

Definitions

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

FINANCIAL KEY PERFORMANCE INDICATORS

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

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

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

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

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

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

Earnings per share Net profit/loss for the period divided by the weighted average number of shares in the year.

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

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

Gross margin Gross profit as a percentage of net sales.

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

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

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

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

Net projects asset value Carrying value of ongoing housing projects, completed housing and investment properties adjusted for advances from customers.

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

Net sales Net sales are recognised when the housing unit is delivered to the end customer. Property sales are recognised at the time when control is transferred to the buyer, which normally coincides with transfer of ownership. Net income is subject to the same definition.

Operating margin Operating profit as a percentage of net sales.

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

Return on shareholders' equity Profit after tax on a rolling 12-month basis as a percentage of average shareholders' equity.

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

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

Total assets Total assets or liabilities and shareholders' equity.

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

Underlying gross margin Gross profit before profit or loss from sale of land, write downs and risk provisions as a percentage of net sales.

SECTOR-RELATED DEFINITIONS

Building right Estimated possibility of developing a site. With respect to housing units, a building right corresponds to an apartment or a semi-detached or detached house. Either ownership of a site or an option on ownership of the site is a prerequisite for being granted access to a building right.

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

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

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

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

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

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

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

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

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

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

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