



QUARTIERS TIERS

P R O P E R T I E S

ANNUAL REPORT
2022

Quartiers Properties AB (publ)

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QUARTIERS PROPERTIES *in brief*

Quartiers Properties is a Swedish-owned real estate development company listed on Nasdaq First North in Stockholm. The Company's business is geographically focused on Spain. Quartiers mainly invests in properties aimed at an affluent international target group.

Quartiers is the only publicly listed property company in Sweden whose entire business is geographically focused on Spain. The Company is active in two main segments: property development and operator activities.

The Company draws on its Nordic background, with expertise in design and customer service that generates value in its property portfolio. Its products are created with a focus on a discerning Scandinavian target group. This helps to ensure the high quality of the company's projects, as well as an attractiveness that also appeals to numerous nationalities, including the local Spanish population.

In property development, the Company invests in property projects in the premium segment. The Company aims to maintain a well-balanced project portfolio with a continual return and cash flows in the form of realised sales.

Operator activities, which consist of hotel and restaurant management, generate current revenue while contributing to the creation of value in those of the Company's projects in which operational management is an important part of property development.

For example, the Boho Club concept, which the Company created, is already in use at one of the Company's properties and is contributing to improved net operating income, resulting in increases in value. The Company intends to replicate this model at more properties.

In 2022, revenue from operator activities grew by 38%, despite a general downturn in the tourism market in the autumn, which can be linked to the macroeconomic situation. However, the underlying demand for Marbella as a tourist destination is strong.

During the autumn of 2022, we also saw clear effects of the investments in increased services in the restaurant section implemented in 2022. In combination with the 10 new bungalows that were completed in the first quarter of 2023, we expect continued profitable growth in 2023.



GROUP *Key figures in* SUMMARY

SUMMARY OF KEY PERFORMANCE INDICATORS

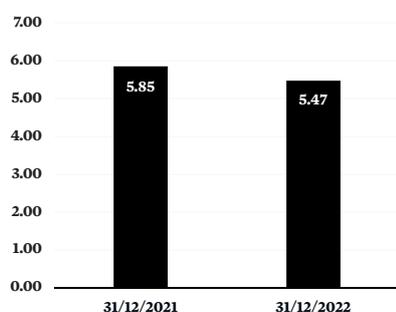
Net sales increased by 30% compared to 2021. The net asset value per ordinary share was SEK 5.47, which was in line with the latest market price per ordinary share.

Property values converted into SEK increased in 2022 by 1.7%, and by 18% adjusted for apartments sold. This increase is partly an effect of a favourable exchange rate but also a higher valuation of Boho Club at the last external valuation in October 2022.

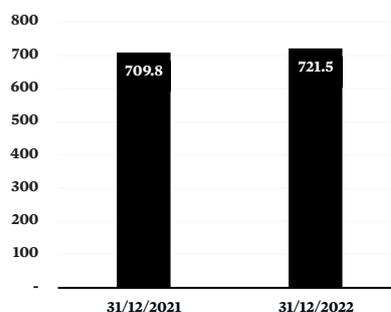
The value of Boho Club does not include any new building rights in a new local development plan or the value of the operations themselves. These values are therefore also not included in the Company's net asset value per ordinary share.

Increased property values combined with lower interest-bearing debt have resulted in a record high equity ratio adjusted for property market values of 76%.

NET ASSET VALUE PER ORDINARY SHARE SEK 5.47



PROPERTY VALUE SEK 722 MILLION



Key performance indicators (SEK thousand)	2022	2021	2020
Sales revenue	203,387	156,476	55,800
Operating profit/loss, EBITDA	-7,208	-21,166	-29,975
Cash flow from operations and property sales*	30,592	71,837	-41,053
Property values**	721,549	709,721	754,008
Interest-bearing liabilities***	271,896	288,441	314,736
Loan-to-value (LTV)	36.41%	33.77%	39.64%
Equity/assets ratio, carrying amount	44%	41%	43%
Equity/assets ratio, property market value	76%	74%	67%
Number of employees (Group)	104	75	68
Net asset value per ordinary share****	5.47	5.85	6.09
Equity per share	4.17	4.44	5.44
Share price per ordinary share	5.50	4.13	9.50
Market capitalisation, ordinary shares	317,334	226,261	491,668

*Cash flow from operating activities plus cash flow from divestment of commercial properties.

** Most recent external valuation conducted in October 2022 by Savills Aguirre Newman in accordance with RICS (Royal Institution of Chartered Surveyors).

*** Interest-bearing liabilities are recognised in the balance sheet less capitalised financing costs, which are accrued over the term of the loan. See additional disclosures on interest-bearing liabilities.

****Equity adjusted for market valuation of the property portfolio after tax, taking into account preference shareholders' share of equity and unpaid dividends, as well as default interest on unpaid dividends.

Message from the *CEO*

I am proud of our talented team who have broken the 200 million barrier in sales – a 30% increase compared to 2021. If you add to this the fact that this year's refinancing with Alantra resulted in savings of around SEK 10 million per year on the bottom line, with full impact in 2023, the situation is different from just a year ago. As a result, we are now much better equipped to face new challenges including higher electricity costs, inflation, higher market interest rates, and our own growth ambitions.

In a challenging travel market, it is positive to see that, through the Boho Club restaurant, we have been even more successful in attracting the local market, with fourth quarter restaurant sales up 34% compared to 2021. It confirms that the focus on service, hospitality and quality, as well as increased investment in marketing and sales, has paid off. A more stand-alone restaurant that is independent of the hotel not only creates an important stability in the business but also underscores our operational expertise, which is a tool we intend to use to grow the brand in more destinations and properties.

Hotel bookings and rental activities are also moving in the right direction, and I expect much better figures for the full year 2023 for the hotel business compared to 2022. With continued improvements in the restaurant business, combined with stronger hotel and apartment sales, we are clearly heading for a strong peak season.

In 2022, we sold a total of 29 apartments in the Hacienda Collection project compared to the planned 24. Demand remains good, and during the first quarter, another eight apartments were sold. The divestment of low-leverage apartments frees up cash flow and enables investments in other projects. In parallel, preparations are underway for the launch of 60 new apartments in the same area. The project was previously known as Ocean View, but was renamed Altura160. In order to price both projects optimally, we estimate that the offering in Hacienda Collection should be reduced by another 10–15 apartments before the launch of Altura160.

This year's refinancing with Alantra, as mentioned above, has a positive impact of SEK 10 million per year in the current interest rate environment, which has been an important step in optimising the cost base. Further optimisations will be made as the business enters a more normalised stage. However, I believe that the best solution is growth, where operational synergies and economies of scale are exploited for higher profitability. An example of investments in this direction is the completion of ten new detached villas for the Boho Club hotel, which will contribute to a high contribution margin as early as April 2023 and thus improve the profitability of the Boho Club and the business as a whole.

Finally, in these times when many real estate companies are facing refinancing challenges, we are fortunate to have a low level of indebtedness with a favourable maturity structure.



Marcus Johansson Prakt
CEO, Quartiers Properties

OPERATOR ACTIVITIES

The Company's operations, and in particular Boho Club which opened just before the outbreak of Covid-19, have been developed under complex and challenging conditions. Despite this, Boho Club was named by the Spain Luxury Hotel Awards as the best luxury boutique hotel in Spain in 2021.

The Company currently has two operator businesses that are run independently of one another but with a number of functions shared between facilities to increase cost efficiency. These are Quartiers Marbella Apartments and Boho Club Marbella. The latter is the Company's flagship and is a unique concept with strong profitability potential. In 2022, an EBITDA margin of 12.4% was achieved. The aim is to start expanding the concept with more facilities in 2023.



BOHO CLUB

Award-winning and exclusive hotel and restaurant project on Marbella's Golden Mile. The restaurant has been recommended in the Michelin Guide, and the hotel has received several awards for its distinctive design. It also won the award for Spain's best luxury boutique hotel 2021. With the completion of an additional 10 rooms in the form of detached bungalows in April 2023, the hotel now has a total of 40 rooms with 2–4 beds per room.

In 2022, the business generated sales of SEK 76.3 (48.9) million, corresponding to growth of 56%. EBITDA totalled SEK 9.5 (3.0) million, corresponding to an increase of 217%.

Work is underway on a new development plan, which is expected to significantly increase the number of construction rights on the property and enable further development. Quartiers' plan to expand the property with more hotel rooms and restaurants is in the interest of both the municipality and Quartiers, and the prospects of obtaining more building permits are therefore deemed good.



QUARTIERS MARBELLA APARTMENTS

Spacious and tastefully furnished apartments for short-term and long-term rentals.

In 2022, the business generated sales of SEK 17.1 (15.2) million, with EBITDA of SEK 1.7 (4.4) million. The lower result in 2022 is partly explained by lower revenues due to fewer apartments for rent but also by higher operating costs due to higher electricity prices and other inflation-driven cost increases. 2021 was also positively affected by Covid subsidies during the off-season.

PROJECT PORTFOLIO

The Company's project portfolio in 2022 consisted of four different projects in different phases. From Hacienda Collection, which has been in the Company's portfolio since its inception, to Centro Forestal Sueco, which has the potential to be the Company's most important project to date. This balance in the portfolio enables continual realisation of the value created.

All new projects are focused on the premium segment, which means projects have to be executed to high standards. Quartiers has gradually built up a high level of in-house expertise in all aspects of implementation through the projects it has carried out. From legal issues relating to acquisition and building permits to the implementation of construction, to the presentation and execution of sales to a specific target group.



HACIENDA COLLECTION BY QUARTIERS

Apartments for sale in Hacienda Collection, a gated community situated at the foot of the Sierra de Las Nieves mountain range. A total of 29 apartments have been sold in 2022, corresponding to 2.4 sales per month, which is 0.4 above the target of two sales per month. As of 31 December 2022, there were 46 apartments remaining with an unrealised appreciation of SEK 85.4 million. In the first quarter of 2023, eight apartments were sold.



CENTRO FORESTAL SUECO

This 13,730 square-metre property is located next to Boho Club and is less than two minutes' walk from the beach in Marbella. Quartiers is evaluating the possibility of developing a new hotel property on the site and is in the process of a new local development plan, with the aim of multiplying the number of building rights on the property, as well as making it possible to obtain the relevant building permit.



ALTURA 160

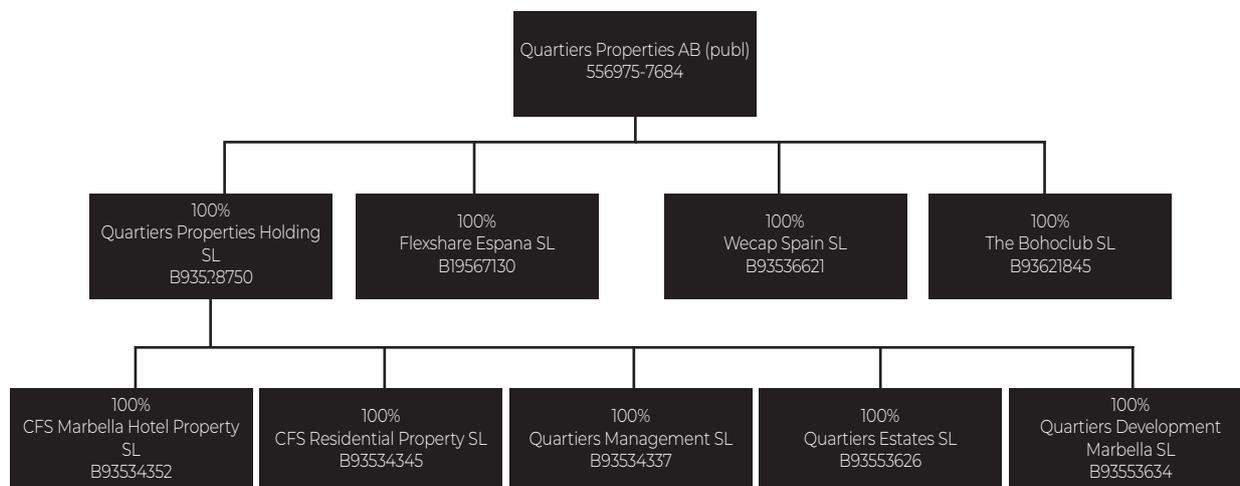
Apartment project in Benahavís, with construction permits to develop 60 new apartments. The area where the project is located continues to be consolidated with two new luxury residential projects nearby. The procurement of builders and the start of sales activities are currently underway.



LOS FLAMINGOS

Sales contracts were signed during the fourth quarter, at a valuation in line with book value. Handover took place in March 2023.

GROUP MATRIX



DESCRIPTION OF GROUP COMPANIES

Quartiers Properties AB (publ)

Quartiers Properties AB (publ) is a Swedish-registered limited liability company with registration number 556975-7684. The Company is the Parent Company of the Group. Its activities are focused on the development and management of the holdings of the subsidiaries, as well as on issues related to the financing of the subsidiaries' activities. The Parent Company is an important link to the strong and active capital markets in Scandinavia, as illustrated by its listing on the Nasdaq First North Growth Market. All of the Group's subsidiaries, except Quartiers Estates SL, are directly or indirectly 100% owned by the Parent Company. The Parent Company's indirect ownership in Quartiers Estates SL amounts to 50%.

Quartiers Properties Holding SL

Quartiers Properties Holding SL, registration number B93528750, is a Spanish holding company which owns shares in the majority of the Group's Spanish subsidiaries. The Company also acts as a management company with functions shared by the other companies.

Flexshare Espana SL

Flexshare Espana SL, with registration number B19567130, is a Spanish subsidiary that owns the Hacienda Collection apartments and the Altura160 apartment project. This was the first Spanish company to be formed in the Group when the business was founded in 2015. For this reason, the Company is presented separately and directly below the Parent Company in the Group matrix.

Wecap Spain SL

Wecap Spain SL, registration number B93536621, is a project company that owns the Group's residential plots in Los Flamings. In the fourth quarter, the second of two plots was divested, and after taking possession in March 2023, the Company has no remaining operations.

The Bohoclub SL

Bohoclub SL, registration number B93621845, is the operating company that runs the Boho Club. The Company only owns the operation of the Boho Club; the property is owned by CFS Marbella Hotel Property SL (see below).

CFS Marbella Hotel Property SL

CFS Marbella Hotel Property SL, registration number B93534352, owns the property where the Boho Club operates. The property is leased to The Bohoclub SL, which in turn pays a fixed, turnover-based rent. The corporate structure is adapted to have the flexibility to separate operations from property ownership in the future.

CFS Residential Property SL

CFS Residential Property SL, registration number B93534245, is a real estate/project company that owns the project with the working name Forestal Residential.

Quartiers Management SL

Quartiers Management SL with registration number B93534337, is the operating company that runs the apartment hotel Quartiers Marbella Apartments.

Quartiers Estate SL

Quartiers Estate SL, with registration number B93553626, was engaged in estate agency activities and has gone into liquidation.

Quartiers Development Marbella SL

Quartiers Development Marbella SL, with registration number B93553634, is dormant and not operating.

CORPORATE GOVERNANCE

Quartiers Properties AB (publ) is a Swedish public property company, with registered offices in Stockholm, whose shares are listed on Nasdaq First North in Stockholm. The external framework for corporate governance is the Swedish Companies Act, the Articles of Association and Nasdaq's rules for issuers on First North. The Company complies with internal regulations issued by the Board, the most important of which include the Board's rules of procedure, the CEO instructions and the Company's inside information policy. The Company is not obliged to apply the Swedish Corporate Governance Code, but does so insofar as it is financially viable given the size and nature of the business.

Principles of corporate governance within Quartiers Properties

Corporate governance within Quartiers Properties aims to support the Board of Directors and management in ensuring that all operations create long-term value for shareholders and other stakeholders.

Governance involves upholding:

- an efficient organisational structure;
- risk management and internal control systems; and
- transparent internal and external reporting.

Shareholders and the Annual General Meeting

Shareholders' influence in the Company is exercised at the AGM, which is the Company's highest decision-making body. At the AGM, each shareholder votes by right of the number of votes associated with the share type held. Quartiers Properties has two classes of shares: ordinary shares carrying ten votes and preference shares carrying one vote. At the time of publication of the annual report, the Company has 57,697,005 ordinary shares with 10 votes, corresponding to 576,970,050 votes, and 6,769,868 preference shares carrying one vote, corresponding to 6,769,868 votes. There are consequently a total of 64,466,873 shares and a total of 583,739,918 votes in the Company.

Board of Directors

The Company's Articles of Association state that the Board of Directors shall comprise a minimum

of three and maximum of nine members, including the Chairman. The Board currently consists of four ordinary members, including two members who are independent in relation to both the Company and Company management, as well as the Company's major shareholders. Two members are independent in relation to the Company and its management but not in relation to the Company's major shareholders. The Company's Board of Directors is elected at the AGM. The election of the Board relates to the period extending up to and including the next AGM. The Company does not appoint any special committees for auditing or remuneration issues, as the entire Board is engaged in these matters. The Board shall monitor operations and actively support the development of the Company. The Board is composed of individuals with expertise and experience in business development, marketing, property and project development, financing and capital market issues.

The Chairman of the Board ensures that the Board performs its duties. The Chairman also monitors operations in consultation with the CEO and is responsible for ensuring that other Board members receive the information required in order to facilitate discussion and decisions of high quality. The Chairman is also responsible for evaluating the work of both the Board and the CEO.

Composition of the Board of Directors in 2022

Name	Role	Independent of largest shareholder	Independent of management
Jörgen Cederholm	Chair	No	Yes
Sten Andersen	BM	Yes	Yes
Jimmie Hall	BM	Yes	Yes
Andreas Bonnier	BM	No	Yes

CORPORATE GOVERNANCE

Annual General Meeting 2022

Quartiers Properties' annual general meeting was held on 29 April 2022. On account of measures in place to combat the COVID-19 pandemic, the AGM was held in the form of postal voting, with no physical participation. In addition to the mandatory agenda items stipulated in the Articles of Association, decisions were made regarding the following matters:

- The AGM re-elected Jörgen Cederholm, Sten Andersen, Jimmie Hall and Andreas Bonnier as Board members for the period up until the end of the next AGM. Jörgen Cederholm was re-elected as Chairman of the Board. In addition, the AGM re-elected registered auditing firm Öhrlings PricewaterhouseCoopers AB with principal auditor Henrik Boman for the period up until the end of the next AGM. The AGM resolved that Board fees of SEK 290,000 shall be paid to the Chairman and SEK 150,000 to each of the other Board members elected by the AGM. In addition, the Board shall be entitled to make decisions on paying Board members (personally or via companies) market-based, reasonable compensation for consulting work carried out that is not part of the usual Board-related work. The AGM resolved that fees for the auditor would be paid on an ongoing basis according to invoices approved by the Company.
- The AGM resolved to authorise the Board of Directors, up until the next AGM and within the scope of the Articles of Association, on one or more occasions, with or without deviation from shareholders' preferential rights, to decide on the issue of ordinary shares, warrants and/or convertible shares. The issue may be made against payment in cash, payment in kind and/or by offsetting, or otherwise subject to conditions. Decisions regarding the issue of shares, based on such authorisation, may generate an increase of no more than 15% in the Company's share capital, based on the size of the share capital the first time.

Nomination Committee

The 2022 AGM decided that the members of the Nomination Committee for the 2023 AGM would consist of Andreas Bonnier (as representative of Egonomics AB) and Mats Lundberg (as representative of Fastighets Aktiefbolag Bränneröd and Mats Invest AB). Mats Lundberg was re-elected chairman of the Nomination Committee. The AGM likewise decided on guidelines for the Nomination Committee.

Duties of the Nomination Committee:

The Nomination Committee shall prepare proposals for the following resolutions prior to the 2023 Annual General Meeting:

1. proposal regarding the number of Board members and auditors, and deputies for these posts where appropriate;
2. proposal regarding Board member fees and remuneration for the Company's auditors;
3. proposal for election of Board members, and deputies for these posts where appropriate;
4. proposal for the election of Chairman of the Board;
5. proposal regarding election of auditors, and deputies for these posts where appropriate; and
6. proposal for decision on Nomination Committee.

Proposals for Board members and auditors prior to the 2023 AGM

The nomination committee has proposed (i) re-election of the Board members Jörgen Cederholm and Andreas Bonnier, (ii) new election of Raouf Lofti and Meria Rahkola and (iii) re-election of Jörgen Cederholm as Chairman of the Board.

The Nomination Committee has proposed re-election of registered audit firm Öhrlings PricewaterhouseCoopers AB for the period until the end of the next AGM. If Öhrlings PricewaterhouseCoopers AB is elected as auditors, Authorised Public Accountant Henrik Boman shall serve as principal auditor.

The Nomination Committee's proposal on Board and auditor fees

The Nomination Committee has proposed that Board fees of SEK 290,000 shall continue to be paid to the chairman and SEK 150,000 to each of the other Board members elected by the AGM.

In addition, the Board shall continue, unchanged, to be entitled to make decisions on paying Board members (personally or via companies) market-based, reasonable compensation for consulting work carried out that is not part of the usual Board-related work.

CORPORATE GOVERNANCE

Internal controls

Based on policy documents adopted by the Board of Directors, the CEO and company management are responsible for designing and documenting, as well as maintaining and testing the systems and processes required in order to minimise risk in operating activities and financial reporting. In addition to policy documents there are also delegation rules, process descriptions, checklists and job descriptions for each employee detailing their responsibilities and level of authority, as well as standardised reporting procedures.

Information and communication

The annual report, year-end report, interim reports and other regular information are produced according to Swedish law and practice. The disclosure of information is characterised by transparency and

reliability. In order to ensure that external information for the equity market is issued correctly, the Company has an inside information policy that regulates how information is to be disclosed. The aim is to create understanding and confidence in the business among shareholders, investors, analysts and other stakeholders. Quartiers Properties discloses information to shareholders and other stakeholders via public press releases, year-end and interim reports, annual reports and the Company's website. In order to keep Quartiers Properties' shareholders and stakeholders updated about the business and its performance, current information is published regularly on the website. Events deemed to be price sensitive are disclosed by means of press releases. Quartiers Properties also uses other marketing channels such as Mynewsdesk for non price-sensitive information.



FINANCIAL STATEMENTS

Directors' report
Consolidated income statement
Consolidated statement of comprehensive income
Consolidated statement of financial position
Consolidated statement of changes in equity
Consolidated statement of cash flows
Group accounting policies and notes
Parent Company income statement
Parent Company balance sheet
Parent Company statement of changes in equity
Parent Company statement of cash flows
Parent Company accounting policies and notes
Auditor's report
Shareholders
Annual General Meeting 2023



DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of Quartiers Properties AB (publ), 556975-7684, hereby submit the annual accounts and consolidated accounts for the financial year 2022.

DIRECTORS' REPORT

THE COMPANY IN BRIEF

Quartiers Properties AB (publ) is a Swedish limited company that, via Spanish subsidiaries, owns, develops and manages properties on the Costa del Sol in southern Spain. Quartiers mainly invests in properties aimed at an affluent international target group. Operations began in July 2015. Today, the Group consists of several wholly owned companies in Spain with activities in the two segments of operator activities and property development.

BUSINESS CONCEPT

Quartiers' business concept is to create value in the property portfolio through value-enhancing business development in and around the properties.

BUSINESS OBJECTIVES

In property development, the Company invests in property projects in the premium segment. The Company aims to maintain a well-balanced project portfolio with a continual return and cash flows in the form of realised sales.

Operator activities, which consist of hotel and restaurant management, generate current revenue while contributing to the creation of value in those of the Company's projects in which operational management is an important part of property development.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In March, a new share issue was completed through the exercising of outstanding series TO2020/2022 warrants. The take-up rate was 88% and the Company received SEK 10.8 million.

In June, a refinancing of the loan taken out by the Company in 2020 in connection with the COVID-19 outbreak was completed. The new loan amounted to EUR 18,500 thousand and is secured against the Boho Club and CFS Residential properties, as well as pledges on a number of the Company's subsidiaries. The refinancing included greater flexibility in the utilisation of free cash flow and lower interest costs.

Despite the turmoil in the world and the macroeconomic situation with direct negative consequences for the Company's operations in the form of higher interest rates and high inflation, the Company's operations have developed favourably.

NET SALES

Quartiers' net sales totalled SEK 203,387 (156,476) thousand. Revenue from operator activities was SEK 89,116 (64,513) thousand, corresponding to 38% growth. Proceeds from the divestment of properties totalled SEK 114,271 (91,963) thousand and relate to the sale of 29 apartments in Hacienda Collection.

COST OF PROPERTIES SOLD

The cost of properties sold totalled SEK 111,958 (93,701) thousand and was comprised of deferred costs of SEK 54,509 (55,476) thousand, sales provisions of SEK 6,684 (6,699) thousand and the previously reported change in value of properties of SEK 50,765 (31,526) thousand.

OPERATING EXPENSES

Operating expenses totalled SEK 92,858 (72,062) thousand. The biggest single costs comprised personnel and consulting expenses of SEK 38,152 (23,511) thousand, consumption of goods totalling SEK 22,777 (13,881) thousand, depreciation in the amount of SEK 10,612 (12,223) thousand, electricity, lighting and other operating expenses of SEK 6,666 (5,744) thousand, repairs and maintenance amounting to SEK 2,518 (4,760) thousand, and association fees for the joint property association in the Company's apartment hotel of SEK 2,513 (3,293) thousand.

GROSS PROFIT

Gross profit grew by SEK 7,858 thousand and totalled SEK -1,429 (-9,287) thousand. Gross profit exclusive reversal of previously recognised changes in value on properties amounted to SEK 49,336 (21,969) thousand, corresponding to an improvement of SEK 27,367 thousand.

CENTRAL ADMINISTRATION

Costs of central administration totalled SEK 16,448 (11,601) thousand. Of the total cost, personnel costs totalled SEK 7,921 (6,223) thousand.

PROFIT/LOSS FROM FINANCIAL ITEMS

The Company's interest expenses decreased by SEK 3,601 thousand, totalling SEK 23,551 (27,152) thousand. Expensed financing costs totalled SEK 6,707 thousand (2,788) and can be attributed to the refinancing carried out in 2022.

INCOME TAX

The difference between reversed deferred tax and tax paid on profit from the sale of properties is recognised as income tax. Recognised tax expenses totalled SEK +7,917 (+9,538) thousand.

DIRECTORS' REPORT

PROFIT/LOSS AFTER TAX

Profit for the year totalled SEK -41,923 (-54,496) thousand.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities including divestment of operating properties totalled SEK 30,592 thousand (71,837), of which cash flow from the sale of project and operating properties was SEK 109,460 thousand (83,631).

Cash and cash equivalents at the end of the year totalled SEK 18,905 (48,736) thousand.

INVESTMENTS

Cash flow from investment activities, excluding divestment of operating properties, totalled SEK -40,717 (-34,999) thousand.

OPERATING PROPERTIES

Operating properties consist of a hotel property and apartments in an apartment complex that are rented out under the company's own management. Investments in operating properties during the period totalled SEK 18,534 (4,233) thousand. The investment mainly relates to the Boho Club project.

PROJECT PROPERTIES

Project properties include ongoing property development projects and apartments in the apartment complex. Investments in project properties in the period totalled SEK 13,923 (2,053) thousand. During the year, the sale of the Los Flamingos project was finalised.

FINANCING

Cash flow from financing activities was SEK -40,717 (-34,999) thousand. Cash flow includes SEK 10,805 thousand (11,121) from cash flow from new share issues, SEK 189,674 thousand (0) from raising of loans, SEK -230,668 thousand (-46,120) from amortisation of loans, and SEK 10,528 thousand (0) in financing costs.

According to the terms and conditions of the preference shares, a dividend of SEK 0.96 will be paid per preference share per year. The unpaid dividends on the preference shares are accumulated and compounded at an annual interest rate of 12 percent until payment is made. The liability is not recorded.

ORGANISATION

The Company's staff is mainly employed in the Spanish operating companies. The CEO and employees in administration and other Group-wide functions are employed by the Spanish holding company. Parts of the finance function have been outsourced.

At 31 December 2022, besides the CEO, the management team consisted of the CFO and three other employees. In total, the Group employed 104 people, most of whom worked in the Boho Club hotel and restaurant business.

RISK

Quartiers is continually exposed to various risks that may have a significant impact on the Company's earnings and financial position. The risk factors below have not been detailed in order of importance and are by no means comprehensive. See also the description of financial risk factors under Note 25.

Risk in operating activities

Revenues consist mainly of variable income from rental and restaurant activities, while costs are largely fixed, particularly property costs. This implies a risk that declines in revenues cannot be offset by lower costs to the same extent.

In 2020 and 2021, operations were extremely affected by the pandemic. Following the gradual lifting of restrictions in 2021, 2022 has brought new challenges in the form of global turmoil, which led to a slight decline in demand in the autumn. However, there are no signs of long-term negative effects on demand.

Risk in property acquisitions

Acquiring properties is part of the Company's strategy. Property acquisitions are associated with a certain degree of inherent risk and uncertainty, including the risk that Company management's time and other resources will be used to attempt to bring about acquisitions that are not completed, the risk of paying too much for assets, the risk of erroneous measures with regard to future operating income for the acquired property, and the risk of taking over rental/cooperation agreements that are unfavourable for the Company, as well as the risk that Company management's focus is diverted from current operations.

In order to reduce the risk when making property acquisitions, the Company carries out individual analyses of each acquisition, examining legal, financial and commercial aspects.

Organisational risk

The Company is dependent on a limited number of employees who work with issues of management and development. Quartiers' ability to recruit and retain qualified and experienced management staff depends on a number of factors, some of which are, to some extent, beyond the Company's control, including competition on the labour market.

DIRECTORS' REPORT

The loss of one senior or key individual due to that person resigning or retiring, for example, may mean the loss of a key area of expertise, that it is not possible to achieve established objectives or that the implementation of the Company's business strategy is negatively affected. If current key individuals leave, or if the Company is unable to recruit or retain qualified and experienced senior individuals, this may have a significant negative impact on the Company's operations, financial position and position in general.

Refinancing and interest expenses

Refinancing risk refers to the risk that it is not possible to obtain financing at all, or only at significantly increased cost. In 2022, Quartiers successfully refinanced loans of EUR 18,500 thousand with lower interest expenses. Since the refinancing, the increase in the reference rate has led to an increase in interest expenses, although at the date of the annual report, they were still lower than before the refinancing.

To minimise the risk of it not being possible to refinance existing loans, Quartiers works proactively to maintain good relationships with banks and other capital providers. The Company's operations are capital intensive, which means that issues relating to refinancing are given high priority and are continually followed up by the Company's management team. There is a risk that future refinancing on reasonable terms may not be possible at all, or may be only partly possible, which would have a significant negative impact on the Company's operations, financial position and earnings.

Legal risk

Property operations are highly dependent on laws and other regulations, as well as decisions by authorities with regard to the environment, safety and renting. New laws or regulations, or changes to the application of existing laws or regulations that are relevant to the Company's operations or customers' operations may have an adverse effect on the Company's operations, financial position and earnings.

Exchange rate fluctuations

The Company conducts operations in Spain and is therefore exposed to the risk of exchange rate fluctuations having a negative impact on Quartiers' income statement, balance sheet and/or cash flow. The Company's reporting currency is SEK and its most important operating currency is EUR. Foreign currency exposure arises every time the Company's operating subsidiary participates in a transaction in which it uses a currency other than the one

the Company normally uses in its operations. At present, the single largest exposure is EUR/SEK. In addition, exchange rate fluctuations occur when the earnings and financial position of the foreign subsidiary are translated from EUR to SEK. See Note 26.

Price risk

There is a risk that in the event of a sale of properties the fair value may fall short of the carrying amount.

The carrying amount comprises the purchase cost. However, the carrying amount includes value adjustments from previous periods when part of the real estate portfolio was recognised at fair value.

In 2022, 29 (19) sales were completed with sales prices net of sales costs at or above the carrying amount.

PARENT COMPANY

The Parent Company's operations mainly consist of financing and managing the Company's investments in subsidiaries. The Parent Company's earnings for the financial year totalled SEK -10,427 (-10,297) thousand. At the balance sheet date, equity totalled SEK 277,545 (277,168) thousand. The Company's equity/assets ratio was 94% (58).

EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events occurred after the end of the financial year.

PROPOSED DISTRIBUTION OF PROFITS

The following funds are at the disposal of the AGM:

Share premium reserve	338,422,618
Retained earnings	-52,061,416
Profit/loss for the year 2022	-10,427,438
Total available funds	275,933,764

The Board proposes that the AGM should not approve a dividend and that the AGM should instead resolve that the available profit in the Parent Company be carried forward.

CONSOLIDATED INCOME STATEMENT

Amounts are stated in SEK thousand	Note	2022	2021
Divestment of properties	3	114,271	91,963
Revenue, operator activities	4	89,116	64,513
Total net sales		203,387	156,476
Cost of properties sold	5	-111,958	-93,701
Operating costs	6,7	-92,858	-72,062
Total operating expenses		-204,816	-165,763
Gross profit		-1,429	-9,287
Central administration	6,7	-16,448	-11,601
Other operating income and expenses	8	57	-12,502
Operating profit/loss		-17,820	-33,390
- of which EBITDA		-7,208	-21,166
Financial income	9	35	145
Financial expenses	9	-32,055	-30,789
Profit/loss from financial items		-32,020	-30,644
Profit/loss before tax		-49,840	-64,034
Income tax	10	7,917	9,538
PROFIT/LOSS FOR THE YEAR		-41,923	-54,496
Earnings per ordinary share, before and after dilution, SEK	21	-0.74	-1.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts are stated in SEK thousand	2022	2021
Profit/loss for the period	-41,923	-54,496
Other comprehensive income		
Translation differences regarding foreign operations	24,716	8,397
Comprehensive income for the period	-17,208	-46,099

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts are stated in SEK thousand	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating properties	11	328,782	373,178
Assets held for use	12	3,195	3,882
Equipment, tools and fixtures and fittings	13	17,120	10,805
Non-current financial assets			
Other securities held as non-current assets	14	2	37
Total non-current assets		349,098	387,902
Current assets			
Project properties	15	156,863	141,390
Inventories	16	2,100	1,089
Trade receivables	17	2,136	2,369
Other receivables	18	15,030	4,468
Prepaid expenses and accrued income	19	3,770	10,191
Cash and cash equivalents	20	18,905	48,736
Total current assets		198,804	208,243
TOTAL ASSETS		547,902	596,145

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts are stated in SEK thousand	Note	31/12/2022	31/12/2021
SHAREHOLDERS' EQUITY			
Share capital	21	1,612	1,538
Other contributed capital		338,423	327,692
Reserves, translation differences		45,356	20,711
Retained earnings incl. profit/loss for the period		-145,011	-103,158
Total shareholders' equity		240,380	246,783
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	10	21,343	31,912
Interest-bearing liabilities	22, 25	259,297	273,481
Total non-current liabilities		280,640	305,393
Current liabilities			
Interest-bearing liabilities	22, 25	12,599	14,960
Trade payables		6,161	4,178
Other current liabilities	23	6,971	23,867
Accrued expenses and deferred income	24	1,151	964
Total current liabilities		26,882	43,969
TOTAL EQUITY AND LIABILITIES		547,902	596,145

CONSOLIDATED CHANGES IN EQUITY

Amounts are stated in SEK thousand	Share capital	Other contributed capital	Reserves, translation differences	Retained earnings incl. profit/loss for the period	Total equity
Opening balance at 01/01/2021	1,463	316,646	12,314	-48,662	281,761
Comprehensive income					
Profit/loss for the period	0	0	0	-54,496	-54,496
Translation differences	0	0	8,397	0	8,397
Total comprehensive income	0	0	8,397	-54,496	-46,099
Transactions with shareholders					
New share issue	75	11,046	0	0	11,121
Total transactions with shareholders	75	11,046	0	0	11,121
Closing balance on 31/12/2021	1,538	327,692	20,711	-103,158	246,783
Opening balance at 01/01/2022	1,538	327,692	20,711	-103,158	246,783
Comprehensive income					
Profit/loss for the period	0	0	0	-41,924	-41,924
Translation differences	0	0	24,645	71	24,716
Total comprehensive income	0	0	24,645	-41,853	-17,208
Transactions with shareholders					
New share issue	74	10,731	0	0	10,805
Total transactions with shareholders	74	10,731	0	0	10,805
Closing balance at 31/12/2022	1,612	338,423	45,356	-145,011	240,380

CONSOLIDATED CASH FLOW STATEMENT

Amounts are stated in SEK thousand	2022	2021
Cash flow from operating activities		
Operating profit/loss	-17,820	-33,390
Of which profit/loss from divestment of properties	-2,313	1,738
Depreciation, amortisation and impairment	28	10,612
Other non-cash items	28	0
Interest income and similar profit/loss items	-35	145
Interest paid (attributable to financing activities)	-23,551	-9,038
Tax paid	-3,669	0
Cash flow from operating activities before changes in working capital	-36,720	-20,453
Changes in working capital		
Investments in project properties	-13,923	-2,053
Sale of project properties	35,947	34,164
Change in other inventories	-1,011	-471
Change in operating receivables and liabilities	-25,798	11,183
Total change in working capital	-4,785	42,823
Cash flow from operating activities	-41,505	22,370
Divestment of operating properties	73,513	49,467
Cash flow from operating activities, including the divestment of commercial properties	30,592	71,837
Cash flow from other investing activities		
Acquisitions and investments in operating properties	-18,534	-4,233
Investments in machines and equipment	-3,267	-1,040
Cash flow from investing activities	-21,801	44,194
Cash flow from financing activities		
New share issue	10,805	11,121
Loans raised	189,674	0
Loan repayments	-230,668	-46,120
Other capitalised financing costs	-10,528	0
Cash flow from financing activities	-40,717	-34,999
Cash flow for the period	-31,926	31,565
Cash and cash equivalents at start of period	48,736	16,959
Exchange rate differences in cash and cash equivalents	2,095	212
Cash and cash equivalents at end of period	18,905	48,736

GROUP ACCOUNTING POLICIES AND NOTES

NOTE 1. GROUP ACCOUNTING POLICIES

1. GENERAL INFORMATION

Quartiers Properties AB (publ) (Parent Company) and its subsidiaries, referred to below as "Quartiers Properties" or "the Group", acquire and carry out property projects in southern Spain. The Parent Company is a public limited company registered in Sweden, with registered offices in Stockholm. The head office address is Strandvägen 7A, 114 56 Stockholm, Sweden.

The annual accounts and consolidated financial statements were approved by the Board of Directors on 17 May 2023 and submitted for adoption at the Annual General Meeting on 15 June 2023. All amounts are recognised in SEK thousand, unless stated otherwise.

2. BASIS FOR PREPARATION OF THE COMPANY'S ACCOUNTS

The consolidated accounts for Quartiers Properties AB (publ) have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) approved by the EU at 31 December 2022.

The consolidated accounts have been prepared according to the cost method, with the exception of other securities held as non-current assets, which are recognised at fair value. The most important accounting policies applied in the preparation of these consolidated accounts are detailed below. These policies have been applied consistently for all the periods presented, unless otherwise stated.

The Parent Company accounts have been prepared according to RFR 2 Accounting for Legal Entities, and the Swedish Annual Accounts Act. See differing accounting policies for the Parent Company.

3. CONSOLIDATED ACCOUNTS AND CONSOLIDATION PRINCIPLES

The consolidated accounts cover the Parent Company and all companies in which the Parent Company, either directly or indirectly, controls more than 50% of the votes or in some other way has a controlling influence.

The Group controls a company when it is exposed to, or is entitled to a variable return from its holding in the company, and has the opportunity to affect such return via its influence in the company. Subsidiaries are included in the consolidated accounts as of the date that the controlling influence is transferred to the Group. They are excluded from

the consolidated accounts from and including the date that the controlling influence ceases.

The Group's acquisitions are recognised in accordance with the purchase method. The purchase consideration for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities and the shares issued by the Group.

The Group's acquisitions are recognised in accordance with the purchase method. The purchase consideration for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities and the shares issued by the Group.

The purchase consideration also includes the fair value of all assets or liabilities resulting from a contingent consideration arrangement and supplementary payments. Acquisition-related costs are expensed as they arise. Any changes to contingent consideration and supplementary payments are recognised in subsequent periods in the consolidated income statement.

Intra-Group transactions and balance sheet items, as well as unrealised gains and losses on transactions between Group companies, are eliminated on consolidation. The accounting policies for subsidiaries have been amended, where appropriate, to ensure consistent application of the Group's policies. Non-controlling interests are recognised in Group equity for minority owners' share of consolidated values of those net assets owned by minority owners.

Associates are recognised in accordance with the equity method. A company is deemed an associate when Quartiers holds at least 20% but no more than 50% of the votes or in some other way has significant influence over operational and financial governance. As at 31 December 2022, there were no associates.

The equity method means that the consolidated carrying amount of the shares in associates corresponds to the Group's share in associates' equity and consolidated goodwill and any other remaining consolidated surplus and deficit values. The Group's share in associates' profits is recognised as 'Share in earnings of associates', adjusted for any depreciation/amortisation, impairment losses and dissolution of acquired surplus and deficit values.

These participations in profits, less dividends received from associates, constitute the main change in the carrying amount of investments in associates. The Group's share of other comprehensive

income in associates is recognised on a separate line in the Group's other comprehensive income.

At the balance sheet date, Quartiers owned no shares in companies classified as jointly owned companies.

4. CHANGES TO REGULATIONS

New and amended standards that came into force in 2022 have not had a material effect on Quartiers' results or financial position. No forthcoming amendments published by the IASB have been early adopted or are expected to have a material impact on the Group.

5. FOREIGN CURRENCY TRANSLATION

The various divisions in the Group use the local currency as their functional currency, as the local currency has been defined as the currency that is used in the primary financial environment in which the respective division chiefly operates. The Swedish krona (SEK), which is the Parent Company's functional currency and the Group's reporting currency, is the currency used in the consolidated accounts.

The Group's foreign operations are converted to the Group's functional currency, SEK, by converting the balance sheets at the exchange rate on the balance sheet date, with the exception of equity, which is converted at the historical rate. The income statement is recalculated monthly at the average exchange rate for the month. Any translation differences that arise are recognised in other comprehensive income. Accumulated translation differences are included in consolidated equity under 'Reserves, translation differences'. Transactions in foreign currency are translated using the exchange rate at the point of transaction.

6. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The Group makes estimates and assumptions about the future. By definition, the resulting accounting estimates will rarely correspond to the actual outcome. The estimates and assumptions that represent a significant risk of material adjustments to the carrying amounts of assets and liabilities during the coming financial period are presented below.

Classification of properties

When a property is acquired, an assessment is made of whether the property will be retained, sold or developed for the company's own operations. The analysis considers such issues as market development, the Company's organisational resources and consolidated cash flow. The assessment has an impact on the Group's earnings and financial

position, as the various types of property are treated differently in accounting terms.

Investment properties are properties that are held for the purposes of generating rental income and an appreciation in value. Investment properties are recognised at fair value. At the balance sheet date, no properties met the criteria to be classified as investment properties.

Properties acquired for the purposes of running a business, primarily hotel operations, are classified as operating properties and recognised at cost.

Properties acquired for the purposes of selling once they have been developed (project properties) are recognised as inventory at cost, or net realisable value, if the latter is lower.

Gains or losses from property sales

Revenue from property sales is usually recognised at the handover date, unless the buyer took possession at an earlier date. The assessment of the point of revenue recognition takes account of what is agreed between the parties regarding risks and benefits and involvement in ongoing management.

Property valuations

The Company continually assesses the carrying amount of its properties. The most recent external valuation was conducted on 31/10/2022 by Savills Aguirre Newman in accordance with RICS (Royal Institution of Chartered Surveyors). No external valuation has been made of the Company's holdings of apartments, as these are sold off on an ongoing basis.

The total value of the property portfolio as of 31/12/2022, according to the external valuation, was SEK 721,549 thousand, which compares to the book value of SEK 485,648 thousand. The valuation represents an increase of 9.2% in local currency adjusted for properties sold compared to the valuation at 31/12/2021. Part of the property portfolio is carried at market value as at 31 December 2018, when the reclassification of the properties from investment properties to operating properties took place.

Credit risk in receivables

The Group has limited receivables from tenants and property buyers.

Claims arising via invoicing after property sale contracts have been entered into are recognised in the balance sheet at nominal value and as prepaid income (contract debt) until such time as control passes to the buyer. No other assessment is carried out. There was no contract liability at 31/12/2022.

NOTE 2. SEGMENT REPORTING

ACCOUNTING POLICY

The company's earnings have been measured and reported separately by operator activity, which currently consists of Boho Club and Quartiers Marbella Apartments, as well as property development. Central administration and business development costs related to new projects are reported together under 'other'.

	Operator activities	Property divestment	Other	Total	Operator activities	Property divestment	Other	Total
	01/01/2022 to 31/12/2022				01/01/2021 to 31/12/2021			
Revenue	89,116	114,271		203,387	64,513	91,963		156,476
Operating expenses	-82,246	-111,958	-16,391	-210,595	-57,172	-93,701	-14,268	-165,141
EBITDA	6,870	2,313	-16,391	-7,208	7,341	-1,738	-14,268	-8,665
Depreciation, amortisation and impairment	-10,611	0		-10,611	-12,224	0		-12,224
Operating profit/loss	-3,741	2,313	-16,391	-17,820	-4,882	-1,738	-14,268	-20,888
Operating properties								
Investments	38,427	0	0	38,427	-4,405	0	0	-4,405
Reclassifications	0	0	0	0	-26,798	0	0	-26,798
Divestments	0	106,938	0	106,398	0	17,996	0	17,996
Project properties								
Investments	0	4,586	0	4,586	0	1,099	0	1,099
Reclassifications	0	0	0	0	0	26,798	0	26,798
Divestments	0	1,134	0	1,134	0	36,699	0	36,699

NOTE 3. DIVESTMENT OF PROPERTIES

ACCOUNTING POLICY

Revenue from the divestment of properties is recognised in accordance with IFRS 15. Revenue is usually recognised at the handover date, unless the buyer took possession at an earlier date. The assessment of the point of revenue recognition takes account of what is agreed between the parties regarding risks and benefits and involvement in ongoing management. With regard to sales made in 2022, the transfer of control to the buyer occurs when final inspection is complete and the buyer has taken possession of the property. Claims arising via invoicing after property acquisition contracts have been entered into are recognised in the

balance sheet at nominal value and as prepaid income until such time as control passes to the buyer. No other assessment is carried out.

Apartments are sold on an ongoing basis and all apartments are included in the rental activities of the apartment complex. Apartments put up for sale are reclassified from fixed assets to project property. Sales revenue is recorded gross.

CREDIT RISK

The income is only recognised when full payment has been made, which is before the buyer takes possession of the property, and therefore there is no credit risk in the income.

	2022	2021
Sale of Los Flamings plots	0	9,075
Sale of villa Amapura	0	18,753
Sale of apartments in the Benahavis apartment hotel	114,271	64,135
Total	114,271	91,963

In total, the Company sold 29 (19) apartments in 2022.

NOTE 4. REVENUE, OPERATOR ACTIVITIES

ACCOUNTING POLICY

Revenues from the operator business relate to the management of a hotel, restaurant and a concierge service. The revenues mainly come from accommodation, food and drink, and a conference business. Revenues from the operator business are recognised in the period when the services were provided. Advances received are recognised as accrued income. Income is recognised exclusive of VAT and discounts, and after elimination of intra-Group sales. Rental income and significant rental discounts are recognised on an accrual basis during the year.

CREDIT RISK

Almost 99% of revenues are paid in advance to a booking agency or at the point that the service is used. The remaining one percent relates to receivables from long-stay guests who are invoiced monthly.

LEASE INCOME

At 31/12/2022, the Company had 3 (15) apartments rented long-term. Long-term rentals are being phased out and will be wound up by the end of 2023. Payment is made on a monthly basis. All other rental income relates to rental as part of the hotel business.

	2022	2021
Hacienda Apartment Hotel		
Long-term rental income	810	2,011
Short-term rental income	14,053	12,152
Other income	632	425
Total Hacienda Apartment Hotel income	15,495	14,588
Boho Club		
Restaurant	25,844	19,973
Hotel	38,198	23,625
Other income	9,580	6,327
Total income Boho Club	73,621	49,925
Total	89,116	64,513

NOTE 5. COST OF PROPERTIES SOLD

ACCOUNTING POLICY

Quartiers' cost of sold properties comprises costs arising in connection with the sale of a property, and includes production and selling expenses. The costs are recognised in the same period that revenue from the sold properties is recognised. The cost of properties sold also includes previously recognised unrealised appreciation in accordance with IAS 40 Investment Properties.

	2022	2021
Hacienda		
Purchase cost	54,328	32,027
Increase in value previously recognised but unrealised	50,765	31,526
Selling cost	6,865	4,907
Recognised production expense	111,958	68,459
Amapura		
Purchase cost	0	15,238
Selling cost	0	1,234
Recognised production expense	0	16,472
Los Flamingos		
Purchase cost	0	8,211
Selling cost	0	558
Recognised production expense	0	8,769
Total		
Purchase cost	54,328	55,476
Increase in value previously recognised but unrealised	50,765	31,526
Selling cost	6,865	6,699
Recognised production expense	111,958	93,701

NOTE 6. OPERATING EXPENSES AND CENTRAL ADMINISTRATION

ACCOUNTING POLICY

Operating costs

Quartiers' operating expenses comprise costs arising in connection with the operation and leasing of property. Significant recurring cost items are made up of fees to Spanish owner associations (the equivalent of co-operative associations), repair and maintenance costs, electricity and lighting and consultancy and employee expenses. See Note 11 regarding accounting policies for depreciation/amortisation.

Central administration

Quartiers' central administration costs include the Group's administrative expenses, such as personnel costs, travel expenses, consultancy fees, marketing costs and costs relating to financial and other administration. These costs are recognised in the period to which they relate.

OPERATING EXPENSES	2022	2021
Consultancy and personnel costs	38,152	23,511
Consumption of goods	22,777	13,881
Depreciation, amortisation and impairment	10,612	12,223
Repairs and maintenance	2,518	4,760
Association fees (Apartment complex in Benahavís)	2,513	3,293
Electricity and lighting	6,666	5,744
Other operating expenses	9,620	8,650
Total	92,858	72,062

CENTRAL ADMINISTRATION	2022	2021
Wages and salaries	7,921	6,223
Consultancy fees	436	1,631
Bank and financing costs	108	21
Advertising & PR	387	227
Other	7,157	3,499
Total	16,009	11,601

AUDIT COSTS

Audit assignment relates to the review of the annual accounts and accounting records, and the Board of Directors and CEO's management, and other tasks that the Company's auditor is obliged to perform.

	2022	2021
PwC		
Audit assignment	928	760
Audit activities in addition to the audit assignment	0	75
Total	928	835

NOTE 7. EMPLOYEE BENEFITS

ACCOUNTING POLICY

Employee benefits

Employee benefits are recognised at the rate at which employees have performed services in exchange for remuneration. Benefits include a fixed salary, holiday pay, variable salary and, where applicable, other benefits.

Pension obligations

In 2022, no contributions were paid for defined contribution pension plans. The Group has no other payment obligations.

Termination benefits

Termination benefits are paid when an employee's contract is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for such benefits.

Average no. of employees	2022	Share, %	2021	Share, %
Men	57	57	45	57
Women	44	43	35	43
Total	101	100	80	100

All employees have been based in Spain.

Gender balance in the company management	2022	2021
Percentage who are women		
Board of Directors	0%	0%
Other senior executives	20%	20%
Salaries, other remuneration and social security contributions	2022	2021
Chairman of the Board	290	290
Board members	450	450
Total Board fees	740	740
Chief Executive Officer	2,473	2,202
Other senior executives	1,372	1,915
Other employees	29,581	18,910
Total salaries and other remuneration	33,426	23,027
Social security contributions		
Pension costs	0	0
Other social security charges according to law and agreements	9,291	6,811
Total social security contributions	9,291	6,811
Total salaries, remuneration, social security contributions and pension costs	42,717	29,838

REMUNERATION OF THE CEO AND THE BOARD OF DIRECTORS

Remuneration corresponding to SEK 2,473 (2,202) thousand has been paid to the CEO. Remuneration is made up of a fixed salary of EUR 11,000 (11,000) per month and accommodation. In addition, pension compensation in lieu of pension insurance is paid in the amount of EUR 1,000 per month.

In addition to his fixed salary, the CEO is contractually entitled to payment of EUR 3,000 per month that is paid 18 months in arrears after the end of the calendar year and is conditional upon his continued employment. In 2022, payment of variable remuneration and bonuses was made in the amount of EUR 63 thousand (0).

In accordance with the AGM's decision, the Board of Directors receives fees of SEK 740 (740) thousand,

of which SEK 290 (290) thousand to the Chairman of the Board Jörgen Cederholm and SEK 150 (150) thousand to the other members. In addition, consultancy fees and salary for work other than Board work have been paid in the amount of SEK 1,158 (275) thousand.

PENSIONS AND SEVERANCE PAY

Since 1 January 2020, the previous pension benefit has been replaced by a salary supplement of EUR 1,000 per month. There is a mutual notice period of six months on termination of the employment contract.

SHARE-BASED PAYMENTS

There are no outstanding option programmes or other share-based payments.

NOTE 8. OTHER OPERATING INCOME AND EXPENSES

ACCOUNTING POLICY

Other income and expenses include income and expenses that are not part of the Company's normal operations.

	2022	2021
Impairment of operating receivables	0	-4,317
Other income	57	0
Upcoming purchase consideration	0	-8,186
Total	57	-12,503

NOTE 9. FINANCE INCOME AND COSTS

ACCOUNTING POLICY

Finance income and costs refer to interest income from bank deposits, receivables, financial investments, positive exchange rate differences on financial items and gains from the divestment of financial investments. Such income is recognised in the period to which it relates.

Finance costs include interest expenses on loans, exchange rate differences on financial items, financing costs, and losses and impairment of financial investments. These costs are recognised in the period to which they relate.

FINANCE INCOME	2022	2021
Exchange rate differences	0	0
Interest income	35	145
Total	35	145

FINANCIAL COSTS	2022	2021
Interest expenses	23,551	27,152
Other financing costs	6,707	2,788
Exchange rate differences	1,797	849
Total	32,055	30,789

NOTE 10 INCOME TAX/TAX ON EARNINGS FOR THE PERIOD

ACCOUNTING POLICY

The tax expense for the period includes current and deferred tax. Current tax is calculated on the basis of the tax rules enacted or substantively enacted at the balance sheet date in those countries in which the Parent Company and its subsidiaries operate and generate taxable revenue.

Deferred tax is recognised according to the balance sheet method on all temporary differences arising between the taxable value of the assets and liabilities and their carrying amounts in the consolidat-

ed accounts. If the temporary difference arises on initial recognition of an asset acquisition, however, deferred tax is not recognised.

Deferred income tax is calculated using the tax rates enacted or substantively enacted at the balance sheet date and that are expected to apply when the deferred tax claim in question is realised, or the deferred tax liability is settled.

Deferred tax claims relating to loss carry-forwards or other tax deductions are recognised to the extent it is likely that future profits will be available, against which the loss carry-forwards can be offset.

	2022	2021
Tax on earnings for the period	-4,771	0
Deferred income tax relating to temporary differences	12,688	9,538
Total recognised tax	7,917	9,538
Reconciliation of effective tax		
Recognised profit/loss before tax	-49,841	-64,034
Tax according to current tax rate of 20.6% (21.4)	10,267	13,191
Non-deductible costs	-68	-77
Tax losses for which no deferred tax asset is recognised	-1,724	-3,156
Effect of foreign tax rate, 25% (25)	-558	-420
Recognised effective tax of 4.5% (5.4)	7,917	9,538

Deferred tax on temporary differences

Temporary differences	Deferred tax assets		Deferred tax liabilities		Net	
	2022	2021	2022	2021	2022	2021
Surplus values, properties	0	0	-21,343	-31,912	-21,343	-31,912
	0	0	-21,343	-31,912	-21,343	-31,912

Change in deferred tax	Recognised in the income statement	Amount at end of period
Deductible temporary differences	12,688	21,341

Excess value in real estate relates to properties in Spain which until 2018 were accounted for as investment properties in accordance with IAS 40, but are now included in Operating and Project Properties. The prevailing tax rate is 25 (25) percent. An income tax rate of 25 percent has therefore been used in the Group. The Group has loss carry-for-

wards of SEK 198,176 (155,456) thousand, of which SEK 41,218 (23,200) thousand is attributable to the Parent Company. Deficits can be offset against future revenues with no time limit. No deferred tax asset for loss carry-forwards is recognised as it is uncertain when taxable surpluses will be available against which a tax asset can be used.

NOTE 11. OPERATING PROPERTIES

ACCOUNTING POLICY

The Group's property holdings that are classed as operating properties are properties for which Quartiers is also an operator. Operating properties are recognised at cost less any depreciation and potential impairment losses. Impairment requirements are tested by comparing the carrying amount with a third-party market valuation at the balance sheet date. The market valuation is made using the comparable sales method.

The operating properties consist of several components with varying useful lives. The primary classification is buildings and land. There is no depreciation on land components that are deemed to have an unlimited useful life. The buildings comprise several components with varying useful lives. Additional expenses are added to the cost only if it is likely that the future economic benefits associated with the asset will be received by the Company, and the cost can be reliably determined. All other additional expenses are recognised as a cost in the period in which they arise.

Component	Number of years
Interior surfaces	20
Fixtures and fittings	25
Land improvements	33

BOHO CLUB

Since 2019, Quartiers has been progressively opening its hotel and restaurant business at the Company's CFS property. The business expanded strongly in 2022 having been negatively affected by COVID-19 restrictions for much of 2020 and 2021.

APARTMENT HOTEL BENAHAVÍS

Quartiers has been running short- and long-term rental operations at the Company's apartment complex in Benahavís since 2016. In 2022, a total of 29 (19) apartments were sold. At the balance sheet date, the holding amounted to 46 apartments, of which 20 are recognised as project properties, as they are for sale.

DEPRECIATION

The purchase cost of operating properties is divided across components and depreciated over between 20 and 100 years. Depreciation is recognised as property expenses.

Component	Number of years
Structure	100
Roof	50
Façade	50

	2022	2021
Opening carrying amount	373,178	446,724
Divestments	-106,938	-49,522
Investments	38,427	-4,405
Depreciation/amortisation	-8,773	-10,096
Exchange rate differences	32,888	8,645
Reclassification	0	-26,978
Closing carrying amount	328,782	373,178
Details about operating properties		
Cost	254,947	272,156
Accumulated depreciation	-35,759	-28,567
Unrealised adjustments in value	109,594	129,589
Carrying amount	328,782	373,178

Cost refers to initial acquisition and investments. Unrealised value adjustments relate to properties in Spain which until 2018 were reported as investment properties in accordance with IAS 40, but are now included in Operating Properties and Project Properties.

NOTE 12. LEASEHOLD ASSETS

ACCOUNTING POLICY

Assets related to leases are recognised as right-of-use assets. Apart from leases of machinery and equipment, the Company has no rights of use for rented premises or other rights of use. The Company has no lease contracts shorter than one year or less than USD 5 thousand. The right-of-use asset is initially recognised at the present value of future payments discounted at the marginal lending rate. The asset is then depreciated on a straight-line basis over the expected economic life of the asset.

The carrying amount at the balance sheet date was SEK 3,195 (3,882) thousand. The reported value breaks down into cars in the amount of SEK 425 (535) thousand, and furniture and fittings in the amount of SEK 2,769 (3,347) thousand.

Items affecting profit or loss relating to leasing

	2022	2021
Depreciation/amortisation of right-of-use assets	144	671
Interest on lease liabilities	41	44
Lease expenses	185	715

In 2022, cash flow was affected by SEK 1,192 (2,091) thousand related to leasing. Future cash flows and ageing analysis related to leases are disclosed in Note 25, Lease liabilities.

NOTE 13. EQUIPMENT, TOOLS AND FIXTURES AND FITTINGS

ACCOUNTING POLICY

All property, plant and equipment is recognised at cost less depreciation. Cost includes expenditure that can be directly attributed to the acquisition of the asset.

Depreciation to reduce the asset's cost down to its estimated residual value over its useful life is carried out on a straight-line basis over 5 years.

The recoverable amount and useful life of an asset is reviewed on each balance sheet date and adjust-

ed as required. The carrying amount of an asset is immediately written down to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less selling costs and its value in use.

Gains and losses on divestment are established via a comparison between the sales revenue and the carrying amount, less selling costs, and recognised in 'Other operating income' and 'Other operating expenses' in the income statement.

	31/12/2022	31/12/2021
Accumulated purchase costs		
At the start of the year	17,794	16,429
New acquisitions	7,057	1,040
Exchange rate differences	1,566	325
Total	26,417	17,794
Accumulated scheduled depreciation		
At the start of the year	-6,989	-5,266
Depreciation for the year	-1,997	-1,685
Exchange rate differences	-312	-38
Total	-9,298	-6,989
Carrying amount at end of period	17,120	10,805

NOTE 14. OTHER SECURITIES HELD AS NON-CURRENT ASSETS

ACCOUNTING POLICY

Other securities held as non-current assets relate to publicly listed shares and are recognised at fair value.

The item other securities held as non-current assets consists entirely of publicly listed shares.

NOTE 15. PROJECT PROPERTIES

ACCOUNTING POLICY

The portion of the Group's property holdings that relates to project properties is recognised as inventories, as the intention is to sell the properties on completion. Project properties are continually valued at cost or at net realisable value if the latter is lower.

The cost of project properties includes expenses relating to the acquisition of land and project planning/property development and expenses pertaining to new construction, extensions and/or refurbishment. The net realisable value is the estimated sales value in operating activities less estimated completion and selling costs.

	2022	2021
Opening carrying amount	141,390	147,187
Investments in properties	4,586	2,053
Divestments	-1,134	-36,699
Exchange rate differences	12,021	1,871
Reclassifications	0	26,978
Closing carrying amount	156,863	141,390

NOTE 16. INVENTORIES

The item inventories consists entirely of raw materials, mainly for the restaurant business.

ACCOUNTING POLICY

Inventories are recognised at the lower of cost and net realisable value. Cost is established using the first in first out method (FIFO). Recognised at cost less deductions for obsolescence.

NOTE 17. TRADE RECEIVABLES

ACCOUNTING POLICY

Trade receivables are recognised according to the principles described in Note 28 concerning financial assets measured at amortised cost.

TRADE RECEIVABLES	31/12/2022	31/12/2021
Receivables from sold properties	141	1,833
Hacienda	362	33
Boho Club	1,633	503
Total	2,136	2,369

AGE ANALYSIS	31/12/2022	31/12/2021
Not overdue	2,136	2,369
Total	2,136	2,369

At 31/12/2022, no customer accounted for more than 10% of trade receivables. No loss reserve is recognised in 2022. Boho Club trade receivables have been received in January 2023.

NOTE 18. OTHER RECEIVABLES

ACCOUNTING POLICY

Other receivables are recognised according to the principles described in Note 25 concerning financial assets measured at amortised cost.

	31/12/2022	31/12/2021
VAT-related receivables	1,057	190
Other items	13,974	4,278
Total	15,030	4,468

NOTE 19. PREPAID EXPENSES AND ACCRUED INCOME

ACCOUNTING POLICY

Prepaid expenses and accrued income are recognised according to the principles described in Note 29 concerning financial assets measured at amortised cost.

	31/12/2022	31/12/2021
Property acquisition option	0	8,956
Other	3,770	1,235
Total	3,770	10,191

The property acquisition option was completed in 2022, and the acquired property is recognised as project property.

NOTE 20. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents are financial instruments and include, in both the balance sheet and the statement of cash flows, bank deposits with maturities falling due within three months of the date of acquisition.

The Company's cash and cash equivalents consist primarily of bank balances in euros.

NOTE 21. SHAREHOLDERS' EQUITY

ACCOUNTING POLICY

Ordinary shares and preference shares are classified as equity. Share capital corresponds to the Parent Company's share capital and comprises issued ordinary and preference shares. Other contributed capital consists of capital contributed by the shareholders in addition to share capital. Reserves for translation differences comprise such translation differences as are recognised in other comprehensive income. Retained earnings including earnings for the period comprise accumulated earnings from the Group's activities, less dividends to shareholders.

Transaction expenses that are directly attributable to the issue of new shares are recognised, gross before tax, in equity as a deduction from the issue proceeds. Transaction expenses are recognised as a deduction item under the equity category 'Other contributed capital'. Dividends on preference shares are recognised as a liability in the consolidated financial statements in the period in which the dividend was adopted by the AGM.

A specification of changes in equity can be found in the statement of changes in equity, which follows immediately after the balance sheet.

NUMBER OF SHARES AND WARRANTS

Share capital in the Parent Company, Quartiers Properties AB (publ), amounts to SEK 1,612 (1,538) thousand and is allocated among 64,466,873 shares. Of these shares, 57,697,005 are ordinary shares and 6,769,868 are preference shares. The

Company's ordinary and preference shares are subject to trading on Nasdaq First North. The shares have a quota value of SEK 0.025 per share. Ordinary shares carry ten votes and preference shares carry one vote each. All shares registered at the balance sheet date are fully paid.

Preference shares take precedence over ordinary shares for an annual dividend corresponding to SEK 0.96, with payment made quarterly. Following the resolution by the meeting of the shareholders, the Company is entitled to redeem the preference shares for a redemption amount of SEK 12 per share. All shares carry the same right to the Company's remaining net assets, in addition to which preference shares entitle holders to receive SEK 12 per share from the Company's remaining assets and any remaining amount before distribution is made to owners of ordinary shares. The Company is prevented from paying dividends as part of the loan terms of the Company's investment loans. For the preference shares, this means that the dividend is accumulated and accrues interest at a rate of 12 percent. At the balance sheet date, the outstanding amount including interest amounted to SEK 12,480 (5,616) thousand.

At the start of the financial year, a total of 3,291,624 Series 4 warrants 2020/2022 had been issued. The Series 4 warrants entitled the holder to subscription of ordinary shares in March 2022. 88% of the warrants were utilised for subscription of new shares, meaning that 2,887,302 shares were issued with total issue proceeds of SEK 10,712 thousand.

EARNINGS PER SHARE

The calculation of earnings per ordinary share has been based on earnings for the year attributable to the Parent Company's ordinary shareholders amounting to SEK -41,924 (-54,496) thousand, having taken account of the preference shares' portion of earnings for the year of SEK 0 (0) thousand. Earnings less the preference shares' portion, SEK -41,924 (-54,496) thousand, have been divided by a weighted average number of ordinary shares during the year, amounting to 56,726,238 (52,764,581). Diluted earnings per share are equivalent to basic earnings per share when the result is negative.

Weighted average number of ordinary shares outstanding	31/12/2022	31/12/2021
Opening total number of shares	54,784,703	51,754,520
Effect of newly issued shares	1,941,535	1,010,061
Average number of ordinary shares	56,726,238	52,764,581
Effect of outstanding warrants	0	334,741
Average number of ordinary shares after dilution	56,726,238	52,903,432

NOTE 22. INTEREST-BEARING LIABILITIES

This note contains information about the Company's contractual terms and conditions for interest-bearing liabilities. For further information about the relevant accounting policy and the Company's exposure to interest rate risk and risk of exchange rate fluctuations, please refer to Note 25.

Quartiers' interest-bearing liabilities consist, in part, of property loans from Spanish credit institutions raised in connection with the original acquisition of the properties acquired directly from the Spanish bank Banco Popular and investment loans. The loans are paid in regular instalments and, in addition, repayments are made in connection with sales.

The property loans are in euros and secured via property mortgages. The average interest rate was 1.89% (1.28%) at 31/12/2022. The loan maturities average eight years.

In addition to property loans, the Company has investment loans. In June 2022, there was a refinancing of previous loans raised in 2020. The lender is Spanish Alteralia Real Estate Debt SL, and the loan

totals EUR 18,500 thousand and is secured against the Boho Club and CFS Residential properties, as well as pledges on a number of the company's subsidiaries. The interest rate is linked to Euribor 3 months plus a margin of 6%, which includes a variable component linked to the loan ratio on the Company's pledged assets. The margin can reach a maximum of 6.5% and a minimum of 5.75%. The total interest rate at 31/12/2022 was 8.202%. The loan has a maturity date of June 2027. The loan is subject to covenants that require certain loan ratios, cash flow and earnings to be achieved. The requirement is applied to what is defined in the loan agreement as the Borrower Group and consists of CFS Marbella Hotel Property SL, CFS Residential Property SL and Boho Club SL. Reporting takes place on a quarterly basis.

In addition to the above-mentioned loans, the Company also has a small investment loan of EUR 295 thousand in a Spanish bank and an investment loan of SEK 5,500 thousand plus accrued interest.

The average weighted cost of borrowing at 31/12/2022 was 6.52% (6.78%).

INTEREST-BEARING LIABILITIES

	31/12/2022	31/12/2021
Long-term		
Property loans	56,882	83,139
Lease liabilities	192	1,587
Investment loans	207,756	191,457
Capitalised borrowing costs	-5,533	-2,702
Total	259,297	273,481
Short-term		
Property loans	7,539	10,666
Lease liabilities	865	662
Investment loans	8,407	6,337
Capitalised borrowing costs	-4,212	-2,705
Total	12,599	14,960
Total interest-bearing liabilities	271,896	288,441

	2022	2021
Liabilities at start of year	288,444	314,736
Loans raised	189,674	0
Capitalised interest	0	18,198
Capitalised borrowing costs	-4,338	2,705
Repayments	-230,668	-46,120
Liabilities at year-end	271,896	288,444

NOTE 23. OTHER CURRENT LIABILITIES

	31/12/2022	31/12/2021
Debt, outstanding purchase considerations	0	15,273
Advances received	2,807	3,319
VAT liability	800	2,364
Other	3,365	2,911
Total	6,971	23,867

NOTE 24. ACCRUED EXPENSES AND DEFERRED INCOME

	31/12/2022	31/12/2021
Accrued holiday pay	0	0
Accrued social security charges	0	0
Other accrued expenses	1,151	964
Total	1,151	964

NOTE 25. FINANCIAL INSTRUMENTS AND FINANCING

ACCOUNTING POLICY

Financial instruments recognised in the balance sheet are classified in accordance with IFRS 9 in three different categories: financial assets and financial liabilities measured at fair value via profit or loss, financial assets and financial liabilities measured at fair value via other comprehensive income, and financial assets and financial liabilities measured at amortised cost.

The classification depends on the purpose for which the financial asset or liability was acquired. Financial instruments are initially measured at fair value plus transaction expenses, with the exception of the category financial instruments recognised at fair value via profit or loss, for which transaction expenses are not included. Purchases and sales of financial assets are recognised at the transaction date, which is the date that the Company commits to purchase or sell the asset in question. A financial asset is removed from the balance sheet when the rights in the contract are realised, fall due or the Company no longer has control over the asset. A financial liability is removed from the balance sheet when the obligation in the contract has been fulfilled or in some other way discharged.

Financial assets

The categories that are relevant to Quartiers regarding financial assets are amortised cost and fair value via profit or loss.

Financial assets are measured following initial recognition at amortised cost according to the effective interest rate method if they are held for the purposes of obtaining contractual cash flows, and at specific dates they give rise to cash flows that are exclusively payments of principal and interest on the outstanding principal. Quartiers' financial assets that are included in this category are trade receivables, cash and cash equivalents and other receivables. However, the trade receivables' expected maturities are short, which is why the value is recognised at a nominal amount without discounting. Trade and loan receivables are recognised at the amount that is expected to be paid, i.e. after deductions for bad debts. See Impairment Loss below regarding the assessment of need for impairment. Cash and cash equivalents and other assets with short maturities are recognised at nominal value.

Financial assets measured at fair value via profit or loss comprise holdings for trading purposes, i.e. for

the primary purpose of being sold. Financial assets in this category are measured continually at fair value, with changes in value recognised in profit or loss. This category includes smaller listed holdings, the value of which is estimated by referring to listed market prices.

Financial assets recognised at fair value at the balance sheet date refer to publicly listed shares at a value of SEK 2 (37) thousand.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value via profit or loss.

Quartiers' liabilities consist primarily of liabilities to credit institutions, other loans and operating liabilities such as trade payables. Financial liabilities are classified as current if they fall due within one year or earlier. Otherwise they are recognised as non-current liabilities. Borrowing costs related to major borrowings are capitalised and recognised as a deduction from the liability and are amortised on a straight-line basis over the life of the loan. Other borrowing costs are recognised in profit or loss in the period to which they refer. Accrued interest is recognised as the short-term portion of current liabilities from credit institutions, in cases where the interest is expected to be settled within 12 months of the balance sheet date.

Trade payables and other short-term operating liabilities that constitute financial liabilities are recognised at nominal value due to the short maturity.

It is estimated that the fair value of short- and long-term borrowings corresponds almost exactly to their carrying amounts. Collateral is pledged in the Company's properties.

Borrowings are classified as Level 2 in the fair value hierarchy, in accordance with IFRS 13. Real estate loans have a variable interest rate. In addition, the Company has taken out a financing loan with a variable interest rate. The loan was raised in June 2022 and runs for five years until June 2027. The loan carries an interest rate of Euribor 3 months plus 6%, which at 31/12/2022 meant an interest rate of 8.202%.

The refinancing terms are not deemed to have changed appreciably since the loans were raised, which means that the carrying amount is considered to be consistent with the fair value.

Lease liabilities

For leases with a term of more than 12 months and leases with a value of more than USD 5 thousand, a lease liability is recognised under interest-bearing liabilities. Lease liabilities comprise the net present value of future payments less the margin loan interest.

Impairment

At each balance sheet date Quartiers assess whether there are objective grounds for there being a need for the impairment of a financial asset. A provision for depreciation in the value of trade receivables is made based on an assessment of expected credit losses. Significant financial difficulties of a debtor, the likelihood of a debtor entering administration or undergoing financial reorganisation and missed or overdue payments (overdue by more than 30 days) are regarded as indicators of a possible need for the impairment of a trade receivable. Each assessment is made individually as the Company does not yet have historical data on which to base assumptions about loss provisions.

At the balance sheet date, trade receivables totalled EUR 2,136 thousand. No provision for losses has been made as at the balance sheet date.

FINANCIAL RISK AND RISK MANAGEMENT

Through its operations, the Group is exposed to a number of different financial risks. Quartiers is mainly exposed to interest rate risk, liquidity and financing risk, and foreign exchange risk.

Responsibility for the Group's financial transactions and financial risk lies directly with the Chief Executive Officer. The overall risk management objective is to have cost-effective financing and to ensure liquidity. Regular cash flow forecasts are the main control mechanism. Finance issues of strategic significance are handled by the Board.

A) Interest rate risk

Interest rate risk is the risk that changes in interest rate levels will have a negative impact on the Group's net earnings. The Group's interest rate risk arises mainly from long-term borrowings with variable interest rates. Loans raised with variable rates expose the Group to interest rate risk with regard to cash flow. Most of the Group's loans are in EUR. The Company's interest rate risk follows Euribor.

In 2022, interest rates have risen sharply, which has gradually increased the Company's interest costs. Moreover, inflation impacts Quartiers' expenses via, for example, higher running and maintenance

costs. In addition, a change in interest rate levels in the economy affects the market's yield requirements for properties, which in turn can impact the market value of the Company's property portfolio. In 2022, improvements in property yields have compensated for higher yield requirements, resulting in higher property values.

The Company's borrowing consists partly of property loans that are continuously amortised and as the underlying properties are sold. Since these properties are mainly apartments with a sales rate of about two per month, the loan is decreasing rapidly. The property loans thus represent a small and shrinking part of the Company's total interest-bearing liabilities.

The Company's interest-bearing liabilities currently consist mainly of an investment loan of EUR 18,500 thousand. The interest rate is Euribor 3-month with a current supplement of 6%. Since the Company raised the loan in June 2022, the 3-month Euribor has increased from negative to over 2%. A change in Euribor of +/- 1% affects net interest revenues by SEK -2,057 thousand.

B) Liquidity and financing risk

Liquidity risk is the risk of the Group having insufficient cash and cash equivalents to pay its commitments with regard to financial liabilities. The objective of the Company's liquidity management is to minimise the risk of the Group having insufficient cash and cash equivalents to fulfil its commercial obligations. Cash flow forecasts are regularly prepared for management.

The Company's mortgages are subject to covenants relating mainly to the cash flow from the operation of the mortgaged properties. Under the current loan terms, Quartiers needs to generate cash flow to cover 110% of the total of repayments, interest and investments ("debt service ratio"). If the Company fails to do so, capital injections are required from other parts of the Group's operations.

In order to generate cash flow, Quartiers is selling low-rent flats in the holiday flat complex in Benahavís. In 2022, a total of 29 apartments were sold with a total purchase price received, after deduction of selling costs, of SEK 109,460 thousand.

Refinancing risk refers to the risk of not being able to obtain financing at all, or only at significantly increased costs. With an average maturity of eight years, the Group has no need to refinance existing loans. However, new projects may have to be postponed if funding cannot be obtained.

C) Foreign exchange risk

Quartiers' foreign exchange risk relates primarily to its income statement and balance sheet in foreign currency, which is translated into Swedish kronor. Since the entire operating business takes place in Spain, the euro is the Company's functional currency. Translation differences arise when translating from the functional currency to the reporting currency of Swedish kronor.

The translation of foreign net assets affected Quartiers' equity by SEK 24,716 (8,397) thousand.

Quartiers does not currently hedge translation exposures in foreign currency. Increased borrowing in euros is resulting in a gradual reduction in the translation exposure.

D) Credit risk

Credit risk refers to the risk that a customer or counterparty in a financial instrument may not be able to meet their commitments, causing the Group financial loss.

The Group's overall credit risk exposure is very small. Rental income is mainly invoiced and paid in advance and other operating income is mainly paid in cash at the point of service.

Exposure to individual customers/tenants is also limited. Overall, possible expected credit losses are negligible for the Group. See also accounting policies/impairment above.

SENSITIVITY ANALYSIS

The majority of the Company's transactions, as well as assets and liabilities, are in EUR. Exchange rate fluctuations therefore have a significant impact on carrying amounts. Changes to interest expenses primarily affect earnings before tax.

	Change, %	Effect on the value of properties, SEK thousand	Change in borrowings, SEK thousand	Effect on equity, net SEK thousand	Effect on earnings before tax, SEK thousand
Exchange rate change	+/- 1.0%	+/- 4,856	+/- 2,888	+/- 1,969	+/- 2,888
Interest expense at current fixed interest period	+/- 1.0%				-2,057

CAPITAL STRUCTURE

The Group's objective with regard to its capital structure is to ensure the Group's ability to continue operations, so that it can continue to generate a return for its shareholders and benefit to other stakeholders. A well organised capital structure is important in order to maintain the Company's cost of capital at the minimum level possible. See also the Liquidity and Financing Risk section above.

Quartiers Properties assesses capital on the basis of its debt/equity ratio, as do other companies in the same industry. This key ratio is calculated by dividing net debt by total capital. Net debt is calculated

as total borrowings (including short- and long-term borrowings in the consolidated balance sheet), less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheet plus net debt. The debt/equity ratio at 31/12/2022 was 52% (49%). Net debt increased in 2022 by SEK 23,030 thousand, totalling SEK 262,773 thousand.

No dividend was paid on the Company's preference shares in 2022.

LEASE LIABILITIES

Apart from leases relating to tangible assets Quartiers has no leases that come under IFRS 16.

DEBT/EQUITY RATIO

	31/12/2022	31/12/2021
Interest-bearing liabilities	281,641	288,443
Less: Cash and cash equivalents	-18,905	-48,736
Net debt	262,737	239,707
Shareholders' equity	240,380	246,783
Total capital	503,117	486,490
Debt/equity ratio	52%	49%

MATURITY ANALYSIS

The maturity analysis of borrowings below examines the Group and Parent Company's financial liabilities broken down by the time remaining on the balance sheet date, up until the contractual maturity date. The amounts stated in the table are the contractual, undiscounted cash flows. Both contractual repayments in 2022 and redemption of loans on sold apartments are reported as property loans with a maturity period of <1 year.

31/12/2022	<1 year	1-2 years	2-5 years	>5 years
Property loans	17,954	16,106	14,333	16,028
Investment loans	8,407	1,278	206,478	
Leases	865	192		
Total	27,226	17,576	220,810	16,028

Investment loans relate mainly to loans of EUR 18,500 thousand with a maturity date of June 2027.

CLASSIFICATION OF FINANCIAL INSTRUMENTS

SEK thousand	Financial assets/liabilities measured at fair value via profit or loss		Financial assets/liabilities measured at amortised cost	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Assets in the balance sheet				
Other securities held as non-current assets	2	37		
Trade receivables			2,136	2,369
Other receivables			14,191	4,468
Cash and cash equivalents			18,905	48,736
Total	2	37	35,232	55,573
Liabilities in the balance sheet				
Non-current interest-bearing liabilities			259,297	273,482
Current interest-bearing liabilities			12,599	14,960
Trade payables			6,161	4,178
Other liabilities			6,971	23,867
Total	0	0	285,029	316,487

NOTE 26. PLEDGED ASSETS

ACCOUNTING POLICY

Security is pledged for the Group's obligations primarily in the form of property mortgage deeds. In addition, shares in subsidiaries have been pledged.

	31/12/2022	31/12/2021
For liabilities to credit institutions		
Property mortgages	196,470	248,061
Total	196,470	248,061
Collateral provided for investment loans		
Property mortgages	196,319	0
Pledged shares in subsidiaries	14,384	112,879
Total	210,703	112,879

Pledged shares in subsidiaries refer to investment loans provided by Alantra and DESALKIV Portfolios L.L.C. The borrower is Quartiers Properties AB. The collateral consists of pledged shares in subsidiaries. In addition, properties of the subsidiaries that do not constitute collateral for debts to credit institutions have also been pledged.

NOTE 27. CONTINGENT LIABILITIES

The Company had no contingent liabilities at the balance sheet date.

NOTE 28. CASH FLOW STATEMENT

ACCOUNTING POLICY

The cash flow statement illustrates the change in cash and cash equivalents and the Group's available liquidity for the period. The cash flow statement has been prepared according to the indirect method, which means that operating earnings are adjusted for transactions that do not result in incoming or outgoing payments during the period.

	2022	2021
Depreciation, amortisation and impairment	10,612	12,223
Upcoming purchase consideration	0	8,186
Other	0	-317
Total	10,612	7,869

NOTE 29. TRANSACTIONS WITH RELATED PARTIES

In October, the Company acquired a work of art placed in the Company's Boho Club facility from a Company related to Board member Andreas Bonnier. The purchase price totalled an amount corresponding to SEK 2,286 thousand.

NOTE 30. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred since the balance sheet date.

PARENT COMPANY INCOME STATEMENT

Amounts are stated in SEK thousand	Note	2022	2021
Net sales	2	9,014	1,524
Total operating income		9,014	1,524
Operating expenses			
Other external expenses	3	-10,498	-4,110
Personnel costs	4	-973	-801
Depreciation/amortisation	7	0	-49
Total operating expenses		-11,471	-4,960
Operating profit/loss		-2,456	-3,436
Financial items			
Interest income and similar profit/loss items	5	10,030	23,491
Interest expenses and similar profit/loss items	5	-18,001	-27,661
Impairments	5	0	-2,691
Profit/loss from financial items		-7,971	-6,861
Profit/loss before tax		-10,427	-10,297
Tax on profit for the year	6	0	0
PROFIT/LOSS FOR THE YEAR		-10,427	-10,297

PARENT COMPANY BALANCE SHEET

Amounts are stated in SEK thousand	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment, tools and fixtures and fittings	7	2,286	0
Non-current financial assets			
Investments in subsidiaries	8	291,475	299,245
Non-current receivables from group companies	9	0	160,118
Total non-current assets		293,761	459,363
Current assets			
Current receivables			
Other current receivables	10	264	121
Prepaid expenses and accrued income	11	108	112
Financial investments		2	37
Cash and cash equivalents		193	16,712
Total current assets		567	16,982
TOTAL ASSETS		294,329	476,345

PARENT COMPANY BALANCE SHEET

Amounts are stated in SEK thousand	Note	31/12/2022	31/12/2021
EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted shareholders' equity			
Share capital		1,612	1,538
Total restricted shareholders' equity		1,612	1,538
Unrestricted shareholders' equity			
Other contributed capital		338,423	327,691
Retained earnings		-52,061	-41,764
Profit/loss for the year		-10,427	-10,297
Total unrestricted shareholders' equity		275,934	275,630
TOTAL SHAREHOLDERS' EQUITY		277,546	277,168
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	14, 18	7,129	197,794
Total non-current liabilities		7,129	197,794
Current liabilities			
Trade payables		486	209
Current liabilities to Group companies	15	6,485	0
Other current liabilities	16	1,532	211
Accrued expenses and deferred income	17	1,151	963
Total current liabilities		9,654	1,383
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		294,329	476,345

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts are stated in SEK thousand	Share capital	Other contributed capital	Retained earnings incl. profit/loss for the year	Total shareholders' equity
Opening balance at 01/01/2021	1,463	316,646	-41,764	276,345
Comprehensive income				
Profit/loss for the year			-10,297	-10,297
Total comprehensive income			-10,297	-10,297
Transactions with shareholders				
New share issue	75	11,045		11,120
Closing balance on 31/12/2021	1,538	327,691	-52,061	277,168
Opening balance at 01/01/2022				
Opening balance at 01/01/2022	1,538	327,691	-52,061	277,168
Comprehensive income				
Profit/loss for the year			-10,427	-10,427
Total comprehensive income			-10,427	-10,427
Transactions with shareholders				
New share issue	74	10,731	0	10,805
Closing balance at 31/12/2022	1,612	338,422	-62,488	277,546

PARENT COMPANY STATEMENT OF CASH FLOWS

Amounts are stated in SEK thousand	2022	2021
Cash flow from operating activities		
Operating profit/loss	-2,445	-3,436
Adjustments for non-cash items		
Reversal of depreciation	0	49
Interest received	10,030	144
Interest paid	-18,012	-5,291
Cash flow from operating activities before changes in working capital	-10,427	-8,534
Changes in working capital		
Increase/decrease in other current receivables	-104	4,127
Increase/decrease in trade payables	277	-100
Increase/decrease in other current liabilities	1,509	21
Cash flow from operating activities	-8,745	-4,486
Cash flow from investing activities		
Investments in fixed assets	-2,286	0
Investments in subsidiaries	-31,312	0
Repayment of shareholder contributions	39,082	0
Increase/decrease in non-current receivables from subsidiaries	166,333	8,318
Cash flow from investing activities	171,817	8,318
Cash flow from financing activities		
New share issue	10,805	11,121
Borrowings	792	0
Amortisation	-191,457	0
Cash flow from financing activities	-179,860	11,121
Cash flow for the period	-16,789	14,953
Cash and cash equivalents at start of period	16,982	1,759
Cash and cash equivalents at end of period	193	16,712

PARENT COMPANY ACCOUNTING POLICIES AND NOTES

NOTE 1. PARENT COMPANY ACCOUNTING POLICIES

The Parent Company applies RFR 2 Accounting for Legal Entities. The Parent Company applies accounting policies that differ from those of the Group in the situations detailed below.

Differences between the Group and Parent Company's accounting policies

RFR 2 states that a legal entity must apply the same IFRS/IAS standards as those applied in the consolidated accounts to the extent possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking account of the relationship between accounting and taxation.

Format

The income statement and balance sheet follow the format stipulated in the Swedish Annual Accounts Act. The statement of changes in equity also follows the Group's format, but follows the columns stated in the Swedish Annual Accounts Act restricted and unrestricted shareholders' equity. This means there are differences in item names compared with the consolidated accounts, primarily regarding finance income and costs and equity.

State aid

The Parent Company did not receive any state aid in 2022.

Investments in subsidiaries

Investments in subsidiaries are recognised at cost less any impairment. Cost includes acquisition-related expenses and any contingent considerations.

When there is an indication that investments in subsidiaries have declined in value, a calculation is carried out of the recoverable amount. If this is lower than the carrying amount, an impairment is made.

Financial instruments

IAS 39 is not applied in the Parent Company and financial instruments are measured at cost.

Leases

The Parent Company recognises financial lease agreements as operating leases. Lease payments are expensed as an operating expense on a straight-line basis over the term of the lease. Variable rents are expensed in the periods in which they arise.

NOTE 2. NET SALES

ACCOUNTING POLICY

The Parent Company's net sales comprise administration and project management services regarding the Group's Spanish subsidiaries. Such income is recognised in the period to which it relates.

NOTE 3. OTHER EXTERNAL EXPENSES

	2022	2021
PwC – Öhrlings Pricewaterhousecoopers AB		
Audit assignment	440	308
Audit activities in addition to the audit assignment	0	75
Total	440	383

NOTE 4. SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

The Managing Director is employed by and receives salary from the subsidiary Quartiers Properties Holding SL. See Note "Group" for details of the remuneration and other benefits of the CEO.

	2022	2021
Average no. of employees		
Men	0	0
Women	0	0
Total	0	0
Salaries and other remuneration		
Chairman of the Board	290	290
Board members	450	450
Total Board fees	740	740
Social security contributions		
Pension costs to CEO	0	0
Other social security charges according to law and agreements	233	237
Total social security contributions	233	237
Total salaries, remuneration, social security contributions and pension costs	973	977

NOTE 5. PROFIT/LOSS FROM FINANCIAL ITEMS

	2022	2021
Revenue		
Interest income from receivables from Group companies	9,461	23,346
Other interest income	569	145
Exchange rate differences	0	0
Other financial income	0	0
Total financial income	10,030	23,491
Costs		
Interest costs on borrowings	14,316	24,233
Interest expense from liabilities to Group companies	548	0
Impairments on shares in subsidiaries	0	2,692
Exchange rate differences	2,587	3,427
Other financial costs	516	0
Total financial costs	17,966	30,352

NOTE 6. TAX

	31/12/2022	31/12/2021
Reconciliation of effective tax		
Recognised profit/loss before tax	-10,427	-10,297
Tax according to current tax rate of 20.6% (21.4)	-2,148	2,121
Non-deductible costs	0	-1
Non-taxable income	2	0
Tax losses for which no deferred tax asset is recognised	-2,146	-2,120
Recognised effective tax	0	0

There are loss carry-forwards totalling SEK 41,218 (30,805) thousand. Deficits can be offset against future revenues with no time limit. No deferred tax assets on loss carry-forwards are recognised.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

The Parent Company's equipment is measured at cost less accumulated depreciation according to plan. Depreciation according to plan is carried out at 20 percent.

	31/12/2022	31/12/2021
Opening carrying amount	0	49
Purchases	2,286	0
Depreciation/amortisation	0	-49
Closing carrying amount	2,286	0

NOTE 8. INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICY ACCOUNTING POLICY

Investments in subsidiaries are recognised in the Parent Company at cost. Where the carrying amount of the investments exceeds the subsidiaries' fair value, impairment losses are charged to profit or loss. If an impairment previously implemented is no longer justified, it is reversed.

Name Corp. reg. no	Regis- tered office	Share of equity	Share of voting power	Carrying amount 31/12/2022	Carrying amount 31/12/2021
Flexshare España SL B19567130	Málaga	100%	100%	58,016	94,998
Quartiers Properties Holding SL B93528750	Málaga	100%	100%	128,724	116,972
Wecap Spain SL B93536621	Málaga	100%	100%	2,691	2,691
The Boho Club SL B93621845	Málaga	100%	100%	102,044	84,583

CHANGE FOR THE YEAR	31/12/2022	31/12/2021
Opening accumulated purchase costs	299,245	281,600
Shareholder contributions made	31,312	0
Repaid shareholder contributions	-39,082	20,336
Closing accumulated purchase costs	291,475	301,936
Impairments	0	-2,691
Closing carrying amount	291,475	299,245

NOTE 9. NON-CURRENT RECEIVABLES FROM GROUP COMPANIES

ACCOUNTING POLICY

Receivables from Group companies are recognised at cost.

Receivables from Group companies are non-current and are expected to continue in order to manage cash flow in the subsidiaries. Interest on the receivables is capitalised on an ongoing basis. In June 2022, a refinancing was carried out whereby the Parent Company's loan was redeemed and replaced by borrowing in the subsidiary CFS Marbella Hotel SL. As a result, the Parent Company's long-term receivables from Group companies have been amortised.

	31/12/2022	31/12/2021
Opening carrying amount	160,118	171,226
Additional receivables	0	28,990
Repayment	-166,333	-19,762
Conversion to shareholder contributions	0	-20,336
Repayment of shareholder contributions	0	28,990
Reclassification	6,215	-20,336
Closing carrying amount	0	160,118

NOTE 10. OTHER CURRENT RECEIVABLES

ACCOUNTING POLICY

Other short-term receivables are stated at cost.

	31/12/2022	31/12/2021
VAT-related receivables	208	71
Other receivables	56	50
Closing carrying amount	264	121

NOTE 11. PREPAID EXPENSES AND ACCRUED INCOME

	31/12/2022	31/12/2021
Other	108	112
Total	108	112

NOTE 12. SHAREHOLDERS' EQUITY

ACCOUNTING POLICY

The income statement and balance sheet follow the format stipulated in the Swedish Annual Accounts Act. The statement of changes in equity also follows the Group's format, but follows the columns stated in the Swedish Annual Accounts Act restricted and unrestricted shareholders' equity.

NUMBER OF SHARES AND WARRANTS

Share capital in the Parent Company, Quartiers Properties AB (publ), amounts to SEK 1,612 (1,538) thousand and is allocated among 64,466,873 shares. Of these shares, 57,697,005 are ordinary shares and 6,769,868 are preference shares. The Company's ordinary and preference shares are subject to trading on Nasdaq First North. The shares have a quota value of SEK 0.025 per share. Ordinary shares carry ten votes and preference shares carry one vote each. All shares registered at the balance sheet date are fully paid.

Preference shares take precedence over ordinary shares for an annual dividend corresponding to SEK 0.96, with payment made quarterly. Following

the resolution by the meeting of the shareholders, the Company is entitled to redeem the preference shares for a redemption amount of SEK 12 per share. All shares carry the same right to the Company's remaining net assets, in addition to which preference shares entitle holders to receive SEK 12 per share from the Company's remaining assets and any remaining amount before distribution is made to owners of ordinary shares. The Company is prevented from paying dividends as part of the loan terms of the Company's investment loans. For the preference shares, this means that the dividend is accumulated and accrues interest at a rate of 12 percent. At the balance sheet date, the outstanding amount including interest amounted to SEK 12,480 (5,616) thousand.

At the start of the financial year, a total of 3,291,624 Series 4 warrants 2020/2022 had been issued. The Series 4 warrants entitled the holder to subscription of ordinary shares in March 2022. 88% of the warrants were utilised for subscription of new shares, meaning that 2,887,302 shares were issued with total issue proceeds of SEK 10,712 thousand.

NOTE 13. APPROPRIATIONS

The following funds are at the disposal of the AGM:

Share premium reserve	338,422,618
Retained earnings	-52,061,416
Profit/loss for the year 2022	-10,427,438
Total available funds	275,933,764

The Board proposes that the AGM does not approve a dividend and that the AGM resolve that the available profit in the Parent Company of SEK 275,933,764 be carried forward.

NOTE 14. INTEREST-BEARING LIABILITIES

	31/12/2022	31/12/2021
D. E. Shaw & Co, as well as with Alantra Debt Solutions, SL	0	191,457
Short-term loans from lenders other than credit institutions	7,129	6,337
Total	7,129	197,794

Maturity analysis

31/12/2022	<1 year	1–2 years	2–5 years	>5 years
Investment loans	0	7,129	0	0
Total	0	7,129	0	0

NOTE 15. CURRENT LIABILITIES WITH GROUP COMPANIES

	31/12/2022	31/12/2021
Opening carrying amount	0	0
Reclassification	6,215	0
Additional liabilities	270	0
Closing carrying amount	6,485	0

	31/12/2022	31/12/2021
Wecap Spain	-4,828	8,110
CFS Marbella Hotel SL	12,670	16,359
Flexshare Espana SL	-2,625	19,520
Quartiers Properties Holding SL	-1,505	48,000
Boho Club SL	2,683	65,003
CFS Residential SL	0	-3,126
Recognised as a long-term receivable		-160,118
Total	6,485	0

NOTE 16. OTHER CURRENT LIABILITIES

	31/12/2022	31/12/2021
Other	1,532	211
Total	1,532	211

NOTE 17. ACCRUED EXPENSES AND DEFERRED INCOME

	31/12/2022	31/12/2021
Accrued Board fees, salaries and holiday pay	0	295
Accrued social security charges	0	93
Accrued consultancy fees	0	275
Other accrued expenses	1,151	300
Total	1,151	963

NOTE 18. FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

All financial conditions described for the Group (see Group Note 22) apply to the Parent Company as well, apart from the fact that the Parent Company applies the exception for IFRS 9 according to RFR 2.

SEK thousand	Financial assets/liabilities measured at fair value via profit or loss		Financial assets/liabilities measured at amortised cost	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Assets in the balance sheet				
Non-current receivables from group companies			0	160,118
Other non-current receivables				
Other receivables			264	121
Financial investments	2	37		
Cash and cash equivalents			193	16,712
Total	2	37	457	176,951
Liabilities in the balance sheet				
Trade payables			486	209
Current liabilities to Group companies			6,485	0
Interest-bearing liabilities			7,129	197,494
Other current liabilities			1,532	211
Total	0	0	15,632	197,914

NOTE 19. PLEDGED ASSETS

ACCOUNTING POLICY

The Parent Company has pledged shares in subsidiaries as collateral for loans. In June 2022, a refinancing was carried out which released the pledge.

	31/12/2022	31/12/2021
Pledged shares in subsidiaries	0	296,554

NOTE 20. EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred since the balance sheet date.

CERTIFICATION BY THE BOARD OF DIRECTORS AND THE CEO

The consolidated accounts and annual accounts have been prepared in accordance with the international accounting standards referred to in the European Parliament and Council's regulation (EC) no 1606/2002 dated 19 July 2002 regarding the application of international accounting standards and generally accepted accounting principles, and provide a true and fair view of the Group and Parent Company's position and performance. The Directors' Report for the Group and Parent Company gives an accurate overview of performance.

Stockholm, 17 May 2023

Jörgen Cederholm
Chairman of the Board

Marcus Johansson Prakt
Chief Executive Officer

Jimmie Hall
Board member

Andreas Bonnier
Board member

Sten Andersen
Board member

Our audit report was submitted on the date indicated by our electronic signature.

Öhrlings PricewaterhouseCoopers AB

Henrik Boman
Chartered Public Accountant



Auditor's report

To the general meeting of the shareholders of Quartiers Properties AB (publ), corporate identity number 556975-7684

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Quartiers Properties AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 13-59 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

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.

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and can be found on pages 1-12 and 59-61. The Board of Directors and the Managing Director are responsible for the 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.

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This document is an in-house translation of the Swedish annual report. In the event of discrepancies, the Swedish original will supersede the translation



Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that 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.

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisorsansvar. 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 Quartiers Properties AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of 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.

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The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 17 May 2023

Henrik Boman
Authorized Public Accountant

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SHAREHOLDER INFORMATION

Quartiers Properties has two outstanding share classes, in the form of ordinary shares and a series of preference shares. The ordinary and preference shares in Quartiers Properties have been traded on Nasdaq First North Stockholm since 21 June 2017. The market value of the Company's ordinary shares on 31 December 2022 totalled SEK 317.33 million, based on a closing price for the share of SEK 5.50.

Preference shares take precedence over ordinary shares for an annual dividend corresponding to SEK 0.96 per share, with payment being made quarterly. The most recent disbursement took place in connection with the first quarter of 2020. For a period from Q2 2020 to June 2022, the Company was prevented from paying dividends due to conditions in the loan agreement. Unpaid dividends are accumulated and included in the preferential amount that the preference shares have over the ordinary shares.

WARRANTS

There were no outstanding warrants in the Company at 31 December 2022.

AUTHORISATION

The 2022 AGM resolved to authorise the Board of Directors, up until the next AGM and within the scope of the Articles of Association, on one or more occasions, with or without deviation from shareholders' preferential rights, to decide on the issue of shares (ordinary shares and/or preference shares). When deciding on the number of preference shares to be issued, the Board of Directors shall ensure that the Company is able to fulfil its commitments relating to dividends for preference shares, in accordance with the decision regarding the distribution of profit.

The issue may be made against payment in cash, payment in kind and/or by offsetting, or otherwise subject to conditions. Decisions on share issues based on this authority may result in an increase in the Company's share capital by a maximum of 15%. For private cash issues the subscription price must be set on a market basis.

MARKET MAKER AND CERTIFIED ADVISER

Mangold is the Company's certified adviser, while ABGSC is the Company's market maker for the ordinary shares. Mangold can be contacted on +46 8 503 015 50, and ABGSC can be reached at +46 8 566 286 00.

TEN LARGEST SHAREHOLDERS – 31 DECEMBER 2022

#	Owner	Ordinary shares	Preference shares	Capital	Votes
1	Fastighets Aktiebolag Bränneröd	7,284,000	100,000	11.45%	12.50%
2	House of K Holding Limited	6,401,253	-	9.93%	10.97%
3	Egonomics AB	6,050,000	-	9.38%	10.36%
4	Rocet AB	5,590,922	-	8.67%	9.58%
5	Bosmac Invest AB	5,224,669	-	8.10%	8.95%
6	LMK companies & Foundation	4,575,000	1,079,000	8.77%	8.02%
7	SIX SIS AG	4,154,070	-	6.44%	7.12%
8	Bernt Lundberg Fastigheter Lund AB	2,680,228	-	4.16%	4.59%
9	Avanza Pension	1,843,955	622,132	3.81%	3.26%
10	CS Client Omnibus ACC	1,451,705	10,000	2.27%	2.49%
	Other	12,441,203	4,958,736	27.02%	22.16%
	Total	57,697,005	6,769,868	100.00%	100.00%

Source: Euroclear

ANNUAL GENERAL MEETING 2023

The shareholders of Quartiers Properties AB (publ), reg. no. 556975-7684 (the "Company"), are hereby invited to the annual general meeting on Thursday 15 June 2023 at 10.00 am at Qap Legal Advisors' premises at Norrlandsgatan 7 in Stockholm, Sweden.

Eligibility and registration

Shareholders wishing to attend the AGM must:

(i) be entered in the share register maintained by Euroclear Sweden AB no later than Wednesday 7 June 2023; and (ii) notify the Company of their participation no later than Friday 9 June 2023.

Notification must be made in writing to Quartiers Properties AB (publ), Attn: "Annual General Meeting", Strandvägen 7A, SE-114 56 Stockholm, Sweden.

Registration can also take place by e-mail to info@qaplegal.com. The notification shall state the full name, personal identity or registration number, shareholding, address, telephone number and, where applicable, information about representatives, proxies or assistants (maximum 2).

The notification shall be accompanied, where appropriate, by powers of attorney, registration certificates and other authorisation documents.

Proxy voting etc.

If a shareholder is to be represented by a proxy, the proxy must bring a written, dated and signed power of attorney to the AGM. The power of attorney may not be older than one (1) year from the date of issue. If the power of attorney is issued by a legal entity, the proxy must also carry the current registration certificate or equivalent authorisation document for the legal entity. A proxy form will be available on the Company's website no later than three (3) weeks before the Annual General Meeting and will be sent to shareholders who request it and provide their postal address.

FINANCIAL CALENDAR

Annual General Meeting 2023	15 June 2023
Quarterly Report Apr–Jun 2023	14 July 2023
Quarterly Report Jul–Sep 2023	9 Nov 2023
Year-End Report 2023	22 Feb 2024

CONTACT

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QUARTIERS TIERS

P R O P E R T I E S

Contact

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