

Interim Report

30 September 2022

Q3

July–September

- Revenue for the quarter amounted to SEK 123.2 million (112.1), a year-on-year increase of 9.9 per cent.
- The Group's net operating income amounted to SEK 77.7 million (69.7), up 11.5 per cent year-on-year.
- Profit from property management for the quarter amounted to SEK 37.4 million (35.1), a year-on-year increase of 6.5 per cent.
- Changes in the value of investment properties amounted to SEK -68.7 million (160.2) and changes in the value of derivatives to SEK 24.9 million (1.3).
- Profit for the quarter totalled SEK -5.6 million (159.1), corresponding to SEK -0.04 per share (1.48).
- The loan-to-value ratio was 48.8 per cent as of 30 September.

Significant events after the end of the period

- Joined LFM30, Malmö's local roadmap for a climate-neutral construction sector by 2030 at the latest, consisting of six strategic focus areas each with detailed targets.

January–September

- Revenue for the period was SEK 362.2 million (229.2), up 58 per cent year-on-year.
- The Group's net operating income for the period amounted to SEK 203.5 million (127.1).
- Profit from property management amounted to SEK 88 million (53.7), a year-on-year increase of 63.9 per cent.
- Changes in the value of investment properties amounted to SEK 122 million (433.5) and changes in the value of derivatives to SEK 86.4 million (6.5).
- Profit for the period totalled SEK 221.3 million (389.1), corresponding to SEK 1.68 per share (5.42).
- The net realizable value per share is SEK 35.44 (31.01), a 14.3 per cent increase compared with the preceding year.

- Signed a six-year lease comprising 350 square metres with the National Government Service Centre in Västervik, with an annual rental value of approximately SEK 1.7 million, as well as an expanded lease with Praktikertjänst in Malmö comprising an additional just over 130 square metres, with annual rent of approximately SEK 0.2 million.

The period in brief

Significant events during the third quarter of 2022

- Acquisition of a housing portfolio in Östersund comprising a total of 877 rental apartments at a value of approximately SEK 860 million following deductions for latent tax, with total floor area of about 62,000 square metres. The rental value amounts to approximately SEK 65 million per year with an average rent of SEK 964 per square metre. The acquisition was financed with bank loans and cash, with the bank loans carrying fixed interest of 1.4 per cent.
- Signed a four-year lease comprising just over 2,000 square metres with the Swedish Police Authority in Borlänge. The rental value amounts to approximately SEK 4.4 million.

Significant events during the period

- 126 rental apartments were acquired in the city of Umeå. The apartments have an underlying property value of SEK 175 million and total floor area of approximately 8,700 square metres. The acquisition was financed with bank loans and cash.
- A land allocation in the Anderstorg district was awarded by Skellefteå Municipality. The land allocation includes a completed detailed development plan with approximately 7,200 square metres GFA where the company will construct about 100 rental apartments.
- The Group won a land allocation competition in the Vikaholm district in Växjö municipality. Vikaholm has been designated as a sustainable residential area and will have approximately 1,000 homes once it has been completed. KlaraBo's contribution comprises approximately 10,500 square metres GFA, corresponding to about 120 rental apartments.
- Together with partner OBOS Nya Hem, KlaraBo was awarded a land allocation by the City of Malmö to build the "Öster om mässan" block in Hyllie. The land allocation comprises a completed detailed development plan comprising 21,500 square metres GFA, corresponding to 318 apartments, combining tenant-owned and rental units. The volume of the development is distributed equally between KlaraBo and OBOS, the detailed development plan has entered into legal force and the start of construction is planned for spring 2024.
- A total of 515,000 Class A shares were converted to Class B shares, which meant that the number of votes in the company decreased from 283,162,883 to 278,527,883, with each Class A share representing ten votes and each Class B share representing one.
- Recruitment of interim Sustainability Manager Kristin Lundmark, who will take up the position in mid-August. This was part of KlaraBo's continued strategic development within sustainability.
- Three- to five-year refinancing credits were signed, totalling approximately SEK 1.5 billion and corresponding to nearly 40 per cent of the total loan volume. New loans of just under SEK 250 million were also raised and just over SEK 1.3 billion in additional borrowings were raised to be used for future acquisitions. Arrangement fees of nearly SEK 11 million were recognised as a non-recurring item in profit or loss. As a result of this refinancing, the company's credit lock-in period has increased, and the average loan margin declined since the credits were obtained at more advantageous margins than the company's previous loans. After the refinancing, KlaraBo has just over SEK 2 billion in available funds.
- Buyback programme initiated in accordance with the authorisation from the Annual General Meeting on 3 May 2022. KlaraBo's holding of own shares may not at any time correspond to more than 10 per cent of the total number of shares in the company. Repurchases shall be made at a price within the registered price range on the date of the repurchase. Payment for the shares shall be made in cash.
- Changes to the management group to enhance efficiency of work related to the growth strategy in new construction. The current Head of Business Development, Magnus Johansson, will take on a new role with responsibility for the company's new construction by 1 September at the latest.
- 37 rental apartments were acquired in Västervik with an underlying property value of approximately SEK 34 million. The total area amounts to 2,200 square metres RFA and is divided among three properties. The properties will be managed by the existing organisation and complement KlaraBo's 167 existing rental apartments in the city.

Profit for the period

221.3_m

SEK 389.1 million 2021

Net realizable value
per share

SEK 35.44

SEK 31.01 2021

Real occupancy rate,
housing units

98.6%

99.6% 2021

Number of apartments in
project development

1,787

1 397 2021

KPIs; For complete key performances indicators, refer to page 24.

| | 2022 jul-sep | 2021 jul-sep | 2022 jan-sep | 2021 jan-sep | 2021 jan-dec |
|--|--------------|--------------|--------------|--------------|--------------|
| Rental revenue, SEK m | 123.2 | 112.1 | 362.2 | 229.2 | 344.2 |
| Profit from prop mgmt, SEK m | 37.4 | 35.1 | 88.0 | 53.7 | 76.4 |
| Profit for the period, SEK m | -5.6 | 159.1 | 221.3 | 389.1 | 640.5 |
| Surplus ratio, % | 63.1 | 62.2 | 56.2 | 55.4 | 55.2 |
| Real occupancy rate, % | 98.6 | 99.0 | 98.6 | 99.0 | 98.6 |
| Investment properties, SEK m | 9,232.1 | 7,405.5 | 9,232.1 | 7,405.5 | 7,850.0 |
| No. of apartments under mgmt | 6,509 | 5,367 | 6,509 | 5,367 | 5,412 |
| No. of apartments in project devt | 1,787 | 1,397 | 1,787 | 1,397 | 1,494 |
| Equity/assets ratio, % | 45.0 | 40.6 | 45.0 | 40.6 | 49.3 |
| Loan-to-value ratio, % | 48.8 | 54.1 | 48.8 | 54.1 | 41.6 |
| Interest-coverage ratio, multiple | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| Profit from property management per share, SEK | 0.28 | 0.33 | 0.67 | 0.75 | 0.93 |
| Earnings per share before dilution, SEK | -0.04 | 1.48 | 1.68 | 5.42 | 7.75 |
| Earnings per share after dilution, SEK | -0.04 | 1.48 | 1.68 | 5.42 | 7.67 |
| Net realizable value per share, SEK | 35.44 | 31.01 | 35.44 | 31.01 | 33.92 |
| Number of shares at the end of the period | 131.6 | 107.2 | 131.6 | 107.2 | 131.8 |
| Weighted average number of shares for the period, before dilution, million | 131.7 | 107.2 | 131.8 | 71.3 | 82.3 |
| Weighted average number of shares for the period, after dilution, million | 131.7 | 107.2 | 131.8 | 71.3 | 83.2 |



Nybro

Comments from CEO Andreas Morfiadakis

Robust business model with high occupancy rate in a growing management portfolio.

During the third quarter, we strengthened our profit from property management as a result of value-enhancing measures, the completion of new construction projects and acquisitions. Our earnings capacity improved 1.7 per cent to SEK 149.2 million.

Stable property management business – based on our business model

It was business as usual in the property management operations, which delivered a stable performance. We are continuing to see strong demand for renovated apartments since rent levels remain relatively low after renovation compared with newly constructed rental or tenant-owner apartments. Our newly renovated apartments uphold a high standard and feel new even though the exterior is older. By renovating apartments, we not only raise the standard, but also eliminate an all-too-often pre-existing technical debt. In the long term, this also lowers our operating and maintenance costs. The fact that our business model remains strong, with a high occupancy rate, is reassuring in uncertain times.

It is unclear how the ongoing rent negotiations will end, but it should be noted that the Swedish Property Federation (Fastighetsägarna) is demanding a rent increase of about 10 per cent. Exactly what the outcome will be remains to be seen, but I am fairly confident that it will be a good bit higher than last year's increase of roughly 2 per cent. Looking at a longer perspective, rent increases have always been higher than inflation, which bodes well for our long-term portfolio.

In our commercial operations, we signed a total of three leases, including leases announced shortly after the end of the quarter, mainly with tenants engaged in tax-financed activities, at a combined rental value of just over SEK 7.0 million, which had a positive impact on our earnings capacity.

The interest rate assumptions in our ongoing sensitivity analysis are based on the banks' forecast (interest rate forward curve FRA Stibor 3m) as of 19 October 2022. Given such an interest rate scenario, we would fulfil our covenants and other financial undertakings. The situation could change and, while we are heedful of this, the analysis is cause for confidence.

New portfolio in Norrland

During the quarter, we acquired a portfolio of nearly 880 apartments in Östersund. The acquisition meets all of KlaraBo's acquisition criteria: a large, coherent portfolio that warrants its own property management office, low starting rent, ample renovation potential, and a good location with population growth. We received bank financing on highly favourable terms – a fixed interest rate of 1.4 per cent for three years – and the acquisition was completed at an attractive price of SEK 13,850 per square metre. KlaraBo's loan portfolio exclusively comprises bank financing, and at the end of the quarter, meaning after the acquisition, the loan-to-value ratio was 48.8 per cent.

Lower rate of new construction going forward

We recently decided to reduce our rate of new construction going forward. Conditions have changed, and this is impacting the entire industry. Production costs are higher and more difficult to predict, a situation exacerbated by the weak SEK. Financing costs have increased, and we are seeing adjusted yield requirements in our calculations, which is having a negative impact on our projects.

Our ongoing new construction projects will be completed, which will add approximately 81 apartments around the end of the year. In addition, we have a number of conversion projects that will add some 45 apartments next year. This decision was easier to make given that it will not impact our financial goals or our financial position. Nevertheless, we will not be able to meet our goal of starting construction on 200 apartments this year, but we hope to compensate for this when the market once again normalises.

Outlook

From a short-term perspective, the situation remains uncertain. Looking at the longer term, there are many reasons to be optimistic. Housing construction is declining, which is creating growing demand for our existing portfolio. Lower household purchasing power is contributing to greater interest in rental apartments as a form of housing. We are also seeing stable demand for housing at reasonable rents.

Rent levels and energy prices will eventually find new equilibrium levels, while vacancy risk will remain low as long as the housing shortage continues. Overall, I am convinced that our segment and business model, with rental apartments at its core, will maintain and perhaps even strengthen their positions in the long term.

Andreas Morfiadakis, CEO, KlaraBo



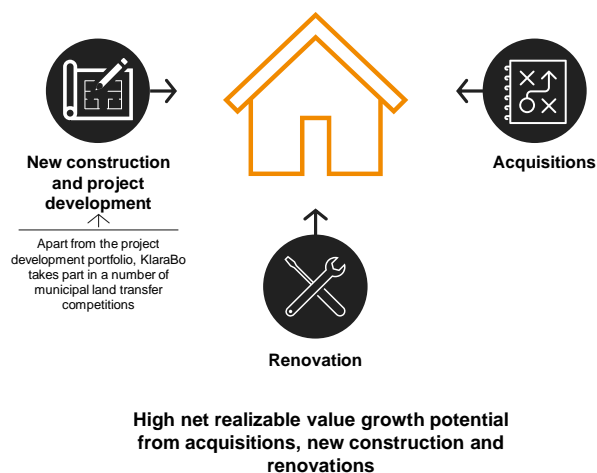
Andreas Morfiadakis, CEO

This is KlaraBo

KlaraBo is a real estate company that acquires, builds, owns and manages attractive residential properties. The company was formed in 2017 and operates throughout the country. The strategy is to acquire existing residential properties and land for new construction in growth regions. Our newly constructed apartments are developed in-house and space efficient, which contribute to reasonable rents. Both apartments and buildings are designed in collaboration with the municipality to fit local needs. With wood as the main building material, the new construction holds a high environmental standard. KlaraBo is a long-term property owner.

The company concentrates on residential properties, which comprised 89 per cent of contracted rents on 30 September. As of 30 September, KlaraBo's property portfolio had a lettable area of approximately 490,520 square metres distributed across 6,509 apartments with contracted annual rent of about SEK 561 million. The portfolio also includes 1,787 apartments under construction and project development.

KlaraBo's business model



Overall goal

KlaraBo's overall goal is to create value for the company's shareholders on a long-term basis by owning, developing and actively managing sought-after residential properties in growth regions with robust demand. Value creation is measured as growth in net realizable value and profit from property management per share.

Operational goals

- KlaraBo has the goal of owning and managing at least 500,000 square metres of residential floor space by the end of 2025.
- KlaraBo's objective is to commence construction of at least 200 housing units in the period from 2021 to 2023, with a long-term goal of commencing construction of at least 500 housing units per year. The housing units are to mainly be self-developed and environmentally certified.
- The rental trend for our existing housing units that can be renovated is to significantly exceed the general annual rental increase through active management and investments.

Financial goals

- KlaraBo is to achieve average annual growth in net realizable value per share of at least 15 per cent including any value transfers over the course of a business cycle.
- KlaraBo is to achieve average annual growth in profit from property management per share of at least 12 per cent over the course of a business cycle.

Dividend policy

- KlaraBo has a long-term goal of distributing 50 per cent of the taxed profit from property management. However, KlaraBo will prioritise growth via new construction, investments in the existing portfolio, and acquisitions in the next few years, which is why a dividend may not be distributed.

Sustainability goals

We are currently in the process of revising our sustainability goals and expanding the area to include goals related to social responsibility and corporate governance. The new goals will be presented in the interim report for the fourth quarter.

Financial risk limitations

KlaraBo strives to limit its financial risk with the following overall risk limitations:

- The loan-to-value ratio is not to exceed 65 per cent of the market value of the properties over the long term.
- The equity/assets ratio is to exceed 25 per cent over the long term.
- The interest-coverage ratio is to exceed a multiple of 1.5 over the long term.

Strategy

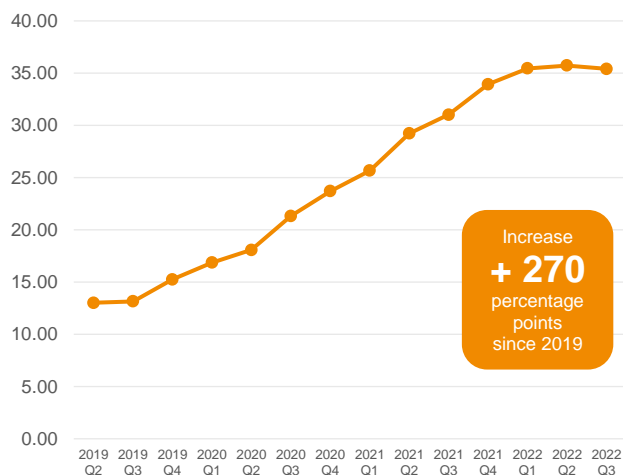
KlaraBo will focus on new construction, management of residential properties and acquisitions in municipalities in growth regions;

- Acquisitions of residential properties, preferably with the potential for renovation, and acquisitions of land and development rights for the new construction of housing units for long-term ownership;
- New construction of sustainable and environmentally certified, high-quality, functional, cost- and space-efficient housing units through self-developed and industrially produced KlaraBo buildings; and
- Value-creating measures in existing investment properties, increasing revenue and reducing costs.

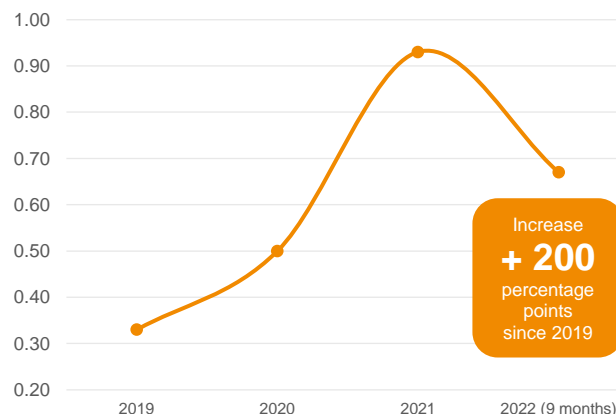
| OVERALL GOALS | | Goal | Outcome 2022 YTD |
|--|---|---|------------------|
| Number of apartments | KlaraBo has the goal of owning and managing at least 500,000 square metres of residential floor space by the end of 2025. | >500,000 sq. m. | 431,590 |
| Development rights | KlaraBo's objective is to commence construction of at least 200 housing units in the period from 2021 to 2023, with a long-term goal of commencing construction of at least 500 housing units per year. The housing units are to mainly be self-developed and environmentally certified. | >200 housing units | |
| Rental value | The rental trend for our existing housing units that can be renovated is to significantly exceed the general annual rental increase through active management and investments. | >General rent increase | 1.9 percent* |
| Net realizable value | KlaraBo is to achieve average annual growth in net realizable value per share of at least 15% including any value transfers over the course of a business cycle. | >15% | See chart below |
| Profit from property management | KlaraBo is to achieve average annual growth in profit from property management per share of at least 12% over the course of a business cycle. | >12% | See chart below |
| Dividend | KlaraBo has a long-term goal of distributing 50% of the taxed profit from property management. However, KlaraBo will prioritise growth via new construction, investments in the existing portfolio, and acquisitions in the next few years, which is why a dividend may not be distributed. | >50% of taxed profit from property management | - |

* The correct outcome as of June 30, 2022, was 1.6 percentage points but was initially reported at 2.0 percentage points. In the third quarter, the rental value increased by 0.3 percentage points to a total of 1.9 percentage points year to date.

Net realizable value per share, SEK



Profit from property management per share, SEK



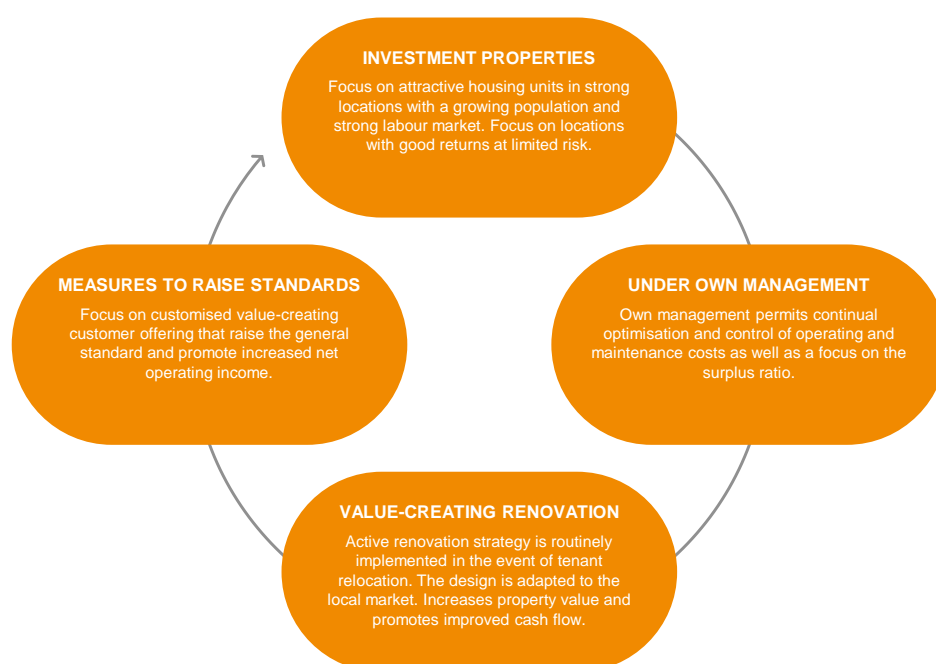
Property portfolio

Investment properties

KlaraBo's portfolio of investment properties reaches across Sweden, from Trelleborg in the south to Umeå in the north and Visby in the east. 89 per cent of the portfolio consists of residential properties. The properties are divided into four geographic regions: South, East, Central and North. The company focuses on investment properties in cities with growing populations and strong labour markets.

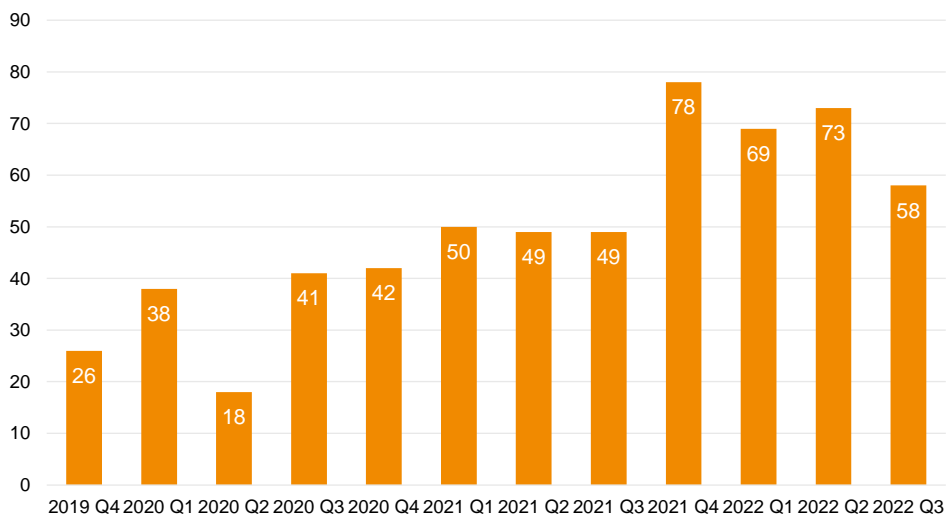
The property holdings consist of 223 properties with a total lettable area of approximately 490,520 square metres, excluding parking spaces and garages.

KlaraBo works on the basis of a customer-oriented property management model under its own management, which enables continual optimisation of operating costs and cost control.



During the quarter, the company invested SEK 31.5 million (49.9) in existing investment properties through value-creating measures, with the primary investment measure being total renovation in order to create value. Total renovation means that the apartments are renovated in conjunction with natural turnover in the portfolio. Renovation measures are carried out when an existing tenant vacates the apartment and is concluded before a new tenant moves in. The renovation takes four to six weeks, and the apartment is advertised as vacant during that time, which has a temporary negative impact on the economic occupancy rate.

Number of total renovations performed

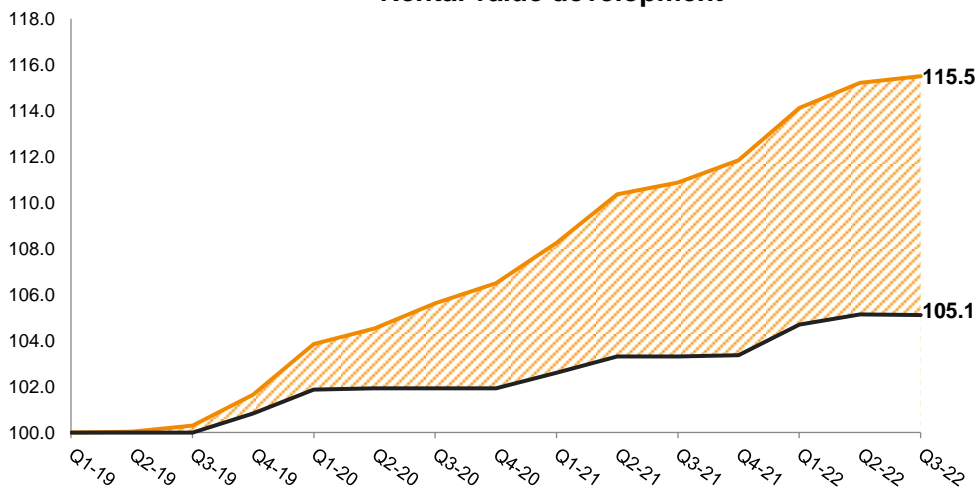


The rate of ROT (repair, conversion, extension) renovations in the quarter was lower than in the past due to two factors: 1) the turnover rate was generally slightly lower (19.6 per cent compared with 20.2 per cent in the second quarter), and 2) we have a region-specific deviation in Trelleborg with a lower number of renovations due to larger share of previously renovated apartments being vacated during the quarter. The real occupancy rate shows that the portfolio in remains fully let.

Rental value

Percentage points

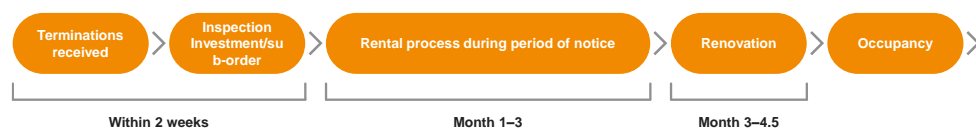
Rental value development



One of the company's operational goals is for the rental trend for housing units to exceed the general annual rental increase through active management and investments. The graph above shows the company's fulfilment of this goal, with the rental trend exceeding the general increase by 10.4 percentage points for portfolios on a like-for-like basis. The correct outcome of the rent development as of June 30 was 115.2 per cent but was initially reported at 115.6 per cent. In the third quarter, the difference in rental value increased by 0.3 percentage points to a total of 10.4 percentage points since the first quarter of 2019. Unrenovated apartments are often of a low standard and total renovations are performed when we believe that the apartments have reached the end of their technical life. We reset the technical standard and ensure that the apartments meet today's standards, with modern kitchens, bathrooms and energy-efficient installations. This is both needed and in demand among tenants.

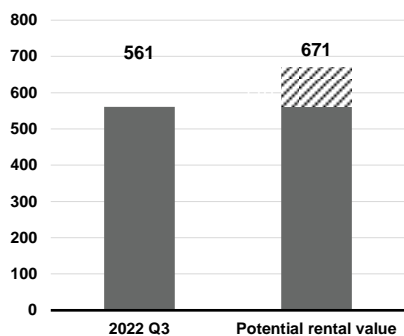
The reason that KlaraBo can maintain this level of renovation is because the natural shift in the portfolio is relatively constant and apartments that are vacated are unrenovated. The outcome for the third quarter was 58 apartments, which means that the average rate of renovations for the last three quarters is over 67 apartments per quarter. Our assessment is that this rate will continue during the coming quarters.

The rental market is still strong, and all renovated apartment are let after completion. This results in a strong real occupancy rate of 98.6 per cent, which is essentially zero vacancies.



In addition to total renovation of apartments, KlaraBo focuses on adapting customer offerings through general measures to raise the standard of the apartments. This is achieved by offering existing tenants various choices that lead to increased customer satisfaction and simultaneously raise the actual rental value above the general annual rent negotiations.

Contracted annual rent, SEK m



The above diagram illustrates contracted annual rent for the existing management portfolio as of 30 September 2022, with an additional bar for expected contracted rent after renovation of the existing unrenovated portfolio.

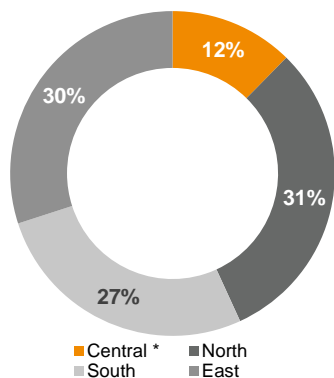
Residential excluding new construction

| Region | No. of properties | No. of apartments | Area, 000 sq. m. | | | Market value | |
|-----------|-------------------|-------------------|------------------|-------------|--------------|--------------|---------------|
| | | | RFA | Other | Total | SEK m | SEK/sq. m. |
| Central * | 75 | 833 | 53.6 | 11.8 | 65.4 | 1,177 | 17,986 |
| North | 34 | 2,041 | 141.3 | 4.1 | 145.4 | 2,310 | 15,889 |
| South | 60 | 1,666 | 107.0 | 25.9 | 132.9 | 2,930 | 22,039 |
| East | 54 | 1,969 | 129.7 | 17.1 | 146.8 | 2,673 | 18,215 |
| | 223 | 6,509 | 431.6 | 58.9 | 490.5 | 9,090 | 18,531 |

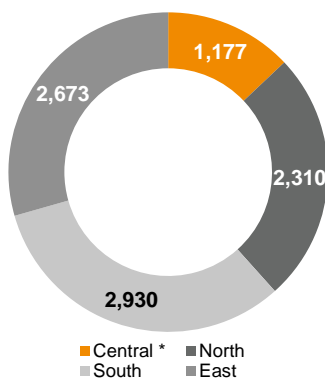
| Region | Rental value | | Economic | | | Property expenses | | Net oper income | |
|---------|--------------|--------------|--------------|--------------------------|--------------|-------------------|------------|-----------------|------------|
| | SEK m | SEK/sq. m. | occ. rate, % | rate, % nual rent, SEK m | SEK m | SEK/sq. m. | SEK m | SEK/sq. m. | |
| Central | 81 | 1,238 | 94.7 | 98.9 | 76.7 | 27 | 416 | 50 | 756 |
| North | 161 | 1,111 | 94.2 | 97.6 | 152.1 | 59 | 407 | 93 | 639 |
| South | 172 | 1,291 | 94.4 | 98.0 | 162.0 | 52 | 389 | 110 | 830 |
| East | 176 | 1,199 | 96.5 | 99.7 | 169.8 | 53 | 362 | 117 | 794 |
| | 590 | 1,203 | 95.0 | 98.8 | 560.5 | 191 | 390 | 369 | 753 |

| Yield | |
|--------------------------------|-------|
| Property management | 36.9 |
| Net oper Income Incl prop mgmt | 228.2 |
| | 75 |
| | 4.1% |
| | 332.4 |
| | 678 |

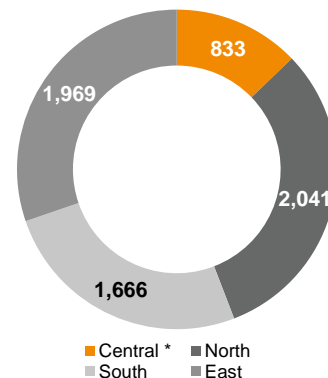
Rental revenue, residential properties



Market value, SEK m



No. of apartments



Project development and new construction

KlaraBo works with the entire value chain for rental apartments, from project development through construction to own management. For us, business development is about pursuing projects from idea to completed construction. We thus create value regardless of whether we focus on improving our existing properties or on entirely new project ideas.

Project development

To achieve the operational goals regarding new construction of rental units, development rights are continually being created.

This work is carried out by actively seeking prospects in the private sector and through participation in municipal land allocation competitions, canvassing of municipalities for direct allocations of land, densification of our own properties and acquisitions of properties with existing or potential development rights. The process is based on an analysis in which the population trend, the functional labour market and the payment capacity of the market are investigated.

The number of apartments in the project development portfolio is 1,787.



New construction

KlaraBo applies a tried and tested standardised model for the housing unit product. In a controlled industrial process, with timber as the main construction material, housing units are manufactured that are based on a number of basic apartment models, or “base apartments”. These well-planned and space-efficient base apartments form the foundation for all of the housing units that KlaraBo constructs, thereby achieving optimal use of resources. KlaraBo has developed a number of base apartments – everything from studios to three-bedroom apartments. These apartment layouts can be inverted and used in a variety of combinations to create an attractive offering for different market segments. This construction approach leads to energy savings and quicker assembly with shorter construction time than traditional site-built construction, resulting in lower production costs.

The completed apartment buildings exhibit a diversity of configurations. Even though the individual apartments have a common basis and are constructed using wooden frames, the exteriors and rooftops may have many different designs using a variety of materials.

The construction volumes are prefabricated by partners in indoor environments before being transported to the construction site.

On 30 September, KlaraBo had four ongoing projects with 127 apartments in production and a further 1,660 apartments under project development, totalling 1,787 apartments.

Project portfolio

During the quarter, we noted continued high production costs and significant challenges in procuring contractors at a reasonable price. Along with uncertainty with respect to the market’s view on the yield for newly constructed rental units, the situation remains difficult to assess.

Since every project is assessed individually and is not started until satisfactory profitability is achieved, this meant that we did not start construction on any projects during the quarter. Projects on which construction has not started are re-evaluated on a regular basis, with a call for tenders from our existing contractors at the same time as we attempt to identify potential cost savings. Since there is a risk that this situation will continue for some time, several construction starts have been postponed and, as a result, we will not achieve our operational goal of starting construction on 200 apartments in 2022.

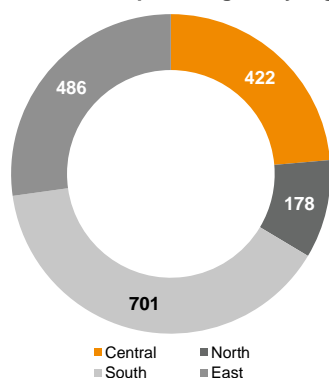
The previously reported condensed new construction table has been removed since our ability to assess the value of the apartments on completion is deemed too uncertain. The estimated start date for most projects has also been moved to a later date. In parallel, KlaraBo is engaged in a dialogue with municipalities and other partners regarding time-limited development rights under signed contracts that will either be extended or withdrawn by the parties concerned.

All projects in progress are almost exclusively procured at fixed prices, which means that any general cost changes in the market have a smaller impact on production costs. Projects in progress are also currency hedged, so that changes in the EUR/SEK exchange rate do not affect these calculations. An average EUR/SEK exchange rate for the period has been used in the calculations for projects in the procurement process that have not been started.

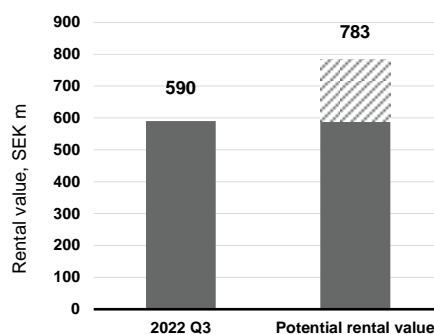
Information about ongoing project developments includes assessments and assumptions, which entails uncertainty with respect to schedules, area, costs and future rental value. The information is updated regularly and should therefore not be viewed as a forecast.

See below for a full overview of ongoing construction and project development as of 30 September.

Planned development rights by region



Rental value (SEK m)



The above left diagram shows the number of planned development rights by geographic region, while the above right diagram illustrates the rental value of the existing management portfolio as of 30 September 2022, with an additional bar for the expected rental value on completion of ongoing new construction.

Construction in progress and project development

| Region | Project | Municipality | No. of apartments | Area, 000 sq. m. | | Est. start | Est. occupancy | Rental value | | Status | Owner share, % |
|---------------------------------|------------------------|--------------|-------------------|------------------|--------------|------------|----------------|--------------|--------------|--------|----------------|
| | | | | GFA | RFA | | | SEK m | SEK/sq. m. | | |
| Construction in progress | | | | | | | | | | | |
| South | Bardisanen 14 | Malmö | 30 | 1.2 | 0.9 | 2021 | 2023 | 2.0 | 2,146 | 2 | 100 |
| Central | Kvarnsveden 3:197 | Borlänge | 58 | 4.5 | 3.7 | 2021 | 2023 | 6.8 | 1,855 | 1 | 60 |
| South | Bildsnidaren 1 | Trelleborg | 23 | 1.7 | 1.4 | 2021 | 2023 | 2.5 | 1,837 | 1 | 100 |
| South | Navaren 8 & 10 vind | Helsingborg | 16 | 0.8 | 0.6 | 2021 | 2023 | 1.2 | 1,908 | 1 | 100 |
| Project devt in progress | | | | | | | | | | | |
| North | Härsta 9:3 | Sundsvall | 68 | 5.1 | 4.2 | 2023 | 2024 | 8.2 | 1,960 | 1 | 60 |
| South | Aspeholm 13 | Lund | 20 | 1.4 | 1.2 | 2023 | 2024 | 2.2 | 1,816 | 2 | 100 |
| South | Hällefundran 8, vind | Malmö | 13 | 0.6 | 0.5 | 2023 | 2023 | 0.9 | 2,000 | 3 | 100 |
| North | Gullbernahult 101 & 31 | Karlskrona | 48 | 3.8 | 3.2 | 2023 | 2024 | 5.6 | 1,750 | 2 | 60 |
| East | Rödjan 7 | Kävlinge | 238 | 20.0 | 15.5 | 2024 | 2025 | 28.7 | 1,850 | 3 | 60 |
| Central | Falun 9:22 | Falun | 135 | 11.0 | 8.7 | 2024 | 2025 | 16.1 | 1,850 | 3 | 60 |
| North | Hässleholm 87:22 | Hässleholm | 62 | 5.3 | 4.6 | 2024 | 2025 | 7.6 | 1,650 | 3 | 100 |
| Central | Letten 1 | Karlstad | 116 | 9.0 | 6.8 | 2024 | 2026 | 12.0 | 1,773 | 2 | 60 |
| East | Lasarettet 8 | Karlshamn | 59 | 4.6 | 3.8 | 2024 | 2025 | 6.3 | 1,650 | 3 | 60 |
| Central | Tellus 1 | Motala | 58 | 3.9 | 3.4 | 2023 | 2025 | 6.1 | 1,829 | 2 | 60 |
| Central | Sättra | Västerås | 55 | 4.5 | 3.6 | 2024 | 2025 | 6.8 | 1,900 | 3 | 100 |
| South | Fängelset 2 | Kristianstad | 107 | 7.5 | 6.0 | 2024 | 2025 | 11.4 | 1,890 | 3 | 100 |
| South | Ekorren 1 | Jönköping | 72 | 5.9 | 4.3 | 2023 | 2024 | 8.1 | 1,897 | 2 | 100 |
| East | Elefanten 30 | Oskarshamn | 39 | 2.5 | 2.0 | 2023 | 2024 | 3.1 | 1,569 | 2 | 100 |
| South | Bogen 1 | Gotland | 211 | 14.5 | 11.6 | 2024 | 2025 | 20.3 | 1,750 | 3 | 100 |
| South | Anderstorg | Skellefteå | 49 | 4.3 | 3.2 | 2023 | 2024 | 6.3 | 2,005 | 2 | 100 |
| South | Snickarglädjen 1 | Växjö | 120 | 10.8 | 7.8 | 2023 | 2024 | 14.6 | 1,872 | 3 | 100 |
| East | Öster om mässan | Malmö | 150 | 9.8 | 7.5 | 2024 | 2026 | 11.5 | 1,528 | 3 | 100 |
| South | Källan 6 & 8 (etapp 2) | Borlänge | 40 | 2.7 | 2.1 | 2023 | 2024 | 4.1 | 1,959 | 2 | 60 |
| Total | | | 1,787 | 135.4 | 106.5 | | | 192.6 | 1,808 | | |

Status:

- 1) Projects where construction started or permit obtained
- 2) Detailed devt plan in force, and/or where construction permit planning in progress
- 3) Projects where permit not granted but municipal decision on land transfer taken or acquisition agreement signed

Current earnings capacity

Earnings capacity on a 12-month basis for KlaraBo's property management operations as of 30 September is presented in the table below. It is important to note that earnings capacity is not a forecast and should only be considered as a theoretical snapshot for the purposes of illustration. The current earnings capacity does not include an assessment of the future trends for rents, vacancy rate, property expenses, interest, value changes, purchases or sales of properties or other factors.

Earnings capacity is based on the contracted rental revenue of the property portfolio, assessed property expenses during a normal year based on historical outcomes as well as expenses for property administration and central administration assessed on an annual basis based on the current scale of administration. Data for properties acquired during the period have been adjusted to encompass the full year. Expenses for interest-bearing liabilities are based on the current interest-bearing liability and the Group's average interest rate level including the effects of derivatives.

Current earnings capacity is based on the properties owned on 30 September and their financing, whereupon current earnings capacity illustrates the annual earnings that property management operations have at that time. Furthermore, value growth in the property portfolio and value changes concerning derivatives as well as forthcoming property acquisitions and/or property sales are not taken account of in the current earnings capacity.

Revenue pertaining to new acquisitions is based on actual contracted rent, and the costs are assumed based on the information provided in conjunction with the transactions.

Current earnings capacity, 12 months

| SEK m | Oct 1 2022 | Like-for-like Oct 1 2022 | Jul 1 2022 | Apr 1 2022 | Jan 1 2021 | Oct 1 2021 |
|--|--------------|-----------------------------|--------------|--------------|--------------|--------------|
| Rental revenue | 560.5 | 497.8 | 494.8 | 482.3 | 464.6 | 454.2 |
| Property expenses | -228.2 | -197.4 | -198.3 | -196.6 | -192.3 | -190.9 |
| Net oper income | 332.4 | 300.4 | 296.5 | 285.7 | 272.4 | 263.3 |
| Surplus ratio, % | 59.3 | 60.3 | 59.9 | 59.2 | 58.6 | 58.0 |
| Central administrative costs | -40.0 | -37.0 | -37.0 | -37.0 | -35.0 | -34.7 |
| Financial income and expenses | -142.6 | -134.5 | -95.9 | -74.9 | -72.3 | -81.9 |
| Profit from property management | 149.8 | 128.9 | 163.6 | 173.8 | 165.1 | 146.7 |
| Profit from prop mgmt per share, SEK | 1.14 | 0.98 | 1.24 | 1.32 | 1.25 | 1.37 |
| Number of shares, million | 131.8 | 131.8 | 131.8 | 131.8 | 131.8 | 107.2 |
| Interest-coverage ratio | 2.05 | 1.96 | 2.71 | 3.32 | 3.28 | 2.79 |

Rental revenue increased 65.7 per cent during the quarter, with SEK 62.7 million attributable to the acquired portfolio in Östersund. The remaining increase was the result of ROT renovations during the quarter, which were carried out on 58 apartments.

Net operating income increased 12.1 per cent, of which 11.1 per cent was attributable to the portfolio in Östersund since possession of the portfolio was taken on 30 September. The electricity price has been a concern for some time now, resulting in an adjustment of SEK 1.3 million to earnings capacity. Since it currently is difficult to determine a normalised electricity price, the company has used the average price in the period from 2020 to September 2022, which corresponds to an increase in costs comparable with the above amount.

Central administrative costs increased SEK 3 million to SEK 40 million as a result of the acquisition in Östersund. The company increased approximately 15 per cent in volume, which means that additional resources will be required, particularly in rent administration and accounting.

Annual financial expenses increased SEK 47.3 million as a result of a loans taken over in connection with the acquisition in Östersund (approximately SEK 8.0 million) and the final agreement of loans in Höör for new construction (approximately SEK 2.0 million) as well as a higher variable interest rate, which affects the portion of the loan portfolio that is not hedged. The average interest rate, including derivatives, was 3.0 per cent as of 30 September.

The interest-coverage ratio, in accordance with earnings capacity, is a multiple of 2.0.

Like-for-like comparison with the previous quarter

Rental revenue for portfolios on a like-for-like basis has increased SEK 3.0 million, corresponding to approximately 0.6 per cent, since the previous quarter. Net operating income for portfolios on a like-for-like basis increased approximately 0.9 per cent as a result of higher cash flow and reduced maintenance costs for renovated properties.



Gävle

Condensed consolidated statement of comprehensive income

| SEK m | Notes | 2022 3 months Apr-Jun | 2021 3 months Apr-Jun | 2022 9 months Jan-Sep | 2021 9 months Jan-Sep | 2021 12 months Jan-Dec |
|---|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Revenue | 1 | 123.2 | 112.1 | 362.2 | 229.2 | 344.2 |
| Costs | 2 | -45.5 | -42.4 | -158.7 | -102.1 | -154.3 |
| Net operating income | 3 | 77.7 | 69.7 | 203.5 | 127.1 | 189.9 |
| Central administrative costs | 4 | -10.7 | -11.4 | -34.4 | -25.4 | -44.9 |
| Operating profit/loss | | 67.0 | 58.3 | 169.1 | 101.7 | 145.1 |
| Financial income/costs | 5 | -29.6 | -23.1 | -81.2 | -48.0 | -68.7 |
| Profit from property management | | 37.4 | 35.1 | 88.0 | 53.7 | 76.4 |
| Changes in value of properties | 6 | -68.7 | 160.2 | 122.0 | 433.5 | 737.3 |
| Changes in value of derivatives | | 24.9 | 1.3 | 86.4 | 6.5 | 10.9 |
| Profit/loss before tax | | -6.4 | 196.6 | 296.4 | 493.8 | 824.6 |
| Tax expense | 7 | 0.8 | -37.5 | -75.1 | -104.7 | -184.1 |
| Profit for the period | | -5.6 | 159.1 | 221.3 | 389.1 | 640.5 |
| Other comprehensive income | | - | - | - | - | - |
| Comprehensive income for the period | | -5.6 | 159.1 | 221.3 | 389.1 | 640.5 |
| Comprehensive income for the period attributable to: | | | | | | |
| Parent Company shareholders | | -5.6 | 159.1 | 221.3 | 386.5 | 637.9 |
| Non-controlling interests | | 0.0 | 0.0 | 0.0 | 2.6 | 2.6 |
| Earnings per share before dilution, SEK | | -0.04 | 1.48 | 1.68 | 5.42 | 7.75 |
| Earnings per share after dilution, SEK | | -0.04 | | 1.68 | | 7.67 |
| Surplus ratio | | 63.1% | 62.2% | 56.2% | 55.4% | 55.2% |

Comprehensive income for the period is the same as profit for the period, since there is no other comprehensive income.

Earnings analysis, January–September 2022

The income statement items below pertain to the quarter from 1 July to 30 September 2022 and the period from 1 January to 30 September 2022. Comparison items pertain to the year-earlier period. All amounts are in SEK million.

Note 1 Revenue

Revenue for the quarter amounted to SEK 123.2 million (112.2), a year-on-year increase of 9.8 per cent. Revenue for portfolios on a like-for-like basis increased nearly 5.5 per cent, mainly due to the Group's ongoing measures to increase rent. Acquisitions and the completion of new construction contributed SEK 4.9 million in revenue.

Revenue for the period totalled SEK 362.2 million (229.2). The year-on-year increase was mainly attributable to the acquisition of Kuststaden in late June 2021 as well as acquisitions in Gävle, Skokloster and Umeå, along with completed new construction and the Group's ongoing work to raise standards, which contributed to the increased rental revenue for the period.

Note 2 Costs

The Group's costs encompass operating and maintenance costs, property tax, property administration, insurance and other property management costs. Operating costs primarily encompass heating, electricity and water consumption, and waste management.

Costs for the quarter amounted to SEK -45.5 million (-42.4), corresponding to an increase of 7.0 per cent. Costs for portfolios on a like-for-like basis rose 4.2 per cent year-on-year. Electricity costs remained highly volatile during the quarter, which impacted the total cost base. Most of the 4.2 per cent increase for portfolios on a like-for-like basis was attributable to higher electricity costs. Total electricity costs for the company represent approximately 12 per cent of the cost base for investment properties, compared with less than 10 per cent in the past. Sweden is divided into four different price areas for electricity, with prices that can vary significantly, and the highest price is in the southern part of the country. A significant share of KlaraBo's properties are located in electricity price areas that have not been notably impacted by higher electricity prices.

KlaraBo's current forecast electricity volume is approximately 12,000 MWh/year. To achieve long-term sustainability, the company has signed a framework agreement with Vattenfall for delivery of green electricity certified under the Environmental Product Declarations (EPD) system. The agreement, which is flexible in terms of volumes, applies until 2023. Currently, approximately 80 per cent of the total volumes are included in the agreement with Vattenfall. The remaining volumes will gradually be included in late 2022 and 2023.

Costs for the period amounted to SEK -158.7 million (-102.1). Costs, like revenue, were higher than in the year-earlier period, which is a natural effect of the properties added in conjunction with the acquisition of Kuststaden, the properties in Gävle, Skokloster and Umeå, and the completion of new construction in Motala and Höör.

Other than the increases previously communicated, we did not note any additional cost increases during the quarter with respect to our ROT renovations. We did, however, note a number of specific cost increases. For example, the cost of appliances increased 1.5–2.0 per cent. We are continuing to devote considerable focus to cost control together with weighted investment priorities to minimise cost increases.

Note 3 Net operating income and surplus ratio

Net operating income for the quarter amounted to SEK 77.7 million (69.7), a year-on-year increase of 11.5 per cent. Net operating income for properties on a like-for-like basis increased approximately 6.2 per cent. The increase in net operating income for portfolios on a like-for-like basis was mainly attributable to the Group's ongoing standard improvements. Moreover, the completion of new construction and completed acquisitions brought in net operating income of SEK 3.7 million. The surplus ratio for the quarter amounted to 63.1 per cent (62.2).

Net operating income for the quarter amounted to SEK 203.5 million (127.1) with a surplus ratio of 56.2 per cent (55.4).

Note 4 Central administrative costs

Central administrative costs include costs for senior management and central support functions.

Central administration costs for the quarter totalled SEK -10.7 million (-11.4) for the quarter. The company is working continuously to improve its cost efficiency, which yielded results this quarter as costs decreased compared with earlier quarters. This work will continue in the next quarter.

Administrative costs for the period amounted to SEK -34.4 million (-25.4). The increase compared to the preceding year was attributable to an increase in personnel added on completion of the acquisition of Kuststaden, higher central overhead costs in the form of HR, IT and IR support, and higher software costs, primarily as a result of the listing process, such as insider and whistleblower systems and programme support for ESEF reporting.

Note 5 Financial income/expenses

Financial income/expenses for the quarter totalled SEK -29.6 million (-23.1). The year-on-year increase was attributable to loans taken over/new loans for new acquisitions and the completion of new construction, and to higher variable interest rates. In addition, increased interest expenses were incurred for the ten-year interest rate swap of SEK 700 million that was entered into during the period.

Financial income/expenses for the period amounted to SEK -81.2 million (-48.0). This increase was attributable to the same factors as the increase during the quarter as well as the fact that loans, and thus financial expenses, increased towards the end of the second quarter of 2021 as a result of the acquisitions of Kuststaden and in Gävle and Skokloster, whose full-year impact was only felt this year.

Note 6 Changes in value

The Group's investment properties are appraised on a quarterly basis. Each appraisal object is appraised externally at least once a year by independent, authorised appraisers: Savills, Newsec and Svefa. Each property is individually inspected and appraised based on the material available regarding the property as well as the external appraisers' market information and historical assessments. Physical inspections of the properties are made on an ongoing basis. For other quarters, desktop appraisals are carried out by the same appraisers.

The appraisers have noted continued uncertainty in the market, with considerable distance between buyers and sellers. Transaction processes are dragging on, and the number of transactions in the third quarter was low. This is also resulting in uncertainty regarding yield requirements, but the appraisers have noted that the yield requirements have mainly increased in lower-yield housing segments in major cities and for logistics.

The inflation assumptions have been further adjusted for 2022 and 2023, which primarily resulted in increased property expenses and a higher cost of capital since rents have not been adjusted upward at the same pace. This has had a negative impact on appraisals. Yield requirements are largely unchanged compared with the previous quarter since KlaraBo's residential properties are not located in the lowest-yield areas.

The market value at the end of the quarter generated a negative change in value of SEK -68.7 million (160.2) for the quarter, corresponding to a net positive change in value as a result of the Group's value-enhancing measures and a negative change in value mainly due to a higher cost of capital.

Changes in property values for the period totalled SEK 122.0 million (433.5). The majority of this increase in value was attributable to higher rental value as a result of value-enhancing measures.

The Group's derivatives are also subject to quarterly market valuations. The change in value for the period amounted to SEK 86.4 million (6.5), and was primarily attributable to the Group's interest-rate derivatives. Since interest rates continued to increase, the interest-rate derivatives were appraised at a higher value than at the start of the period, which had a positive impact on the change in value.

Note 7 Tax expense

Tax for the quarter amounted to SEK 0.8 million (-37.5), of which SEK 16.6 million (-33.8) pertained to deferred tax revenue attributable to changes in the values of properties. The net effect of these changes in value was negative for the quarter (refer to Note 6 above), which resulted in a reduction of deferred tax.

SEK -8.8 million was recognised as a deferred tax expense on loss carryforwards and was attributable to the utilisation of previous loss carryforwards during the quarter. The Group's tax expense declined by a corresponding amount and totalled SEK -1.9 million (-3.5). The remaining SEK -5.1 million (-0.3) comprised a deferred tax expense attributable to changes in the value of the Group's interest-rate derivatives.

Of the tax expense for the period of SEK -75.1 million (-104.7), SEK -35.3 million (-91.0) comprises deferred tax attributable to changes in the value of properties. The remainder was due to deferred tax attributable to derivatives and loss carryforwards as well as current tax.

Deferred tax had no direct impact on liquidity.

Parent Company

The Parent Company does not own any properties. The company maintains Group-wide functions for administration, management, financing and project development.

Sales in the Parent Company mainly pertain to invoicing of services to Group companies.

Condensed consolidated statement of financial position

| SEK m | Notes | 9/30/2022 | 9/30/2021 | 12/31/2021 |
|--|-------|----------------|----------------|----------------|
| Intangible assets | | 0.4 | 1.5 | 1.4 |
| Investment properties | 8 | 9,232.1 | 7,405.5 | 7,850.0 |
| Property, plant and equipment | | 10.6 | 5.8 | 5.3 |
| Financial non-current assets | 9 | 17.8 | 17.5 | 24.9 |
| Derivatives | | 93.6 | 2.7 | 7.2 |
| Receivables | | 120.2 | 39.1 | 22.4 |
| Cash and cash equivalents | | 363.2 | 218.5 | 616.5 |
| Total assets | | 9,837.9 | 7,690.5 | 8,527.7 |
| Equity attributable to Parent Company shareholders | 10 | 4,422.9 | 3,119.5 | 4,206.9 |
| Equity attributable to non-controlling interests | | 0.0 | 0.0 | 0.0 |
| Deferred tax liability | 11 | 334.6 | 208.2 | 281.0 |
| Non-current interest-bearing liabilities | 12 | 4,807.2 | 3,512.8 | 3,124.8 |
| Current interest-bearing liabilities | 12 | 64.6 | 714.3 | 759.1 |
| Other liabilities | | 208.6 | 135.6 | 155.9 |
| Total equity and liabilities | | 9,837.9 | 7,690.5 | 8,527.7 |

Consolidated statement of changes in equity

| SEK m | 9/30/2022 | 9/30/2021 | 12/31/2021 |
|--|----------------|----------------|----------------|
| Opening equity, attributable to Parent Company shareholders | 4,206.9 | 1,071.4 | 1,071.4 |
| Profit for the period | 221.3 | 386.5 | 637.9 |
| Unregistered share capital | | | |
| New share issue | | 1,669.2 | 2,497.3 |
| Costs attributable to new share issues | -0.2 | | |
| Transactions with non-controlling interests | | -11.5 | -11.5 |
| Tax effect on share issue costs | 0.0 | | 8.0 |
| Share repurchase | -5.0 | | |
| Warrants | | 3.9 | 3.9 |
| Closing equity, attributable to Parent Company shareholders | 4,422.9 | 3,119.5 | 4,206.9 |
| Closing equity, attributable to non-controlling interests | | | |
| Total equity at the end of the period | 4,422.9 | 3,119.5 | 4,206.9 |

Comments on consolidated financial position

The amounts and comparative figures of balance-sheet items refer to the position at the end of the period this year, and the end of the year-earlier period. All amounts are in SEK million.

Note 8 Investment properties

The Group's investment properties including project development properties are recognised at fair value in accordance with IFRS 13 Level 3. For project development properties, a predetermined portion of the unrealised change in value between fair value upon completion and total estimated production costs is recognised in pace with the degree of completion. This is done in accordance with an escalation model adopted by the Group.

The Group's investment properties were appraised at SEK 9,232.1 million (7,405.5) at the end of the period, of which project development properties, meaning including new construction in progress, accounted for SEK 143.8 million, site leaseholds valued in accordance with IFRS 16 accounted for SEK 7.3 million and the remainder, SEK 9,080.9 million, pertained to existing investment properties.

In the table below, SEK 857 million has been recognised as acquisitions for the portfolio in Östersund and a further SEK 34.1 million for the acquisition in Västervik.

Carrying amount, investment properties, SEK m

| | 9/30/2022 | 9/30/2021 | 12/31/2021 |
|---|----------------|----------------|----------------|
| Opening carrying amount, investment properties | 7,850.0 | 3,452.1 | 3,452.1 |
| Acquisitions | 1,066.4 | 3,335.8 | 3,351.5 |
| Investments in investment properties | 114.1 | 111.7 | 160.6 |
| Investments in new construction properties | 99.9 | 103.6 | 166.6 |
| IFRS 16 | | 7.3 | 7.3 |
| Public subsidies | -20.2 | -25.5 | -25.5 |
| Changes in value | 122.0 | 420.6 | 737.4 |
| Closing carrying amount, investment properties | 9,232.1 | 7,405.5 | 7,850.0 |

Note 9 Financial non-current assets

Financial non-current assets amounted to SEK 17.8 million (17.5), SEK 17.4 million (16.1) of which consisted of participations in jointly controlled companies.

Note 10 Equity

Equity attributable to Parent Company shareholders totalled SEK 4,422.8 million (3,119.5). The increase was attributable to new share issues and net profit for the period. During the period, equity decreased SEK 5.0 million as a result of the company's share buyback.

Note 11 Deferred tax liability

The deferred tax liability of SEK 334.6 million (208.2) was primarily attributable to the re-valuation of investment properties, but also to derivatives.

Parent Company

The Parent Company's assets and liabilities mainly consist of shares in, claims on and liabilities to Group companies as well as cash and cash equivalents.

Financing

Note 12 Financing

Interest-bearing liabilities

Interest-bearing liabilities totalled SEK 4,871.8 million (4,227.1) and pertained mainly to financing of the Group's investment properties and new construction in progress. Of the total interest-bearing liabilities, SEK 16.7 million (34.4) was attributable to financing of incomplete new construction projects and is excluded from the table of fixed credit and fixed interest below. The liability pertaining to IFRS 16 entries for a site leasehold and two office properties contributed to a total IFRS 16 liability of SEK 12.8 million that is also excluded from the table of fixed credit and fixed interest.

The Group's interest-bearing liabilities increased SEK 644.7 million during the quarter, mainly due to new loans in connection with the acquisition in Östersund, in which loans of just over SEK 563 million were taken over. The loans are interest-only as long as the loan-to-value ratio for each property does not exceed 60 per cent and carries a fixed interest rate of just over 1.43 per cent. Repayments have also been made according to plan and construction credits were increased further.

The repayments that will be made in the next 12 months amounted to SEK 46.6 million (38.6) at the end of the period. Accrued borrowing expenses of SEK 3.5 million (4.5) reduced interest-bearing liabilities in the balance sheet. The fair value of the liabilities does not differ significantly from the carrying amount.

The loan-to-value ratio for the Group on 30 September was 48.8 per cent (54.1).

Maturity and fixed interest

KlaraBo is to have a limited financial risk. On 30 September, KlaraBo's financing comprised borrowings in five Nordic banks.

The Group's loan portfolio consists overwhelmingly of credits with a floating interest rate, but also consists of fixed rate credits. To insure against fluctuations in the interest-rate market and reduce interest-rate risk, interest-rate derivatives are utilised to impact the fixed-interest period, mainly with interest-rate swaps. The total swap portfolio amounted to SEK 1,400 million (900) at the end of the period. The portfolio's fixed-interest period amounted to nearly 2.5 years (1.4) as of 30 September, up slightly compared with the preceding quarter. This was mainly due to the fact that the loans taken over in connection with the acquisition of Östersund carry fixed interest until August 2025. Including fixed interest-rate credits, the Group's hedging level is 51.5 per cent (50.0), up from 45.5 per cent in the preceding quarter. The average interest rate including derivatives is 3.0 per cent (2.0), compared with 2.3 per cent on 30 June 2022. This increase was entirely attributable to a higher STIBOR 3m, which affected the unhedged portion of the loan portfolio. At the same time, the average loan margin for the existing portfolio declined slightly as a result of loans taken over in Östersund.

The average loan-to-maturity period is nearly 3 years (3.2).

The fair value of the interest-rate derivative portfolio amounted to SEK 93.6 million (2.7) at the end of the period.

| Maturity | Fixed credit | | Fixed interest | | Interest-rate swaps | |
|---------------|--------------|------------|----------------|------------|---------------------|------------------|
| | SEK m | Share, % | SEK m | Share, % | SEK m | Interest rate, % |
| 2022 | | | 2,351 | 49 | | |
| 2023 | 545 | 11 | | | | |
| 2024 | 370 | 8 | 500 | 10 | 500 | 0.09 |
| 2025 | 2,970 | 61 | 1,295 | 27 | 200 | 0.18 |
| 2026 | 457 | 9 | | | | |
| > 5 years | 504 | 10 | 700 | 14 | 700 | 2.21 |
| Total* | 4,846 | 100 | 4,846 | 100 | 1,400 | 1.16 |

*Excluding construction credit, IFRS 16 and accrued loan costs

Condensed consolidated cash-flow statement

| SEK m | 2022 3 months Jul-Sep | 2022 9 months Jan-Sep | 2021 9 months Jan-Sep | 2021 12 months Jan-Dec |
|---|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Continuing operations | | | | |
| Operating profit | 67.0 | 169.1 | 101.7 | 145.1 |
| Adjustments for non-cash items | 0.8 | 1.5 | 0.6 | 1.3 |
| Interest paid | -32.4 | -67.7 | -45.8 | -74.2 |
| Tax paid | -6.4 | -26.4 | -14.4 | -18.5 |
| Cash flow from continuing operations before changes in working capital | 29.0 | 76.5 | 42.0 | 53.7 |
| Cash flow from changes in working capital | | | | |
| Change in operating receivables/payables | -1.0 | -54.1 | 5.5 | 10.0 |
| Cash flow from continuing operations | 28.0 | 22.4 | 47.5 | 63.8 |
| Investing activities | | | | |
| Acquisition of investment properties | -160.4 | -248.4 | 33.7 | 21.4 |
| Buy-out of non-controlling interests | - | - | -406.2 | -406.2 |
| Investments in investment properties | -31.5 | -116.2 | -115.1 | -154.9 |
| New construction investments | -22.7 | -85.4 | -100.0 | -135.2 |
| Investment aid received | 20.2 | 20.2 | 25.5 | 25.5 |
| Investments in intangible assets | - | 0.0 | -1.1 | -1.1 |
| Acquisition of property, plant and equipment | -0.3 | -1.1 | -0.4 | -0.5 |
| Cash flow from investing activities | -194.6 | -430.9 | -563.6 | -651.0 |
| Financing activities | | | | |
| New share issue, net | - | - | 309.8 | 1,137.8 |
| Proceeds from share options | - | - | 3.9 | 3.9 |
| New financial liabilities | 23.8 | 489.1 | 875.3 | 893.1 |
| Borrowing costs | 0.0 | -10.8 | 0.0 | -2.2 |
| Repayment of financial liabilities | -175.3 | -318.0 | -637.1 | -1,019.9 |
| Changes in construction credits | - | - | - | 8.5 |
| Share repurchase | -2.8 | -5.0 | - | 0.0 |
| Cash flow from investing activities | -154.4 | 155.2 | 551.9 | 1,021.2 |
| Cash flow for the period | -321.0 | -253.3 | 35.8 | 433.9 |
| Cash and cash equivalents at beginning of year | 684.2 | 616.5 | 182.7 | 182.7 |
| Cash and cash equivalents at end of the period | 363.2 | 363.2 | 218.5 | 616.5 |

Condensed Parent Company income statement and balance sheet

Parent Company income statement

| SEK m | 2022 3 months Jul-Sep | 2021 3 months Jul-Sep | 2022 9 months Jan-Sep | 2021 9 months Jan-Sep | 2021 12 months Jan-Dec |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Net sales | 2.9 | 2.1 | 9.1 | 5.8 | 10.0 |
| Personnel costs | -3.7 | -2.8 | -12.3 | -10.0 | -13.2 |
| Other external expenses | -5.3 | -3.5 | -14.8 | -8.8 | -21.7 |
| Operating loss | -6.1 | -4.3 | -18.0 | -13.0 | -24.9 |
| Financial income and expenses* | -12.0 | -1.0 | 23.7 | 56.2 | 43.4 |
| Profit/loss after financial items | -18.1 | -5.3 | 5.7 | 43.3 | 18.4 |
| Group contributions paid/received | 0.0 | 0.0 | 0.0 | 0.0 | 25.0 |
| Profit before tax | -18.1 | -5.3 | 5.7 | 43.3 | 43.4 |
| Tax expense | -8.8 | 0.0 | -8.9 | 0.0 | 0.0 |
| Profit for the period | -26.9 | -5.3 | -3.1 | 43.3 | 43.4 |

Parent Company balance sheet

| SEK m | 9/30/2022 | 9/30/2021 | 12/31/2021 |
|---|----------------|----------------|----------------|
| Property, plant and equipment | 0.9 | 1.4 | 1.5 |
| Participations in associated companies and joint ventures | 2,183.3 | 2,188.1 | 2,191.7 |
| Receivables from associated companies and joint ventures | 4,892.8 | 1,479.7 | 1,209.5 |
| Derivatives | 0.0 | | 0.0 |
| Deferred tax assets | 0.0 | 0.9 | 8.8 |
| Other receivables | 8.4 | 12.7 | 6.3 |
| Cash and bank balances | 308.8 | 57.1 | 607.2 |
| Total assets | 7,394.2 | 3,740.0 | 4,025.0 |
| Restricted equity | 6.6 | 5.4 | 6.6 |
| Non-restricted equity | 3,268.9 | 2,442.5 | 3,277.2 |
| Derivatives | 0.0 | | 0.0 |
| Non-current interest-bearing liabilities | 0.0 | 361.1 | 0.0 |
| Liabilities to Group companies | 4,111.3 | 915.5 | 722.3 |
| Other liabilities | 7.4 | 15.6 | 18.9 |
| Total equity and liabilities | 7,394.2 | 3,740.0 | 4,025.0 |

The Parent Company's income statement and balance sheet were affected by the refinancing process carried out during the period. Several intercompany balances are now through the Parent Company, which means that both receivables and liabilities to Group companies have increased. A capital gain of SEK 36.4 million (57.1) for the period was recognised in financial income/expenses for the intercompany sale of a subsidiary. All of these transactions have been eliminated in the Group.

Segment reporting

Group Management currently identifies the two following business areas as its operating segments: Property Management and Project Development. In addition, all Group-wide items are reported as Other. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating segments. At KlaraBo, this function has been identified as the Group's CEO.

| Income statement, SEK m | Property management | | Project development | | Other | | Group | |
|--|---------------------|--------------|---------------------|--------------|--------------|--------------|--------------|--------------|
| | 2022 Jan-Sep | 2021 Jan-Sep | 2022 Jan-Sep | 2021 Jan-Sep | 2022 Jan-Sep | 2021 Jan-Sep | 2022 Jan-Sep | 2021 Jan-Sep |
| Revenue | 361.3 | 229.2 | 0.9 | 0.0 | 0.0 | 0.0 | 362.2 | 229.2 |
| Costs | -158.5 | -102.1 | -0.2 | 0.0 | 0.0 | 0.0 | -158.7 | -102.1 |
| Net operating income | 202.9 | 127.1 | 0.7 | 0.0 | 0.0 | 0.0 | 203.5 | 127.1 |
| Central administrative costs | -7.1 | -7.0 | 0.0 | -0.1 | -27.3 | -18.3 | -34.4 | -25.4 |
| Operating profit/loss | 195.8 | 120.1 | 0.7 | -0.1 | -27.3 | -18.3 | 169.1 | 101.7 |
| Financial income and expenses | -70.8 | -40.4 | -2.3 | 0.0 | -8.1 | -7.5 | -81.2 | -47.9 |
| Profit from property management | 125.0 | 79.7 | -1.7 | -0.1 | -35.4 | -25.8 | 87.9 | 53.8 |
| Changes in value of properties | 118.6 | 422.3 | 3.4 | 11.5 | 0.0 | -0.2 | 122.0 | 433.6 |
| Changes in value of derivatives | 27.8 | 3.5 | 0.0 | 2.0 | 58.6 | 1.0 | 86.4 | 6.5 |
| Profit/loss before tax | 271.4 | 505.5 | 1.7 | 13.4 | 23.3 | -25.1 | 296.4 | 493.8 |
| Tax expense | -45.9 | -102.0 | -0.6 | -2.5 | -28.7 | -0.2 | -75.1 | -104.7 |
| Profit/loss for the period | 225.5 | 403.5 | 1.2 | 10.9 | -5.4 | -25.3 | 221.3 | 389.1 |

| Balance sheet, SEK m | Property management | | Project development | | Other | | Group | |
|---|---------------------|-----------|---------------------|-----------|-----------|-----------|-----------|-----------|
| | 9/30/2022 | 9/30/2021 | 9/30/2022 | 9/30/2021 | 9/30/2022 | 9/30/2021 | 9/30/2022 | 9/30/2021 |
| Investment properties | 9,088.2 | 7,295.2 | 143.8 | 110.3 | 0.0 | 0.0 | 9,232.1 | 7,405.5 |
| Non-current interest-bearing liabilities | 4,807.2 | 3,151.7 | 0.0 | 0.0 | | 361.1 | 4,807.2 | 3,512.8 |
| Current interest-bearing liabilities | 48.0 | 680.0 | 16.7 | 34.4 | 0.0 | 0.0 | 64.6 | 714.3 |
| Deferred tax liability attributable to property reappraisal | 313.2 | 209.0 | 1.9 | 0.0 | 0.0 | 0.0 | 315.0 | 209.1 |

Newly constructed properties are part of the Project development segment until the quarter that they are completed. Therefore, the initial market valuation and associated deferred tax following completion of the properties are included in this segment. The newly constructed properties are thereafter included in the Property management segment.

Key performance indicators

KlaraBo presents certain non-IFRS performance measures in the interim report. KlaraBo believes that these measures provide valuable supplementary information to investors and the company's management since they enable an evaluation of the company's performance.

Non-IFRS measures are presented in the table below.

| Property-related | 2022 Jul-Sep | 2021 Jul-Sep | 2022 Jan-Sep | 2021 Jan-Sep | 2021 Jan-Dec |
|---|--------------|--------------|--------------|--------------|--------------|
| Rental revenue, SEK m | 123.2 | 112.1 | 362.2 | 229.2 | 344.2 |
| Profit from prop mgmt, SEK m | 37.4 | 35.1 | 88.0 | 53.7 | 76.4 |
| Profit for the period, SEK m | -5.6 | 159.1 | 221.3 | 389.1 | 640.5 |
| Surplus ratio, % | 63.1 | 62.2 | 56.2 | 55.4 | 55.2 |
| Real occupancy rate, % | 98.6 | 99.0 | 98.6 | 99.0 | 98.6 |
| Investment properties, SEK m | 9,232.1 | 7,405.5 | 9,232.1 | 7,405.5 | 7,850.0 |
| Market value per sq. m. | 21,041 | 17,496 | 21,041 | 17,496 | 18,244 |
| Total lettable area, '000 sq. m. | 431.6 | 415.9 | 431.6 | 415.9 | 416.6 |
| No. of apartments under mgmt | 6,509 | 5,367 | 6,509 | 5,367 | 5,412 |
| No. of apartments in project devt | 1,787 | 1,397 | 1,787 | 1,397 | 1,494 |
| Financial | | | | | |
| Equity/assets ratio, % | 45.0 | 40.6 | 45.0 | 40.6 | 49.3 |
| Loan-to-value ratio, % | 48.8 | 54.1 | 48.8 | 54.1 | 41.6 |
| Interest-coverage ratio, multiple | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| Net realizable value, SEK m | 4,663.4 | 3,323.6 | 4,663.4 | 3,323.6 | 4,471.9 |
| Share-based | | | | | |
| Profit from property management per share, SEK | 0.28 | 0.33 | 0.67 | 0.75 | 0.93 |
| Equity per share, SEK | 33.61 | 29.10 | 33.61 | 29.10 | 31.91 |
| Net realizable value per share, SEK | 35.44 | 31.01 | 35.44 | 31.01 | 33.92 |
| Annual growth, profit from property management per share, % | -13.4 | - | -11.4 | 152.6 | 98.0 |
| Annual growth, net realizable value per share, % | 14.3 | 45.5 | 14.3 | 45.5 | 43.1 |
| No. of shares at end of period before/after dilution, million | 131.6 | 107.2 | 131.6 | 107.2 | 131.8 |
| Weighted average No. of shares during period before dilution, million | 131.7 | 107.2 | 131.8 | 71.3 | 82.3 |

| | Definition | Objective |
|--|--|--|
| Market value per sq. m. | Investment properties excluding new construction, divided by the total lettable area of the property portfolio. | This KPI shows developments in the value of the Group's investment properties in relation to area over time. |
| Surplus ratio, % | Net operating income in relation to rental revenue. | Used to show the share of revenue that remains after property expenses. This KPI is a measure of efficiency that can be compared between property companies as well as over time. |
| Real occupancy rate, % | Number of apartments rented, including apartments set aside for renovation and apartments with signed leases, divided by total number of apartments. | Used to illustrate the actual occupancy rate in the Group adjusted for voluntary vacancy in the form of renovations and temporary relocation vacancies. |
| Equity/assets ratio, % | Total equity in relation to total assets at the end of the period. | This KPI is used to illustrate the Group's sensitivity to interest rates and its financial stability. |
| Loan-to-value ratio, % | Total interest-bearing liabilities less cash and cash equivalents at the end of the period in relation to investment properties | Used to illustrate financial risk, and how much of the operation is pledged under interest-bearing liabilities less available cash on hand. This KPI provides comparability with property companies. |
| Loan-to-value ratio, investment properties, % | Interest-bearing liabilities related to investment properties, in relation to investment properties excluding new construction in progress. | Used to illustrate financial risk, and how much of the management operations are pledged under interest-bearing liabilities. |
| Interest-coverage ratio, multiple | Operating profit/loss on a twelve-month basis, divided by net interest income/expense. | This KPI shows how many times the Group will be able to pay its interest with earnings from operating activities, and illustrates how sensitive the Group is to changes in interest rates. |
| Net realizable value, SEK m | Equity attributable to Parent Company shareholders, with add-back of deferred tax and derivatives attributable to wholly owned participations. | This KPI is an established measure of the Group's long-term net reassessment value, and facilitates analysis and comparison between property companies. |
| Profit from property management per share, SEK | Profit from property management attributable to Parent Company shareholders in relation to weighted average number of shares during the period. | Used to illustrate profit from property management per share in a uniform manner for listed companies. |
| Equity per share, SEK | Equity attributable to Parent Company shareholders in relation to the number of shares outstanding at end of the period. | This KPI shows how much of the Group's recognised equity each share represents. |
| Net realizable value per share, SEK | Net realizable value in relation to no. of shares outstanding at end of the period. | Used to illustrate the Group's long-term net reassessment value per share in a uniform manner for listed companies. |
| Annual growth, profit from property management per share, % | Percentage change in profit from property management per share during the period | Used to illustrate the development of profit from property management over time, expressed as a percentage. |
| Annual growth, net realizable value per share, % | Percentage change in net realizable value per share during the period. | Used to illustrate the development of net reassessment value over time, expressed as a percentage. |
| Net operating income | Net operating income from property management before elimination of intra-group leases less expenses from property management. | This KPI measures the property companies' operational surplus and shows the company's capacity to finance its operations with its own funds. |

Reconciliation table, key performance indicators

| | 2022 Jul-Sep | 2021 Jul-Sep | 2022 Jan-Sep | 2021 Jan-Sep | 2021 Jan-Dec |
|---|----------------|----------------|----------------|----------------|----------------|
| Market value per sq. m. | | | | | |
| A Investment properties, SEK m | 9,232.1 | 7,405.5 | 9,232.1 | 7,405.5 | 7,850.0 |
| B New construction in progress, SEK m | 143.8 | 121.9 | 143.8 | 121.9 | 241.3 |
| C Site leaseholds | 7.3 | 7.3 | 7.3 | 7.3 | 7.3 |
| D Total lettable area, 000 sq. m. | 431.6 | 415.9 | 431.6 | 415.9 | 416.6 |
| (A-B-C)/D Market value per sq. m. | 21,041 | 17,496 | 21,041 | 17,496 | 18,244 |
| Surplus ratio, % | | | | | |
| A Net operating income, SEK m | 77.7 | 69.7 | 203.5 | 127.1 | 189.9 |
| B Revenue, SEK m | 123.2 | 112.1 | 362.2 | 229.2 | 344.2 |
| A/B Surplus ratio, % | 63.1 | 62.2 | 56.2 | 55.4 | 55.2 |
| Real occupancy rate, % | | | | | |
| A No. of apartments | 6,509 | 5,367 | 6,509 | 5,367 | 5,412 |
| B No. of apartments not rented | 198 | 175 | 198 | 175 | 194 |
| C Apts set aside for renovation or with signed leases | 109 | 120 | 109 | 120 | 120 |
| 1-(B-C)/A Real occupancy rate, % | 98.6 | 99.0 | 98.6 | 99.0 | 98.6 |
| Equity/assets ratio, % | | | | | |
| A Total equity at the end of the period, SEK m | 4,422.9 | 3,119.5 | 4,422.9 | 3,119.5 | 4,206.9 |
| B Minority share equity, SEK m | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| C Total equity and liabilities at the end of the period, SEK m | 9,837.9 | 7,690.5 | 9,837.9 | 7,690.5 | 8,527.7 |
| (A+B)/C Equity/assets ratio, % | 45.0 | 40.6 | 45.0 | 40.6 | 49.3 |
| Loan-to-value ratio, % | | | | | |
| A Non-current interest-bearing liabilities, SEK m | 4,807.2 | 3,513.0 | 4,807.2 | 3,513.0 | 3,124.8 |
| B Current interest-bearing liabilities, SEK m | 64.6 | 714.3 | 64.6 | 714.3 | 759.1 |
| C Cash and cash equivalents at end of the period, SEK m | 363.2 | 218.5 | 363.2 | 218.5 | 616.5 |
| D Investment properties, SEK m | 9,232.1 | 7,405.5 | 9,232.1 | 7,405.5 | 7,850.0 |
| (A+B.C)/D Loan-to-value ratio, % | 48.8 | 54.1 | 48.8 | 54.1 | 41.6 |
| E Construction credit attr to new construction, SEK m | 16.7 | 34.4 | 16.7 | 34.4 | 60.0 |
| F Seller financing, SEK m | 0.0 | 361.1 | 0.0 | 361.1 | 0.0 |
| G New construction in progress, SEK m | 143.8 | 121.9 | 143.8 | 121.9 | 241.3 |
| (A+B-E-F)/(D-G) Loan-to-value ratio, investment properties, % | 53.4 | 52.6 | 53.4 | 52.6 | 50.3 |
| Interest-coverage ratio, multiple | | | | | |
| A Operating profit/loss, rolling 12 months, SEK m | 212.5 | 124.3 | 212.5 | 124.3 | 145.1 |
| B Interest income/expense, rolling 12 months, SEK m | -101.9 | -58.5 | -101.9 | -58.5 | -68.7 |
| A/-B Interest-coverage ratio, multiple | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| net realizable value, SEK m | | | | | |
| A Equity, SEK m | 4,422.9 | 3,119.5 | 4,422.9 | 3,119.5 | 4,206.9 |
| B Add-back of derivatives, SEK m | -93.6 | -2.7 | -93.6 | -2.7 | -7.2 |
| C Adjustment of derivatives attributable to minority share, SEK m | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| D Add-back of deferred tax liabilities, SEK m | 334.6 | 208.2 | 334.6 | 208.2 | 281.0 |
| E Adjustment, deferred tax liability attr to minority share, SEK m | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| F Add-back of deferred tax assets, SEK m | -0.4 | -1.4 | -0.4 | -1.4 | -8.8 |
| G Adjustment, add-back of deferred tax assets attr to minority share, SEK m | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| A+B+C+D+E+F+G net realizable value, SEK m | 4,663.4 | 3,323.6 | 4,663.4 | 3,323.6 | 4,471.9 |

| | 2022 Jul-Sep | 2021 Jul-Sep | 2022 Jan-Sep | 2021 Jan-Sep | 2021 Jan-Dec |
|---|---------------|---------------|---------------|---------------|--------------|
| Profit from property management per share, SEK | | | | | |
| A Profit from prop mgmt, SEK m | 37.4 | 35.1 | 88.0 | 53.7 | 76.4 |
| B Adjustment, profit from prop mgmt attr to minority share, SEK m | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| C Weighted avg no. of shares during period before/after dilution, million | 131.7 | 107.2 | 131.8 | 71.3 | 82.3 |
| (A-B)/C Profit from prop mgmt per share, SEK | 0.28 | 0.33 | 0.67 | 0.75 | 0.93 |
| Equity per share, SEK* | | | | | |
| A Equity, SEK m | 4,422.9 | 3,119.5 | 4,422.9 | 3,119.5 | 4,206.9 |
| B Number of shares at end of the period before/after dilution, million | 131.6 | 107.2 | 131.6 | 107.2 | 131.8 |
| A/B Equity per share, SEK | 33.61 | 29.10 | 33.61 | 29.10 | 31.91 |
| net realizable value per share, SEK | | | | | |
| A Net reassessment value (net realizable value), SEK m | 4,663.4 | 3,323.6 | 4,663.4 | 3,323.6 | 4,471.9 |
| B Number of shares at end of the period before/after dilution, million* | 131.6 | 107.2 | 131.6 | 107.2 | 131.8 |
| A/B net realizable value per share, SEK | 35.44 | 31.01 | 35.44 | 31.01 | 33.92 |
| Annual growth, profit from property management per share, % | | | | | |
| A Profit from prop mgmt during the period per share, SEK* | - | - | 0.67 | 0.75 | 0.93 |
| B Profit from prop mgmt during the preceding period per share, SEK* | - | - | 0.75 | 0.30 | 0.47 |
| A/B-1 Annual growth, profit from prop mgmt per share, % | -13.4% | -50.9% | -11.4% | 152.6% | 98.0% |
| Annual growth, net realizable value per share, % | | | | | |
| A Net realizable value during the period per share, SEK* | 35.44 | 31.01 | 35.44 | 31.01 | 33.92 |
| B Net realizable value during the preceding period per share, SEK* | 31.01 | 21.31 | 31.01 | 21.31 | 23.70 |
| A/B-1 Annual growth, net realizable value per share, % | 14.3% | 45.5% | 14.3% | 45.5% | 43.1% |

* Number of shares after buyback

Risks and opportunities for the Group and Parent Company

In order to prepare accounts according to generally accepted accounting principles and IFRS, company management must make assessments and assumptions that affect recognised assets and liabilities as well as revenues and costs in the financial statements, as well as affecting other information provided. The actual results may deviate from these assessments. Estimates and assumptions are based on historical experience and other factors that are deemed reasonable given the prevailing conditions. The Group's operations and the financial position and earnings can be affected, both directly and indirectly, by a number of risks, uncertainties and external factors.

The Group's operations are dependent on general financial and political trends, particularly in Sweden, which can impact demand for housing and premises. All identified risks are continuously monitored, and risk-reducing measures are implemented if required to limit their impact.

A summary of the most substantial risks and opportunities for the Group is presented below. For other information, refer to the Annual Report.

Financial risk

KlaraBo's most significant financial risks comprise interest-rate risk, financial risk and liquidity risk. Interest-rate risk is defined as non-controllable increase in interest expense. Interest-rate risk is expressed as a change of expenses for the interest-bearing liabilities if the interest rate changes by one percentage point. Financing risk pertains to the risk that expenses for raising new loans or other financing becomes higher and/or that refinancing loans outstanding becomes more difficult or occurs on disadvantageous terms. Liquidity risk refers to the risk of not being able to meet payment obligations due to insufficient liquidity or difficulties in obtaining financing. KlaraBo requires access to liquidity to finance ongoing projects, manage operations and settle due payments of interest and repayment instalments. KlaraBo's growth targets are dependent on healthy access to cash and cash equivalents to enable several projects to be started and pursued in parallel.

All of the risks above are regulated in the financial policy adopted by the Board of Directors. KlaraBo addresses these risks operationally through measures such as interest rate and capital hedging of its debt portfolio, maintaining a favourable and proactive dialogue with the Group's partners and continuously monitoring the Group's liquidity situation. KlaraBo's work is governed in part by internal targets for each risk category and, in part, by the Group's overall financial targets and risk limits. This is intended to limit the financial risks and to achieve a favourable long-term trend in net financial items. Furthermore, under existing loan agreements, KlaraBo is required to monitor and report on a number of key figures on a quarterly basis. As of the end of the accounting period, all financial commitments had been met.

Opportunities and risks in the values of the properties

KlaraBo recognises investment properties at fair value, and the property portfolio is appraised at least once each year by independent external appraisers. Changes in the value of properties are included in profit or loss. Changes in the value of properties have historically had a significant impact on profit for the period and contribute to more volatile earnings. The value of the properties is determined by supply and demand, in which the price is mainly dependent on the property's expected operating surplus and the buyer's yield requirements. Higher demand leads to a lower yield requirement, and an upward price adjustment as a result, whereas weaker demand has the opposite effect. In the same way, a positive operating surplus trend leads to an upward price adjustment, while a negative trend has the opposite effect. The rental concept is comprised partly of the actual rental level and partly of the vacancy risk of the property portfolio. Property valuation should take in to account an interval of uncertainty to reflect the inherent uncertainty of assumptions and estimates.

Sensitivity analysis – changes in value (SEK m)

| | | Effect on fair value, SEK m | | Effect on fair value, SEK m |
|---------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|
| | Change | | Change | |
| Yield requirement | - 0,25% basis points | 623.8 | + 0,25% basis points | -544.0 |
| Rental value* | - 2,50% | -36.1 | + 2,50% | 480.5 |
| Operating and maintenance costs | - 2,50% | 147.6 | + 2,50% | -147.6 |
| Long-term vacancy rate | - 0,25% basis points | 30.6 | + 0,25% basis points | -30.6 |

*-2.5% refers only to premises while +2.5% refers to both premises and housing

Ongoing projects

Information on ongoing projects in the interim report is based on assessments concerning the size, direction and scope of ongoing projects as well as when the projects are expected to commence and be completed. Information is also based on assessments of future project costs and rental value.

Assessments and assumptions should not be viewed as a forecast. Assessments and assumptions involve uncertainties concerning the projects' completion, design and size, schedule as well as project expenses and future rental value. Information concerning ongoing projects in the interim report is regularly re-evaluated, and assessments and assumptions are adjusted in line with the completion or addition of ongoing projects and when conditions change. Financing has not been procured for projects where construction has not begun, which means that financing of ongoing projects is an uncertainty.

Financing

During the period, we observed significant uncertainty about bank financing in the financial markets since banks' financing costs increased, resulting in higher margins. However, this did not directly impact KlaraBo since we entered into new credit facilities with three of the Group's banks during the second quarter on better terms than for existing agreements. In addition, loans of approximately SEK 563 million in connection with the acquisition of Östersund were taken over on 30 September at a fixed average interest rate of about 1.43 per cent.

Bank financing is KlaraBo's primary source of financing, and the Group has no bonds. The lack of bond financing is a strength since this type of financing is impacted to a greater degree by rising market rates, is generally more expensive and carries a higher risk in connection with refinancing.

Sharply rising variable interest rates are impacting the portion of the loan portfolio that carries variable interest and that has not been converted to fixed interest using interest-rate derivatives. This, in turn, is impacting the interest-coverage ratio, which shows the Group's sensitivity to changes in interest rates and how many times the Group will be able to pay its interest with earnings from operating activities. KlaraBo is following the development closely and simulates sensitivity to enable action to be taken. For example, if necessary, planned but non-essential investments in properties could be reduced or liquidity-intensive new construction projects could be postponed.

On 30 September, the company had a stable financial position with SEK 363.2 million in cash and cash equivalents.

Operational risk

KlaraBo is in the midst of a phase of expansion and has identified a number of growth-oriented targets. Risks and opportunities connected to reaching the growth targets involve continued access to new projects, key personnel and the risk management of projects (concerning time, costs and quality).

With prices of construction materials, contractors and transport remaining high, the new construction market continues to be characterised by considerable uncertainty and remains difficult to assess. This is having a negative impact on KlaraBo's total production costs. The impact on projects in progress is limited, but there is a risk that it could have a negative impact on future projects in both the short and long term.

Other disclosures

Sustainability

In August 2022, KlaraBo began mapping out the impact its operations have on the outside world from an environmental, social and governance (ESG) perspective. The next stage will be to identify which aspects of sustainability should be prioritised. This work was based on the UN Sustainable Development Goals (SDGs).

Stakeholder dialogue

To determine what expectations KlaraBo's stakeholders have when it comes to sustainability, a stakeholder dialogue was carried out in a number of stages. KlaraBo's most important stakeholders are its tenants, employees, Board of Directors and owners, and Hyresgästföreningen (the Swedish Union of Tenants). The dialogue took place in the form of an online survey and in-depth interviews with representatives of the Group's owners and Hyresgästföreningen. Workshops were carried out with the Board of Directors and management.

Materiality analysis

Based on the stakeholder dialogue, we identified the aspects of sustainability where KlaraBo has an actual or potential impact on the world. These aspects were then assessed with the help of a sustainability consultant based on their seriousness and probability in order to identify the most material issues for KlaraBo to address and establish targets for. The stakeholders were also involved in setting the Group's priorities.



KlaraBo's most important sustainability issues

Climate and energy

The UN's Intergovernmental Panel on Climate Change (IPCC) has indicated that today's rapid climate change is due to greenhouse gas emissions generated by human activity. By choosing renewable energy for heating, electricity and transport, KlaraBo can reduce its greenhouse gas emissions and contribute to meeting the Paris Agreement target of limiting global warming to well below 2°C. Wood – a material that captures carbon – is always our first choice for new construction projects. We certify our newly constructed buildings in accordance with the Nordic Swan ecolabel certification system at a minimum, which means that requirements are imposed with respect to energy, materials and indoor environment.

Circular society

Circularity is about utilising the materials we create for as long as possible through smart use, reuse and recycling. Encouraging reuse when renovating and a high waste recycling rate are examples of measures where KlaraBo can make a major difference. Circularity is also about creating the conditions for residents to be able to easily sort their household waste or share items with each other.

Secure and pleasant neighbourhoods

As a property owner, KlaraBo has the opportunity to contribute to safe and pleasant neighbourhoods. Part of this work involves offering meaningful leisure activities for young people in the area. KlaraBo works with several local sports clubs and supports their activities for children and young people in various ways. Employment rates, inclusion and social sustainability are closely linked. KlaraBo can contribute by offering summer jobs and other jobs for young people and residents of its neighbourhoods. Creating secure and pleasant neighbourhoods is also a matter of the physical environment. Lighting, locks and greenery are factors that KlaraBo can influence in order to increase the perceived security of an area.

Employees

KlaraBo's employees are its most important asset as it works towards a more sustainable future. If we are to achieve our goals, it is crucial that our employees are healthy and enjoy their work. Important issues include working conditions, health, diversity and inclusion. Companies with a high level of diversity are more profitable.

Sustainable business

By weighing sustainability factors into our business decisions, we can create financial value without jeopardising ecological or social sustainability. This will enable us to increase our share of green revenue and green expenditure. Our business relationships must also be ethical and professional. KlaraBo's Code of Conduct includes ethical guidelines intended to combat corruption and respect human rights. Should any of our employees or partners note any shortcomings or breaches of the Code of Conduct, a whistleblower function is in place. Anyone who reports an incident through the whistleblower function is guaranteed anonymity.

Market outlook

KlaraBo's offering meets the market's demand for good housing at the right price. The Group's own concept, KlaraBo-hus, creates the conditions for cost control and financial efficiency across the entire chain, from development rights to management, during the lifespan of the property.

The Group's assessment is that demand remains strong in the areas where KlaraBo operates and that there is still a structural housing shortage in many cities in Sweden.

Organisation and employees

The Parent Company of the Group is KlaraBo Sverige AB. At the end of the period the Group consisted of 88 subsidiaries and six jointly controlled companies. The number of employees was 65 (66), consisting of 19 women (15) and 46 men (51).

Accounting policies

KlaraBo's consolidated financial statements have been prepared in accordance with the EU adopted International Financial Reporting Standards (IFRS) and interpretations therein (IFRS IC). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. In addition, suitable provisions of the Swedish Annual Accounts Act have been applied. The accounting and valuation principles applied are unchanged compared with the Annual Report. The Parent Company has prepared its financial reports in conformity with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 requires that the Parent Company applies the same accounting principles as the Group, which is to say IFRS to the scope that RFR 2 permits.

For complete accounting policies, refer to KlaraBo's 2021 Annual Report. Accounting policies are unchanged compared with the 2021 Annual Report.

Transactions with related parties

The Group's related-party circle consists of all Board members, the CEO and members of senior management as well as their related parties and companies.

In addition to remuneration to senior executives, SEK 500,000 was paid during the year as a one-time fee to Valhalla Corporate Advisors AB in connection with the acquisition of properties in Skokloster and Gävle. Board member Joacim Sjöberg has a controlling interest in the company.

The share and shareholders

The Parent Company of the Group, KlaraBo Sverige AB, Corp. Reg. No. 559029–2727, has two share classes: Class A and Class B ordinary shares. Each Class A share entitles the holder to 10 votes and each Class B share entitles the holder to one vote. The number of shares amounts to 131,827,883, of which 16,300,000 are Class A shares and 115,527,883 are Class B shares. The quotient value for all shares is SEK 0.05 per share. The company continued to buy back shares during the quarter and had purchased 224,994 shares as of 30 September.

Largest shareholders, 30 September 2022

| | Class A shares | Class B shares | Total | Capital | Voting rights |
|---|-------------------|--------------------|--------------------|-------------|---------------|
| Investment AB Spiltan | 1,800,000 | 11,006,647 | 12,806,647 | 9.7% | 10.4% |
| Rutger Arnhult via company | 0 | 11,084,667 | 11,084,667 | 8.4% | 4.0% |
| Wealins S.A. | 0 | 9,638,901 | 9,638,901 | 7.3% | 3.5% |
| Pensionskassan SHB Försäkringsförening | 0 | 9,360,610 | 9,360,610 | 7.1% | 3.4% |
| Länsförsäkringar Fonder | 0 | 9,030,280 | 9,030,280 | 6.9% | 3.2% |
| Ralph Muhlråd family, privately and via company | 1,285,000 | 7,098,728 | 8,383,728 | 6.4% | 7.2% |
| Anders Pettersson via company | 3,966,316 | 3,575,538 | 7,541,854 | 5.7% | 15.5% |
| Samhällsbyggnadsbolaget i Norden AB | 0 | 5,646,065 | 5,646,065 | 4.3% | 2.0% |
| Lennart Sten, privately and via company | 1,995,000 | 2,994,609 | 4,989,609 | 3.8% | 8.2% |
| ODIN Fonder | 0 | 4,257,143 | 4,257,143 | 3.2% | 1.5% |
| Mats Johansson via company | 2,699,400 | 0 | 2,699,400 | 2.0% | 9.7% |
| Doxa AB | 0 | 2,548,691 | 2,548,691 | 1.9% | 0.9% |
| Futur Pension | 134,484 | 2,381,858 | 2,516,342 | 1.9% | 1.3% |
| Andreas Morfiadakis, privately and via company | 2,361,287 | 82,400 | 2,443,687 | 1.9% | 8.5% |
| Richard Muhlråd family, privately and via company | 785,000 | 1,044,832 | 1,829,832 | 1.4% | 3.2% |
| Other | 1,273,513 | 35,776,914 | 37,050,427 | 28.0% | 17.0% |
| | 16,300,000 | 115,527,883 | 131,827,883 | 100% | 100% |

Warrants

KlaraBo has three current warrant programmes issued to the company's employees. The first programme encompassed 1,666,335 warrants in total, each of which carried the right to subscribe for one Class B share. The warrants can be exercised in the period from 1 March to 31 March 2024, at a subscription price of SEK 30 per share. At the end of the period, 1,367,585 warrants had been subscribed and the remainder had expired and can no longer be subscribed. The second programme encompasses 500,000 warrants in total, each of which carries the right to subscribe for one Class B share. The warrants can be exercised in the period from 1 June to 31 August 2024, at a subscription price of SEK 39 per share. At the end of the period, 500,000 warrants had been subscribed. The third programme encompasses 1,429,440 warrants in total, each of which carries the right to subscribe for one Class B share. The warrants can be exercised in the period from 1 August to 31 October 2024, at a subscription price of SEK 39 per share. At the end of the period, 1,429,440 warrants had been subscribed.

In total on 30 September, the incentive programmes encompassed a maximum of 3,297,025 warrants that can be utilised to subscribe for a maximum of 3,297,025 Class B shares, corresponding to a dilution effect of at most 2.44 per cent based on the number of shares in the company.

Signatures to the report

The Board of Directors and CEO give their assurance that this report gives a true and fair overview of the operations, financial position and earnings of the Parent Company and the Group, and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Malmö, 26 October 2022

Lennart Sten,
Chairman of the Board

Per Håkan Börjesson,
Board member

Lulu Gylleneiden,
Board member

Mats Johansson,
Board member

Sophia Mattsson Linnala,
Board member

Anders Pettersson,
Board member

Håkan Sandberg,
Board member

Joacim Sjöberg,
Board member

Andreas Morfiadakis,
CEO

This interim report was reviewed by the company's auditor.



Auditor's report

KlaraBo Sverige AB (publ). reg. no. 559029-2727

Introduction

We have reviewed the condensed interim financial information (interim report) of KlaraBo Sverige AB (publ) as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 26 October 2022

Öhrlings PricewaterhouseCoopers AB

Mats Åkerlund
Authorized Public Accountant



Financial calendar

| | |
|--|------------------|
| Year-end report 2022 | 15 February 2023 |
| 2022 Annual Report | 30 March 2023 |
| Interim report Q1, January–March 2023 | 3 May 2023 |
| Interim report Q2 January–June 2023 | 14 July 2023 |
| Interim report, January–September 2023 | 26 October 2023 |
| Year-end report 2023 | 15 February 2024 |



Contact information

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