

# Definitions

Bonava uses measurements including the following alternative key performance indicators: return on capital employed, net debt and equity/assets ratio. The Group considers that these key performance indicators provide complementary information to readers of its financial reports that contributes to assessing the Group's capacity to pay dividends, make strategic investments, meet its financial commitments and to evaluate its profitability.

## FINANCIAL KEY PERFORMANCE INDICATORS

**Share of risk-bearing capital** Total shareholders' equity and deferred tax liabilities as a percentage of total assets.

**Return on shareholders' equity** Profit after tax as a percentage of average shareholders' equity.

**Return on capital employed** Profit after financial items (excluding items affecting comparability where applicable) on a rolling 12-month basis following the reversal of interest expense as a percentage of average capital employed.

**Total assets** Total assets or liabilities and shareholders' equity.

**Gross margin** Gross profit as a percentage of net sales.

**Dividend yield** The dividend as a percentage of the market price at year-end.

**EBITDA** EBIT before net financial items, tax and depreciation.

**Average interest rate** Nominal interest rate weighted by interest-bearing liabilities outstanding on the balance sheet date.

**Average fixed-rate term** The remaining fixed-rate term weighted by interest-bearing liabilities outstanding.

**Average shareholders' equity** Average reported shareholders' equity as of the last five quarters.

**Average capital employed** Average capital employed as of the last five quarters.

**Items affecting comparability** Material one-off items in operating profit, the profit effect of which is important to note when the financial performance for the period is compared with earlier periods.

**Production costs** Costs incurred for land, development expenses for architects and other contractor-related costs, utility connection fees and building construction.

**Net project asset value** The carrying amount of ongoing housing projects, completed housing units and investment properties less customer advances.

**Net project asset value in relation to Net debt** Current period relation between Net project asset value versus Net debt excluding leasing.

**Net debt** Interest-bearing liabilities, leasing liabilities, and provisions less interest-bearing assets including cash and cash equivalents.

**Net debt/equity ratio** Net debt divided by shareholders' equity.

**Operating gross profit and operating EBIT** The earnings that form the basis of the monitoring of each segment in the Group. The operating EBIT corresponds to EBIT before items affecting comparability adjusted for impairment, sales of land, items related to restructuring and cost for M&A.

**Operating gross margin and operating EBIT margin** Operating gross profit and operating EBIT as a percentage of net sales.

**Operating cash flow** EBITDA adjusted for net investments in fixed assets, properties held for future development, ongoing housing projects and completed housing units as well as changes in working capital, excluding corrections for non-cash items.

**Project financing** – loans raised in Swedish tenant-owner associations and Finnish housing companies, as well as debt that directly finances investment properties.

**Earnings per share** Net profit/loss for the period divided by the

weighted average number of shares in the period.

**Earnings per share adjusted for items affecting comparability** Net profit/loss for the period before items affecting comparability divided by the weighted average number of shares in the period.

**Interest-bearing liabilities/total assets** Interest-bearing liabilities divided by total assets.

**Interest coverage ratio** Profit/loss after financial items plus financial expenses divided by financial expenses, Calculated on a rolling 12-month basis.

**EBIT margin** EBIT as a percentage of net sales.

**Equity/assets ratio** Shareholders' equity as a percentage of total assets.

**Capital employed** Total assets less non-interest bearing liabilities including deferred tax liabilities.

**Total return** Total of the change in the share price during the year and paid dividends in relation to the share price at the beginning of the year.

## SECTOR-RELATED DEFINITIONS

**Housing units in ongoing production** Refers to the period from production start to completion of a building. A housing unit is considered complete on receipt of inspection documentation.

**Housing units for sale (ongoing production and completed)** Refers to the number of units, in ongoing production or completed, that are available for sale.

**Production start** The time when Bonava starts production of a building. At this time, capitalised expenditure for land and development expenses is transferred to ongoing housing projects.

**Properties held for future development** Refers to Bonava's holdings of land and building rights for future residential development and capitalised property development costs.

**Completion rate** Recognised expenses in relation to the calculated total costs of ongoing housing projects.

**Completed housing units** Refers to housing units for which inspection documents have been received, but the unit has not yet been sold, or units that have been sold but not handed over to the customer.

**Sales rate for housing units in ongoing production** Number of housing units sold in production in relation to the total number of housing units in production.

**Sales value of housing units sold** Sales value of housing units sold for which binding sales agreements have been signed with the customer and production of the housing unit has commenced.

**Number of housing units recognised in profit** Number of housing units sold that have been occupied by the purchaser. Once the purchaser has taken over occupancy, the purchase consideration is recognised as net sales, and expenses incurred for the housing unit are recognised as production costs.

**Reservation rate** Number of reserved housing units in production in relation to the total number of housing units in production.

**Housing units sold** Number of housing units for which binding sales agreements have been signed with the customer and production of the housing unit has started.