



Year-end Report January-December 2023



Homes ∞ Neighbourhoods

Strong cash flow and lower net debt

1 OCTOBER–31 DECEMBER 2023*

- Net sales amounted to SEK 4,989 M (5,664).
- The gross margin was 13.5 per cent (10.3) and was impacted by earnings from land sales, impairment and risk provisions totalling SEK -8 M (-226). Taking these into account, the underlying gross margin was 13.6 per cent (14.3).
- Operating profit before items affecting comparability amounted to SEK 464 M (351) and the operating margin was 9.3 per cent (6.2). Operating profit after items affecting comparability amounted to SEK 427 M (295). Items affecting comparability of SEK -37 M (-56) were recognised during the quarter.
- In November, the divestment of Bonava's operations in St. Petersburg was finalised, with Bonava receiving proceeds of EUR 50 M (SEK 578 M). The divestment yielded a profit on sale of SEK 52 M.
- Cash flow before financing activities was SEK 940 M (-105).
- A financing package was presented on 20 December that entailed the extension of current bank financing of SEK 4.5 Bn over three years, an underwritten rights issue of not less than SEK 1 Bn and a three-year extension of the existing bond loan of SEK 1.2 Bn.
- Earnings per share, was SEK 2.70 (1.46).

1 JANUARY–31 DECEMBER 2023*

- Net sales amounted to SEK 13,269 M (13,987).
- The gross margin was 10.7 per cent (12.1) and was impacted by earnings from land sales, impairment and risk provisions totalling SEK -141 M (-387). Taking these into account, the underlying gross margin was 11.8 per cent (14.8).
- Operating profit before items affecting comparability was SEK 660 M (858) and the operating margin was 5.0 per cent (6.1). Operating loss after items affecting comparability amounted to SEK -619 M (802). Items affecting comparability totalling SEK -1,279 M (-56) were recognised during the year.
- Cash flow before financing activities was SEK 716 M (-3,345).
- Earnings per share, totalled SEK -10.66 (4.10).
- The Board of Directors proposes that no dividend be paid for 2023 financial year.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On 3 January, Bonava sent notice about an Extra General Meeting regarding decision of the rights issue will be held on February 7.
- On 10 January, Bonava received approval from the noteholders to amend the terms and conditions under its outstanding SEK 1,200 M bond loan, which will take effect after the implementation of the right issue and the extension of bank financing.
- Bonava have finalised the negotiations with our lenders about the extension of credit facilities by three years based on the main conditions that was set in December 2023 and an agreement will be signed shortly.
- On 1 February 2024, Bonava announced revised financial targets. The target for the operating margin, at least 10 per cent by 2026, stands firm, while the net debt/equity ratio target will no longer apply. A new target has been added: return on equity is to be at least 15 per cent over time.

*Recognised revenue and profit pertain to continuing operations at the end of the period.

SEK M continuing operations	2023			2022		
	Oct-Dec	Oct-Dec	Δ%	Jan-Dec	Jan-Dec	Δ%
Net sales	4,989	5,664	-12	13,269	13,987	-5
Gross profit	672	582	15	1,421	1,689	-16
Gross margin, %	13.5	10.3		10.7	12.1	
Operating profit before items affecting comparability ¹⁾	464	351	32	660	858	-23
Operating margin before items affecting comparability, % ¹⁾	9.3	6.2		5.0	6.1	
Operating profit after items affecting comparability	427	295	45	-619	802	-177
Operating margin after items affecting comparability, %	8.6	5.2		-4.7	5.7	
Profit before tax	294	219	34	-1,137	609	-287
Earnings per share, SEK ²⁾	2.70	1.46	85	-10.66	4.10	-360
Net debt ³⁾	4,951	7,259	-32	4,951	7,259	-32
Return on capital employed, R12, % ³⁾	4.3	6.9		4.3	6.9	
Equity/assets ratio, % ³⁾	34.6	31.2		34.6	31.2	
Number of building rights	28,900	29,400	-2	28,900	29,400	-2
Number of housing units sold	356	605	-41	1,493	2,536	-41
Sales value of housing units sold	1,610	1,952	-17	5,597	8,258	-32
Number of production starts	394	534	-26	1,333	2,513	-56
whereof investment properties		231			231	
Number of housing units in production	3,055	6,498	-53	3,055	6,498	-53
whereof investment properties		426			426	
Sales rate for ongoing production, % ⁴⁾	55	69	-20	55	69	
Number of housing units recognised in profit	1,444	1,668	-13	3,969	4,369	-9

¹⁾ The key figures were impacted by items affecting comparability. Refer to Notes 2 and 3 for more information.

²⁾ Before and after dilution.

³⁾ Including discontinued operations. Refer to Note 8.

⁴⁾ Excluding investment properties.

660

EBIT BEFORE ITEMS AFFECTING
COMPARABILITY, SEK M, RTM

1,493

NUMBER OF HOUSING UNITS SOLD, RTM

28,900

NUMBER OF BUILDING RIGHTS

Comments from the CEO

The year concluded with higher levels of activity in our markets. The new financing package will increase Bonavas financial and operational flexibility and providing us with a basis for being ready to scale up and start new, profitable projects when the conditions are right. A strong cash flow and significantly lower net debt were reported in the fourth quarter.

Busy end to the year and increased activity in our markets

In the second half of 2023, we could see signs that the market was stabilising, and we noted an increase in activity and demand in most of our markets during the fourth quarter. The markets in Germany and the Baltics remain the most active, but we also noted increased activity in Finland and Sweden. Although it is too early to speak of an upturn, we have seen a steady increase in activity in the fourth quarter as regards the number of prospective buyers at showings and the number of bookings and sales. The market situation could still be rapidly impacted by changes in expectations regarding inflation and interest rates. Low production volumes in recent years have created a pent-up need, thereby stabilising housing prices. We are still planning for a challenging market in 2024, and we are prepared to act when the market changes.

The number of housing units sold during the period fell to 356 (605). A portfolio transaction for investors was carried out in the comparative period. Sales in the consumer business increased 54 per cent for the fourth quarter, year-on-year. We also increased the number of production starts for consumers in the quarter to 394 (160). The total value of housing units sold that are to be delivered to customers in the next 18 months is SEK 7.1 Bn.

Strong cash flow and lower net debt

From a business perspective, the fourth quarter is the largest in terms of the number of housing units delivered and recognised in profit. During the quarter, 1,444 (1,668) housing units were recognised in profit, with net sales totalling SEK 5.0 Bn (5.7). Our underlying gross margin was 13.6 per cent (14.3), with the effects of selective price reductions bringing the margin down year-on-year. Changes implemented in the organisation, a clearer division of responsibilities and an improved investment process have all increased the precision of project calculations, which are gradually improving despite high levels of cost inflation. Indirect costs and selling and admin decreased 16 per cent during the quarter as an effect of savings measures that were implemented. At the end of the quarter, negotiations concerning the German restructuring were finalised, and implementation commenced and will gradually be carried out in 2024. The measures implemented are yielding the planned effect, totalling SEK 290 M on an annual basis. We recognise our indirect costs and selling and admin on a net basis after capitalisation of costs for ongoing projects. Upon full implementation, the savings will total approximately SEK 620 M net (SEK 1 Bn gross) from 1 January 2025. The underlying operating margin in the fourth quarter was 9.5 per cent (10.2).

The strategic divestments of business units and building rights, and the systematic efforts that took place during the year, have resulted a significantly lower level of debt. Our net debt totalled just under SEK 5 Bn at the end of the year, driven by a strong cash flow from operating activities and the proceeds from the divestment of operations in St. Petersburg. We will continue to focus intensely on reducing tied-up capital and divesting non-strategic building rights for the purpose of strengthening conditions to be able to allocate capital to profitable production starts.

New long-term financing enables flexibility

Housing units are developed over long periods of time, and long-term financing is therefore needed. Just before Christmas, we could announce that we had reached a conditional agreement with our lenders. Bonava have now finalised the negotiations with our lenders based on the main conditions that was set in December and an agreement will be signed shortly. The new financing package involves an amended capital structure that facilitates operational and financial flexibility and lowers the financial risk. The financing package means that we have renewed bank financing for three years, we have a fully underwritten preferential rights issue of just over SEK 1 Bn and we have extended our SEK 1.2 Bn green bond by three years. With the new financing in place, we can scale up and start new profitable projects when the conditions are right.

Review of our financial targets

Following on from the work carried out during the year and the new financing package presented, we have also reviewed our financial targets. We have chosen three targets: operating margin, return on equity and dividend payout ratio. We want to be clear about which long-term targets we are working towards, even though it may be difficult to achieve them in the short term. Our potential to achieve the targets is linked to our ability to gradually increase the number of production starts to a more sustainable level.

Our goal of achieving an operating margin before items affecting comparability of at least 10 per cent by 2026 stands firm, as does our long-term dividend policy, stating that we will distribute 40 per cent of profit after tax over time. To clarify how we work with capital efficiency, we have chosen to set a target for return on equity of at least 15 per cent over time. The targets rest on a financial framework aimed at balancing the financial risks in the operations. The equity/assets ratio is to exceed 30 per cent and the Group's net debt is not to exceed net project assets. This clarifies that investments in building rights or dividends to shareholders may only be made using shareholders' equity. The Board of Directors proposes that no dividend be paid for 2023. Moreover, the new financing package does not contain scope to pay any dividends in the next three years.

Several measures implemented that pave the way for a competitive Bonava

In summing up 2023, we can state that it was a challenging year for Bonava and the industry as a whole. We have deliberately held back on the number of production starts since the beginning of 2022 due to the heightened market risk. This will result in us having a substantially lower business volume in 2024. We have adjusted our costs accordingly. With long-term financing in place and lower financial risk, our main focus will be on starting profitable projects when the conditions are right. We are well positioned in relation to growing geographic regions and have a solid building rights portfolio as a basis.

I am incredibly proud of the hard work my colleagues put in during the year, and together we striving to achieve our purpose: creating happy neighbourhoods for the many. I would like to extend my sincere thanks to all our employees, suppliers and partners.

Peter Wallin
President and CEO



"With the new financing we can scale up and start new profitable projects when the conditions are right."

Market trend

Population growth and urbanisation in combination with low levels of housing construction over many years has led to a shortage of housing units in destination regions. In the long term, we foresee a large need for sustainable and well-planned homes. During recent years the market situation has been challenging, with a sharp fall in housing construction as a result. In the second half of 2023, we could see signs that the market was stabilising. Although it is too early to speak of an upturn, we have seen a steady increase in activity in the fourth quarter as regards the number of prospective buyers at showings and the number of bookings and sales. The market situation could still be rapidly impacted by changes in expectations regarding inflation and interest rates.

Our business is local, there are many players, competition is fierce and market developments are rapid. Those who act decisively to meet these new conditions will be standing strong when the market turns around.

During the preceding year, we noted increased costs for materials. During the year, cost increases have tapered off and are continuing to drop. Access to materials has stabilised while many subcontractors are competing for bids.

Demand for housing units remained cautious. Higher interest rates, high inflation, and increased uncertainty affected demand, primarily, but also the price trend. The organisation has responded to the challenging market conditions through active, targeted sales initiatives and becoming even closer to potential customers. Some selective price reductions make housing buyers more prone to act.

Germany

Germany is Bonava's largest market. There has been a shortage of housing units in Germany for many years and this topic is high on the political agenda. The offering of new housing units is low, while customers are cautious. Housing prices in large cities were impacted to a greater extent than prices outside these areas. Berlin, Cologne and Dortmund are the regions in which we are seeing the greatest activity as regards the number of prospective buyers at showings and the number of bookings and sales at present.

Sweden

Sweden is Bonava's second-largest market. We have an attractive breadth in our offering of housing units in large cities for investors and consumers. Higher interest rates and the increased cost of living adversely impacted the housing market during the year, with lower levels of sales and fewer production starts as a result. Some positive signs could be seen during the fourth quarter regarding the interest-rate trend, creating a more positive sentiment among customers although sale volumes remained low.

Finland

The housing market in Finland is concentrated primarily to the metropolitan regions with the largest population growth and expanded infrastructure: Helsinki, Tampere and Turku. The housing market in Finland has suffered greatly from higher interest rates and inflation, and customer activity is subdued, but a more positive sentiment was perceived in the market during the fourth quarter.

Baltics

The markets in all three Baltic capitals are growing economies. The low standard of the existing housing stock combined with growing demand for rental housing presents opportunities to build and manage them. The favourable market conditions in the Baltic markets remain, with a low level of unemployment and a lack of supply. The prices for new housing units are stable in all markets, and Riga is the submarket that has the highest level of activity as regards the number of prospective buyers at showings and the number of bookings and sales.



Group performance

Due to the fact that Bonava has divested its operations in Norway and St. Petersburg, the consolidated income statement is presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. This entails recognising the result from the operations in Norway and St. Petersburg on a line in the income statement designated as discontinued operations. The historical comparative figures in the consolidated income statement have been restated. In the cash flow statement, cash flow attributable to discontinued operations is indicated in its own table.

OCTOBER–DECEMBER 2023

Net sales

Net sales amounted to SEK 4,989 M (5,664). Fewer housing units recognised in profit resulted in a decrease in sales while a positive translation effect of SEK 304 M from foreign currency had a positive impact on sales. The average price per housing unit recognised in profit was unchanged at SEK 3.4 M (3.4).

During the quarter, 900 (1,099) housing units for consumers were recognised in profit, generating net sales of SEK 3,454 M (4,066).

Net sales to investors totalled SEK 1,520 M (1,588), and the number of housing units recognised in profit was 544 (569).

Gross profit

Gross profit amounted to SEK 672 M (582) and the gross margin was 13.5 per cent (10.3). The gross margin was burdened with land sales, impairments and risk provisions of SEK -8 M (-226) during the quarter. Adjusted for these items, the underlying gross margin was 13.6 per cent (14.3).

Operating profit

Operating profit before items affecting comparability was SEK 464 M (351) and the operating margin was 9.3 per cent (6.2).

Exchange rate fluctuations had a positive impact of SEK 35 M on operating profit before items affecting comparability compared with the year-earlier period.

During the quarter, there was an impairment of SEK -35 M pertaining to unsold housing units in a previously completed project in

Germany, which has been classified as an item affecting comparability like similar adjustments in Q3. Items affecting comparability for the quarter totalled SEK -37 M. Operating profit after items affecting comparability amounted to SEK 427 M (295).

Net financial items, profit before tax, tax and profit for the quarter

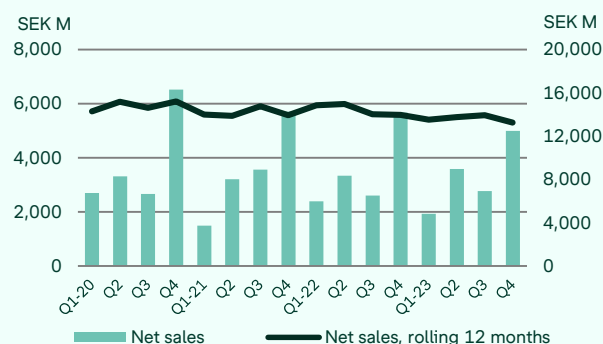
Net financial items were SEK -132 M (-76), attributable to increased interest expenses due to higher underlying market interest rates.

Profit before tax for the quarter was SEK 294 M (219). Tax on profit for the quarter was SEK -5 M (-63), corresponding to a tax rate of 2 per cent (29). The low tax rate is attributable primarily to deferred tax not being reported for deficits generated in 2023.

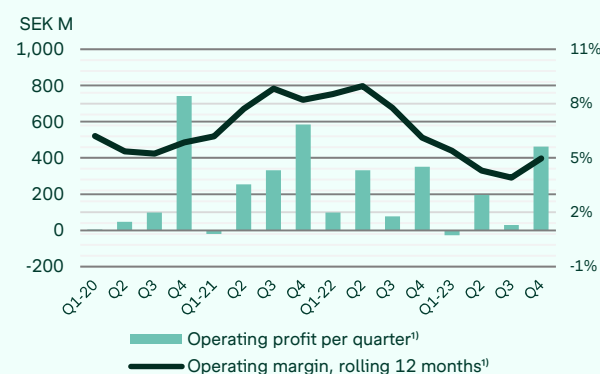
Profit for the period for continuing operations amounted to SEK 289 M (157).

Profit for the period for discontinued operations amounted to SEK 52 M (-841). The earnings for discontinued operations are attributable to capital gains from the divestment of operations in St. Petersburg. The impairment of net assets pertaining to operations in St. Petersburg was charged to the preceding year.

Net sales, excluding discontinued operations



Operating profit and operating margin, excluding discontinued operations



¹⁾ Excluding items affecting comparability.

Group performance

JANUARY–DECEMBER 2023

Net sales

Net sales totalled SEK 13,269 M (13,987), since fewer housing units were recognised in profit compared with the year-earlier period – though at a slightly higher average price. The average price per housing unit recognised in profit amounted to SEK 3.3 M (3.2).

During the period, 2,419 (2,744) housing units for consumers were recognised in profit, with net sales of SEK 9,308 M (9,731).

Net sales to investors totalled SEK 3,871 M (4,180), and the number of housing units recognised in profit was 1,550 (1,625).

Exchange rate fluctuations had a positive translation effect of SEK 782 M on consolidated net sales compared with the year-earlier period.

Gross profit

Gross profit amounted to SEK 1,421 M (1,689) and the gross margin was 10.7 per cent (12.1).

The gross margin was charged with risk provisions, impairments and land sales of SEK -141 M (-387) during the year. Adjusted for these provisions, the underlying gross margin was 11.8 per cent (14.8).

Operating profit

Operating profit before items affecting comparability was SEK 660 M (858) and the operating margin was 5.0 per cent (6.1).

Exchange rate fluctuations had a positive impact of SEK 58 M on operating profit before items affecting comparability compared with the year-earlier period.

Bonava has initiated further restructuring of its operations in Germany, Sweden and Finland in order to create a lower cost base and

conditions for increased flexibility. Costs of SEK -435 M pertaining to restructuring were reserved in 2023.

Property held for future development was subject to a total impairment of SEK -686 M. One completed tenant-owned apartment project in Germany was also impaired by SEK -35 M in the fourth quarter.

Additionally, one project in Sweden with rental apartments intended for Build-to-Manage (B2M) was revalued by SEK -123 M.

The restructuring, impairments and revaluation – SEK -1,279 M in total – are classified as items affecting comparability. Operating loss after items affecting comparability amounted to SEK -619 M (802).

Net financial items, profit before tax, tax and profit for the period

Net financial items amounted to SEK -518 M (-193), due to increased interest expenses as a result of higher underlying market interest rates.

Loss before tax for the period was SEK -1,137 M (609). Tax on profit for the period was SEK -5 M (-169), corresponding to a tax rate of 0 per cent (28). The low tax rate is attributable primarily to deferred tax not being reported for deficits generated in 2023.

Loss for the period for continuing operations amounted to SEK -1,143 M (441).

Loss for the period for discontinued operations totalled SEK -194 M (-743), of which SEK -795 M pertained to capital losses from the divestment of the Norwegian operations in the second quarter while the remainder pertains to accumulated earnings and effects from the divestment of operations in St. Petersburg; refer further to Note 8. The impairment of net assets in St. Petersburg was charged to the preceding year.

	2023 Oct–Dec	2022 Oct–Dec	2023 Jan–Dec	2022 Jan–Dec
Continuing operations				
Net sales				
Germany	3,154	3,306	7,283	7,785
Sweden	858	750	2,685	2,745
Finland	646	769	2,531	1,759
Baltics	332	382	770	832
Other operations ¹⁾		457	1	864
Total	4,989	5,664	13,269	13,987
	2023 Oct–Dec	2022 Oct–Dec	2023 Jan–Dec	2022 Jan–Dec
Continuing operations				
Operating profit before items affecting comparability				
Germany	386	383	628	904
Sweden	60	-80	77	-54
Finland	45	49	107	88
Baltics	38	60	68	108
Other operations ¹⁾	-66	-62	-219	-188
Total	464	351	660	858

¹⁾ Other operations consist of the Parent Company, Group adjustments, eliminations and the Danish operations.

Financial position and cash flow

Continuing and discontinued operations

TOTAL ASSETS

Total assets were SEK 19,097 M (25,579). The decrease is due primarily to the divestment of the operations in St. Petersburg and Norway, as well as a lower number of ongoing housing projects. Exchange rate fluctuations decreased assets by SEK 22 M compared with 31 December 2022.

NET DEBT

Net debt amounted to SEK 4,951 M (7,259). As of 30 September 2023, net debt was SEK 6,305 M. The decrease during the quarter was due in part to a strong cash flow from operating activities, with a large number of units being delivered to customers, and in part to the divestment of Bonava St. Petersburg. The purchase price less selling costs totalled SEK 564 M; refer further to Note 8. Exchange-rate fluctuations decreased net debt by SEK 40 M compared with 31 December 2022 and SEK 134 M compared with 30 September 2023.

CAPITAL EMPLOYED

Capital employed amounted to SEK 12,422 M (15,568). The decline is due to decreased borrowing as outlined above as well as lower levels of shareholders' equity as a result of the items affecting comparability that were recognised in 2023. Exchange rate fluctuations decreased capital employed by SEK 14 M compared with 31 December 2022.

EQUITY/ASSETS AND DEBT/EQUITY RATIO

The equity/assets ratio was 34.6 per cent (31.2). Adjusted for the rights issue that was included in the financing package, equity/assets ratio totalled approximately 37.8 per cent at the end of the period. As of 30 September 2023, the equity/assets ratio was 27.9 per cent. The net debt/equity ratio totalled 0.8x (1.0x as per 30 September 2023).

COVENANTS IN LOAN AGREEMENTS

Bonava's loan agreements with external creditors, are linked to two covenants. The first is shareholders' equity in relation to total assets, which is not to fall below 25 per cent. According to the calculation method with the adjustments found in the loan agreements, it was 34.9 per cent. The second covenant is the interest coverage ratio, or earnings before interest, taxes, depreciation, and amortisation in relation to financial net. For the third and fourth quarters of 2023, Bonava came to an agreement with its creditors to reverse restructuring costs of SEK 433 M in the calculation. Under the loan agreements, the interest coverage ratio is not to fall below 2.0x. At 31 December 2023, this figure was 1.8x, which the creditors have agreed to. For more information, refer to Note 4.

CASH FLOW OCTOBER-DECEMBER 2023

Cash flow before financing was SEK 940 M (-105). Stronger earnings and the purchase price pertaining to the divested operations in St. Petersburg, received in October, made a positive contribution. Cash flow from operating activities before change in working capital totalled SEK 444 M (343). Cash flow from change in working capital amounted to SEK 31 M (-417). Sales of housing projects amounted to SEK 3,460 M (5,350). Investments in housing projects decreased to SEK -1,244 M (-3,995). Cash flow from other changes in working capital was SEK -2,184 M (-1,771), which was primarily due to lower levels of customer advances year-on-year.

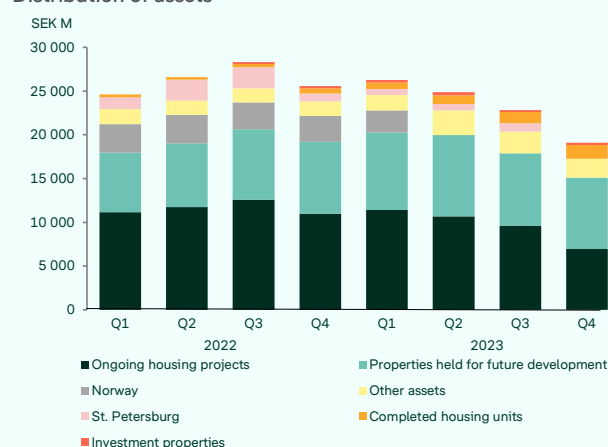
The divestment of the operations in St. Petersburg resulted in positive net cash flow of SEK 502 M, where the purchase price received had a positive effect on cash flow and cash in the divested operation had a negative effect.

CASH FLOW JANUARY-DECEMBER 2023

Cash flow before financing was SEK 716 M (-3,345). Purchase prices received that pertain to divested operations and reduced investments in housing projects improved the cash flow. Cash flow from operating activities before change in working capital totalled SEK 229 M (527). Cash flow from changes in working capital amounted to SEK -567 M (-3,769). Sales of housing projects amounted to SEK 11,293 M (13,312)

and investments in housing projects were reduced to SEK -8,099 M (-16,037), with investments decreasing in all markets except the Baltics. Cash flow from other changes in working capital amounted to SEK -3,760 M (-1,045) with a reduction in customer advances, primarily in Germany and Finland, decreasing cash flow. The divestment of the Norwegian operations had a positive effect of SEK 737 M on cash flow, while the divestment of the operations in St. Petersburg impacted the cash flow positively by SEK 502 M.

Distribution of assets



Net debt



Cash flow before financing



Completion and delivery of housing units

RECOGNITION OF HOUSING PROJECTS

Bonava's business model and the contract structure of the housing projects mean that when production is completed and customers have taken possession of the housing units, the sales value of these units is recognised under "Net sales" in the income statement. This applies to housing units for both consumers and investors.

The carrying amount of completed but not yet handed over housing units is transferred from "Ongoing housing projects" to "Completed housing units" in the balance sheet.

Completed housing units from earlier periods are added to net sales in the quarter when delivery to the customers occurs.

In our Build-to-Manage (B2M) model, we are building rental apartments intended for own management. This entails constructing, retaining, and managing for a period instead of divesting immediately. Investments have been made in one project of this type in Sweden since the third quarter of 2022 and in two projects in the Baltics since the end of 2021.

Both rental projects in the Baltics were completed in the fourth quarter. The properties are expected to generate rental income in 2024, since the occupancy rate for the properties is expected to gradually increase.

The development of Bonava's B2M project in Sweden was suspended in the second quarter, and in the third quarter a change in value of SEK -123 M was recognised. At the end of December 2023, the project was classified as property held for future development and thus measured as a building right.

For more information on Bonava's value chain, refer to our Annual Report, which is available at bonava.com.

SOLD COMPLETED HOUSING UNITS NOT RECOGNISED IN PROFIT AT END OF QUARTER

The number of sold completed housing units not recognised in profit at the end of the quarter was 45 (35). At 30 September 2023, the figure was 44.

UNSOLD COMPLETED HOUSING UNITS AT END OF QUARTER

The number of unsold completed housing units at the end of the quarter was 505 (141). As of 30 September 2023, this total was 371; 83 were sold during the quarter and 217 new housing units were added. We are focused sharply on reducing this tied-up capital.

COMPLETED HOUSING UNITS DURING THE QUARTER

At the end of the preceding quarter, Bonava estimated that approximately 1,110 consumer housing units would be completed in the fourth quarter. A total of 1,035 housing units were completed.

During the quarter, it was estimated that 730 housing units for investors would be completed; 739 were completed, of which 195 pertained to B2M in the Baltics.

HOUSING UNITS RECOGNISED IN PROFIT DURING THE QUARTER

The number of housing units for consumers recognised in profit during the quarter was 900 (1,099).

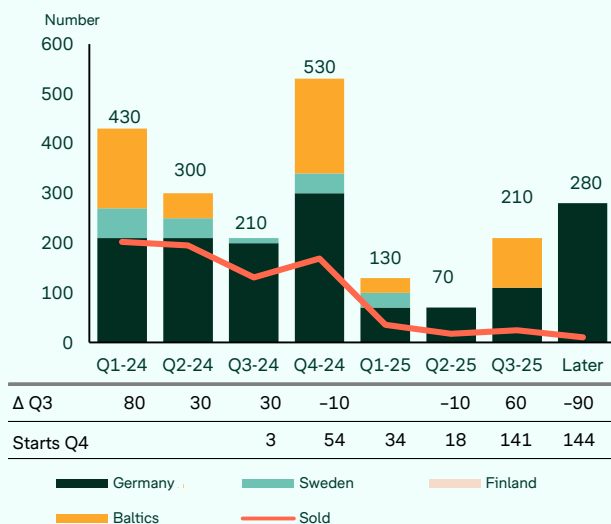
During the quarter, 544 (569) housing units for investors were recognised in profit.

VALUE OF HOUSING UNITS SOLD NOT YET RECOGNISED IN PROFIT

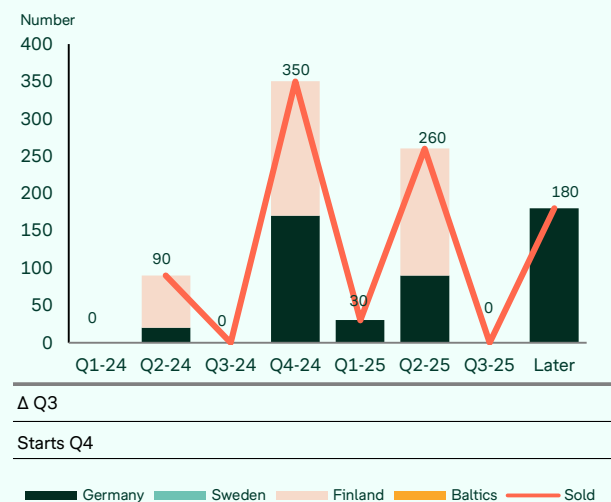
The value of sold housing units in production and completed housing units sold not yet recognised in profit at the end of the quarter was SEK 4,363 M (8,220) for consumers and SEK 2,766 M (5,746) for investors.

Estimated completions of ongoing projects per quarter

Consumers



Investors



The diagrams illustrate the estimated completion dates of projects that have been started for housing units for consumers and investors, respectively. The number of housing units have been rounded off since they are estimates of the point in time of completion, and shifts between quarters are common.

The curves illustrate the percentage of units sold at 31 December 2023. The diagrams can give an indication of future net sales, provided that the housing units are also delivered to the end customers. For those bars that show unsold housing units, both sale and completion need to occur before they are recognised in profit.

The lines under the diagram clarify the changes that have occurred since the assessment presented in the interim report for the preceding

quarter. One change of this kind is a B2M project with 231 planned housing units in Sweden being reclassified to property held for future development and no longer being included in the diagram.

The top line shows an amended estimate of when the units are expected to be completed, compared with the latest published interim report. Changes such as the date for receiving building permits, disruptions in the logistics and production chain or other factors could positively or negatively impact the estimated time of completion.

The bottom line shows the expected time of completion for the units for which production has started during the quarter. These units thus entail an increase in the total number of units included in the graph.

Building rights

In light of the weaker market, we have been restrictive regarding new investments in land since mid-2022. We are developing existing building rights in our portfolio in order to have land ready for building, and can quickly start projects up once demand turns around. Prioritising cash flow also means that we are reviewing our building rights portfolio. We are evaluating where we have the greatest potential to create profitable projects, and are divesting land and withdrawing from option contracts where we do not see the same potential.

During the third quarter, the building rights portfolio was measured through both external valuations and internally by measuring the discounted future cash flow. Our building rights are recognised as current assets and thus recorded at the lower of market value and cost per asset. The estimated market value totalled SEK 9.5 Bn, corresponding to a surplus value of SEK 1.2 Bn in the third quarter. No new measurements were made in the fourth quarter, but the next planned valuation of the building rights portfolio will be in the third quarter of 2024. For more information, refer to Note 10.

The total number of building rights at the end of the quarter amounted to 28,900 (29,400). The number of building rights was

somewhat lower year-on-year, with decreases in the Baltics and Germany that are attributable to starts and divestments of non-strategic building rights, while Sweden and Finland increased the number of building rights slightly, with Sweden reviewing the previous assessment of potential the building rights, which has led to an increase in building rights without any additional investment. Bonava recognises some of its building rights off the balance sheet, such as land that Bonava controls through a contract with options or other agreements where the land has not yet been taken into possession. The number of building rights off the balance sheet at the end of the quarter amounted to 8,200 (11,350). Refer also to Note 6.

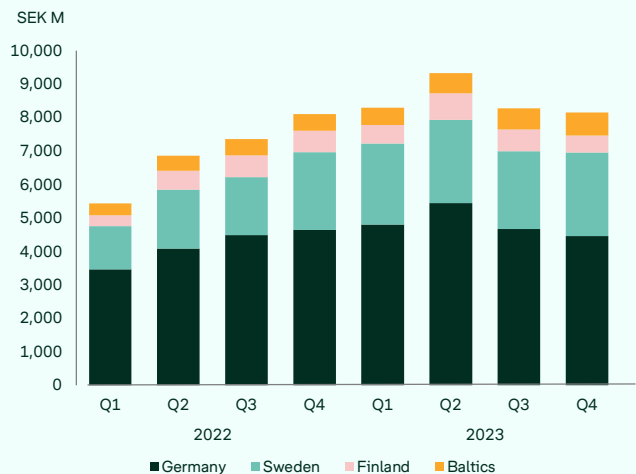
The diagram below illustrates the development of the building rights portfolio during the last year and its composition in the fourth quarter of 2023. Properties held for future development in continuing operations totalled SEK 8.1 Bn (8.2) at the end of the quarter, on a par with the preceding year. No need for impairment was identified as of 31 December 2023.

Building rights

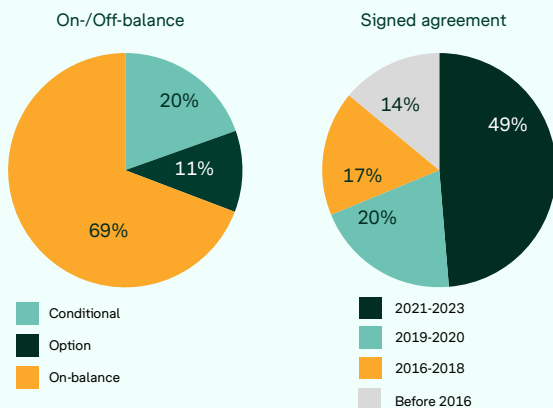
On/Off balance sheet

	2023 31 Dec	2022 31 Dec
<i>Number of building rights</i>		
Germany	9,000	9,800
Sweden	9,500	8,700
Finland	3,600	3,400
Baltics	6,800	7,500
Sum	28,900	29,400
<i>Of which, off-balance sheet</i>		
Germany	1,600	3,100
Sweden	2,500	2,900
Finland	2,100	2,100
Baltics	2,000	3,250
Sum	8,200	11,350

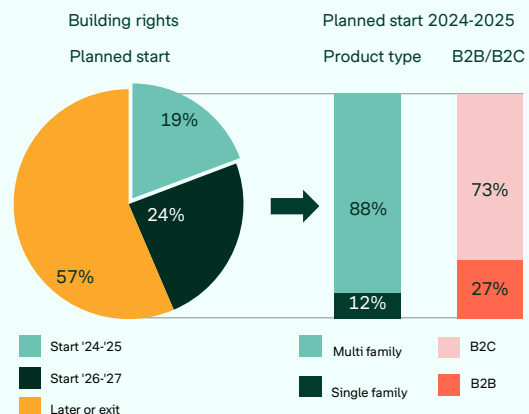
Carrying amount, building rights portfolio



Number of building rights at 31 December 2023, excluding discontinued operations



Distribution of building rights, excluding discontinued operations



Germany

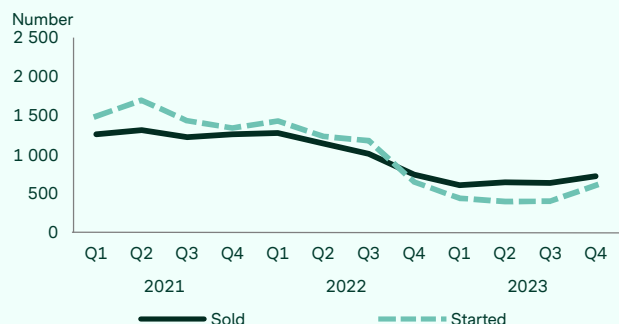
Germany is Bonava's largest market, with operations in the major city regions of Berlin and Hamburg as well as the Baltic Sea, Saxony, Rhein-Ruhr, Cologne/Bonn, Rhein-Main and Rhein-Neckar/Stuttgart. We offer apartments and single-family homes to consumers, and multi-family housing with rental apartments to investors.

HOUSING UNITS SOLD AND STARTED

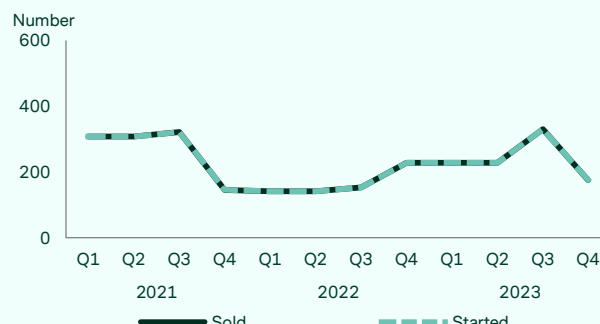
During the quarter 263 (59) housing units for consumers were started, and the number of housing units sold to consumers increased compared to the preceding year 222 (139).

No housing units (154) were started for or sold to investors. The sales rate for ongoing production was 58 per cent (64).

Units sold and started, Consumers, RTM



Units sold and started, Investors, RTM



NET SALES AND PROFIT

October-December 2023

During the quarter, 475 (508) housing units for consumers and 166 (192) housing units for investors were recognised in profit. Net sales decreased year-on-year to SEK 3,154 M (3,306), which is attributable to a lower number of housing units delivered to consumers.

The gross margin improved to 14.8 per cent (14.1), with the Berlin region contributing high margins in projects that were recognised in profit.

During the quarter, there was an impairment of SEK -35 M pertaining to unsold housing units in a previously completed project in Germany, which has been classified as an item affecting comparability like similar adjustments in the third quarter. Restructuring costs of SEK -32 M, which were classified as items affecting comparability, were charged to the preceding year.

Operating profit before items affecting comparability totalled SEK 386 M (383), with an operating margin before items affecting comparability of 12.2 per cent (11.6).

Operating profit after items affecting comparability amounted to SEK 351 M (351) with an operating margin of 11.1 per cent (10.6).

January-December 2023

Net sales decreased to SEK 7,283 M (7,785), due primarily to fewer housing units being delivered to investors.

Costs for restructuring of SEK -402 M and impairment of land and a completed project of SEK -477 M – SEK -879 M in total – have been classified as items affecting comparability. Operating profit before items affecting comparability totalled SEK 628 M (904), with an operating margin before items affecting comparability of 8.6 per cent (11.6). The margin for the year was impacted by price adjustments in selected consumer projects, whereas a number of high-margin projects were delivered the preceding year.

Operating loss after items affecting comparability amounted to SEK -251 M (872) with an operating margin of -3.5 per cent (11.2).

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Net sales	3,154	3,306	7,283	7,785
Gross profit	468	466	917	1,213
Gross margin, %	14.8	14.1	12.6	15.6
Selling and administrative expenses	-82	-83	-289	-309
Operating profit/loss before items affecting comparability	386	383	628	904
Operating margin before items affecting comparability, %	12.2	11.6	8.6	11.6
Items affecting comparability	-35	-32	-879	-32
Operating profit/loss after items affecting comparability	351	351	-251	872
Operating margin after items affecting comparability, %	11.1	10.6	-3.5	11.2
Capital employed	6,936	7,074	6,936	7,074
whereof carrying amount properties held for future development	4,456	4,794	4,456	4,794
Return on capital employed, %	8.2	15.3	8.2	15.3
Number of housing units sold	222	293	900	972
Sales value of housing units sold	1,313	1,195	4,327	4,548
Number of production starts	263	213	786	879
Number of housing units in ongoing production	1,930	2,726	1,930	2,726
Sales rate for ongoing production, %	58	64	58	64
Number of housing units completed, not recognised in profit	100	35	100	35
Number of housing units for sale (ongoing production and completed)	894	1,015	894	1,015
Number of housing units recognised in profit	641	700	1,510	1,888

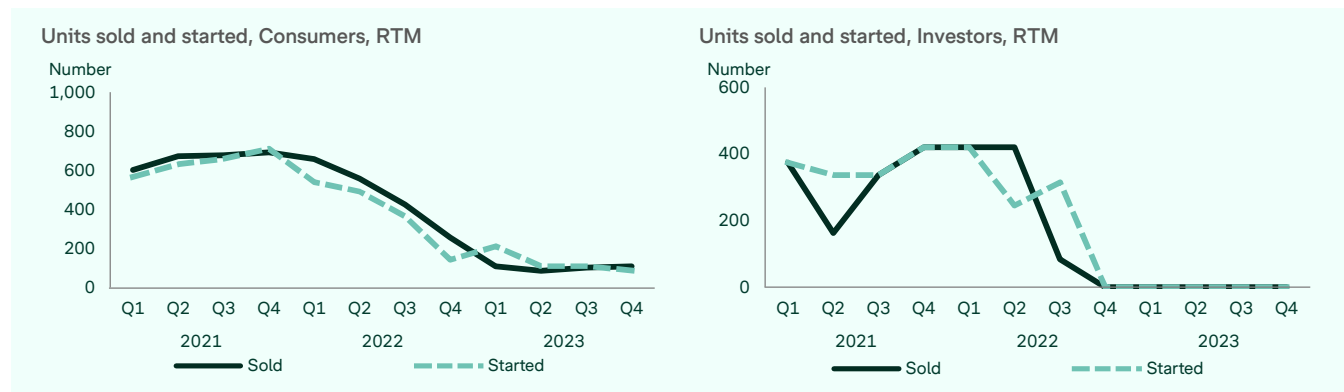
Sweden

In Sweden, Bonava offers apartments and single-family homes to consumers in Stockholm, Gothenburg, Linköping, Uppsala and Umeå. We offer rental projects to investors in some 15 cities.

HOUSING UNITS SOLD AND STARTED

No housing units for consumers (22) were started during the quarter. The number of housing units sold to consumers during the quarter was 20 (11).

No housing units were started for or sold to investors, either during the quarter or in the year-earlier period. The sales rate for ongoing production was 24 per cent (76).



NET SALES AND PROFIT

October-December 2023

Net sales increased to SEK 858 M (750) as a result of more housing units delivered compared with the year-earlier period. During the quarter, 140 (116) housing units for consumers and 162 (162) housing units for investors were recognised in profit.

Gross profit in the year-earlier fourth quarter was charged with SEK -118 M in impairment of capitalised project engineering costs and risk provisions; adjusted for these items, the gross margin totalled 10.8 per cent – compared with this year, with the gross margin improving to 11.5 per cent. The increase is attributable to improved margins in an investment project that was delivered.

Operating profit before items affecting comparability amounted to SEK 60 M (-80) and the operating margin was 7.0 per cent (-10.6). Operating profit after items affecting comparability amounted to SEK 65 M (-100). Costs of SEK 5 (-20) M resulting from reorganisation were classified as items affecting comparability.

January-December 2023

Net sales amounted to SEK 2,685 M (2,745). During the period, 467 (507) housing units for consumers and 420 (374) housing units for investors were recognised in profit.

Costs of SEK -303 M were classified as items affecting comparability in 2023, of which SEK -20 M were for restructuring, SEK -160 M for impairment of land and SEK -123 M for change in value of a rental housing project intended for investment properties (B2M). Operating profit before items affecting comparability amounted to SEK 77 M (-54) and the operating margin was 2.9 per cent (-2.0). Operating loss after items affecting comparability amounted to SEK -226 M (-74) and the operating margin was -8.4 per cent (-2.7).

	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	858	750	2,685	2,745
Gross profit	99	-37	225	85
Gross margin, %	11.5	-4.9	8.4	3.1
Selling and administrative expenses	-39	-43	-148	-139
Operating profit/loss before items affecting comparability	60	-80	77	-54
Operating margin before items affecting comparability, %	7.0	-10.6	2.9	-2.0
Items affecting comparability	5	-20	-303	-20
Operating profit/loss after items affecting comparability	65	-100	-226	-74
Operating margin after items affecting comparability, %	7.6	-13.3	-8.4	-2.7
Capital employed	3,189	3,825	3,189	3,825
whereof carrying amount properties held for future development	2,499	2,420	2,499	2,420
Return on capital employed, %	1.9	-1.7	1.9	-1.7
Number of housing units sold	20	11	110	256
Sales value of housing units sold	92	33	464	1,047
Number of production starts		22	88	374
whereof investment properties				231
Number of housing units in ongoing production	180	1,326	180	1,326
whereof investment properties		231		231
Sales rate for ongoing production, %	24	76	24	76
Number of housing units completed, not recognised in profit	156	40	156	40
Number of housing units for sale (ongoing production and completed)	263	285	263	285
Number of housing units recognised in profit	302	278	887	881

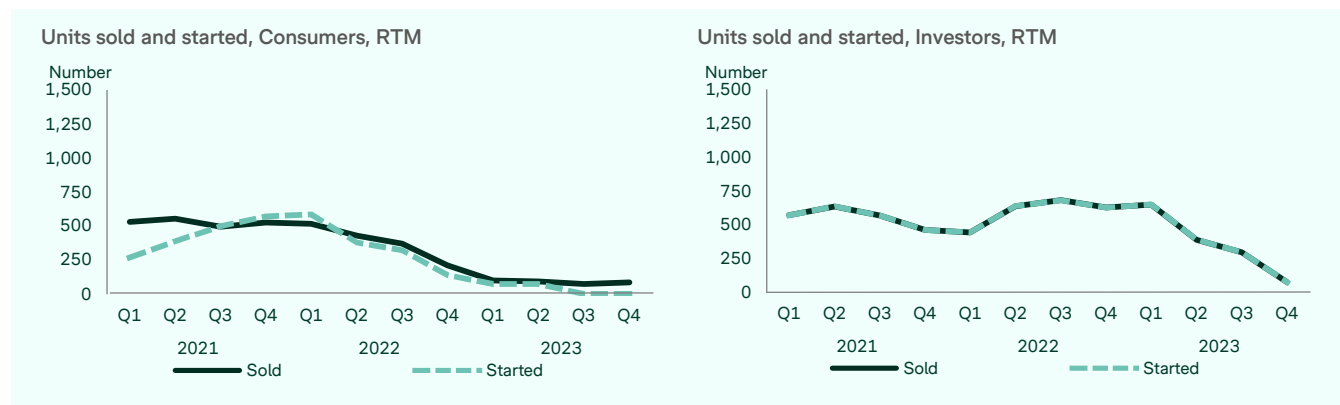
Finland

In Finland, Bonava is active in regions of Helsinki, Tampere and Turku. We offer apartments for consumers and rental housing projects for investors.

HOUSING UNITS SOLD AND STARTED

The number of housing units sold to consumers increased during the quarter to 33 (19). The sales rate for ongoing production was 100 per cent (88), which is attributable to the fact that we have only ongoing production for investors.

No housing units (0) for consumers were started during the quarter, and no housing units (220) were started or sold to investors.



NET SALES AND PROFIT

October-December 2023

Net sales decreased to SEK 646 M (769) since fewer housing units were recognised in profit. During the quarter, 71 (196) housing units for consumers and 216 (110) housing units for investors were recognised in profit.

The gross margin improved to 10.2 (9.3) year-on-year. The improvement is due to our strengthening of the investment process and project governance, which has begun to have an effect on the gross margin.

Operating profit before items affecting comparability amounted to SEK 45 M (49) and the operating margin was 7.0 per cent (6.4). The improvement is attributable to the fact that we are seeing the cost-saving measures beginning to have an impact.

Operating profit after items affecting comparability amounted to SEK 45 M (49) and the operating margin was 7.0 per cent (6.4).

January-December 2023

Net sales increased to SEK 2,531 M (1,759). During the period, 306 (414) housing units for consumers and 745 (304) housing units for investors were recognised in profit.

Operating profit before items affecting comparability amounted to SEK 107 M (88) and the operating margin was 4.2 per cent (5.0). Operating profit was affected by two completed and delivered projects that had low margins, which was known beforehand. The projects were started to fulfil existing contractual requirements and to avoid fines.

Costs of SEK -90 M were classified as items affecting comparability, of which SEK -7 M was for restructuring and SEK -83 M for impairment of properties held for future development. Operating profit after items affecting comparability amounted to SEK 17 M (88) and the operating margin was 0.7 per cent (5.0).

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Net sales	646	769	2,531	1,759
Gross profit	66	71	192	183
Gross margin, %	10.2	9.3	7.6	10.4
Selling and administrative expenses	-20	-22	-85	-95
Operating profit/loss before items affecting comparability	45	49	107	88
Operating margin before items affecting comparability, %	7.0	6.4	4.2	5.0
Items affecting comparability			-90	
Operating profit/loss after items affecting comparability	45	49	17	88
Operating margin after items affecting comparability, %	7.0	6.4	0.7	5.0
Capital employed	788	974	788	974
whereof carrying amount properties held for future development	501	561	501	561
Return on capital employed, %	11.3	9.0	11.3	9.0
Number of housing units sold	33	239	162	838
Sales value of housing units sold	86	632	345	2,009
Number of production starts		220	75	765
Number of housing units in ongoing production	418	1,470	418	1,470
Sales rate for ongoing production, %	100	88	100	88
Number of housing units completed, not recognised in profit	124	48	124	48
Number of housing units for sale (ongoing production and completed)	124	211	124	211
Number of housing units recognised in profit	287	306	1,051	718

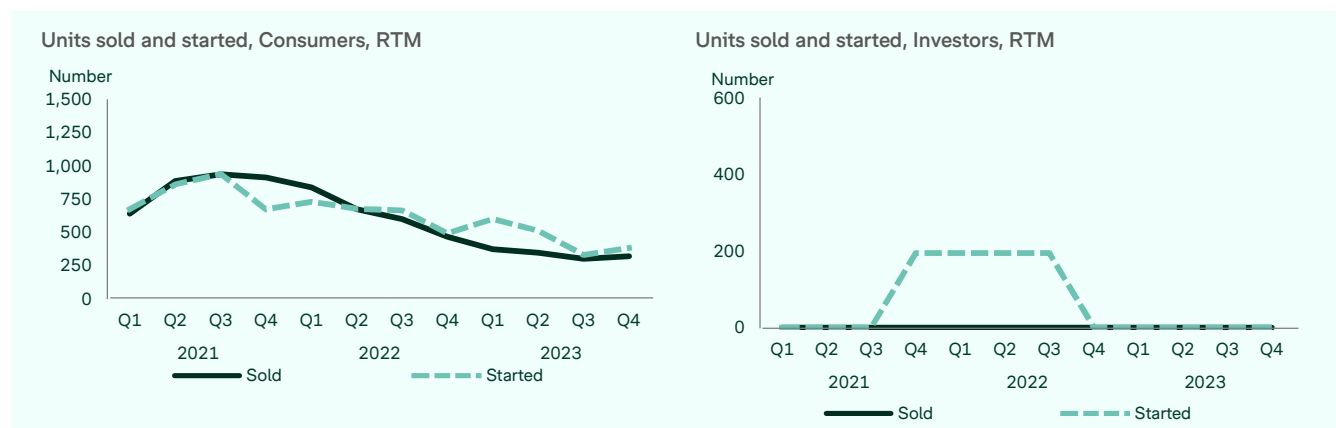
Baltics

The Baltics segment comprises the capital cities of Tallinn, Estonia; Riga, Latvia; and Vilnius in Lithuania. The offering is primarily targeted at apartments for consumers, but we also have rental housing projects for investors.

HOUSING UNITS SOLD AND STARTED

The number of housing units sold to consumers was 81 (62). The number of housing starts for consumers totalled 131 (79), with two projects started. The sales rate for ongoing production totalled 19 per cent (39), excluding investment properties (B2M), as a result of low sales volumes. No housing units were started for or sold to investors during the quarter, or in the year-earlier period.

In late 2021, we began investments in rental housing projects intended for own management, in accordance with our Build-to-Manage (B2M) model. Both B2M projects in the Baltics were completed in the fourth quarter. Both projects will generate rental income in 2024, which will gradually increase during the year in pace with a rising occupancy rate. These housing units have been classified as investment properties. Refer to Note 9.



NET SALES AND PROFIT

October-December 2023

Net sales totalled SEK 332 M (382). During the quarter, 214 (279) housing units for consumers were recognised in profit. The gross margin was 15.5 per cent (18.7).

Operating profit totalled SEK 38 M (60) with an operating margin of 11.6 per cent (15.7). Operating profit was impacted by a low number of units delivered in Lithuania, and it was also burdened by a completed and delivered project with anticipated low margins.

January-December 2023

Net sales amounted to SEK 770 M (832). A lower number of housing units delivered was offset by a higher average price per housing unit recognised in profit.

Operating profit for the period was SEK 68 M (108) and the operating margin was 8.9 per cent (13.0). The lower operating margin was attributable primarily to lower gross margins in housing units delivered compared to the year-earlier period and one low-margin project being recognised in profit during the period. The low margin in this project is an effect of a shortage of materials during procurement, which impacted the costs that were procured in the project.

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Net sales	332	382	770	832
Gross profit	51	72	116	152
Gross margin, %	15.5	18.7	15.0	18.2
Selling and administrative expenses	-13	-11	-48	-44
Operating profit/loss	38	60	68	108
Operating margin, %	11.6	15.7	8.9	13.0
Capital employed	1,409	1,085	1,409	1,085
whereof carrying amount properties held for future development	632	515	632	515
Return on capital employed, %	5.2	11.3	5.2	11.3
Number of housing units sold	81	62	321	470
Sales value of housing units sold	120	92	460	654
Number of production starts	131	79	384	495
whereof investment properties				
Number of housing units in ongoing production	527	976	527	976
whereof investment properties		195		195
Sales rate for ongoing production, % ¹⁾	19	39	19	39
Number of housing units completed, not recognised in profit	170	53	170	53
Number of housing units for sale (ongoing production and completed)	594	531	594	531
Number of housing units recognised in profit	214	279	521	676

¹⁾ Excluding investment properties.

Current projects in the quarter

During the fourth quarter, Bonava started production of 394 housing units (534).
All production starts are reported at <https://www.bonava.com/en/investor-relations/housing-starts>.

Germany

Parkstadt Karlshorst

Location: Berlin

Housing category: Multi-family housing

Number of units: 120 apartments for consumers

The new Parkstadt Karlshorst neighbourhood is being built in Berlin, with Bonava set to construct just over 500 apartments. The district is characterised by a large amount of green space, and plenty of play spaces for children. Residents are offered modern homes, with planning for the district based on being climate smart, with roofs covered in greenery to retain rainwater and bind dust particles. A number of charging stations are also located in the underground garage.



Latvia, the Baltics

Ropažu 16

Location: Riga

Housing category: Multi-family housing

Number of units: 100 apartments for consumers

In the splendidly located Teika district of Riga, Bonava has now begun the third phase of the construction of housing units, with a total of 220 modern and sustainable apartments to be built. Production of the first of these started in 2021. Each housing unit is furnished with either a balcony or a terrace, and energy efficiency is secured through modern ventilation systems and by equipping the buildings with solar panels.



Other information

OTHER OPERATIONS

Other operations consist of the Parent Company, Group adjustments, eliminations, the Danish operations and discontinued operations.

The operations in Denmark have guarantee commitments for completed projects. The costs that were recognised pertaining to Denmark during the quarter are administrative in nature and comprise primarily salaries to remaining personnel.

SIGNIFICANT RISKS AND UNCERTAINTIES

Bonava's operations are exposed to various types of risks, both operational and financial. During the next 12-month period, there are a number of uncertainties that could affect our operations and sales. These include raised base rates, high inflation, access to guarantees and concerns regarding the geopolitical situation in Europe. During the year, the company's geographic footprint has decreased with the divestment of the operations in Norway and St. Petersburg, which has reduced indebtedness and increased the focus on the markets that are believed will generate healthy returns over time.

Even if it is still early to talk about a recovery we have noted a gradual increase in the activity level during the fourth quarter in terms of sales, bookings and the number of potential buyers going to apartment viewings. The market situation is still subject to uncertainty and can be quickly affected by changes in expectations regarding interest rates and inflation. Costs decreased in 2023. Access to materials was normal, but work is continuously ongoing to secure deliveries of materials and services if disruptions arise. Measures have been taken to reduce costs and strengthen the cash flow by limiting investments in new building rights and production starts. Additionally, efforts to reduce tied-up capital have intensified by reducing the unsold proportion of completed and ongoing production and divesting building rights that are not deemed necessary for realising Bonava's business plan.

The financial situation is continually assessed by the Board of Directors and the Executive Management Group, who are working on a number of measures to ensure access to the required liquidity. Bonava have finalised the negotiations with our lenders about the extension of credit facilities by three years based on the main conditions that was set in December 2023 and an agreement will be signed shortly. With this, the company will have long-term financing in place, which reduces its financial risk.

During the third quarter, the building rights portfolio was measured, resulting in impairments of SEK -686 M on properties held for future development. At the time of the valuation, the estimated total market value was SEK 9.5 Bn, corresponding to a surplus value of SEK 1.2 Bn compared to the carrying amount. As of 31 December 2023, there was no need for additional material impairments in the Group.

During the fourth quarter, an investigation was begun concerning eventual guarantee errors in one project in Sweden. The investigation is ongoing, and it is not possible to reliably estimate Bonava's potential obligations in this matter. Based on what is currently known, these disputes and legal proceedings are not expected to materially impact Bonava's earnings or financial position.

For further information on material risks and risk management, refer to pages 66–68 of Bonava's Annual and Sustainability Report for 2022, which is available at bonava.com.

ORGANISATION AND EMPLOYEES

The average number of employees in continuing operations for the period from January to December 2023 was 1,486 (1,787).

THE BONAVA SHARE AND LARGEST SHAREHOLDERS

Bonava has two share classes, Class A and Class B. Each Class A share carries ten votes and each Class B share one vote. Bonava's share capital was SEK 434 M on the balance sheet date, divided between 108,435,822 shares and 208,829,760 votes. As of 31 December 2023, Bonava had 11,154,882 Class A shares and 97,280,940 Class B shares. The number of Class B shares in treasury totalled 1,245,355, corresponding to 1.2 per cent of the capital and 0.6 per cent of the votes. At the end of the quarter, the number of shareholders was 30,385 (32,468). Bonava's largest shareholders were Nordstjernan AB, with 24.5 per cent of the capital and 49.4 per cent of the votes; followed by the Fourth Swedish National Pension Fund with 9.2 per cent of the capital and 5.4 per cent of the votes; and Schroders, with 5.6 per cent of the capital and 2.9 per cent of the votes. The ten largest shareholders controlled a total of 59.4 per cent of the capital and 68.2 per cent of the votes. More information on the Bonava share and owners is available at bonava.com/en/investor-relations.

SEASONAL EFFECTS

Bonava recognises revenues and earnings from housing sales when sold and completed housing units are delivered to customers. Bonava's operations are affected by seasonal variations, which means that a majority of housing units are delivered to customers in the fourth quarter. Accordingly, earnings and cash flow before financing are usually stronger in the fourth quarter than in other quarters. This is shown in the charts depicting the estimated completions by quarter on page 8.

SIGNIFICANT EVENTS DURING THE PERIOD

On 12 June, Bonava signed the agreement to divest its operations in Norway and the transaction was concluded on 30 June. For further information, refer to Note 8.

On 18 October 2023, Bonava signed an agreement with Star Development LLC for the divestment of its operations in St. Petersburg for EUR 50 M (SEK 564 M less selling costs) and received the purchase price at the same time. In conjunction with the conclusion of the transaction, Bonava has chosen to terminate the agreement with RBI Group that was signed on 31 May 2023. Approval from the Russian competition authorities was granted on 2 November 2023, meaning that the divestment of the operations in St. Petersburg was finalised on the same day; for further information refer to Note 8.

On 20 December, the Board of Directors of Bonava AB (i) resolved on a fully underwritten rights issue of Class A shares and Class B shares of approximately, but no less than, SEK 1,020 M with preferential rights for existing shareholders, and announced (ii) that the company has on certain conditions reached an agreement with its lenders regarding an extension of its senior credit facilities and (iii) that the company will initiate a written procedure regarding Bonava's outstanding bond loan to extend the maturity of the bond loan. Together, these measures are expected to provide the company with the necessary financial and operational flexibility to address the varying challenges in the different housing markets in which Bonava is active while establishing a lower financial risk profile in the company. The right issue is planned for March 2024.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On 3 January, Bonava sent notice that an Extra General Meeting regarding decision of the rights issue will be held on February 7.

In January, Lars Granlöv stepped down from the role of CFO of Bonava. At the same time, Lars Ingman was appointed interim CFO.

On 10 January, Bonava received approval from the noteholders to amend the terms and conditions under its outstanding SEK 1,200 M bond loan, which will take effect after the implementation of the right issue and the extension of bank financing.

Bonava have finalised the negotiations with our lenders about the extension of credit facilities by three years based on the main conditions that was set in December 2023 and an agreement will be signed shortly.

On 1 February 2024, Bonava announced revised financial targets. The target for the operating margin, at least 10 per cent by 2026, stands firm, while the net debt/equity ratio target will no longer apply. A new target has been added: return on equity is to be at least 15 per cent over time. The targets are based on a financial framework that is meant to balance the financial risks in the business. Equity/assets ratio is to exceed 30 per cent and the Group's net debt is not to exceed net project assets. This clarifies that investments in building rights or dividends to shareholders may only be made using shareholders' equity.

AMOUNTS AND DATES

Unless otherwise stated, amounts are indicated in millions of Swedish kronor (SEK M). All comparative figures in this report refer to the corresponding period of the previous year. Rounding differences may occur.

Stockholm, 1 February 2024
Bonava AB (publ)

Peter Wallin
President and CEO

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

Income statement

	Note	2023	2022	2023	2022
	1	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Continuing operations					
Net sales	2	4,989	5,664	13,269	13,987
Production cost		-4,316	-5,082	-11,849	-12,298
Gross profit		672	582	1,421	1,689
Selling and administrative expenses		-209	-231	-760	-831
Operating profit before items affecting comparability	2	464	351	660	858
Items affecting comparability	3	-37	-56	-1,279	-56
Operating profit after items affecting comparability	2	427	295	-619	802
Financial income		-8	2	19	7
Financial expenses		-124	-78	-537	-200
Net financial items		-132	-76	-518	-193
Profit before tax	2	294	219	-1,137	609
Tax on profit for the period		-5	-63	-5	-169
Profit for the period¹⁾		289	157	-1,143	441
Operations to be discontinued and discontinued operations	8				
Net profit from operations to be discontinued and discontinued operations after tax		52	-841	-194	-743
Net profit for the period from operations to be discontinued and discontinued operations		52	-841	-194	-743
Continuing, operations to be discontinued and discontinued operations					
Net profit for the period from continuing, operations to be discontinued and discontinued operations		341	-684	-1,337	-303
Data per share before and after dilution					
Profit for the period, SEK		2.70	1.46	-10.66	4.10
Cash flow from operating activities, SEK		4.44	-0.68	-3.15	-30.25
Shareholders' equity, SEK		61.58	74.49	61.58	74.49
No. of shares at the end of period, million ²⁾		107.2	107.2	107.2	107.2

¹⁾ Profit for the entire period is attributable to Bonava AB's shareholders.

²⁾ The total number of shares repurchased as of 31 December was 1,245,355 (1,245,355).

Consolidated statement of comprehensive income

	Note	2023	2022	2023	2022
	1	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit for the period		341	-684	-1,337	-303
<i>Items that have or may be reclassified to profit for the period</i>					
Translation differences during the period in translation of foreign operations		-82	52	-3	186
Translation differences during the period reclassified to income statement	8	-38	-285	-43	157
Other comprehensive income for the period		-120	-233	-47	344
Comprehensive income/loss for the period¹⁾		221	-918	-1,384	41

¹⁾ Profit for the entire period is attributable to Bonava AB's shareholders.

Condensed consolidated balance sheet

	Note 1, 4, 5	2023 31 Dec	2022 31 Dec
ASSETS			
Fixed assets			
Investment properties	9	239	262
Other fixed assets		1,119	708
Total fixed assets		1,358	971
Current assets			
Properties held for future development		8,138	9,836
Ongoing housing projects		6,966	12,091
Completed housing units		1,593	799
Current receivables		861	848
Cash and cash equivalents	4	180	119
Assets held for sale	8		915
Total current assets		17,738	24,607
TOTAL ASSETS		19,097	25,579
SHAREHOLDERS' EQUITY			
Shareholders' equity attributable to Parent Company shareholders		6,596	7,979
Non-controlling interest		5	5
Total shareholders' equity		6,601	7,984
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	4	227	3,593
Other non-current liabilities		11	369
Non-current provisions		1,214	1,022
Total non-current liabilities		1,452	4,983
Current liabilities			
Current interest-bearing liabilities	4	5,594	3,532
Other current liabilities		5,450	8,165
Liabilities attributable to assets held for sale	8		915
Total current liabilities		11,044	12,612
Total liabilities		12,496	17,595
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		19,097	25,579

Condensed consolidated changes in shareholders' equity

	Shareholders' equity attributable to Parent Company shareholders	Non-controlling interest	Total shareholders' equity
Opening shareholders' equity, 1 January 2022	8,318	5	8,322
Comprehensive income for the period	41		41
Dividend	-375		-375
Performance-based incentive programme	-4		-4
Closing shareholders' equity, 31 December 2022	7,979	5	7,984
Comprehensive income for the period	-1,384		-1,384
Dividend ¹⁾			
Performance-based incentive programme	0		0
Closing shareholders' equity, 31 December 2023	6,596	5	6,601

Condensed consolidated cash flow statement

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
OPERATING ACTIVITIES				
Profit before tax ¹⁾	342	-634	-1,297	-92
Adjustments for items not included in cash flow	61	1,002	1,665	768
Tax paid	41	-25	-139	-149
Cash flow from operating activities before change in working capital	444	343	229	527
Cash flow from change in working capital				
Sales of housing projects	3,460	5,350	11,293	13,312
Investments in housing projects	-1,244	-3,995	-8,099	-16,037
Other changes in working capital	-2,184	-1,771	-3,760	-1,045
Cash flow from changes in working capital	31	-417	-567	-3,769
Cash flow from operating activities	476	-73	-337	-3,242
INVESTMENT ACTIVITIES				
Sale of group companies	502		1,239	
Other cash flow from investment activities	-37	-32	-185	-104
CASH FLOW BEFORE FINANCING ACTIVITIES	940	-105	716	-3,345
FINANCING ACTIVITIES				
Dividend		-188		-375
Increase in interest-bearing liabilities	1,837	354	6,662	4,762
Decrease in interest-bearing liabilities	-3,103	-194	-7,495	-1,991
Change in interest-bearing receivables		2		91
Cash flow from financing activities	-1,266	-25	-833	2,486
CASH FLOW DURING THE PERIOD	-326	-131	-117	-859
Cash and cash equivalents at start of period	462	492	303	1,066
Exchange rate differences in cash and cash equivalents	45	-58	-6	97
CASH AND CASH EQUIVALENTS AT END OF PERIOD²⁾	180	303	180	303

¹⁾ The difference between profit before tax in the consolidated cash flow statement and profit before tax in the consolidated income statement pertains to discontinued operations and operations to be discontinued.

²⁾ The difference between cash and cash equivalents in the consolidated cash flow statement and the consolidated balance sheet corresponds to cash and cash equivalents in operations to be discontinued. Refer further to Note 8.

Cash flow from operations to be discontinued and discontinued operations

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Net cash flow from operating activities	-33	28	360	-581
Net cash flow from investment activities	502	3	1,248	28
Net cash flow from financing activities	-188	-130	-375	518
Net increase in cash and cash equivalents, operations to be discontinued and discontinued operations¹⁾	281	-99	1,233	-35

¹⁾ Cash flow from operations to be discontinued is included in the condensed consolidated cash flow statement above; refer to Note 8.

Notes for the Group

NOTE 1 Accounting policies

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and recommendation RFR 1 Supplementary Accounting Rules for Groups from the Swedish Financial Reporting Board. This Interim Report covers pages 1–33, and pages 1–15 are thereby an integrated part of this financial report. The accounting policies applied in the preparation of this Interim Report apply to all periods and comply with the accounting policies presented in Note 1 Significant accounting policies in Bonava's 2022 Annual Report, pages 73–77. The Annual Report is available at bonava.com.

Non-current assets held for sale and discontinued operations

In conjunction with Bonava divesting its operation in Norway, and announcing its intention to divest its operations in St. Petersburg, the criteria were met for application of IFRS 5 Non-current assets held for sale and discontinued operations. Operations to be discontinued consists of significant operations that have been divested, or comprises a group of divestments that are being held for sale.

The significance of a group of assets and liabilities being classified as being held for sale is that their carrying amount will be recovered primarily through divestment, and not through use. All assets included in this group are presented as a separate item in the balance sheet, and all of the Group's liabilities are presented as a separate item among liabilities. The Group is measured at the lower of the carrying amount

and the fair value less selling costs. Earnings after tax from operations to be discontinued and discontinued operations are recognised on their own line in the income statement. Transactions between continuing operations and operations to be discontinued or discontinued operations have been eliminated. Historical figures have been restated in accordance with the same principles. In accordance with IFRS, balance sheets for previous years are not restated.

Properties held for future development and land

Properties held for future development refer to Bonava's holdings of land and building rights for future residential development and capitalised project development costs. The valuation of properties held for future development takes into consideration whether the properties will be developed or sold. The valuation of land and building rights for future development is based on a capital investment appraisal. This appraisal is updated annually (as well as when market trends or other circumstances so require) with regard to the established sales price and cost trend. In the event a positive contribution margin from the development cannot be obtained with regard to normal contract profit, an impairment loss is recognised. Development expenses related to land over which Bonava has control is capitalised.

NOTE 2 Reporting of operating segments

Oct-Dec 2023	Germany	Sweden	Finland	Baltics	Other operations ¹⁾	Total
Net sales, consumers	2,490	481	152	331		3,454
Net sales, investors	659	369	491			1,520
Net sales, land	3	4	3			10
Other revenue	1	4				4
Operating profit/loss before items affecting comparability	386	60	45	38	-66	464
Items affecting comparability	-35	5			-7	-37
Operating profit/loss after items affecting comparability	351	65	45	38	-73	427
Net financial items						-132
Profit before tax						294
Capital employed	6,936	3,189	789	1,409	98	12,422
Oct-Dec 2022	Germany	Sweden	Finland	Baltics	Other operations ¹⁾	Total
Net sales, consumers	2,702	441	540	382	1	4,066
Net sales, investors	604	303	229		453	1,588
Net sales, land		3				3
Other revenue		3			3	7
Operating profit/loss before items affecting comparability	383	-80	49	60	-62	351
Items affecting comparability	-32	-20			-4	-56
Operating profit/loss after items affecting comparability	351	-100	49	60	-66	295
Net financial items						-76
Profit before tax						219
Capital employed	7,074	3,825	974	1,085	2,610	15,568
Jan-Dec 2023	Germany	Sweden	Finland	Baltics	Other operations ¹⁾	Total
Net sales, consumers	5,849	1,819	872	768		9,308
Net sales, investors	1,404	814	1,654			3,871
Net sales, land	30	44	4			78
Other revenue	1	8	1	1	1	12
Operating profit/loss before items affecting comparability	628	77	107	68	-219	660
Items affecting comparability	-879	-303	-90		-7	-1,279
Operating profit/loss after items affecting comparability	-251	-226	17	68	-227	-619
Net financial items						-518
Profit before tax						-1,137
Capital employed	6,936	3,189	789	1,409	98	12,422

¹⁾ Other operations consist of the Parent Company, Group adjustments, eliminations and the Danish operations as well as discontinued operations and operations to be discontinued.

Jan-Dec 2022	Germany	Sweden	Finland	Baltics	Other operations ¹⁾	Total
Net sales, consumers	5,626	1,997	1,175	831	102	9,731
Net sales, investors	2,159	704	565		752	4,180
Net sales, land		39	19			58
Other revenue		5	1	1	11	18
Operating profit/loss before items affecting comparability	904	-54	88	108	-188	858
Items affecting comparability	-32	-20			-4	-56
Operating profit/loss after items affecting comparability	872	-74	88	108	-192	802
Net financial items						-193
Profit before tax						609
Capital employed	7,074	3,825	974	1,085	2,610	15,568

¹⁾ Other operations consist of the Parent Company, Group adjustments, eliminations and the Danish operations as well as discontinued operations and operations to be discontinued.

NOTE 3 Specification of items affecting comparability

Items affecting comparability in 2023 pertain to impairment of properties held for future development, capitalised development expenses, negative change in value of one B2M project and restructuring, and total SEK -1,279 M. For further information on which segments they pertain to, refer to Note 2.

After a strategic review of its operations, Bonava has initiated further restructuring in the third quarter of 2023 in Germany, Sweden and Finland. The purpose of these restructuring efforts is to create a lower cost base, thereby improving future cash flows and providing conditions for increased flexibility. Costs of SEK -435 pertaining to restructuring were recognised in 2023. Of this total amount, SEK -402 M was attributable to Germany, SEK -20 M to Sweden, SEK -7 M to Finland and SEK -7 M to other operations.

Bonava has reviewed its building rights portfolio, which resulted in an impairment of properties held for future development totalling SEK -686 M, of which impairment of land of SEK -442 M in Germany, SEK -160 M in Sweden and SEK -4 M in Finland. Additionally, capitalised project development costs were impaired by SEK -80 M in Finland. This review also resulted in a value adjustment of SEK -123 M pertaining to a Build to Manage project in Sweden; refer further to Note 9. Additionally, a project in Germany with completed housing units was impaired by SEK -35 M in the fourth quarter.

Items affecting comparability for full-year 2022 totalled SEK -56 M and pertained to costs resulting from organisational changes (severance pay) decided on in Sweden, Germany and central divisions. In total, net items affecting comparability of SEK -56 M were distributed as follows: SEK -20 M in Sweden, SEK -32 M in Germany and SEK -4 M in Other (central divisions).

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Write down of land			-606	
Value change of B2M-Project			-123	
Write down of capitalized development costs	-35		-115	
Organizational changes	-2	-56	-435	-56
Sum of items affecting comparability	-37	-56	-1,279	-56

NOTE 4 Specification of net debt

	2023 31 Dec	2022 31 Dec
Non-current interest-bearing receivables ¹⁾	582	2
Current interest-bearing receivables ¹⁾	108	18
Cash and cash equivalents	180	303
Interest-bearing receivables	870	324
Non-current interest-bearing liabilities	227	4,050
Current interest-bearing liabilities	5,594	3,533
Interest bearing liabilities²⁾	5,821	7,583
Net debt	4,951	7,259
Of which St. Petersburg³⁾		275

¹⁾ Vendor notes that have been issued to the buyer of the Norwegian operations are included in long-term and current interest-bearing receivables. See further Note 8.

²⁾ Of which green loans SEK 2,889 M (3,268). The green asset base pledged consisted of assets in Sweden that are or will be Nordic Swan Ecolabelled, as well as specific projects in Finland and Germany with energy efficiency class A or B.

³⁾ The operations in St. Petersburg have been reported as operations to be discontinued. See Note 8.

Tenant-owner associations and housing companies

Since Bonava appoints a majority of the Board members in tenant-owner associations in Sweden and housing companies in Finland, issues guarantees and provides credit to or borrowing on behalf of tenant-owner associations and housing companies, Bonava exercises a controlling influence and therefore consolidates tenant-owner associations and housing companies in full. As a consequence, these debts are included in Bonava's net debt.

Share of net debt pertaining to tenant-owner associations and housing companies

	2023 31 Dec	2022 31 Dec
Cash and cash equivalents	13	17
Gross debt	816	1,767
Net debt in tenant-owner associations and housing companies	803	1,751

The Group's financing framework

The table below specifies the Group's financing facilities. In addition, there is SEK 64 M in unutilised contractual credit frames for projects in Swedish tenant-owner associations.

Financing	Maturity, year	Amount	Utilised	Unutilised
Overdraft facilities	<365 days	649		649
Bond	<365 days	1,200	1,200	
Loan, NOK	<365 days	495	495	
Loan, EUR	<365 days	889	889	
RCF, syndicated	<365 days	3,000	1,689	1,311
RCF/OP	<365 days	333	167	166
Loan, EUR	<365 days	556	556	
Total		7,122	4,996	2,126

Covenants in loan agreements

The terms and conditions in Bonava's loan agreements with banks and the Swedish Export Credit Corporation are linked to two covenants. The first is the equity/assets ratio, or shareholders' equity in relation to total assets, which is not to fall below 25 per cent. According to the calculation method with the adjustments found in the loan agreements, the equity/assets ratio was 34.9 per cent. The second covenant is the interest coverage ratio, or earnings before interest, taxes, depreciation, and amortisation in relation to financial net. For the third and fourth quarters of 2023, Bonava came to an agreement with its creditors to reverse restructuring costs of SEK 433 M in the calculation. Under the loan agreements, the interest coverage ratio is not to fall below 2.0x. At 31 December 2023, this figure was 1.8x, which the creditors have agreed to. These credits are classified as short-term as of 31 December 2023. Other terms will apply in the new credit agreement.

NOTE 5 Fair value of financial instruments

In the table below, disclosures are made concerning how fair value is determined for the financial instruments that are continuously measured at fair value in Bonava's balance sheet. When determining fair value, assets have been divided into the following three levels. No transfers have been made between the levels during the period.

At level 1, Bonava has one outstanding bond loan valued at SEK 1,200 M (1,200).

Level 2 derivative instruments comprise currency swaps where the measurement at fair value of currency-forward contracts is based on published forward rates in an active market.

Bonava has no financial instruments in level 3.

	2023 31 Dec	2022 31 Dec
Derivatives	137	17
Total assets	137	17
Derivatives	25	112
Total liabilities	25	112

The fair value of non-current and current interest-bearing liabilities differs only marginally from the carrying amount and is therefore not recognised separately in this interim report. For financial instruments recognised at amortised cost, the carrying amount of accounts receivable, other receivables, cash and cash equivalents, accounts payable and other interest-free liabilities is considered equal to the fair value.

NOTE 6 Investment commitments

Bonava has investment commitments for the purchase of building rights, which are contractual and conditional and have not yet been recognised as part of the financial statements. As of 31 December, the total value of these commitments was SEK 1.4 Bn (SEK 2.1 Bn as of 30 September). The majority of the change in the quarter pertains to land that was taken into possession. The investments are expected to be adjusted by SEK 0.7 Bn in 2024, SEK 0.3 Bn in 2025 and SEK 0.4 Bn in 2026 and later, provided that the covenants in the agreement are met. The agreements are often conditional on building permits being received or zoning plans being approved.

NOTE 7 Pledged assets and contingent liabilities

	2023 31 Dec	2022 31 Dec
Pledged assets		
<i>For own liabilities</i>		
Property mortgages	235	990
Other pledged assets	13	11
Total pledged assets	249	1,001
Surety and guarantee obligations		
<i>Own contingent liabilities</i>		
Counter guarantee to external guarantors	600	1,576
Contingent liabilities ¹⁾	358	236
Other guarantees and contingent liabilities ²⁾	803	2,083
Total surety and guarantee obligations	1,761	3,895

¹⁾ Expenses related to property held for future development that are deemed to arise even if housing projects are not started.

²⁾ The undertakings pertaining to divested companies to be taken over by the purchaser in accordance with agreements.

Property mortgages of 235 SEK M consist of collateral on behalf of Finnish housing companies. On 31 December 2022, the property mortgages amounted to SEK 990 M, of which SEK 871 M pertained to Finnish housing companies and SEK 119 M pertained to the operations in St. Petersburg.

Counter guarantees pertaining to guarantees that constitute collateral for amounts paid to tenant-owner associations formed by Bonava Sverige AB comprise SEK 600 M (1,576). Deposit guarantees are valid until one year after the final acquisition cost of the tenant-owner association's building has been established. Bonava AB's commitment is limited to SEK 600 M.

NOTE 8**Operations to be discontinued and discontinued operations****St. Petersburg**

Bonava announced on 3 March 2022 that the operations in St. Petersburg would be wound-down. Since then, Bonava has reviewed various strategic alternatives to wind-down operations, with one alternative being a responsible divestment of the operations. On 7 October 2022, Bonava announced that an agreement to sell the operations in St. Petersburg had been signed. Consequently, the operations have been recognised as operations held for sale since the third quarter of 2022.

The intended buyer of the operations in St. Petersburg did not receive the required approvals from the Russian authorities, which is why the sales agreement was cancelled. After the contract was cancelled, a decision was made to impair the net assets of the operations in St. Petersburg. This totalled SEK 877 M and was reported under profit for the period from operations to be discontinued in the fourth quarter of 2022.

The decision to leave St. Petersburg stands firm, and on 31 May 2023 Bonava signed an agreement with residential developer RBI Group to sell the operations.

As of 18 October 2023, Bonava has signed an agreement with a new buyer, Star Development LLC, for the divestment of its operations in St. Petersburg for EUR 50 M (SEK 578 M) and received the purchase price at the same time. In conjunction with the conclusion of the transaction, Bonava has chosen to terminate the agreement with RBI Group that was signed on 31 May 2023. This is because the counterparty did not receive acquisition permits from the special committee established to oversee business transfers within the contractual time frame under the agreement. The new buyer, Star Development LLC, has received this permit, and conclusion of the transaction was conditional on the approval of the Russian competition authority.

In the fourth quarter, the Russian competition authorities approved the divestment of Bonava's operations in St. Petersburg and controlling influence over the operations thereby transferred to the buyer.

The net assets in St. Petersburg were valued at SEK 564 M, corresponding to the transaction price of EUR 50 M (SEK 578 M), which was received on 18 October less selling costs. Total earnings from operations to be discontinued was SEK 602 M (-808), of which SEK 38 M pertained to the liquidation of currency translation reserves.

Bonava AB has undertakings of SEK 74 M (98) for land investments in St. Petersburg that will be taken over by the buyer.

Adjusted historical comparative figures were published on Bonava's website, <https://www.bonava.com/en/investor-relations/financial-information>.

Divested assets, St. Petersburg

Fixed assets	0
Properties held for future development	618
Other current assets	71
Cash and cash equivalents	77
Total assets	765
Provisions	40
Non-current liabilities	79
Advances from customers	15
Other current liabilities	67
Total liabilities	201
Net assets	564
Pledged assets and contingent liabilities	
Pledged assets¹⁾	129

¹⁾ Pertains to property mortgages on properties owned by Bonava St. Petersburg.

Profit and cash flow from operations to be discontinued, St. Petersburg

	2023 Jan-okt	2022 Jan-Dec
Net sales	682	526
Production cost	-499	-365
Gross profit	183	161
Selling and administrative expenses	-25	-70
Operating profit	157	91
Financial income		22
Financial expenses	-15	-23
Net financial items	-15	-1
Profit before tax	142	90
Tax on profit for the period	-28	-21
Profit from operations to be discontinued	114	69
Costs to sell	-14	
Write-down of net assets	450	-877
Profit for the period from operations to be discontinued	602	-808
Translation differences for operations to be discontinued	-38	142
Other comprehensive income from operations to be discontinued	-38	142
Net cash flow from operating activities	307	-472
Net cash flow from investment activities	502	9
Net cash flow from financing activities	-342	363
Net increase in cash and cash equivalents from the subsidiary	467	-100

Purchase price received

Cash	578
Total sales proceeds	578
Reported value of net assets sold	564
Profit before taxes and reclassification of currency translation reserve	14
Reclassification of currency translation reserve	38
Profit on sale after tax	52

Norway

On 30 June, Bonava signed the agreement to divest its operations in Norway. The buyer is the Union Residential Development property fund. The purchase price totalled SEK 1,532 M, of which SEK 765 M was paid in cash upon completion of the transaction, and the remainder – SEK 767 M – was paid via vendor notes. The remaining amount will be paid over time as the buyer sells the completed housing units and hands them over to customers. In the transaction currency, the purchase price totalled NOK 1,515 M.

In conjunction with Bonava signing agreements on divesting its operations in Norway, the criteria were met for application of IFRS 5 Non-current assets held for sale and discontinued operations. The discontinued operations in Norway including capital gain from the divestment were recognised separately in the consolidated income statement, on a separate line under the heading "Operations to be discontinued". Previous periods in the consolidated income statement have been restated in accordance with the same principles. Intra-Group transactions between continuing operations and discontinued operations have been eliminated. Adjusted comparative figures have been published on Bonava's website. As of the date of divestment, when controlling interest transferred to the buyer, assets and liabilities attributable to the operations in Norway ceased to be recognised as part of the Group's total assets and liabilities.

Financial information regarding the discontinued operations for the period up until the date of divestment are presented below.

The vendor notes will be paid in pace with the conclusion of the property projects in the Norwegian operations. The majority of the reversals are expected to be paid in 2024 and 2025.

Vendor notes are recognised in the balance sheet as a non-current financial asset measured at amortised cost using the effective rate method. As of 30 June, the financing was measured at SEK 666 M; the nominal value before discounting amounted to SEK 767 M, and interest income will be routinely recognised as financial income up until the vendor notes fall due.

At 31 December 2023, guarantee commitments remain for the Norwegian operations in the form of counter guarantees in relation to external guarantors and direct guarantee commitments at an aggregate total of SEK 729 M, and these will be taken over by the buyer. Upon completion of the transaction, the remaining guarantee commitments totalled SEK 967 M.

Adjusted historical comparative figures were published on Bonava's website, <https://www.bonava.com/en/investor-relations/financial-information>.

Financial information regarding discontinued operations, Norway

	2023 Jan-jun	2022 Jan-Dec
Net sales	627	1,719
Production cost	-538	-1,551
Gross profit	89	168
Selling and administrative expenses	-24	-76
Operating profit	65	92
Financial income	1	1
Financial expenses	-1	-6
Net financial items		-5
Profit before tax	65	87
Tax on profit for the period	-6	-21
Profit from discontinued operations net of tax	59	66
Costs to sell	-30	
Loss on sale, net of tax	-824	
Profit for the period from discontinued	-795	66
Translation differences for discontinued operations	-5	16
Other comprehensive income from discontinued operations	-5	16
Net cash flow from operating activities	53	-109
Net cash flow from investment activities	746	19
Net cash flow from financing activities	-33	155
Net increase in cash and cash equivalents from the subsidiary	766	65

Disclosures on divestment of subsidiary, Norway

Sales proceeds received or to be received	
Cash	441
Discounting of vendornote	-101
Total sales proceeds	340
Reported value of net assets sold	-1,119
Profit before tax and reclassification of currency translation reserve	-779
Reclassification of currency translation reserve	-45
Profit on sale after tax	-824

Divested assets, Norway

Goodwill	56
Fixed assets	50
Properties held for future development	2,529
Other current assets	37
Cash and cash equivalents	28
Total assets	2,700
Provisions	53
Non-current liabilities	1,242
Advances from customers	30
Other current liabilities	257
Total liabilities	1,582
Net assets	1,119
Pledged assets and contingent liabilities	
Pledged assets ¹⁾	202

¹⁾ Pertains to security for loans in J/V Solberg Öst.

Operations to be discontinued and discontinued operations, total for Norway and St. Petersburg

	2023 Jan-Dec	2022 Jan-Dec
Profit for the period from operations to be discontinued and discontinued operations, total	-194	-743
Translation differences for operations to be discontinued and discontinued operations, total	-43	157
Net increase in cash and cash equivalents from operations to be discontinued and discontinued operations, total	1,233	-35

NOTE 9

Investment properties

Investment properties are measured at fair value in accordance with IAS 40. Investment properties are initially recognised at cost, which includes fees directly attributable to the acquisition. A rental housing project in Sweden was suspended in the second quarter of 2023. The same project was revalued by SEK 123 M during the period and since 30 September 2023 has been classified as land held for future development, and is therefore measured as a building right. At 31 December 2023, fair value was deemed to correspond to the carrying amount, which is why no unrealised change in value was recognised. Classification is at level 3 according to IFRS 13.

	2023 31 Dec	2022 31 Dec
Fair values at start of period	262	
Investments	140	102
Value change	-123	
Reclassification	-36	156
Translation differences for the year	-4	5
Fair value at end of period	239	262

NOTE 10

Properties held for future development

The value of the building rights portfolio was assessed in the third quarter. Our building rights are recognised as current assets and thus recorded at the lower of market value and cost per asset. 83 per cent of the carrying amount was assessed by independent valuation institutions. The market value was estimated through analysis of discounted future cash flows as well as an external assessment. A discount factor of 12.5 per cent was applied for Group-wide assessment. Investment that were already partially ongoing were assessed internally using the cash-flow method. The review that was conducted resulted in SEK 686 M in impairments of properties held for future development.

The estimated value of the building rights at the end of the third quarter of 2023 after impairments totalled SEK 9.5 Bn, corresponding to a surplus value of SEK 1.2 Bn.

In addition, some discrepancies remained where the external appraisal indicated that the market value of the Group's properties held for future development was lower than the carrying amount. Based on an overall assessment of the value of each property held for future development, which was made based on the value that Bonava believes can be generated upon future sale of housing units as part of its normal operations, there was no need for further impairment as of 30 September 2023. A new assessment of the building rights portfolio is planned for the third quarter of 2024. As of 31 December 2023, there was no need for additional material impairments in the Group.

The Parent Company in brief

JANUARY–DECEMBER 2023

The Parent Company comprises the operations of Bonava AB (publ). Net sales for the company totalled SEK 213 M (269). Loss after financial items was SEK -1,109 M (345). The Group company Bonava Norge AS was divested at a loss of SEK 812 M in the second quarter of 2023. The capital loss included selling costs of SEK -30 M. Receivables from the Group's German company were impaired in the third quarter of 2023. The impairment was attributable to previously recognised anticipated dividends that will not be received, which is why the transaction was reversed. The effect will be that profit/loss from participations in Group companies has been reduced by SEK 390 M and the receivables from subsidiaries have decreased by a corresponding amount. In the third quarter, a capital contribution of SEK 330 M was paid to the Group company, Bonava Sverige AB, and an impairment of participations in Group companies pertaining to the holding in Bonava Sverige AB was recognised by a corresponding amount. In the fourth quarter, an additional capital contribution of SEK 150 M was provided to the Group company, Bonava Sverige AB, which was also impaired in its entirety. The operations in St. Petersburg were divested in the fourth quarter of 2023. The capital gains of SEK 564 M from the transaction correspond to the transaction price received of SEK 578 M less selling costs, since the shares were valued at SEK 0 at the time of the transaction. Bonava AB's interest-bearing liabilities were classified as current at 31 December 2023; refer to "Covenants in loan agreements" in Note 4.

	Note 1	2023 Jan–Dec	2022 Jan–Dec
INCOME STATEMENT			
Net sales		213	269
Selling and administrative expenses		-378	-456
Operating loss		-165	-187
Profit from participations in Group companies		-1,119	353
Financial income		646	320
Financial expenses		-471	-140
Profit after financial items		-1,109	345
Appropriations		-170	-45
Profit before tax		-1,279	300
Tax on profit for the period		-3	21
Profit for the period		-1,282	321

Since there are no transactions to recognise in Other comprehensive income, the profit for the period corresponds to comprehensive income.

	Note 1, 2	2023 31 Dec	2022 31 Dec
BALANCE SHEET			
Assets			
Fixed assets		2,766	2,632
Current assets		9,554	10,960
Total assets		12,320	13,592
Shareholders' equity and liabilities			
Shareholders' equity		6,127	7,409
Provisions		14	11
Non-current liabilities		0	3,174
Current liabilities		6,179	2,999
Total shareholders' equity and liabilities		12,320	13,592

Parent Company Notes

NOTE 1 Accounting policies

The company has prepared its Interim Report pursuant to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The accounting policies applied in the preparation of this Interim Report apply to all periods and comply with the accounting policies presented in Note 1 Significant accounting policies in Bonava's 2022 Annual Report, pages 73–77 and 102. The Annual Report is available at bonava.com.

NOTE 2 Pledged assets and contingent liabilities

	2023 31 Dec	2022 31 Dec
Counter guarantee to external guarantors	6,528	9,898
Guarantees for project-specific financing	432	1,288
Guarantees for Group companies	1,723	3,687
Other guarantees ¹⁾	803	2,083
Other pledged assets	13	11
Total	9,499	16,966

Share of pledged assets and contingent liabilities on behalf of tenant-owner associations and housing companies

	2023 31 Dec	2022 31 Dec
Counter guarantee to external guarantors ²⁾	600	1,576
Guarantees for project-specific financing	432	1,287
Total	1,032	2,863

¹⁾ Guarantee pertaining to discontinued operations that are to be taken over by the buyer in accordance with agreements.

²⁾ Counter guarantees pertain to guarantees that constitute collateral for amounts paid to tenant-owner associations formed by Bonava Sverige AB. Deposit guarantees are valid until one year after the final acquisition cost of the tenant-owner association's building has been established. Bonava AB's commitment is limited to SEK 600 M.

Sector-related key figures for the Group

No. unless otherwise stated	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Building rights	28,900	29,400	28,900	29,400
Of which, off-balance sheet building rights	8,200	11,350	8,200	11,350
Housing development for consumers				
Housing units sold	356	231	1,242	1,682
Sales value of housing units sold, SEK M	1,376	911	4,795	6,096
Production starts	394	160	1,082	1,428
Housing units in ongoing production	2,153	3,871	2,153	3,871
Sales rate for ongoing production, %	36	51	36	51
Reservation rate for ongoing production, %	3	1	3	1
Completion rate for ongoing production, %	61	56	61	56
Completed housing units not recognised in profit	550	176	550	176
Housing units for sale (ongoing and completed)	1,875	2,042	1,875	2,042
Housing units recognised in profit	900	1,099	2,419	2,744
Value of sold housing units, not yet recognised in profit, SEK M	4,363	8,220	4,363	8,220
Housing development for investors				
Housing units sold		374	251	854
Sales value of housing units sold, SEK M	234	1,041	802	2,162
Production starts		374	251	1,085
whereof investment properties		231		231
Housing units in ongoing production	902	2,627	902	2,627
whereof investment properties		426		426
Sales rate for ongoing production, % ¹⁾	100	100	100	100
Completion rate for ongoing production, %	45	47	45	47
Housing units recognised in profit	544	569	1,550	1,625
Value of sold housing units, not yet recognised in profit, SEK M	2,766	5,746	2,766	5,746

¹⁾ Excluding investment properties.

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Number of housing units in production for consumers				
Housing units in ongoing production at start of period	2,794	4,892	3,871	5,271
Production starts	394	160	1,082	1,428
Housing units recognised in profit	-900	-1,099	-2,419	-2,744
Decrease (+)/increase (-) in completed housing units not recognised in profit	-135	-82	-381	-84
Housing units in ongoing production for consumers at end of period	2,153	3,871	2,153	3,871
Number of housing units in production for investors				
Housing units in ongoing production at start of period	1,641	2,823	2,627	3,168
Change in opening value ¹⁾			-231	
Production starts		374	251	1,085
Completed investment properties	-195		-195	
Housing units recognised in profit	-544	-569	-1,550	-1,625
Housing units in ongoing production for investors at end of period	902	2,627	902	2,627

¹⁾ A rental housing project in Bonava Sweden encompassing 231 housing units and intended for Build-to-Manage (B2M) was started in the third quarter of 2022. The project was cancelled in the second quarter of 2023, it was revalued by SEK -123 M in the preceding quarter, and at the end of September 2023 the project was reclassified as land held for future development and thereby measured as a building right.

Sector-related key figures for the segments

Germany	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
<i>no. unless otherwise stated</i>				
Building rights	9,000	9,800	9,000	9,800
of which, off-balance sheet building rights	1,600	3,100	1,600	3,100
Housing development for consumers				
Net sales, SEK M	2,490	2,702	5,849	5,626
Housing units sold	222	139	724	744
Sales value of housing units sold, SEK M	1,111	742	3,690	3,825
Production starts	263	59	610	651
Housing units in ongoing production	1,446	2,033	1,446	2,033
Sales rate for ongoing production, %	44	51	44	51
Completed housing units not recognised in profit	100	35	100	35
Housing units for sale (ongoing and completed)	894	1,015	894	1,015
Housing units recognised in profit	475	508	1,125	1,126
Housing development for investors				
Net sales, SEK M	659	604	1,404	2,159
Housing units sold		154	176	228
Sales value of housing units sold, SEK M	203	452	637	723
Production starts		154	176	228
Housing units in ongoing production	484	693	484	693
Sales rate for ongoing production, %	100	100	100	100
Housing units recognised in profit	166	192	385	762
Average no. of employees during the financial year			836	932
Sweden	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
<i>no. unless otherwise stated</i>				
Building rights	9,500	8,700	9,500	8,700
of which, off-balance sheet building rights	2,500	2,900	2,500	2,900
Housing development for consumers				
Net sales, SEK M	481	441	1,819	1,997
Housing units sold	20	11	110	256
Sales value of housing units sold, SEK M	87	32	454	1,035
Production starts		22	88	143
Housing units in ongoing production	180	675	180	675
Sales rate for ongoing production, %	24	61	24	61
Completed housing units not recognised in profit	156	40	156	40
Housing units for sale (ongoing and completed)	263	285	263	285
Housing units recognised in profit	140	116	467	507
Housing development for investors				
Net sales, SEK M	369	303	814	704
Housing units sold				
Sales value of housing units sold, SEK M	4	1	10	12
Production starts				231
whereof investment properties		231		231
Housing units in ongoing production		651		651
whereof investment properties		231		231
Sales rate for ongoing production, %		100		100
Housing units recognised in profit	162	162	420	374
Average no. of employees during the financial year			153	232

Finland	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<i>no. unless otherwise stated</i>				
Building rights	3,600	3,400	3,600	3,400
of which, off-balance sheet building rights	2,100	2,100	2,100	2,100
Housing development for consumers				
Net sales, SEK M	152	540	872	1,175
Housing units sold	33	19	87	212
Sales value of housing units sold, SEK M	59	45	191	582
Production starts				139
Housing units in ongoing production		382		382
Sales rate for ongoing production, %		55		55
Completed housing units not recognised in profit	124	48	124	48
Housing units for sale (ongoing and completed)	124	211	124	211
Housing units recognised in profit	71	196	306	414
Housing development for investors				
Net sales, SEK M	491	229	1,654	565
Housing units sold		220	75	626
Sales value of housing units sold, SEK M	27	587	154	1,427
Production starts		220	75	626
Housing units in ongoing production	418	1,088	418	1,088
Sales rate for ongoing production, %	100	100	100	100
Housing units recognised in profit	216	110	745	304
Average no. of employees during the financial year			168	232

Baltics (Estonia, Latvia and Lithuania)	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<i>no. unless otherwise stated</i>				
Building rights	6,800	7,500	6,800	7,500
of which, off-balance sheet building rights	2,000	3,250	2,000	3,250
Housing development for consumers				
Net sales, SEK M	331	382	768	831
Housing units sold	81	62	321	470
Sales value of housing units sold, SEK M	120	92	460	654
Production starts	131	79	384	495
Housing units in ongoing production	527	781	527	781
Sales rate for ongoing production, %	19	39	19	39
Completed housing units not recognised in profit	170	53	170	53
Housing units for sale (ongoing and completed)	594	531	594	531
Housing units recognised in profit	214	279	521	676
Housing development for investors				
Net sales, SEK M				
Housing units sold				
Sales value of housing units sold, SEK M				
Production starts				
whereof investment properties				
Housing units in ongoing production				
whereof investment properties				
Sales rate for ongoing production, %				
Housing units recognised in profit				
Average no. of employees during the financial year			257	289

Key performance indicators at end of period

Including discontinued operations, and for historical comparison figures also operations to be discontinued and discontinued operations.

	2023	2022
	31 Dec	31 Dec
Return on capital employed, R12, % ¹⁾	4.3	6.9
Interest coverage ratio, R12, multiple ²⁾	-1.1	4.4
Equity/assets ratio, % ³⁾	34.6	31.2
Return on equity, R12, %	-18.5	-3.6
Interest-bearing liabilities/total assets, %	30.5	29.6
Net debt	4,951	7,259
Debt/equity ratio, multiple	0.8	0.9
Capital employed	12,422	15,568
Capital turnover rate, multiple	0.9	1.1
Share of risk-bearing capital, %	34.7	31.4
Average interest rate at period-end, % ⁴⁾	7.07	4.03
Average fixed-rate term, years ⁴⁾	0.1	0.2
Average interest rate at period-end, % ⁵⁾	5.58	3.70
Average fixed-rate term, years ⁵⁾	0.4	0.3

¹⁾ Before items affecting comparability.

²⁾ For disclosure of interest coverage ratio under the terms of the loan, refer to the section of "Covenants in loan agreements" in Note 4.

³⁾ For disclosure of equity/assets ratio under the terms of the loan, refer to the section of "Covenants in loan agreements" in Note 4.

⁴⁾ Excluding loans in Swedish tenant-owner associations, Finnish housing companies, and leases.

⁵⁾ Pertains to loans in Swedish tenant-owner associations and Finnish housing companies.

EXCHANGE RATES

	Average rate		Rate on balance sheet date	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
DKK	1.54	1.43	1.49	1.50
EUR	11.47	10.63	11.11	11.13
NOK	1.00	1.05	1.01	1.06
RUB	0.13	0.15	0.12	0.15

FURTHER INFORMATION ON KEY FIGURES

Key performance indicators per quarter and full-year are available at <https://www.bonava.com/en/investor-relations/financial-information>
Definitions of key figures and reporting of Bonava's alternative performance measures can also be found here.

Bonava in brief

OUR MISSION

We create happy neighbourhoods for the many.

OPERATIONS

Bonava is a leading residential developer in Europe with the purpose to create happy neighbourhoods for the many. The company is the first residential developer in Europe to receive approval from the Science Based Targets initiative for its climate targets.

With its 1,300 co-workers, Bonava develops residential housing in Germany, Sweden, Finland, Estonia, Latvia and Lithuania, with net sales of approximately SEK 13.3 Bn in 2023. Bonava's shares and green bond are listed on Nasdaq Stockholm.



6

COUNTRIES

19

REGIONS

1,300

EMPLOYEES
END OF Q4 2023

13.3

SEK BN
NET SALES 2023

FINANCIAL CALENDAR

- Q1 Interim report, Jan–Mar, 24 April
- Q2 Interim report, Jan–Jun, 19 July
- Q3 Interim report, Jan–Sep, 24 October

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WEBCAST PRESENTATION 1 FEBRUARY

President and CEO Peter Wallin and CFO Lars Ingman will present the report on 1 February 2024 at 9:30 a.m. CET.

Follow the webcast live at:

<https://bonava.videosync.fi/2024-02-01-q4-2023>

To participate in the teleconference, register using this link:

<https://service.flikmedia.se/teleconference/?id=100386>

After registration, you will receive a telephone number and conference ID to be able to participate in the presentation.

The presentation material will be available at bonava.com.

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