

# Q1 Interim Report 31 March 2023

## January–March

- Revenue for the quarter amounted to SEK 142.9 million (118.7), a year-on-year increase of 20.4 per cent.
- The Group's net operating income amounted to SEK 67.4 million (59.4), up 13.5 per cent year-on-year.
- Profit from property management for the quarter amounted to SEK 15.0 million (30.2), a year-on-year decrease of 50.3 per cent that was primarily attributable to higher interest rates.
- Changes in the value of investment properties amounted to SEK -174.1 million (169.2) and changes in the value of derivatives to SEK -41.6 million (39.8).
- Profit for the quarter totalled SEK -160.6 million (188.6), corresponding to SEK -1.22 per share (1.43).
- The loan-to-value ratio was 51.2 per cent at 31 March, consisting solely of bank borrowing.

## The period in brief

### Significant events

- Jonas Rosengren recruited as the new CFO. Jonas will take up his post during the second quarter.
- Five-year contract extension signed for approximately 850 square metres with Systembolaget in central Västervik. The rental value amounts to approximately SEK 1.8 million per year.
- Fixed-rate term of the debt portfolio extended by just over a year. On 31 March, the fixed-rate term was 4.3 years, with a hedging ratio of 80 per cent.

Market value per sq. m., SEK	Housing unit rental value, rolling 12 months, percentage points	Real occupancy rate, %	Share of debt portfolio hedged for interest rates, %
17,923	5.9	98.4	79.6

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

	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Profit from prop mgmt, SEK m	15.0	30.2	113.4
Profit for the period, SEK m	-160.6	188.6	125.1
Market value per sq. m.	17,923	18,954	18,044
Surplus ratio, %	47.2	50.0	55.6
Real occupancy rate, %	98.4	98.7	98.1
Equity/assets ratio, %	43.9	49.6	44.6
Loan-to-value ratio, %	51.2	42.8	49.7
Interest-coverage ratio, multiple	1.7	2.3	2.0
Interest-rate hedging ratio, %	79.6	49.7	67.1
Fixed-interest period, year	4.3	1.6	3.4
Profit from property management per share, SEK	0.11	0.23	0.86
Earnings per share after dilution, SEK	-1.22	1.43	0.95
Net realizable value per share, SEK	33.3	35.4	34.5

## Comments from the CEO

# Profit from property management and cash flow are set to increase, despite a challenging market



Andreas Morfiadakis, CEO

One of the more important events during the quarter was this year's rent negotiations. These negotiations, which have been challenging, are now mostly complete and mean that our rents will be raised by of 4.4 per cent on average for 2023. We have already seen some effect from the increases during the first quarter, but the majority of the increases did not come into effect until 1 April. Thus our revenue will increase further beginning in the second quarter.

The first quarter is seasonally the most costly quarter of the year, with higher operating costs for heat, electricity and snow removal. These costs were somewhat higher on a like-for-like basis than in the corresponding quarter last year since we have seen the impact of cost inflation, primarily in public utility costs. In order to maintain cost control and manage these challenges, we continuously work to identify opportunities for new savings in the entire operation.

### Limited financial risk

We continued to limit the risks and increase the predictability and stability of our financing during the quarter. Our interest rate hedging ratio is now just under 80 per cent, while the fixed-interest period has been extended by approximately one additional year to 4.3 years as of 31 March. The credit lock-in period was 2.2 years, with just over SEK 500 million maturing in the latter part of 2023. The loan-to-value ratio on our bank loans was 51.2 per cent, with approximately SEK 260 million in cash at the end of the quarter. Bonds have never been part of our financing, which is reassuring in today's market.

### Higher earnings capacity

In practice, the combination of our interest rate hedging ratio and fixed-interest period provides a high level of predictability for the next few years. Rising interest rates thus have a distinctly limited effect for us, compared with many other companies. If we simply continue to improve our portfolio in accordance with our strategy, we will see our earnings capacity per share gradually increase thanks to this high level of predictability. In terms of cash flow, this corresponds to healthy annual growth per share over the next three years, based on the current interest rate forecast, as well as revenue and costs being indexed by 2 per cent.

In other words, I don't foresee that our interest expenses will rise significantly from current levels, while on the other hand our profit from property management will increase as a result of general rent increases this year and in the following years, as well as our continued improvements to properties. Meanwhile our interest expenses will only increase marginally in practice, while the vacancy risk in our property portfolio is extremely low.

### Continued value creation in the portfolio

We continued to improve our portfolio during the quarter. A total of 65 renovations were completed, which together with other measures to raise standards contributed to a 1.0 per cent increase in the rental value for homes above the general rent increases. We exercise complete control over our business thanks to our business model. Since two thirds of the portfolio of approximately 6,600 apartments need to be upgraded, and we have an effectively non-existent vacancy rate, profit from property management is set to increase for the next several years, all else being equal.

### A safety cushion built into the business model

Property values continued to decrease during the quarter as a result of an average increase in yield requirements of approximately 16 basis points. If we also include the previous quarter, the yield requirement has increased by an average of 41 basis points. In our sensitivity analysis, this change corresponds to a theoretical loss in value of SEK 850 million for the last two quarters, or just over 9 per cent of the property value at year-end, all else being equal.

However, the decline in the value of the portfolio was limited to approximately SEK 322 million for the last two quarters thanks to KlaraBo's measures to increase value, or organic growth in other words. Thus the effect is mitigated by over SEK 500 million by continuing to develop and improve the portfolio,

despite higher yield requirements for our portfolio in the last two quarters, an opportunity that many companies in the market do not have. With an average rent at the low rate of SEK 1,068 per square metre for the unimproved part of the portfolio, which is significantly below the general market level, there is thus significant room for value creation in the future.

### Outlook

After several years of challenges, including the pandemic and runaway inflation, signs of a stabilisation of inflationary factors are being seen, such as lower energy prices and a more balanced supply. With a bit of patience, this can be viewed as the first steps in adapting to new conditions, which is why we are convinced that rent levels, energy prices, etc. will eventually find a new equilibrium.

All in all, since attractive acquisition opportunities may arise in the future and with a bit of patience, I see reasons to be more optimistic than the industry in general so far. For the time being, we are continuing our efforts to – according to our proven business model – create long-term shareholder value by reinvesting in our property portfolio.

**Andreas Morfiadakis**  
CEO, KlaraBo



Fagerängen, Trelleborg

# 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 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 86 per cent of contracted rents on 31 March. As of 31 March, KlaraBo's property portfolio had a lettable area of approximately 497,700 square metres distributed across 6,557 apartments with contracted annual rent of about SEK 594 million. The portfolio also includes 1,366 apartments under construction and project development.

## 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 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.

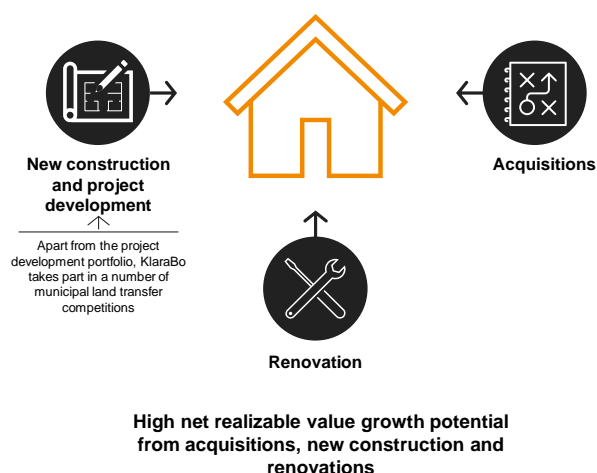
## Financial goals

- 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.

## 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.

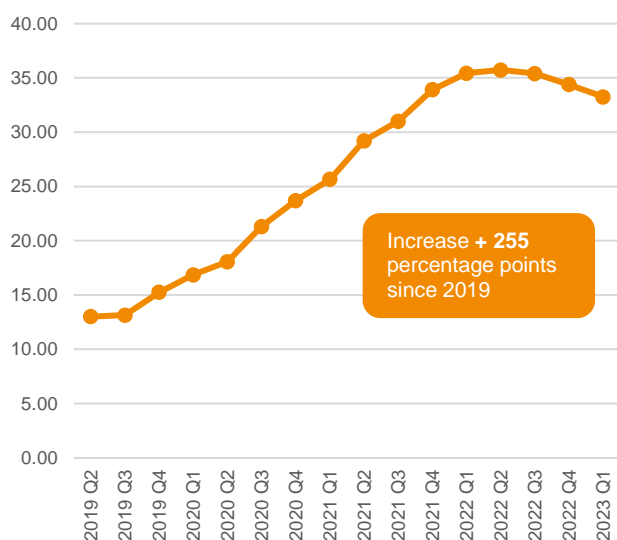
## KlaraBo's business model



OVERALL GOALS

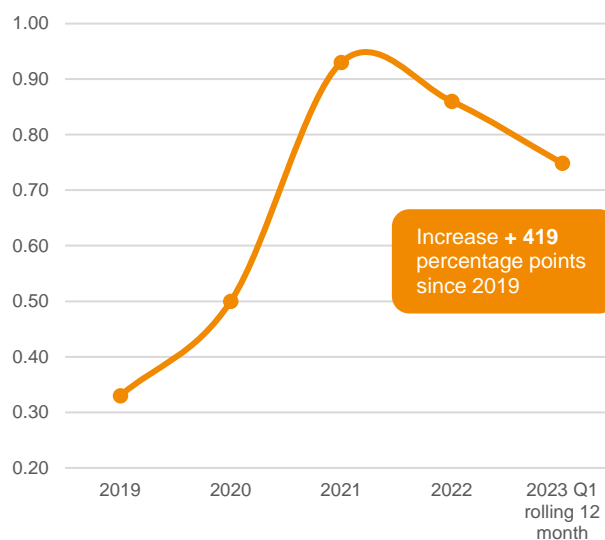
		Goal	Outcome 2022 YTD
<b>Number of apartments</b>	KlaraBo has the goal of owning and managing at least 500,000 square metres of residential floor space by the end of 2025.	>500,000 sq. m.	434,500
<b>Development rights</b>	KlaraBo's objective is to commence construction of at least 200 housing units in 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	-
<b>Rental value</b>	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
<b>Net realizable value</b>	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
<b>Profit from property management</b>	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
<b>Dividend</b>	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	-
<b>Sustainability</b>	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



**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.

Profit from property management per share, SEK



**Profit from property management:** 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.

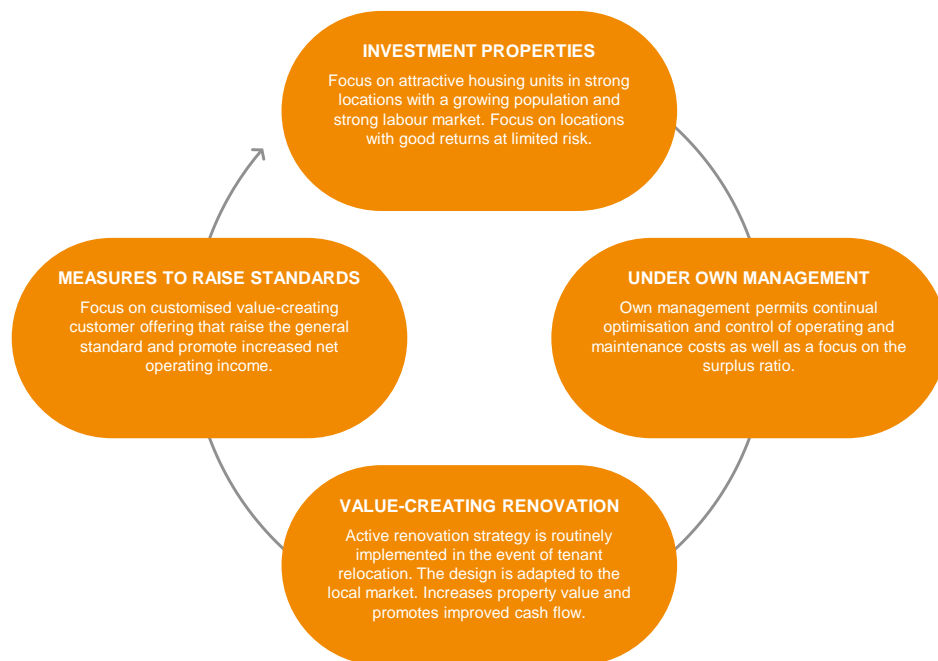
# Property portfolio

## 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. 86 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 225 properties with a total lettable area of approximately 497,700 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.

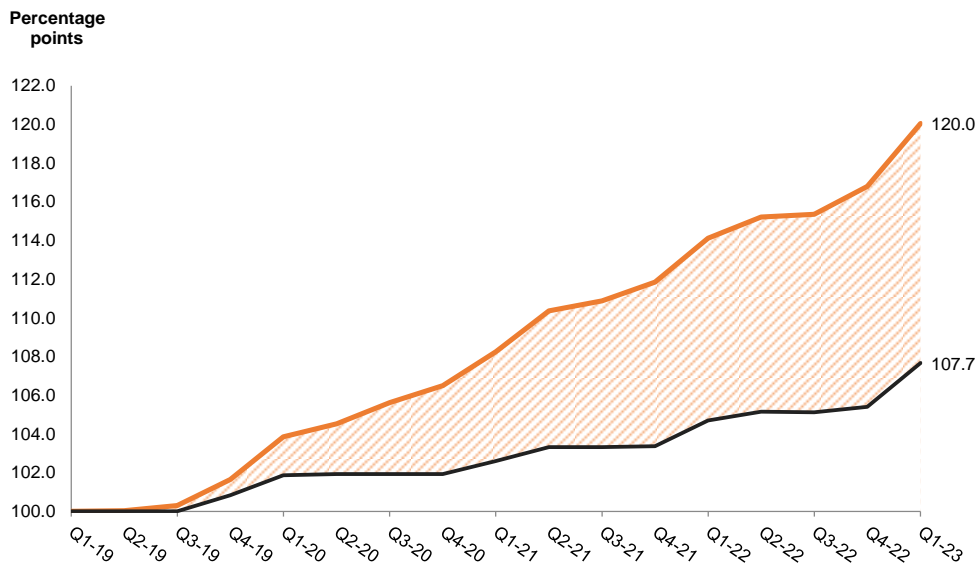


During the quarter, the company invested SEK 41.9 million (41.7) in existing investment properties through value-creating measures, with the primary investment measure being total renovation as well as energy-saving measures in order to create value. Total renovation means that the apartments are renovated 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.

# 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 12.4 percentage points for portfolios on a like-for-like basis since 2019.

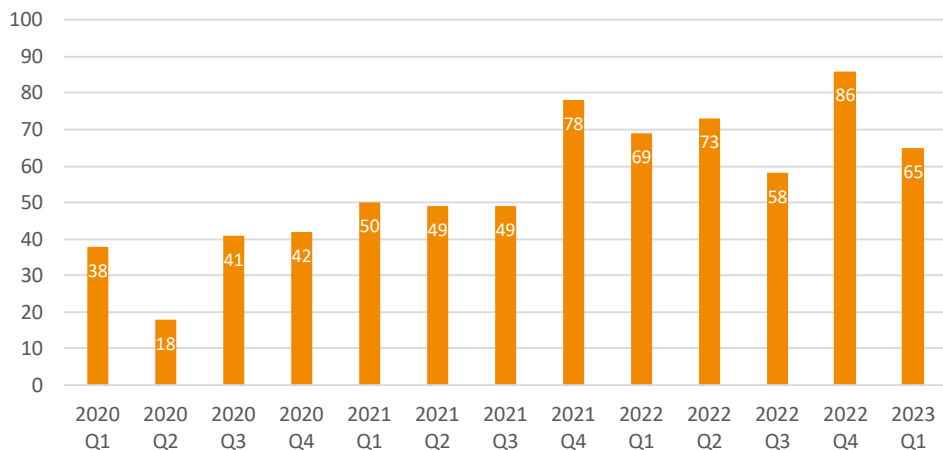
## Rental value development



A general rent increase for 2023 was completed for large parts of the portfolio during the first quarter. Adjusted for the general rent increase, the rental value for homes increased by 1.0 percentage points during the quarter. 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.

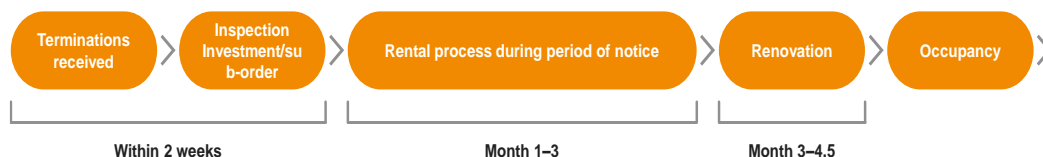
A core part of KlaraBo's strategy is to continually take measures to increase the value of its existing portfolio, both measures that increase revenue and those that reduce costs. KlaraBo ensures that apartments in need of renovation meet today's standards, with modern kitchens, bathrooms and energy-efficient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

## Number of total renovations performed



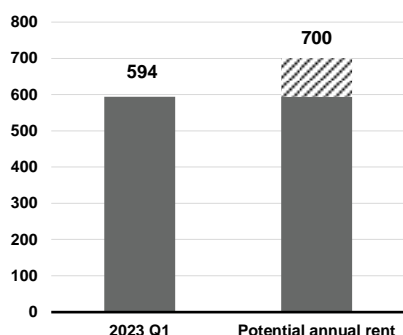
The reason that KlaraBo can maintain this level of renovation is because the natural shift in the portfolio is relatively constant and apartments that are vacated are unrenovated. The outcome for the first quarter was 65 apartments, which means that the average rate of renovations for the last four quarters is over 71 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 98.4 per cent.

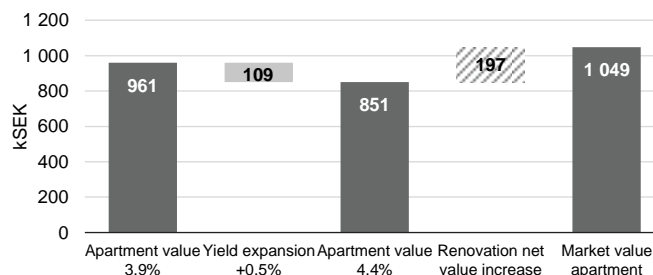


In addition to total renovation of apartments, KlaraBo focuses on adapting customer offerings through general measures to raise the standard of the apartments. This is achieved by offering existing tenants various choices that lead to increased customer satisfaction and simultaneously raise the actual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

**Contracted annual rent, SEK m**



**Potential value per apartment**



The diagram above illustrates contracted annual rent for the existing management portfolio as of 31 March 2023, with an additional bar for expected contracted rent after renovation of the existing unrenovated portfolio.

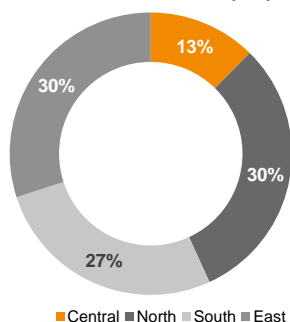
The diagram above shows the value before and after raising the yield requirement as well as the effect of the net increase in value with a ROT renovation of an example apartment. The example shows how ROT renovations counteract any declines in value associated with an increase in the yield requirement.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

**Investment properties excluding project development**

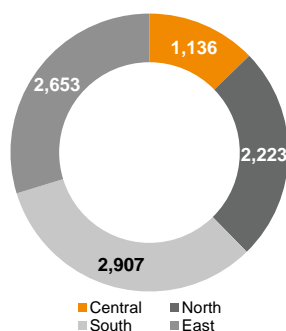
Region	No. of properties	No. of apartments	Area, 000 sq. m.			Market value	
			RFA	Other	Total	SEK m	SEK/sq. m.
Central	76	851	54.7	11.8	66.5	1,136	17,079
North	34	2,040	141.3	8.1	149.4	2,223	14,881
South	61	1,696	108.8	26.2	134.9	2,907	21,543
East	54	1,970	129.7	17.1	146.8	2,653	18,073
<b>Total</b>	<b>225</b>	<b>6,557</b>	<b>434.5</b>	<b>63.2</b>	<b>497.7</b>	<b>8,920</b>	<b>17,923</b>

Region	Rental value		Economic			Property expenses		Net oper income	
	SEK m	SEK/sq. m.	occ. rate, %	rate, % nual rent, SEK m	SEK m	SEK m	SEK/sq. m.	SEK m	SEK/sq. m.
Central	86.9	1,306	95.0	97.8	82.6	33.0	496	49.6	745
North	166.8	1,117	94.0	97.5	156.8	65.6	439	91.2	610
South	183.8	1,362	94.6	98.3	173.9	57.9	429	116.0	860
East	188.2	1,282	96.0	99.6	180.6	57.2	390	123.4	840
<b>Total</b>	<b>625.7</b>	<b>1,257</b>	<b>94.9</b>	<b>98.4</b>	<b>593.8</b>	<b>213.7</b>	<b>429</b>	<b>380.1</b>	<b>764</b>
<b>Yield</b>								<b>4.3%</b>	
<b>Property management</b>						<b>29.7</b>	<b>60</b>		
<b>Net oper Income Incl prop mgmt</b>					<b>593.8</b>	<b>243.4</b>	<b>489</b>	<b>350.4</b>	<b>704</b>

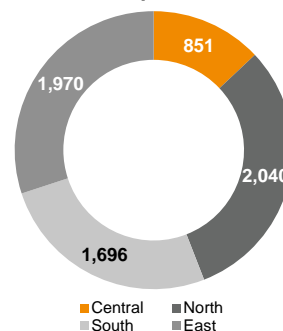
**Rental revenue, residential properties**



**Market value, SEK m**



**No. of apartments**





# Project development and new construction

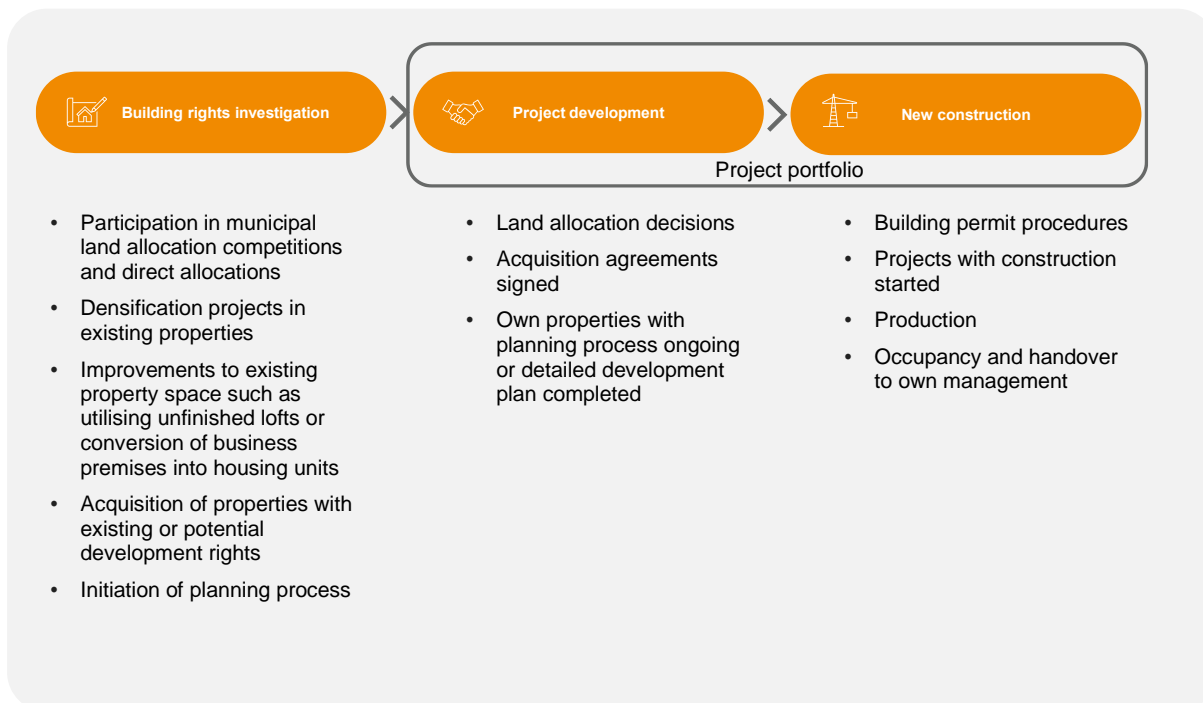
KlaraBo works with the entire value chain for rental apartments, from project development through construction to own management. For us, business development is about pursuing projects from idea to completed construction. We thus create value regardless of whether we focus on improving our existing 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 1,366.



## 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 31 March, KlaraBo had three ongoing projects with 104 apartments in production and a further 1,262 apartments under project development, totalling 1,366 apartments.

### Project portfolio

This situation remains difficult to assess, with continued uncertainty with respect to the market's view on the yield for newly constructed rental units, production costs that remain high overall and a Swedish krona that remains weak. Since the market has not improved, we did not start any new construction projects during the quarter.

The company's decision in the third quarter of 2022 to indefinitely delay projects that had not yet been started meant that there was a risk that some land allocations or agreements would be changed. Therefore, previously reported development rights in Växjö were removed from the table since the land allocation had expired and Växjö municipality chose to withdraw the allocation.

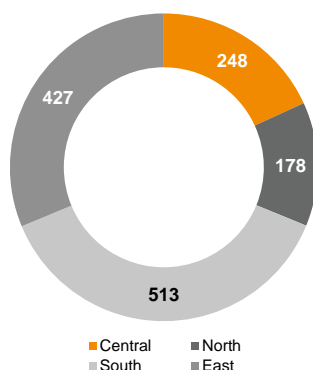
The new construction project in Trelleborg was completed during the quarter, and tenants moved in on 1 March 2023. The project has been well received by the market and all of the apartments have been rented.

Projects in progress are almost exclusively procured at fixed prices, which means that 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.

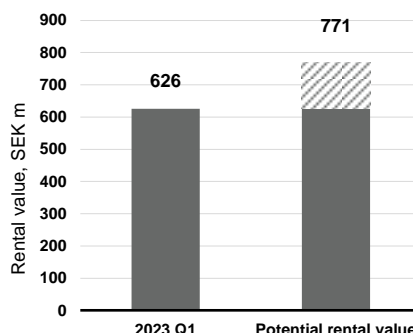
Information about ongoing project developments includes assessments and assumptions, which entails uncertainty with respect to schedules, area, costs and future rental value. The information is updated regularly and should therefore not be viewed as a forecast.

For a full overview of ongoing construction and project development as of 31 March, see below.

**Planned development rights by region**



**Rental value (SEK m)**



The diagram on the left above shows the number of planned development rights by geographic region, while the diagram on the right above illustrates the rental value of the existing management portfolio as of 31 March 2023, with an additional bar for the expected rental value of the ongoing construction of new buildings upon completion.

## 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.			
<b>Construction in progress</b>												
South	Bardisanen 14	Malmö	30	1.4	0.9	2021	2023	2.1	2,253	2	100	
Central	Kvarnsveden 3:197	Borlänge	58	4.5	3.7	2021	2023	6.8	1,855	1	60	
South	Navaren 8 & 10 vind	Helsingborg	16	0.8	0.6	2021	2023	1.3	2,132	1	100	
<b>Project devt in progress</b>												
North	Härsta 9:3	Sundsvall	68	5.1	4.2	2024	2025	8.2	1,960	1	60	
South	Aspeholm 13	Lund	20	1.4	1.2	2024	2025	2.2	1,816	2	100	
South	Hällefundran 8, vind	Malmö	13	0.6	0.5	2023	2024	0.9	2,000	3	100	
North	Gullbernahult 101 & 31	Karlskrona	48	3.8	3.2	2024	2026	5.6	1,750	2	60	
East	Rödjan 7	Kävlinge	238	20.0	15.5	2024	2026	28.7	1,850	3	60	
Central	Falun 9:22	Falun	135	11.0	8.7	2024	2026	16.1	1,850	3	60	
North	Hässleholm 87:22	Hässleholm	62	5.3	4.6	2024	2026	7.6	1,650	3	100	
Central	Sätra	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	76	6.4	4.4	2023	2024	8.3	1,905	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	
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	2024	2025	4.1	1,959	2	60	
<b>Total</b>			<b>1,366</b>	<b>101.9</b>	<b>80.3</b>			<b>145.1</b>	<b>1,807</b>			

### 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



Motala

# Condensed consolidated statement of comprehensive income

SEK m	Notes	2023 3 months Jan-Mar	2022 3 months Jan-Mar	2022 12 months Jan-Dec
Revenue	1	142.9	118.7	501.6
Costs	2	-75.5	-59.3	-222.7
<b>Net operating income</b>	<b>3</b>	<b>67.4</b>	<b>59.4</b>	<b>278.9</b>
Central administrative costs	4	-12.7	-11.5	-46.5
<b>Operating profit/loss</b>		<b>54.7</b>	<b>47.8</b>	<b>232.4</b>
Financial income/costs	5	-39.6	-17.6	-119.0
<b>Profit from property management</b>		<b>15.0</b>	<b>30.2</b>	<b>113.4</b>
Changes in value of properties	6	-174.1	169.2	-25.7
Changes in value of derivatives		-41.6	39.8	95.9
<b>Profit/loss before tax</b>		<b>-200.7</b>	<b>239.2</b>	<b>183.6</b>
Tax expense	7	40.1	-50.7	-58.5
<b>Profit for the period</b>		<b>-160.6</b>	<b>188.6</b>	<b>125.1</b>
<b>Comprehensive income for the period</b>		<b>-160.6</b>	<b>188.6</b>	<b>125.1</b>
Parent Company shareholders		-160.6	188.6	125.1
Earnings per share before dilution, SEK		-1.22	1.43	0.95
Earnings per share after dilution, SEK		-1.22	1.43	0.95
Surplus ratio		47.2%	50.0%	55.6%

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

## Earnings analysis, January–March 2023

The income statement items below pertain to the quarter in the period from 1 January to 31 March 2023. Comparison items pertain to the year-earlier period. All amounts are in SEK million.

### Note 1 Revenue

Revenue for the quarter amounted to SEK 142.9 million (118.7), a year-on-year increase of 20.4 per cent. Revenue for portfolios on a like-for-like basis increased approximately 6.2 per cent, mainly due to the Group's ongoing measures to raise standards. Acquisitions and the completion of new construction contributed SEK 18.0 million in revenue.

### 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 -75.5 million (-59.3), corresponding to an increase of 27.3 per cent. The increase is a natural effect of the properties added through acquisitions as well as the completion of new construction. Costs for portfolios on a like-for-like basis rose 11.9 per cent year-on-year. Electricity costs remained high but stable during the quarter, and the worst peaks from 2022 are behind us. Taken together with higher costs for snow removal and heating, costs for the quarter were higher than last year as a result.

The higher heating costs during the quarter were partially driven by a decision by the General Court of the European Union to annul Sweden's tax exemption for biogas. This means that the Swedish Tax Agency will no longer grant a refund for tax paid on biogas used for heating. In parts of our portfolio, especially in Trelleborg, biogas is used for heating and as auxiliary backup heating.

KlaraBo's current forecast electricity volume is approximately 11,000 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 the end of 2023. Currently, approximately 80 per cent of the total volumes are included in the agreement with Vattenfall. The remaining volumes will gradually be added as existing agreements with other suppliers expire.

In the case of the previously approved electricity price support for companies in electricity price areas 3 and 4 (50 and 79 öre per kWh, respectively), it will be possible to submit applications from 30 May and 25 September according to the most recent information from the government. It is not currently known when the payment will be made, and KlaraBo has not recognised this compensation for the period.

Prices for our ROT renovations remained at reasonable levels but there are regional differences across the country. Prices are more attractive in the south compared with the north. This is being evaluated and analysed with the goal of achieving more similar prices for the entire country.

### Note 3 Net operating income and surplus ratio

Net operating income for the quarter amounted to SEK 67.4 million (59.4), a year-on-year increase of 13.5 per cent. The completion of new construction and completed acquisitions brought in net operating income of SEK 8.9 million. The surplus ratio for the quarter amounted to 47.2 per cent (50.0).

### Note 4 Central administrative costs

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

Central administrative costs for the quarter totalled SEK -12.7 million (-11.5), which is SEK 0.5 million higher than for Q4 2022. The increase is primarily attributable to a nonrecurring cost for the recruitment of a new CFO. Costs this year are SEK 1.2 million higher compared with the same quarter last year, primarily due to consulting costs.

### Note 5 Financial income/expenses

Financial income/expenses for the quarter totalled SEK -39.6 million (-17.6). 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.

### 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. 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.

During the first quarter of 2023, the property market continued on the path established at the end of 2022, with low activity and a record-low transaction volume. Major uncertainty continues to prevail in the market, and many players remain cautious.

However, a couple of transactions took place in the housing segment during the first quarter, in both new construction and the older portfolio, with yield requirements indicating higher levels than those last year.

One factor that offers resistance to the declines in value is the relatively high rent increases for residential apartments, driven by high inflation. These increases have often come in higher than forecast in the valuation calculations at the end of 2022, and therefore had a certain positive effect on values, although this is not sufficient to withstand a decline in value due to rising yield requirements.

At the end of the quarter, the market value generated a negative change in value of SEK -174.1 million (169.2), with an average increase of approximately 16 points in yield requirements. On its own, a 16 point increase entails a negative value change of just over SEK 350 million, although the Group's value-raising measures and general rent increase entailed a positive value change of approximately SEK 215 million. In addition, investments of just over SEK 35 million were made during the quarter, which all in all resulted in a decline in value of SEK -174.1 million. The average yield requirement for the portfolio as of March 31 was 4.25 percent.

The Group's derivatives are also subject to quarterly market valuations. The change in value for the period amounted to SEK -41.6 million (39.8) and was primarily attributable to the Group's interest-rate derivatives.

#### **Note 7 Tax expense**

Tax for the quarter amounted to SEK 40.1 million (-50.7), of which SEK 35.8 million (-37.7) 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. The Group's current tax expense totalled SEK -4.3 million (-4.8). The remaining SEK 8.6 million (-19.8) comprised a deferred tax expense attributable to changes in the value of the Group's interest-rate derivatives.

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	31/03/2023	31/03/2022	31/12/2022
Intangible assets		0.3	1.3	0.4
Investment properties	8	9,064.2	8,266.5	9,170.7
Property, plant and equipment		9.2	5.8	9.8
Financial non-current assets	9	17.5	26.5	17.8
Derivatives		61.5	47.0	103.1
Receivables		52.8	27.7	51.9
Cash and cash equivalents		259.9	495.7	338.3
<b>Total assets</b>		<b>9,465.4</b>	<b>8,870.3</b>	<b>9,692.0</b>
Equity attributable to Parent Company shareholders	10	4,157.6	4,395.5	4,320.0
Deferred tax liability	11	264.7	327.1	309.2
Non-current interest-bearing liabilities	12	4,788.9	3,229.8	4,800.6
Current interest-bearing liabilities	12	115.8	804.3	97.5
Other liabilities		138.4	113.7	164.7
<b>Total equity and liabilities</b>		<b>9,465.4</b>	<b>8,870.3</b>	<b>9,692.0</b>

## Consolidated statement of changes in equity

SEK m	31/03/2023	31/03/2022	31/12/2022
<b>Opening equity, attributable to Parent Company shareholders</b>	<b>4,320.0</b>	<b>4,206.9</b>	<b>4,206.9</b>
Profit for the period	-160.6	188.6	125.1
Costs attributable to new share issues	-	-0.1	-0.3
Tax effect on share issue costs	-	0.0	0.0
Share repurchase	-1.8	-	-11.7
<b>Closing equity, attributable to Parent Company shareholders</b>	<b>4,157.6</b>	<b>4,395.5</b>	<b>4,320.0</b>
Closing equity, attributable to non-controlling interests	-	-	-
<b>Total equity at the end of the period</b>	<b>4,157.6</b>	<b>4,395.5</b>	<b>4,320.0</b>

## 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 9,064.2 million (8,266.5) at the end of the period, of which project development properties, meaning including new construction in progress, accounted for SEK 146.2 million, site leaseholds valued in accordance with IFRS 16 accounted for SEK 7.3 million and the remainder, SEK 8,910.7 million, pertained to existing investment properties.

#### Carrying amount, investment properties, SEK m

	31/03/2023	31/03/2022	31/12/2022
Opening carrying amount, investment properties	9,170.7	7,850.0	7,850.0
Acquisitions	-	175.1	1,072.5
Investments in investment properties	41.9	41.7	195.2
Investments in new construction properties	25.7	30.5	118.2
Public subsidies	-	-	-39.4
Changes in value	-174.1	169.2	-25.7
<b>Closing carrying amount, investment properties</b>	<b>9,064.2</b>	<b>8,266.5</b>	<b>9,170.7</b>

### Note 9 Financial non-current assets

Financial non-current assets amounted to SEK 17.5 million (26.5), SEK 17.2 million (17.4) of which consisted of participations in jointly controlled companies.

### Note 10 Equity

Equity attributable to Parent Company shareholders totalled SEK 4,157.6 million (4,395.5). The increase is attributable to profit for the period. During the period, equity decreased SEK 1.8 million as a result of the company's share buyback.

### Note 11 Deferred tax liability

The deferred tax liability of SEK 264.7 million (327.1) 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 4,904.7 million (4,034.1) and pertained mainly to financing of the Group's investment properties and new construction in progress. The Group's cash equivalent amounted to SEK 259,9 million (495,7) and in addition to that KlaraBo has available credit facilities of SEK 300 million. Of the total interest-bearing liabilities, SEK 72.7 million (31.8) 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 12.1 million that is also excluded from the table of fixed credit and fixed interest.

The repayments that will be made in the next 12 months amounted to SEK 47.4 million (44.1) at the end of the period. Accrued borrowing expenses of SEK 2.5 million (3.1) reduced interest-bearing liabilities in the balance sheet and are not included in the table below. The fair value of the liabilities does not differ significantly from the carrying amount.

The loan-to-value ratio for the Group on 31 March was 51.2 per cent (42.8).

### Maturity and fixed interest

KlaraBo is to have a limited financial risk. On 31 March, 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 2,750 million (1,400) at the end of the period. The portfolio's fixed-interest period amounted to nearly 4.3 years (1.6) as of 31 March, an increase of approximately one year compared with the preceding quarter due to entering into two new interest-rate swaps for a total of SEK 600 million, where variable interest was swapped for fixed interest with a term of eight to ten years. Including fixed interest-rate credits, the Group's interest-rate hedging ratio is 79.6 per cent (49.7), up from 67.1 per cent in the preceding quarter and up from 51.5 per cent on 30 September 2022. The average interest rate including derivatives is just over 3.5 per cent (1.9), compared with 3.3 per cent on 31 December 2022. This increase compared with the end of 2022 was attributable to a higher STIBOR 3m, which affected the unhedged portion of the loan portfolio. The increase was mitigated by higher positive cash flow from the Group's interest-rate swaps.

The average loan-to-maturity period is 2.2 years (2.8).

The fair value of the interest-rate derivative portfolio amounted to SEK 61.5 million (47.0) at the end of the period.

Maturity	Fixed credit		Fixed interest		Interest-rate swaps	
	SEK m	Share, %	SEK m	Share, %	SEK m	Interest rate, %
2023	536	11	981	20		
2024	368	8	500	10	500	0.09
2025	2,962	61	1,291	27	200	0.18
2026	454	9	-	-	-	-
2027	502	10	-	-	-	-
> 5 years	-	-	2,050	43	2,050	2.70
<b>Total*</b>	<b>4,822</b>	<b>100</b>	<b>4,822</b>	<b>100</b>	<b>2,750</b>	<b>2.04</b>

\*Excluding construction credit, IFRS 16 and accrued loan costs

### Outstanding interest-rate swaps 31/03/2023

Nominal amount (SEK m)	Due	Fixed-rate
100.0	17/07/2024	0.287%
200.0	26/08/2024	0.015%
200.0	11/05/2025	0.181%
200.0	27/08/2024	0.059%
700.0	09/05/2032	2.205%
250.0	18/11/2029	2.873%
300.0	18/11/2030	2.945%
200.0	21/11/2028	2.827%
300.0	16/02/2033	3.055%
300.0	20/02/2031	3.050%
<b>2,750.0</b>		<b>2.044%</b>

### Trend in average interest-rate based on the market's expectations of STIBOR 3m as of 19/04/2023

Period	31/03/2023	30/06/2023	31/12/2023	30/06/2024	31/12/2024	30/06/2025	31/12/2025
FRA CURVE	3.23%	3.87%	3.85%	3.45%	3.14%	2.96%	2.84%
Average interest-rate	3.52%	3.65%	3.65%	3.58%	3.50%	3.43%	3.39%

The table above shows the trend in KlaraBo's interest rate excluding margin, based on the market's expectations for STIBOR 3m according to the FRA curve on 19 April 2023. Only just over 20 per cent of the company's debt portfolio was affected by a rising variable interest rate in 2023 due to the company's hedging ratio. An average of just over 25 per cent of the debt portfolio has a variable interest rate for 2024, and the variable share of interest is 35 per cent for 2025. This in turn contributes to high predictability for the average interest rate and financial expenses, with an increase in STIBOR 3m only having a marginal impact on the average interest rate. In addition to the interest-rate above, the group's average margin is added amounting to 1.65 percent.

# Condensed consolidated cash-flow statement

SEK m	2023 3 months Jan-Mar	2022 3 months Jan-Mar	2022 12 months Jan-Dec
<b>Continuing operations</b>			
Operating profit	54.7	47.8	232.4
Adjustments for non-cash items	0.8	0.4	2.2
Interest received	0.2	-	1.4
Interest paid	-40.1	-18.3	-105.4
Tax paid	-20.5	-12.7	-25.3
<b>Cash flow from continuing operations before changes in working capital</b>	<b>-4.9</b>	<b>17.2</b>	<b>105.4</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables/payables	-10.4	-40.7	-8.9
<b>Cash flow from continuing operations</b>	<b>-15.3</b>	<b>-23.5</b>	<b>96.5</b>
<b>Investing activities</b>			
Acquisition of investment properties	-	-88.0	-252.4
Investments in investment properties	-41.9	-44.1	-197.1
New construction investments	-25.7	-29.7	-117.4
Investment aid received	-	-	20.2
Investments in intangible assets	-	0.0	0.0
Acquisition of property, plant and equipment	-0.1	-0.6	-1.3
Sale of property, plant and equipment	-	-	0.2
<b>Cash flow from investing activities</b>	<b>-67.7</b>	<b>-162.4</b>	<b>-547.8</b>
<b>Financing activities</b>			
New financial liabilities	18.2	203.0	557.8
Borrowing costs	-	-2.2	-14.6
Repayment of financial liabilities	-11.8	-135.7	-358.4
Share repurchase	-1.8	-	-11.7
<b>Cash flow from investing activities</b>	<b>4.6</b>	<b>65.1</b>	<b>173.1</b>
<b>Cash flow for the period</b>	<b>-78.4</b>	<b>-120.9</b>	<b>-278.2</b>
Cash and cash equivalents at beginning of year	338.3	616.5	616.5
<b>Cash and cash equivalents at end of the period</b>	<b>259.9</b>	<b>495.7</b>	<b>338.3</b>

# Condensed Parent Company income statement and balance sheet

## Parent Company income statement

SEK m	2023 3 months Jan-Mar	2022 3 months Jan-Mar	2022 12 months Jan-Dec
Net sales	4.4	2.7	13.5
Personnel costs	-4.5	-3.4	-15.6
Other external expenses	-6.0	-4.9	-21.4
<b>Operating loss</b>	<b>-6.1</b>	<b>-5.6</b>	<b>-23.5</b>
Financial income and expenses	8.5	-0.9	-120.4
<b>Profit/loss after financial items</b>	<b>2.5</b>	<b>-6.5</b>	<b>-143.9</b>
Group contributions paid/received	-	-	60.7
<b>Profit before tax</b>	<b>2.5</b>	<b>-6.5</b>	<b>-83.2</b>
Tax expense	-	0.0	-8.9
<b>Profit for the period</b>	<b>2.5</b>	<b>-6.5</b>	<b>-92.1</b>

## Parent Company balance sheet

SEK m	31/03/2023	31/03/2022	31/12/2022
Property, plant and equipment	0.8	2.5	0.8
Participations in associated companies and joint ventures	2,362.2	2,191.7	2,362.2
Receivables from associated companies and joint ventures	3,474.4	1,637.9	3,434.9
Deferred tax assets	0.0	8.8	0.0
Other receivables	10.0	5.1	8.1
Cash and bank balances	224.4	325.6	272.5
<b>Total assets</b>	<b>6,071.8</b>	<b>4,171.6</b>	<b>6,078.5</b>
Restricted equity	6.6	6.6	6.6
Non-restricted equity	3,173.9	3,270.8	3,173.2
Liabilities to Group companies	2,884.4	890.0	2,891.2
Other liabilities	6.9	4.3	7.5
<b>Total equity and liabilities</b>	<b>6,071.8</b>	<b>4,171.6</b>	<b>6,078.5</b>

# 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.

Income statement, SEK m	Property management		Project development		Other		Group	
	2023 Jan-Mar	2022 Jan-Mar	2023 Jan-Mar	2022 Jan-Mar	2023 Jan-Mar	2022 Jan-Mar	2023 Jan-Mar	2022 Jan-Mar
Revenue	142.7	118.7	0.0	0.0	0.2	0.0	142.9	118.7
Costs	-75.4	-59.3	0.0	0.0	-0.1	0.0	-75.5	-59.3
<b>Net operating income</b>	<b>67.3</b>	<b>59.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>67.4</b>	<b>59.4</b>
Central administrative costs	-2.7	-3.2	0.0	0.0	-10.0	-8.3	-12.7	-11.5
<b>Operating profit/loss</b>	<b>64.6</b>	<b>56.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-9.9</b>	<b>-8.3</b>	<b>54.7</b>	<b>47.9</b>
Financial income and expenses	-42.9	-18.1	0.9	1.3	2.4	-0.9	-39.6	-17.6
<b>Profit from property management</b>	<b>21.6</b>	<b>38.1</b>	<b>0.9</b>	<b>1.3</b>	<b>-7.5</b>	<b>-9.2</b>	<b>15.0</b>	<b>30.2</b>
Changes in value of properties	-173.3	169.2	-0.8	0.0	0.0	0.0	-174.1	169.2
Changes in value of derivatives	-2.6	14.1	0.0	0.4	-39.0	25.3	-41.6	39.8
<b>Profit/loss before tax</b>	<b>-154.3</b>	<b>221.4</b>	<b>0.1</b>	<b>1.7</b>	<b>-46.5</b>	<b>16.1</b>	<b>-200.7</b>	<b>239.2</b>
Tax expense	32.1	-45.3	0.0	-0.1	8.0	-5.2	40.1	-50.7
<b>Profit/loss for the period</b>	<b>-122.2</b>	<b>176.1</b>	<b>0.1</b>	<b>1.6</b>	<b>-38.5</b>	<b>10.9</b>	<b>-160.6</b>	<b>188.6</b>

Balance sheet, SEK m	Property management		Project development		Other		Group	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022
Investment properties	8,917.9	8,112.2	146.2	154.3	0.0	0.0	9,064.2	8,266.5
Non-current interest-bearing liabilities	4,788.9	3,229.8	0.0	0.0	0.0	0.0	4,788.9	3,229.8
Current interest-bearing liabilities	43.1	772.5	72.7	31.8	0.0	0.0	115.8	804.3
Deferred tax liability attributable to property reappraisal	251.4	315.8	0.6	1.4	0.0	0.0	252.0	317.2

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)

KlaraBo has surveyed the impact its operations have on the outside world, what our prioritised areas are and what the goals are in each area.

The process began with a stakeholder dialogue (tenants, employees, the Board, owners and the Swedish Union of Tenants) through online surveys, workshops and in-depth interviews, which resulted in KlaraBo identifying the sustainability areas (see image below) where the company has an actual as well as potential impact on the outside world.

In a subsequent materiality analysis, a sustainability consultant helped determine the areas based on their seriousness and probability in order to identify the most material issues for KlaraBo to address and establish targets for.



Additional descriptions of each area, including KlaraBo's goals, are available at [klarabo.se/hallbarhet](https://klarabo.se/hallbarhet).

## Current earnings capacity

Earnings capacity on a 12-month basis for KlaraBo's property management operations as of 31 December 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. Earnings capacity does not reflect all of the costs for management and project operations.

### Current earnings capacity, 12 months

SEK m	Apr 1 2023	Like-for-like Apr 1 2023	Jan 1 2023	Oct 1 2022	Jul 1 2022	Apr 1 2022
<b>Rental revenue</b>	<b>593.8</b>	<b>593.8</b>	<b>568.8</b>	<b>560.5</b>	<b>494.8</b>	<b>482.3</b>
<b>Property expenses</b>	<b>-243.4</b>	<b>-243.4</b>	<b>-242.9</b>	<b>-228.2</b>	<b>-198.3</b>	<b>-196.6</b>
<b>Net oper income</b>	<b>350.4</b>	<b>350.4</b>	<b>325.9</b>	<b>332.4</b>	<b>296.5</b>	<b>285.7</b>
<b>Surplus ratio, %</b>	<b>59.0</b>	<b>59.0</b>	<b>57.3</b>	<b>59.3</b>	<b>59.9</b>	<b>59.2</b>
Central administrative costs	-40.0	-40.0	-40.0	-40.0	-37.0	-37.0
Financial income and expenses	-169.9	-169.9	-160.5	-142.6	-95.9	-74.9
<b>Profit from property management</b>	<b>140.6</b>	<b>140.6</b>	<b>125.4</b>	<b>149.8</b>	<b>163.6</b>	<b>173.8</b>
Profit from prop mgmt per share, SEK	1.07	1.07	0.95	1.14	1.24	1.32
Number of shares, million	131.1	131.1	131.2	131.6	131.7	131.8
Interest-coverage ratio	1.8	1.8	1.8	2.1	2.7	3.3

Rental revenue increased SEK 25 million during the quarter, of which approximately SEK 2 million is the result of ROT renovations of 65 apartments during the quarter. The remaining increase is due to annual general residential rent increases in large parts of the portfolio, other standard improvements and new fibre optic agreements. The remaining cities where the annual rent increase has not yet been reflected in earnings include Borlänge, Sundsvall, Nybro and Umeå, with a total of approximately 1,000 apartments. The estimated rent increase attributable to the above-mentioned cities amounts to approximately SEK 2.3 million at an estimated rent increase of 4 per cent. This would have resulted in an adjusted surplus ratio of 59.2 per cent.

Net operating income has increased by 7 per cent since the previous quarter as a result of the above, which led to a surplus ratio of 59.0 per cent.

Annual financial expenses increased by SEK 9.4 million as a result of a higher variable interest rate, which affects the portion of the loan portfolio that is not hedged. The average level of STIBOR 3m in the debt portfolio increased from 2.51 per cent in December to 3.23 per cent in March. The average interest rate, including derivatives, was just over 3.5 per cent on 31 March.

The interest-coverage ratio, in accordance with earnings capacity, is a multiple of 1.8.

# Key performance indicator (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.

	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
<b>Property-related</b>			
Rental revenue, SEK m	142.9	118.7	501.6
Profit from prop mgmt, SEK m	15.0	30.2	113.4
Profit for the period, SEK m	-160.6	188.6	125.1
Surplus ratio, %	47.2	50.0	55.6
Real occupancy rate, %	98.4	98.7	98.1
Investment properties, SEK m	9,064.2	8,266.5	9,170.7
Market value per sq. m.	17,923	18,954	18,044
Total lettable area, '000 sq. m.	497.7	427.6	498.7
No. of apartments under mgmt	6,557	5,562	6,533
No. of apartments in project devt	1,366	1,697	1,509
<b>Financial</b>			
Equity/assets ratio, %	43.9	49.6	44.6
Loan-to-value ratio, %	51.2	42.8	49.7
Interest-coverage ratio, multiple	1.7	2.3	2.0
Net realizable value, SEK m	4,360.5	4,666.5	4,525.6
<b>Share-based</b>			
Profit from property management per share, SEK	0.11	0.23	0.86
Equity per share, SEK	31.7	33.3	32.9
Net realizable value per share, SEK	33.3	35.4	34.5
Annual growth, profit from property management per share, %	-	-	-7.3
Annual growth, net realizable value per share, %	-6.1	38.0	1.7
No. of shares at end of period before/after dilution, million	131.1	131.8	131.2
Weighted average No. of shares during period before dilution, million	131.2	131.8	131.7



# Definitions of key performance indicators

	Definition	Objective
<b>Market value per sq. m.</b>	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.
<b>Surplus ratio, %</b>	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.
<b>Real occupancy rate, %</b>	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.
<b>Equity/assets ratio, %</b>	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.
<b>Loan-to-value ratio, %</b>	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.
<b>Loan-to-value ratio, investment properties, %</b>	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.
<b>Interest-coverage ratio, multiple</b>	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.
<b>Net realizable value, SEK m</b>	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.
<b>Profit from property management per share, SEK</b>	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.
<b>Equity per share, SEK</b>	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.
<b>Net realizable value per share, SEK</b>	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.
<b>Annual growth, profit from property management per share, %</b>	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.
<b>Annual growth, net realizable value per share, %</b>	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.
<b>Net operating income</b>	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

	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
<b>Market value per sq. m.</b>			
A Investment properties, SEK m	9,064.2	8,266.5	9,170.7
B New construction in progress, SEK m	137.2	154.3	164.7
C Site leaseholds	7.3	7.3	7.3
D Total lettable area, 000 sq. m.	497.7	427.6	498.7
<b>(A+B-C)/D Market value per sq. m.</b>	<b>17,923</b>	<b>18,954</b>	<b>18,044</b>
<b>Surplus ratio, %</b>			
A Net operating income, SEK m	67.4	59.4	278.9
B Revenue, SEK m	142.9	118.7	501.6
<b>A/B Surplus ratio, %</b>	<b>47.2</b>	<b>50.0</b>	<b>55.6</b>
<b>Real occupancy rate, %</b>			
A No. of apartments	6,557	5,562	6,533
B No. of apartments not rented	204	190	222
C Apts set aside for renovation or with signed leases	97	115	99
<b>1-(B-C)/A Real occupancy rate, %</b>	<b>98.4</b>	<b>98.7</b>	<b>98.1</b>
<b>Equity/assets ratio, %</b>			
A Total equity at the end of the period, SEK m	4,157.6	4,395.5	4,320.0
B Minority share equity, SEK m	0.0	0.0	0.0
C Total equity and liabilities at the end of the period, SEK m	9,465.4	8,870.3	9,692.0
<b>(A+B)/C Equity/assets ratio, %</b>	<b>43.9</b>	<b>49.6</b>	<b>44.6</b>
<b>Loan-to-value ratio, %</b>			
A Non-current interest-bearing liabilities, SEK m	4,788.9	3,230.3	4,800.6
B Current interest-bearing liabilities, SEK m	115.8	804.3	97.5
C Cash and cash equivalents at end of the period, SEK m	259.9	495.7	338.3
D Investment properties, SEK m	9,064.2	8,266.5	9,170.7
<b>(A+B.C)/D Loan-to-value ratio, %</b>	<b>51.2</b>	<b>42.8</b>	<b>49.7</b>
E Construction credit attr to new construction, SEK m	72.7	31.8	54.5
F Seller financing, SEK m	0.0	0.0	0.0
G New construction in progress, SEK m	137.2	154.3	164.7
<b>(A+B-E-F)/(D-G) Loan-to-value ratio, investment properties, %</b>	<b>54.1</b>	<b>49.3</b>	<b>53.8</b>
<b>Interest-coverage ratio, multiple</b>			
A Operating profit/loss, rolling 12 months, SEK m	239.3	173.6	232.4
B Interest income/expense, rolling 12 months, SEK m	-141.0	-75.4	-119.0
<b>A/-B Interest-coverage ratio, multiple</b>	<b>1.7</b>	<b>2.3</b>	<b>2.0</b>
<b>net realizable value, SEK m</b>			
A Equity, SEK m	4,157.6	4,395.5	4,320.0
B Add-back of derivatives, SEK m	-61.5	-47.0	-103.1
C Adjustment of derivatives attributable to minority share, SEK m	0.0	0.0	0.0
D Add-back of deferred tax liabilities, SEK m	264.7	327.1	309.2
E Adjustment, deferred tax liability attr to minority share, SEK m	0.0	0.0	0.0
F Add-back of deferred tax assets, SEK m	-0.4	-9.1	-0.4
G Adjustment, add-back of deferred tax assets attr to minority share, SEK m	0.0	0.0	0.0
<b>A+B+C+D+E+F+G net realizable value, SEK m</b>	<b>4,360.5</b>	<b>4,666.5</b>	<b>4,525.6</b>

	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
<b>Profit from property management per share, SEK</b>			
A Profit from prop mgmt, SEK m	15.0	30.2	113.4
B Adjustment, profit from prop mgmt attr to minority share, SEK m	0.0	0.0	0.0
C Weighted avg no. of shares during period before/after dilution, million	131.2	131.8	131.7
<b>(A-B)/C Profit from prop mgmt per share, SEK</b>	<b>0.11</b>	<b>0.23</b>	<b>0.86</b>
<b>Equity per share, SEK*</b>			
A Equity, SEK m	4,157.6	4,395.5	4,320.0
B Number of shares at end of the period before/after dilution, million	131.1	131.8	131.2
<b>A/B Equity per share, SEK</b>	<b>31.71</b>	<b>33.34</b>	<b>32.92</b>
<b>net realizable value per share, SEK</b>			
A Net reassessment value (net realizable value), SEK m	4,360.5	4,666.5	4,525.6
B Number of shares at end of the period before/after dilution, million*	131.1	131.8	131.2
<b>A/B net realizable value per share, SEK</b>	<b>33.25</b>	<b>35.40</b>	<b>34.48</b>
<b>Annual growth, profit from property management per share, %</b>			
A Profit from prop mgmt during the period per share, SEK*	0.11	0.23	0.86
B Profit from prop mgmt during the preceding period per share, SEK*	0.23	0.11	0.93
<b>A/B-1 Annual growth, profit from prop mgmt per share, %</b>	<b>-49.9%</b>	<b>112.5%</b>	<b>-7.3%</b>
<b>Annual growth, net realizable value per share, %</b>			
A Net realizable value during the period per share, SEK*	33.3	35.4	34.5
B Net realizable value during the preceding period per share, SEK*	35.4	25.7	33.9
<b>A/B-1 Annual growth, net realizable value per share, %</b>	<b>-6.1%</b>	<b>38.0%</b>	<b>1.7%</b>

\* 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 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)

	Change	Effect on fair value, SEK m		
		Change	Effect on fair value, SEK m	
Yield requirement	- 0.25% basis points	565.4	+ 0.25% basis points	-498.5
Rental value*	- 2.50%	-42.5	+ 2.50%	359.0
Operating and maintenance costs	- 2.50%	140.9	+ 2.50%	-139.3
Long-term vacancy rate	- 0.25% basis points	30.4	+ 0.25% basis points	-28.9

\*-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

Over the last year, we have observed significant uncertainty about bank financing in the financial markets since banks' financing costs increased, resulting in higher margins. However, this has not yet directly impacted KlaraBo, since we entered into new credit facilities on favourable terms last year. In addition, loans of approximately SEK 563 million in connection with the acquisition of Östersund were taken over during Q3 2022 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 in periods of market turbulence 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 as needed.

On 31 March, the company had a stable financial position with SEK 259.9 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). During the quarter, the flow of potential management acquisitions decreased significantly. Growing 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 in combination with elevated construction costs have 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. At the end of the period the Group consisted of 78 subsidiaries and six jointly controlled companies. The number of employees was 69 (61), consisting of 23 women (16) and 46 men (45).

## 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 2022 Annual Report. Accounting policies are unchanged compared with the 2022 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 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 697,198 shares as of 31 March.

## Largest shareholders, 31 March 2023

	Class A shares	Class B shares	Total	Capital	Voting rights
Investment AB Spiltan	1,800,000	12,106,647	13,906,647	10.5%	10.8%
Rutger Arnhult	0	10,067,755	10,067,755	7.6%	3.6%
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%
Ralph Mühlrad	1,285,000	7,098,728	8,383,728	6.4%	7.2%
Anders Pettersson med familj	3,966,316	3,677,793	7,644,109	5.8%	15.6%
Länsförsäkringar Fonder	0	6,535,105	6,535,105	5.0%	2.3%
Samhällsbyggnadsbolaget i Norden AB	0	5,646,065	5,646,065	4.3%	2.0%
Lennart Sten	1,995,000	3,043,585	5,038,585	3.8%	8.3%
ODIN Fonder	0	4,857,143	4,857,143	3.7%	1.7%
Mats Johansson	2,699,400	0	2,699,400	2.0%	9.7%
Andreas Morfiadakis	2,361,287	94,900	2,456,187	1.9%	8.5%
Handelsbanken Fonder	0	2,045,979	2,045,979	1.6%	0.7%
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%
Övriga	1,407,997	38,712,131	40,120,128	30.4%	19.0%
	<b>16,300,000</b>	<b>115,527,883</b>	<b>131,827,883</b>	<b>100%</b>	<b>100%</b>

## 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 31 March, 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, 3 May 2023

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





## Calendar

Interim report Q2 January–June 2023  
Interim report Q3 January–September 2023  
Year-end report 2023

14 July 2023  
26 October 2023  
15 February 2024



## Contact information

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