

ANNUAL REPORT

20
23

neobo

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The statutory Annual Report is presented on pages 31–66. The Annual Report also includes a Corporate Governance Report on pages 24–27. The Annual Report also includes a voluntary report on sustainability.

Neobo

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

Neobo is one of Sweden's largest dedicated residential property companies. With a long-term focus, Neobo manages and refines rental properties in Swedish regions where people want to live, work and spend time.

We own, develop and manage 713,000 square meters across 267 properties.

We manage and refine residential properties in Swedish municipalities experiencing population growth and good demand for residential properties.

Property value, SEK billion

14.0

Number of properties

267

Number of apartments

8,400

Percentage of residential properties

95%

Leasable area

713,000 sq. m.



GOOD HOUSING FOR ALL

Our concept.

Not all of our properties are new; on the contrary, many of them have been around for a long time. But our way of working is far from old-fashioned.

Care and responsibility for our living environments, tenants, shareholders, employees and our surrounding world are our top priority. This is not always an easy equation to solve. Our belief in ourselves is born out of years of experience and challenged by our curiosity and belief that everything can be improved. We want to be more efficient but show more care and commitment than others. The fact is that we are needed now more than ever.

Sweden needs more and better housing. With a growing elderly population, and a growing younger generation, the need for good quality housing at affordable rents will increase. Living in a newly built apartment is relatively expensive. Building new and not taking care of what already exists is not sustainable. In addition, residential construction has slowed, thereby quickly increasing the latent demand for housing.

This is where we come in. We have something for everyone – young and old, families and singles. Because Neobo has all types of apartments, with sizes, standards and rents that work for everyone. By managing and refining our existing properties and adapting them to the needs of people and the environment today, we want to contribute to a more sustainable residential property market in Sweden.

2023 IN FIGURES

- Rental income increased to SEK 888 m (839). For the like-for-like portfolio, rental income increased by 5.0 percent as a result of rent increases and a reduced vacancy rate.
- Net operating income increased to SEK 460 m (423) during the year. For the like-for-like portfolio, net operating income increased by 3.8 percent, after adjustments for items affecting comparability, mainly due to increased rental income.
- Profit from property management totaled SEK 148 m (172). The reduction is a result of higher financial expenses and items affecting comparability of SEK 18 m in central administration.
- The unrealized change in the value of properties amounted to SEK -1,353 m (-1,151) during the year.
- The value of the property portfolio totaled SEK 14,018 m at year-end, which is a decrease of 8.3 percent compared with the beginning of the year.
- Net loss for the year amounted to SEK -1,373 m (-1,355), corresponding to SEK -9.44 per share (-9.32).
- The net asset value amounted to SEK 45.83 per share (54.26).
- The Board of Directors proposes to the Annual General Meeting that profits be carried forward and that, accordingly, no dividend be paid to shareholders.

Key metrics	2023	2022
Rental income, SEK m	888	839
Net operating income, SEK m	460	423
Change in property values, SEK m	-1,353	-2,238
Profit from property management, SEK m	148	172
SEK/share	1.02	1.18
Net profit/loss for the period, SEK m	-1,373	-1,355
SEK/share	-9.44	-9.32
Market value of properties, SEK m	14,018	15,295
Loan-to-value ratio, %	50.2	46.7
Interest coverage ratio, multiple	1.7	2.0
Net asset value per share, SEK	45.83	54.26
Economic occupancy rate, %	92.5	92.0
Surplus ratio, %	52	50

Loan-to-value ratio

50%

Average interest rate

3.4%

Interest coverage ratio

1.7x

Equity/assets ratio

44%

Net asset value/share

SEK 45.83

TIME FOR THE NEXT PHASE OF NEOBO'S YOUNG HISTORY

Neobo's first year was intense and challenging. Developing and listing a residential housing company during a period of sharp interest rate hikes, significant cost increases and declining market values is no easy task. But everything has gone beyond expectations. This is thanks to the dedicated and goal-oriented efforts of all involved – the Board of Directors, Management and all of our committed employees. Now we have established the platform to take Neobo to the next phase.

Personal meetings and identified potential

An activity I prioritized this year was to travel around the country to meet all of our employees and to acquire for myself an overview of the properties we own. I can conclude that we have an excellent foundation to build on. Our 267 properties and all their tenants have found a safe and good home in Neobo. As a result of stable finances and a strong owner base, we have been able to focus on our core business and increase the yield from the property portfolio during the year. We have also reviewed the needs of individual properties and drawn up plans for long-term value creation going forward. Given the low level of liquidity in the transaction market, we have waited to optimize the portfolio and instead focused on streamlining our property management and refining the property portfolio through value-generating investments that provide a quick return. We have a clear plan for moving forward and there are significant values in the portfolio that can be highlighted.

Long-term positive trend for our offering

Despite the challenges in the financial market and rising costs, we must not forget that Neobo operates in a market that has a long-term positive trend, which will also be amplified by the events of recent years. Sweden needs more and better housing. More residential properties that people can afford to live in. With a growing elderly population, and a growing younger generation, the need for good quality housing at reasonable rents will increase.

We are active in locations where vacancies are low and considering that residential construction in Sweden has largely ground to a halt, this will generate even greater demand for the residential properties already on the market. We will offer residential properties that people demand and that they will want to live in for a long time. That is the fundamental purpose of everything we do. To create attractive and sustainable living environments where people can thrive and feel secure. By managing and refining our existing properties and adapting them to the needs of people and the environment, we want to contribute to a more sustainable residential

“We have established a platform to be able to create significant value going forward and we have a tailwind of strong underlying market trends.”



property market in Sweden. We are proud of our properties and the development work we do to improve these. But we are far from finished. It all starts with understanding our tenants' needs and wishes.

Value-generating efforts reduce vacancies

These efforts also reduce vacancies in the portfolio, thereby further driving value creation. We entered 2023 with a vacancy rate in the residential portfolio of 6.6 percent and ended the year at 5.4 percent. We have targeted specific efforts toward areas with a high vacancy rate, including upgrading outdoor environments, apartment renovations and more focused marketing activities. Letting more people know about Neobo is an important task. This also applies to existing customers; they should know that they are renting from the residential housing company Neobo and that they can easily get in touch with us. Having our own staff working in the buildings with our logo on their clothing and on cars is an important signal to our customers. This is perhaps one of the reasons that the customer survey that we conducted in December displayed a strong year-on-year improvement in all areas. In addition, the response rate was high, which we are very grateful for. On the basis of this result, we can now take the next step in the activities we have planned to improve satisfaction and thus further reduce the vacancy rate.

“I am proud of the drive I see in the organization to create a sustainable Neobo in every way.”

A sustainable Neobo

We have high ambitions. This also applies to activities related to the green transformation of the portfolio. There is much left to do, but also a great deal of potential. We will prioritize sustainability investments that reduce our environmental footprint while improving long-term profitability. Some investments have already been made, but above all we have performed a comprehensive analysis of the properties and identified what we should prioritize in the short term.

We are taking responsibility for a safe environment and investing so that living in our buildings is easy, pleasant and more sustainable. As a residential property owner, we are also strongly committed to social sustainability, with customer safety and well-being the focus of our activities. This is something we are passionate about and this work goes hand in hand with the sustainability strategy we launched in

the autumn – a sustainable Neobo,

based on two perspectives: sustainable living environments and corporate social responsibility. I am proud of the drive I see in the organization to create a sustainable Neobo in every way.

Strong commitment to long-term value creation

I also feel a strong commitment from many of our 134,000 shareholders. There is extensive interest in the company and our strategy for long-term value creation. We are now working intensively to prepare Neobo for a change to Nasdaq's main list during the year, in order to further clarify our



ambition to create shareholder value. Another part of this is the decision to prioritize value-creating investments over dividends. This, together with continued refinement and more active optimization of the property portfolio going forward, should bring us closer to our target of a return on equity of at least 10 percent.

We have put an intense and exciting year behind us. A new and equally exciting year has begun. We have established a platform to be able to create significant value going forward and we have a tailwind of strong underlying market trends. Above all, I have an organization with

committed employees who, with a sense of care and courage, are dedicated to their task – to make the Neobo residential housing company an important social player that offers attractive and sustainable living environments where people can thrive and feel secure.

Stockholm, March 2024

Ylva Sarby Westman
CEO of Neobo

STABLE DEMAND DESPITE AN UNCERTAIN BUSINESS ENVIRONMENT

Macroeconomic developments

2023 can be summarized as a turbulent year marked by significant global conflicts, particularly in Ukraine and the Middle East. The conflicts had a significant impact on the global economy, as noted in the regular news updates concerning inflation and changes to interest rates. High inflation was a persistent problem throughout the year, creating widespread economic uncertainty.

The forecasts for 2024 contained a mix of pessimism and optimism, with expectations of possible interest rate cuts. Early speculation suggested a potential rate cut already in March. However, there was an unexpected increase in inflation in the US and the Eurozone in December, somewhat dampening previously optimistic expectations.

In Sweden, the rate of inflation was 3.6 percent in November according to the consumer price index with a fixed interest rate (CPIF), an improvement from 4.2 percent in October. December's inflation rate was 2.3 percent, the lowest since July 2021, but still slightly higher than the Riksbank's 2 percent target. This decrease was mainly a result of lower energy prices compared with the preceding year. Sweden's gross domestic product (GDP) decreased by 0.5 percent in 2023, but according to the Ministry of Finance, an increase of 0.6 percent is predicted in 2024.

The Riksbank decided to keep the repo rate unchanged at 4.0 percent at its November 2023 meeting. This decision indicated that the interest rate peak may have been reached, thereby breaking the previous trend of interest rate hikes that

started back in April 2022. However, the Riksbank expressed vigilance regarding the possibility of pursuing a more contractionary monetary policy and further interest rate hikes if inflation continues to rise.

There was a steady increase in the unemployment rate in Sweden in 2023, with a sharp rise in the fourth quarter. This was the result of a rise in the number of bankruptcies and general instability in the labor market. The year had the highest level of bankruptcies since Creditsafe's measurements began in 1999, with an increase of 31 percent compared to 2022. In total, 8,243 limited liability companies went bankrupt, affecting more than 24,000 employees, up 40 percent compared to the preceding year. The increase in bankruptcies affected a wide range of industries, especially in the sports sector, car dealerships and the construction sector. The retail sector also faced significant challenges, with a 30-percent increase in bankruptcy cases. Unemployment figures for November displayed an increase to 6.5 percent, from 6.4 percent in the preceding month. The projections for 2024 indicate continued weakness in the labor market, but a possible improvement is expected in 2025 as the economy recovers and employment starts to rise again.

The property market

In 2023, a slowdown was observed in the Swedish property market, marking a clear contrast with the preceding years of 2021 and 2022 when the market noted record-high transaction volumes. This change can largely be attributed to

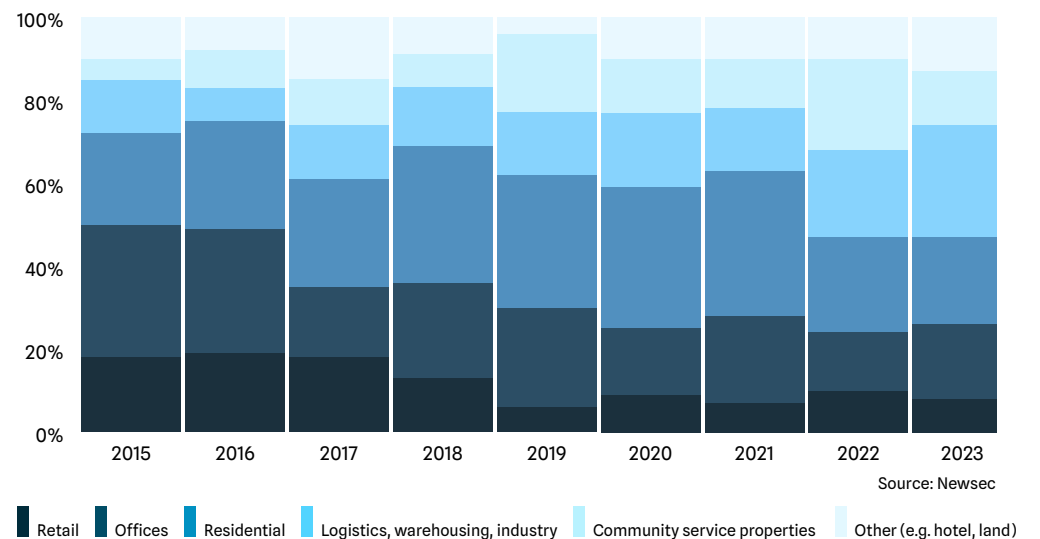
the prevailing uncertainty about inflation and interest rates, leading investors to act more cautiously. Although bond market activity increased, with several firms resuming major transactions after a pause, it remains uncertain whether this indicates a general improvement in financing conditions in the property sector.

In terms of segment breakdown during the year, logistics, warehousing and industry accounted for 27 percent of the total transaction volume, making this the largest segment. The residential segment came second with 22 percent and included 68 transactions, ten of which involved newly constructed residential proper-

ties. The office segment accounted for 17 percent, while the "Other" category accounted for 14 percent. This shift in segment shares led to a decrease for community service properties, which fell 9 percentage points from 2022 and accounted for 12 percent in 2023. Commercial properties comprised only 8 percent of the total transaction volume.

The property transaction market was significantly weaker in 2023 compared to the successful year of 2022. In total, 328 transactions exceeding SEK 40 m were recorded, with a total transaction volume of SEK 103.9 billion, representing a tangible decrease in both the number of

Segment breakdown, transaction market



transactions and the total volume. The Stockholm region dominated the market, accounting for 45 percent of the total transaction volume. Other major cities accounted for 30 percent of the volume, while the rest of the country contributed 15 percent. Gothenburg and Malmö represented 7 percent and 4 percent, respectively, of the total volume.

Residential properties

Historically, Sweden has experienced stable population growth, with an average population increase of 0.8 percent over the past 20 years. For full-year 2023, the figure was slightly lower with a 0.3-percent increase being recorded, but this still indicates steady population growth going forward.

In the 40 municipalities where Neobo has its portfolio, the population increased by an average of 0.2 percent in 2023 (Dec 2022 – Nov 2023). Future projections from Statistics Sweden indicate a continued positive trend until 2030 and probably beyond, with an average full-year increase of 0.3 percent for all 40 municipalities. Population growth is expected in 78 percent of these by 2030. This positive growth contributes

to sustaining the demand for residential properties in these municipalities.

Housing situation in Sweden

Over the past two years, construction costs have increased significantly, while investment support for residential construction was abolished in 2022. These factors have contributed to a slowdown in residential production in 2022 and 2023. According to Boverket’s (National Board of Housing, Building and Planning) latest construction forecast, the number of housing starts across the country amounted to approximately 27,000 during the year, down from 60,000 in 2022. For 2024, this figure is predicted to decrease further to just under 20,000. Despite these developments, there are cautiously positive expectations of better conditions for the construction market going forward. This is as a result of the fact that inflation and the cost of construction materials, which have increased over the past two years, are expected to decrease in 2024. However, construction is expected to remain well below the levels required to achieve a balance in the residential housing market.

Boverket’s annual housing market survey shows that 180 of Sweden’s municipalities are experiencing housing shortages. In the 40 municipalities where Neobo has its portfolio, more than half currently have a deficit in the housing market. However, an even larger number expect there to be a shortage of housing in the municipality in three years’ time, underlining the need for more rental, tenant-owner and owner-occupied housing. In general, it is the larger municipalities and municipalities in Greater Stockholm that are experiencing housing shortages now and going forward.

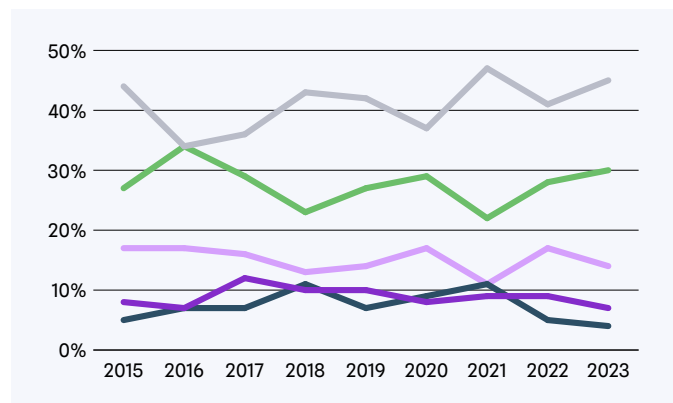
The demographic trends affecting the property market in Sweden are giving rise to significant changes, especially in the large cities. Statistics show that several major Swedish cities, including Stockholm, are facing negative net domestic migration. A likely explanation for this phenomenon is the widespread housing shortage in many metropolitan regions, as well as the high cost of housing.

At the same time, remote working has become an increasingly advantageous option and the potential to find more cost-effective

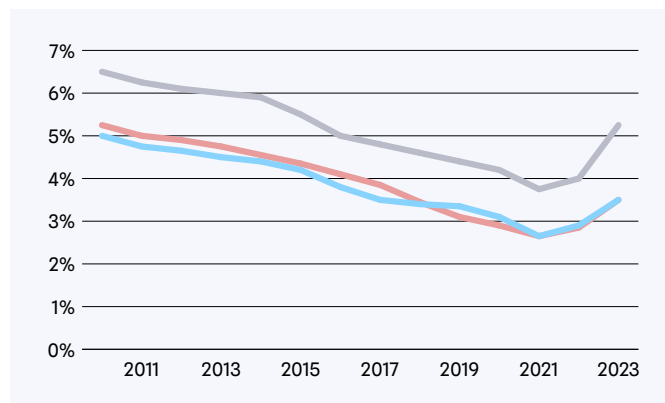
housing options outside the major cities and city centers is becoming more apparent. The growing flexibility in working patterns and housing preferences has given rise to a dynamic where people no longer need to be confined to city centers and major cities to work and thrive. This benefits Neobo’s portfolio, which is largely located outside the major cities.

The residential sector is one of the most attractive investment segments in the property market, largely due to its reputation as one of the safest property investments. Since the 1980s, there has been very strong value growth and yield for rental properties in Sweden. Despite relatively high inflation rates in the past two years, residential rents have historically always caught up and slightly exceeded CPI indexation over time, and this is expected to continue in the future. The limited supply of housing and the rising costs of tenant-owner apartments created increased pressure on the rental market in 2022 and 2023. This, in turn, has led to a higher willingness to pay among households for rental properties and thus lower vacancy rates throughout the country.

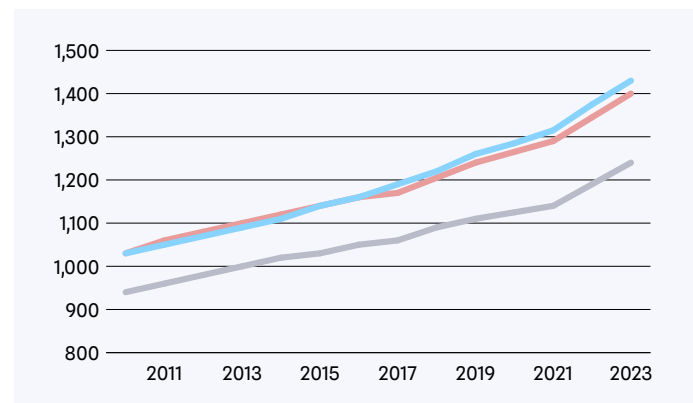
Geographic breakdown, transaction market



Investment yield, residential properties



Rent trend, residential properties, SEK m



Stockholm Stockholm suburbs Gothenburg Malmö Regional cities Other major cities Rest of country

STRATEGIC FOCUS AND TARGETS

Business model



Strategy

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

Vision

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

Financial targets

	Target	Outcome 2023
Return on equity over time to exceed	10%	-19%
The loan-to-value ratio shall not exceed	65%	50%
The interest coverage ratio shall exceed	1.5x	1.7x

Selected sustainability target

	Target	Outcome, base year 2023
Reduced GHG emissions by 2030, Scope 1 and 2	-50%	5.29 kg CO ₂ e per sq.m.
Reduced energy use by 2030	-20%	111.4 kWh per sq.m.
Tenant turnover per year 2030	<20%	27.5%
Employee engagement eNPS ¹⁾ 2030	>20%	-

¹⁾ Measurement of the Employee Net Promoter Score (eNPS) was not carried out in 2023.

NEOBO'S PROPERTIES

At year-end, Neobo's property portfolio consisted of 267 properties with 8,400 residential apartments and a leaseable area of about 713,000 square meters. Residential properties accounted for 95 percent of the properties, with the remainder consisting of community service properties in the schools and healthcare segments.

The property portfolio's value declined by 8.3 percent during the year. The change in the value of Neobo's properties amounted to SEK -1,353 m (-2,238) in 2023. The decrease in value was primarily a result of increased yield requirements while higher future rental income had a positive impact on the portfolio value.

All properties were valued at year-end by external, authorized property valuers. An average weighted yield requirement of 4.7 percent (4.1) was used in the valuation.

Rental value and occupancy rate

The annual rental value of the property portfolio amounted to SEK 969 M (924). Residential properties account for 75 percent of the rental value, commercial premises and community service for 22 percent and other for 3 percent. Neobo's tenants are mainly private individuals, and a number of corporate customers who lease stores, restaurants and offices on the ground floors of the residential properties, as well as customers in some of the company's community service properties. At the end of 2023,

the total number of rental contracts was 13,043. Residential properties comprised 7,940 rental contracts, representing combined annual rents of SEK 688 m, and rental income from commercial premises was distributed over 435 leases with annual rents of SEK 189 m. No single tenant accounted for more than 1.2 percent of the rental income. Neobo's largest tenant is Sala Municipality, which leases offices and residential properties. The year-end economic occupancy rate was 92.5 percent (92.0) for the entire portfolio and 94.6 percent (93.4) for the residential portfolio.

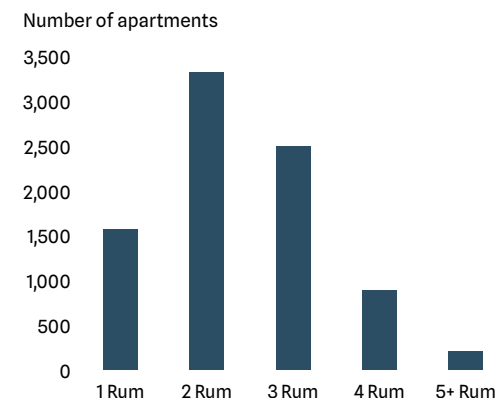
Rental income and vacancy rate

Rental income increased to SEK 888 m (839) in 2023. For a like-for-like portfolio, rental income increased 5.0 percent. The increase in rental income is attributable to annual rent negotiations, completed projects and upgrades of apartments. At year-end, the economic vacancy rate amounted to 5.4 percent (6.6) for the residential portfolio and 13.1 percent (11.3) for the commercial premises. The average rent increase for the residential portfolio was 4.5 percent in 2023. Rent negotiations for residential properties in 2024 are under way and the agreements concluded to date entail an average rent increase of 5.1 percent.

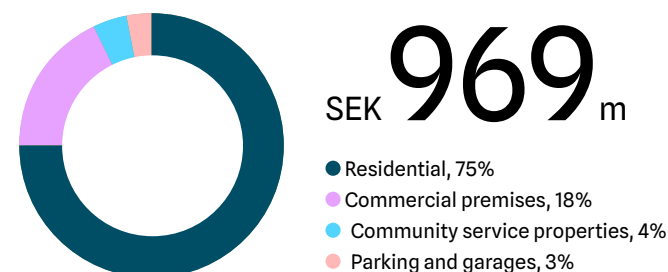
Change in property portfolio

Opening fair value, Jan 1, 2023	15,295	Opening fair value, Jan 1, 2022	17,173
Acquisitions	-100	Acquisitions	6,064
Investments	177	Investments	727
Divestments	0	Divestments	-7,602
Unrealized change in value	-1,353	Unrealized change in value	-1,151
Reclassifications	0	Reclassifications	85
Fair value, Dec 31, 2023	14,018	Fair value, Dec 31, 2022	15,295

Breakdown by type of apartment



Rental value



Geographic breakdown of the portfolio

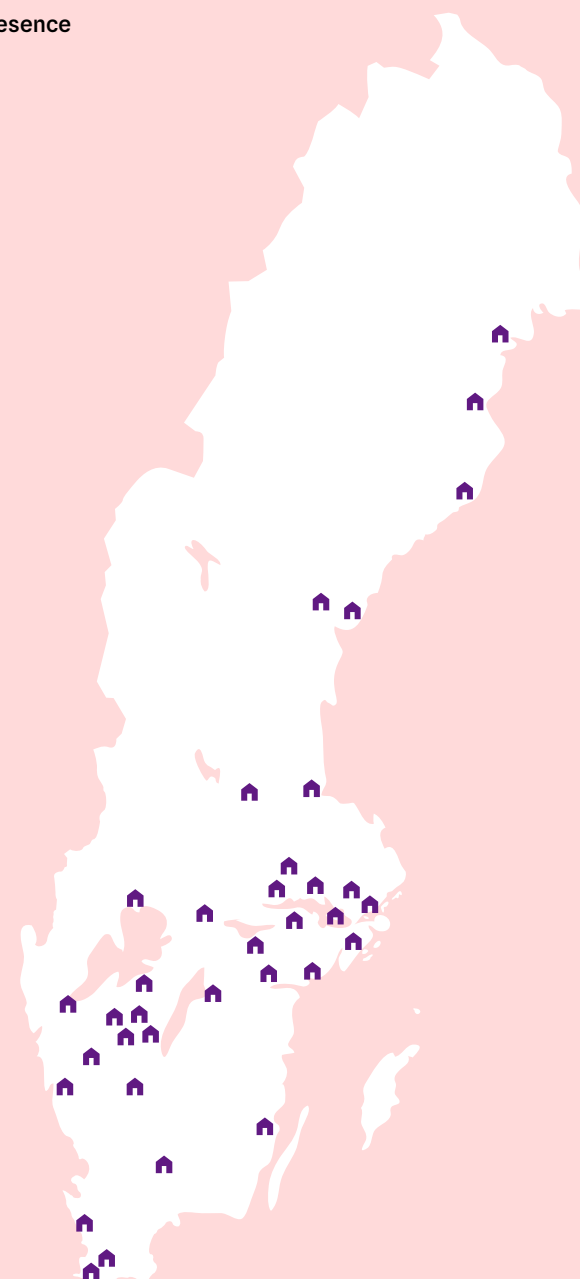
Our 267 properties are located in 40 municipalities. In terms of rental value, Sundsvall, Nynäshamn, Tranås, Oskarshamn and Motala were the largest municipalities at year-end.

The property portfolio is divided into two regions: South and North. The South Region, which comprises nine counties, accounts for most of the properties, with Västra Götaland representing the largest property value, while Stockholm County is the largest in the North Region, comprising a total of ten counties.

Breakdown by municipality, 20 largest

Municipality	Region	Floor area, thousand sq. m.	Number of apartments	Rental value, SEK m	Rental value, SEK/sq. m
Sundsvall	North	49	560	76	1,563
Nynäshamn	North	40	513	54	1,345
Tranås	South	48	517	54	1,119
Oskarshamn	South	43	520	49	1,146
Motala	South	37	476	44	1,202
Sollentuna	North	18	80	43	2,403
Norrköping	South	32	347	43	1,352
Helsingborg	South	30	456	42	1,437
Växjö	South	29	450	38	1,331
Skara	South	32	395	37	1,145
Enköping	North	28	259	36	1,304
Staffanstorps	South	22	218	33	1,500
Eskilstuna	North	23	266	31	1,348
Alingsås	South	23	206	30	1,305
Köping	North	24	313	30	1,207
Falköping	South	22	196	28	1,283
Nyköping	South	16	243	25	1,536
Knivsta	North	8	120	23	2,735
Karlstad	South	18	243	23	1,248
Vänersborg	South	20	273	23	1,149

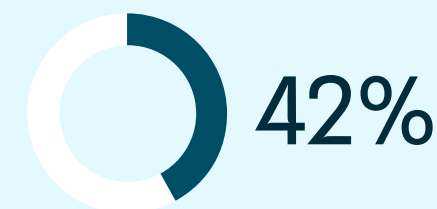
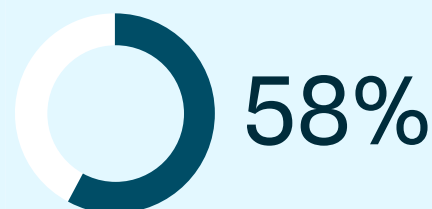
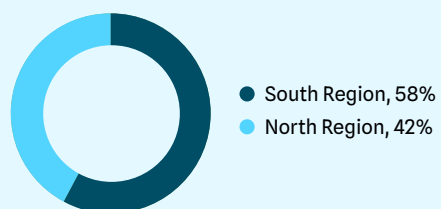
Neobo's geographical presence



Segment

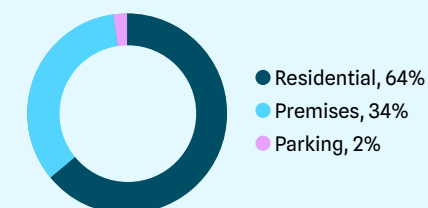
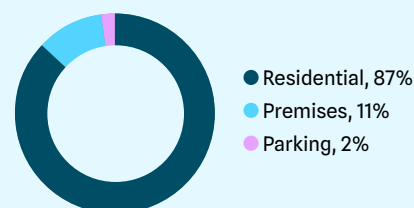
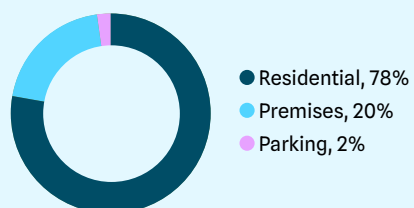
January-December ¹⁾	Total Neobo		South Region		North Region	
	2023	2022	2023	2022	2023	2022
Market value of properties, SEK m	14,018	15,295	8,039	8,762	5,979	6,533
Market value, SEK/sq. m.	19,658	21,425	17,825	19,404	22,812	24,906
Rental value, SEK m	969	924	568	543	401	381
Rental value, SEK/sq. m.	1,358	1,295	1,258	1,203	1,531	1,453
Rental income, SEK m	888	839	514	440	373	399
Net operating income, SEK m	460	424	265	230	196	195
Surplus ratio, %	52	51	51	52	52	49
Occupancy rate, %	92.5	92.0	92.8	92.1	92.0	91.9
Number of properties	267	268	167	168	100	100
Number of apartments	8,391	8,396	5,556	5,559	2,835	2,837
Floor area, thousand sq. m.	713	714	451	452	262	262

Share of rental income



Distribution of object type

Relates to share of rental income



¹⁾ When comparing between years, it should be noted that the property portfolio differs between 2022 and 2023, refer to Note 2.

HOW WE WORK

Neobo creates long-term value through its structured model for managing, refining and optimizing the property portfolio. The aim is to create safe, green and inclusive neighborhoods that attract more tenants who are happy and therefore stay longer.

Sustainable property management

Neobo conducts efficient and customer-centric property management with the focus on sustainability and profitability. Through its presence and regular dialogue with its tenants, Neobo ensures suitable value-adding improvements in the properties, which leads to increased customer satisfaction and yield. Tariff-based costs, such as electricity, heating and water, are monitored on a monthly basis, making it easier to take the right action in the right property. In addition, agreements are continuously reviewed to ensure quality and cost-effectiveness. Neobo's own staff in the various regions conduct most of the technical property management and remedial maintenance of the properties, which is supplemented by insourced services relating to such areas as heating, water, sanitation, ventilation and electricity. In relevant cases, Neobo works with company-wide procurements of technicians and suppliers in order to leverage the company's size and to thereby reduce property costs.

Customer survey

In order to identify requirements and opinions in a structured manner, Neobo conducts an annual customer survey aimed at all residential tenants. In 2023, we had a high response rate and the results showed improvement in all areas. On the

basis of the results, each property manager formulates an action plan covering the core improvement measures. Among other things, the 2023 survey results showed that 87.6 percent of tenants were happy in their residential area. Safety, the personal contact with Neobo and quick action are some of the factors that are assigned high priority by the residents.

Reducing the vacancy rate

A priority activity is to reduce the vacancy rate in the portfolio. Most of Neobo's regions have a relatively low vacancy rate, but there are exceptions. While this may be due to a large local offering of residential properties, it could also be property-specific. Neobo has regular vacancy meetings where knowledge is shared between managers to find the best solutions. Actions may include upgrading outdoor environments, renovations and more effective marketing. In addition to local and customer-centric measures, marketing activities have been initiated to strengthen Neobo's brand and increase awareness of the company's operations and vision. Safety, responsibility, environmental impact and health are some of the messages that Neobo wants to convey to existing and new customers.

Meet our letting officer
Carla Johansson



Falköping: Improved well-being and reduced vacancies

In Falköping, Neobo owns 196 apartments. Despite high demand for rental apartments in the municipality, property management has been dealing with high vacancies and low interest from housing applicants. Following this year's customer survey and dialogue with tenants, conclusions could be drawn about the reasons for the high vacancy rate. Among other factors, tenants pointed to a poor reputation linked to poor lack of security in the area. Neobo's status as a new residential housing company has also been a challenge. Accordingly, during the year, property management focused on more targeted marketing to reach out to new housing applicants.

As a result of these efforts, the trend was reversed during the year, with the number of unrented apartment decreasing from 32 at the start of the year to 9.

Carla Johansson, letting officer in Falköping, explains:

"We have worked very hard to improve the poor reputation that the area has had for a long time. This was no easy task. In this case, the poor reputation was not related to us and our role as a landlord, but about individual disruptive tenants."

"Neobo's vision is to create attractive and sustainable living environments where people can thrive and feel secure. Finding the right tenants to live in our areas is a letting officer's most important task. In this area, we have worked hard on activities, cooperation with the police and authorities, and with visibility in the form of an intensification of marketing campaigns. The best tool to address this issue is to engage in more constructive dialogue with our tenants in various ways. This is what has produced results. It's great to hear that order has been returned to the area and that people are satisfied with us as a landlord."

Value-creating development

Neobo is continuously making improvements and changes to its respective properties to increase their value and attractiveness. This includes apartment renovations, modernizations, improvement of outdoor environments and technical upgrades and adaptations. There is a strong focus on energy-saving measures that also reduce operating costs. For maintenance and renovation work, the ambition is to always choose the best environmental and energy

options. Examples include low-flow taps, more energy-efficient windows and additional insulation. Well-being and value-enhancing measures include bathroom and kitchen renovations, new electricity and LED lighting, installation of security doors and entry systems, and courtyard renovations.

When a tenant terminates a rental contract, the apartment is inspected and, depending on the apartment's condition, rental level and the

rental market, a decision is made to lease or refurbish the apartment. If the apartment only requires minor measures, a basic renovation is carried out focusing on sustainability and security. If more extensive measures are required, a renovation is carried out to upgrade the standard of the apartment, which means higher rental income. In 2023, 70 apartments were upgraded in line with the latter.

Oskarshamn: Renovated apartments most popular

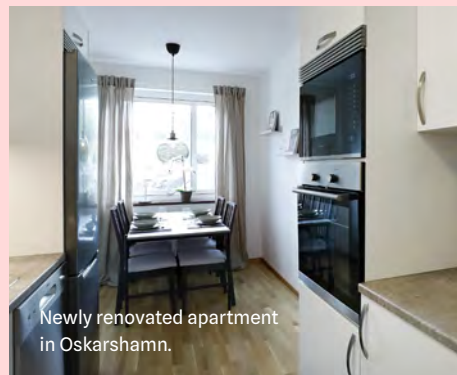
Neobo owns 520 apartments in Oskarshamn. The apartments are distributed over 26 properties, from the city center to some 20 kilometers north of Oskarshamn. Nathalie Bäck, local property manager, explains:

How would you describe the area?

"We have a wide variety of different types of properties, ranging from large properties with more than 150 apartments in one area to smaller properties with only five apartments."

What are the challenges?

"Our biggest challenge is leasing in the suburbs, where we are seeing a smaller influx of applications."



Newly renovated apartment in Oskarshamn.

Another challenge we see is that some properties are in need of maintenance and this needs to be addressed."

How large a share has been renovated?

"By December 2023, 21 percent of the apartments had been renovated."

What is the level of interest in the renovated apartments?

"Interest in the renovated apartments in central Oskarshamn is very high. Any vacancies in the city center relate to apartments that are not in leasable state. Once renovated, the apartments are immediately leased. We find that the market is willing to pay the extra money to get a fully renovated apartment."

In the suburbs, however, we see an advantage in having a mix of fully renovated apartments and apartments that have undergone a 'light' renovation, where the rent is not as high. We can then address the market and needs at that specific location, with the variety of tenants and applicants we have."



Meet our property manager
Nathalie Bäck

Portfolio optimization

Part of Neobo's business model is to continuously optimize the property portfolio to create the best possible value growth over time. This involves optimizing the portfolio through transactions to increase the portfolio's total yield and focusing the portfolio on priority locations to leverage synergies at lower costs and better customer dialogues.



Diana 1
property in Tranås.

Customer-centric organization

Neobo's property management organization works closely with the customers and with short decision-making paths and well-established processes. Most of the company's employees have extensive experience of value-creating property management and Neobo's current property portfolio. All the work that is done is designed to optimize the ability to conduct property management that is sustainable in the long-term and creates value for customers.

As a relatively new company focusing on long-term property management of residential properties in Sweden, Neobo's employees have the chance to be part of building a new brand and

a strong culture from the bottom up. This means establishing procedures, finding structures and creating networks within and outside the organization. The employees have good opportunities to impact the operations given that the company has a flat organization with short decision-making paths and has an atmosphere characterized by personal commitment at all levels.

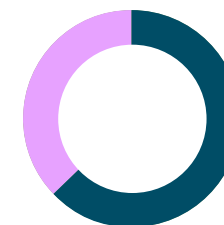
Working at Neobo also entails a good work environment, high business ethics, inclusivity, and good opportunities for development on equal terms for everyone. The aim is to be one of the best employers in the industry in terms of employee commitment. At year-end, Neobo had

a total of 79 employees. Of these, 29 were women and 50 were men. The management team comprised five persons: four women and one man. 69 of the employees belong to Neobo's property management organization, which is divided into two regions: South Region and North Region.

Employee survey

During the year, we worked on developing a process and procedure for measuring employee commitment. The aim is to surpass the industry average. The first survey was sent out in February 2024.

Employees 2023



79 employees

- Men, 63%
- Women, 37%

Our core values

During the year, Neobo developed a set of values consisting of the three core values: Commitment, Consideration and Courage. These values are to permeate our way of working and act as a guide in our everyday activities.

Commitment

- We are committed and businesslike.
- We care, we are forward-looking and we go the extra mile to succeed.
- We are driven and result-oriented.

Consideration

- We display consideration for each other, our customers, our shareholders and our business environment.
- We treat people with respect and have an inclusive corporate culture.
- We cooperate and support each other.

Courage

- We are open to change and innovative thinking, always endeavoring to make things a little better.
- We are unpretentious and solution-oriented.
- We challenge ourselves, each other and our business environment.
- We are inquisitive and open.



FINANCING

Neobo strives to have a low financial risk and operations are financed with equity and bank loans. At the beginning of the year, the restructuring of the Group's financing was completed as existing bank loans of approximately SEK 2 billion were renegotiated with new maturities of 3.5–5 years. During the first quarter, the derivative portfolio was restructured, which resulted in a higher hedge ratio and extended fixed interest term. The Swedish Riksbank's policy rate increased sharply during the year, but thanks to a high hedge ratio, this had a limited impact on Neobo's net financial items. After the long-term interest rates fell at the end of the year, Neobo signed new swap agreements of SEK 600 m to secure future cash flows and further reduce financial risk. The average maturity for these interest rate derivatives amounts to five years, with an average interest rate of 2.6 percent.

Neobo endeavors to achieve a good earnings performance, economic resilience and strong financial position. The economic and financial targets are set to combine a high return on equity, high growth capacity and financial stability.

Financing and Financial Policy

Given the current market conditions and the company's investment needs, the Board is of the opinion that the shareholders would benefit and the best total yield would be achieved by reinvesting profits in the business, which is why the dividend policy was withdrawn in 2023. Value-generating investments will be made in the form of apartment renovations and sustainable investments to help increase the return from the properties. Additionally, the Board has resolved to remove the equity/assets ratio target given that there are already restrictions in the loan-to-

value ratio. After these changes, Neobo's financial targets and risk limitations are as follows:

Financial targets	Target	Outcome 2023
Return on equity over time to exceed	10%	-19%
The loan-to-value ratio shall not exceed	65%	50%
The interest coverage ratio shall exceed	1.5x	1.7x

Capital structure

Group, SEK m	Dec 31, 2023	Dec 31, 2022
Liabilities to credit institutions	7,278	7,494
Cash and cash equivalents	199	231
Net debt	7,079	7,263
Equity	6,405	7,777
Total	13,484	15,040

The Group's operations are financed with equity and bank loans. Equity amounted to SEK 6,405 m (7,777) and liabilities amounted to SEK 8,092 m (8,276), of which SEK 7,278 m (7,494) pertained to interest-bearing liabilities. According to the Financial Policy, the loan-to-value ratio should be less than 65.0% and at year-end, it amounted to 50.2 percent (46.7).

Available liquidity

Total availability liquidity consists of assets in bank accounts, which at year-end amounted to SEK 199 m (231).

Borrowing rate, loan-to-maturity and fixed interest term

The average interest rate at year-end amounted to 3.4 percent (2.8).

Our property ownership is a long-term commitment that requires long-term financing. A long loan-to-maturity also reduces refinancing risk. The remaining debt duration at year-end was 3.3 years (3.9).

Financial expenses are a significant cost item in the income statement. This is affected by changes in the underlying market interest rate and changes in lenders' mark-ups. To reduce fluctuations in financial expenses to an acceptable level, interest rates are fixed for various terms to a large extent. To reduce interest rate risk and to achieve the desired fixed interest term, interest rate derivatives were used, which is a flexible and cost-effective way of changing the fixed interest term in the portfolio without having to amend the terms of the underlying loans. The average fixed interest term was 2.2 years (1.8) at year-end.

The aggregated nominal value of interest rate derivatives was SEK 5,406 m (5,893) with maturities of between one and eight years. At the end of the year, interest rate derivatives had a fair value of SEK 171 m (393).

Covenants

The loan agreements contain predetermined key metrics that Neobo undertakes to maintain during the term, known as covenants. If these are not met, for example, additional collateral may be required or, by extension, the counterparty may have the right to terminate the loan agreement. The agreements essentially stipulate an interest coverage ratio of a multiple of not less than 1.50–1.70, loan-to-value ratio of a maximum of 65–75 percent and an equity/assets ratio of not less

than 25–30 percent. The company met all covenants with all counterparties during the year.

Loan-to-maturity, SEK m

Year of maturity	Bank loans	Share, %
2024	189	3
2025	3,491	48
2026	1,452	20
2027	1,110	15
2028	940	13
2029 and later	96	1
Total	7,278	100

Fixed interest term, SEK m

Year of maturity	Volume	Share, %
2024	2,372	33
2025	1,465	20
2026	2,241	31
2027	0	0
2028	600	8
2029 and later	600	8
Total	7,278	100

Interest rate derivatives, SEK m

Year of maturity	Nominal amount	Average interest, %
2024	500	0.24
2025	1,465	0.17
2026	2,241	0.57
2027	0	0
2028	600	2.56
2029 and later	600	2.73
Total	5,406	0.89

CURRENT EARNINGS CAPACITY

The current earnings capacity on a 12-month basis, based on Neobo's property portfolio at January 1, 2024, is presented here.

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 rates, 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 as per January 1, 2024.

Neobo's earnings capacity

Amounts in SEK m	Jan 1, 2024	Oct 1, 2023	Jul 1, 2023	Apr 1, 2023	Jan 1, 2023
Rental value	969	959	956	948	924
Vacancy	-73	-76	-80	-79	-74
Rental income	896	883	877	869	850
Property management costs	-390	-380	-365	-365	-365
Property tax	-24	-24	-24	-24	-23
Net operating income	482	479	488	480	462
Central administration	-55	-55	-50	-50	-50
Net financial items	-250	-231	-227	-222	-190
Profit from property management	177	192	211	208	222

Annual rent negotiations in the residential portfolio are not included, while commercial contracts are indexed as of January 1, 2024. All vacancies as per January 1, 2024, including temporary vacancies, have been indexed on an annualized basis.

Property management 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 at January 1, 2024.

Central administration costs have been calculated on the basis of Neobo's organization being an independent unit. Net financial items are defined as interest costs, which have been calculated by applying, on top of Neobo's indebtedness, financing terms and conditions subject to the variable market conditions applying as per January 1, 2024, including the effects of derivatives. Any interest income on cash and cash equivalents and non-recurring costs related to the spinoff and the listing of Neobo shares have not been taken into account.



The newly built property Sovsäckan 2 in the new area of Kronandalen in Luleå.

SUSTAINABILITY

During the year, we embarked on our important sustainability journey. Sustainability issues are central to our vision and business model. Accordingly, it was natural that the entire management team and also the Board were involved in developing our long-term sustainability strategy.

Neobo will be subject to the reporting requirements of the EU’s Corporate Sustainability Reporting Directive (CSRD), probably from the 2025 fiscal year. If the proposed directive is adopted, the first reporting under CSRD will then take place in spring 2026. Since Neobo is a newly formed company, we have aligned our sustainability activities with the forthcoming new directive from the outset. We are working with an increased focus on a portfolio approach and a plan for a transition of the entire property portfolio. We focus our resources on the part of

the business, on the specific projects and properties where we have the greatest impact.

Sustainability strategy

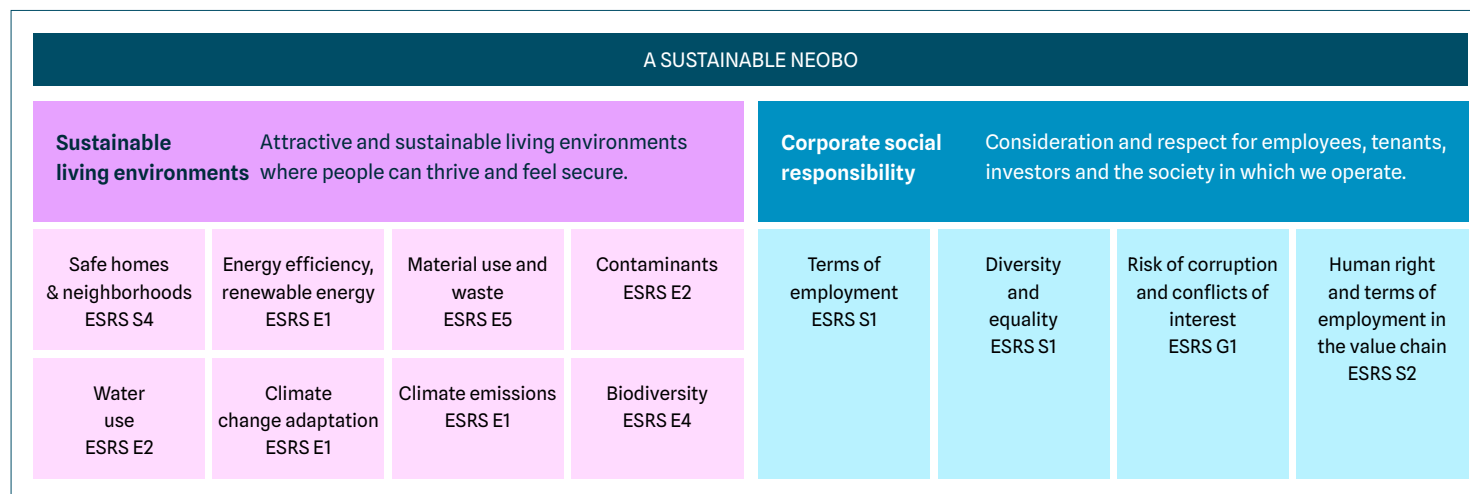
As a first step in developing the sustainability strategy, we conducted a stakeholder analysis. We then conducted a dual materiality assessment based on the CSRD framework. The outcome of the assessment is that there are twelve sustainability aspects that are essential for Neobo, and we will therefore set targets for these areas and monitor them, see the model below.

The sustainability strategy, which aims to ensure a sustainable Neobo, 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.

Neobo’s sustainability strategy and 12 material aspects



Malin Axland
Head of Sustainability

Malin, what is sustainability to Neobo?

“It is at our very core. We manage residential properties, with a clear responsibility to develop safe, sustainable living environments where people thrive and want to stay. With this comes a long-term perspective and an integrative approach to social and environmental issues. Today, sustainability is an integrated part of our strategy, but in the long term, sustainability is likely to drive the strategy.”

What difference can you make?

“We have great potential to make a difference given that we own 267 properties with 8,400 apartments in a total of 40 municipalities. The properties vary in age, they are from different decades, and many, like the rest of Sweden’s housing stock, do not have the latest technology and solutions. Here, we have an advantage in being a newly established company. We are not bound by anything, but can take an overall approach from the start and implement the measures that mean that all properties and areas develop in a positive direction.”

Sustainability Policy

Neobo’s Board has adopted a Sustainability Policy that summarizes the company’s view and level of ambition in relation to overall sustainability issues. For us, sustainability means taking long-term responsibility for the development and management of the company as well as our property portfolio, so that our impact is not negative for future generations. We assume a holistic approach to our work and our definition of sustainability is based on environmental, social and governance perspectives in line with such international conventions as: the ILO Core Conventions, the Paris Agreement, the UN Sustainable Development Goals (Agenda 2030) and EU directives such as ESRS and CSRD.

Sustainability targets

For each of the 12 material sustainability aspects, the Board has set an overall target, at least one long-term target for 2030 and several short-term targets to be achieved in the coming years. To ensure a focused effort to meet the targets, the Board of Directors has linked the management team’s incentive program to the achievement of the 2024 sustainability targets.

In 2024, the company will develop an action plan for energy efficiency that shows the steps the company needs to take and the investments that need to be made to achieve the long-term goal of reducing energy use by 20 percent by 2030. Similarly, in 2024, the company will develop a climate roadmap that will show the steps the company needs to take and the investments that need to be made to achieve the long-term goal of reducing climate emissions in Scope 1 and 2 by 50 percent by 2030.

Governance and follow-up

The overall responsibility for coordinating sustainability work and following up on the sustainability targets has been delegated to the Head of Sustainability. The work to achieve all sustainability targets is monitored internally on a quarterly basis.

Neobo has adopted guidelines for reducing energy and water consumption in its properties. This work is an important part of Neobo’s sustainability agenda. To ensure a systematic approach with good governance and follow-up, we therefore developed a water and energy management system during the year that describes how Neobo will work internally on these important issues.

Neobo's overall sustainability targets and long-term sustainability targets up until 2030

Sustainable living environments								Corporate social responsibility				
Attractive and sustainable living environments where people can thrive and feel secure.								Consideration and respect for employees, tenants, investors and the society in which we operate.				
	Safe homes and neighborhoods	Energy efficiency and renewable energy	Material use and waste	Contaminants	Water use	Climate change adaptation	Climate emissions	Biodiversity	Terms of employment	Diversity and equality	Risk of corruption and conflicts of interest	Human rights and terms of employment in the value chain
Overall targets	Safe living environment with low crime rates where tenants are engaged in their community.	Energy-efficient residential properties powered by renewable energy.	Efficient use of materials and reduction of waste through reuse and recycling.	Healthy living environment free from harmful substances.	Reduce the use of fresh water in homes.	A property portfolio adapted to a changing climate.	Reduced greenhouse gas emissions from the entire value chain with net zero emissions (Scope 1, 2 and 3) by 2045.	Promotion and protection of biodiversity.	One of the best employers in the industry in terms of employee commitment	A workplace characterized by diversity and equal opportunities for everyone to develop.	An ethical and transparent corporate culture with zero tolerance for irregularities.	Human rights are respected and monitored in the value chain.
Long-term targets 2030	Annual tenant turnover below 20 percent by 2030.	Reduce energy use by 20 percent (property energy) by 2030 compared to 2023.	Establish method to measure, monitor and reduce waste from tenants by 2030.	Target will be set in 2024.	Reduce fresh water consumption in residential properties by 15 percent by 2030 compared to 2023.	Continuously updated adaptation plan for all properties.	50 percent lower climate emissions in Scope 1 and 2 by 2030 compared to 2023.	Target will be set in 2024.	Employee commitment / eNPS > 20 by 2030	Perceived inclusion 100 percent by 2030.	100 percent of employees complete annual business ethics training	Measuring and monitoring of human rights in the value chain by 2030.
	Above industry average in the Service Index (AktivBo) in 2030.	100 percent of purchased energy from renewable sources.	Method to measure, monitor and reduce waste from renovation by 2030.				Measure, monitor and reduce greenhouse gas emissions in Scope 3 by 2030 compared to 2023.		Employee attendance rate in 2030 above industry average	The employees reflect society in terms of gender and ethnicity in 2030.	Publicly accessible and anonymous whistleblowing function.	100 percent of significant suppliers evaluated against supplier policy by 2030.

Continuous focus on sustainability in property management

The property management organization is constantly working on various matters linked to sustainability. These include security-enhancing measures such as work to improve lighting, work to improve waste management and sorting of food waste, as well as energy efficiency measures.

During the year, we continued our important efforts to enhance energy efficiency and implemented many measures to reduce energy consumption in our properties, which included investments in new technology and calibration to ensure efficient operation of existing equipment. Practical work during the year focused on achieving a good analysis of current energy and water consumption in our properties. Neobo's consumption of building energy in 2023 was 111.4 kWh per sq.m., and total purchased energy in 2023 was 99.7 GWh. We use the Mestro analysis tool to gain an overview of energy consumption and have installed smart water meters in many properties. To be able to prioritize energy efficiency measures where these have the best effect moving forward,

we renewed the energy declarations of a number of properties in advance. This allows us to obtain comparable energy declarations across the portfolio and to work more efficiently to reduce our energy consumption.

Climate report for 2023

An important part of understanding our current situation and setting priorities for the future has been to calculate the company's climate impact for 2023. For the first time, Neobo's total greenhouse gas emissions were compiled in a climate report. According to industry practice, the climate report follows the principles of the GHG Protocol and divides emissions into Scope 1, 2 and 3. The annual climate report improves the ability to monitor and measure progress toward Neobo's sustainability targets and compare emissions with similar property companies. Since 2023 will comprise the base year for Neobo's emissions, data sources, methodology and boundaries were documented to permit effective updating of climate reports in the years to come.

Climate emissions are divided into Scope 1, 2 and 3 according to the GHG Protocol

SCOPE 1

Direct own emissions

Examples:

- Refrigerant emissions
- Oil-fired boilers
- Own cars

SCOPE 2

Emissions from purchased energy

Examples:

- Emissions from district heating plants
- Emissions from purchased electricity

SCOPE 3

Indirect emissions

Examples upstream:

- Materials in new construction
- Employee commuting
- Business travel

Examples downstream:

- Tenant electricity
- Waste management

Neobo's greenhouse gas emissions 2023

	tCO ₂ e	kgCO ₂ e /sq. m. ¹⁾	kgCO ₂ e /SEK 000s ²⁾	Method of calculation and comment
Scope 1	106			
Refrigerant leakage	-			Refrigerant reports
Emissions from company vehicles	106			Supplier statistics
Scope 2 – Market-based	3,669			
Electricity	1,010			Purchased electricity (supplier emission values)
Heating	2,659			Purchased district heating (grid emission values)
Cooling	-			Purchased cooling (grid emission values)
Scope 2 – Location-based	3,901			
Electricity	1,241			Purchased electricity (Nordic electricity mix)
Heating	2,659			Purchased district heating (grid emission values)
Cooling	-			Purchased cooling (grid emission values)
Total emissions Scope 1 & 2 – Market-based	3,775	5.29	4.25	
Total emissions Scope 1 & 2 – Location-based	4,006	5.61	4.51	
Scope 3	10,642			
1. Purchased goods and services	3,038			Cost-based
2. Capital goods	4,087			Hybrid (supplier statistics and cost-based)
3. Fuel and energy-related activities	796			Purchased energy (supplier emission values)
6. Business trips	5			Hybrid (distance, supplier statistics, cost-based)
7. Commuting trips	30			Standard
8. Leased asset upstream	4			Standard
13. Leased asset downstream	2,681			Standard
Total emissions Scope 1, 2 & 3 – Market-based	14,416	20.19	16.23	
Total emissions Scope 1, 2 & 3 – Location based	14,648	20.51	16.50	

¹⁾ Based on SEK 888 m in sales.

²⁾ Calculated on 714,048 sq.m. of leasable area.

CORPORATE GOVERNANCE AND THE SHARE

Corporate Governance Report

Board of Directors

Management

The share and shareholders



CORPORATE GOVERNANCE REPORT

Neobo Fastigheter AB (publ) (“Neobo” or “the company”) is a Swedish public limited company headquartered in Stockholm, Sweden. Since February 10, 2023, the company’s shares have been listed on the Nasdaq First North Premier Growth Market (“First North”).

To ensure appropriate governance of the company, responsibility is clearly allocated among shareholders, the Board of Directors, the CEO and Management. Governance is based on the Articles of Association, the Board of Directors’ rules of procedure, the CEO’s instructions and adopted policies and guidelines, as well as the Swedish Companies Act and other applicable laws, ordinances and regulations such as regulations and recommendations pursuant to the listing of the company’s shares on First North.

Neobo applies the Swedish Corporate Governance Code (“the Code”). Neobo has chosen to deviate from the Code by not establishing a separate remuneration committee; the entire Board of Directors has fulfilled the tasks of the remuneration committee. The Board justifies the deviation by stating that neither the size of the company nor the Board justifies the establishment of a separate remuneration committee. The company currently has no guidelines for the remuneration of senior executives. Otherwise, the company does not deviate from any provisions of the Code.

Shareholders

The share capital at year-end amounted to SEK 752,027,538 and the number of registered shares was 145,400,737. Each share has a quotient value of SEK 5.17. The largest shareholders at the end of 2023 were the Association of ICA Retailers (10.32 percent), Martin Larsén (8.82 percent), and Avanza Pension (7.48 percent).

Annual General Meeting

The Annual General Meeting is Neobo’s highest decision-making body, at which the shareholders have an opportunity to make decisions on matters concerning the company. The Annual General Meeting must be held in Stockholm no later than June 30. The Annual General Meeting elects the Chairman of the Board, other Board Members and the company’s auditor. The Annual General Meeting’s tasks include adopting the company’s and the Group’s balance sheets and income statements and passing resolutions on the appropriation of earnings and on the discharge from liability of Board members and the CEO. Notice of the Annual General Meeting is to be issued in the form of an advertisement in Post och Inrikes Tidningar and by making the notice available on the company’s website. The company must publicly disclose that the official notice has been issued through an announcement in Dagens Nyheter.

At Neobo’s Annual General Meeting on April 26, 2023, resolutions included the reelection of Board members Jan-Erik Höjvall, Mona Finnström, Ulf Nilsson, Eva Swartz Grimaldi and Peter Wågström. Jan-Erik Höjvall was elected Chairman of the Board. The Annual General Meeting resolved that no dividend would be paid for the 2022 fiscal year, that fees would be paid to the Board of Directors totaling SEK 1,730,000, of which SEK 550,000 to the Chairman of the Board and SEK 295,000 to each of the other members of the Board, and resolved to discharge the mem-

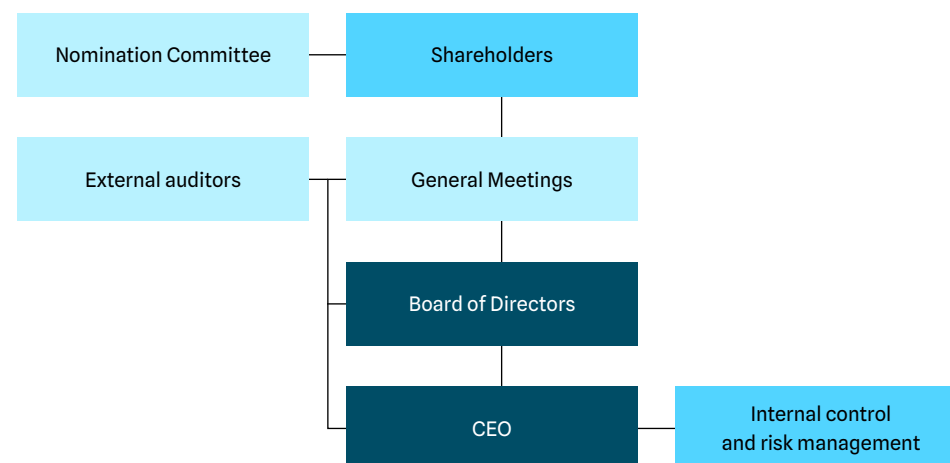
bers of the Board of Directors and the CEO from liability. The Annual General Meeting also resolved to re-elect the auditing company EY, to authorize the Board of Directors to decide on a new issue of shares, and to introduce a long-term incentive program in 2023. Minutes from the Annual General Meeting are available on Neobo’s website, neobo.se/en/annual-general-meeting-2023.

On October 4, 2023, Neobo held an Extraordinary General Meeting which resolved to elect

Jakob Pettersson as a new Board member for the period until the end of the next Annual General Meeting. Minutes from the Extraordinary General Meeting are available on Neobo’s website, neobo.se/en/extraordinary-general-meeting-2023.

The 2024 Annual General Meeting will be held on April 23, 2024. The notice and complete motions are available on the company’s website, neobo.se/en/annual-general-meeting-2024.

Neobo’s organization



Nomination Committee

The Nomination Committee shall consist of the Chairman of the Board and representatives of the three largest shareholders at September 30.

The task of the Nomination Committee ahead of the forthcoming Annual General Meeting is to issue proposals concerning, inter alia, the election of Board members and Chairman of the Board, the election of auditor, the election of chairman of the Annual General Meeting and proposals concerning the payment of fees.

The Nomination Committee ahead of the 2024 Annual General Meeting consists of Göran Blomberg, Chairman of the Nomination Committee, appointed by the ICA-handlarnas Förbund AB, Martin Larsén, nominated by Martin Larsén, Sven-Olof Johansson, appointed by Compactor Fastigheter AB, and Jan-Erik Höjvall in the capacity as Chairman of the Board. As per September 30, 2023, the shareholders who had appointed members of the Nomination Committee jointly represented about 21.8 percent of the shares of Neobo.

Board of Directors

The shareholders elect the Board of Directors at the Annual General Meeting. The Board's overriding task is to be responsible for the Group's organization and management, for the control of the accounting records and the management of assets and for ensuring that financial conditions in other respects are satisfactory. The Board is obligated to ensure that there are functional reporting systems and that the Board Members receive necessary information about the company's position, earnings, financing and liquidity through periodic reporting. In addition to being responsible for the company's organization and management, the Board's principal task is to make decisions on strategic matters, such as the adoption of strategic plans, sustainability and profitability targets and policies. The Board also makes decisions on major acquisitions and sales of properties and companies.

The work of the Board of Directors is regulated through rules of procedure, which are

adopted annually at the statutory Board meeting. The rules of procedure contain instructions concerning the division of responsibilities within the Board. The Board shall also ensure that the CEO fulfills his/her undertakings in accordance with the CEO instructions adopted by the Board.

In view of the company's size and the scope of its operations, the Board has concluded that it is not warranted to establish any Board committees. The duties of the audit committee and the remuneration committee are being performed by the Board as a whole. The Board's rules of procedure are evaluated and adopted annually. The Board shall hold six or seven scheduled meetings per year, and unscheduled meetings when the Chairman of the Board deems fit or when this is requested by the Board members or the CEO. The Chairman is responsible for ensuring that the annual evaluation of the Board of Directors and of the work of the CEO is implemented.

In accordance with the Articles of Association, Neobo's Board of Directors is to consist of no fewer than three and no more than ten members. The members are elected annually for the period until the close of the next Annual General Meeting. The 2023 Annual General Meeting elected five Board members. The Extraordinary General Meeting on October 4, 2023 resolved to enlarge the Board of Directors by one member. On December 6, 2023, Eva Swartz Grimaldi resigned from the Board for health reasons, with immediate effect, after which the Board comprised five members. On February 7, 2024, Peter Wågström resigned from the Board with immediate effect due to other corporate commitments, after which the Board comprised four members.

Neobo's Board of Directors consists of Jan-Erik Höjvall, Chairman of the Board, Mona Finnström, Ulf Nilsson and Jakob Pettersson. For a more detailed presentation of the members, refer to page 28 and the company's website. The CEO is not a member of the Board.

During the year, the Board held 18 minuted meetings, including one statutory meeting and nine per capsulam meetings. The issues addressed by the Board include Neobo's strategy, objectives, business plan, budget, organization, external reporting, financing issues, risk analysis, issues related to the listing on First North, the formulation of new financial targets and the adoption of a Sustainability Policy and sustainability strategy. During the year, the Board monitored, in particular, the development of the company's financing costs, liquidity forecast and vacancies.

In addition to the Board, the CEO, CFO, and General Counsel and Head of Sustainability were present at the Board meetings.

The Board conducted an annual Board evaluation through FNCA. The evaluation of the Board was conducted using an anonymous digital survey answered by the Board members and the CEO. The responses were compiled in a report, analyzed and supplemented by summary comments. The results were presented in charts and compared with a reference group of responses from other listed companies. The results were presented to the Chairman, after which the Board reviewed and discussed the results. The results were also reported to the Nomination Committee.

Attendance at Board meetings in 2023

	Board meetings	Of which per capsulam	Independent of the company	Independent of major shareholders
Jan-Erik Höjvall (Chairman)	18/18	9/9	No (former President)	Yes
Mona Finnström	18/18	9/9	Yes	Yes
Ulf Nilsson	18/18	9/9	Yes	Yes
Jakob Pettersson	3/3	1/1	Yes	No
Eva Swartz Grimaldi	14/16	8/8	Yes	Yes
Peter Wågström	18/18	9/9	Yes	Yes

CEO

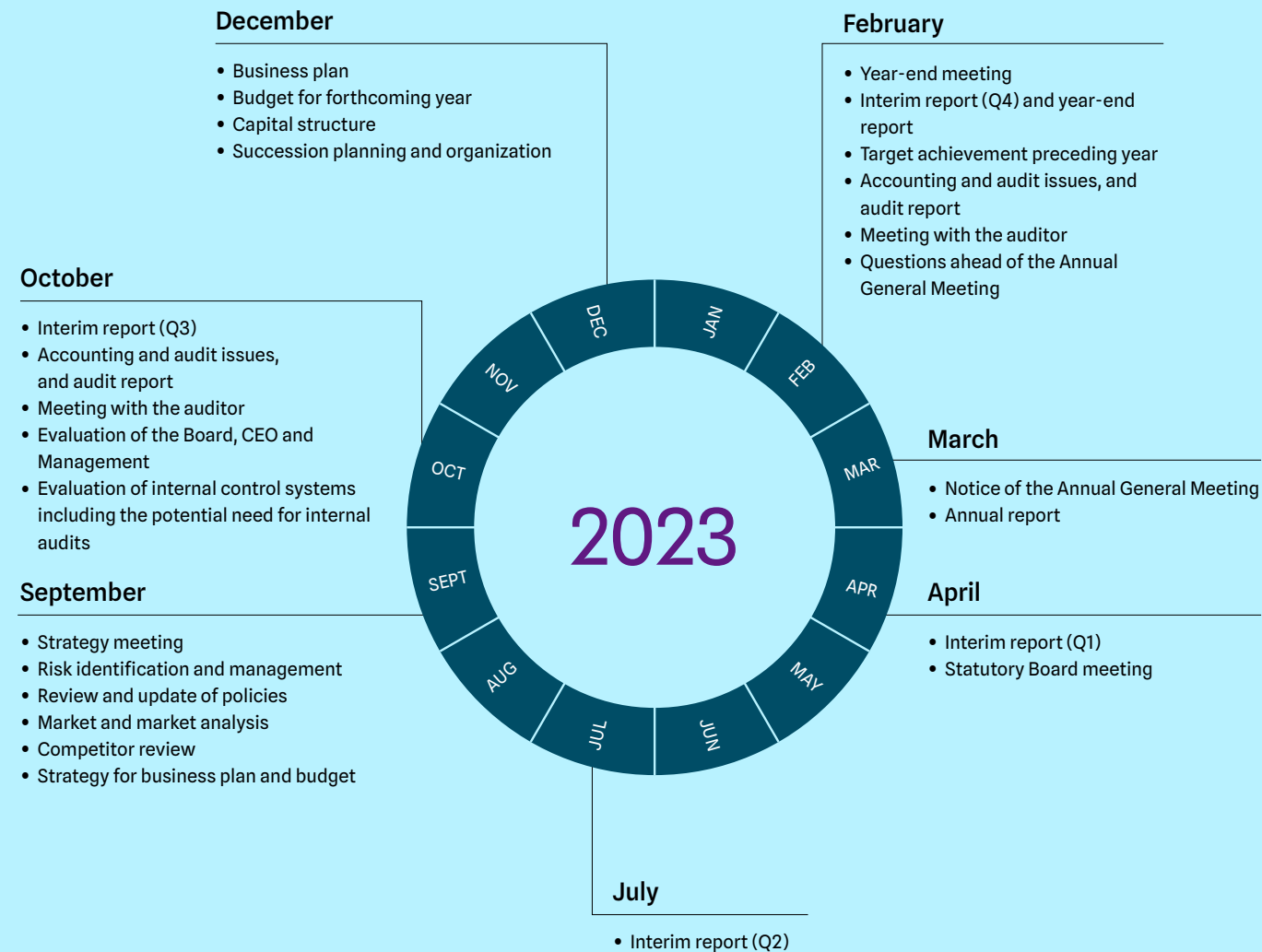
The CEO is responsible to the Board of Directors, is in charge of the day-to-day property management of the company and directs its operations in accordance with the Board’s guidelines and instructions, in part through the CEO instructions adopted by the Board.

Remuneration of senior executives

Neobo’s senior executives are Ylva Sarby Westman, CEO, Maria Strandberg, CFO, Malin Axland, General Counsel, and Head of Sustainability, Anna-Carin Skoglund, Regional Manager North, and Per Sundequist, Regional Manager South. In 2023, the management team also included Jonny Göthberg, Head of Property Management, and Johan Bergman, Head of IR. For a more detailed presentation of the senior executives, refer to page 29 and the company’s website.

The Board of Directors has proposed that the 2024 Annual General Meeting adopt guidelines for the remuneration of senior executives. The proposal states, among other things, that Neobo shall apply market-based and competitive forms of remuneration. Remuneration may consist of a fixed and a variable component. The guidelines contain various requirements concerning the structure of remuneration and a maximum amount for variable remuneration. Derogation from the guidelines by the Board is permitted if there are special reasons in individual cases. Such derogations should then be reported in the Remuneration Report ahead of the next Annual General Meeting. The full proposal is published on the company’s website [neobo.se/en/annual-general-meeting-2024](https://www.neobo.se/en/annual-general-meeting-2024).

Annual cycle



For information on the remuneration of the Board of Directors and senior executives in 2023, see Note 5. The 2023 Annual General Meeting resolved to introduce a three-year warrant program (LTIP 2023) for certain senior executives. Warrants were transferred in May 2023 to Ylva Sarby Westman, Maria Strandberg, Malin Axland and Jonny Göthberg. The warrants held by Jonny Göthberg were redeemed by the company at year-end 2023.

Internal control and risk management

Internal control is important for ensuring that the decided targets and strategies lead to the requisite results, that laws and regulations are adhered to and that errors in financial reporting are minimized. The point of departure for Neobo's internal control is the division of duties between the Board of Directors and the CEO, as expressed in the rules of procedure for the Board and the instructions for the CEO. To this should be added the decision-making paths, authorizations and spheres of responsibility that have been communicated in the organization.

A significant component of the internal control is having a clear picture of the risks that may arise in external reporting and that an organization and processes are in place to be able to

manage these risks. Neobo works continuously and actively on internal reporting and processes containing controls designed to detect and correct errors and deviations. Control activities are routinely carried out at an overall level or are of a more process-oriented nature. Examples of comprehensive controls include ongoing performance analysis based on the operational and legal Group structure and analysis of key metrics. Formal reconciliations, attestations and similar controls are examples of routine or process-oriented controls aimed at preventing, detecting and correcting errors and discrepancies.

The Board of Directors receives regular financial reports and the Group's financial position is addressed at Board meetings. The company's auditor personally reports his observations from the audit and his assessment of internal control once a year. Neobo has a policy that guarantees that employees and other stakeholders can report anonymously and without repercussions any conduct or other irregularities that involve violations or suspected violations of laws or other guidelines and regulations. A whistleblowing system is available via the Neobo website. All information deemed to be inside information is communicated to the market via press releases. The company has ensured

that the information reaches the market at the same time. The CEO and CFO are designated as spokespersons for financial matters.

In view of the company's size, internal reporting and follow-up systems, the Board and Management have concluded that there is currently no need to form a separate internal audit function. The matter of any need for a special internal audit function will be followed up annually.

Audit

Neobo's Annual Report and the administration of the Board and the CEO are examined by the company's auditor in accordance with the Swedish Companies Act. This examination results in a report to the Board of Directors and in an auditor's report that is issued to the Annual General Meeting. At the 2023 Annual General Meeting, the auditing firm EY was appointed as auditor, with Gabriel Novella as auditor in charge, for the period until the 2024 Annual General Meeting. Fees are paid according to approved invoices.

BOARD OF DIRECTORS



Jan-Erik Højvall

Chairman of the Board since 2022.

Born: 1959.

Education: M.Sc. in Mechanical Engineering, Stockholm Royal Institute for Technology (KTH).

Other current positions: –

Previous experience includes:

CEO of Amasten Fastighets AB, CEO of Rikshem and CEO of Akelius fastigheter AB. Chairman of Studentbostäder i Norden AB (publ).

Shareholding in the company¹⁾:
65,000 shares.

Independent in relation to major shareholders. Yes.



Mona Finnström

Board member since 2022.

Born: 1959.

Education: Bachelor's Degree in Behavioral Science and courses in Business Administration.

Other current positions:

Chairman of Sveriges Förvaltarforum AB. Board member of Mona Finnström utveckling AB. Deputy board member of Stockholms Kooperativa Bostadsforening, a housing cooperative.

Previous experience includes:

Board member of Fastigo Aktiebolag, HR Huset, Fastighetsbranschens och Arbetsgivarpartner Aktiebolag. CEO of Fastigo Aktiebolag.

Shareholding in the company¹⁾:
10,000 shares.

Independent in relation to major shareholders. Yes.



Ulf Nilsson

Board member since 2022.

Born: 1958.

Education: LL.M. from Uppsala University.

Other current positions:

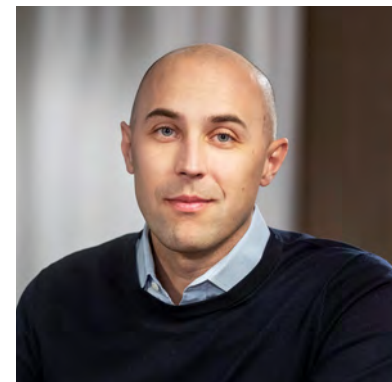
Chairman of GC Cru AB, Richard Juhlin Grand Cru AB and Vamlingbo Ladugårdar AB. Board member of Avestaörnen 3 AB, Krylbohus AB, LC Åkersberga Fastighets AB and Sigfride Fastigheter AB. Deputy board member of Ballstaudde Bostadsutveckling AB.

Previous experience includes:

Board member of Amasten Fastighets AB and Kungsleden AB. CEO D. Carnegie & CO.

Shareholding in the company¹⁾:
250,000 shares.

Independent in relation to major shareholders. Yes.



Jakob Pettersson

Board member since 2023.

Born: 1986.

Education: B.Sc. and M.Sc. from the Stockholm School of Economics.

Other current positions:

CFO of the Association of ICA Retailers. Board member of Hagabacken Fastighets AB.

Previous experience includes:

Board member of Amasten Fastighets AB.

Shareholding in the company¹⁾:
0 shares.

Independent in relation to major shareholders. No.

Eva Swartz Grimaldi was a member of the Board until December 6, 2023.

Peter Wågström was a member of the Board until February 7, 2024.

¹⁾Refers to own holdings and holdings of related persons and legal entities as per the date of signing the Annual Report

MANAGEMENT



Ylva Sarby Westman

CEO since 2022.

Born: 1973.

Education: M.Sc. in Mechanical Engineering, Stockholm Royal Institute for Technology (KTH).

Other current positions:

Board member of Eastnine AB (publ).

Previous experience includes:

CEO of Kungsleden AB. Deputy CEO of Castellum AB and Kungsleden AB. CFO of Castellum AB and Kungsleden AB.

Shareholding in the company¹⁾:

86,246 shares.

Warrants 2023/2026:1:

436,200 warrants.



Maria Strandberg

CFO, since 2023.

Born: 1983.

Education: M.Sc. in Business and Economics, Södertörn University Stockholm.

Other current positions: –

Previous experience includes:

CFO of Castellum AB. Financial director at Kungsleden AB. Auditor at EY.

Shareholding in the company¹⁾:

15,000 shares.

Warrants 2023/2026:1:

96,933 warrants.



Malin Axland

General Counsel since 2022 and Head of Sustainability since 2023.

Born: 1974.

Education: LL.M. from Stockholm University.

Other current positions:

Board member of MAXland AB.

Previous experience includes:

General Counsel Kungsleden AB. Lawyer Mannheimer Swartling Advokatbyrå. Own activity as an interim lawyer.

Shareholding in the company¹⁾:

23,300 shares.

Warrants 2023/2026:1:

96,933 warrants.



Anna-Carin Skoglund

Regional Manager, North since 2022.

Born: 1963.

Education: Engineering studies at Örebro University. Facilities Manager at Newton. Leadership studies at Umeå University.

Other current positions: –

Previous experience includes:

Regional Manager at SBB. Property Manager at Ängelholmshem.

Shareholding in the company¹⁾:

2,342 shares.



Per Sundequist

Regional Manager, South since 2022.

Born: 1967.

Education: Real Estate Agent course, undergraduate studies in economics, Marketing economist DIHM, IHM Business School.

Other current positions:

Deputy Board member of Christina Sundequist Konsult AB.

Previous experience includes:

President, HSB Nordvästra Götaland. Market Area Manager, Skandia Fastigheter. Head of Project Development, Götenehus. Regional Manager, SBB Norden AB.

Shareholding in the company¹⁾:

2,500 shares.

Johan Bergman, Head of IR, was a member of the Group Management until July 11, 2023.

Jonny Göthberg, Head of Property Management, was a member of Group Management until December 31, 2023.

¹⁾Refers to own holdings and holdings of related persons and legal entities as per the date of signing the Annual Report

THE SHARE AND SHAREHOLDERS

Neobo's market capitalization, meaning the value of all listed shares outstanding, amounted to SEK 2,007 m as of December 31, 2023. Number of shares outstanding amounted to 145,400,737.

Trade and turnover

Since February 10, 2023, Neobo's shares have been listed on Nasdaq First North Premier Growth Market. The share turnover amounted to 380 million shares. The turnover rate, i.e. the number of shares traded during the year divided by the number of shares outstanding at year-end, was 261 percent.

Dividend policy

Given the current market conditions and the company's investment needs, the Board is of the opinion that the shareholders would benefit and the best total yield would be achieved by reinvesting profits in the business, which is why the dividend policy was withdrawn in 2023. Value-generating investments will be made in the form of apartment renovations and sustainable investments to help increase the return from the properties.

Total yield

The share price for Neobo at year-end was SEK 13.80. During the year, the highest price recorded was SEK 18.86 and the lowest was SEK 7.63.

The total yield for the share, corresponding to the price trend since listing, was -19.3 percent. No dividend was paid in 2023.

Net asset value

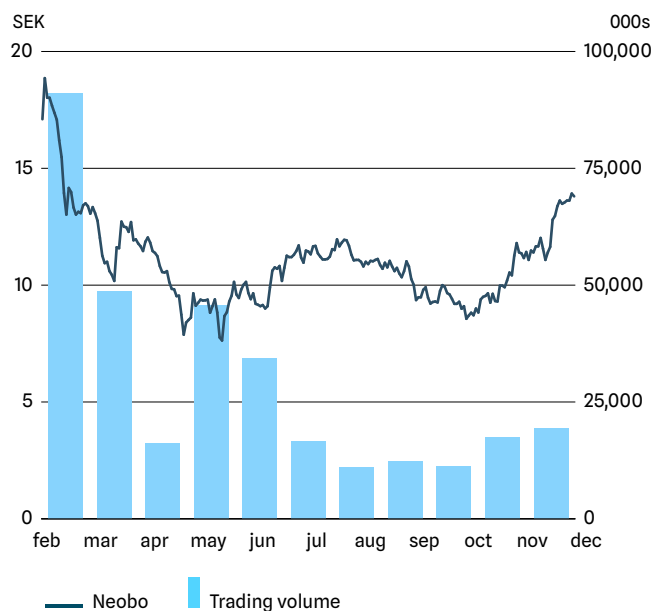
Net asset value is the total capital that the company manages for its owners. Based on this capital, Neobo aims to create stable yields and growth with low risk. As Neobo's properties are recognized at fair value, the net asset value can be calculated from the equity in the balance sheet. However, consideration should be given to items that do not involve a cash outflow in the near future, such as derivatives and deferred tax liabilities in the case of Neobo.

Net asset value at year-end amounted to SEK 45.83 per share (54.26). Accordingly, the share price at year-end comprised 30.1 percent of the net asset value.

Calculation of net asset value

	SEK m	SEK/share
Equity according to the balance sheet	6,405	44.05
Reversal according to the balance sheet:		
Derivatives	-171	-1.18
Deferred tax	430	2.96
Long-term net asset value	6,664	45.83

Neobo share price and turnover development in 2023



Shareholder structure at December 31, 2023

At year-end, there were 134,396 shareholders in Neobo. The ten largest shareholders controlled 47.7 percent of the share capital and voting rights at December 31, 2023. Foreign ownership amounted to 9.8 percent.

Size class	No. of shares	Capital and voting rights, %	Number of known owners	Percentage of known owners, %
1-500	7,862,246	5.4	124,082	92.3
501-1 000	3,536,704	2.4	4,735	3.5
1,001-5,000	9,282,824	6.4	4,303	3.2
5,001-10,000	4,806,236	3.3	650	0.5
10,001-20,000	4,460,176	3.1	307	0.2
20,001-	106,109,731	73.0	319	0.2
Anonymous ownership	9,342,820	6.4	0	0.0
Total	145,400,737	100	134,396	100

Source: Modular Finance

Largest shareholders	No. of shares	Percentage of share capital and voting rights
The Association of ICA Retailers	15,000,000	10.3
Martin Olof Brage Larsén	12,821,625	8.8
Avanza Pension	10,879,673	7.5
Arvid Svensson Invest	6,664,412	4.6
Sven-Olof Johansson	5,500,000	3.8
Länsförsäkringar Fonder	5,082,449	3.5
Nordnet Pensionsförsäkring	4,123,959	2.8
Futur Pension	3,178,555	2.2
ÖstVäst Capital Management	3,080,200	2.1
Ilija Batljan	3,021,862	2.1
Other	76,048,002	52.3
Total number of shares issued	145,400,737	100

FINANCIAL STATEMENTS

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[Accounts](#)

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[Auditor's Report](#)



DIRECTORS' REPORT

The Board of Directors and the CEO of Neobo Fastigheter AB (publ), Corp. Reg. No. 556580-2526, hereby present the Annual Report and the consolidated financial statements for the 2023 fiscal year. Figures in parentheses refer to the preceding fiscal year.

About Neobo

Neobo's business is to own, manage and refine residential properties in Swedish municipalities experiencing population growth, a good employment rate and a stable rental market. Neobo strives to be a reliable long-term landlord that works actively with sustainability to contribute to the good development of society. The portfolio consists of 267 properties with a total area of 713,000 sq. m. and a market value of SEK 14,018 m.

Income, costs and earnings

Rental income

Rental income increased to SEK 888 m (839) during the year. For a like-for-like portfolio, rental income increased 5.0 percent. The increase in rental income was attributable to annual rent negotiations in the property portfolio, completed projects, upgrades of apartments and lower vacancies. The economic occupancy rate was 92.5 percent (92.0).

Property management costs

Property costs amounted to SEK -429 m (-416). Property costs consist primarily of tariff-based costs, operating and maintenance costs and property administration. The increase compared with the preceding year was due to both an expanded property portfolio, with acquisitions at the end of 2022 and projects completed during the year, as well as increased electricity and heating costs during the final quarter of the year.

Net operating income

Net operating income increased SEK 37 M to SEK 460 m (423) during the year. For the like-for-like portfolio, the increase corresponded to 3.8 percent excluding items affecting comparability, primarily due to higher rental income.

Administration

Administration costs for the year amounted to SEK -155 m (-116), of which property administration amounted to SEK -67 m (-37) and central administration to SEK -88 m (-79). The increase in administration costs was a result of items affecting comparability of SEK 18 m in central administration. The items affecting comparability relate to the separation from SBB, Neobo's listing on Nasdaq First North Premier Growth Market and various start-up costs for the company. Excluding items affecting comparability, central administrative costs decreased by SEK 9 m. Furthermore, an accounting reallocation of costs took place between property administration and operating costs in 2022, for which reason a comparison of property administration is misleading between the years.

Net financial items

Net financial items for the year deteriorated to SEK -224 m (-172), due to a higher interest rate environment. The average interest rate for loans and derivatives increased to 3.4 percent (2.8) at the end of the year. The interest coverage ratio

for the year declined to a multiple of 1.7 (2.0), primarily due to a higher financial net. The policy is for the interest coverage ratio to exceed a multiple of 1.5 for the corresponding period.

Profit from property management

Profit from property management for the year decreased 14 percent to SEK 148 m (172). The reduction is a result of higher financial expenses and items affecting comparability of SEK 18 m in central administration.

Change in value of investment properties

The entire property portfolio was valued externally at December 31, 2023. In total, the unrealized change in the value of properties amounted to SEK -1,353 m (-2,238), corresponding to a change in value of -8.9 percent (-6.7) for the year. The change in value in the South Region amounted to SEK -806 m, corresponding to -9.2 percent, and in the North Region to SEK -547 m, corresponding to -8.4 percent. The average valuation yield used in the valuation of the portfolio amounted to 4.7 percent, compared with 4.1 percent at the end of 2022 for corresponding properties.

Finance

Financial Policy

Given the current market conditions and the company's investment needs, the Board is of the opinion that the shareholders would benefit and

the best total yield would be achieved by reinvesting profits in the business, which is why the dividend policy was withdrawn in December 2023. Value-generating investments will be made to help increase the return from the properties. At the same time, the Board also resolved to remove the equity/assets ratio target given that there are already restrictions in the loan-to-value ratio. After these changes, Neobo's financial targets and risk limitations are as follows:

- Return on equity over time to exceed 10 percent.
- The loan-to-value ratio shall not exceed 65 percent
- Interest coverage ratio is to exceed a multiple of 1.5.

Available liquidity

Neobo's liquidity consists of assets in bank accounts, which at year-end amounted to SEK 199 m (231).

Borrowing rate, loan-to-maturity and fixed interest term

The average interest rate at year-end amounted to 3.4 percent (2.8). Our property ownership is a long-term commitment that requires long-term financing. A long loan-to-maturity also reduces refinancing risk. The remaining debt duration at year-end was 3.3 years (3.9). Financial expenses are a significant cost item in the income statement. This is affected by changes in the under-

lying market interest rate and changes in lenders' mark-ups. To reduce fluctuations in financial expenses to an acceptable level, interest rates are fixed for various terms to a large extent. To reduce interest rate risk and to achieve the desired fixed interest term, interest rate derivatives were used, which is a flexible and cost-effective way of changing the fixed interest term in the portfolio without having to amend the terms of the underlying loans. The average fixed interest term was 2.2 years (1.8) at year-end.

Covenants

The loan agreements contain predetermined key metrics that Neobo undertakes to maintain during the term, known as covenants. If these are not met, for example, additional collateral may be required or, by extension, the counterparty may have the right to terminate the loan agreement. The most common covenants are an interest coverage ratio of a multiple of not less than 1.5–1.7, loan-to-value ratio of a maximum of 65–75 percent and an equity/assets ratio of not less than 25–30 percent. Other commitments include ensuring that borrowing subsidiaries are wholly owned, that subsidiaries with pledged assets do not raise additional loans and that the lender is provided with certain financial information. The company met all covenants with all counterparties during the year.

Tax

Reported tax for the year amounted to SEK 54 m (628), of which SEK –21 m (–38) is current tax and the remainder is deferred tax. The change in current tax is mainly due to lower earnings in the subsidiaries as a result of increased financial

expenses. The change in deferred tax is explained by a lower decline in the value of the property portfolio. The effective tax rate during the period was 3.8 percent (31.7).

At December 31, 2023, the deferred tax liability amounted to SEK 430 m compared to SEK 505 m at the end of 2022. The deferred tax liability was largely attributable to investment properties. The change in tax liability is attributable to the unrealized decline in value of investment properties during the period.

Neobo was not subject to any tax proceedings at the end of the period.

Property portfolio

The property portfolio consists of 267 properties (268) with a total leasable area of 713,000 sq. m. (714,000). As of December 31, 2023, the property portfolio was valued externally with an estimated market value of SEK 14,018 m, compared with SEK 15,295 m at the beginning of the year. Unrealized changes in value during the period amounted to SEK –1,353 m (–1,151), corresponding to decrease in value of 8.9 percent (6.7).

The valuations were conducted according to the RICS Red Book guidelines using the same methodology as for previous external evaluations. The market value is affected by property-specific, value-impacting events during the period, such as new and renewed rental contracts, vacated leases and investments made. The changes deemed to have occurred in market rents and valuation yields since the previous external valuation were also taken into account.

The value of the properties includes SEK 131 m (80) 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. The average value of the building rights after risk deductions in the valuation is SEK 1,146/sq. m. GFA (862).

The average yield requirement at the end of the year amounted to 4.7 percent (4.1) – an increase of 62 bp compared with the start of the year.

Change in property portfolio

SEK m	2023	2022
Opening balance, Jan 1	15,295	17,173
Acquisitions	–100	6,064
Investments	177	727
Divestments	–	–7,602
Change in value	–1,353	–1,151
Reclassifications	–	85
Closing balance, Dec 31	14,018	15,295

Remuneration of senior executives

The remuneration of senior executives is addressed and determined by the Board of Directors. Remuneration comprises fixed salaries, variable remuneration, pension benefits and other customary benefits. For a more detailed description, refer to Note 5.

Risks and uncertainties

Priority areas for risk management mainly include property valuation, financing, project activities and leasing, taking into account both the complexity and size of amounts. The company has good procedures for managing these risks and also has a strong financial position with

solid key metrics such as a low loan-to-value ratio and a high interest coverage ratio. For risks and uncertainties, please refer to the section “Risks and risk management” on page 34.

Sustainability

Neobo actively pursues sustainability as an integrated part of its operations through systematic environmental, economic and social sustainability efforts. Developing sustainable and secure living environments includes offering energy-efficient residential properties in attractive locations that harmonize with the surrounding community. Through active and customer-centric property management, Neobo can contribute to increased stability, security and long-term sustainable environments and attractive residential areas.

In 2023, Neobo carried out some 30 energy-saving projects, some of them large and several smaller ones. The projects include a number of new solar cell installations and measures related to property ventilation and heating systems. In 2023, we also continued the planned roll-out of fiber networks in our property portfolio.

Appropriation of profits

The Board of Directors proposes that the available profits of SEK 5,721,525,776 be carried forward in their entirety.

Risks and risk management

All business operations are exposed to risks. Correctly managed, these risks can lead to opportunities but if they are not managed at all, in time or are managed incorrectly, this can lead to serious negative consequences in the form of lower income, higher costs and reduced credibility. Work to identify, analyze, manage and follow up both strategic and operational risks is therefore a high-priority area for Neobo. The Board has overriding responsibility for risk management, while operating activities are delegated to the CEO and Management, which work on these matters as part of a structured process as presented in the figure below. A presentation and review with the Board is held annually and has a three-year time horizon.

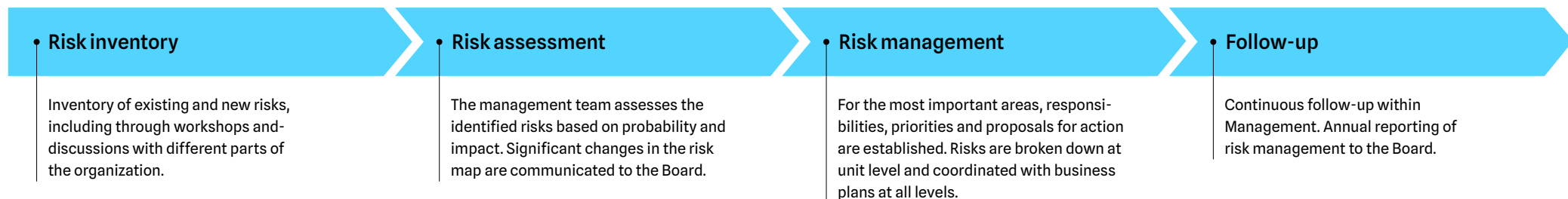
Neobo works continuously to identify and actively monitor financial and other risks that the business encounters or is facing. The figure below illustrates how Group Management works on risk management in a structured process.

Area	Risk	Probability	x	Impact	=	Risk value
Business risks	Negative change in value of properties	2		2		4
	Deficiencies in technical status	3		2		6
	Transaction risks	2		3		6
	Continued high vacancies	2		2		4
	Cost trend	2		2		4
	Brand risk	1		2		2
External risks	Macro risk	2		2		4
	Political risk	1		2		2
Financial risks	High interest rates	1		3		3
	Restricted access to funding	1		3		3
	Lack of liquidity	1		3		3
Sustainability risks	Climate risks	2		1		2
	Organizational risks	1		2		2
	Unsecure residential areas	3		1		3

- Low risk
- Medium risk
- High risk

Based on the risk inventory carried out, the management team identifies risk areas that are in focus and these are classified according to probability and impact, where 1 is low and 3 is high.

Probability multiplied by impact gives a weighted risk value, between 1 and 9, where 1-3 means low risk, 4-6 medium risk and 7-9 high risk.



Risk inventory

Inventory of existing and new risks, including through workshops and discussions with different parts of the organization.

Risk assessment

The management team assesses the identified risks based on probability and impact. Significant changes in the risk map are communicated to the Board.

Risk management

For the most important areas, responsibilities, priorities and proposals for action are established. Risks are broken down at unit level and coordinated with business plans at all levels.

Follow-up

Continuous follow-up within Management. Annual reporting of risk management to the Board.

BUSINESS RISKS

Property value

Risk

Neobo recognizes its properties at their estimated market values, which has a direct impact on earnings and financial position. The value of the properties is affected by a number of factors including property-specific circumstances, such as the occupancy rate, rental level and operating costs, as well as market-specific circumstances such as the required valuation yield and the cost of capital, which are derived from comparable transactions in the property market.

Management

To obtain a fair market value, the entire property portfolio is externally valued by authorized property appraisers at each quarterly closing. Neobo actively implements property-specific measures, which include reducing vacancies, raising rental levels and reducing operating costs in order to increase property values. The company cannot influence changes in the market's yield requirement.

Transaction risks

Risk

Portfolio optimization, including acquisitions and divestments, is an important part of Neobo's business model and strategy. A prerequisite for transactions is that market supply meets demand and that buyers and sellers can agree on a market rate of return. In 2023, the liquidity of the transaction market in Sweden was halved compared to the preceding year. Acquisitions of properties are associated with risks linked to the acquired property, such as the risk of incorrect assumptions about future cash flows and unforeseen costs, for example, to manage and meet environmental requirements.

Management

We work closely with the transaction market and regularly meet both property owners and consultants to identify business opportunities and create conditions for value-generating transactions. Acquisitions are subject to structured due diligence on technical, environmental, legal and economic aspects. The review is carried out by both internal resources and independent external consultants.

Rental income and rent trend

Risk

If the occupancy rate or rental levels decline, regardless of reasons, Neobo's earnings will be impacted negatively. The setting of rents for residential properties is negotiated within the collective negotiating system with local tenant associations in the various locations. The rent trend for commercial premises is dependent on economic conditions and is primarily impacted by such factors as demand, type of premises, design, standard and location.

Management

Demand for residential properties is considerable in the municipalities in which Neobo operates. The company works actively in its residential areas by renovating apartments up to a modern standard and thereby raising the rental level. For commercial leases, rent levels are regulated successively, since the leases normally extend over periods of 3-5 years. To understand the tenants' needs, we engage in a continuous dialogue at a local level through our in-house property management organization and regular customer surveys.

Operating and maintenance costs

Risk

Neobo's operating costs consist primarily of tariff-based costs such as costs for electricity, heating, water and sanitation. Changes in operating and maintenance costs could have a negative impact on the Group's operations, financial position and earnings.

Management

Neobo continuously implements preventive measures, investments and efficiency work in order to improve the cost structure, not least in the energy area. Optimizing operations is one of the principal environmental improvements that Neobo can make in its capacity as a property owner. In addition, the company gradually reduces the interior maintenance requirements of properties by renovating apartments as the need arises.

Crisis management

Risk

For Neobo, a crisis is an unforeseen event that threatens to seriously harm the operations or the brand and is something that the normal organization cannot manage.

Management

This type of risk is managed on an overall basis in several ways. Among other measures, Neobo has a crisis management plan to be able to manage extreme events of this kind. At Neobo, a fundamental requirement is that all properties are covered by full value insurance to minimize the risk of large-scale financial consequences caused by unforeseen damage to property.

EXTERNAL RISKS

Macroeconomic risk

Risk
Weak economic conditions in the form of high unemployment and low growth could result in payment problems among tenants, reduced demand for residential properties and commercial premises, higher vacancies and more expensive financing costs.

Management
To ensure resilience to changing market conditions, Neobo works to ensure that it has a strong balance sheet and a low loan-to-value ratio. Through active asset management, the risk of an increased cost of capital is mitigated. In the operational activities, macroeconomic risks are managed and evaluated continuously by Management and the Board to ensure that the tenant portfolio is well composed and in the right geographic locations.

Risks related to laws and political decision-making

Risk
Conducting property operations is highly dependent on laws, regulations and official decisions. Laws and regulations pertaining to the property market are often influenced by political opinion and can therefore change at short notice. Changes in, for example, subsidies such as investment grants, regulation of the energy performance of buildings, and tax legislation may have a significant impact on Neobo's activities.

Management
Risks related to political decisions and legislation are mainly managed through proactive efforts to remain informed and updated in these areas. External specialists and consultants are used when necessary to address complex tax issues, for example.

FINANCIAL RISKS

Interest rate risk

Risk
In addition to equity, Neobo's operations are financed by bank loans, which means that interest costs constitute a major individual cost for the company. Changes in market interest rates impact Neobo's earnings directly via interest costs and also indirectly via the value of the properties.

Management
According to the Financial Policy, Neobo works with periods of fixed interest based on the estimated interest rate trend, cash flow and capital structure. The company's hedge ratio as per December 31, 2023 was 74 percent and the average fixed rate period was 2.2 years. The interest coverage ratio was a multiple of 1.7.

Refinancing risk

Risk
Neobo's financing consists of bank loans. There is a risk that financing cannot be obtained, or is available only at sharply increased costs, when a loan falls due for repayment or the terms and conditions are renegotiated.

Management
Neobo works actively to maintain and improve relationships with the company's financiers. In addition, the company works to diversify the maturity structure of the loan portfolio, to ensure that all loans do not fall due for repayment in the same year and thereby to mitigate the impact of disruptions in the financial market during an individual year. The loan-to-value ratio must be lower than 65 percent and, at the end of 2023, it was 50.2 percent.

Credit risk

Risk
Credit risk is defined as the risk that a counterparty will not be able to honor all or parts of its financial obligations to Neobo. The company's existing or potential customers could find themselves in such a financial situation that they are no longer able to pay contractual rents in time or, for some other reason, fail to fulfill their obligations.

Management
Residential properties account for 95 percent of Neobo's current property portfolio, with the remainder consisting of commercial properties and community service properties. Rent losses have historically been low. The counterparty's credit rating is checked by means of a credit assessment.

SUSTAINABILITY RISKS**Climate risks****Risk**

Higher water levels and extreme weather events such as torrential rain, storms or droughts leading to water shortages are examples of possible consequences of climate change. For property owners, the changes can pose the risk of severe damage to properties and the environment around them, as well as chronic risks. Damage to properties can lead to higher maintenance costs.

Management

In 2024, Neobo will conduct a climate risk screening of all properties to identify the risk of both acute and chronic damage.

Organizational risk**Risk**

Employees are one of Neobo's principal assets. At Neobo, employees should have a high sense of well-being and satisfaction at work. Failing to recruit, develop and retain employees and managers with the right expertise is the major risk.

Management

Neobo works continuously with the company's core values; a process that involves all employees. Weekly pulse surveys for employee engagement are carried out to continuously monitor improvement and development aspects. All of the company's managers meet regularly in a management forum to exchange experiences and push shared organizational issues forward.

Social conditions**Risk**

Insecurity in residential areas reduces the tenant satisfaction and can lead to a high turnover rate and increased vacancies.

Management

Via its customer survey, Neobo has identified the residential areas where insecurity is greatest. Property management works continuously with measures that include the outdoor environments, improved lighting and neighborhood watch patrols.

Consolidated financial statements

Consolidated income statement

Amounts in SEK m	Note	2023	2022
Rental income	2, 3	888	839
Operating costs	4	-272	-298
Repairs and maintenance	4	-66	-58
Property administration	4	-67	-37
Property tax		-24	-23
Total property management costs		-429	-416
Net operating income		460	423
Central administration	4, 5	-88	-79
Financial income	6	1	16
Financial expenses	6	-224	-188
Ground rent	7	-1	1
Profit from property management		148	172
Change in values on properties	11	-1,353	-2,238
Results from production of residential properties		0	-17
Change in the value of financial instruments	18	-223	100
Profit/loss before tax		-1,428	-1,983
Current tax	8	-21	-38
Deferred tax	9	75	666
Net profit/loss for the year, in its entirety attributable to Parent Company shareholders.		-1,373	-1,355
Earnings per share before and after dilution, SEK		-9.44	-9.32
Weighted average number of shares, thousands		145,401	145,401

Consolidated statement of comprehensive income

Amounts in SEK m	2023	2022
Net profit/loss for the year	-1,373	-1,355
Other comprehensive income	-	-
Total comprehensive income for the year, in its entirety attributable to Parent Company shareholders.	-1,373	-1,355

Consolidated balance sheet

Amounts in SEK m	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Intangible assets	10	0	3
Investment properties	11	14,018	15,295
Equipment, machinery and installations	12	4	4
Derivatives	18	194	393
Other long-term receivables		0	-
Total non-current assets		14,217	15,696
Current assets			
Accounts receivable	13	8	16
Other receivables	14	31	51
Prepaid expenses and accrued income	15	43	60
Cash and cash equivalents	18	199	231
Total current assets		280	358
TOTAL ASSETS		14,497	16,054

Amounts in SEK m	Note	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES			
Equity			
Share capital		752	752
Other contributed capital		5,141	5,141
Retained earnings including comprehensive income for the year		512	1,884
Total equity attributable to Parent Company shareholders		6,405	7,777
Non-current liabilities			
Liabilities to credit institutions	16, 17	7,089	6,571
Deferred tax liabilities	9	430	505
Derivatives	18	23	0
Other non-current liabilities		1	2
Total non-current liabilities		7,543	7,078
Current liabilities			
Liabilities to credit institutions	16, 17	189	923
Accounts payable		53	56
Current tax liabilities		23	32
Other liabilities	19	70	14
Accrued expenses and prepaid income	20	214	173
Total current liabilities		550	1,198
TOTAL EQUITY AND LIABILITIES		14,497	16,054

Consolidated change in equity

Amounts in SEK m	Share capital	Other contributed capital	Retained earnings	Total	Non-controlling interests	Total equity
Opening equity, Jan 1, 2022	752	5,141	3,238	9,132	-	9,132
Net profit/loss for the year	-	-	-1,355	-1,355	-	-1,355
Comprehensive income for the year	-	-	-1,355	-1,355	-	-1,355
Closing equity, Dec 31, 2022	752	5,141	1,883	7,777	-	7,777
Opening equity, Jan 1, 2023	752	5,141	1,883	7,777	-	7,777
Net profit/loss for the year	-	-	-1,373	-1,373	-	-1,373
Comprehensive income for the year	-	-	-1,373	-1,373	-	-1,373
Issue of employee warrants	-	-	1	1	-	1
Closing equity, Dec 31, 2023	752	5,141	511	6,405	-	6,405

The number of shares amounts to 145,400,737 (145,400,737), all of which are of the same class. One share entitles the holder to one vote. The quotient value of the share amounted to SEK 5.2.

Share-based incentive program

Neobo has a warrant program for the company's CEO and senior executives. At the balance sheet date, the warrant holders owned a total of 727,000 warrants of series 2023/2026:1, which have a three-year term. The warrants were acquired by the warrant holders at a price of SEK 0.79 per warrant. The price was calculated using the Black & Scholes model. Each warrant entitles the holder to subscribe for one (1) share in the company during the period from May 1, 2026 up to and including May 25, 2026. The options become valuable when the share price exceeds the strike price of SEK 10.83. After the balance sheet date, 96,933 warrants were redeemed by the company, meaning that the maximum number of additional shares can amount to not more than 630,067, corresponding to approximately 0.4 percent of the total number of shares and votes in the company, provided full subscription and full exercise of all warrants. In such a case, the increase in the share capital will amount to a maximum of SEK 3,252,061.

Consolidated cash flow statement

Amounts in SEK m	Note	2023	2022
Operating activities			
Net operating income		460	423
Central administration		-88	-79
Add back, depreciation		0	-
Adjustment for other non-cash items		-	2
Cash flow from operating activities before interest and tax		372	346
Interest paid		-393	-192
Interest received		169	16
Income tax paid		-46	-22
Cash flow before changes in working capital		102	148
Cash flow from changes in working capital			
Increase (-)/Decrease (+) of operating receivables		33	224
Increase (+)/Decrease (-) of operating liabilities		75	172
Cash flow from operating activities		210	544
Investing activities			
Investments in existing properties	11	-177	-722
Acquisition of properties	11	73	-
Acquisitions of subsidiaries less acquired cash and cash equivalents		-	-3,084
Disposals of subsidiaries less cash and cash equivalents		-	5,451
Investments/divestments in equipment, machinery and installations	12	0	-
Cash flow from financial assets		-	-318
Cash flow from investing activities		-104	1,326

Amounts in SEK m	Note	2023	2022
Financing activities	16		
Borrowings		-	4,143
Repayment of loans		-136	-5,919
Change in other non-current liabilities		-2	-206
Cash flow from financing activities		-138	-1,982
Cash flow for the year		-32	-112
Cash and cash equivalents at the beginning of the year		231	344
Cash and cash equivalents at the end of the year	18	199	231

Parent Company financial statements

Parent Company income statement

Amounts in SEK m	Note	2023	2022
Net sales	24	24	82
Personnel costs	5	-10	-48
Other operating expenses		-68	-94
EBIT		-54	-60
Profit from financial items			
Result from shares in subsidiaries	25	-1,623	3,587
Interest income and similar items	6	46	113
Interest costs and similar items	6	-29	-40
Profit/loss after financial items		-1,661	3,600
Appropriations		53	-
Profit/loss before tax		-1,608	3,600
Tax	8	1	-5
NET PROFIT/LOSS FOR THE YEAR		-1,607	3,595

Parent Company statement of comprehensive income

Amounts in SEK m	2023	2022
Net profit/loss for the year	-1,607	3,595
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-1,607	3,595

Comments on the Parent Company financial statements

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 24 m (82) during the year and pertains primarily to the Parent Company's invoicing to subsidiaries for services rendered. During the year, intra-Group services were also invoiced from other Group companies, which is why the Parent Company's income was lower than in the previous year.

Shares in Group companies were impaired in the amount of SEK -1,623 m (0) due to lower property values in the Group companies. In 2022, the Parent Company divested several subsidiaries, which had a major impact on earnings. Loss before tax amounted to SEK -1,608 m (3,600).

The Parent Company's cash flow from operating activities amounted to SEK 1,615 m (-3). Cash flow from investing activities amounted to SEK -1,671 m (236) and cash flow from financing activities to SEK 0 m (-27).

Cash flow for the year amounted to SEK -56 m (206). Cash and cash equivalents at year-end amounted to SEK 168 m (224).

Parent Company balance sheet

Amounts in SEK m	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment, machinery and installations	12	1	0
Total property, plant and equipment		1	0
Financial assets			
Participations in Group companies	22	48	0
Total financial assets		48	0
Total non-current assets		49	0
Current assets			
Current receivables from Group companies	26	6,239	7,838
Tax assets		4	0
Other receivables	14	24	27
Prepaid expenses and accrued income	15	8	27
Cash at bank balances		168	224
Total current assets		6,444	8,116
TOTAL ASSETS		6,493	8,116

Amounts in SEK m	Note	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		752	752
Statutory reserves		4	4
Total restricted equity		756	756
Non-restricted equity			
Share premium reserve		4,890	4,890
Retained earnings		2,441	-1,156
Net profit/loss for the year		-1,607	3,595
Total non-restricted equity		5,722	7,329
Total equity		6,479	8,085
Current liabilities			
Accounts payable		3	8
Other liabilities	19	1	3
Accrued expenses and prepaid income	20	9	20
Total current liabilities		13	31
TOTAL EQUITY AND LIABILITIES		6,493	8,116

Parent Company's change in equity

Amounts in SEK m	Share capital	Statutory reserves	Share premium reserve	Retained earnings	Total equity
Opening equity, Jan 1, 2022	752	4	4,890	-1,156	4,489
Net profit/loss for the year	-	-	-	3,595	3,595
Comprehensive income for the year	-	-	-	3,595	3,595
Closing equity, Dec 31, 2022	752	4	4,890	2,440	8,085
Opening equity, Jan 1, 2023	752	4	4,890	2,440	8,085
Net profit/loss for the year	-	-	-	-1,607	-1,607
Comprehensive income for the year	-	-	-	-1,607	-1,607
Issue of employee warrants	-	-	-	1	1
Closing equity, Dec 31, 2023	752	4	4,890	834	6,479

Parent Company cash flow statement

Amounts in SEK m	Note	2023	2022
Operating activities			
Profit/loss before financial items		-54	3,600
Add back, depreciation		-	473
Adjustment for other non-cash items		-	-4,072
Cash flow from operating activities before interest and tax		-54	1
Interest paid		-29	-
Interest received		45	-
Income tax paid		-9	-
Cash flow before changes in working capital		-46	1
Increase (-)/Decrease (+) in operating receivables		1,683	1,081
Increase (+)/Decrease (-) in operating liabilities		-22	-1,085
Cash flow from operating activities		1,615	-3
Investing activities			
Disposals of subsidiaries less cash and cash equivalents	22	-	224
Investments/divestments in equipment, machinery and installations		0	0
Change in other long-term receivables		-	12
Shareholders' contributions paid		-1,671	-
Cash flow from investing activities		-1,671	236

Amounts in SEK m	Note	2023	2022
Financing activities			
Dividend paid		-	-8
Repayment of loans		-	-19
Change in other non-current liabilities		-	0
Cash flow from financing activities		-	-27
Cash flow for the period		-56	206
Cash and cash equivalents at the beginning of the period		224	18
Cash and cash equivalents at the end of the period	18	168	224

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General information and accounting policies

1 General information and accounting policies

General information

Neobo Fastigheter AB (publ), Corp. Reg. No. 556580-2526 is the Parent Company of the Neobo Group with its registered office in Stockholm and the address Mäster Samuelsgatan 42, SE-111 57 Stockholm, Sweden. Shares of Neobo are listed on the Nasdaq First North Premier Growth Market.

The Neobo Group strives for long-term ownership, management and refinement of residential properties with inflation-protected cash flows that generate an attractive total yield. The Parent Company's assets mainly comprise shares and participations in companies that own properties.

The annual accounts and the consolidated financial statements were approved by the Board on March 25, 2024 and will be referred for adoption by the Annual General Meeting on April 23, 2024.

Accounting policies

This section is a summarized overview of the principles for preparing the financial statements. For material information on the accounting policies applied for each item, see the following notes. All amounts are reported in SEK million unless otherwise stated. The figures pertain to the January 1–December 31 period for income statement and cash flow items and December 31 for balance sheet items.

Principles for preparing the consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as resolved on December 31, 2023 and approved by the EU with

interpretations of the IFRS Interpretations Committee, and in accordance with the Swedish Financial Reporting Board's RFR 1, Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. Unless otherwise indicated, the policies have been applied consistently for all presented years. However, the presentation of the financial statements has been adjusted to better reflect operations. The measurement of items in the annual report used acquisition cost, except in the case of revaluation of investment properties and financial instruments, which were measured at fair value.

Consolidated financial statements

The consolidated financial statements have been prepared using the cost method except for items for investment properties and certain financial assets and liabilities, which are measured at fair value. The consolidated financial statements apply to the Parent Company Neobo Fastigheter AB and the companies over which the Parent Company has a controlling interest (subsidiaries), see Note 23.

Profit from subsidiaries acquired or divested during the year are included in the consolidated statement of comprehensive income from the date and until the date of the transaction, respectively, meaning when controlling interest either arises or ceases.

Leases

Leases in which essentially all of the risks and benefits associated with ownership remain with the lessor are classified as operating leases. Proper-

ties leased out under operating leases are included in the item investment properties.

Material judgements and assumptions when applying the Group's accounting policies

The preparation of financial statements in accordance with IFRS and generally accepted accounting policies requires that the management and the Board make judgements and assumptions that affect the carrying amounts of assets, liabilities, income and expenses, as well as other information disclosed. These judgements are based on experience and the various assumptions that are considered reasonable by the management and the Board in view of the prevailing circumstances.

The actual results may subsequently deviate from these assessments and other conditions may arise. The most significant assumptions in preparing the company's financial statements were:

When valuing investment properties, assumptions can have a significant impact on the Group's earnings and financial position. The valuation requires making assumptions about future cash flows and determining the discount rate (yield requirement) for each property. For more information, see Note 11.

Acquisitions of companies can be classified as either business combinations or asset acquisitions. The assessment affects the financial statements in that asset acquisitions mean that the changes in value will be impacted by the tax rebate in the subsequent valuation.

Deferred tax is recognized nominally without discounting, calculated based on a tax rate of 20.6 percent. The actual tax rate is significantly lower

due to the possibility of divesting properties in a tax-efficient manner and the time factor. When valuing tax loss carry forwards, an assessment is made of the possibility of utilizing the loss carry forwards against future profits. For more information, see Note 9.

Cash flow statement

Cash flow statements are prepared in accordance with the indirect method as per IAS 7. This means that profit is adjusted for non-cash transactions as well as any income or expenses associated with investing and/or financing activities.

New or amended reporting standards

In the 2023 fiscal year, amendments were made to IAS 1 concerning accounting policies. Aside from this, no new standards and interpretations had any significant impact on the consolidated financial statements.

Events after the balance sheet date

In January 2024, Neobo became a member of the European Public Real Estate Association (EPRA).

In February, Peter Wågström stepped down from the Board of Directors at his own request due to a commitment in another company.

After the balance sheet date, final settlement of the separation from SBB was completed. Neobo's financial receivable from SBB that was announced earlier has thus been settled.

In February 2024, six residential properties in Eskilstuna were divested at an underlying property value of SEK 113 m, which is in line with the most recent external valuation conducted.

Income and expenses

2 Segment reporting

Accounting policies

The segment division is based on how Management and the chief operating decision-maker monitor and govern operations. Neobo conducts operations in the two regions, North and South, which correspond to operating segments for which reporting is conducted. The CEO is responsible for allocating resources and assessing the results of the operating segments. The chief operating decision-maker of Neobo has been identified as the CEO of the Parent Company.

The allocation of earnings by segment is conducted up to and including net operating income, and thereafter only items directly attributable to investment properties are allocated. Other income and costs are regarded as Group-wide and are not allocated. Also in the balance sheet, items that are directly attributable to investment properties are allocated. Other assets as well as liabilities and equity are considered primarily as Group-wide.

When comparing between years it is worth noting that the property portfolio differs between 2022 and 2023. At the end of December 2022, properties valued at SEK 5.8 billion were sold to SBB and properties valued at SEK 5.2 billion were acquired from SBB.

Income statement	South		North		Group-wide		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Rental income	515	440	373	399			888	839
Operating costs	-163	-158	-109	-140			-272	-296
Repairs and maintenance	-37	-31	-29	-27			-66	-58
Property administration	-45	-20	-22	-17			-67	-36
Property tax	-14	-14	-10	-9			-24	-23
Property management costs	-259	-222	-170	-194			-429	-415
Net operating income	257	218	203	205			460	424
Central administration					-88	-79	-88	-79
Financial income					1	16	1	16
Financial expenses					-224	-188	-224	-188
Ground rent					-1	1	-1	1
Profit before changes in value and tax							148	172
Change in value of investment properties	-806		-547		0	-2,238	-1,353	-2,238
Results from production of residential properties					0	-17	0	-17
Change in the value of financial instruments					-223	100	-223	100
Profit/loss before tax							-1,428	-1,983

Balance sheet	South		North		Group-wide		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Investment properties	8,039	8,762	5,979	6,533			14,018	15,295
of which investments during the year	154		22				177	
of which acquisitions/divestments during the year	-71		-29				-100	
Other assets					479	759	479	759
Total assets							14,497	16,054

3 Rental income

Accounting policies

The Group's revenue consists primarily of rental income. Income is recognized less any discounts.

Rental contracts are classified in their entirety as operating leases. Rental income including surcharges is invoiced in advance and the rents are allocated straight line so that only the portion of the rents that fall due during the period is recognized as revenue. Where appropriate, recognized rental income has been reduced by the value of rent discounts granted. Should rental contracts grant a reduced rent over a specified period, this is allocated straight line over the particular contractual period.

Based on the leases held by the Group and their wording, Neobo found that the service provided by the Group is subordinate to the rental contract and that all premiums shall be deemed to be rent.

Maturity structure of contracts	Group			
	Number of contracts	thousand sq. m.	Contract value, SEK m	Share of value
Commercial, duration				
2024	130	20	41	5%
2025	117	26	37	4%
2026	115	29	54	6%
2027	32	9	13	2%
2028 –	41	18	42	5%
Total premises	435	101	189	21%
Residential properties	7,940	531	688	77%
Garages/parking	4,668	–	19	2%
Total	13,043	633	896	100%

Occupancy rate and rental value, Jan 1, 2024	Group		
	Rental value, SEK m	Rental value, SEK/sq. m.	Economic occupancy rate
Residential properties	728	1,297	94.6%
Premises	217	1,446	86.9%
Parking and garages	24	–	79.3%
Total	969	1,358	92.5%

Occupancy rate and rental value, Jan 1, 2023	Group		
	Rental value, SEK m	Rental value, SEK/sq. m.	Economic occupancy rate
Residential properties	700	1,247	93.4%
Premises	202	1,346	88.7%
Parking and garages	22	–	77.0%
Total	924	1,295	92.0%

The weighted average remaining term for commercial premises at year-end was 3.5 years (3.8). Of the contractual rent, 21 percent (21) comprises commercial contracts and 79 percent (79) residential properties, and parking and garages. There are 435 commercial contracts (503) distributed between tenants in a number of different sectors, no single tenant accounts for more than 1.2 percent of the rental income. Exposure to credit losses is reduced by analyzing the creditworthiness of tenants for new leases and at regular intervals. When necessary, collateral is required.

4 Expenses

The Group's costs mainly comprise direct property costs and administration costs

Costs distributed in the income statement, SEK m	Group	
	2023	2022
Property costs excluding administration	362	379
Property administration	67	37
Central administration	88	79
Total	517	495

By type of cost, SEK m	Group	
	2023	2022
Repairs and maintenance	66	58
Property tax	24	23
Operating costs	272	298
Personnel costs	73	50
Depreciation/amortization	1	2
Other external costs	80	64
Total	517	495

Administration, SEK m	Group	
	2023	2022
Personnel costs	73	50
Purchased services	64	58
IT	14	5
Marketing	2	1
Depreciation equipment, machinery and installations	1	2
Total	155	116

Property management costs

Property costs that are part of the Group's net operating income include operating and maintenance costs, costs for property administration and property tax. Operating costs include tariff-based costs, such as electricity, water, heating, sanitation and insurance. Repairs and maintenance refer to costs for measures to maintain the standard and technical condition of the property. Property administration includes costs for property management and leasing and some parts of financial management. Property tax pertains to both property tax based on the property's tax assessment value and, where relevant, a levy on real estate based on fees per apartment.

Central administration

The Group's administration costs are allocated to property administration, which is part of the Group's net operating income and central administration. Central administration consists mainly of costs related to the Board, the CEO and other management personnel, audit costs and corporate costs for the preparation of shareholder information, maintaining the stock exchange listing, costs related to the annual report, and costs for depreciation of plant and equipment. For depreciation of plant and equipment relating to central administration, see Note 12. For information about costs relating to the Board, CEO and other management personnel, see Note 5.

Accounting for electricity subsidies

Neobo reported electricity subsidies of SEK 8 m received during the year. The received subsidies are recognized as a cost reduction on the date when there is reasonable assurance that the conditions associated with the subsidies are satisfied.

Auditor's fees

Central administration also includes auditor's fees, see the table below.

Fees and disbursements to auditors, SEK m	Group		Parent Company	
	2023	2022	2023	2022
Auditing assignment, EY	5.2	7.1	5.2	7.1
Audit services in addition to audit assignment	0.3	-	0.3	-
Other	-	0.3	-	0.3
Total	5.5	7.4	5.5	7.4

The audit assignment refers to the auditor's fees for the statutory audit, meaning such work necessary to present the auditor's report. Audit-related activities in addition to audit assignment relates in principle to what is referred to as quality assurance services as well as advice or other assistance, which is caused by observations on such examination or implementation of other such work tasks. All services were provided by Ernst & Young AB.

5 Employees and personnel costs

Accounting policies

Remuneration of employees comprises salaries, paid holiday, paid sick leave and other benefits as well as pensions. The Group only has defined-contribution pension plans. A defined-contribution plan is a pension plan under which the company pays fixed contributions into a separate legal entity, thereby discharging its obligation to the employee. Defined-contribution plans are recognized as costs in the period to which the premiums paid pertain.

Employees

The CEO is employed by the Parent Company Neobo Fastigheter AB. All other personnel in the Group are employed by Neobo Service AB. The average number of employees in the Group in 2023 was 75 (50), of whom 27 (18) were women and 49 (32) men. Neobo's senior executives refers to the CEO and others who together with the CEO form the company's management team, see page 29. On the balance sheet date, 4 (3) of the senior executives in the Group were women and 1 (2) men and on the Board, 1 (2) were women and 4 (3) men.

Salaries and other remuneration

Salaries and other remuneration of the CEO and other senior executives consist solely of fixed salaries in 2023.

Salaries and other remuneration, SEK m	Group		Parent Company	
	2023	2022	2023	2022
Senior executives	12	9	4	9
Other employees	33	24	0	21
Total salaries and remuneration	45	33	4	30
Pension costs	10	7	2	6
Social security costs	15	10	2	9
Total	70	55	8	45

Senior executives, SEK 000s	2023			Total
	Basic salary incl. social security contributions/ Board fee	Other benefits	Pension costs	
Chairman of the Board				
Jan-Erik Höjvall	603			603
Other Board members				
Mona Finnström	324			324
Ulf Nilsson	324			324
Jakob Pettersson	-			-
Eva Swartz Grimaldi	309			309
Peter Wågström	324			324
CEO, Ylva Sarby Westman*	4,517	108	1,639	6,264
Other senior executives	9,421	319	2,313	12,053
Total	15,822	427	3,952	20,201

* In the event of dismissal initiated by the company, the notice period will not exceed six months. Severance pay, including salary during the notice period, may not exceed 18 monthly salaries.

Senior executives, SEK 000s	2022			Total
	Basic salary incl. social security contributions/ Board fee	Other benefits	Pension costs	
Chairman of the Board				
Bengt Kjell (Jan 1–Jan 26)	197			197
Other Board members				
Magnus Bakke (Jan 1–Jan 26)	129			129
Anneli Lindblom (Jan 1–Jan 26)	142			142
Jakob Pettersson (Jan 1–Jan 26)	96			96
Kristina Sawjani (Jan 1–Jan 26)	129			129
Peter Wågström (Jan 1–Jan 26)	121			121
CEO, Mikael Rånes (Jan 1–Jan 26)	5,233	55	631	5,919
CEO, Ylva Sarby Westman (Nov 10–)	549			549
Other senior executives	2,686			2,686
Total	9,282	55	631	9,968

The remunerated Board of Directors and CEO were replaced on January 26, 2022 by a Board of Directors from SBB, which was not remunerated. The replaced Board of Directors received fees for the entire term of office. The CEO received a salary during the notice of dismissal period, in addition to severance pay. All paid benefits are included in the recognized amounts.

6 Financial income and expenses

Accounting policies

Financial income relates to interest income on bank deposits, receivables, financial investments and dividend income. Costs consist of interest costs and other costs arising in connection with borrowing, such as handling charges and administrative fees. Financial income and expenses are recognized in profit or loss for the period to which they pertain.

	Group		Parent Company	
	2023	2022	2023	2022
Financial income, SEK m				
Interest income	1	13	10	2
Other financial income	-	2	-	28
Interest income, Group companies	-	-	36	83
Total financial income	1	16	46	113
Financial expenses, SEK m				
Interest costs, liabilities to credit institutions	-389	-197	-	-40
Interest rate component, derivatives	165	13	-	-
Other financial expenses	-1	-4	-	0
Interest costs, Group companies	-	-	-29	0
Total financial costs	-225	-188	-29	-40
Net financial items	-224	-172	17	73

Net financial items

Net financial items are not affected by the market value of existing contracts for interest rate derivatives, which are used to adjust the fixed interest term, as these are recognized as change in value under a separate heading. See also Note 17 and 18.

7 Site leasehold agreements and other leases

Letting cost/ground rent

An owner of a building on municipally owned land pays an annual fee in the form of ground rent to the municipality. This ground rent is currently calculated so that the municipality receives the effective rate of interest based on the estimated market value of the land. The ground rent is accrued over time and is usually renegotiated at intervals of 10 to 20 years.

At the end of the year, Neobo had five properties with site leaseholds. Ground rent, including leasehold fees, amounted to SEK 1 m (1).

In addition to site leasehold agreements, there are a few minor leases in the form of cars, office equipment, etc. These contracts have been defined as contracts where the underlying asset is of low value and the practical exemption in IFRS 16 was applied, which means lease payments are recognized as a cost on a straight-line basis over the lease term in profit or loss and that no right-of-use assets or lease liabilities are recognized in the balance sheet.

Tax

8 Current tax

Accounting policies

Tax for the period comprises current and deferred tax. Tax is recognized in profit or loss, except when the underlying transaction is recognized in other comprehensive income or directly in equity, in which case, the related tax is also recognized in other comprehensive income or equity.

The current tax charge is calculated based on taxable profit for the period. Taxable income differs from recognized profit, in that it has been adjusted for non-taxable income and non-deductible items. Current tax is tax that is to be paid or received in the current year adjusted with current tax attributable to previous periods. Deferred tax is recognized on the difference between carrying amounts and the tax bases of assets and liabilities. Change in the recognized deferred tax assets or liabilities is recognized in profit or loss as a cost or revenue except when the tax pertains to items recognized in other comprehensive income or directly in equity.

Reconciliation of effective tax rate SEK m	Group		Parent Company	
	2023	2022	2023	2022
Profit/loss before tax	-1,428	-1,983	-1,608	3,600
Tax according to current tax rate	294	408	331	-742
Tax effect of:				
Tax attributable to previous years	1	1	1	-
Non-taxable income upon sale of subsidiaries	-	-463	-	739
Other non-taxable income	-	0	3	-
Non-deductible costs	-34	0	-335	-2
Utilization of previously unutilized tax loss carry forwards	16	0	-	-
Other tax adjustments	7	1	-	-
Tax depreciation	-	15	-	-
Temporary differences, untaxed reserves	-	-7	-	-
Temporary differences, derivatives	-5	-17	-	-
Temporary differences, properties	-225	690	-	-
Recognized tax	54	628	1	-5
Effective tax rate	-3.8%	-31.7%	-0.1%	-0.1%
Current tax	-21	-38	1	-5
Deferred tax	75	666	0	0
Recognized tax	54	628	1	-5

9 Deferred tax

Accounting policies

Deferred tax is recognized on the difference between the carrying amounts of assets and liabilities in the financial statements and the tax bases used when calculating taxable profit. Deferred tax is recognized in accordance with the so-called balance sheet liability method. Deferred tax liabilities are recognized for taxable temporary differences and deferred tax assets are recognized for deductible temporary differences insofar as it is probable that the amounts can be utilized to offset future taxable surpluses. However, deferred tax is not recognized if the temporary difference arises from the initial recognition of assets or liabilities in an asset acquisition. Deferred income tax is calculated based on statutory tax rates at the balance sheet date that have been enacted, notified or are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax Group, SEK m	2023		2022	
	Basis	Tax	Basis	Tax
Properties	2,063	425	2,325	479
Derivatives	0	0	83	17
Untaxed reserves	24	5	39	8
Other	0	0	5	1
Recognized deferred tax liability	2,087	430	2,452	505
Opening balance	2,452	505	5,684	1,171
Recognized in income statement	-365	-75	-3,232	-666
Recognized directly in equity	0	0	0	0
Closing balance	2,087	430	2,452	505

Deferred tax in Parent Company

The deferred tax liability in the Parent Company's balance sheet amounted to SEK 0 m (0) at year-end.

Assets

10 Intangible assets

SEK m	2023	2022
Opening balance	3	0
Acquisitions	0	3
Reclassifications	-3	0
Closing balance	0	3

11 Investment properties

Accounting policies

Investment properties

Investment properties, which are properties held to generate rental income and capital appreciation, are initially recognized at acquisition cost, including directly attributable transaction costs. Following initial recognition, investment properties are recognized at fair value. Fair value is primarily based on prices in an active market and is the amount to which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of the properties is established by assessing the market value of all properties at each individual period end.

Additional expenditure is capitalized when it is probable that the Group will receive future financial benefits associated with the expenditure, which means that it is value enhancing, and the expenditure can be reliably determined. Other maintenance expenses and repair costs are expensed when incurred. In the case of major new construction, expansions and conversions, the interest cost during the production period is capitalized.

Change in value of investment properties

Both unrealized and realized changes in value are recognized in profit or loss on the row "Change in value of investment properties". Unrealized change in value is calculated on the basis of the period-end valuation compared with the valuation conducted at the beginning of the period, or alternatively, if the property was acquired during the period, at acquisition cost, taking investments during the period into account. Realized change in value of the properties are calculated as price less selling expenses less book value including the year's unrealized change in value.

The fair value of investment properties declined during the year by SEK 1,277 M to SEK 14,018 M (15,295). The decrease in value reflects the change that has occurred in the properties' cash flows and in the required valuation yield. The Parent Company does not own any properties.

Change in investment properties SEK m	South	North	Group	
	2023	2023	2023	2022
Opening balance	8,762	6,533	15,295	17,173
Acquisitions	-71	-29	-100	6,064
Divestments	0	0	0	-7,602
Investments	154	22	177	727
Unrealized change in value	-806	-547	-1,353	-1,151
Reclassifications	0	0	0	85
Closing balance	8,039	5,979	14,018	15,295

Valuation

Fair value consists of market value, which is based on the most likely price in the event of a sale with a normal marketing period in the open property market. The fair value of the properties is established by assessing the market value of each individual property at each individual period end. The valuation process is guided by a valuation policy and under this all properties are valued externally at the end of each quarter. If an agreement has been signed concerning the purchase and sale of a property, the agreed property value is instead used as a basis for the market value for coming quarterly accounts. External valuations are performed in accordance with International Valuation Standards (IVS) and the RICS Red Book. Alongside of the external valuation, an internal plausibility check is conducted of the values. In 2023, the external valuation was performed by Savills. External property valuers inspect each property at least every three years. The valuation process is unchanged from last year.

Valuation method

Property valuation is based on both observable and unobservable inputs, with market values assessed mainly using a yield-based valuation method. This method is based on market-adapted cash flow statements with a minimum 10-year projection period, and is mainly applied to investment properties in normal operation. For building rights and other properties where it is not possible to value cash flows, the location-price method or a development calculation is applied instead, taking into account uncertainties identified by the market.

Valuation assumptions

The cost of capital and the valuation yield are based on the property assessor's experience-based assessments of market yield requirements for comparable properties. The forecast of future cash flows takes into account the property's use, age and maintenance status. Rental payments are based on existing rental contracts and when contracts expire a market-based rental level is adopted. Costs for operation, maintenance and administration are based on actual costs as well as forecasts, assessments and experiences from comparable properties. An inflation assumption of 2 percent has been used for all future years.

Future investments are assessed based on the current needs and condition of the property. This assessment is integrated to ensure that investments are adapted to the specific requirements of the property. Changes in the yield requirement derived from actual transactions may be delayed compared with changes in the risk-free effective rate of interest, given that real estate transactions take time to complete and buyers often have a longer holding perspective.

The value of the properties includes SEK 131 M (80) 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. The average value of the building rights after risk deductions in the valuation is SEK 1,146/sq. m. GFA (862).

Key assumptions in the valuation of investment properties

Yield requirements per property category	Interval		Weighted average	
	2023	2022	2023	2022
Category, %				
Residential properties	3.50–5.95	2.55–5.15	4.37	3.69
Commercial	3.55–8.00	2.80–7.60	6.52	5.99
Community service	3.65–7.70	2.70–7.25	5.31	4.88
Total	3.50–8.00	2.55–7.25	4.74	4.12

Yield requirements per region	Interval		Weighted average	
	2023	2022	2023	2022
Category, %				
North	3.65–7.50	2.70–6.70	4.80	4.18
South	3.50–8.00	2.55–7.25	4.70	4.08
Total	3.50–8.00	2.55–7.25	4.74	4.12

Valuation assumptions	2023	2022
Cost of capital – cash flow	6.77%	6.58%
Cost of capital – residual value	6.84%	6.42%
Yield requirements – residual value	4.74%	4.12%
Long-term vacancy rate	2.95%	2.21%
Market rent, fully occupied	1,401 SEK/sq. m.	1,322 SEK/sq. m.
Operating and maintenance costs, year 1	498 SEK/sq. m.	479 SEK/sq. m.
Normalized net operating income, year 1	868 SEK/sq. m.	826 SEK/sq. m.

Sensitivity analysis property valuation

The property valuations were performed according to generally accepted principles based on market-aligned assumptions and assessments. The sensitivity analysis below presents the effects on the market value of the investment properties of a change in each individual parameter.

	Change	Value impact, SEK m	Value impact, %
Rental value	+/-5%	+ / - 1,013	+ / - 7%
Operating and maintenance costs	+/-5%	-362 / + 358	+ / - 3%
Yield requirement	+/-0.25%-point	-727 / 809	-5% / 6%
Long-term vacancy rate	+/-0.25%-point	-45 / + 43	+ / - 0%

Sensitivity analysis, change in value

The table below illustrates how changes in the market value of investment properties impact earnings and the relevant key metrics.

	Change in the market value of properties	Impact	Impact, %
Earnings	+/-10%	+/- 1,402 SEK m	+/-102%
Equity	+/-10%	+/- 1,402 SEK m	+/-22%
Loan-to-value ratio	+/-10%	-4%-point/+5%-point	-9%/+11%

12 Equipment, machinery and installations

Accounting policies

Equipment, machinery and installations mainly comprises office equipment and cars, recognized at acquisition cost less accumulated depreciation and impairment. Equipment, machinery and installations is depreciated on a straight line basis during the assets' estimated useful life. Equipment, machinery and installations is estimated to have a useful life that is assumed to be equal to the asset's technical longevity, which is why the residual value is assumed to be negligible and is disregarded. Depreciation is calculated from the time when the asset is ready for use.

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Opening balance, acquisition cost	13	27	0	0
Acquisitions during the year	1	0	1	0
Disposals during the year	0	0	0	0
Equipment, machinery and installations in acquired/divested companies	0	-14	0	0
Closing balance, accumulated acquisition cost	14	13	1	0
Depreciation/amortization				
Opening balance, accumulated depreciation	-9	-21	0	0
Sales and disposals	0	0	0	0
Depreciation for the year incl. acquired depreciation and depreciation in divested companies	-1	12	0	0
Closing balance, accumulated depreciation	-10	-9	0	0
Closing carrying amount	4	4	1	0

13 Accounts receivable

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Receivables from tenants	29	25	0	0
Provisions for doubtful accounts receivable	-22	-10	0	0
Closing balance	8	16	0	0

Total reserves for doubtful accounts receivable is based on historical statistics, plus a risk assessment of accounts and rent receivables.

Age-allocated accounts receivable, Group	2023	2022
Not past-due	3	6
Past-due, 1-30 days	2	0
Past-due, 31-90 days	4	2
Past-due, more than 90 days	20	16
Total	29	25

Change in provisions for doubtful accounts receivable during the year is specified below.

Provisions for doubtful accounts receivable	2023	2022
Opening balance	-10	-10
Increase in provision, recognized in profit or loss	-15	-3
Credit losses identified during the year	2	3
Reversal of unutilized amount	1	0
Closing balance	-22	-10

14 Other receivables

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Receivables, property transactions	0	34	0	27
Tax account	5	5	0	0
Other current receivables	26	12	24	0
Total	31	51	24	27

15 Prepaid expenses and accrued income

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Accrued interest income	0	10	0	1
Accrued income	0	14	0	8
Interim receivables, Group	0	0	0	16
Other interim receivables	43	37	8	1
Total	43	60	8	27

Financing and capital structure

16 Capital structure

The Group endeavors to achieve a good earnings performance, economic resilience and a strong financial position. The economic and financial targets are set to combine a high return on equity, high growth capacity and financial stability.

The Group's financial risk limitations according to the Financial Policy:

- Return on equity over time shall exceed 10 percent
- Interest coverage ratio is to exceed a multiple of 1.5
- The loan-to-value ratio shall not exceed 65 percent

Given the current market conditions and the company's investment needs, the Board is of the opinion that the shareholders would benefit and the best total yield would be achieved by reinvesting profits in the business.

The terms and conditions imposed on the Group by external lenders in order to provide credit are similar in the different credit agreements. The agreements essentially stipulate an interest coverage ratio of a multiple of not less than 1.5–1.7, loan-to-value ratio of a maximum of 65–75 percent and an equity/assets ratio of not less than 25–30 percent. At year-end, the Group satisfied all of the imposed terms and conditions. The terms and conditions are also under the Group's financial targets. The Group's capital structure comprises interest-bearing net loan debt and equity attributable to Parent Company shareholders. This consists of share capital, other contributed capital as well as retained earnings, including net profit/loss for the year.

Neobo's borrowing is to some extent secured through mortgage deeds in the Group's properties, share pledges in subsidiaries and in certain cases guarantees issued by the Parent Company for subsidiary borrowing. Interest-bearing liabilities are recognized at amortized cost, which is the carrying amount in the Capital structure table.

Capital structure	Dec 31, 2023	Dec 31, 2022
Group, SEK m	Carrying amount	Carrying amount
Liabilities to credit institutions	7,278	7,494
Cash and cash equivalents	199	231
Net debt	7,079	7,263
Equity	6,405	7,777
Total	13,484	15,040

17 Financial risk

Through its operations, the Group is exposed to various types of financial risks. Financial risks are defined as fluctuations in the Group's earnings and cash flow due to changes in, for example, interest rates. Neobo is primarily exposed to financing and liquidity risk, credit risk and interest rate risk. Financial transactions and risks in the Group are managed centrally by the Parent Company's finance function. The Group's Financial Policy for managing financial risks has been designed and approved by the Board of Directors. The Financial Policy provides a framework of guidelines and regulations, and also defines objectives for financing activities. The overall objectives of the financing activities are to:

- Achieve the best possible financial net within the framework of the decided risk level and given risk limits
- Identify and ensure efficient management of the financial risks that arise in Neobo
- Ensure good access to funds so that Neobo's payment obligations can be met at all points in time
- Ensure access to requisite financing at the lowest possible cost within the framework of the decided risk level
- Ensure that the financing activities are subject to appropriate internal controls

Financing and liquidity risk

Financing risk refers to the long-term risk that ensuring the Group's capital requirements and the refinancing of loans outstanding becomes more difficult or costly, for example through restricted access to different sources of financing.

Credit risk

Credit risk refers to the risk that the counterparty cannot fulfill deliveries or payment obligations. Neobo's credit risks concern the possible failure of tenants to fulfill their payments under existing rental contracts.

Interest rate risk

Interest rate risk refers to exposure to changes in market interest rates and credit margins. According to the Financial Policy, Neobo's finance function works with periods of fixed interest based on the estimated interest rate trend, cash flow and capital structure.

Liquidity risk – analysis of tenors	2023			
	0–1 year	1–2 years	2–5 years	>5 years
Assets				
Accounts receivable	8			
Other receivables	31			
Cash and cash equivalents	199			
Total	238			
Liabilities				
Bank loans	189	3,491	3,503	96
Accounts payable	53			
Total	242	3,491	3,503	96

Liquidity risk – analysis of tenors	2022			
	0–1 year	1–2 years	2–5 years	>5 years
Assets				
Accounts receivable	16			
Other receivables	51			
Cash and cash equivalents	231			
Total	298			
Liabilities				
Bank loans	832	–	6,080	583
Accounts payable	56			
Total	888	0	6,080	583

Maturity structure, current and non-current interest-bearing liabilities in the Group, year	Group			
	Fixed interest term		Loan-to-maturity	
	Amount	Share, %	Amount	Share, %
0-1	2,372	33	189	3
1-2	1,465	20	3,491	48
2-3	2,241	31	1,452	20
3-4	0	0	1,110	15
4 years and later	1,200	16	1,036	14
Closing balance	7,278	100	7,278	100
Of which				
Interest-bearing liabilities – floating interest	1,872			
Interest-bearing liabilities – fixed interest	5,406			

Financial derivative instruments

In order to limit interest rate risk, the rate was fixed using interest rate derivatives (interest rate swaps). Neobo has taken out interest rate swaps for SEK 5,406 m. The subscribed interest rate derivatives and market value on December 31 are presented in Note 18.

Sensitivity analysis cash flow ¹⁾	Change, %	Earnings effect, SEK m
Rental income	+/-5%	+/-44
Costs, property management	+/-5%	+/-21
Occupancy rate	+/-1%-point	+/-10
Average borrowing rate	+/-1%-point	20

¹⁾ The earnings effect pertains to the impact on the next year taking into account the duration of rental contracts and loan agreements. The earnings effect is before tax.

18 Financial instruments

Accounting policies

Financial instruments are any form of agreement or contract that gives rise to a financial asset or liability. Financial assets in the balance sheet are: accounts receivable, cash and cash equivalents and derivative instruments. Financial liabilities consist of accounts payable, loans and derivative instruments.

Financial assets in the Group are classified in the following categories in accordance with IFRS 9:

- Derivative instruments: measured at fair value through profit or loss (excluding interest payments during the year).
- Debt instruments: measured at fair value through profit or loss, or through other comprehensive income, or at cost when the purpose of the instrument determines its classification.

Calculation of fair value

The fair value of financial instruments traded in an active market is based on market valuations using current market data. For financial assets, the current bid price is used, while for financial liabilities the current ask price is used.

Methodology and basis

Derivative instruments are calculated by discounting future contractual cash flows at the current market interest rate for each maturity. Financial liabilities are calculated by discounting future contractual cash flows at the current market interest rate. Accounts receivable and payable are based on nominal value, meaning taking into account any estimated credits.

Maturity structure derivative instruments

Year of maturity	Nominal amount, SEK m	Market value, SEK m	Average interest rate, %
2024	500	13	0.24
2025	1,465	65	0.17
2026	2,241	116	0.57
2027	0	0	0
2028	600	-7	2.56
2029 and later	600	-16	2.73
Total	5,406	171	0.89

Categorization of financial instruments	Financial assets measured at amortized cost		Financial assets/liabilities measured at fair value through profit or loss		Financial liabilities measured at amortized cost	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Group, SEK m						
Assets						
Derivatives			194	393		
Accounts receivable	8	16				
Other receivables	31	51				
Cash and cash equivalents	199	231				
Total	238	298	194	393	0	0
Liabilities						
Interest-bearing liabilities					7,278	7,494
Derivatives			23			
Other liabilities	70					
Accounts payable	53					
Total	123	0	23	0	7,278	7,494

Derivative, SEK m	Group	
	2023	2022
Opening balance	393	11
Unrealized change in value	-222	72
Acquisitions	-	310
Closing balance	171	393

All derivatives pertain to interest rate derivatives.

Cash and cash equivalents, SEK m	Group	
	2023	2022
Cash at bank balances	199	231
Closing balance	199	231

Operational liabilities

19 Other liabilities

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Liability, property transactions	0	6	0	0
VAT liability	20	3	1	0
Personnel-related liabilities	3	1	0	1
Other current liabilities	47	4	0	2
Total	70	14	1	3

20 Accrued expenses and prepaid income

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Vacation pay liabilities and social security costs	7	3	0	0
Accrued interest costs	5	11	-	-
Prepaid rents	78	82	-	-
Property management costs	86	47	9	7
Other accrued expenses and prepaid income	38	31	0	13
Total	214	173	9	20

21 Pledged assets and contingent liabilities

Commitments and legal liability for remediation of polluted land may become an issue in the future, in terms of both owned and divested properties. Costs could arise in the form, inter alia, of increased costs for decontamination of land in connection with new construction or refurbishment or additions, or alternatively reduced purchase considerations when divesting properties. It is not possible to calculate any future amounts. Government assistance that has been granted may need to be repaid should the conditions for the support not be fulfilled during the period of assistance. In addition, other disputes may arise in the business from time to time. The outcomes are frequently difficult to assess. Insofar as it is probable that a dispute may result in a cost for the Group, this is recognized in the accounts.

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Pledged assets				
Pledged mortgages	8,648	8,792	-	-
Contingent liabilities				
Guarantee commitments	-	-	7,273	7,256
Total	8,648	8,792	7,273	7,256

Group structure

22 Participations in Group companies

Accounting policies

The Parent Company's participations in Group companies are measured at acquisition cost less accumulated impairment. A subsidiary's carrying amount is tested at least once a year for the possible indication of impairment, or more often when there is an indication that the carrying amount may not be recoverable. The impairment test compares the estimated recoverable amount with the carrying amount. The recoverable amount is the higher of fair value less selling costs and the value in use. Value in use is the present value of future cash flows. Any impairment is recognized when the decline in value is considered to be permanent. Impairments and reversals of previous impairments are recognized in profit or loss.

Shares and participations in subsidiaries, SEK m	Parent Company	
	2023	2022
Opening balance	0	1,923
Shareholders' contributions	1,671	-
Sales	-	-1,923
Impairment	-1,623	0
Closing balance	48	0

Specification of Parent Company's direct holdings of shares in subsidiaries	Corp. Reg. No.	Registered HQ	No. of participations	Share, %	Carrying amount	
					2023	2022
Neobo Service AB	559395-8167	Stockholm	25,000	100	19	0
Neobo Holdco 1 AB	559408-9673	Stockholm	25,000	100	0	0
Neobo Holdco 2 AB	559408-9681	Stockholm	25,000	100	0	0
Neobo Holdco 3 AB	559408-9699	Stockholm	25,000	100	1	0
Neobo Holdco 4 AB	559408-9707	Stockholm	25,000	100	0	0
Neobo Holdco 5 AB	559408-9715	Stockholm	25,000	100	15	0
Neobo Holdco 6 AB	559408-9723	Stockholm	25,000	100	5	0
Neobo Holdco 7 AB	559408-9749	Stockholm	25,000	100	1	0
Neobo Holdco 8 AB	559408-9756	Stockholm	25,000	100	7	0
Total					48	0

Specification of Parent Company's indirect holdings of shares in subsidiaries	Corp. Reg. No.	Registered HQ	No. of participations	Share of equity, %
Neobo Alingsås Lerum AB	559248-6681	Malmö	250	100
Neobo Anna och Hummern i Helsingborg AB	556847-1451	Stockholm	500	100
Neobo Biografen AB	559248-6699	Malmö	250	100
Neobo Bostad 103 AB	559347-1963	Stockholm	25,000	100
Neobo Bostad 22 AB	559070-4663	Stockholm	50,000	100
Neobo Bostad 23 AB	559070-4531	Stockholm	50,000	100
Neobo Bostad 3 AB	559062-6254	Stockholm	50,000	100
Neobo Bostad Oskarshamn AB	559043-2216	Stockholm	50,000	100
Neobo Brågarp AB	556212-1912	Stockholm	40,000	100
Neobo Continental Apartments AB	559062-6122	Stockholm	50,000	100
Neobo Dubbelkrut AB	559159-3156	Stockholm	500	100
Neobo East AB	556691-9543	Stockholm	800,000	100
Neobo Enigheten HB	916831-9763	Stockholm		100
Neobo Eskilstuna 4 AB	559323-5756	Stockholm	25,000	100
Neobo Eskilstuna 6 AB	559323-5947	Stockholm	25,000	100
Neobo Falköping 1 KB	969691-5009	Stockholm		100
Neobo Falköping 2 KB	969691-7625	Stockholm		100
Neobo Falköping 3 KB	967800-2842	Stockholm		100
Neobo Falköping AB	559408-9657	Stockholm	25,000	100
Neobo Falköping Holding AB	559319-6883	Helsingborg	25,000	100
Neobo Falun AB	556676-4394	Stockholm	1,000	100
Neobo Falun Timrå AB	556684-8999	Stockholm	1,000	100
Neobo Falun Timrå Holding AB	559018-1219	Stockholm	50,000	100
Neobo Fastighets AB Prästkragen 5	559208-2241	Helsingborg	50,000	100
Neobo Fenja Agne AB	556551-6522	Stockholm	5,000	100
Neobo Fjärilen 17 AB	559317-1357	Stockholm	50,000	100
Neobo Fjärilsvingen AB	556679-8202	Stockholm	1,000	100
Neobo Färgaren HB	969671-1093	Stockholm		100
Neobo Gustaf HB	969673-5423	Stockholm		100
Neobo Gävle 2 AB	559003-8617	Helsingborg	500	100
Neobo Helsingborg 5 AB	556704-6767	Stockholm	1,000	100
Neobo Holdco 1.1.1 AB	559408-9830	Stockholm	25,000	100
Neobo Holdco 1.1.2 AB	559408-9822	Stockholm	25,000	100
Neobo Holdco 1.1.3 AB	559408-9814	Stockholm	25,000	100
Neobo Holdco 1.1.4 AB	559408-9665	Stockholm	25,000	100

Specification of Parent Company's indirect holdings of shares in subsidiaries	Corp. Reg. No.	Registered HQ	No. of participations	Share of equity, %
Neobo Holdco 2.1 AB	559408-9764	Stockholm	25,000	100
Neobo Holdco 2.1.1 AB	559408-9772	Stockholm	25,000	100
Neobo Holdco 2.1.2 AB	559408-9780	Stockholm	25,000	100
Neobo Holdco 2.1.3 AB	559408-9798	Stockholm	25,000	100
Neobo Holdco 3.1 AB	559408-9582	Stockholm	25,000	100
Neobo Holdco 3.1.1 AB	559408-9590	Stockholm	25,000	100
Neobo Holdco 4.1 AB	559408-9608	Stockholm	25,000	100
Neobo Holdco 4.1.1 AB	559408-9988	Stockholm	25,000	100
Neobo Holdco 4.1.2 AB	559408-9996	Stockholm	25,000	100
Neobo Holdco 5.1 AB	559408-9913	Stockholm	25,000	100
Neobo Holdco 6.1 AB	559408-9905	Stockholm	25,000	100
Neobo Holdco 7.1 AB	559408-9871	Stockholm	25,000	100
Neobo Holdco 7.1.1 AB	559408-9897	Stockholm	25,000	100
Neobo Holdco 7.1.2 AB	559408-9889	Stockholm	25,000	100
Neobo i Enköping AB	556710-5902	Stockholm	1,000	100
Neobo i Märsta AB	559082-2622	Stockholm	50,000	100
Neobo Isaksdal AB	556897-8257	Stockholm	500	100
Neobo Järna AB	556976-6925	Stockholm	1,000	100
Neobo Karlstad KB	969664-8386	Stockholm		100
Neobo Katrineholm AB	559337-1718	Stockholm	25,000	100
Neobo Knivsta Gredelby AB	559218-2215	Stockholm	500	100
Neobo Kristinegatan AB	556677-6331	Stockholm	1,000	100
Neobo Köping 1 AB	559026-6036	Helsingborg	500	100
Neobo Köping 2 AB	556748-9660	Helsingborg	1,000	100
Neobo Köping 3 AB	556950-8400	Helsingborg	50,000	100
Neobo Köping Holding AB	559333-2462	Malmö	25,000	100
Neobo Köping Innerstaden 1:38 AB	559113-0405	Stockholm	1000	100
Neobo Köping Saga & Ale AB	559059-5426	Stockholm	500	100
Neobo Köping Stadskanten AB	559157-4362	Stockholm	500	100
Neobo Lerum AB	559273-6325	Stockholm	50,000	100
Neobo Liljan HB	916896-8452	Stockholm		100
Neobo Luleå AB	559273-6341	Malmö	50,000	100
Neobo Mariestad 2 AB	559408-9640	Stockholm	25,000	100
Neobo Mariestad AB	559081-0734	Helsingborg	500	100
Neobo Mitt Holding AB	559222-2995	Stockholm	50,000	100

Specification of Parent Company's indirect holdings of shares in subsidiaries	Corp. Reg. No.	Registered HQ	No. of participations	Share of equity, %
Neobo Mjärden AB	556883-4989	Stockholm	500	100
Neobo Motala AB	556680-9363	Stockholm	1,000	100
Neobo Nevisborg AB	559163-6138	Stockholm	500	100
Neobo Norrköping 2 AB	559408-9632	Stockholm	25,000	100
Neobo Norrköping AB	559323-5749	Malmö	25,000	100
Neobo Nyckelpigan 24 AB	556605-0893	Stockholm	1,000	100
Neobo Nyköping 2 AB	556707-9362	Stockholm	100,000	100
Neobo Nynäshamn AB	556919-3773	Stockholm	500	100
Neobo Oscarsbo AB	556173-2636	Stockholm	200	100
Neobo Panirab AB	556520-8856	Stockholm	1000	100
Neobo Parken AB	559227-6314	Stockholm	50,000	100
Neobo Pinjen 4 AB	556604-9564	Stockholm	1,000	100
Neobo Propco 8.1 AB	559408-9863	Stockholm	25,000	100
Neobo Propco 8.2 AB	559408-9855	Stockholm	25,000	100
Neobo Pärlan HB	969673-4210	Stockholm		100
Neobo Sala AB	556975-6504	Stockholm	1,000	100
Neobo Samhäll 93 AB	559224-4023	Stockholm	50,000	100
Neobo SamSkara Gräshoppan 6 AB	556695-3633	Stockholm	100,000	100
Neobo SamTidaholm Stensiken 1 AB	556810-8293	Stockholm	50,000	100
Neobo Skara AB	559408-9624	Stockholm	25,000	100
Neobo Skövde AB	559323-5723	Stockholm	25,000	100
Neobo Skövde Holding AB	559036-3676	Stockholm	100,000	100
Neobo Solen 13 HB	969673-4202	Stockholm		100
Neobo Solen 9 HB	969673-5407	Stockholm		100
Neobo Sollentuna Sjöstjärnan 2 AB	559185-5720	Stockholm	50,000	100
Neobo Spitoula Fastighets AB	556893-6677	Helsingborg	1,000	100
Neobo Stenfastigheter i Karlskoga AB	556798-6269	Helsingborg	15,000	100
Neobo Stenstan AB	556981-7892	Härnösand	500	100
Neobo Stettfast AB	559084-1366	Stockholm	500	100
Neobo Strängnäs AB	556975-6520	Stockholm	1,000	100
Neobo Sundsvall 2 AB	559323-5731	Stockholm	25,000	100
Neobo Sundsvall AB	559127-1431	Stockholm	500	100
Neobo Sundsvall Granlodrakar AB	559200-5580	Stockholm	500	100
Neobo Tegelborgen AB	556446-1787	Helsingborg	100	100
Neobo Timrå 2 AB	556730-5775	Stockholm	1,000	100

Specification of Parent Company's indirect holdings of shares in subsidiaries	Corp. Reg. No.	Registered HQ	No. of participations	Share of equity, %
Neobo Timrå 3 AB	556730-3374	Stockholm	1,000	100
Neobo Timrå 4 AB	556730-3101	Stockholm	1,000	100
Neobo Tjuren HB	916896-7686	Stockholm		100
Neobo Tranås AB	556707-6616	Stockholm	100,000	100
Neobo Tranås Västermalm AB	556649-4273	Stockholm	1,000	100
Neobo Träkolet AB	556652-7049	Stockholm	1,000	100
Neobo Ulricehamn AB	559326-6322	Stockholm	25,000	100
Neobo Umeå 2 AB	559074-2630	Helsingborg	50,000	100
Neobo Umeå 3 AB	559118-8395	Helsingborg	50,000	100
Neobo Viola Fastighet I Karlskoga AB	556786-2486	Helsingborg	1,000	100
Neobo Vipan 15 AB	556692-8569	Stockholm	1,000	100
Neobo Vkn 13 i Helsingborg AB	556751-3063	Stockholm	1,000	100
Neobo VR Bostad Norr 1 AB	559158-1052	Stockholm	50	100
Neobo Vänersborg AB	559326-6330	Stockholm	25,000	100
Neobo Örnholmen 3 AB	556882-0830	Stockholm	500	100
Neobo Övik AB	559273-6358	Malmö	50,000	100

23 Related parties

Related parties	Transactions
Owners of the Parent	No related-party transactions took place with owners during the year. A presentation of owners can be found on page 30.
Board of Directors	For information on remuneration, see Note 5. No Board members were directly or indirectly involved in material business transactions with Neobo. A presentation of the Board of Directors can be found on page 28.
Management	For information on remuneration, see Note 5. No senior executives were directly or indirectly involved in business transactions with Neobo. The Annual General Meeting on April 26, 2023 decided to issue warrants to four members of the management team. The program includes 727,000 warrants that entitle the holder to subscribe for a corresponding number of shares in the company. The subscription price per share corresponds to 120 percent of the average of the most recent volume-weighted price paid for the company's shares during the ten trading days immediately following May 10, 2023. Subscription of shares by exercise of warrants can take place during the period from May 1, 2026 to May 25, 2026. A presentation of the management team can be found on page 29.
Group companies	The companies are presented in Note 22, transactions in Note 24. Transactions between Group companies pertain primarily to invoicing for property management services performed and interest on Group dealings.

Parent Company

Parent Company accounting policies

The Parent Company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. The recommendation requires that the Parent Company, in the annual report for the legal entity, applies all IFRS approved by the EU and statements to the extent that this is possible within the framework of the Annual Accounts Act and with consideration to the relationship between accounting and taxation. The recommendation states the exceptions and additions to IFRS that apply. The indicated accounting policies for the Parent Company have been applied consistently for all periods presented in the Parent Company's financial statements.

Classification and presentation formats

The Parent Company income statement and balance sheet are presented in accordance with the stipulations of the Swedish Annual Accounts Act. The difference compared with IAS 1 Presentation of Financial Statements, which is applied in the presentation of the Group's financial statements, is primarily the recognition of earnings from operations being divested and equity.

Income

The Parent Company's net sales comprise property management services for subsidiaries. This income is recognized in the period to which it refers.

Financial guarantees

The Parent Company's financial guarantees primarily comprise guarantees on behalf of subsidiaries. A contingent liability is recognized when there is a possible obligation deriving from occurred events and whose existence is confirmed only by one or more uncertain event(s) in the future or when there is an obligation that has not been recognized as a liability or provision since it is not likely that an outflow of resources will be required.

24 Purchases and sales between Group companies

0 percent (0) of the Parent Company's purchases during the fiscal year pertain to purchases from Group companies. 99 percent (100) of the Parent Company's sales during the fiscal year pertain to sales to Group companies. Intra-Group income consists of costs for property management invoiced by the Parent Company to Group companies.

25 Result from shares in subsidiaries

SEK m	2023	2022
Gain on sales of participations in Group companies	0	4,060
Impairment of shares in subsidiaries	-1,623	-473
	-1,623	3,587

26 Parent Company's receivables/liabilities from/to Group companies

SEK m	2023	2022
Receivables		
Opening balance	7,838	3,824
Settled receivables	-1,438	-
Additional receivables	-	4,014
Closing balance	6,416	7,838
Liabilities		
Opening balance	-	1,296
Settled liabilities	-	-1,296
Closing balance	-	-

27 Proposed appropriation of profits

The following earnings are at the disposal of the Annual General Meeting:

Retained earnings	7,328,228,360 kr
Net profit/loss for the year	-1,606,702,584 kr
Total	5,721,525,776 kr

The Board of Directors proposes that earnings be distributed as follows:

To be carried forward	5,721,525,776 kr
Total	5,721,525,776 kr

Signatures of the Board of Directors and the CEO

The Board of Directors and the CEO confirm that the consolidated financial statements and the annual accounts have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, with generally accepted accounting policies and provide a true and fair view of the Group's and the company's financial position and results of operations, and that the Directors' Report provides a true and fair overall account of the development of the Group's and the company's business, financial position and earnings and describes the significant risks and uncertainties facing the companies included in the Group.

Stockholm, March 25, 2024

Jan-Erik Höjvall
Chairman of the Board

Ylva Sarby Westman
CEO

Mona Finnström
Board member

Ulf Nilsson
Board member

Jakob Pettersson
Board member

Our Auditor's Report was submitted on March 25, 2024.
Ernst & Young AB

Gabriel Novella
Authorized Public Accountant

Auditor's Report

To the general meeting of the shareholders of Neobo Fastigheter AB, corporate identity number 556580-2526

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Neobo Fastigheter AB for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 31–66 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–30 and 69–74. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a

material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from

material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Neobo Fastigheter AB for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend

is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm March, 25 2024
Ernst & Young AB

Gabriel Novella
Authorized Public Accountant

OTHER

[Definitions](#)

[Alternative performance measures](#)

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DEFINITIONS

FINANCIAL DEFINITIONS

Average interest rate, %

Weighted average contracted interest for interest-bearing liabilities, including derivative instruments, at the end of the period excluding unutilized credit facilities. The key metric is used to illustrate Neobo's financial risk.

Average number of shares

The number of shares outstanding weighted over the 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.

Equity/assets ratio, %

Equity in relation to total assets. The key metric is used to illustrate Neobo's financial stability.

Hedge ratio

Liabilities to credit institutions, including derivative instruments, at a fixed rate as a percentage of total liabilities to credit institutions.

Interest coverage ratio, multiple

Profit from property management (past 12 months) after reversal of net interest in relation to net interest. The key metric is used to illustrate Neobo's financial risk.

Loan-to-value ratio, %

Interest-bearing liabilities in relation to total assets at the end of the period. The key metric is used to illustrate Neobo's financial risk.

Net asset value, SEK

Recognized equity attributable to shares, with the reversal of recognized deferred tax liabilities and interest rate derivatives. The key metric is used to illustrate Neobo's value.

Net debt

Liabilities to credit institutions less cash and cash equivalents.

Number of shares outstanding

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

Profit from property management

Profit before changes in value and tax. The key metric provides a measurement of the operations' profit generation regardless of changes in value.

Return on equity, %

Net profit/loss for the period in relation to average equity for the period. The key metric shows Neobo's return on equity during the period.

PROPERTY-RELATED DEFINITIONS

Economic occupancy rate, %

Contracted annual rent at the end of the period in relation to rental value according to earnings capacity. The key metric is used to facilitate the assessment of rental income in relation to the total value of the potential leasable area.

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 according to earnings capacity. The key metric is used to facilitate the assessment of rental value for vacant rental objects in relation to the total value of the potential leasable area.

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. The key metric is used to illustrate the yield level for net operating income in relation to the value of the properties.

Like-for-like portfolio

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

Market value of properties, SEK

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

Net operating income, SEK

Rental income less property management costs.

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.

Rental income, SEK

Charges for the period with deductions for rental losses.

Surplus ratio, %

Net operating income as a percentage of rental income for the period. The key metric shows how much of the rental income remains after direct property costs.

DERIVATION OF ALTERNATIVE PERFORMANCE MEASURES

RETURN ON EQUITY	2023	2022
Net profit/loss for the period	-1,373	-1,355
Equity, average	7,091	8,454
Return on equity, %	-19.4	-16.0

LOAN-TO-VALUE RATIO	2023	2022
Total assets	14,497	16,053
Interest-bearing liabilities	7,278	7,496
Loan-to-value ratio, %	50.2	46.7

INVESTMENT YIELD	2023	2022
Net operating income according to earnings capacity	482	462
Investment properties	14,018	15,295
Building rights/development properties	131	80
Property value, excluding building rights/development properties	13,887	15,215
Investment yield, %	3.5	3.0

ECONOMIC OCCUPANCY RATE	2023	2022
Rental income according to earnings capacity	896	850
Rental value according to earnings capacity	969	924
Economic occupancy rate, %	92.5	92.0

EARNINGS PER SHARE	2023	2022
Net profit/loss for the period	-1,373	-1,355
Average number of ordinary shares	145,400,737	145,400,735
SEK/share	-9.44	-9.32

HEDGE RATIO	2023	2022
Liabilities to credit institutions, including derivative instruments, at fixed rate	5,406	5,893
Liabilities to credit institutions	7,278	7,496
Hedge ratio, %	74.3	78.6

INTEREST COVERAGE RATIO	2023	2022
Profit from property management	148	172
Add back, net interest	224	172
Total	372	344
Net interest income	224	172
Interest coverage ratio, multiple	1.7	2.0

EQUITY/ASSETS RATIO	2023	2022
Equity	6,405	7,777
Total assets	14,497	16,053
Equity/assets ratio, %	44.2	48.4

NET ASSET VALUE	2023	2022
Number of shares outstanding, thousands	145,401	145,401
Equity	6,405	7,777
Add back of deferred tax	430	505
Add back of derivatives	-171	-393
Net asset value	6,664	7,889
SEK/share	45.83	54.26

SURPLUS RATIO	2023	2022
Net operating income	460	423
Rental income	888	839
Surplus ratio	52	50

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

The 2024 Annual General Meeting will be held at 2:00 p.m. CEST on April 23, 2024 at Sergelkonferensen, Mäster Samuelsgatan 42, Stockholm, Sweden. Registration at the Annual General Meeting will start at 1:30 p.m. CEST.

For further information about notification, read the official notice of the Annual General Meeting. The Annual General Meeting notice is available on Neobo's website: neobo.se/en/annual-general-meeting-2024, and was published in Post och Inrikes Tidningar on March 21, 2024. That notification had occurred was advertised in Dagens Nyheter the same day.

Financial calendar

Interim report January-March 2024	April 23, 2024
Interim report January-June 2024	July 10, 2024
Interim report January-September 2024	October 25, 2024
Year-end report 2024	February 12, 2025
Annual Report 2024	March 2025

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