always been ahead of its time. In the 1950s as the world’s first indoor mall and now as a kind of incubator when the city’s content is being developed to meet new patterns of behaviour and movement. Here, a mix of modern offices, city-adapted service concepts and meeting places drive flows to each other. A player that found its place in Shopping is the co-working operator House Be.

House Be’s goal is to create a meeting place for like-minded people in different creative industries. Their offering has been formed based on the basic idea of a balance between work and leisure time, which means that the surrounding offering is at least as important as high-quality workplaces.

“Shopping is the optimal starting point for our business. In a way, one can say that we sell the added value of sitting in this environment more than the workplace itself. Our members want the social interaction and benefits that come with being close to everything. All of us who are in the

property become each other’s catalysts and drive flows to each other,” says Olof Pergament, CEO of House Be.

In 2022, House Be expanded its area in Shopping by about 400 square metres. Together with Diös, they developed a previously overlooked retail space into a cross-industry hub for creativity, business and knowledge sharing.

“We converted the less attractive store on the upper floor into a new hotspot. Office tenants become customers of the stores and restaurants – which in turn contributes to the office’s attractiveness,” says Johan Lång, Business Manager at Diös Luleå.

Fastighetsägarna’s office report 2023

The 2023 report on offices published by the property owners’ association, Fastighetsägarna, entitled **The City’s Engine and Social Hub**, states that the offices of the future must be so interesting that no one wants to miss being there. The social context, meeting colleagues and other people in the city, is an important part of people’s well-being. Conversely, office workers play an important role in the development of the city’s offering and for a teeming urban life. Attractive offices therefore become an engine for the growth of the city.



Read the report in full on dios.se

Ella Jansson, Driftwind, Ulrika Boström, Community Manager at House Be, and Fredrik Stöckel, Tromb, in House Be’s office premises in central Luleå.

Living close to the tenant

Local presence provides competitive advantages

Diös is located in ten cities divided into seven business units. With local teams, we develop our business according to the unique properties of each city and build strong relationships with our tenants, in order to create Sweden's most inspiring cities together.

With local teams in all our cities, we live close to our tenants, have extensive knowledge of our market, create important contact and sales channels, and cultivate good relations with the local government and other actors in our market. This is a strength and gives a clear competitive advantage when we create new business. Our tenants' success is our success.

Green leases set common goals

Today, more and more tenants are opting to sign "green leases"*. The green lease becomes a way for the tenant to contribute to sustainable urban development, while at the same time strengthening their own brand. In the lease, we together with the tenant set the framework for joint efforts that will contribute to reduced environmental impact and energy consumption. In 2023, we signed 64 per cent of all new leases as green.

* A green annex produced by Fastighetsägarna.

Social engagement creates a bridge between school and business

In the middle of central Sundsvall, in the heart of the Penningen block, there is an uncut diamond – a 170-square-foot terrace. Surrounded by the city's characteristic stone façades, the terrace is hidden from the public and therefore a lovely and relaxing oasis for recreation. With lots of untapped potential and the right conditions to become a natural meeting place for those who live and work in the neighbourhood, we began to investigate how we could best develop the terrace.

This was the start of a school-business collaboration project with the compulsory school St. Olofskolan and its students in years 5 and 8. The aim of the collaboration is to create a bridge between the school and the business community. In the development of the terrace, students had to concretise their ideas, sketch drawings and prepare documentation that we need to be able to submit an application for a building permit. The plan is to realise the students' vision and design the terrace in line with their suggestions.

"By allowing students to be involved in influencing the design of a central location in the city, we want to incite their interest in how to develop a city. I am convinced that this contributes to a strengthened ambassadorship for Sundsvall. Including future residents of the city means that we can really create a city that has something for everyone."

Helen Osseén, Business Coordinator, Diös Sundsvall

Helen Osseén, Business Coordinator, Sundsvall.

Active employees and courageous leaders

At Diös, our focus is on relationships and we have the courage and willingness to develop ourselves and our business. Through our simple, close and active actions, we all take responsibility for creating sustainable business and long-term growth.

Our committed employees are one of our most important assets. We know that employees who have the opportunity to develop do a better job and stay with the company longer. This is why we offer an exciting workplace with opportunities for personal development, including challenging tasks, opportunities for internal career paths and, above all, through our competence arena Diös Academy.

Our managers have a coaching and courageous approach. We have great confidence in our employees' ability and create the conditions for them to develop in their respective roles. With clear missions and goals, each of us takes responsibility for and drives his or her own and our shared development. As leaders, we are present in flexible environments, agile and have the courage to make decisions.

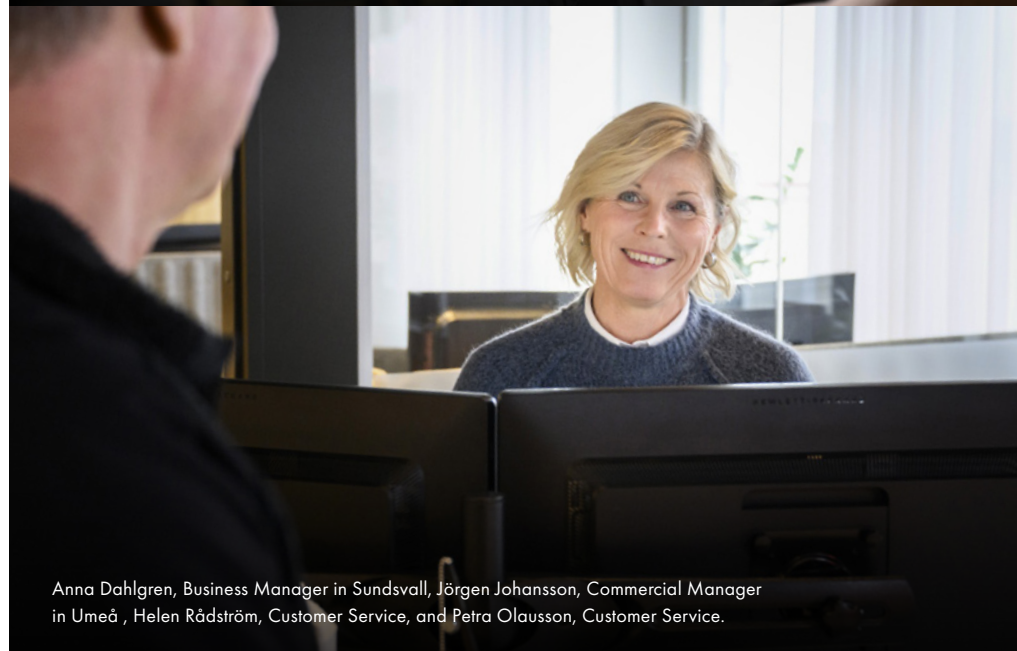


Find out more about Diös Academy on dios.se.



“At Diös, we are concerned about the well-being of our colleagues, we develop each other and are encouraged to make decisions.”

Anna Dahlgren, Head of Business Unit Sundsvall



Anna Dahlgren, Business Manager in Sundsvall, Jörgen Johansson, Commercial Manager in Umeå, Helen Rådström, Customer Service, and Petra Olausson, Customer Service.



Focus on cash flow and secured financial key ratios

We have a strong and stable cash flow and a diversified property portfolio. Access to financing at competitive terms is a prerequisite for an attractive total return. During the year, we reduced the financial risk through longer fixed-rate terms and loan maturities.

Financial conditions

The high inflation rate in 2023 meant that the Swedish Central Bank raised the key interest rate by 1.5 percentage points during the year, to reach 4.0 per cent at the end of the year. However, the inflation rate decreased continuously and projections indicate a continued decrease in inflationary pressure during 2024. This means better conditions for growth and consumption for 2024. If inflation decreases at the rate indicated by the projections, fiscal policy will also be able to be more expansionary in 2025.

Refinancing and cash flow

The rapidly rising market interest rates in 2023 led to increased financing costs. At the same time, the banking and capital markets were generally more cautious. We nonetheless refinanced bonds of approximately SEK 2,000m, including approximately SEK 600m in covered bonds and bank loans of approximately SEK 2,000m, which shows strong confidence in us as a company. Regarding our loan maturity in the first half of 2024, we refinanced the majority of the volume. In order to counter increased interest expenses, we prioritised and adapted our investments based on the prevailing conditions where the goal was to maintain an interest coverage ratio above 2.0 times.

Reduced interest expenses

Our strategy with a short fixed-rate period was very good for earnings and cash flow for many years. The downside of this strategy is that the interest rate increases in the past 18 months have led to a rapid increase in financial costs. Our assessment is that the Swedish Central Bank's interest rate increases have now peaked and will be replaced by interest rate reductions in 2024 to counter lower inflation and weaker economic conditions. As the higher market prices have already affected our financial costs, any interest rate reduction will have a direct positive impact on our earnings.

Financing structure and management

The financing activities are regulated in the company's finance policy and must meet the capital requirements of the property business and manage the Group's financial risks. In order to create a good balance, a flexible, well-balanced and cost-effective financing structure is sought where risks and costs are set against opportunities and revenues.

The Board reviews the finance policy annually, where the guidelines aim to safeguard the company's financial stability. Operationally, borrowing and risk management are handled by the finance department. Diös also has a Finance Committee, which prepares matters and advises the Board on financial matters. Interest-bearing liabilities consist of bank loans, covered and unsecured bonds and certificates. Covered bonds are issued through the joint-owned company SFF while the unsecured bonds are issued based on our MTN programme. The financing is mainly made directly or indirectly against collateral in the form of properties. We believe the current structure provides good diversification and cost-effective financing. We continuously review various financing options as needs, market conditions and the size of our company change.

Sustainability-linked and green financing

All our financing should be sustainability-linked or green by 2026. When the financing is made directly or indirectly against property assets as collateral, this means that the properties must meet the requirements we have set in our green financing framework, or in other sustainable financing solutions. There will thus be a natural connection between our goals, the properties and the financing.

Our green framework, to which unsecured bonds and certificates can be linked, is Europe's first financing framework in accordance with the EU's taxonomy and proposed European Green Bond Standard. The framework is updated when necessary and thus complies with harmonised and established criteria in Europe.

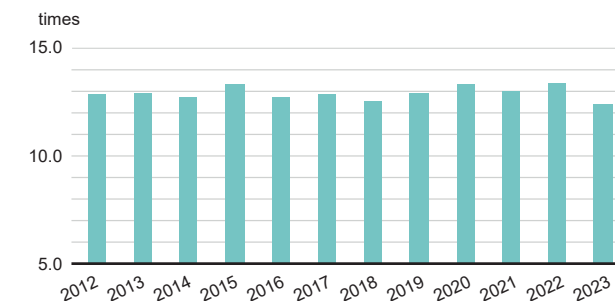
Sustainability-linked bank loans link the company's sustainability targets and the outcome to the interest rate on the loan. If the targets are not reached, the interest rate on the loans will increase, which creates additional incentives to drive the development of the company.

Sustainability linked and green financing gives us better access to capital and generally provides better financing terms. For our part, it is a given that sustainability issues are linked to the financing activities and that we set goals that lead to our taking our responsibility in every part of the operations.

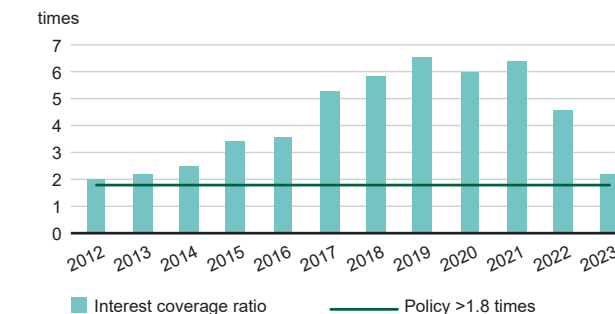
Covenants

The agreements with lenders contain limits for various financial key ratios, known as covenants, which are designed to limit the counterparty risk for the company's lenders. Financial key ratios with limit values are the equity ratio, loan-to-value ratio and interest coverage ratio. The minimum equity/assets ratio is 25 per cent, and the loan-to-value ratio must not exceed 65 per cent, while the interest coverage ratio must be greater than 1.8 times.

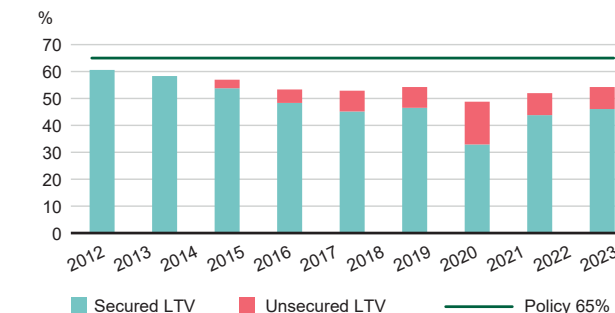
NET DEBT TO EBITDA



INTEREST COVERAGE RATIO



LOAN-TO-VALUE RATIO (LTV)



Financial report

Malin Jakobsson, Economist.

Directors' Report

The Board of Directors and CEO of Diös Fastigheter

AB (publ) company registration number 556501-1771, hereby present their annual report for the Group and parent company for the financial year 2023.

General information about the business

We are northern Sweden's leading private property companies with a total property value of SEK 31,215m. The property portfolio is spread across ten cities and consists of commercial premises and residential properties. We want to create Sweden's most inspiring cities. We do this by managing, developing and building properties in a long-term and sustainable manner. Operations were organised into seven business units in 2023: Dalarna, Gävle, Sundsvall, Åre/Östersund, Skellefteå, Umeå and Luleå. Diös Fastigheter AB (publ) is the parent company of the Diös Group. The company's shares are listed on Nasdaq Stockholm, Large Cap.

MARKET VALUE AND PROPERTY MANAGEMENT INCOME



Business idea

We own and develop commercial properties in growing cities in northern Sweden. With the right tenant in the right place, we create attractive properties and a long-term sustainable business.

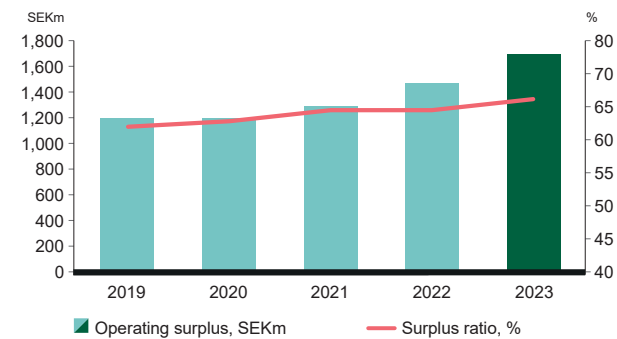
Financial targets

- › An equity ratio of at least 35 per cent.
- › A loan-to-value ratio of no more than 55 per cent.
- › Return on equity above 12 per cent on average.

Significant events during the financial year

The 2023 financial year also entailed new financial conditions as a result of rising inflation, interest rate increases and an uncertain surrounding world. During the year, the Board of Directors and company management focused on the effect of its impact on our operations and continuously adapted strategies and decisions regarding, among other things, investments, financing, interest

OPERATING SURPLUS AND SURPLUS RATIO

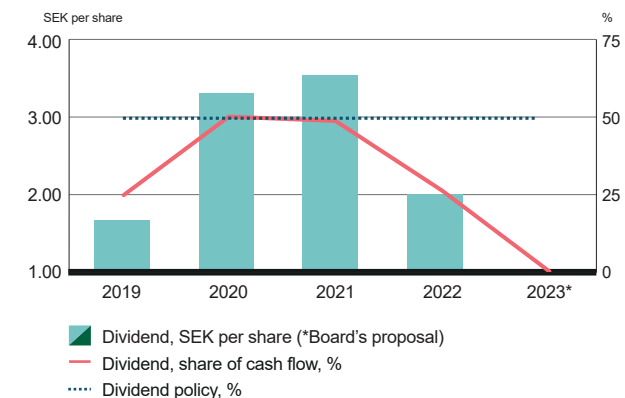


rate hedges, operating costs, unrealised changes in value, and rent increases resulting from index adjustments.

Earnings

Despite the new business climate, activity in our cities has been high. Revenue increased by 13 per cent year on year to SEK 2,504m (2,209). The occupancy rate for the year amounted to SEK 92 per cent. Operating surplus increased by 16 per cent to SEK 1,711m (1,469). Property management income for the year was burdened by increased financing costs and was therefore 18 per cent lower than in the previous financial year and amounted to SEK 903m (1,106). Unrealised changes in value of properties were SEK -1,393m (-175) and unrealised changes in value of derivatives were SEK -481m (104). The loss after tax was SEK 850m (profit: 830). This loss reduces equity by the corresponding amount and the equity ratio at 31 December 2023 was 34.6 per cent, which is

DIVIDEND AND DIVIDEND POLICY



just below the target of an equity ratio of at least 35 per cent. Return on equity was -7.0 per cent (7) during the year. This key ratio is negatively affected by the unrealised changes in value that were charged to the year. At 31 December 2023, the loan-to-value ratio was 54.4 per cent, which is on a par with the target of a maximum of 55 per cent.

Investments

We have an ongoing project portfolio of SEK 3,615m, of which SEK 2,699m was earned at 31 December. In 2023, investments in new production were concentrated to Mimer 1 in Borlänge, Vale 17 in Umeå and Biet 4 and Porsön 1:446 in Luleå. Leases have been signed for all projects. In addition to new production, we continuously invest in our existing portfolio through conversions and redevelopment as well as energy-saving measures. The investments must result in a higher occupancy rate, higher rent, increased customer satisfaction, lower costs and a reduced impact on the environment.

Transactions

Diös' property transactions are aimed at optimising our portfolio and strengthening our tenant offering in line with our strategy. During the year, we sold 4 properties (10) at a value of SEK 202m (18) and took possession of 0 properties (28) worth a total of SEK 0m (2,004). In addition to this, an agreement was signed to divest 4 properties for SEK 788m, with completion in January 2024.

Employees, guidelines and remuneration

Diös operates almost exclusively with in-house staff. The number of indefinite-term employees at 31 December 2023 was 149 (157), of whom 61 were women (66). The majority of the employees, 96 people (102), are engaged in property management at our business units. The remaining members of staff work at our head office in Östersund. For decisions on remuneration for senior executives and the latest approved guidelines, see Note 5 and the Corporate Governance Report. All employees are covered by our profit-sharing foundation, Grunden, into which payments are made based on a combination of the profit for the year, required rates of return and dividends to the shareholders. Annual transfers to the profit-sharing scheme are capped at SEK 30,000 per employee. For 2023, SEK 3,403,000 (SEK 3,846,000) was transferred to the scheme. At year-end, 358,220 Diös shares (321,395) were held under the scheme. For more information, see the Corporate Governance Report on pages 37–42.

Guidelines and remuneration of senior executives

For guidelines on remuneration and terms of employment, see the Corporate Governance Report on pages 37–42 as well as Note 5 for the remuneration paid for 2023. It is proposed that the principles for 2024 remain unchanged.

Sustainability Report

For Diös, responsible business is about taking a comprehensive approach to economic, social and environmental aspects. We are making a concerted effort to change our own behaviour so that we have a positive impact and inspire and encourage our stakeholders to follow our example. Our sustainability management activities are integrated in our operations and form a natural part of our value creation process. We have prepared a Sustainability

Report in accordance with the Annual Accounts Act that covers Diös Fastigheter AB (publ) and all its subsidiaries, where a more comprehensive audit has been carried out than a statutory audit. In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, a sustainability report has been prepared. The Sustainability Report can be found on pages 76-94; on page 77, there are references according to the Swedish Annual Accounts Act. In addition to the statutory report, Diös has prepared a Sustainability Report in accordance with GRI standards. The GRI index is presented on pages 93-94.

Dividend

According to the current dividend policy, approximately 50 per cent of the net profit after tax excluding unrealised changes in value and tax should be paid out in dividends to the shareholders unless investments or the company's financial position warrant a deviation from the policy. The Board proposes that no dividend be paid for the 2023 financial year, with the reason that this creates the best conditions for the company and shareholders at the moment. A strengthened balance sheet provides more favourable financing terms and therefore lower costs. Profit allocation and dividend are presented on page 70 and in the remuneration report.

Outlook

The focus of operations in 2024 will be the same as before. We are continuing to develop our properties in a sustainable way to enable profitable growth. A key element of our strategy and our ability to generate growth is investment, which will be a prominent part of our business going forward as well as transactions to strengthen our portfolio.

For 2022, we set two new target targets, a return on equity of 12 per cent on an annual basis and a new climate target for our operations. The climate target means that we will cut our carbon dioxide emissions from the base year of 2018 in half by 2030 to reach net zero emissions by 2045. This target has been reviewed and approved by SBTi. For more information, see Note 84 and the Sustainability Report on pages 76-94.

In 2023, we had a strong focus on the world situation. We are in a world with challenging new financial circumstances. At the same time, we can note that we are in a strong market and that the future looks bright, both for our market and for Diös. The Board and senior management continuously address and revise strategies and decisions to adapt our operations to changing circumstances.

Parent company

Parent company operations are made up of shared corporate functions, such as IT, economy and finance, HR, rent administration, communications, and ownership and operation of the Group's subsidiaries. Revenue totalled SEK 206m (189) and the loss after tax was SEK 16m (profit: 242). Profit after tax includes SEK 100m (100) in dividends from Group companies, SEK 201m (81) in Group contributions received and SEK 162m (57) in Group contribution paid. The tax expense for the year was SEK 0m (0). Revenue refers chiefly to services sold to subsidiaries.

Share information and shareholders

Our shares are listed on NASDAQ OMX Stockholm. The share capital is SEK 283,569,699 (283,569,699) and the number of shares is 141,785,165 (141,785,165). Each share carries one vote at the Annual General Meeting. The largest shareholders are AB Persson Invest with 15.6 per cent of the shares and voting rights, Backahill Inter AB with 10.5 per cent and Länsförsäkringar Fonder with 7.6 per cent. For more information on the resolutions adopted by the AGM, see the Corporate Governance Report on pages 37–42.

PROPERTY PORTFOLIO BY BUSINESS UNIT	Dalarna	Gävle	Sundsvall	Östersund / Åre	Umeå	Skellefteå	Luleå	Group
Balance sheet items and key ratios								
No. of properties	60	38	48	106	41	32	34	359
Leasable area, thousand sq.m.	298	174	218	320	219	181	211	1,621
Investments, SEKm	540	176	130	159	248	78	299	1,631
Fair value, SEKm	5,458	3,175	4,801	4,835	4,785	3,215	4,947	31,215
Rental value, SEKm	466	271	403	463	375	280	407	2,666
Rental income per sq.m., SEK	1,345	1,329	1,589	1,227	1,515	1,269	1,717	1,416
Surplus ratio, %	71	72	71	63	71	67	72	70
Economic occupancy rate, %	93	92	91	90	94	89	96	92

Columns/rows may not add up due to rounding.

Significant events during the year

Significant events during the year

Q1

- › Diös ties its loans with Handelsbanken to sustainability, which creates even stronger incentives for long-term sustainability work and improves the opportunities for lower interest rates.
- › The police station in Umeå, a new production project, is being completed with a 15-year contract and approximately SEK 20m in annual rental income.
- › The property Magne 5 is environmentally certified according to BREEAM-SE, very good.

Q2

- › Bond financing of SEK 900m is being implemented with maturities of two and three years.
- › One hotel property in Borlänge was sold at a sales price of SEK 200m, which exceeded the last book value. Completion will take place on 1 June 2023.
- › The new production project on the property Porsön 1:446, comprising 5,452 sq.m. with the Swedish Pensions Agency as the largest tenant was completed.

Q3

- › Letting of 1,300 sq.m. to Clas Ohlson, which is thereby returning to central Sundsvall.
- › Refinancing of bond loans of SEK 475m and of bank loans of SEK 1.7bn.

Q4

- › Diös divests four properties in Skellefteå for SEK 788m. Completion will take place in January 2024.

Risks and risk management

Effective identification, prevention and management of risks are crucial to our ability to generate the greatest possible value for our stakeholders. Risks can arise in other areas of the business and can be due to internal as well as external factors. Ultimate responsibility for the company's risk management rests with the Board of Directors. The CEO and senior management are responsible for ensuring that the Board's instructions are executed, and that procedures and processes exist and are complied with. Our risks are divided into three categories: strategic, operational and financial risks. A presentation of risks (to the left) that are considered to have the greatest impact on the Group and how they are managed (to the right) is given below.

Strategic risks

Strategic risks can affect our ability to implement our business strategies, achieve our long-term goals and create value for our stakeholders. Strategic risks include external as well as internal factors. These risks are identified and managed by the Board of Board members and senior management, and are normally discussed at Board meetings.

External risks

Political, macroeconomic and external events can have a direct or indirect impact on our market and on the property industry. Global trends can lead to changed needs and behaviours among tenants.

A decentralised organisation with a local presence can adapt the business to new circumstances in an effective manner. A strong cash flow enables the company to invest capital when the need arises. A close relationship with our tenants enables us to quickly identify new behaviours and changes in demand.

Competition and offer

We operate in a competitive market. There is a risk that our offer viewed in relation to the tenant, rent level, quality and content will become obsolete compared with other property owners/landlords.

A property portfolio that is concentrated to central areas where the potential to create new space is limited reduces the risk of competition from new builds. A high-quality portfolio, good knowledge of the local market and high investment capacity strengthen our competitiveness. Our size and position enable us to act as a comprehensive supplier for establishments in all our cities.

Sustainable business

Our business model and strategy need to be sustainable to ensure that we conduct our business in a responsible manner. The sustainability aspects for ensuring that our external offer is relevant and competitive as well as in recruitments and from a financing perspective.

The business model and business plan are followed up on an ongoing basis by the Board of Directors and senior management. Through an active approach to sustainability in priority areas, such as green properties and social responsibility, we are taking our responsibility for global and national sustainability goals. For more information, see pages 77-94.

Operational risks

Operational risks include risks that can have a direct negative impact on the Group's results and financial position and on the business, in the short and long term. These risks are continuously identified by management and the respective business units and reported for each Board meeting.

Property portfolio composition

The properties' geographic location, the breakdown by type of premises in the portfolio and the properties' technical status may constitute risks. Properties in cities with limited prospects for the future can pose an exit risk.

A key element of our urban development strategy is to concentrate our property portfolio to central locations in growth cities. The result is reduced fluctuations in value and a low vacancy rate on the back of stable demand. Properties in attractive locations attract higher demand, which limits the exit risk.

Acquisitions and investments

A misguided acquisition and investment strategy or failure to add value on top of the consideration as well as incorrect assessments of added values, synergies and the technical status constitute a risk. Investments that do not improve the quality of the property portfolio, increase energy efficiency and raise occupancy and thereby generate higher cash flows and increase the value of the portfolio constitute a risk.

In connection with each acquisition, extensive financial, legal and property inspections are performed in order to analyse and discover hidden risks and opportunities. We carry out macro- and micro-analyses on an ongoing basis. Quality assurance of contractors ensures a predictable and safe execution. All procurements are subject to competitive bidding. Signing leases before the start of production reduces the risk of non-recoverable costs.

Risks and risk management

Human capital

Our employees are important. Being unable to offer reasonable, equal and non-discriminatory employment conditions, as well as a safe and secure working environment, constitutes a risk. Our subcontractors and partners' working conditions can also represent a risk that may affect us, whether directly or indirectly. Any deficiencies in our ability to attract, develop and retain the right competence in order to operate the business effectively and sustainably in the long term represent a risk.

Mandatory instruction on guidelines and policies helps to clarify the desired corporate culture and manage working conditions throughout the value chain. Annual eNPS surveys are carried out to identify and manage areas of improvement and development. Regular working environment checks are carried out by an internal work environment group. A clear vision and active efforts to create a values-driven corporate culture help to ensure greater transparency and engagement. Diös Academy offers continuous skills development to our employees. The aim of the profit-sharing foundation is to increase loyalty and create a sense of involvement in the company's success. Benefits are also provided to promote physical activity and good health.

Environment

Property management and exploitation have an impact on the environment and leave ecological footprints. Under the Swedish Environmental Code, an entity which has engaged in operations or taken measures that have caused pollution or serious environmental damage is obliged to bear the cost of remedial measures. Direct or indirect emissions and waste can affect the brand, local environment and climate.

Extensive analyses and investments are made to uncover any environmental risks before an acquisition is made. The precautionary principle is applied when there is a risk of damage to the environment and surrounding area. Any negative environmental impacts are addressed in accordance with internal procedures and external expertise is brought in when the need arises. Currently we are not aware of any significant environmental claims that could be made on the company.

Climate change

Climate change poses a risk of damage to property caused by changing weather conditions that physically affect the properties. This could increase the need for investments in exposed properties or areas. Climate change and awareness of it increases the risk of new regulations or laws that could affect the company through unforeseen costs, taxes or demands for investments to meet more stringent requirements.

Active efforts to reduce emissions and resource use help to mitigate the impact on the environment and climate. Through ongoing risk assessments concerning the status and locations of the properties, proactive measures can be taken to reduce damage. Read more in our Sustainability Note 5 on page 86 (TCFD).

Business ethics

All deals and agreements shall be concluded without ethical uncertainties such as threats, bribes or other unreasonable or unhealthy requirements. Corruption is unacceptable. Even if clear guidelines and policies have been set up and accepted by all employees and suppliers, there is a risk that decisions are taken contrary to these. Procurements often take the form of a multi-stage process, which can affect Diös' ability to get an overview of all activities of subcontractors.

Through the use of clear conditions and continuous follow-up of compliance with our internal regulations and policies, we manage the risk of inappropriate conduct by employees and suppliers.

Legislation and administration

Operations are subject to changes in legislation and regulations in several different areas. Errors and deficiencies in documentation and agreements represent obvious risks. Inadequate or inappropriate procedures, poor reporting or control, human error and skills deficiencies as well as a poorly defined division of responsibilities represent risks that may prevent business from being conducted effectively.

Diös monitors changes to and new laws and regulations on an ongoing basis. External experts in specific fields will be consulted in the event of inadequate internal expertise. Clear procedures, guidelines and processes are established in order to prevent errors and deficiencies.

IT security and systems

Well-functioning IT systems are essential to Diös' day-to-day operations, to meet regulatory and legal reporting requirements and for the operation and optimisation of our properties. There is a risk of data breaches, information leakage, outages and other interference risks if critical IT systems are improperly handled.

Continuous assessment and updating of the IT policy allows us to manage and limit risks in the IT structure. The company only uses standardised IT systems from stable suppliers with a good reputation. In the same vein, effective processes for preventing and managing potential threats are also developed.

Risks in areas that can have direct impact on earnings are addressed in the notes on pages 53-70.

Financial risks

For a property company, financial risk management is of fundamental importance for long-term value creation and financial performance. The management of financial risks is governed by the Group's financial policy, and risks are identified and managed by the Board of Directors, senior management and the finance department. The material financial risks are liquidity and refinancing risk, interest rate risk, capital structure and credit risk. They are discussed in more detail in the notes on pages 66.

Corporate governance report

Diös Fastigheter AB (publ) is a Swedish property company listed on the Large Cap list of the Nasdaq OMX Stockholm exchange. The company's Corporate Governance Report describes the structure and processes for Diös' governance, management and control in 2023.

The Swedish Corporate Governance Code

Diös applies the Swedish Corporate Governance Code. It covers, among other things, formalities for appointing the Board of Directors and auditors, the composition of the Board, financial reporting and information disclosure concerning corporate governance and internal control. Responsibility for the governance, management and control of Diös' operations is distributed between shareholders at the Annual General Meeting, the Board of Directors and the Chief Executive Officer. Some governance issues are regulated in the Articles of Association. Corporate governance describes how Diös' owners directly and indirectly govern the company and how risks are managed. The company's governance is based on external and internal regulations which are developed and improved continually. Diös deviates from the Code on two points:

- > The Audit Committee consists of the entire Board. The Board of Directors consists of six members, all of whom perform the Audit Committee's tasks. The review process of financial reports, as well as its internal controls, are therefore both managed by the entire Board of Directors.
- > Independent Nomination Committee. The Nomination Committee is represented by the four largest shareholders and must consist of at least three members appointed by the Annual General Meeting. The majority of the members

must be independent from the company. Diös' Nomination Committee consists of four members representing the company's four largest shareholders.

In addition to this, it is the Board's opinion that Diös has in all respects followed the Code in 2023 and has no deviations to report.

External regulations

- > The Swedish Companies Act
- > NASDAQ OMX Stockholm's regulations for the issuance of shares
- > The Swedish Corporate Governance Code
- > Applicable accounting legislation

Internal regulations

- > The company's Articles of Association
- > Terms of reference and rules of procedure for the Board and CEO
- > Internal guidelines, policies and handbooks

Annual General Meeting

Diös' highest decision-making body is the Annual General Meeting (AGM), which, along with any extraordinary general meetings, give the shareholders an opportunity to govern the company by exercising their decision-making power. The AGM appoints the Board of Directors and Chairman of the Board and adopts principles for the composition of the Nomination Committee and for remuneration of senior executives. The AGM also appoints auditors for the auditing of the consolidated financial statements and the Board of Directors' and CEO's management. The Board appoints the CEO as well as representatives to the Remuneration Committee and Audit Committee.

The company's Articles of Association

In accordance with the Articles of Association, Diös is a public limited company with its registered office in Östersund. The company's business is to own and manage properties, either directly or indirectly through subsidiaries, and engage in related business activities. The Board of Directors is elected each year at the AGM and must consist of no less than three and no more than ten members, with a maximum of ten deputies. Diös is required to maintain share capital of at least SEK 149m and no more than SEK 596m. The number of shares may amount to no less than 74,000,000 and no more than 296,000,000 shares.

The full text of the Articles of Association is available at www.dios.se.

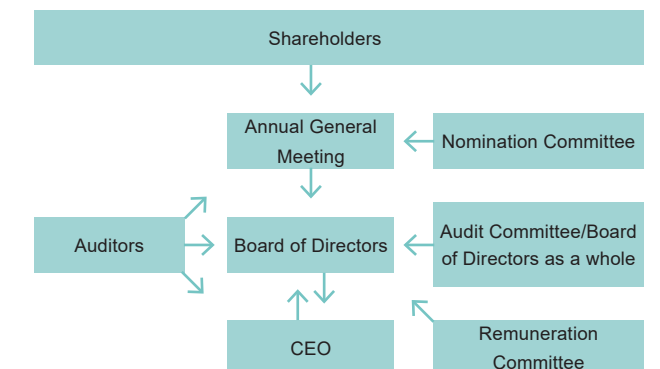
Share capital and shareholders

At year-end, Diös had 17,636 shareholders (19,057) holding a total of 141,785,165 shares (141,785,165). Each share has a face value of SEK 2 (2). The number of shareholders abroad accounted for 24.9 per cent (21.1). The largest individual shareholders at 31 December 2023 were AB Persson Invest with 15.6 per cent (15.6) of the voting rights and capital, Backahill Inter AB with 10.5 per cent (10.5), Länsförsäkringar Fonder with 7.6 per cent (5.6) and Pensionskassan SHB Försäkringsförening with 5.7 per cent (5.7). The company's ten largest shareholders together owned 55.1 per cent (56.1) of the voting rights and capital. Diös is required to maintain share capital of at least SEK 149m and no more than SEK 596m. The number of shares must be at least 74,000,000 and no more than 296,000,000. Each share entitles the holder to one vote and refers to a portion of Diös' share capital.

Annual General Meeting 2023

The 2023 Annual General Meeting (AGM) was held on 18 April in Östersund. At the AGM, 254 shareholders (237) were registered who participated either in person, by proxy or through postal voting. The number of shares represented was 93,792,207 (84,361,326), which is approximately 66 per cent (59) of the total number of shares. The AGM adopted the consolidated balance sheet and income statement for 2022 and discharged the Board of Directors and CEO from liability in respect of their management of the company in 2022. The AGM resolved:

- > to re-elect Bob Persson, Ragnhild Backman, Erika Olsén, Peter Strand and Tobias Lönnevall to the Board and to elect Per-Gunnar Persson as a new Board member.
- > to appoint Bob Persson as Chairman of the Board.
- > to approve the payment of a dividend of SEK 2.00 per share to shareholders, as proposed by the Board. The record dates were set to 25 April, 25 July, 25 October 2023 and 25 January 2024.
- > to re-elect the auditor and audit firm in accordance with the



recommendation of the Nomination Committee.

- › to approve the Board's proposed policies for remuneration and other terms of employment for the company's senior executives.
- › to ensure the same principles apply in relation to appointing the Nomination Committee before the 2024 AGM.
- › to authorise the Board to acquire and transfer treasury shares in accordance with the Board's proposal during a period ending no later than the next Annual General Meeting.
- › to authorise the Board of Directors to decide on a new share issue in accordance with the Board's proposal during a period ending no later than the next Annual General Meeting.

Nomination Committee

The Nomination Committee has been appointed under a resolution of the AGM and its composition and activities have been based on the report submitted by the committee. The terms of reference state that the Nomination Committee must be appointed annually and consist of the Chairman of the Board and one representative for each of the four largest shareholders. The members of the committee jointly represent around 39 per cent (40) of the shares and voting rights of the company as at 31 December 2023. The chairman of the Nomination Committee may not be a member of the Board.

If a member of the Nomination Committee steps down from the committee during the course of the year, he or she must be replaced by another representative of the same shareholder. A member who no longer represents one of the four largest shareholders must be replaced by a representative of a new shareholder. If the applicable principles result in a Nomination Committee consisting of less than three members, a representative of the Swedish Shareholders' Association should be offered a seat on the committee.

Duties of the Nomination Committee

All members of the Nomination Committee have carefully

considered and established that there is no conflict of interest in accepting the duty as a member of the Diös Nomination Committee. Ahead of the 2024 Annual General Meeting, the Nomination Committee held five minuted meetings at which all matters were dealt with in accordance with the Swedish Corporate Governance Code. The Nomination Committee applied Rule 4.1 of the Swedish Corporate Governance Code as a diversity policy in the preparation of its proposal. The Nomination Committee has, among other things, discussed and considered:

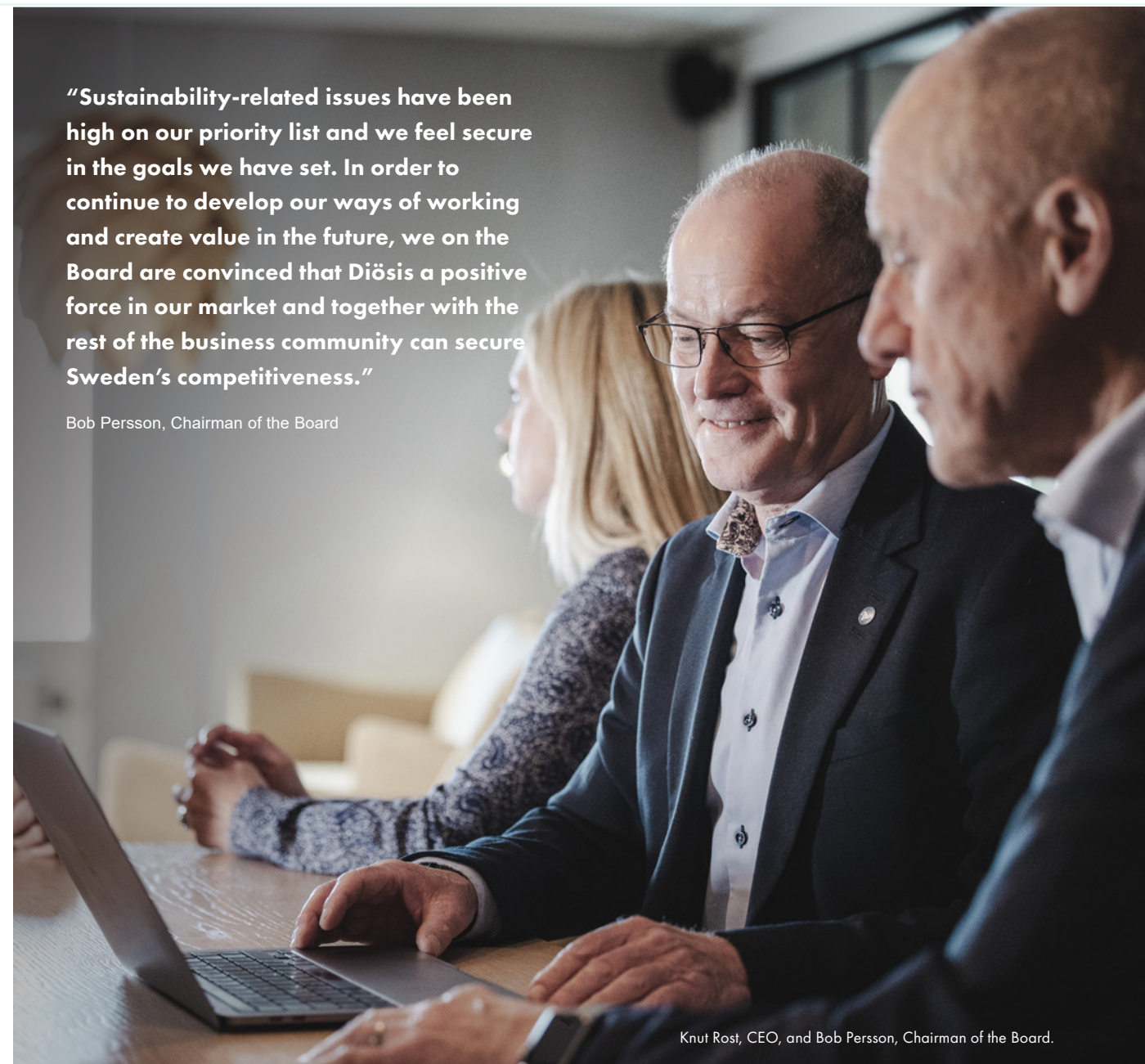
- › the degree to which the current members of the Board of Directors, individually and as a group, satisfy the requirements that will be imposed on the Board of Directors as a result of Diös' operations and development,
- › the size of the Board of Directors,
- › which areas of expertise are and should be represented within the Board of Directors,
- › the composition of the Board with regards to experience, gender and background,
- › fees for Board members,
- › proposals for the election of auditors,
- › which model for the appointment of a new Nomination Committee prior to the 2024 Annual General Meeting should be applied.

The Nomination Committee also prepared a proposal for electing auditors to the Board of Directors and the Annual General Meeting in accordance with the European Audit Regulation (537/2014/EU) and issues regarding remuneration to the auditor.

The work of the Nomination Committee is based on interviews with all Board members, who have not declined re-election, and covers the members' knowledge and experience. The Nomination Committee obtained detailed information about the activities of the Board and the specific demands created by the company's business. The Nomination Committee studied the results of the annual evaluation of individual members'

"Sustainability-related issues have been high on our priority list and we feel secure in the goals we have set. In order to continue to develop our ways of working and create value in the future, we on the Board are convinced that Diös is a positive force in our market and together with the rest of the business community can secure Sweden's competitiveness."

Bob Persson, Chairman of the Board



Knut Rost, CEO, and Bob Persson, Chairman of the Board.

Corporate governance report

contributions to the work of the Board, the work of the Chairman and how the Board functions as a group. The CEO's presentations on the company's operations and strategic focus also constitute an important basis. In accordance with the terms of reference for the Nomination Committee, the members of the Committee, and the shareholders they represent, are announced no later than six months before the AGM. The composition of the Nomination Committee is based on the known ownership at 31 August 2023.

Composition of the Nomination Committee

In accordance with the principles adopted at the Annual General Meeting 2023, Diös' Nomination Committee consists of representatives for the company's four largest shareholders and the Chairman of the Board: Björn Rentzhog, Chairman of the Nomination Committee (AB Persson Invest), Markus Wallentin (Backahill Inter AB), Johannes Wingborg (Länsförsäkring Fondförvaltning AB), Mikael Hallåker (Pensionskassan SHB Försäkringsförening) and Bob Persson (Chairman of the Board). Shareholders who wish to submit proposals to the Nomination Committee may do so by e-mail to valberedningen@dios.se or by post to: Diös Fastigheter AB, Nominating Committee, BPO Box 188, SE-831 22 Östersund.

The Board of Directors

Responsibilities of the Board of Directors and CEO

The Board of Directors consists of six members and one employee representative with no deputies. The members are elected annually by the Annual General Meeting for the period until the next Annual General Meeting. The Board has overall responsibility for the company's organisation and management and represents all shareholders. This is done by ensuring that the guidelines for the company's management are properly formulated. This includes a responsibility for developing and following up the company's strategies and goals, and for

adopting the business plan and annual financial statements. Other responsibilities include deciding on the acquisition and sale of operations, major investments or appointments and remuneration of senior management. The Chairman's responsibilities include ensuring that the Board of Directors fulfils its duties through well organised and effective work.

The work of the Board

The basis for the Board's work is the Chairman's dialogue with the CEO, along with documents provided to the members of the Board as a basis for discussion and resolutions. The Board's rules of procedure are drawn up annually at the inaugural Board meeting and are revised when necessary. The rules of procedure specify the responsibilities and duties of the Board, the duties of the Chairman and audit issues, and include the instructions for the CEO. They also specify which reports and financial information the Board should receive prior to each scheduled Board meeting. The most recent rules of procedure were adopted at the inaugural Board meeting on 18 April 2022 (and are available at dios.se). In 2023, 13 minuted Board meetings were held, including one inaugural meeting and one Board meeting held by correspondence. Regular items of business at the Board meetings this year included company-wide policies, overall strategies, rules of procedure for the Board of Directors, capital structure and financing needs, transactions, raising of capital through share issues, sustainability, our business model and organisational issues, and the process for related party transactions. Forward-looking issues about market assessments, the focus of the company's commercial activities, gender equality and organisational issues were also discussed. For example with regard to strategies for financing, property valuation and provisions for credit losses as well as the handling of rent discounts provided to tenants and support payments received from the government.

Evaluation of the work of the Board

In accordance with the company's rules of procedure, the Chairman has ensured that the work of the Board has been evaluated and that the Chairman of the Nomination Committee has been informed of the results of the evaluation prior to the nominating process of the Nomination Committee. The evaluation comprises a number of pre-defined and open questions, which each Board member answers individually.

Audit Committee

The Board of Directors has resolved that the Board as a whole should constitute the Audit Committee. The Committee's work is defined in the rules of procedure for the Board. The Audit Committee's duty includes quality-assuring the company's financial reporting as well as the effectiveness of the company's internal control and risk management. The Committee is also required to keep itself informed of the auditing of the annual report and consolidated financial statements. The Audit Committee ensures that the auditor is impartial and independent, evaluates the audit work and reports the results of the evaluation to the company's Nomination Committee. The company's auditor attended three meetings during the year to report their audit findings and assessment of the company's internal control concerning financial reporting. In addition to this, the Audit Committee assists the Nomination Committee in the organisation of elections for auditors and remuneration for them, with the remit of ensuring that the auditors' mandate period does not violate applicable regulations, procuring an audit and providing a justified recommendation in accordance with article 16 of the EU Audit Regulation.

Remuneration Committee

The Remuneration Committee consists of two Board representatives, namely Bob Persson and Per-Gunnar Persson. Its duties include preparing a proposal for remuneration of the CEO subject to the guidelines adopted by the 2023

AGM. The Remuneration Committee held one meeting in 2023, at which guidelines for remuneration of senior executives were reviewed. For more information, see the section on remuneration principles and Note 5 on page 57.

Finance Committee

Diös has established a Finance Committee with the task of monitoring developments in the credit market and drafting matters of a financial nature. The Finance Committee submits proposals to the Board of Directors on an ongoing basis but has no decision-making powers on financial matters. The Committee consists of the board representatives Bob Persson and Tobias Lönnevall, as well as CEO Knut Rost, CFO Rolf Larsson and Finance Manager Andreas Stattin Berg.

Auditors

The Annual General Meeting appoints one or two auditors and, at most, two deputies to audit the company's Annual Report, its accounts and the Board of Directors' and CEO's management of the company. At the 2023 AGM, Deloitte AB was appointed with Richard Peters as auditor-in-charge for the period until the 2024 AGM. Remuneration for auditors is specified in Note 6.

Senior management

Responsibilities of senior group management and the CEO

At the end of 2023, senior management consisted of CEO Knut Rust, CFO Rolf Larsson, Director of Property Management Sofie Stark, Director of Projects Mats Eriksson, Head of IR Johan DERNMAR, Transactions Manager Annie Franzon and Director of Communications Mia Forsgren. The team's work is led by the CEO in accordance with the applicable terms of reference.

The senior management team's duties include presenting relevant information and decision guidance documents prior to

Corporate governance report

Board meetings as well as the reasoning behind their proposed resolutions. The Chairman of the Board annually conducts a performance appraisal with the CEO in accordance with the instructions and the current requirements specification. The performance appraisal is then discussed by the Board annually. The senior management team holds meetings at least once a month at which strategic and operational issues are discussed. Additionally, the senior management produces a business plan each year. This is followed up through monthly reports where the review focuses on the earnings trends, sustainability, improvement, new investments and growth.

Principles of remuneration

The 2023 AGM resolved, as proposed by the Board, to approve the following guidelines for remuneration of senior executives of Diös.

The guidelines approved by the AGM will apply to any agreements on remuneration and to changes made to already agreed remuneration, after the guidelines were adopted by

the 2023 AGM. In addition, the AGM may approve other remuneration, such as share price-related remuneration, regardless of what is prescribed in these guidelines, if warranted by special circumstances and if this is considered necessary to safeguard the company's long-term interests and sustainability or to ensure its financial viability.

Remuneration and benefits to the CEO are decided by the company's Board of Directors. Remuneration to other senior executives is decided by the CEO in consultation with the company's Board of Directors.

Diös' business strategy, long-term interests and sustainability

Diös' business concept is to own and develop commercial properties in growing cities in northern Sweden. With the right tenant in the right place, we create attractive properties and a long-term business. By being active, acting on opportunities and making informed decisions with regard to the world around us as well as the environment and climate, we create the conditions for better profitability. It is in the office segment

that we see the largest development of our business. Attractive workplaces in our cities contribute to increased flows of people and create conditions for tenants in urban service. To successfully implement its business strategy and safeguard its long-term interests, the company needs to be able to recruit and retain qualified employees. The remuneration offered to employees must be competitive and in line with market levels and reflect the employee's responsibilities and authority.

Decision-making process for determining, evaluating and applying the guidelines

The Board's resolution on proposed guidelines for remuneration of senior executives is prepared by the Remuneration Committee. Proposed new guidelines must be prepared by the Board at least every four years. The proposed guidelines are submitted to the AGM for adoption. Guidelines adopted at the AGM apply until new guidelines have been approved by the AGM. In the event that there is a need for significant changes to the guidelines, the Board is required to prepare new proposed guidelines.

The Remuneration Committee is further tasked with monitoring and evaluating variable remuneration schemes for management that are ongoing or completed during the year as well as current remuneration levels and remuneration structures in the company. The Remuneration Committee shall also, subject to the guidelines approved by the AGM, prepare proposals regarding remuneration of the CEO and other senior executives. Senior executives do not attend meetings at which the Board discusses and adopts resolutions on remuneration-related matters insofar as they themselves are affected by the matters discussed.

Fixed salary and incentive scheme

In addition to a fixed cash salary, incentive schemes offering the possibility of variable cash compensation may be offered to the company's senior executives. A fixed cash salary and any

variable remuneration under the incentive scheme must be determined for each financial year.

The outcome of the incentive scheme must depend on the extent to which predefined goals have been achieved in the course of the company's operations. The predefined goals must have a clear connection to the business strategy and Diös' long-term value-creating process, including its sustainability management activities. The variable remuneration paid to a senior executive is capped at four months' salary. Share-based payments are not permitted.

Diös has a profit-sharing scheme that covers all employees, including senior executives. Transfers to the profit-sharing scheme are based on a combination of Diös results, required return and dividend for shareholders and shall be a maximum of SEK 30,000 per year per employee.

Pension and insurance benefits

During the period of employment, the CEO is entitled to insurance and retirement benefits in accordance with the ITP scheme applicable at the time. Individual investment options are available. Insurance and pension premiums are based on cash salary only. During the period of employment with the company, the other senior executives are entitled to insurance and pension benefits in accordance with the ITP scheme applicable at the time. Individual investment options are available. Insurance and pension premiums are based on cash salary only.

Non-monetary benefits

The CEO is entitled to a company car and a business dwelling. Other senior executives are entitled to a company car. In addition to a car benefit, senior executives receive low-value benefits, like other employees of the company.

Notice period and retirement age

The CEO's contract is terminable on 12 months' notice in case of termination by the company and on four months'

BOARD OF DIRECTORS

	Age	Elected	Dependent/independent	Attendance, out of total no. of meetings			Fees, SEK '000
				Board meetings	Remuneration Committee	Audit Committee	
Bob Persson, Chairman	73	2007	Dependent in relation to owners	13/13	1/1	3/3	400
Ragnhild Backman, member	60	2012	Independent	13/13	-	3/3	200
Peter Strand, Board member	52	2019	Independent	11/13	-	3/3	200
Tobias Lönnevall, Board member	43	2020	Independent	13/13	-	3/3	200
Erika Olsén, Board member	47	2022	Independent	13/13	-	3/3	200
Per-Gunnar Persson, member	58	2023	Independent	8/8	1/1	2/2	133
Mathias Tallbom, Employee Representative	49	2023	Dependent in relation to company	8/8	-	2/2	-
Anders Nelson, Board Member	54	2017	Dependent in relation to owners	4/5	-	1/1	67
Jenny Svensson, Employee Representative	39	2022	Dependent in relation to company	1/1	-	-	-

Per-Gunnar Persson and Mathias Tallbom were elected in connection with the Annual General Meeting on 18 April 2023. At the same time, Anders Nelson and Jenny Svensson were thanked for their service.

notice in case of termination by the CEO. The contracts of other senior executives are terminable by either party on three to six months' notice. Remuneration during a period of notice is deducted from income from another employer.

The retirement age for the CEO and other senior executives is 65 years.

Consideration of salaries and terms of employment of the company's employees

In preparing the Board's proposed guidelines on remuneration, account was taken of the salaries and terms of employment of the company's employees by using information on employees' total remuneration, the components of the remuneration and the increase and rate of increase in the remuneration over time as part of the Remuneration Committee's and Board's decision basis for evaluating the reasonableness of the guidelines and the limitations arising therefrom.

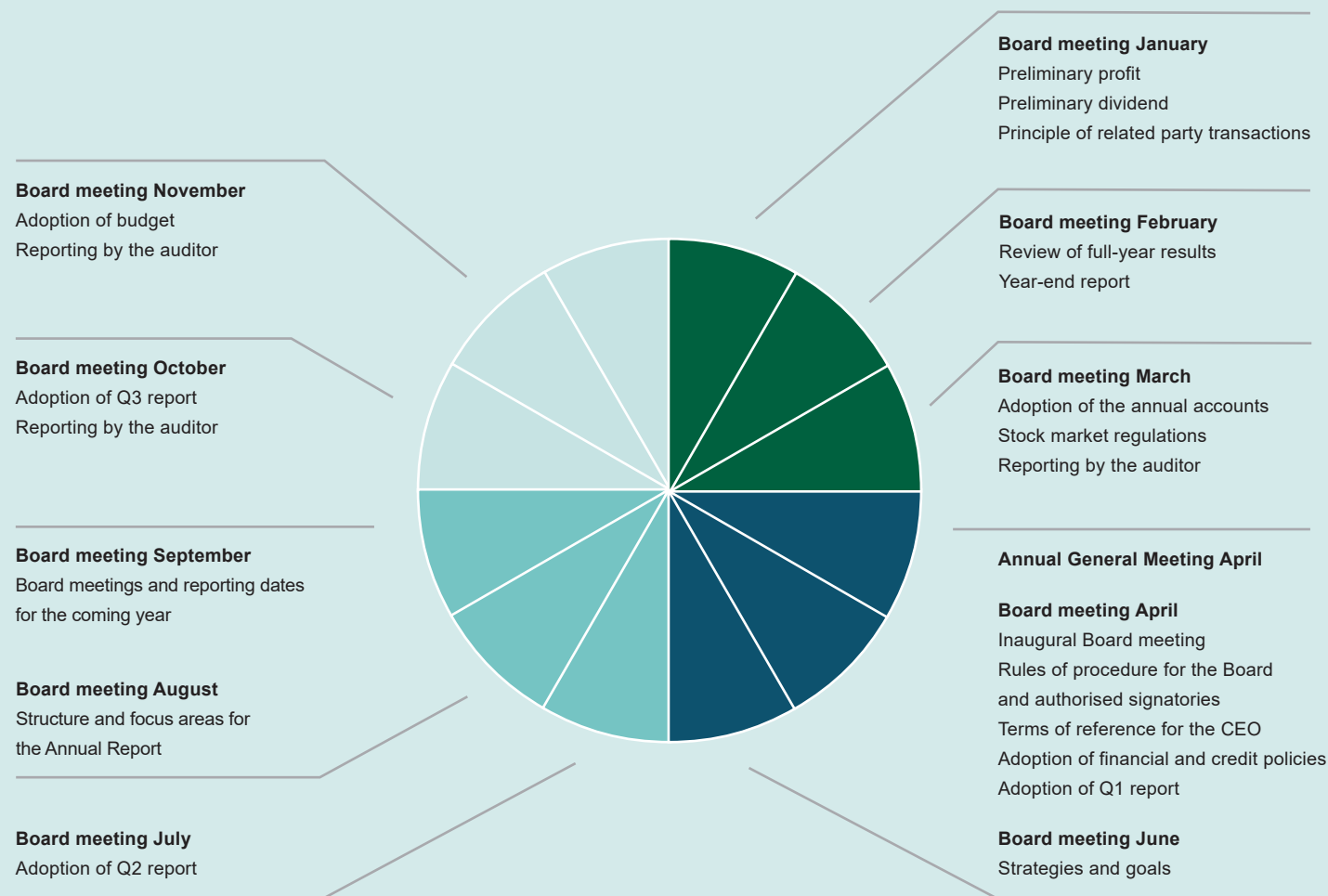
Review of the guidelines and how shareholder comments were taken into account

Due to new requirements applicable at the time of the 2020 AGM, these guidelines have been clarified by specifying the connection to the company's business strategy and criteria for variable remuneration. Substantially, the same guidelines apply as previously for both fixed and variable pay, other benefits, transfers to the company's profit-sharing scheme, terms of employment, etc. No comments from shareholders regarding the guidelines have been notified to the company.

Remuneration for 2023

The CEO received fixed remuneration of SEK 4,681,000, other benefits worth SEK 481,000, pension plan contributions of SEK 744,000 and other remuneration of SEK 450,000. Other members of the senior management team received total fixed remuneration of SEK 9,425,000,

Board of Directors' annual clock



other benefits of SEK 709,000, pension plan contributions of SEK 2,269,000 and other remuneration of SEK 1,694,000. Other members of senior management comprised a group of six people. For more information, see Note 5.

Key agenda items 2024

Prior to the 2024 Annual General Meeting, the Board of Directors will propose some adjustment of the remuneration principles for senior executives.

The Board on internal control

The Board of Directors is responsible for ensuring that Diös has effective internal control procedures in place. The Board fulfils this quality assurance duty by reviewing critical accounting issues as well as the financial reports prepared by the company. This means that the Board assesses compliance with applicable laws and regulations, material uncertainties in the carrying amounts, any irregularities or errors which are not corrected, events after the balance sheet date, changes in estimates and judgements, any noted inconsistencies and inaccuracies, and other circumstances that affect the quality of the financial statements. The internal control complies with the regulatory guidance, Internal Control – Integrated Framework, COSO. The framework consists of the following components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

Effective work by the Board of Directors is the basis for good internal control. The Board has therefore adopted rules of procedure along with defined work processes with the aim of creating clear guidelines for its work. The Board's responsibilities include formulating and adopting a number of fundamental policies, guidelines and frameworks relating to the company's financial reporting activities. The Company's main policy

documents are the terms of reference for the CEO, the financial policy and the credit policy. The instructions are monitored and reviewed on a regular basis and findings are communicated to all employees who are involved in the financial reporting process, all for the purpose of establishing a platform for good internal control. The Board conducts regular evaluations of the company's performance and results, using a reporting package, which includes an income statement, projected key ratios and other material operational and financial information. In its role as Audit Committee, the Board has monitored the risk management and internal control systems during the year. This is to ensure that the business is efficient and conducted in accordance with relevant laws and ordinances, and that financial reporting is reliable. The Board has familiarised itself with and assessed the procedures for accounting and financial reporting, and has followed up and assessed the work, qualifications and independence of the external auditors. In 2023, the Board conducted a review with, and received a written report from, the company's external auditors.

Risk assessment

Diös works continuously and pro-actively with risk assessment and risk management activities to ensure that identified risks are managed in an appropriate manner subject to the defined criteria. Diös' senior management conducts an annual analysis which involves the analysis and assessment of the risks according to a risk scale. Risk assessment considers factors such as the company's administrative procedures for invoicing and contract management. Balance sheet and income statement items are also reviewed regularly wherever there is a risk of material misstatement.

Control activities

Control activities are performed at all stages of the accounting and reporting process in order to manage the risks that the Board considers may materially affect the internal control

of financial reporting. Examples of control activities include reporting of processes and procedures for making critical decisions, such as decisions on major new tenants, major investments, financing agreements and current contracts. Reviewing submitted financial statements is another control activity. An organisation with a clear division of responsibilities and clearly defined procedures and roles constitute the basis for company's control structure.

Information and communication

The company's general governing documents, including policies, guidelines and manuals, are updated continually and can be accessed through the company's Intranet. The company has developed a new Intranet with the aim of promoting increased transparency and employee participation through an improved structure, search function and new communication functions. The company's external communications are formulated in accordance with Diös' communication policy, which sets out guidelines aimed at ensuring that the company meets its disclosure obligations.

Long-term value creation

Long-term value creation requires that sustainability, such as social responsibility, resource efficiency and climate impact, are included in every aspect of the business. Continuously developing the property portfolio for reduced resource use, efficient energy systems and increased resilience is absolutely crucial together with a social responsibility to contribute to the development of the cities in which Diös is active. Work environment and safety are important aspects to create the conditions for healthy employees. Today, Diös reports according to GRI Standards, see pages 93-94 for more information, preparations are under way to meet the new regulations for sustainability reporting that come from CSRD. The sustainability policy and Code of Conduct are the overall

governance documents that govern sustainability aspects of the business. Feedback is given regularly to Diös' Board of Directors.

Monitoring

Internal control is monitored continuously at individual property, subsidiary company and Group level. The Board reviews the current situation with the company's auditor at least once a year. This is done without the presence of the CEO or any other member of senior management. The Board also ensures that the company's auditors conduct a general review of the third quarter interim report. The need to appoint a separate internal audit function is assessed each year. So far, the need has been deemed to be small. Diös' financing operations, as well as financial and rent administration, is run from its head office, which means that routines and processes are standardised. This also provides opportunities for different sections of the operations to review each other's processes to enhance and improve the company's internal control. The company's balance sheets and income statements are reviewed quarterly by accounts staff as well as by the senior management team and Board of Directors. The Board of Directors reviews interim reports and annual reports before publication. The Board of Directors is also continuously informed of risk management, internal control and financial reporting by the auditors. In addition to this, we also have a whistleblower service that is accessed through the website. The whistleblower service is an early warning system which enables employees as well as external stakeholders to report anonymously any deviations from Diös' values and code of business ethics. The service is administered by an external party to ensure anonymity and professionalism.

Board of Directors



Bob Persson, Ragnhild Backman, Per-Gunnar Persson, Peter Strand, Erika Olsén and Tobias Lönnevall. Mathias Tallbom, Employee Representative, not shown.

Bob Persson

Chairman of the Board since 2011, Board member since 2007, born 1950.

Current function: Chairman of the Board and partner of AB Persson Invest.
Previous experience: CEO of AB Persson Invest.
Other directorships: Board member of RELOG AS, Engcon AB and Persson Norge AS.
Education: Economics degree, Umeå University.
Shareholding in Diös Fastigheter: 350,000 directly owned shares. 22,074,488 shares through part-ownership in AB Persson Invest.

Ragnhild Backman

Board member since 2012, born 1963.

Current function: CEO of Backmans Fastighetsutveckling AB.
Previous experience: Property Management Director, Piren.
Other directorships: Chairman of Almi Företagspartner Mitt AB, Board member of AB Övikshem, Willhem AB and Fastighetsägarna Sverige.
Education: M.Sc. in Engineering, KTH Royal Institute of Technology.
Shareholding in Diös Fastigheter: 55,000 directly owned shares.

Per-Gunnar Persson

Board member since 2023, born 1965.

Current function: CEO of Safjället Fastigheter AB.
Previous experience: CEO of Platzer Fastigheter and various management positions at Skanska and Coor Service Management.
Other directorships: Chairman of the Board of Directors of John Mattson Fastighetsföretagen AB and Board member of Rikshem AB, Safjället Fastigheter AB, Svenska Sportpublikationer AB, AB Borudan Ett and Arise AB.
Education: M.Sc. in Engineering, Chalmers University of Technology.
Shareholding in Diös Fastigheter: -

Peter Strand

Board member since 2019, born 1971.

Current function: Transaction Manager at Swedish Logistic Property AB.
Previous experience: CEO of the property companies Victoria Park AB, Annehem Fastigheter AB and Tribona AB, CEO of Swedish Logistic Property AB and senior positions at the property companies Drott and Akelius.

Other directorships: Vice Chairman of Swedish Logistic Property AB, and Board member of Doxa AB, Fridam AB, Fridam Invest AB, Fridam Fastigheter AB, BrainLit AB, Rikshem AB.

Education: M.Sc. in Engineering, Faculty of Engineering at Lund University.
Shareholding in Diös Fastigheter: 10,000 directly owned shares.

Erika Olsén

Board member since 2022, born 1976.

Current function: Partner, Areim AB
Previous work experience: CIO Castellum, partner at Tenzing AB, JLL Cross Boarder Team in London and Newsec.
Other directorships: Member of the Board of Genova AB and Magnolia AB.
Education: M.Sc. in real estate economics, KTH.
Shareholding in Diös Fastigheter: -

Tobias Lönnevall

Board member since 2020, born 1980.

Current function: Investment Director at Nordstjernen AB with responsibility for several listed portfolio holdings.
Previous experience: On behalf of Nordstjernen, Chairman of KMT Precision Grinding AB and Board member of Ramirent Plc, Acting CEO of NH Logistics, CFO of Landic Property, Management Consultant at Accenture.
Other directorships: Board member of Attendo AB and Bonava AB.
Education: M.Sc. in Economics and Business, Stockholm School of Economics.
Shareholding in Diös Fastigheter: -

Mathias Tallbom

Board member (employee representative) since 2023, born 1974.

Current function: Commercial Property Manager, Diös.
Previous experience: Active in the property industry since 2001. Previous employers include Inmobiliaria Cielo Group in Los Boliches, Viva Estates in Marbella and Svensk Fastighetsförmedling i Östersund.
Other directorships: Chairman of the Board Fastighetsbolaget Norkom.
Education: Bachelor of Science, Economics and Property Engineering Programme specialised in property brokerage, University of Gävle.
Shareholding in Diös Fastigheter: 1,200 directly owned shares.

Group management



Rolf Larsson, Annie Franzon, Mats Eriksson, Sofie Stark, Knut Rost, Mia Forsgren and Johan Dernmar.

Knut Rost

CEO since 2014, born 1959.

Previous experience: Various positions at ICA Fastigheter in Västerås and at Castellum.

Other directorships: Board member of Biathlon Events in Sverige AB and Destination Östersund AB.

Education: M.Sc. in Engineering, KTH Royal Institute of Technology.

Shareholding in Diös: 18,650

Rolf Larsson

CFO since 2005, born 1964.

Previous experience: Acting CEO of Inlandsbanan AB, Administrative Director at Haninge Bostäder and Accounting Manager at Haningehem.

Education: MBA and Executive MBA, Stockholm University.

Shareholding in Diös: 13,000

Annie Franzon

Transaction Manager since 2020, born in 1988.

Previous experience: Various positions in economics, valuation and transaction at Diös since 2014, after being an economist at Akelius and Stena Recycling AB.

Education: Bachelor's degree in Economic Property Management - Real Estate Management, University of Gävle, selection of courses at Santa Monica College, USA.

Shareholding in Diös: 480

Mats Eriksson

Director of Projects since 2016, born 1964.

Previous experience: Over 20 years' experience in construction production, business development and the property industry at Skanska Sverige AB.

Education: Education in construction production, finance, leadership and construction law.

Shareholding in Diös: 7,000

Mia Forsgren

Director of Communications since 2016, born 1969.

Previous experience: 25 years' experience of communication and marketing. Marketing Director at Universal Music, CEO of Tre Kronor Media, own consulting firm in PR and communication, and CEO of the Ogilvy Destination advertising agency.

Education: Marketing, Institute of International Education, Stockholm University.

Shareholding in Diös: 2,809

Sofie Stark

Property Director since 2020, born 1971.

Previous experience: Diös' Head of Business Unit Sundsvall since 2016, Head of Business Unit Klöver, Business Developer Tvättbjörnen Förvaltning, Director of Business Sollefteå Municipality, own consulting firm in property and finance.

Education: Degree in economics from Umeå University.

Shareholding in Diös: 10,500

Johan Dernmar

Head of IR since 2021, born in 1984.

Previous experience: Head of IR at Diös since 2015, 7 years' experience from Treasury and Investor Relations at SBAB Bank.

Education: M.Sc. in Economics from Linköping University.

Shareholding in Diös: 6,655

A man with a beard and short hair, wearing a green button-down shirt, is sitting on a brown sofa in an office environment. He is looking towards the camera with a slight smile. In the background, there are desks with computer monitors and a person sitting at a desk, slightly out of focus. The lighting is warm and indoor.

Financial statements

Marcus Jansson, Operations Optimiser, Sundsvall.

Consolidated income statement

Consolidated income statement

Differences due to rounding off may arise in the following statements and notes.

INCOME STATEMENT, SEKm	Note	2023	2022
Rental income ¹	3	2,296	2,029
Service income ¹	3	208	179
Other income	3	-	-
Total income		2,504	2,209
Property costs	4	-793	-740
Operating surplus		1,711	1,469
Central administration	5.6	-89	-90
Financial income	7	128	4
Financial costs ²	8	-847	-277
Property management income		903	1,106
Change in value, properties ²	9	-1,385	-165
Change in value of derivative instruments		-481	104
Profit/loss before tax		-963	1,045
Current tax	10	-28	-16
Deferred tax	10	141	-199
Profit for the year		-850	830
Profit/loss attributable to shareholders of the parent company		-850	830
Profit attributable to non-controlling interests		-	-
Total		-850	830

¹ The comparative year is restated due to a reclassification between rental income and service income.² The comparative year was restated due to capitalised interest expenses.

STATEMENT OF COMPREHENSIVE INCOME, SEKm	2023	2022
Profit for the year	-850	830
Comprehensive income for the year	-850	830
Comprehensive income attributable to shareholders of the parent company	-850	830
Comprehensive income attributable to non-controlling interests	-	-
Total	-850	830

DATA PER SHARE ¹	2023	2022
Earnings per share for the year, before and after dilution, SEK ²	-6.01	5.87
Number of shares outstanding at end of period	141,430,947	141,430,947
Average number of shares	141,430,947	141,427,602
Number of treasury shares at the end of the period	354,218	354,218
Average number of treasury shares	354,218	357,563
Dividend per share, SEK	0.00 ³	2.00

¹ There is no dilutive effect, as no potential shares (such as convertibles) exist.² KPIs have been calculated on the basis of the year's comprehensive income attributable to the parent company's shareholders and the average number of shares during the year.³ The Board of Directors' proposal.

Consolidated balance sheet

Consolidated balance sheet

ASSETS, SEKm	Note	2023	2022
Non-current assets			
Property, plant and equipment and intangible assets			
Investment properties	9	31,215	31,136
Intangible non-current assets		0	0
Right-of-use asset	11	82	59
Other property, plant and equipment	12	5	6
Total property, plant and equipment and intangible assets		31,302	31,201
Non-current financial assets			
Interests in associates and joint operations	14	7	7
Other non-current securities	15	0	1
Promissory notes		4	4
Total non-current financial assets		12	12
Total non-current assets		31,314	31,213
Current assets			
Current receivables			
Trade receivables	16	34	31
Derivative instruments	19	43	143
Other receivables		115	217
Prepaid expenses and accrued income		111	41
Total current receivables		302	432
Cash and bank balances		98	88
Total current assets		400	520
Total assets		31,714	31,733

EQUITY AND LIABILITIES, SEKm	Note	2023	2022
Equity			
Share capital		284	284
Capital contributed		4,292	4,292
Retained earnings		6,393	7,526
Total attributable to shareholders of the parent company		10,968	12,102
Non-controlling interests	17	-	-
Total equity		10,968	12,102
Non-current liabilities			
Deferred tax liability	10	2,242	2,383
Other provisions	18	10	10
Liabilities to credit institutions	19	10,510	10,781
Lease liabilities	11	74	52
Other non-current liabilities		51	17
Total non-current liabilities		12,887	13,243
Current liabilities			
Current portion of non-current liabilities	19	6,573	5,478
Current portion of lease liabilities	11	9	7
Overdraft facilities	19	-	-
Trade payables		143	159
Derivative instruments	19	381	0
Other liabilities		92	145
Accrued expenses and deferred income	20	661	599
Total current liabilities		7,859	6,388
Total equity and liabilities		31,714	31,733

Consolidated statement of changes in equity and cash flow statement

Consolidated statement of changes in equity and cash flow statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the parent company

SEKm	Number of outstanding shares, thousands	Share capital	Capital contributed	Retained earnings	Non-controlling interests	Total equity
Equity 31 December 2021	141,344	284	4,292	7,172	74	11,823
Comprehensive income for the year				830		830
Acquisition of minority interests				8	-74	-65
Transactions with shareholders						
Sale of own shares	87			9		9
Cash dividend (SEK 3.52 per share)				-496		-496
Equity 31 December 2022	141,431	284	4,292	7,526	-	12,102
Comprehensive income for the year				-850		-850
Transactions with shareholders						
Cash dividend (SEK 2.00 per share)				-283		-283
Equity 31 December 2023	141,431	284	4,292	6,393	-	10,968

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Note	2023	2022
Operating activities			
Operating surplus		1,711	1,469
Central administration		-87	-90
Reversal of depreciation, amortisation and impairment		7	-
Interest received		9	4
Interest paid		-693	-277
Tax paid		-28	-16
Cash flow from operating activities before changes in working capital		919	1,090
Changes in working capital			
Decrease (+)/increase (-) in receivables		24	-106
Decrease (-)/increase (+) in liabilities		41	178
Total changes in working capital		65	72
Cash flow from operating activities		984	1,162

Investing activities			
Investments in new builds, conversions and extensions		-1,631	-1,332
Acquisition of properties		-	-2,004
Sale of properties		178	28
Cash flow from investing activities		-1,453	-3,308
Financing activities			
Dividends paid		-337	-371
Sale of own shares		-	9
New issue less transaction costs		-	-
Acquisition of minority interests		-	-65
New borrowing, interest-bearing liabilities		965	1,599
Repayment and redemption of interest-bearing liabilities		-149	-88
Change in overdraft facility		-	-
Cash flow from financing activities	21	479	1,084
Cash flow for the year		10	-1,062
Cash and cash equivalents at the beginning of the year ¹		88	1,150
Cash and cash equivalents at end of year ¹		98	88

¹ Cash and cash equivalents consist of cash and bank balances.

Parent company income statement

INCOME STATEMENT, SEKm	Note	2023	2022
Net revenue	3	206	189
Gross profit/loss		206	189
Central administration	5.6	-248	-232
Operating profit/loss		-42	-43
Financial income	7	1,327	828
Financial costs	8	-1,414	-558
Reversal from tax allocation reserve		0	15
Group contributions, received and paid		39	-
CURRENT TAX	10	0	0
Deferred tax	10	74	0
Profit for the year after tax		-16	242

STATEMENT OF COMPREHENSIVE INCOME, SEKm	2023	2022
Profit/loss after tax	-16	242
Comprehensive income for the year	-16	242

Parent company balance sheet

ASSETS, SEKm	Note	2023	2022
Non-current assets			
Property, plant and equipment and intangible assets			
Intangible non-current assets		0	0
Other property, plant and equipment	12	0	0
Total property, plant and equipment and intangible assets		0	0
Non-current financial assets			
Interests in Group companies	13	2,552	2,362
Receivables from Group companies		16,133	16,167
Deferred tax asset	10	74	-
Total non-current financial assets		18,759	18,529
Total non-current assets		18,759	18,529
Current assets			
Current receivables			
Receivables from Group companies		2,976	2,750
Other receivables		78	19
Prepaid expenses and accrued income		0	5
Total current receivables		3,054	2,774
Cash and bank balances		48	36
Total current assets		3,102	2,810
Total assets		21,861	21,339

EQUITY AND LIABILITIES, SEKm	Note	2023	2022
Equity			
Restricted equity			
Share capital	17	284	284
Statutory reserve		285	285
Total restricted equity		569	569
Non-restricted equity			
Share premium reserve		3,952	3,952
Retained earnings		-1,576	-1,535
Profit for the year		-16	242
Total non-restricted equity		2,360	2,659
Total equity		2,929	3,228
Untaxed reserves			
Tax allocation reserve		1	1
Total untaxed reserves		1	1
Non-current liabilities			
Liabilities to Group companies		7,071	7,139
Liabilities to credit institutions	19	3,128	4,138
Total non-current liabilities		10,199	11,277
Current liabilities			
Current portion of non-current liabilities	19	3,525	1,675
Liabilities to Group companies		5,062	4,976
Trade payables		6	5
Other liabilities		80	139
Accrued expenses and deferred income	20	59	38
Total current liabilities		8,732	6,833
Total equity and liabilities		21,861	21,339

Parent company statement of changes in equity and cash flow statement

Parent company statement of changes in equity and cash flow statement

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEKm	Number of out-standing shares, thousands	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total equity
Equity 31 December 2021	141,344	284	285	3,952	-1,046	3,475
Comprehensive income for the year after tax					242	242
Transactions with shareholders						
Sale of own shares	87				9	9
Cash dividend (SEK 3.52 per share)					-496	-496
Equity 31 December 2022	141,431	284	285	3,952	-1,293	3,228
Comprehensive income for the year after tax					-16	-16
Transactions with shareholders						
Sale of own shares	0				0	0
Cash dividend (SEK 2.00 per share)					-283	-283
Equity 31 December 2023	141,431	284	285	3,952	-1,592	2,929

PARENT COMPANY CASH FLOW STATEMENT

SEKm	Note	2023	2022
Operating activities			
Operating profit/loss		-42	-43
Reversal of amortisation of intangible assets and depreciation of property, plant and equipment		-	-
Interest received		1,227	619
Interest paid		-1,018	-472
Tax paid		0	0
Cash flow from operating activities before changes in working capital		167	104
Changes in working capital			
Decrease (+)/increase (-) in receivables		-140	-400
Decrease (-)/increase (+) in liabilities		88	522
Total changes in working capital		-52	122
Cash flow from operating activities		115	226
Investing activities			
Change in long-term receivables		-31	-1,924
Acquisition of non-current financial assets		-125	-97
Cash flow from investing activities		-156	-2,021
Financing activities			
Dividend		-337	-371
SHARE BUY-BACKS		-	-
New issue less transaction costs		-	-
Change in non-current liabilities, Group companies		-68	667
New borrowing, interest-bearing liabilities		472	424
Repayment and redemption of interest-bearing liabilities		-14	-17
Change in overdraft facility		-	-
Cash flow from financing activities	21	53	702
Cash flow for the year		12	-1,093
Cash and cash equivalents at the beginning of the year¹		36	1,129
Cash and cash equivalents at end of year¹		48	36

¹ Cash and cash equivalents consist of cash and bank balances.



Samson Getu, Accounting Economist.

Notes

Diös revised the presentation of its financial statements for 2023 to make reading easier. The notes contain a text or table explaining the content of the item and the accounting policy applied.

- Accounting policies
- Estimates and assessments
- Risks
- Climate risks

NOTES	ACCOUNTING POLICIES	ESTIMATES AND ASSESSMENTS	RISKS	CLIMATE RISKS
Basis of accounting				
General information	●			
Basis of accounting	●			
Income statement and balance sheet				
Note 2 - Segment reporting	●			
Note 3 - Revenue	●		●	
Note 4 - Property costs			●	
Note 5 - Employees, staff costs, etc.	●			
Note 6 - Central administration				
Note 7 - Financial income	●			
Note 8 - Financial costs	●		●	
Note 9 - Investment properties	●	●	●	●
Note 10 - Current tax and deferred tax	●	●		
Note 11 - Leases	●			
Note 12 - Other property, plant and equipment	●			
Note 13 - Interests in group companies	●			
Note 14 - Interests in associates	●			
Note 15 - Other non-current assets investments				
Note 16 - Trade receivables	●			
Note 17 - Equity	●			
Note 18 - Other provisions				
Note 19 - Liabilities to credit institutions	●		●	
Note 20 - Accrued expenses and deferred income				
Other notes				
Note 21 - Change in liabilities from financing activities				
Note 22 - Debt management				
Note 23 - Pledged assets				
Note 24 - Contingent liabilities				
Note 25 - Related-party transactions				
Note 26 - Events after the end of the financial year				
Note 27 - Allocation of profit and dividend				

NOTE 1 > ACCOUNTING POLICIES

General information

The annual report and consolidated financial statements were approved by the Board of Directors for publication on www.dios.se on 22 March 2024. The consolidated and parent company income statements and balance sheets will be presented for approval at the Annual General Meeting on 16 April 2024. Diös Fastigheter AB (publ), company registration number 556501-1771, is a Swedish public limited company with its headquarters in Östersund. The company offers commercial and residential properties near the centre of towns and cities in northern Sweden with considerable variation in terms of property type and floor space. The postal address of its head office is: PO Box 188, SE-831 22 Östersund, and the visiting address is Hamngatan 14 in Östersund.

OPERATIONS

The operating activities are monitored and are conducted in the Group's seven geographical business units: Dalarna, Gävle, Sundsvall, Åre/Östersund, Umeå, Skellefteå and Luleå. Each business unit comprised a property management district. The central administration, which includes general administration and Group-wide activities, are managed from the head office in Östersund.

Basis of accounting

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU and interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Furthermore, the consolidated financial statements have been prepared in accordance with Swedish law and the Swedish Financial Reporting Board's recommendation RFR 1, "Supplementary Accounting Regulations for Groups". Assets and liabilities are recognised at cost, except for investment properties and derivative instruments, which are carried at fair value.

The parent company's annual report has been prepared pursuant to Swedish law and Swedish Financial Reporting Board recommendation RFR 2, "Accounting for Legal Entities" and the Swedish Annual Accounts Act.

Deviations between the Group's and parent company's accounting policies

The parent company does not apply IFRS 9 Financial Instruments. The parent company applies a method based on the acquisition value in accordance with the Swedish Annual Accounts Act. Derivative instruments are not measured at fair value in the parent company but rather at the lower of cost principle. The parent company applies the exemptions in IFRS 16 and recognises lease payments as operating leases under the exemption in RFR 2, i.e. as an expense on a straight-line basis over the lease term. Shareholder contributions are recognised by the contributor as an increase in shares in subsidiaries and by the recipient as an increase in non-restricted equity.

Revised accounting policies

In the 2023 financial year, the classification of rental income and service income changed compared with the previous year. The change means that a higher proportion of the company's total income is deemed to be rental income. The comparative year in the report is restated according to the new classification. During the 2023 financial year, interest expenses were capitalised on project properties in accordance with IAS 23 to create a more accurate picture of total investment costs. Interest expenses were calculated on an accrued investment at the end of the quarter and the interest rate used is the Group's average interest rate at the end of the respective quarter. The change is not due to the application of new IFRSs. The comparative year was restated due to this.

New and amended standards and interpretations

Group

From and including the 2023 financial year, the Group has applied a number of new standards and interpretations. The amendment to IAS 1 relating to accounting policies has affected accounting policies and disclosures. Other new or amended standards and interpretations had no significant impact on the consolidated financial statements for 2023. Revised and new IFRS standards that enter into force from 1 January 2024 or later are not deemed to have any material impact on the consolidated financial statements.

Parent company

The changes to RFR 2, which apply from the 2023 financial year, have not had any material impact on the parent company financial statements. The amendments to Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board that become effective from 1 January 2024 or later are also not expected to have a material impact when they are applied for the first time.

Climate change

The financial statement has taken into account the impact of climate change, according to the analysis in TCFD on page 86. Diös' climate target is to some extent assessed as entailing costs and investments to manage the transformation that is required. At present, management assesses that the climate-related transformation of operations does not entail any material impact on the financial statement in the short term. The valuation also takes into account climate-related parameters. The assessments and assumptions that form the basis of the current estimate are described in Note 9.

Estimates and assessments

In order to be able to prepare the financial statements in accordance with International Financial

Reporting Standards (IFRS) and generally accepted accounting practice, senior management is required to make estimates and assessments that have a significant risk of causing a material adjustment to the carrying amount of assets, liabilities, income and expense in the next financial year. These estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances. The actual results may differ from these estimates and assessments if other assumptions are made or other factors exist. Changes in estimates are recognised in the period in which the change is made. Items that contain material estimates are investment properties, Note 9, and current and deferred tax, Note 10.

Consolidated financial statements

The Group's financial reports include both the parent company and the subsidiaries in which the parent company has a controlling influence. In addition to the parent company, the Group comprises the subsidiaries and associated sub-groups specified in Note 13. The financial statements are based on accounting records that have been prepared for all Group companies as at the balance sheet date. Profit/loss for a subsidiary acquired during the year is included in the consolidated income statement from the effective date of acquisition. Profit/loss from subsidiaries disposed of during the year is included in the consolidated income statement up to the date of disposal.

Cash flow statement

The cash flow statement has been prepared using the indirect method. This means that net earnings have been adjusted for transactions not involving receipts and payments during the period, and for any income and expenses associated with cash flows for investing or financing activities.

NOTE 2 > SEGMENT REPORTING

Identification of reportable operating segments is done based on internal reporting to the chief operating decision maker, the CEO, and the Group CEO. The Group's management and financial structure is grouped into seven segments based on our geographic organisation. Diös' operations are organised into seven business units: Dalarna, Gävle, Sundsvall, Åre/Östersund, Skellefteå, Umeå and Luleå. All business units, segments, conduct property management and letting of commercial premises and residential properties. Group operations are organised by business unit according to a geographic breakdown. Internal reporting systems are designed in order to facilitate follow-up of the returns generated by the respective business unit.

Accounting policy

A geographic breakdown constitutes the primary basis of division. The company's operations are also monitored based on property type. The accounting policies applied for segment reporting are consistent with those applied by the Group. Segment information is only provided for the Group.

Notes

NOTE 2 > SEGMENT REPORTING

	Dalarna		Gävle		Sundsvall		Östersund/Åre		Umeå		Skellefteå		Luleå		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
By business unit, SEKm																
Rental income ¹	401	343	231	209	346	309	393	369	332	272	230	197	362	329	2,296	2,029
Service income ¹																
Tariff-based services	28	27	12	10	15	13	23	21	17	14	12	11	22	19	128	114
Care and upkeep	17	7	14	10	11	11	7	10	8	6	9	9	14	12	80	65
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair and maintenance	-15	-15	-7	-6	-11	-11	-13	-15	-10	-10	-6	-9	-10	-10	-72	-77
Tariff-based costs	-51	-49	-22	-22	-34	-37	-52	-51	-29	-27	-32	-29	-33	-31	-253	-246
Property tax	-19	-14	-13	-13	-20	-19	-20	-20	-21	-20	-13	-12	-25	-24	-132	-123
Other property costs	-40	-32	-26	-24	-38	-33	-56	-49	-39	-30	-24	-18	-36	-33	-259	-220
Property management	-13	-13	-8	-8	-9	-10	-17	-16	-10	-9	-7	-6	-12	-11	-77	-74
Operating surplus	308	252	180	156	260	222	265	246	249	195	167	140	282	249	1,711	1,469
Undistributed items																
Central administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-89	-90
Net financial items ¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-720	-273
Property management income²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	903	1,106
Changes in value																
Property, realised	7	-	-	-	1	-	-	1	-	-	-	9	-	-	8	10
Property, unrealised ²	-240	75	-149	62	-301	8	-301	-60	-210	-113	-135	-25	-157	-123	-1,393	-175
Interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-481	104
Profit/loss before tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-963	1,045
Current tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-28	-16
Deferred tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	141	-199
Profit for the year															-850	830
Leasable area, sq.m.	298,098	318,939	173,805	159,565	217,688	218,127	320,194	315,099	219,173	220,835	181,248	179,033	210,845	211,009	1,621,051	1,622,607
Rental value	466	408	271	246	403	365	463	427	375	320	280	240	407	370	2,666	2,376
Economic occupancy rate, %	93	92	92	91	91	89	90	90	94	90	89	90	96	96	92	91
Surplus ratio, %	71	68	72	69	71	69	63	65	71	68	67	66	72	71	70	68
Changes in property portfolio																
Property portfolio, 1 January	5,316	4,301	3,148	2,916	4,873	4,545	4,976	4,690	4,747	4,721	3,271	2,256	4,804	4,563	31,136	27,993
Acquisitions	-	545	-	68	-	172	-	154	-	-	-	948	-	118	-	2,004
Investments in new builds, extensions and conversions ²	540	396	176	102	130	148	159	192	248	139	78	108	299	246	1,631	1,332
Sales	-160	-	-	-	-	-	-1	-1	-	-	-	-17	-	-	-160	-18
Unrealised changes in value ²	-239	75	-149	62	-201	8	-301	-60	-210	-113	-135	-25	-157	-123	-1,393	-175
Property portfolio, 31 December	5,458	5,316	3,175	3,148	4,801	4,873	4,835	4,976	4,785	4,747	3,215	3,271	4,947	4,804	31,215	31,136

Columns/rows may not add up due to rounding.

¹ The comparative year is restated due to a reclassification between rental income and service income.

² The comparative year was restated due to capitalised interest expenses.

NOTE 3 > REVENUE

The total rental value of the property portfolio amounted to SEK 2,666m (2,376), while the estimated rental value of vacant premises was SEK 184m (204). Rental value refers to income received plus estimated market rent for unleased space. The rental value also includes additional charges that are passed on to the tenant, such as heating costs, property tax and indexation adjustments.

Consolidated revenue (rental and service income) was SEK 2,504m (2,209), which represents an economic occupancy rate of 92 per cent (91). For comparable properties, contracted rental income increased by 10.2 per cent year on year. Revenue consists of the rental value less the value of vacant spaces during the year plus service income. Service income amounted to SEK 208m (179). We do not have a tenant who accounts for more than 10 per cent of the Group's income.

The economic vacancy rate was 7 per cent (9). Net leasing for the year was SEK 19m (77).

REVENUE, SEKm	2023	SEK/sq.m	2022	SEK/sq.m
GROUP				
Comparable properties	2,275		2,064	
Project properties	45		36	
Completed projects	112		55	
Acquired properties	22		0	
Sold	6		10	
Contracted income	2,460	1,517	2,165	1,260
Other property management income	44		44	
Total	2,504		2,209	

Intra-Group revenue in the parent company relates to invoiced administration and management fees. Contract maturity structure of the property portfolio is shown in the table at right.

REVENUE, SEKm	2023	2022
PARENT COMPANY		
Intra-Group revenue	206	189
Other income	-	-
Total	206	189

LEASE MATURITIES AT 31 DECEMBER 2023

	Maturity, year	Concluded contracts	Rented area, sq.m	Contract value, SEKm	Share of value, %
Commercial leases	2024	1,018	204,414	322	13
	2025	815	285,617	473	19
	2026	661	235,771	426	17
	2027	434	183,115	304	12
	2028+	249	372,010	676	27
Total		3,177	1,280,927	2,199	89
Residential leases		2,305	152,100	204	8
Other leases		2,148	-	63	3
Total		7,630	1,433,026	2,467	100

Accounting policy

Diös' revenue essentially consists of rental income in connection with the letting of commercial properties, residential properties and other leases including indexation and pass-through of investments and property tax. Income from rental agreements is recognised and classified as operating leases in accordance with IFRS 16. The rental income is recognised on a straight-line basis over the term of the lease. This means that only the portion of the rental income relevant to the current period is recognised. Rentals invoiced in advance are thus recognised as deferred rental income. Any payment in connection with premature termination of a lease is recognised immediately as income provided there are no remaining obligations towards the lessee. Discounts on leases are recognised on a straight-line basis over the term of the lease. Service income consists of additional charges for tariff-based income and income related to property care and upkeep. Care and upkeep includes technical management of the properties, such as heating, cooling, waste, water, snow clearance, etc. Revenue recognition in the income statement is made when the service is performed. Our assessment is that we in our capacity as property owner are essentially acting as principal and not as agent in respect of service income. Revenue is recognised at an amount that reflects the compensation we are expected to be entitled to in exchange for the goods or services based on the applicable contract. Terms of payment are defined in the applicable contracts, under which rent is paid quarterly in advance at the agreed intervals. In the 2023 financial year, the classification of rental income and service income changed compared with the previous year. The change means that a higher proportion of the company's total income is deemed to be rental income. The comparative year is restated according to the new classification.

Risk, rental income

Contracted rental income is dependent on the ability of tenants to pay. Deficient internal processes and commitments may result in dissatisfied tenants and increased vacancies. Global and local economic growth, new builds, competitors and demand affect occupancy and thereby also rental income. A large and diversified property portfolio with a well-balanced tenant structure reduces the risk of lower rental income if a particular tenant, industry or area should face economic setbacks. The majority of all leases include index compensation. The risk of default is in some cases managed through a parent company or bank guarantee.

NOTE 4 > PROPERTY COSTS

Property costs consist primarily of operating costs. Operating costs include costs for electricity, heating, water, care and upkeep of properties, insurance, etc. Some of the operating costs are charged to the tenants as rent supplements. A large proportion of the property tax is also charged to the tenants and lessees. Property administration includes costs for employees responsible for lease administration, lease negotiations, consumables and project administration.

PROPERTY COSTS, SEKm	2023	SEK/sq.m	2022	SEK/sq.m
GROUP				
Operating costs	508	314	466	287
Repair and maintenance costs	72	44	77	47
Property tax	132	81	124	76
Property management	81	50	73	45
Total	793	489	740	456

Risk, property costs

Tariff-based costs that are not regulated in the lease and unexpected or seasonal repair and maintenance costs represent obvious risks. The risk of increased costs is managed by conducting reviews of the ability to pass on costs and/or perform lease indexation. A long-term strategy for electricity purchases provides predictable costs for electricity for up to five years in advance, which is beneficial in times of volatile electricity prices. In addition, 74 per cent of our property portfolio is located in electricity areas 1 and 2 where the availability of fossil-free electricity production is good. Our local presence gives the possibility of a proactive and cost-efficient administration. The properties follow multi-year maintenance plans and are insured based on assessed needs.

NOTE 5 > EMPLOYEES, STAFF COSTS AND DIRECTORS' FEES

AVERAGE NUMBER OF EMPLOYEES	2023		2022	
	of whom men		of whom men	
Parent company	164	58%	156	58%
Other companies	3	0%	5	0%
Group	167	58%	161	57%

SICK LEAVE, %	2023	2022
Sick leave (AR)	3.2	4.2
Of whom women	4.1	4.5
Of whom men	2.7	3.9

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS, SEK 000s	2023		2022	
	Salaries and benefits	Social security contributions	Salaries and benefits	Social security contributions
Parent company	108,992	35,222	99,702	32,001
of which pension costs ¹	(11,567)	(2,776)	(11,846)	(2,827)
Other companies	1,164	336	2,064	489
of which pension costs	(32)	(6)	(39)	(7)
Group	110,156	35,558	101,766	32,490
of which pension costs ²	(11,598)	(2,782)	(11,885)	(2,834)

¹ SEK 744,000 (1,084,000) of the parent company's pension costs relate to the CEO.

² SEK 744,000 (1,084,000) of the Group's pension costs relate to the CEO.

At year-end 2023, the Board in the parent company consisted of 6 members (6), of whom 2 were women (2). The number of senior executives in the parent company was 7 (6), of whom 3 were women (3). Other companies refer to our Pick-Pack-Post concept.

Diös has a profit-sharing foundation for all its employees. Provision for the profit-sharing foundation is based on a combination of Diös results, required return and dividend for shareholders and shall be a maximum of SEK 30,000 per year per employee. For 2023, this provision came to SEK 3,403,000.

SALARIES AND OTHER REMUNERATION OF THE BOARD, THE CEO AND OTHER EMPLOYEES, SEK 000s

	2023		2022	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent company	7,756	101,236	7,555	92,148
of which bonuses, etc.	-	-	-	-
Other companies	-	1,164	-	2,062
of which bonuses, etc.	-	-	-	-
Group	7,871	102,284	7,555	94,209
of which bonuses, etc.	-	-	-	-

REMUNERATION AND OTHER BENEFITS DURING 2023, SEK 000s	Basic salary/ Directors' fees	Other benefits	Pension expenseneration	Other remuneration	Total	Statutory soc. sec. contrib. and payroll tax
Chairman of the Board	400	-	-	-	400	41
Other Board members	1,000	-	-	-	1,000	314
Chief Executive Officer	4,681	481	744	450	6,356	1,944
Other senior executives	9,425	709	2,269	1,694	14,098	3,607
Total	15,506	1,190	3,014	2,144	21,854	5,906

Social security contributions and payroll tax for other employees of the parent company totalled SEK 29,747,000 (26,493,000).

REMUNERATION, OTHER BENEFITS DURING 2022, SEK 000s	Basic salary/ Directors' fees	Other benefits	Pension expenseneration	Other remuneration	Total	Statutory soc. sec. contrib. and payroll tax
Chairman of the Board	377	-	-	-	377	38
Other Board members	958	-	-	-	958	301
Chief Executive Officer	4,370	464	1,084	300	6,218	1,885
Other senior executives	8,246	514	2,744	1,350	12,855	3,283
Total	13,951	978	3,829	1,650	20,408	5,508

DIRECTORS' FEES, SEK 000s	2023	2022
Bob Persson	400	377
Ragnhild Backman	200	192
Anders Nelson	67	192
Peter Strand	200	192
Tobias Lönnevall	200	192
Erika Olsén	200	192
Per-Gunnar Persson	133	192
Total	1,400	1,335

Remuneration of the Board of Directors

Remuneration paid to the Board of Directors is decided at the Annual General Meeting. The 2023 AGM approved the payment of future Directors' fees of SEK 1,400,000. Of this amount, SEK 400,000 will be paid to the Chairman of the Board and SEK 200,000 to each of the other Directors. No other remuneration or benefits are paid to the Board of Directors. The amounts cover the period 1 May 2023 to 30 April 2024.

Remuneration of senior management and the CEO

Senior management refers to the CEO and other members of the management team.

The group other senior executives consisted of 6 people. Remuneration and benefits to the CEO are decided by the company's Board of Directors and remuneration to other senior executives is decided by the CEO in consultation with the Board of Directors. The variable remuneration paid to the CEO and senior executives is capped at three months' salary. There is no share-based payment. Information about the company's incentive scheme can be found in the Remuneration Report for 2023. For 2023, the company's CEO has received variable remuneration of SEK 591,000 (300,000). The CEO is entitled to a company car, accommodation provided by the company, and insurance and retirement benefits in accordance with the ITP plan applicable during the period of employment. Individual investment options are available. Insurance and pension premiums are based on cash salary only. The retirement age for the CEO is 65 years. The period of notice given by the company to the CEO is 12 months. The period of notice given by the CEO to the company is 4 months. Remuneration during a period of notice is deducted from income from another employer. Other senior executives are entitled to a company car. During the period of employment with the company, other executives are entitled to insurance and pension benefits in accordance with the ITP plan applicable at the time. Individual investment options are available. Insurance and pension premiums are based on cash salary only. The retirement age for other senior executives is 65 years and the mutual notice period between the company and the employee is three to six months.

Accounting policy**Employee benefits**

Short-term employee benefits include salaries, paid annual leave, paid sick leave and social security contributions. These are recognised as the employees perform the work that entitles them to such benefits.

Pensions and other post-employment benefits can be classified as defined contribution or defined benefit pension schemes. The Group only operates defined contribution pension schemes. This means that the legal or informal obligations are limited to the amount with which

the company has agreed to participate. The scope of the employee's retirement benefits depends on the contributions that the Group pays to the scheme or to an insurance company compared to the return on capital that the contributions give. Hence, it is the employee who bears the actuarial risk and investment risk. The commitment to retirement and occupational pensions is covered by insurance with Alecta. In compliance with current regulations, these are classified as defined benefit ITP plans, which are covered by several employers. A small number of people have defined benefit ITP plans, with continuous payments made to Alecta. These are recognised as a defined contribution plan as a result of Alecta not supplying the information required, thus leading to a lack of information required to recognise the plan as a defined benefit plan. However, there is nothing to indicate any significant commitments in excess of the amount paid to Alecta. Where there is insufficient information to be recognised for them as defined benefit schemes, they are recognised as defined contribution schemes. Obligations in respect of contributions to defined contribution plans are recognised as an expense in the income statement as they arise.

Termination benefits are recognised as a liability and an expense. This only applies if the Group is demonstrably obliged to either terminate employment before the usual retirement date or to provide compensation to encourage voluntary resignation. The benefits in connection with voluntary redundancy are calculated on the basis of the number of employees expected to accept the offer. This means that the compensation is written off on the basis of an obligation to work or directly if the employee is exempt from this.

NOTE 6 > CENTRAL ADMINISTRATION

Central administration covers costs for general administration and group-wide activities. Parent company costs for senior management, human resources, IT, marketing activities, IR, audit fees, financial statements and the expense of maintaining a stock exchange listing are included in central administration.

AUDITORS' FEES AND EXPENSES, SEK 000s	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Deloitte				
Audit services	2,420	2,033	2,420	2,033
Audit activities other than the audit engagement	260	270	260	270
Fiscal advice	74	206	74	206
Other services	-	4	-	4
Total	2,754	2,514	2,754	2,514

NOTE 7 > FINANCIAL INCOME

FINANCIAL INCOME, SEKm	2023	2022
GROUP		
Interest income	121	4
Other financial income	7	0
Total	128	4
PARENT COMPANY		
Interest income from Group companies	1,112	619
Dividends from Group companies	100	100
Group contributions	-	81
Interest income, other	115	28
Total	1,327	828

Accounting policy

Financial income mainly comprises interest income and is recognised in the period to which it refers. For the parent company, financial income also includes dividends received and anticipated. Dividends are recognised as revenue when the shareholder's right to receive payment is established. The comparative year 2022 also includes Group contributions received; in 2023, they were reclassified as appropriations for the financial statements. Financial income is calculated using the effective interest method. All interest income relates to financial instruments recognised at amortised cost.

NOTE 8 > FINANCIAL COSTS

FINANCIAL COSTS, SEKm	2023	2022
GROUP		
Interest expenses ^{1,2}	815	249
Other financial costs	31	29
Total	847	277
PARENT COMPANY		
Interest expenses from Group companies ¹	694	372
Interest expenses ¹	698	109
Other financial costs	22	20
Group contributions	-	57
Total	1,414	558

¹ Attributable to liabilities measured at amortised cost.

² The comparative year was restated due to capitalised interest expenses.

Accounting policy

Financial costs relate to interest and other costs incurred in connection with borrowings. Costs for registration of mortgage deeds are not considered a financial cost, but are disclosed on the balance sheet as investment properties. Financial costs are recognised in the period to which they relate. Financial costs also include costs for interest rate derivative contracts. Flows of payments under these contracts are recognised in the period in which they are incurred. Net financial items are not affected by the market valuation of interest rate derivative contracts entered into, which are instead accounted for as changes in value under a separate heading. The interest rate is calculated based on an average borrowing cost for the Group. The comparative year 2022 also includes Group contributions paid; in 2023, they were reclassified as appropriations for the financial statements.

During 2023, interest expenses were capitalised on project properties to create a more accurate picture of total investment costs. Interest expenses were calculated on an accrued investment at the end of the quarter and the interest rate used is the Group's average interest rate at the end of the respective quarter. The comparative year in the report was restated due to this.

Interest rate risk

A change in the underlying interest rate is a risk, as it may negatively affect the value of the company and/or cash flow. By striving to maintain a diversified maturity structure and fixed-rate terms, the Group reduces the risk that changes in individual interest rates will have a significant impact on earnings and property values. Also refer to the corresponding section in Note 19.

INTEREST EXPENSE FOR 2023 INCL. WEIGHTED AVERAGE INTEREST, SEKm	Amount	Annual expense	Weighted average interest rate, %
GROUP			
Interest-bearing liabilities ¹	16,686	845	5.1
Undrawn credit facilities ²	946	4	0.0
Financial instruments ³	7,875	-113	-0.7
Total		736	4.4

¹ Interest-bearing liabilities excluding any advance payments, so-called upfronts.

² The cost of undrawn credit facilities affects the average annual interest rate by 0.02 percentage points.

³ Refers to swaps.

NOTE 9 > INVESTMENT PROPERTIES

CHANGE IN VALUE, PROPERTIES, SEKm	2023	2022
GROUP		
Realised changes in value	8	10
Unrealised changes in value	-1,393	-175
Total	-1,385	-165

INVESTMENT PROPERTIES, SEKm	2023	2022
OPENING CARRYING AMOUNT	31,136	27,993
Acquisitions	-	2,004
Investment in existing properties ¹	1,631	1,332
Sales	-160	-18
Unrealised change in value ¹	-1,393	-175
Total	31,215	31,136

¹ The comparative year was restated due to capitalised interest expenses.

PROPERTY VALUE PER SEGMENT, 31 DEC. 2023, SEKm	Offices	Retail	Residential	Industrial/warehouse	Other	Total
Dalarna	3,134	617	649	25	1,033	5,458
Gävle	1,795	699	260	92	330	3,175
Sundsvall	2,801	721	406	0	873	4,801
Äre/Östersund	2,573	1,171	788	162	141	4,835
Skellefteå	2,055	652	163	93	253	3,215
Umeå	3,298	630	254	37	567	4,785
Luleå	3,392	1,247	189	0	119	4,947
Total	19,048	5,736	2,707	407	3,315	31,215

PROPERTY VALUE PER SEGMENT, 31 DEC. 2022, SEKm	Offices	Retail	Residential	Industrial/warehouse	Other	Total
Dalarna	3,100	636	665	26	889	5,316
Gävle	1,724	710	274	92	348	3,148
Sundsvall	2,825	701	433	0	914	4,873
Äre/Östersund	2,631	1,177	878	151	139	4,976
Skellefteå	1,990	690	172	96	323	3,271
Umeå	3,276	672	210	38	551	4,747
Luleå	3,253	1,288	140	0	122	4,804
Total	18,798	5,875	2,772	403	3,286	31,136

**MAJOR INVESTMENTS IN PROGRESS WITH INITIAL INVESTMENT VOLUME > SEK 10M
31 DEC 2023**

	Segment	Category	Investment, SEKm	Invested during 2023, SEKm	Uninvested, SEKm	Completed
Intagan 1	Dalarna	Offices	555	7	1	2024
Mimer 1	Dalarna	Other	484	339	65	2024
Biet 6	Luleå	Other	246	57	188	2025
Biet 4	Luleå	Offices	206	93	53	2024
Vale 17	Umeå	Offices	206	117	89	2024
Biet 7	Luleå	Other	200	4	196	2025
Porsön 1:423	Luleå	Offices	182	50	6	2024
Andersberg 14:58	Gävle	Offices	165	65	75	2024
Glädjen 4	Sundsvall	Offices	51	36	3	2024
Kansliet 20	Dalarna	Offices	27	3	3	2024
Borgmästaren 10	Sundsvall	Offices	27	25	1	2024
Vattenormen 8	Luleå	Offices	22	1	11	2024
Aeolus 5	Sundsvall	Other	20	20	0	2024
Rudan 4	Östersund/Äre	Offices	13	2	11	2024
Sigrid 10	Dalarna	Offices	11	12	0	2024
Gamen 21	Luleå	Offices	11	10	0	2024
Sirius 25	Skellefteå	Other	11	10	2	2024
Hattmakaren 16	Dalarna	Other	10	12	0	2024
Total				864		

During the year, 4 properties (10) were sold while no properties (28) were acquired.

The negative unrealised change in value is mainly due to higher direct yield requirements for the entire portfolio, which is based on higher market interest rates and thus generally higher financing costs.

DIRECT YIELD REQUIREMENT, %	2023	2022
Average direct yield requirement at year-end	6.11	5.74

For information on pledged properties, see Note 23.

Accounting policy

At each closing, all properties in the property management portfolio are measured at fair value in order to determine the individual value of each property. Any portfolio effects are thus not taken into account. The change in value is recognised in the income statement under change in value of properties in the period in which they arise. The measurement was done according to level 3 of the measurement hierarchy in IFRS 13.

Project properties under construction are measured on the basis of discontinued costs; any impairment requirements from discontinued costs are recognised immediately.

Completed project properties are measured at fair value.

In property transactions, a risk transition is assessed, which is indicative of when the transaction is to be recognised. Acquisitions of properties or companies are normally reported on the completion date since that is the date on which control associated with ownership is usually passed on. Acquisitions whose primary purpose is to acquire the company's property and in which the company's management organisation and administration, if any, is of secondary importance to the acquisition, are classified as asset purchases. On asset acquisition, no deferred tax attributable to the property acquisition is recognised; instead, any discount reduces the property's acquisition cost. This means that changes in value will be affected by the tax discount on subsequent valuation. Income from the sale of property is recognised as the difference between the sale price received, less any costs directly related to the sale, and the latest fair value estimate, plus any improvements made since the last valuation.

During 2023, interest expenses were capitalised on project properties in accordance with IAS 23 to create a more accurate picture of total investment costs. Interest expenses were calculated on an accrued investment at the end of the quarter and the interest rate used is the Group's average interest rate at the end of the respective quarter.

The comparative year in the report was restated due to this.

Valuation method

The valuation was carried out according to the cash flow method. This is a return-based market simulation where the cash flows that the property portfolio is expected to generate are analysed and discounted. The calculation period is ten years. Diös applies the method because it aims to reflect the market's approach to different parameters, including inflation, rent development, cost development, cost of capital and direct yield requirements, as well as that it provides a good illustration of a property's liquidity. The method is the same as the previous year.

For each property, an individual assessment is made of both future earning capacity and market return requirements. The cash flow model means that the operating surpluses for the properties for the coming years are forecast based on leases, information about vacant premises, actual and budgeted operating and maintenance costs, property tax and property management, as well as information about ongoing and planned investments. The results of continuous property audits on, among other things, climate-related risks, technical status and micro location in each city's property portfolio are taken into account. A present value of each year's operating surplus, less the value of remaining investments for ongoing projects, and the present value of the properties' residual value in year 10 constitute the basis for the value of the properties. The yield requirement for determining the residual value is set for each property on the basis of several factors, including the property's technical status, estimated earnings, property type and geographic market. In assessing a property's future earning capacity, long-term inflation is taken into account. The market's return requirements are determined by an analysis of completed property transactions for properties with a similar standard and location.

Development rights have been valued on the basis of an estimated market value in SEK/sq.m. of gross floor space for established building rights. Development rights are taken up for valuation once a detailed development plan is approved and has gained legal force.

The entire portfolio is subject to an external valuation during the year and it is the valuation consultant CBRE that carries out the valuations. CBRE also carries out a physical inspection of all properties within a three-year period, as well as regular inspections after major alterations.

Valuation parameters

The most important value-driven factors in the valuation model for the calculated value of the property portfolio are the assessment of the direct yield requirement and the future earnings. The information on these factors is taken from property-specific data from the administration organisation and market-related information from CBRE.

The direct yield requirement is unique for each property and is based on assumptions about real interest rates, inflation and risk premiums. The cost of borrowed capital is based on the market interest rate and the cost of equity is based on a risk-free interest rate equivalent to a long-term government bond rate plus a risk premium. The risk premium is unique for each property and can be divided into general and individual risk. The general risk makes up for the fact that a property investment is not as liquid as a bond and that the asset is affected by the general economic situation. The individual risk is specific to each property and comprises the market's overall assessment of the property's category, the town in which it is located, its location within the town with regard to the property's category, whether it is properly designed, appropriate and makes efficient use of space, its technical standard in respect of materials, quality of general installations, furnishing, equipment, etc. in premises and apartments, and the nature of lease contracts, taking length, size, number and other aspects of the contracts into account. The length, size and number of contracts are taken into account. The exposure of the property to climate-related risks is also taken into account. No individual or specific value adjustment has been made based on climate-related risks. The direct yield requirement is primarily based on comparable transactions in the property market, known as the local price. In the absence of transactions at a particular location or for a particular type of property, comparative information is obtained from a similar location or similar type of property. In the absence of transactions, the estimate is based on the prevailing macroeconomic factors.

AVERAGE DIRECT YIELD REQUIREMENT PER PROPERTY CATEGORY, %	2023	2022
Offices	6.1	5.8
Retail	6.5	6.1
Residential	4.9	4.4
Industrial/warehouse	6.3	5.8
Other	6.1	5.8

AVERAGE DIRECT RETURN REQUIREMENT PER SEGMENT, %	2023	2022
Dalarna	6.2	5.8
Gävle	6.2	5.8
Sundsvall	6.1	5.7
Östersund / Åre	6.2	5.8
Umeå	5.9	5.5
Skellefteå	6.0	5.6
Luleå	6.3	5.9

In assessing the future earning capacity, known inputs from leases, operations and maintenance, investments and vacancies are taken into account. In addition to this, the indexation clauses of the leases, which are based on the KPI outcome for October of the previous year, and cost increases in line with the general inflation rate have been adopted. The long-term KPI assumption is estimated at 2 per cent, which is in line with the Swedish Central Bank's objective of maintaining price stability. It is also in line with the assumptions of the external valuers.

KPI ADJUSTMENTS, %	2023	2022
KPI October	6.5	10.9

Estimates and assessments

The estimates of the value of investment properties have a significant risk of causing a material adjustment to Group revenue and financial position. All property valuations are based on a number of assumptions about the future and the market, which entail a degree of uncertainty. A property's market value can only be determined when it is sold. The value range specified in property valuations is often within ±5-10 per cent and should be seen as a measure of the uncertainty in the assumptions and calculations. CBRE indicates an uncertainty range of +/- 7.5 per cent. The direct yield requirement and the assumption regarding future earnings are crucial to the calculated value of the property portfolio. These are the most important value-driving factors in the valuation model.

VALUATION ASSUMPTIONS	Offices		Retail		Residential		Industrial/warehouse		Other	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Rental value, SEK per sq.m	1,827	1,745	1,933	1,868	1,464	1,422	805	789	1,569	1,502
Operations & maintenance, SEK per sq.m.	386	368	512	477	479	459	243	237	353	345
Average yield requirement for assessing residual value, %	6.1	5.8	6.5	6.1	4.9	4.4	6.3	5.8	6.1	5.8
Cost of capital for discounting to present value, %	8.6	8.2	9.0	8.6	7.4	6.9	8.8	8.3	8.5	8.2
Long-term vacancy, %	6.6	6.3	6.8	6.6	3.2	3.5	9.7	10.1	6.0	5.6

The valuation model is usually based on a calculation period of 10 years or longer if actual leases with a duration of more than 10 years exist. The annual comparison is not in comparable property stocks.

SENSITIVITY ANALYSIS, PROPERTY CATEGORY, SEKm	Offices		Retail		Residential		Industrial/warehouse		Other		Total	
Rental value, +/- SEK 50 per sq.m.	645	-645	304	-304	134	-134	60	-60	145	-145	1,288	-1,288
Operations & maintenance, +/- SEK 25 per sq.m.	-323	323	-144	144	-67	67	-30	30	-73	73	-636	636
Yield, +/- 0.5% units	-730	863	-283	331	-144	178	-30	37	-130	154	-1,317	1,562
Cost of capital, +/- 0.5% units	-599	628	-253	265	-91	95	-29	31	-128	135	-1,099	1,154
Long-term vacancy rate, +/- 1% units	-210	210	-97	97	-19	19	-9	9	-36	33	-371	368

Based on historical development, the conditions in the sensitivity analysis above are assessed to be materially reasonable for each property category.

SENSITIVITY ANALYSIS PROPERTY VALUE	Change in property value, %		
	-7.5	0.0	7.5
Property value, SEKm	28,874	31,215	33,556
Equity ratio, %	29.4	34.6	39.1
Loan-to-value ratio, %	58.8	54.4	50.6

Risk, property value

The value of the property portfolio is affected by both internal and external factors. The internal factors are linked to our ability to refine the portfolio, increase the attraction and return of the properties and also to value the properties. The external factors are linked to the state of the overall economy, which determines supply, demand and the direct yield requirement. To reduce the company's risks of high fluctuations in value, the company maintains a well-diversified portfolio of properties concentrated in central locations in growth cities. The well-balanced lease structure reduces the risk of high vacancy rates and loss of rental income. The property valuations are conducted according to established and revised methods.

Climate-related risks

The property portfolio is continuously adjusted and maintained to meet tenant requirements and ensure its physical status and useful life. All properties have a development and maintenance plan that is updated when necessary and in case of major changes. This plan aims to ensure the long-term value of the property and to contribute effectively to the company's financial and sustainability goals. Our assessment is that the impact of climate change on the property portfolio is managed continuously in the respective property development and maintenance plan and thus does not lead to increased investment needs. The climate risk analysis carried out and the scenario analyses for future climate effects form the basis for this assessment. Furthermore, climate-related risks are not considered to have a negative impact on the properties' long-term value, as the assessed investment needs are already discounted in the latest completed property valuation. We also estimate that no properties are currently extremely exposed to climate change that can lead to significant negative changes in value or costs.

Notes

NOTE 10 > CURRENT TAX AND DEFERRED TAX

The tax liability in question is based on the taxable profit for the year. Taxable profit differs from accounting profit as it is adjusted for non-taxable and non-deductible items. Deferred tax refers to tax on temporary differences that arise between the carrying amount of assets and the tax value used to calculate taxable profit.

	GROUP		PARENT COMPANY	
TAX EXPENSE, SEKm	2023	2022	2023	2022
Current tax	-28	-16	0	0
Deferred tax	141	-199	74	-
Total	113	-215	74	0

	2023	2023	2022	2022
GROUP, SEKm	Basis for current tax	Basis for deferred tax	Basis for current tax	Basis for deferred tax
Property management income	903		1,081	
Conversion projects	-119	119	-95	95
Tax-deductible depreciation	-348	348	-311	311
Non-deductible interest	-407	-	-20	-
Other tax adjustments	110	227	-420	559
Taxable property management income	139	694	235	965
Sale of properties	0	-8	0	-9
Change in value, properties	0	-1,376	0	-150
Taxable profit before tax reduction for equipment	139	-690	235	806
Deferred tax attributable to tax reductions for purchased equipment in 2021.	0	0	-156	156
Taxable profit	139	-690	79	962
Taxable profit	139	-690	79	962
Tax 20.6%	-28	141	-16	-199
Tax for the period as per income statement	-28	141	-16	-199

Diös' reported tax is lower than the nominal tax. The effective tax rate on the property management income for the year is -13 per cent (21).

	GROUP		PARENT COMPANY	
TAX EXPENSE, SEKm	2023	2022	2023	2022
Profit for the year before tax	-963	1,045	-90	242
Tax at the applicable rate of 20.6%	199	-215	19	-50
Tax related to changed tax rate	0	0	-	-
<i>Tax effect of adjustments:</i>				
Tax on tax reduction equipment	0	0	0	0
Sale of properties	0	2	0	0
Non-deductible/taxable interest	-84	-4	36	29
Other	-2	2	19	21
Tax on profit for the year	113	-215	74	0

	GROUP		PARENT COMPANY	
DEFERRED TAX ASSETS/TAX LIABILITIES, SEKm	2023	2022	2023	2022
Deferred tax liability relating to temporary differences in properties	-2,208	-2,257	-	-
Deferred tax asset/liability relating to other items	-34	-126	74	-
Total deferred tax assets/liabilities	-2,242	-2,383	74	-

The value of a deferred tax asset/liability will be assessed at the end of each accounting period and, if necessary, re-valuation will be carried out. Recognised temporary differences on properties amounted to SEK 10,718m (10,956), less SEK 5,147m (5,239) in deferred tax relating to asset acquisitions. Other deferred taxes are principally calculated on untaxed reserves and derivatives. In the financial statements, deferred tax assets have been offset against deferred tax liabilities. Deferred tax is calculated at a rate of 20.6 per cent. Changes in deferred tax have been fully recognised in the Group's income statement.

Accounting policy

The parent company and the Group apply IAS 12, Income Taxes. Aggregate tax is current and deferred tax. Tax is recognised in the income statement, unless it arises from transactions recognised in other comprehensive income or equity, in which case any related tax effect is also recognised directly in equity.

Current tax is the amount of tax the company is liable to pay in respect of the taxable profit/loss for the year, including adjustments of any current tax pertaining to earlier periods.

The parent company and Group calculate deferred tax according to the balance sheet method. This means that deferred tax is recognised on all temporary differences, except to the extent that the deferred tax is attributable to the initial recognition of goodwill or an asset or liability arising from a transaction that is not a business combination and at the time of acquisition affects neither recognised profit nor taxable profit. These amounts are calculated based on how the temporary differences are expected to be settled and using the tax rates and tax regulations that have been enacted or announced on the balance sheet date. Deferred taxes are measured using the tax rates and tax regulations enacted or substantively enacted on the balance sheet date. Deferred tax assets are recognised for deductible temporary differences and loss carry-forward only to the extent that it is probable that they will result in lower tax payments in the future. Deferred tax assets are reduced to the extent that it is no longer probable that a sufficient taxable benefit will arise.

Estimates and assessments

Estimated deferred tax in the Group is mainly based on temporary differences on investment properties; the temporary difference is affected by the valuation of investment properties. The estimates of the value of investment properties have a significant risk of causing a material adjustment to Group revenue and financial position. All property valuations are based on a number of assumptions about the future and the market, which entail a degree of uncertainty; see Note 9.

NOTE 11 > LEASES

The remaining lease commitments refer essentially to leases related to site leasehold fees, ground rent and vehicle leases. Ground rent is paid over time and is generally renegotiated at 10- to 20-year intervals. At year-end 2023, Diös had 16 properties (16) for which the company was paying ground rent. Diös also has commitments under leases for vehicles. These leases have an average term of 3 years and are recognised at the value of the right-of-use asset at inception less depreciation and a finance charge. The total cash flow attributable to leases during the year was SEK 11m (4).

AMOUNTS RECOGNISED ON THE BALANCE SHEET, SEKm	Leaseholds	Ground rent	Cars	Other business	Total
GROUP					
1 January 2023	37	-	22	0	59
Acquisitions	-	22	3	-	25
Remeasurement	5	-	-	-	5
Depreciation and amortisation	-	-1	-5	-	-7
Total	42	21	19	0	82

LEASE LIABILITY RECOGNISED ON THE BALANCE SHEET, SEKm	2023	2022
GROUP		
Current liability	9	7
Non-current liability	74	52
Total	82	59

AMOUNTS RECOGNISED IN THE INCOME STATEMENT, SEKm	2023	2022
GROUP		
Depreciation of right-of-use assets	7	4
Interest expense for lease liabilities	4	4
Expenses related to short-term leases	-	0
Expenses related to low-value leases	1	1
Expenses related to variable lease payments	-	0

FUTURE LEASE PAYMENTS, SEKm	2023	2022
GROUP		
Year 1	11	4
Years 2-5	43	16
After more than 5 years	29	39
Total	82	59

Accounting policy

Finance leases are recognised on the balance sheet at the present value of future lease payments. Leaseholds are accounted for as right-of-use assets and are not depreciated, as they are considered perpetual leases, and other smaller leases are recognised in the line for other property, plant and equipment. All leases are included in the lease liability, which is remeasured in the event of a change in, for example, the lease term, residual value guarantees and changes in lease payments. Costs for ground rent are recognised as financial costs while other costs for the leased assets are recognised as depreciation and interest. Short-term leases (12 months or less) and leases for which the underlying asset is of low value are recognised in profit or loss in the same way as earlier operating leases.

The Group assesses whether the contract is, or contains, a lease when the contract is entered into. The Group recognises a right-of-use asset with a corresponding lease liability for all leases where the Group is a lessee, except for low-value leases.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the lessee's incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security. Lease payments included in the measurement of the lease liability comprise fixed payments less any incentives on signing the lease, variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date. The lease liability is recognised as a separate item in the consolidated statement of financial position. After the commencement date, the lease liability is measured on an ongoing basis. The Group remeasures the lease liability if the lease term has changed or there is a change in the assessment of exercise of an option to purchase the underlying asset or if the lease payments change due to changes in an index or rate or if there is a change in the amounts expected to be payable under a residual value guarantee. Rights-of-use assets comprise the amount of the initial measurement of the corresponding lease liability. They are subsequently measured at cost less accumulated depreciation and impairment. Depreciation starts at the commencement date of the lease and is recognised in property, plant and equipment. The Group applies IAS 36 to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

NOTE 12 > OTHER PROPERTY, PLANT AND EQUIPMENT

OTHER PROPERTY, PLANT AND EQUIPMENT, SEKm	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Opening cost	53	47	7	7
Acquisition for the year	1	6	0	0
Sales/disposals	-	-	-	-
Closing cost	54	53	7	7
Opening depreciation	-47	-46	-7	-7
Sales/disposals	-	-	-	-
Depreciation for the year	-2	-1	0	0
Closing accumulated depreciation	-49	-47	-7	-7
Total	5	6	0	0

Accounting policy

Other property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the company and the cost of the asset can be measured reliably. Other property, plant and equipment is recognised in the balance sheet at cost less accumulated depreciation and impairment. Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Subsequent expenditure is added to the cost to the extent that it improves the performance of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. Residual value and useful life are reviewed at the end of each financial year. Scheduled depreciation is based on the original cost of the asset and, where applicable, taking into account other costs that add value and write-ups and write-downs. Items are depreciated on a straight-line basis over the estimated useful life of the asset. The date on which the depreciation starts is the date of acquisition.

The following depreciation is applied to the parent company and the Group:

Equipment and vehicles 10–20%

Office equipment 20%

Computers 33%

NOTE 13 > INTERESTS IN GROUP COMPANIES

INTERESTS IN GROUP COMPANIES, SEKm	2023	2022
PARENT COMPANY		
Opening cost	2,362	2,265
Impairment/reduction	-	-
Purchases/sales	190	97
Total	2,552	2,362

A specification of the parent company's directly owned subsidiaries is given below.

The parent company has 11 subsidiaries (11). Other Group companies can be found in the annual reports of each subsidiary. The principle for consolidation of Group companies is presented in the accounting policies in Note 1.

SUBSIDIARIES	CRN	Reg. office	Equity interest, %	Carrying amount, SEKm
Diös Fastigheter I AB	556544-4998	ÖSTERSUND	100	16
Diös Fastigheter II AB	556610-9111	ÖSTERSUND	100	160
Diös Fastigheter V AB	556571-9969	ÖSTERSUND	100	35
Diös Fastigheter VI AB	556561-0861	ÖSTERSUND	100	188
Diös Fastigheter Parkering AB	556589-8433	ÖSTERSUND	100	2
Åre Centrum AB	556624-4678	Åre	100	155
Fastighets AB Uprum	556711-2619	ÖSTERSUND	100	40
Diös Obligation Holding AB	556912-4471	ÖSTERSUND	100	99
Plock Pack och Posttjänst i Sverige Holding AB	559000-9279	ÖSTERSUND	100	3
Diös Gamla Bergsskolan AB	559041-8355	ÖSTERSUND	100	934
Diös Struktur 1 AB	559067-1912	ÖSTERSUND	100	920
Total				2,552

Accounting policy

Shares in subsidiaries are recognised using the cost method where the carrying amount is continually reviewed against the subsidiaries' consolidated equity. In cases where the carrying amount exceeds the consolidated value, the resulting impairment is charged to the income statement. Impairment loss is reversed when it is no longer justified. Acquisition costs for subsidiaries are included as part of the acquisition cost of interests in subsidiaries.

NOTE 14 > INTERESTS IN ASSOCIATES AND JOINT OPERATIONS

	GROUP		PARENT COMPANY	
INTERESTS IN ASSOCIATES AND JOINT OPERATIONS, SEKm	2023	2022	2023	2022
Opening cost	7	7	-	-
ACQUISITIONS	-	-	-	-
Reclassifications	-	-	-	-
SALES	-	-	-	-
Closing cost	7	7	-	-
Carrying amount	7	7	-	-

Company name, co. reg. no.	Reg. office	Equity interest, %	Carrying amount
Fastighetsaktiebolaget Norkom, 556483-5337 ¹	Härjedalen	50.0	0.5
Idun Samfällighetsförening, 716415-4358 ²	Skellefteå	25.0	6.5
Total			7.0

¹ Diös' interest in Fastighetsaktiebolaget Norkom is owned indirectly through Diös Norrland AB.

² Diös' interest in Idun Samfällighetsförening is owned indirectly through Diös Skellefteå I AB and Diös Fastigheter Idun AB.

CONDENSED INCOME STATEMENT AND BALANCE SHEET FOR ASSOCIATES (100%), SEKm

	2023	2022
GROUP		
Income statement		
Rental income	4	5
Operating surplus	2	2
Profit for the year	1	1
balance sheet		
Non-current assets	7	8
Current assets	11	10
Total assets	18	18
Equity	15	14
Non-current liabilities	1	2
Other liabilities	2	2
Total equity and liabilities	18	18

SUMMARY OF OUR SHARE OF EARNINGS AND FINANCIAL POSITION IN JOINT OPERATIONS, SEKm

	2023	2022
Income statement		
Operating expenses	-1	-1
Net financial items	2	1
Taxes	0	0
Profit for the year	1	0
balance sheet		
Non-current assets	635	267
Current assets	68	658
Total assets	703	925
Equity	134	132
Non-current liabilities	556	196
Other liabilities	13	597
Total equity and liabilities	703	925

Joint operations

Diös conducts financial operations through Svensk FastighetsFinansiering AB, which is a joint operation as the company is jointly owned by Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB at 20 per cent each. The intention is to broaden the company's funding base. Diös' interest in Svensk FastighetsFinansiering AB is owned indirectly through Diös Obligation AB. The company is engaged in deposit-taking activities in the form of borrowing in the capital market through the issuance of bonds (medium-term notes, MTN) and lending activities through the issuance of cash loans.

During the year, a bond of SEK 284m was due. A new bond of SEK 360m was issued through Svensk FastighetsFinansiering AB.

The effective interest rate for all outstanding bonds at 31 December 2023 was 4.76 per cent.

Accounting policy

A company is recognised as an associate, when we hold at least 20 per cent of the voting rights and a maximum of 50 per cent or otherwise have significant influence over the operational and financial governance. In the consolidated financial statements, the holdings are recognised in accordance with the equity method. Interests in associates are recognised on the balance sheet at cost adjusted for changes in the Group's interest in the associate's net assets, less any impairments in the fair value of individual interests.

Notes

An interest in a joint operation is a joint arrangement in which two or more parties have joint control. A joint arrangement is classified as either a joint venture or a joint operation. Diös has assessed its joint arrangements and determined that its interest in Svensk Fastighetsfinansiering AB constitutes a joint operation. For its holdings in joint operations, Diös accounts for its share of assets, liabilities, income and expenses, and its share of joint assets, liabilities, income and expenses on an item-by-item basis in the consolidated financial statements. Transactions and balances with joint operations have been eliminated in the consolidated financial statements.

NOTE 15 > OTHER NON-CURRENT ASSETS INVESTMENTS

OTHER NON-CURRENT SECURITIES, SEKm	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Opening cost	1	1	0	0
ACQUISITIONS	-	-	-	-
Impairment	-	-	-	-
Reclassifications	-1	0	-	-
SALES	-	-	-	-
Closing cost	0	1	0	0
Carrying amount	0	1	0	0

Company name, co. reg. no.	Reg. office	Equity interest, %	Carrying amount
Destination Östersund AB, 556798-5592	ÖSTERSUND	4.4	0
Offerdalsvind ekonomisk förening, 769606-0719	Krokom	16.2	0
Äre Destination AB, 556171-5961	ÄRE	2.4	0
Total			0

NOTE 16 > TRADE RECEIVABLES

TRADE RECEIVABLES, SEKm	2023	2022
GROUP		
Age structure of trade receivables		
Trade receivables not past due and trade receivables up to 30 days past due	19	25
Trade receivables 31-60 days past due	8	2
Trade receivables 61-90 days past due	-1	3
Trade receivables more than 91 days past due	38	25
Reserve	-31	-23
Total	34	31
Reserve		
Reserve at beginning of year	23	22
Reserves for the year	25	18
Reversal of reserves	-18	-16
Actual credit losses	-	-1
Total	31	23

NOTE 17 > EQUITY

Each share entitles the holder to one vote. There are no potential shares (such as convertible bonds), nor any preferential rights to cumulative dividends (preference shares). The change in share capital is shown in the table below.

CHANGE IN SHARE CAPITAL

Date	Event	Increase in number of shares	Total number of shares	Increase in share capital, SEK	Total share capital, SEK	Face value, SEK
1 Jan 2005	At the start of the period	-	10,000	-	100,000	10.00
21 Jun 2005	Share split	990,000	1,000,000	-	100,000	0.10
21 Jun 2005	Issue of new shares	1,489,903	2,489,903	148,990	248,990	0.10
14 Sep 2005	Non-cash issue	1,503,760	3,993,663	150,376	399,366	0.10
2 Jan 2006	Bonus issue	-	3,993,663	39,537,264	39,936,630	10.00
2 Jan 2006	Share split	15,974,652	19,968,315	-	39,936,630	2.00
18 May 2006	Issue of new shares	8,333,400	28,301,715	16,666,800	56,603,430	2.00
11 Jul 2006	Non-cash issue	5,000,000	33,301,715	10,000,000	66,603,430	2.00
19 Apr 2007	Non-cash issue	666,250	33,967,965	1,332,500	67,935,930	2.00
29 Oct 2010	Non-cash issue	99,729	34,067,694	199,458	68,135,388	2.00
14 Dec 2010	Issue of new shares	3,285,466	37,353,160	6,570,332	74,705,720	2.00
17 Dec 2010	Issue of new shares	11,407	37,364,567	22,814	74,728,534	2.00
5 Dec 2011	Issue of new shares	22,854,136	60,218,703	45,708,272	120,436,806	2.00
14 Dec 2011	Issue of new shares	14,510,431	74,729,134	29,020,862	149,457,668	2.00
27 Jan 2017	Issue of new shares	59,629,748	134,358,882	119,259,496	268,717,164	2.00
31 Jan 2017	Issue of new shares	153,556	134,512,438	307,112	269,024,276	2.00
1 December 2021	Issue of new shares	7,272,727	141,785,165	14,545,423	283,569,699	2.00
31 DEC 2023			141,785,165		283,569,699	2.00

Accounting policy

Trade receivables are recognised at the amount that is expected to be received less doubtful receivables. Unsecured trade receivables are assessed individually. The expected maturity of trade receivables is short, so the value was recognised at a nominal amount without discounting. Impairment of trade receivables is recognised in operating expenses.

Accounting policy

When the company repurchases its own shares, the company's equity is reduced by the amount of consideration paid for the shares plus any transaction costs. Pursuant to the decision of the Annual General Meeting, dividends are recognised as a decrease in equity.

NOTE 18 > OTHER PROVISIONS

Other provisions refer in full to stamp duty which, if properties are sold outside the Group, is due for payment.

NOTE 19 > LIABILITIES TO CREDIT INSTITUTIONS

All raised loans, excluding bonds issued by Diös, have collateral in the form of mortgage deeds. The parent company maintains promissory notes with its subsidiaries with the mortgage collateral pledged therein. In addition to mortgages, there are financial covenants which require the loan-to-value, equity/assets and interest coverage ratios to be maintained. All forms of loan agreement include the usual cancellation terms and conditions for renegotiation if there is a change in business focus and this exposes the lender to an unacceptable level of risk. The agreements with lenders contain limits for various financial key ratios, known as covenants. Financial key ratios with limit values are equity, loan-to-value and interest coverage ratios. The minimum equity/assets ratio is 25 per cent, the loan-to-value ratio must not exceed 65 per cent, while the interest coverage ratio must be greater than 1.8 times. At the end of the year, all limit values were reached.

INTEREST RATE AND DEBT MATURITY STRUCTURE AT 31 DECEMBER 2023

Maturity, year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average interest rate, %	Credit agreements, SEKm	Drawn, SEKm
2024	9,286	5.3	6,723	6,573
2025	1,635	6.2	1,235	1,235
2026	5,102	5.9	4,325	3,684
2027	1,080	5.2	2,414	2,414
>2028	-	-	3,196	3,196
Total	17,102	5.6	17,893	17,102

INTEREST-BEARING LIABILITIES, SEKm	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Maturity date from the balance sheet date:				
< 1 year	6,573	4,003	3,525	1,675
1-2 years	1,235	6,450	875	3,353
2-3 years	3,684	795	1,884	795
3-4 years	2,414	1,848	-	-
> 4 years	3,196	3,174	-	-
Total	17,102	16,270	6,283	5,823

OVERDRAFT FACILITIES, SEKm	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Credit limit granted	600	600	600	600
Undrawn	600	600	600	600
Drawn	0	0	0	0

DERIVATIVES, SEKm	31 Dec 2023			31 Dec 2022		
	Asset	Liability	Net	Asset	Liability	Net
GROUP						
Interest rate derivatives	43	381	338	143	-	143
Gross value derivatives	43	381	338	143	-	143
Covered by netting	-	-	-	-	-	-
Net value derivatives	43	381	338	143	0	143

Policies for financing and financial risk management

As a borrower, Diös is exposed to financial risks, primarily interest rate risk, financing and liquidity risk and credit risk. Diös' funding and financial risk management is conducted in accordance with the Board's established financial policy. For a more detailed description of our financial policy, see Note 22.

Interest rate risk

Interest rate risk is the risk associated with changes in interest rates that affect the cost of borrowing for the Group and the value of interest-rate derivatives. Interest expense is one of the major cost items; see Note 8. The sensitivity analysis in the table below is based on simplified assumptions and is based on the situation at the balance sheet date. It is not unreasonable for market interest rates to change by one percentage point on an annual basis and the market price setting indicates a change in the key interest rate of around one percentage point for the coming year. On the other hand, they do not actually rise or fall at the same time. Interest rate sensitivity changes over time to maturity and with active debt management. The effect of actual changes in interest rates may therefore differ from the analysis.

SENSITIVITY ANALYSIS, LOAN PORTFOLIO AT 31 DECEMBER 2023, SEKm	Fixed-rate term, years	Maturity, years	Average annual interest rate, %	Market value, SEKm	If market interest rates increase by 1 percentage point		
					Change in annual average interest rate, %	Change in annual average interest expense, SEKm	Change in market value, SEKm
Loan portfolio excl. derivatives	0.3	2.3	5.6 ¹	17,091	0.9	154	
Derivatives portfolio	2.4	-	-1.1	338	-0.3	-29	626
Loan portfolio incl. derivatives	2.7	2.3	4.5	17,429	0.6	125	626

¹ The cost of unutilised credit facilities has been included.

Financing and liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. Borrowing risk is the risk that it will be costly or difficult to refinance borrowings outstanding. The financial policy states that cash and cash equivalents and undrawn credit facilities must be available to ensure sufficient liquidity levels. The Group's cash and cash equivalents are managed through instruments with good liquidity or short-term maturity. The approved credit limit on the overdraft facility was SEK 600m (600) and the total liquidity reserve less outstanding commercial paper was SEK 829m (1,100), of which cash and cash equivalents amount to SEK 98m (88). Access to liquidity is deemed to be adequate to meet liquidity requirements over the coming 12 months. Future refinancing requirements will be managed in accordance with the applicable financial policy.

Credit risk

Credit risk is the risk of financial loss to the Group due to the failure of a counterparty to meet its contractual obligations. In order to spread the credit risk, the financial policy limits with which counterparties, and to what volume, an agreement may be entered into. Agreements are only entered into with well-known and transparent counterparties who have a high external credit rating. Normal credit checks should be carried out before a new tenant is accepted. The carrying amount of trade receivables and promissory notes represents the maximum credit exposure for the Group. The credit risk in financial counterparties corresponds to the carrying amount for cash and bank balances. At year-end, there were no concentrations of credit risk with respect to trade and other receivables. Impairment of trade receivables was SEK 10m (4). The ten largest clients accounted for 18 per cent (17) of revenue.

Notes

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE, SEKm	31 Dec 2023	Level 2
FOR THE GROUP		
Derivative instruments	-338	-338
Total	-338	-338

The fair value of a derivatives transaction can be described as the risk-free market value after adjusting for the value of counterparty risk. The value of the counterparty risk can be calculated by estimating the expected credit exposure at the date of default, the risk of default and the recovery rate for exposed credits. If a derivatives transaction is terminated prematurely due to the default of a counterparty, losses will be incurred on derivative instruments with positive market values. No loss is incurred on derivatives with negative market values.

To limit the counterparty risk, all derivatives transactions are covered by framework agreements with netting provisions. This enables us to offset positive and negative market values so that the amount owed by or to the counterparty comprises the net market value of all outstanding derivatives transactions between the parties. In view of the net liability, the counterparty risk in the derivatives transactions is deemed to be negligible in relation to the outstanding market values. The Group has signed up to ISDA's 2013 EMIR Protocol, which describes the risk mitigation techniques prescribed in EMIR.

The various categories of financial instruments included in the consolidated balance sheet are presented at right.

SEKm	Financial assets measured at amortised cost		Financial liabilities measured at fair value through profit or loss		Financial liabilities measured at amortised cost		Non-financial instruments	
	2023	2022	2023	2022	2023	2022	2023	2022
GROUP								
ASSETS								
Rent receivables	34	31	-	-	-	-	-	-
Other receivables	191	454	-	-	-	-	-	-
Cash and bank balances	98	88	-	-	-	-	-	-
Other business	-	-	-	-	-	-	61	61
LIABILITIES								
Interest rate derivatives	-	-	338	-143	-	-	-	-
Interest-bearing liabilities	-	-	-	-	18,804	18,152	-	-
Trade payables	-	-	-	-	143	159	-	-
Other liabilities	-	-	-	-	88	709	-	-
Other business	-	-	-	-	-	-	119	119
Total	323	573	338	-143	19,034	19,020	180	180

The values indicated in the above table represent the total credit exposure. Financial instruments, such as rent receivables, trade payables, etc. are reported at amortised cost with deductions for any impairments. Fair value is therefore deemed to be the same as the carrying amount. The Group's long-term interest-bearing liabilities mainly have a short interest rate duration. This means that amortised cost is essentially the same as fair value.

MATURITY ANALYSIS OF FINANCIAL ASSETS, SEKm	2023				2022			
	0-1 month	1-3 months	3-12 months	1-3 years	0-1 month	1-3 months	3-12 months	1-3 years
FOR THE GROUP								
Promissory notes	-	0	-	-	-	0	-	-
Trade receivables	-	34	-	-	-	31	-	-
Other receivables	-	20	52	-	-	61	251	-
Cash and cash equivalents	-	-	-	-	-	-	-	-
Total	0	54	52	0	0	92	251	0

MATURITY ANALYSIS OF FINANCIAL ASSETS, SEKm	2023				2022			
	0-1 month	1-3 months	3-12 months	1-3 years	0-1 month	1-3 months	3-12 months	1-3 years
PARENT COMPANY								
Trade receivables	-	0	-	-	-	0	-	-
Receivables from Group companies	-	0	0	-	-	0	0	-
Other receivables	-	134	14	-	-	240	12	-
Cash and cash equivalents	-	-	-	-	-	-	-	-
Total	0	135	14	0	0	241	12	0

MATURITY ANALYSIS OF FINANCIAL LIABILITIES, SEKm	2023				2022			
	0-1 month	1-3 months	3-12 months	1-3 years	0-1 month	1-3 months	3-12 months	1-3 years
FOR THE GROUP								
Trade payables	-	143	-	-	-	159	-	-
Repayment of debt	-	4,051	2,638	8,206	-	432	3,660	10,069
Interest expenses	-	193	578	1,541	-	131	393	1,049
Derivative instruments	-	-47	-150	-374	-	-24	-66	-84
Total	-	4,339	3,066	9,373	0	699	3,987	11,034
MATURITY ANALYSIS OF FINANCIAL LIABILITIES, SEKm	2022				2021			
	0-1 month	1-3 months	3-12 months	1-3 years	0-1 month	1-3 months	3-12 months	1-3 years
PARENT COMPANY								
Trade payables	-	6	-	-	-	5	-	-
Repayment of debt	-	1,543	2,562	2,786	-	104	1,586	4,175
Interest expenses	-	91	274	732	-	55	165	439
Derivative instruments	-	-47	-150	-374	-	-24	-66	-84
Total	-	1,593	2,686	3,144	0	140	1,684	4,530

Accounting policy

Financial instruments, such as interest-bearing liabilities, interest rate derivative instruments and borrowings, are initially recognised at fair value, which is equal to cost, plus transaction costs, except for the category financial instruments at fair value through profit or loss, for which transaction costs are not included. The subsequent accounting treatment depends on the classification, as described below.

Financial transactions such as receipts and payments of interest and credits are recognised at the settlement date of the account-holding bank while other incoming and outgoing payments are recognised at the accounting date of the account-holding bank. A financial liability is derecognised when the contractual obligation is discharged or is otherwise extinguished. Unless otherwise stated in a note, the carrying amount of all financial liabilities is considered to be a good approximation of their fair values.

Financial liabilities refer to loans and operating liabilities such as trade payables and lease liabilities. The majority of loan agreements are long-term. In cases where short-term loans are raised that are covered by undrawn long-term credit agreements, these are also regarded as long-term. Loans are recognised in the balance sheet at the settlement date and are measured at amortised cost. Interest accrued not paid is recognised in the item accrued expenses. A liability is recognised when the counterparty has fulfilled its obligation and there is a contractual duty to pay, even if no invoice has been received.

Interest rate derivatives are a financial asset or liability that is measured at fair value and changes in value are recognised through profit or loss. To manage exposures to fluctuations in the market interest rate in accordance with the adopted financial policy, the Group has entered into interest rate derivative contracts. The use of interest rate derivatives gives rise to changes in value depending mainly on changes in market interest rates. Interest rate derivatives are initially recognised at cost in the balance sheet on the trade date and are subsequently measured at fair value while changes in value are recognised through profit or loss. Payment flows under the contracts are recognised in the income statement in the period to which they refer.

All financial instruments are valued according to level 2, i.e. mainly based on observable market data for the asset or liability. The fair values of derivative instruments are determined using discounted future cash flows, with quoted market rates for the term of each instrument. The future cash flows of the derivative portfolio are calculated as the difference between the fixed rate agreed by the respective derivative contracts and the implied STIBOR reference rate for each period. The present value of the consequential interest flows are determined using the implied STIBOR curve. The option component of the callable swaps in the portfolio has not been assigned a value, as cancellation does not have an impact on earnings. The issuer decides whether to cancel the swap or not.

NOTE 20 ACCRUED EXPENSES AND DEFERRED INCOME

ACCRUED EXPENSES AND DEFERRED INCOME, SEKm	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Prepaid rents	440	405	-	-
Accrued operating costs	31	30	-	-
Accrued project costs ¹	72	-	-	-
Accrued staff costs	18	25	18	25
Accrued interest expenses	50	9	28	6
Other items	51	130	13	7
Total	661	599	59	38

¹ In 2022, accrued project costs were included in other items.

NOTE 21 > CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES

CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES, SEKm	Carrying amount		Changes not affecting cash flow			Carrying amount
	2022	Cash flow	Unrealised changes in value	Acquisitions	Reclassifications	2023
GROUP						
Non-current liabilities to credit institutions	10,781	965	-	-	-1,236	10,510
Current portion of non-current liabilities	5,478	-149	-	-	1,244	6,573
Overdraft facilities	-	-	-	-	-	-
Total	16,259	816	-	-	8	17,083

CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES, SEKm	Carrying amount		Changes not affecting cash flow			Carrying amount
	2022	Cash flow	Unrealised changes in value	Acquisitions	Reclassifications	2023
PARENT COMPANY						
Non-current liabilities to Group companies	7,139	-68	-	-	-	7,071
Non-current liabilities to credit institutions	4,138	472	-	-	-1,482	3,128
Current portion of non-current liabilities	1,675	-14	-	-	1,864	3,525
Overdraft facilities	-	-	-	-	-	-
Total	12,952	390	-	-	382	13,724

NOTE 22 > DEBT MANAGEMENT

The target for the capital structure is an equity ratio of at least 35 per cent and a loan-to-value ratio of 55 per cent or less. Diös has a covenant under our financial agreements that stipulates an interest coverage ratio of at least 1.8 times, an equity ratio of at least 25 per cent and a loan-to-value ratio of not more than 65 per cent. At 31 December 2023, the assets had a total value of SEK 31,714m (31,733). These were financed partly through equity of SEK 10,968m (12,102) and liabilities of SEK 20,746m (19,631), of which SEK 17,083m (16,259) were interest-bearing property credits. Diös' funding and financial risk management is conducted in accordance with the Board's established financial policy. The financial operations are centralised in the parent company. The finance department acts as the Group's internal bank, with responsibility for the Group's financing, financial risk management and cash management. The financial policy defines mandates and limits for managing the financial risks, as well as the general division of responsibility. The financial operations must be conducted so that the costs for financial risk management are minimised. This means that financial transactions are based on an estimate of the Group's requirements for funding, liquidity and interest rate risk.

DEBT MANAGEMENT	Policy	Outcome
Loan-to-value ratio	Capped at 65%	54.4%
Interest coverage ratio	At least 1.8 times	2.2 times
Currency risk	Not allowed	No exposure
Liquidity risk	Liquidity reserve to meet payment obligations	SEK 829m in undrawn committed credit facilities
Equity ratio	At least 25%	34.6%

The financial policy is independent of the financial targets, which may result in certain deviations. The Group's covenants are the equity ratio, loan-to-value ratio and interest coverage ratio. The minimum equity/assets ratio is 25 per cent, the loan-to-value ratio must not exceed 65 per cent, while the interest coverage ratio must be greater than 1.8 times.

NOTE 23 > PLEDGED ASSETS

PLEDGED ASSETS, SEKm	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Shares in subsidiaries	7,707	8,411	2,296	2,106
Floating charges	239	239	-	-
Property mortgages	16,335	15,523	-	-
Non-current receivables in Group companies	-	-	4,732	4,176
Total	24,280	24,173	7,028	6,282

NOTE 24 > CONTINGENT LIABILITIES

CONTINGENT LIABILITIES, SEKm	GROUP		PARENT COMPANY	
	2023	2022	2023	2023
Guarantees to Group companies	-	-	10,819	10,447
Other contingencies	2	2	2	2
Total	2	2	10,821	10,449

When borrowing is arranged directly against property ownership companies the parent company provides the guarantee.

NOTE 25 > RELATED-PARTY TRANSACTIONS

There were no significant related party transactions in the period. Those related party transactions which did occur are deemed to have been concluded on market terms. None of the Board members, senior executives or auditors of Diös Fastigheter AB or its subsidiaries have themselves, via companies or related parties, had any involvement in business transactions which were or are unusual in nature or terms and which took place in 2023. Transactions with the company's largest owner, AB Persson Invest, represented 1 per cent (1) of the company's purchasing costs for the year and pertain to car leasing. These transactions took place on market terms. Remuneration to the Board and senior executives is provided in Note 5.

NOTE 26 > EVENTS AFTER THE END OF THE YEAR

The company announced that CEO Knut Rost will be leaving Diös. He will remain as CEO of the company during 2024 or until the new CEO has been recruited.

Diös divested 22 residential properties in Östersund and Gävle for SEK 385m. Completion will take place in the second quarter of 2024.

NOTE 27 > ALLOCATION OF PROFIT AND DIVIDEND**Dividend policy**

Approximately 50 per cent of the net profit after tax excluding unrealised changes in value and deferred tax should be paid out in dividends unless investments or the company's financial position warrant a deviation from the policy.

Proposed appropriation of retained earnings

The following profits in the parent company are at the disposal of the AGM:

Retained earnings	SEK 2,376,907,558
Profit for the year	SEK -16,247,358
Total	SEK 2,360,660,200

The Board of Directors proposes that the profits be allocated as follows:

Carried forward	SEK 2,360,660,200
Total	SEK 2,360,660,200

As at 31 December 2023, the number of registered shares in Diös was 141,785,165, including 354,218 treasury shares.

PROPOSED DIVIDEND

Prior to the 2024 AGM, the Board proposes that no dividend be paid, with the reason that this creates the best conditions for the company and shareholders at the moment.

Accounting policy

Pursuant to the decision of the Annual General Meeting, dividends are recognised as a decrease in equity.

Annual report signature

The Board of Directors and Chief Executive Officer of Diös Fastigheter AB (publ) hereby certify that the annual report has been prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 of the Swedish Financial Reporting Board. The annual financial statements give a true and fair view of the company's financial position and results. The Directors' Report gives a true and fair overview of the development, financial position and performance of the company, and describes significant risks and uncertainties faced by the company.

The Board of Directors and Chief Executive Officer hereby certify that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The consolidated financial statements give a true and fair view of the Group's financial position and results. The annual financial statements give a true and fair view of the company's financial position and results. The Directors' Report gives a true and fair overview of the development, financial position and performance of the Group, and describes significant risks and uncertainties faced by the companies in the Group.

Östersund, 20 March 2024

Bob Persson
Chairman

Erika Olsén
Board member

Per-Gunnar Persson
Board member

Ragnhild Backman
Board member

Peter Strand
Board member

Tobias Lönnevall
Board member

Mathias Tallbom
Employee representative

Knut Rost
Chief Executive Officer

Our auditor's report was submitted on 20 March 2024

Deloitte AB

Richard Peters
Authorised Public Accountant



Krister Bergström, Property Technician, and Roger Kennergren, Technical Manager, at the tenant HouseBe in Åre.

Auditor's Report

To the General Meeting of Diös Fastigheter AB (publ)
company registration number 556501-1771

Statement on the Annual Report and consolidated financial statements

Opinion

We have conducted an audit of the annual financial statements and consolidated financial statements of Diös Fastigheter AB (publ) for the financial year 1 January to 31 December 2023, with the exception of the Corporate Governance Report on pages 37-44. The company's annual financial statements and consolidated financial statements can be found on pages 32-70 of this document.

In our opinion, the annual financial statements have been prepared as required pursuant to the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company on 31 December 2023, and its financial performance and its cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group on 31 December 2023, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union and the Swedish Annual Accounts Act. Our opinion does not cover the Corporate Governance Report on pages 37-44. The Directors' Report is consistent with the other sections of the annual report and the consolidated financial statements.

We therefore recommend that the Annual General Meeting

adopts the income statement and the balance sheet of the parent company and the Group.

Our statements in this report on the annual financial statements and consolidated financial statements are consistent with the contents of the supplementary report that has been delivered to the Board of the parent company in accordance with article 11 of the EU Audit Regulation (537/2014/EU).

Basis for the opinion

We have conducted our audit in compliance with the requirements of the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden (Swedish GAAS). Our responsibility under these standards is described in greater detail in the section Auditor's responsibility. We are independent in relation to the parent company and Group in accordance with Swedish GAAS and have completed our ethical responsibility in accordance with these requirements. This includes, to the best of our knowledge and conviction, that no prohibited services as per article 5.1 of the EU Audit Regulation (537/2014) have been provided by the audited company or, where applicable, the parent company or companies under its control within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters for the audit were the areas that, according to our professional assessment, were most important for the audit of the annual financial statements and consolidated financial statements for the relevant period. These areas were processed within the framework of our audit of and position on the annual

financial statements and consolidated financial statements as a whole, but we make no separate opinions on these areas.

Valuation of investment properties

Diös Fastigheter AB (publ) recognises its investment properties at fair value and the property portfolio was valued at SEK 31,215m as at 31 December 2023. Of the properties, 88 per cent were valued externally as at 31 December 2023. The starting point for the valuation of each property consists of an individual assessment of future earning capacity and the market's required rate of return.

The assessment is based on substantial estimates and assumptions that can significantly impact on the Group's earnings and financial position.

For further information, please see the section on risks and risk management on pages 35-36, the Group's accounting policies on pages 53-54, and Note 9 Investment properties in the annual report.

Our audit included the following audit procedures but were not limited to these:

- We mapped and evaluated the method and process for the valuation of investment properties.
- In order to assess completeness and accuracy, we examined, for a selection of properties, the input data for, among other things, income and the calculations made by the company's external valuation agencies in the valuation model.
- For a selection of properties, we have evaluated and assessed the material estimates and assumptions, including return requirements, used in the valuation model.
- We have confirmed that appropriate accounting policies are being applied and the necessary disclosures are being made in the relevant notes accompanying the financial statements.

Other information included in the annual report

The Board of Directors and the CEO are responsible for the other information. The other information consists of the remuneration report and pages 1-31, 76-102 in this document

but does not include the annual accounts, consolidated financial statements and our auditor's report regarding these.

Our opinion on the financial statements and consolidated financial statements does not include this information and we will not express an opinion verifying this other information.

In connection with our audit of the financial statements and consolidated financial statements, it is our responsibility to read the information identified above and assess whether the information is materially inconsistent with the financial statements and consolidated financial statements. In this review, we also take into account the other information we have obtained in the audit and identify whether the information otherwise appears to contain material misstatement.

If, based on the work carried out with respect to this information, we conclude that there is a material misstatement in the other information, we are required to report this. We have nothing to report in this respect.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and CEO are responsible for the preparation and fair presentation of financial statements and consolidated financial statements in accordance with the Swedish Annual Accounts Act and, with regard to the consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In their preparation of the financial statements and consolidated financial statements, the Board of Directors and CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, where appropriate, information on conditions that may affect

the ability to continue as a going concern and to use the going concern basis of accounting. However, the going concern basis of accounting is not used if the Board of Directors and CEO intend to liquidate the company, discontinue operations or do not have a realistic alternative to either of these actions.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement in the financial statements and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may include collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- we obtain an understanding of the part of the company's internal control relevant to our audit in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- we conclude on the appropriateness of the Board of Directors' and CEO's use of the going concern basis of accounting when preparing the financial statements and consolidated financial statements. We will also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the relevant disclosures in the financial statements and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion on the financial statements and consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the company and the Group to be unable to continue as a going concern.
- we evaluate the overall presentation, structure and content of the financial statements and consolidated financial statements, including the disclosures, and whether the financial statements and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).
- we obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for

the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions. We must inform the Board of, among other matters, the planned scope and timing of the audit. We also need to inform the Board of significant audit findings, including any significant deficiencies in internal control that we have identified.

We also need to provide the Board with a statement that we have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, measures implemented to eliminate threats or countermeasures implemented.

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the financial statements and consolidated financial statements, including the most significant assessed risks of material misstatement and which therefore constitute the key audit matters. We describe these matters in the auditor's report unless laws or legal and regulatory requirements prevent disclosure on the matter.

Statement on other legal and statutory requirements

Opinion

In addition to our audit of the financial statements and consolidated financial statements, we have also conducted an audit of the management of Diös Fastigheter AB (publ) by the Board of Directors and the Chief Executive Officer for 1 January to 31 December 2023, as well as of the proposed appropriation of the company's profit or loss.

We recommend to the Annual General Meeting that the profit be appropriated as proposed in the Directors' Report and that the members of the Board and the Chief Executive Officer be discharged from liability for the financial year.

Basis for the opinion

We have conducted our audit in compliance with generally accepted auditing standards in Sweden. Our responsibility in accordance with this is described in greater detail in the section Auditor's responsibilities. We are independent in relation to the parent company and Group in accordance with good auditing practices in Sweden and have completed our ethical responsibility in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposed appropriation of the company's profit or loss. Dividend proposals include an assessment of whether the dividend is justifiable considering the demands that the nature, scope and risks of the operations place on the amount of equity and the parent company's and the Group consolidation requirements, liquidity and financial position in general.

The Board is responsible for the organisation of the company and the management of its affairs. Among other things, this includes continuously assessing the company's and Group's financial position and ensuring that the company's organisation is designed such that controls of accounting records, asset management and the company's financial circumstances in general are performed in a satisfactory manner.

The CEO must take charge of the day-to-day management in accordance with the Board's guidelines and directives, including taking the necessary measures to ensure that the company's accounting records are complete according to law and that asset management is conducted satisfactorily.

Auditor's responsibilities

Our objective for the management audit, and thereby our

statement on discharge from liability, is to obtain audit evidence to enable us to determine with reasonable assurance whether any member of the Board or the CEO has, in any material respect:

- taken any action or been guilty of any negligence that may result in a claim for compensation being brought against the company, or
- in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective for the audit of the proposed appropriation of the company's profit or loss, and thereby our opinion on this matter, is to determine with reasonable assurance whether the proposal is consistent with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions which may result in a claim for compensation being brought against the company, or that a proposal for appropriation of the company's profit or loss is inconsistent with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The review of the management and the proposed appropriation of the company's profit or loss is largely based on the audit of the accounts. Any additional audit procedures performed are based on our professional assessment, with risk and materiality as the starting point. This means that our review focuses on such procedures, matters and conditions that are material to the business and where deviation and infringement would have special significance for the company's situation. We go through and examine decisions taken, documentation supporting decisions, actions taken and other conditions that are relevant to our statement on discharge from liability. As a basis for our opinion on the Board's proposed appropriation of the company's

profit or loss, we have examined whether the proposal is compatible with the Swedish Companies Act.

Auditor's statement on the ESEF report

Opinion

In addition to our audit of the annual accounts and the consolidated financial statements, we have also carried out an audit that the Board of Directors and the CEO have prepared the annual accounts and consolidated financial statements in a format that allows for uniform electronic reporting (the ESEF report) in accordance with Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528) for Diös Fastigheter AB (publ) for the financial year 1 January to 31 December 2023.

Our review and our opinion relate only to the statutory requirement.

In our opinion, the ESEF report has been drawn up in a format that essentially enables uniform electronic reporting.

Basis for the opinion

Our conducted our review in accordance with FAR's recommendation RevR 18 Auditors' review of the ESEF report. Our responsibility in accordance with this recommendation is described in greater detail in the section Auditor's responsibilities. We are independent of Diös Fastigheter AB (publ) in accordance with Swedish GAAS and have otherwise fulfilled our ethical responsibilities under these standards.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the CEO are responsible for the preparation of the ESEF report in accordance with Chapter 16, Section 4a of the Securities Market Act (2007:528), and for there being such internal control as the Board and the

CEO deem necessary to draw up the ESEF report without material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our task is to express an opinion with reasonable assurance as to whether the ESEF report is prepared in a format that meets the requirements of Chapter 16, Section 4a of the Securities Market Act (2007:528), on the basis of our review.

RevR 18 requires us to plan and implement our review measures in order to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but is not a guarantee that a review conducted in accordance with RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies the International Standard on Quality Management 1, which requires the company to design, implement and manage a quality management system including guidelines or procedures regarding compliance with professional ethical requirements, professional standards and applicable requirements in laws and regulations.

The review includes obtaining, through various measures, evidence that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual financial statements and consolidated financial statements. The auditor decides which procedures to use, by assessing the risks of material misstatement in the reporting, whether due to irregularities or errors. In making those risk assessments, the auditor considers the components of the internal control that are relevant to how the Board of Directors and the CEO prepare the underlying documentation in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

The review also includes an evaluation of the effectiveness and reasonableness of the Board's and the CEO's assumptions.

The review measures mainly include the validation of whether the ESEF report was prepared in a valid XHTML format and the reconciliation of the ESEF report with the audited annual report and consolidated financial statements.

The review also includes an assessment of whether the Group's income statement, balance sheet and equity statement, cash flow statement and notes in the ESEF report have been marked with iXBRL in accordance with the ESEF Regulation.

Auditor's review of the Corporate Governance Report

The Board of Directors is responsible for the Corporate Governance Report on pages 37-44 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

Our review has been carried out in accordance with FAR's recommendation RevR 16 Auditors' review of the corporate governance report. This means that our review of the Corporate Governance Report has a different aim and is of significantly smaller scope than the aim and scope of an audit compliant with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides sufficient grounds for our opinions.

A corporate governance report has been prepared. Disclosures as per chapter 6, section 6, paragraph 2, points 2-6 of the Swedish Annual Accounts Act, and chapter 7, section 31, paragraph 2 of the same act are consistent with the other sections of the annual financial statements and consolidated financial statements and conform to the Swedish Annual Accounts Act.

Deloitte AB were appointed Diös Fastigheter AB (publ)'s auditors by the Annual General Meeting on 18 April 2023 and have been the company's auditors since 30 May 2005.

Östersund, 20 March 2024

Deloitte AB

Richard Peters

Authorised Public Accountant

Auditor's opinion

Auditor's report on the review of Diös Fastigheter

AB's Sustainability Report and opinion on the

statutory Sustainability Report

Till Diös Fastigheter AB, CRN 556501-1771

Introduction

We have been engaged by the Board of Directors of Diös Fastigheter AB to review Diös Fastigheter AB's Sustainability Report for 2023. The company has defined the scope of the Sustainability Report on pages 76-94 and the statutory Sustainability Report is defined on page 77.

Responsibilities of the Board of Directors and management

Responsibility for preparing a Sustainability Report including the statutory Sustainability Report in accordance with applicable criteria and the Swedish Annual Accounts Act rests with the Board of Directors and management. The criteria are defined on pages 76-94 of the Sustainability Report and comprise those sections of the framework for sustainability reporting published by GRI (Global Reporting Initiative) that apply to the Sustainability Report as well as the company's own reporting and calculation principles. This responsibility also includes such internal control as is deemed necessary for preparing a Sustainability Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the

Sustainability Report based on our review and to express an opinion on the statutory Sustainability Report. Our engagement is limited to the historical information that is presented and thus does not cover prospective information.

We conducted our review in accordance with ISAE 3000 (revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. A review consists of making inquiries, primarily with persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures. We conducted our review of the statutory Sustainability Report in accordance with Recommendation RevR 12 *The Auditor's Opinion on the Statutory Sustainability Report* published by FAR, Sweden's professional institute for accountants. A review and an examination conducted in accordance with RevR 12 has a different focus and significantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards.

The audit firm applies the International Standard on Quality Management 1, which requires the company to design, implement and manage a quality management system including guidelines or procedures regarding compliance with professional ethical requirements, professional standards and applicable requirements in laws and regulations. We are independent of Diös Fastigheter AB in accordance with Swedish GAAS and have otherwise fulfilled our ethical responsibilities under these standards.

The review procedures taken in a review and an examination in accordance with RevR 12 do not enable us to obtain a degree of certainty that would make us aware of all important circumstances that would have been identified if

an audit had been performed. The conclusion expressed in a review and examination in accordance with RevR 12 therefore does not provide the same level of assurance as a conclusion based on an audit.

Our review of the Sustainability Report is based on the criteria selected by the Board of Directors and management, which are defined above. We consider these criteria to be appropriate for the preparation of the Sustainability Report, and we believe the evidence we have obtained in the course of our review is sufficient and appropriate for the purpose of establishing a basis for issuing the following opinion.

Opinion

Based on our review, we have not discovered any circumstances that would give us reason to believe that the Sustainability Report has not, in all material respects, been prepared in accordance with the above criteria indicated by the Board of Directors and management.

A statutory Sustainability Report has been prepared.

Östersund, 20 March 2024

Deloitte AB
Richard Peters
Authorised Public Accountant

Sustainability Report

Our sustainability work is a central part of our business and permeates the entire company. We believe that long-term investments, efficient property management and modern office offerings contribute to a positive development in northern Sweden. Throughout our operations, we want to do fair business that takes responsibility for the environment, climate and people.

Today, sustainability reporting is comprehensive and places high demands on the reader to be familiar with both general and specific sustainability issues. The Sustainability Report is also developed every year to imitate the financial statements. For the unaccustomed reader, we would like to give some tips:

- **Pages 77-82** contain an overall description of the company's sustainability work, governance, objectives and priorities.
- **Pages 83-90** contain the more comprehensive reporting of all sustainability-related key ratios in staff, the environment and climate as well as governance issues. The introduction contains general policies for sustainability reporting, such as which frameworks and standards we observe. All tables and charts contain policies, estimates and assessments of specific key ratios, assumptions and definitions.
- **Pages 91-92** contain reporting according to the EU's taxonomy.
- **Page 93** contains references to key ratios that are found and defined by GRI and EPRA, which are two of the standards that we relate to.

Johanna Olofsson, Head of Sustainability

Our sustainability work

Sustainable solutions are part of our daily activities.

We have chosen a strategy where long-term decisions build an attractive and resilient property portfolio.

Materiality and impact

Our operations should contribute to a positive development in society where we act in a responsible manner to create business opportunities with a good knowledge of any negative impact. Continuous stakeholder dialogues and daily external monitoring provide us with an understanding of our impact and how we proactively acquire room to manoeuvre.

We conduct a materiality assessment of sustainability-related issues and their relevance to us as a company.

Material sustainability issues form the basis of our three focus areas: the environment and climate, people and fair business practices.

We are committed to complying with the ten guiding principles of the UN Global Compact on human rights, labour law, the environment and business ethics. To contribute to the UN's global development goals, we have set scientifically based environmental goals according to the Science Based Target initiative that aligns with the Paris Agreement.

The CEO is ultimately responsible for Diös' sustainability issues where the Sustainability Manager has an operational responsibility to run and develop the sustainability strategy in the company.

Environment & climate

We will cut our own carbon dioxide emissions in half by 2030 to reach net zero emissions by 2045. Optimising properties' energy use and improving efficiency minimises our impact from material choices and reduces our general resource dependence. Through environmental certifications

and climate adaptations, we build a more attractive property portfolio with lower risk.

Material aspects are energy use, water use, waste, carbon dioxide emissions and environmental certification.

People

Employees are our most important asset. To engage and motivate our employees, we work proactively with health and well-being, safety, skills development and inclusion. With our People Plan, we create a foundation for a learning culture and courageous leadership that creates the conditions for a secure environment for all employees.

Fair business practices

Standing up for respectful and correct business practice makes us secure in our business while taking responsibility for our impact in the value chain. We work based on our Code of Conduct and applicable business practices to conduct responsible business.

The essential aspects that this area focuses on are economic development over time and anti-corruption.

Our long-term business

Increased understanding based on risks and opportunities

Identification of sustainability risks is an extension of our ordinary risk management work where we assess the likelihood and indirect impact. Physical and transition risks as a result of climate change can entail significant financial risks for property companies. These risks are included in the company's annual risk audit work.

Today, we already see that the work based on TCFD's disclosure requirements gives us the opportunity to make informed decisions, act proactively towards future regulations

and maintain competitiveness in a changing society. Regional climate risk analyses give us the opportunity to continue to establish concrete activities and procedures to facilitate the transition to a robust, climate-adapted business. Local mapping provides management better tools to continue with the inventory of the total property portfolio at the property level and create proactive property management procedures.

Responsibility and governance

As a company, we must comply with applicable laws and directives and follow current industry practices. As a company, we place great value in our core values according to which we should be simple, close and active.

Processes and governance documents

To ensure that we act properly towards people and the environment, we have a way of working that is supported by governance documents and processes that strengthen business ethics and our business. Policy-level governance documents have been approved by the Board and published on our website. Our Code of Conduct conveys ethical values and business principles to employees, suppliers, business partners and owners and provides guidance in everyday work. The Code of Conduct supports employees and suppliers who are to represent Diös by:

- complying with applicable laws, regulations and international agreements.
- acting professionally by not accepting or extending illicit benefits or gifts.
- avoiding conflicts of interest, including competing activities, which may harm the company.
- protecting the company and other employees' privacy and protecting business-sensitive information, data and assets.

Responsibility and delegation

The Board has overall responsibility for the company's risk management. Monitoring takes place in order to establish annual operational targets to ensure that work on sustainability-related issues continues according to the targets and action plans. The work of the Board of Directors is described in the Corporate Governance Report on page 39.

The CEO and Group management are responsible for the implementation of the Board's directives in the operational work. The CEO is responsible for informing the Board of the development. The Sustainability Manager has the operational responsibility to pursue sustainability issues, propose targets, monitor e.g. climate risk analyses, monitor and report the outcomes to Group management.

By actively working with the entire company and rallying around our sustainability goals and creating an understanding of our own impact, we increase our knowledge internally in order to establish procedures and working methods that strengthen our business and minimise the risk of unforeseen or potential risks.

Disclosures pursuant to the Swedish Annual Accounts Act

	Page reference
Business model	16-30, 78-81
Policy and policy outcomes	78-81
Significant risks and how they are managed	78-81
Performance indicators	84-90



Surrounding world factors

- › Agenda 2030 and the UN Sustainable Development Goals
- › EU climate targets and taxonomy
- › GHG Protocol and the Science Based Target Initiative, SBTi
- › National environmental legislation and targets

Risks & opportunities

- › Climate adaptation of property portfolios
- › Attractive offering for tenants and investors
- › Transition risks linked to amended laws and regulations, taxes and other fees

Governance documents

- › Sustainability policy
- › Environmental policy
- › Policy for Responsible Construction

Target

- › Halved carbon dioxide emissions in scope 1 and 2 by 2030 compared with 2018
- › Annual energy efficiency improvement of 3 per cent
- › 55 per cent green properties by 2026

Environment and climate

The property sector in Sweden accounts for around 20 per cent of the national emissions, where our challenges are mainly in construction production and the operational phase. During the year, we had a strong focus on increasing our knowledge and enabling climate-smart choices in our construction projects to minimise climate impact.

Our property portfolio is predominantly centrally located and is mainly developed through the conversion and expansion of existing properties or through the densification of the city on already hardened surfaces. We strive for a modern and energy-efficient property portfolio where we use fossil-free energy and we want to see future increased cooperation with our energy suppliers in order to achieve common climate targets. Through environmental certification, we make demands on how our properties are to be built and managed, material and technology requirements are being tightened and the focus on re-use increases where circularity reduces our negative impact.

Emissions

Emissions from investments

Between 2020 and 2021, we carried out a climate survey for all emissions within the company. The geographical proximity to renewable and fossil-free energy sources provides our market with basic conditions for low climate impact. In recent years, access to fossil-free energy in our market has given us a stable and relatively low electricity price compared with southern Sweden. This creates the conditions for transition at a time when there is a need for increased capacity in the electricity grid, a troubled electricity market and rising prices for origin labels.

In addition to our own emissions, scope 1 and 2, construction production is the emissions item in scope 3 where we have the greatest control. Together with other actors, we have joined local re-use projects where the goal is to create synergies at a regional level in order to move our material resources in the waste hierarchy.

Roadmap to halved emissions

In order to achieve our climate targets both in the medium term (3-5 years) and in the long term (>5 years), we have established a roadmap that clarifies and gives an overview where we will work to reduce our emissions in each area.

Direct emissions, scope 1

- › Proactively replacing refrigerant cooling with more sustainable choices such as free cooling, district cooling or natural refrigerants.
- › 100 per cent electric service car fleet.

Indirect emissions from purchased energy, scope 2

- › 100 per cent fossil-free energy (today, 99 per cent). Dialogue is taking place with our energy suppliers to ensure that, for example, peat is phased out according to plan.
- › Increase the share of renewable energy from solar cells on our properties.
- › Engage in collaborative projects on effects and energy community.

Indirect emissions in the value chain, scope 3

- › Reducing the use of materials and securing circular flows from our projects and increasing the proportion of internal re-use projects.

- › Partnership for material re-use in our cities.
- › Improving the conditions for our tenants' waste management and environmentally friendly transportation.

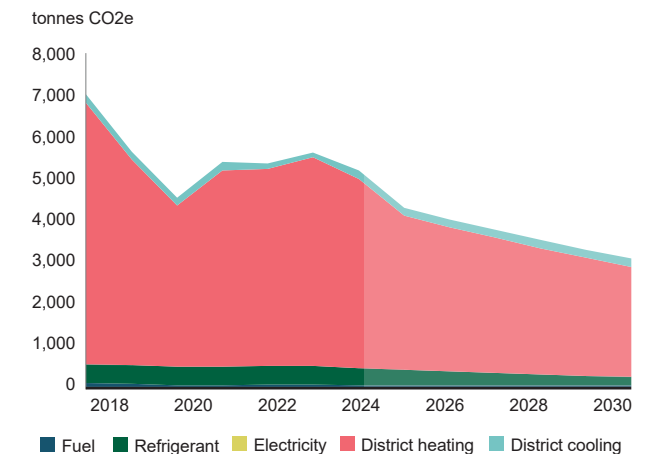
Green properties

Strategic shift of the property portfolio

National construction regulations and sustainability requirements from the EU are developing at a rapid pace and advancing expectations and requirements for properties from a climate and energy perspective. Joint efforts in the property industry are creating new opportunities for exchange of experiences and faster development.

In order to move our existing portfolio, we have chosen to work with three criteria that clearly relate to our management: Environmental certifications, energy

CLIMATE TARGET FOLLOW-UP, SBTi



performance and local climate and vulnerability analyses. By targeting and concretising the shift we want to make, we have created commitment among the employees and a more attractive offering for tenants and investors while at the same time improving the efficiency of the management.

All new production is environmentally certified and we choose environmental certification systems based on a value creation perspective in each project and prioritise a property management effort that puts the tenant value in focus. In recent years, the EU's taxonomy has left its mark on certification systems and aligns environmental and climate requirements, which contribute to predictability and standardisation.

Climate adaptation Transition for increased resilience

Our property portfolio is mostly existing properties built in different decades. Climate change entails an increased incidence of physical risks resulting from damage to property as a result of changing climate conditions. This means that we need to develop our properties based on new conditions in property management and through investments.

We have carried out climate risk analyses for the entire portfolio based on regional and local mapping. The physical risks identified and assessed as significant for our property portfolio are flooding and high temperatures. Floods are at risk

of occurring mainly as a result of torrential rain. Our cities' northern location means that temperature-related risks are less significant for us as a property company. Even if we see a slightly increased demand for cooling in office premises, it is from low levels and is believed to be due to increased comfort requirements rather than an actual cooling need. The climate risk analysis points to regional differences where a few areas are also affected by risk and vulnerability to, for example, rock slides and landslides.

At the moment, our assessment is that flooding as a result of torrential rain is a major and most acute risk, which makes it a priority. Based on the probability assessment of the surveys, local vulnerability analyses were carried out at the property level. This work gives us the opportunity to review the property management's preparedness to prevent damage due to, for example, torrential rain. The work to establish local adaptation plans and management procedures anchors a risk awareness throughout the organisation.

Physical climate risks are tangible to us as a property company; in addition, we as a company face risks and opportunities linked to the green transition. Risks we identified as material are increased prices for greenhouse gas emissions, raw materials and climate-smart technology, regulation of existing products and services and increased costs for energy as a result of the region's industrial development rate.



Lars-Göran Andersson Bång, Energy Engineer.



Surrounding world factors

- › Agenda 2030 and the UN Sustainable Development Goals
- › UN Global Compact
- › National work environment legislation
- › Security and predictability through collective bargaining agreements

Risks & opportunities

- › Committed employees and effective organisation
- › Health and safety in focus at the workplace
- › An attractive employer brand representing long-term relationships

Governance documents

- › Code of conduct for employees
- › Sustainability policy
- › Equal treatment policy
- › Work environment policy

Target

- › eNPS > 45 points
- › Maintain a low sick leave rate
- › Zero tolerance for discrimination and harassment
- › No work-related accidents

People

We want to develop properties, neighbourhoods and districts where people feel secure, want to work and live. In order to understand the parameters that create security, well-being and attract people, we operate close to our market and build local relationships.

In order to be an attractive employer where employees thrive and develop, we work with skills-enhancing efforts and courageous leadership. With a focus on health promotion efforts, we maintain a low sickness absence and a high willingness to recommend among employees. Gender equality and diversity are important to us as a company and through active work, we currently have a gender balance in our management ranks.

Employees

Active employees and courageous leaders

Our offices are the meeting place for our employees. It is in the offices and in our digital interaction that we build on a good corporate culture. Through our competence arena Diös Academy, we offer employees to access training materials on a digital platform with both informative and inspiring content. We can continue to show a high recommendation rating among employees in the results of our eNPS measurements.

In order to promote health, we provide added value such as health insurance, fitness benefits and health exams to our employees.

During the year, the Transaction Manager and the Head of IR took joined the senior management team. We link the sustainability team with the finance team under the Head of IR to create better conditions for future reporting requirements.

Health and safety

Secure workplaces

The working environment is a priority for Diös and we protect the occupational health and safety of our employees and suppliers. The goal is that no employee becomes ill or is injured due to his or her work at any of our workplaces. This work is being developed and improved through collaborative groups and safety rounds.

In the Swedish market, respect for human rights is considered a matter of course. The Swedish model creates a clear framework for us as a company to relate to and gives our employees strong occupational health and safety legislation and co-determination legislation. For us, collective bargaining agreements and freedom of association are givens.

The ten principles of the UN Global Compact are the basis of our Code of Conduct, which strengthens the importance of acting to support and respect international regulations. Based on our influence as an employer and business partner, we want to ensure that we are not involved in violations and lead by example where we take a stand to protect all people in our cities. The supplier-specific Code of Conduct requires that our partners and suppliers also meet Diös' occupational health and safety requirements.

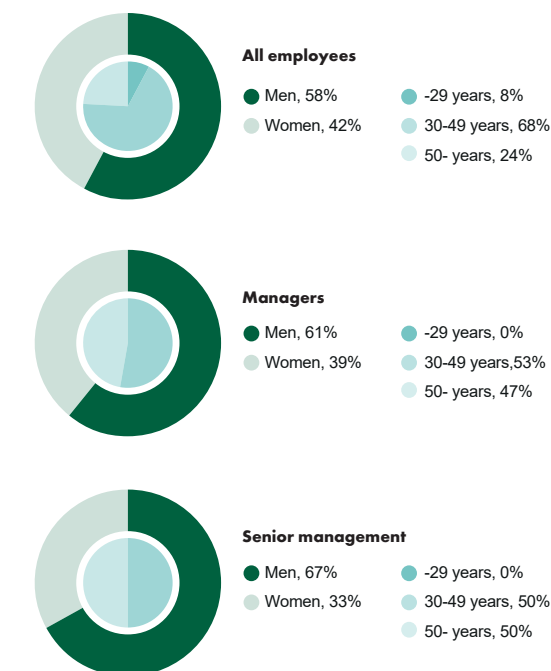
Our tenants

A prerequisite for our business

Satisfied tenants are a prerequisite for us to continue developing and strengthening of our business. An important part of this is understanding how we can help our tenants develop through the right premises in the right place in our cities. We do so through our local business teams.

We measure our tenants' satisfaction through an annual follow-up of our customer satisfaction index (CSI). The results for the year show a stable high level of 70 points (72).

DISTRIBUTION OF WOMEN, MEN AND AGE





Risks & opportunities

- › Green properties create advantageous financing opportunities
- › Law and compliance
- › Prioritised security and privacy
- › Long-term trust in our business builds a brand with a good reputation

Governance documents

- › Code of conduct for employees and suppliers
- › Anti-corruption policy

Target

- › Zero tolerance for corruption and bribery
- › High confidence in long-term relationships

Fair business practices

Maintaining a high level of trust is essential to our ability to run our business in an efficient and value-creating manner. Our entire business and all our business relationships are marked by honesty, independence, transparency and good business practices.

An ethical approach promotes the business

Compliance with applicable regulations is a hygiene factor for us and our business relationships. We continuously review our internal processes and include knowledge-enhancing measures throughout our value chain to ensure a high level of business ethics compliance.

Our Code of Conduct defines the requirements for how our business is to be conducted with responsibility for people, the environment and society. Through our Code of Conduct for Suppliers, we extend our own requirements out into the supply chain.

We invest in the development of an existing property portfolio and new builds. Through extension, expansion and densification, we take advantage of the conditions that exist in the cities and create added value as increased security and attractive meeting places.

Green financing

In addition to our tenants' demands for our offering, it is today the capital market that places the greatest demands on our sustainability work regarding compliance with the law, governance and follow-up. Our green financing framework,

established in accordance with the EU's taxonomy and the European Green Bond standard and launched as one of Europe's first, has enabled new financing solutions for our green properties. Aligning with the EU taxonomy requirements creates the conditions for a more comparable and transparent reporting with clear definitions of what is considered to contribute to long-term sustainable development.

Working to create more space for green financing gives us better access to the banking and capital markets with generally better financing conditions.

Privacy and confidential information

A high level of privacy and a high level of confidentiality are fundamental to listed companies. Protecting sensitive information is not just an obligation to our stakeholders, but a central part of the trust we strive to build and maintain. The processing of personal data and protection of privacy are covered by our data protection policy, which is based on the General Data Protection Regulation (GDPR).

Social responsibility

Part of running a responsible business is also to contribute to the tax system that finances the Swedish welfare system. It goes without saying that we need to comply with applicable tax regulations and pay the right tax, while we also have a professional responsibility to operate the business in the interests of our shareholders. In cases where the tax rules do not provide clear guidance, we strive for caution and transparency.

The value of a sustainable value chain

Our business is to be characterised by high standards of business ethics and the Code of Conduct describes how our business is to be conducted in order to safeguard the UN principles on human rights, working conditions, the environment and anticorruption.

Our Code of Conduct has been drawn up in an employee version and one for our suppliers, established by the Board of Directors with the CEO as the utmost responsible for compliance with the code. For us, it is a given to as far as we can set requirements on our suppliers' handling of human rights and reduce the risk of a lack of compliance with the law or other violations in the supplier chain. We do this through our Code of Conduct and anticorruption policy.

We are convinced that promoting a high level of business ethics starts with the responsibility of the Board of Directors and senior management and extends throughout the business. Here is how we work today:

- **Capture deviations.** Our whistleblower service and processes for deviation management ensure secure and professional operations. The service enables anonymous reporting of deviations and is available on our website.
- **Review procedure.** Standardised checks based on supplier category and purchase volume are carried out on an ongoing basis. Further development work is under way to ensure policy compliance among major suppliers.
- **Focus on training.** Skills-enhancing efforts to raise awareness among employees about risks and regulations.
- **Routine follow-up.** Effective internal control enables reporting of efforts and outcomes.

Jonte Dahlberg, Property Technician, Östersund.

Policies for sustainability disclosures

General information

Diös Fastigheter AB annually prepares a Sustainability Report in accordance with the Swedish Annual Accounts Act, which summarises the results and impact of the company's operations from the current year during the period 1 January to 31 December. The report is published at the same time as the financial statements presenting sustainability-related information regarding the company's strategy, market and governance.

Key indicators for material sustainability issues are presented based on GRI Standards 2021 and EPRA Sustainability Best Practice Recommendations (sBPR). Disclosures are recognised for the entire company based on a materiality analysis. Sustainability disclosures describe, among other things, policies, assumptions and conversion factors. In addition to this, information and comments on limitations or omissions are presented for each note.

The company's EPRA report is published on the website. For additional sustainability-related information, Diös also reports to GRESB and the UN Global Compact where the company's "Communication on Progress" is available.

The Sustainability Report is reviewed by an external party; see the auditor's report on page 75.

General policies

Properties covered

Reporting is limited to the properties where the company has control (operational control) according to the principles of the Greenhouse Gas Protocol, the GHG protocol. The model has been chosen to fairly reflect statistics and data that the company can directly influence. In properties where the tenant is responsible for, for example, energy, water or waste contracts, Diös does not own measurement data and thus lacks the opportunity to disclose the related information which is why these properties are excluded. Where relevant, a segment breakdown is presented based on the geographical breakdown of the business units and rent classification.

Good access to reliable data is a prerequisite for transparent reporting. Diös actively works to improve access to relevant property statistics as the right basis creates the conditions for effective technical management and optimisation in our properties. The proportion of properties included in each indicator is presented in connection with the respective KPIs. Data coverage for waste and water consumption is lower than data coverage for energy, which is largely due to manual meter reading.

Other scope of disclosure

Based on a Swedish legislative context and taking into account the company's employees,

Diös chooses to report employee-related key ratios based on gender and age, in addition to a geographical breakdown per business unit. In cases where the size of the group leads to a risk that a parameter identifies individuals, the company chooses not to report segments, as can be seen from the specific note.

Estimates and assessments

Diös' sustainability disclosures are based on actual results for the reporting year. No information is estimated or forecast unless otherwise indicated.

Material changes

The calculated KPIs for the previous year are restated in cases where the methodology, policies or data of better quality are made available. Information about this is presented as far as possible in connection with the respective sustainability notes.

For 2023, the material changes are compiled in the table below. For other recalculations, see the respective sustainability notes.

Measurements	Value 2022	New value	Reason (note)
Total emissions scope 2, tonnes CO ₂ e	5,298	5,351	New emission factors for district heating (H1)
Emissions category 3.3, tonnes CO ₂ e	748	691	New emission factors for district heating (H1)

Sustainability management

Responsibility, mandate and decision-making

Diös' Board of Directors determines the company's business model of which sustainability is an integral part. In connection with the interim reports, the outcome of the priority sustainability targets is monitored. Interim reports and annual reports, including the Sustainability Report, are approved by senior management and the Board of Directors before publication. In order to strengthen the Board's combined competence with bearing on sustainability issues in preparation for future reporting requirements, training efforts will be carried out in 2024.

The CEO is ultimately responsible to the Board. The senior management team is

responsible for developing the company's strategic focus on sustainability, including material sustainability areas, as well as the management of risks and opportunities.

In operating activities, there are a number of operational areas of responsibility that have been delegated by the senior management. The Sustainability Manager is responsible for the status of the overall goals, the development of the sustainability strategy and the coordination of sustainability issues linked to, among other things, the risk management process linked to climate risks. The sustainability team has an operational responsibility to address cross-functional projects and common resource needs or investment proposals.

Collaboration on specific issues affects, among other things, the following functions

- The technical manager is responsible for energy matters.
- The CFO is responsible for financial issues and green investments, which includes a risk management process for climate risks.
- The HR department is responsible for the employees' skills supply.
- The business managers are responsible for driving sustainability and climate work of investment properties in line with the company's business plans and sustainability strategy, which includes issues related to waste and circularity as well as environmental certifications.
- In new production, the Project Manager has operational responsibility for the corresponding issues.

Systematic approach, risk management and complaints

Diös' operations are based on a systematic approach. Risk management is integrated into the annual strategy process. Sustainability risks, including climate-related risks, are included in the overall risk assessment and are reported annually to the Board. Deviations can be reported to the immediate manager, HR department or through the anonymous whistleblower function. Deviation reports are monitored and managed in accordance with applicable policy documents and the resolution process.

Detailed information on responsibilities and regulations can be found in the Corporate Governance Report on pages 37-42.

Stakeholder analysis and materiality

The company's materiality analysis is based on the previous Global Reporting Initiative (GRI) Core framework standard. In the event of major changes affecting strategic business decisions, operations or other external factors, the materiality analysis may be supplemented or updated.

Stakeholder dialogue

Diös conducts ongoing dialogues with stakeholders who in different ways are affected by or affect our business.

Employees	Opportunities for skills and career development Health benefits Well-balanced use of resources Safe and secure workplaces	Skills development through Diös Academy. Performance reviews. Activities together with Diös sports association
Shareholders	Providing stable and long-term total yield Smart use of resources Contributing to sustainable enterprise	Financial statements and presentations. Energy efficiency projects. Stable and long-term total yield
Tenants	Active property management and energy optimisation Smart and efficient use of resources Conducting an ethical business	Inspections and ongoing monitoring. Energy and development projects in the properties. Green leases
Lenders and investors	Ensuring long-term and sustainable economic return Conducting activities with financial stability	Green financing. Sustainability-linked KPIs
Society	Contributing to urban development Minimising environmental and climate impacts Providing and contributing to employment in society	Conversion of vacant premises Environmental certification of properties. Traineeships and collaboration with schools and universities
Suppliers	Efficient use of resources Conducting an ethical business	Code of Conduct. Supplier dialogue with a focus on technical property management and projects

In 2023, a review effort was started to ensure that the company's identified areas remain relevant and possibly add further perspectives based on future legislation and directives. The results of the double materiality analysis are planned to be presented for the 2025 reporting year.

Environment, climate and resources

H1 > CARBON DIOXIDE EMISSIONS

GRI 305

Targets

Halving carbon dioxide emissions by 2030 on the way to net zero by 2045. The 2030 target has been reviewed and approved by the Science Based Target initiative (SBTi) and concerns emissions in scope 1 and 2 in relation to the base year 2018.

MARKET-BASED EMISSIONS AND INTENSITY	2023	2022	2018
Direct emissions in scope 1, tonnes CO ₂ e	495	501	542
Indirect energy emissions in scope 2, tonnes CO ₂ e	5,118	4,850	6,480
Other indirect emissions in scope 3, tonnes CO ₂ e	800	744	844
Net emissions all scopes, tonnes CO₂e	6,414	6,095	7,866
Emissions intensity scope 1 and 2, per sq.m. Atemp	3.1	3.0	3.7
Emissions intensity scope 1 and 2, per sq.m. leasable area	3.5	3.3	4.8

SITE-BASED EMISSIONS, tonnes CO ₂ e	2023	2022	2018
Direct emissions in scope 1	495	501	542
Indirect energy emissions in scope 2	12,791	12,594	14,357
<i>Of which electricity</i>	<i>7,673</i>	<i>7,744</i>	<i>7,877</i>
Other indirect emissions in scope 3	800	744	844
Net emissions, all scopes	14,086	13,839	15,743

During 2023, district heating-related carbon dioxide emissions increased in absolute terms compared with previous years due to the cold winter. Despite the increase, the overall development is in line with the company's target as emissions have decreased by 20 per cent since the base year.

In order to continue to reduce emissions, further energy optimisation and continuous dialogue with energy suppliers are needed to ensure that they follow their communicated planning for the phasing-out of fossil energy sources.

Policy

Emissions calculations are made according to the GHG protocol based on the recommendations of the property owners' association, Fastighetsägarna. The method of calculation is based on operational control and is presented based on market-based emission factors for electricity use. In a separate table, emissions are presented according to location-based methodology.

Measured data from suppliers is classified as verified input data; other information is based on calculations or estimates, which are presented in the table on the next page together with data sources for emission factors.

Emissions intensity for scope 1 and 2 is calculated using two different denominators: Atemp and leasable area. Energy is the company's largest known emissions item; hence it is relevant to calculate intensity based on Atemp. To align with the financial statements, there is also disclosure linked to leasable area.

Estimates and assessments

Emissions within scope 2 do not include properties where tenants have their own energy contracts. In the event of a lack of data coverage, measured energy data are supplemented with flat-rate estimates.

Summary of emission factors for district heating is only published by the Swedish district heating industry organisation, Svensk Fjärrvärme, in the coming years, which means that the correct reporting of emissions from district heating has a lag to the second quarter of the following year. For district cooling, the same environmental values are used as for district heating, as no other values are available.

For those emission categories that have no data coverage or estimates, a priority has been set up based on Fastighetsägarna's materiality analysis, where the goal is to increase data coverage in the coming years together with property management and suppliers.

Policies for sustainability disclosures

MARKET-BASED EMISSIONS, tonnes CO ₂ e	2023	2022	2018	Methodology	Emission factor	Data source	Comments
Direct emissions in scope 1	495	501	542				
Purchased energy fuels	45	51	92	Measured		Supplier statistics	
<i>Fuel for commercial vehicles</i>	44	48	-	Measured			Distance driven for business (in 10-km units) x Emission factor
<i>Service and pool cars</i>	1	3	-	Measured			All cars have been electrically powered since 2020
Refrigerant	450	450	450	Estimated	By refrigerant type	Supplier-specific	Calculated based on a precautionary principle of 4 per cent of the total filling amount
Indirect energy emissions in scope 2	5,118	4,850	6,480				
Purchased electricity	0.25	0.26	0.26	Measured	0.03 kg CO ₂ e/kWh	Jämtkraft	For the calculation of site-wide emissions, the emission factor used for the Nordic electricity mix is 90.4 g CO ₂ e/kWh
Purchased district heating	5,019	4,721	6,480	Measured	By city	Svensk fjärrvärme 2022	Emission factors for 2023 will be published in the second half of 2024
Purchased district cooling	99	129	-	Estimated	By city	Svensk fjärrvärme 2022	The same emission factor as district heating. Emission factors for 2023 will be published in the second half of 2024
Total emissions scope 1 and 2	5,613	5,351	7,022				
Other indirect emissions in scope 3	800	744	844				
3.1 Purchased goods and services	-	-	-				Property-related emissions from care and maintenance, repair and replacement, minor renovations and contractors and technical consultants
3.2 Capital goods	-	-	-				Emissions from value-added property development such as new builds and renovation, conversion and extension projects and acquisitions of new properties
3.3 Fuel and energy-related emissions	746	691	679	Measured	By city	Svensk fjärrvärme 2022	Emission factors for 2023 will be published in the second half of 2024
3.4 Transport and distribution	-	-	-				Emissions from all types of logistics. Low relevance to property owners
3.5 Waste management	-	-	-				Emissions related to the disposal and treatment of waste generated in the business
3.6 Business travel	55	53	147				Travel by company car is recognised in scope 1
<i>Air travel</i>	47	43	-	Measured		Supplier statistics	
<i>Rail travel</i>	0.02	0.00	-	Measured		Supplier statistics	
<i>Cars</i>	6	9	-	Estimated	0.17 kg CO ₂ e/km	Swedish Energy Agency	Distance driven (in 10-km units) x Emission factor. Data from mileage compensation log; fuel is assumed to be gasoline if fuel type is unknown
<i>Accommodation</i>	1.3	1.0	-	Estimated	6.7 kg CO ₂ e/night	DEFRA	Number of nights x Emission factor
3.7 Commuter travel	-	-	-				Emissions that occur when employees travel to and from work. Low relevance to property owners
3.8 Upstream leased assets	-	-	-				Leased assets not covered by scope 1 or 2. Low relevance to property owners
3.11 Use of sold products	-	-	-				Buildings sold during the financial year and emissions related to remaining useful life
3.12 Waste management of sold products	-	-	-				Expected emissions related to waste management at the end of the period. Low relevance to property owners
3.13 Leased assets	-	-	-				Emissions related to tenants' energy use, waste and travel
3.15 Investments	-	-	-				Indirect investments or joint-venture ownership. Low relevance to property owners
Gross emissions, all scopes	6,414	6,095	7,866				
Carbon-offset	0	0	0				
Net emissions, all scopes	6,414	6,095	7,866				

H2 > ENERGY CONSUMPTION

GRI 302

The energy mix is 99 per cent fossil free. All purchased electricity is from renewable sources and comes with a certificate of origin.

Targets

Annual energy efficiency improvement of 3 per cent in comparable portfolios.

TOTAL ENERGY CONSUMPTION (Abs)	2023		2022	
	MWh	Fossil-free, %	MWh	Fossil-free, %
Electricity	86,523	100	85,669	100
District heat, not adjusted to a normal year	146,614	97	119,211	96
District cooling	4,791	97	5,122	95
Own electricity generation	1,934	100	2,045	100
<i>Solar energy</i>	1,379		1,466	
<i>Wind power</i>	555		579	
Total	239,862	99	212,047	98

ENERGY INTENSITY, kWh/Atemp (Lfl)	2023	2022
Electricity	43.5	44.7
District heating, adjusted to a normal year	73.0	74.4
District cooling	12.7	15.7
Total	129.2	134.7

Work to identify long-term energy projects to enhance efficiency and optimise the properties' energy consumption is continuing, an effort that creates profits for the company, tenants and climate. For 2023, an energy saving of 2.1 per cent (3.3) was reported.

Policy

Consumption in absolute figures refers to all energy used in properties that were owned by Diös at some point during the year. Data for comparable portfolios comes from properties that were owned by the company throughout the previous and current year. For comparable properties, district heating data is adjusted for the normal year with degree days from Degree days for all locations except Gävle where SMHI is used. The area measurement used is a tempered area, which is considered the most relevant for the comparison of energy data. The definition for the share of fossil-free district heat production includes energy from renewable sources and waste heat from industry.

Estimates and assessments

Information comes from the energy follow-up system. The data coverage for district cooling is inadequate and is therefore not included in the annual energy target, but is monitored and reported in the total.

At present, energy that is charged on to tenants cannot be accounted for.

H3 > WATER CONSUMPTION

GRI 303-5

WATER	2023
Water volume, m ³	391,512
Water intensity, m ³ /leaseable area	0.24
Water stress areas, %	0

Diös' operations use municipal water only and the property portfolio is not in areas with historical water stress or future significant risk.

Policy

Hot and cold water consumption in absolute figures. Input data comes from the energy follow-up system. Tenants' water use where they have entered into their own agreement is not reported, nor is water use at construction sites for new builds.

Estimates and assessments

The data coverage for the properties' water consumption is approximately 70 per cent. Solutions for working with automated water meters and structured access to data are still an important issue for the company.

H4 > WASTE AND MATERIAL USE

GRI 302

Waste from major projects and new builds are reported in the EPRA report. In 2023, four projects were under way and generated waste totalling 1,273 tonnes. Data is collected from the contractors of the projects.

H5 > CLIMATE DISCLOSURES ACCORDING TO TCFD

Diös reports the recommended disclosures according to the Task Force on Climate-related Financial Disclosures (TCFD) regarding climate-related financial information, risks and opportunities. The aim is to promote reliable and consistent reporting

that supports navigation and the work towards a low-carbon economy.

In 2022, a review of physical risks and transition risks linked to a changed climate was carried out, relevant to Diös as a company and the property portfolio. The analysis was based on the climate scenarios RCP 4.5 and 8.5. The risk assessment of transition risks was based on the global sustainability network, Network for Greening the Financial System (NGFS).

The entire property portfolio has undergone a climate survey and all business units have carried out regional climate risk surveys. The result is local risk analyses that identify exposed properties in the portfolio where the next step is to establish action plans. This work has moved to a management phase that supports operations to navigate towards overall company goals and secure a long-term robust property portfolio in every city.

Transition-related risks and opportunities in the areas of policy, technology, the market and reputation have been assessed based on the degree of impact and probability.

Governance

Supervision by governing bodies and role in assessing and managing climate-related risks and opportunities

Page

77, 83

Strategy

Risks and opportunities identified in the short, medium and long term as well as their impact on business, strategy and financial planning.

77-79, 86-87

The resilience of the organisation's strategy, taking into account climate-related scenarios, including a 2°C or lower scenario.

86

Risk management

Processes for identifying, assessing and managing climate-related risks and how the processes are integrated into the organisation's overall risk management.

77-79, 83-84

Targets and metrics

Metrics to assess climate-related risks and opportunities in line with the company's strategy and risk management process.

86-87

Reported emissions in all relevant scopes and related risks.

78, 84-85

Targets for managing climate-related risks and opportunities and follow-up.

84-87

Green properties

Diös' criteria for a green property are environmental certification according to BREEAM In-Use, very good or equivalent, a PE figure of ≤ 85 kWh/Atemp and a local climate risk-related vulnerability analysis.

Targets

55 per cent green properties by 2026.

GREEN PROPERTIES, % of property value	2023	2022
Environmental certification that meets the requirements of our green financial framework	33	22
Energy performance with PE ≤ 85 kWh/Atemp	52	42
Climate and vulnerability analysis at the local level	51	26
Total	25	11

General policies

Properties are environmentally certified by an external party and comply with the requirements and rating criteria of each certification scheme.

A property's primary energy figure (PE) is stated in the energy declaration. If the energy declaration is missing, a calculated PE figure can be used. If there are several buildings on the property, a weighted PE number is used.

H6 > ENVIRONMENTAL CERTIFICATION

CRE 8

ENVIRONMENTAL CERTIFICATION	2023		2022	
	No. of properties, count	% of total area	No. of properties, count	% of total area
BREEAM In-Use	67	31	49	21
<i>Of which very good or higher</i>	52	25	27	13
BREEAM SE	2	2	2	2
<i>Of which very good or higher</i>	2	2	2	2
Sweden Green Building Council, Silver	2	1	2	1
Nordic Swan Ecolabel	1	0	1	0
Total	72	34	54	23

At the end of the year, 72 properties (54) had environmental certification under the Miljöbyggnad, Svanen, BREEAM-SE or BREEAM In-Use schemes, A total of 41 per cent (37) of the property value is environmentally certified and 33 per cent (22) meet the certification requirement for the Green Finance Framework, which entails the rating of very good or the equivalent.

H7 > CLIMATE AND VULNERABILITY ANALYSES

Physical climate risks of an acute or chronic nature that may affect individual properties or a portfolio.

REGIONAL MAPPING	Increased temperatures	Cold waves	Forest and ground fires	Heavy storms	Snowstorms	Flooding	Rock fall, slides and erosion	Avalanches
Luleå	●	●	●	●	●	●	●	●
Skellefteå	●	●	●	●	●	●	●	●
Umeå	●	●	●	●	●	●	●	●
Åre	●	●	●	●	●	●	●	●
Östersund	●	●	●	●	●	●	●	●
Sundsvall	●	●	●	●	●	●	●	●
Falun, Mora, Borlänge	●	●	●	●	●	●	●	●
Gävle	●	●	●	●	●	●	●	●

Probability of climate-related risks: ● Higher ● Medium ● Lower ● None

Policies

For the assessment of physical climate risks, the company's analysis is based on the risks listed in Appendix A of the EU's taxonomy regarding climate adaptation, environmental objective 2. Regional and local mapping have been carried out by independent third parties. The climate surveys form the basis for extended, property-specific vulnerability analyses carried out together with the property management techniques to ensure knowledge of the property.

Assessment levels used for all stages of the risk assessment are: None, Lower, Medium and Higher. To meet the EU's taxonomy requirements, a management plan must be in place no later than five years after the vulnerability analysis is carried out if the risk is deemed to be high.

During 2023, local flood surveys and vulnerability analyses were carried out in property-level management in three further cities. All business units now have local vulnerability analyses for parts of their property portfolio where 71 per cent of the properties have a low or medium risk level for torrential rainfall and thus good resilience.

Employees

General policies

Employees or non-employees in the company's own value chain. The number of permanent and fixed-term employees is reported as at 31 December 2023. Disclosures are prepared and secured by the company's HR department.

The Swedish Tax Agency's regulations on legal gender are used regarding gender distribution. Employee employment in the respective business unit is the basis for the regional distribution.

Estimates and assessments

Swedish legislation does not enable companies to keep records of discrimination-based affiliations. Distribution by gender and age is recognised in cases where the information does not risk exposing individuals due to the size of the group .

H8 > EMPLOYEES

GRI 2-7 & 2-8

EMPLOYEES	2023			2022	
	Total, count	Women, %	Other, %	Total, count	Women, %
Permanent employment	151	41	-	157	42
<i>Of which full-time</i>	142	39	-	153	41
<i>Of which part-time</i>	4	100	-	4	100
General fixed-term employment	3	67	-	8	63
Total number of employees	154	42	-	165	43
BY BUSINESS UNIT					
Luleå	14	43	-	16	38
Skellefteå	10	30	-	10	50
Umeå	14	29	-	13	23
Sundsvall	8	50	-	9	56
Östersund/Åre	22	27	-	23	26
Dalarna	20	20	-	19	32
<i>Of which part-time</i>	1	100	-	1	100
Gävle	12	42	-	11	27
Head office	54	59	-	56	57
<i>Of which part-time</i>	3	100	-	3	100

Not everyone works at a business unit full time. The proportion of part-time employees is not reported.

There is no basis for reporting data on the company's non-employed workers. The roles of the corresponding full-time employees include a position in senior management, HR functions and business developers. In addition, Diös' business units offer students the opportunity to practice or do degree projects to offer insights into the working day of a property company. The company also offers a place for labour market efforts.

H9 > NEW EMPLOYEES AND STAFF TURNOVER

GRI 401-1

ORGANISATION CHANGES	2023	2022
Number of employees at 31 Dec	154	165
<i>Of which local property management</i>	100	101
Number that left during the year	20	20
<i>Of which retirement</i>	2	2
Number of new employees during the year	16	36
Staff turnover, %	12.9	11.8

H10 > EDUCATION AND SKILLS DEVELOPMENT

GRI 404-1

TRAINING HOURS, h/person	2023		2022	
	Women	Men	Women	Men
Average hours of training	12.7	11.9	12.1	15.0
<i>Salaried personnel</i>	12.2		15.6	
<i>Union contract employee</i>	12.0		10.1	

Continuous individual and company-wide competence development is offered to strengthen a learning culture that builds new knowledge or further develops existing knowledge.

Estimates and assessments

Hours of training per employment category cannot be reported by gender today.

H11 > PERFORMANCE REVIEWS

GRI 404-3

Performance reviews are conducted regularly to address individual goals and identify any need for skills development. All employees must be offered target and follow-up talks.

In 2023, 81 per cent (83) of the employees had performance reviews, of which 75 per cent were women and 84 per cent were men. Of white-collar employees, 77 per cent had participated in a performance review and 94 per cent of the collective bargaining employees participated in a performance review.

H12 > SATISFIED EMPLOYEES

Employee Net Promoter Score (eNPS) is a measure of how likely the employees are to recommend their workplace to a friend or acquaintance.

Targets

Achieve at least 45 on average in the year's eNPS measurements. For 2023, eNPS is 47 (48) on a scale between -100 and 100, compared with the index of 14 among companies using the tool and an industry index of 21 (18). Continued high willingness to recommend the company shows a high level of commitment retained among employees.

Policies

Diös monitors monthly employee well-being, employee satisfaction and measures ambassadorship through eNPS surveys. Reported results are an average of the year's measurements.

Diversity and equal opportunities

General policies

Disclosures are prepared and ensured by the company's HR department for the company's employees as at 31 December 2023 unless otherwise stated. The Swedish Tax Agency's regulations on legal gender is used in the dataset regarding gender distribution and remuneration conditions.

The form of employment and job description form the basis for a breakdown into a professional category, which means that managers must have employee responsibility to be included in the statistics. Workplace representatives are not included in the Board.

Fixed remuneration is basic salary; variable remuneration consists of taxable benefits. Tax-free benefits such as fitness benefits are excluded as all employees have the same opportunity to use these benefits.

Estimates and assessments

Swedish legislation does not enable companies to keep records of discrimination-based affiliations.

H13 > DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

GRI 405-1

COMPANY	2023			2022	
	Total, count	Women, %	Other	Total, count	Women, %
The Board of Directors	6	33	-	6	33
<i>Of which 30-50</i>	2	50	-	2	50
<i>Of which over 50</i>	4	25	-	4	25
Senior management	6	33	-	-	-
<i>Of which 30-50</i>	3	67	-	-	-
<i>Of which over 50</i>	3	0	-	-	-
Managers	17	41	-	-	-
<i>Of which 30-50</i>	9	56	-	-	-
<i>Of which over 50</i>	8	25	-	-	-
Salaried personnel	99	52	-	125	50
<i>Of which under 30</i>	6	100	-	4	75
<i>Of which 30-50</i>	70	50	-	90	54
<i>Of which over 50</i>	23	43	-	31	32
Union contract employee	32	13	-	32	13
<i>Of which under 30</i>	5	60	-	5	40
<i>Of which 30-50</i>	19	5	-	20	10
<i>Of which over 50</i>	8	0	-	7	0

H14 > GENDER PAY GAP

GRI 405-2



Policies

Calculations are based on basic salary as each employment category has equivalent variable remuneration and benefits.

H15 > ANNUAL REMUNERATION RATIOS

GRI 2–21

PAY GAP HIGHEST PAID AGAINST MEDIAN	2023
Total annual remuneration for the highest paid within the company, SEK 000s	5,277
Total annual median remuneration of other employees, SEK 000s	519
Relationship between highest paid and median	10.2
Salary increase for the CEO, %	9.2
Salary increase for median, %	4.3
Relationship between salary increase highest paid and median	2.1

The CEO is person in the company with the highest annual remuneration; his total annual remuneration is excluded to calculate the median employee annual remuneration. Based on equivalent benefits and variable remuneration, the increase in basic salary also reflects the increase in total annual remuneration.

Policies

Total annual remuneration corresponds to declared annual income including variable remuneration and other taxable benefits. The profit-sharing foundation Grunden and fitness benefits are not included.

H16 > COLLECTIVE BARGAINING AGREEMENTS AND SALARY BENEFITS

GRI 2–30

All employees are covered by collective agreements except for the CEO. Consultants with a job description corresponding to an indefinite term employment have equal opportunities. Employees who have employment through labour market agreements have regulated salary benefits under individual contracts.

Swedish labour market legislation, collective agreements and related regulations and social security schemes ensure that both employees and non-employees have the possibility of paid sick leave, parental leave and retirement and unemployment benefits. In addition, Swedish legislation ensures a living wage.

H17 > INCENTIVE SCHEMES AND REMUNERATION

GRI 2–19

A description of remuneration policy can be found in the Corporate Governance Report on pages 37-42. All employees are covered by the profit-sharing foundation Grunden, which contributes to a culture where operational goals are a natural part of everyday life. No specific sustainability targets are defined in this incentive scheme.

Health and safety

H18 > OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM AND FOLLOW-UP

GRI 403

The company's occupational health and safety management system complies with Swedish occupational health and safety legislation and regulation AFS 2001:1. Under the Work Environment Act, employers have a duty to plan, lead, control and investigate, risk assess, remedy and monitor the business in a way that promotes health and safety at work.

The respective manager is responsible for the employees' work environment where Diös' work environment policy and work environment guide provide guidance. As an employer, collaboration with employees takes place through, among other things, the company's occupational health and safety group consisting of representatives from all business units, head offices and HR.

WORK-RELATED INJURIES	2023	2022
No. of incidents, count	2	1
Injury rate, incidents	1.3	0.7
No. of accidents, count	5	4
Injury rate, accidents	3.2	2.7

Injuries and incidents have been of a minor nature. No work-related injuries were reported resulting in death or which had significant consequences for the injured person.

Policies

Disclosures are prepared and ensured by the company's HR department for the company's employees as at 31 December 2023. The injury rate is reported per 200,000 hours worked.

Scope

All employees working on behalf of Diös or in the company's operations are covered by the occupational health and safety management system. Statistics on work-related ill health are not reported. Information on sick leave can be found in the financial statement, Note 5, page 57.

Fair business practices

H19 > SUPPLIERS IN THE VALUE CHAIN

GRI 2–6

Diös' suppliers and partners are expected to live up to the company's established requirements and respect the agreements entered into. The Code of Conduct for Suppliers is attached to all supplier agreements, clarifying ethical expectations. The management has ongoing reconciliations with suppliers to ensure technical instructions and requirements.

Today, the number of suppliers is around 1,400, of which construction services and property management account for the largest purchasing volume where the majority are local contractors.

One way to strengthen the purchasing process is to reduce the number of suppliers and work with framework agreements to simplify quality assurance and minimise risk exposure to dishonest actors. No significant changes in the supplier chain have been reported in 2023.

H20 > PURCHASES AND PROCUREMENT

Reviewing and monitoring suppliers prior to major purchases and procurements according to company-wide requirements enables security in contracts and supplier follow-up. In 2023, a company-wide effort began to classify the supplier based on a country and industry perspective of risks in addition to the background checks carried out. Country risks relate to breaches of human rights, bribery and corruption in the country where suppliers are based. As we mainly work with local suppliers, these risks are lower and are weighted accordingly in the risk analysis. As a property owner, the company purchases from identified risk industries such as construction (mainly demolition) and cleaning services. The importance of close relationships is crucial to building trust over time and ensuring secure procurement. Work is ongoing and will be intensified in the coming years through an in-depth internal collaboration between the sustainability department, accounting, projects and property management.

No deviations were identified during the year and no agreements with suppliers were terminated as a result of deviations related to the Code of Conduct for suppliers, sustainability or occupational health and safety requirements.

H21 > ANTI-CORRUPTION

GRI 205

The anti-corruption policy applies to all employees and is communicated in connection with onboarding. The policy was adopted by senior management and presented to the Board. The Code of Conduct is prepared in two versions, one for employees and one for suppliers, and deals with good business practices, free competition, corruption, bribery and money laundering.

All employees were offered a basic and continuing course in business ethics and anti-corruption during the autumn. 70 people participated, which corresponds to 45 per cent of the employees.

During 2023, 1 case (0) was reported where no irregularities were found after an investigation. In case of suspicion of improper behaviour by employees or other parties, an external whistleblower service is available to all stakeholders through our website.

H22 > DIRECT ECONOMIC VALUE

GRI 201

DIRECT ECONOMIC VALUE	2023		2022	
	SEKm	%	SEKm	%
Economic value added	2,686		2,237	
Value distribution of revenue	1,628		1,341	
<i>Employee salaries and benefits</i>	144	5	132	6
<i>Interest and principal payments to the company's lenders</i>	703	26	273	12
<i>Taxes to society: current tax, property tax and VAT</i>	256	10	168	8
<i>Dividends to shareholders</i>	0	0	283	13
<i>Purchases from suppliers</i>	517	19	485	22
Retained economic value for shareholders	1,058	39	896	40

Information according to the EU taxonomy

Diös' operations are subject to reporting requirements according to the EU's taxonomy. Properties that meet all the review criteria, do not risk harming other objectives and meet the requirements for minimum social guarantees and safeguards form the basis for taxonomy-compatible operations.

The assessment is that the company's entire business is covered by the EU's taxonomy where the primary economic activity constitutes the acquisition and ownership of properties, activity 7.7. For 2023, all of Diös' properties fell under activity 7.7. Undeveloped or unplanned land is not covered and is reported under activities not covered by the taxonomy, section B.

The economic activities are exposed to the set environmental objective to limit our climate impact, environmental objective 1. As property owners, the company can contribute to the climate change in society by making properties more efficient, making demands on suppliers about renewable energy, and promoting a small climate footprint in connection with new production, as well as renovation and extension.

Diös complies with Fastighetsägarna's recommendations and interpretations regarding technical review criteria, such as energy performance limit values.

Criteria for making a significant contribution

Properties that we consider to be compatible with the taxonomy's criteria for significantly contributing to limiting the company's climate impact have:

- > A weighted primary energy (PE) figure belonging to the top 15 based on its property segment. The property's PE figures are offset against the limits for each property segment.
- > Continuous energy optimisation work. Energy optimisation and efficiency improvement are a priority and all properties are covered by the ongoing energy work. Each business unit is responsible for maintaining and optimising the performance of the properties.

Properties meeting the criteria for a significant contribution to environmental objective 1 to limit climate impact are compatible with the taxonomy's technical review criteria.

Do no significant harm criteria

Properties that pass the technical review criteria to significantly contribute are classified in the next step on the basis of how they meet criteria for DNSH to the other five environmental and climate goals.

Regional and local climate risks have been mapped based on the EU Taxonomy Appendix A. Site visits have been carried out in all cities where property-specific vulnerability analyses have identified risks for the property and established action and management plans.

Properties with a risk classification of low or medium, or where the climate risk as such is low in regional mapping, are deemed to be compatible with the taxonomy's environmental objective 2 regarding climate adaptations and thereby do no harm to other environmental and climate targets. See Sustainability Note H5 and H7 for further information on risk scenario analyses based on TCFD and the company's work on climate and vulnerability analyses on pages 86-87.

Minimum safeguards

The property industry not only affects the environment and climate; the taxonomy also emphasises social issues through requirements on minimum social safeguards. Diös has a working method supported by governance documents linked to human rights, anti-corruption, taxation and sound competition where the company's risk process ensures compliance with internal as well as external requirements. A complete report on corporate governance is available on pages 37-42. Risk and policy references for sustainability-related issues can be found on pages 78 and 80-81.

During the year, no remarks, notifications or breaches of the company's human rights commitments were reported. The company is thus deemed to meet the EU taxonomy's requirements for minimum safeguards in accordance with the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Financial key ratios

The key ratios are based on the Group's financial statements and the taxonomy calculations are based on the same accounting policies as other financial reporting; see page 54 and the segment reporting in Note 2.

The following definitions are set for each KPI.

- > **Sales:** Rental income excluding forward-charged property tax and service income related to property management.
- > **Investments:** Capitalised investments (CapEx) that increase the property's value, such as conversion, new builds and acquisitions, as well as additional rights of use during the current period.
- > **Operating expenditure:** Operating costs (OpEx) related to internal and external property management and repair and maintenance, in order to maintain the value of the property.

Policies for sustainability disclosures

The following tables show how much of the respective KPIs align with the taxonomy's requirements for environmentally sustainable economic activities for each KPI and environmental objectives.

SHARE OF TURNOVER, %	Taxonomy compatibility	Targets covered
Climate change mitigation, CCM	25	100
Climate change adaptation, CCA	-	-
Water and marine resources, WTR	-	-
Circular economy, CE	-	-
Pollution, PPC	-	-
Biodiversity and ecosystems, BIO	-	-

SHARE OF CAPITAL EXPENDITURE, %	Taxonomy compatibility	Targets covered
Climate change mitigation, CCM	10	100
Climate change adaptation, CCA	%	100
Water and marine resources, WTR	-	-
Circular economy, CE	-	-
Pollution, PPC	-	-
Biodiversity and ecosystems, BIO	-	-

SHARE OF OPERATING EXPENDITURE, %	Taxonomy compatibility	Targets covered
Climate change mitigation, CCM	25	100
Climate change adaptation, CCA	-	-
Water and marine resources, WTR	-	-
Circular economy, CE	-	-
Pollution, PPC	-	-
Biodiversity and ecosystems, BIO	-	-

NUCLEAR POWER and FOSSIL GAS**Nuclear energy-related activities**

The company performs, finances or is exposed to research, development, demonstration and expansion of innovative electricity generation plants that produce energy from nuclear energy processes with minimal waste from the fuel cycle.	NO
The company performs, finances or is exposed to the construction and safe operation of new nuclear installations for the production of electricity or process heat, including for district heating or industrial processes, such as hydrogen production, and for safety upgrades thereof, using the best available technologies.	NO
The company performs, finances or is exposed to the safe operation of existing nuclear installations that produce electricity or process heat, including for district heating or industrial processes, such as hydrogen production from nuclear energy, and safety upgrades of these.	NO

Fossil gas-related activities

The company performs, finances or is exposed to the construction or operation of electricity generation plants that produce electricity using fossil gaseous fuels.	NO
The company performs, finances or is exposed to the construction, renovation and operation of plants for combined heat/cooling and electricity production using fossil gaseous fuels.	NO
The company performs, finances or is exposed to the construction, renovation and operation of heat production plants that produce heat/cooling using fossil gaseous fuels.	NO

H23 > TURNOVER

The share of the company's turnover from products or services associated with economic activities compatible with taxonomy requirements was SEK 558m in 2023, which represents 25 per cent of the company's turnover.

Economic activities	Code	Sales 2023 SEKm	Share of turnover 2023 %	Criteria for a substantial contribution						Criteria for doing no significant harm						Minimum safeguards	Share of compatible or covered by taxonomy requirements 2022 %	Category of enabling activities	Category of transition activities T
				Climate change mitigation Y, N, N/EL	Climate change adaptation Y, N, N/EL	Water Y, N, N/EL	Pollution Y, N, N/EL	Circular economy Y, N, N/EL	Biodiversity Y, N, N/EL	Climate change mitigation Y, N, N/EL	Climate change adaptation Y/N	Water Y/N	Pollution Y/N	Circular economy Y/N	Biodiversity Y/N				

A. ACTIVITIES COVERED BY THE TAXONOMY**A.1. Environmentally sustainable activities (taxonomy compatible)**

Acquisitions and ownership of properties	CCM 7.7	558	25	25	N/EL	N/EL	N/EL	N/EL	N/EL	-	J	-	-	-	-	J	12	-	-
Turnover of environmentally sustainable (taxonomy-compatible) activities (A.1)		558	25	J	-	-	-	-	-	-	J	-	-	-	-	J	12		
Of which enabling activities		0	0%	0%	-	-	-	-	-	-	J	-	-	-	-	J	0%		
Of which transition activities		0	0%	0%						-	-	-	-	-	-	-	0%		T

A.2 Activities subject to taxonomy but not environmentally sustainable (not taxonomy-compatible)

				EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL										
Acquisitions and ownership of properties	CCM 7.7	1,718	75	EL	N/EL	N/EL	N/EL	N/EL	N/EL										88
Turnover for activities subject to taxonomy but not environmentally sustainable (not taxonomy-compatible) (A.1+A.2)		1,718	75	75	-	-	-	-	-										88
Sales from activities covered by the taxonomy (A.1+A.2)		2,276	100	100	-	-	-	-	-										100

B. ACTIVITIES NOT COVERED BY THE TAXONOMY

Sales from activities not covered by the taxonomy		0	0
Total (A + B)		2,276	100

H24 > CAPITAL EXPENDITURE

The share of the company's investments from products or services associated with economic activities compatible with the taxonomy requirements was SEK 158m in 2023, which represents 10 per cent of the company's capital expenditure.

Economic activities	Code	Capital expenditure 2023 SEKm	Share of capital expenditure 2023 %	Criteria for a substantial contribution						Criteria for doing no significant harm						Minimum safeguards	Share of compatible or covered by taxonomy requirements 2022 %	Category of enabling activities	Category of transition activities T
				Climate change mitigation Y, N, N/EL	Climate change adaptation Y, N, N/EL	Water Y, N, N/EL	Pollution Y, N, N/EL	Circular economy Y, N, N/EL	Biodiversity Y, N, N/EL	Climate change mitigation Y, N, N/EL	Climate change adaptation Y/N	Water Y/N	Pollution Y/N	Circular economy Y/N	Biodiversity Y/N				

A. ACTIVITIES COVERED BY THE TAXONOMY**A.1. Environmentally sustainable activities (taxonomy compatible)**

Acquisitions and ownership of properties	CCM7.7	158	10	J	N	N/EL	N/EL	N/EL	N/EL	-	J	-	-	-	-	J	3	-	-
Capital expenditure for environmentally sustainable activities (A.1)		158	10	J	N	-	-	-	-	-	J	-	-	-	-	J	3		
Of which enabling activities		0	0%	0%	-	-	-	-	-	-	J	-	-	-	-	J	0%		
Of which transition activities		0	0%	0%						-	-	-	-	-	-	-	0%		T

A.2 Activities subject to taxonomy but not environmentally sustainable (not taxonomy-compatible)

Economic activities	Code	Capital expenditure 2023 SEKm	Share of capital expenditure 2023 %	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	Minimum safeguards	Share of compatible or covered by taxonomy requirements 2022 %	Category of enabling activities	Category of transition activities T
				EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL					
Acquisitions and ownership of properties	CCM 7.7	1,472	90	EL	EL	N/EL	N/EL	N/EL	N/EL				
Capital expenditure for activities subject to taxonomy but not environmentally sustainable (not taxonomy-compatible) (A.2)		1,472	90	90	-	-	-	-	-				
Capital expenditure from activities covered by the taxonomy (A.1+A.2)		1,631	100	100	-	-	-	-	-				100

B. ACTIVITIES NOT COVERED BY THE TAXONOMY

Capital expenditure from activities not covered by the taxonomy	0	0
Total (A + B)	1,631	100

H25 > OPERATING EXPENDITURE

The share of the company's operating expenses from products or services associated with economic activities compatible with the taxonomy requirements was SEK 520m in 2023, which represents 25 per cent of the operating expenditure.

Economic activities	Code	Operating expenditure 2023 SEKm	Share of operating expenditure 2023 %	Criteria for a substantial contribution						Criteria for doing no significant harm						Minimum safeguards	Share of compatible or covered by taxonomy requirements 2022 %	Category of enabling activities	Category of transition activities T
				Climate change mitigation Y, N, N/EL	Climate change adaptation Y, N, N/EL	Water Y, N, N/EL	Pollution Y, N, N/EL	Circular economy Y, N, N/EL	Biodiversity Y, N, N/EL	Climate change mitigation Y, N, N/EL	Climate change adaptation Y/N	Water Y/N	Pollution Y/N	Circular economy Y/N	Biodiversity Y/N				

A. ACTIVITIES COVERED BY THE TAXONOMY**A.1. Environmentally sustainable activities (taxonomy compatible)**

Acquisitions and ownership of properties	CCM7.7	520	25	J	N/EL	N/EL	N/EL	N/EL	N/EL	-	J	-	-	-	-	J	12	-	-
Operating expenditure for environmentally sustainable activities (A.1)		520	25	J	-	-	-	-	-	-	J	-	-	-	-	J	12		
Of which enabling activities		0	0%	0%	-	-	-	-	-	-	J	-	-	-	-	J	0%		
Of which transition activities		0	0%	0%						-	-	-	-	-	-	-	0%		T

A.2 Activities subject to taxonomy but not environmentally sustainable (not taxonomy-compatible)

Economic activities	Code	Operating expenditure 2023 SEKm	Share of operating expenditure 2023 %	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	Minimum safeguards	Share of compatible or covered by taxonomy requirements 2022 %	Category of enabling activities	Category of transition activities T
				EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL					
Acquisitions and ownership of properties	CCM 7.7	1,556	75	EL	N/EL	N/EL	N/EL	N/EL	N/EL				
Operating expenditure for activities that are covered by the taxonomy but are not environmentally sustainable (not taxonomy-compatible) (A.2)		1,556	75	75	-	-	-	-	-				88
Capital expenditure for activities covered by the taxonomy (A.1 + A.2)		2,076	100	100	-	-	-	-	-				100

B. ACTIVITIES NOT COVERED BY THE TAXONOMY

Operating expenditure from activities not covered by the taxonomy	0	0
Total (A + B)	2,076	100

GRI index

including reference to EPRA codes

Statement of use Diös Fastigheter AB (co. reg. no. 556501-1771) has reported according to GRI Standards for the 2023 reporting year

GRI Framework GRI 1: Foundation 2021

Applicable sector standard Not yet published. The company proceeds based on previously issued standards from GRI linked to the property sector



INFORMATION	DESCRIPTION	PAGE	POTENTIAL DEVIATION AND EXPLANATION	EPRA REFERENCE
GRI 2: General disclosures				
2-1	Information about the organisation	32		
2-2	Entities covered by the Sustainability Report	83		
2-3	Reporting period, frequency and contact details	83		
2-4	Changes in previously reported information	83		
2-5	External assurance	75		
2-6	Operations and value chain	10-12, 32-33, 81		
2-7	Employed workers	87		
2-8	Workers who are not employed	87	Missing data collection process	
2-9	Composition and structure for governance	37-40, 88	Taking into account the number of employees in the company and the importance of the matter in a Swedish context, only gender and age breakdown is presented.	Gov-Board
2-10	Nomination and election of the highest governing body	39		Gov-Selec
2-11	Chair of the highest governing body	39-43		
2-12	The role of the highest governing body in reviewing and managing the impact	77, 83-84		
2-13	Delegation of responsibility for managing impact	77, 83-84		
2-14	The role of highest governing body in sustainability reporting	77, 83-84		
2-15	Conflicts of interest	38, 41-42		Gov-Col
2-16	Communication of critical issues	37-42		
2-17	Collective knowledge for sustainable development at the highest governing body	37-42		
2-18	Evaluation of the work of the highest governing body	37-42		
2-19	Governance documents for remuneration regulations	39-40		
2-20	Process for determining remuneration	39-40, 89		

INFORMATION	DESCRIPTION	PAGE	POTENTIAL DEVIATION AND EXPLANATION	EPRA REFERENCE
2-21	Annual total compensation ratio	89		Diversity-Pay
2-22	Statement on the strategy for sustainable development	8-9		
2-23	Values, principles and governing documents	78, 80-81		
2-24	Anchoring of commitments in business and business relationships	39-40		
2-25	Processes to remedy negative impacts	77-84, 89-90		
2-26	Advisory and complaint management mechanisms	77, 81-84		
2-27	Compliance with laws and regulations	77		
2-28	Membership in organisations	Website		
2-29	Stakeholder dialogue	77, 84		
2-30	Collective bargaining agreement	89		

GRI 3: Key issues

3-1	Process for determining material issues	77, 84		
3-2	List of material issues	77-84		
3-3	Management of material issues	See respective section		

GRI 201: Economic performance 2016

201- 1	Direct economic value	90		
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GRI 205: Anti-corruption 2016

205-2	Anti-corruption policies and procedures	83-84, 90		
205-3	Confirmed corruption incidents and steps taken	90		

GRI index, continuation

INFORMATION	DESCRIPTION	PAGE	POTENTIAL DEVIATION AND EXPLANATION	EPRA REFERENCE
GRI 302: Energy 2016				
302-1	Energy consumption within own organisation	86	Gas is not used as an energy type. Surplus of self-produced solar electricity is sold to an electricity supplier.	Elec-Abs, Elec-LfL, DH&C-Abs, DH&C-LfL, Fuels-Abs, Fuels-LfL
302-2	Energy consumption outside own organisation	86	Qualitative, reliable data from tenants are missing.	
302-3	Energy intensity	86		Energy-Int
GRI 303: Water consumption 2018				
303-5	Water consumption	86		Water-Abs, Water-LfL
GRI 305: Emissions 2016				
305-1	Direct emissions of greenhouse gases, scope 1	84-85		GHG-Dir-Abs
305-2	Indirect emissions of greenhouse gases from purchased energy, scope 2	84-85		GHG-Indir-Abs
305-3	Other indirect emissions of greenhouse gases, scope 3	84-85		
305-4	Emissions intensity of greenhouse gases	84-85		GHG-Int
GRI 306: Effluents and waste 2020				
306-1	Waste generation and any significant waste-related impacts	86, EPRA		
306-2	Management of significant waste-related impacts	86, EPRA		Waste-Abs, Waste-LfL
GRI 401: Employment 2016				
401-1	New hires and employee turnover	88		

INFORMATION	DESCRIPTION	PAGE	POTENTIAL DEVIATION AND EXPLANATION	EPRA REFERENCE
GRI 403: Occupational health and safety 2018				
403-1	Occupational health and safety management system	89		H&S-Emp
403-8	Employees covered by occupational health and safety management system	89		
403-9	Work-related injuries	89		H&S-Asset
403-10	Work-related ill health	57	Statistics for non-employees are not reported as the information is not considered material	
GRI 404: Skills development and education 2016				
404-1	Hours of training delivered	88		Emp-Training
404-2	Skills development	88		
404-3	Performance review	88		Emp-Dev
GRI 405: Diversity and equal opportunity 2016				
405-1	Diversity in management bodies and employees	88-89	Data coverage is lacking as there is no legal basis for the company to keep records of sensitive personal data	Diversity-Emp
405-2	Equal basic salary and remuneration	88-89		Diversity-Pay
CRE section				
CRE 2	Water consumption, intensity	86, EPRA		Water-Int
CRE 8	Environmental certification	87		Cert-Tor



Key ratios

Anna-Carin Larsson, Accounting Controller.

Financial key ratios

The company presents certain financial measures in the annual report that have not been defined in accordance with IFRS. We consider that these measures provide valuable additional information for investors, analysts and the company's management, as they

	2023 12 mos. Jan-Dec	2022 12 mos. Jan-Dec
Number of outstanding shares at end of year, thousands (<i>balance sheet key ratios</i>)	141,431	141,431
Average number of shares, thousands (<i>income statement key ratios</i>)	141,431	141,428

There is no dilutive effect, as no potential shares (such as convertibles) exist.

OPERATING RESULTS

The operations are governed based partly on the objective of generating capital growth by increasing the surplus ratio and thereby the cash flow from operating activities, i.e. increased income from property management. We also report the alternative performance indicators property management income and EPRA earnings, as these are deemed to be relevant for investors and analysts, and provide additional information on the company's operating results. The indicators provide a picture which excludes factors that are partly beyond the control of the company, such as changes in the value of properties and derivatives.

	2023 12 mos. Jan-Dec	2022 12 mos. Jan-Dec
PROPERTY MANAGEMENT INCOME		
Profit/loss before tax	-963	1,045
Reversal		
Change in value, properties ¹	1,385	165
Change in value, derivatives	481	-104
Property management income¹	903	1,106
EPRA EARNINGS (PROPERTY MANAGEMENT INCOME AFTER TAX)		
Property management income ¹	903	1,106
Reversal, current tax property management income	-28	-16
EPRA Earnings¹	875	1,089
EPRA Earnings per share, SEK¹	6.19	7.70

¹ The comparative year was restated due to capitalised interest expenses.

enable the evaluation of relevant trends and the company's performance. As not all companies calculate financial measures in the same way, these are not always comparable with the measures used by other companies. These financial measures should therefore

FINANCIAL RISK

Our strategy is urban development. Diös seeks to run its business in a sustainable manner with a stable financial risk. This is expressed in the ambition to ensure that the loan-to-value ratio does not exceed 55 per cent over extended periods and to maintain an equity ratio in excess of 35 per cent. The loan-to-value ratio and equity ratio show the company's financial stability while the interest coverage ratio shows the company's ability to pay interest. Net debt to EBITDA shows our ability to generate cash flow in relation to our liabilities. These key ratios are deemed to be relevant for investors and analysts from a financial risk perspective. The loan-to-value ratio, equity ratio and interest coverage ratio also constitute covenants from the company's lenders and the Board has defined targets for these key ratios, which are used to govern the company's activities.

	2023 12 mos. Jan-Dec	2022 12 mos. Jan-Dec
LOAN-TO-VALUE RATIO		
Interest-bearing liabilities	17,083	16,259
Cash and cash equivalents	-98	-88
Drawn overdraft facilities	-	-
Net debt	16,984	16,171
Investment properties	31,215	31,136
Loan-to-value ratio, %	54.4	51.9

SECURED LOAN-TO-VALUE RATIO

Net debt	16,984	16,171
Unsecured liabilities	-2,627	-2,470
Secured liabilities	14,357	13,701
Investment properties	31,215	31,136
Secured loan-to-value ratio, %	46.0	44.0

EQUITY RATIO

Equity	10,968	12,102
Total assets	31,714	31,733
Equity ratio, %	34.6	38.1

not be viewed as substitutes for IFRS-defined measures. The following table presents non-IFRS measures unless otherwise stated. Definitions of these measures are found on page 101. The financial targets for 2023 proposed by the Board are presented on page 6. Figures refer to SEKm unless otherwise indicated.

	2023 12 mos. Jan-Dec	2022 12 mos. Jan-Dec
INTEREST COVERAGE RATIO		
Property management income ¹	903	1,106
Reversal		
Financial costs ¹	734	277
Total	1,637	1,382
Financial costs ¹	734	277
Interest coverage ratio, times¹	2.2	5.0

¹ The comparative year was restated due to capitalised interest expenses.

NET DEBT TO EBITDA

Interest-bearing liabilities as per balance sheet	17,083	16,259
Cash and cash equivalents	-98	-88
Overdraft facilities	-	-
Net debt	16,984	16,171
Operating surplus as per income statement	1,711	1,469
Central administration as per income statement	-89	-90
Reversal		
Depreciation and amortisation	10	4
EBITDA	1,631	1,383
Net debt to EBITDA	10.4	11.7

> financial key ratios cont.

NET ASSET VALUE

Net asset value is the total capital which the company manages on behalf of its owners. Based on this capital, we aim to generate returns and growth while maintaining a low risk. EPRA NRV, EPRA NTA and EPRA NDV aim to show the company's value based on different scenarios. For more information, see the definitions on page 101. These performance indicators can be compared with the company's share price to obtain a picture of how the shares are valued in relation to equity.

	2023 12 mos. Jan-Dec	2022 12 mos. Jan-Dec
EPRA NRV/NTA		
Equity	10,968	12,102
Reversal		
Fair value of financial instruments	338	-143
Deferred tax on temporary differences	2,208	2,259
EPRA NRV	13,514	14,216
Average number of shares ('000)	141,431	141,428
EPRA NRV per share	95.6	100.5
Deductions:		
Fair value of financial instruments	-338	143
Estimated actual deferred tax on temporary differences, approx. 4% ¹	-411	-421
EPRA NTA	12,765	13,938
Average number of shares ('000)	141,431	141,428
EPRA NTA per share	90.3	98.6

EPRA NDV

Equity as per balance sheet	10,968	12,102
EPRA NDV	10,968	12,102
Average number of shares ('000)	141,431	141,428
EPRA NDV per share	77.6	85.6

¹ Estimated actual deferred tax has been calculated at approx. 4 per cent based on a discount rate of 3 per cent. The calculation is based on the assumption that the property portfolio will be realised over a period of 50 years, with 10 per cent of the portfolio being sold directly subject to a nominal tax rate of 20.6 per cent, and the remaining 90 per cent being sold indirectly through companies subject to a nominal tax rate of 6 per cent.

OTHER KPIS

Other key ratios refer to a number of measures of return which are used to describe various aspects of the statement of financial position and to give investors and analysts further information about the operations. We report return on equity, equity per share and cash flow per share, as these performance indicators show the company's results and profitability, equity on a per share basis, and the company's ability to fulfil its obligations and pay dividends to the shareholders. These alternative performance indicators supplement the picture given of Diös' financial performance and enable investors and analysts to gain a better understanding of the company's return and results. Yield is a measure of the results generated by the properties in relation to their market value. It shows the profitability of the properties and is considered to provide supplementary information for investors and analysts concerning the risk in the portfolio. The debt/equity ratio is presented in order to supplement the picture of the company's financial situation. It shows the ratio of interest-bearing liabilities to equity. The measure is considered to enhance investors' and analysts' ability to assess the company's financial stability.

	2023 12 mos. Jan-Dec	2022 12 mos. Jan-Dec
Return on equity, %	-7.4	7.0
Equity per share, SEK	77.6	85.6
Earnings per share, SEK	-6.01	5.87

CASH FLOW PER SHARE

Profit/loss before tax	-963	1,045
Reversal		
Unrealised change in value, properties ¹	1,393	175
Unrealised change in value, derivatives	481	-104
Depreciation and amortisation	10	4
Current tax	-28	-16
Total¹	894	1,103
Average number of shares ('000)	141,431	141,428
Cash flow per share, SEK¹	6.32	7.80

NET LEASING

Newly signed contracts	234	227
Terminated contracts	-215	-150
Net leasing	19	77

¹ The comparative year was restated due to capitalised interest expenses.

> financial key ratios cont.

OTHER INFORMATION

We also report data for economic occupancy, surplus ratio, vacancy rate and net leasing, as these performance indicators provide a more in-depth picture of the company's financial performance with regard to revenues in the properties and thus also in the company. These performance indicators are widely used in the industry, and enable investors and analysts to make comparisons between different property companies.

	2023 12 mos. Jan-Dec	2022 12 mos. Jan-Dec
EPRA VACANCY RATE		
Estimated market rent for vacant space	184	204
Annualised rental value, whole portfolio	2,632	2,391
EPRA vacancy rate, %	7.0	8.5

ECONOMIC OCCUPANCY RATE

Contracted rental income	2,459	2,164
Rental value for the period	2,666	2,376
Economic occupancy rate, %	92	91

SURPLUS RATIO

Operating surplus	1,711	1,469
Contracted rental income	2,459	2,164
Surplus ratio, %	70	68

DEBT/EQUITY RATIO

Interest-bearing liabilities	17,083	16,259
Equity	10,968	12,102
Debt/equity ratio, times	1.6	1.3

INTEREST-BEARING LIABILITIES

Bank funding	13,908	13,003
Covered Bonds	548	790
Commercial paper	656	568
unsecured bonds	1,971	1,898
Overdraft facilities	-	-
Interest-bearing liabilities	17,083	16,259

2023 2022

EPRA KEY FIGURES

EPRA earnings, SEKm ¹	875	1,089
EPRA earnings per share, SEK ¹	6.19	7.70
EPRA NRV	13,514	14,216
EPRA NRV per share	95.65	100.5
EPRA NTA	12,765	13,938
EPRA NTA per share	90.3	98.6
EPRA NDV	10,968	12,102
EPRA NDV per share	77.6	85.6
EPRA vacancy rate, %	7.0	8.5
Rental growth for comparable portfolio, %	10.2	6.9

The EPRA key figure for sustainability can be found on our website, www.dios.se.

Share information and shareholders

Share price performance

At the end of the year, the share price was SEK 86.6 per share (75.5), which corresponds to a share price performance of -14.8 per cent (36.5). By comparison, the Nasdaq OMX Stockholm 30 index grew by 17.3 per cent (declined 15.6) and the Stockholm Stock Exchange's property index, expressed as Nasdaq OMX Real Estate PI, grew by 17.0 per cent (declined 44.7). The total annual return for the share was 18.6 per cent (-34.3). The share price volatility for the past 12 months was 36.0 per cent (37.9). At 31 December, the company had a market capitalisation of SEK 12,279m (10,968).

Dividend and dividend policy

The Board proposes a dividend for the 2023 financial year of SEK 0.00 per share (2.00). This equates to a yield of 0.0 per cent, in relation to the share price on 31 December. According to the dividend policy, approximately 50 per cent of the profit for the year after tax, excluding unrealised changes in value and deferred tax, should be passed onto the shareholders as a dividend. The proposal entails a dividend of 0.0 per cent (26.3) and the Board's justification for departing from the dividend policy is that it creates the best conditions for the company and shareholders in the present situation. A strengthened balance sheet provides more favourable financing terms and therefore lower costs. The Board of Directors assesses the company's ability to resume paying a dividend in the coming year as very good. The decision on the distribution and payment of dividends will be made by the Annual General Meeting on 16 April 2024.

Shares and share capital

The share capital at 31 December was 283,569,699

(283,569,699) and the number of shares was 141,785,165 (141,785,165). The shares have a face value of SEK 2 per share and all shares have equal voting rights and entitle the holder to the same share of the company's capital.

Net asset value and equity

For the purpose of giving a long-term fair value of the company's net assets, we recognise a long-term net asset value, expressed pursuant to EPRA NRV. EPRA NRV at year-end was SEK 13,514m (14,216), which equates to SEK 95.6 per share (100.5), and the share price at 31 December represented 91 per cent (75) of EPRA NRV. Equity at 31 December was SEK 10,968m(12,102), which equates to SEK 77.6 per share (85.6).

Buyback and transfer of treasury shares

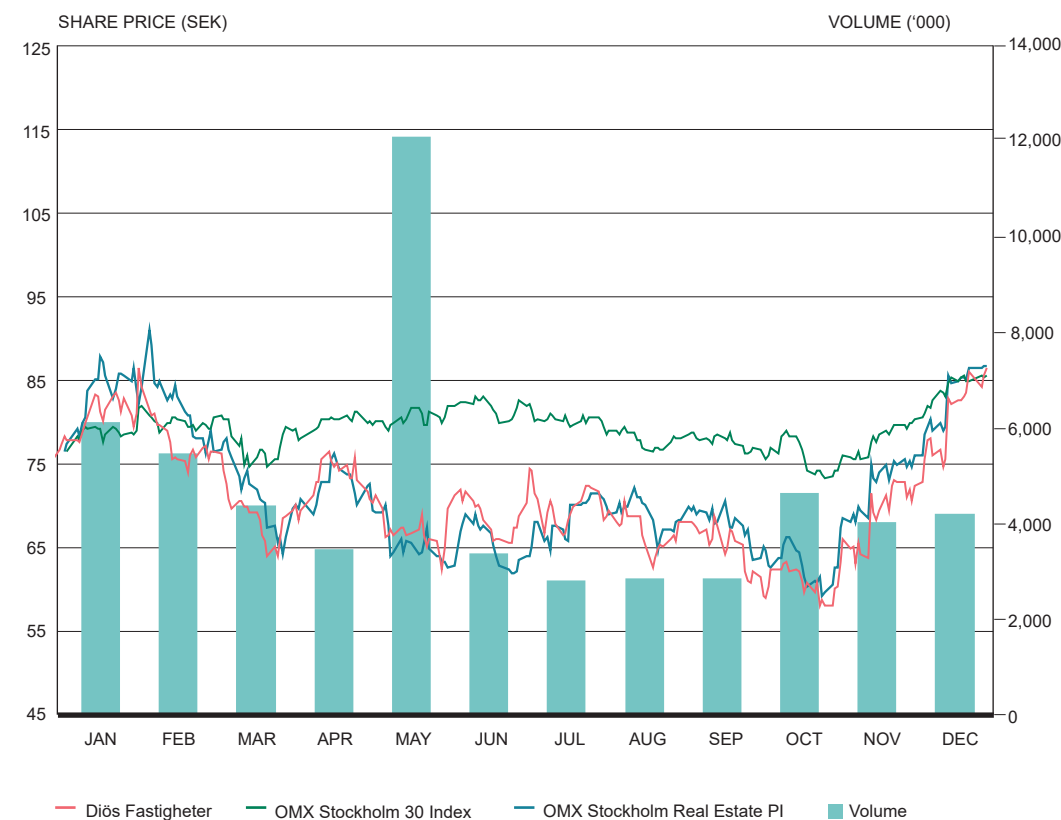
The Annual General Meeting 2023 mandated the Board, during the period until the next AGM, to acquire and transfer treasury shares representing up to 10 per cent of all outstanding shares of the company. Share buy-back is a method used to adapt and improve the effectiveness of the capital structure. In 2023, no treasury shares were acquired or transferred. The Board will propose that the AGM extend the period for acquiring and transferring treasury shares.

Flagging

In the second quarter of 2023, Nordstjernan AB flagged that the shareholding was less than 5 per cent.

Transparency and accessibility

It is important for us to be transparent and accessible to our stakeholders without compromising external and internal regulations. All shareholder information such as financial reports and press releases are available on our website.



LARGEST SHAREHOLDERS

	No. of shares	Capital and voting rights, %	Change 12 mos, % points
AB Persson Invest	22,074,488	15.6%	
Backahill Inter AB	14,857,452	10.5%	
Länsförsäkringar Fonder	10,969,665	7.6%	2.2%
Pensionskassan SHB Försäkringsförening	8,096,827	5.7%	
Nordea Funds	6,347,915	4.5%	3.9%
Vanguard	3,572,614	2.5%	0.1%
Karl Hedin	3,562,547	2.5%	
Avanza Pension	3,452,999	2.4%	0.2%
BlackRock	3,119,703	2.2%	0.1%
Tredje AP-fonden	2,273,016	1.6%	0.6%
Total, 10 largest shareholders	78,327,226	55.2%	7.0%
Treasury shares	354,218	0.2%	0.0%
Other shareholders	63,103,721	44.5%	-7.0%
Total	141,785,165	100.0%	0.0%

Source: Monitor of Modular Finance AB. Compiled and processed data from Euroclear, Morningstar, the Swedish Financial Supervisory Authority and other sources.

DATA PER SHARE

	2023	2022	2021	2020	2019
Share price at 31 Dec, SEK	86.6	75.5	118.8	76.8	85.8
Market value of outstanding shares, SEKm	12,279	10,698	16,844	10,331	11,541
Property management income per share, SEK ¹	6.38	7.81	7.28	7.13	7.07
EPRA NRV per share, SEK	95.6	100.5	97.7	79.7	73.4
Dividend per share, SEK	0.00 ²	2.00	3.52	3.30	1.65
Payout ratio ³ , %	0.0	26.3	50.3	50.3	24.9
Dividend yield, %	0.0	2.6	3.0	4.3	3.8
Total return, %	18.6	-34.3	60.6	-7.9	58.1

¹ 2022 was restated due to capitalised interest expenses.

² Proposed by the Board.

³ Profit after tax, excluding unrealised changes in value and deferred tax.

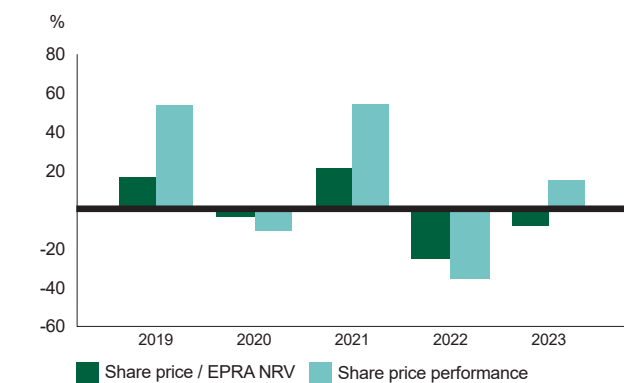
OWNERSHIP STRUCTURE

Number of shares, shareholding	No. of shareholders	No. of shares	Capital and voting rights, %	Market value, SEKm
1-500	12,525	1,639,652	1.2%	142
501-1,000	1,979	1,575,597	1.1%	136
1,001-5,000	2,402	5,362,890	3.8%	464
5,001-10,000	361	2,639,553	1.9%	229
10,001-20,000	168	2,416,555	1.7%	209
20,001-50,000	91	2,994,572	2.1%	259
50,001-	112	119,918,025	84.6%	10,385
Anonymous ownership		5,238,321	3.7%	454
Total	17,638	141,785,165	100.0%	12,279

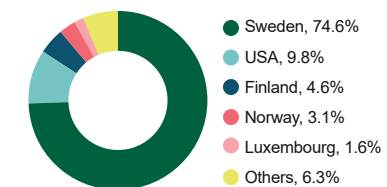
LIQUIDITY 1 JAN-31 DEC

	2023	2022
Highest share price, SEK	86.8	121.8
Lowest share price, SEK	56.8	64.25
Total number of shares traded	55,423,003	60,049,541
Average per day, number of shares traded	220,809	237,350
Total number of trades	170,266	272,370
Average trade value, SEK	22,965	18,462
Average daily turnover, SEK	15,577,992	19,875,271

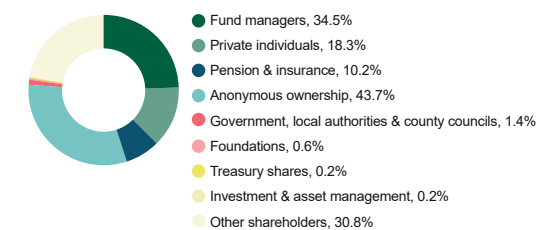
SHARE PRICE/EPRA NRV AND SHARE PRICE PERFORMANCE, %



SHAREHOLDERS BY COUNTRY



SHAREHOLDERS BY TYPE



Definitions

› Financial

Number of shares at end of period

Actual number of shares outstanding at the end of the period.

Return on equity

Profit/loss for the period attributable to parent company shareholders divided by average equity attributable to parent company shareholders. Average equity is calculated as the sum of the opening and closing balance divided by two.

Return on total assets

Profit/loss before tax plus financial costs divided by average assets. Average assets are calculated by adding the opening and closing balances and dividing by two.

Return on capital employed

Profit before tax plus financial expense in relation to average capital employed.

Loan-to-value ratio, properties

Net debt divided by the carrying amount of the properties at the end of the period.

Secured loan-to-value ratio

Net debt less amortised cost on the commercial paper and a nominal amount for unsecured bonds divided by the properties' book value at the end of the period.

Net debt

Interest-bearing liabilities less cash and cash equivalents plus drawn overdraft facilities.

Interest-bearing liabilities

Bank financing, covered bonds, commercial paper, unsecured bonds and overdraft facilities.

Interest coverage ratio

Income from property management after reversal of financial costs, divided by financial costs for the period.

Service income

Income relating to tariff-based services and income from the care and upkeep of properties.

Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity at the end of the period.

Equity ratio

Equity divided by total assets at the end of the period.

Capital employed

Total assets at the end of the period minus non-interest-bearing liabilities and provisions. Average capital employed is calculated by adding the opening and closing balances and dividing by two.

› Share-related

Equity per share

Equity at the end of the period divided by the number of shares outstanding at the end of the period.

EBITDA

Operating surplus less central administration after reversal of scheduled depreciation and amortisation. The calculation is made on 12-month rolling basis, unless otherwise stated.

EPRA earnings

Property management income less nominal tax attributable to property management income, divided by average number of shares. Taxable property management income refers to property management income less, inter alia, tax-deductible depreciation and amortisation and redevelopments.

EPRA Net Reinstatement Value (NRV)

Equity at the end of the period as per balance sheet after reversal of interest rate derivatives and deferred tax attributable to temporary differences in properties and non-controlling interests' share of the equity.

EPRA Net Tangible Asset (NTA)

Equity at the end of the period as per balance sheet adjusted for the fair value of interest rate derivatives and actual deferred tax attributable to temporary differences in properties and non-controlling interests' share of the equity.

EPRA Net Disposal Value (NDV)

Equity at the end of the period as per balance sheet adjusted for the non-controlling interests' share of the equity.

Average number of outstanding shares

Number of shares outstanding at the beginning of the period, adjusted by the number of shares issued or withdrawn during the period weighted by the number of days that the shares were outstanding in relation to the total number of days in the period.

Cash flow per share

Profit/loss before tax, adjusted for unrealised changes in value, plus depreciation and amortisation less current tax divided by the average number of outstanding shares.

Net debt to EBITDA

Net debt is calculated as interest-bearing liabilities less cash and cash equivalents plus overdraft facilities. Net debt is then divided by EBITDA.

Earnings per share

The profit/loss for the period after taxation, attributable to shareholders, divided by the average number of outstanding shares.

Dividend per share

Approved or proposed dividend divided by the number of shares outstanding at the end of the period.

› Property-related and other

Yield

Operating surplus for the period divided by the market value of the properties the end of the period.

Operating costs

Costs of electricity, heating, water, care and upkeep of properties, cleaning, insurance and regular maintenance.

Operating surplus

Rental income less building operating and maintenance costs, ground rent, property taxes and property management.

Economic occupancy rate

Contracted rental income for the period divided by rental value the end of the period.

Economic vacancy rate

Estimated market rent for unused premises divided by total rental value.

EPRA vacancy rate

Estimated market rent for vacant space divided by the annual rental value of the whole property portfolio.

Property category

The main use of the properties is based on the distribution of their areas. Properties are defined according to the purpose and use of the largest proportion of the property's total area.

Market value of properties

Estimated market value from the most recent valuation.

Property management income

Revenue less property costs, costs for central administration and net financial items.

Green property

A property that meets the following three requirements: 1) environmental certification according to BREEAM In-Use, very good or equivalent, 2) a PE of ≤ 85 kWh/Atemp, 3) conducted local climate risk-related vulnerability analysis.

Green lease

A green annex, produced by Fastighetsägarna, which is added to the ordinary lease agreement and sets forth the framework for joint efforts that contribute to reduced environmental impact and energy use.

Carbon dioxide equivalents, CO₂e

Indicates the greenhouse effect of an emission of a gas compared to emissions of the corresponding amount of carbon dioxide (CO₂).

Contracted rental income

Rents invoiced for the period less rent losses and rent discounts including service income.

Rental value

Rent invoiced for the period plus estimated market rent for unoccupied floor space.

Comparable properties

Comparable properties refer to properties which have been owned throughout the period and the whole comparative period. The term is used to highlight growth in rental income, excluding one-off effects resulting from early vacating of properties, and property costs as well as acquired and sold properties.

Net leasing

Net annual rent, excluding discounts, for newly signed, terminated and renegotiated contracts. The lease term is not taken into account.

Project property

New builds or improvement properties with an investment amounting to at least 20 per cent of the initial market value and a project period exceeding 12 months. A project property will be returned as investment properties 12 months after completion.

New builds – land and properties with ongoing new builds or that are undergoing complete redevelopment.

Improvement property – properties with ongoing or planned conversion or extension work that materially affects the property's operating surplus or standard and/or changes the use of the property.

Tenant improvements – properties undergoing conversion or minor improvements to premises.

Surplus ratio

Operating surplus for the period divided by contracted rental income for the period.

Five-year summary

INCOME STATEMENT

SEKm	2023	2022	2021	2020	2019
Revenue	2,504	2,209	1,967	1,878	1,854
Property costs	-793	-740	-678	-659	-667
Operating surplus	1,711	1,469	1,289	1,219	1,187
Central administration	-89	-90	-75	-76	-73
Profit from financial items ¹	-720	-273	-184	-185	-162
Property management income	903	1,106	1,030	958	952
Unrealised changes in value on interest-rate derivatives	-481	104	36	0	0
Change in value of properties, realised	8	10	16	-4	19
Change in value of properties, unrealised ¹	-1,393	-175	1,790	198	331
Profit/loss before tax	-963	1,045	2,872	1,152	1,302
Current tax	-28	-16	-53	-75	-79
Deferred tax	141	-199	-495	-164	-173
Less profit attributable to non-controlling interests	-	-	17	1	-9
Profit for the year attributable to parent company shareholders	-850	830	2,306	914	1,041

¹2022 was restated due to capitalised interest expenses.

BALANCE SHEET

SEKm	2023	2022	2021	2020	2019
Investment properties	31,215	31,136	27,993	24,512	22,885
Other non-current assets	99	77	71	74	81
Current receivables	302	432	223	304	221
Cash and cash equivalents	98	88	1,150	-	-
Assets	31,714	31,733	29,437	24,890	23,187
Equity	10,968	12,102	11,823	9,148	8,484
Deferred tax liability	2,242	2,383	2,184	1,689	1,524
Other provisions	10	10	10	10	9
Interest-bearing liabilities	17,083	16,259	14,748	13,247	12,145
Non-current lease liability	74	52	54	55	53
Other non-current liabilities	51	17	-	-	-
Overdraft facilities	-	-	-	63	206
Current liabilities	1,286	910	618	678	766
Liabilities and equity	31,714	31,733	29,437	24,890	23,187

CONSOLIDATED CASH FLOW

SEKm	2023	2022	2021	2020	2019
Cash flow from operating activities ¹	984	1,162	1,013	713	908
Cash flow from investing activities ¹	-1,453	-3,308	-1,675	-1,415	-1,331
Cash flow from financing activities	479	1,084	1,812	702	423
Cash flow for the year	10	-1,062	1,150	0	0
Cash and cash equivalents at end of year	98	88	1,150	0	0

¹2022 was restated due to capitalised interest expenses.

FINANCIAL KPIS

	2023	2022	2021	2020	2019
Return on equity, %	-7.4	7.0	22.1	10.4	12.8
Return on total assets, % ¹	-0.7	4.3	11.3	5.6	6.7
Return on capital employed, %	-0.8	4.5	11.5	5.8	6.9
Equity ratio, %	34.6	38.1	40.2	36.8	36.6
Property loan-to-value ratio, %	54.4	51.9	48.6	54.3	54.0
Interest coverage ratio, times ¹	2.2	5.0	6.4	6.0	6.6
Debt/equity ratio, times	1.6	1.3	1.2	1.4	1.4

DATA PER SHARE

	2023	2022	2021	2020	2019
Earnings per share, SEK	-6.01	5.87	17.08	6.81	7.74
Equity per share, SEK	77.6	85.6	83.6	68.2	63.1
Cash flow per share, SEK ¹	6.32	7.80	7.40	6.58	6.67
EPRA Earnings per share, SEK ¹	6.19	7.70	7.21	6.93	6.43
EPRA NRV per share, SEK	95.6	100.5	97.7	79.7	73.4
Average number of shares outstanding at year-end (thousands)	141,431	141,428	134,669	134,166	134,512
Number of shares outstanding at end of period (thousands)	141,431	141,431	141,344	134,071	134,512
Dividend	0.00 ²	2.00	3.52	3.30	1.65

¹2022 was restated due to capitalised interest expenses.

²The Board's proposal.

PROPERTY-RELATED KEY RATIOS AT YEAR-END

	2023	2022	2021	2020	2019
No. of properties	359	363	338	329	333
Leasable area, sq.m	1,621,051	1,622,607	1,511,421	1,455,094	1,482,780
Market value of properties, SEKm	31,215	31,136	27,993	24,512	22,885
Rental value, SEKm	2,666	2,376	2,141	2,070	2,018
Economic occupancy rate, %	92	91	89	89	90
Surplus ratio, %	70	68	68	66	65

Annual General Meeting 2024

The Annual General Meeting of Diös Fastigheter AB (publ) will take place on Tuesday, 16 April 2024 in Östersund.

For more information and complete proposals, see the notice convening the Annual General Meeting, which was sent by a press release on XX March.

Shareholders wishing to attend the Annual General Meeting must:

- > be registered in the shareholders register kept by Euroclear Sweden AB on Monday, 8 April 2024.

For more information and to register, visit Diös' website: www.dios.se

Key agenda items 2024

The Board of Directors proposes a dividend of SEK 0,00 per share.

The Nomination Committee's proposals in brief:

- > The Nomination Committee proposes that the Board of Directors consist of five members.
- > The Nomination Committee proposes that the Board members Bob Persson, Ragnhild Backman, Peter Strand, Erika Olsén and Per-Gunnar Persson be re-elected. Tobias Lönnevall has declined re-election.
- > The Nomination Committee proposes the re-election of Bob Persson as the Chairman of the Board.
- > The Nomination Committee proposes that Bob Persson be appointed to chair the AGM.
- > The Nomination Committee proposes that auditor Deloitte AB be reappointed. Deloitte has announced that Kent Åkerlund will be the auditor in charge.



Diös' annual report was prepared by Diös Fastigheter in collaboration with Strand Kommunikation AB.

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