

# Key figures & definitions

## Basis for key ratios

The basis for key financial ratios that Wihlborgs present in the Interim report January–September 2020, page 19, are shown below. The following financial targets have been established by the Board:

- A return on equity that exceeds the risk-free interest rate\* by not less than six percentage points, which for January–September 2020 corresponds to 5.7 percent
- The loan-to-value ratio is not to exceed 60 percent.
- An equity/assets ratio of no less than 30 percent.
- An interest coverage ratio of no less than 2.0.

\*) Risk-free interest rate is defined as the rate on a 5-year Swedish government bond.

Unless otherwise stated, amounts are in SEK million.

	30-09-2020	30-09-2019	31-12-2019
<b>Return on equity</b>			
Profit for the period	1,528	1,377	2,923
Annualized	2,037	1,836	2,923
Equity, opening balance	17,887	15,530	15,530
Equity, closing balance	18,729	16,362	17,887
Average equity	18,308	15,946	16,709
<b>Return on equity, %</b>	<b>11.1</b>	<b>11.5</b>	<b>17.5</b>
<b>Return on capital employed</b>			
Profit before tax	1,716	1,503	3,267
Interest expense (incl value changes interest derivatives)	361	524	323
Total	2,077	2,027	3,590
Annualized	2,769	2,703	3,590
Total assets, opening balance	46,558	42,742	42,742
Total assets, closing balance	48,762	46,318	46,558
Non-interest bearing debt, opening balance	-4,856	-4,383	-4,383
Non-interest bearing debt, closing balance	-5,291	-4,842	-4,856
Average capital employed	42,587	39,918	40,031
<b>Return on capital employed, %</b>	<b>6.5</b>	<b>6.8</b>	<b>9.0</b>
<b>Equity/assets ratio</b>			
Equity	18,729	16,362	17,887
Total assets	48,762	46,318	46,558
<b>Equity/assets ratio, %</b>	<b>38.4</b>	<b>35.3</b>	<b>38.4</b>
<b>Interest coverage ratio</b>			
Income from property management	1,411	1,319	1,775
Interest expense	248	256	341
Total	1,659	1,575	2,116
Interest expense	248	256	341
<b>Interest coverage ratio, multiple</b>	<b>6.7</b>	<b>6.2</b>	<b>6.2</b>
<b>Leverage properties</b>			
Borrowings	24,612	24,948	23,628
Net value investement properties	47,041	45,306	45,519
<b>Leverage properties, %</b>	<b>52.3</b>	<b>55.1</b>	<b>51.9</b>
<b>Debt/equity ratio</b>			
Interest-bearing liabilities	24,792	25,114	23,816
Equity	18,679	16,362	17,887
<b>Debt/equity ratio, multiple</b>	<b>1.3</b>	<b>1.5</b>	<b>1.3</b>

	30-09-2020	30-09-2019	31-12-2019
<b>Earnings per share</b>			
Profit for the period	1,528	1,377	2,923
Average number of shares, thousands	153,713	153,713	153,713
<b>Earnings per share, SEK</b>	<b>9.94</b>	<b>8.96</b>	<b>19.02</b>
<b>Earnings per share before tax</b>			
Profit before tax	1,716	1,503	3,267
Average number of shares, thousands	153,713	153,713	153,713
<b>Earnings per share before tax, SEK</b>	<b>11.16</b>	<b>9.78</b>	<b>21.25</b>
<b>EPRA EPS</b>			
Income from property management	1,411	1,319	1,775
Tax depreciation, direct tax deductions etc	-764	-837	-1,047
Taxable income from property management	647	482	728
Current tax on the above	-138	-103	-156
Income from property management after deduction of current tax	1,273	1,216	1,619
Average number of shares, thousands	153,713	153,713	153,713
<b>EPRA EPS, SEK</b>	<b>8.28</b>	<b>7.91</b>	<b>10.53</b>
<b>Operating cash flow per share</b>			
Operating cash flow	1,353	1,193	1,684
Average number of shares, thousands	153,713	153,713	153,713
<b>Operating cash flow per share, SEK</b>	<b>8.80</b>	<b>7.76</b>	<b>10.96</b>
<b>Equity per share I</b>			
Equity	18,729	16,362	17,887
Number of shares at year end, thousands	153,713	153,713	153,713
<b>Equity per share I, SEK</b>	<b>121.84</b>	<b>106.45</b>	<b>116.37</b>
<b>Equity per share II</b>			
Equity	18,729	16,362	17,887
Deferred tax liability	3,734	3,358	3,582
Total	22,463	19,720	21,469
Number of shares at year end, thousands	153,713	153,713	153,713
<b>Equity per share II, SEK</b>	<b>146.14</b>	<b>128.29</b>	<b>139.67</b>
<b>EPRA NAV per share</b>			
Equity	18,679	16,362	17,887
Deferred tax liability	3,784	3,358	3,582
Derivatives	230	298	81
Total	22,693	20,018	21,550
Average number of shares, thousands	153,713	153,713	153,713
<b>EPRA NAV per share, SEK</b>	<b>147.63</b>	<b>130.23</b>	<b>140.20</b>
<b>Dividend yield per share</b>			
Proposed dividend, SEK			4.5
Market price per share at year end			172.5
<b>Dividend yield per share, %</b>			<b>2.6</b>
<b>Total yield per share</b>			
Market price per share at year start			102.4
Market price per share at year end			172.5
Change in market price during the year, SEK			70.10
Dividend paid during the year, SEK			3.75
<b>Total return per share, %</b>			<b>72.1</b>
<b>P/E ratio I</b>			
Market price per share at year end	177.50	160.00	172.50
Earnings per share	9.94	8.96	19.02
Annualized, per share	13.25	11.95	19.02
<b>P/E ratio I, multiple</b>	<b>13.4</b>	<b>13.4</b>	<b>9.1</b>
<b>P/E ratio II</b>			
Market price at year end	177.50	160.00	172.50
EPRA EPS	8.28	7.91	10.53
Annualized, per share	11.04	10.55	10.53
<b>P/E ratio II, multiple</b>	<b>16.1</b>	<b>15.2</b>	<b>16.4</b>

Some of the financial metrics that Wihlborgs presents in the interim report are not defined in accordance with IFRS. Wihlborgs is of the opinion that these metrics provide valuable complementary information to investors and the company's management, since they enable evaluation of the company's performance.

As all companies do not apply the same approach to calculating these financial metrics, they are not always comparable to metrics used by other companies. Accordingly, these metrics should not be viewed as replacements for metrics defined under IFRS. On this page, definitions of metrics are presented that, with a few exceptions, are not defined in accordance with IFRS.

## Definitions

### Key financial ratios

**The key ratios are based on the statements of income, financial position, changes in equity and cash flow. Some of the historic data is compiled from the historical summary on page 17 in Wihlborgs' Interim Report.**

#### Return on equity

Profit for the period as a percentage of average equity, excluding non-controlling interests. Average equity refers to the average of the opening and closing values for the respective period. In interim reports, the return is converted to its annualised value without taking account of seasonal variations. The ratio comprises a measure of the profitability in relation to shareholders' equity.

#### Return on capital employed (ROCE)

Earnings before interest expense, derivatives and taxes (EBIT) as a percentage of average capital employed. Capital employed is defined as total assets less non-interest-bearing liabilities and provisions. Average capital employed refers to the average of the opening and closing balances for each period. In interim reports, the return is converted to its annualised value without taking account of seasonal variations. The metric shows the return on the capital provided by shareholders and lenders without regard to interest.

#### Equity/assets ratio

Equity as a percentage of total assets at the end of the period. The ratio provides a measure of the financial strength of the company.

#### Interest coverage ratio

Income from property management, plus interest expense, divided by interest expense. The ratio measures the degree to which earnings can decline without jeopardising interest payments or, alternatively, how much interest expense can increase before income from property management becomes negative.

#### Loan-to-value ratio, properties

Borrowings as a percentage of the properties' carrying amounts. The ratio shows the degree of borrowing on the property portfolio.

#### Debt/equity ratio

Interest-bearing liabilities include borrowings, lease liabilities and any other interest-bearing liabilities. The ratio illustrates the relationship between borrowings and equity and, thereby, the gearing and financial strength.

#### Surplus ratio

The operating surplus, shown as a percentage of rental income. The ratio illustrates the proportion of rental income that remains after deducting property management costs.

#### Investment yield

The operating surplus shown as a percentage of the properties' average carrying amount. The average carrying amount refers to the average of the opening and closing values for the respective period. In interim reports, the yield is converted to its annualised value without taking account of seasonal variations. The ratio illustrates the yield on the property portfolio without taking account of its financing costs.

### Share-related key ratios

#### Earnings per share for the period

Earnings for the period divided by the average number of shares outstanding. Definition according to IFRS.

#### Earnings per share before tax

Earnings per share before tax divided by the average number of shares outstanding.

#### EPRA EPS

Income from property management less the estimated tax payable on taxable income from property management divided by the average number of shares outstanding. Taxable income from property manage-

ment is defined as income from property management less fiscal depreciation/amortisation and direct deductions. The effect of loss carryforwards is not taken into consideration.

#### Cash flows from operating activities per share

Cash flows from operating activities divided by the average number of shares outstanding.

#### Equity per share I

The relationship between the closing balances for equity and the number of shares at the end of the period.

#### Equity per share II

Calculated as Equity per share I, but not charged with deferred tax. Equity is increased by the addition of the carrying amount for deferred tax liabilities.

#### EPRA NAV (long-term net asset value) per share

Equity per share following the reversal of interest-rate derivatives and deferred tax according to the balance sheet.

#### Dividend yield per share

Proposed dividend as a percentage of the year-end share price.

#### Total yield per share

Share price performance plus actual dividend relative to the share price at the start of the year.

#### P/E ratio I, multiple

Market price per share divided by earnings per share. In interim reports, the ratio is converted to its annualised value without taking account of seasonal variations.

#### P/E ratio II, multiple

Market price per share divided by EPRA RPS per share. In interim reports, the ratio is converted to its annualised value without taking account of seasonal variations.

#### Average fixed interest period

Time remaining until the interest on all interest bearing debts in average has been adjusted.

#### Average loan maturity

Time remaining until an average of all interest bearing debts has been refinanced.

### Property-related key figures\*

**These key figures are based on the property table on page 10. The table shows the estimated rental value, rental income and property expenses on an annualised basis with an unchanged property portfolio, rental income and lettings portfolio compared with the end of the last quarter.**

#### Rental value

Rental income plus estimated market-level rents for unlet space.

#### Estimated investment yield

Operating surplus as a percentage of the carrying amount for the properties at the end of the period.

#### Rental income per m<sup>2</sup>

Rental income on an annualised basis divided by lettable area.

#### Operating surplus per m<sup>2</sup>

Operating surplus divided by lettable area.

#### Economic occupancy rate

Rental income as a percentage of rental value.

#### Estimated surplus ratio

Operating surplus as a percentage of rental income.

\*) These key figures are operational and are not regarded as alternative key ratios according to ESMA's guidelines.