Q2 Interim Report January–June 2024

April–June

- Revenue for the quarter amounted to SEK 157.5 million (149.7), a year-on-year increase of 5 per cent.
- Net operating income amounted to SEK 96.9 million (95.7), up 1 per cent year-on-year.
- Income from property management amounted to SEK 37.3 million (40.3), a year-on-year decrease of SEK 3 million.
- Changes in the value of investment properties amounted to SEK 11.3 million (-113.7) and changes in the value of derivatives to SEK -1.7 million (35.4).
- Earnings totalled SEK 28.7 million (-34.5), corresponding to SEK 0.22 per share (-0.26).
- The loan-to-value ratio was 52.8 per cent (51.7) on 30 June with an average interest rate of 3.6 per cent (3.7). The company is financed solely through bank borrowing.
- The net realizable value per share was SEK 32.1 (32.6).

January–June

- Revenue amounted to SEK 314.2 million (292.6), a year-on-year increase of 7 per cent.
- Net operating income amounted to SEK 170.3 million (163.1), up 4 per cent year-on-year.
- Income from property management amounted to SEK 57.5 million (55.3), a year-on-year increase of 4 per cent.
- Changes in the value of investment properties amounted to SEK -34.0 million (-287.8) and changes in the value of derivatives to SEK 42.5 million (-6.3).
- Earnings totalled SEK 32.4 million (-195.1), corresponding to SEK 0.25 per share (-1.49).
- The loan-to-value ratio was 52.8 per cent (51.7) on 30 June with an average interest rate of 3.6 per cent (3.7). The company is financed solely through bank borrowing.
- The net realizable value per share was SEK 32.1 (32.6).

The period in brief

Significant events

- KlaraBo and OBOS signed a land allocation agreement with the City of Malmö for a new block in Hyllie with 300 apartments in a mix of rental as well as tenant-owner apartments.
- New bank loans of SEK 100 million raised at a margin under the loan portfolio's average margin.
- Shares were repurchased under the mandate granted by the Board of a total repurchase amount of SEK 30 million during 2024.
- All rent increases for 2024 were carried out at the end of the second quarter. Indexation averaged 5.5 per cent for homes.
- In July, KlaraBo entered into an agreement with Diös Fastigheter to acquire two residential properties in Falun and to divest two commercial properties in Borlänge.
- In July, KlaraBo signed a framework agreement regarding sustainability-linked financing with Swedbank.

Long-term net realizable value per share, SEK	Earnings per share for the period, SEK	Real occupancy rate, %	Interest-rate hedging ratio, %	Average interest rate, %
32.1	0.25	97.7	69.2	3.6

KPIs: For complete key performance indicators, refer to page 24

	2024 Apr-Jun	2023 Apr-Jun	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Profit from prop mgmt, SEK m	37.3	40.3	57.5	55.3	124.2
Profit for the period, SEK m	28.7	-34.5	32.4	-195.1	-381.5
Market value per sq. m.	18,099	17,838	18,099	17,838	18,032
Surplus ratio, %	61.5	63.9	54.2	55.7	57.2
Real occupancy rate, %	97.7	98.4	97.7	98.4	97.8
Equity/assets ratio, %	42.7	43.8	42.7	43.8	42.6
Loan-to-value ratio, %	52.8	51.7	52.8	51.7	52.2
Interest-coverage ratio, multiple	1.8	1.8	1.8	1.8	1.8
Interest-rate hedging ratio, %	69.2	79.8	69.2	79.8	79.9
Fixed-interest period, year	3.3	4.1	3.3	4.1	3.7
Profit from property management per share, SEK	0.29	0.31	0.44	0.42	0.95
Earnings per share after dilution, SEK	0.22	-0.26	0.25	-1.49	-2.91
Net realizable value per share, SEK	32.1	32.6	32.1	32.6	32.0

Comments from the CEO

Stabilised property values and intensified focus on acquisitions

Andreas Morfiadakis, CEO

Revenue rose just over 5 per cent during the quarter due to the year's rent negotiations and due to continued apartment upgrades in our portfolio. Net operating income was in line with last year and was primarily driven by increased revenue and continued effective cost control. However, income from property management decreased SEK 3 million, in part because of general price increases in the past year and in part as a result of somewhat higher financial expenses due to a larger loan portfolio. Prices stabilised and our assessment is that the higher revenue level will compensate for inflation and higher property costs over time.

Despite the somewhat lower income from property management, our financial performance remains stable. The loan-to-value ratio at the end of the second quarter was 52.8 per cent and our financing is exclusively through bank borrowing. We have already started work on refinancing of loans with maturity in 2025. The signals from the banks we partner with are good and there are indications that the loan margin could be lower than in our existing loans. Our goal is to provide more information about this as early as this autumn. Positive value changes in the property portfolio meant that earnings before and after tax improved considerably compared with the previous year.

Value-creating property management with a focus on sustainable development

KlaraBo intends to achieve rental growth that exceeds the average annual rent increase through active property management and material investments. Through standard-raising upgrades, we are increasing our rental revenue while simultaneously lowering our operating and maintenance costs through energy-efficient and sustainable solutions. Along with the general rent increase, these measures resulted in an increase of 1.1 percentage points in the rental value of our residential properties in the quarter, compared with a general rent increase of 0.7 percentage points.

During the quarter, we carried out upgrades of 35 homes, which is somewhat lower than the average we had last year. There is still good demand for our newly renovated homes, primarily in areas where we have our largest portfolios: Trelleborg, Visby and Östersund. We still have a high occupancy rate in our unrenovated portfolio. However, like the overall housing market in Sweden given the current economic climate, we are also seeing slightly lower demand in some areas than in previous years.

Satisfied employees

All of KlaraBo's employees gathered in May for a conference in Stockholm to continue to improve the KlaraBo spirit and exchange ideas and experiences that continuously develop the company. The conference was also a part of increasing the company's appeal as an employer, which we also measure in our annual employee survey. During the conference, we also had a guest speaker to share some positive thoughts in today's uncertain world. The conference seemed to be highly appreciated by our colleagues, and it gave me an excellent opportunity to meet and socialise with everyone in a different environment than usual. Our annual employee survey, where we earned a significantly higher rating, also indicated that KlaraBo is appreciated as an employer.

Continued focus on profitable growth

KlaraBo's business model is based on long-term property management through renovation, acquisitions and new construction. We will continue to grow profitably through acquisitions of properties with good returns, but we will also expand through new construction. Our value creation is based on our business model, which continuously leads to a higher value for our property portfolio and growth in cash flow per share over time.

Yesterday we entered into an agreement to acquire two residential properties in Falun and simultaneously divest two commercial properties in Borlänge. The sale of properties in Borlänge was agreed at book value. These transactions are entirely in line with KlaraBo's overall goal is to create value on a long-term basis by owning, developing and actively managing sought-after residential properties in growth regions. We now have a transaction market with opportunities for both supplementary acquisitions in existing locations and establishing in new locations – not least when activity and positive momentum return to the Swedish transaction market. KlaraBo is, and aims to be, a growth company. Our ambition going forward is to be active and carry out additional acquisitions, assuming we find the right objects, and to gradually realise the value in our project portfolio.

KlaraBo has a well-functioning, well-run operation and the outcome for this and the most recent quarters indicates that we are doing the right things. We have excellent residential properties in the right locations and with continued good demand. I am optimistic about the future and look forward to continuing to deliver results together with our employees and to deliver value for our tenants and shareholders.

Malmö, July

Andreas Morfiadakis

CEO, KlaraBo

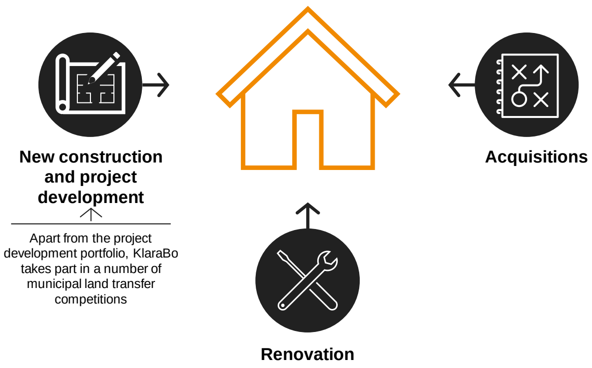
KlaraBo property in Umeå

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. The company's newly constructed apartments are developed in-house and space efficient, which contributes 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 85 per cent of contracted rents on 30 June. As of 30 June, KlaraBo's property portfolio had a lettable area of approximately 500,000 square metres distributed across 6,614 apartments and a number of commercial premises with contracted annual rent of about SEK 642 million. The portfolio also includes 963 apartments under project development.

KlaraBo's business model



High net realizable value growth potential from acquisitions, new construction and renovations

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 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 income 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 long-term goal is to start 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

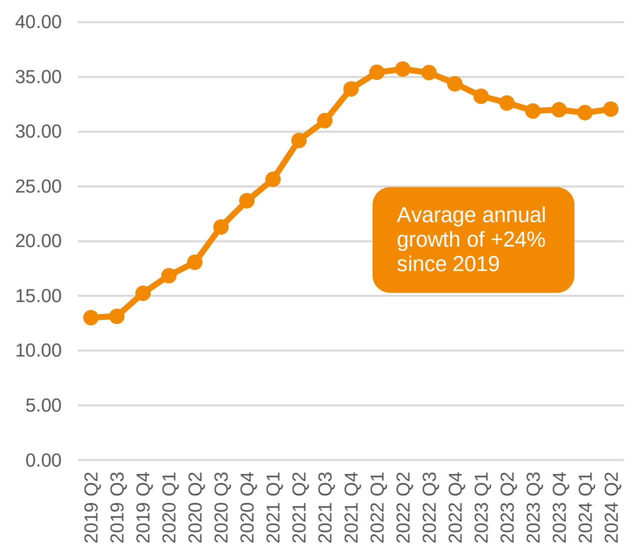
- KlaraBo is to achieve average annual growth in net realizable value per share of at least 15 per cent including any value transfers over the course of a business cycle.
- KlaraBo is to achieve average annual growth in income from property management per share of at least 12 per cent over the course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

Sustainability goals

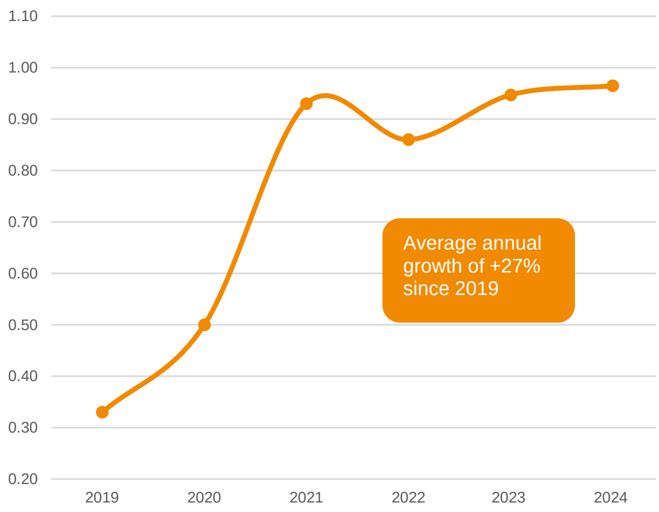
- The company has established goals in the following areas: climate and energy, circular society, secure and pleasant neighbourhoods, employees and sustainable business. The company's overall climate and energy goals are that only renewable energy will be used for electricity, heating and vehicles by no later than 2030, and that the entire value chain will be climate neutral by no later than 2045.

OVERALL GOALS		Goal	Outcome 2024 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.**	**437,748**
Development rights	KlaraBo's long-term goal is to start construction of at least 500 housing units per year. The housing units are to mainly be self-developed and environmentally certified.	**>200 housing units**	**0**
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**	**1.0 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.	**>50% of taxed profit from property management**	**-**
Sustainability	The overall goals for KlaraBo in the area of climate and energy are to use only renewable energy for electricity, heat, and cars by 2030 and to have achieved climate neutrality in the entire value chain by 2045.	**2030 - Only renewable energy 2045 - Climate neutrality**	**-**

Long-term net realizable value per share, SEK



Income from property management per share, SEK



Long-term net realizable value: KlaraBo is to achieve average annual growth in long-term net realizable value per share of at least 15 per cent including any value transfers over the course of a business cycle.

Income from property management: KlaraBo is to achieve average annual growth in income from property management per share of at least 12 per cent over the course of a business cycle.

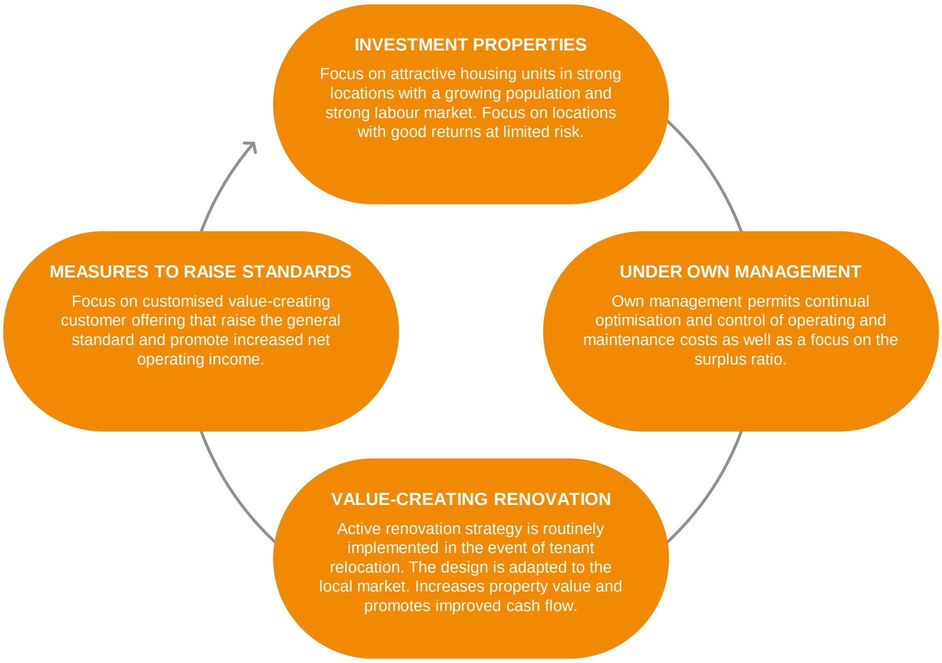
Property portfolio

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. The majority 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 226 properties with a total lettable area of approximately 500,000 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.

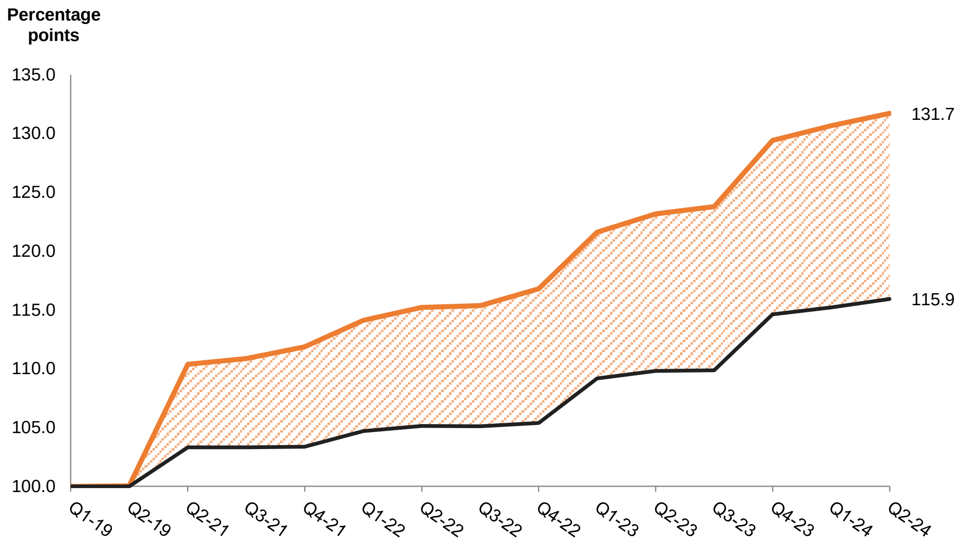


During the quarter, the company invested SEK 38.1 million (43.3) in existing investment properties through value-creating measures, with the primary investment measure being total renovations that add value, while energy-saving measures have also been implemented. Total renovation means that the apartments 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.

Measures to raise standards

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 below shows the company's fulfilment of this goal, with the rental trend exceeding the general increase by 15.8 percentage points for portfolios on a like-for-like basis since 2019.

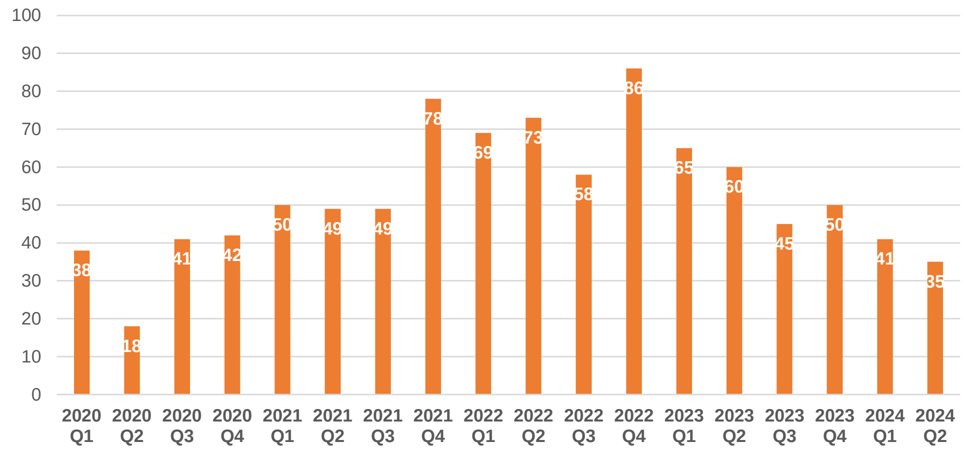
Rental value performance



Negotiations concerning the annual rent increase for 2024 have been concluded and had an impact of 5.5 percentage points on our rents. Adjusted for the annual rent increase, the rental value for homes increased by 0.4 percentage points in the quarter.

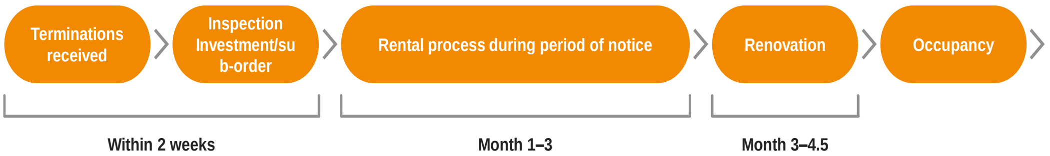
A core part of KlaraBo's strategy is to continually take measures to increase the value of its existing portfolio, both measures that increase revenue and those that reduce costs. KlaraBo ensures that apartments in need of renovation meet today's standards, with modern kitchens, bathrooms and energy-efficient installations. These measures contribute to increasing the value of the entire portfolio in the long term as well as reducing operating and maintenance costs over time.

Number of total renovations performed



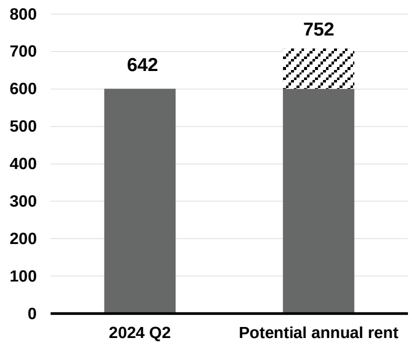
For KlaraBo, maintaining this level of renovation requires a relatively constant natural shift in the portfolio and vacated apartments that are, to some extent, unrenovated. The outcome for the quarter was 35 apartments. This somewhat lower rate of renovation was due to the fact that KlaraBo chose to increase its requirements for which apartments are selected for renovation and was somewhat more selective, given the growing uncertainty in the market. Over time, the portfolio will also need to be expanded for the company to maintain the same rate of renovation.

The rental market is still stable, and all renovated apartments are let after completion.



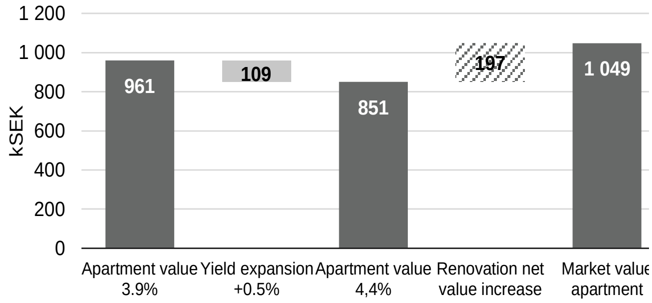
In addition to total renovation of apartments, KlaraBo focuses on adapting customer offerings through general measures to raise the standard of the apartments. This is achieved by offering existing tenants various choices that lead to increased customer satisfaction and simultaneously raise the actual 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 June 2024, with an additional bar for expected contracted rent after renovation of the existing unrenovated portfolio.

Potential value per apartment



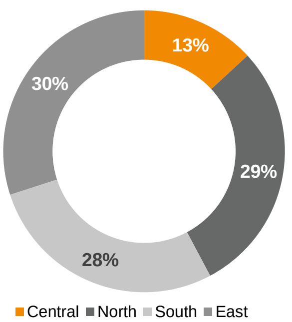
The diagram above shows the value before and after raising the yield requirement as well as the effect of the net increase in value with an ROT renovation of an example apartment. The example shows how ROT renovations counteract any declines in value associated with an increase in the yield requirement. The figures above are based on an actual apartment in the company's portfolio in Trelleborg.

Investment properties excluding project development

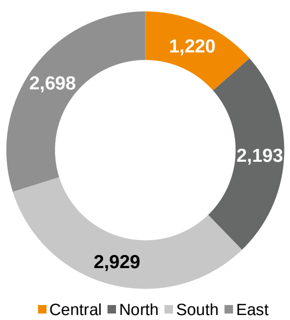
Region	No. of properties	No. of apartments	Area, 000 sq. m. RFA	Other	Total	Market value SEK m	SEK/sq. m.
Central	76	891	57.3	11.8	69.1	1,220	17,648
North	34	2,042	141.4	5.7	147.1	2,193	14,913
South	62	1,712	109.4	27.7	137.1	2,929	21,368
East	54	1,969	129.7	17.1	146.8	2,698	18,384
	226	**6,614**	**437.7**	**62.3**	**500.0**	**9,040**	**18,079**

Region	Rental value SEK m	SEK/sq. m.	Economic occ. rate, %	rate, %	nual rent, SEK m	Property expenses SEK m	SEK/sq. m.	Net oper income SEK m	SEK/sq. m.
Central	97.7	1,414	94.4	96.7	92.3	36.0	522	56.3	814
North	179.3	1,219	94.1	97.6	168.8	72.9	496	95.9	652
South	201.5	1,470	94.3	98.0	190.0	60.2	440	129.7	946
East	201.7	1,374	94.7	98.0	191.0	61.3	417	129.7	884
	680.2	**1,360**	**94.4**	**97.7**	**642.1**	**230.5**	**461**	**411.6**	**823**
Yield								**4.6%**	
Property management						**30.6**	61		
Net oper Income Incl prop mgmt					**642.1**	**261.1**	522	**381.0**	762

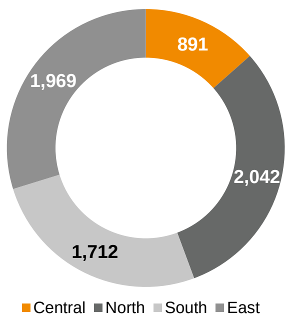
Rental revenue, residential properties



Market value, SEK m



Number 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 the company, 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 development rights for apartments in the project development portfolio is 963.

- Participation in municipal land allocation competitions and direct allocations
- Densification projects in existing properties
- Improvements to existing property space such as utilising unfinished lofts or conversion of business premises into housing units
- Acquisition of properties with existing or potential development rights
- Initiation of planning process

- Land allocation decisions
- Acquisition agreements signed
- Own properties with planning process ongoing or detailed development plan completed

- Building permit procedures
- Projects with construction started
- Production
- Occupancy and handover to own management

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.

Project portfolio

In the third quarter of 2022, the company decided to indefinitely postpone projects that had not yet been started, with a risk that some land allocations or agreements would be changed. The company therefore chose to return a number of development rights during the year since the company does not expect to be able to carry out these projects within the foreseeable future with a good return. During the second quarter, development rights were also returned in Falun and are thus excluded from the following table of development rights.

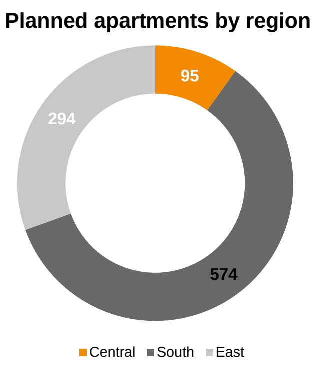
The company's land allocation "Öster om Mässan" in Hyllie, Malmö consists of two blocks with a total of 300 apartments together with OBOS Nya Hem. The project is Malmö Municipality's first Mallbo project in which new construction with lower rent is being enabled in part through subsidies for lower parking standards and discounted site leasehold fees. The project is scheduled to be carried out in four stages with slightly more than half of the apartments planned to be tenant-owner apartments and the rest rental apartments. The land allocation agreement for the "Öster om Mässan" project in Hyllie in Malmö is completed and signed, which means that the previous assessments with regard to completion remain unchanged. We are planning to begin project planning after the summer with hopes of starting construction in 2025/2026.

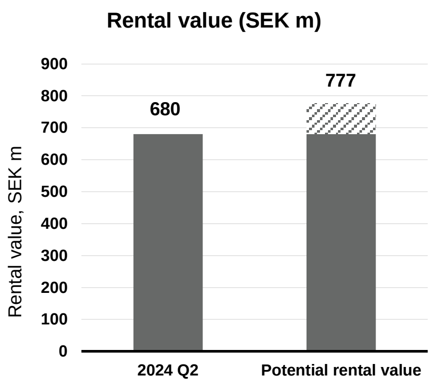
It is our assessment that the development agreement for the densification project at the Bogen 1 property on Gotland will be completed shortly and the detailed development plan should therefore be adopted in early 2025. The building permit process for the first stage is expected to be able start shortly thereafter, with production beginning in late 2025.

On Gotland, we also applied to revise the detailed development plan for the Stäven 1 property in order to add additional housing. We expect to be able to start work and initiate a dialogue with Region Gotland in early autumn.

The detailed development plan for the Fängelset 2 property in Kristianstad has now been approved by the planning authority and will be voted on by the Municipal Board and the City Council after the summer. The plan is thus expected to be adopted in October 2024. If the market responds positively to the project, project planning and subsequent construction will start at the beginning of 2025.

For a full overview of ongoing construction and project development as of 30 June 2024, see below.





The above left diagram shows the number of planned apartments by geographic region, while the above right diagram illustrates the rental value of the existing management portfolio as of 30 June 2024.

Development rights and project development*

Region	Project	Municipality	No. of apartments	Area, 000 sq. m. GFA	RFA	Est. start	Est. occupancy	Rental value SEK m	SEK/sq. m.	Status	Owner share, %
	Project devt in progress										
South	Aspeholm 13	Lund	20	1.4	1.2	2024	2026	2.2	1,816	2	100
South	Hälleflundran 8, vind	Malmö	15	0.6	0.5	2025	2025	0.9	2,000	2	100
South	Hässleholm 87:22	Hässleholm	62	5.3	4.6	2026	2027	7.6	1,650	3	100
Central	Sätra	Västerås	55	4.5	3.6	2025	2027	6.8	1,900	2	100
South	Fängelset 2	Kristianstad	107	7.5	6.0	2025	2027	11.4	1,890	3	100
East	Ekorren 1	Jönköping	80	6.1	4.7	2026	2028	8.9	1,890	2	100
East	Bogen 1 (etapp 1)	Gotland	92	6.3	5.0	2025	2027	8.8	1,750	3	100
East	Bogen 1 (etapp 2)	Gotland	80	5.5	4.4	2026	2028	7.7	1,750	3	100
East	Bogen 1 (etapp 3)	Gotland	42	2.9	2.3	2027	2029	4.1	1,750	3	100
South	Öster om mässan	Malmö	150	9.8	7.5	2025	2028	11.5	1,528	2	100
Central	Källan 7	Borlänge	40	2.7	2.1	2025	2026	4.1	1,959	2	100
South	Ålen (påbyggnad)	Vaggeryd	90	6.2	4.9	2027	2029	9.3	1,887	3	100
South	Ålen (nyproduktion)	Vaggeryd	130	8.8	7.1	2026	2028	13.2	1,871	3	100
	Total		**963**	**67.7**	**54.0**			**96.6**	**1,788**		

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

*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.

Condensed consolidated statement of comprehensive income

SEK m	Notes	2024 3 months Apr-Jun	2023 3 months Apr-Jun	2024 6 months Jan-Jun	2023 6 months Jan-Jun	2023 12 months Jan-Dec
Revenue	1	157.5	149.7	314.2	292.6	589.7
Costs	2	-60.6	-54.0	-143.9	-129.5	-252.5
Net operating income	**3**	**96.9**	**95.7**	**170.3**	**163.1**	**337.2**
Central administrative costs	4	-15.0	-14.3	-27.3	-27.0	-51.4
Operating profit/loss		**81.9**	**81.4**	**143.0**	**136.0**	**285.9**
Financial income/costs	5	-44.6	-41.1	-85.6	-80.7	-161.7
Income from property management		**37.3**	**40.3**	**57.5**	**55.3**	**124.2**
Changes in value of properties	6	11.3	-113.7	-34.0	-287.8	-439.9
Changes in value of derivatives		-1.7	35.4	42.5	-6.3	-139.8
Profit/loss before tax		**46.9**	**-38.0**	**66.0**	**-238.7**	**-455.5**
Tax expense	7	-18.2	3.5	-33.6	43.6	73.9
Profit for the period		**28.7**	**-34.5**	**32.4**	**-195.1**	**-381.5**

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

Earnings analysis, April–June 2024

The income statement items below pertain to the second quarter, from 1 April to 30 June. Comparison items pertain to the year-earlier period. All amounts are in SEK million.

Note 1 Revenue

Revenue for the quarter amounted to SEK 157.5 million (149.7), a year-on-year increase of 5 per cent, mainly due to the Group's ongoing measures to raise standards and the general annual rent negotiations. The economic vacancy rate increased somewhat year-on-year due to a weaker rental market. Revenue for premises also increased 8 per cent.

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.

Operating costs for the quarter totalled SEK -60.6 million (-54.0). The increase was primarily the result of higher costs for electricity, water and waste management. The increase in public utility costs pertains primarily to higher fees. Costs increased 12 per cent compared with the corresponding quarter last year.

Note 3 Net operating income and surplus ratio

Net operating income for the quarter amounted to SEK 96.9 million (95.7), a year-on-year increase of 1 per cent. The surplus ratio was 61.5 per cent (63.9).

Note 4 Central administrative costs

Central administrative costs include costs for senior management and central support functions for both property management and project operations.

Central administrative costs for the quarter totalled SEK -15.0 million (-14.3). The change between quarters was mainly due to higher costs for external services and a conference for the company's employees.

Note 5 Financial income/expenses

Financial income/expenses totalled SEK -44.6 million (-41.1) for the quarter. The year-on-year increase was mainly attributable to higher loan volumes.

KlaraBo's interest-rate hedging ratio amounted to 69.2 per cent (79.8) of the loan portfolio. The lower interest-rate hedging ratio was due to swaps of SEK 500 million that matured in July and August 2024 and where the maturity was shorter than three months. The value of these swaps is stated in the note on interest-rate swaps but is excluded from the calculation of the interest-rate hedging ratio to provide an accurate representation. This high interest-rate hedging ratio will provide stability and predictability with respect to future interest expenses.

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 the independent authorised appraiser Savills, which took place in the fourth quarter of 2023. For the second quarter, desktop appraisals were made by the same external appraisers. Each property is individually inspected based on a rolling three-year schedule and appraised based on the material available regarding the property as well as the external appraisers' market information and historical assessments.

The second quarter included higher yield requirements in the valuations of an average of 7 points, which, all else being equal, would generate an underlying theoretic value change of approximately SEK -110 million in the property portfolio. The change corresponds to a decline in value of 1.2 per cent. Completed rent negotiations, active property management and the Group's ongoing value-creating measures (through renovation and investments) and assumptions of higher rent indexation in the coming year compensated for growing yield requirements. The net value change for the quarter totalled SEK 11.3 million (-113.7). At the end of the period, the average yield requirement amounted to approximately 4.9 per cent for the entire portfolio and the yield requirement was 4.7 per cent for the housing units in the portfolio.

According to Savills, the transaction volume for housing in the first half of 2024 increased 9 per cent compared with the first half of 2023. Listed property companies and housing developers were the most active sellers, while the most active purchasers were primarily funds and unlisted property companies.

The change in value for the Group's derivative portfolio in the quarter amounted to SEK -1.7 million (35.4) and was attributable to the Group's interest-rate derivatives. The negative trend during the quarter was due to falling market interest rates. This effect only impacts the company's accounting and not its cash flow, and at the end of the derivative contract, the value is zero.

Note 7 Tax expense

Tax for the quarter amounted to SEK -18.2 million (3.5). Tax expense pertains primarily to deferred tax expense related to changes in the value of the property portfolio and tax on income from property management.

As a result of the regulations limiting interest deduction, the effective tax rate on income from property management was higher than 20.6 per cent since the regulations limit deductions for interest expenses.

The net effect of these changes in value was approximately SEK 10 million (refer to Note 6 above). The Group reported acquisitions of property companies as asset acquisitions and thus no deferred tax for temporary differences on acquisitions was initially recognised. Depending on the size of the decline in value of an individual property, this could mean that there is no reversal of deferred tax corresponding to the initial exception. This meant that a higher deferred tax expense was reported for the period than what the average value change of the property portfolio would lead to, since a number of properties with negative value changes did not give rise to any reversal of deferred tax and properties with positive value changes gave rise to an increase of deferred tax expenses. 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	30/06/2024	30/06/2023	31/12/2023
Intangible assets		0.3	0.3	0.3
Investment properties	8	9,071.0	9,031.7	9,031.9
Property, plant and equipment		6.6	8.5	7.7
Financial non-current assets	9	4.4	17.7	17.2
Derivatives		5.7	96.8	-
Receivables		19.8	28.0	24.3
Cash and cash equivalents		168.9	222.3	168.5
Total assets		**9,276.7**	**9,405.2**	**9,249.9**
Equity attributable to Parent Company shareholders	10	3,959.5	4,122.8	3,936.3
Derivatives		-	-	36.7
Deferred tax liability	11	234.1	252.5	216.0
Non-current interest-bearing liabilities	12	3,094.0	4,407.8	4,762.7
Current interest-bearing liabilities	12	1,862.7	488.0	116.1
Other liabilities		126.4	134.1	182.0
Total equity and liabilities		**9,276.7**	**9,405.2**	**9,249.9**

Consolidated statement of changes in equity

SEK m	30/06/2024	30/06/2023	31/12/2023
Opening equity, attributable to Parent Company shareholders	**3,936.3**	**4,320.0**	**4,320.0**
Profit for the period	32.4	-195.1	-381.5
Share repurchase	-9.2	-2.1	-2.1
Closing equity, attributable to Parent Company shareholders	**3,959.5**	**4,122.8**	**3,936.3**

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 9,071.0 million (9,031.7) at the end of the period, of which project development properties, meaning including new construction in progress, accounted for SEK 20.5 million (148.1), site leaseholds valued in accordance with IFRS 16 accounted for SEK 10.6 million (7.3) and the remainder, SEK 9,039.9 million (8,876.3), pertained to existing investment properties.

Carrying amount, investment properties, SEK m

	30/06/2024	30/06/2023	31/12/2023
Opening carrying amount, investment properties	9,031.9	9,170.7	9,170.7
Sales	-7.0	-	-
Investments in investment properties	76.5	85.2	161.5
Investments in new construction properties	3.6	44.4	117.1
Public subsidies	-	19.2	19.2
IFRS 16	-	-	3.3
Changes in value	-34.0	-287.8	-439.9
Closing carrying amount, investment properties	**9,071.0**	**9,031.7**	**9,031.9**

Note 9 Financial non-current assets

Financial non-current assets amounted to SEK 4.4 million (17.7) and consisted of participations in associated companies.

Note 10 Equity

Equity attributable to Parent Company shareholders totalled SEK 3,959.5 million (4,122.8). The change is attributable to profit for the period and to the company buying back shares for SEK 9.2 million during 2024.

Note 11 Deferred tax liability

The deferred tax liability of SEK 234.1 million (252.5) 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 pertaining to financing of the Group's investment properties totalled SEK 4,944.9 million (4,888.5) The Group's cash equivalents totalled SEK 168.9 million (222.3), and in addition KlaraBo has available credit facilities amounting to SEK 200 million. Lease liabilities pertaining to IFRS 16 amounted to SEK 10.6 million (7.3) and pertained to a site leasehold and two office properties. Leasing liabilities are excluded from the table presenting credit lock-in periods and fixed-rate terms. Repayments for the next 12 months amounted to SEK 49.5 million (47.4) at the end of the period. The fair value of the liabilities does not differ significantly from the carrying amount.

The loan-to-value ratio for the Group on 30 June 2024 was 52.8 per cent (51.7).

Maturity and fixed interest

KlaraBo is to have a limited financial risk. On 30 June 2024, KlaraBo's financing comprised borrowings in five Nordic banks.

The Group's loan portfolio consists mainly of credits with a floating interest rate, but also fixed rate credits. To hedge against fluctuations in the interest-rate market and reduce interest-rate risk, interest-rate derivatives are utilised to impact the fixed-rate term. The total swap portfolio amounted to SEK 2,750 million (2,750) at the end of the period. The loan portfolio's fixed-rate term amounted to 3.3 years (4.1) as of 30 June 2024. Swaps totalling SEK 500 million matured in July and August 2024. To provide a fair representation of the Group's fixed-rate terms, swaps are not included if they mature within three months. Including fixed interest-rate credits, the Group's interest-rate hedging ratio for the period, meaning the share of liabilities that have a fixed-interest rate, is 69.2 per cent (79.8). The average interest rate, including derivatives, was nearly 3.6 per cent (3.7). The change compared with the preceding year was attributable to market interest rate activity, which affected the unhedged portion of the loan portfolio. Cash flow from the Group's interest-rate swaps and swaptions remained positive, which limited KlaraBo's interest expenses.

The average loan-to-maturity period was 1.7 years (2.4). During 2024 KlaraBo raised a new loan of SEK 100 million with a margin below the company's current average credit margin. KlaraBo has started to refinance loans that mature in 2025.

The fair value of the interest-rate derivative portfolio amounted to SEK 5.7 million (96.8) at the end of the period.

	Fixed credit		Fixed interest		Interest-rate swaps	
Maturity	**SEK m**	**Share, %**	**SEK m**	**Share, %**	**SEK m**	**Interest rate, %**
2024	-	-	1,524	31	500	0.09
2025	2,893	58	1,281	26	200	0.50
2026	980	20	90	2	-	-
2027	1,072	22	-	-	-	-
2028	-	-	200	4	200	2.83
> 5 years	-	-	1,850	37	1,850	2.69
Total*	**4,945**	**100**	**4,945**	**100**	**2,750**	**2.07**

*Excluding construction credit, IFRS 16 and accrued loan costs

Nominal amount (SEKm)	Due	Fixed rate
100.0	17/07/2024	0.287%
200.0	26/08/2024	0.015%
200.0	27/08/2024	0.059%
200.0	11/05/2025	0.181%
200.0	21/11/2028	2.827%
250.0	18/11/2029	2.873%
300.0	18/11/2030	2.945%
300.0	20/02/2031	3.050%
700.0	09/05/2032	2.205%
300.0	16/02/2033	3.055%
2,750		**2.044%**

The Group's swaption did not impact the average fixed interest, since it has a start date of 2025, and is excluded from the tables presenting credit lock-in periods and fixed-rate terms above as well as the table presenting swaps outstanding.

Condensed consolidated cash-flow statement

SEK m	2024 3 months Apr-Jun	2023 3 months Apr-Jun	2024 6 months Jan-Jun	2023 6 months Jan-Jun	2023 12 months Jan-Dec
Continuing operations					
Operating profit	81.9	81.4	143.0	136.0	285.9
Adjustments for non-cash items	0.6	0.7	1.3	1.4	2.7
Interest received	0.9	1.2	1.9	1.4	7.5
Interest paid	-44.0	-43.5	-76.4	-83.6	-171.2
Tax paid	-9.8	-9.9	-26.7	-30.4	-23.6
Cash flow from continuing operations before changes in working capital	**29.7**	**29.9**	**43.1**	**25.0**	**101.3**
Cash flow from changes in working capital					
Change in operating receivables/payables	-25.9	3.7	-31.0	-6.7	31.5
Cash flow from continuing operations	**3.8**	**33.5**	**12.1**	**18.3**	**132.7**
Investing activities					
Investments in investment properties	-38.1	-43.3	-76.6	-85.2	-161.5
New construction investments	-1.4	-18.7	-3.6	-44.4	-117.1
Acquisition of property, plant and equipment	-	0.0	-	-0.1	-0.6
Cash flow from investing activities	**-39.5**	**-62.0**	**-80.1**	**-129.7**	**-279.1**
Financing activities					
New financial liabilities	60.0	2.9	100.0	21.2	30.8
Repayment of financial liabilities	-12.0	-11.9	-22.3	-23.7	-52.1
Share repurchase	-4.7	-0.3	-9.2	-2.1	-2.1
Cash flow from investing activities	**43.3**	**-9.2**	**68.5**	**-4.6**	**-23.4**
Cash flow for the period	**7.5**	**-37.7**	**0.4**	**-116.0**	**-169.8**
Cash and cash equivalents at beginning of the period	161.4	259.9	168.5	338.3	338.3
Cash and cash equivalents at end of the period	**168.9**	**222.3**	**168.9**	**222.3**	**168.5**

Condensed Parent Company income statement and balance sheet

Parent Company income statement

SEK m	2024 3 months Apr-Jun	2023 3 months Apr-Jun	2024 6 months Jan-Jun	2023 6 months Jan-Jun	2023 12 months Jan-Dec
Net sales	9.0	11.6	14.1	16.0	25.0
Personnel costs	-5.9	-4.9	-10.7	-9.4	-18.6
Other external expenses	-6.0	-4.9	-11.6	-10.8	-25.3
Operating loss	**-2.9**	**1.8**	**-8.2**	**-4.3**	**-18.9**
Financial income and expenses	24.4	13.5	93.3	22.0	-74.5
Profit/loss after financial items	**21.6**	**15.3**	**85.0**	**17.7**	**-93.4**
Group contributions paid/received	-	-	-	-	19.2
Profit before tax	**21.6**	**15.3**	**85.0**	**17.7**	**-74.2**
Tax expense	-1.8	-	-11.8	-	13.6
Profit for the period	**19.7**	**15.3**	**73.2**	**17.7**	**-60.6**

Parent Company balance sheet

SEK m	30/06/2024	30/06/2023	31/12/2023
Property, plant and equipment	0.5	0.7	0.6
Participations in associated companies and joint ventures	2,314.7	2,362.2	2,311.1
Receivables from associated companies and joint ventures	3,353.4	3,537.2	3,127.2
Derivatives	6.4	0.0	0.0
Deferred tax assets	1.8	0.0	13.6
Other receivables	6.9	8.8	4.7
Cash and bank balances	164.3	169.1	156.0
Total assets	**5,848.0**	**6,078.0**	**5,613.2**
Restricted equity	6.6	6.6	6.6
Non-restricted equity	3,174.5	3,188.9	3,110.6
Derivatives	-	-	51.0
Liabilities to Group companies	2,658.4	2,875.3	2,438.3
Other liabilities	8.5	7.2	6.7
Total equity and liabilities	**5,848.0**	**6,078.0**	**5,613.2**

Segment reporting

Group Management currently identifies the two following business areas as its operating segments: property management and project development. Group-wide items are recognised 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.

	Property management		Project development		Other		Group	
Income statement, SEK m	**2024 Jan-Jun**	**2023 Jan-Jun**	**2024 Jan-Jun**	**2023 Jan-Jun**	**2024 Jan-Jun**	**2023 Jan-Jun**	**2024 Jan-Jun**	**2023 Jan-Jun**
Revenue	313.8	292.5	0.0	0.0	0.4	0.0	314.2	292.6
Costs	-143.9	-129.5	0.0	0.0	0.0	0.0	-143.9	-129.5
Net operating income	**169.9**	**163.0**	**0.0**	**0.0**	**0.4**	**0.1**	**170.3**	**163.1**
Central administrative costs	-4.9	-6.7	0.0	-0.2	-22.3	-20.1	-27.3	-27.0
Operating profit/loss	**165.0**	**156.3**	**0.0**	**-0.2**	**-21.9**	**-20.1**	**143.0**	**136.0**
Financial income and expenses	-104.3	-93.7	1.2	2.7	17.5	10.3	-85.6	-80.7
Profit from property management	**60.7**	**62.6**	**1.2**	**2.5**	**-4.4**	**-9.8**	**57.5**	**55.3**
Changes in value of properties	-34.0	-287.0	0.0	-0.8	0.0	0.0	-34.0	-287.8
Changes in value of derivatives	-14.1	0.0	0.0	0.2	56.6	-6.4	42.5	-6.3
Profit/loss before tax	**12.6**	**-224.4**	**1.2**	**1.9**	**52.2**	**-16.2**	**66.0**	**-238.7**
Tax expense	-21.9	42.5	0.0	-0.2	-11.7	1.3	-33.6	43.6
Profit/loss for the period	**-9.3**	**-181.9**	**1.2**	**1.6**	**40.5**	**-14.9**	**32.4**	**-195.2**

	Property management		Project development		Other		Group	
Balance sheet, SEK m	**30/06/2024**	**30/06/2023**	**30/06/2024**	**30/06/2023**	**30/06/2024**	**30/06/2023**	**30/06/2024**	**30/06/2023**
Investment properties	9,050.5	8,883.6	20.5	148.1	-	-	9,071.0	9,031.7
Non-current interest-bearing liabilities	3,094.0	4,407.8	-	-	-	-	3,094.0	4,407.8
Current interest-bearing liabilities	1,862.7	430.6	-	57.4	-	-	1,862.7	488.0
Deferred tax liability attributable to property reappraisal	224.9	231.1	-	0.0	-	-	224.9	231.1

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 then transferred to the property management segment.

Sustainability

KlaraBo's sustainability agenda is based on the UN Sustainable Development Goals within the three dimensions of ESG (environmental, social and governance).

On the basis of a stakeholder dialogue and materiality analysis, we have identified five key sustainability topics where we can make a difference and promote the development of a sustainable society. Goals have been formulated in the respective areas, and a selection of these is presented below.

ENVIRONMENT

Climate and energy: examples of goals

Only renewable energy will be used for electricity, heating and vehicles in our operation by 2030. We are to be climate-neutral in our entire value chain by 2045.

All of our newly constructed housing units are to be certified at the level of the Nordic Swan.

All of our properties will be inventoried for the risk of negative consequences due to climate change.

Circular societies: examples of goals

It will be possible to sort household waste in all of our neighbourhoods.

70 per cent of all construction materials will be sorted for recycling in connection with conversions and new construction.

Before renovating an apartment, we will take an inventory of which products can be preserved or reused.

SOCIAL RESPONSIBILITY

Secure and pleasant neighbourhoods: examples of goals

We will perform an annual security round in all of our neighbourhoods.

We will offer 50 summer jobs or employment opportunities to residents of our residential areas, through 2025.

We will establish partnerships with local sports organisations in all of our neighbourhoods, with the aim of creating meaningful recreational activities for young people.

Employees: examples of goals

We will have reached a long-term even gender distribution (40/60) and reflect society with respect to international background by no later than 2025.

All employees will be provided with introductory training in KlaraBo's sustainability work and Code of Conduct.

CORPORATE GOVERNANCE

Sustainable business: examples of goals

No reported cases in the whistleblower function.

100 per cent sign-off on the Code of Conduct (internally) and prepare a Code of Conduct for Suppliers.

Sustainability-related activities during the period

- There is a great deal of focus on preparing KlaraBo for the Corporate Sustainability Reporting Directive (CSRD). KlaraBo has begun conducting double materiality assessments, a method for identifying the company's key sustainability topics for reporting. A comprehensive mapping of the value chain was carried out in Q2 and stakeholder dialogues are ongoing with various parties in the value chain and financiers.

- KlaraBo's annual employee survey was carried out and the results indicate a substantial improvement compared with last year. Employee satisfaction increased in essentially every area, especially with respect to the company's overall communication. The trend is clear at the head office as well as within management. During the year, KlaraBo has worked actively to implement various measures and can report that this has led to increased commitment among the company's employees.

- KlaraBo signed agreements for climate-allocated district heating for our properties in Bollnäs. This will result in a reduction of approximately 1,000 tonnes of CO_2e, the equivalent of 10,000 round-trip car journeys between Stockholm and Gothenburg.

Additional descriptions of each area, including KlaraBo's goals, are available at klarabo.se/hallbarhet.

Current earnings capacity

Earnings capacity on a 12-month basis for KlaraBo's property management operations as of 30 June 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. 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. Earnings capacity does not reflect all of the costs for management and project operations.

Current earnings capacity, 12 months

SEK m	Jul 1 2024	Apr 1 2024	Jan 1 2024	Oct 1 2023	Jul 1 2023	Apr 1 2023
Rental revenue	**642.1**	**640.1**	**634.9**	**603.9**	**600.6**	**593.8**
Property expenses	-261.1	-261.1	-261.1	-243.8	-243.4	-243.4
Net oper income	**381.0**	**379.0**	**373.8**	**360.1**	**357.1**	**350.4**
Surplus ratio, %	**59.3**	**59.2**	**58.9**	**59.6**	**59.5**	**59.0**
Central administrative costs	-43.8	-43.8	-43.8	-40.1	-40.1	-40.0
Financial income and expenses	-175.0	-168.1	-168.9	-173.6	-171.5	-169.9
Income from property management	**162.2**	**167.2**	**161.2**	**146.4**	**145.5**	**140.6**
Profit from prop mgmt per share, SEK	1.24	1.28	1.23	1.12	1.11	1.07
Number of shares, million	130.6	130.9	131.1	131.1	131.1	131.1
Interest-coverage ratio	1.9	2.0	2.0	1.8	1.8	1.8

Rental revenue increased SEK 2 million during the quarter, mainly due to rent increases and new construction, which amounted to SEK 1 million. In addition, 35 ROT renovations were carried out during the quarter and contributed to the increase in revenue.

Compared with the previous quarter, earnings attributable to income from property management decreased 3.0 per cent, which was primarily due to higher financial expenses.

Owing to the high interest-rate hedging ratio in the loan portfolio, only around 30 per cent of the portfolio is impacted by changes in interest rates. Annual financial expenses increased SEK 7 million compared with the previous quarter due to higher loan volumes. The average interest rate, including derivatives, was just over 3.6 per cent on 30 June 2024.

Key performance indicators (KPI)

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	**2024 Apr-Jun**	**2023 Apr-Jun**	**2024 Jan-Jun**	**2023 Jan-Jun**	**2023 Jan-Dec**
Rental revenue, SEK m	157.5	149.7	314.2	292.6	589.7
Profit from prop mgmt, SEK m	37.3	40.3	57.5	55.3	124.2
Profit for the period, SEK m	28.7	-34.5	32.4	-195.1	-381.5
Surplus ratio, %	61.5	63.9	54.2	55.7	57.2
Real occupancy rate, %	97.7	98.4	97.7	98.4	97.8
Investment properties, SEK m	9,071.0	9,031.7	9,071.0	9,031.7	9,031.9
Market value per sq. m.	18,099	17,838	18,099	17,838	18,032
Total lettable area, '000 sq. m.	500.0	497.6	500.0	497.6	499.5
No. of apartments under mgmt	6,614	6,558	6,614	6,558	6,604
No. of apartments in project devt	963	1,373	963	1,373	1,098
Financial					
Equity/assets ratio, %	42.7	43.8	42.7	43.8	42.6
Loan-to-value ratio, %	52.8	51.7	52.8	51.7	52.2
Interest-coverage ratio, multiple	1.8	1.8	1.8	1.8	1.8
Net realizable value, SEK m	4,187.8	4,278.0	4,187.8	4,278.0	4,189.1
Share-based					
Profit from property management per share, SEK	0.29	0.31	0.44	0.42	0.95
Equity per share, SEK	30.3	31.4	30.3	31.4	30.0
Net realizable value per share, SEK	32.1	32.6	32.1	32.6	32.0
Annual growth, profit from property management per share, %	148.6	98.3	283.0	9.8	10.0
Annual growth, net realizable value per share, %	-3.6	-8.5	-3.6	-8.5	-7.3
No. of shares at end of period before/after dilution, million	130.6	131.1	130.6	131.1	131.1
Weighted average No. of shares during period before dilution, million	130.7	131.1	130.9	131.2	131.1

Definitions of key performance indicators

	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 regarding letting and property management.

Reconciliation table, key performance indicators

	2024 Apr-Jun	2023 Apr-Jun	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Market value per sq. m.					
A Investment properties, SEK m	9,071.0	9,031.7	9,071.0	9,031.7	9,031.9
B New construction in progress, SEK m	10.5	148.1	10.5	148.1	14.0
C Site leaseholds	10.6	7.3	10.6	7.3	10.6
D Total lettable area, 000 sq. m.	500.0	497.6	500.0	497.6	499.5
(A-B-C)/D Market value per sq. m.	**18,099**	**17,838**	**18,099**	**17,838**	**18,032**
Surplus ratio, %					
A Net operating income, SEK m	96.9	95.7	170.3	163.1	337.2
B Revenue, SEK m	157.5	149.7	314.2	292.6	589.7
A/B Surplus ratio, %	**61.5**	**63.9**	**54.2**	**55.7**	**57.2**
Real occupancy rate, %					
A No. of apartments	6,614	6,558	6,614	6,558	6,604
B No. of apartments not rented	268	215	268	215	231
C Apts set aside for renovation or with signed leases	113	110	113	110	85
1-(B-C)/A Real occupancy rate, %	**97.7**	**98.4**	**97.7**	**98.4**	**97.8**
Equity/assets ratio, %					
A Total equity at the end of the period, SEK m	3,959.5	4,122.8	3,959.5	4,122.8	3,936.3
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	9,276.7	9,405.2	9,276.7	9,405.2	9,249.9
(A+B)/C Equity/assets ratio, %	**42.7**	**43.8**	**42.7**	**43.8**	**42.6**
Loan-to-value ratio, %					
A Non-current interest-bearing liabilities, SEK m	3,094.0	4,407.8	3,094.0	4,407.8	4,762.7
B Current interest-bearing liabilities, SEK m	1,862.7	488.0	1,862.7	488.0	116.1
C Cash and cash equivalents at end of the period, SEK m	168.9	222.3	168.9	222.3	168.5
D Investment properties, SEK m	9,071.0	9,031.7	9,071.0	9,031.7	9,031.9
(A+B.C)/D Loan-to-value ratio, %	**52.8**	**51.7**	**52.8**	**51.7**	**52.2**
E Construction credit attr to new construction, SEK m	0.0	57.4	0.0	57.4	67.0
F Seller financing, SEK m	0.0	0.0	0.0	0.0	0.0
G New construction in progress, SEK m	10.5	148.1	10.5	148.1	14.0
(A+B-E-F)/(D-G) Loan-to-value ratio, investment properties, %	**54.7**	**54.5**	**54.7**	**54.5**	**53.4**
Interest-coverage ratio, multiple					
A Operating profit/loss, rolling 12 months, SEK m	292.9	396.6	292.9	396.6	285.9
B Interest income/expense, rolling 12 months, SEK m	-166.5	-215.7	-166.5	-215.7	-161.7
A/-B Interest-coverage ratio, multiple	**1.8**	**1.8**	**1.8**	**1.8**	**1.8**
net realizable value, SEK m					
A Equity, SEK m	3,959.5	4,122.8	3,959.5	4,122.8	3,936.3
B Add-back of derivatives, SEK m	-5.7	-96.8	-5.7	-96.8	36.7
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	234.1	252.5	234.1	252.5	216.0
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	0.0	-0.4	0.0	-0.4	-0.1
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	**4,187.8**	**4,278.0**	**4,187.8**	**4,278.0**	**4,189.1**

	2024 Apr-Jun	2023 Apr-Jun	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Profit from property management per share, SEK					
A Profit from prop mgmt, SEK m	37.3	40.3	57.5	55.3	124.2
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	130.7	131.1	130.9	131.2	131.1
(A-B)/C Profit from prop mgmt per share, SEK	**0.29**	**0.31**	**0.44**	**0.42**	**0.95**
Equity per share, SEK*					
A Equity, SEK m	3,959.5	4,122.8	3,959.5	4,122.8	3,936.3
B Number of shares at end of the period before/after dilution, million	130.6	131.1	130.6	131.1	131.1
A/B Equity per share, SEK	**30.31**	**31.45**	**30.31**	**31.45**	**30.02**
net realizable value per share, SEK					
A Net reassessment value (net realizable value), SEK m	4,187.8	4,278.0	4,187.8	4,278.0	4,189.1
B Number of shares at end of the period before/after dilution, million*	130.6	131.1	130.6	131.1	131.1
A/B net realizable value per share, SEK	**32.06**	**32.63**	**32.06**	**32.63**	**31.95**
Annual growth, profit from property management per share, %					
A Profit from prop mgmt during the period per share, SEK*	0.29	0.31	0.44	0.42	0.95
B Profit from prop mgmt during the preceding period per share, SEK*	0.11	0.15	0.11	0.38	0.86
A/B-1 Annual growth, profit from prop mgmt per share, %	**148.6%**	**98.3%**	**283.0%**	**9.8%**	**10.0%**
Annual growth, net realizable value per share, %					
A Net realizable value during the period per share, SEK*	32.1	32.6	32.1	32.6	31.95
B Net realizable value during the preceding period per share, SEK*	33.3	35.7	33.3	35.7	34.48
A/B-1 Annual growth, net realizable value per share, %	**-3.6%**	**-8.5%**	**-3.6%**	**-8.5%**	**-7.3%**

* 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.

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 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)

	Change	Effect on fair value, SEK m	Change	Effect on fair value, SEK m
Yield requirement	- 0.25% basis points	499.3	+ 0.25% basis points	-448.1
Rental value*	- 2.50%	-41.5	+ 2.50%	347.7
Operating and maintenance costs	- 2.50%	128.4	+ 2.50%	-128.4
Long-term vacancy rate	- 0.25% basis points	29.2	+ 0.25% basis points	-29.2

*-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, KlaraBo raised a new loan of SEK 100 million with a margin below the company's current average credit margin. During the second quarter, KlaraBo started to refinance loans that mature in 2025.

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, which is generally more expensive in periods of market turbulence and carries a higher risk in connection with refinancing.

Changes in underlying market 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 as needed.

On 30 June 2024, the company had a stable financial position with SEK 168.9 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). Increasing yield requirements and rising financing and energy costs are creating uncertainty regarding future values, which is currently affecting the market.

Conditions for new construction of homes have worsened quickly since the beginning of 2022. Significantly higher financing costs combined with increased yield requirements and construction costs have generally resulted in a rapid and drastic slowdown in housing construction. The impact on KlaraBo's 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

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. The Group comprises wholly owned subsidiaries and jointly controlled companies. The number of employees was 65 (70), of whom 22 women (22) and 43 men (46).

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 2023 Annual Report. Accounting policies are unchanged compared with the 2023 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.

No transactions with related parties have taken place without being in line with market conditions. Aside from remuneration to senior executives, no transactions with related parties took place during the period.

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 ten votes and each Class B share entitles the holder to one vote. The number of shares amounted to 131,827,883, of which 16,300,000 were Class A and 115,527,883 were Class B. The quotient value for all shares is SEK 0.05 per share. As of the closing date, the company had repurchased a total of 1,188,962 shares.

Largest shareholders, 30 June 2024

	Class A shares	Class B shares	Total	Capital	Voting rights
Investment AB Spiltan	1,934,484	13,519,220	15,453,704	11.7%	11.8%
Rutger Arnhult	0	10,047,389	10,047,389	7.6%	3.6%
Pensionskassan SHB Försäkringsförening	0	9,360,610	9,360,610	7.1%	3.4%
Ralph Mühlrad	1,285,000	7,258,728	8,543,728	6.5%	7.2%
Wealins S.A.	0	8,104,701	8,104,701	6.1%	2.9%
Anders Pettersson med familj	3,466,316	3,327,793	6,794,109	5.2%	13.6%
Lennart Sten	2,495,000	3,632,335	6,127,335	4.6%	10.3%
Samhällsbyggnadsbolaget i Norden AB	0	5,646,065	5,646,065	4.3%	2.0%
ODIN Fonder	0	5,362,116	5,362,116	4.1%	1.9%
Länsförsäkringar Fonder	0	5,222,578	5,222,578	4.0%	1.9%
Mats Johansson	2,699,400	0	2,699,400	2.0%	9.7%
Andreas Morfiadakis	2,361,287	113,400	2,474,687	1.9%	8.5%
Avanza Pension	0	2,384,694	2,384,694	1.8%	0.9%
Richard Mühlrad	785,000	1,044,832	1,829,832	1.4%	3.2%
Carnegie Fonder	0	1,597,709	1,597,709	1.2%	0.6%
Others	1,273,513	38,905,713	40,179,226	30%	19%
	16,300,000	**115,527,883**	**131,827,883**	**100%**	**100%**

Warrants

KlaraBo has two current warrant programmes issued to the company's employees. The first 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 second 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 31 March, the incentive programmes encompassed a maximum of 1,929,440 warrants that can be utilised to subscribe for a maximum of 1,929,440 Class B shares, corresponding to a dilution effect of at most 1.44 per cent based on the number of shares in the company.

At the 2024 Annual General Meeting, management was authorised to issue 2,000,000 warrants to employees at a price in line with the market. For more information about the resolution, refer to the Meeting documents on the company's website.

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, 16 July 2024

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
Joacim Sjöberg, Board member	Andreas Morfiadakis, Chief Executive Officer	

This interim report has not been reviewed by the company's auditor.

Calendar

Interim report Q3, January–September 2024	6 November 2024
Year-end report 2024	18 February 2025

Contact information

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