

INTERIM REPORT

Q2

neobo

Interim report January–June 2024

JANUARY–JUNE 2024

- Rental income increased to SEK 454 m (434). For the like-for-like portfolio, rental income increased by 7.3 percent. The impact on the residential portfolio of this year’s rent increases, which averaged 5.1 percent, will have full effect in the third quarter.
- Net operating income increased to SEK 229 m (226) during the period. For the like-for-like portfolio, net operating income increased by 3.4 percent.
- Profit from property management decreased to SEK 68 m (75).
- The property portfolio’s value at the end of the period amounted to SEK 13,742 m and changes in the value of properties for the period amounted to SEK -220 m (-534), of which SEK -216 m was unrealized and SEK -4 million was realized attributable to divestment of properties.
- Net loss for the period amounted to SEK -110 m (-344).
- The net asset value amounted to SEK 44.70 per share (50.93).

APRIL–JUNE 2024

- Rental income increased to SEK 227 m (220) as a result of rent increases and a decrease in the vacancy rate.
- Net operating income increased to SEK 139 m (128) due to higher rental income and lower property expenses.
- Profit from property management for the second quarter increased to SEK 58 m (46) as a result of higher net operating income and reduced central administration costs.

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- The Tegelbruket 4 retail property in Falun was divested at an underlying property value of SEK 75 m, which is 18 percent over the most recent external valuation conducted.
- Participant of the UN Global Compact, which is one of the world’s largest sustainability initiatives.
- Anneli Lindblom was elected as new Board member at the Annual General Meeting.

SIGNIFICANT EVENTS AFTER THE SECOND QUARTER

- A loan of SEK 955 m maturing in Q2 2025 was refinanced at a lower margin than the average margin for Neobo’s loan agreements.
- On July 1, Neobo was included in Nasdaq’s First North 25 index, which measures the performance of a selection of the largest and most traded securities listed on Nasdaq Nordic First North Growth Market.

Summary ¹⁾	2024	2023	2024	2023	2023/2024	2023
	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jul–Jun	Jan–Dec
Rental income, SEK m	227	220	454	434	908	888
Net operating income, SEK m	139	128	229	226	463	460
Change in value of investment properties, SEK m	-89	-205	-220	-534	-1,039	-1,353
Profit from property management, SEK m	58	46	68	75	141	148
SEK/share	0.40	0.32	0.47	0.52	0.97	1.02
Net profit/loss for the period, SEK m	-82	-122	-110	-344	-1,139	-1,373
SEK/share	-0.56	-0.84	-0.75	-2.36	-7.83	-9.44
Market value of properties, SEK m	13,742	14,745	13,742	14,745	13,742	14,018
Loan-to-value ratio, %	50.7	47.4	50.7	47.4	50.7	50.2
Interest coverage ratio, multiple	1.9	1.8	1.6	1.7	1.6	1.7
Net asset value per share, SEK	44.70	50.93	44.70	50.93	44.70	45.83
Economic occupancy rate, %	93.0	91.7	93.0	91.7	93.0	92.5
Surplus ratio, %	61	58	51	52	51	52
Return on equity, %	-1.3	-1.6	-1.7	-4.5	-16.6	-19.4

¹⁾ For the complete table of key metrics, see page 23 and for definitions including derivation of alternative performance measures see page 20.

Rental income, like-for-like portfolio

+7.3%

Occupancy rate, rolling 12 months

+1.3 percentage points

Loan-to-value ratio

50.7%

Unrealized change in value

-216 SEK m



GOOD HOUSING FOR ALL

Higher rental income and value-generating refinement

Our operations are continuing to develop positively, reporting higher rental income of 7.3 percent for the like-for-like portfolio. There is significant demand for rental apartments in Sweden, which combined with active property management and refinement efforts has enabled rent increases and a lower vacancy rate in the portfolio. During the spring, we renovated about fifty apartments, further supporting the healthy income trend.

At the end of the quarter, we had completed all rent negotiations in our residential portfolio with an average rent increase of 5.1 percent. The higher rents had a positive impact on the second quarter and will take full effect in the third quarter of the year.

Intensive work is in progress to increase our surplus ratio and occupancy rate in Neobo. Thanks to dedicated efforts from our employees, we have succeeded in reducing the number of vacant apartments in Falköping, Sundsvall and Örnsköldsvik from 144 to 42 since we founded Neobo.

VALUE-GENERATING INVESTMENTS

The fundamental objective of everything we do is to create attractive and sustainable living environments where people can thrive and feel secure. Work to refine our property portfolio continues and during the first half of the year we have invested SEK 56 m in value-creating measures that have generated an attractive return of between 5 and 15 percent and contributed to increasing our property values.

CONTINUED PORTFOLIO OPTIMIZATION

The optimization of our portfolio has continued and at the end of June we divested the Tegelbruket 4 retail property in Falun at an underlying property value of SEK 75 m. The price is 18 percent higher than the most recent external valuation conducted and the transaction yielded a positive earnings effect of SEK 10 m. The divestment means that we have exited Falun and it unlocks capital for reinvestment in strategic properties.

IMPROVED FINANCING CLIMATE

Neobo's high hedge ratio has effectively offset the robust upswing in interest rates that has taken place since 2022. During the second quarter of this year, the Swedish Riksbank cut the policy rate by 0.25 percentage points and thus commenced the downward interest rate trajectory anticipated by the market. For us, the interest rate cuts will improve opportunities to carry out value-generating investments that will further increase the return from our property portfolio.

At the end of the six-month period, we refinanced and extended bank loans for just over SEK 1 billion at a lower margin than the average margin for our loan agreements. This is a sign of strength for Neobo and a clear indication of improving market sentiment.

By extending our loan-to-maturity period and securing financing at favorable rates we have further strengthened our financial position and increased the predictability of future cash flows.

“The fundamental objective of everything we do is to create attractive and sustainable living environments where people can thrive and feel secure.”



NEXT STAGE OF OUR EXCITING JOURNEY

After an intensive first half of the year, we are now preparing for the next stage of our journey with the aim of realizing the substantial potential of our property portfolio and creating an attractive total yield for our shareholders.

On July 1, Neobo was included in Nasdaq's FN25 index that measures the performance of a selection of the largest and most traded securities listed on Nasdaq Nordic First North Growth Market.

In parallel, an extensive effort is under way to prepare Neobo for a switch to Nasdaq Stockholm's main list, for the purpose of creating the best conditions for Neobo on its journey ahead.

Stockholm, July 10, 2024

Ylva Sarby Westman, CEO

Strategic focus and targets

VISION

We create attractive and sustainable living environments where people can thrive and feel secure

STRATEGY

- Long-term ownership, management and refinement of residential properties with inflation-protected cash flows that generate an attractive total yield.
- Sustainability activities that are an integrated part of all of our operations and are continuously adapted to meet the requirements of the CSRD.
- A local property management organization that works closely with customers, with a focus on leasing and value-generating refinement.
- A geographically well-diversified property portfolio in municipalities with population growth and a housing deficit.

BUSINESS MODEL



FINANCIAL TARGETS

Return on equity over time to exceed	10%
Loan-to-value ratio shall not exceed	65%
Interest coverage ratio, last 12 months, shall exceed	1.5x

SELECTED SUSTAINABILITY TARGETS

Reduced climate emissions by 2030, Scope 1 and 2	-50%
Reduced energy consumption by 2030	-20%
Tenant turnover by year, 2030	<20%
Employee commitment (eNPS), 2030	>20%

Property portfolio

Neobo manages and refines residential properties in 40 municipalities in Sweden. The portfolio consists of 261 properties and 8,300 residential apartments with a total leasable area of 708,000 sq. m. Residential properties account for 94 percent of the properties, with the remainder mainly consisting of community service properties.

During the first quarter of the year, six properties in Eskilstuna were divested at a value of SEK 113 m, which was in line with the latest external valuation conducted. At the end of June, the Tegelbruket 4 retail property in Falun was divested at an underlying property value of SEK 75 m, which is 18 percent over the most recent external valuation conducted. Closing will take place during the third quarter and the divestment means that we have exited Falun and it unlocks capital for reinvestment in strategic properties.

PROPERTY VALUATION

The unrealized change in value during the interim period amounted to SEK -216 m (-534), corresponding to a decrease in value of -1.5 percent (-3.5). At the end of the period, the property portfolio was valued at SEK 13,742 m (14,018). The decrease in value during the period was primarily a result of increased yield requirements while higher estimated future rental income had a positive impact on the portfolio value.

The value has been established based on valuations conducted by external, authorized property assessors. The valuations were conducted using analyses of future cash flows for the

respective properties, whereby current rental contracts, the market's yield requirement, rental levels, operating and maintenance costs and the properties' investment requirements have been taken into account. An average weighted yield requirement of 5.0 percent (4.7) was used in the valuation.

The property value includes SEK 113 m (131) for building rights that were valued by applying the location-price method, which means that the value was assessed on the basis of comparisons of prices for similar building rights. Accordingly, fair value was measured according to IFRS 13, Level 3.

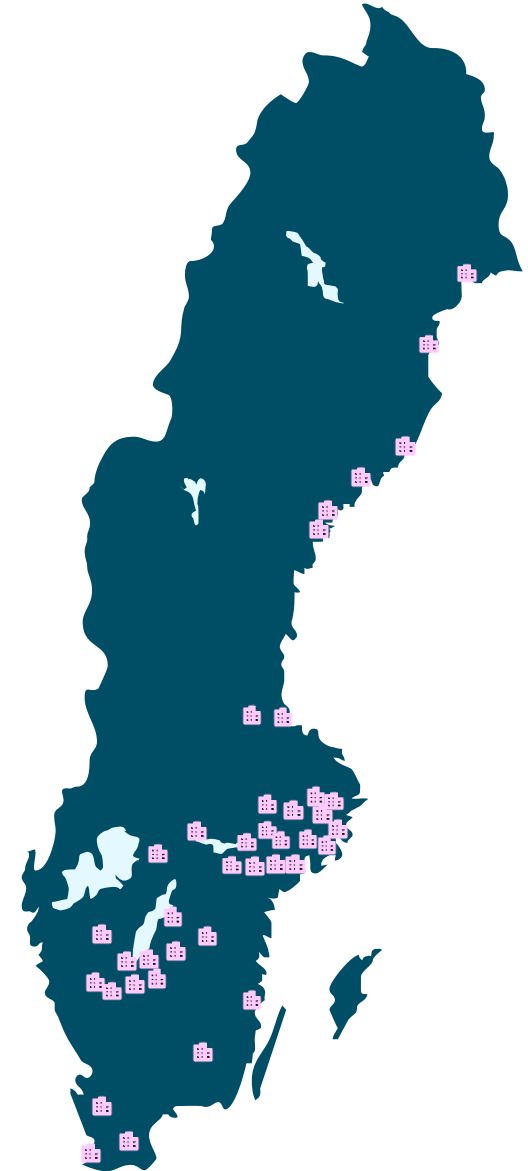


Residential properties, 94%

SENSITIVITY ANALYSIS VALUATION

The property valuations were performed according to generally accepted principles based on market-aligned assumptions and assessments. The table below presents the effect of the market value of the investment properties in conjunction with changes to each individual parameter.

	Change in assumption	Value impact, SEK m	Value impact, %
Rental value	+/- 5%	+1,001 / -1,000	+/- 7%
Operating and maintenance costs	+/- 5%	-344 / +342	+/- 3%
Valuation yield	+/- 0.25% unit	-671 / +752	+/- 5%
Long-term vacancy rate	+/- 0.25% unit	-37 / +41	+/- 0%



RENTAL VALUE AND CUSTOMERS

The annual rental value amounted to SEK 1,003 m on July 1, 2024 and consisted of 76 percent residential properties, 21 percent commercial and community service premises, and 3 percent other properties.

At the end of the quarter, negotiations covering all of the rental income in the residential portfolio had been completed, with an average increase of 5.1 percent. The rent increase will have full effect in the third quarter of the year.

Our tenants mainly comprise private individuals, and a number of corporate customers who lease stores, restaurants and offices on the ground floors of the residential properties, or are customers in one of our community service properties. We also have four apartment hotels with residential apartments in Sollentuna, Knivsta, Sundsvall and Helsingborg. Our largest commercial tenants include Axfood, Sala Municipality and Timrå Municipality.

SEGMENT

January–June	Total Neobo		South Region		North Region	
	2024	2023	2024	2023	2024	2023
Market value of properties, SEK m	13,742	14,745	7,971	8,492	5,771	6,253
Market value, SEK/sq. m.	19,412	20,651	17,647	18,813	22,523	23,810
Rental value, SEK m	1,003	956	597	564	406	392
Rental value, SEK/sq. m.	1,417	1,339	1,322	1,250	1,585	1,491
Rental income, SEK m	454	434	268	252	186	182
Net operating income, SEK m	229	226	130	126	99	100
Surplus ratio, %	51	52	49	50	53	55
Occupancy rate, %	93	92	94	92	92	91
Number of properties	261	267	167	167	94	100
Number of apartments	8,309	8,400	5,556	5,563	2,753	2,837
Floor area, thousand sq. m.	708	714	452	451	256	262

ECONOMIC OCCUPANCY RATE

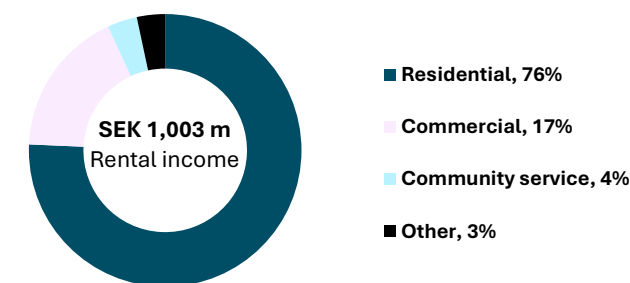
The economic occupancy rate rose during the period from 92.5 to 93.0 percent.

In the residential portfolio, the occupancy rate rose from 94.6 percent at the beginning of the year to 95.0 percent at the end of the period. The remaining residential vacancies were in part due to apartments vacated pending renovation.

The economic occupancy rate for commercial premises was 86.9 percent at the beginning of the year and 87.6 percent at the end of the period. The vacancies for commercial premises were mainly due to a small number of large vacant premises.

LOCAL PROPERTY MANAGEMENT ORGANIZATION

Our property management organization is divided into two regions – South and North – in order to ensure a local presence and proximity to our tenants. Customer-centric property management supports a high occupancy rate and is a prerequisite to conduct active and value-creating property management.





Current earnings capacity

The current earnings capacity on a 12-month basis, based on Neobo's property portfolio at each date.

Current earnings capacity is not a forecast of the coming 12 months; it is an instantaneous impression intended to illustrate annualized income and expenses based on the property portfolio, financial expenses, capital structure and organization at a given point in time.

The current earnings capacity does not include an assessment of the future trends in rents, vacancy rate, property management costs, interest rates, changes in value, purchases or sales of properties or other factors. The Group's earnings capacity does not include the earnings effect of unrealized and realized changes in value.

BASIS FOR CALCULATING EARNINGS CAPACITY

The current earnings capacity has been based on annualized contractual rental income, including

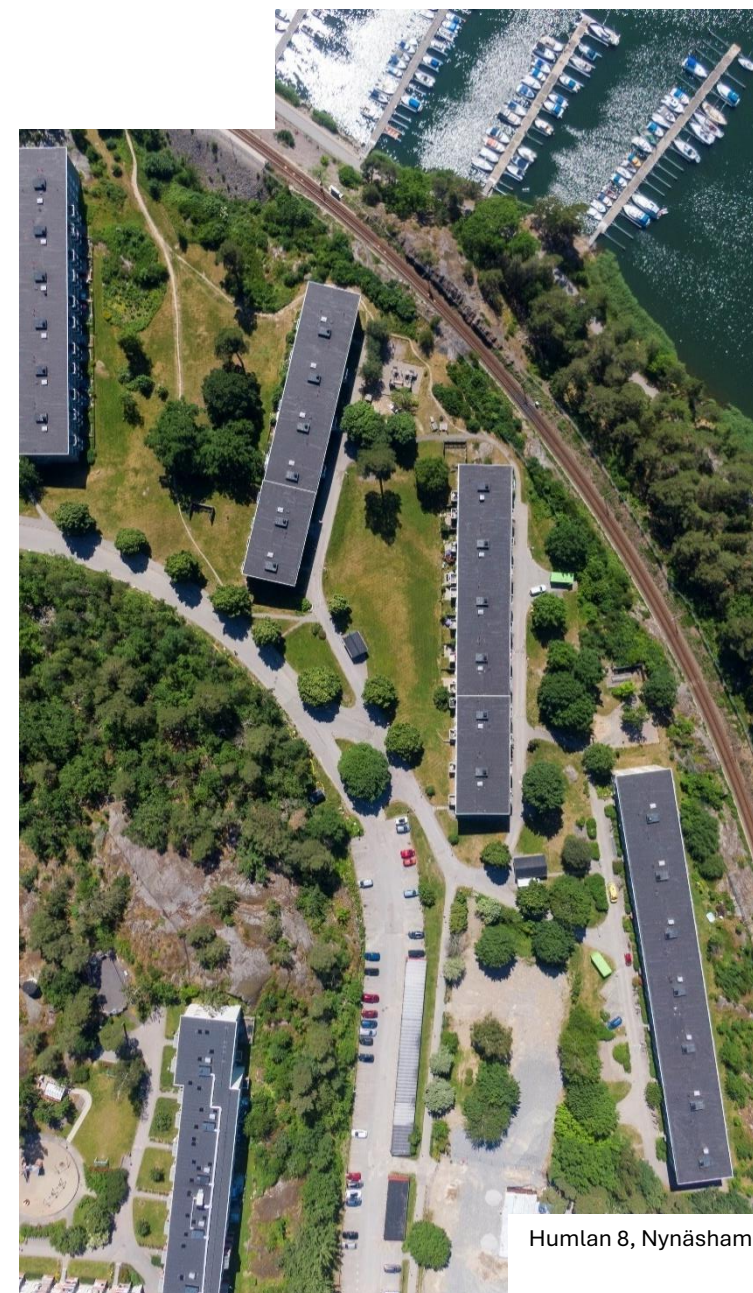
supplements and other property-related income based on current rental contracts on each date. Agreed rent increases applicable on each date are included and all vacancies, including temporary vacancies, have been indexed on an annualized basis.

Property costs consist of budgeted costs for a normal year and include operating and maintenance costs as well as property administration. Property tax has been calculated on the basis of the current tax assessment value of the properties on each date.

Central administration expenses are based on budgeted costs for a normal year. Net financial items are defined as interest costs, which have been calculated by applying, on top of Neobo's indebtedness, the contractual financing terms and conditions subject to the variable market conditions applying as on each date, including the effects of derivatives. Any interest income on cash and cash equivalents and non-recurring costs have not been taken into account.

NEOBO'S EARNINGS CAPACITY

Amounts in SEK m	Jul 1, 2024	Apr 1, 2024	Jan 1, 2024	Oct 1, 2023	Jul 1, 2023
Rental value	1,003	992	969	959	956
Vacancy	-71	-70	-73	-76	-80
Rental income	933	922	896	883	877
Property management costs	-396	-390	-390	-380	-365
Property tax	-24	-24	-24	-24	-24
Net operating income	512	508	482	479	488
Central administration	-60	-60	-55	-55	-50
Net financial items	-237	-243	-250	-231	-227
Profit from property management	215	205	177	192	211



Humlan 8, Nynäshamn

Sustainability

We wish to contribute to a better society, with attractive and sustainable living environments where people can thrive and feel secure. Our sustainability strategy is based on the following two perspectives:

- Sustainable living environments – attractive and sustainable living environments where people can thrive and feel secure.
- Corporate social responsibility – consideration and respect for employees, tenants, investors and the society in which we operate

For these two perspectives, we have identified 12 material sustainability aspects with associated long-term and short-term targets. You can read more about our sustainability work on our website.



Image: summer workers in Vänersborg

We are still at the beginning of our sustainability journey. In parallel with wide-ranging initiatives, we are also taking small steps, one at a time, toward our sustainability targets.

During the second quarter, Neobo has:

- Become a participant of the UN Global Compact, which is the world's largest sustainability initiative, with more than 23,000 participating companies from 166 countries
- Recruited some 60 young people living in our residential areas as summer workers
- Analyzed insights from our customer survey and drew up action plans for all property management areas
- Arranged "Neobo days" in several of our residential areas
- Followed up our water-saving project in Nyköping
- Arranged an internal meeting of property managers for the purpose of exchanging experiences
- Increased digital communication with our tenants
- Adopted guidelines for company cars to reduce our GHG emissions
- Adopted a Code of Conduct for employees
- Launched the 'Save water' campaign targeting our tenants
- Converted a padel court into a multi-sport arena to encourage activity and social contact between neighbors



Global Compact
Network Sweden

Case: How we are saving water in Nyköping

Sustainability is an integrated part of our operations that divide into two main areas – sustainable living environments and corporate social responsibility. We have an ongoing project in Nyköping under the “reducing water consumption” category in the sustainable living environments area.

One of Neobo’s 12 long-term sustainability targets is to reduce freshwater consumption in the portfolio by 30 percent by 2030. Part of this endeavor involves a systematic review of our properties and their water systems. At the end of 2023, we initiated a water-saving project in Nyköping and the first results became available in the second quarter. Water consumption at the property amounted to 1,288 cubic meters per month, which is a positive trend compared with consumption of 1,407 cubic meters per month at the end of 2023. We interviewed Jacob Milde, property manager in Nyköping, about the project.

Tell us a little about the project?

“This is a project that aims to save water. In concrete terms, we are analyzing all water flows from, for example, toilets, showers, mixing faucets and nozzles. If we find a leak, then we fix it, if the flow is too fast then we install new filters on the mixing faucet. One of our long-term sustainability targets is to reduce freshwater consumption in the portfolio. In parallel, we are also preventing future maintenance in the apartments so there is both a sustainability aspect and an economic aspect.”

What is the cost saving?

“It is difficult to give an exact figure, as we are still collecting data. We hope the positive trend continues and if it does so at the same pace as now, then we should save at least SEK 50,000 per year.”

Why have you chosen this particular property?

“We have conducted similar projects in comparable properties where we have witnessed very good results in terms of reduced water consumption and reduced maintenance needs. This particular property had relatively high consumption over the past year, which could be due to several factors. One common reason is a constantly running toilet. This could lead to 1.5 cubic meters of needless water consumption each day (a leaking toilet corresponds to 1.5 cubic meters of water per day, which in turn corresponds to two swimming pools of water a month).”

How has it been received?

“Highly positive. In the vast majority of cases, tenants do not notice the measures we have implemented to reduce flows. Many people are actually grateful that we are preventing possible future maintenance and that we can perform minor work on the spot. A win-win for both us and our tenants!”

“A win-win for both us and our tenants”



Jacob Milde, Property Manager

Financing

Neobo endeavors to have a low financial risk and operations are financed with equity and bank loans. In order to limit the interest rate risk associated with liabilities at a floating interest rate and to increase the predictability of profit from property management, interest rate derivatives are used.

Neobo's high hedge ratio has effectively offset the robust upswing in interest rates that has taken place since 2022. During the second quarter, the Swedish Riksbank cut the policy rate by 0.25 percentage points and thus commenced the downward interest rate trajectory anticipated by the market.

During the second quarter, a loan agreement of SEK 84 m was extended by three years at a lower margin than the average margin for Neobo's loan agreements.

INTEREST-BEARING LIABILITIES

Neobo's borrowing is with Nordic banks using mortgage deeds as underlying collateral. Interest-bearing liabilities in the Group amounted to SEK 7,133 m (7,278) at the end of the period.

The loan-to-value ratio was 50.7 percent (50.2) and the equity/assets ratio 44.8 percent (44.2). At the end of the period, the average debt duration was 2.8 years (3.3) and the average fixed rate period was 2.6 years (2.2). The hedge ratio amounted to 75 percent (74) and the interest coverage ratio for the most recent 12-month period was a multiple of 1.6 (1.7).

At the end of the period, the average interest rate including derivative instruments was 3.4 percent (3.1).

DERIVATIVE INSTRUMENTS

At the end of the period, the aggregated nominal value of active interest rate derivatives was SEK 5,383 m (5,406) with maturities of between one and seven years.

In addition to this, there are interest rate derivatives with future starts at a nominal amount of SEK 1,375 m.

In accordance with the accounting rules in IFRS 9, derivatives are recognized at market value. If the agreed interest rate deviates from the market interest rate, a surplus or deficit value arises for the interest rate derivatives, and this non-cash change in value is recognized in profit or loss as long as the underlying derivative is not realized prematurely. At the end of the period, interest rate derivatives had a fair value of SEK 144 m (171).

Year of maturity	Loan-to-maturity		Fixed interest term		Interest rate derivative	
	Liability, SEK m	Percentage, %	Liability, SEK m	Percentage, %	Nominal amount, SEK m	Average interest, %
0-1	1042	15	2,205	31	1830	0.23
1-2	2704	38	700	10	700	0.24
2-3	2060	29	1,653	23	1,653	0.63
3-4	1231	17	375	5	0	0.00
4-5	0	0	600	8	600	2.56
5-	95	1	1,600	22	600	2.73
Total	7,133	100	7,133	100	5,383	0.89

Interest rate derivatives, future start			
Start	Maturity	Nominal amount, SEK m	Interest rate, %
Dec 2024	Sep 2027	375	0.95
Sep 2024	Sep 2029	500	2.49
Mar 2025	Mar 2030	500	2.40

Condensed consolidated income statement

Amounts in SEK m	2024	2023	2024	2023	2023/2024	2023
	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jul–Jun	Jan–Dec
Rental income	227	220	454	434	908	888
Operating costs	-56	-54	-157	-137	-292	-272
Maintenance	-6	-15	-18	-30	-54	-66
Property administration	-20	-17	-37	-29	-75	-67
Property tax	-6	-6	-12	-12	-24	-24
Property management costs	-87	-92	-224	-208	-444	-429
Net operating income	139	128	229	226	463	460
Central administration	-17	-25	-38	-40	-86	-88
Profit before financial items	123	103	192	186	378	372
Net financial items	-64	-57	-123	-111	-236	-224
Profit from property management	58	46	68	75	141	148
Change in values on properties	-89	-205	-220	-534	-1039	-1,353
Change in value of financial instruments	-56	15	-27	-34	-216	-223
Profit/loss before tax	-86	-144	-179	-493	-1,114	-1,428
Current tax	-5	-8	-10	-17	-14	-21
Deferred tax	9	30	79	166	-12	75
Net profit/loss for the period	-82	-122	-110	-344	-1,139	-1,373
Total comprehensive income for the period	-82	-122	-110	-344	-1,139	-1,373

The net profit/loss for the period and total comprehensive income for the period are in their entirety attributable to Parent Company shareholders.

Average number of shares	145,400,737	145,400,737	145,400,737	145,400,737	145,400,737	145,400,735
Earnings per share before and after dilution, SEK	-0.56	-0.84	-0.75	-2.37	-7.83	-9.44

Comments on the consolidated income statement

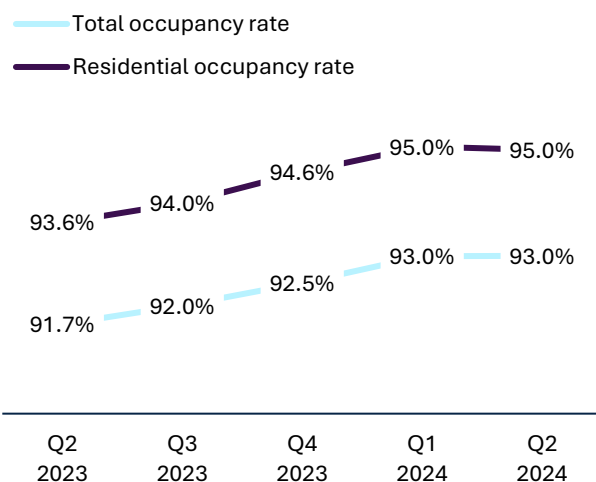
NET OPERATING INCOME

Net operating income increased by SEK 3 m to SEK 229 m (226) during the interim period due to increased rental income. For the like-for-like portfolio, the increase corresponded to 3.4 percent.

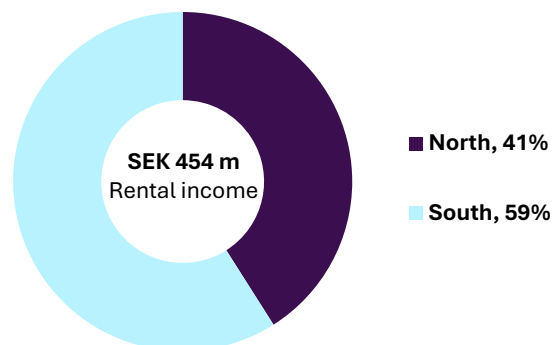
RENTAL INCOME

Rental income increased SEK 20 m to SEK 454 m (434) during the period, which is a net effect of higher income and the absence of rental guarantees in the hotel operations which existed last year of SEK 5 m. The like-for-like portfolio showed an increase in rental income of 7.3 percent. The increase in income is explained by the higher rents, reduced vacancy rate and rent increases as a result of apartment renovations. This year's rent increase in the residential portfolio, averaging 5.1 percent, will have full effect in the third quarter. The economic occupancy rate increased 1.3 percentage points year-on-year, totaling 93.0 percent (91.7) at the end of the period.

ECONOMIC OCCUPANCY RATE



RENTAL INCOME BY SEGMENT



PROPERTY MANAGEMENT COSTS

Property costs increased by SEK 16 m to SEK -224 m (-208) compared with the previous year. The increase is a net effect of higher costs for operations and property administration as well as reduced maintenance expenses. An increase in operating costs of SEK 20 m was mainly attributable to tariff-based costs and costs for snow removal during the year's first quarter due to a colder and snowier winter. An increase in property administration of SEK 8 m is attributable partly to the fact that Neobo's organization and operations are now fully in place, partly to the fact that items affecting comparability of SEK 2 m were charged to the period relating to the reorganization. Maintenance expenses decreased by SEK 18 m during the interim period as the need for maintenance was larger the preceding year.

PROFIT FROM PROPERTY MANAGEMENT

Profit from property management for the interim period totaled SEK 68 m (75). The decrease in relation to last year is a result of higher property and financing costs.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK -38 m (-40). Items affecting comparability of SEK 5 m were charged to costs for the period to prepare Neobo for a switch to Nasdaq Stockholm's main list and the reorganization. Excluding items affecting comparability, during both the current and preceding year, central administration costs increased by SEK 2 m as Neobo's organization and operations are now fully in place.

NET FINANCIAL ITEMS

Net financial items amounted to SEK -123 m (-111) during the period and the average interest rate was 3.4 percent (3.1) at the end of the six-month period. Financial expenses rose compared with the year-earlier period as a result of the higher underlying interest rate.

NET PROFIT/LOSS FOR THE PERIOD

Net loss for the period amounted to SEK -110 m (-344).

CHANGES IN VALUE

The change in value of the properties amounted to SEK -220 m (534) for the period, of which SEK -216 m was unrealized and SEK -4 m was realized attributable to the sale of properties. The decrease in value was primarily a result of increased yield requirements for properties while higher estimated future rental income had a positive impact on the portfolio value. Changes in value of financial instruments amounted to SEK -27 m (-34), driven by falling market interest rates.

TAX

Reported tax during the period amounted to SEK 69 m (149), of which SEK 10 m (-17) is current tax and the remainder is deferred tax. The change in current tax is attributable primarily to lower earnings in the subsidiaries as a result of increased costs. The change in deferred tax is attributable to a lower decrease in value in the property portfolio.

Condensed consolidated balance sheet

Amounts in SEK m	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
ASSETS			
Investment properties	13,742	14,745	14,018
Intangible assets	0	0	0
Other non-current assets	3	4	4
Derivatives	154	358	194
Total non-current assets	13,899	15,107	14,217
Current assets	51	151	81
Cash and cash equivalents	113	154	199
Total current assets	164	305	280
Total assets	14,063	15,412	14,497
EQUITY AND LIABILITIES			
Equity	6,296	7,433	6,405
Deferred tax liabilities	348	330	430
Interest-bearing liabilities	6,091	7,223	7,089
Derivatives	10	0	23
Other non-current liabilities	1	1	1
Total non-current liabilities	6,450	7,554	7,543
Interest-bearing liabilities	1,042	83	189
Other current liabilities	275	342	361
Total current liabilities	1,317	425	550
Total equity and liabilities	14,063	15,412	14,497

Condensed consolidated change in equity

Amounts in SEK m	Attributable to Parent Company shareholders			
	Share capital	Other contributed capital	Retained earnings	Total equity
Opening balance at January 1, 2023	752	5,141	1,883	7,777
Net profit/loss for the period			-344	-344
Closing balance at June 30, 2023	752	5,141	1,539	7,433
Net profit/loss for the period			-1,029	-1,029
Issue of employee warrants			1	1
Closing balance at December 31, 2023	752	5,141	511	6,405
Net profit/loss for the period			-110	-110
Closing balance at June 30, 2024	752	5,141	401	6,295

Comments on the consolidated balance sheet

INVESTMENT PROPERTIES

The value of the property portfolio totaled SEK 13,742 m (14,018) at the end of the period. The value has been established based on valuations conducted by external, authorized property assessors. An average yield requirement of 5.0 percent (4.7) was used in the valuation. For more information, refer to the Property portfolio section, page 6.

During the period, divestments were carried out for SEK 116 m (0) and SEK 56 m (177) was invested in existing properties.

CHANGE IN PROPERTY VALUES

SEK m	North Region	South Region	Group		
	2024	2024	2024	2023	2023
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Fair value, opening balance	5,979	8,039	14,018	15,295	15,295
Acquisitions	0	0	0	-100	-100
Investments	16	40	56	84	177
Divestments	-116	0	-116	0	0
Unrealized change in value	-108	-108	-216	-534	-1,353
Reclassifications	0	0	0	0	0
Fair value, closing balance	5,771	7,971	13,742	14,745	14,018

CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the balance sheet date amounted to SEK 113 m (199).

EQUITY

Consolidated equity attributable to Parent Company shareholders totaled SEK 6,296 m at the end of the period. (6,405).

DEFERRED TAX

Deferred tax is calculated based on a nominal tax rate of 20.6 percent on the difference between carrying amounts and the tax-assessment values of assets and liabilities, and taking tax loss carry forwards into account. The deferred tax liability at the end of the period was SEK 348 m (430) and was largely attributable to investment properties.

INTEREST-BEARING LIABILITIES

At the end of the period, interest-bearing liabilities amounted to SEK 7,133 m (7,278) and the loan-to-value ratio to 50.7 percent (50.2). The company uses interest rate derivatives to extend the fixed rate period. The value of the derivative portfolio was SEK 144 m (171) at the end of the period. For further information, see the Financing section on page 12.

Condensed consolidated cash flow statement

Amounts in SEK m	2024 Apr–Jun	2023 Apr–Jun	2024 Jan–Jun	2023 Jan–Jun	2023/2024 Jul–Jun	2023 Jan–Dec
Operating activities						
Net operating income	139	128	229	226	463	460
Central administration	-17	-25	-38	-40	-86	-88
Add back, depreciation	0	0	0	0	0	0
Other non-cash items	0	0	0	0	0	0
Cash flow from operating activities before interest and tax	123	103	192	186	378	372
Interest paid	-37	-131	-96	-188	-301	-393
Interest received	0	38	0	76	93	169
Income tax paid	-10	-38	-58	-41	-63	-46
Cash flow before changes in working capital	75	-28	37	33	106	102
Cash flow from changes in working capital						
Increase (-)/Decrease (+) of operating receivables	11	50	34	37	30	33
Increase (+)/Decrease (-) of operating liabilities	-34	45	-67	22	-14	75
Cash flow from operating activities	52	67	4	92	122	210
Investing activities						
Investments in existing properties	-32	-46	-56	-84	-149	-177
Acquisition of properties	0	0	0	0	73	73
Divestment of properties	-3	0	110	0	110	0
Other financial assets, net	0	0	0	0	0	0
Cash flow from investing activities	-35	-46	54	-84	34	-104
Financing activities						
Borrowings	0	0	0	0	0	0
Repayment of loans	-22	-26	-145	-84	-197	-136
Change in other non-current liabilities	0	-1	0	-1	-1	-2
Cash flow from financing activities	-22	-27	-145	-85	-198	-138
Cash flow for the period	-5	-5	-87	-77	-42	-32
Cash and cash equivalents at the beginning of the period	118	159	199	231	154	231
Cash and cash equivalents at the end of the period	113	154	113	154	113	199

COMMENTS ON THE CASH FLOW STATEMENT

The cash flow statement was prepared using the indirect method, which means that the net operating income is adjusted for transactions that did not involve incoming or outgoing payments during the period and for any income and expenses attributable to investment or financing activity cash flows. Operating cash flow after changes in working capital amounted to SEK 4 m during the interim period. Final tax for 2022 was paid during the first quarter, which explains the increase in income tax paid.

SEK 56 m was invested in existing properties during the period. During the first quarter, six properties were divested via companies, yielding a total purchase consideration of SEK 113 m less a tax rebate of SEK 3 m. In conjunction with the divestments, loans of SEK 97 m were repaid, and net cash flow thus amounted to SEK 13 m.

Cash and cash equivalents on the balance sheet date amounted to SEK 113 m.

Parent Company income statement

	2024	2023	2024	2023	2023/2024	2023
Amounts in SEK m	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jul–Jun	Jan–Dec
Net sales	20	30	40	30	34	24
Personnel costs	-2	-3	-5	-6	-8	-10
Other operating expenses	-19	-24	-37	-35	-70	-68
Operating profit/loss	-1	3	-2	-11	-45	-54
Profit from financial items						
Profit from participations in Group companies	-22	0	-22	0	-1,645	-1623
Interest income and similar items	32	0	40	4	81	46
Interest costs and similar items	-23	-1	-26	-2	-53	-29
Profit/loss after financial items	-13	2	-10	-9	-1,662	-1661
Appropriations	0	0	0	0	53	53
Profit/loss before tax	-13	2	-10	-9	-1,609	-1608
Tax	0	0	0	0	1	1
NET PROFIT/LOSS FOR THE PERIOD	-13	2	-10	-9	-1,608	-1607

COMMENTS ON THE PARENT COMPANY

Operations in the Parent Company Neobo Fastigheter AB (publ) consist of Group-wide functions and organization for managing the properties owned by the subsidiaries. No properties are owned directly by the Parent Company.

Income in the Parent Company amounted to the SEK 40 m (30) during the period and pertains primarily to the Parent Company's invoicing to subsidiaries for services rendered. Loss before tax amounted to SEK -10 m (-9).

During June, the company has carried out a restructuring of internal loans, which has resulted in short-term loans being converted into shareholder contributions, and thus resulted in an increase in the acquisition value of the Parent Company's shares in the subsidiaries. Cash and cash equivalents at the end of the period amounted to SEK 67 m (143).

Parent Company balance sheet

Amounts in SEK m	Jun 30, 2024	Jun 30, 2023	2023-12-31
ASSETS			
Financial assets	5,844	0	48
Current assets	632	8,134	6,440
Total assets	6,476	8,134	6,489
EQUITY AND LIABILITIES			
Equity	6,468	8,107	6,479
Current liabilities	8	27	10
Total equity and liabilities	6,476	8,134	6,489

Other information

ACCOUNTING POLICIES

The interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34 Interim Financial Reporting are contained in the notes and elsewhere in the report. The Parent Company applies RFR 2 Accounting for legal entities and the Swedish Annual Accounts Act. The accounting policies applied correspond to what is indicated in the 2023 Annual Report.

VALUATION METHOD FOR INVESTMENT PROPERTIES

Investment properties are measured at fair value in the balance sheet. The valuation was conducted in accordance with level 3 of the IFRS valuation hierarchy.

VALUATION METHOD FOR DERIVATIVES

Derivatives are measured at fair value in the balance sheet. Using the IFRS valuation hierarchy, the fair value of derivatives was measured in accordance with level 2. This level means the valuation was based on other inputs than quoted prices and that are observable for the asset or liability either directly or indirectly.

VALUATION OF RECEIVABLES AND LIABILITIES

The Group's and the Parent Company's financial receivables and liabilities are recognised at amortised cost less loss reserves or fair value through profit or loss. For financial assets and liabilities measured at amortised cost, the carrying amount is considered to be a good approximation of the fair value as the receivables and liabilities either run over a shorter period of time or, in the case of a longer period, run with a short fixed interest rate.

SEASONAL EFFECTS

Net operating income is influenced by seasonal variations in operating costs. As a general rule, costs are higher during the first and last quarters of the year, mainly caused by higher costs for heating and property upkeep.

ROUNDING DIFFERENCES

As a result of rounding, figures presented in this interim report may in certain cases not exactly add up to the total and the percentage may differ from the exact percentage.

COMPARATIVE FIGURES

Comparative figures in parentheses refer to the year-earlier period except in sections that describe financial position when the comparisons refer to the end of the preceding year.

RISKS AND UNCERTAINTIES

Neobo's operations, earnings and financial position are impacted by a number of risk factors. These are mainly related to properties, tax and financing. The company actively strives to identify and manage the risks and opportunities that are of great importance for operations. More information about Neobo's risks and management of these can be found in the 2023 Annual Report on pages 34–37.

RELATED-PARTY TRANSACTIONS

Remuneration was paid to Board members and senior executives for work performed. Apart from this remuneration, no material related-party transactions took place with any related company or private individual.

Neobo has a warrant program for the company's CEO and certain senior executives. At the balance sheet date, the warrant holders owned a total of 630,067 warrants of series 2023/2026:1, which runs for three years, following the redemption of 96,933 warrants by the company during the first quarter. The warrants were acquired by the holders at a price of SEK 0.79 per warrant. The price was calculated using the Black & Scholes model. Each warrant grants the holder the right to subscribe for one (1) share in the company in the period from May 1, 2026 up to and including May 25, 2026. The warrants will become valuable when the share price exceeds the strike price of SEK 10.83. The maximum number of shares added can be 630,067 in total, corresponding to approximately 0.4 percent of the total number of shares and votes in the company, provided that all warrants are fully subscribed and fully exercised. In that case, the increase in share capital will total a maximum of SEK 3,252,061.

EVENTS AFTER THE BALANCE SHEET DATE

No significant events have taken place after the balance sheet date.

SIGNING OF THE REPORT

The Board of Directors and the CEO affirm that this interim report provides a true and fair view of the company's and the Group's operations, position and earnings, and describes the significant risks and uncertainties impacting the Parent Company and the companies included in the Group.

Stockholm, July 10, 2024

Jan-Erik Höjvall
Chairman of the Board

Mona Finnström
Board member

Anneli Lindblom
Board member

Ulf Nilsson
Board member

Jakob Pettersson
Board member

Ylva Sarby Westman
Chief Executive Officer

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

This document is a translation of a Swedish language original report. In case of any discrepancy between the two versions, the original shall take the precedence.

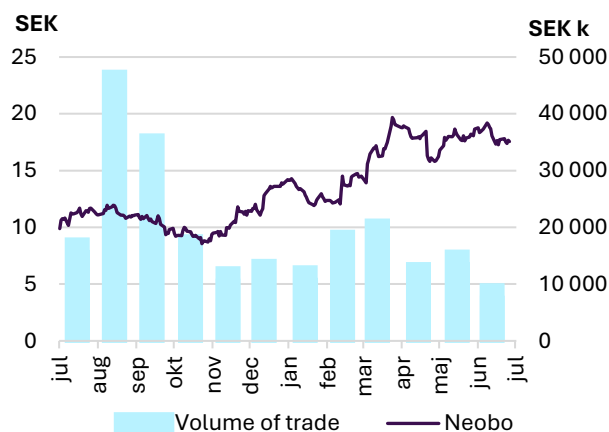
The share

Neobo's market value, meaning the value of all listed shares outstanding, totaled SEK 2,552 m on June 30, 2024. The number of shares outstanding totaled 145,400,737.

TRADING AND TURNOVER

Since February 10, 2023, Neobo's shares have been listed on Nasdaq First North Premier Growth Market. Share turnover over the last twelve-month period totaled 161 million shares. Turnover, meaning the number of shares sold divided by the number of shares outstanding at the balance sheet date, was 111 percent.

SHARE PRICE AND TRADING VOLUME



TOTAL YIELD

The total yield of the share over the last twelve-month period was 95 percent.

NET ASSET VALUE

The net asset value is the accumulated capital that the company manages on behalf of its owners. On the basis of this capital, Neobo intends to create a stable return and growth at low levels of risk. Since Neobo's properties are recognized at fair value, the net asset value can be calculated on the basis of the equity in the balance sheet. However, items that do not entail any payments in the immediate future – in Neobo's case, derivatives and deferred tax liability – should be taken into account.

Net asset value at the end of the period amounted to SEK 44.70/share (45.83). The share price at the balance sheet date thus amounted to 39 percent of the net asset value.

Calculation of net asset value	SEK m	SEK/share
Equity according to the balance sheet	6,296	43.30
Add back according to the balance sheet:		
Derivatives	-144	-0.99
Deferred tax	348	2.39
Net asset value	6,500	44.70

LARGEST SHAREHOLDERS

Shareholders	No. of shares	Percentage of share capital and voting rights
ICA-handlarnas Förbund	15,000,000	10.3%
Avanza Pension	14,949,975	10.3%
Martin Larsén	13,776,035	9.5%
Arvid Svensson Invest	6,664,412	4.6%
Länsförsäkringar Fonder	5,586,449	3.8%
Sven-Olof Johansson	5,500,000	3.8%
Nordnet Pensionförsäkring	3,611,670	2.5%
Futur Pension	3,202,696	2.2%
Gösta Welandson	2,620,848	1.8%
Handelsbanken Liv Försäkring AB	2,450,182	1.7%
Total 10 largest	73,362,267	50.5%
Other	72,038,470	49.5%
Total	145,400,737	100.0%

OWNERSHIP STRUCTURE

Size	No. of shares	Capital and voting rights, %	No. of known shareholders	Proportion of known shareholders, %
1–500	6,808,817	4.7	116,314	91.9
501–1,000	3,168,976	2.2	4,453	3.9
1,001–5,000	8,496,573	5.8	3,920	3.4
5,001–10,000	4,407,198	3.0	595	0.5
10,001–20,000	4,325,834	3.0	298	0.3
20,001–	104,743,921	72.0	309	0.3
<i>Anonymous ownership</i>	<i>13,449,418</i>	<i>9.3</i>	<i>0</i>	<i>0.0</i>
Total	145,400,737	100	115,689	100

Source: Modular Finance AB. Compiled and processed data from Euroclear, Morningstar, the Swedish Financial Supervisory Authority, etc.

Definitions

ALTERNATIVE PERFORMANCE MEASURES

Neobo applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures. Under these guidelines, an alternative performance measure is defined as a financial metric on the historical or future performance of earnings, financial position, financial results or cash flows that is not defined or stated in the applicable financial reporting rules: IFRS and the Swedish Annual Accounts Act.

It has been determined that Neobo's alternative performance measures provide valuable supplementary information when assessing the company's performance. Because not all companies calculate financial performance measures in the same way, these are not always comparable with the performance measures used by other companies.

FINANCIAL DEFINITIONS

Number of shares outstanding

The number of shares outstanding at the end of the period.

Return on equity, %

Net profit/loss for the period in relation to average equity for the period.

Loan-to-value ratio, %

Interest-bearing liabilities in relation to total assets at the end of the period.

Profit from property management

Profit before changes in value and tax.

Average number of shares

The number of shares outstanding weighted over the period.

Average interest rate, %

Weighted average contracted interest for interest-bearing liabilities at the end of the period excluding unutilized credit facilities.

Items affecting comparability

Items that are not recurring and that interfere with the comparison with another period.

Cash flow from operating activities, SEK

Cash flow from operating activities before changes in working capital according to the cash flow statement.

Earnings per share, SEK

Net profit/loss for the period in relation to the average number of shares.

Interest coverage ratio, multiple

Profit from property management after reversal of net interest in relation to net interest.

Equity/assets ratio, %

Equity in relation to total assets.

Net asset value, SEK

Recognized equity attributable to shares, with the reversal of recognized deferred tax liabilities and interest rate derivatives.

PROPERTY-RELATED DEFINITIONS

Number of properties

Number of properties at the end of the period.

Number of sq. m.

Total area in the property portfolio at the end of the period.

Investment yield, %

Net operating income according to earnings capacity in relation to the sum of the properties' fair value at the end of the period excluding the property value of building rights and development properties.

Net operating income, SEK

Rental income less property management cost.

Economic occupancy rate, %

Contracted annual rent at the end of the period in relation to the rental value according to earnings capacity.

Economic vacancy rate, %

Annual rent for vacant floor area at the end of the period in relation to rental value at the end of the period.

Rental income, SEK

Charges for the period with deductions for rental losses.

Like-for-like portfolio

Relates to properties owned for the full period and the full comparative period.

Market value of properties, SEK

Fair value of the properties at the end of the period.

Surplus ratio, %

Net operating income as a percentage of rental income for the period.

Derivation of key metrics

	2024	2023	2024	2023	2023/2024	2023
	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jul–Jun	Jan–Dec
NET ASSET VALUE ¹⁾						
Number of shares outstanding, thousands	145,401	145,401	145,401	145,401	145,401	145,401
Equity	6,296	7,433	6,296	7,433	6,296	6,405
Add back of deferred tax	348	330	348	330	348	430
Add back of derivatives	-144	-358	-144	-358	-144	-171
Net asset value, SEK m	6,500	7,405	6,500	7,405	6,500	6,664
Net asset value, SEK/share	44.70	50.93	44.70	50.93	44.70	45.83
SURPLUS RATIO ¹⁾						
Net operating income	139	128	229	226	463	460
Rental income	227	220	454	434	908	888
Surplus ratio, %	61	58	51	52	51	52
LOAN-TO-VALUE RATIO ¹⁾						
Total assets	14,063	15,412	14,063	15,412	14,063	14,497
Interest-bearing liabilities	7,133	7,306	7,133	7,306	7,133	7,278
Loan-to-value ratio, %	50.7	47.4	50.7	47.4	50.7	50.2
INTEREST COVERAGE RATIO ¹⁾						
Profit from property management	58	46	68	75	141	148
Add back, net interest	64	57	123	111	236	224
Total	123	103	192	186	378	372
Net interest expense	64	57	123	111	236	224
Interest coverage ratio, multiple	1.9	1.8	1.6	1.7	1.6	1.7

	2024	2023	2024	2023	2023/2024	2023
	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jul–Jun	Jan–Dec
RETURN ON EQUITY ¹⁾						
Net profit/loss for the period	-82	-122	-110	-344	-1139	-1,373
Equity, average	6,337	7,494	6,351	7,605	6,865	7,091
Return on equity, %	-1.3	-1.6	-1.7	-4.5	-16.6	-19.4
INVESTMENT YIELD ¹⁾						
Net operating income according to earnings capacity	512	488	512	488	512	482
Investment properties	13,742	14,745	13,742	14,745	13,742	14,018
Building rights	113	73	113	73	113	131
Property value, excl. building rights	13,629	14,672	13,629	14,672	13,629	13,887
Investment yield, %	3.8	3.3	3.8	3.3	3.8	3.5
ECONOMIC OCCUPANCY RATE ¹⁾						
Rental income according to earnings capacity	933	877	933	877	933	896
Rental value according to earnings capacity	1003	956	1003	956	1003	969
Economic occupancy rate, %	93.0	91.7	93.0	91.7	93.0	92.5
EARNINGS PER SHARE						
Net profit/loss for the period	-82	-122	-110	-344	-1139	-1,373
Average number of shares	145,400,737	145,400,737	145,400,737	145,400,737	145,400,737	145,400,737
Earnings, SEK/share	-0.56	-0.84	-0.75	-2.37	-7.83	-9.44
EQUITY/ASSETS RATIO ¹⁾						
Equity	6,296	7,433	6,296	7,433	6,296	6,405
Total assets	14,063	15,412	14,063	15,412	14,063	14,497
Equity/assets ratio, %	44.8	48.2	44.8	48.2	44.8	44.2

1) Alternative performance measures, refer to definitions on page 22 for further information.

Financial calendar

Interim report for the period January–September 2024	Oct 25, 2024
Year-end report 2024	Feb 12, 2025
Interim report for the period January–March 2025	Apr 24, 2025

neobo.se

On Neobo's website, you can download and subscribe for press releases and financial statements.

The information in this interim report is information that Neobo Fastigheter AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was issued for publication on July 10, 2024, at 7:00 a.m. CEST through the agency of the contact persons stated below.

Contact

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Invitation to presentation of interim report

CEO Ylva Sarby Westman will present the interim report in a webcast/teleconference on July 10, at 9:00 a.m. CEST. The presentation will be held in English and there will be an opportunity to ask questions after the presentation.

To participate via the webcast, with an opportunity to ask questions in writing, use the below link.

Webcast: [Neobo Fastigheter Q2 Report \(financialhearings.com\)](https://financialhearings.com)

To participate by telephone with an opportunity to ask questions verbally, use the below link. After registration, you will be issued with a telephone number and a conference ID for logging in to the conference.

Teleconference: [Neobo Fastigheter Q2 Report \(financialhearings.com\)](https://financialhearings.com)

Presentation material and a link to a recorded version of the webcast will be made available on Neobo's website after the presentation.



Neobo Fastigheter AB (publ)

Corporate Registration Number: 556580-2526

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