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The link between property and finance

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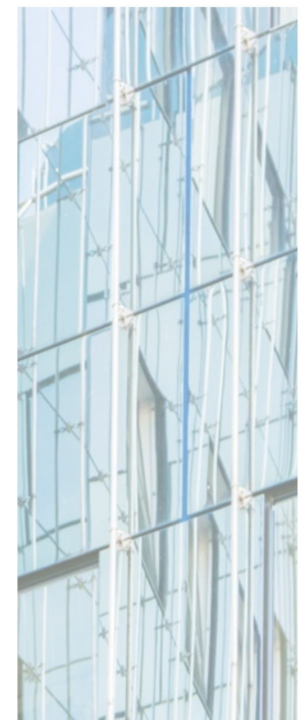

Focus on property

Catella was founded in 1987 and the head office is located in Stockholm. With some 500 employees at 25 offices in Europe, Catella offers professional advice, innovative property funds and mandates, and invests own equity in development projects. The business is run through three business areas: Corporate Finance, Property Investment Management and Principal Investments.

The year in brief

Catella operates in 14 countries and has a strong local presence with outstanding expertise on the markets in which the company does business. A majority of Catella's companies are part-owned by management. This generates an entrepreneurial culture and alignment with Catella's overall goals. The organisational structure promotes synergies through collaboration within and between the business areas. Catella has built a platform where employees from different countries and business areas exchange knowledge and client contacts and coordinate activities, which enables Catella to create innovative offerings that appeal to local and international investors. In 2021, Catella's sales totalled SEK 1.8 billion, with assets under management of SEK 123 billion and principal investments in development projects of SEK 1.1 billion at year-end.

EVENTS IN THE YEAR

In 2021, Catella focused on delivering on the strategy introduced in 2020 with a disctinct focus on properties and expansion in terms of geographical markets, property types and risk categories. The property focus naturally led to the closure of Catella's banking operations and systematic funds (IPM). In January 2022, the divestment of the remainder of Catella Fondförvaltning took place and thereby the business area Equity, Hedge and Fixed Income Funds was closed.

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> Looking ahead, Catella's focus is on **expanding and refining** its three property-related **business areas**

During the year, Corporate Finance mainly focused on expanding operations on existing markets with a broader offering. Catella has worked to create new innovative solutions for its customers, including capital raising. The total transaction market grew compared to 2020, following an extensive reduction in investment appetite during the early stages of the Covid-19 pandemic.

Property Investment Management returned a another strong growth year, and capital has increased more than fourfold since the foundation of the business area in 2015. The funds that attracted the highest capital inflows during the year focused on sustainable residential properties.

In Principal Investments, Catella's proprietary investments increased by SEK 0.9 billion to SEK 1.1 billion. At year end, Principal Investments was engaged in 16 development projects in six countries around Europe. ■

Our platform

– A pan-European platform with a strong local presence in 14 countries and 25 cities.

↓

Our expertise and our offering

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

↓

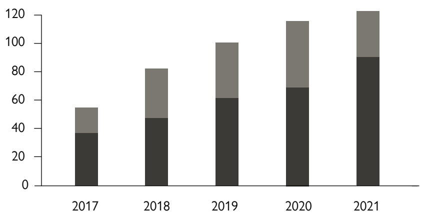
How we create value for our customers

– A revenue model focused on the best interests and needs of the client.
– Local teams with profound insight into each market.
– Diversification in terms of geographical markets and asset classes.
– Capital, products and synergies across the entire value growth chain.

The year in brief

DEVELOPMENT OF ASSETS UNDER MANAGEMENT

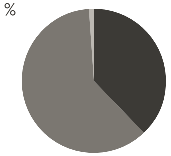
SEK Bn



■ Property Funds
■ Property Asset Management

INCOME DISTRIBUTION BY BUSINESS AREA*

%



■ Corporate Finance 38 %
■ Property Investment Management 61 %
■ Principal Investments 1 %

SIGNIFICANT EVENTS IN THE YEAR

- Christoffer Abramson appointed new CEO and President
- Catella divested its French subsidiary Catella Asset Management SAS
- Catella repurchased SEK 750 million in outstanding bonds and issued SEK 1,250 million in a new senior unsecured bond
- Catella wound down Informed Portfolio Management (IPM)
- Catella wound down the banking operations and returned the banking license for Catella Bank S.A.
- Catella lauched its first "dark-green" fund, CER III, which reached a milestone of 750 million euro in assets under management at year-end

OFFICES

Catella was founded in 1987 and the head office is located in Stockholm. The Group has more than 500 employees at 25 offices in Europe.

MARKET VALUE

SEK Bn

4.2

As of 31 Dec. 2021
+68 % change on previous year

ASSETS UNDER MANAGEMENT*

SEK Bn

123

As of 31 Dec. 2021
+21 % change on previous year

TOTAL INCOME*

SEK M

1.8

2021
-4 % change on previous year

OPERATING PROFIT/LOSS*

SEK M

294

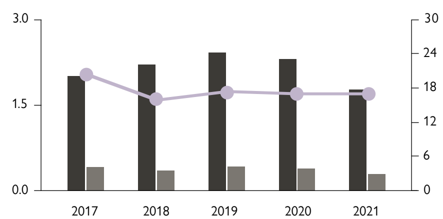
2021
-24 % change on previous year

NUMBER OF FULL-TIME EMPLOYEES*

500

DEVELOPMENT OF TOTAL INCOME AND OPERATING PROFIT

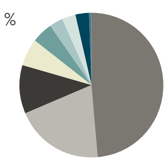
SEK Bn %



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

INCOME PER COUNTRY

%



■ Germany 49 %
■ France 20 %
■ Sweden 11 %
■ United Kingdom 6 %
■ Finland 5 %
■ Benelux 3 %
■ Denmark 3 %
■ Spain 3 %
■ Rest of the world 0.3 %

* Remaining operations in Catella comprise three business areas which are reported under three segments: Corporate Finance, Property Investment Management Report and Principal Investments.

CEO's comment

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> ”Despite a distinct focus on **transforming Catella**, I am pleased to sum up a strong year in all **business segments.**”

When we summarized Catella's progress a year ago, the economic outlook was positive and we were seeing the light at the end of the tunnel after a long and persistent pandemic that has affected the entire world.

Looking back at the past year, it seems that we are now slowly putting Covid-19 behind us and starting to address the climate transition in earnest. Unfortunately we, and Europe as a whole, are currently being affected by a war following Russia's invasion of the Ukraine: an aggression resulting in enormous humanitarian suffering. Catella's values are based on respect and human rights. We have no operations or employees in the Ukraine, but as fellow human beings it is our duty to help. Accordingly, we have made residential properties available and contributed monetary support to UNHCR, medicines and medical supplies.

The crisis also highlights the discussion relating to energy efficiency and accelerates the need for new effective solutions, a key issue for our industry and sustainability in general. A rapid and socio-economically efficient transition away from the dependence on fossil fuels is one of the key global challenges currently being faced, and this will remain a fundamental part of Catella's strategy in property development and management. This gives rise to certain challenges while it also creates significant opportunities to drive change.

A FOCUSED COMPANY WITH THE ABILITY TO ACCELERATE GROWTH

During the year, we continued to deliver on the strategy decided in 2020 – to streamline and develop the company with a clear focus on creating customer, societal and shareholder value, by being the link between the property market and global capital.

In order to complete the strategic shift towards becoming a property-focused company, we worked to divest or wind down operations outside our core business during the year. In parts, this has been a protracted and difficult journey, but we finally crossed the finishing line when we returned the banking license, divested the remaining parts of Catella Mutual Funds, and wound down our systematic macro fund manager IPM. We now have the strong growth platform we have sought and are able to focus fully on developing our three business areas further and capitalizing on the significant synergies that exist between Property Investment Management (PIM), Principal Investments (PI) and Corporate Finance (CF).

A more focused company also gives us the ability to accelerate growth by further broadening our product offering and expanding geographically, both organically and through M&A.

STRONG GROWTH IN ASSETS UNDER MANAGEMENT

Despite the sharp focus on streamlining Catella, I am pleased to sum up a strong year in all business segments. Property Investment Management increased assets under management by SEK 21 Bn, or 21 percent. During the year, we sold or wound down certain low-margin operations while also successfully attracting more institutional capital to our broad and well-diversified European property offering. The considerable interest shown in our

property funds with a clear sustainability profile was particularly pleasing. These include Catella European Residential III (CER III), our first "dark green" property fund, which reached a milestone of EUR 750 M in assets under management at the end of the year. This is fantastic progress and a good start to the important journey towards increased sustainable investment in existing and new property funds.

Our asset management mandates also generated good returns. Greater Manchester Pension Fund gave Catella APAM the mandate to manage a major proportion of the pension fund's UK property portfolio. This is a prestigious assignment which positions Catella amongst other major European institutions. The investment in Salisbury, UK is also an important first step in generating new major management mandates and funds in the UK supported by equity from Principal Investments. This is a clear strategy that we hope to deliver more of, across Europe.

STRONG PLATFORMS FOR PROPERTY DEVELOPMENT

In Principal Investments, we continued to build strong platforms for property development around Europe. The number of projects where we have invested equity increased from four at the start of the year to 16 at year end, with a total of SEK 1.1 Bn invested. During the year we mainly focused on building strong growth platforms in order to achieve a portfolio of development projects with good geographical spread over asset classes.

At present, investments are mainly made through three partnerships with strong local connections and, perhaps most importantly, the ability to deliver a pipeline of investment opportunities:

— Infrahubs, which develops sustainable and automated logistics facilities for the Swedish market.
— Catella Project Capital, which pursues major urban development projects in the important region Nordrhein-Westfalen and a major office property in central Düsseldorf.
— Catella Logistics Europe, which offers modern turnkey logistics properties for the French and Spanish market.

In addition, we have direct investments in the development of Kaktus Tower in Copenhagen and in the development of a residential and commercial hub in Salisbury, UK. Both these direct investments have access to good local knowledge and project management by Catella Investment Management Denmark and Catella APAM.

In the first quarter 2022, Infrahubs divested its first project in Norrköping. There was extensive interest in the property, which confirms our solid business model of developing a portfolio of modern logistics properties with long rental agreements. The divestment generated a profit of SEK 150 million for Catella, corresponding to an IRR of over 70% which is well above the business area target of 20%.

At the time of writing, macroeconomic and geopolitical uncertainty naturally take up a lot of our time in the context of evaluating future development projects. In the short term, it is clear that we are entering market with higher inflation, increasing construction costs and delivery challenges, and that interest rates will rise at least through 2023 all things being equal. However, I feel secure in the quality of our pipeline and the investment philosophy that we base decisions on. It is extremely important that we do not compromise on our return requirements and risk control now that the macro picture is more uncertain.

STRENGTHENED POSITION ON MAJOR EUROPEAN MARKETS

The Corporate Finance business area delivered its strongest profit ever in 2021 and I am delighted that we continue to create value for our customers and broaden the product offering on the market. This is mainly driven by the Swedish and French operations where we already have strong market positions. During the year, we focused on consolidating and strengthening our position on the major European markets where Catella is present and aims to be a relevant transaction partner with the market share required for success. We also extended the operations by focusing our European capital raisings offering in Debt Advisory. The European market for capital raising is fragmented, and by focusing our offering and competencies in a pan-European business segment we can better satisfy our customers' demands on high quality advisory services.

At the same time as performance on our major markets was very strong, other

markets underperformed, markets where we have not been able to achieve a solid market position for some time. Accordingly, we made the difficult decision to wind down our operations in Germany and the Baltics in order to whole-heartedly focus on strengthening our offering and capitalize on the synergies that exist in Corporate Finance on the markets where we are strong and want to continue to grow.

INTENSIFIED SUSTAINABILITY WORK

During the year, we intensified and further embedded our sustainability work in the Group. This is a strategic priority that contributes to long-term profitability, and is an area that I and management are strongly committed to. These questions have a profound effect on the property sector and the investment landscape, presenting both major challenges but also the opportunity to take a leading market position.

Catella actively improves existing properties and its development projects from a sustainability perspective. Looking ahead, we will also continue to develop our property fund offering to reflect a clear sustainability profile. We already offer investors a dark green fund, under SFDR article 9, CER III. In the first quarter of 2022, we launched our second dark green fund, Elithis Towers, which develops energy-positive residential properties. This is a very exciting long-term partnership with 100 residential buildings being planned. I am incredibly proud that Catella has launched the world's first Energy-positive Residential Impact Fund.

We attended real estate exhibition MIPIM in March, where sustainability was the main topic of conversation. Catella focuses on how we can optimally support our customers and the global community by carrying out solid sustainability work with new expertise, new products, and by making the climate transition in our existing portfolio.

2022 AND BEYOND

We are looking back on strong results during a period of change, and hopefully looking towards an even stronger 2022. With Catella's ability to deliver increased profit, we will now be able to reinvest in growth in existing products, new partnerships and operations, and in property investments adapted to the market needs of tomorrow.

My personal ambition is that Catella will continue to create and refine its existing portfolio of partner companies and development platforms with a shared vision and the ability to deliver stable growth and a profitable project pipeline.

To conclude, I would like to thank all my colleagues for the outstanding work they carry out on a daily basis, particularly during the difficult times of Covid-19 and the current geopolitical uncertainty. It is both satisfying and motivating to have so many talented and gifted colleagues in the organisation, which makes me very proud and positive about Catella's market positioning and future business opportunities.

I also hope that we as a management team have been able to display the underlying value of Catella. The positive feedback we continuously receive from our shareholders is a good sign that this is the case, but we can and will continue to do more.

Thank you for the confidence shown in me and the exciting work of moving towards a clear goal of creating customer, societal and shareholder value in 2022 and beyond. ■

Christoffer Abramson,
CEO AND PRESIDENT
11 APRIL, 2022

Strategy

COMPETENCE AND CAPITAL – A SHARPENED PROPERTY FOCUS

Since the start more than 35 years ago, Catella has sought to be a natural link between the property market and the financial markets. The vision is to be the preferred European partner for investors, together shaping the future in property investments and alternative investments.

BUSINESS MODEL

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

VISION

To be the preferred European partner for investors – together shaping the future in property investments.

STRATEGY

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

Catella also invests capital in development projects alongside partners with the aim of generating positive returns and intra-Group synergies.

DEVELOPED STRATEGY: A FOCUSED OFFERING

In 2020, the company shifted its strategic focus towards property. At the same time, Catella expanded the business by working with equity at Group level. Catella increases its credibility through direct investments and co-investments alongside partners. The Company's unique competencies and substantial expertise in property and asset management generate high returns for the Company and its partners. For Catella's part, this entails limited capital risks combined with active development initiatives alongside partners.

PRINCIPAL INVESTMENTS

From 2021, Catella's principal investments are reported in the new business area, Principal Investments, and categorised in three main groups:

A) Partnerships

Through part-owned companies such as Infrahubs in Sweden and Catella Project Capital in Germany, Catella invests in development projects at an early stage. Operating through part-owned companies gives Catella access to strong local competencies, market knowledge and insights into future development projects.

B) Co-investments

Investments in the form of seed capital or co-investments in partnership with large clients in proprietary property products, aimed at increasing assets under management as well as a closer collaboration with partners.

C) Direct investments

Significant investments in property projects or property structures made alongside partners within the framework of funds or through special purpose companies.

All investments shall generate income through:

1. Risk-adjusted excess return on equity
2. Fixed and variable income during and after the period of investment
3. Performance-based income

PREREQUISITES FOR PRINCIPAL INVESTMENTS

Competence – knowledge and experience

As a leading European property management and advisory firm, Catella has been accumulating deep and detailed knowledge on its markets for 35 years.

Capital – large capital base through own and external capital

Through the Principal Investments business area, Catella participates in capital structures and plays a full part in the development of the property or the asset.

The effect is that Catella works with a large capital base, where equity constitutes a minor portion and investors' capital a larger portion.

Strategy

By using its own balance sheet in large investment projects and taking a calculated risk, Catella can help clients and investors to a greater extent than previously, and lay the foundation for a profitable and sustainable future for clients, investors and partners.

Expansive network
The pan-European operations' large base of private and institutional investors is a valuable asset that enables business development.

Project development
Catella also strengthens its competencies and focus in project development under its own aegis and in partnership with others to create added value at an early stage. The goal is for parts of the development projects to be taken over by funds created and managed by Catella.

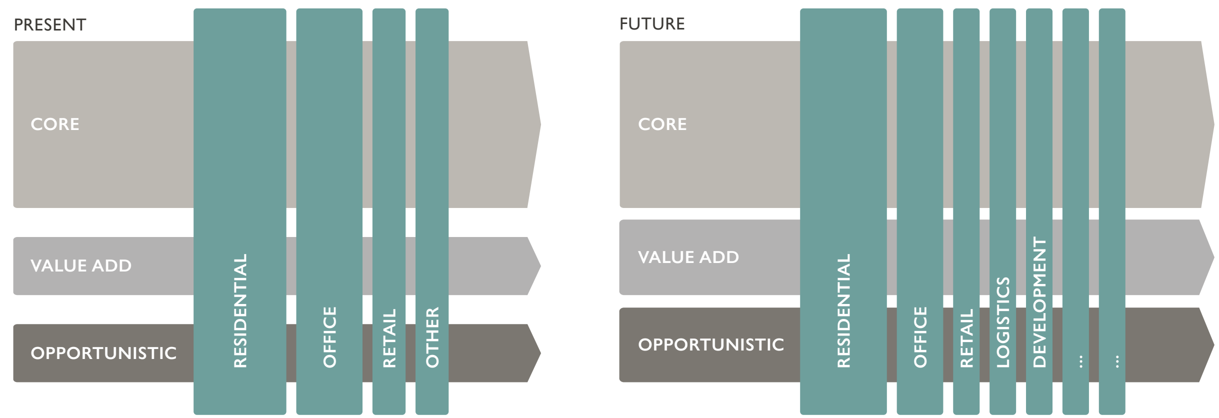
Synergies
Catella works actively to further develop and increase knowledge transfer and collaboration within and between countries and business areas. We see considerable potential for synergies and joint value creation for all stakeholders in our various areas. Synergies will facilitate a shared pan-European perspective on investments and business opportunities. ■

EFFECTS OF PRINCIPAL INVESTMENTS AND CO-INVESTMENTS

Added value in the organisation
When Catella capitalises equity in more numerous and smaller investments in proprietary property products, this generates a return on invested capital and added value through multiple income streams on equity in the Company's operational entities.

Increased trust
The effect of greater commitment through the company's increased investments in capital structures from its own balance sheet in selected projects increases the trust capital that has been built up with clients, partners and investors over recent decades.

ASSETS UNDER MANAGEMENT

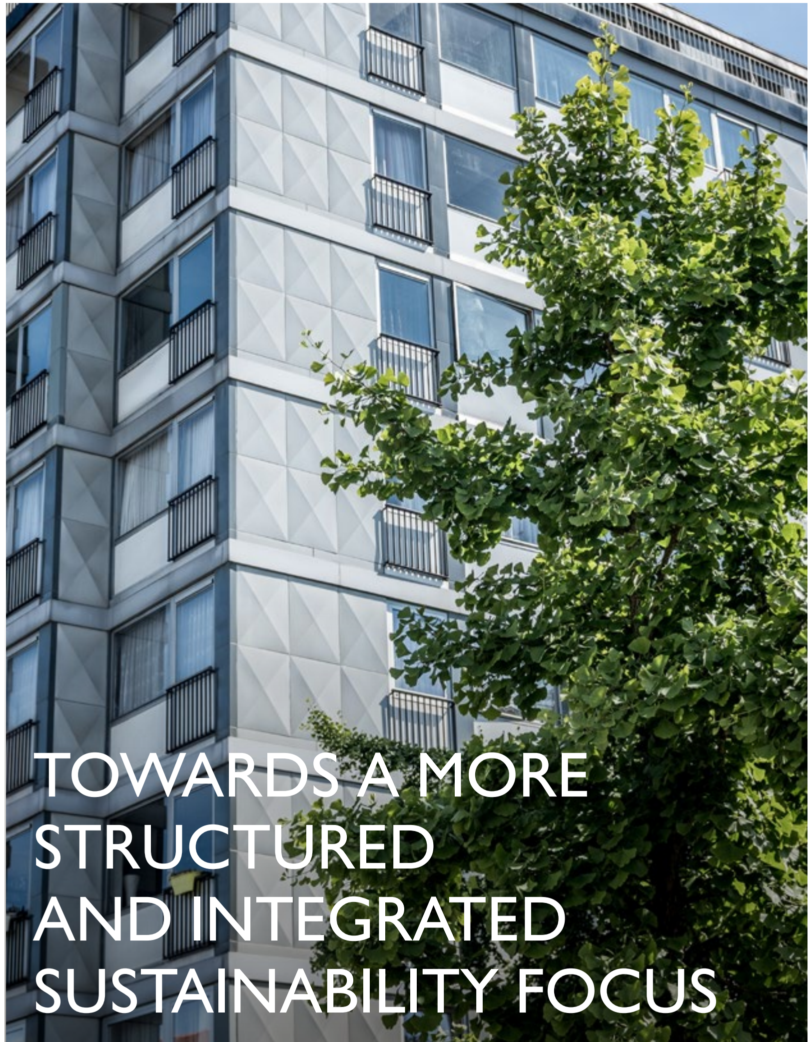


INCREASED FOCUS ON PROPERTY – ASSETS UNDER MANAGEMENT

Catella widens its focus on property investments through a vertical expansion with regard to geographical markets, property types and risk categories. In so doing, Catella attracts international capital to a greater extent.

Looking ahead, Catella will increase its focus on suitable investments and value add investments in three dimensions: geographical markets, property types and risk categories.

Sustainability in brief



TOWARDS A MORE STRUCTURED AND INTEGRATED SUSTAINABILITY FOCUS

For Catella, 2021 was characterized by change and a sharpened focus. In ESG, the emphasis has been on creating the foundation for the Group's joint sustainability strategy. This is a strategic priority, but also a question of assuming responsibility where we can.

ESG supports risk mitigation and helps us to live up to the increased expectations from society, our customers and our employees. A structured ESG work and associated processes ensure and contribute to our long-term profitability.

In the second half of 2021, Catella created the foundation for our forthcoming sustainability strategy by conducting a materiality analysis. The materiality analysis ensures that we focus our resources on the sustainability areas most relevant to us. The aim is to future-proof our operations, and define risks and opportunities in the ESG area.

Catella's ambition is to create a holistic approach to sustainability, divided into environmental, social and governance aspects. Our overarching goal is to ensure a more systematic and streamlined approach throughout the Group, where we capitalize on and maximize synergies, and share of best practice. The data collates Catella's potential social, economic and environmental impact on society. We have also reviewed the potential economic, legal and operational effects on Catella's market position. In addition, we have evaluated the potential for increasing value creation and positive effects for the operations.

OPPORTUNITIES AND CHALLENGES LOOKING AHEAD

Overall, we foresee both opportunities and challenges looking ahead, and we consider that all challenges also represent opportunities.

Challenges include the need for a shared sustainability structure and associated processes that benefit the entire Group. The management of stranded assets is a topical issue in the sector, and we see a clear need to analyse and decide how to address this issue.

More focused and transparent ESG work creates opportunities to attract more capital from larger institutions. We also believe that continuous development of colleagues in terms of sustainability competencies in combination with improved ESG processes will attract potential customers and strengthen existing relationships in the long term.

In 2022, we will formulate our ESG strategy and the route ahead. The aim is to strengthen our Group synergies for a more responsible, future proof and profitable Catella. ■

Read more about Catella's sustainability work on pages 18–26.

Operations and Markets

Catella is in prime position to create new opportunities on the European real estate market. Our business areas that make this possible consists of Corporate Finance, Property Investment Management and Principal Investments. Catella has built a stable European platform that enables continued strong growth in advisory services, wealth management and principal investments.

Corporate Finance

Strong interest in the **European** property market from **global investors**

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

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

During the year, the primary focus was on building on Corporate Finance's strong position and broadening the offering towards services in capital raising. Sweden stood out amongst the Nordic countries as a result of the successful completion of several important transactions, and made the strongest profit contribution in the year. In Continental Europe, France consolidated its market position with several major transactions in different asset classes.

As a direct result of higher investment volumes on the European market, Catella increased its profit with a maintained or increased market share. Property transactions where Catella acted as advisor in 2021 had a total market value of SEK 57 billion (45). Total income for the year was SEK 678 million (623), with operating profit of SEK 71 million (29).

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

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

STRONG RECOVERY ON TRANSACTION MARKET

The pandemic had a significant impact on transaction volumes in 2020. This was followed by a strong recovery in 2021, with continued high demand for logistics and community properties.

The pandemic accelerated the existing megatrends, where the consequences of increased digitalization in the form of remote working and online sales have had a significant impact on property investments. Demand for data centre, logistics and community properties has increased significantly, while demand for hotel and retail properties has decreased.

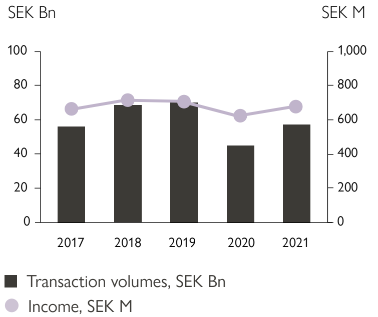
On the office market, investors continued to show interest in properties with central locations and solid tenants. The market for residential properties continued to benefit from increased interest in stable rental income.

For properties without tenants, or assets in less attractive locations outside city centres, demand and transaction volumes remained low. This was a natural

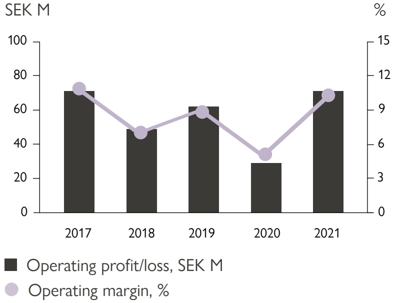
PROFIT DEVELOPMENT IN SUMMARY

SEK M	2021	2020
Nordics*	287	222
Continental Europe*	392	400
Total income	**678**	**623**
Direct assignment costs and commission	-57	-75
Operating expenses	-551	-520
Operating profit/loss	**71**	**29**

DEVELOPMENT OF TRANSACTION VOLUMES AND TOTAL INCOME



DEVELOPMENT OF OPERATING PROFIT AND OPERATING MARGIN

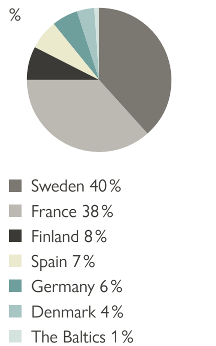


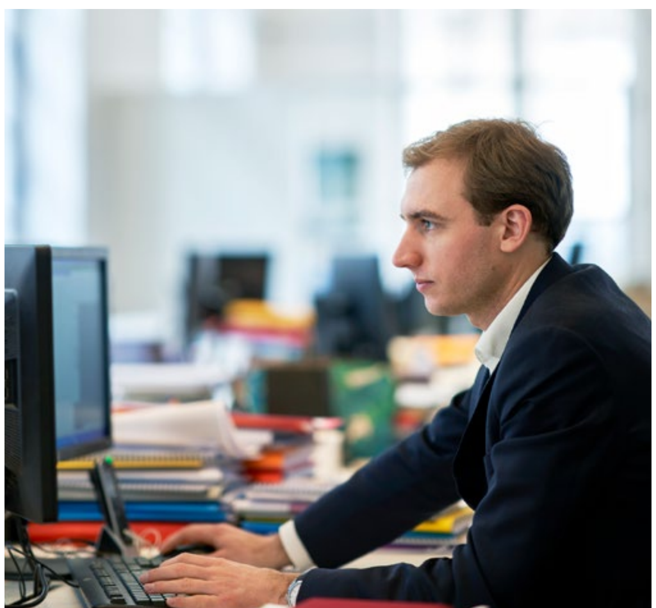
Corporate Finance

reaction to investors avoiding speculative transactions in favour or stability and capital protection.

As a result of the recovery following the first year of the global pandemic in 2020, total transaction volumes increased by approximately 22 percent from EUR 257 billion to EUR 329 billion. For 2023, the forecast is that the market will continue to grow, largely depending on the progress of market interest rates and geopolitical crises over the year. ■

CATELLA CORPORATE FINANCE INCOME BY COUNTRY





CASE

IPO OF TITANIA

Catella assisted Titania in connection with its listing on Nasdaq First North. Titania is a fast-growing real estate company which has quickly become established as a developer with capacity for major urban development projects. Titania was founded in 2005 and has focused on the Stockholm region from the start.

In connection with listing, the company raised capital with Catella Corporate Finance as financial advisor. There was extensive interest in subscribing for the share amongst institutional investors and members of the public in Sweden. The offering was heavily oversubscribed and raised SEK 430 million and 5,000 new shareholders for Titania.

The assignment provides an example of how Corporate Finance has successfully broadened its offering in capital raising. ■

Titania's business concept is project development, production and management of properties.

Property Investment Management

Increased value creation in Property Investment Management

The Property Investment Management (PIM) business area offers attractive, risk-weighted returns through property funds and asset management services, and project management of property development projects.

The operations in Property Investment Management comprise three service areas:

- Property Funds offers competitive, high-performing funds with various investment strategies in terms of risk and return, types of asset and location.
- Property Asset Management offers new alternative investment opportunities and asset management in the property segment with services throughout the value chain.
- With leading-edge competencies in residential and logistics properties, Project Management offers advisory services in property development at an early stage. Catella also finances and runs some construction projects to completion alongside Principal Investments.

PROGRESS IN THE YEAR

2021 was Property Investment Management's strongest year to date, with high organic growth and capital inflows. Over the past six years, the business area's assets under management increased by some 23 percent annually and totalled close to SEK 123 billion at year end.

Assets under management in property funds increased by 30 percent to SEK 90 billion. Capital inflows to Catella's residential funds were particularly large. In the year, the fund Catella European Residential III (CER III) was relaunched as a "dark green" fund under article 9 of SFDR. The classification means that the fund's investments have a direct positive impact on the environment and society, while also not negatively affecting other sustainability goals. Interest in this type of sustainable investment fund is considerable, and is in line with Catella's goal and continued journey towards becoming a leading sustainable partner that connects properties with capital.

By focusing on new investor segments, particularly Special Situations services, Catella has expanded its operations in the retail sector. Our British Asset Management company Catella APAM recently advanced its positions through the successful management and divestment of properties. During the year, Catella APAM won the assignment of managing most of Greater Manchester Pension Fund's property portfolio in the UK. This is a prestigious assignment worth close to SEK 2 billion, which positions Catella amongst other major European institutions.

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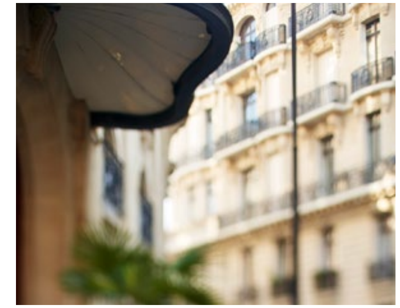
Assets under management in property funds **increased by 30 percent** to SEK 90 billion during the year.



In Project Management, development continued in the residential neighbourhoods Seestadt and Düssel-Terassen in Düsseldorf. Catella also started the project Köningsalle 106, where the Company will contribute to developing the city centre by remodelling one of the city's highest office blocks.

FORWARD LOOKING FOCUS

The business area has considerable potential to continue on its set path of positive growth and increased volumes, with a particular focus on Property Funds. Joint investments in the form of carefully selected expansion projects through the new business area Principal Investments, for example, further supports growth. The goal of increased internal collaboration and synergies has increased the value chain, for example capital from Property Funds is being

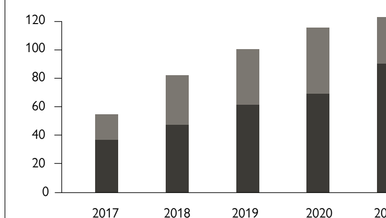
PROFIT DEVELOPMENT IN SUMMARY

SEK M	2021	2020
Property Funds*	859	749
Property Asset Management*	292	493
Total income	**1,069**	**1,126**
Direct assignment costs and commission	-153	-164
Operating expenses	-667	-723
Operating profit/loss	**249**	**239**

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

ASSETS UNDER MANAGEMENT

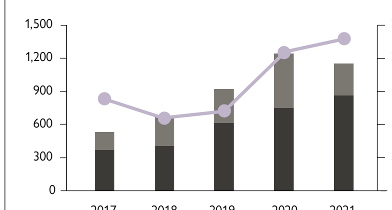
SEK Bn



■ Property Funds
■ Property Asset Management

DEVELOPMENT OF TOTAL INCOME AND OPERATING PROFIT

SEK M %



■ Property Funds, SEK M
■ Property Asset Management, M
● Operating margin, %

managed by Property Asset Management in several European cities.

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

CASE

DEVELOPMENT OF PROPERTY FUNDS WITH A SUSTAINABILITY FOCUS

In the face of the potential major negative effects of climate change on humanity, we have no doubts regarding the importance of integrating sustainability into our offering. For Catella, increased sustainability is not just a goal but something that determines which products we develop and offer to our investors.

Catella acquired its first energy-positive building, Elithis Tower Saint-Ètienne in France in the year, through the dark green fund CER III. Looking ahead, the ambition is to develop 100 energy-positive buildings across Europe. Development takes place alongside the engineering and consulting firm Elithis, a world leader in environmental and energy-efficient buildings.

This is just one example of our sustainability work, read more about Catella's initiatives on page 22. ■

Elithis Tower – Energy-positive buildings are properties that generate more energy than tenants consume.

© CANAL Architectes

Principal Investments

Successful year for Principal Investments

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

Catella's investments through Principal Investments increased from SEK 0.2 billion at the beginning of the year to SEK 1.1 billion at year end. The number of development projects in the portfolio simultaneously increased from four to 16. The development projects now comprise residential properties, office properties and logistics properties in five European countries. Investment takes place in three strategic approaches:

Partnerships

Catella invests a majority of principal capital through partnerships.

- Through part-owned company Infrahubs, Catella invests in creating and building modern and sustainable logistics properties that meet the demands of tomorrow in the areas of retail and distribution. At year end, Catella had invested SEK 556 million, mainly in four development projects that are expected to be completed and marketed for sale in 2022.
- Through part-owned Catella Project Capital, Catella invests in developing modern and sustainable residential and office properties in Germany. At the end of the year, SEK 264 million had been invested in three development projects in Düsseldorf and surroundings, two residential properties and one office property.
- Through part-owned Catella Logistics Europe, the company offers logistics solutions in France, Germany and Spain based on the Group's pan-European presence. Catella Logistics Europe specialises in logistics platforms for warehousing, order management and e-commerce. At the end of the year, SEK 94 million had been invested in three projects in France and Spain.

Direct investments

Catella also makes direct investments and takes on a majority of the investment. At the end of the year, Catella had made direct investments in two development projects.

- Kaktus Towers is being built in one of Copenhagen's most development-intensive neighbourhoods and is part of the larger urban development plan for Kalvebod Brygge. The scale of the project and the central location in Copenhagen create perfect conditions for micro-living in the cultural hub in Dybbølsbro. Principal Investments' equity stake corresponds to 93 percent of the project, which is expected to be completed and divested in 2022.
- The Maltings in Salisbury, UK. The property has a significant development potential for both residential and business purposes. Catella APAM enabled the investment and constitutes the first step to unlock larger mandates and mutual funds aimed at the UK market.

Co-investments

In the fourth quarter 2021, Principal Investments completed its first joint investments. The aim of these investments is to invest smaller stakes in property development projects. Alongside institutional investors, Catella can assume a proportion of the risk and upside in the project and thus align interests with other investors. At the same time, Catella also gets the mandate to develop the property through Project Management.

At year end, Principal Investments had invested SEK 8 million in the development of a hotel property in Nice, with Catella Hospitality Europe (CHE) assuming responsibility for the project. In addition, Catella invested SEK 10 million in the development of a Finnish industrial property where Catella Asset Management Finland (CAMF) acts as project manager. Both CHE and CAMF are part of the Property Investment Management business area, which means that if the projects progress well they will generate a return on equity for PI as well as income in the form of fees for PIM. ■

DEVELOPMENT PROJECTS

16

As of 31 Dec. 2021
An increase of 12 since last year.

PRINCIPAL INVESTMENTS

SEK Bn

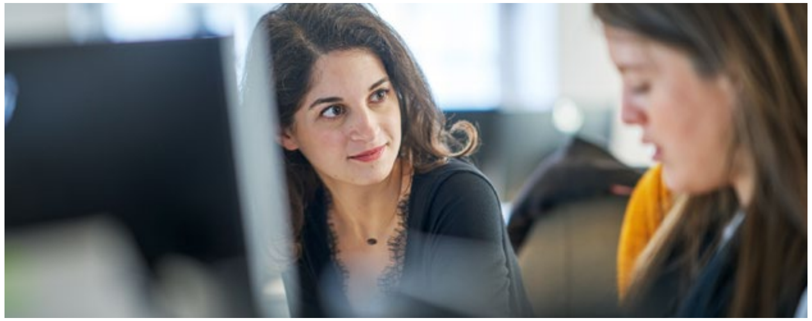
1.1

As of 31 Dec. 2021
An increase of SEK 0.9 billion year-on-year.

EUROPEAN COUNTRIES WHERE CATELLA HAS INVESTED

6

As of 31 Dec. 2021



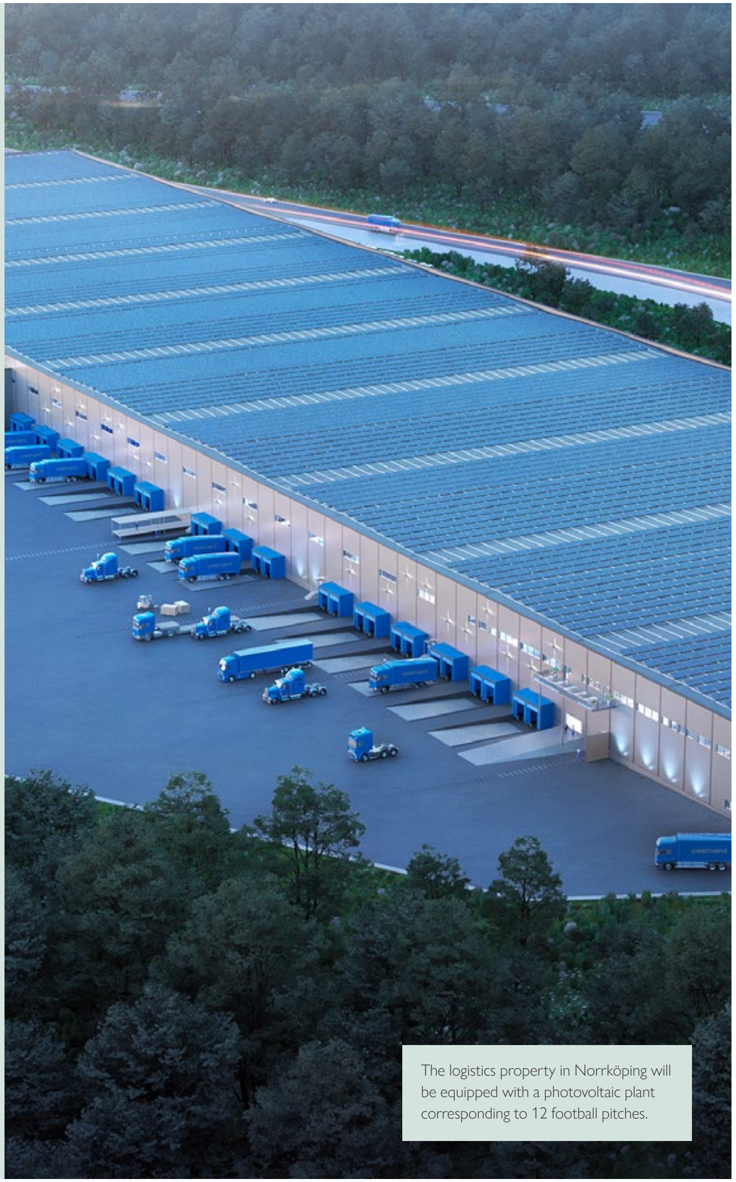
CASE

LOGISTICS PROPERTY IN NORRKÖPING

The development of a logistics property in Norrköping provides a good example of Catella's work alongside relevant parties to quickly react to property market trends.

In 2020, Catella decided to invest in the development of a logistics property in the municipality of Norrköping, alongside the previous owners of e-commerce company Royal Design. Through a joint company, Infrahubs AB, Catella is developing modern logistics properties with automated warehouse management processes.

In June 2020, Catella completed the first investment in a land parcel of 170,000 m² in Norrköping. The total investment in the building covering 70,000 m² totalled SEK 580 million. The property has been fully let to Postnord TPL AB and the rental agreement spans 10 years. The property was divested on March 23, 2022 for SEK 880 million. Catella's profit amounted to SEK 150 million, corresponding to IRR of over 70 percent on the investment. For more information about the sustainability aspects of the project, see page 22. ■



The logistics property in Norrköping will be equipped with a photovoltaic plant corresponding to 12 football pitches.

Sustainability Report

2021 was a year of transformation and a more refined focus on real estate for Catella. This refinement lent itself to a review and alignment towards a more clearly defined ESG purpose. Catella consists of several entities across Europe with different focus areas within real estate and property investment. We jointly want to work towards common goals and targets under the umbrella of one integrated ESG strategy. To us, sustainability is not only about responsibility, it is a strategic priority. It supports risk mitigation as much as it helps us to meet the growing expectations of society, customers, clients and of course our colleagues. We believe that structured ESG work and processes will ensure our long-term profitability.

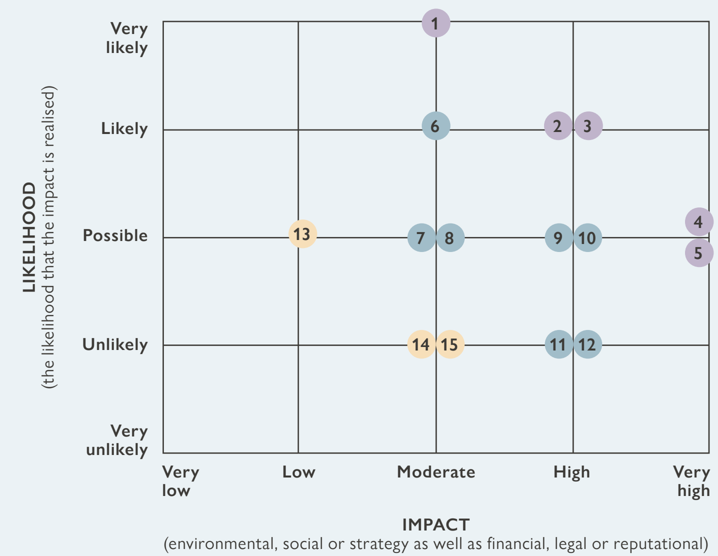
Sustainability

During the second half of 2021 we laid the foundation of our forthcoming sustainability strategy through conducting our materiality analysis. Its purpose is to future-proof our business, address ESG risks and opportunities and to ensure that we direct our resources to the sustainability topics most relevant to us.

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

Part of the forthcoming ESG work, is to integrate relevant and clearly defined internal and external risks into our strategy and to work on their mitigation. The matrix is divided into the impact of risks and the likelihood of risks occurring as well as illustrating critical, main and monitoring risks.

RISK MATRIX



CRITICAL RISKS
1. Emissions of green-house gases and high energy consumption
2. Physical climate risks
3. Insufficient sustainability governance structure
4. Inability to transform assets to prevent them from becoming stranded assets
5. Inability to attract capital due to changed investor and regulatory requirements

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

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

Paving the way for more **structured** and **integrated sustainability** at Catella Group

STAKEHOLDER DIALOGUES

An important part of the materiality analysis are the stakeholder dialogues. Catella conducted interviews with members of the Board, majority owner, senior group management, customers as well asking colleagues to respond to a survey. The three highest ranked overall outcomes were:

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

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

Sustainability

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

The stakeholder dialogues provide us both with challenges to consider and opportunities to seize. Of course all challenges are opportunities in themselves, both need goals and a path for improvement or implementation.

The impact assessment relies on the dual materiality perspective, meaning the analysis of positive and negative impacts on and from the organization. The assessment looks at potential external social, economic, and environmental impacts that Catella has on society. Similarly, it looks at the potential financial, legal, reputational, and operational impact on Catella. Additionally, it reviews the potential for value creation and positive impact for the business.

Putting together all findings, input, and analysis results in the prioritisation pyramid of our material aspects. The pyramid is the foundation of the Catella ESG strategy, goals and KPIs that will be developed during the first half of 2022. Part of the process is to align the sustainability strategy in the best possible way with the overall Catella business strategy to optimize synergies and output. ■

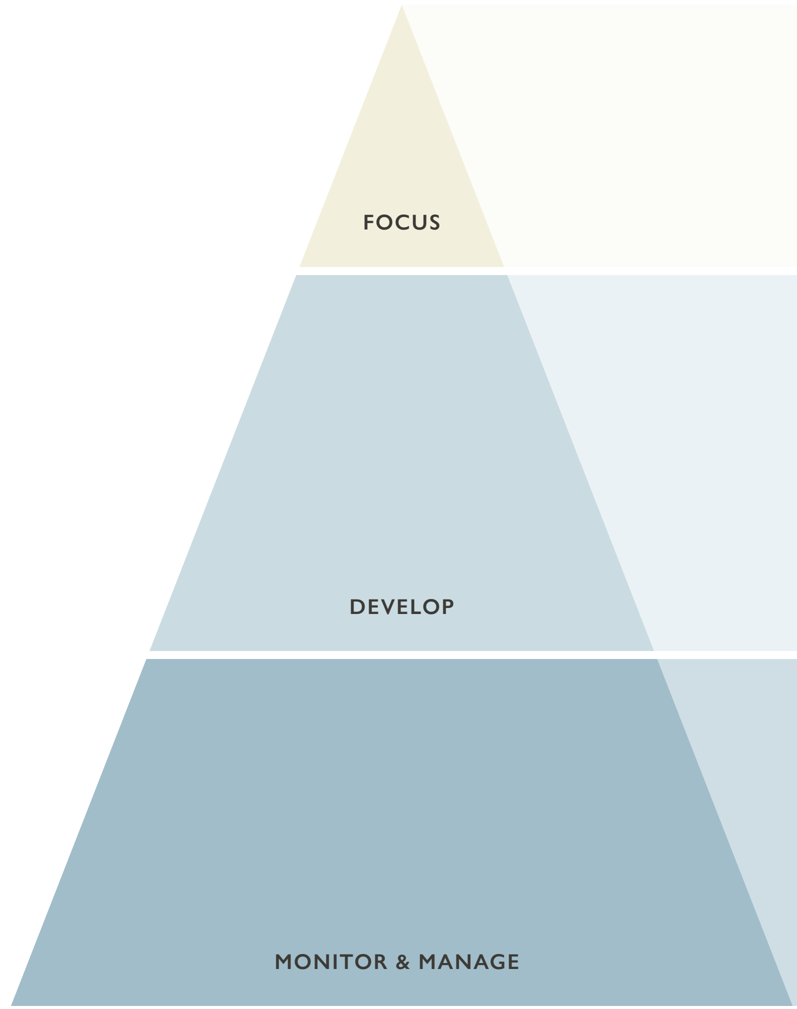
CHALLENGES

- Setting a cohesive central ESG strategy & structure that adds value to all subsidiaries as well as satisfying the ESG needs of Catella AB
- Implementation and need of common and centralized sustainability processes
- How to work with the issue of so-called stranded assets and what strategy to pursue

OPPORTUNITIES

- Focus on sustainability can be used for attracting capital from larger institutions
- ESG-knowledgeable employees paired with robust processes for managing ESG will attract potential clients and strengthen current relationships
- Focusing on improved work-life balance, diversity and equality as well as employer branding should lead to better staff retention as well as successful attraction of skilled labour

CATELLA MATERIALITY PYRAMID



FOCUS
- Reduce carbon footprint and decrease energy usage
- Integrate sustainability in fund management and property development & investment

DEVELOP
- Promote circular economy in assets owned and financial services provided
- Ensure employee and tenant safety in properties and assets
- Continuously place sustainability requirements on suppliers
- Promote diversity and equality
- Ensure climate adaptation in properties and assets

MONITOR & MANAGE
- Promote biodiversity and water resources
- Promote a good work-life balance
- Transparent sustainability communication
- Integrate sustainability in advisory services
- Uphold privacy and integrity
- Strengthen employee development, retainment and satisfaction
- Counteract corruption and uphold business ethics

ESG at Catella

It is Catella's ambition to build a holistic approach to sustainability, divided into three areas, environment, social and governance based on the materiality analysis and a sound strategy. Our overall objective is a more systematic and streamlined approach across the group, maximizing synergies and sharing of best practice.

It is our responsibility to manage and reduce our environmental impact and that of our clients and customers through providing smart solutions, transparency, as well as possibilities to measure and follow up.

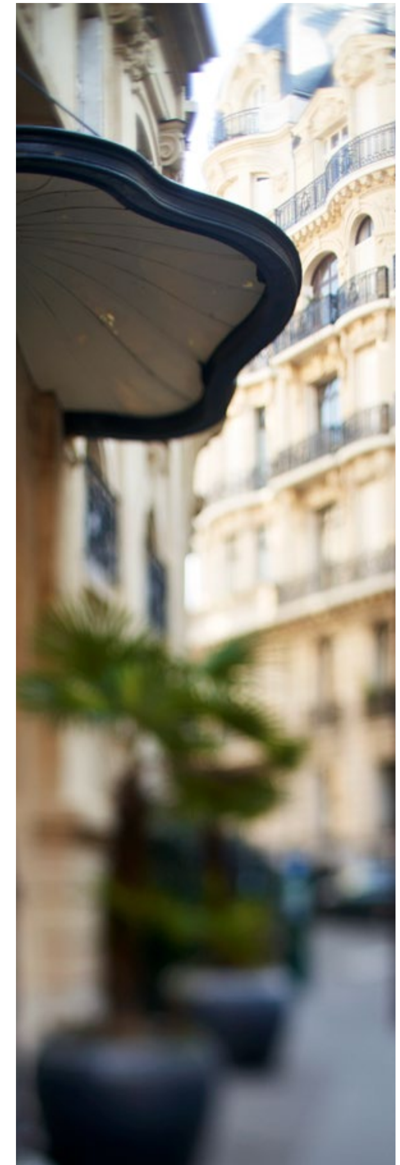
Real estate plays an important role in society, as residential, commercial and logistics buildings serve as housing, workspaces and much more. Catella supports and is part of the changing demands of modern living.

We acknowledge that the real estate sector has a considerable negative impact on the environment. As a real estate investment, fund and asset manager we have a responsibility to reduce the negative impact of buildings and contribute to their positive impact. Analysing, measuring, and monitoring our carbon footprint is essential for monitoring our progress. Equally important is the implementation of solutions that reduce energy consumption, water usage, waste production and the use of resources.

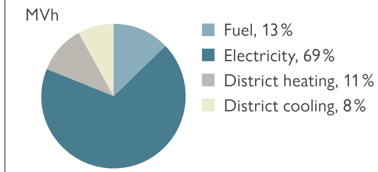
It is Catella's ambition to reduce the negative environmental impact in different stages of property development, maintenance and management. We acknowledge that the biggest environmental impact of new properties is in the supply chain and during construction, so in collaborating with suppliers and contractors we aim to make a difference over time.

Our environmental approach will be centered around the reduction of our carbon footprint and energy use as well as ensuring climate adaptation of assets. KPIs and targets that support this ambition will be defined during 2022 and be based on the data and findings of the data collected for this Annual Report. As this is the first year of collecting environmental data and we need to improve data quality and collection, a proper base year will be set in the sustainability report 2022. ■

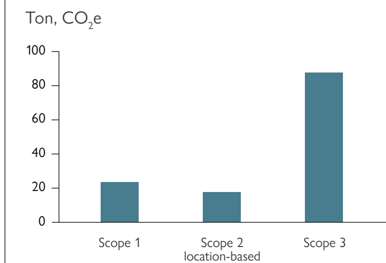
Environment – where we can make the most **impact**



ENERGY CONSUMPTION WITHIN THE ORGANISATION 2021



TOTAL GHG-EMISSIONS 2021



[1)] Scope 1 includes fuel consumption from company vehicles. Scope 2 includes consumption of electricity, district heating and district cooling from our offices. Scope 3 includes emissions from our business travel.

Case studies

CASE

INFRAHUBS LOGISTICS CENTRE NORRKÖPING

This logistics centre is an example of how environmental thinking can influence construction and planning. It aims to achieve the Swedish construction standard "Miljöbyggnad" silver by Sweden Green Building Council. Additionally, the facility will have the largest rooftop photovoltaic cell facility in the Nordics, amounting to 65,000 square metres which is the equivalent of the size of 12 football pitches.

Furthermore, the property´s heating facility will mainly be constituted by a geothermal heating system. In addition, the parking area will be fitted with charging posts for electrified cars. ■

CASE

CATELLA EUROPEAN RESIDENTIAL FUND III

CER III is one of the first pan-European residential impact funds to achieve the highest level of sustainability under the EU SFDR Article 9 regulations. The Fund is committed to meeting its financial objectives whilst simultaneously delivering an environmental and social impact at fund and asset level. The impact strategy is fully integrated throughout the company's investment processes and pursues the reduction of carbon emissions and sustainable societal objectives.

Three clear targets have been defined, which are aligned with the Sustainable Development Goals of the United Nations and implemented in the fund documentation with the aim of becoming a fund with leading sustainability and social credentials alongside creating stable returns. CER III's impact objectives and ambitions are to reach a carbon-neutral asset portfolio by 2030 and thus contribute to achieving the Paris Agreement and to increase the supply of affordable housing with good living conditions that delivers positive social outcomes to the community. In 2021, the Fund performed the underwriting of each individual investment based on these criteria while also reviewing the carbon emission and energy efficiency enhancement potential of each asset in the existing portfolio. ■

CASE

ELITHIS TOWER

In 2021 Catella European Residential Fund III acquired its first energy positive Elithis tower in Saint-Étienne, France. The tower has been constructed to provide both affordable and sustainable homes. The technology used in the building, such as photovoltaic cells and a bioclimatic design will render it energy-positive from the outset. The Saint-Étienne Tower is modelled on the Strasbourg Danube Tower, which after three years shows, that it consumes an average of 92 kWh/m^2/year in primary energy and generates 99 kWh/m^2/year of renewable solar energy, giving it an energy-positive balance. Additionally, the building produces 108% of its annual energy needs through 1,233m^2 of photovoltaic panels installed on both rooftops and facades (east and south) generating an estimated 167 MWh/year. The electricity resale income is passed on to the tenants.

Furthermore, the construction process used 30% less material resources than a standard new construction. This encouraging data strengthens Catella's decision and investment commitment to one hundred planned Elithis towers across Europe. ■

Social

Social – our colleagues are our key to success

Catella is committed to providing a professional working environment that is in line with universal human and labour rights standards, applicable laws, and agreements on working hours and wages. We are free to join associations or unions, and to bargain collectively or individually. Child labour, or forced labour at any age, is not tolerated in our business or supply chain.

At Catella we are of the opinion that an environment that not only respects but also values differences will thrive and be successful. We therefore recognise that we can only be successful with a diverse, equal, inclusive, and positive work environment. That is why we believe that competence, experience and performance should count the most during recruitment and promotion. We are of the opinion that, diversity in experiences, knowledge and viewpoints are of importance to our decision making and overall success. Therefore, we do not tolerate any forms of discrimination in the workplace. Catella is satisfied to report that there were zero incidents of discrimination during the reporting period.

That said, we still must walk the talk. Looking at the data of Catella and which roles women currently have, we still have to put the right processes into place, such as working on our succession planning to further a better gender distribution across all levels.

With reference to the diversity of the Board of Directors, Catella AB applies rule 4.1 of the Swedish Corporate Governance Code as a diversity policy for the Board. The Nomination Committee hence considered requirements for diversity and breadth of qualifications, experience, background and gender balance ahead of the 2021 Annual General Meeting.

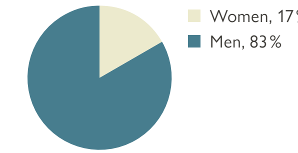
Catella believes that a positive work-life balance is part of a healthy lifestyle, which our colleagues confirmed in the materiality analysis. We want to enable our colleagues to balance family life, exercise and hobbies. Work-life balance is an important factor in staff retention and well-being. Importantly,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

We strive to offer our colleagues relevant training. This is mostly done on a local basis, but we also offer the Catella Academy, which consists of three programmes: young professional, talent management and senior management. The joint purpose of the programmes is to bring together colleagues from across the group to bond, share knowledge, insights and to learn and share best practice. During the Covid-19 pandemic the programmes were predominately run remotely, but we are hoping to host more regular get-togethers soon.

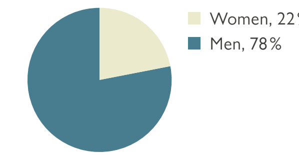
In 2021, the Catella Engagement Survey was conducted for the third consecutive year. The results of the survey are incorporated into the company's strategic development and the response rate has increased every year, which indicates committed employees who understand the benefits of participating.

Going forward we will set KPIs and targets promoting diversity and equality, work-life balance as well as strengthen employee development, retainment and satisfaction to help us measure progress. ■

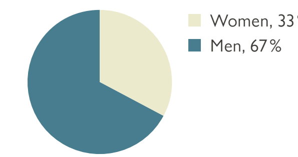
GENDER BALANCE AMONG BOARD OF DIRECTORS



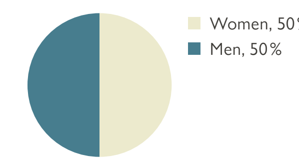
GENDER BALANCE AMONG SENIOR MANAGERS



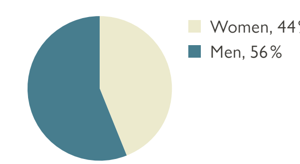
GENDER BALANCE AMONG MANAGERS



GENDER BALANCE AMONG EMPLOYEES



GENDER BALANCE ACROSS ALL EMPLOYEE CATEGORIES



Governance

Catella is committed to conducting business with integrity, honesty, and legal compliance. We follow laws and regulations and uphold high business and ethical standards wherever we do business. Importantly, we act decisively against corruption, bribery and money laundering.

During the latter half of 2021 we updated our Code of Conduct. The Code is our ethical compass. It sets clear standards and expectations on how to act, and states that doing business with integrity is a shared responsibility.

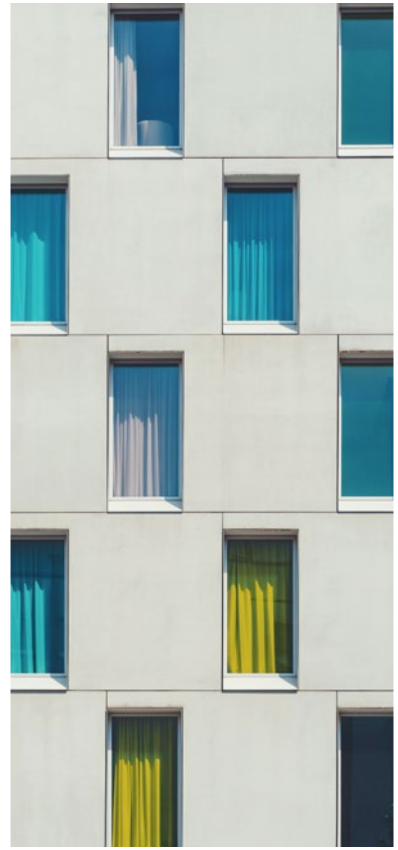
The Code was rolled out across the group to all employees alongside training with the aim of deepening our knowledge and understanding. 93%[1] of colleagues had read the Code and completed the training by year end.

In the Code and the associated training, we emphasize our independent Whistle-blower function and the importance of using it. The function can be accessed both through our website as well as our intranet. We had no reported or confirmed cases of corruption during 2021. We can also confirm that we did not receive any complaints in relation to customer privacy from outside parties or regulatory bodies.

Due to the changes and transformation of Catella, we initiated a review of the group policies framework. The project which continues during 2022, aims to map gaps, and revise existing policies and add new relevant policies.

The ambition going forward is to strengthen our governance framework and processes, ensuring that they permeate the entire group. ■

[1] Excluded from the roll-out at the time were colleagues on long-term leave, who will be asked to complete this upon their return.



Governance – conducting business with integrity and responsibility

EU ACTION PLAN ON SUSTAINABLE FINANCE – THE EU TAXONOMY AND THE SUSTAINABLE FINANCE DISCLOSURE REGULATION

As Article 10(3) of the Disclosures Delegated Act specifies that financial market participants shall use the most recently available information provided by the financial or non-financial underlying investee, and such information is not yet readily available or publicly available for Catella's owned assets or assets under management, we have decided not to estimate Taxonomy eligibility for the reporting period 2021 in this year's Annual Report.

As non-financial undertakings start disclosing their taxonomy eligibility and alignment, we will be able to report our own taxonomy eligibility and alignment. We have initiated discussions with our subsidiaries regarding their ability to collect the necessary data to be able to assess taxonomy alignment.

Catella Real Estate AG has started to internally assess the share (%) of assets aligned with help from energy performance certificates for selected funds. Certain data is currently not available or in a different format due to different energy performance certificates. It is however a step in the right direction.

During 2022, Catella Group will set a standard and group-wide method for assessing such data in order to assure consistency between taxonomy eligibility reporting and taxonomy alignment reporting across undertakings.

2021, Catella became a signatory of the UN Principles for Responsible Investments (PRI) and its six guiding principles. The aim of UN PRI is to promote the incorporation of environmental, social and governance factors into investment decision-making.

Signatory of:

PRI Principles for Responsible Investment

2022 – Continuing our sustainability journey

As much as the year 2021 has been a year of change, it has also been a year of analysis, refinement, and new focus. The ESG emphasis has been on building the foundation of a joint sustainability strategy. In 2022 we will outline our ESG path going forward, working our way through new sustainable finance regulations, aligning goals and targets and strengthening our group synergies for a more responsible, future-proof and profitable Catella. ■

Sustainability data

Environment

Table 1

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

	MWh
Fuel[1]	70.8
of which non-renewable	65.6
of which renewable	5.1
Electricity	382.1
District heating	61.5
District cooling	43.2
Total	**557.6**

[1] We currently do not have access to reliable data on what kinds of fuels that have been used.

Table 2

SCOPE EMISSIONS

Total GHG-emissions	Ton CO_2e
Scope 1	23.5
Scope 2 location-based	17.6
Scope 3	87.5
Total	**129.8**

[1] This is the first year that we are reporting on our GHG emissions, hence we have not yet set a base year. We will set a base year in the Sustainability Report for the financial year 2022.

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

[3] Emission factors used have been provided by AIB and DEFRA. Some travel data has been provided by travel agencies.

[4] Scope 1 includes fuel consumption from company vehicles. Scope 2 includes consumption of electricity, district heating and district cooling from our offices. Scope 3 includes emissions from our business travel.

Table 3

WASTE

Waste output	Ton
Non-hazardous waste	4.7
Hazardous waste	0.0
Total	**4.7**

Table 4

WATER CONSUMPTION

	Megaliter
Surface water	0.00
Groundwater	0.00
Seawater	0.00
Produced water	0.00
Third-party water	0.65
Total	**0.65**

[1] We currently do not have access to reliable data on water withdrawal of water that is not freshwater or water withdrawal from water stress areas.

Social data

Table 5

INFORMATION ON EMPLOYEES AND WORKERS

	Total	Women	Men
Employment contract			
Permanent contract	496.9	217.9	279
Temporary contract	6	2	4
Employment type			
Full-time	459	187	272
Part-time	43.9	34.9	9
Total	**502.9**	**221.9**	**281**
Consultants, interns and volunteers	32.35	9.95	22.4

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

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

Table 6

EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION

Region	Total employees	Permanent contract	Temporary contract
Sweden	61.9	61.9	0
Norway	2	2	0
Finland	41	41	0
Denmark	11	11	0
Germany	187	183	4
Austria	2	2	0
France	81	81	0
Spain	31	30	1
UK	55	54	1
Estonia	3	3	0
Latvia	4	4	0
Lithuania	1	1	0
The Netherlands	23	23	0
Total	**502.9**	**496.9**	**6**

EMPLOYEES BY REGION

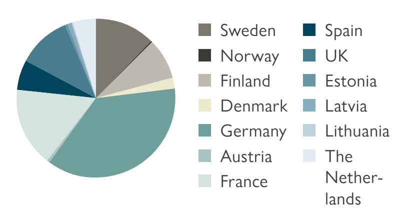


Table 7

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

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

Sustainability data

Social data (continued)

Table 8

DIVERSITY BY GENDER AND AGE (%)

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

Table 9

WORK-RELATED ILL-HEALTH

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

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

Table 10

PARENTAL LEAVE

	Women	Men	Total
Employees entitled to parental leave	44.9	73	117.9
Employees that took parental leave	13	12	25
Employees that returned to work from parental leave in the reporting period after their parental leave ended	7.6	6.5	14.1
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	5.6	8	13.6
Return to work rate (%)	72%	100%	82%
Retention rate (%)	65%	80%	73%

Table 11

PERFORMANCE REVIEWS

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

Table 12

NON-DISCRIMINATION

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

There were zero incidents of discrimination during the reporting period.

Governance

Table 13

SUPPLY CHAIN MANAGEMENT

Total new suppliers in 2021	New suppliers that were screened using environmental criteria	New suppliers that were screened using social criteria
154	63%	66%

Table 14

ANTI-CORRUPTION

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

No confirmed cases of corruption in 2021.

Table 15

CUSTOMER PRIVACY

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

No complaints received from outside parties or regulatory bodies.

SCOPE AND BOUNDARIES

The sustainability chapter refers to the reporting period 1 January 2021 - 31 December 2021 and has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL). The scope and boundaries of the sustainability data are defined by majority-owned companies with employees. Catella Hospitality Europe, as well as businesses that were wound up and closed during 2021 are excluded from the reporting. All personnel data is expressed in FTE (Full-Time Equivalent). 2021 is the data collection base year as it is the first year that we have collected sustainability data in a centrally structured way.

Auditor's review of the statutory Sustainability Report

AUDITOR'S REVIEW OF THE STATUTORY SUSTAINABILITY REPORT

ASSIGNMENT AND RESPONSIBILITIES

The Board of Directors is responsible for the statutory Sustainability Report on pages 18–26 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

SCOPE AND FOCUS OF THE REVIEW

Our review has been carried out in accordance with far's auditing standard RevR 12 The Auditor's Review of the Statutory Sustainability Report. This means that our review of the Sustainability Report statement is different and substantially less in scope than an Audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the review has provided us with sufficient basis for our opinions.

OPINION

A Sustainability Report has been prepared.

Stockholm, Sweden, 11 April 2022
PricewaterhouseCoopers AB

Daniel Algotsson
AUTHORIZED PUBLIC ACCOUNTANT

Stockholm, Sweden, 11 April 2022

Johan Claesson
CHAIRMAN OF THE BOARD

Tobias Alsborger
BOARD MEMBER

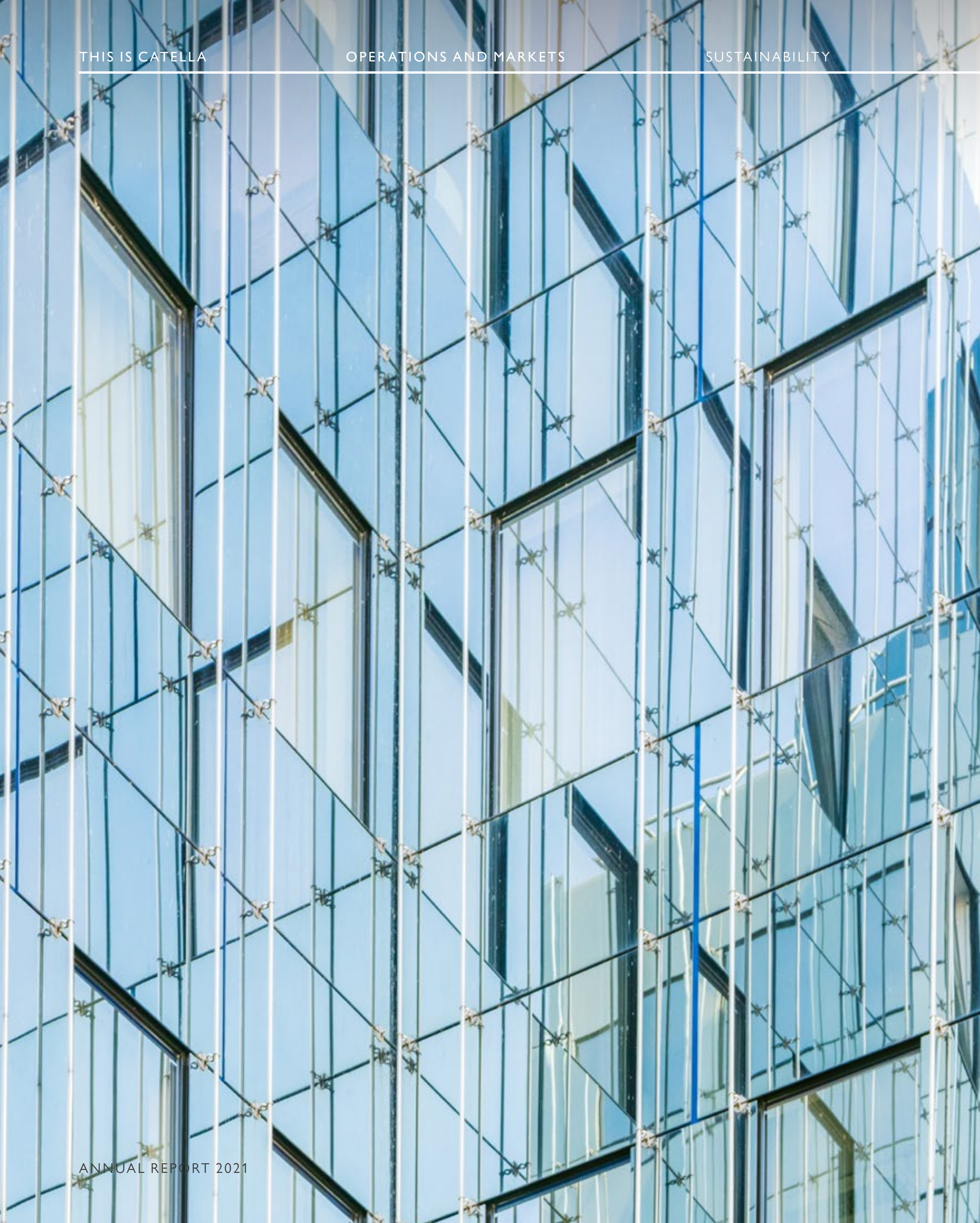
Johan Damne
BOARD MEMBER

Joachim Gahm
BOARD MEMBER

Anneli Jansson
BOARD MEMBER

Jan Roxendal
BOARD MEMBER

Christoffer Abramson
CHIEF EXECUTIVE OFFICER



Shares and Shareholders

Catella AB is listed on Nasdaq Stockholm in the Mid Cap segment. Class A and B shares are traded under the stock tickers CAT A and CAT B, respectively. Catella has about 9,000 shareholders. The Claesson & Anderzén Group is the largest shareholder.

Catella as an investment

1 CATELLA IS A LEADING EUROPEAN PARTNER FOR PROPERTY INVESTMENTS

Background

Catella has a strong market position and long-term relationships with leading institutional investors, both as a regulated property fund manager, property developer and transaction advisor. Catella had at year-end 25 offices in 14 countries around Europe and with its 35-year history offers a broad pan-European perspective to investors in the property sector.

Progress in 2021

- Broadened property fund offering with increased focus on sustainable investments
- Strengthened market shares in Corporate Finance and a broader offering in capital raisings
- Advanced positions as property manager for major institutions
- Good returns in development projects

2 CATELLA IS ACTIVE ON A LONG-TERM GROWTH MARKET

Background

Real assets remain under-allocated in global investment portfolios which drives capital inflows to property investments. The current low interest rate levels and increased demand for inflation-hedged assets favour investments in the property sector. Furthermore, the ageing European population increases demand for stable returns in pension products.

Progress in 2021

- Increase in assets under management of SEK 21 billion
- Investments from major pension fund managers, including KLP and Greater Manchester Pension Fund

3 SUSTAINABLE BUSINESS

Background

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

Progress in 2021

- In the year, the fund Catella European Residential CER III) was classed as a "dark green" fund under article 9 of SFDR. The classification means that the fund's investments have a direct positive impact on the environment and society, while also not negatively affecting other sustainability goals.
- Catella entered a collaboration with Elithis to develop the energy-positive residential buildings of the future
- Principal Investments develops Infrahub's property in Norrköping with the Nordics' largest roof installation of photovoltaic panels
- We completed Catella's ESG materiality analysis in the year, which will lead to a Group-wide sustainability strategy in the first half of 2022. At the same time, we also updated the Group's Code of Conduct and associated training programs for all employees.

4 SUCCESSFUL PLATFORM BUILDER

Background

A majority of Catella's companies are part-owned by management. This generates an entrepreneurial culture and ensures objectives are aligned for part-owned companies and the Group. When Catella starts a new operation, it is usually done through part-ownership alongside local partners, which ensures ownership by local management and financial incentives that corresponds to Catella's financial targets. Complementary real estate platforms also enables synergies and recurring revenues.

Progress in 2021

- A total of SEK 0.9 billion was invested through part-owned companies
- Dialogue with several potential partners with the ambition to enter new geographical markets for Catella and to establish complementary operations in existing markets

5 STABLE AND PROFITABLE GROWTH PROFILE

Background

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

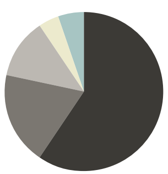
Progress in 2021

- Operating margin of 17%
- Assets under management increased by 21 percent
- Principal Investments completed 12 new investments and had 16 development projects in six countries
- Corporate Finance increased sales by 9 percent and profit before tax by over 100 percent

Catella's Shares and Shareholders

Catella's market capitalisation at 31 December 2021 was SEK 4.2 billion (2.5). Catella's share price (Class B) increased from SEK 28.00 to SEK 47.10 in 2021, which corresponds to an increase of 68 percent. The corresponding development for the Class A share was SEK 29 to SEK 45.60, and increase of 57 percent. This can be compared to to the Stockholm All-Share Index, which increased by 34 percent.

OWNERSHIP DISTRIBUTION OF CAPITAL
31 DEC 2021



- Rest of the world 59.6%
- Swedish private individuals 18.8%
- Swedish institutional shareholders 12.2%
- Foreign institutional shareholders 4.3%
- Anonymous shareholders 5.1%

TURNOVER

In 2021, a total of 26.6 million Class B shares and 163,000 Class A shares in Catella were turned over on all market places, while the average daily trading volume was 105,048 Class B shares and 758 Class A shares. Trading on Nasdaq Stockholm represented 89.4 percent of total turnover in the Class B share and 100 percent in the Class A share.

SHARE CAPITAL

As of 31 December 2021, Catella's registered share capital was SEK 177 M (173), divided between 88,348,572 shares (86 281 905). The quotient value per share is 2. Share capital is divided between two share classes with different voting rights. 2,530,555 Class A shares with 5 votes per share, and 85,818,017 Class B shares with 1 vote per share.

As of 31 December 2021, the Parent Company had a total of 3,000,000 outstanding warrants. Upon full utilisation of the 3,000,000 warrants, dilution of the capital and votes in the company would be 3.3% and 3.0% respectively.

In 2021, no Class A shares were converted to Class B shares.

DIVIDEND

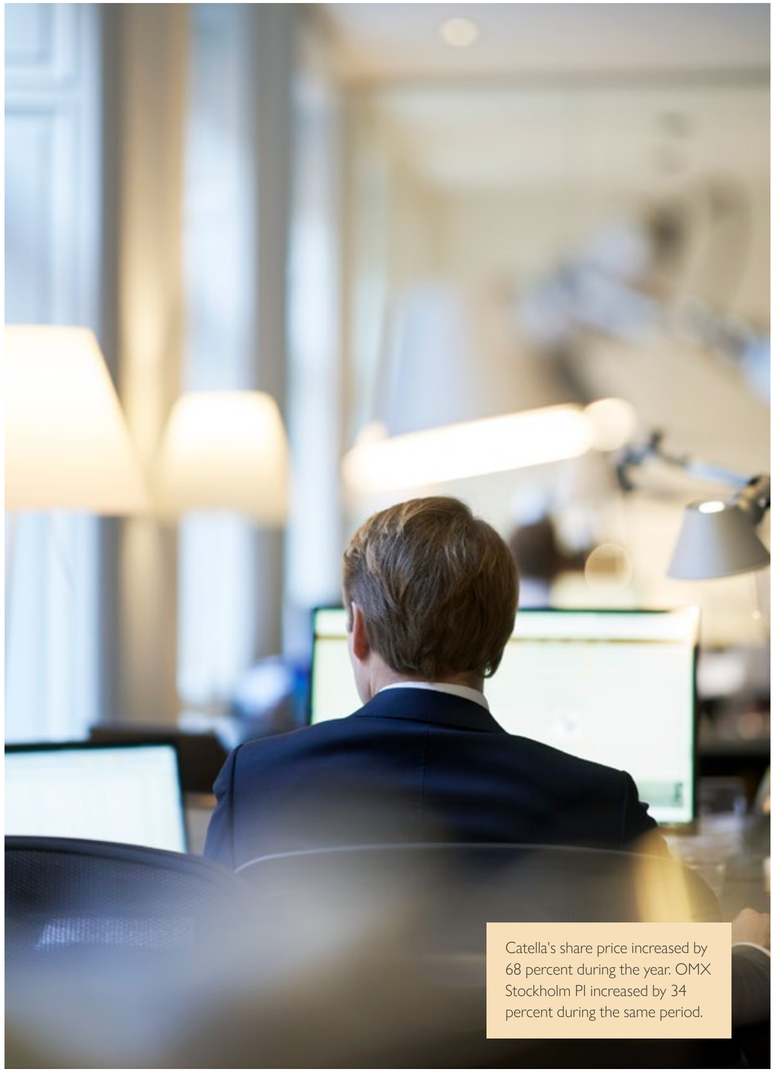
Catella's aim is to transfer the Group's profit after tax to shareholders to the extent it is not considered necessary for developing the Group's operating activities and considering the company's strategy and financial position. Adjusted for profit-related unrealized value increases, at least 50% of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

The Board proposes a dividend payment of SEK 88 M, which corresponds to SEK 1.00 per Class A and B share, to shareholders for the financial year 2021. For the financial year 2020, Catella paid SEK 0.90 per Class A and B share dividend.

SHAREHOLDERS

Catella had 8,808 (8,972) shareholders registered at the end of the period. The principal shareholders on 31 December 2021 was the Claesson & Anderzén Group with 49.4% (48.6) of the capital and 48.8% (48.0) of the votes, followed by Alcur Fonder with 6.9% (4.2) of the capital and 6.2% (3.8) of the votes.

The ten largest shareholders held 74.35 percent (71.8) of the capital and 72.32 percent (71.3) of the votes as of 31 December 2021. Foreign ownership amounted to 11.65 percent (11.83) of the capital and 12.48 percent (12.65) of the votes. ■



Catella's share price increased by 68 percent during the year. OMX Stockholm PI increased by 34 percent during the same period.

DISTRIBUTION OF SHARES
AT 31 DECEMBER 2021

Ownership distribution by holding	Number of shares	Capital	Votes	No. share-holders	Proportion of owners
1-500	891,288	1.01%	1.69%	6,519	74.01%
501-1,000	752,726	0.85%	1.26%	956	10.85%
1,001-5,000	2,236,919	2.54%	2.95%	989	11.23%
5,001-10,000	1,184,726	1.34%	1.52%	157	1.78%
10,001-50,000	2,826,002	3.20%	3.26%	127	1.44%
50,001-100,000	1,547,121	1.75%	1.58%	21	0.24%
100,001-500,000	5,298,363	6.00%	6.11%	24	0.27%
500,001-1,000,000	4,399,974	4.98%	4.47%	6	0.07%
1,000,001-5,000,000	14,881,406	16.84%	16.25%	7	0.08%
5,000,001-20,000,000	6,139,656	6.95%	6.24%	1	0.01%
>20,000,001	43,664,748	49.42%	48.81%	1	0.01%
Anonymous holding	**4,525,643**	**5.12%**	**5.87%**		

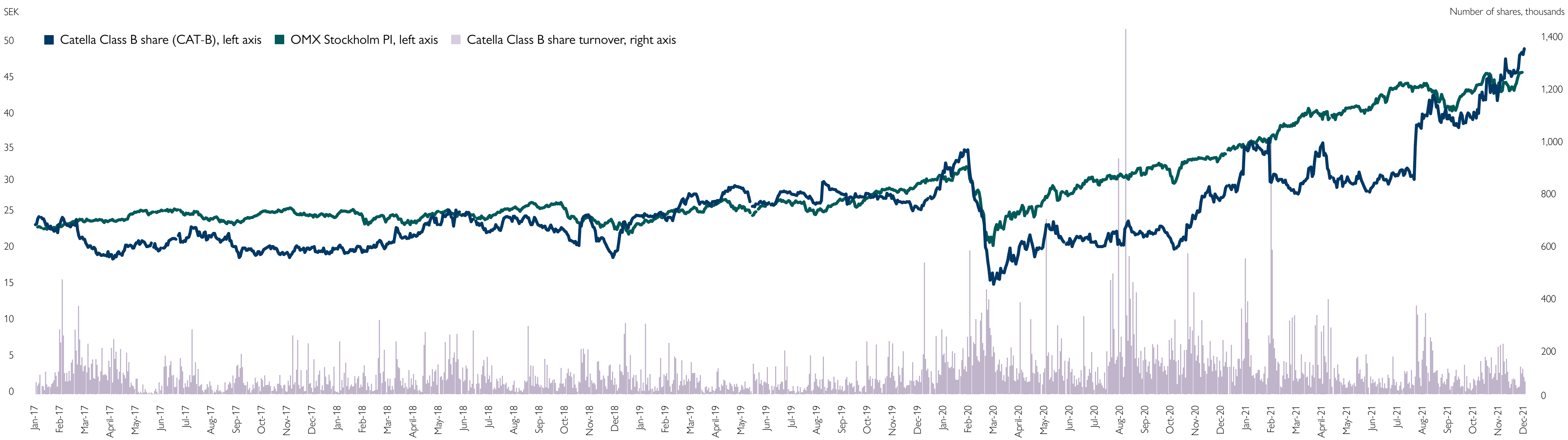
DISTRIBUTION OF CAPITAL
AT 31 DECEMBER 2021

	Number of shares	Capital (%)
Other	52,671,302	59.62
Swedish private individuals	16,566,706	18.75
Swedish institutional shareholders	10,783,921	12.21
Foreign institutional shareholders	3,801,000	4.30
Anonymous shareholders	4,525,643	5.12

SHAREHOLDERS
AS OF 31 DECEMBER 2021

Shareholders	CAT A	CAT B	Capital	Votes
Claesson & Anderzén	1,100,910	42,563,838	49.42%	48.81%
Alcur Fonder	0	6,139,656	6.95%	6.24%
Rutger Arnhult	128,936	3,817,079	4.47%	4.53%
Avanza Pension	3,205	2,978,049	3.37%	3.04%
Nordnet Pensionsförsäkring	4,469	1,985,315	2.25%	2.04%
Nordea Fonder	0	1,933,161	2.19%	1.96%
Petter Stordalen (Strawberry)	143,334	1,360,000	1.70%	2.11%
Swedbank Försäkring	0	1,318,667	1.49%	1.34%
Thomas Andersson Borstam	0	1,209,191	1.37%	1.23%
Familjen Hedberg	0	1,000,000	1.13%	1.02%
Other	1,149,701	21,513,061	25.65%	27.68%
Total	**2,530,555**	**85,818,017**	**100%**	**100%**

FIVE-YEAR OVERVIEW OF CATELLA'S CLASS B SHARE



Corporate Governance

Catella AB is a public Swedish limited liability company with its registered office is in Stockholm, Sweden. Catella's shares have been listed on the regulated market Nasdaq Stockholm, in the Mid Cap segment, since 2016. This Corporate Governance Report is presented in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code and describes the corporate governance of Catella in the financial year 2021.

Corporate Governance

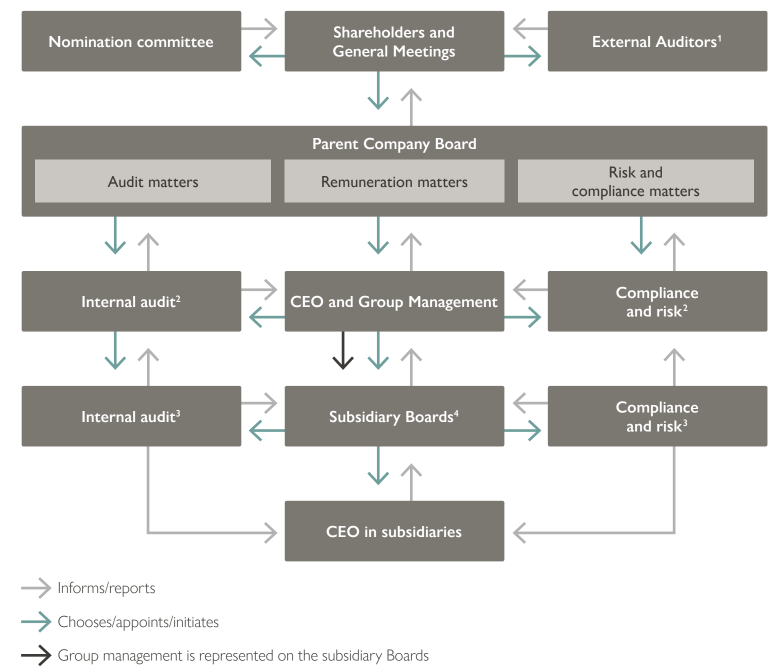
Catella AB is a public Swedish limited liability company whose registered office is in Stockholm, Sweden. Catella's shares have been listed on the regulated market Nasdaq Stockholm, in the Mid Cap segment, since 2016. This Corporate Governance Report is presented in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code and describes the corporate governance of Catella in the financial year 2021. Catella has not deviated from the Swedish Corporate Governance Code or breached Nasdaq Stockholm's Rulebook for Issuers or generally accepted practice int the securities market in 2021. The Report has been reviewed by Catella's Auditor, see page 42.

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

The Swedish Corporate Governance Code is available on the Swedish Corporate Governance Board's website, www.bolagsstyrning.se, where the Swedish model for corporate governance is described. The Swedish Corporate Governance Code is based on the "comply or explain" principle. This means that a company that applies the Swedish Corporate Governance Code can deviate from individual rules, but shall then present an explanation for the deviation. Catella has not deviated from the Swedish Corporate Governance Code in 2021.

Nasdaq Stockholm's Rulebook for Issuers is available on Nasdaq Stockholm's website, www.nasdaq.com. There were no breaches of Nasdaq Stockholm's Rulebook for Issuers or generally accepted practice in the stock market according to Nasdaq

CATELLA'S CORPORATE GOVERNANCE STRUCTURE



Stockholm's disciplinary board or statements by the Swedish Securities Council in 2021.

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

2) Internal audit, compliance and risk functions at Group level for Catella's consolidated financial situation.

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

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

Corporate Governance

SHARES AND SHAREHOLDERS

Catella has been listed on the regulated marketplace Nasdaq Stockholm, in the Mid Cap segment since 2016. The shares are traded under the tickers CAT A and CAT B. As of 31 December 2021[1] the total number of shares in Catella was 88,348,572, corresponding to 2,530,555 Class A shares and 85,818,017 Class B shares. Each Class A share confers the right to five (5) votes and each Class B share confers the right to one (1) vote. Each share confers the right to an equal share of the Company's assets and profit.

The share register is kept by Euroclear Sweden AB on behalf of the Board. As of 31 December 2021[2] the total number of shareholders in Catella was 8,808 (8,972). The shareholders include equity funds, institutional owners, members of Catella's Board and Group management and a large number of private individuals, including close companies. The largest shareholder as of the same date was the Claesson & Anderzén Group (primarily through CA Plusinvest AB), with a holding corresponding to 49.4 percent (49.4) of the shares and 48.8 percent (48.8) of the votes. No other shareholders held 10 percent or more of the number of shares or votes in Catella at the end of 2021. Additional information regarding Catella's shares and shareholders is presented in the section "The Catella Share and Shareholders" and on the Company's website, www.catella.com.

[1] [2] Actual record date 30 December 2021.

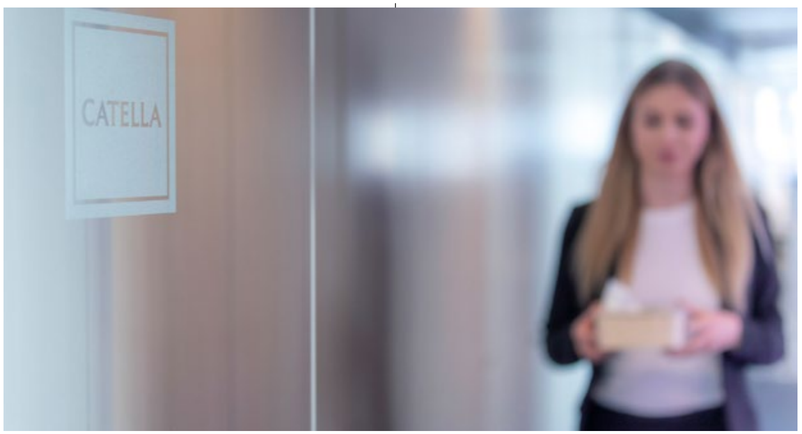
GENERAL MEETINGS

Shareholders exercise their influence at shareholders' meetings, which is the highest decision-making authority in the Company. Each shareholder is entitled to participate and exercise voting rights corresponding to their holding at general meetings. The ordinary shareholders' meeting, the Annual General Meeting, is held once annually. The Board can also convene a general meeting before the next Annual General Meeting is held, known as an Extraordinary General Meeting, if required. The Notice convening shareholders' meetings is made available on the Company's website and is advertised in the Swedish Official Gazette *(Sw. Post och Inrikes Tidningar)*. At the same time a meeting is convened, a Notice shall be published in Svenska Dagbladet, in accordance with Catella's Articles of Association. Decisions made at a General Meeting are announced after the Meeting in a press release and minutes from the Meeting are published on the Company's website, www.catella.com.

The Annual General Meeting in Catella is usually held in May. The Annual General Meeting, resolves on, *inter alia*, adopting the Company's Income Statement and Balance Sheet, allocation of the Company's profit or loss and discharge from liability for Board members and the CEO. The Annual General Meeting also appoints Board members and Auditors and decides on the instructions to appoint the Nomination Committee, the Board's and Auditors' fees, and guidelines for remuneration to senior executives. At the Annual General Meeting, shareholders are also able to ask questions about the Group's operations. The Annual General Meeting can also resolve on particularly important issues, such as amendments to the Company's Articles of Association, in accordance with the regulations in the Companies Act.

ANNUAL GENERAL MEETING 2021

Catella's Annual General Meeting 2021 was held on Tuesday 25 May 2021. The Annual General Meeting was held with the opportunity for shareholders to exercise their voting rights only by postal vote in accordance with §§ 20 and 22 of law (2020:198) relating to temporary exemptions to facilitate the holding of meetings in companies and associations. Only the Chairman of the Board, minute keeper, minute checker and a few representatives from the Company and Euroclear participated at the Annual General Meeting, which did not constitute deviation from the Swedish Corporate Governance Code against the background of the Swedish Corporate Governance Board's special regulations in connection with Covid-19. Shareholders representing approximately 67 percent of the votes in the Company as of the record date were represented at the Annual General Meeting.



Resolutions at the Annual General Meeting included:

- To pay dividend to shareholders of SEK 0.90 per share and that remaining profit be carried forward
- Renumeration to the Board totalling SEK 2,720,000 (2,370,000) to be paid, including SEK 570,000 (570,000) to the Chairman and SEK 350,000 (350,000) each to other Directors. The Annual General Meeting also resolved to pay a fee of SEK 130,000 (130,000) to the Chairman of the Board's Audit Committee and SEK 100,000 (100,000) each to the other two committee members, as well as a fee to the Chairman of the Board's Remuneration Committee of SEK 40,000 (40,000) and SEK 30,000 (30,000) to the other committee member.
- Fees to the Auditor are payable in accordance with approved invoice.
- Johan Claesson, Tobias Alsborger, Johan Damne, Joachim Gahm and Jan Roxendal were re-elected as Directors and Anneli Jansson was elected as new Director. Johan Claesson was elected chairman of the board.
- PricewaterhouseCoopers AB was re-elected as the Company's Auditor with Daniel Algotsson as Auditor in charge for a term ending at the close of the 2022 Annual General Meeting.
- To adopt the Nomination Committee's proposals regarding principles for the Nomination Committee for the Annual General Meeting 2022.
- To adopt a resolution proposed by the Board regarding guidelines for remuneration to senior executives.

Corporate Governance

ANNUAL GENERAL MEETING 2022

Catella's Annual General Meeting 2022 will take place on Tuesday 24 May 2022. The Notice convening the Annual General Meeting will be published in April 2022. More information is available on the Company's website, www.catella.com.

NOMINATION COMMITTEE

The Annual General Meeting in Catella resolves on regarding to appoint the Nomination Committee. The Nomination Committee's shall present proposals to the Annual General Meeting concerning the number of Directors, Directors' and Auditor's fees, composition of the Board of Directors, Chairman of the Board, resolutions concerning the Nomination Committee, Chairman of the Annual General Meeting and election of Auditors. The Nomination Committee's proposal are presented on Catella's website before the Annual General Meeting. At the Annual General Meeting, the Nomination Committee reports how its work has been conducted and presents its proposals and reasoning. Further information about the Nomination Committee and its work is available on Catella's website, www.catella.com.

Nomination Committee for the Annual General Meeting 2021

Instructions for appointing the Nomination Committee ahead of the Annual General Meeting 2021 were authorized by the Annual General Meeting 2020. In accordance with the instructions, the members of the Nomination Committee ahead of the Annual General Meeting comprised the four members Eje Wictorson, appointed by CA Plusinvest AB and Chairman of the Nomination Committee; Jan Roxendal, Chairman of the Board of Catella AB, Mia Arnhult, appointed by M2 Asset Management AB;, Kenneth Andersen, appointed by Strawberry Capital AS. The majority of the Nomination Committee members were independent in relation to the Company and its management.

Ahead of the Annual General Meeting 2021, the Nomination Committee concluded that the Board work in Catella is complex, with high regulatory demands and time consuming, and places high demands on Board members' strategic ability, commitment and competencies. The Nomination Committee especially emphasized the importance of creating positive conditions for the Board to work effectively, and to ensure stability and continuity. The Nomination Committee also highlighted the demands made on the Board against the background of the Company's operations, current circumstances and future focus, as well as control and governance. The Nomination Committee considered the Swedish Corporate Governance Code in terms of demands on gender diversity, versatility, breadth and independence (diversity policy).

The Nomination Committee proposed an unchanged number of Board members, and the re-election of all Board members, with the exception of Anna Ramel who declined re-election. The Nomination Committee further proposed Anneli Jansson as a new Board member and the election of Johan Claesson as Chairman. In addition, the Nomination Committee proposed, in accordance with the Audit Committee's recommendation, that PricewaterhouseCoopers AB be re-elected as Catella's Auditor until the end of the Annual General Meeting 2022.

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

Nomination Committee for the Annual General Meeting 2022

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

BOARD OF DIRECTORS

The Board has overall responsibility for Catella's organisation and management. According to Catella's Articles of Association, the Board shall consist of a minimum of four and a maximum of ten members. The Annual General Meeting 2021 resolved that the Board shall consist of six Board members without deputies. According to the Swedish Corporate Governance Code, a majority of the Board members appointed by the Annual General Meeting shall be independent in relation to the Company and its management. A minimum of two of the Board members that are independent in relation to the Company and management shall also be independent in relation to major shareholders of the Company.

Since the Annual General Meeting 2021, Catella's Board consists of Johan Claesson (Chairman), Tobias Alsborger, Johan Damne, Joachim Gahm, Anneli Jansson and Jan Roxendal[1]. Johan Claesson was elected Chairman of the Board. The majority (four out of six) of the members are independent in relation to the Company and its management. All the Board members that are independent in relation to the Company and its management are also independent in relation to major shareholders. Further information about the Board of Catella is presented in the section "Board and Auditor" and on the Company's website, www.catella.com.

In 2021, the General Meeting did not authorize the Board to resolve to issue new shares of acquire own shares.

[1] Before the Annual General Meeting 2021, the Board consisted of Jan Roxendal (Chairman), Johan Claesson, Tobias Alsborger, Johan Damne, Joachim Gahm and Anna Ramel.

THE BOARD'S AREAS OF RESPONSIBILITY

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

The most recent Rules of Procedure were adopted at the statutory Board meeting in May 2021. The Rules of Procedure regulate matters including the duties of the Chairman

Corporate Governance

of the Board, the matters to be addressed at every Board meeting and matters to be addressed at particular times during the year. The Rules of Procedure describe the special role and tasks of the Chairman, and areas of responsibility for the Committees appointed by the Board. According to the Rules of Procedure and the Swedish Corporate Governance Code, the Chairman shall:

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

At the statutory Board meeting in May 2021, the Board also established instructions for financial reporting, instruction to the CEO, and existing and revised Group-wide policies. The Board is responsible for ensuring effective internal control of the Company. The Board assures the quality of financial reporting through a series of Group policies, Rules of Procedure, frameworks and clear structures with defined areas of responsibility and documented power. In 2021, internal audit was in place at Group level relating to Catella's consolidated situation and in the subsidiaries that conducted, and continue to conduct, regulated operations in the year, see also section "Internal control in the consolidated financial situation". The consolidated financial situation ceased in the fourth quarter 2021 in connection with Catella Luxembourg S.A. (formerly Catella Bank S.A.) returning its banking license in Luxembourg.

THE WORK OF THE BOARD OF DIRECTORS IN 2021

The Board held 14 (19) meetings in 2021, of which 4 (5) were held per capsulam. Each Board member's participation in these meetings is presented in the table below. All meetings in the year followed an agenda that, alongside documentation relating to each point on the agenda, was provided to Board members in good time before Board meetings.

In addition to operating activities, questions relating to the focus of the Company's operations through the return of the banking license in Luxembourg and the winding down of Informed Portfolio Management (IPM), the issue of corporate bonds and investments in the new business area Principal Investments (PI) have been the subject of particular focus in the year. The Chairman presided over the work of the Board of Directors and maintained continuous contact and dialogue with the Company's CEO. The Board met with the Company's Auditor on one occasion in the year without any member of management being present and obtained their opinions on the Company's financial reporting and internal control. Up until April 2021, Board minutes were kept by an external consultant and subsequently by the Company's Head of Group Legal. The minutes were checked by the Chairman and one Director.

In the period that Johan Claesson acted as Interim CEO (up until 12 April 2021), Johan Claesson participated in Board and Committee meetings only in a reporting role.

EVALUATION OF BOARD WORK

The Board evaluates its work annually with the aim of improving the Board's working methods and efficiency. The result of the evaluation is presented to the Nomination Committee. The Chairman of the Board is responsible for evaluating the work of the Board through contacts with individual directors ahead of the Annual General Meeting.

AUDIT COMMITTEE

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

In the period until the Annual General Meeting 2021, the Board's Audit Committee comprised Jan Roxendal, Johan Damne and Anna Ramel. At the statutory Board meeting in May 2021, the Board resolved that the Audit Committee shall consist of Tobias Alsborger, Johan Claesson and Jan Roxendal, with Jan Roxendal as Chairman. The Audit Committee held 5 (4) meetings in 2021. Catella's statutory auditors, PricewaterhouseCoopers AB, were present at all meetings. The Audit Committee's Chairman reported regularly to the Board on matters addressed at Committee meetings. The Audit Committee addressed questions including the following in 2021;

- Review of Annual Report 2020
- Review of Interim Reports (Q4 2020 and Q1, Q2 and Q3 2021)
- Review of internal and external Audit Reports
- Review of risk and compliance reports
- Review of IKLU, Group Compliance and Group Risk
- Review of external audit plan 2021
- Review of coming updates of applicable laws and regulations.

REMUNERATION COMMITTEE

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

In the period up until the Annual General Meeting 2021, the Board's Remuneration Committee comprised the entire Board. At the statutory Board meeting in May 2021, the Board decided that the Remuneration Committee shall consist of Johan Claesson and Jan Roxendal, with Johan Claesson as Chairman. The remuneration Committee met on 2 (1)

Corporate Governance

THE WORK OF THE BOARD OF DIRECTORS AND KEY RESOLUTIONS IN 2021

QUARTER 1

- Year-end Report 2020
- Review of remuneration matters ahead of the Annual General Meeting
- Review of the Audit and evaluation of the Auditor's work
- Review of internal audit and decision on internal audit plan for 2021
- Review of risk reporting and decision on risk plan for 2021
- Review of compliance and decision on compliance plan for 2021
- Evaluation of the CEO and other senior executives
- Issue of unsecured bonds and repurchase of existing bonds
- Appointing a new CEO

QUARTER 2

- Annual Report 2020
- Remuneration Report 2020
- Interim Report Q1 2021
- Review and decision on external audit plan for 2021
- Review of risk and compliance Q1 2021
- Annual General Meeting 2021 via postal vote
- Adoption of the Board's Rules of Procedure, instruction to the CEO and reporting instruction
- Adoption of Rules of Procedure for the Audit and Remuneration Committees
- Adoption of updated and new policies and guidelines for the Catella Group in 2021
- Decision to wind down operations in Informed Portfolio Management (IPM)

QUARTER 3

- Interim Report Q2 2021
- Review of risk and regulations Q2 2021

QUARTER 4

- Interim Report Q3 2021
- Review of risk and regulations Q3 2021
- Review of Audit Report, Q3 2021
- Decision on budget for 2022

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS 2021

Board member	Attendance, Board meetings	Attendance, Audit Committee meetings	Attendance, Remuneration Committee
Johan Claesson, Chairman of the Board [1]/Board member	13/14	3/5	2/2
Jan Roxendal, Board member/Chairman of the Board [2]	13/14	5/5	2/2
Tobias Alsborger, Board member	13/14	2/5	1/2
Johan Damne, Board member	13/14	3/5	1/2
Joachim Gahm Board member	12/14	–	–
Anneli Jansson Board member [3]	4/14	–	–
Anna Ramel, Board member [4]	9/14	3/5	1/2

[1] Johan Claesson was elected Chairman of the Board at the Annual General Meeting on 25 May 2021 and was previously Board member. In the period that Johan Claesson acted as Interim CEO (up until 12 April 2021), Johan Claesson participated in Board and Committee meetings only in a reporting role.

[2] Jan Roxendal was elected Board member at the Annual General Meeting on 25 May 2021 and was previously Chairman of the Board.

[3] Anneli Jansson was elected Board member at the Annual General Meeting on 25 May 2021.

[4] Anna Ramel was Board member up until the end of the Annual General Meeting on 25 May 2021.

occasions in 2021, of which one meeting was part of a Board meeting. The Chairman of the Remuneration Committee reported regularly to the Board on matters addressed at Committee meetings.

REMUNERATION TO THE BOARD

The Annual General Meeting in Catella resolved on remuneration for work in the Board, following a proposal by the Nomination Committee. The Annual General Meeting 2021 resolved on remuneration to the Board totalling SEK 2,720,000, of which SEK 570,000 to the Chairman and SEK 350,000 each to other Board members. The Annual General Meeting also resolved to on remuneration of SEK 130,000 to the Chairman of the Board's Audit Committee and SEK 100,000 each to the other two committee members, as well as remuneration to the Chairman of the Board's Remuneration Committee of SEK 40,000 and SEK 30,000 to the other committee member. Information regarding remuneration to the Board members for the 2021 financial year are specified in Note 11 of the 2021 Annual Report.

CEO AND GROUP MANAGEMENT

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

In spring 2021, the Board announced its decision to appoint Christoffer Abramson as CEO and President of the Group. Christoffer Abramson started his position on 12 April 2021 and replaced the Interim CEO, and Board member, Johan Claesson. Christoffer Abramson has been part of Group management since 2020 and was formerly CFO of the Company. During the year, the outstanding positions in the Group management have been filled. On 29 March 2021, Mattias Brodin started his position as Interim CFO and on 1 August 2021 as regular CFO. Mathias de Maré took up his position as Head of Group HR in January 2020 and has beenpart of Group management since March 2021. On 1 June 2021, Johanna Bjärnemyr started her position as Head of Group Legal and Michel Fischier as Head of Investor Relations and Group Communications.

REMUNERATION TO SENIOR EXECUTIVES

The Annual General Meeting in Catella shall, at least every four years, decide on guidelines for remuneration to senior executives, following a proposal from the Board. Guidelines for remuneration to senior executives were last adopted by the Annual General Meeting 2021. The Remuneration guidelines in their entirety are available on the Company's website, www.catella.com. Details of remuneration to the CEO and other senior executives for the financial year 2021 are disclosed in Note 11 of the 2021 Annual Report.

Corporate Governance

AUDITOR

According to the Articles of Association, Catella shall have at least one and no more than two Auditors and no more than two deputy Auditors. The Auditor and, where applicable, deputy Auditor, shall be an Authorised Public Accountant or registered audit firm. The Annual General Meeting 2021 re-elected Audit firm PricewaterhouseCoopers AB (PwC) for the period until the end of the Annual General Meeting 2022. PwC has appointed the Authorized Public Accountant Daniel Algotsson as Auditor in Charge. PwC has been the Company's external Auditor since 2011. Representatives of the Company's external auditors were present at all Audit Committee meetings in 2021. In addition to auditing, PwC has held a number of other assignments for Catella relating to advisory services mainly related to accounting standards and transfer pricing.

REMUNERATION TO THE AUDITOR

As resolved by the Annual General Meeting 2021, fees to the Auditor in accordance with approved invoices. Information regarding fees to the Auditor for the 2021 financial year are specified in Note 8 of the 2021 Annual Report.

INTERNAL CONTROL

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

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

CONTROL ENVIRONMENT

The control environment includes, *inter alia*, how goals are set, how values are followed up and how risk is managed. A clear distribution of responsibilities and a shared values are pre-requisites for ensuring an effective control environment. The Board has adopted numerous policy documents and instructions that govern the roles and allocation of responsibilities between the CEO and the Board is and other employees' roles and division of responsibility. Examples of such documents include the Board's Rules of Procedure, Instruction for Financial Reporting, Instruction to the Audit Committee, Instruction to the CEO and Group-wide policies such as the Corporate Governance Policy, the Code of Conduct and the Financial Handbook. Such control documents, alongside applicable laws and regulations, comprise the control environment in Catella. In 2021, the Board and Group management placed particular focus on the review and implementation of Catella's Code of Conduct.

RISK ASSESSMENT

Group management performs a comprehensive risk analysis each year, which identifies macroeconomic, strategic, operational, financial and compliance risks. Risks are evaluated based on estimated probability and impact as well as the effectiveness of established measures to mitigate the risks. Risk and compliance reports are reviewed at Board meetings on a quarterly basis.

CONTROL ACTIVITIES

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

INFORMATION AND COMMUNICATION

For the external information disclosure, the Board has established an Information and Communication policy, with the aim of ensuring that the Company's communication with the market is in compliance with applicable laws and regulations for companies whose shares are admitted to trading on Nasdaq Stockholm, ensuring that there is a Group-wide vision and strategy for communication, and clear processes for information disclosure both internally and externally. The internal information disclosures are mainly handled through the Group's shared intranet and are also communicated directly to affected employees. The Company's CFO regularly meets with the respective subsidiaries to discuss matters including result and other financial matters. The Board receives regular financial reports covering the Group's financial position and profit performance.

For Catella, it is particularly important to create an environment where everyone feels able to address problems without fear of reprisals, either directly with their local management or through anonymous reporting channels provided by external parties. Catella has a dedicated Whistleblower Committee to address such matters. No cases were reported to Catella's Whistleblower Committee in 2021. All reports filed in accordance with Catella's Whistleblower Policy and/or applicable laws and regulations, are handled efficiently and the reporting individual will never be subject to reprisals.

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

MONITORING

The Board continuously evaluates the information provided by Group management. Catella's financial position, investments and ongoing operations are discussed at all Board meetings. The Board of Directors is also responsible for monitoring the internal control. This work includes ensuring that measures are taken to correct any shortcomings, as well as following up on recommended actions noted in connection with the external audit, and from internal audit, the risk management function and the compliance function. The Audit Committee carries out preparatory work ahead of the Board's evaluation of the information provided by Group management and the Company's Auditors.

The Company continuously performs an annual self-assessment of its risk management and internal control work. This process involves self-assessment of the effectiveness of control activities each year for all operational business processes in each reporting unit. The Group's CFO is responsible for the self-assessment. The Board is informed of the key conclusions of the assessment process, as well as any actions concerning the Company's internal control environment. The next self-assessment on Group level is planned for 2022.

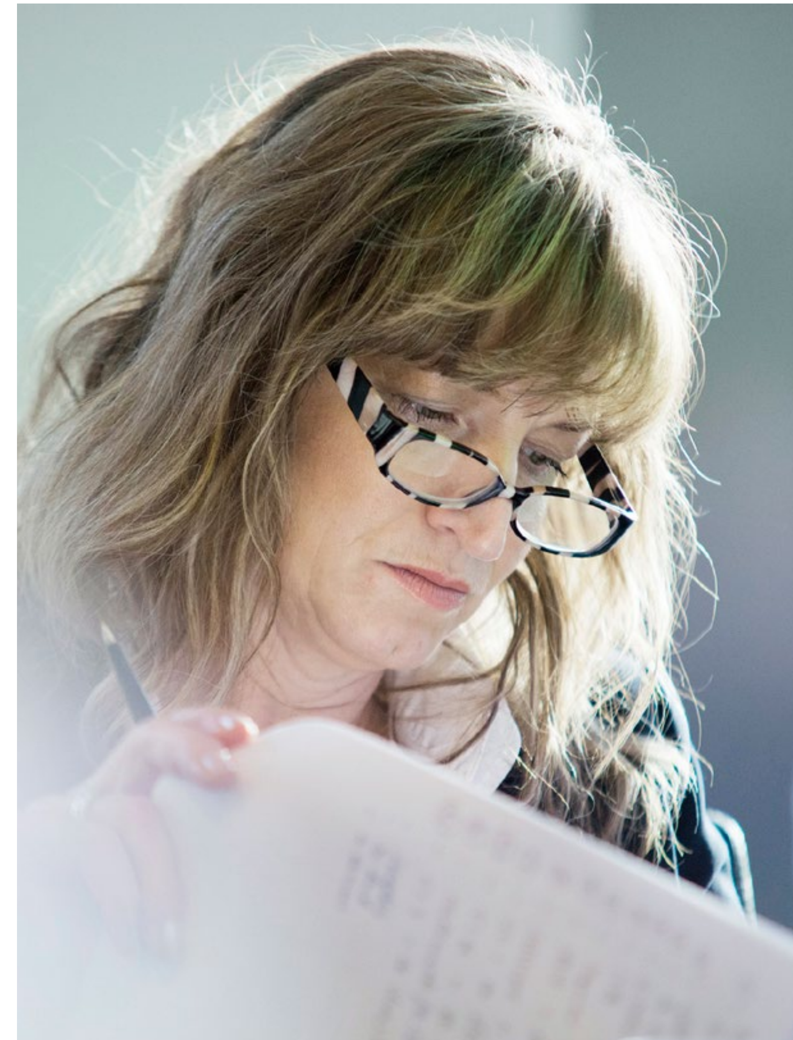
During the year, the work of reviewing follow-up routines continued against the background of the winding down of the consolidated financial situation in the fourth quarter 2021 and the return of the banking license in Luxembourg, leading to a reduction in the number of regulated operations in the Group. The work will continue in 2022.

INTERNAL CONTROL AND CONSOLIDATED FINANCIAL SITUATION

In 2021, a number of subsidiaries in the Catella Group conducted regulated operations under the supervision of authorities in various jurisdictions. At the end of the financial year 2021, regulated operations are no longer carried out in Informed Portfolio Management (IPM) following the return of the permit in the third quarter 2021, or in Catella Luxembourg S.A. (Formerly Catella Bank S.A.) following the return of the banking license in the fourth quarter 2021. At the end of the financial year 2021, one Group subsidiary carries out regulated operations, Catella Real Estate AG (CREAG). CREAG is a fund manager *(Kapitalverwaltungsgesellschaft)* under the supervision of the German Financial Supervisory Authority (BaFin). During the period regulated operations were conducted, there have been dedicated functions relating to risk management, compliance and internal audit, that have continuously reported to the Board and the CEO. Such functions remain for the regulated operations carried out in Catella Real Estate AG (CREAG).

During the period that regulated operations were conducted in Catella Luxembourg S.A. (formerly Catella Bank S.A.), parts of the Catella Group comprised a consolidated situation, which placed demands on establishing specific control functions. For companies in the consolidated situation, during the period regulated operations were conducted, there have been dedicated functions relating to risk management, compliance and independent internal audit.

For other companies in the Catella Group, the Board assesses that internal audit is not required at present. Group management is represented on subsidiary and associated company Boards and report to the Board of Catella AB. Where required according to applicable laws and regulations, independent Board members are represented.



Information about Board members in Catella and their respective holdings in the company[2] is presented below.

Board or Directors[1]

Johan Claesson

Chairman of the Board[3]

Born 1951

Board member since 2008 and Chairman of the Board since 2021

Other current assignments: Chairman of Claesson & Anderzén Aktiebolag and Board assignments in other companies in the Claesson & Anderzén Group, as well as Chairman of the Board of Apodemus Aktiebolag. CEO and Board member of Bellvi Förvaltnings AB and Johan och Marianne Claesson AB. Board member of Fastighetsaktiebolaget Bremia, Alufab PLC Ltd, K3Business Technology Group PLC and Leeds Group PLC.

Background: Owner and executive Chairman of Claesson & Anderzén Aktiebolag

Education: MBA

Holding in the company: 1,100,910 Class A shares and 42,563,838 Class B shares, directly and indirectly

Independent of the Company and its management: No

Independent of major shareholders in the Company: No

Jan Roxendal

Board member

Born 1953

Board member since 2011

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

Background: CEO and CFO of Gambro AB, CEO and President of Intrum Justitia Group, Deputy CEO of ABB Group and President of ABB Financial Services and Interim Chairman of Catella AB.

Education: Higher public education in banking

Holding in the company: 129,554 Class B shares and bonds corresponding to SEK 2,500,000, directly

Independent of the Company and its management: Yes

Independent of major shareholders in the Company: Yes

Johan Damne

Board member

Born 1963

Board member AB since 2014

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

Background: CEO of CA Fastigheter AB

Education: MBA, Växjö university

Holding in the company: 150,000 Class B shares, directly

Independent of the Company and its management: No

Independent of major shareholders in the Company: No

Tobias Alsborger

Board member

Born 1976

Board member since 2020

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

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

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

Holding in the company: 50,000 Class B shares through companies

Independent of the Company and its management: Yes

Independent of major shareholders in the Company: Yes

Joakim Gahm

Board member

Born 1964

Board member since 2014

Other current assignments: Chairman of the Board of Arise AB (publ) and Odinviken Fastigheter AB.

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

Education: MBA, Stockholm University

Holding in the company: 4,000 Class B shares, directly

Independent of the Company and its management: Yes

Independent of major shareholders in the Company: Yes

Anneli Jansson

Board member

Born 1974

Board member since 2021

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

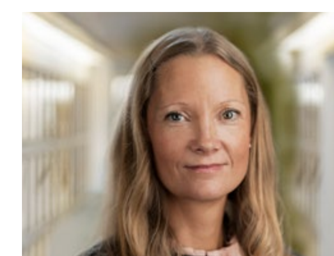
Background: CEO of Humlegården Fastigheter AB since 2016. Previously responsible for the Nordic operations at Grosvenor Fund Management. Previously employed by KF Fastigheter, Vision & Resurs Fastighetsutveckling, Ernst & Young and AGL.

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

Holding in the company: 10,000 Class B shares, directly

Independent of the Company and its management: Yes

Independent of major shareholders in the Company: Yes



1) Chairman of the Board in 2021 Jan Roxendal was Interim Chairman of the Board until the Annual General Meeting 2021. Johan Claesson was elected Chairman at the Annual General Meeting 2021 and was previously Board member (and Interim CEO up until 12 April 2021). Anna Ramel was Board member up until the Annual General Meeting on 2021. For information about Anna Ramel, see Annual Report for 2020 which is available on the Company's website, www.catella.com.

2) All holdings in the Company are reported as of 31 December 2021 and relate to personal holdings and holdings of closely related parties.

3) Johan Claesson was elected Chairman at the Annual General Meeting 2021 and was previously Board member. Up until 12 April 2021, Johan Claesson was also Interim CEO of the Company.

Information about Group Management in Catella and information about their respective holdings in the company is presented below[2].

Group Management[1] and Auditor

Christoffer Abramson

CEO and President

Born 1970

CEO and President since 2021 and member of the Group Management since October 2020.

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

Education: M.Sc. in Economics, Stockholm School of Economics.

Holding in the company:[3] 5,000 Class B shares and 2,000,000 warrants in Catella AB, directly

Mattias Brodin

CFO

Born 1970

Member of the Group Management since March 2021.

Background: Most recently Interim Group CFO of Transcendent Group (publ) an before that similar positions at Estate Group Sverige and Apoteksgruppen.

Education: M.Sc. in Economics, Stockholm University.

Holding in the company: 300,000 warrants, directly

Johanna Bjärnemyr

Head of Group Legal

Born 1983

Member of the Group Management since June 2021.

Background: Most recently Legal Counsel at Hemfosa Fastigheter AB and before that Wistrand Advokatbyrå, Advokatfirman Cederquist and Kilpatrick Townsend & Stockton.

Education: LL. M., Stockholm University.

Holding in the company: 1,400 Class B shares and 150,000 warrants, directly

Mathias de Maré

Head of Group HR

Born 1973

Member of the Group Management since March 2021.

Background: Employed by Catella since 2020. Most recently HR Manager at PwC and before that HR consultant at Klarna and Nordic HR Director at Pelican Rouge Group.

Education: Bachelor in Business Administration, Stockholm University and Bachelor in Human Resources, Halmstad University.

Holding in the company: 1,000 Class B shares and 150,000 warrants, directly

Michel Fischier

Head of Investor Relations and Group Communications

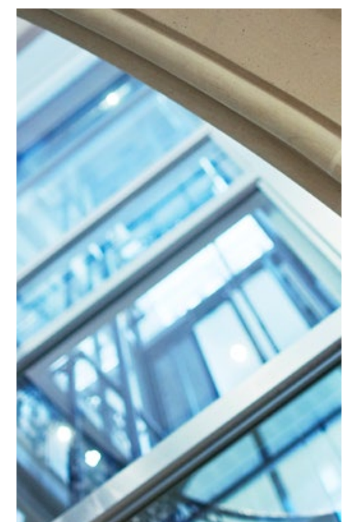
Born 1978

Member of the Group Management since June 2021.

Background: Employed by Catella since 2021. Most recently Vice President Investor Relations at SAS and previously leading roles in IR and communication at Hoist Finance and Skandia.

Education: M.Sc. in Economics, Stockholm University.

Holding in the company: 5,000 Class B shares and 150,000 warrants, directly



Daniel Algotsson

Auditor in Charge

Born 1982

PricewaterhouseCoopers AB (PwC) has been Catella's Auditor since 2011. The Auditor in Charge is Daniel Algotsson, Authorised Public Accountant and member of FAR.

Other audit assignments: Altor, Baseload, Borgo, Proventus and Tessin

Holding in the company: –

1) Changes to the Group management in 2021: Up until 12 April 2021, Johan Claesson was Interim CEO and Christoffer Abramson CFO of the Company. On 12 April 2021, Christoffer Abramson took up his position as CEO. Christoffer Abramson has been part of the Group management since 2020. On 29 March 2021, Mattias Brodin took up his position as Interim CFO and on 1 August 2021 as regular CFO. Mathias de Maré took up his position as Head of Group HR in January 2020 and has been part of the Group management since March 2021. On 1 June 2021, Johanna Bjärnemyr took up her position as Head of Group Legal and Michel Fischier as Head of Investor Relations and Group Communications.

2) All holdings in the Company are reported as of 31 December 2021.

3) Includes to personal holdings and holdings of closely related parties in shares and other financial instruments issued by the Company, including companies that Catella has material business relationships with.

Auditor's opinion on the Corporate Governance Report

AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

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

ASSIGNMENT AND RESPONSIBILITIES

The Board of Directors is responsible for the Corporate Governance Report for the 2021 financial year on pages 32–41 and for its preparation in accordance with the Annual Accounts Act.

SCOPE AND ORIENTATION OF THE REVIEW

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

OPINIONS

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

Stockholm, Sweden, 11 April 2022
PricewaterhouseCoopers AB

Daniel Algotsson
AUTHORIZED PUBLIC ACCOUNTANT

Stockholm, Sweden, 11 April 2022

Johan Claesson
CHAIRMAN OF THE BOARD

Tobias Alsborger
BOARD MEMBER

Johan Damne
BOARD MEMBER

Joachim Gahm
BOARD MEMBER

Anneli Jansson
BOARD MEMBER

Jan Roxendal
BOARD MEMBER

Christoffer Abramson
CHIEF EXECUTIVE OFFICER

Board of Directors' Report

Board of Directors' Report

The Board of Directors and the Chief Executive Officer of Catella AB (publ), Corporate identity number 556079-1419, hereby present the Annual Accounts and Consolidated Accounts for the financial year 2021. The results of operations of the Group and Parent Company are presented in the following Income Statements, Balance Sheets, Cash Flow Statements, Statements of Changes in Equity and Notes.
Amounts are in SEK M unless otherwise indicated. Figures in tables and comments may be rounded.

INFORMATION ON OPERATIONS

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

Corporate Finance provides quality capital markets services to property owners and advisory services for all types of property-related transactions to various categories of property owners and investors. The operations are conducted on ten markets.

The operations in Property Investment Management comprise three service areas: *Property Funds* offers funds with different investment strategies in terms of risk and returns, asset classes and locations, *Property Asset Management* offers alternative investment opportunities and asset management in the property segment with services throughout the value chain, *Project Management* offers advisory services in property development projects in the early phase, mainly in residential and logistics properties. The operating segment's assets under management totalled just under SEK 123 Bn at year end.

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

Catella AB (publ), other holding companies and discontinued operations are recognised in the "Other" category. Catella Luxembourg SA (formerly Catella Bank) is also included; operations were wound down in 2019 and at the start of 2020. From 30 September 2018, the Catella Luxembourg business area is reported as a *disposal group held for sale* in accordance with IFRS 5. This means that in the Group's Income Statement, Catella Luxembourg's net profit (after tax) is reported on a separate line under profit for the year from disposal group held for sale. Comparative figures for previous years have been reported in a corresponding manner in the Consolidated Income Statement. In the Consolidated Statement of Financial Position, Catella Luxembourg's assets and liabilities are reported separately from other assets and liabilities on separate lines under Assets in divestment group held for sale and Liabilities in divestment group held for sale respectively.

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

OWNERSHIP STRUCTURE

Catella AB (publ) has its registered office in Stockholm, Sweden, and has been listed on NASDAQ Stockholm's Mid Cap segment since December 2016, and previously on First North Premier on NASDAQ Stockholm since 2011. Catella's largest shareholder, accounting for at least one-tenth (1/10) of the shares/votes at the end of the financial year was the Claesson & Anderzén Group (and related parties) with 49.4% (49.4) of equity capital and 48.8% (48.8) of the votes, followed by Alcur Fonder with a holding of 6.9% (4.2) of the equity and 6.2% (3.8) of the votes. The ten largest shareholders held 74.3 percent (71.8) of the capital and 72.3 percent (71.3) of the votes as of 31 December 2021. There is more on ownership structure in the section on the Catella share and owners.

OVERVIEW OF EARNINGS, FINANCIAL POSITION AND CASH FLOW

Progress of the Group—five-year summary

SEK M	2021	2020	2019	2018	2017
Net sales	1 735	2 047	2 353	2 159	1 998
Operating profit/loss	143	393	422	352	412
Financial items—net	78	-105	-138	-15	34
Profit/loss before tax	221	289	284	337	446
Net profit for the year from continuing operations	**143**	**138**	**148**	**210**	**337**
Net profit/loss for the year from divestment group held for sale	**-14**	**-64**	**45**	**-238**	**-53**
Net profit for the year	**128**	**74**	**193**	**-28**	**284**
Average no. of employees	538	577	581	539	629

SEK M	2021	2020	2019	2018	2017
Equity	1 821	1 797	1 736	1 647	1 943
Total assets	5 441	4 233	4 057	7 009	6 396
Equity/Asset ratio %	33	42	43	24	30

SEK M	2021	2020	2019	2018	2017
Cash flow from operating activities	-31	165	-1 834	344	297
Cash flow from investing activities	-1 519	44	148	-479	-74
Cash flow from financing activities	1 113	315	-245	89	139
Cash flow for the year	**-436**	**524**	**-1 931**	**-45**	**362**

The Group's net sales figures for remaining operations totalled SEK 1,735 M (2,047), a decrease of 15% year on year. The decreased income was wholly attributable to items affecting comparability such as divested operations (SEK -209 M) and discontinued operations (SEK -209 M). Adjusted for these items affecting comparability, Group net sales increased by SEK 105 M or 7% compared to the previous year. Both Corporate Finance and Property Investment Management increased net sales by 8% and 6% respectively.

Other operating income amounted to SEK 71 M (265), of which SEK 42 M (196) relates to profit from shares in associated companies and includes income from the sale of property development projects Moussey Logistique II in France and Biblioteksparken in Denmark. Last year's profit included income of SEK 262 M from the divestment of the German development project Grand Central.

Operating profit for the Group's remaining operations amounted to SEK 143 M (393) and was charged with termination costs and goodwill impairment attributable to IPM of SEK 95 M and SEK 39 M respectively.

The Group's net financial income/expense was SEK 78 M (-105), and includes profit from the divestment of the subsidiary Catella Asset Management SAS of SEK 130 M. Interest income amounted to SEK 19 M (6), and interest expenses and loan arrangement fees were SEK 82 M (51) of which SEK 8 M related to non-recurring expenses for the repurchase and early redemption of an existing bond. Profit from the divestment of securities holdings and investments amounted to SEK -9 M (2), and unrealized value changes in the Group's securities holdings totalled SEK 8 M (-37). Net financial income/expense also includes positive exchange rate differences of SEK 12 M (-20).

The Group's profit/loss before tax for remaining operations was SEK 221 M (289).

The tax expense for the year for remaining operations was SEK 79 M (151), corresponding to effective tax of 36% (52). The high tax expense was mainly due to limited opportunities for tax offset between various Group operations. In 2020, initiatives were introduced that reduced corporation tax in Property Funds in Germany in 2021, and that are expected to continue to have a positive effect over coming years.

The year's operating profit after tax for remaining operations was SEK 143 M (134). Profit/loss for the year after tax from disposal group held for sale was SEK -14 M (-60) and related to Catella Luxembourg (previously Catella Bank).

Profit for the year for the Group's total operations was SEK 128 M (74), of which SEK 174 M (65) was attributable to Parent Company shareholders.

During 2021, consolidated equity increased by SEK 23 M, amounting to SEK 1,821 M as of 31 December 2021. Consolidated equity was also driven by profit in the year of SEK 128 Bn, by positive exchange rate differences of SEK 14 M, and by positive fair value changes in financial assets, recorded in 'Other' total profit of SEK 10 M. Dividends to Parent Company shareholders and to non-controlling holdings amounted to SEK 80 M and SEK 26 M respectively. Other transactions with non-controlling holdings mainly related to profit for the year of SEK 44 M and share of equity in divested subsidiary of SEK -27 M. Furthermore, the Group's equity increased as a result of capital raised from warrants issued to Group management totalling SEK 6 M. As of 31 December 2021, the Group's equity/assets ratio was 33% (42% as of 31 December 2020).

During 2021, total assets increased by SEK 1,209 M, amounting to SEK 5,441 M as of 31 December 2021. The sharp increase was mainly due to principal investments in property development projects financed through external borrowing.

Group cash flow from operating activities before changes in working capital amounted to SEK 98 M (154), of which SEK 112 M (237) was attributable to remaining operations and SEK -14 M (-83) to Catella Luxembourg. Tax paid amounted to SEK 110 M (84).

Consolidated cash flow from operating activities was SEK -31 M (165), of which changes in working capital comprised SEK -128 M (11) in the period. Of the changes in working capital, SEK -95 M (140) was attributable to remaining operations and SEK -33 M (-129) to Catella Luxembourg.

Cash flow from investing activities totalled SEK -1,519 M (44) and includes investments in property development projects, through subsidiaries and associated companies, totalling SEK 1,776 M. In addition, Catella acquired shares in non-controlling holdings in Catella Residential in France of SEK 54 M. The divestment of the subsidiary Catella Asset Management SAS generated cash flow, after deductions for divested cash and cash equivalents, of SEK 109 M. Sales of all the shares in IPM Systematic Macro Fund and IPM Systematic Commodities Fund generated net inflows of SEK 80 M and Visa Class A shares were divested for a total of SEK 87 M.

Cash flow from financing operations amounted to SEK 1,113 M (315), of which SEK 480 M related to Catella AB's issue of a new senior unsecured bond after repurchase/early redemption of an older bond net of expenses. In addition, the Group raised loans from credit institutions totalling SEK 784 M related to the financing of ongoing property development projects. Amortization of Covid-19 loans and the Group's leasing liabilities amounted to SEK 34 M and SEK 59 M respectively. Dividends paid to Parent Company shareholders and to non-controlling holdings amounted to SEK 80 M and SEK 26 M respectively.

Cash flow for the year amounted to SEK -436 M (524), of which cash flow from remaining operations was SEK -261 M (608) and cash flow from disposal group held for sale was SEK -175 M (-84).

Performance of operating segments—two-year summary

	Corporate Finance		Property Investment Management	
SEK M	**2021**	**2020**	**2021**	**2020**
Total income	678	623	1 069	1 126
Direct assigment costs and commission	-57	-75	-153	-164
Income excl. direct assignment costs and commission	**622**	**548**	**916**	**962**
Operating expenses	-551	-520	-667	-723
Operating profit/loss	71	29	249	239
Financial items—net	-7	-7	131	-20
Profit/loss before tax	64	21	381	218
Tax	-29	-21	-51	-60
Net profit for the year	**35**	**0**	**330**	**159**

SEK M	**2021**	**2020**	**2021**	**2020**
Equity	95	134	1 070	657
Total assets	583	548	1 507	1 192
Equity/Asset ratio %	16	24	71	55

Corporate Finance

Global investors showed strong interest in the European property market in 2021. Transaction volumes in Europe, excluding the UK, totalled EUR 2,667 Bn (2,338) in the 2021, an increase of 14% year-on-year. Catella's transaction volumes totalled SEK 57.3 Bn (45.1) in the year.

Total income was SEK 678 M (623), and operating profit/loss was SEK 71 M (29). Sweden stood out with several important transactions completed and the largest contribution to profit for the year.

Property Investment Management

The operating segment made strong progress in the year, organic growth was high and capital inflows strong. Assets under management increased by SEK 21.3 Bn or 21 percent, to SEK 122.7 Bn at year end adjusted for divested subsidiary Catella Asset Management SAS. Total income was SEK 1,069 M (1,126), and operating profit/loss was SEK 249 M (239). The Property Funds service area was particularly successful, assets under management increased by 30% to SEK 90 Bn and total income increased by 15% to SEK 859 M.

Principal Investments

As of the record date, the business segment had invested a total of SEK 1,112 M in residential projects, logistics projects, office projects and retail projects in Europe. Total income amounted to SEK 18 M (190) and included the sale of French logistics project Moussey Logistique II. Last year included income of SEK 176 M from the divestment of German development project Grand Central. Operating profit/loss for the year was SEK 4 M (188).

IMPAIRMENT TESTING

During the year, Catella conducted impairment tests on assets with indefinite useful lives based on carrying amounts as of 30 September 2021. Catella's assets with indefinite useful lives consist of goodwill and brands, with a reported value of SEK 298 M (318) and SEK 50 M (50) respectively. The impairment test is calculated on estimated future cash flows based on budgets and forecasts and approved by management and the Board of Directors. The test indicated no need for goodwill impairment. Goodwill impairment of SEK 39 M was recognized earlier in the year, attributable to the subsidiary IPM which is being discontinued. Impairment is reported as Depreciation and amortisation in the Consolidated Income Statement.

INVESTMENTS, DEPRECIATION AND AMORTISATION

In 2021, the Group completed investments totalling SEK 193 M (102). Of this amount, SEK 3 M (7) were investments in intangible assets and SEK 11 M (16) were investments in property, plant and equipment. Additional investments and new investments in subsidiaries were SEK 57 M (3), of which SEK 54 M (3) related to acquisitions of shares from non-controlling holdings in Catella Residential Partners SAS. Furthermore, investments in associated companies amounted to SEK 25 M (38). In addition, Catella invested SEK 87 M (23) in proprietary funds, which were discontinued later in the same year as a result of the winding down of IPM. Investments in other business-related holdings that are not associated companies were SEK 10 M (15). Amortization, depreciation and impairment of assets not constituting contract assets (IFRS 16 Leases) amounted to SEK 74 M (53), of which SEK 39 M (8) relates to goodwill impairment attributable to the subsidiary IPM which is being discontinued in the financial year.

FINANCING

In March 2021, Catella AB issued a new unsecured bond of SEK 1,250 M with a term of 4 years. The bond loan accrues floating-rate interest at 3-month Stibor plus 475 b.p. At the same time, the existing bond of SEK 750 M was repurchased/redeemed at a price of 101.3 percent of the nominal amount. The bond is listed on NASDAQ Stockholm.

Financing is also conditional on a minimum Group equity requirement of SEK 800 M from time to time. Otherwise, there are no restrictions on dividend. Annual dividend to Parent Company shareholders is subject to a maximum of SEK 80 M or 60 percent of profit for the year attributable to Parent Company shareholders. These covenants were satisfied in the year and as of 31 December 2021.

As a result of Covid-19, and the negative financial impact of the pandemic on a majority of businesses, the Group's French and Spanish subsidiaries were granted government-guaranteed loans from credit institutions on favourable terms. As of 31 December 2021, these loans amounted to SEK 48 M (99).

In addition, the Group's property development company received loans from credit institutions relating to ongoing property projects. As of 31 December 2021, these loans amounted to SEK 1,255 M (454).

The Group also has an overdraft facility of SEK 30 M (30), of which SEK 30 M (30) was unutilized as of as of 31 December 2021.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Catella divests Property Asset Management operations in France

In January 2021, Catella divested its entire holding 50.1 percent, in its French subsidiary Catella Asset Management SAS for a cash purchase price of SEK 162 M. Profit from the divestment after transaction costs and tax totalled SEK 130 M.

Catella requests redemption of outstanding SEK 750 M bond loan

In March 2021, the existing bond of SEK 750 M was repurchased/redeemed early at a price of 101.3 percent of the nominal amount. At the same time, Catella AB issued a new unsecured bond of SEK 1,250 M with a term of 4 years. The new bond loan accrues floating-rate interest at 3-month Stibor plus 475 b.p. The bond started trading on the corporate bond list on Nasdaq Stockholm in May 2021.

Christoffer Abramson new CEO and President

Christoffer Abramson was appointed new CEO and President of the Catella Group in April 2021. Christoffer had previously held the position of CFO since October 2020. At the end of March 2021, Mattias Brodin was appointed interim CFO.

Catella divests Class A shares in Visa

Through Catella Luxembourg (previously Catella Bank), Catella has had a holding of Class A preference shares in Visa Inc. The holding was converted to Class A shares, which were divested in March 2021. The transaction resulted in positive fair value change of SEK 5 M which was recognized in Other comprehensive income in the first quarter 2021.

Catella divests IPM

In April 2021, Catella in consultation with the Board of IPM, decided to recommend that IPM terminate its investment operations and return all capital to investors. The operations in IPM are therefore being wound down. The decision was due to the very challenging investment market for systematic macro funds and IPM's weak returns and large capital outflows.

Annual General Meeting in Catella AB (publ)

Catella's Annual General Meeting was held on Tuesday 25 May, 2021. The AGM appointed Johan Claesson as Chairman.

Changes to Catella AB's (publ) management

In June 2021, Mattias Brodin was appointed CFO, Michel Fischier was appointed Head of Investor Relations and Group Communications, and Johanna Bjärnemyr appointed Head of Group Legal.

Catella signed an agreement relating to the acquisition of a landmark building in Düsseldorf

Catella signed an agreement to acquire Königsallee 106 in central Düsseldorf through its subsidiary Catella Project Capital GmbH.

New investment in logistics properties

Through the Infrahubs group, Catella entered into agreements relating to developing and investing in warehouses over 25,000 m^2 in Ljungby with Postnord TPL AB as the tenant.

Management changes in Catella Real Estate AG

Andreas Wesner was appointed new CEO of Catella's German fund manager Catella Real Estate AG.

Catella Bank returns banking license

In November 2021, ECB approved Catella Bank's application to return the banking license and to cease acting as a credit institute. In connection with this, the regulatory supervision of to the Catella Bank Catella's consolidated financial situation ceased. Catella Bank also changed its name to Catella Luxembourg.

SIGNIFICANT EVENTS AFTER YEAR-END

Divestment of the remaining shares in Catella Fondförvaltning

Catella used the right to sell the remaining 30 percent of the shares in Catella Fondförvaltning AB for SEK 60 million to Athanase. The transaction was completed on 10 January 2022 and did not effect the Group's results of operations for 2021.

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

On 23 March 2022, Infrahubs signed an agreement relating to the sale of the property to Allianz Real Estate for approximately SEK 880 M less deferred tax. SEK 60 M of the purchase consideration is conditional on Infrahubs completing a photovoltaic cell installation. The hand-over is scheduled for the second quarter 2022.

EMPLOYEES

The number of employees in remaining units, expressed as full-time equivalents, was 501 (566), of which 196 (208) were employed in the Corporate Finance operating segment, 279 (273) in the Property Investment Management operating segment and 26 (85) in other functions.

There were no employees in the disposal group held for sale (Catella Luxembourg) at year end.

The total number of employees (FTE) was 501 (579) at the end of the year.

FINANCIAL INSTRUMENTS, RISKS AND UNCERTAINTIES

Risks and uncertainties

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

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

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

Through the operating segment Principal Investments, Catella invests equity in property development. Catella's primary intention is to invest in the early phase of projects and divest the holding as soon as it is commercially advantageous. The investments include the risk that Catella companies are forced to choose between continuing to invest in late stages of projects, run the projects to completion or leaving the project and losing the invested capital.

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

In November 2021, ECB approved Catella Bank's application to return the banking license and to cease acting as a credit institute. In connection with this, the regulatory supervision of Catella Bank and Catella's consolidated financial situation ceased, which significantly reduced the Group's regulatory risk.

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

Other risks

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

Operating risk

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

Surrounding world risk

There is currently uncertainty regarding the long-term outcome of the war in the Ukraine on the surrounding world, and how this might affect Catella and its subsidiaries. At present, Catella does not have business operations in these countries.

Reputational risk

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

Strategic risk and other risks

Strategic risk could result from institutional changes and changes in fundamental market conditions that may occur. Legal and ethical risks are based in part on external regulations, mainly legislation and regulations, guidelines and instructions of supervisory authorities regarding operations, and in part on the requirements of the business community that operations be conducted on confidence-building grounds. Catella actively works with trade organisations, legal networks and other contacts to be able to control and adapt the companies' operations to changes in strategic risks at an early stage. Processes in the operations are subject to internal regulations. Continuous training, control and follow-up in terms of regulatory compliance are arranged by the Risk and Legal/Compliance units, which together with management, are responsible for continuously updating the regulatory framework.

FUTURE PROGRESS

Corporate Finance

The business area focuses on increasing the share of value-adding and capital markets-related services, and thus improving profitability. Catella has a strong market position mainly in Sweden, and continuously advances its market position, with an increased focus on value-added and capital markets-related services, as well as protecting its position in transaction advice. In addition, operations are coordinated in order to streamline the allocation of resources.

In continental Europe, the French operations enjoy a very strong market position in transaction advice, mainly in specialist advisory services relating to residential properties, evidenced by strong growth in 2021. The strategy in continental Europe is to use best business area practice to develop operations on existing and new markets.

Property Investment Management

The operating segment has considerable potential to continue on its set path of positive growth and increased volumes, with a particular focus on Property Funds. Joint investments in the form of carefully selected expansion projects through the operating segment Principal Investments, for example, further supports growth. The goal is to further increase internal collaboration and synergies to grow the value chain, for example capital from Property Funds is being managed by Property Asset Management in several European cities.

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

Principal Investments

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

CORPORATE GOVERNANCE

In accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance ("the Code"), Catella has prepared a special Corporate Governance Report including a section on internal control. The Corporate Governance Report can be found on pages 32-39.

RESEARCH AND DEVELOPMENT

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

SUSTAINABILITY AND ENVIRONMENTAL IMPACT

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

In accordance with the Annual Accounts Act, Catella has prepared a statutory Sustainability Report which is presented on pages 18-27.

PARENT COMPANY

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

For 2021, the Parent Company recognised income of SEK 20.7 M (30.5). Previous year's income included SEK 18.5 M relating to onward invoicing of legal and consultancy costs attributable to completed projects. Operating profit was in line with the previous year and amounted to SEK -49.2 M (-49.6) In 2021, personnel expenses increased by SEK 11.0 M to SEK 43.5 M, partly due to an increased headcount but also because of increased variable salary. At the same time, Parent Company expenses for interim consultants and other consultancy charges decreased.

The Parent Company's net financial income/expense totalled SEK -56.4 M (-1.5), of which interest and arrangement fees for bond loans amounted to SEK 65.0 M (35.1). The amount includes non-recurring costs totalling SEK 8 M as a result of the repurchase and early redemption of an existing older bond loan at 101.3 percent of the nominal amount. Net financial income/expense also includes profit from derivatives of SEK 8.1 M (32.3). In May 2018, the Parent Company started currency hedging using derivatives. The purpose of the hedging of EUR 60 M was to reduce the exchange rate risk in Catella's net assets in EUR. The derivative matured in February 2021 when the position was closed. Group management evaluates the need for hedging of the Group's translation risk on an ongoing basis.

Profit before tax was SEK -105.6 M (-51.2), and profit/loss for the period was SEK -105.6 M (-51.0).

Cash and cash equivalents in Catella's transaction account in the Group's cash pool with a Swedish credit institute are reported as Current receivables with Group companies. On the reporting date, this item totalled SEK 521.9 M (89.4).

In March 2021, Catella AB issued a new unsecured bond of SEK 1,250 M with a term of 4 years. The new bond loan accrues floating-rate interest at 3-month Stibor plus 475 b.p. At the same time, the existing bond of SEK 750 M was repurchased/redeemed early at a price of 101.3 percent of the nominal amount. The new bond is listed on NASDAQ Stockholm.

At the end of the year, there were 20 (11) employees in the Parent Company, expressed as full-time equivalents.

PROPOSED APPROPRIATION OF PROFIT

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

SEK	
Share premium reserve	81 356 057
Retained earnings	182 580 744
Net profit for the year	-105 621 276
	158 315 525

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

SEK	
dividend paid to shareholders, 1.00 per share, in total	88 348 572
carried forward (of which 14 045 730 allocated to share premium reserve)	69 966 953
	158 315 525

The proposed dividend to Parent Company shareholders is subject to a maximum of SEK 80 M or 60 percent of profit for the year attributable to Parent Company shareholders. Proposed payment of dividends on 01 June 2022.

Board of Directors statement on proposed dividend

The Parent Company's and Group's financial position is good, as reported in the most recent Balance Sheet. The Board of Directors judges that the proposed dividend is covered by equity, and is within the limits set by the Company's dividend policy. As of 31 December 2021, the Group's equity/assets ratio was 33 percent. The proposed dividend, all things being equal, decreases the equity/assets ratio by just over one percent. The Group's liquidity will also be satisfactory in relation to the operations the Group is active within, after the proposed dividend. Accordingly, the Board of Directors considers that the proposed dividend is justifiable in terms of the demands resulting from the operations' (the Company and Group respectively) nature, scope and risks in terms of the size of equity, and the Company and the Group's need to strengthen the Balance Sheet, liquidity and financial position otherwise.

PROPOSED COMPENSATION GUIDELINES FOR SENIOR MANAGERS OF CATELLA 2022

The Board of Directors of Catella AB (publ) proposes that the AGM 2022 approves the following guidelines for the remuneration of senior executives.

Scope of guidelines

These guidelines concern remuneration and other terms of employment for , the members of Catella's Group Management for the period the guidelines apply, hereby jointly designated 'senior executives'. The guidelines also apply to other Board members with regard to remuneration in addition to the Directors' fees authorized by the Annual General Meeting.

As of 11 April 2022, Group management comprised Christoffer Abramson (CEO), Mattias Brodin (CFO), Michel Fischier (Head of Investor Relations and Group Communications), Johanna Bjärnemyr (Head of Group Legal) and Mathias de Maré (Head of Hurman Resources). The guidelines apply for agreements entered after the AGM resolution, and for amendments to existing agreements after this date.

Information on previously decided remuneration to senior executives not yet due for payment is stated in Note 11 of these Annual Accounts.

GUIDELINES

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

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

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

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

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

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

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

Share-based incentive programs are subject to resolution by the shareholders' meeting and are not encompassed by these guidelines.

Termination of employment

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

In addition, remuneration for non-compete undertakings may be payable. Such remuneration shall compensate any potential income shortfall and shall only be payable in cases where the former employee is not entitled to receive severance pay. Remuneration shall be based on fixed basic salary at the time of termination of employment and subject to a maximum of 60 percent of monthly income at the time of termination of employment and be payable during the period the non-compete undertaking applies, which shall be subject to a maximum of 9 months after termination of employment.

According to statute or agreement, and considering any ensuing limitations thereof, the Board is entitled to wholly or partly recover variable remuneration paid on incorrect grounds.

Decision-making process for determining, reviewing and implementing the guidelines

The process for determining, reviewing and implementing the remuneration guidelines is handled by a dedicated Remuneration Committee. After preparation by the Remuneration Committee, the Board shall prepare proposed new guidelines at least every four years and present the proposal for resolution at the AGM. The guidelines shall apply until such time that new guidelines are adopted by the AGM. The remuneration committee has an advisory (follow-up and evaluation) and a preparatory function for decision-making ahead of review and resolution by the Board of Directors. In addition to the Chairman of the Board, who is also Chairman of the Committee, other members elected by the AGM are independent in relation to the Company and management. The Remuneration Committee holds two regular meetings each year, in good time before regular Board meetings, to address remuneration matters, in the period between two consecutive Annual General Meetings. All members of the Remuneration Committee, the CEO and HR Manager shall, if possible, participate in the Remuneration Committee's meetings (however subject to provisions relating to conflicts of interest under the Companies Act). Any other individual presenting a matter to the Remuneration Committee shall participate in the Remuneration Committee's meetings to the extent the Remuneration Committee considers it appropriate. Individuals affected by the decisions do not attend meetings of the Remuneration Committee or the Board during the period of preparation and decisions regarding the matter.

Salary and employment terms for employees

Each year, the Remuneration Committee completes an analysis of the Company's employees to see how the total salary structure and employment terms compare to remuneration to the CEO and senior executives. This forms the basis for decisions when evaluating the reasonableness of these guidelines.

Departing from the guidelines

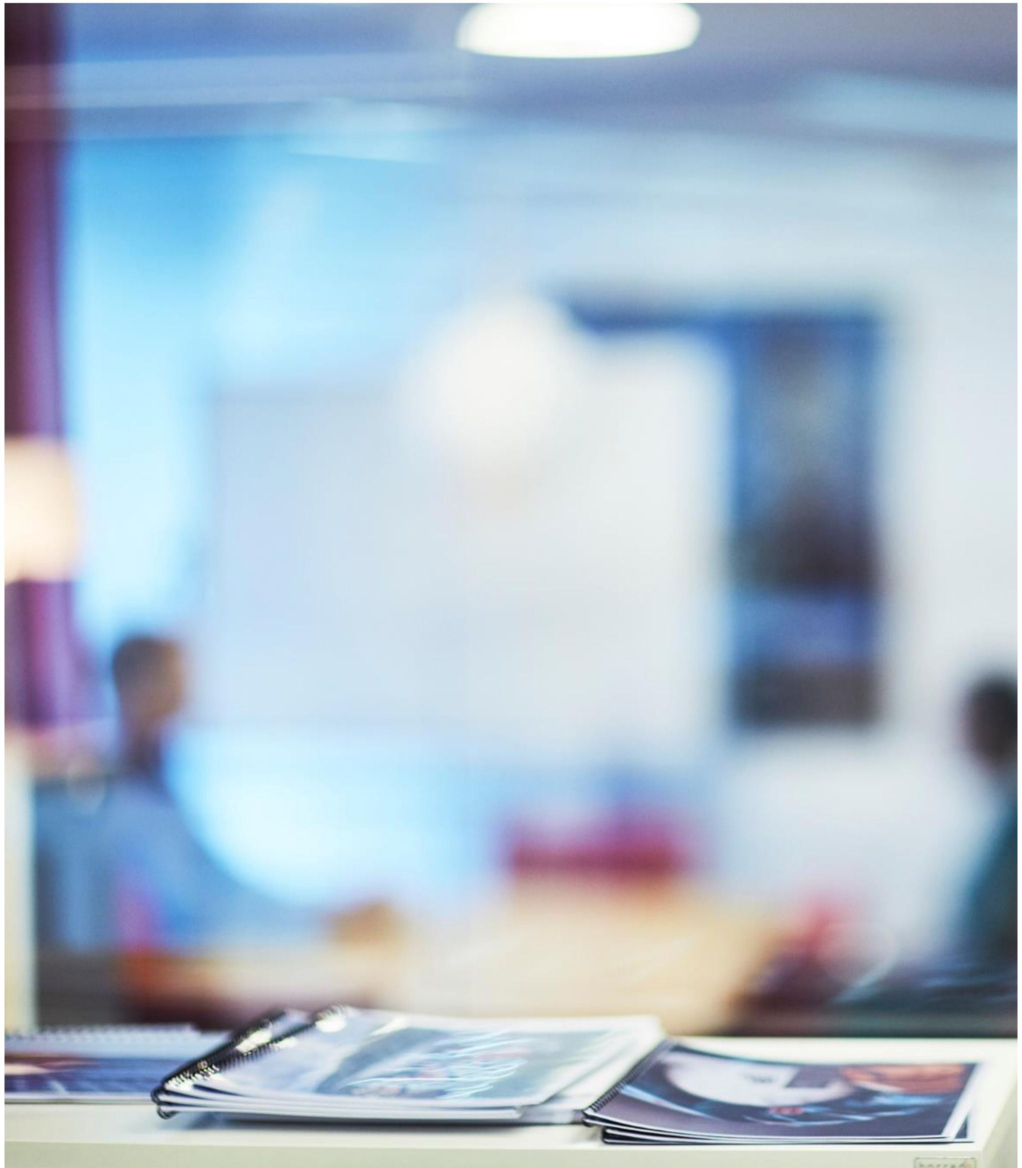
The Board may depart from these guidelines, fully or in part, only if, in individual cases, there are special reasons for doing so, and a departure is necessary for securing the Company's long-term interests, including its sustainability, or for securing the Company's financial viability.

Information regarding decided remuneration not due for payment

The Board shall include information regarding previously decided remuneration not yet due for payment to the proposed guidelines for remuneration presented to the AGM.

Information regarding departures from the guidelines for remuneration decided by the AGM 2021

According to the guidelines for remuneration to senior executives adopted by the AGM 2021, the Board has been authorized to depart from the guidelines if special reasons exist. No such departures from the guidelines were made.



Consolidated Income Statement

SEK M	Note	2021 Jan–Dec	2020 Jan–Dec
Net sales	6	1 735	2 047
Other operating income	7	71	265
		1 806	**2 312**
Direct assigment costs and commission		-205	-300
Other external expenses	8	-345	-395
Personnel costs	10, 11, 12	-984	-1 079
Depreciation and amortisation	9	-121	-110
Other operating expenses	7	-8	-34
Operating profit/loss		**143**	**393**
Interest income accordring to effective interest rate method	13	1	1
Interest income other	13	17	5
Interest expenses	13	-74	-47
Other financial income	13	215	78
Other financial expenses	13	-82	-146
Financial items—net		78	-109
Profit/loss before tax		**221**	**285**
Tax	14	-79	-151
Net profit for the year from continuing operations		**143**	**134**
Operations held for sale:			
Net profit/loss for the year from divestment group held for sale		-14	-60
Net profit for the year		**128**	**74**
Profit/loss attributable to:			
Shareholders of the Parent Company		174	65
Non-controlling interests	20	-46	9
		128	74
Earnings per share attributable to Parent Company shareholders, SEK	15		
Continued operations			
- before dilution		2,13	1,41
- after dilution		2,08	1,41
Discontinued operations			
- before dilution		-0,16	-0,67
- after dilution		-0,16	-0,67
Total operations			
- before dilution		1,97	0,74
- after dilution		1,92	0,74
Number of shares at end of year		88 348 572	88 348 572
Average weighted number of shares after dilution		90 617 837	88 373 572

Consolidated Statement of Comprehensive Income

SEK M	2021 Jan–Dec	2020 Jan–Dec
Net profit for the year	128	74
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit pension plans	1	0
Fair value changes in financial assets through OCI	10	47
Items that may be subsequently reclassified to profit or loss:		
Hedging of net investment	-2	28
Exchange-rate differences	17	-65
Other comprehensive income for the year, net of tax	**25**	**11**
Total comprehensive income for the year	**153**	**85**
Total comprehensive income attributable to:		
Shareholders of the Parent Company	198	79
Non-controlling interests	-45	6
	153	**85**

Consolidated Statement of Financial Position

SEK M	Note	2021 31 Dec	2020 31 Dec
Assets			
Non-current assets			
Intangible assets	17	404	443
Contract assets	18	126	157
Tangible assets	19	25	30
Investments in associated companies	20	187	167
Non-current receivables from associated companies		201	35
Financial assets at fair value through profit or loss	22	114	248
Deferred tax assets	14	23	21
Other non-current receivables	25	15	6
		1 096	**1 106**
Current assets			
Development and project properties	23	2 105	634
Accounts receivable	24	321	267
Current receivables from Associated companies		141	26
Tax assets		19	20
Other receivables		114	37
Prepaid expenses and accrued income	26	80	88
Derivatives	21	-	12
Financial assets at fair value through profit or loss	22	59	19
Client funds		3	3
Cash and cash equivalents	27	1 242	1 482
		4 083	**2 588**
Assets in divestment group held for sale	39	262	539
Total assets		**5 441**	**4 233**

SEK M	Note	2021 31 Dec	2020 31 Dec
EQUITY AND LIABILITIES			
Equity	**28**		
Share capital		177	177
Other contributed capital		295	289
Reserves		12	75
Retained earnings incl. net profit/loss for the year		1 205	1 072
Equity attributable to shareholders of the Parent Company		**1 688**	**1 612**
Non-controlling interests	20	132	185
Total equity		**1 821**	**1 797**
Liabilities			
Non-current liabilities			
Borrowings	29	1 300	553
Long-term loan liabilities	29	1 241	751
Long-term contract liabilities		99	115
Other non-current liabilities		103	0
Deferred tax liabilities	14	19	20
Other provisions	30	74	63
		2 837	**1 503**
Current liabilities			
Borrowings	29	2	0
Current contract liabilities		34	48
Accounts payable		160	124
Liabilities to associated companies		0	4
Tax liabilities		42	48
Other liabilities		73	133
Accrued expenses and deferred income	31	427	468
Client funds		3	3
		741	**827**
Liabilities in disposal group held for sale	39	43	106
Total liabilities		**3 621**	**2 435**
Total equity and liabilities		**5 441**	**4 233**

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

Consolidated Statement of Cash Flows

SEK M		2021 Jan–Dec	2020 Jan–Dec
Cash flow from operating activities			
Profit/loss before tax		210	216
Adjustments for non-cash items:			
Wind down expenses		13	27
Other financial items		-132	29
Depreciation and amortisation	9	121	113
Impairment /reversal impairment current receivables	7	1	10
Change in provisions		-1	6
Interest income from loan portfolios	13	-17	-4
Profit/loss from participations in associated companies	7	-42	-196
Personnel costs not affecting cash flow	10	55	37
Other non-cash items		-	0
Paid income tax		-110	-84
Cash flow from operating activities before changes in working capital		**98**	**154**
Cash flow from changes in working capital			
Increase (–)/decrease (+) of operating receivables		-51	189
Increase (+)/decrease (–) of operating liabilities		-77	-178
Cash flow from operating activities		**-31**	**165**

SEK M		2021 Jan–Dec	2020 Jan–Dec
Cash flow from investing activities			
Investment in tangible assets	19	-10	-16
Investment in intangible assets	17	-4	-7
Acquisition of subsidiaries, net of cash and cash equivalents acquired	36	-47	0
Sale of subsidiaries, net of cash disposed	36	109	76
Business transfers net of advisory costs	39	-	128
Purchase of and additional investments in associated companies	20	-310	-37
Divestment of associated companies		24	-
Dividend and other disbursements from associated companies	20	5	179
Investments in development and project properties		-1 466	-320
Investment in financial assets		-104	-38
Sales of financial assets		269	77
Cash flow from loan portfolios		15	0
Cash flow from investing activities		**-1 519**	**44**
Cash flow from financing activities			
Re-purchase of share warrants		-	-1
Payment from issued warrants		6	-
New share issue		-	15
Borrowings	35	2 069	422
Repayment of loans	35	-798	0
Amortisation of leasing debt		-59	-58
Dividend		-80	0
Transactions with non-controlling interests		-26	-63
Cash flow from financing activities		**1 113**	**315**
Cash flow for the year		**-436**	**524**
Cash and cash equivalents at beginning of year		1 856	1 378
Exchange rate differences in cash and cash equivalents		21	-46
Cash and cash equivalents at end of year*	**27**	**1 442**	**1 856**
Of which cash flow from divestment groups held for sale:			
Cash flow from operating activities		-48	-212
Cash flow from investing activities		87	128
Cash flow from financing activities		-214	0
Cash flow for the year from divestment group held for sale		**-175**	**-84**
* Of which cash and cash equivalents recognised in Assets in disposal groups held for sale		199	374

Consolidated Statement of Changes in Equity

	Equity attributable to shareholders of the Parent Company							
SEK M	Share capital	Other contributed capital *	Fair value reserve	Translation reserve	Retained earnings incl. net profit/loss for the period	Total	Non-controlling interests **	Total equity
Opening balance at 1 January 2021	**177**	**289**	**95**	**-20**	**1 072**	**1 612**	**185**	**1 797**
Total comprehensive income for the year,								
Net profit for the year					174	174	-46	128
Other comprehensive income, net of tax			-77	14	87	24	1	25
Total comprehensive income for the year			**-77**	**14**	**261**	**198**	**-45**	**153**
Transactions with shareholders								
Transactions with non-controlling interests					-49	-49	-8	-57
Warrants issued		6				6		6
Dividend					-80	-80		-80
Closing balance at 30 December 2021	**177**	**295**	**18**	**-7**	**1 205**	**1 688**	**132**	**1 821**

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

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

	Equity attributable to shareholders of the Parent Company							
SEK M	Share capital	Other contributed capital *	Fair value reserve	Translation reserve	Retained earnings incl. net profit/loss for the period	Total	Non-controlling interests **	Total equity
Opening balance at 1 January 2020	**173**	**280**	**48**	**13**	**1 009**	**1 522**	**214**	**1 736**
Total comprehensive income for the year, January - December								
Net profit for the year					65	65	9	74
Other comprehensive income, net of tax			47	-33		14	-3	11
Total comprehensive income for the year			**47**	**-33**	**65**	**79**	**6**	**85**
Transactions with shareholders								
Transactions with non-controlling interests					-2	-2	-35	-37
Warrants issued								
Re-purchase of warrants issued		-1				-1		-1
New share issue	4	11				15		15
Dividend						0		0
Closing balance at 30 December 2020	**177**	**289**	**95**	**-20**	**1 072**	**1 612**	**185**	**1 797**

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

The Extraordinary General Meeting in December 2020 decided to introduce a new incentive program through the issue of a maximum of 3,000,000 warrants distributed over two series: 2020/2024:A and 2020/2025:B. As of 31 December 2020, all 3,000,000 outstanding warrants were held in Treasury.
In 2020, 2,066,667 warrants from the 2014 issue were utilised to subscribe for an equal number of Class B shares in Catella AB at a price of SEK 7.20 per share, and 100,000 warrants were repurchased from a key person. In addition, 266,667 warrants held in treasury expired without being utilised. There were no outstanding warrants remaining from previous year's issues after these transactions. In the Consolidated Accounts, the repurchase of warrants is reported under other contributed capital to the extent it comprises non-restricted equity.

Notes on the Consolidated Accounts

NOT 1 COMPANY INFORMATION

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

The Annual Accounts and Consolidated Accounts of Catella AB (publ) for the financial year-ending on 31 December 2021 were approved for publication by the Board of Directors and the Chief Executive Officer on 11 April 2022 and will be presented for adoption by the Annual General Meeting on 24 May 2022.

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

NOT 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

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

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

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

Introduction and effects of new and revised IFRS for 2021

No new standards were introduced in 2021 that had any material impact on the Consolidated Accounts.

Consolidated accounts

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

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

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

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

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

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

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

Segment reporting

According to IFRS 8, operating segments are recognised in a manner that is consistent with the internal reporting regularly presented to the chief operating decision maker. The chief operating decision-maker is the function that is responsible for the allocation of resources and the assessment of the operating segment's profit or loss. For Catella, the CEO has been identified as the chief operating decision-maker.

At the beginning of 2021, Catella continued its new strategic focus on properties and expansion on new geographical markets, property types and risk categories. Catella is also broadening its operations further through principal investments and co-investments alongside partners. The changes to the operational structure has elicited a review of the Group' operating segments (according to IFRS 8). On this basis, Catella has defined Corporate Finance, Property Investment Management and Principal Investments as the Group's reportable segments from 2021 onwards. Information reported for each operating segment has been prepared in accordance with the same accounting policies as applied to the Group. The operating segments are regularly monitored by the manager of the segment and Catella's CEO, who decide on the allocation of resources, budgetary targets and finance plan.

Translation of foreign currencies

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

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

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

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

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

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

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

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

Classification of assets and liabilities

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

Property, plant and equipment

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

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

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

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

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

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

Intangible assets

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

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

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

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

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

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

Impairment of non-financial assets

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

Reversal of impairment

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

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

Financial assets

Classification

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

(a) Financial assets measured at accrued cost

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

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

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

Equity instruments

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

Derivatives

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

Items measured at fair value

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

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

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

Recognition and measurement

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

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

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

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

Impairment of financial assets

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

Derivative instruments and hedging measures

Derivative instruments are recognised in the statement of financial position on the contract date and measured at fair value, both initially and at subsequent re- measurement. The effect of the re-measurement is recognised in profit or loss. No hedge accounting, only financial hedging, takes place for the hedging transactions executed by Catella, except hedging of net investments in foreign operation (hedging of net investment).

Hedging of net investment

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

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

Properties held for development and project properties

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

Accounts receivable

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

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and other short-term investments in securities, etc. that are due for payment within three months after the acquisition date. The item includes client account receivables attributable to the asset management and securities operations reported net of client account liabilities.

Accounts payable

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

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

Borrowing

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

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

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

Current and deferred income tax

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

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

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

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

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

The application of IFRS 16 Leases has not caused the Group to recognize deferred tax upon initial recognition. The Group applies the exemption in IAS 12 implying that no deferred tax is recognized in connection with the initial recognition of a right-of-use asset and a lease liability. Subsequently, temporary differences are analysed to determine whether changes are attributable to initial recognition, or if new temporary differences have arisen and if deferred tax should be recognized.

Employee benefits

(a) Pension obligations

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

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

(b) Remuneration on termination of employment

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

(c) Profit share and bonus plans

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

Share-based remuneration

In December 2020, the Group decided to launch a new incentive program by issuing 3,000,000 warrants. In June 2021, 2,750,000 warrants were transferred to members of Group management, and the remaining 250,000 warrants were held in Treasury as of 31 December 2021. These warrants were settled and paid in accordance with market terms. The value of the warrants was determined by using an option valuation model (Black & Scholes). The warrants are classified as share-based remuneration.

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

Provisions

Provisions for restructuring expenses and statutory requirements are recognized when the Group has a legal or informal obligation due to earlier events, it is probable that an outflow of resources will be required to settle the commitment and the amount has been measured reliably. Restructuring provisions include expenses for the termination of leases and severance pay. No provisions are made for future operating losses.

If a number of similar commitments exist, an assessment is made of the probability of an outflow of resources being required to settle this whole Group of commitments. A provision is recognised even if the probability of an outflow being required for a specific item in this Group of commitments is insignificant.

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

Revenue recognition

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

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

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

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

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

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

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

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

Lease arrangements

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

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

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

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

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

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

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

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

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

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

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

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

Earnings per share

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

Items affecting comparability

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

Non-current assets held for sale and discontinued operations

The Group applies IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which addresses classification, measurement and disclosure requirements with regard to divestments of non-current assets held for sale and discontinued operations. Discontinued operations are parts of Group operations comprising independent operations or significant operations in a geographical area. In the Income Statement, net profit (after tax) from discontinued operations is reported on a separate line under Net profit for the year, discontinued operations. Notes to the Income Statement have been adjusted to exclude discontinued operations.

In 2018, Catella carried out a strategic review of the operations in Catella Bank S.A. which resulted in the bank's operations being discontinued in 2019 and the early part of 2020. In November 2021, ECB approved Catella Bank's application to return the banking license and to cease acting as a credit institute. From 30 September 2018, Catella Bank, name changed to Catella Luxembourg, has reported in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. This means that discontinued operations are reported net after tax on a separate line in the Consolidated Income Statement. Catella has chosen to term this item in the Income Statement Net profit from disposal group held for sale. In the Consolidated Balance Sheet, assets and liabilities attributable to the transferred operations are reported separately from other assets and liabilities on separate lines under Assets in divestment group held for sale and Liabilities in divestment group held for sale respectively.

Other

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

NOT 3 FINANCIAL RISK MANAGEMENT

This note only relates to the Group's remaining operations unless otherwise indicated. For operations held for sale, see Note 39.

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

With regard to Property Investment Management operations, these subsidiaries include a dedicated risk management function that is independent from business operations, with the relevant managers reporting to each subsidiary's managing director and directly to the subsidiary's Board of Directors. Group Management is represented on subsidiary Boards and reports on to the Parent Company's Board.

In the Property Investment Management operating segment, the subsidiary Catella Real Estate AG is under the supervision of the German financial supervisory authority BaFin. In the Corporate Finance operating segment, there are no subsidiaries under supervision. IPM Informed Portfolio Management AB, which is being discontinued, and Catella Luxembourg S.A (formerly Catella Bank S.A), reported under the category "Other", were no longer subject to inspection from 2021 onwards.

Subsidiaries under supervision have an internal compliance function that monitors the subsidiaries' compliance with internal and external regulatory frameworks such as customer agreements. The function is independent of operations in each subsidiary and its managers report to the Managing Director and directly to the Board of the subsidiary. Group Management is represented on subsidiary Boards and reports on to the Parent Company's Board.

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

The Group's treasury management consists of investments and holdings in loan portfolios and shares. These assets are recognised with the Parent Company in the category "Other". Investments in loan portfolios, described in more detail in Note 22, are mainly exposed to credit risk, but also to liquidity risk depending on potential changes in the repayment rate of the loan portfolios, interest rate risk and currency risk because the loans are in a currency other than SEK and mainly issued at variable interest. The book, and fair, value of the securitised loan portfolios was SEK 101 M (96) at year-end. Shareholdings, described in more detail in Note 22, are mainly exposed to market price risk relating to the value of the shares. Shareholdings had a book value, also market value, of SEK 53 M (48) at year-end.

Liquidity risk

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

For remaining operations, as of 31 December 2021, the short-term liquidity reserve (cash and cash equivalents, short-term investments and committed but unutilised credit facilities) amounted to 73% (74) of consolidated annual sales and 50% (117) of consolidated borrowing and loan liabilities. Remaining operations have only long-term borrowing and loan liabilities.

The rate of investments in the new operating segment Principal Investments increased sharply in 2021, and the operating segment utilizes a significant proportion of the Group's short-term liquidity reserve. In order to maintain a high rate of investment in future, it is necessary to divest completed property development projects to release liquidity for other ongoing and new projects. The investments include the risk that Catella is unable to realize the projects and thereby release liquidity at the required rate.

For the Group's investments in loan portfolios, the primary financial obligations relate to payments of ongoing operating expenses. These obligations have so far been met with cash flows from individual loans in loan portfolios, which are monitored by Catella's investment advisors. The subsidiary EETI is judged to have satisfactory liquidity to cover its ongoing operating costs during the period. Accordingly, the loan portfolios have limited inherent financial commitments. Catella is subject to the risk of encountering difficulty in realising assets, which accordingly, could affect the Group's prospects of obtaining funds to maintain its financial commitments. Since the market for subordinated securities with collateral in assets is currently illiquid, many of the investments in loan portfolios are illiquid, although not all. The Group assesses that short and long-term liquidity are favourable and that there is flexibility in financing. If the Group's liquidity were to change and if the Group needed to divest part or all of the loan portfolio, consisting of securitised European loan portfolios, mainly with exposure to housing, for liquidity reasons, the potential to amend the portfolio rapidly and obtain a reasonable price could be limited, due to changes in economic and other circumstances. If the Group acquires investments for which there is no market, the Group's potential to renegotiate such investments or obtain reliable information on the value of an investment or the risks to which it is exposed to, could be limited.

The following tables summarise the Catella Group's liquidity risk at figures for remaining operations at the end of 2021 and 2020.

Liquidity report as of 31 December 2021-2020, remaining operations

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

Mkr 31 december 2020	< 3 months	4 to 12 months	Between 1 and 3 yrs.	Between 3 and 5 yrs.	> 5 yr.	Without maturity	Total
Borrowings	-1	-3	-553	-9			-566
Loan liabilities	-8	-23	-771				-801
Contract liabilities	-20	-39	-78	-36	-23		-196
Accounts payable and other liabilities	-202	-60					-262
Total outflows *	**-230**	**-125**	**-1 402**	**-45**	**-23**	**0**	**-1 825**
Accounts receivable and other receivables	304	26		24		11	365
Derivatives	12						12
Financial assets at fair value through profit or loss **	2	10	77	36	52		177
Total inflows *	**319**	**36**	**77**	**60**	**52**	**11**	**554**
Net cash flow, total	**89**	**-90**	**-1 325**	**14**	**29**	**11**	**-1 271**

* Indicated amounts relate to undiscounted contractual cash flows
** Relates to EETI's loan portfolios, more information in Note 22

Net cash flows at the end of 2021, as reported above, totalled SEK -2,256 M (2020: SEK -1,271 M), to be compared to cash and cash equivalents in remaining operations, which as of the same date amounted to SEK 1,242 M (2020: SEK 1,482 M). In addition, this includes liquid funds of SEK 199 M held by Disposal group held for sale, as these funds are now accessible to the Group after Catella Bank ceased acting as a credit institute.

The Group's borrowing and financing are managed by the Parent Company and holding companies in the Group. The Parent Company's management and accounts department carefully monitor continuously updated projections for the Group's and subsidiaries' liquidity reserves to ensure that the Group and subsidiaries have sufficient cash funds to meet the needs of operating activities. In March 2021, Catella AB issued a new unsecured bond of SEK 1,250 M with a term of 4 years. The new bond loan accrues floating-rate interest at 3-month Stibor plus 475 b.p. At the same time, the existing bond of SEK 750 M was repurchased/redeemed at a price of 101.3 percent of the nominal amount. Furthermore, the Group's subsidiaries in Principal Investments received loans from credit institutes for ongoing property development projects. As of 31 December 2021, these loans amounted to SEK 1,255 M (454). In addition, as a result of Covid-19, and the negative financial impact the pandemic is having on a majority of businesses, the Group's French and Spanish subsidiaries have been granted government-guaranteed loans from credit institutions on favourable terms. As of 31 December 2021, these loans amounted to SEK 48 M (99). The Group also has an overdraft facility of SEK 30 M (30), of which SEK 30 M (30) was unutilized as of 31 December 2021.

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

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

Market risk

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

Market price risk in Treasury Management

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

The risks described above could result in either higher or lower income for Catella. The way that changes in discount rates and changes in anticipated cash flows would affect profit before tax, measured as the change in fair value of Catella's loan portfolios, is described in the sensitivity analyses in Note 22.

Interest rate risk

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

Information on the Group's net debt profile and a sensitivity analysis are presented below, with information on fixed interest periods. As of 31 December 2021, remaining operations had net cash of SEK 990 M (2020: net cash of SEK 262 M) and interest cover, a measure of the ability to cover interest expenses, was 3.9 (7.8).

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

	Continued operations	
SEK M	2021 31 Dec	2020 31 Dec
EUR liabilities	-144	-134
SEK liabilities	-1 505	-778
GBP liabilities	-138	-3
NOK liabilities	-1	-1
DKK liabilities	-887	-461
Liabilities in other currencies	-	-
Total interest-bearing liabilities	**-2 674**	**-1 377**
Term (days)	116	92
Average interest expense for the year,%	3,2	3,6
Interest +0.5%	3,7	4,1
Net effect on profit or loss of 0.5% increase, SEK M	-13	-7
Interest -0.5%	2,7	3,1
Net effect on profit or loss of 0.5% decrease, SEK M	13	7

SEK M	2021 31 Dec	2020 31 Dec
EUR assets	927	1 093
USD assets	1	6
SEK assets	675	479
GBP assets	50	46
NOK assets	0	1
DKK assets	31	14
Assets in other currencies	-	1
Total interest-bearing assets	**1 684**	**1 640**
Term (days)	80	11
Average interest income for the year,%	1,0	0,5
Interest +0.5%	1,5	1,0
Net effect on profit or loss of 0.5% increase, SEK M	8	8
Interest -0.5%	0,5	0,0
Net effect on profit or loss of 0.5% decrease, SEK M	-8	-8

Exchange rate risk

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

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

Financing of foreign assets—translation risk

Translation risk is the risk that the value in SEK relating to equity in foreign currencies could vary due to exchange rate fluctuations. The Group's Net assets in foreign currency amounted to SEK 830 M (1,693) as of 31 December 2021. This net exposure consists of capital financed by deposits and equity. This means that, from a Group perspective, Catella has equity in foreign currencies that is exposed to exchange rate fluctuations. This exposure leads to a translation risk and thereby to a situation in which unfavourable exchange rate fluctuations could negatively impact the Group exposure foreign net assets on translation to SEK.

In order to reduce the currency risk in Catella's net assets denominated in EUR, the Group started using hedging in the form of currency swaps in May 2018. Hedging currently totals a nominal amount of EUR 60 M which matured in February 2021 when the position was closed. At present, there is no hedging of exchange rate risk in Catella's net assets. Group management evaluates the need for hedging of the Group's translation risk on a yearly basis.

The following table summarises the effects of hedge accounting on Catella's profit and financial position. For more information about the impact of hedge accounting on Other comprehensive income, see the Consolidated Statement of Comprehensive Income.

SEK M	2021	2020
Carrying amounts hedge accounting, MSEK, derivatives, current assets	-	12
Carrying amounts hedge accounting, MSEK, derivatives, liabilitiesassets	-	0
Nominal amount hedging instrument, MEUR	-	60
Net assets in MEUR designated as hedging instruments	-	60
Hedging ratio	-	1:1
Changes in fair value on hedging instrument to calculate efficiency	-2	28
Changes in fair value on hedged risk to calculate efficiency	2	-28
Closing value in translation reserve attributable to net investment hedging	26	28

The following tables show the breakdown of the Group's capital employed by currency and its funding. They also include a sensitivity analysis of net liquidity/net debt and capital employed resulting from exchange rate fluctuations of +/-10% for SEK. Changes to net liquidity/net debt and in capital employed resulting from exchange rate fluctuations are reported in other comprehensive income, and consequently do not affect profit for the year. In 2021, the translation difference amounted to SEK 14 M (-36). Given a change in foreign exchange rates as of year-end of +/-10%, the translation difference would increase/decrease by SEK 161 M (169).

Capital employed and financing by currency, 2021-2020

SEK M 31 December 2021	EUR	USD	GBP	CHF	NOK	DKK	Other currencies	Total foreign currencies	SEK	Total, group	Total, group +10%	Total, group –10%
Capital employed	233	0	383		-2	986	0	1 599	992	2 592	2 752	2 432
Net liquidity (+)/Net debt (–)	783	1	-87		0	-855	0	-159	-831	-990	-1 006	-974
Non-controlling interests	-17	0	-4		0	-25	0	-46	-86	-132	-137	-128
Net assets continuing operations	**999**	**1**	**291**	**0**	**-3**	**106**	**0**	**1 394**	**75**	**1 470**	**1 609**	**1 330**
Net debt/equity ratio continuing operations	-0,8	0,0	0,3	0,0	-0,1	6,6	0,0	0,1	5,1	0,6	0,6	0,7
Net assets divestment group held for sale	157	61	0	0	0			219	0	219	241	197
Group's net assets	**1 156**	**62**	**291**	**0**	**-3**	**106**	**0**	**1 613**	**75**	**1 688**	**1 850**	**1 527**

SEK M 31 December 2020	EUR	USD	GBP	CHF	NOK	DKK	Other currencies	Total foreign currencies	SEK	Total, group	Total, group +10%	Total, group –10%
Capital employed	126	2	223		1	559	0	911	190	1 101	1 192	1 010
Net liquidity (+)/Net debt (–)	958	6	43		0	-447	1	561	-299	262	318	206
Non-controlling interests	-49	-1	-2			-14		-67	-118	-185	-192	-178
Net assets continuing operations	**1 035**	**7**	**264**	**0**	**1**	**97**	**1**	**1 406**	**-228**	**1 178**	**1 319**	**1 038**
Net debt/equity ratio continuing operations	-2,4	-0,7	-0,2	0,0	1,3	4,0	-1,0	-0,4	0,5	-0,2	-0,2	-0,2
Net assets divestment group held for sale	146	137	2	0	0			287	147	434	463	405
Group's net assets	**1 181**	**145**	**266**	**0**	**1**	**97**	**1**	**1 693**	**-81**	**1 612**	**1 782**	**1 443**

Transaction risk

Transaction risk is the risk that value changes in commercial flows denominated in foreign currency caused by exchange rate fluctuations affect consolidated net profit. Because the Group's operating activities are largely conducted in foreign subsidiaries whose functional currency is EUR or another foreign currency, exchange rate fluctuations between these currencies and SEK affect consolidated profit or loss.

On the record date, subsidiaries of Catella had no substantial liabilities or assets in foreign currencies that resulted in net exposure in a currency other than the companies' functional currencies except relating to certain intra-group transactions and bank balances.

Credit risk

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

Credit risk—accounts receivable and loan receivables

The risk of bad debt is generally low in the Group, due to several different factors. Counterparties are predominantly well-known mid-size and large clients, where there is an established, long-term relationship. This results in stable deposit streams. Credit checks are conducted on new clients. The sale and the transactions generated by the client portfolio are also diversified in several ways, the most important being that no or few clients constitute a significant part of total sales or lending. Accordingly, a default by an individual client would have a minor effect overall. Counterparties and loan receivables have been approved in accordance with the Group's authorisation schedule. Furthermore, Catella renders services for geographically diversified clients in a large number of sectors including the public sector, financial sector and real estate companies. Accordingly, exposure to an economic downturn in a single sector or region is relatively limited. Overall, this generates stable revenue streams relating to sales and lending. Actual and expected customer and credit losses for 2021 amounted to 0.1 percent (0.8) of Group net sales. The credit risk associated with receivables from associated companies for financing of property development projects is assessed to be at medium level. Catella monitors progress and risks in the projects on an ongoing basis. Cash and cash equivalents are invested in well established banks with high credit ratings, and impairment tests for these are not considered necessary.

Credit risk—Treasury Management

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

Catella endeavours to reduce credit risk by actively monitoring its investment portfolio and the underlying credit quality of its holdings. Catella does not intend to undertake any credit hedging other than hedging of credit exposure in specific investments in individual cases. In 2021, no credit hedging was conducted.

Advance payment risk is the risk that individual debtors will pay off mortgages used as collateral for loan portfolios before their scheduled maturities. In its valuations, Catella takes into account an expected advance payment rate on the loans used as collateral for its investments, but it is possible that Catella's investments and the assets used as collateral for them will be repaid earlier than expected, and thereby affect the value of Catella's portfolio. Catella's investment advisors review advance payment assumptions quarterly and update them as required. The assumptions are reviewed by examining the information about the performance of the underlying loans. The advance payment rate is affected by changes in interest rates and a number of financial, geographical and other factors that lie outside Catella's control, and consequently, cannot be predicted with any certainty. The level and timing of a debtor's default of mortgages used as collateral for certain investments, could adversely affect the revenue accrued by Catella on these investments.

Default risk is the risk that individual debtors will be unable to pay the required interest and principal at maturity. In its valuations, Catella takes into account an expected rate of default and an expected level of loss, but Catella's investments could incur larger losses if the payments in default are higher than expected. The risk of default is handled by Catella's investment advisor, who regularly analyses holdings. Every quarter the investment advisor reviews the various assumptions and updates them as required. The assumptions are reviewed by examining the information about the performance of the underlying loans. The degree of default risk is affected by changes in interest rates and a number of financial, geographical and other factors that lie outside Catella's control, and consequently, cannot be predicted with certainty. The level and timing of a debtor's default of mortgages used as collateral for certain investments could adversely affect the revenue accrued by Catella on these investments.

Credit ratings of financial assets

The following table states the credit ratings of the financial assets of the remaining operations.

Credit ratings of financial assets, remaining operations

Tkr 31 december 2021	Accounts receivable	Loan receivables and other debt instruments	Receivables from associated companies	Derivativ es	Assets at fair value through profit or loss	Bank balances and short-term bank deposits	Total
Counterparties with external credit ratings *							
AAA	0	0	0	0	0	0	0
AA+	0	0	0	0	0	2	2
AA	9	0	0	0	0	54	63
AA-	1	0	0	0	52	491	544
A+	5	0	0	0	0	364	369
A	1	0	0	0	0	225	226
A-	1	0	0	0	0	16	17
BBB+	1	0	0	0	0	18	18
BBB	1	0	0	0	0	16	17
BBB-	0	0	0	0	0	52	52
BB+	0	0	0	0	0	0	0
BB-	1	0	0	0	0	0	1
B	1	0	0	0	0	0	1
CCC	0	0	0	0	0	0	0
	19	**0**	**0**	**0**	**53**	**1 239**	**1 311**
Counterparties without external credit ratings	0	0	0	0	0	0	
Company	161	100	341	0	18	0	621
Funds	96	0	0	0	1	0	97
Financial companies	43	0	0	0	0	3	47
Public administration	1	0	0	0	0	0	1
Private individuals	0	0	0	0	0	0	1
	301	100	341	0	19	3	766
Total	**320**	**100**	**342**	**0**	**72**	**1 242**	**2 077**

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

SEK M 31 December 2020	Accounts receivable	Loan receivables and other debt instruments	Receivables from associated companies	Derivativ es	Assets at fair value through profit or loss	Bank balances and short-term bank deposits	Total
Counterparties with external credit ratings *							
AAA							0
AA+						9	9
AA						75	75
AA-	0			11		581	592
A+	4			1	0	424	429
A	7				0	228	235
A-	3					62	65
BBB+	1				0	45	46
BBB	4					16	20
BBB-						41	41
BB							0
BB-							0
B							0
CCC							0
	18	**0**	**0**	**12**	**1**	**1 480**	**1 511**
Counterparties without external credit ratings							
Company	174	96	61		63	0	394
Funds	65				107		173
Financial companies	2					2	4
Public administration	1						1
Private individuals	6						6
	249	96	61	0	171	2	578
Total	**267**	**96**	**61**	**12**	**171**	**1 482**	**2 089**

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

Geographical concentration of credit risks

The following table states the geographical concentration of credit risks.

Geographical concentration of credit risks in financial assets

	Financial assets		Pledged assets, contingent liabilities and commitments	
	2021	2020	2021	2020
SEK M	Continued operations	Continued operations	Continued operations	Continued operations
Sweden	997	891	889	470
Luxembourg	8	6	-	-
Germany	587	416	53	46
France	165	324	0	1
Portugal	52	51	-	-
Spain	88	92	1	1
Denmark	26	31	0	324
Other countries	154	277	0	1
Total	**2 077**	**2 089**	**944**	**844**

Capital risk and capital management and related risk

The objective of the Group's capital structure is to provide a healthy return to shareholders by maintaining an optimal capital structure aiming to achieve the lowest possible cost of capital, and in subsidiaries, achieving the requirement of financial stability placed on subsidiaries. The Group's capitalisation must be risk based and proceed from a judgement of the overall risk level of operations. It should also be forward looking and consistent with long and short-term business plans and expected macroeconomic growth. The capital is assessed with relevant key ratios, such as the ratio between net debt and equity. As of 31 December 2021, remaining operations had net debt of SEK -990 M (2020: net debt of SEK 262 M) which in relation to Group equity amounts to 0.54 (0.15).

A company in the Group, Catella Real Estate AG, conducts operations requiring permits under the inspection of a supervisory authority. Existing regulatory frameworks and rapid regulatory changes are complex. These regulatory frameworks place stringent, and in future even more stringent, demands on the routines and procedures, and liquidity and capital reserves, of the operations under supervision. Compliance with these regulatory frameworks is a pre-condition for conducting operations subject to supervision. Catella continuously seeks to ensure compliance with existing regulatory frameworks risk and plan for future compliance with coming regulatory changes. In the event that subsidiaries were to become unable to satisfy such regulatory stipulations, this may have adverse consequences for Group profit and the value of the Group's Assets. During 2021, the regulatory supervision of IPM, Catella Bank and Catella's consolidated financial situation ceased, which significantly reduced the Group's regulatory risk.

Fair value hierarchy for the measurement of financial assets and liabilities

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

Listed (unadjusted) market prices

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

Valuation techniques using observable market data

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

Valuation techniques using non-observable market data

If one or more significant input data is not based on observable market information, the instrument concerned is classified in this category. Specific valuation techniques used to measure financial instruments are the calculation of discounted cash flows to measure fair value of the remaining financial instruments. The financial instruments classified in this category are the value of Catella's investments in securitised loan portfolios. They are measured at fair value, which was measured based on forecast discounted cash flows, see also Note 22. This category also includes unlisted shareholdings.

A sensitivity analysis of changes to significant parameters for measuring loan portfolios (financial assets measured at fair value in profit or the results) is provided above in the section regarding Market price risk in treasury management.

Financial instruments by category

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

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

SEK M	Noterade marknads-priser	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
Assets				
Financial assets at fair value through profit or loss	0	1	171	173
Total assets	**0**	**1**	**171**	**173**
Derivatives		-		0
Total liabilities	**0**	**0**	**0**	**0**

The Group's assets and liabilities at fair value as of 31 December 2020, remaining operations

SEK M	Noterade marknads-priser	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
Assets				
Derivatives		12		12
Financial assets at fair value through profit or loss	8	107	152	267
Total assets	8	119	152	279
Derivatives		0		0
Total liabilities	0	0	0	0

Changes in instruments in the category of valuation techniques using non-observable market data in 2021 and 2020:

SEK M	2021 Assets at fair value through profit or loss	2020 Assets at fair value through profit or loss
As of 1 January	152	221
Investments	54	10
Disposals	-47	-44
Gains and losses recognised through profit or loss	9	-30
Exchange rate differences	3	-6
As of 31 December	171	152

Financial assets and financial liabilities

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

SEK M	2021	2020
Financial assets		
Financial assets at amortized cost		
Accounts receivable	321	267
Receivables from associated companies	342	61
Cash and cash equivalents	1 242	1 482
Financial assets at fair value through profit or loss	173	267
Used for hedge accounting	-	12
	2 077	**2 089**
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable and other liabilities	233	262
Borrowings and loan liabilities	2 543	1 303
Derivatives		
Held for trading at fair value through profit or loss	-	0
	2 776	**1 565**

NOT 4 CRITICAL ESTIMATES AND JUDGEMENTS

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

Key estimates and assumptions for accounting purposes

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

Impairment tests of intangible assets with indefinite useful lives

The Group has goodwill of SEK 298 M (318) and trademarks and brands of SEK 50 M (50) which, in accordance with the accounting policy described in Note 2, are subject to impairment tests annually, in the fourth quarter. A judgement of recoverable amounts is conducted based on measurements and assumptions. Impairment testing carried out in the fourth quarter 2021 indicated no need for impairment of carrying amounts. Earlier in the year, goodwill impairment attributable to the subsidiary IPM amounted to SEK 39 M, and was due to the operations in IPM being discontinued. See also Note 17.

Investments in property development projects

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

Reporting according to IFRS 15 Revenue from Contracts with Customers require judgements to be made regarding the milestones reached by projects and rates of completion, which in turn influence the valuation of projects. In 2021, two projects were divested, when final revenue recognition was calculated. As of the record date, there were no ongoing property development projects where profit was recognized according to the percentage of completion method. See also Note 23.

Measurement of securitised loan portfolios

At 31 December 2021, the value of Catella's loan portfolios was SEK 101 M (96). The measurement of the loan portfolios is based on a large number of parameters, including estimated future cash flows, as described in Note 3, Financial risk management. Since the market for these loan portfolios, subordinated securities with collateral in assets, is currently illiquid, All Catella's remaining loan portfolios are illiquid. As a result, the valuation model includes a number of parameters that are non-observable market data, which leads to significant uncertainty. Changes in judgements underlying the chosen parameters could result in a change in the fair value of Catella's loan portfolio in the Consolidated Statement of Financial Position and such a change could be material. It is not possible to quantify the probability in the event that assumptions made prove inaccurate and would thereby imply an inaccurate valuation of the portfolio. For further information and a sensitivity analysis, refer to Notes 3 and 22.

Measurement of preference shares in Visa Inc.

Catella received class C preference shares in Visa Inc. in connection with Visa Inc.'s acquisition of Visa Europe in June 2016. Conversion of preference shares to class A shares will take place when the legal disputes underway against Visa Europe have been resolved. The conversion rate is dependent on the outcome of these disputes. Although measurement of the preference shares takes these legal disputes into consideration, the measurement may be negatively or positively affected by the final outcome. See also Note 39.

Valuation of unlisted share holdings

As of 31 December 2021, Catella's holding of unlisted shares amounted to SEK 68 M (54) comprising primarily Private Equity products Pamica and Pamica 2 and APAM's investments alongside customers. Because the valuations are based on non-observable market data there is a greater degree of uncertainty associated with these judgements.

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

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

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

The recognition of income tax, value added tax and other taxes is based on current rules in the countries in which the Group conducts operations. Due to the overall complexity of all rules governing taxes and the reporting of taxes, application and recognition are based on interpretation, as well as estimates and judgements of potential outcomes. Deferred tax is computed on temporary differences between recognised and tax values of assets and liabilities. Two types of assumptions and estimates mainly affect the reported deferred tax. Firstly, there are assumptions and estimates to establish the carrying amount of various assets and liabilities, and secondly judgements as to whether there will be a future taxable profit so that the temporary differences will be realisable. As of year-end, the Group recognized deferred tax receivables totalling SEK 23 M (21), of which the full amount relates to remaining operations. A majority of these amounts comprises tax loss carry-forwards that are deemed to be utilised within a forecast period of 5 years. The Group has total loss carry-forwards amounting to SEK 1,298 M (1,145). Loss carry-forwards for which no deferred tax asset is recognized in the Consolidated Balance Sheet amount to SEK 1,217 M (1,080).

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

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

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

Estimates and judgements regarding the term of lease agreements

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

NOT 5 INFORMATION PER SEGMENT

Disclosures by operating segment

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

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

The Parent Company, other holding companies and treasury management are recognised in the "Other" category. Th category also includes acquisition and financing costs, Catella's Brand and Catella Luxembourg SA (formerly Catella Bank), where the operations were discontinued in 2019 and in the early part of 2020. Catella Luxembourg business area is reported as a *disposal group held for sale* in accordance with IFRS 5. This means that in the Group's Income Statement, Catella Luxembourg's net profit (after tax) is reported on a separate line under profit for the year from disposal group held for sale. Comparative figures for previous years have been reported in a corresponding manner in the Consolidated Income Statement. In the Consolidated Statement of Financial Position, Catella Luxembourg's assets and liabilities are reported separately from other assets and liabilities on separate lines under Assets in divestment group held for sale and Liabilities in divestment group held for sale respectively.

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

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

Corporate Finance

This operating segment has two main geographical markets, the Nordic countries and Continental Europe. In Corporate Finance, Catella offers transaction advice on sales and acquisitions to domestic and international investors in Europe, focusing on complex transactions. Catella also provides market analysis and strategic advice, as well as advisory services on financing for companies in the property sector.

Property Investment Management

The operations in Property Investment Management comprise three service areas: *Property Funds* offers funds with different investment strategies in terms of risk and returns, asset classes and locations, *Property Asset Management* offers alternative investment opportunities and asset management in the property segment with services throughout the value chain, *Project Management* offers advisory services in property development projects in the early phase, mainly in residential and logistics properties. The operating segment's assets under management totalled just under SEK 123 Bn at year end.

Principal Investments

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

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

Income Statement by Operating Segment

	Corporate Finance		Property Investment Management		Principal Investments		Other		Eliminations		Group	
SEK M	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net sales	670	618	1 042	1 074	2	1	55	377	-35	-22	1 735	2 047
Other operating income	8	5	27	52	16	189	23	21	-3	-3	71	265
	678	**623**	**1 069**	**1 126**	**18**	**190**	**78**	**398**	**-37**	**-25**	**1 806**	**2 312**
Direct assigment costs and commission	-57	-75	-153	-164	-3	-1	-1	-65	9	4	-205	-300
Other external expenses	-114	-117	-174	-171	-7	-1	-70	-118	19	12	-345	-395
Personnel costs	-405	-375	-452	-480	-4	0	-130	-231	7	7	-984	-1 079
Depreciation and amortisation	-23	-25	-35	-53	-1	0	-63	-32	0	0	-121	-110
Other operating expenses	-9	-3	-6	-19	0	0	5	-14	3	3	-8	-34
Operating profit/loss	**71**	**29**	**249**	**239**	**4**	**188**	**-181**	**-62**	**0**	**0**	**143**	**393**
Interest income accordring to effective interest rate method	1	2	0	0	0	0	3	5	-4	-5	1	1
Interest income other							17	5			17	5
Interest expenses	-8	-10	-5	-6	0	0	-64	-37	4	5	-74	-47
Other financial income	0	1	171	13	22	9	22	60			215	82
Other financial expenses	-1	0	-35	-27	-22	-21	-24	-98			-82	-146
Financial items—net	-7	-7	131	-20	0	-12	-46	-65	0	0	78	-105
Profit/loss before tax	**64**	**21**	**381**	**218**	**4**	**176**	**-227**	**-127**	**0**	**0**	**221**	**289**
Tax	-29	-21	-51	-60	1	0	0	-70			-79	-151
Net profit for the year from continuing operations	**35**	**0**	**330**	**159**	**5**	**176**	**-227**	**-197**	**0**	**0**	**143**	**138**
Net profit/loss for the year from divestment group held for sale	-	-	-	-	-	-	-14	-64	-	-	-14	-64
Net profit for the year	**35**	**0**	**330**	**159**	**5**	**176**	**-241**	**-261**	**0**	**0**	**128**	**74**

Financial position by operating segment

	Corporate Finance		Property Investment Management		Principal Investments		Other		Eliminations		Group	
SEK M	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Assets												
Non-current assets												
Intangible assets	65	64	288	280	0	0	51	98			404	443
Contract assets	47	62	65	66	0	0	15	29			126	157
Tangible assets	5	7	20	22	0	0	0	1			25	30
Investments in associated companies	0	0	0	11	106	84	81	71			187	167
Långfristiga fordringar hos intresseföretag	0	0	0	35	201	0	0	0			201	35
Financial assets at fair value through profit or loss	0	0	19	17	1	3	94	228			114	248
Deferred tax assets	0	0	22	20	2	0	0	0			23	21
Non-current receivables from group companies	8	14	2	0	0	0	21	20	-32	-34	0	0
Other non-current receivables	5	4	10	2	0	0	0	0			15	6
	130	**152**	**426**	**453**	**309**	**88**	**262**	**448**	**-32**	**-34**	**1 096**	**1 106**
Current assets												
Development and project properties	-	-	-	-	2 105	634	-	-			2 105	634
Accounts receivable	132	147	180	119	3	0	6	1			321	267
Receivables from group companies	139	14	350	4	6	0	1 118	35	-1 613	-54	0	0
Receivables from associated companies	0	0	0	0	141	26	0	0			141	26
Tax assets	6	7	9	5	0	0	4	8			19	20
Other receivables	12	17	12	5	84	8	8	10			116	40
Prepaid expenses and accrued income	53	21	17	11	5	0	5	55			80	88
Derivatives	0	0	0	0	0	0	0	12			0	12
Financial assets at fair value through profit or loss	0	0	0	0	0	0	59	19			59	19
Cash and cash equivalents	111	190	513	595	44	-15	574	712			1 242	1 482
	453	**396**	**1 081**	**739**	**2 388**	**653**	**1 774**	**853**	**-1 613**	**-54**	**4 126**	**2 693**
Assets in divestment group held for sale	-	-					321	618	-59	-79	262	539
Total assets	**583**	**548**	**1 507**	**1 192**	**2 697**	**741**	**2 357**	**1 919**	**-1 703**	**-167**	**5 441**	**4 233**

	Corporate Finance		Property Investment Management		Principal Investments		Other		Eliminations		Group	
SEK M	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
EQUITY AND LIABILITIES												
Equity attributable to shareholders of the Parent Company	50	98	1 049	617	175	156	415	741			1 688	1 612
Non-controlling interests	46	36	20	40	12	5	55	104			132	185
Total equity	**95**	**134**	**1 070**	**657**	**187**	**161**	**469**	**845**	**0**	**0**	**1 821**	**1 797**
Liabilities												
Non-current liabilities												
Borrowings	41	77	5	21	1 255	454	0	0			1 300	553
Long-term loan liabilities	0	0	0	0	0	0	1 241	751			1 241	751
Long-term contract liabilities	35	48	57	54	0	0	7	13			99	115
Non-current liabilities to group companies	24	20	8	14	2	0	0	0	-34	-34	0	0
Other non-current liabilities	0	0	0	0	103	0	0	0			103	0
Deferred tax liabilities	0	0	8	9	0	0	10	11			19	20
Other provisions	1	1	74	54	0	0	0	8			74	63
	100	**147**	**152**	**153**	**1 360**	**454**	**1 259**	**783**	**-34**	**-34**	**2 837**	**1 503**
Current liabilities												
Borrowings	2	0	0	0	0	0	0	0	-	-	2	0
Current contract liabilities	16	17	11	16	0	0	7	15			34	48
Accounts payable	32	37	18	33	103	43	8	12			160	124
Liabilities to group companies	82	8	16	69	1 043	17	473	-42	-1 613	-54	0	0
Liabilities to associated companies	0	0	0	0	0	4	0	0			0	4
Current tax liabilities	29	15	12	31	0	0	1	2			42	48
Other liabilities	43	43	28	21	2	60	60	91	-56	-79	75	135
Accrued expenses and deferred income	184	147	202	212	4	1	37	108			427	468
	388	**267**	**285**	**382**	**1 151**	**125**	**586**	**185**	**-1 669**	**-133**	**741**	**827**
Liabilities in disposal group held for sale	-	-	-	-	0	-	43	106			43	106
Total liabilities	**488**	**414**	**437**	**535**	**2 510**	**580**	**1 888**	**1 074**	**-1 703**	**-167**	**3 621**	**2 435**
Total equity and liabilities	**583**	**548**	**1 507**	**1 192**	**2 697**	**741**	**2 357**	**1 919**	**-1 703**	**-167**	**5 441**	**4 233**

Cash flow by operating segment

	Corporate Finance		Property Investment Management		Principal Investments		Övrigt		Group	
SEK M	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Profit/loss before tax	69	22	381	219	4	176	-243	-201	210	216
Adjustments for non-cash items:										
Wind down expenses					0	0	13	27	13	27
Other financial items	1	0	-136	14	0	12	3	3	-132	29
Depreciation and amortisation	23	25	35	55	1	0	63	33	121	113
Profit/loss from participations in associated companies			-16	0	-6	-188	-20	-8	-42	-196
Other items not affecting cash flow	51	42	16	-1	1	-1	-30	8	37	48
Paid income tax	-41	-27	-66	-59		0	-3	3	-110	-84
Change in operating capital employed	32	-67	-277	145	176	-106	-59	40	-128	11
Cash flow from operating activities	**134**	**-6**	**-64**	**372**	**175**	**-107**	**-276**	**-94**	**-31**	**165**
Cash flow from tangible and intangible non-current assets	-3	-2	-10	-19		0	0	-2	-14	-23
Acquisition of subsidiaries, net of cash and cash equivalents	-54			0	-3	0			-56	0
Sale of subsidiaries, net of cash disposed			109		9			76	118	76
Business transfers net of advisory costs						0		128	0	128
Net investments in Associated companies		-11		-25	-310				-310	-37
Divestment of associated companies	24								24	0
Investments in development and project properties				0	-1 466	-320			-1 466	-320
Dividend and other disbursements from associated companies					5	179			5	179
Cash flow from other financial assets		-1	-1	0	-11	0	191	41	180	40
Cash flow from investing activities	**-33**	**-14**	**98**	**-44**	**-1 775**	**-141**	**191**	**243**	**-1 519**	**44**
Payment from issued warrants					6				6	0
Re-purchase of share warrants						-1			0	-1
Net borrowings, amortisation of loans	-57	63	-8	3	815	319	462	-20	1 213	365
New share issue, dividends, contributions from, and payments to, non-controlling interests	-23	-20	-3	-4		0	-80	-24	-105	-48
Cash flow from financing activities	**-80**	**43**	**-10**	**-1**	**821**	**318**	**382**	**-45**	**1 113**	**315**
Cash flow for the year	**21**	**23**	**24**	**327**	**-778**	**69**	**297**	**105**	**-436**	**524**
Of which cash flow from divestment groups held for sale:										
Cash flow from operating activities	-	-	-	-	-	-	-48	-212	-48	-212
Cash flow from investing activities	-	-	-	-	-	-	87	128	87	128
Cash flow from financing activities	-	-	-	-	-	-	-214	0	-214	0
	-	**-**	**-**	**-**	**-**	**-**	**-175**	**-84**	**-175**	**-84**

Disclosures by geographical market

	Total sales to external customers *		Total assets		Non-current assets **	
SEK M	2021	2020	2021	2020	2021	2020
Sweden	225	514	2 141	1 277	471	295
Germany	871	839	752	559	143	136
France	363	461	241	437	52	110
UK	100	70	540	279	247	223
Denmark	31	21	1 100	637	18	31
Other countries	145	142	210	204	28	42
Non-current assets not specified by country **	-	-	196	300	137	269
Assets in divestment group held for sale	-	-	262	459	-	-
Total	**1 735**	**2 047**	**5 441**	**4 153**	**1 096**	**1 106**

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

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

NOT 6 NET SALES

SEK M	2021	2020
Corporate Finance	670	618
Property Investment Management	1 042	1 074
Property Funds	851	740
Property Asset Management*	265	450
Eliminations within the business area	-74	-116
Principal Investments	2	1
Other net sales**	20	355
	1 735	**2 047**

* Of recognized sales for 2020, SEK 88 M was attributable to former subsidiary Catella Asset Management SAS which was divested in January 2021

** Of recognized sales in 2021, SEK 34 M (243) was attributable to subsidiary IPM which is being discontinued.
Of the recognised income in 2020, SEK 121 M was attributable to the Catella Fondförvaltning AB which was divested in September 2020.
Other net sales include elimination of intra-Group sales between business areas.

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

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

Revenue recognition according to the percentage of completion method is not applied in any of the Group's subsidiaries active in Corporate Finance or Property Investment Management.

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

NOT 7 OTHER OPERATING INCOME/EXPENSE

Other operating income

SEK M	2021	2020
Recharged costs for company analysis	-	9
Share of profit from associated companies	42	196
Other return on investments in associated companies	10	2
Capital gains on financial assets at fair value through profit or loss	-	35
Fair value gains on financial assets at fair value through profit or loss	-	-1
Other	19	26
	71	**265**

Profit share from associated companies includes income from the sale of the property development projects Moussey Logistique II in France and Biblioteksparken in Denmark. A majority of the previous year's profit share from associated companies relates to the sale of the German development project Grand Central.

No ongoing property development projects were subject to revenue recognition according to the percentage of completion method as of the record date.

Other operating expenses

SEK M	2021	2020
Impairment of accounts receivable	-3	-16
Recovered bad debt losses	0	0
Other operating expenses	-5	-18
	-8	**-34**

NOT 8 OTHER EXTERNAL EXPENSES

Remuneration to auditors

SEK M	2021	2020
PwC		
Audit assignment *	6	8
(varav till moderbolagets revisorer PricewaterhouseCoopers AB)	*3*	*2*
Audit activities other than audit assignment	0	0
(varav till moderbolagets revisorer PricewaterhouseCoopers AB)	*0*	*0*
Tax advisory	1	0
(varav till moderbolagets revisorer PricewaterhouseCoopers AB)	*1*	*0*
Other services	1	6
(varav till moderbolagets revisorer PricewaterhouseCoopers AB)	*0*	*3*
	8	**14**
Other audit firms		
Audit assignment	1	1
Audit activities other than audit assignment		1
Tax advisory		1
Other services		-
	1	2
Total remuneration to auditors	**9**	**16**

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

NOT 9 DEPRECIATION AND AMORTISATION

SEK M	2021	2020
Depreciation of tangible assets, note 19	10	9
Amortisation of non-acquisition-related intangible assets, note 17	12	20
Amortisation of acquisition-related intangible assets, note 17	52	24
Depreciation of contract assets, note 18	47	57
	121	**110**

Depreciation and amortization for the year of non-acquisition-related intangible assets primarily relate to IT systems for the service area Property Funds and to the subsidiary IPM which is being discontinued.

Depreciation and amortization for the year on acquisition-related intangible assets are attributable to customer relationship identified in connection with the acquisition of APAM Ltd. The amount also includes goodwill impairment of SEK 39 M attributable to the subsidiary IPM.

NOT 10 EMPLOYEES

Employee benefits

SEK M	2021	2020
Salaries and other compensation	732	790
Social security expenses	118	152
Pension costs defined contribution pension plans	34	52
Pension costs defined benefit pension plans	-	-
	884	**994**

Salaries and other benefits

SEK M	2021	2020
Boards of Directors and Presidents *	200	229
Other employees *	532	561
	732	**790**
* of which variable renumeration to senior management	147	169

Apart from the aforementioned compensation, which was an expense for Catella in 2021, earnings attributable to partners in subsidiaries in which they work are recognized as a personnel cost in accordance with applicable accounting policies. This cost amounts to SEK 55 M (37).

Average no. of employees (full-time equivalents)

	2021		2020	
Average	Total	of which women	Total	of which women
Sweden—parent company	15	4	11	1
Sweden—subsidiaries	86	31	118	45
Luxembourg	-	-	-	-
Germany	185	75	168	73
France	80	40	103	48
UK	52	30	53	29
Finland	40	13	40	11
Spain	34	17	34	16
Denmark	14	5	15	5
Baltics	7	3	8	2
Netherlands	24	6	23	5
Norway	1	-	2	-
Hong Kong	-	-	-	-
USA	-	-	2	1
Total	**538**	**224**	**577**	**236**

As of 31 December 2021, the number of Board members and Presidents totalled 173 (179), of whom 18 (25) were women. In several cases, these individuals are one and the same person, as such an individual may hold multiple directorships.

NOT 11 REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Principles

Directors' fees are paid to the Chairman of the Board and Board members in accordance with the resolution of the Annual General Meeting. The following guidelines for remuneration to senior executives were adopted by the Annual General Meeting 2021:

These guidelines concern remuneration and other terms of employment for the members of Catella's Group Management for the period the guidelines apply, hereby jointly designated 'senior executives'. The guidelines also apply to other Board members with regard to remuneration in addition to the Directors' fees authorized by the Annual General Meeting. The guidelines apply for agreements entered after the AGM resolution, and for amendments to existing agreements after this date. The Board of Directors is entitled to depart from these guidelines, wholly or in part, if there are special reasons for this in individual cases, and such departure is considered necessary to satisfy the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

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

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

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

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

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

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

Share-based incentive programs are subject to resolution by the shareholders' meeting and are not encompassed by these guidelines.

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

In addition, remuneration for non-compete undertakings may be payable. Such remuneration shall compensate any potential income shortfall and shall only be payable in cases where the former employee is not entitled to receive severance pay. Remuneration shall be based on fixed basic salary at the time of termination of employment and subject to a maximum of 60 percent of monthly income at the time of termination of employment and be payable during the period the non-compete undertaking applies, which shall be subject to a maximum of 9 months after termination of employment.

The Company is not contractually entitled to recover variable remuneration. According to statute or agreement, and considering any ensuing limitations thereof, the Board is entitled to wholly or partly recover variable remuneration paid on incorrect grounds.

Board of Directors and senior executives

For a presentation of the Board of Directors and Group Management, see the section on the Board of Directors, Auditors and Group Management.

In May 2021 at the AGM, the Board members Johan Claesson, Tobias Alsborger, Johan Damne, Joachim Gahm and Jan Roxendal were re-elected, and Anneli Jansson was elected. Johan Claesson was elected Chairman of the Board.

The composition of Group management changed during Spring 2021. Christoffer Abramson, formerly CFO, was appointed CEO on 12 April 2021 and Mattias Brodin was appointed Interim CFO on 29 March 2021. In June, the Board of Catella AB appointed Mattias Brodin CFO, Michel Fischier appointed Head of Investor- and Group Communications, and Johanna Bjärnemyr appointed Head of Group Legal. Group management also includes Mathias de Maré, Head of HR from 1 June 2021.

Board fees, approved by the AGM on 25 May 2021, totalled SEK 570,000 (570,000) to the Chairman of the Board and SEK 350,000 (350,000) each to other Board members. In addition, the following remuneration is payable: SEK 130,000 (130,000) to the Chairman of the Audit Committee and SEK 100,000 (100,000) each to two other Committee members, and SEK 40,000 (40,000) to the Chairman of the Remuneration Committee and SEK 30,000 (30,000) to the Committee member. Board members are entitled to invoice their Board fee through privately owned companies provided this is permissible from a tax perspective and is cost neutral to Catella. Board members are then permitted to include social security expenses that would have been payable by Catella AB had the Board fee been paid directly to the Board member. In these cases, Board fees correspond to approved fees, plus invoiced social security expenses. In addition, statutory sales tax is payable.

Variable remuneration to senior executives and other employment terms in 2021

The Chief Executive Officer and other senior executives are entitled to receive performance-based bonuses. Entitlement to bonus payments and the calculation basis for bonuses are determined and re-evaluated annually by the Board. Bonuses are subject to a maximum amount corresponding to 12 months' salary (12) for the CEO and 12 months' salary (12) for other senior executives. The Company's cost for variable salary to Group management for 2021 amounted to SEK 6.1 M (0.5) including social security expenses. The maximum outcome would have cost the Company SEK 9.6 M (12) including social security expenses.

In addition to statutory pension and insurance benefits, the company should provision an amount corresponding to up to 30% of the basic salary of senior managers for the occupational pension solution designated by the employee each year. Senior managers are entitled to 30 days of holiday per year.

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

Share-based incentive program

See Note 12, Share-based payment.

Compensation and other benefits in 2021

SEK K	Basic salary/Directors' fee	Variable compensation	Other benefits	Pension cost	Other compensation	Total
Chairman of the Board						
Johan Claesson	560					560
Other Board members						
Jan Roxendal	589					589
Johan Damne	392					392
Joachim Gahm	350					350
Tobias Alsborger	408					408
Anneli Jansson	204					204
Anna Ramel	188					188
Total compensation to board members	**2 691**	**-**	**-**	**-**	**-**	**2 691**
Chief Executive Officer						
Christoffer Abramson	2 933	3 216	5	902		7 056
Other senior managers **	4 692	1 426	14	1 001		7 133
Total compensation to CEO and other members of Group management	**7 625**	**4 642**	**19**	**1 903**	**-**	**14 189**

* Other senior executives are Christoffer Abramson as CFO for the period 1 January – 11 April, Mattias Brodin (CFO) for the period 1 August – 31 December, Michel Fischier (Head of IR and Communications), Johanna Bjärnemyr (Head of Legal) and Mathias de Maré (Head of HR) for the period 1 June – 31 December.

Remuneration and other benefits in 2020

SEK K	Basic salary/Directors' fee	Variable compensation	Other benefits	Pension cost	Other compensation	Total
Chairman of the Board						
Jan Roxendal	621					621
Other Board members						
Johan Claesson	500					500
Johan Damne	408					408
Joachim Gahm	350					350
Anna Ramel	450					450
Tobias Alsborger	204					204
Total compensation to board members	**2 533**	**-**	**-**	**-**	**-**	**2 533**
Chief Executive Officer						
Johan Claesson	-					0
Knut Pedersen	1 618	-	57	453		2 128
Other senior managers **	2 650	422	11	665		3 748
Total compensation to CEO and other members of Group management	**4 268**	**422**	**68**	**1 119**	**-**	**5 876**

* Other senior executives refer to Christoffer Abramson (CFO), Marcus Holmstrand (former CFO) and Johan Nordenfalk (former COO), where the two latter left their positions and Catella's Group management on 17 June 2020 and 18 March 2019 respectively.

Shareholdings and other holdings

The Board of Directors' and Group Management's share and warrant holdings in Catella AB were as follows as of 31 December 2021 and 2020 respectively*:

	Class A shares		Class B shares		Options		Bonds, SEK	
No. / SEK	2021	2020	2021	2020	2021	2020	2021	2020
Board of Directors								
Johan Claesson, Chairman of the Board (direct and indirect shareholdings)	1 100 910	1 100 910	42 563 838	42 563 838	-	-	-	-
Jan Roxendal, Board member	-	-	129 554	129 554	-	-	2 500 000	2 000 000
Joachim Gahm, Board member	-	-	-	-	-	-	-	-
Johan Damne, Board member	-	-	150 000	150 000	-	-	-	-
Tobias Alsborger, Board member	-	-	36 000	22 000	-	-	-	-
Anneli Jansson, Board member	-	-	10 000	-	-	-	-	-
Management								
Christoffer Abramson, President and CEO	-	-	5 000	-	2 000 000	-	-	-
Mattias Brodin, CFO	-	-	-	-	300 000	-	-	-
Johanna Bjärnemyr, Head of Legal	-	-	1 400	-	150 000	-	-	-
Michel Fischier, head of IR and Comunications	-	-	5 000	-	150 000	-	-	-
Mathias de Maré, Head of HR	-	-	1 000	-	150 000	-	-	-
Total holdings	**1 100 910**	**1 100 910**	**42 901 792**	**42 865 392**	**2 750 000**	**0**	**2 500 000**	**2 000 000**

* Information for senior executives only at the end of each financial year.

NOT 12 SHARE-RELATED INCENTIVES

The Extraordinary General Meeting in December 2020 decided to introduce a new incentive program through the issue of a maximum of 3,000,000 warrants distributed over two series: 2020/2024:A and 2020/2025:B.

As of 1 June 2021, 2,750,000 warrants were transferred to members of Group management, and the remaining 250,000 warrants were held in Treasury as of 31 December 2021. The exercise price is SEK 35.20 per share.

Each warrant confers the holder the right to subscribe for one (1) new Class B share in the Company. The warrants can be utilised to subscribe for new shares in the following periods: warrants of series 2020/2024:A from 1 Jun 2024 to 15 June 2024 inclusive; warrants of series 2020/2025:B from 1 June 2025 to 15 June 2025 inclusive. The warrants shall be transferred on market terms at a price calculated on the basis of the Black & Scholes valuation model. The subscription price per share upon utilization of the warrant shall correspond to 120 percent for Class A and for Class B of the listed volume-weighted average price paid of the Catella share (Class B) on Nasdaq Stockholm over a period of 10 trading days from the day after the Board makes the offer to acquire warrants to individuals encompassed by the program. Upon full subscription and utilization of all 3,000,000 warrants, the Company's share capital may increase by a maximum of SEK 6,000,000, provided no remeasurement occurs under the terms of the warrants. This corresponds to dilution of some 3.4 percent of existing equity.

Change in the number of outstanding warrants:

No.	2021	2020
Opening balance as of 1 January	3 000 000	2 333 334
Newly issued	-	3 000 000
Exercise of options to subscribe for new shares	-	-2 066 667
Expiry of unutilised warrants	-	-266 667
As of 31 December	**3 000 000**	**3 000 000**
of which held by Catella	**250 000**	**3 000 000**

Outstanding warrants as of the reporting date:
Issue 2020

Year	Share of total outstanding share warrants, %	Total no. of outstanding share warrants	of which held by Catella
2024	50	1 500 000	125 000
2025	50	1 500 000	125 000
Total	**100**	**3 000 000**	**250 000**

NOT 13 FINANCIAL ITEMS

SEK M	2021	2020
Interest income accordring to effective interest rate method		
Interest income on bank balances	0	0
Interest income on loan receivables	0	0
Other interest income	1	1
	1	**1**
Interest income other		
Interest income on financial assets at fair value through profit or loss	17	5
	17	**5**
Interest expenses		
Interest expenses to credit institutions	-5	-4
Interest expenses on bond loan	-57	-31
Interest expenses on contract liabilities	-10	-11
Other interest expenses	-1	-1
	-74	**-47**
Other financial income		
Capital gains on group companies	130	0
Fair value gains on financial assets at fair value through profit or loss	11	22
Capital gains on financial assets at fair value through profit or loss	5	5
Exchange rate gains	69	50
	215	**78**
Other financial expenses		
Capital gain from group companies	-	-9
Fair value loss on financial assets at fair value through profit or loss	-4	-59
Capital losses on financial assets at fair value through profit or loss	-13	-4
Issue and loan guarantee expenses	-8	-4
Exchange rate losses	-57	-70
	-82	**-146**

NOT 14 TAX

SEK M	2021	2020
Current tax:		
Current tax on profit/loss for the year	-87	-110
Adjustments relating to previous years	1	2
Total current tax	**-86**	**-108**
Deferred tax:		
Origination and reversal of temporary differences	7	-43
Effect of change in tax rates	-	-
Total deferred tax	**7**	**-43**
Income tax	**-79**	**-151**

Income tax on the Group's profit differs from the theoretical amount that would have resulted from the use of a weighted average tax rate in the consolidated companies, as follows:

SEK M	2021	2020
Profit/loss before tax	221	285
Income tax calculated at domestic tax rates applicable to profit in the respective countries	-68	-63
Tax effects of:		
Utilized loss carry forwards, previously not recogr	42	23
Tax losses for which no deferred tax asset was recognised	-62	-34
Changed assessment of previously activated loss ca	-	-70
Effect from temporary differences with non-recognized deferred tax asset	-1	-13
Non-deductible interest expenses	-5	-7
Non-taxable capital gains	28	-79
Other non-deductible/non-taxable items	-17	-11
Wealth tax	0	0
Share of profit from associated companies	3	102
Adjustments relating to previous years	1	2
Tax expense	**-79**	**-151**

Deferred tax assets and tax liabilities are allocated as follows:

SEK M	2021	2020
Deferred tax assets		
Estimated to be utilised after more than 12 months	6	14
estimated to be utilised within 12 months	**17**	**7**
	23	**21**
Deferred tax liabilities		
to be paid after 12 months	17	18
to be paid within 12 months	**2**	**3**
	19	**20**
Deferred tax assets/liabilities (net)	**5**	**1**

SEK M	2021 31 Dec	2020 31 Dec
Deferred tax assets		
Future deductible expenses	-	0
Tax deficit	23	21
Total	**23**	**21**
Deferred tax liabilities		
Fair value gains	0	0
Intangible assets	18	20
Un-taxed reserves	0	1
Total	**19**	**20**

SEK M	2021 31 Dec	2020 31 Dec
Deferred tax assets		
Opening balance	21	78
Change in temporary differences	0	0
New tax loss carryforwards	4	21
Changed assessment of previously activated loss carry forwards	-	-70
Change through divestment	-	-7
Exchange rate differences	-2	-1
Closing balance	**23**	**21**
Deferred tax liabilities		
Opening balance	-20	27
Change in temporary differences	1	-3
Amortisation of acquisition values	2	-3
Exchange rate differences	-1	-1
Closing balance	**-19**	**20**

According to IAS 12, "Income Taxes", deferred tax assets relating to tax loss carry-forwards are recognised to the extent it is probable that future taxable profits will be available. According to this standard, Catella recognises a deferred tax asset of SEK 23 M (21) the majority consists of tax loss carry-forwards which is based on a judgement of the Group's future utilisation of tax loss carry-forwards in the legal entities holding the loss carry-forwards. The tax income that arises on first-time reporting of new or already existing saved deficits as deferred tax assets has no impact on the Group's liquidity. The Group has total loss carry-forwards amounting to SEK 1,298 M (1,145). Loss carry-forwards for which no deferred tax asset is recognized in the Consolidated Balance Sheet amount to SEK 1,217 M (1,080).

There is limited potential for tax equalisation between the Group's different units. In the Group's German units, restructuring during 2020 enabled the offset of existing loss carry-forwards against future taxable surpluses from the Property Funds service area from 2021 onwards. As of the reporting date deferred tax receivables attributable to this unit amount to SEK 19 (20) M.

The loss carry-forwards reported in the Consolidated Balance Sheet relate to a forecast period of five years.

Tax relating to components in other comprehensive income amounts to SEK 0 M (20.4) for the financial year 2020. The accumulated tax effect in other comprehensive income amounts to SEK 0 M (0).

NOT 15 EARNINGS PER SHARE

(a) Before dilution

Earnings per share before dilution is calculated by dividing the profit attributable to the Parent Company's shareholders by a weighted average number of outstanding ordinary shares in the period.

	2021	2020
Profi/loss from continued operations, mkr	143	134
Profi/loss from divestment group held for sale, mkr	-14	-60
Profi/loss from total operations, mkr	**128**	**74**
Profit/loss attributable to Parent Company shareholders and on which earnings per share before dilution is calculated		
Profi/loss from continued operations, mkr	189	125
Profi/loss from divestment group held for sale, mkr	-14	-60
Profi/loss from total operations, mkr	**174**	**65**
Weighted average number of ordinary shares	88 348 572	86 948 572
Earnings per share from continued operations, kr	2,13	1,44
Earnings per share from divestment group held for sale, kr	-0,16	-0,69
Earnings per share from total operations, kr	1,97	0,75

(b) after dilution

For the calculation of earnings per share after dilution, the weighted average number of ordinary shares outstanding is adjusted for the dilution effect of all potential ordinary shares. The Parent Company has issued warrants that could result in ordinary shares. For warrants, a calculation is performed of the number of shares that could have been purchased at fair value (calculated as the average market price of the Parent Company's shares for the year) for an amount corresponding to the exercise price of the subscription rights linked to the outstanding warrants. The total number of shares calculated as described below is compared with the number of shares that would have been issued under the assumption that the warrants were exercised.

The dilution effect in 2021 was 2.6% (1.6).

	2021	2020
Profi/loss from continued operations, mkr	143	134
Profi/loss from divestment group held for sale, mkr	-14	-60
Profi/loss from total operations, mkr	**128**	**74**
Profit/loss attributable to Parent Company shareholders and on which earnings per share after dilution is calculated		
Profi/loss from continued operations, mkr	189	125
Profi/loss from divestment group held for sale, mkr	-14	-60
Profi/loss from total operations, mkr	**174**	**65**
Weighted average number of ordinary shares	88 348 572	86 948 572
Adjustments for:		
assumed conversion of share warrants	2 269 265	1 425 000
Weighted average number of ordinary shares for computation of earnings per share after dilution	90 617 837	88 373 572
Earnings per share from continued operations, kr	2,08	1,42
Earnings per share from divestment group held for sale, kr	-0,16	-0,68
Earnings per share from total operations, kr	1,92	0,74

NOT 16 DIVIDEND

The Board of Directors is proposing a dividend of SEK 1.00 per share which corresponds to a total of SEK 88.3 M. The proposed dividend to Parent Company shareholders is subject to a maximum of SEK 80 M or 60 percent of profit for the year attributable to Parent Company shareholders. Proposed payment of dividends on 01 June 2022.

A dividend of SEK 0.90 per share was paid for the financial year 2020.

NOT 17 INTANGIBLE ASSETS

SEK M	Goodwill	Trademark	Contractual customer relations	Software licenses and IT systems	Total
As of 1 January 2020					
Net carrying amount	**464**	**50**	**79**	**34**	**627**
Financial year 2020					
Acquired during the year				7	7
Cost in acquired companies					0
Disposals	-118		-4		-122
Depreciation and amortisation			-17	-18	-36
Impairment of goodwill and other intangible assets	-8				-8
Exchange rate differences	-20		-6	0	-26
Closing balance	**318**	**50**	**52**	**23**	**443**
At 31 December 2020					
Cost	348	50	126	114	637
Accumulated depreciation			-71	-42	-113
Accumulated impairment	-29		-3	-49	-81
Net carrying amount	**318**	**50**	**52**	**23**	**443**
Financial year 2021					
Acquired during the year				3	3
Disposals				-1	-1
Depreciation and amortisation			-11	-13	-23
Impairment of goodwill and other intangible assets	-39			-2	-41
Exchange rate differences	18		5	0	23
Closing balance	**298**	**50**	**45**	**11**	**404**
At 31 December 2021					
Cost	366	50	127	116	660
Accumulated depreciation			-79	-55	-133
Accumulated impairment	-69	0	-3	-51	-123
Net carrying amount	**298**	**50**	**45**	**11**	**404**

Reported goodwill at year-end 2021 relates to the acquisition of the Catella Brand AB Group in 2010 (SEK 113 M) and the acquisition of APAM Ltd in 2018 (SEK 185 M). The Catella trademark was valued at SEK 50 M on the acquisition of the Catella Brand AB Group. The carrying amount of contractual customer relationships as of 31 December 2020 of SEK 45 M relates to APAM Ltd in its entirety. The closing carrying amount of software licenses and IT systems was SEK 11 M, of which no part was acquisition related assets. All intangible assets were externally acquired.

Impairment testing of goodwill and other assets with indefinite useful lives

In business combinations, goodwill and other surplus values are allocated to the cash-generating units that are expected to receive future economic benefits, for example in the form of synergies, as a result of the acquired operations. When separate cash-generating units cannot be identified, goodwill and other surplus values are allocated to the lowest level at which the operation is controlled and monitored internally.

Assets with indefinite useful lives are tested annually for impairment. Catella's principle is to conduct impairment tests on assets with indefinite lives in the fourth quarter each year, based on their carrying amounts on 30 September. Catella's assets with indefinite useful lives consist of goodwill and brands. The impairment test for these assets has been carried out by operating segment; Corporate Finance and Property Investment Management and which is consistent with the level at which goodwill and other acquisition-related intangible assets are monitored internally, and in reporting to management and the Board of Directors. No impairment testing took place for the Principal Investments operating segment in 2021 as the segment does not have assets with an indefinite useful life. Central management and shareholder-related expenses have been allocated to the relevant operating segment on the basis of the estimated proportion of resources utilised. For assets measured at fair value, no impairment test is conducted since these items are measured separately on each reporting date at market prices according to established principles. Catella's brand is reported under Other because it constitutes a shared asset for the Group. Impairment testing of Catella's brand is based on an established method for valuing brands "Relief-from-Royalty," and has been verified by an external valuer. The valuation indicates that the value in use of the brand exceeds book value significantly.

If an impairment test demonstrates that book value exceeds the recoverable amount, impairment is conducted at an amount that corresponds to the difference between book value and recoverable amount. The recoverable amount is the higher of net realisable value and value in use.

The value in use is the present value of estimated future cash flows. Cash flows were measured based on the financial plans prepared in each operating segment, based on the business plan for the coming financial year that was adopted by Group Management and approved by the Board of Directors. As a rule, these financial plans cover a projection period of five years and include organic sales growth, the operating margin trend, as well as the change in operating capital employed. Cash flow, with the exception of the stated projection, was extrapolated using an assessed growth rate of 2% for both operating segments, which corresponds to the ECB's long-term inflation target within the Eurozone and the Swedish Central Bank's long-term inflation target for Sweden.

The measurement of value in use is based on several assumptions and judgements in addition to the growth rate beyond the projection period. The most significant relate to the organic growth rate, the progress of the operating margin, the change in operating capital employed and the relevant discount rate (WACC, weighted average cost of capital), which is used to discount future cash flows.

The test indicated no need for Goodwill Impairment. Goodwill impairment of SEK 39 M was recognized earlier in the year, attributable to the subsidiary IPM which is being discontinued. Impairment is reported as Depreciation and amortisation in the Consolidated Income Statement.

The discount rate (WACC) before tax per operating segment is stated below:

	WACC, %	
	2021	2020
Corporate Finance	11,2	11,4
Property Investment Management	11,2	11,4
Principal Investments	-	-
Other	11,2	11,4

The calculation of WACC is based on external market data regarding the risk free interest rate and studies on market risk premiums for various European countries. A Beta factor of 1.5 was used for 2021 and 2020. Calculated WACC for 2021 was 11.2%. Catella has opted to apply the same WACC for all cash-generating units, as this has been judged to present a reasonable picture of the risk in the various cash-generating units.

A summary of the distribution of goodwill and brands by business area follows:

	2021		2020	
SEK M	Goodwill	Trademark *	Goodwill	Trademark *
Corporate Finance	62	-	62	-
Property Investment Management	235	-	218	-
Principal Investments	-	-	-	-
Other	-	50	39	50
	298	**50**	**318**	**50**

* Catella registered trademark

The sensitivity analysis of the calculation of value in use coincident with impairment testing has been conducted in the form of a general reduction of 5.0 percentage point in the projection period of organic growth and operating margin, and a general increase in the weighted average cost of capital (WACC) of 2.0 percentage points. The sensitivity analysis indicated no further impairment need.

NOT 18 CONTRACT ASSETS AND CONTRACT LIABILITIES

This Note provides information about the lease agreements where the Group is lessee. Catella is not party to any agreements where the Group is lessor.

The Group leases a number of office premises, cars and other equipment on the basis of non-cancellable operating leases. The lease terms vary between one and ten years and most lease arrangements can be extended on market terms on expiry. Payments for short-term contracts and lease agreements of minor value are expensed on a straight-line basis in the Income Statement. Short-term contracts are defined as contracts with a lease term of 12 months or less. Agreements of minor value are defined as below SEK 0.1 M and include IT and office equipment. During the year, new contract assets of SEK 27.3 M (24.8) arose, of which SEK 21.7 M (20.6) related to new rental contracts, SEK 5.1 M (2.2) related to leasing vehicles and SEK 0.5 M (2.0) related to other lease contracts.

The following amounts relating to lease agreements are recognized in the Balance Sheet:

SEK M	2021	2020
Contract assets		
Office buildings	118	146
Cars	8	8
Other equipments	1	2
	127	**157**
Contract liabilities		
Non-current liabilities	99	115
Current liabilities	34	48
	134	**163**

The following amounts relating to lease agreements are recognized in the Income Statement:

SEK M	2021	2020
Depreciation of contract assets		
Office buildings	41	51
Cars	5	6
Other equipments	1	0
	47	**57**
Interest expenses	10	11

Total cash flow relating to lease agreements in 2021 amounted to SEK 60 M (69).

NOT 19 PROPERTY, PLANT AND EQUIPMENT

SEK M	Furniture, fittings and equipment
As of 1 January 2020	
Net carrying amount	**25**
Financial year 2020	
Acquired during the year	16
Disposals	-1
Depreciation and amortisation	-9
Exchange rate differences	-1
Closing balance	**30**
At 31 December 2020	
Cost	106
Accumulated depreciation	-76
Net carrying amount	**30**
Financial year 2021	
Acquired during the year	11
Disposals	-6
Depreciation and amortisation	-10
Exchange rate differences	1
Closing balance	**25**
At 31 December 2021	
Cost	111
Accumulated depreciation	-86
Net carrying amount	**25**

NOT 20 HOLDINGS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Holdings in subsidiaries

A list of the Group's subsidiaries is provided below. All subsidiaries are consolidated in the Group. The stated participating interests correspond to the share of equity and votes. Participating interests in addition to the participation which corresponds to the Group's holdings is for non-controlling interests. Holdings are ordinary shares. None of the Group's subsidiaries have issued preference shares.

As of 31 December 2021, Catella owns 53.2% of IPM Informed Portfolio Management BV (IPM BV), a holding company that in turn owns 75.4% of IPM Informed Portfolio Management AB (IPM AB). There is also a direct 20.5% holding in IPM AB. Total ownership as of 31 December 2021 thereby amounted to 60.6% of IPM AB.

			31 Dec 2021		31 Dec 2020	
Company	Corp. ID no.	City	Participating interest, %	Total no. of share	Participating interest, %	Total no. of share
Catella Holding AB	556064-2018	Stockholm	100	1 000	100	1 000
Catella Luxembourg S.A.	B 29962	Luxembourg	100	8 780 000	100	8 780 000
IPM Informed Portfolio Management BV	33200827	Amsterdam	53	10 070 220	53	10 070 220
IPM Informed Portfolio Management AB	556561-6041	Stockholm	61	2 253 561	61	2 253 561
IPM Informed Portfolio Management UK Ltd*	10365981	London	-	-	-	-
IPM Informed Portfolio Management USA Inc*	35-2630034	New York	-	-	-	-
European Equity Trance Income Ltd	44552	Guernsey	100	64	100	64
Catella Capital AB	556886-9019	Stockholm	100	13 000	100	13 000
Catella Asia Ltd*	2502446	Hong Kong	-	-	100	10 000
Catella Brand AB	556690-0188	Stockholm	100	1 000	100	1 000
Catella Property Fund Management AB	556660-8369	Stockholm	100	10 000	100	10 000
Catella Property Asset Management AB	559104-6551	Stockholm	100	16 667	100	16 667
Catella Real Estate AG	HRB 169051	Munich	95	2 500 000	95	2 500 000
Catella Asset Management GmbH	HRB 237791	Munich	55	25 000	55	25 000
CRIM Holding GmbH	HRB 106179	Berlin	100	2	100	2
Catella Residential Investment Management Gmbh	HRB 220094	Berlin	100	25 000	100	25 000
APAM Ltd	7671308	London	75	11 000	75	11 000
Catella Corporate Finance AB	556724-4917	Stockholm	100	1 000	100	1 000
Catella Property Oy	669987	Helsinki	100	10 000	100	10 000
Catella Asset Management Oy	2214836-4	Helsinki	100	10 000	100	10 000
Pegasos Real Estate GP Oy	22911649	Helsinki	100	2 500	100	2 500
Catella Property Norway AS	986032851	Oslo	100	100	100	100
Catella Asset Management AS	917354049	Oslo	51	100	51	100
Catella Property Management AS	912800423	Oslo	-	-	51	1
Catella Investment Management Benelux B.V.	56049773	Maastricht	100	10 000	100	10 000
Catella Property Consultants GmbH	HRB 142101	Dusseldorf	100	25 000	100	25 000
Catella Property Valuation GmbH	HRB 106180	Dusseldorf	100	-	100	-
Living Circle GmbH	HRB 106183	Dusseldorf	100	100 000	100	100 000
Catella Project Management GmbH	HRB 76149	Dusseldorf	100	25 000	100	25 000
Catella Corporate Finance SIA	40003814194	Riga	60	2 850	60	2 850
Catella Corporate Finance Vilnius	300609933	Vilnius	60	100	60	100

Company			31 Dec 2021 Participating interest, %	31 Dec 2021 Total no. of share	31 Dec 2020 Participating interest, %	31 Dec 2020 Total no. of share
OÜ Catella Corporate Finance Tallin	11503508	Tallin	60	1	60	1
Catella Property Denmark A/S	17981595	Copenhagen	54	555 556	54	555 556
Catella Investment Management A/S	34226628	Copenhagen	60	500 000	60	500 000
Kaktus 1 TopCo Aps	CVR 39195208	Copenhagen	93	7 485 510	93	7 485 510
Catella France SAS	B 412670374	Paris	100	2 500	100	2 500
Catella Valuation Advisors SAS	B 435339098	Paris	67	4 127	67	4 127
Catella Property Consultants SAS	B 435339114	Paris	100	4 000	100	4 000
Catella Residential Partners SAS	B 442133922	Paris	66	4 000	66	4 000
Catella Logistic Europe SAS	B838433811	Paris	65	50 000	65	50 000
Catella Asset Management SAS**	B 798456810	Paris	-	-	50	200 000
Catella Asset Management Partners**	B 884561044	Paris	-	-	50	111 000
Catella Hospitality Europe SAS	B 851820084	Paris	51	50 000	51	50 000
Catella Property Spain S.A.	A 85333342	Paris	90	60 102	90	60 102
Catella Asset Management Iberia S.L.	B87290813	Madrid	65	3 000	65	3 000
CCF Holding AB	559078-3238	Madrid	60	10 000	60	10 000
Catella Corporate Finance Stockholm AB	559054-4234	Stockholm	60	10 000	60	10 000
CCF Holding Gbg AB	559089-0710	Gothenburg	60	10 000	60	10 000
Catella Corporate Finance Göteborg AB	559084-9104	Gothenburg	60	10 000	60	10 000
CCF Malmö Intressenter AB	556740-5963	Malmö	60	1 000	60	1 000
Catella Corporate Finance Malmö AB	556740-5666	Malmö	60	1 000	60	1 000
Aveca AB	556646-6313	Stockholm	100	5 000	100	5 000
Aveca Geshäftsführungs GmbH	HRB 106722	Dusseldorf	100	-	100	-
SFB Parque Logistico	B67820290	Barcelona	100	-	-	-
Infrahubs AB	559217-3412	Kalmar	50	25 000	33	25 000
Infrahubs Fastighet 2 AB	559197-5270	Stockholm	100	500	100	500
Infrahubs Holding AB	559322-6631	Kalmar	50	500	-	-
Infrahubs Hold-co 1 AB	559326-9490	Kalmar	50	250	-	-
Infrahubs Fastighet 3 AB	559274-2117	Kalmar	50	250	-	-
Infrahubs Fastighet 4 AB	559274-2125	Kalmar	50	250	-	-
Catella Residential 01 GP Sarl	B220094	Luxembourg	100	1 000	100	1 000
Catella Residential 02 GP Sarl	B257400	Luxembourg	100	12 000	-	-

* Group companies terminated in 2021
** Group companies divested in 2021

Summary financial information regarding subsidiaries, with significant non-controlling interests

As of 31 December 2021, the total ownership of non-controlling holdings was SEK 132 M (185), of which SEK 104 M (134) relates to subsidiaries IPM Informed Portfolio Management AB, Catella Real Estate SAS, Catella Corporate Finance AB and Catella Property Denmark A/S.

Profit/loss relating to non-controlling interests amounted to SEK -1 M (34) for the financial year 2021.

Of the total amount, SEK -45 M (9) was reported as profit for the year attributable to non-controlling holdings and SEK 44 M (25) as personnel expenses and tax in the Income Statement.

The amounts recognized as profit attributable to non-controlling holdings include an amount of SEK -51 M (1) from discontinued operations, IPM Informed Portfolio Management AB. Excluding IPM, the figure was SEK 8 M (8) in the financial year 2021.

According to the Groups accounting principles, profit shares attributable to shareholders active in subsidiaries are reported as a personnel expense in the consolidated Income Statement.

Summary of financial information for each subsidiary with non-controlling interests, and that is material to the Group, follows. Information is for amounts before intra-group eliminations.

	IPM Informed Portfolio Management AB (participating interest 61 %)		Catella Real Estate AG (participating interest 94,5 %)		Catella Corporate Finance AB (participating interest 60 %)		Catella Property Denmark A/S (participating interest 54 %)	
Summarised balance sheet	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Non-current assets	-	119	41	24	25	24	31	47
Current assets	145	243	300	228	221	92	42	9
Total assets	**145**	**363**	**341**	**252**	**247**	**116**	**73**	**55**
Non-current liabilities	-1	-1	-26	-5	-1	-	-10	-14
Current liabilities	-15	-108	-158	-114	-172	-105	-13	-15
Total liabilities	**-16**	**-108**	**-185**	**-119**	**-172**	**-105**	**-23**	**-29**
Net assets	**129**	**254**	**156**	**134**	**74**	**11**	**50**	**27**
Net assets allocated to non-controlling interest	51	100	9	7	29	18	25	15
Summarised income statement and comprehensive income								
Income	35	245	710	663	196	136	58	28
Net profit for the year	-126	3	70	54	70	43	22	6
Total comprehensive income for the year	-126	3	70	49	70	43	22	4
Total comprehensive income allocated to non-controlling interest	-51	1	4	3	28	17	10	2
Dividend paid to non-controlling interest	-	39	3	2	17	8	-	-
Summarised cash flow								
Cash flow from operating activities	-136	69	85	85	70	47	-1	0
Cash flow from investing activities	95	10	-2	-5	-1	-	27	-11
Cash flow from financing activities	-6	-105	-56	-37	-43	-22	0	0
Decrease/increase in cash and cash equivalents	**-47**	**-26**	**27**	**43**	**26**	**25**	**26**	**-11**

Investments in associated companies reported in accordance with the equity method

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

The Group's recognized value of shares in associated companies, as of 31 December 2021, amounted to SEK 187 M (167), of which SEK 106 M (96) related to associated companies that invest in property development projects and SEK 60 M related to Catella's 30 percent holding in former subsidiary Catella Fondförvaltning AB divested in January 2022. Catella also issued lending to associated companies totalling SEK 342 M (61).

SEK M	2021	2020
As of 1 January	167	92
Investments	25	38
Sales	-35	0
Share in profits, see Note 7 Other operating income	42	196
Share in profits, see Note 7 Other operating expense	-	-
Dividends paid	-6	-217
Reclassification from participations in Group companies	-	60
Reclassification to shares in subsidiaries	-5	-
Exchange rate differences	-1	-2
Closing book value	**187**	**167**

In 2021, dividend payments totalling SEK 6 M (217) were received from associated companies.

The assets, liabilities, income and profit/loss of associated companies, all of which are unlisted, are stated below, as well as the Group's participating interest in associated companies' equity including goodwill.

	Associated companies					Group		
	Country of registration	Assets, SEK M	Liabilities, SEK M	Income, SEK M	Profit/loss SEK M	Share of equity,%	Share of vote,%	Participating interest, SEK M
Catella Project Capital GmbH	Germany	235	1	9	0	45	0	105
Grand Central Beteiligungs GmbH	Germany	15	13	0	0	45	49	1
CatWave AB	Sweden	54	17	95	36	49	49	21
Cholet Logistique SAS	France	1	6	0	0	65	49	-3
Moussey Logistique SAS	France	3	6	0	-1	65	49	-2
Moussey Logistique II SAS	France	52	39	129	13	65	49	8
Roye Logistique SAS	France	278	278	143	0	65	49	0
MER Logistique SAS	France	286	286	199	0	65	49	0
Bankfoot APAM Ltd	UK	2	2	5	1	50	38	0
Infrahubs Fastighet 5 AB	Sweden	109	109	0	0	40	0	0
Infrahubs Fastighet 6 AB	Sweden	2	2	0	0	40	0	0
Infrahubs Fastighet 7 AB	Sweden	15	15	0	0	40	0	0
Infrahubs Fastighet 8 AB	Sweden	0	0	0	0	40	0	0
Infrahubs Fastighet 9 AB	Sweden	7	7	0	0	40	0	0
Infrahubs Fastighet 10 AB	Sweden	0	0	0	0	40	0	0
Infrahubs Hold-co 2 AB	Sweden	1	0	0	0	40	0	0
Infrahubs Hold-co 3 AB	Sweden	0	0	0	0	40	0	0
Infrahubs Hold-co 4 AB	Sweden	0	0	0	0	40	0	0
Infrahubs Fastighet 7 Holding AB	Sweden	0	0	0	0	40	0	0
Infrahubs Fastighet 11 AB	Sweden	15	15	0	0	40	0	0
Infrahubs Fastighet 12 AB	Sweden	0	0	0	0	40	0	0
Infrahubs Fastighet 13 AB	Sweden	0	0	0	0	40	0	0
Infrahubs Fastighet 14 AB	Sweden	0	0	0	0	40	0	0
Infrahubs Fastighet 15 AB	Sweden	0	0	0	0	40	0	0
Catella Fondförvaltning AB	Sweden	0	0	0	0	30	30	60
								187

NOT 21 DERIVATIVES

	2021		2020	
SEK M	Assets	Liabilities	Assets	Liabilities
Currency forwards	-	-	12	-
	0	0	12	0
Less: long-term portion	–	–	–	–
Short-term portion	**0**	**0**	**12**	**0**

At the start of the year, Catella AB had currency hedging with derivative instruments to reduce the exchange rate risk (translation risk) of Catella's net assets in EUR. Hedging currently totals a nominal amount of EUR 60 M which matured in February 2021 when the position was closed. At present, there is no hedging of exchange rate risk in Catella's net assets.

NOT 22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include the following:

SEK M	2021	2020
Loan portfolios	101	96
Fund investments	1	107
Listed shares and bonds	0	8
Unlisted shares	68	54
Other	2	1
	172	**267**

SEK M	2021	2020
As of 1 January	267	370
Acquisition *	98	41
Avyttringar**	-192	-42
Decrease through business divestment	-	-49
Fair value gains/losses on financial assets at fair value through profit or loss ***	-6	-35
Capitalised interest income	2	4
Reclassification	-	-17
Exchange rate differences	4	-6
As of 31 December	**173**	**267**
Less: long-term portion	-114	-248
Short-term portion	**59**	**19**

* Relates to the acquisition of shares in funds managed by IPM, shares in unlisted company Pamica 2 and listed bonds.

** Relates to the divestment of bonds and units.

*** Change in fair value of financial assets valued at fair value in the Income Statement is reported under Other financial items (Note 13). See also Note 3 for valuation and position in the fair value - hierarchy.

Loan portfolios

The loan portfolios comprise securitised European loans with primary exposure in housing. The performance of the loan portfolios is closely monitored and revaluations are made on a continuous basis. Forecasts are conducted by the French investment advisor Cartesia S.A.S. The book value in Catella's Consolidated Accounts is determined based on the projected discounted cash flows. The remaining portfolios were discounted at discount rates of 5.2% and 30.0% as of 31 December 2021, giving a weighted average discount rate of 18.0% (18.5%) for the total loan portfolios. The weighted average duration for the portfolio amounted to 3.2 years (3.6) as of 31 December 2021.

Cash flows mainly comprise interest payments, but also repayments with a projected period up to and including 2027. The expected cash flows for the period amounted to SEK 171 M (177), which are discounted and recognised at SEK 101 M (96).

In the sub-portfolio Pastor 2, the underlying loans are less than 10% of the issued amount and Catella expects the issuer to utilize its clean-up call in the fourth quarter 2022. Catella considers the credit risk to that will low, although the precise timing of the exercise of the option is difficult to forecast as it is determined by several unknown factors relating to the issuer.

The forecast cash flows for the sub-portfolio Lusitano 5, assume that the issuer will not utilise its time call. Accordingly, the valuation of the portfolio is based on forecast cash flow until the due date, discounted at an interest rate of 30 percent reflecting the uncertainty associated with the issuer's option to repurchase Lusitano 5 at an amount of approximately EUR 3.1 M. This probability is expected to increase over time, and in the event that the issuer exercises the option, this would imply impairment of the value of some EUR 2 M. Catella continuously monitors the issuing bank in order to evaluate the probability of the option being exercised.

No loan portfolios were divested in 2021. In previous years, via subsidiaries, Catella divested the Shield, Memphis. Semper, Ludgate and Minotaure loan portfolios. Through these sales, Catella has repaid its original investment with a good margin.

Summary of Catella's loan portfolios as of 31 December 2021*

SEK M Loan portfolio	Country	Forecast undiscounted cash flow	Share of undiscounted cash flow,%	Forecast discounted cash flow, %	Share of discounted cash flow,%	Discount rate, %	Duration, years
Pastor 2	Spain	51,1	29,9%	48,6	48,4%	5,2%	1,3
Pastor 3 **	Spain	-	-	-	-	-	-
Pastor 4 **	Spain	-	-	-	-	-	-
Pastor 5 **	Spain	-	-	-	-	-	-
Lusitano 4 **	Portugal	-	-	-	-	-	-
Lusitano 5	Portugal	119,7	70,1%	51,8	51,6%	30,0%	4,0
Sestante 2 **	Italy	-	-	-	-	-	-
Sestante 3 **	Italy	-	-	-	-	-	-
Sestante 4 **	Italy	-	-	-	-	-	-
Total cash flow ***		**170,8**	**100,0%**	**100,4**	**100,0%**	**18,0%**	**3,2**
Accrued interest				0,1			
Carrying amount				**100,5**			

* The forecast was produced by investment advisor Cartesia S.A.S.
** These investments were assigned a value of SEK 0.
*** The discount rate recognised in the line "Total cash flow" is the weighted average interest of the total discounted cash flow.

Summary of Catella's loan portfolios as of 31 December 2020*

SEK M Loan portfolio	Country	Forecast undiscounted cash flow *	Share of undiscounted cash flow,%	Forecast discounted cash flow, %	Share of discounted cash flow,%	Discount rate, %	Duration, years
Pastor 2	Spain	50,2	28,3%	44,8	0,5	5,3%	2,0
Pastor 3 **	Spain	-	-	-	-	-	-
Pastor 4	Spain	-	-	-	-	-	-
Pastor 5 **	Spain	-	-	-	-	-	-
Lusitano 3	Portugal	-	-	-	-	-	-
Lusitano 4 **	Portugal	-	-	-	-	-	-
Lusitano 5	Portugal	127,1	71,7%	51,0	0,5	30,0%	4,2
Sestante 2 **	Italy	-	-	-	-	-	-
Sestante 3 **	Italy	-	-	-	-	-	-
Sestante 4 **	Italy	-	-	-	-	-	-
Total cash flow ***		**177,3**	**100,0%**	**95,8**	**1,0**	**18.5%**	**3,6**
Accrued interest				0,1			
Carrying amount				**95,9**			

* The forecast was produced by investment advisor Cartesia S.A.S.
** These investments were assigned a value of SEK 0.
*** The discount rate recognised in the line "Total cash flow" is the weighted average interest of the total discounted cash flow.

Actual and forecast cash flows of loan portfolios*

		Spain				Portugal		Italy	Netherlands		Germany		France	UK			
SEK M	Loan portfolio	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Memphis **	Shield **	Gems	Semper **	Minotaure **	Ludgate **	Outcome	Forecast	Diff
Outcome																	
Full year	2010	7,8	-	-	-	2,7	0,0	-	3,3	6,1	0,7	5,8	8,8	0,5	35,6	35,7	-0,1
Full year	2011	9,8	-	-	-	11,1	0,0	0,6	3,3	4,4	0,9	5,7	6,9	0,4	43,1	28,4	14,7
Full year	2012	4,5	-	-	-	10,2	0,0	0,5	0,8	-	0,7	5,2	3,7	0,1	25,8	30,1	-4,3
Full year	2013	0,2	-	-	-	2,7	0,0	0,4	-	-	0,4	1,2	-	0,2	5,0	7,5	-2,5
Full year	2014	0,3	-	-	-	6,7	0,0	0,4	-	-	0,4	-	-	13,1	20,9	12,8	8,1
Full year	2015	0,1	-	-	-	3,7	0,0	0,5	-	-	0,3	-	-	16,9	21,5	23,2	-1,6
Helår	2016	0,1	-	-	-	8,3	-	0,5	-	-	46,7	-	-	14,7	70,3	66,8	3,5
Helår	2017	-	-	-	-	9,0	-	0,1	-	-	-	-	-	13,4	22,6	20,4	2,1
Helår	2018	-	-	-	-	11,1	-	0,1	-	-	-	-	-	13,4	24,6	20,4	2,1
Q1	2019	0,0	-	-	-	1,9	-	-	-	-	-	-	-	-	1,9	2,6	0,5
Q2	2019	0,0	-	-	-	4,3	-	-	-	-	-	-	-	-	4,3	2,7	-0,3
Q3	2019	0,0	-	-	-	3,2	-	-	-	-	-	-	-	-	3,2	2,2	-0,1
Q4	2019	-	-	-	-	16,8	-	-	-	-	-	-	-	-	16,8	2,3	1,3
Q1	2020	0,0	-	-	-	0,3	-	-	-	-	-	-	-	-	0,3	2,2	-0,3
Q2	2020	0,0	-	-	-	0,0	-	-	-	-	-	-	-	-	0,0	2,3	2,0
Q3	2020	0,0	-	-	-	0,3	-	-	-	-	-	-	-	-	0,3	2,4	0,9
Q4	2020	0,0	-	-	-	0,0	-	-	-	-	-	-	-	-	0,0	16,1	0,7
Q1	2021	0,0	-	-	-	-	2,5	-	-	-	-	-	-	-	2,5	0,0	0,3
Q2	2021	0,0	-	-	-	-	3,6	-	-	-	-	-	-	-	3,6	0,0	0,0
Q3	2021	0,0	-	-	-	-	5,0	-	-	-	-	-	-	-	5,0	0,0	0,3
Q4	2021	0,0	-	-	-	-	3,8	-	-	-	-	-	-	-	3,8	0,0	0,0
Total		**27,2**	**0,0**	**0,0**	**0,0**	**92,4**	**15,0**	**3,1**	**7,4**	**10,5**	**50,2**	**17,8**	**19,4**	**72,7**	**315,9**	**278,2**	**27,1**

																Forecast	
Forecast																Year	Acc.
FY	2022	51,1					11,0									62,1	62,1
FY	2023						13,7									13,7	75,8
FY	2024						16,4									16,4	92,2
FY	2025						19,4									19,4	111,6
FY	2026						22,4									22,4	134,0
FY	2027						36,7									36,7	170,8
FY	2028															0,0	170,8
FY	2029															0,0	170,8
FY	2030															0,0	170,8
Total		**51,1**	**0,0**	**0,0**	**0,0**	**0,0**	**119,7**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**		**170,8**	

* The forecast was produced by investment advisor Cartesia S.A.S.

** Shield was sold during Q4 2011, Memphis was sold in Q2 2012 and Semper in Q2 2013. Gems was repurchased by the issuer in Q1 2016. Ludgate and Minotaure were divested in Q1 2018.

Method and assumptions for cash flow projections and discount rates.

The cash flow for each loan portfolio and the discount rates are presented by portfolio in this Note.

Cash flow projections

The portfolio is measured according to the fair-value method, according to the definition in IFRS. In the absence of a functioning and sufficiently liquid market for essentially all investments, as well as for comparable subordinated investments, the measurement is performed by using the 'mark-to-model' approach. This approach is based on forecasting cash flow until maturity for each investment on the basis of market-based credit assumptions. Projected cash flows have been produced by external investment advisor Cartesia. The credit assumptions produced by Cartesia are based on historical performance of the individual investments and a broad selection of comparable transactions. In the projected cash flows, an assumption is made of the potential weakening of the credit variables. These do not include the full effect of a scenario, with low probability and high potential negative impact, such as the dissolution of the Eurozone, where one of the countries in which EETI has its underlying investments, leaves the European monetary union or similar scenarios. Cartesia believes that this credit assumption is reasonable and equivalent to that applied by other market operators. The projected cash flows were prepared by Cartesia using proprietary models. These models have been tested and improved over the years and have not shown any significant discrepancy from models used by other market operators. Adjustments to cash flows impact the value and are recognised in a sensitivity analysis in this Note and on Catella's website.

Method for discount rates

The discount rates applied are set internally and are based on a rolling 24month index of non-investment grade European corporate bonds as underlying assets (iTraxx). The discount rates per portfolio were also determined relative to other assets in the absence of market prices for the assets held by EETI. Each quarter, the Board of EETI evaluates forecast cash flows and assumptions in combination with market pricing of other assets, in order to make potential adjustments to discount rates in addition to index variations. Adjustments to the discount rates impact the value and are recognised in a sensitivity analysis in this Note and on Catella's website.

Sensitivity analysis for Catella's loan portfolios

The recognized effects below should be viewed as an indication of an isolated change in the stated variable. If more factors differ simultaneously, the impact on earnings may change.

Time call and Clean-up call

The description below relates to the large payments at the end of each portfolio's projected cash flow, which is presented in the table in this Note and on Catella's website.

Time call

The time call affects sub-portfolio Lusitano 5 and constitutes an option held by the issuer that enables the repurchase of the sub-portfolio at a specific point in time, and from time to time subsequently.

Clean-up call

A clean-up call is an option held by the issuer entitling the issuer to re-purchase the sub-portfolio when the outstanding loans have been repaid and are less than 10% of the issued amount. Administration of the portfolio is usually not profitable when it is less than 10% of the issued amount. This structure enables the issuer to avoid these extra costs. The structure also means that the investor avoids ending up with small, long-term cash flows until the portfolio has been repaid. The clean-up call affects all sub-portfolios.

Other information

The valuation of the loan portfolios is available on Catella's website: www.catella.com.

Value adjustments per portfolio on adjustment of discount rate

	Spain	Portugal	
Discount rate per portfolio	Pastor 2	Lusitano 5	Total
3,5%	49,4	105,9	155,3
5,3%	48,6	100,0	148,5
7,5%	47,6	93,0	140,6
10,3%	46,5	86,1	132,6
15,0%	42,6	65,3	108,0
20,0%	40,9	57,9	98,8
30,0%	39,3	51,8	91,1
Discounted cash flow	**48,6**	**51,8**	**100,3**

Cash flow per portfolio in relation to discounted value

	Spain	Portugal	
Discount rate per portfolio	Pastor 2	Lusitano 5	Total
3,5%	1,0x	1,1x	1,1x
5,3%	1,1x	1,2x	1,2x
7,5%	1,1x	1,3x	1,2x
10,3%	1,1x	1,4x	1,3x
15,0%	1,2x	1,8x	1,6x
20,0%	1,2x	2,1x	1,7x
30,0%	1,3x	2,3x	1,9x
Multipel	**1,1x**	**2,3x**	**1,7x**

Cash flow per portfolio in relation to discounted value (SEK M)

	Spain	Portugal		
Percentage change in cash flow	Pastor 2	Lusitano 5	Total	Delta
170%	82,6	88,0	170,6	70%
165%	80,2	85,4	165,6	65%
160%	77,7	82,8	160,5	60%
155%	75,3	80,2	155,5	55%
150%	72,9	77,6	150,5	50%
145%	70,5	75,0	145,5	45%
140%	68,0	72,4	140,5	40%
135%	65,6	69,9	135,5	35%
130%	63,2	67,3	130,4	30%
125%	60,7	64,7	125,4	25%
120%	58,3	62,1	120,4	20%
115%	55,9	59,5	115,4	15%
110%	53,4	56,9	110,4	10%
105%	51,0	54,3	105,4	5%
100%	48,6	51,7	100,3	0%
95%	46,2	49,2	95,3	-5%
90%	43,7	46,6	90,3	-10%
85%	41,3	44,0	85,3	-15%
80%	38,9	41,4	80,3	-20%
75%	36,4	38,8	75,3	-25%
70%	34,0	36,2	70,2	-30%
65%	31,6	33,6	65,2	-35%
60%	29,2	31,0	60,2	-40%
55%	26,7	28,5	55,2	-45%
50%	24,3	25,9	50,2	-50%
45%	21,9	23,3	45,2	-55%
40%	19,4	20,7	40,1	-60%
35%	17,0	18,1	35,1	-65%
30%	14,6	15,5	30,1	-70%

Business-related investments

Business-related investments mainly relate to APAM's co-investments with customers and the unlisted share holdings in Pamica and Pamica 2. IPM's holding of units in its proprietary funds were divested in the year as a result of the discontinuation of the subsidiary. The book value of the holdings, also market value, was SEK 72 M (183) as of 31 December 2021.

Other securities

As of 31 December 2021, there were no other securities.

NOT 23 PROPERTIES HELD FOR DEVELOPMENT AND PROJECT PROPERTIES

Catella has investments in various property development projects through subsidiaries and associated companies. The projects owned through subsidiaries and which are fully consolidated in the Group are indicated below. The projects held for development with the aim of divestment as soon as commercially advantageous, are valued at the lower of cost and net realizable value.

SEK M	2021	2020
Kaktus	1 048	577
Infrahubs Norrkoping	514	58
Infrahubs Orebro	147	-
Infrahubs Vaggeryd	135	-
Barcelona Logistics	53	-
Salisbury	208	-
	2 105	634

SEK M	2021	2020
As of 1 January	634	336
Investments	1 449	320
Sales	-	-
Income from contracts with a customer	-	-
Exchange rate differences	22	-22
As of 31 December	2 105	634

A brief summary of each project follows.

Kaktus

Residential project of 25,000 m² including 495 micro-living apartments in central Copenhagen. The project includes several commercial premises, where some parts have already been let to operators such as a gym and a convenience store. Construction started in August 2019 and is expected to be completed in July 2022. A sales process will be initiated shortly. For more information, see Contingent liabilities in Note 33 and Borrowing and loan liabilities in Note 29.

Infrahubs Norrköping

Infrahubs acquired a logistics property over some 70,000 m² located in Norrköping. The property has been fully let to Postnord AB and the rental agreement spans 10 years. The building will have Scandinavia's largest photovoltaic cell installation fitted to the roof and the aim is to obtain Environmental Building Silver certification.
On 23 March 2022, Catella signed an agreement relating to the sale of the property to Allianz Real Estate for an underlying property value of SEK 880 M less deferred tax. SEK 60 M of the purchase consideration is conditional on the completion of the installation of photovoltaic cells. The hand-over is scheduled for the second quarter 2022. For more information, see Contingent liabilities in Note 33 and Borrowing and loan liabilities in Note 29.

Infrahubs Örebro

Infrahubs has constructed a logistics facility of approximately 23,000 m² in Örebro which was completed in March 2022. The property has been fully let to Postnord and the rental agreement spans 11 years. The facility will be one of the most automated in Scandinavia with 149 robots and a photovoltaic cell installation fitted to the roof. The property is currently being divested, a process that is expected to be completed in summer 2022.

Infrahubs Vaggeryd

Infrahubs is constructing a logistics facility over some 45,000 m² in Vaggeryd. The property has been fully let to Husqvarna and the rental agreement spans 10 years. Construction started in August 2021 and is expected to be completed in August 2022, with the sale planned shortly afterwards. The aim is that the building will obtain Environmental Building Silver certification. See also Contingent liabilities Note 33.

Barcelona Logistics

Catella, through the subsidiary Catella Logistics Europe, is constructing a logistics facility of some 45,000 m² in Sant Feliu, outside Barcelona in Spain. The project, which was sold to Nuveen in a forward funding transaction in December 2022, is expected to be completed in July 2023. The property has been fully let to ILS and the rental agreement spans 12 years.

Salisbury

The shopping centre "The Maltings" in the UK was acquired in November 2021. The property includes several smaller stores and a Sainsburys where a new 10-year agreement has just been signed. The property is managed by subsidiary APAM which is also exploring the possibility of pursuing planning permission for residential units. For more information, see Borrowings and loan liabilities in Note 29.

NOT 24 ACCOUNTS RECEIVABLE

SEK M	2021	2020
Accounts receivable	332	278
Less: provision for doubtful debt	-12	-11
	321	**267**

The fair value of accounts receivable is as follows:

SEK M	2021	2020
Accounts receivable	321	267
	321	**267**

The age analysis of past due accounts receivable follows:

SEK M	2021	2020
Less than 1 month	100	75
1 to 2 months	3	4
2 to 3 months	4	2
3 to 6 months	5	5
More than 6 months	30	30
	143	**116**

Catella Group applies the 'simplified approach' to calculate expected credit losses. The method implies that expected losses during the receivables full term are used as a starting point for accounts receivable. The Group applies a ratings-based method per counterparty in combination with other known information and forward looking factors to estimate expected credit losses. Credit risk is initially assessed per counterparty. The Company derecognizes a receivable when there is no longer any expectation that payment will be received and when all active measures to recover payment have been terminated. Adjustments have been made to incorporate current and future macroeconomic factors that may impact the customer's ability to pay.

Based on this, the provisions for doubtful debt are as follows:

SEK M	2021	2020
As of 1 January	-11	-4
Provision for doubtful debt	-3	-6
Recovered bad debt losses	0	2
Receivables written off during the year that are not recoverable	2	0
Changes reserv losses, according to IFRS 16	0	-3
Reversed unutilised amount	0	0
Exchange rate differences	0	0
As of 31 December	**-12**	**-11**

Provisions for, and reversal of, reserves for doubtful debt are included in the item "Other external expenses" in the Income Statement. The amounts recognised in the provision for depreciation are usually derecognised when the Group is not expected to be able to recover any further cash and cash equivalents.

The maximum exposure for credit risk on the reporting date is the carrying amount of each category of receivables stated above.

For information on credit quality of accounts receivable, see 'Credit rating of financial assets' in Note 3.

NOT 25 OTHER NON-CURRENT RECEIVABLES

SEK M	2021	2020
As of 1 January	6	6
Additional receivables	11	0
Repaid receivables	0	0
Exchange-rate differences	0	0
As of 31 December	**15**	**6**

SEK M	2021	2020
Rent guarantees	5	6
Other	10	-
	15	**6**

NOT 26 PREPAID EXPENSES AND ACCRUED INCOME

SEK M	2021	2020
Accrued management fees	44	42
Accrued interest income	0	0
Other accrued income	7	14
Prepaid rental charges	2	7
Other prepaid expenses	27	25
	80	**88**

NOT 27 CASH AND CASH EQUIVALENTS AND OVERDRAFT FACILITIES

Cash and cash equivalents comprise bank balances and include funds deposited in blocked accounts totalling SEK 54 M (49). See also Note 32.

The Group has unutilized overdraft facilities of SEK 30 M (30). See Liquidity risk in Note 3.

NOT 28 EQUITY

Catella AB has In the Consolidated Accounts chosen to specify equity in accordance with the following components:

- Share capital
- Other contributed capital
- Reserves
- Retained earnings including net profit for the year

The item share capital includes the registered share capital of the Parent Company.

Other contributed capital includes the total of the transactions that Catella AB conducted with its shareholders. Transactions with shareholders are primarily share issues at a premium corresponding to the capital received (reduced by transaction costs) in excess of the nominal amount of the issue. Other contributed capital also includes premiums deposited for issued warrants. Furthermore, repurchases of warrants are recognised as a reduction in other contributed capital to the extent it consists of non-restricted equity, and the remainder against retained earnings.

Reserves comprise the revenue and expenses that, according to certain standards, are to be recognized in other comprehensive income. In Catella's case, reserves comprise translation differences relating to the translation of foreign subsidiaries in accordance with IAS 21 and of fair value changes of financial assets valued at fair value in Other comprehensive income.

The item "Retained earnings including net profit for the year" corresponds to the total accumulated gains and losses generated in the Group. Retained earnings may also be impacted by transactions with non-controlling interests. In addition, profit brought forward is also reduced by dividends paid to shareholders of the Parent Company. For the financial year 2021, the Board of Directors is proposing a dividend of SEK 1.00 per share which corresponds to SEK 88.3 M. The proposed dividend to Parent Company shareholders is subject to a maximum of SEK 80 M or 60 percent of profit for the year attributable to Parent Company shareholders. A dividend of SEK 0.90 per share was paid for the financial year 2020.

See also Note 49 Equity of Parent Company.

NOT 29 BORROWINGS AND LOAN LIABILITIES

SEK M	2021	2020
Bank loans for financing operations	1 300	553
Bond issue	1 241	751
	2 541	**1 303**
Less: long-term portion	-2 541	-1 303
Short-term portion	**0**	**0**

Deposits from credit institutes mainly relate to the subsidiaries Kaktus 1 TopCo ApS, Infrahubs Fastighet 2 AB (Norrköping) and Salisbury Asset Propco Limited's financing of the ongoing property development project. The amount also includes Covid-19 loans received by the Group's French and Spanish subsidiaries from government-backed credit institutions on favourable terms. Bond loans relate to Catella AB.

Maturity dates for the Group's borrowings and loan liabilities are as follows:

SEK M	2021	2020
Less than 3 months	-	-
Between 3 and 12 months	-	-
Between 1 and 3 yrs.	925	1 294
Between 3 and 5 yrs.	1 368	9
More than 5 yrs.	248	-
Without maturity		-
	2 541	**1 303**

Fair value of borrowing and loan liabilities is as follows:

SEK M	2021	2020
Borrowing from credit institutions	1 300	553
Bond issue	1 241	751
	2 541	**1 303**

The bond loan is listed on NASDAQ Stockholm and accrues floating-rate 3-month Stibor plus 475 b.p. Trading of the bond is limited. Catella consequently assess the fair value of the bond to equal the book value.

For information about average loan interest, see the table interest-bearing liabilities and assets for the Group by currency under the heading Interest rate risk in Note 3.

NOT 30 PROVISIONS

SEK M	Earnout acquired company	Long-term incentive plans	Other	Total
As of 1 January 2020	**46**	**13**	**2**	**61**
Additional provisions	4	4	8	16
Utilised during the year		-4		-4
Reversed unutilised amount		-4		-4
Reclassification			-2	-2
Exchange rate differences	-4	0	0	-5
At 31 December 2020	**46**	**8**	**9**	**63**
Additional provisions		15	1	15
Utilised during the year			-7	-7
Reversed unutilised amount			-2	-2
Reclassification				0
Exchange rate differences	5	0		5
At 31 December 2021	**50**	**23**	**1**	**74**

A majority of provisions relates to the purchase consideration of the remaining 25% of shares in the subsidiary APAM Ltd. Catella and the two minority owners of APAM have entered into a call and put option agreement under which Catella is being granted a call option to acquire the shares of the minority owners and the minority owners are being granted a put option to sell their shares to Catella after the end of 2025 at a price to be calculated through a pre-set formula depending on future profit trends.

Provisions also include long-term incentive plans aimed at key persons in the Property Investment Management operating segment.

NOT 31 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	2021	2020
Holiday pay liability	26	36
Accrued personnel costs	60	61
Accrued audit expenses	6	6
Accrued legal expenses	1	3
Accrued bonus	203	217
Accrued interest expenses	3	1
Accrued rental charges	1	0
Accrued commission expenses	72	102
Other accrued expenses	55	39
	427	**468**

NOT 32 PLEDGED ASSETS

SEK M	2021	2020
Cash and cash equivalents	54	49
Other pledged assets	0	18
	54	**67**
Of which pledged assets related to divestment groups held for sale:		
Cash and cash equivalents	0	0
Other pledged assets	0	18
	0	**18**

Cash and cash equivalents include cash funds in accordance with minimum retention requirements, funds that are to be made available at all times for regulatory reasons as well as frozen funds for other purposes.

Other assets pledged related to security Catella Bank had to Mastercard and Visa.

NOT 33 CONTINGENT LIABILITIES

SEK M	2021	2020
Other contingent liabilities	881	783
	881	**783**
Of which contingent liabilities related to divestment groups held for sale:		
Other contingent liabilities	0	3
	0	**3**

Other contingent liabilities mainly relate to guarantees to credit institutes as collateral for approved credit lines to subsidiary Kaktus 1 HoldCo ApS. In addition, Catella AB is party to a tenant guarantee commitment relating to Infrahubs Norrköping, Infrahubs Vaggeryd and Infrahubs Ljungby's completion of their commitment under the relevant rental agreement, for more information see Transactions with closely related parties.

Other contingent liabilities also relate to guarantees which were provided for rental contracts with landlords.

Other legal proceedings

Companies in the Group are involved in a small number of disputes or legal proceedings and tax cases that have arisen in daily operations. Risks associated with such events are covered by contractual guarantees, insurance or requisite reserves. Any liability for damages or other costs associated with such legal proceedings are not deemed to materially affect the Group's business activities or financial position.

NOT 34 COMMITMENTS

SEK M	2021	2020
Investment commitments	9	15
Other commitments	0	0
	9	**15**
Of which commitments related to divestment groups held for sale:		
	0	**0**

Investment commitments mainly relate to the unlisted holding in Pamica 2 AB.

NOT 35 CASH FLOW

Interest paid and received for Catella Group in the financial year amounted to the following:

SEK M	2021	2020
Interest received	14	2
Interest paid	-37	-47
Of which attributable to contract liabilities	*-10*	*-11*
Net interest paid	**-22**	**-45**

Reconciliation of liabilities derived from financing operations in cash flow:

SEK M	Opening balance	Cash flows	Loan arrangement expenses	Interest	Loan in divested subsidiary	Exchange rate differences	Closing balance
Bond issue 2017	751	-760	6	4			0
Bond issue 2021	-	1 239	2				1 241
Real estate project financing	454	784				16	1 255
Other borrowings	99	-34			-18	1	48
Total	1 303	1 229	8	4	-18	18	2 543

NOT 36 ACQUISITIONS AND DIVESTMENTS OF OPERATIONS

Acquisitions and divestments in 2021

In January 2021, Catella divested its entire holding, 50.1 percent, in its French subsidiary Catella Asset Management SAS for a cash purchase price of SEK 162 M. Profit from the divestment after transaction costs and tax totalled SEK 130 M.

SEK M	2021
Total purchase price	162
Acquisition expenses	-5
Net sales value	**158**
Disposed netassets;	
Non-current assets	57
Cash and cash equivalents	48
Other current assets	13
Non-current liabilities	-42
Current liabilities	-22
Net assets	**54**
Non-controlling interests	-27
Goodwill	-
Disposed netassets	**27**
Capital gains	130
Cash flow;	
Cash-settled purchase consideration	155
Acquisition expenses	-5
Cash and cash equivalents in divested subsidiaries	-48
Change in the Group's cash and cash equivalents from divestment	**102**

In 2021, Catella acquired 20% of the units in Catella Residential in France from non-controlling holders for a purchase consideration of SEK 54 M.

Furthermore, Catella increased its ownership in Infrahubs AB from 33% to 50% of the company which led to the reclassification from Shares in associated companies to Shares in subsidiaries with full consolidation of the holding.

Acquisitions and divestments in 2020

In November 2020, Catella acquired shares in the subsidiary Infrahubs Fastighet 2 AB, which is constructing a logistics property in Norrköping which has been fully let to Postnord TPL AB. In connection with this, Catella and partners invested SEK 60 M each in the company. Furthermore, Catella acquired shares from non-controlling interests in Catella Property Spain SA.

Furthermore, in 2020 Catella divested 70 percent of the shares in Catella Fondförvaltning to Athanase Industrial Partner ("Athanase") for a cash purchase consideration of SEK 140 M. The total profit effect after tax and transaction expenses was SEK -9 M. In January 2022, Catella is entitled to divest and Athanase is entitled to acquire the remaining 30 percent of the shares for a purchase consideration of SEK 60 M. Catella's remaining 30 percent holding in the mutual funds company has been reported as a holding in an associated company from 30 September 2020.

NOT 37 SUBSEQUENT EVENTS

Divestment of the remaining shares in Catella Fondförvaltning

Catella used the right to sell the remaining 30 percent of the shares in Catella Fondförvaltning AB for SEK 60 million to Athanase. The transaction was completed on 10 January 2022 and did not effect the Group's results of operations for 2021.

NOT 38 RELATED PARTY TRANSACTIONS

Related party transactions

Related party transactions with significant influence encompass Catella Board members and Group Management, including family members, and companies in which these individuals have Board assignments or hold positions as senior executives and/or have significant shareholdings. For senior managers' ownership of Catella and subsidiaries, see Note 11.

There are also some key individuals active in subsidiaries in the Corporate Finance and Property Investment Management operations, which in some cases are shareholders of these subsidiaries. Special conditions apply to such partnerships. In accordance with the Group's accounting policies, non-controlling interests attributable to these shareholdings are reported as a personnel cost.

Related party transactions

2021

The guarantee Catella's main owner CA Fastigheter AB has provided relating to the investment in Infrahubs Fastighet 2 AB in exchange for shares in the company (see 2020 below) is not expected to be utilized as the project received external bank financing in the third quarter 2021.

Catella holds shares in the associated company Catella Project Capital GmbH, whose other owners are the Claesson & Anderzén group and the management of Catella Project Management GmbH.

Catella's German subsidiary Catella Project Management GmbH (CPM) operates the property development projects within associated company Catella Project Capital GmbH. Furthermore, Catella's French subsidiary Catella Logistic Europe SAS (CLE) operates property development projects through a number of associated companies. No part of the fees levied for services rendered that CPM and CLE invoice associated companies have been eliminated in Catella's Consolidated Income Statement as associated companies fall outside Catella's associated enterprises.

2020

In November 2020, Catella acquired shares in the subsidiary Infrahubs Fastighet 2 AB, which is constructing a logistics property in Norrköping which has been fully let to Postnord TPL AB. In connection with this, Catella and partners invested SEK 60 M each in the company. Catella guarantees the fulfilment of the rental agreement in relation to Postnord. Catella's main owner CA Fastigheter AB has presented an unconditional commitment, without compensation, to invest the requisite capital in Infrahubs Fastighet 2 AB in exchange for shares in the company corresponding to the investment. The guarantee may be utilized to the extent other financing cannot be obtained for the project.

NOT 39 DISPOSAL GROUP HELD FOR SALE

In 2018, Catella carried out a strategic review of the operations in Catella Bank S.A. which resulted in the bank's operations being discontinued in 2019 and the early part of 2020. In November 2021, ECB approved Catella Bank's application to return the banking license and to cease acting as a credit institute. From 30 September 2018, Catella Bank, name changed to Catella Luxembourg, has been reporting in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. This means that discontinued operations are reported net after tax on a separate line in the Consolidated Income Statement. Catella has chosen to term this item in the Income Statement Net profit from disposal group held for sale. In the Consolidated Balance Sheet, assets and liabilities attributable to the transferred operations are reported separately from other assets and liabilities on separate lines under Assets in divestment group held for sale and Liabilities in divestment group held for sale respectively.

The following tables present the Income Statement, assets and liabilities and cash flows in summary for discontinued operations (disposal group held for sale).

In 2021, Catella Luxembourg divested its holding of Visa Class A shares. Recognized profit from Visa Class A shares and the unrealized value adjustment of the remaining Visa Class C preference shares totalled SEK 8 M and was recognized under Other comprehensive income.

SEK M	2021	2020
Total income	1	26
Other expenses	-14	-137
Financial items—net	1	41
Profit/loss before tax	-12	-70
Tax	-3	10
Net profit/loss for the year from divestment group held for sale	**-14**	**-60**

Assets	2021	2020
Financial assets at fair value through other comprehensive income	61	138
Cash and cash equivalents	199	374
Other assets	60	106
Assets in divestment group held for sale	**321**	**618**

Liabilities	2021	2020
Borrowings and loan liabilities	-	2
Other liabilities	43	65
Liabilities in disposal group held for sale	**43**	**67**

Cash flows	2021	2020
Cash flow from operating activities	-48	-212
Cash flow from investing activities	87	128
Cash flow from financing activities	-214	0
Cash flow for the year from divestment group held for sale	**-175**	**-84**

In December 2021, Catella Luxembourg recognized impairment losses relating to its share premium reserve of SEK 240 M, of which SEK 214 M was paid to Swedish holding company Catella Holding before the end of 2021 and the remainder was repaid at the beginning of 2022.

NOT 40 APPLICATION OF KEY PERFORMANCE INDICATORS NOT DEFINED BY IFRS, AND TERMS AND EXCHANGE RATES

The Consolidated Accounts of Catella are prepared in accordance with IFRS. See Note 2 for more information regarding accounting principles. IFRS defines only a limited number of performance measures. From the second quarter 2016, Catella applies the European Securities and Markets Authority's (ESMA) new guidelines for alternative performance measures. In summary, an alternative performance measure is a financial measure of historical or future profit progress, financial position or cash flow not defined by or specified in IFRS. In order to assist corporate management and other stakeholders in their analysis of Group progress, Catella presents certain performance measures not defined under IFRS. Corporate management considers that this information facilitates the analysis of the Group's performance. This additional information is complementary to the information provided by IFRS and does not replace performance measures defined in IFRS. Catella's definitions of measures not defined under IFRS may differ from other companies' definitions. All of Catella's definitions are presented below. The calculation of all performance measures corresponds to items in the Income Statement and Balance Sheet.

Definitions

Non-IFRS performance measures	Description	Reason for using the measure
Equity per share	Equity at the end of the period divided by the number of shares at the end of the period.	Provides investors with a view of equity as represented by a single share.
Equity per share attributable to parent company shareholders	Equity attributable to parent company shareholders divided by the number of shares at the end of the period.	Provides investors with a view of equity attributable to parent company shareholders as represented by a single share.
Earnings per share attributable to parent company shareholders before dilution.	Profit for the year attributable to parent company shareholders divided by the average number of shares in the year	Provides investors with a view of profit attributable to parent company shareholders before dilution as represented by a single share.
Earnings per share attributable to parent company shareholders after dilution	Profit for the year attributable to parent company shareholders divided by the average number of shares considering outstanding warrants (excluding warrants held in treasury) and any newly issued shares in the year.	Provides investors with a view of profit attributable to parent company shareholders after dilution as represented by a single share
Return on equity*	Total profit in the period for the most recent four quarters divided by average equity attributable to parent company shareholders in the most recent five quarters.	The company considers that the performance measure provides investors with a better understanding of return on equity attributable to parent company shareholders.
Operating margin	Operating profit excluding amortization of acquisition-related intangible assets divided by total income for the period.	Provides investors with a view of the company's profitability.
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	Earnings Before Interest, Taxes, Depreciation and Amortization	Provides investors with a view of the company's profitability.
Equity/Asset ratio	Equity divided by total assets.	The performance indicator is used because Catella considers it relevant to investors and other stakeholders wanting to evaluate Catella's financial stability and long-term viability.
Interest coverage ratio	Profit before tax plus reversals of interest expenses and adjustments to changes in fair value of financial assets, divided by interest expenses.	Provides investors with a view of the company's ability to cover its interest expenses.
Capital employed	Non-interest bearing fixed and current assets less non-interest bearing non-current and current liabilities.	The performance indicator illustrates the company's capital employed.
Net debt/Net cash	Net of interest-bearing provisions and liabilities less interest- bearing financial assets including cash and cash equivalents and investments in loan portfolios. If the amount is negative, it is designated as net cash.	The performance measure illustrates the company's ability to repay interest-bearing liabilities using interest-bearing assets including cash and cash equivalents.
Cash flow per share	Cash flow for the year divided by the number of shares at the end of the period.	Provides investors with a view of cash flow as represented by one share.
Dividend per share	Dividend divided by the number of shares at the end of the period.	Provides investors with a view of the company's dividend over time.
Dividend yield, %	Dividend per share divided by the share price at the end of the period.	Provides investors with a view of dividend for the year in relation to the share price.
Profit margin	Profit for the period divided by total income for the period.	The measure illustrates profitability regardless of the rate of corporation tax.

Non-IFRS performance measures	Description	Reason for using the measure
Price/Earnings (P/E)	Market capitalization for all shares at the end of the period divided by profit for the year.	The performance indicator is used because Catella considers that it provides investors with a better understanding of the pricing of the company's share in relation to similar companies listed on the stock market.
Price/Book (P/B)	Market capitalisation of all shares at the end of the period divided by equity.	The performance indicator is used because Catella considers that it provides investors with a better understanding of the pricing of the company's share in relation to similar companies listed on the stock market.
EV/EBITDA	Enterprise Value divided by EBITDA	The performance indicator is used because Catella considers that it provides investors with a better understanding of the pricing of the company's share in relation to similar companies listed on the stock market.
Number of employees at the end of the period	Number of employees at the end of the period expressed as full-time positions.	Provides investors with a view of the number of employees in the company over time.
Average number of employees	Average number of employees at the end of the four quarters of the financial year.	Provides investors with a view of the average number of employees in the company in the period.
Property transaction volumes in the period	Property transaction volumes in the period constitutes the value of underlying properties at the transaction dates.	An element of Catella's income in Corporate Finance is agreed with customers on the basis of the underlying property value of the relevant assignment. Provides investors with a view of what drives an element of Catella's income.
Assets under management at year end	Assets under management constitutes the value of Catella's customers' deposited/invested capital.	An element of Catella's income in Asset Management and Banking is agreed with customers on the basis of the value of the underlying invested capital. Provides investors with a view of what drives an element of Catella's income.

* See below for basis of calculation

Calculation of return on equity per segment. The Group includes all operations (incl. Banking business area)

GROUP	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar	2020 Oct-Dec	2020 Jul-Sep	2020 Apr-Jun	2020 Jan-Mar	2019 Oct-Dec	2019 Jul-Sep	2019 Apr-Jun	2019 Jan-Mar	2018 Oct-Dec	2018 Jul-Sep	2018 Apr-Jun
Net profit/loss for the period, SEK M *	95	34	-46	91	-8	220	-147	0	47	-83	38	111	-133	-13	13
Equity, SEK M *	1 688	1 586	1 554	1 737	1 612	1 564	1 381	1 577	1 522	1 487	1 543	1 603	1 442	1 578	1 587
Return on equity, %	11	4	16	10	4	8	-12	0	7	-4	0	-1	-7	5	10

CORPORATE FINANCE	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar	2020 Oct-Dec	2020 Jul-Sep	2020 Apr-Jun	2020 Jan-Mar	2019 Oct-Dec	2019 Jul-Sep	2019 Apr-Jun	2019 Jan-Mar	2018 Oct-Dec	2018 Jul-Sep	2018 Apr-Jun
Net profit/loss for the period, SEK M *	36	-7	33	-27	23	1	-8	-16	27	2	11	-16	12	1	7
Equity, SEK M *	50	29	36	72	98	34	36	40	57	29	27	17	35	44	42
Return on equity, %	62	41	53	-20	-1	10	14	69	70	25	21	8	21	40	52

PROPERTY INVESTMENT MANAGEMENT	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar	2020 Oct-Dec	2020 Jul-Sep	2020 Apr-Jun	2020 Jan-Mar	2019 Oct-Dec	2019 Jul-Sep	2019 Apr-Jun	2019 Jan-Mar	2018 Oct-Dec	2018 Jul-Sep	2018 Apr-Jun
Net profit/loss for the period, SEK M *	62	50	52	161	16	63	46	27	13	3	38	-8	-3	3	32
Equity, SEK M *	1 049	897	849	793	617	652	586	579	531	516	508	474	460	216	216
Return on equity, %	39	37	42	44	26	26	17	16	9	7	8	8	13	43	0

PRINCIPAL INVESTMENTS	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar	2020 Oct-Dec	2020 Jul-Sep	2020 Apr-Jun	2020 Jan-Mar	2019 Oct-Dec	2019 Jul-Sep	2019 Apr-Jun	2019 Jan-Mar	2018 Oct-Dec	2018 Jul-Sep	2018 Apr-Jun
Net profit/loss for the period, SEK M *	-5	8	-1	3	-14	176	13	2	19	0	0	0	0	0	0
Equity, SEK M *	175	174	171	161	156	178	1	4	-14	0	0	0	0	0	0
Return on equity, %	3	-3	123	177	272	620	-1800	-1047	-652	0	0	0	0	0	0

** Attributable to shareholders of the Parent Company.*

Terms

Borrowing

Loans from credit institutions.

Debt

Loans from non-credit institutions

WACC

Weighted Average Cost of Capital.

EV

Enterprise Value

Exchange rates

The average exchange rates of the Group's currencies in relation to the SEK on the reporting date were as follows:

Exchange rates 2021

Currency	Average rate	Closing day rate
CHF	9,385	9,855
DKK	1,364	1,375
EUR	10,145	10,227
HKD	1,104	1,160
GBP	11,802	12,179
NOK	0,998	1,025
USD	8,582	9,044

Exchange rates 2020

Currency	Average rate	Closing day rate
CHF	9,798	9,254
DKK	1,407	1,349
EUR	10,487	10,038
HKD	1,187	1,056
GBP	11,798	11,087
NOK	0,979	0,955
USD	9,204	8,189

Parent Company Income Statement

SEK M	Note	2021 Jan–Dec	2020 Jan–Dec
Net sales		18,7	14,3
Other operating income		2,0	16,2
Total income		**20,7**	**30,5**
Other external expenses	42	-24,7	-46,8
Personnel costs	43	-43,5	-32,4
Depreciation and amortisation		-0,7	-0,9
Other operating expenses		-1,0	0,0
Operating profit/loss		**-49,2**	**-49,6**
Interest income and similar profit/loss items	44	8,7	33,6
Interest expenses and similar profit/loss items	45	-65,0	-35,1
Financial items		-56,4	-1,5
Profit/loss before tax		**-105,6**	**-51,2**
Tax on profit/loss for the year	46	-	0,2
Net profit for the year		**-105,6**	**-51,0**

Parent Company Statement of Comprehensive Income

SEK M	Note	2021 Jan–Dec	2020 Jan–Dec
Net profit for the year		-105,6	-51,0
Other comprehensive income			
Other comprehensive income for the year, net of tax		0,0	0,0
Total comprehensive income for the year		**-105,6**	**-51,0**

Parent Company Balance Sheet

SEK M	Note	2021 31 Dec	2020 31 Dec
Assets			
Non-current assets			
Intangible assets	47	0,7	3,0
Tangible assets		0,1	0,0
Participations in Group companies	48	1 058,2	1 052,6
		1 059,0	**1 055,6**
Current assets			
Accounts receivable		0,1	0,1
Receivables from group companies		531,5	225,7
Tax assets		0,1	0,2
Other current receivables		1,7	7,0
Prepaid expenses and accrued income		6,9	3,0
Cash and cash equivalents		0,1	0,2
		540,5	**236,3**
Total assets		**1 599,5**	**1 291,9**

	Note	2021 31 Dec	2020 31 Dec
EQUITY AND LIABILITIES			
Equity	49		
Restricted equity			
Share capital		176,7	176,7
Statutory reserve		0,0	249,9
		176,7	426,6
Non-restricted equity			
Share premium reserve		81,4	81,4
Retained earnings		182,6	63,2
Net profit for the year		-105,6	-51,0
		158,3	**93,6**
Total equity		**335,0**	**520,1**
Liabilities			
Long-term loan liabilities	50	1 241,0	750,6
Pension provisions		–	–
		1 241,0	**750,6**
Current liabilities			
Accounts payable		6,4	2,0
Liabilities to group companies		0,5	0,1
Tax liabilities		-	-
Other current liabilities		0,6	9,3
Accrued expenses and deferred income	51	16,0	9,8
		23,5	**21,2**
Total liabilities		**1 264,5**	**771,7**
Total equity and liabilities		**1 599,5**	**1 291,9**

Parent Company Cash Flow Statement

SEK M	Note	2021 Jan–Dec	2020 Jan–Dec
Cash flow from operating activities			
Profit/loss before tax		-105,6	-51,2
Adjustments for non-cash items:			
Depreciation and amortisation		0,7	0,9
Financial items		12,3	4,0
Cash flow from operating activities before changes in working capital		**-92,6**	**-46,3**
Cash flow from changes in working capital			
Increase (–)/decrease (+) of operating receivables		-304,3	35,3
Increase (+) / decrease (–) in operating liabilities		1,3	-6,4
Cash flow from operating activities		**-395,6**	**-17,4**
Cash flow from investing activities			
Investment in tangible assets		-0,1	0,0
Investment in intangible assets		-	-0,5
Divestment of intangible fixed assets		1,6	-
Investments in subsidiaries	48	-5,6	-
Cash flow from investing activities		**-4,1**	**-0,5**
Cash flow from financing activities			
New share issue		-	14,9
Borrowings	50	1 238,9	-
Repayment of loans		-759,8	-
Group contribution received		-	2,9
Dividends paid		-79,5	-
Cash flow from financing activities		**399,7**	**17,8**
Cash flow for the year		**-0,1**	**-0,1**
Cash and cash equivalents at beginning of year		0,2	0,3
Exchange rate differences in cash and cash equivalents		0,0	0,0
Cash and cash equivalents at end of year		**0,1**	**0,2**

Parent Company Statement of Changes in Equity

		Restricted equity		Non-restricted equity			
SEK M	Note 49	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Net profit for the year	Total equity
Equity 1 January 2020		**172,6**	**249,9**	**70,6**	**76,2**	**-13,0**	**556,3**
Appropriation of profits					-13,0	13,0	0,0
Dividend							0,0
Total comprehensive income for the year, January - December 2020							
Net profit for the year						-51,0	-51,0
Other comprehensive income, net of tax						0,0	0,0
Total comprehensive income for the year						**-51,0**	**-51,0**
New share issue		4,1		10,7			14,9
Equity 31 December 2020		**176,7**	**249,9**	**81,4**	**63,2**	**-51,0**	**520,1**
Appropriation of profits					-51,0	51,0	0,0
Dividend					-79,5		-79,5
Reduction of statutory reserve for transfer to unresticted equity			-249,9		249,9		0,0
Total comprehensive income for the year, January - December 2021							
Net profit for the year						-105,6	-105,6
Other comprehensive income, net of tax						0,0	0,0
Total comprehensive income for the year						**-105,6**	**-105,6**
New share issue							0,0
Equity 31 December 2021		**176,7**	**0,0**	**81,4**	**182,6**	**-105,6**	**335,0**

Parent Company Notes

NOT 41 PARENT COMPANY ACCOUNTING POLICIES

The Parent Company's financial statements were prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for legal entities. Accordingly, the Parent Company applies the same accounting policies as the Group wherever applicable, except for the cases stated below.

The Parent Company utilises the terms Balance sheet and Cash flow statement for the statements that the Group names statement of financial position and statement of Cash flows respectively. The Parent Company's income statement and Balance sheet have been prepared in accordance with the presentation format stipulated in the Swedish Annual Accounts Act, while the statement of comprehensive income, statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of financial statements and IAS 7 Statement of Cash flows respectively.

Participations in group companies

The Parent Company recognises all of its holdings in Group companies at cost less deductions for any accumulated impairment.

Group contributions

Group contributions received as well as paid are recognised as an appropriation in the Income Statement.

Shareholder contribution

Shareholder contributions paid are recognised as an increase in the item 'Participations in Group companies" in the Balance Sheet. An impairment test on these participations is conducted subsequently.

Anticipated dividend

Anticipated dividend is reported in the Income Statement as profit from shares in Group companies and receivables on Group companies in the Balance Sheet in cases where the company has decided on the size of the value transfer and is entitled to decide autonomously on the size of the dividend.

Lease arrangements

The Parent Company reports all lease arrangements as operating leases

Financial instruments

Considering the relationship between accounting and taxation, financial assets or liabilities are not reported at fair value. Financial non-current assets are recognised at cost less potential impairment and financial current assets are recognised according to the principle of lower of cost or market. Financial liabilities are recognised at cost.

In addition, the Parent Company applies the exemption in RFR 2 for not applying the rules of IAS 39 for financial guarantees relating to guarantee agreements in favour of subsidiaries and associated companies. In these cases, the rules of IAS 37 are applied, which imply that financial guarantee agreement should be reported as a provision in the Balance Sheet when Catella has a legal or informal commitment resulting from a previous event, and it is likely that an outflow of resources will be necessary to settle this commitment. In addition, a reliable measurement of the value of the commitment must be possible.

NOT 42 OTHER EXTERNAL EXPENSES

Remuneration to auditors

SEK M	2021	2020
PwC		
Audit assignment *	1,1	1,7
Audit activities other than audit assignment	-	-
Tax advisory	0,9	0,2
Other services	0,0	3,0
Total	**2,0**	**4,9**

Total cost is to the Parent Company Auditor PricewaterhouseCoopers AB.

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

Operating leases including rent

SEK M	2021	2020
Expense for the year for operating lease arrangements including rent amount to	3,2	3,0

Future lease payments for non-cancellable operating leases with remaining durations exceeding one year are allocated as follows:

Due for payment within one year	4,2	3,0
Due for payment after more than one year but less than five years	4,4	5,3
Due for payment after more than five years	0,0	0,0
Total	**8,6**	**8,3**

The above lease charges mainly relate to rent of office premises but also includes rent for office equipment.

NOT 43 EMPLOYEES

Salaries, other remuneration and social security expenses

	2021		2020	
SEK M	Salaries and other compensation (of which bonus)	Social security contributions (of which pension costs)	Salaries and other compensation (of which bonus)	Social security contributions (of which pension costs)
Board of Directors	2,7	0,6	2,5	0,5
	(0,0)	(0,0)	(0,0)	(0,0)
Chief Executive Officer	6,1	2,0	1,1	0,7
	(3,2)	(0,9)	(0,0)	(0,4)
Other employees, Sweden	17,2	9,0	14,9	7,4
	(6,2)	(3,2)	(3,5)	(3,0)
Total	**26,0**	**11,7**	**18,5**	**8,6**
	(9,4)	**(4,1)**	**(3,5)**	**(3,4)**

There were no pension commitments for the CEO or senior managers. For more information about compensation of the Board and Chief Executive Officer, see Note 11.

Average number of full-time employees

	2021		2020	
		of which		of which
SEK M	Total	women	Total	women
CEO and senior managers	5	1	2	-
Other employees	10	3	10	2
Total	**15**	**4**	**12**	**2**

NOT 44 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

SEK M	2021	2020
Interest	0,0	0,0
Capital gain on derivatives	8,1	32,3
Exchange rate gains	0,6	1,3
Total	**8,7**	**33,6**

SEK 0.0 M (0.0) of interest income and similar profit/loss items are intragroup.

NOT 45 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

SEK M	2021	2020
Interest	-57,3	-31,1
Loan arrangement expenses	-7,8	-4,0
Exchange rate losses	0,0	0,0
Total	**-65,0**	**-35,1**

SEK 0.0 M (0.0) of interest expenses and similar profit/loss are intragroup.

NOT 46 TAX ON NET PROFIT/LOSS FOR THE YEAR

SEK M	2021	2020
Deferred tax expense/ income relating to tax losses carryforwards	-	-
Deferred tax expense/ income relating to timing differences	-	-
Adjustments relating to previous years	-	0,2
Total	**0,0**	**0,2**

Tax loss carry-forwards for the year totalled SEK 37.7 M (15.0). The Parent Company's remaining loss carry-forwards as of 31 December 2021 amounted to SEK 55.0 M (17.8). No deferred tax receivable was recognized in the Parent Company as of the reporting date.

NOT 47 INTANGIBLE ASSETS

SEK M	2021	2020
Opening book value	3,0	3,3
Purchases	-	0,5
Disposals	-1,6	-
Depreciation and amortisation	-0,7	-0,8
Closing book value	**0,7**	**3,0**

Intangible assets relate to a Group-wide accounting system. During the year, the units utilizing the system have been invoiced, and the carrying amount as of the record date relates only to the Parent Company share. The asset is impaired over the estimated useful life, which is estimated at 5 years.

NOT 48 PARTICIPATIONS IN GROUP COMPANIES

				Carrying amount,	
Company	Share of equity,%	Share of vote,%	No. of participations	2021	2020
Catella Holding AB	100%	100%	1 000	1 052,6	1 052,6
Catella Real Estate AG	10%	10%	252 500	5,6	-
Total				**1 058,2**	**1 052,6**

Subsidiary corporate identity numbers and registered offices:

Company	Corp. ID no.	City
Catella Holding AB	556064-2018	Stockholm
Catella Real Estate AG	HRB 169051	München

Participations in Group companies	2021	2020
Opening book value	1 052,6	1 052,6
Acquisition	5,6	-
Closing book value	**1 058,2**	**1 052,6**

During the year, 10% of the shares in Group company Catella Real Estate AG were acquired in an intra-Group transaction.

NOT 49 EQUITY

As of 31 December 2021, the share capital amounted to SEK 176.7 M (176.7) divided between 88,348,572 (88,348 572) shares. The quotient value per share is 2. The share capital is divided between two share classes with different voting rights: 2,530,555 Class A shares with five votes per share, and 85,818,017 Class B shares with one vote per share. There are no other differences between the share classes.

The Articles of Association include the right for holders of Class A shares to convert these shares to the same number of Class B shares. No Class A shares were converted to Class B shares in 2021.

No Class A shares were converted to Class B shares in 2021.

The Extraordinary General Meeting in December 2020 decided to introduce a new incentive program through the issue of a maximum of 3,000,000 warrants distributed over two series: 2020/2024:A and 2020/2025:B. As of 1 June 2021, 2,750,000 warrants were transferred to members of Group management, and the remaining 250,000 warrants were held in Treasury as of 31 December 2021, as described in more detail in Note 12.

The Board is not authorised to re-purchase or issue shares. No treasury shares were held by the company itself or its subsidiaries.

Shareholders with more than 10% of the votes

The principal shareholder on 31 December 2021 was the Claesson & Anderzén Group (with related parties) with 49.4% (49.4) of the capital and 48.5% (48.8) of the votes, followed by Swedbank Robur with 6.9% (4.2) of the equity and 6.2% (3.8) of the votes.

Dividend

The Board of Directors is proposing a dividend of SEK 1.00 per share which corresponds to a total of SEK 88.3 M. The proposed dividend to Parent Company shareholders is subject to a maximum of SEK 80 M or 60 percent of profit for the year attributable to Parent Company shareholders. A dividend of SEK 0.90 per share was paid for the financial year 2020.

Restricted reserves

Restricted reserves may not be reduced through dividends.

Statutory reserve

The purpose of the statutory reserve is to save a portion of net profit that is not utilised to cover losses brought forward. Amounts contributed to the share premium reserve prior to 1 January 2006 were transferred to, and are included in, the statutory reserve. Share premium reserves arising after 1 January 2006 are recognised as non-restricted equity in the Parent Company.

As of 17 June 2021, the Swedish Companies Registration Office approved a reduction of total statutory reserves for transfer to non-restricted equity.

Non-restricted equity

The following reserves, combined with net profit for the year, comprise non- restricted equity, meaning the amount available as dividends to shareholders.

Share premium reserve

When shares are issued at a premium, meaning that a price is to be paid for the shares that exceeds the quotient value of the share, an amount corresponding to the amount received in excess of the quotient value must be transferred to the share premium reserve. Amounts transferred to the share premium reserve from 1 January 2006 are included in non-restricted equity.

Retained earnings

Retained earnings comprises profit carried forward from the preceding year and profit after dividends paid for the year.

NOT 50 DEBT

SEK M	2021	2020
Bond issue	1 241,0	746,6
	1 241,0	**746,6**
Less: long-term portion	-1 241,0	-746,6
Short-term portion	**0,0**	**0,0**

In March 2021, Catella AB issued a new unsecured bond of SEK 1,250 M with a term of 4 years. The bond loan accrues floating-rate interest at 3-month Stibor plus 475 b.p. At the same time, the existing bond of SEK 750 M was repurchased/redeemed at a price of 101.3 percent of the nominal amount.

The bond is listed on NASDAQ Stockholm and matures in March 2025.

Financing is also conditional on a minimum Group equity requirement of SEK 800 M from time to time. Otherwise, there are no restrictions on dividend. Annual dividend to Parent Company shareholders is subject to a maximum of SEK 80 M or 60 percent of profit for the year attributable to Parent Company shareholders. These covenants were satisfied in the year and as of 31 December 2021.

NOT 51 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	2021	2020
Holiday pay liability	1,6	0,9
Accrued salaries	7,6	3,5
Social security expenses	2,9	1,3
Accrued interest expenses	2,4	1,4
Accrued audit fees	0,3	0,5
Accrued directors' fees	0,8	0,8
Other items	0,4	1,5
Total	**16,0**	**9,8**

NOT 52 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Catella AB has issued a guarantee to a credit institute of SEK 330.1 M (323.8) as security for approved credit lines to subsidiary Kaktus 1 HoldCo ApS. In addition, the Parent Company is party to a guarantee commitment with PostNord (tenant) relating to the subsidiary Infrahubs Fastighet 2 AB's (landlord) fulfilment of its commitments under the rental agreement between the landlord and tenant totalling SEK 455.0 M (455), see also Note 38 Transactions with related parties. As of 31 December 2021, there were no pledged assets.

NOT 53 RELATED PARTY TRANSACTIONS

The Parent Company has a close relationship with its subsidiaries. Transactions between the Parent Company and subsidiaries are priced on commercial terms. During 2021, Catella AB rendered a number of intra-group services to most subsidiaries, at market price. No dividends or Group contributions were received from subsidiaries in 2021.

For benefits for senior managers, see the information presented for the Group in Note 11 of the consolidated accounts and Note 43.

For pledged assets and contingent liabilities in favour of subsidiaries, see Note 52.

NOT 54 FINANCIAL RISK MANAGEMENT

The Parent Company applies IAS 39 financial instruments: Recognition and Measurement, with the exceptions stated in Note 41. Recognition and measurement. Catella AB (publ) is a holding company for the Group, where Group Management and other central Group functions are gathered. The Parent Company's assets largely comprise shares in subsidiaries and receivables from Group subsidiaries.

In order to reduce the currency risk in Catella's net assets in EUR, the Parent Company started using currency hedging in the form of currency swaps in May 2018. Hedging currently totals a nominal amount of EUR 60 M which matured in February 2021 when the position was closed. At present, there is no hedging of exchange rate risk in Catella's net assets. Group management evaluates the need for hedging of the Group's translation risk on an yearly basis. Catella AB has no other investments in financial instruments.

The Parent Company has also arranged SEK-denominated loan finance at variable interest to finance its own business operations. Against this background, the legal entity Catella AB (publ) is mainly exposed to interest rate risk and liquidity risk. Following the closing of derivative positions, market risk has been eliminated. Exposure to other financial risks such as credit risk and exchange rate risk etc. is limited.

Interest rate risk

Interest rate risk is the risk that the Parent Company's net profit/loss is affected as a result of variations in general interest rate levels. The Parent Company analyses and continuously monitors its exposure to interest rate risk.

Liquidity risk

Liquidity risk is the risk that within a defined period, Catella AB (publ) is unable to re-finance its existing assets, or is unable to satisfy increased need for liquidity. Liquidity risk also includes the risk that the Parent Company is compelled to borrow at unfavourable interest, or must sell assets at a loss to be able to fulfil its payment obligations. The Parent Company continuously analyses and monitors its liquidity risk exposure. When required, the Parent Company may utilize subsidiaries' surplus liquidity through internal loans. Intra-group loans have no predetermined maturity date.

Market risk

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

Currency risk

There were no receivables or liabilities in foreign currency as of 31 December 2021.

For more information on financial risks for the Group, which are also indirectly applicable to the Parent Company, see Note 3.

Credit risk

Credit risk related to receivables from subsidiaries was considered and assessed as being insignificant. Cash and cash equivalents are invested in well established banks with high credit ratings, and impairment tests for these are not considered necessary.

NOT 55 SUBSEQUENT EVENTS

Divestment of the remaining shares in Catella Fondförvaltning

Catella used the right to sell the remaining 30 percent of the shares in Catella Fondförvaltning AB for SEK 60 million to Athanase. The transaction was completed on 10 January 2022 and did not effect the Group's results of operations for 2021.

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

On 23 March 2022, Infrahubs signed an agreement relating to the sale of the property to Allianz Real Estate for approximately SEK 880 M after deductions for deferred tax. SEK 60 M of the purchase consideration is conditional on the completion of the installation of solar panels. The hand-over is scheduled for the second quarter 2022.

NOT 56 PROPOSED APPROPRIATION OF PROFIT

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

SEK	
Share premium reserve	81 356 057
Retained earnings	182 580 744
Net profit for the year	-105 621 276
	158 315 525

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

SEK	
dividend paid to shareholders, 1.00 per share, in total	88 348 572
carried forward (of which 14 045 730 allocated to share premium reserve)	69 966 953
	158 315 525

The Board of Directors is proposing a dividend of SEK 1.00 per share which corresponds to a total of SEK 88.3 M. The proposed dividend is subject to a maximum of SEK 80 M or 60 percent of profit for the year attributable to Parent Company shareholders.

A dividend of SEK 0.90 per share was paid for the financial year 2020.

The Board of Directors and Chief Executive Officer declare that these Annual Accounts have been prepared in accordance with generally accepted accounting policies in Sweden and that the Consolidated Accounts have been prepared in accordance with the international accounting standards IFRS as endorsed by the EU. The Annual Accounts and the Consolidated Accounts give a true and fair view of the Parent Company's and the Group's financial position and profit/loss. The Board of Director's Report for the Parent Company and the Group provide a fair overview of the performance of the Parent Company's and the Group's operations, financial position and profit/loss, and describe the material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Parent Company's and the Group's income statements and Balance sheets will be subject to adoption at the Annual General Meeting on 24 May 2022.

As stated above, the Annual Accounts and the Consolidated Accounts were approved for issue by the Board and Chief Executive Officer Stockholm, Sweden, 11 April 2022.

Johan Claesson
Chairman of the Board

Tobias Alsborger
Board member

Jan Roxendal, Board member

Johan Damne
Board member

Anneli Jansson
Board member

Joachim Gahm
Board member

Christoffer Abramson
CEO

Our Audit Report was presented on 11 April 2022

PricewaterhouseCoopers AB

Daniel Algotsson
Authorised Public Accountant

Audit Report

To the Annual General Meeting of Catella AB, Corporate identity number 556079-1419

Report on the annual accounts and consolidated accounts

OPINIONS

We have audited the annual accounts and consolidated accounts of Catella AB for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 43-116 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and the financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and report of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's and the Group’s audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

OUR AUDIT APPROACH

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our Catella audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Our audit includes:

- For the most significant reporting units in Sweden, Denmark, Finland, France, Luxembourg, UK and Germany including the parent company and consolidation, we have audited the financial closings, reviewed the interim report as 30 September 2021 and validated key controls for financial reporting on the basis of Catella’s self-assessments; and
- For other units, we have performed analytical procedures in connection with audit of the consolidated accounts and where required the statutory audits. In most cases, the statutory audit has been completed before the audit report for the Group has been signed.

In addition to the information outlined above, the Auditor in Charge and member of the Group Audit team have had meetings with entities and operations in Germany and France with the aim of gaining a better understanding of operations, as well as routines and controls in order to evaluate compliance with Catella’s framework for internal control and to review the financial reporting on the basis of the Group’s accounting principles.

As Catella pursues broad-based operations in several countries, we have tailored our audit accordingly. We focused especially on areas where the Managing Director and Board of Directors have made subjective judgements, such as key accounting estimates made on the basis of assumptions and forecasts regarding future events, which are of an uncertain nature. Det avser främst värdering av de värdepapperiserade låneportföljerna och fastighetsprojekten. These areas are described in more detail below in the 'Key audit matters' section.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the financial decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of property projects in Principal Investments *We refer to Note 23 Properties held for development and project properties and Note 2 Significant Accounting policies .* Since the second quarter 2021, Catella's investments in property projects are presented in a new operating segment in financial reporting, and the Company has a clear focus on this business area. Property projects are conducted in separate legal entities. Depending on ownership and control, property projects are recognized either as subsidiaries or associated companies. As of 31 December 2021, the recognized value of Catella's property projects in principal investments through subsidiaries amounted to SEK 2,105 M, under Balance Sheet item Properties held for development and project properties. For more information, see Note 23. Income from Catella's Properties held for development and project properties were not material in 2021, but as the total carrying amount relating to project properties comprises 39% of the Group's assets, the valuation has been an area of material interest in the Audit for 2021.	The valuation of Properties held for development and project properties is effected at the lower of cost and net sales value. The Audit reviewed capitalized expenses attributable to property projects in order to ensure correct allocation and that the items are Balance approved. The most materially significant projects have been audited, and for other projects selected auditing has taken place to ensure the accuracy of the valuation. For material subsidiaries abroad, instructions have been sent and reporting gathered from subsidiary auditors. The Auditor in Charge and a member of the Audit team also held reporting meetings with subsidiary auditors. Subsidiaries in Sweden are reviewed by the Auditor responsible fo the Group. To support the valuation, we have reviewed external valuations or indicative bids when available. We have also evaluated management's assessment by following up on projects and considered general market conditions for properties on each respective market. Furthermore, we have evaluated the content of the information included in the Annual report and Consolidated Financial Statements.
Measurement of securitised loan portfolios *We refer to the following Notes: 3 Financial risk management, 4 Critical estimates and judgments, 22 Financial assets at fair value through profit or loss* As of 31 December 2021, the value of Catella's securitized loan portfolio totalled SEK 100 M. The holdings in securitized loan portfolios constitute a significant part of the Catella Group's Balance Sheet. Catella's securitized loan portfolios are financial assets recognized at fair value including value changes through profit or loss. The assets are classified as current assets to the extent that relates to the coming 12-month forecast cash flows, while the remaining portion of loan portfolios are reported as non-current assets. In accordance with IFRS 7, the assets are classified at level III, i.e. specific measurement techniques are applied where several key input data are not based on observable market information and the valuation is therefore considered to constitute a key audit matter. The valuation of Catella's loan portfolios is based on a large number of parameters including estimated future discounted cash flows. The valuation model for the portfolios is complex. The market for these loan portfolios, subordinated securities with collateral in the form of assets, is by its nature illiquid. As a result,	The accounting of loan portfolios is based on management's assessment of future cash flows and selected discount rates. The valuation of securitised loan portfolios is associated with uncertainty by definition. Management has appointed an external advisor, Cartesia, to prepare forecasts of future cash flows for the portfolios. Fair value measurement for this type of portfolio is based on assumptions regarding future development, as there is no active market for trading in these instruments. These assessments include a significant element of subjectivity. In our audit of Catella's loan portfolios, we have used PwC's valuation specialists. Our audit has also ensured that the model used complies with IFRS. We have carried out sample tests on selected portfolios and obtained explanations and supporting data for the parameters and input data used for forecast future cash flows. Our audit has focused on key parameters of greatest significance and materiality for valuation and value growth. Furthermore, wherever possible, we have compared the outcome with current and similar portfolio transactions on the market and, for certain market data, ensured that the input data used in the models corresponds to official data and macroeconomic statistics in the relevant countries. We have also audited, compared and evaluated historical data and forecasts to assess the forecast accuracy relating to the portfolios.

Catella's valuation model includes a number of parameters that comprise non- observable market data, which lead to significant uncertainty. Changes in the assessments that underlie the chosen parameters could result in changes to the fair value of Catella's loan portfolios in the consolidated Income Statement and Statement of Financial Position, and such changes could be significant. It is not possible to quantify the probability in the event that assumptions made prove inaccurate and would thereby imply an inaccurate valuation of the portfolio.

Regarding the discount rates, Catella determines the discount rates for the securitized loan portfolios internally, proceeding from a rolling 24-month index based on underlying assets comprising noninvestment grade European corporate bonds (iTraxx). The discount rates per portfolio were also determined relative to other assets in the absence of market prices for the assets held by EETI. Each quarter, the Board of EETI evaluates forecast cash flows and assumptions in combination with market pricing of other assets, in order to make potential risk adjustments to discount rates in addition to index variations. As described in Note 22, the issuing bank has exercised its option to repurchase the loan portfolio for Lusitano 5, which has affected the assumptions regarding discount rate and the valuation of Lusitano 5. As the Note indicates, a repurchase from the issuer would imply impairment of the value.

Furthermore, we have examined and evaluated management's assumptions regarding the used discount rate. We have evaluated the information presented in Catella's Annual Report to ensure that external parties receive complete information regarding how valuations have been performed.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-17, 28-31 and 40-41. "Remuneration Report Catella 2021", which is published on the Company's website coincident with this report also comprises other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts , and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU, and the Annual Accounts Act. Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Board's Audit Committee shall, without this affecting the Board's responsibilities and assignments otherwise, also monitor the Company's financial reporting.

AUDITOR'S RESPONSIBILITY

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Catella AB for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

– has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
– in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors' website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Catella AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report ##9eaa635cec26226177c917b651d94eed64ba38969e5b7b8febfc33cb3c1a96ce has been prepared in a format that, in all material respects, enables uniform electronic reporting.

BASIS FOR OPINIONS

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Catella AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error..

AUDITOR'S RESPONSIBILITY

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but is not a guarantee review an audit conducted in accordance with 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 to issue an and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the financial decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls.

The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

PricewaterhouseCoopers AB, was appointed auditor of Catella AB by the general meeting of the shareholders on the 25 May 2021 and has been the company's auditor since the 25 May 2011.

Stockholm, Sweden, 11 April 2022

PricewaterhouseCoopers AB

Daniel Algotsson
Authorized Public Accountant